

ABSTRACT

Liberalization in the finance industry in Kenya has led to increased access to credit facilities to Kenyan employees. Primary school teachers are among the beneficiaries. Credit facilities include both secured and unsecured loans. For employees, unsecured personal loans have become more popular due to the relative ease and speed at which they can be obtained. The objectives of this study were to: evaluate the effects of school fees loans on household financial health of primary school teachers in Emining division, assess the effects of home improvement loans on household financial health of primary school teachers in Emining division, examine the effects of emergency loans on household financial health of primary school teachers in Emining division and establish the effects of development loans on household financial health of primary school teachers in Emining division. The study used descriptive research design. Purposive sampling was used to collect data from 165 respondents, 5 teachers from each of the thirty three primary schools, in Emining Division, Baringo. Biographic data on the respondents was analyzed using descriptive statistics such as percentages. Primary data for this study was collected using structured questionnaire. The questionnaire was self-administered. Regression was conducted to test the effect of the various independent variables pooled together on the dependent variable. Two tail t-test and ANOVA test was used to determine the degree of significance of the relationship. The data analyzed was presented in form of tables. Relationships between unsecured personal loans and household financial health of primary school teachers in Emining division was determined at alpha level of Baringo County, Kenya. The study is beneficial to the government in regulating the interests' rates and primary school teachers in deciding their borrowing patterns. The study thus recommends that the government should reduce the base lending rate. Considering the effect of unsecured personal loans on liquidity and savings ratio, primary school teachers should rethink their borrowing patterns.