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## **Mobile Money Services and Poverty Reduction: A Study of Women's Groups in Rural Eastern Kenya**

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With support from the New Partnership for African Development (NEPAD), Vinya wa Aka Group (VwAG), a women's group from the Eastern part of Kenya, has trained 21 women's groups, in seven rural districts of the Province, on issues related to investment, savings, money services and management. As part of that training, each group outlined a strategy for resource mobilization, savings and investment with the aim of reducing poverty within their families and communities.

To build on the initial VwAG training, the primary goal of this research study was to investigate the use and impact of mobile money services (e.g. M-PESA, YU and Zap), among the 21 women's groups, as a tool for poverty reduction in Eastern Kenya.

The methodology included in-depth interviews, focus group discussion, participatory observations, review of secondary data and a dissemination workshop, which will be the focus of this working paper.



Focus Group Discussion in Wamunyu, Kenya

In-depth Interview in Thika, Kenya

## The Workshop

The workshop was organized targeting representatives from each of the 21 women's groups, service providers and policymakers. The workshop process aimed to achieve three purposes. First, the goal was to disseminate some of the preliminary thematic findings from the research on mobile money services. Second, the service providers and policymakers had the opportunity to respond to some of the issues and challenges highlighted in the research. Finally, the third goal was to provide a networking opportunity for the women's groups. This was a frequent request, by the women's groups, throughout the VwAG training and research process.

The workshop format worked effectively for sharing and influencing policy. The workshop was facilitated in Kikamba, the main and traditional language of Eastern Kenya. This is the language used by each of the women's groups. This ensured a mode of communication that the women could understand. There were translation services made available for the service providers and policymakers. The workshop was also held in the outskirts of Nairobi, in a central place to ensure all the women's groups could send at least 3-4 representatives.

In terms of process and structure, a key session of the workshop was entitled, 'Women's Voices.' Nine of the 21 women's groups had been pre-selected, based on geographic region and diversity of group objectives/goals, to do presentations of their overall approaches to poverty reduction, within their families and communities. This was complemented by VwAG group modeling one of their member's catering businesses. Primarily established through the Merry-Go-Round and financial investments of VwAG, this member's business has expanded to over 100 employees, catering for some of the largest corporations in Nairobi. The VwAG member, through her business, catered for the workshop. The session on 'Women's Voices,' was followed by a discussion of the preliminary findings from the research on mobile money services, with a response from the service providers and policymakers.



Member of VwAG with employees of catering business

VwAG member caters for workshop

## Profiles of the Women's Groups

From a gender perspective, gross inequalities exist between men and women in Kenya. These gaps and inequalities are evident in access and control of resources, economic opportunities and power, and political voice. One specific example is tied to land ownership. An estimated 95% of all land holdings in Kenya are owned by men; while women own only 5% (UNDP & UNIFEM, 2005, p. 11). These challenges have translated into high levels of poverty, mainly concentrated among women in rural areas.

In the Eastern Province of Kenya, poverty and inequalities are staggering. According to the Central Bureau of Statistics, the Eastern Province is one of the poorest regions of the country. Among the many causes highlighted as driving poverty in this region, lack of information about socio-economic services, rights, and obligations is key (as cited in UNDP/UNIFEM Report, 2005). This problem especially affects women. Michael Kevane has argued that the pervasiveness of women's disadvantage is rarely understood in economic life (2004). However, research has shown that empowerment, especially among rural populations, can help address issues that are intertwined with poverty.

All 21 women's groups trained and mentored by VwAG are working on addressing poverty from a social, economic, and psychological perspective. The key aspects common to all (or most groups) include: Investment (mainly shares and land ownership), Savings Accounts, Merry-Go-Round, Social/Spiritual Support and Microfinance projects. Currently, all the groups have Savings Accounts (as a group and many as individuals) and some form of financial investments. Additionally, most of the groups continue using the Merry-Go-Round system, a basic and simple example of what Stuart Rutherford (1999) calls the Rotating Savings and Credit Associations or ROSCAs, for sharing resources and reducing poverty within their families and communities. The groups are also extensively involved with community outreach. Philanthropic community projects include: environmental conservation (tree planting); counseling/mentoring youth in and out of school; community health education, financial support for local institutions and initiatives and working with people challenged by disabilities.

From the research, it is clear that mobile money services are central to the success of these groups. Of the various mobile money services available in Kenya, each of the groups uses M-PESA (Safaricom) as their main avenue for transactions, as individuals and groups. As one group member put it, "The use of M-PESA has been extremely beneficial to many people." Many of the group members expressed that they couldn't imagine not having access to M-PESA as a service. Why was M-PESA so popular among women's groups in Eastern Kenya? What were some of the opportunities and challenges this posed?



Women's Group hold up poultry raised for income

Women's Group display crafts made for sale

## Preliminary Research Observations

It was no surprise to find that all 21 of the women's groups use M-PESA services as individuals or as a group. M-PESA has 9 million registered users or 40% of Kenyan adults (Mas & Radcliffe, 2010). There was emphasis that M-PESA was the initial service introduced to rural areas, which led to its growth and popularity. The benefits of M-PESA, highlighted in the research, paralleled those in the literature. M-PESA caters to a large portion of the population that has no access to banking service (Mas & Radcliffe, 2010) and clearly builds on the urban-rural linkages in Kenya (Mas & Morawczynski, 2009). For many of the women, M-PESA assists in facilitating group payments, especially for members who are in urban areas or away from their groups, mostly in the rural areas. As one group mentioned, "People are able to pay their dues on time even if they are not present." This efficiency is perceived as essential to group planning. "It enables us to plan [...] what we want to do with that money and whatever we wanted to do is done."

M-PESA also assists some of the groups with their microfinance transactions, whether they are purchasing or selling a product for their businesses. This demonstrates money's role in the process of engagement (Maurer, 2006). In one of the group discussion, this was highlighted, "On the side of purchasing goods, it's like we have been freed from traveling by vehicles. We just send the money and the goods are delivered to us [...] you have paid for everything including transport." This was also mentioned in the context of supporting businesses in rural areas. There was strong support for M-PESA as a service that promotes more economic transactions in the rural areas; thus leading to rural development and arguably, the reduction of poverty. From a basic usage standpoint, the women emphasized that M-PESA is convenient, safe, accessible, efficient and affordable. The fact that M-PESA creates opportunities for employment was also viewed as a positive aspect of the service.

However, there were some challenges, in relation to the M-PESA services, that the women highlighted. Although there were numerous challenges mentioned, the groups made it clear that there were more positive aspects of using M-PESA services than there were negatives. One respondent put it this way, “The positives are more than the negatives.” For now, this working paper will only focus on the select few which were most frequently described in the discussions. These included: fraud, network problems, cost, services for special populations and group communication dynamics.



An M-PESA outlet owned by a member of women's group

## **The M-PESA Challenges**

### *Fraud*

First, the fraud issue was noted and case studies were provided from the audience. Several of the women had lost money to fraud. The most common type of fraud was receiving a call or SMS from an individual who claims they have sent money to your M-PESA account by mistake. They usually request you to send it back to them. One group member explained a personal experience with fraud: “For example, last week I got three SMS messages continuously; same number, difference of one minute. They were saying to confirm that I had received five thousand, five hundred and twenty five – so your M-PESA now is eight thousand. And in my phone I had I think either two thousand, five hundred. So immediately, I knew it was a – it was a hoax.”

### *Network/Connectivity Problems*

The women's groups that VwAG works with are mainly based in rural areas where network reception can create challenges. One group member explained the challenge they often face, “The network is low, so you are told, ‘there is no network.’ Today there is no M-PESA. So you find you wanted to send that money quickly but it can't go because of the whatever [...] because of the network.” This seems to be a key problem in the extremely rural areas.

### *Cost*

The general cost of M-PESA services seemed to be accepted. The cost issue was mainly highlighted because of the high levels of poverty, especially in rural areas. Even though the service is greatly appreciated for its convenience and security, the charge is often viewed as an additional cost that uses resources that could be available for more pressing issues. One woman put it this way, “If you send money through the M-PESA to the treasurer, you should send with the money for removing it.”

### *Services for Special Populations*

Some of the elderly women emphasized that sometimes their main challenge is the inability to read and that often translates to having to give out their personal information, recognizing that it could be used for fraud. This issue was also expressed by the women’s group with sight challenges. One of the respondents shared her concern, “On the negative side, sometimes now because of this challenge of being visually impaired, most of the times.. the phones which are available nowadays, they are not audible, they don’t talk. You can’t operate it in a manner that it can tell you everything, so it’s easy that a person can sometimes read for you the wrong money figure that is in the phone account or any other message and he/she can distort it and you know if he/she distorts it, they can now take a share of what is there.”

They made a request to the M-PESA staff, to advocate and push for the development of more products and services that are friendly to special populations.

### *Group Communication Dynamics*

The irony of the M-PESA service is that it can impact group communication and interaction both positively and negatively. On one hand, it allows for money to be sent to facilitate planning at meetings. On the other hand, some groups argued this can also perpetuate the lack of meeting attendance; thus, limiting the social aspects and components of the group. This affects the socio-psychological support that comes from face to face group interactions. One group member stated it well, “Many people feel that they can fail to attend the group meetings and they send the money and it is fine with them.”

## **M-PESA Responds**

The M-PESA staff members were extremely grateful for the feedback provided by the women's groups. First, the workshop provided them with a broader context in which these groups were using their services, especially in the rural areas. Second, they were able to spend quality time explaining how the women might confront and address some of the challenges they have faced as a result of the services.

### *Fraud*

The M-PESA staff emphasized several tips including: calling M-PESA to confirm the request prior to responding (phone number was provided); checking to see if the text message is actually from M-PESA (it should have their logo/name); ensuring your pin number is always safe; being aware of your account balance; among other things. It was also brought to the groups' attention that M-PESA has introduced a new Safaricom SIM card which allows individuals to save the phone numbers used for M-PESA transactions. This enables the individual to just scroll and pick the accurate number instead of having to retype the number every time it is used. This reduces the problem of sending money to the wrong number. The M-PESA staff provided the SIM card service at the workshop and many of the women paid for the service and got their old SIM cards replaced. The women were grateful for the services and also appreciated that reported fraud cases are always investigated.

### *Network/Connectivity Problems*

Why some areas face network problems was explained by the M-PESA staff. The company does recognize that this is a problem especially in rural areas. The women were encouraged to report these types of issues and problems to an M-PESA outlet, not an agent, if there's one in their area. They were also given a number to call or text, when they have access to service, to report these complaints. Additionally, VwAG members, living in predominantly urban areas, were asked if they can be aware of the issues faced by the group in relation to mobile money services and report to M-PESA in Nairobi.

### *Cost*

The challenge of cost for service was discussed minimally. The M-PESA staff explained their service costs, what they entail and how they have worked to keep them affordable for Kenyans. There was mutual agreement that M-PESA has tried to be fair in terms of costs. In fact, it came out in the conversation that one of the reasons it was being used by all 21 women's groups was because it was the most competitive in the mobile money market.

### *Services for Special Populations*

In relation to services for special populations, there were no easy answers. M-PESA staff suggested that they would look into the possibilities of programs that might assist special populations to have positive experiences with their service.

### Group Communication Dynamics

Since this issue relates more to the training and capacity building carried out by VwAG, it was not addressed by the M-PESA in detail. VwAG did highlight and discussed it during the workshop. They encouraged members not to allow the use of technology to erode or limit their face to face interactions and communication by not attending meetings.



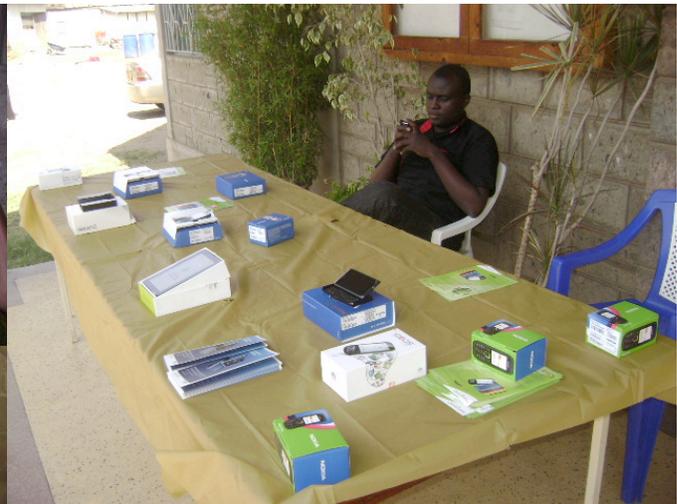
M-PESA staff helped women register for new services



M-PESA staff address challenges



M-PESA staff provides women's groups with services



M-PESA staff sells market and sell products

## Summary

Overall, the presence of and interaction with M-PESA staff, at the workshop, was mutually beneficial. The women's groups were able to gain information, knowledge and services that will continue to help them with their poverty reduction activities. The M-PESA staff were able to garner insights and understanding that might just help influence and frame policies and practice for mobile money services.

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