

THE USE AND IMPACT OF M-SHWARI AS A FINANCIAL INCLUSION BANKING PRODUCT IN URBAN AND RURAL AREAS OF KENYA

FINAL REPORT

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EXECUTIVE SUMMARY

In Kenya, the rapid increase of mobile money technology presents an opportunity for increased financial inclusion. However, little is known about the use of mobile money by Kenya's informal sector, the Jua Kali. This study focused on the mobile money technology product M-Shwari offered by Safaricom as an extension of the successful M-Pesa platform. It explored the Jua Kali's experiences and perceptions with M-Shwari.

Data were collected using qualitative and quantitative methods, including in-depth interviews, focus group discussions, and a demographic survey. The research was conducted in eight Study Sites across four regions of Kenya. The Sites represented semi-urban and semi-rural areas. Overall, 156 in-depth interviews were collected with 84 M-Shwari users and 72 non-users. In addition, 12 focus groups were conducted with both users and non-users.

All qualitative data were transcribed, coded, and analyzed for common themes using MAXQDA 11. Results were compared by region, gender, and user status. Quantitative data were collected on the demographic and socioeconomic characteristics from interview participants. SPSS statistical software was used to compute descriptive analyses on the quantitative data. This report will focus on two thematic areas: the barriers and facilitators to the adoption of M-Shwari.

In summary, the results revealed that the Jua Kali became aware of M-Shwari through media advertisements, Safaricom promoters, and by word-of-mouth. Awareness had a direct influence on whether participants adopted the service. Specifically, members of the Jua Kali who were not aware of M-Shwari did not sign up for the service. Others were aware of the product, but decided not to register due to one or more barriers that included accessibility, lack of information, lack of interest, and perceived risks of use. Those who adopted M-Shwari reported that they had heard positive things about it from promoters and other users, and that ease of use, perceived benefits of the service, and security of the platform influenced their decision.

The Jua Kali who adopted M-Shwari used the service for either savings or loans, or both. Users found the loan services beneficial to boost their businesses and to address personal financial needs. However, they registered dissatisfaction with the loan application process and the loan repayment terms. In some cases, users were repeatedly denied loans, which meant they could only use the savings service of M-Shwari. The Jua Kali used the savings facility to set aside money for large purchases or to save for emergency expenses. However, some felt that the interest generated by the savings was too low, while others reported that they were unable to set aside savings in the first place.

Following careful analysis of data, we concluded that awareness was the first step towards adoption of a new product, and people's experiences with and perceptions of the promotional methods influenced whether they choose to try a product in the first place. When trying a new product, users approached it from the lens of their needs and expectations. Their assessment of the product was directly influenced by how well the product met their needs and expectations. The extent to which the

product addressed users' needs accounted for the diversity of opinions the study uncovered about the product.

Finally, it is important to keep in mind that Jua Kali users' needs will likely evolve as their businesses or general life circumstances change. We also know that mobile products change as service providers include refinements and new product innovations. The combination of these two means that users' experiences and opinions will be dynamic and should be assessed periodically to ensure the protection of consumers' interests.

STUDY BACKGROUND

INTRODUCTION

While traditional microfinance institutions and banks remain relevant in Africa, new financial products based on a mobile platform have entered the market and offer product alternatives to the low-income market (Johnson & Nino-Zarazua, 2011). Africa's fast-growing Information and Communication Technologies (ICT) sector (Ondiege, 2010) provides infrastructure needed for the new services.

In the last few years, Safaricom, Kenya's biggest mobile network, has launched several mobile money products. Among those linked to banks are M-Shwari, M-Kesho, and M-Benki. The mobile products operate in partnership with the formal banking sector to improve financial capacity among small businesses and microcredit groups. The Jua Kali (informal) sector is of particular interest to financial institutions because businesses in the informal sector have, until now, often fallen outside the reach of formal banking systems. The Central Bank of Kenya estimates that over Ksh 300 billion (approx. \$3.5 billion) sits outside the formal banking system, and millions of Kenyans do not make use of banking services (Ramah, 2013).

This study focuses on M-Shwari, a product that moves M-Pesa from a basic product for sending, receiving, and storing money to a platform that facilitates savings and loans and is arguably targeted to small and medium-size businesses.

INTRODUCING M-SHWARI

Launched in November 2012, M-Shwari is a paperless, mobile-based service provided by the Commercial Bank of Africa in cooperation with Safaricom and Vodafone. M-Shwari is available to customers of M-Pesa, the already popular mobile money transfer service, and it allows subscribers to save and borrow money using their mobile phone (Safaricom, 2012; Morawczynski & Miscione, 2008). Loans are available at variable interest rates, and savings also earn interest.

According to Safaricom, M-Shwari has changed people's lives since it was launched. Michael Joseph, director for M-Pesa inside Vodafone, has described M-Shwari as a, "transformational service; saving is no longer the privilege of the elite" (as cited in Richard Handford, 2013, p. 2). Others have described the product as revolutionary — "we are witnessing the reinvention of financial services for the poor" (Kendall, Wright and Almazan, n.d.).

Despite such claims to date, little empirical research has explored the benefits and limitations of mobile money products, especially from the perspectives of users of these products, and among low-income populations (Brooks, Morrison, Owen and Shelton, 2013). M-Shwari targets low-income communities and, given the paucity of research, it is essential to understand their experiences with and opinions of the product. Thus, this research sought to explore these issues further by asking key questions. What are the opportunities and challenges of M-Shwari within the Jua Kali sector? What is the

significance of the findings in relation to financial inclusion/exclusion in Kenya? How can policies be more conducive to mobile-driven economic development?

WHY FOCUS ON THE INFORMAL SECTOR?

In Kenya, several terms are used to describe the informal sector, such as ‘Jua Kali’ (meaning ‘hot sun’ in Swahili), microfinance, small enterprises, and small to medium-size enterprises (SMEs). Those in the informal sector often use the terms “micro and small enterprise (MSEs)” to describe their sector. A micro enterprise is defined as “a farm, trade, service, industry or a business activity” with an annual turnover of less than Ksh. 500,000 [approx. USD 5,000] and with fewer than ten employees (Muteti, et al., 2011, p. 28). In comparison, a small enterprise has an annual turnover between Ksh. 500,000 and Ksh. 5 million (approx. USD5000-50,000) and between 10-50 employees (Muteti, et al, 2011, p. 29). Micro and small enterprises contribute to approximately 18% of the country’s GDP and create 74% of all new jobs annually (Muteti, et al., 2011, p. 30). Thus, the sector plays an important role in Kenya’s economy, especially when it comes to improving livelihoods in low-income communities.

The role of this sector has been recognized by mobile banking providers, who target products like M-Shwari at the informal sector. Indeed, a survey carried out by FSD Kenya and the Central Bank of Kenya found that the informal sector is amongst some of the highest users of financial services by mobile money providers (Safaricom, 2013). This is especially important since “existing literature on SMEs indicate that lack of capital is a strong constraint to growth” (Bowen, Morara & Mureithi, 2009, p. 24). However, the question remains whether mobile banking products like M-Shwari can provide the kind of capital needed for sustained business growth. In an effort to shed light on this – and other related questions, this study has set out to explore the user experiences of M- Shwari among Kenya’s Jua Kali sector.

A study participant, one of the few female wood carvers in Mombasa.



METHODS

The purpose of this study was to understand perceptions of the M-Shwari mobile money service, and barriers and facilitators to its use amongst the Jua Kali sector in Kenya.

SELECTION OF STUDY SITES

The study was conducted in eight counties across Kenya that together capture diversity in socio-demographics (culture, language, income levels), Jua Kali business sector (manufacturing, service, agro-based, and small trade) and use of mobile banking services. Within each county, two study sites were selected, one semi-urban and one semi-rural area. Counties in the northern regions of Kenya were excluded from the study due to security concerns. The following counties and study sites were included: Nairobi² (Westlands and Eastlands), Eastern (Machakos and Embu), Mombasa (Mombasa Island and Kaloleni), and Nyanza (Kisumu and Bondo).

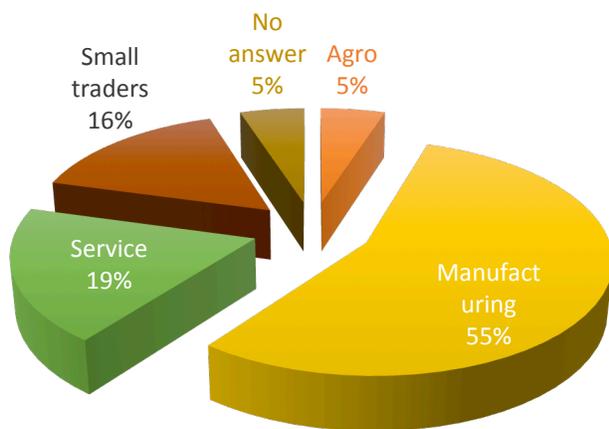


STUDY PARTICIPANTS AND RECRUITMENT

Participants were eligible for this study if they were part of the Jua Kali sector, owned their own independent business or were members of a cooperative. We recruited Jua Kali who were both users and non-users of M-Shwari. A ‘user’ was defined as having used any M-Shwari service (e.g. savings or loans) at least once. A ‘non-user’ was defined as having never used any M-Shwari service. Participant recruitment began by contacting the CEO of the Kenya National Federation of Jua Kali Associations. He linked the research team with the Micro and Small Enterprise Authority (MSEA) of Kenya, where many Jua Kali businesses are registered. The Director of the MSEA based in Nairobi provided a study approval letter and put the researchers in touch with the County Enterprise Development Officer(s) in each study site.

¹ Use of mobile banking services based on data provided by FSD Kenya and Central Bank (2013) was used as a proxy to define regions with low, moderate, and high usage.

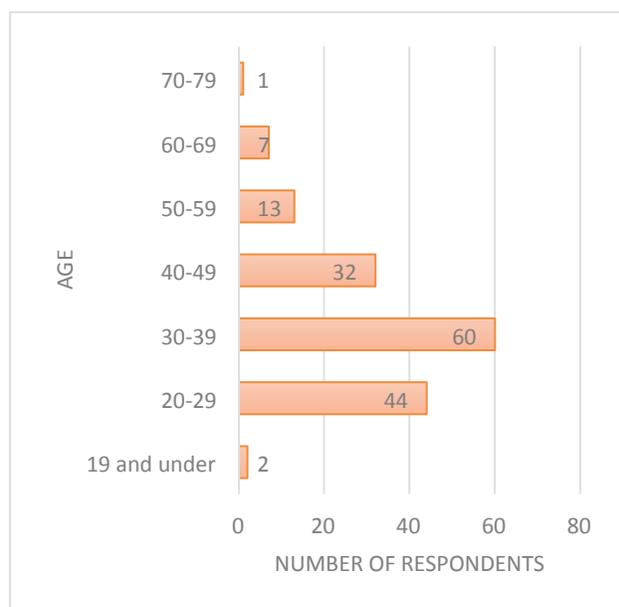
² Since Nairobi is a full administrative county, the ‘rural’ area was one of the surrounding slum areas.



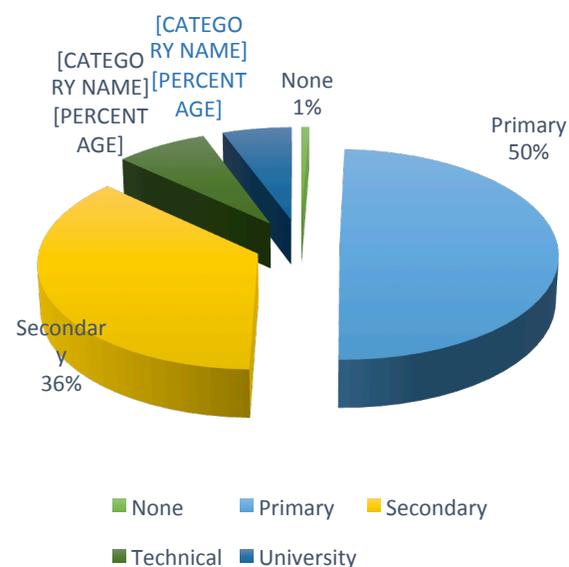
Study participants by business sectors.

County Officers were then contacted to obtain informal permission for the study and to request assistance with participant recruitment. County Officers used their local MSEA business registry to identify eligible participants whom they contacted in person, by phone, or by text message to describe the study and invite their participation. County Officers were asked to contact a diverse range of participants who used and did not use M-Shwari services from all the four Jua Kali employment sectors. These included both men and women from the small trade, small trade, manufacturing, service providers, and agriculture.

Each County Officer aimed to recruit a diverse range of Jua Kali, comprising 10 users and 10 non-users of M-Shwari. Given the structured diversity in selection of study sites and study participants, data saturation was reached with 20 participants or fewer in each study site. Adding more participants would not have led to new information in relation to our research questions. The researchers began to hear the same thematic topics highlighted which led them to be empirically confident that their categories were saturated. This led to 84 M-Shwari users and 72 non-users recruited across all study sites.



Study participants by age.



Study participants by education.



Vision, mission, and values of the MSEA.

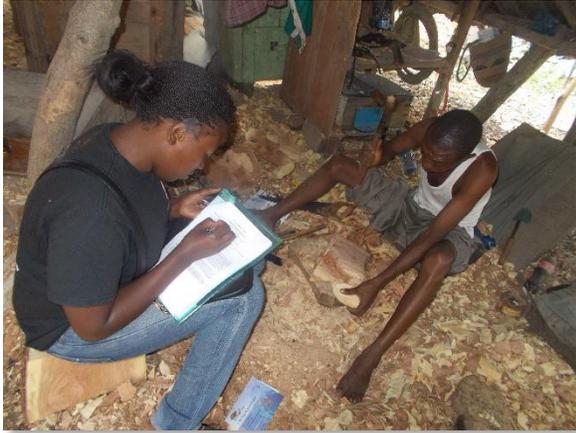
Qualitative in-depth interviews were undertaken to enable us to identify detailed narratives on participants’ perceptions and experiences of M-Shwari. Interviews were conducted using a semi-structured question guide that included the following topics: exposure to mobile money technology, exposure to M-Shwari (e.g. knowledge of product, exposure to promotional messages), reasons for adopting or not adopting M-Shwari, experiences of use, and strengths and weaknesses of M-Shwari. Basic demographic information was also collected from all participants, including participants’ age, gender, household income, marital status, work status, education, support of family members, and their loan and savings history. The interview guide was pilot tested and refined prior to data collection. Data were collected by 15 interviewers from local universities who were fluent in English, Kiswahili (the official national language), and the local languages of their county. Interviewers were trained in qualitative research methods and ethical research conduct, and were briefed on the M-Shwari product and the characteristics of the Jua Kali sector. Interviews were conducted at the work locations of the Jua Kali or in nearby community facilities.

Incentives were not given to individual participants, but each MSEA County Officer was given a small payment to assist the Jua Kali in their region. All interviews were digitally recorded with permission from participants. Permission was also requested and granted for all the photos and video footage obtained in the study.

All data were transcribed, translated into English and de-identified before being entered MAXQDA11, a qualitative data analysis package. Data were reviewed multiple times to identify core issues and listed a codebook. The codebook was used to label data for focused analysis of each issue. Detailed descriptions of each issue were developed, structured comparisons were conducted to identify any patterns by geographic region, socio-demographic characteristics or M-Shwari user status. The demographic characteristics of participants were entered into SPSS statistical software to summarize the study population.

Ethical Approvals

This study was submitted to the Kenyatta University Institutional Review Board in Kenya, as Kenyatta University was a field partner for this study and was deemed exempt. Data analysis received IRB approval from Cornell University, where the lead researcher is based.



Data Collection in four different research sites

RESULTS

AWARENESS OF M-SHWARI

Most participants had heard of M-Shwari, only a few were not aware of the product at all. Information about M-Shwari was received through multiple channels. Digital media (e.g. radio, television, and text message advertisements) was a common source of information, followed by print media (e.g., newspapers, posters, billboards, and flyers). Some participants also became aware of M-Shwari through Safaricom or M-Pesa agents, who approached people in the street or at retail outlets to promote the product and recruit new customers. Others heard of M-Shwari by word-of-mouth from current users of the service.

PERCEPTIONS OF M-SHWARI

Participants described a range of perceptions about the M-Shwari product.

- a. **Trust of Product:** Participants were divided in their opinions about trusting M-Shwari. When discussing messages from various types of media, some participants felt that the images, ideas, and words used to present the product gave a true representation, while others were suspicious of the promotional messages and viewed M-Shwari as a potential con.

The question of trust was also relevant to word-of-mouth promotion. Many current users reported that they had registered for the product after receiving information from another user. In contrast, many non-users had limited access to information about M-Shwari - they either did not know other M-Shwari users, or they did not feel comfortable discussing financial matters, including M-Shwari, with others. Some non-users reported that they were reluctant to trust M-Shwari after hearing about other users' negative experiences (such as a loan being denied or the customer being charged unexpected fees). For example:

I have never known how it works...but if you will explain to me maybe I will join it. I heard one young man who had borrowed from M-Shwari...And that one time he wanted to borrow another loan but he was denied because he had not cleared the first loan. Then I started fearing M-Shwari. (Female non-user, Machakos)

- b. **Inadequate Product Information.** Participants also had wide-ranging views about the *adequacy* of the promotional messages. Some felt that the promotional messages contained sufficient detail, while others would have liked to receive more information. The comments suggested that participants would have liked to learn more about the product and to hear client testimonials and promotional offers for M-Shwari and related products. This opinion was voiced especially by participants who had been exposed to only one source of promotion about M-Shwari. Importantly, both users and non-users felt that agents should have promoted the product more extensively among the Jua Kali by visiting their retail locations and offering one-on-one product demonstrations. This lack of promotion was viewed as a lack of interest in the sector as a potential customer base.
- c. **Focus on Mainstream Media.** Most participants reported receiving promotional messages about M-Shwari in English and through mainstream media channels (e.g. radio, television, newspapers). However, they felt that promoting M-Shwari on local radio stations and in regional languages would have been more effective in reaching the Jua Kali.
- d. **Interpersonal communication:** Interpersonal communication about M-Shwari was influential in a person becoming a user of the product. Participants who used M-Shwari stated that they had initially heard about it from other users through interpersonal communication. They were informed about the benefits of the product, such as providing cash in emergencies, and trusted the information given by other users. They were motivated to join when they learned someone they knew used the services. Several users discussed how conversations with a friend, family member or colleague gave them confidence to register for the service, because

they learned M-Shwari was not a con and could help them in their financial matters. In contrast, non-users knew few people who used M-Shwari. They relied on information from media sources and had mixed opinions about the product.

- e. **Entertainment vs education.** Participants often described the promotion of M-Shwari as “entertainment, not education.” They reported seeing M-Shwari promoted using music, dance, and by vehicles with loudspeakers driving through neighborhoods. Some felt that this type of promotion raised awareness but did not provide sufficient education about the product (e.g. benefits, risks) for example;

People think that these promotions consume a lot of money and this money is recovered from the interest that M-Shwari charges. Promotions that are not accompanied with adequate explanations are not beneficial to the service at all. People move from one stage to another doing entertainment rather than promoting a product. To promote is not to entertain! You entertain people and you leave them the same. No knowledge about your product. (Male non-user, Embu)

BARRIERS TO ADOPTION AND USE OF M-SHWARI

Barriers to adopting M-Shwari fall into several categories. This next section focuses on barriers for non-users who had not yet adopted M-Shwari. These challenges are described below.

LACK OF FINANCIAL KNOWLEDGE

Lack of knowledge was a barrier to adopting M-Shwari. Due to limited incomes, many Jua Kali had little or no prior exposure to a culture of savings and, more specifically, savings accounts. Furthermore, some participants lacked knowledge about M-Shwari, including specifics about loan eligibility and amounts, repayment terms and conditions. One non-user from Embu shared the questions he would want to know in relation to M-Shwari:

I: So what specifically would you say you haven't been informed about [M-Shwari]?

P: If I save money in M-Shwari will they deduct any fees from my account whether when [or not] I am saving or when I am withdrawing? What is the difference between money in M-Pesa account and that in M-Shwari account of the same person in the same phone in the same SIM card and network provider? What is the process of saving in M-Shwari?

I: What would you say is your main reason that has made you not use M-Pesa?

P: Lack of information. Nobody has explained it to me.

Another barrier to adoption was low literacy, both language literacy, as well as financial and technological literacy. Lack of literacy posed a challenge for female participants in particular. It also contributed to participants' fear of falling victim to theft and deception when using M-Shwari. It is conceivable that there was a parallel between levels of literacy and education. Data showed that 50% of the Jua Kali participants, who participated in this research, reported that they had a primary education level while 36% had a secondary level of education. We did not explore this linkage further.

LACK OF TRUST

- a. Interviews revealed that lack of trust was a significant barrier to adopting M-Shwari. Participants expressed that they were cautious in who to trust with discussions of money. Some participants indicated that they did not want others to know how much money they had, how they stored their money, or how they transacted their funds. For example, some said that they did not discuss how much money they had with close family members, such as their spouse or dependents. This led them to feel they could control household spending. Others said they did not discuss their financial matters with others in the Jua Kali as a matter of privacy. In addition, some did not feel comfortable making traditional banking transactions, because it exposed their finances to banking agents. Aside from general knowledge about their finances, the Jua Kali members kept their M-Pesa PIN private and would not share it with others. However, a few Jua Kali members recounted experiences of trusting a person or a company with their M-Pesa PIN and losing their money. This made them, and others who heard similar stories, wary of discussing money or sharing private financial information.
- b. Another aspect of the lack of trust related to the safekeeping of one's money. Jua Kali participants said they were concerned about storing their money securely. Although they trusted M-Pesa as a safe place to store money and to make financial transfers, they did not use any other financial products, including M-Shwari, because they feared that their money was not safe when they used other products.

LACK OF ACCESS TO TECHNOLOGY

Lack of access to technologies needed to use mobile money was reported as a barrier to adoption. Specifically, not having a mobile phone or a Safaricom line were identified as barriers, because both are prerequisites for using M-Shwari. Participants described accessibility as a barrier particularly for the Jua Kali sector. Accessibility issues included ownership of a mobile phone, use of a Safaricom line, ability to read, fluency in the language of the application, and technology literacy. Some nonusers expressed that they do not have a mobile phone or they share a mobile phone which inhibited use of the service for financial transactions. For example, one nonuser explained that not having a private cell phone, meant that their M-Pesa account was at risk of being used or abused. Others did not have a Safaricom line and did not want to change providers or purchase a new phone to access M-Shwari. In addition, users described that other accessibility issues may inhibit some of the Jua Kali members from enrolling in M-Shwari, such as the language of the application and the ability to read or use technology, especially among the elderly. Users said that language and literacy challenges may prompt others to seek the assistance of friends or family, which could expose their financial data to others and risk theft or deception.

Users also reported that network outages prevented them from accessing the service periodically. Lack of English literacy and experience with mobile technology compounded the technological barriers, because the M-Shwari phone app is in English.

LACK OF INTEREST/ABILITY TO USE M-SHWARI SERVICES

Several nonusers indicated a lack of interest in using M-Shwari service, because they were not attracted to the services offered or lacked money to take advantage of these. The loan services did not interest some Jua Kali members, because the loan amount was too low or the period of repayment was too short. Some users would utilize the savings services but not the loan facilities due to the low amount of loans available. Nonusers also lacked interest in the services because they did not have money to save or to repay a loan. Additionally, nonusers perceived that M-Shwari was not intended for the Jua Kali, but for other businesses and were therefore not interested as a result. Lastly, some did not see any clear benefits to using M-Shwari or were content to use M-Pesa to fulfill their financial service needs. Others expressed that they had other priorities and did not have time to consider M-Shwari.

PERCEIVED FINANCIAL RISKS OF USING M-SHWARI

Nonusers perceived risks to using M-Shwari that discouraged them from registering for the service. For example, they feared taking out a loan and not being able to repay it by the end of the month. Some nonusers reported that the instability of their income made repayment difficult within the timeframe of the service, and recounted stories of others who had defaulted on their loan. In addition, the Jua Kali nonusers expressed concerns about hidden fees and the possibility of their money not being secure. Some were concerned about losing all of their money in M-Shwari if the service was a con or the account was not secure. This relates to the earlier concern about trusting others with financial matters, as expressed by a non-user in Machakos.

P: The truth is that I just see it on my phone menu and then I scroll and read the details for myself. And even then I imagine it could be lies. It could be a con game on phone [laughter]

I: You still think you may be conned?

P: Yes, I fear. I think it could be a scam and people will one day lose all their money [...] the biggest problem is that I have never found some trusted person to explain to me how this thing works.

– Male non-user in Machakos

CHALLENGES OF USING M-SHWARI

The barriers described thus far (e.g., lack of trust, perceived risks, etc.) apply to non-users – people who had not adopted M-Shwari. Those who had decided to use the product reported another set of challenges, which acted as initial barriers as they adopted the service. Overcoming these barriers may lead to a more positive user experience.

M-Shwari users highlighted difficulties with the loan application process. They reported that the application process and the criteria used to determine eligibility and loan amounts were not communicated clearly to consumers by the company. One user expressed this as he narrated his attempt to use M-Shwari for a loan:

I wanted to borrow some money. So... okay, I wanted to buy a Motorbike so I used to save money for buying the motorbike through M-Shwari. I saved up to 30,000, little did I know... I thought that if I save 30,000, they can give me another 30,000 to make it 60,000 (laughs). So I send and they told me the minimum amount... the maximum money I can eeh... I can't really remember it was M-Shwari 1,000 or what...." He went on to highlight the positive unintended consequence: "M-Shwari has helped me because I saved my money through M-Shwari and bought a motorbike." - Male User Kamkunji

Some participants reported being turned down for a loan, even after multiple applications. This meant that their use of M-Shwari would be restricted only to the savings facility. Rural users were denied loans more often than urban users. Another concern was the small amount of the loan, which users felt was too small to help improve their businesses.

Another set of concerns focused on loan repayment. Most participants reported that the repayment period was too short, although some felt that the loans were too small to warrant even a month-long repayment period.

Issues with technology were also reported among the challenges. Some participants reported that they had encountered problems with the mobile app due to network outages or their own unfamiliarity with the M-Shwari product. Such issues led to late payments which often incurred fees which were reported as too high for users.

The study did not find any notable differences in the challenges reported by region; however, gender influenced the issues reported. In particular, women reported concerns about the small loan amounts, network outages, and technological literacy, while men primarily reported difficulties with repayment.

FACILITATORS TO USING M-SHWARI

EASY TO USE

Participants who used M-Shwari said that it was easy to register and use, and was accessible at any time or place. The ease of use was an important aspect of M-Shwari that they could not find in traditional banks, which required the Jua Kali workers to leave their business to travel to a bank and wait in long lines. Instead, M-Shwari offered nearly instant registration and immediate access to savings and loans as described by a user in Nairobi Westlands:

M-Shwari is good because...you will not waste time walking to the banks. You see here there are no banks and when you want to withdraw it is also instant...yeah. It has no barriers.

- Female User Nairobi Westlands

In addition, the connection between M-Shwari and M-Pesa facilitated easy registration and the ability to transfer funds between the two accounts. M-Shwari also uses the information from a Safaricom account, which simplified the loan application process for Jua Kali and saved time.

M-SHWARI SERVICES OFFERED

Jua Kali users said that they were motivated to enroll in M-Shwari because of the benefits the service could offer them. Some saw that the loan services could help them purchase supplies that could strengthen and expand their business. Others saw the opportunity to save money for emergencies or to set aside money for a large purchase that could support them in their business or personal life. Some users especially liked that their money was earning interest, and this motivated them to continue depositing funds into their savings account. Others saw people they knew benefit from the services and were motivated to reap the same benefits.

Nonusers said that understanding the benefits of M-Shwari services would encourage them to enroll. Indeed, when faced with sudden need for a small amount of cash, some participants were motivated to enroll to take out an instant loan. These participants were aware of the benefits of M-Shwari or knew users who prompted them to use the service for an emergency, and then continue to use M-Shwari for other matters.

Another benefit of M-Shwari, identified by users, was that the product provides a more confidential alternative to borrowing money than other sources, such as relatives, friends, microfinance groups, or cooperatives, all of which are seen as less private than M-Shwari and a potential source of interpersonal conflict. As one male user explained:

P: If you want to buy something in the shop it's not a must you go with cash money, you transfer the money you have saved in M-Shwari and you will be able to buy what you wanted to buy. You go to M-Shwari account then transfer money to Mpesa, now you see things are easy and you have not borrowed anyone and if you borrow you can fail to pay then the conflict arises until you are reported to the police station and you have a phone in your pocket which you can borrow from M-Shwari – Male User in Embu

SECURITY OF THE M-PESA PLATFORM

M-Shwari uses the M-Pesa platform. Because M-Pesa is widely used and trusted in Kenya, by extension users viewed M-Shwari as a secure tool to withdraw, save and transfer money. Jua Kali users reported that the security of the platform was another facilitator to enroll in M-Shwari. They considered M-Shwari a safe way to store and save money while also benefiting from private transactions. As a mobile banking service, M-Shwari allowed users to move money to their savings accounts and take out loans without involving others. This appealed to the desire to keep financial transactions private from others. Nonusers said that knowing that M-Shwari is a secure platform may motivate them adopt it.

TRUSTED SOURCE OF INFORMATION

Users reported that having access to (perceived) trusted sources of information facilitated the adoption of M-Shwari. These sources included media advertisement (radio and TV), other users who had shared positive experiences, as well as Safaricom agents who provided clear and adequate explanation of the product and helped with the registration process.

FINANCIAL LITERACY

Prior exposure to and familiarity with informal and formal lending systems aided the process of adopting and using M-Shwari.

SERVICE IMPROVEMENT

While many users reported positive experiences with M-Shwari, they also shared areas for product improvement, which they felt would enhance the product for existing users and facilitate new users. These included expanding the range of services offered, improving communication with customers through increased transparency, increasing the amount of loans available especially for business growth, and offering variable interest rates for savings and loans.

CONCLUSION AND RECOMMENDATIONS

The Jua Kali sector is essential for Kenya's economic growth and serves as a substantial and key market for mobile money services. With the need of increased opportunities for financing businesses paired with personal needs of the Jua Kali members, mobile money products, like M-Shwari, could potentially facilitate positive change and growth. This study identified various barriers (lack of financial knowledge, lack of trust, lack of the access to technology, etc.) as well as benefits (ease of use, services offered, security, trust in source of information, etc.) that can guide mobile money service providers, like Safaricom, to help members of the Jua Kali sector.

Based on the findings of this study, we suggest the following recommendations for increased financial inclusion of the Jua Kali sector for M-Shwari in Kenya:

1. Increase awareness of M-Shwari by disseminating information through trusted sources, such as familiar business and community members who are M-Shwari users or local Safaricom agents.
2. Provide information about M-Shwari in formats, media and language tailored specifically to the Jua Kali sector – such as through regional radio stations and in local languages.
3. Provide basic information about the M-Shwari services, benefits, procedures and costs to overcome lack of knowledge about the product.
4. Include testimonials from M-Shwari users to promote awareness and allay concerns amongst the Jua Kali in relation to security of M-Shwari.
5. Focus M-Shwari promotion on the product benefits for the Jua Kali sector to overcome perceived lack of relevance.
6. Ensure that education about M-Shwari is knowledge-based rather than purely entertainment.
7. Provide greater transparency in the fees, loan repayment conditions and security of money in M-Shwari to overcome the lack of trust.

8. Provide trainings on how to use the M-Shwari platform, money transfer, savings and loan features, and security functions to overcome technology barriers among Jua Kali.
9. Review and improve the loan conditions for business enhancement (loan amount, interest and repayment requirements) specifically for Jua Kali.
10. Explore improvements to interest on savings to encourage the use of this service amongst the Jua Kali.
11. Review the overall M-Shwari loan application process (format, language, length) to ensure Jua Kali capacity to apply for the service.
12. Develop and facilitate a more effective help-line service to assist with queries, registration and troubleshooting when using M-Shwari.

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