

# **Competing Visions of Inclusion in Kenya's Financial Landscape: The Rift Revealed by Mobile Money Transfer**

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# Overview

- How do low-income households use formal and informal financial services in Kenya? Why, how and when do they engage with these different financial institutions?
- Survey work in three towns in Kenya, interviewing 59 financial service providers (banks, MFIs, etc) and 337 households on financial services and practices
- Mobile money and informal financial groups play important roles in the lives of low-income populations in Kenya, but bank usage has also grown

# Overview

- Banks are useful for payments (rather than savings unless there is a substantial amount)
- Informal financial groups (ASCAs, ROSCAs) are liquid, allow for social interactions, mitigate risk and serve as a commitment (mental accounting) device
- Mobile money is useful for payments (transactions) from social networks, with little savings (mainly a place to store funds for security)

# Comments and Questions

- While banks are not perceived as places to “manage money”, is this only due to social perceptions about banks or other reasons?
  - Are banks more expensive? Are they farther away? Generally speaking, does the individual need to make a greater investments to using banks, hence the reason why reaching a sufficient “lump sum” is often cited? And how much is a sufficient “lump sum” in this context?
- How many informal groups are people typically a part of, and how much is total savings across these groups?
  - Would the savings across all groups constitute a sufficient lump sum? If so this suggests that individuals have a greater interest is diversifying risk or engaging in social relationships than saving in a bank

# Comments and Questions

- Although holding a mobile money reserve might not be synonymous with “savings”, what is the average balance or reserve on mobile money accounts?
  - Is this balance a substitute for “savings” or “reserves” held under the mattress? If so, this would suggest that greater security (of carrying cash) is not the only concern
- Table 1 shows the trends in using different financial services over time. But is mobile money crowding out or crowding in these other financial services?
  - In other words, are people overall engaging in more financial transactions – more transfers, more “savings”, more loans, more “reserves” or replacing the old way of doing things with the new?