

Where Credit Is Due

Customer Experience of Digital Credit In Kenya

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Acronyms

AFA	AgriFin Accelerate	DC	Digital Credit
Ag	Agriculture	FII	Financial Inclusion Insights
ASCA	Accumulating savings and credit association	HH	Household
ATL	Above the Line	LIS	Low Income Segment
BTL	Below the Line	MFI	Microfinance Institution
CBK	Central Bank of Kenya	ROSCA	Rotating savings and credit association
Chama	ROSCA (in Kiswahili)	SACCO	Savings and credit co-operative
CID	Criminal Investigation Department	STK	Sim Tool Kit
CIS	Credit Information Sharing	T&C	Terms and Conditions
CRB	Credit Reference Bureau	USSD	Unstructured Supplementary Service Data

Context and Background

Hypothesis

It is easy to access multiple digital credit products in Kenya and consumers do not adequately understand the responsibilities and risks associated with them.

Why?

The uptake of digital credit has been on the rise

A growing number of clients have been negatively listed on CRB

There are **19** digital credit providers

Quick application turn around time near to real time

A growing number of loans issued with Mshwari at **63m**, KCB Mpesa at **4.1m** and Equitel at **3.6m**

2.7 million Kenyans have been listed in the last three years

400,000 of this have been listed for amount less than **2 dollars**

In what manner?

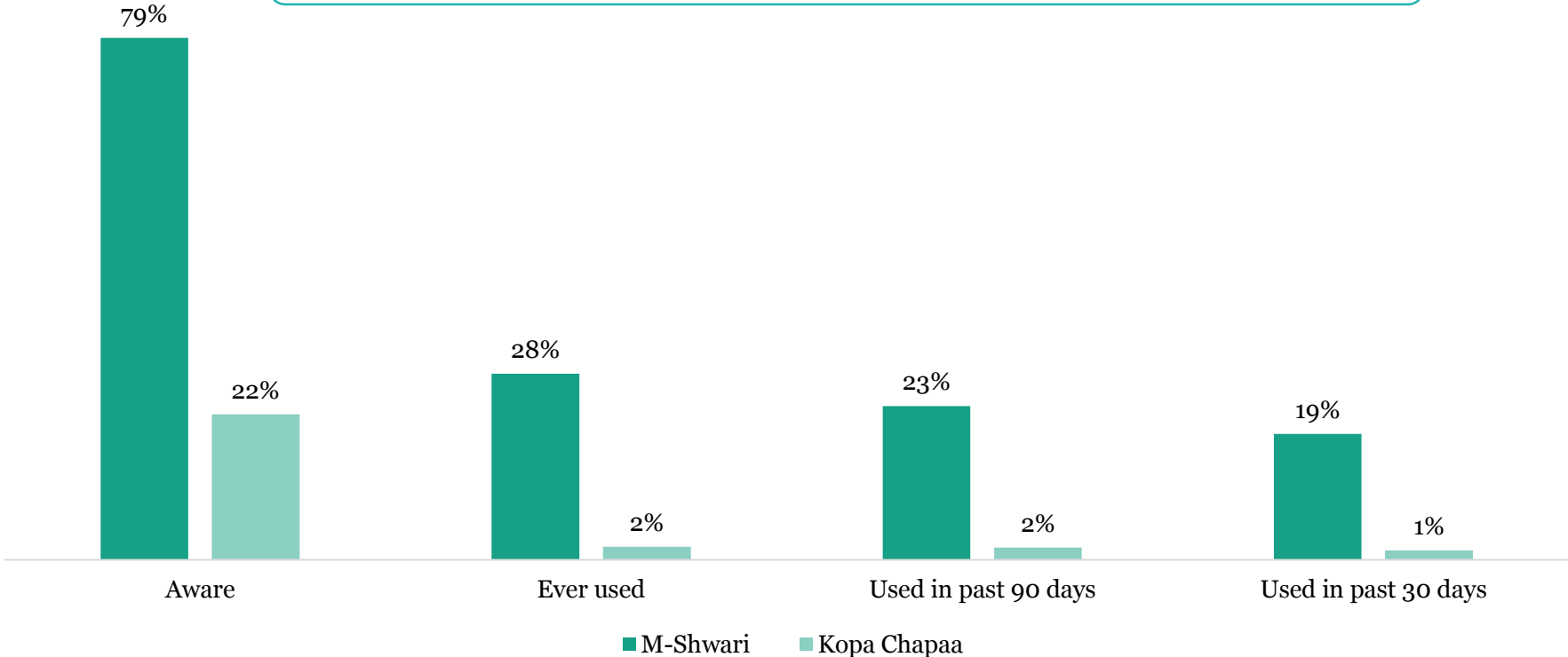
Secondary Data Review

Sources:

- Financial Inclusion Insights Survey 2015
- FinAccess Survey 2016
- Financial Diaries 2015 and
- AgriFin Accelerate survey of smallholder farmers 2015 and 2016

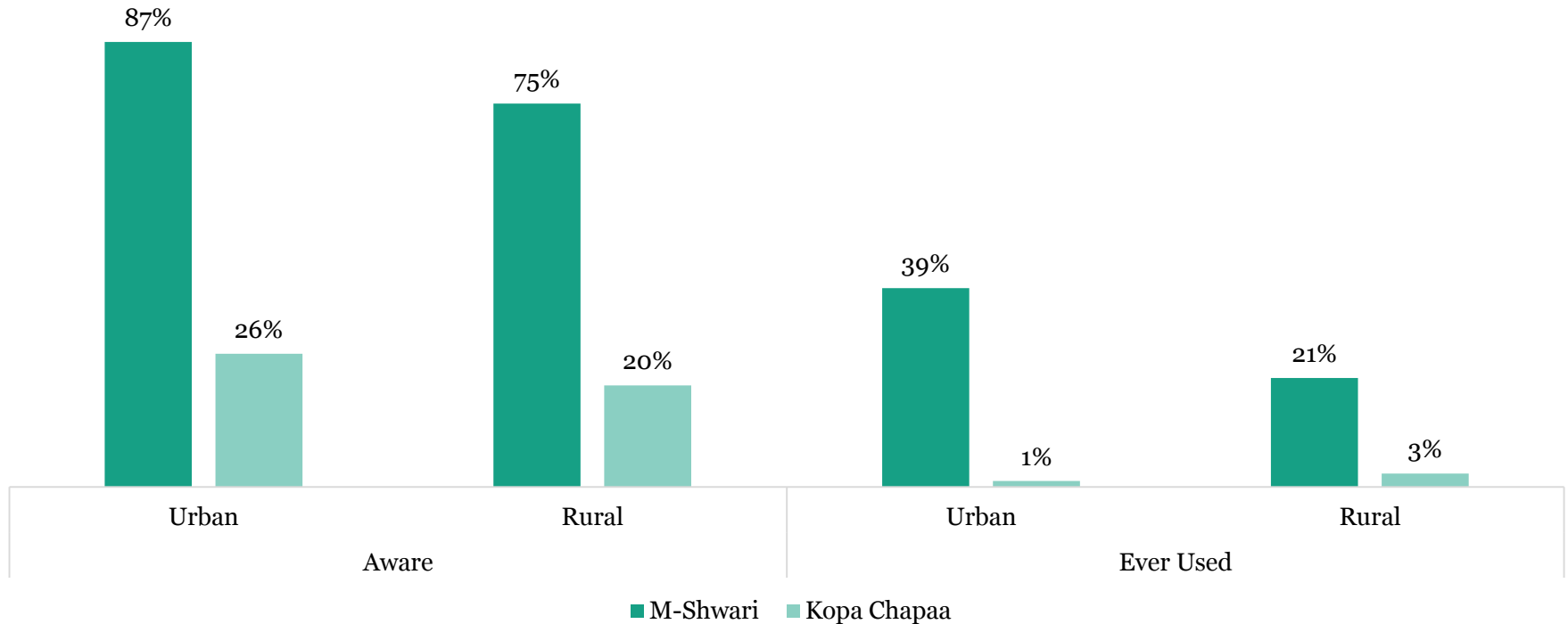
Digital Credit Awareness & Usage in Kenya (FII 2015)

According to 2015 FII, over $\frac{3}{4}$ of Kenyan adults know of M-Shwari and over $\frac{1}{4}$ have used it before



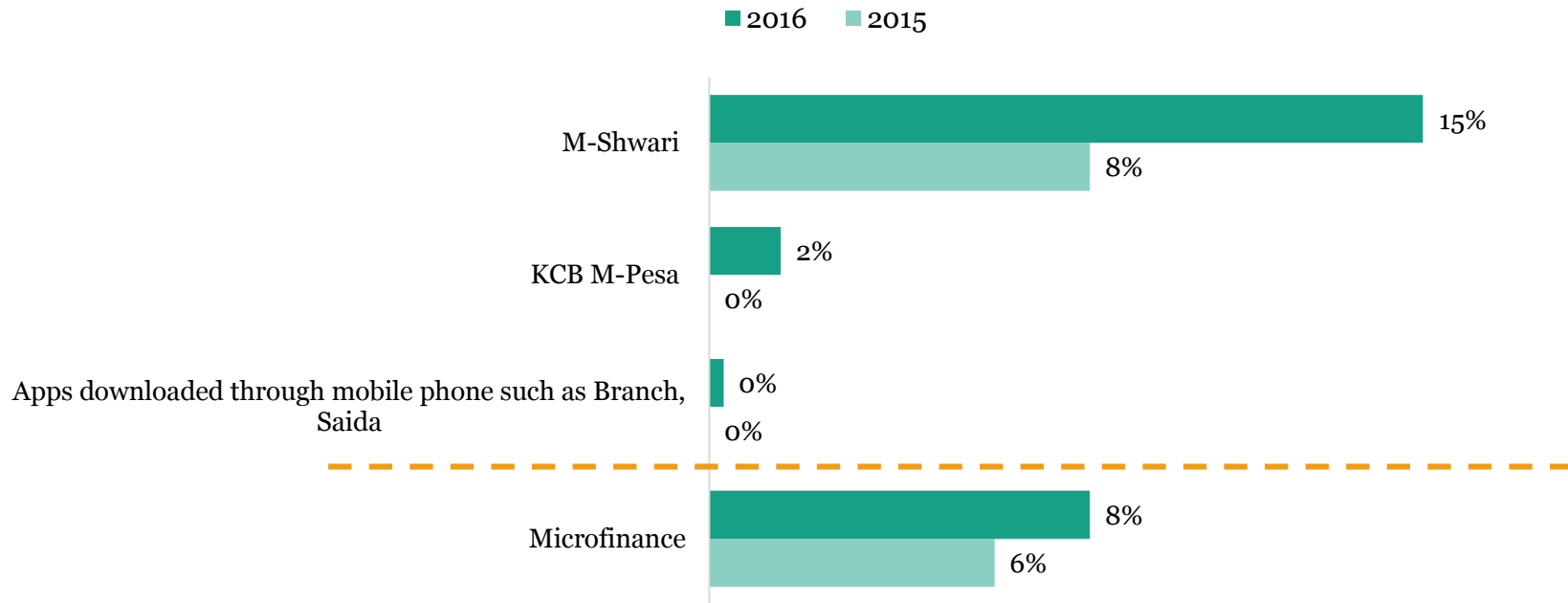
Digital Credit Awareness & Usage, by Location (FII 2015)

Digital credit awareness and usage is lower in rural Kenya



Digital Credit Usage Doubled 2015 to 2016 (AFA)

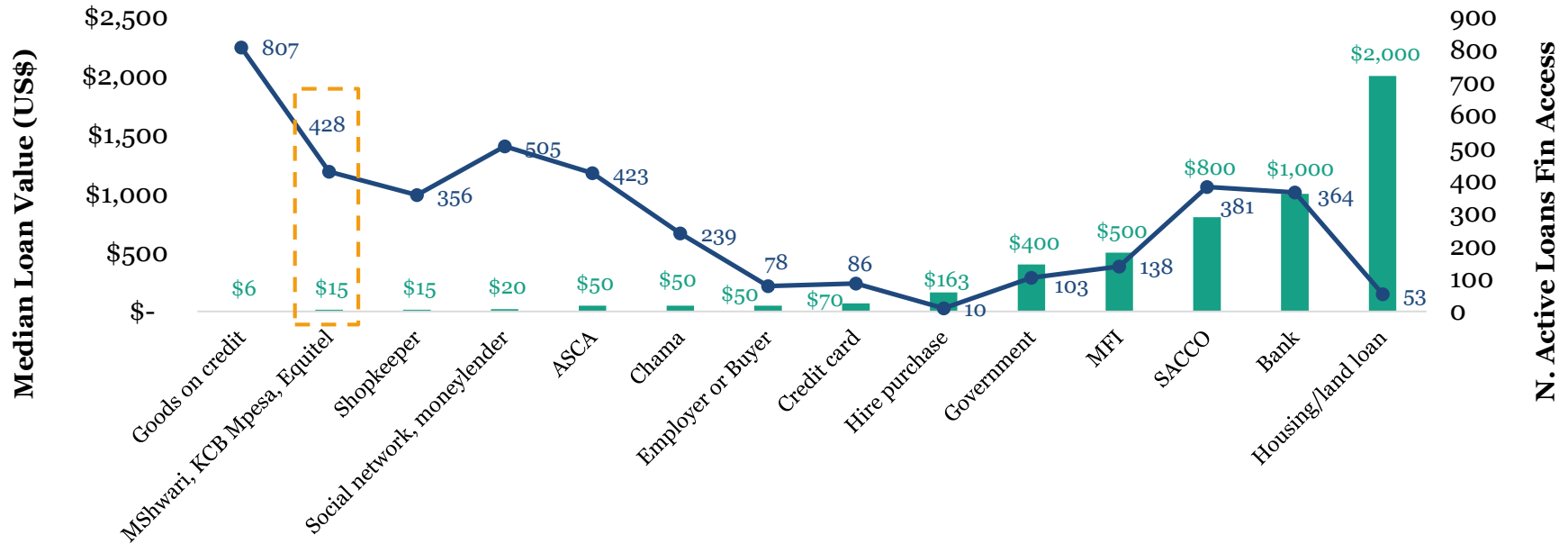
According to 2016 AgriFin Accelerate second benchmark study for smallholder farmers of Kenya, usage of digital credit instruments doubled between 2015 and 2016 in Central and Western Provinces



Median Loan Value by Type

Digital credit is increasingly substituting shop credit, loans from family and friends and shopkeeper/ moneylender loans. Digital credit provides privacy

(All Income Group, Active Loans) US\$



Use of Credit Instruments by Type of Provider (%)

Formal	2006	2009	2013	2016
Personal bank loan	1.8	2.6	3.6	4.4
Bank/building society loan (for purchase of house/land)	0.5	0.2	0.9	0.6
House/land government loan	0.3	0.1	0.3	0.0
Overdraft	0.3	0.2	0.5	0.4
Credit card	0.8	0.8	1.8	1.2
Mobile bank account loan**	–	–	–	5.9
SACCO loan	4.2	3.1	4.0	5.0
MFI loan	0.8	1.8	1.6	1.8
Government loan	0.9	0.3	0.6	1.3
Hire purchase	0.6	0.1	0.2	0.1
Informal				
Employer loan	0.9	0.5	1.0	5.1
ASCA loan	1.7	1.8	1.2	5.4
Chama loan	–	–	3.8	2.9
Informal moneylender	0.7	0.4	0.4	0.4
Shopkeeper	22.8	24.3	5.5	9.9
Buyer credit	0.9	1.2	1.1	0.3
Excluded				
Family/friend/neighbour loan	12.6	12.2	5.2	6.6

According to FinAccess 2016, while shopkeeper credit has reduced substantially since 2006, it still remains, by far, the most widely used source. The most popular sources of formal credit are mobile bank accounts and SACCOs.

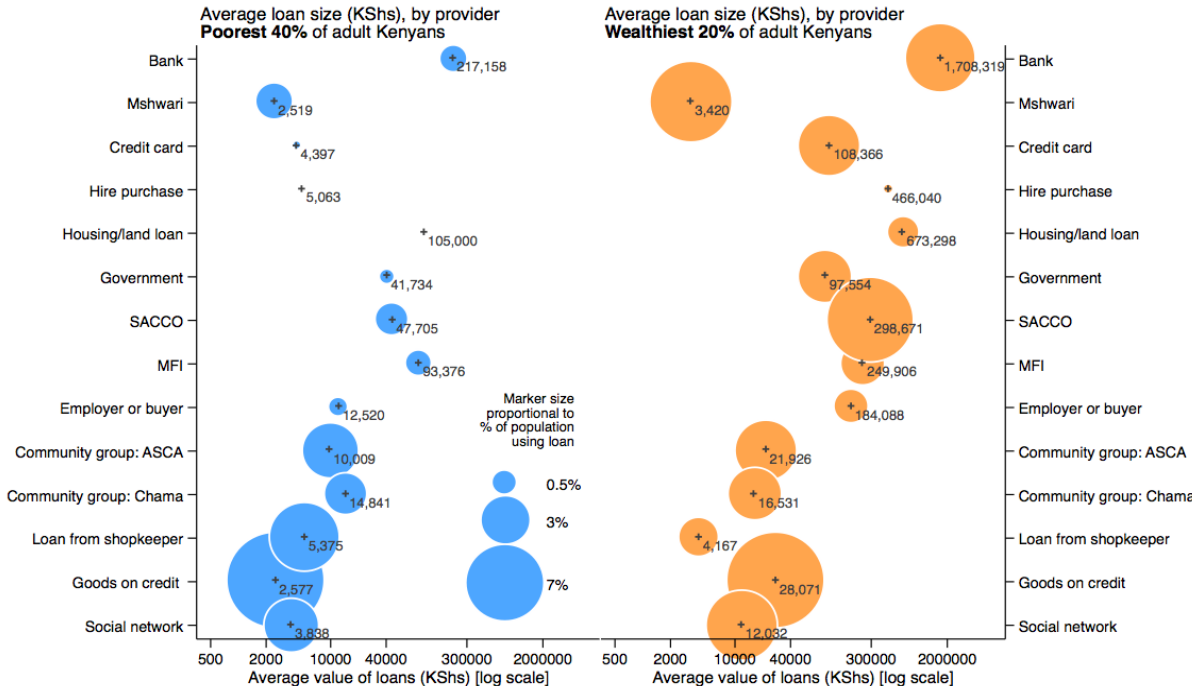
***Mobile bank account loans include: KCB M-Pesa, MCo-op Cash and M-Shwari. Equitel had not launched at the time of the survey.

Use of Credit Instruments by Income Group

M-Shwari remains relatively less important for the poorest 40%, but popular amongst the wealthiest 20%

FSD Kenya

Credit in Kenya: Average Size of Loans in Use



Graph notes: Kenya's poorest 40% , wealthiest 20% are identified using an asset based index of welfare
 Source: 2016 FinAccess household survey, FSD Kenya, August 2016

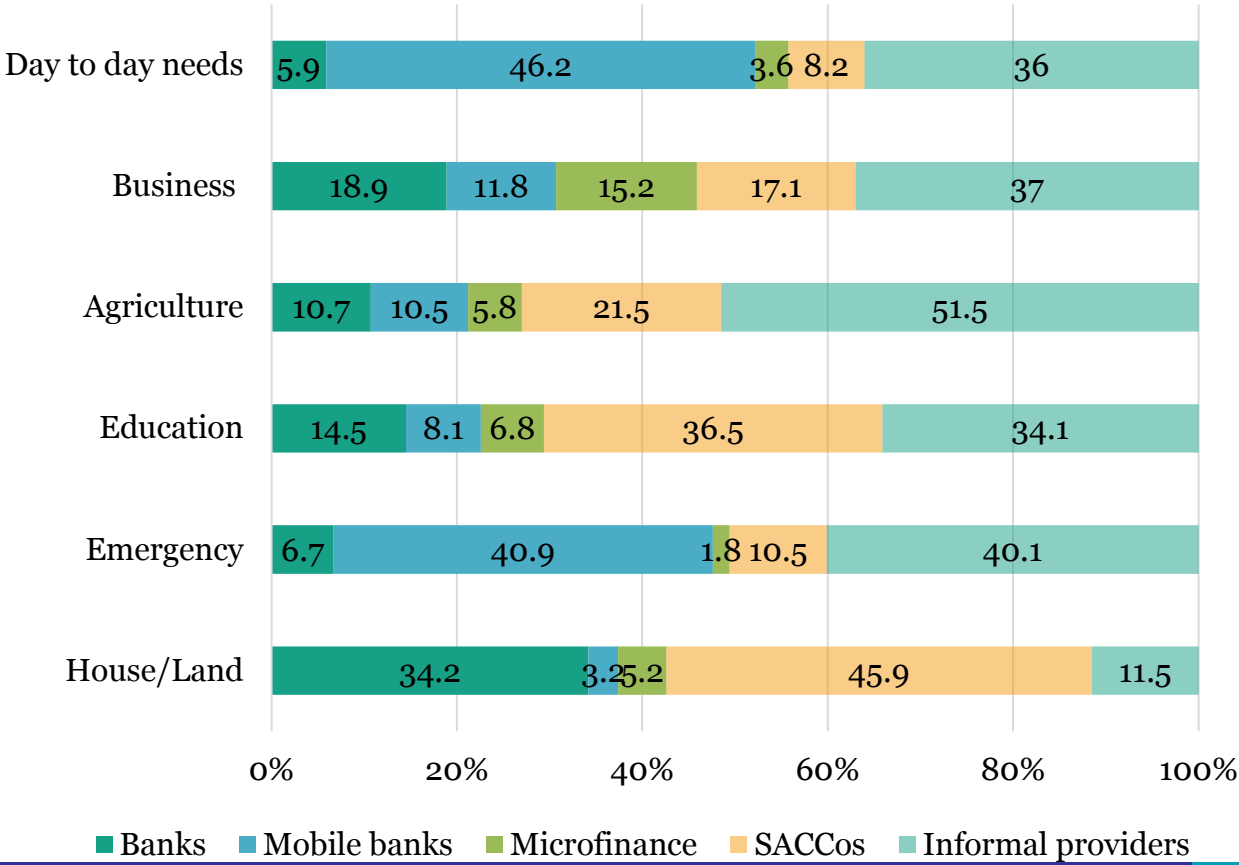
Motivation for Using Different Credit Providers (AFA)

The easy accessibility of digital credit is a key motivator – the short loan terms are not. Costs, however, do not appear to be a factor. Timing (the ability to access credit on demand) is also an important motivator.

N=272

	Timing	Costs	Accessibility	Loan term	Location	Other (Specify)
Bank	19%	13%	65%	50%	3%	6%
Sacco	13%	23%	62%	57%	3%	5%
Chama	24%	24%	52%	50%	7%	2%
M-Shwari	33%	20%	75%	28%	0%	0%
Microfinance	5%	14%	62%	52%	5%	0%
Agricultural input supplier	36%	27%	73%	73%	27%	0%
Family/friends/neighbors	0%	25%	50%	38%	25%	0%
Government institution	0%	14%	57%	29%	0%	14%

Reasons for Taking Loans by Selected Institution Type

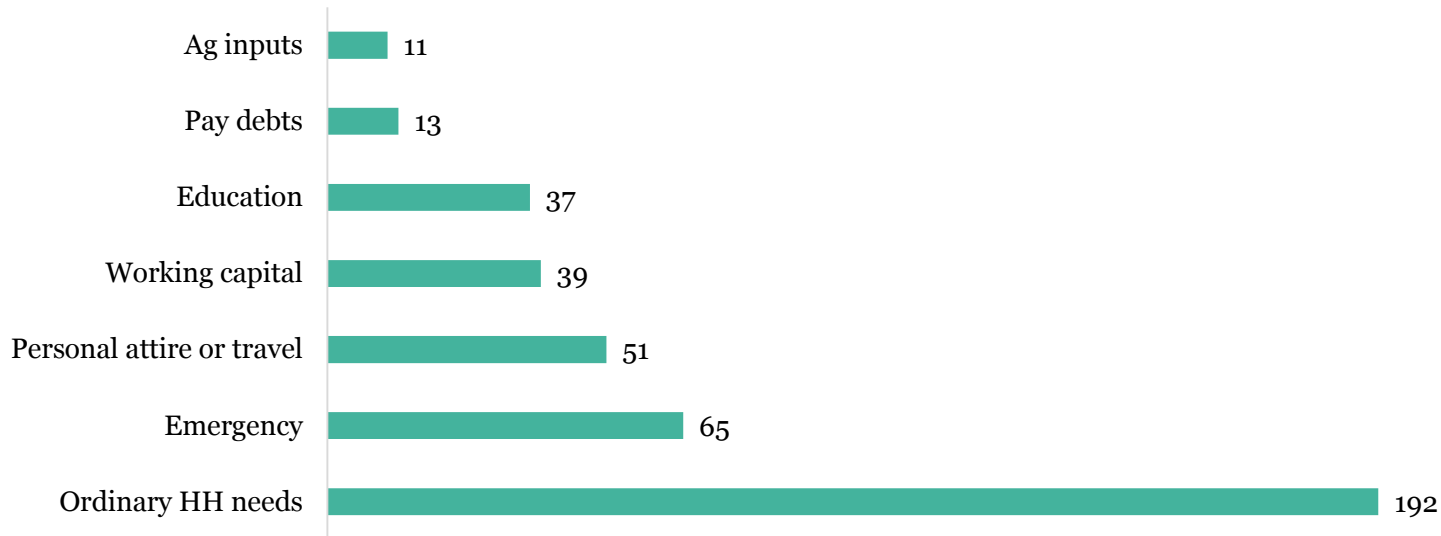


According to FinAccess 2016, loans used for emergencies and day to day needs is being obtained from digital credit which confirms insights from the qualitative research done by *MicroSave* – see below

Purpose of Digital Credit Borrowing

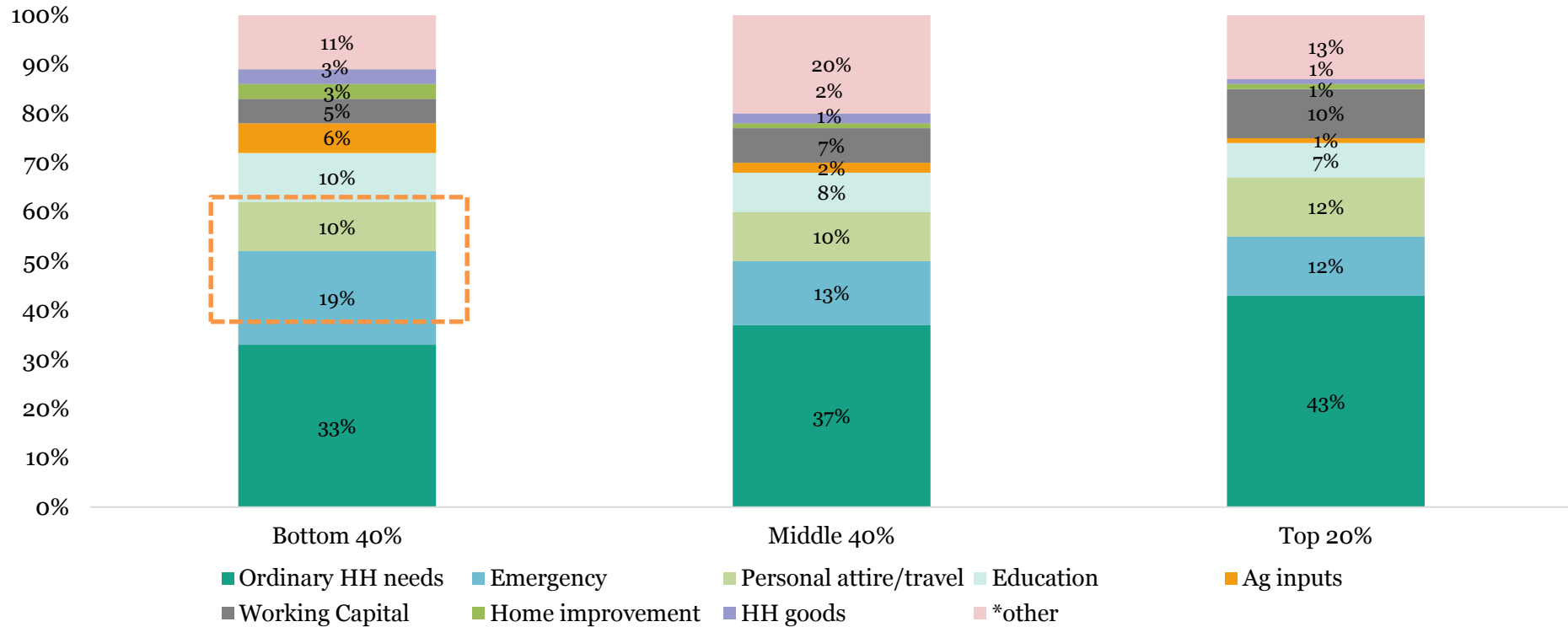
Most digital credit is used for ordinary needs, stretching the budget - FinAccess 2016.

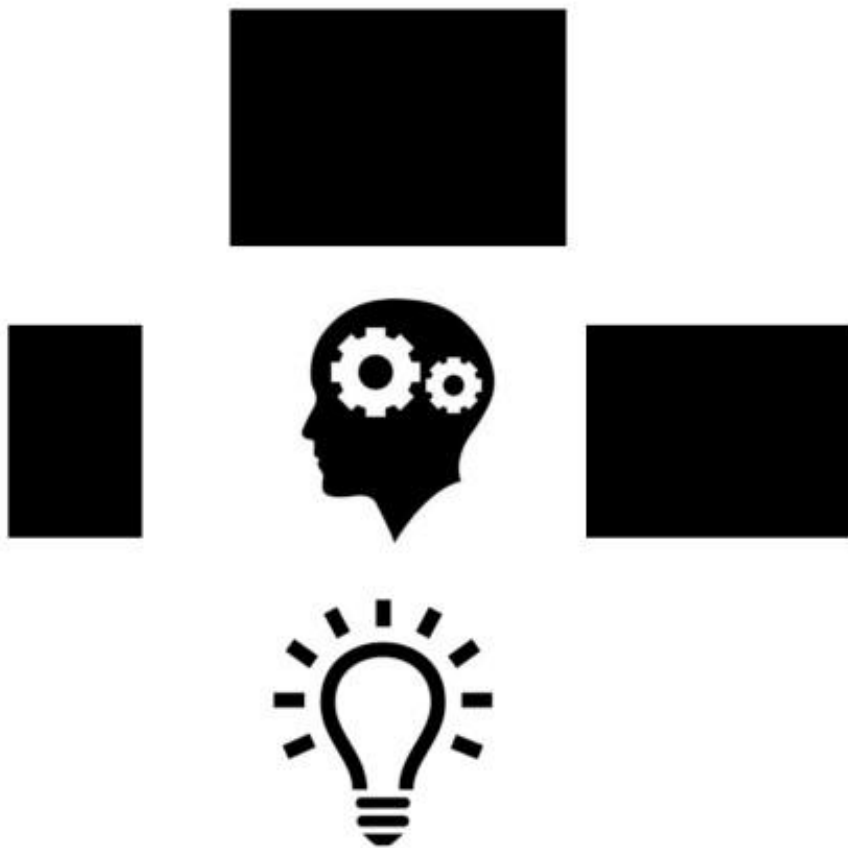
Most Cited Digital Loan Uses (N, more than one response allowed)



Purpose of Digital Credit Borrowing by Income Group

(Digital loan uses similar across wealth groups but emergencies more common in low income group)





Approach, Methodology and Key Insights

Approach & Methodology

MicroSave commissioned a study in **Nairobi** and **Meru** to determine the root cause of the alarming default rates on digital credit among the low income segment (LIS). Specific focus of the research was:

To gauge how many digital credits low-income segments can access and take simultaneously

To understand whether low income customers understand the price, terms and condition (T&C) and consequences of the loans

To understand if customers have repaid this loans and consequences if they do not repay the loans

PHASE I: MOCK LOAN APPLICATION

Objectives were to assess and understand:

- The customer journey
- Credit scoring and protection from over-indebtedness
- Transparency and disclosure

PHASE II: QUALITATIVE INTERVIEWS

Objectives were to assess and understand:

- Motivations and triggers
- Perceptions the low-income customers have on digital credit
- Awareness of loan terms and conditions
- Awareness of credit reference bureau

Methodology and Respondent Profile



Respondent Profile**	Low income digital credit customers earning below 20,000 Kenyan shilling
Age	Below 35 years-20, Above 35 years-12
Gender	Male-15, Female-17
Education level	Illiterate- 1, Primary-10, Secondary- 11, and Tertiary- 10
Bank account	Have bank account-20, no bank account-6, did not disclose-6
Employment Type	Employed-8, Self-employed-24
Repayment Status	Defaulted-27, not defaulted-5

Plus:



Mock Loan Applications



Stakeholder Interviews

Key Insights

Repeated push SMS designed to make loan qualification seem as an opportunity not to be missed drive loan uptake when borrowers do not have prior intention or serious need to borrow

Desire to uphold reputation within a community drives clients to prioritize repaying traditional loans over digital loans, which are private and virtual

Additional steps required to access terms and condition means that many (almost all) customers accept loans without reading them.

Instant gratification prompts customers to take loans amounts higher than their income through gaming the system.

This causes customers to borrow even when they do not really need to and thus sometimes default

Lack of personal touch with digital credit means they are last to be repaid, leading to default and negative listing on CRB

Many end up unable to repay because their income cannot sustain the debt

Customers do not understand the repercussions of not repaying on time, default easily and may be negatively listed

1 **Mock Loan Application**

2 **Qualitative Research**

Detailed Findings and Implications

Detailed Findings and Implications



Mock Loan Process



Triggers to Borrow



Purpose of Borrowing



Product Design



Awareness of CRB



Loan Burden



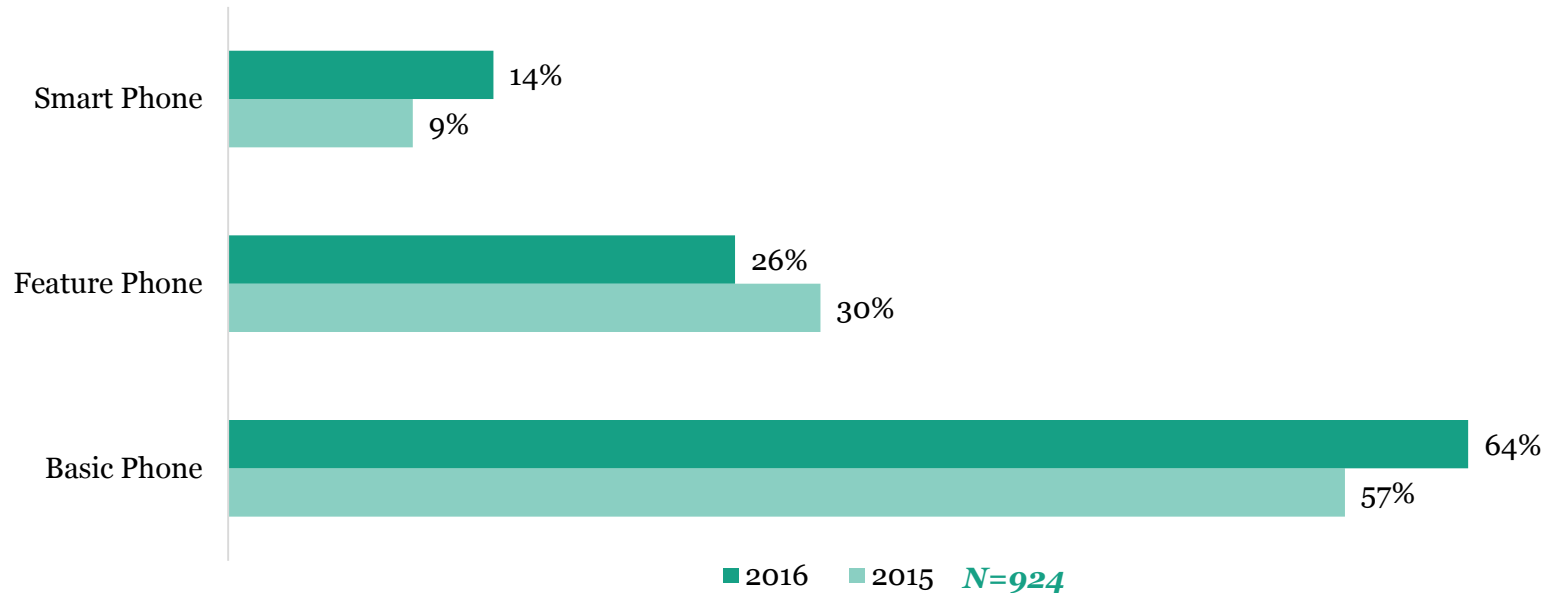


- Five people from varying income brackets went through the loan application process for major providers of digital credit in Kenya.
 - M-Shwari, KCB M-Pesa, Equitel's Eazzy Loan and Airtel's Kopa Chapaa processes are remarkably, possibly even deceptively straight forward and easy.
 - The app-based third party lenders' loan application processes are more intricate and in some cases confusing.
- Details and screen shots of the application processes are provided in Appendix 1

Key Findings:

- There are no T&C on screens. Consumers have to visit website to access the terms.
- Interest rates are not disclosed until after the loan is taken for STK based loans.
- App-based loans are cumbersome and apps take up a lot of memory space on basic smartphones.
- The app-based loans give standard amounts irrespective of income. For example, Tala gives \$20 for all new customers and Branch gives \$10 for all new customers.
- Borrowers can take loans from multiple sources (M-Shwari, KCB M-Pesa, Tala and Branch ... and probably other app based providers) simultaneously.

Phone Ownership, by Type (AFA 2016)



2016 AgriFin Accelerate (AFA) survey finds that feature phones are being replaced by smart phones. However, in the AFA survey's rural areas (in Central and Western Provinces) a large majority of users have basic phones, where *web links and thus app-based digital credit and T&C are difficult (if not impossible) to access.*

Mock Loan Application Process



Product Design

- The app-based loans are cumbersome and the app takes up too much space on basic smartphones.
- Lengthy application** steps in app based loans (i.e.. Tala and Zidisha) discourages low income segment (LIS) from taking up the product
- Some app based loans give standard loan amount during first time application overlooking the ability to pay i.e. Tala and Branch
- Products seemingly lack mechanisms to verify veracity of information provided by the applicant

Pricing

- STK based product like [Eazzy Loan](#) charges 14.5 % interest plus 1% insurance fee; [M-Shwari](#) charges 7.5% interest per month; and [KCB M-Pesa](#) charges 3.91% interest for 1 month loan, 2.08% for 3 months loan and 1.8% for 6 months loan
- The app based digital loans e.g. Branch and Tala are more expensive
- Tala gives repayment options of either 21 days – made weekly or 30 days – made in one lump sum

Consumer Protection

- Some apps request users to upload their pictures which raises concerns for LIS users
- App based loans ask for a lot of information from customers – this should be reviewed by a regulatory body
- App based digital credit providers ask for customers income and do not have a system to detect false information – so customers can easily misrepresent information

Terms and Conditions

- [KCB Mobi Loan](#) gives T&C including interest and loan duration prior to approval
- Equitel Eazzy Loan gives only loan duration prior to approval. For interest and any other extra charges you have to click on a link
- KCB M-Pesa and M-Shwari do not give any T&C prior to loan approval. If a customer wants to check the loan duration and other interest they need to visit the banks' websites
- There is a “hassle factor” in reading terms and condition as it is lengthy and uses complex language

Awareness of Product

- Even if aware, low-income segment may not be able to download some apps
- App based loans are advertised through digital marketing which is less salient to the low income segment who cannot access those channels
- Some products like Jumo, Micromobile, Mjiajiri, Pesa Zetu, Zidisha, MPawa Sacco needed the respondent to be either a member or earn commission through referral
- Awareness is low on app based digital credit. Out of 32 interviews only two heard or used Tala

Triggers to Borrow (AFA 2016)



N=272

	Family	Friends	TV	Radio	Brochu-res	Agro dealer	Other farmers	Extension officers	Other (specify)
Bank	44%	56%	3%	8%	5%	0%	10%	0%	16%
Sacco	33%	63%	0%	0%	2%	2%	23%	13%	5%
Chama	37%	83%	0%	4%	0%	0%	7%	0%	4%
M-Shwari	50%	65%	30%	48%	10%	0%	0%	0%	3%
Microfinance	10%	48%	5%	14%	0%	5%	10%	14%	10%
Agricultural input supplier	27%	45%	0%	36%	18%	18%	27%	0%	9%
Family/friends/neighbours	50%	88%	0%	0%	0%	0%	13%	0%	0%
Government institution	0%	57%	0%	0%	0%	0%	0%	0%	43%

According to 2016 AFA, word-of-mouth from family and friends is the main trigger for customers taking loans, though radio and TV also trigger M-Shwari borrowing.

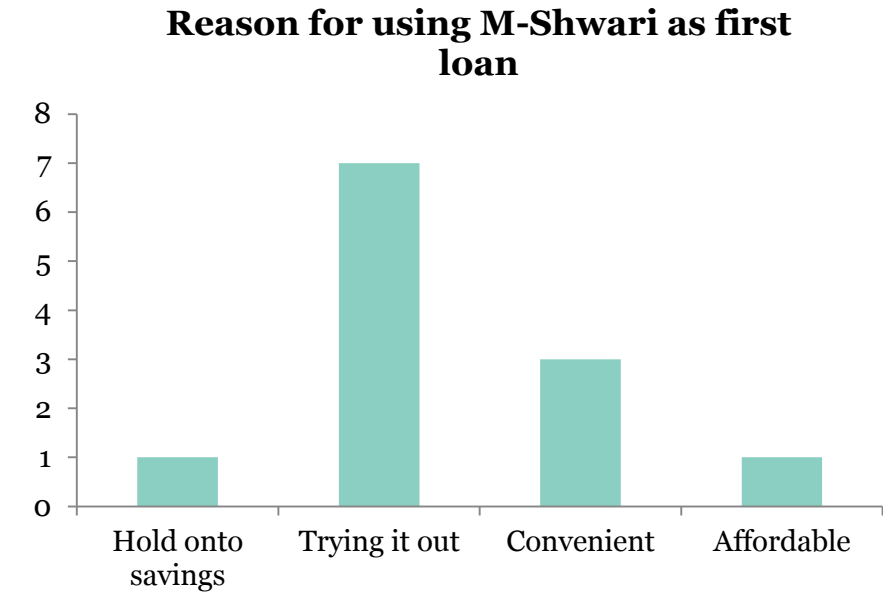
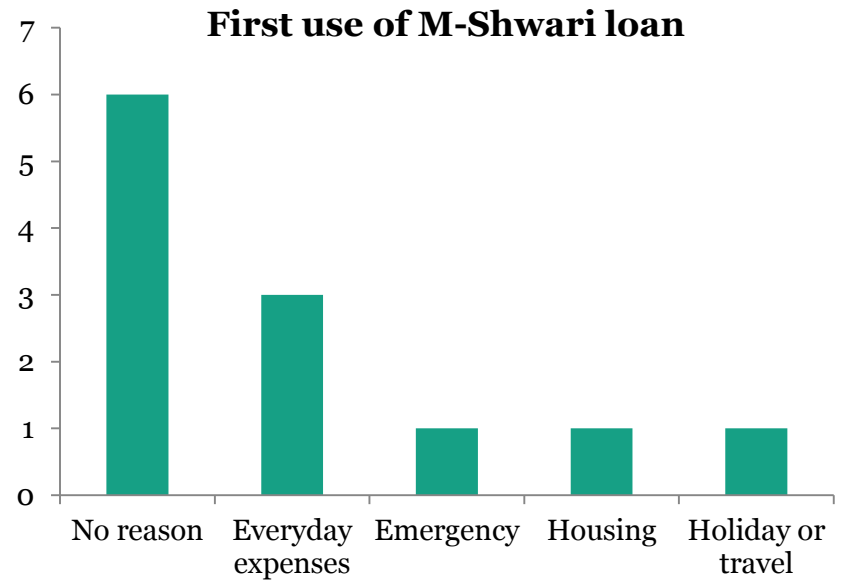
Triggers to Use Digital Credit

- Providers **push messages** to generate borrowing, even when customers do not have specific need.
- **Friends and family** who have had positive experience with the product incite and encourage others to borrow – social norming influences decision-making
- Digital credit products **widely advertised through ATL and BTL channels** (i.e. M-Shwari and KCB M-Pesa) are popular among the LIS.
- Some customers **take the loan out of curiosity** to gauge their eligibility and loan limits.
- The **ease of access to digital credit makes it tempting** for those who have had limited access to credit before.

*'I tried KCB-MPesa in the initial days after my friend got a loan of \$500. They gave me \$250'
- User in Gikomba*

*'My friend tried and was given. She told me to try and I was also given'
- User in Kawangware*

*'I heard people in the market were being given M-Shwari so I also tried and was given too'
-User in Chuka*



According to FinAccess 2016, respondents' first M-Shwari loans were used for "trying it out" – often for "no reason". Thereafter it is seen mostly as a convenient product, and use cases are diverse.

Purpose of Digital Credit Borrowing

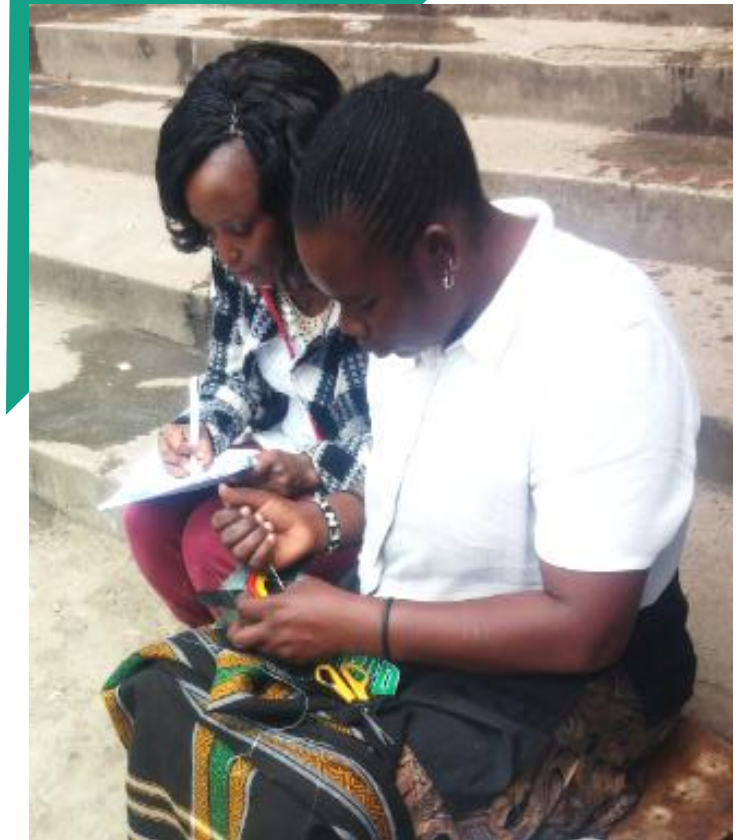


Among our respondents as well as their friends who had also borrowed digitally:

- Digital credit is most commonly used during emergencies for **consumption smoothing**, **emergencies** and then **boosting business**.
- Customers accessing higher amounts (above \$200) typically invest in their businesses; while those qualifying for smaller amounts used loans for consumption, emergencies and meeting recurring expenses such as rent and bus fares.
- LIS entrepreneurs complained that loan amounts they qualify for are insufficient to expand their business. They use **digital loans to top up existing capital**.
- The majority of women used their loans for meaningful investment (i.e. **boosting business**). Fewer men did so.
- A few customers used the loan received for **entertainment** (topping up to buy alcohol in a bar) and for **sports betting**.



- **The user interface for STK based application is intuitive and user friendly.** Users did not have a problem navigating through the screens as they are used to navigating mobile money interface.
- The majority of providers advise users to access a link to read the T&C. This is a hassle to many customers as they would have to end current session and visit a website. As a result **most do not read T&C.**
- The **KCB-Mobi loan** does give customers the option to read a **summarized T&C** under loan terms – but this only consists of interest rates and duration for repayment.
- On the website, the **language used in the T&C is difficult** for LIS to fully understand. It is legal, verbose, and discouraging customers from reading.
- **High interest rates on digital credit instruments was not a concern to the LIS** since they compare interest to more expensive charges by informal money lenders offering similar short loans.



- **Customers are not aware of CRB processes and penalties.** Some thought that CRB was CBK or CID. This increases the chance of default among digital credit customers.
- **LIS customers internalise the gravity of being listed on CRB only after their subsequent loan applications are denied.** [CIS Kenya](#) is responsible for creating awareness and educating customers on CRB processes and penalties.
- **CRB automatically updates defaulters' status once they settle their debt.** Many formal lenders, however, require a \$22 CRB clearance certificate to advance loans to customers.
- The requirement of a **CRB clearance certificate** (at a cost of \$22) may exclude borrowers from the formal financial system (banks, MFIs and SACCOs). However, digital credit providers do not require this certificate – but simply seek to ensure that the borrowers is not blacklisted.
- Some lenders are mandated by CBK to report information to CRB. However, the information is often incomplete as **many FinTech digital lenders are not required to report data at all.** This can lead to **over borrowing**, or borrowing to pay off another loan, creating a debt cycle with potentially negative repercussions for the customer.



'I will wait for 5 years to be unlisted from CRB for an amount less than 10 dollars'

(After 5 years, whether you are negatively or positively listed, your CRB record is cleared - as long as you have repaid your outstanding balance in the case negative listing).

Loan Burden



- Customers have learned to **game the system** through repeat savings and timely repayment small loans. Eventually, some of these customers qualify for high amounts that they are unable to repay.
- Many customers are **servicing multiple loans** (traditional and digital) which increases their chances of default.
- **Many prioritise paying traditional over digital loans** due to the personal touch associated with traditional loans. SMS used by digital credit providers are perceived as gentle reminders.
- **Lack of information sharing** among providers to conduct background checks and protect customers against **over borrowing drives high default rates.**
- Some customers **misplace phones** and end up in default and negatively listed because they have not replaced their lost phone.
- In some instances, PIN sharing allows **other family members to request a loan without the consent from the owner of the line.** We came across instances of where this had resulted in default and negative listing with the CRB.

“They don’t know me so they can’t catch me”

-Second hand cloths seller in Gikomba

‘I delete the messages immediately I receive them on my phone. This way CRB can’t catch me’

-Designer in Town CBD

‘If I don’t pay my SACCO, loan officers and guarantors will come after me unlike DC which only sends messages’

-Second hand Cloth Seller in Kawangware

Three Persona of Digital Credit Customers

Defaulter:

Ignores digital loans repayment, unaware and does not understand the repercussions of being negatively listed on CRB



Repayer:

Repays digital loans on time, as they are used to replenish business stocks



Juggler:

Serves many loans both traditional and digital. Prioritises repaying traditional loans, repays digital loans before being listed on CRB.



1. Repayer



Alfred

40 years old
Entrepreneur

'I receive many SMS notifications to inform me of my current loan limit'

'When I have no money, I borrow from a friend to repay digital loans. I don't have existing loan burden as am only servicing the digital loans'

- Has an idea of the interest rate charged as a result of **personal calculations**.
- The **interest rates are favourable, compared to informal money lenders**.
- **Pays loan on time and saves regularly** hoping it will improve credit score.
- **SMS notification are helpful** because it reminds him that the debt should be repaid, but can be annoying at times.
- Does not have existing traditional loan burden and is **only servicing the digital loans**.
- Believes that reminder messages should be individualized.

2. Juggler



Rose

35 years old
Entrepreneur

- The interest rate charged is OK – it is the **price of convenience**.
 - **Providers should disclose everything** especially about CRB before giving out loan.
 - Is discouraged when the loan limit does not increase especially as she saves regularly, believes **savings should not be linked to borrowing**.
 - The minimum set for fixed savings is too high hence discourages me from using it.
 - **If they give large loans they should not expect repayment so soon**. She feels overburdened servicing all the loans at once.
 - **Animates different credit instruments to fit different uses**: M-Shwari is used to boost business; KCB-MPesa is for smoothing consumption, Equitel is for school fees, and SACCO loan is for purchasing land.
 - **Does not read the T&C**: “Providers give a link which I do not bother to access”.
-
- **Defaults at times** especially when business is low and loans overlap.
 - Has been **penalised several times by M-Shwari** for delaying repayments.
 - When it comes to repayment prioritises SACCO as opposed to digital loans due to the huge penalties imposed by the SACCO – and the SACCOs are known for repossessing defaulter’s assets.
 - **Text messages are helpful** to remind when the loan is due and before CRB listing.

3. Defaulter

'No need of paying \$22 dollars for the certificate. Once I have cleared the loan then I should be removed from the list'

'I do not know the consequences of being listed. I can't take bank loans they are for the rich'



Mbindi

26 years old
Entrepreneur

'CRB is criminal investigation department and clearance certificate is equivalent to certificate of good conduct'

'Messages don't work effectively as reminder - 'it is computer speaking to me'

- **Urge to take loan** overshadows ability to repay - hence takes a large amount for which qualified after gaming the system.
- **Hyperbolic discounting** means that the attraction and immediate gratification of the loan outweighs the problems of repaying it.
- **Ignore the terms and condition** as it an extra step of following a link to a website.
- **Do not know the timelines for negative listing on the CRB.**
- Perceive provider **notices before listing on CRB as too short.**

What is Common Among the Three Segments?



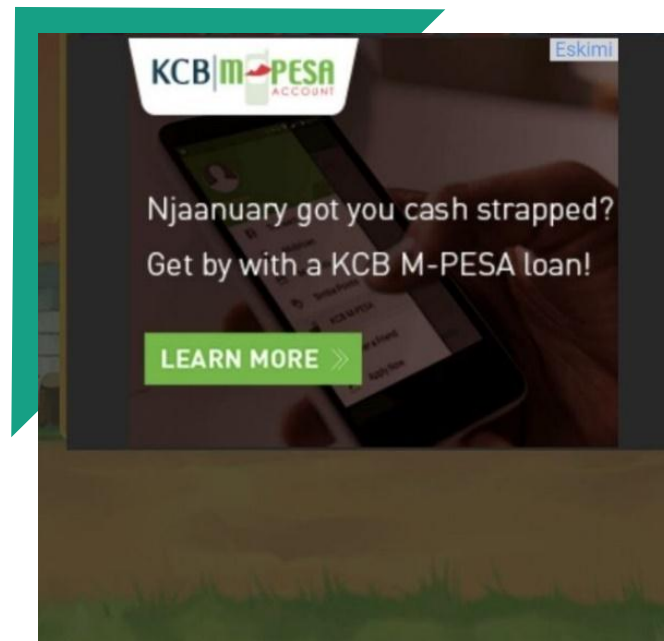
- All of them had **limited awareness of the T&C** because they do not read as it is not easily accessible.
- All of them had **limited knowledge of CRB processes** involved. Customers who had been listed were curious to know the steps involved and how they can clear with themselves from the list.
- There was a consistent feeling that had they been fully aware of **T&C** before taking the loans it **would have influenced decision**.
- The majority of the **customers took up the loan to smooth consumption, emergencies or to boost business**. Customers who were self employed channelled the loan to their business to increase stock.



Interventions and Recommendations

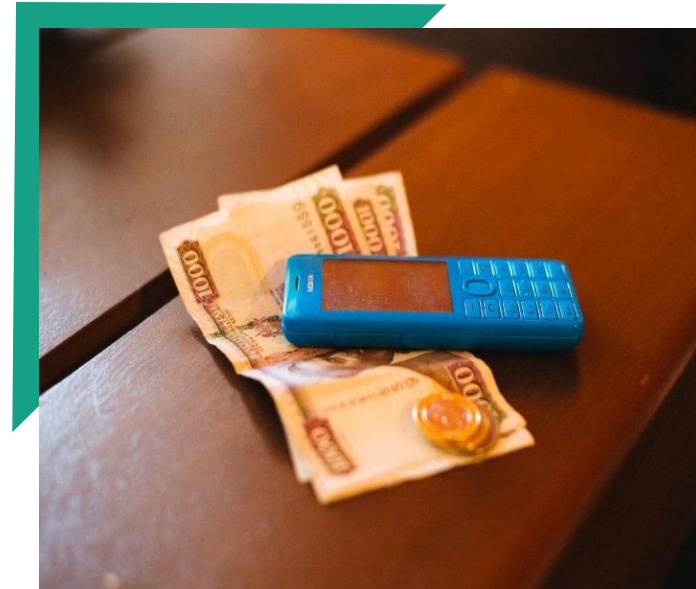
Recommendations for Regulators (1)

- [Competition Authority of Kenya](#) (CAK) should **regulate aggressive marketing techniques** as they encourage the low income segment to over borrow. Unsolicited SMSs surprise users with loan offers, eliciting customer loss aversion. CAK should consider restricting language that can be used in push marketing and mandate options to opt in and out of these marketing messages.
- CAK should **enforce current requirements to display core T&C** on screens prior to disbursement, and extend this to all providers of digital credit. CAK should also ensure that T&C are **readable and accessible** to all users, regardless of **sophistication or phone type**, to ensure customers understand implications of default. T&C should be:
 - Written in clear, simple and concise language, using [simple layout and summarized terms](#).
 - Available in different languages.
 - Visible on all phones (e.g. pop-ups on feature phones).



Recommendations for Regulators (2)

- CAK should examine and test opportunities to **use behavioural levers** to reduce ill-considered loan applications. This may involve testing the following interventions:
 - Introducing friction to access STK-based loans, e.g. “cooling off periods” before the money is disbursed
 - User selected maximum limits and/or co-signatures (PINs)
 - Framing loan default as having serious consequences (e.g. ‘you will not be able to borrow in the future, if negatively listed on CRB’)
 - Priming ‘good borrower’ identity at loan application (e.g. ‘only prompt repayers take this loan, do you want to proceed?’)
- In addition to T&C display, CAK should define **standardised product features**, including but not limited to:
 - **Informed consent** to share personal data and privacy safeguards
 - Behavioural features tested and proven effective (see above)
- Mandate **all digital money lenders (incl. FinTechs based outside the country) to report** to CRB and review their demands for information from potential borrowers.
- CBK may consider **periodically auditing CRB records** to ensure accuracy so as to reduce disputes and protect consumers.



Recommendations for Providers (1)



- Providers should enhance their **credit scoring algorithms** to detect customers' gaming techniques and better assess ability to repay.
- Providers should introduce **measures to prevent over indebtedness** and contribute to improved market level credit risk management (for example, through improved **credit information sharing** to reduce multiple borrowing).
- Providers will need to **extend the loan terms for larger loans** to allow borrowers to break down the repayments into manageable installments. (This is one of the core lessons from the microfinance experience).
- Providers should strive to **provide positive real returns on deposits** to encourage a savings culture among low income segments.

Recommendations for Providers (2)



- **Providers should introduce a ‘personal touch’** into the digital credit collections process to reduce the rates of delinquency and thus negative listing, particularly for small amounts. This should go beyond automated SMS based reminders to include calls, especially when the defaulter is about to be negatively listed on CRB.
- Providers could introduce **separate PIN for digital credit** wallets. This will help curb instances where customers default because they were not aware when a loan was taken.
- Traditional credit providers should be less stringent in requesting for **clearance certificate** for small ticket size loans. Once a customer has cleared the loan arrears, providers should allow them access other credit services, waiving the \$22 clearance certificate.

Recommendations for Other Stakeholders



- Stakeholders should collaborate to **enhance digital credit market monitoring and supervision**. This can be done through regular demand-side nationally representative surveys covering customers' experiences with digital credit, debt burden, protection issues, etc. These surveys can be further supplemented with data from: the providers; the CRB; audits; and qualitative research.
- Stakeholders should improve **information about the CRB** and ensure that opportunities for complaint and redress for those negatively listed are salient and accessible.
- Think outside the box, as **traditional financial education is unlikely to be part of the solution**.

Review your answers
Tap on the pencil to edit

What would you like to use your loan for?
Personal Expense

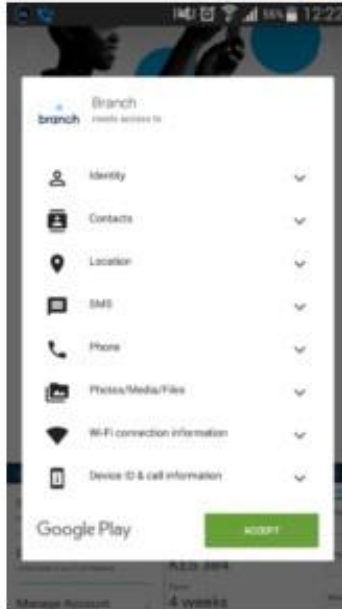
What kind of personal expense is this?
Emergency

Please describe how you will use this loan in more detail
for hospital

Check all that apply to you
Have a job: I work for someone who pays me

Please describe your main source of income
employment

SUBMIT



Check Loan

my marital status is
single

my highest level of education is Class 8
today I live spouse in
a rented house,

my main source of income is through
employment in a part-time
capacity and every months I am paid
Ksh Ksh 0 which I
have been earning for the last 3 years,

I am using Saida for an emergency and
today I would want a loan of
Ksh 100 to Ksh 1,000

Check if I Qualify

Close Window

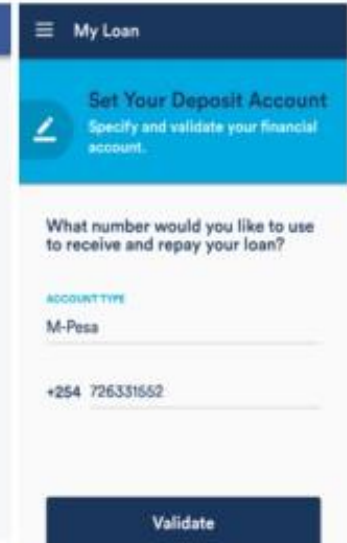
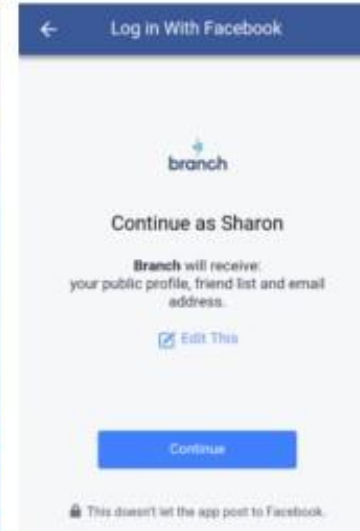
Appendices

1. Loan Application Processes

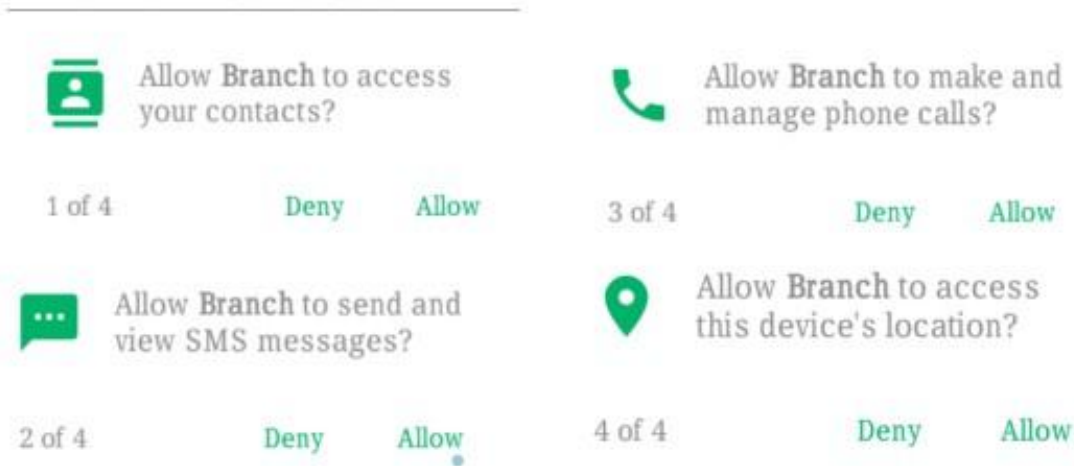
Mock One: Branch - Sharon Muliga (1)

Digital Loan name: Branch
Provider: Branch Kenya
Delivery Channel: Application on Smartphone

Sharon Muliga is a bartender who lives in Kangemi. She is 26 years old, single and has one kid. She earns \$40 per month. She started working in Aug 2016. She has never taken any loan. She was not aware of the app based products.

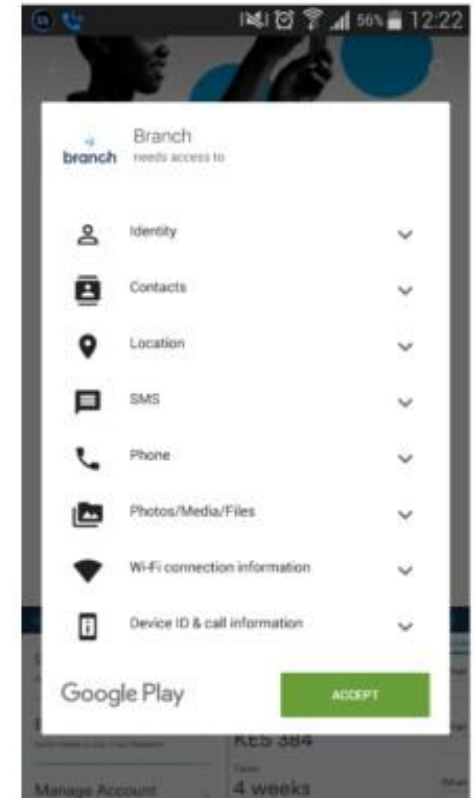


Mock One: Branch (2)



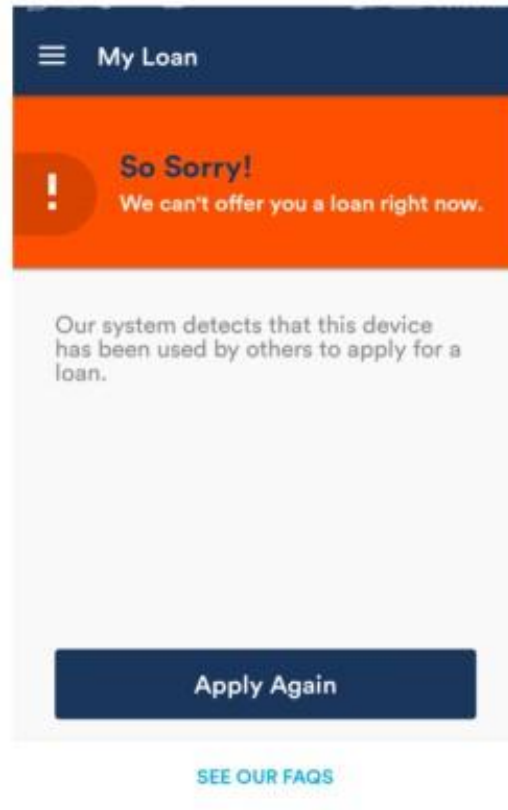
Branch updated user interface

Currently Branch gives options to users to allow access to certain information



Branch user interface as at early 2016

Mock One: Branch (3)



Sharon had not taken any loan before - and yet she was declined, and was unaware of the reason for this.

Mock One: Tala - Sharon Muliga (1)

Digital Loan name: Tala
Provider: Inventure Mobile Kenya
Delivery Channel: Application on Smartphone



Sign Up

Use your M-Pesa number to get started!

M-Pesa Phone Number

+254

Confirm Phone Number

Confirmation code sent via SMS to
254726331552

Enter your confirmation code

Continue

Mock One: Tala (2)



Lucy from Tala

Welcome to Tala! I'm Lucy and I'm here to help you get started. Tala requires a permission so you can quickly apply for a loan.



Allow Tala to make and manage phone calls?

Tala allows one account per person which is linked to your device. Tala uses access to your phone to secure your account. Tala will never send or receive calls from your device.

CONTINUE

Tala has an element of 'human touch' with real-time staff to speak to



My Tala Status



Apply for a loan

Qualify for loans up to KSh 50,000 over time.

APPLY NOW

Status

BRONZE	SILVER	GOLD
KSh 500-4,999	KSh 5,000-9,999	KSh 10,000-50,000

Grow your limit with Tala

With Tala you can borrow convenient loans. When you keep your account in good standing and repay loans, you can grow your limit up to KSh 50,000 over time. Apply to get started!



TALA

12%

We need to verify your identity. Enter your information as seen on your National ID card.

Legal First Name

sharon

Legal Last Name

muliga

Mock One: Tala (3)

🏠 TALA

Date of Birth
23/03/1990

Gender
 Male
 Female

National ID
26710233

🏠 TALA

Date of Issue
24/02/2009

Email Address
sharonmuliga@gmail.com

Phone
254726331552

🏠 TALA

sharonmuliga@gmail.com

Phone
254726331552

Please provide an alternative phone number
in case we can't reach you at the number
above (Optional)

Continue

The request by Tala to give date of issue of the ID was observed to be a hassle factor because many do not remember - thus posing a barrier

Mock One: Tala (4)

🏠 TALA

Do you own this phone?

- Yes, this phone is mine
- No, someone else owns this phone

Did you get it new or used?

- New
- Used

How long have you been using this phone?

- Less than 1 month
- 1-3 months
- 3-6 months
- 6-12 months
- 1-3 years
- 3+ years

I confirm that the answer I selected above is true and understand that answering dishonestly will disqualify me from Tala loans.

🏠 TALA

34%

How did you hear about Tala?

- Whatsapp
- Friend on social media (e.g. facebook)
- Facebook ad
- Google Play Store or online search
- In person / word of mouth
- Other

Referral Code (Optional)

Continue

🏠 TALA

To apply for a loan, set a secret question. You can use this to reset your PIN if you forget it.

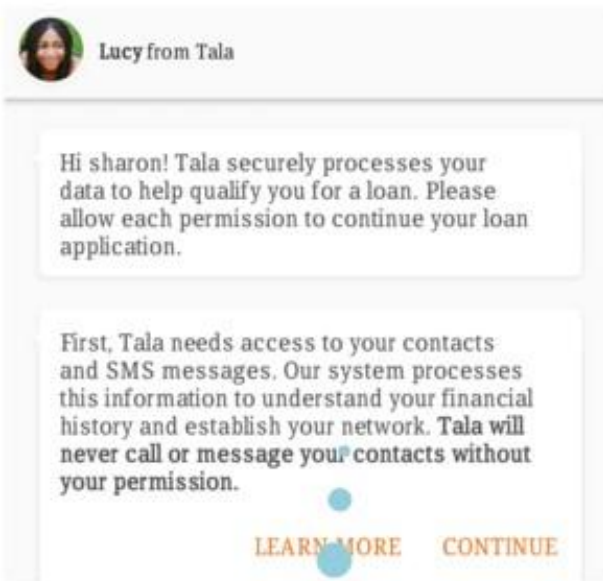
Choose your secret question

- What is your mother's full name?
- What was your childhood nickname?

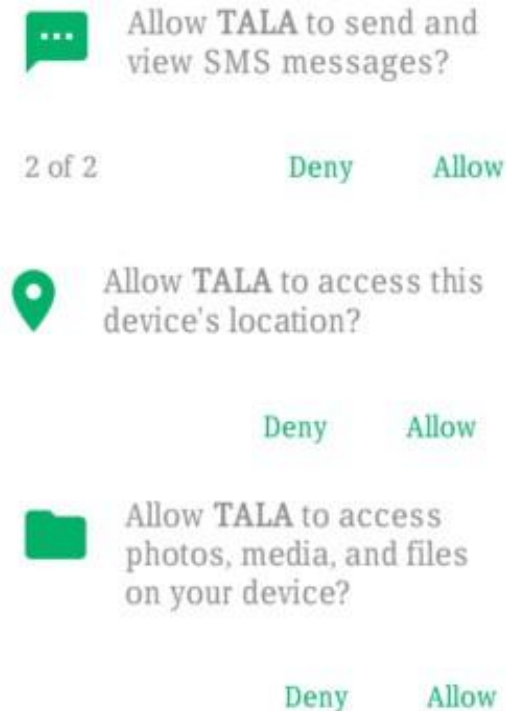
Choose your answer

sar

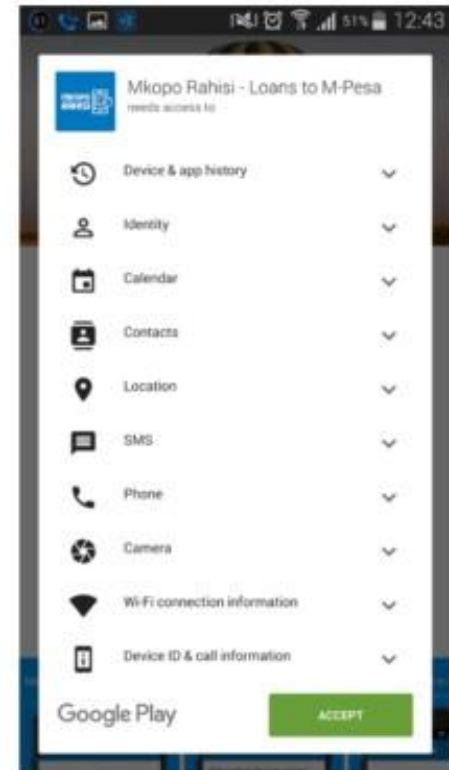
Mock One: Tala (5)



In comparison to other app based loans, Tala explains the reason for accessing information on the phone



Tala updated user interface



Tala (formerly Mkopo Rahisi) user interface as at early 2016

Mock One: Tala (6)

🏠 TALA

56%

What would you like to use your loan for?

- Business Expense
- Personal Expense

What kind of personal expense is this?

Emergency

🏠 TALA

What kind of personal expense is this?

Emergency

Please describe how you will use this loan in more detail

for hospital

🏠 TALA

67%

Check all that apply to you

- Have a job: I work for someone who pays me
- Self employed: I work for myself and earn income
- Student
- No Income

Continue

Mock One: Tala (7)

🏠 TALA

67%

Check all that apply to you

- Have a job: I work for someone who pays me
- Self employed: I work for myself and earn income
- Student
- No Income

Continue

🏠 TALA

100%

What is your highest level of education?

- None
- Primary
- Secondary / High School
- College / University
- Masters / PhD

Do you have any outstanding loans?

- Yes
- No

Continue

🏠 TALA

Review your answers
Tap on the pencil to edit

What would you like to use your loan for?
Personal Expense ✎

What kind of personal expense is this?
Emergency ✎

Please describe how you will use this loan in more detail
for hospital ✎

Check all that apply to you
Have a job: I work for someone who pays me ✎

Please describe your main source of income
employment ✎


SUBMIT


Tala advances loan to users despite outstanding loan burden


Mock One: Tala (8)


🏠 TALA


Review your answers
Tap on the pencil to edit

When did you start doing this?
Aug 2016 

On average, how much do you earn from this in KSh ?
4,000 

Per Month 


Do you always earn the same amount from this source?
Yes, I always earn the same amount. 


Do you have any other sources of income?
No 


SUBMIT


🏠 TALA


Review your answers
Tap on the pencil to edit

Per Month 


Do you always earn the same amount from this source?
Yes, I always earn the same amount. 


Do you have any other sources of income?
No 

What is your highest level of education?
Secondary / High School 

Do you have any outstanding loans?
No 

SUBMIT

🏠 TALA 



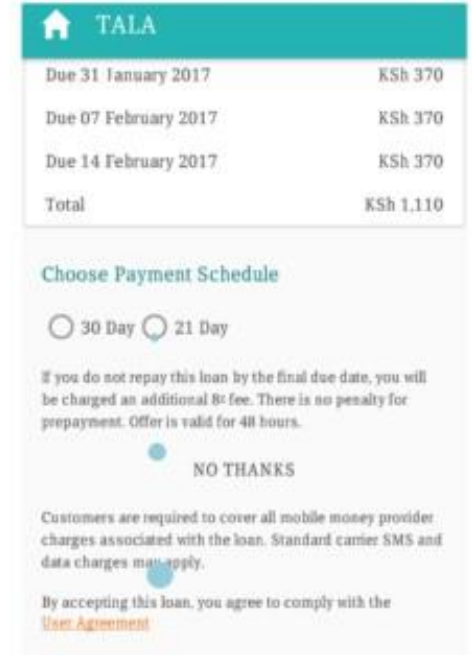
Your loan application is pending.

If you do not receive a decision in 1 hour, please [contact us](#).

Mock One: Tala (9)



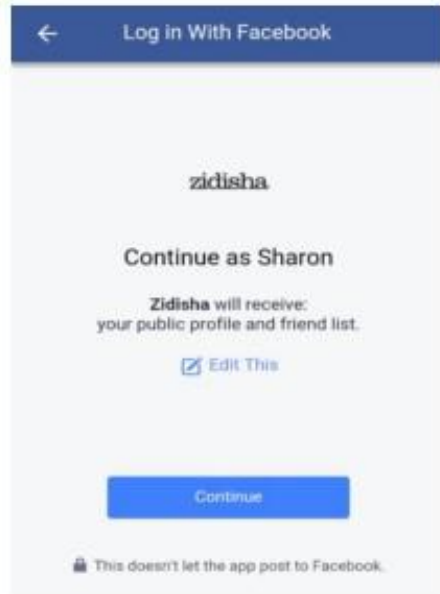
The applicant qualified for \$10 as a first time user. Most first time users are offered \$20 as a standard first loan. This could be because maybe her income was \$40 and she had another outstanding balance



Tala gives two options of repayment but both options fall within a month

Mock One: Zidisha - Sharon Muliga (1)

Digital Loan name: Zidisha
Provider: Zidisha Inc.
Delivery Channel: Application on Smartphone



✔ Start application

Before you start, please make sure you have:

- A Safaricom phone number registered in your own name
- Your national ID number
- A photo of yourself saved in your phone
- At least half an hour of data time to complete the application form

OK

A screenshot of a mobile app interface for a "Your Profile" form. At the top, there is a blue header with a back arrow and the text "Your Profile", followed by a three-dot menu icon. The form consists of several input fields with horizontal lines below them. The first field contains the name "Sharon". The second field contains the name "muliga". The third field contains the phone number "0726331552". The fourth field is labeled "Other Phone Number (Optional)".

Mock One: Zidisha (2)



Allow Zidisha to access photos, media, and files on your device?

Deny

Allow

Zidisha app requires customers to upload their picture which raised concerned

← Choose Your Photo ...

Add a photo of yourself working in the activity for which you will use the loan.

Change Photo



Next

✔ Profile Tip

This will display as an introduction of yourself and your business in your public profile page. Please use your own words. Be interesting! Here are some ideas:

- Describe your childhood and education.
- Tell about how you overcame hardship to achieve an important goal in your life.
- How did you come to start your own business?
- What are your typical costs and revenue?
- How do you use the profits - school for your children, reinvestment in growing the business, home improvements, or other?

OK

Mock One: Zidisha (3)

The screenshot displays three mobile app screens. The first screen, 'Complete Your Profile', shows a text input field with 'I am outgoing' and a 'fun' button. The second screen, 'Choose Credit Limit', provides information about loan terms and offers a selection of 'Receive 997 KES, Repay 1,050 KES'. The third screen, also 'Choose Credit Limit', shows a 'Your loan amount progression' section with four loan options, each with a corresponding receive and repay amount.

← Complete Your Profile ...

I am outgoing

fun

← Choose Credit Limit ...

As you do not have an invite from a Zidisha member, you can receive up to 1,000 KES for your first loan. This includes our standard 5% service fee and a one-time only membership fee of 0% of your first loan amount.

Would you like a larger loan? If so, we request that you establish trustworthiness by repaying more than the amount you receive for your first loan. The more you repay for your first loan, the larger loans you will be allowed to raise in the future.

Please choose the amount you will repay for your first loan.

Receive 997 KES, Repay 1,050 KES ▾

← Choose Credit Limit ...

Receive 997 KES, Repay 1,050 KES ▾

Your loan amount progression

Loan 1) Receive 1,000 KES, Repay 1,050 KES

Loan 2) Receive 1,496 KES, Repay 1,575 KES

Loan 3) Receive 2,244 KES, Repay 2,363 KES

Loan 4) Receive 3,366 KES, Repay 3,444 KES

The product gives the credit score thus allowing users to have full information on their progression

Mock One: Zidisha (4)

← Choose Credit Limit ...

Loan 5) Receive 5,050 KES, Repay 5,316 KES

Loan 6) Receive 7,575 KES, Repay 7,974 KES

Loan 7) Receive 11,362 KES, Repay 11,961 KES

Loan 8) Receive 17,043 KES, Repay 17,941 KES

Loan 9) Receive 25,565 KES, Repay 26,911 KES

Loan 10) Receive 38,347 KES, Repay 40,366 KES

← Choose Credit Limit ...

Loan 11) Receive 57,521 KES, Repay 60,549 KES

I understand and agree that my first loan will have the following deductions: 0 KES one-time membership fee, 0 KES one-time Members Loan Fund payment (as a result of increased credit limit), and 5% service fee. I will receive a total of 997 KES after the deductions, but will still be responsible for repaying the full 1,050 KES loan.

Next

← Choose Credit Limit ...

Please choose the amount you will repay for your first loan.

Receive 997 KES, Repay 1,050 KES

Receive 1,000 KES, Repay 26,050 KES

Receive 1,000 KES, Repay 51,050 KES

Receive 1,000 KES, Repay 76,050 KES

Receive 1,000 KES, Repay 100,000 KES

This information was confusing to us and the respondent. She got irritated because of the many steps involved and information which she could not understand

Mock One: Zidisha (5)

← Choose Credit Limit ...

Receive 1,000 KES, Repay 26,050 K.. ▾

Your loan amount progression

Loan 1) Receive 1,000 KES, Repay 26,050 KES

Loan 2) Receive 37,121 KES, Repay 39,075 KES

Loan 3) Receive 55,682 KES, Repay 58,613 KES

Loan 4) Receive 83,523 KES, Repay 87,919 KES

← Choose Credit Limit ...

Loan 5) Receive 125,285 KES, Repay 131,879 KES

Loan 6) Receive 187,927 KES, Repay 197,818 KES

Loan 7) Receive 281,889 KES, Repay 296,726 KES

Loan 8) Receive 422,834 KES, Repay 445,089 KES

Loan 9) Receive 634,252 KES, Repay 667,634 KES

Loan 10) Receive 943,103 KES, Repay 992,740 KES

← Choose Credit Limit ...

Loan 11) Receive 943,103 KES, Repay 992,740 KES

I understand and agree that my first loan will have the following deductions: 0 KES one-time membership fee, 23,747 KES one-time Members Loan Fund payment (as a result of increased credit limit), and 5% service fee. I will receive a total of 1,000 KES after the deductions, but will still be responsible for repaying the full 26,050 KES loan.

Next

Mock One: Zidisha (6)

✔ Loan Proposal Tip

Help lenders understand how their funds will be invested. Please use your own words. Explain:

- What will you buy with the loan? Give exact item(s) and price in dollars.
- What benefit will this create to yourself and others?
- If it is for a business, how much do you expect your profit to increase?

OK

← Loan Application ...

Loan Amount

1050 ▾

Please select the loan repayment installment amount you will commit to pay each week.

100 ▾

Choose the day of the week on which you will commit to making loan repayment installments. This cannot be changed once your loan is disbursed.

← Loan Application ...

Give your loan project page a title

Describe what you will do with the loan.

Confirm and submit

← Loan Application

Sunday ▾

Please choose the category that is closest to your loan project. This will help lenders who are interested in that category find your loan application.

Beauty ▾

Give your loan project page a title

Describe what you will do with the loan.

Mock One: KCB M-PESA - Sharon Muliga (1)

Digital Loan name: KCB M-Pesa
Provider: Kenya Commercial Bank
Delivery Channel: Sim Tool Kit (STK)

Safaricom

Safaricom

Safaricom+

M-PESA

OkoaSim

Safaricom

MORE

SIM Toolkit

Send Money

Withdraw Cash

Buy Airtime

Loans and Savings

Lipa na M-PESA

My Account

Safaricom

MORE

Loans and Savings

M-Shwari

KCB M-PESA

Mock One: KCB M-PESA (2)

Safaricom MORE

KCB M-PESA

Deposit from M-PESA

Withdraw to M-PESA

Loan

Fixed Savings Accounts

My Account

Safaricom MORE

Loan

Request Loan

Pay Loan

Check Loan Limit

Today

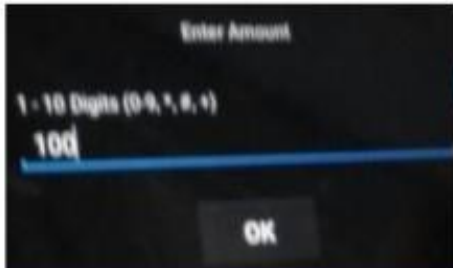
Dear SHARON MULIGA,
You qualify for a loan of
up to KES 500.00 . To
apply for a loan, access
KCB Mpesa in the MPESA
menu.

11:12 AM

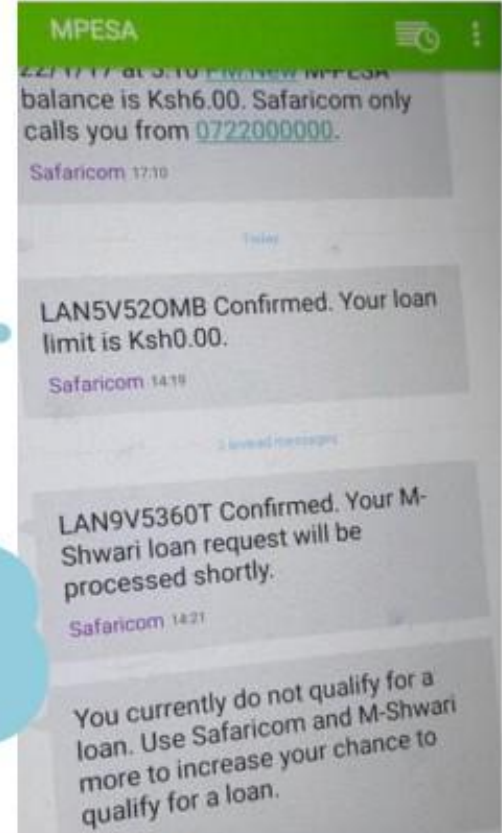
Mock Two: M-Shwari - Mary Nyamai

Digital Loan name: **M-Shwari**
Provider: **Commercial Bank of Africa**
Delivery Channel: **Sim Tool Kit (STK)**

Mary Nyamai is a cleaner who works at Guaranty Trust (GT) bank. Her monthly income is \$130. She is married and has two kids. She is 32 years old. She runs a side business besides her job (She did not disclose which business).

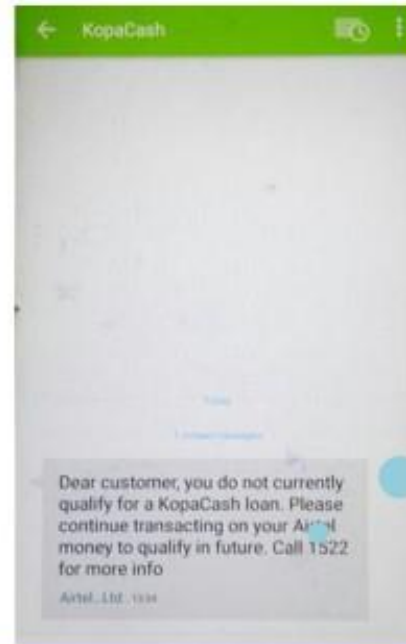
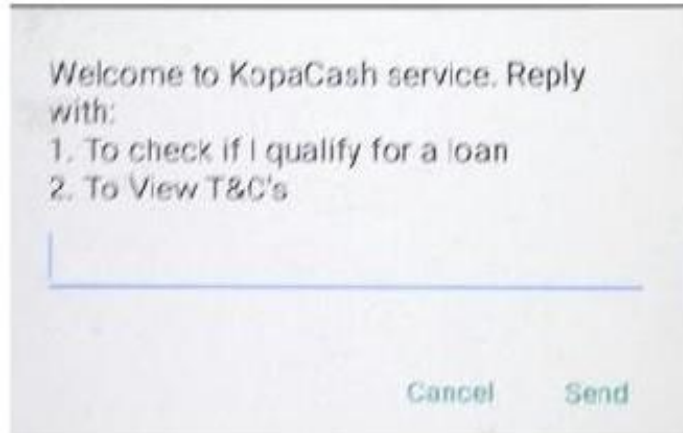


M-Shwari does not ask for income. Mary is with airtel and not an active M-Pesa/ Safaricom user.



Mock Two: Kopa Chapaa - Mary Nyamai

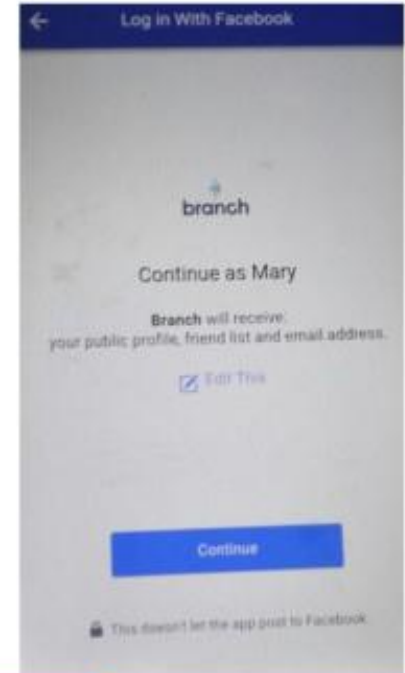
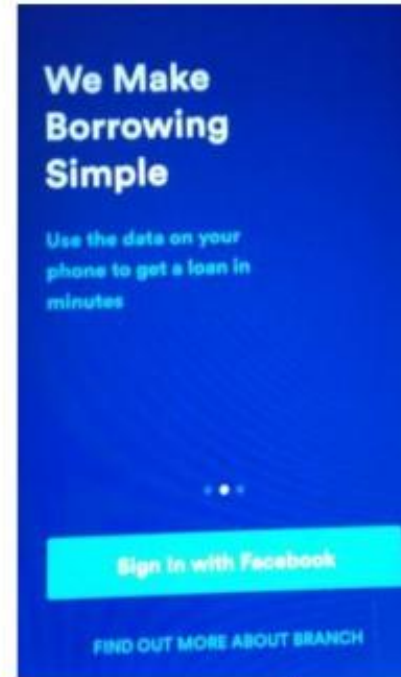
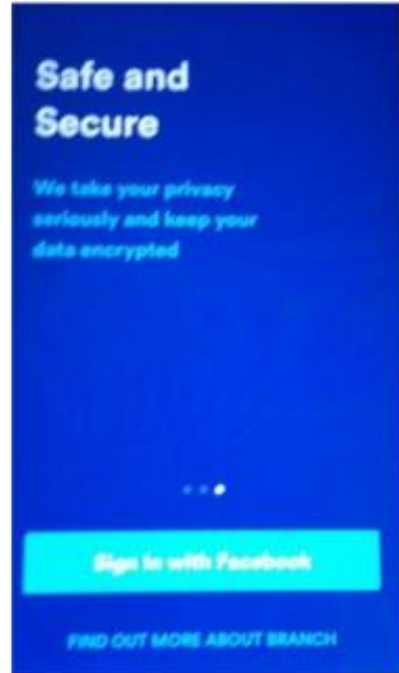
Digital Loan name: Kopa Chapaa
Provider: Airtel Kenya
Delivery Channel: Sim Tool Kit (STK)



Mary is an Airtel GSM user, but does not use Airtel Money - suggesting that the algorithm only considers Airtel money use.

Mock Two: Branch - Mary Nyamai

Digital Loan name: Branch
Provider: Branch Kenya
Delivery Channel: Application on Smartphone



Mock Two: Branch (2)

My Loan

Welcome to Branch
Before we offer you a loan, we need just a few pieces of information.

WHERE DO YOU LIVE?
Kenya

LEGAL NAME
Mary Nyamai

NATIONAL ID NUMBER

DATE OF BIRTH

BY TAPPING CONTINUE YOU AGREE TO BRANCH'S TERMS OF USE AND LOAN ACCOUNT AGREEMENT

Continue

My Loan

Welcome to Branch
Before we offer you a loan, we need just a few pieces of information.

WHERE DO YOU LIVE?
Kenya

LEGAL NAME
Mary Nyamai

NATIONAL ID NUMBER

DATE OF BIRTH

BY TAPPING CONTINUE YOU AGREE TO BRANCH'S TERMS OF USE AND LOAN ACCOUNT AGREEMENT

Continue

My Loan

Set Your Deposit Account
Specify and validate your financial account.

What number would you like to use to receive and repay your loan?

+254 727233001

Validate

Mock Two: Branch (3)



Allow **Branch** to access your contacts?

1 of 4

Deny

Allow



Allow **Branch** to make and manage phone calls?

3 of 4

Deny

Allow



Allow **Branch** to send and view SMS messages?

2 of 4

Deny

Allow



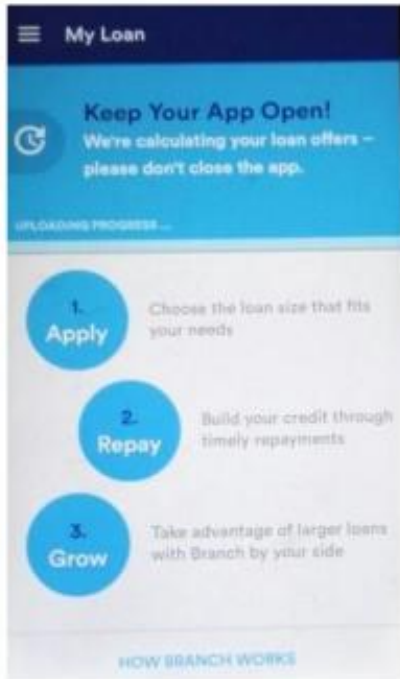
Allow **Branch** to access this device's location?

4 of 4

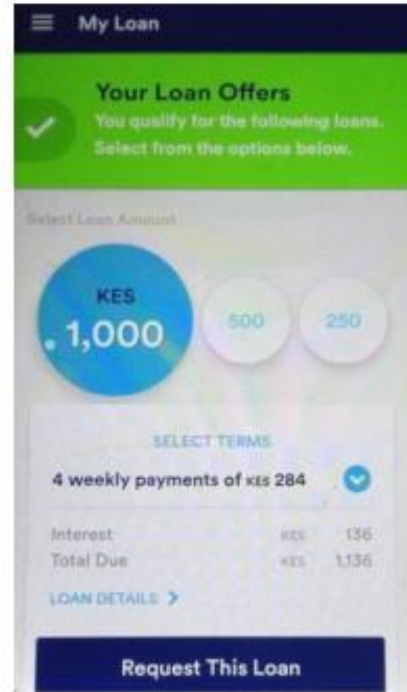
Deny

Allow

Mock Two: Branch (4)



The highest possible loan amount is made more salient to trigger customers to take it.



Branch updated user interface - not option to select 4 weekly repayments or 1 at month end



Branch user interface as at early last year (April)

Mock Two: Branch (5)

PRINCIPAL	INTEREST
1,000	136
TOTAL	MONTHLY RATE
1,136	14.57%

[SEE ALL FEE DETAILS](#)

DATES BELOW ARE ESTIMATED. EXACT DATES WILL BE BASED ON THE DATE THE LOAN IS DISBURSED.

4 weekly payments:

DATE	TYPE	AMOUNT
30/01/17	Payment 1 of 4	KES 284
06/02/17	Payment 2 of 4	KES 284
13/02/17	Payment 3 of 4	KES 284
20/02/17	Payment 4 of 4	KES 284

PLEASE NOTE THAT CHARGES FROM MOBILE MONEY TRANSFER PROVIDERS ARE NOT INCLUDED.

← Fee Details

FEE	AMOUNT
Interest	136 KES
Equivalent Interest Rate	15.60 %
Equivalent Monthly Interest Rate	14.57 %
Equivalent APR	177.29 %
Late Fees	0 KES
Origination Fees	0 KES
Mobile Carrier Charges	CHECK WITH YOUR CARRIER

PLEASE NOTE THAT CHARGES FROM MOBILE MONEY TRANSFER PROVIDERS ARE NOT INCLUDED.

☰ My Loan

Set Your Deposit Account

Specify and validate your financial account.

What number would you like to use to receive and repay your loan?

ACCOUNT TYPE

M-Pesa

+254 Your Account Number

Validate

Mock Two: Tala - Mary Nyamai (1)

Digital Loan name: Tala
Provider: Inventure Mobile Kenya
Delivery Channel: Application on Smartphone



Confirmation code sent via SMS to
254792603002

Enter your confirmation code

CONTINUE

[Send code again](#)

[Contact customer service](#)




Please set a 4 digit PIN below. You will
need this PIN to login.



CONTINUE

[Contact customer service](#)

Mock Two: Tala (2)



Apply for a loan



Qualify for loans up to KSh 50,000 over time

[APPLY NOW](#)


My Tala Status

Track your progress over time

[VIEW STATUS](#)



[READ MORE](#)

 [Invite friends, earn money!](#)



TALA

12%

We need to verify your identity. Enter your information as seen on your National ID card.

Legal First Name

Legal Last Name


Date of Birth

Gender

Male

Female

National ID



TALA

Female

National ID

Date of Issue

Email Address


Phone

254792603002

Please provide an alternative phone number in case we can't reach you at the number above (Optional)

[CONTINUE](#)

Mock Two: Tala (3)

 TALA

23%

Do you own this phone?

Yes, this phone is mine

No, someone else owns this phone

Did you get it new or used?

New

Used

How long have you been using this phone?

Less than 1 month

1-3 months


3-6 months

6-12 months

1-3 years

3+ years

I confirm that the answer I selected above is true and understand that answering dishonestly will disqualify me from Tala loans.

 TALA

34%

How did you hear about Tala?

Whatsapp

Friend on social media (e.g. facebook)

Facebook ad


Google Play Store or online search

In person / word of mouth

Other

Referral Code (Optional)

CONTINUE

 TALA

45%

To apply for a loan, set a secret question. You can use this to reset your PIN if you forget it.

Choose your secret question

What is your mother's full name?

What was your childhood nickname?

Choose your answer

CONTINUE

Mock Two: Tala (4)

🏠 TALA

56%

What would you like to use your loan for?

Business Expense

Personal Expense

What kind of personal expense is this?

Select Answer...

Please describe how you will use this loan in more detail

CONTINUE

🏠 TALA

56%

What would you like to use your loan for?

Business Expense

Personal Expense

What kind of personal expense is this?

Emergency

Medical expenses

Education expenses

Travel

Special occasion (e.g. birthday)

General expenses / other

CONTINUE

🏠 TALA

67%

Check all that apply to you

Have a job: I work for someone who pays me

Self employed: I work for myself and earn income

Student

No Income

CONTINUE

Mock Two: Tala (5)

🏠 TALA

When did you start doing this?
Jan 2015

On average, how much do you earn from this in KSh ?
13,000

Per
Month

Do you always earn the same amount from this source?
 Yes, I always earn the same amount.
 No, the amount I earn sometimes changes.

Do you have any other sources of income?
 Yes
 No


🏠 TALA

What is your highest level of education?
 None
 Primary
 Secondary / High School
 College / University
 Masters / PhD

Do you have any outstanding loans?
 Yes
 No

CONTINUE

🏠 TALA ?



Your loan application is pending.

If you do not receive a decision in 1 hour, please [contact us](#).

Mock Two: Tala (6)

🏠 TALA



You qualify for
KSh 2,000

When you keep your account in good standing and repay loans, you can grow your limit up to 50,000 KSh.

[CHOOSE PAYMENT SCHEDULE](#)

[NO THANKS](#)

🏠 TALA

You qualify for
KSh 2,000

Choose the payment schedule that best fits your needs.

30 Day Payment Schedule
The total amount includes a 15% fee.

Due 18 February 2017	KSh 2,300
Total	KSh 2,300

21 Day Payment Schedule
The total amount includes a 17% fee.

Due 26 January 2017	KSh 740
Due 02 February 2017	KSh 740
Due 09 February 2017	KSh 740
Total	KSh 2,220

🏠 TALA

The total amount includes a 11% fee.

Due 26 January 2017	KSh 740
Due 02 February 2017	KSh 740
Due 09 February 2017	KSh 740
Total	KSh 2,220

Choose Payment Schedule

30 Day 21 Day

If you do not repay this loan by the final due date, you will be charged an additional 8% fee. There is no penalty for prepayment. Offer is valid for 48 hours.

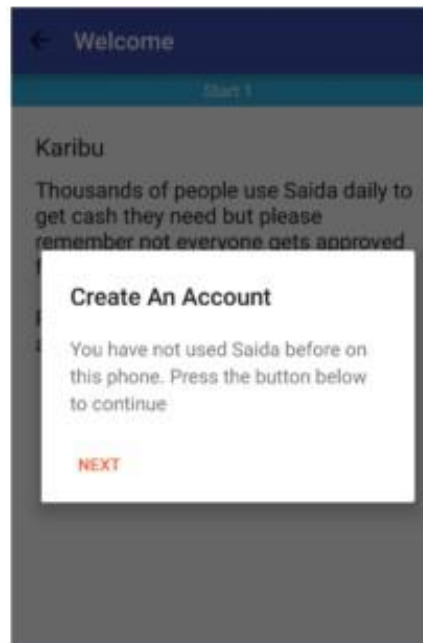
NO THANKS

Customers are required to cover all mobile money provider charges associated with the loan. Standard carrier SMS and data charges may apply.

By accepting this loan, you agree to comply with the [User Agreement](#)

Mock Two: Saida - Mary Nyamai (1)

Digital Loan name: **Saida**
Provider: **Greenshoe Capital Inc.**
Delivery Channel: **Application on Smartphone**



Mock Two: Saida (2)

Saida

Fill in the form below to get started

Full Names (as they appear on ID)

Mary Nyamai

Mobile Number

0727233001

ID Number

24113165

Saida IMPORT SHOP HELP

LOANS BILLS FRIENDS YOU

Good Afternoon Mary

Check if you can get a loan

Tell us about yourself and check if you can get a Saida loan by pressing the button below

Check Now

Refresh

2016

TECK LOAN

Ksh 100 to Ksh 1,000

Ksh 1,001 to Ksh 3,000

Ksh 3,001 to Ksh 7,000

Ksh 7,001 to Ksh 10,000

Ksh 10,001 to Ksh 15,000

Ksh 15,001 to Ksh 30,000

Ksh 30,001 and Ksh 50,000

more than Ksh 50,000

Mock Two: Saida (3)

Check Loan

Check If You Can Borrow.

To check if you can get a loan, complete the sentence below with your personal details - press the places that look like this to select what is applies to you

Tazama Katika Swahili

I am man aged 18-24 years old,

my marital status is single .

my highest level of education is class 8 ,
today I live spouse in
 a rented house,

my main source of income is through
 employment in a part time
capacity and every month I am paid
Ksh : Ksh 0 which I

Check Loan

my marital status is single .

my highest level of education is class 8 ,
today I live spouse in
 a rented house,

my main source of income is through
 employment in a part time
capacity and every month I am paid
Ksh : Ksh 0 which I
have been earning for the last 1 years,

I am using Saida for an emergency and
today I would want a loan of
 Ksh 100 to Ksh 1,000

Check If I Qualify

Close Window

Check Loan

Thank you. Your results should be ready in about an hour. Please press the Back button on your phone to go back

Thank you for using Saida.

Press the button below to close this page

Close Page

Saida [IMPORT](#) [SHOP](#) [HELP](#)

[LOANS](#) [BILLS](#) [FRIENDS](#) [YOU](#)

Loan Application Declined

Sadly, we could not offer you for a loan. We hope you try us again in the future

Check the Help menu to see reasons why.

Also check the Shop menu to see what is on offer

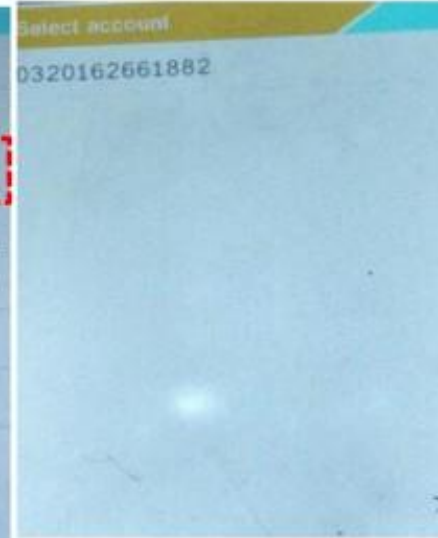
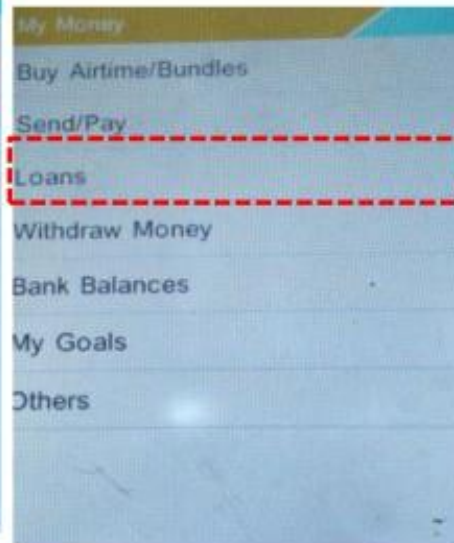
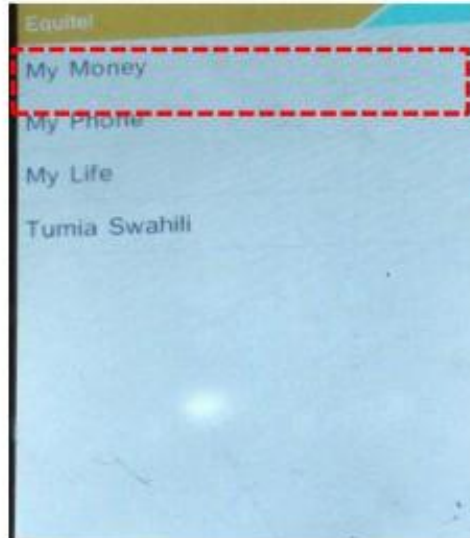
REFRESH

2016

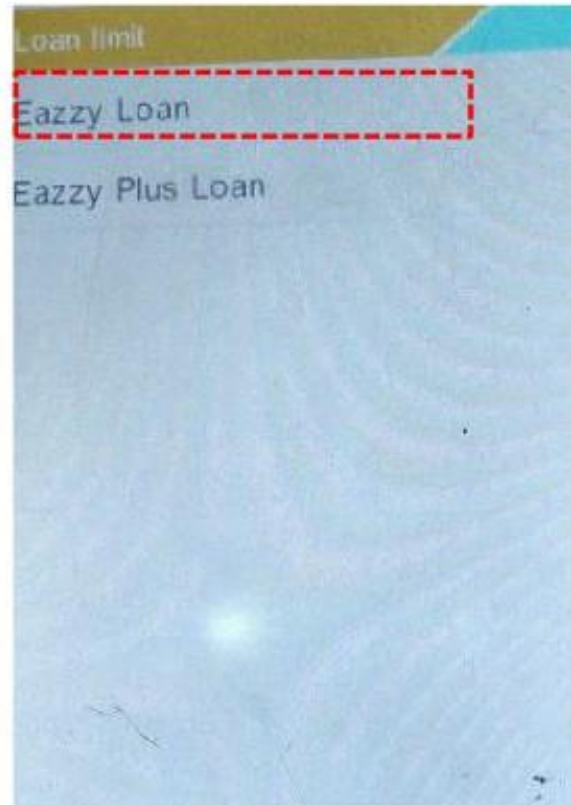
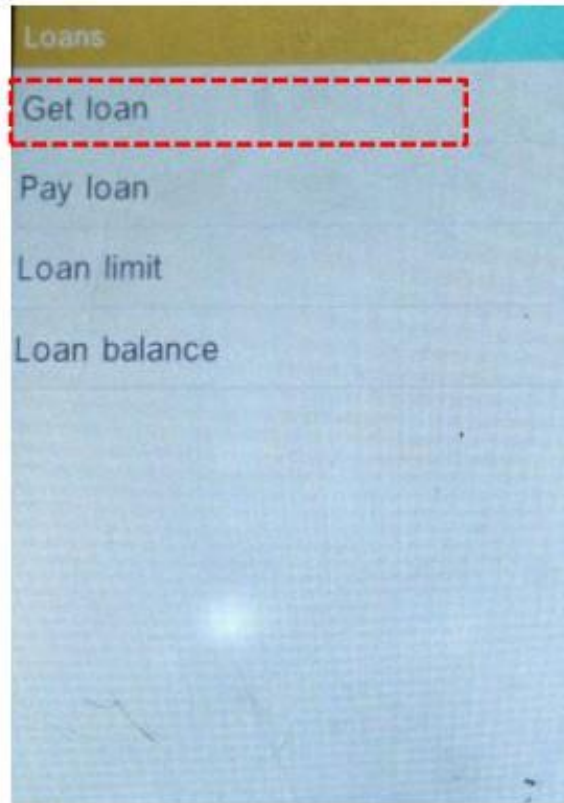
Mock Three: Eazzy Loan- Belinda Barasa (1)

Digital Loan name: Equitel Eazzy Loan
Provider: Equity Bank Kenya
Delivery Channel: Sim Tool Kit (STK)

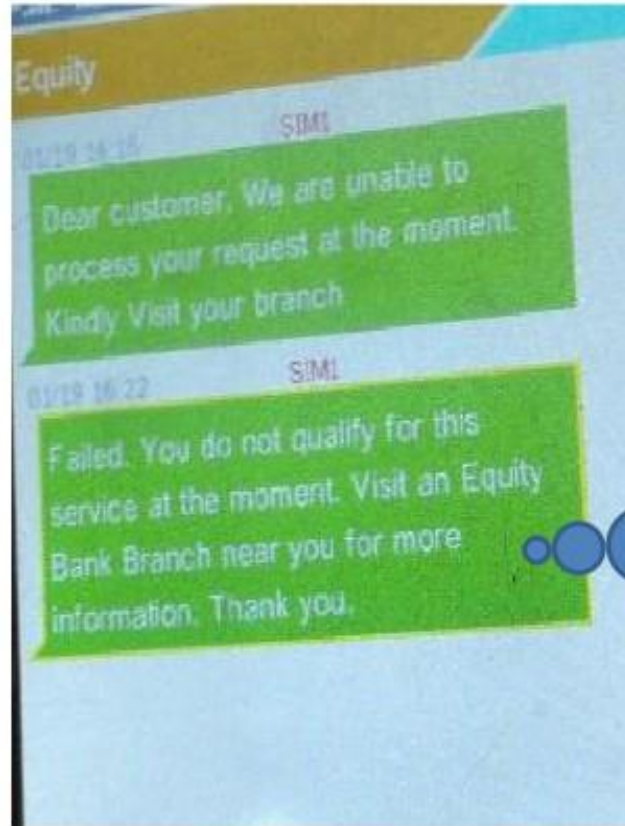
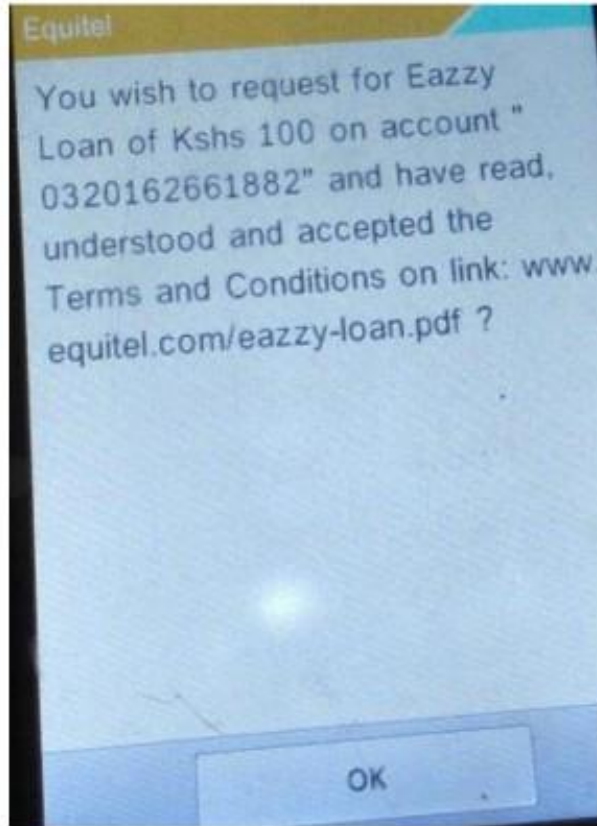
Belinda Barasa is a security guard who lives in Kawangware. She is 30 years old and single. She earns \$100 per month. Belinda has a feature phone which carries two sims and one of the sim card is Equitel. She has tried to use both M-Shwari and Equitel but she has not qualified yet. She does not know why and has given up on trying again.



Mock Three: Eazzy Loan (2)



Mock Three: Eazzy Loan (3)



Belinda was told to start saving with Equity. She doesn't have enough income to save. She withdraws all of her salary immediately.

Mock Four: Tala - Cate Ambede (1)

Digital Loan name: Tala Provider: Inventure Mobile Kenya Delivery Channel: Application on Smartphone

Cate Ambede is a beautician. She is 32 years old and single with one daughter. She earns \$150 per month from employment. Cate used to save in Mshwari but after being listed she stopped saving. Cate did not know about Tala but after the mock loan application she decided to take the loan offered.



Tala (formerly Mkopo Rahisi)

Get up to KSh 4,000 today & grow your loan over time with Tala!

Install Now



Sign Up

Use your M-Pesa number to get started!

M-Pesa Phone Number

+254 703144516

Confirm Phone Number




Please set a 4 digit PIN below. You will need this PIN to login.



Continue


Contact customer service

Mock Four: Tala (2)



Lucy from Tala

Welcome to Tala! I'm Lucy and I'm here to help you get started. Tala requires a permission so you can quickly apply for a loan.



Allow Tala to make and manage phone calls?

Tala allows one account per person which is linked to your device. Tala uses access to your phone to secure your account. **Tala will never send or receive calls from your device.**

[CONTINUE](#)



My Tala Status



Apply for a loan

Qualify for loans up to KSh 50,000 over time.

[APPLY NOW](#)


Status

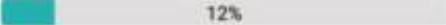
BRONZE	SILVER	GOLD
KSh 500–4,999	KSh 5,000–9,999	KSh 10,000–50,000

Grow your limit with Tala

With Tala you can borrow convenient loans. When you keep your account in good standing and repay loans, you can grow your limit up to KSh 50,000 over time. Apply to get started!

Mock Four: Tala (3)

 TALA



We need to verify your identity. Enter your information as seen on your National ID card.


Legal First Name
catherine

Legal Last Name
ambede

Date of Birth
19/09/1984

Gender
 Male
 Female

National ID

 TALA


National ID
23519434

Date of Issue
26/10/2004

Email Address
kateabukusi@gmail.com

Phone
254703144516

Please provide an alternative phone number in case we can't reach you at the number above (Optional)



 TALA




Do you own this phone?
 Yes, this phone is mine
 No, someone else owns this phone

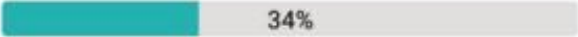
Did you get it new or used?
 New
 Used

How long have you been using this phone?
 Less than 1 month
 1-3 months
 3-6 months
 6-12 months
 1-3 years
 3+ years

I confirm that the answer I selected above is true and understand that answering dishonestly will disqualify

Mock Four: Tala (4)


 TALA



How did you hear about Tala?

- Whatsapp
- Friend on social media (e.g. facebook)
- Facebook ad
- Google Play Store or online search
- In person / word of mouth
- Other

Referral Code (Optional)



 TALA



To apply for a loan, set a secret question. You can use this to reset your PIN if you forget it.

Choose your secret question

- What is your mother's full name?
- What was your childhood nickname?

Security question cannot be blank.

Choose your answer

mary abukusi

Security answer cannot be blank.



 Allow TALA to send and view SMS messages?

2 of 2

[Deny](#) [Allow](#)

 Allow TALA to access this device's location?

[Deny](#) [Allow](#)

 Allow TALA to access photos, media, and files on your device?

[Deny](#) [Allow](#)

Mock Four: Tala (5)

🏠 TALA

56%

What would you like to use your loan for?

Business Expense

Personal Expense

What kind of personal expense is this?

Education expenses ▾

Please describe how you will use this loan in more detail

school for daughter

Continue

🏠 TALA

67%

Check all that apply to you

Have a job: I work for someone who pays me

Self employed: I work for myself and earn income

Student

No Income

Continue

🏠 TALA

On average, how much do you earn from this in KSh ?

20,000

Per

Month ▾

Do you always earn the same amount from this source?

Yes, I always earn the same amount.

No, the amount I earn sometimes changes.

Do you have any other sources of income?

Yes

No

Continue

Mock Four: Tala (6)

🏠 TALA

78%

Please describe your main source of income

Employment

When did you start doing this?

Mar 2015

On average, how much do you earn from this in KSh ?

20,000

Per

Month

Do you always earn the same amount from this source?

Yes, I always earn the same amount.

🏠 TALA

100%

What is your highest level of education?

None

Primary

Secondary / High School

College / University

Masters / PhD


Do you have any outstanding loans?

Yes

No

Continue

🏠 TALA ?




Your loan application is pending.

If you do not receive a decision in 1 hour, please [contact us](#).

Mock Four: Tala (7)

TALA



You qualify for
KSh 2,000

When you keep your account in good standing and repay loans, you can grow your limit up to 50,000 KSh.

[CHOOSE PAYMENT SCHEDULE](#)

[NO THANKS](#)

TALA

Choose the payment schedule that best fits your needs.

30 Day Payment Schedule
The total amount includes a 15% fee.

Due 24 February 2017	KSh 2,300
Total	KSh 2,300

21 Day Payment Schedule
The total amount includes a 11% fee.

Due 01 February 2017	KSh 740
Due 08 February 2017	KSh 740
Due 15 February 2017	KSh 740
Total	KSh 2,220

[Choose Payment Schedule](#)

TALA

Due 15 February 2017	KSh 740
Total	KSh 2,220

Choose Payment Schedule

30 Day 21 Day

If you do not repay this loan by the final due date, you will be charged an additional 8% fee. There is no penalty for prepayment. Offer is valid for 48 hours.

[Send My Loan](#)

NO THANKS

Customers are required to cover all mobile money provider charges associated with the loan. Standard carrier SMS and data charges may apply.

By accepting this loan, you agree to comply with the [User Agreement](#)

Mock Four: Tala (8)

TALA

Due 15 February 2017 KSh 740

Total KSh 2,220

30 Day Schedule

You selected the 30 day payment schedule for your KSh 2,000 loan. A total of KSh 2,300 will be due by 24 February 2017.

I agree to repay this loan according to the schedule.

CANCEL **CONFIRM**

charges associated with the loan. Standard carrier SMS and data charges may apply.

By accepting this loan, you agree to comply with the [User Agreement](#)

1 unread messages

LAP8VNC124 **Confirmed.You** have received Ksh2,000.00 from INVENTURE MOBILE KENYA LIMITED **851901** on 25/1/17 at 9:00 AM New M-PESA balance is Ksh2,807.00. Buy goods with M-PESA.

safaricom 09:00

+ Type text message

Invite your friends Skip >

Earn 100KSh off your next loan payment whenever someone you invite repays their first Tala loan!

ALL CONTACTS

- 0710 658467
0710 658467
- 0718 931582
0718 931582
- 0718 931582
0718931582
- 0718 931582
0718931582
- 0720 325291
0720 325291

Invite

Mock Five: Justine Kyalo

Digital Loan name: M-Shwari
Provider: Commercial Bank of Africa
Delivery Channel: Sim Tool Kit (STK)

Justine Kyalo is a caretaker at Pangani executive apartment. He is 27 years old. He is married with one son. He earns an income of \$100 per month. He has never taken Mshwari or KCB Mpesa. He does not trust loans that are given through the phone.



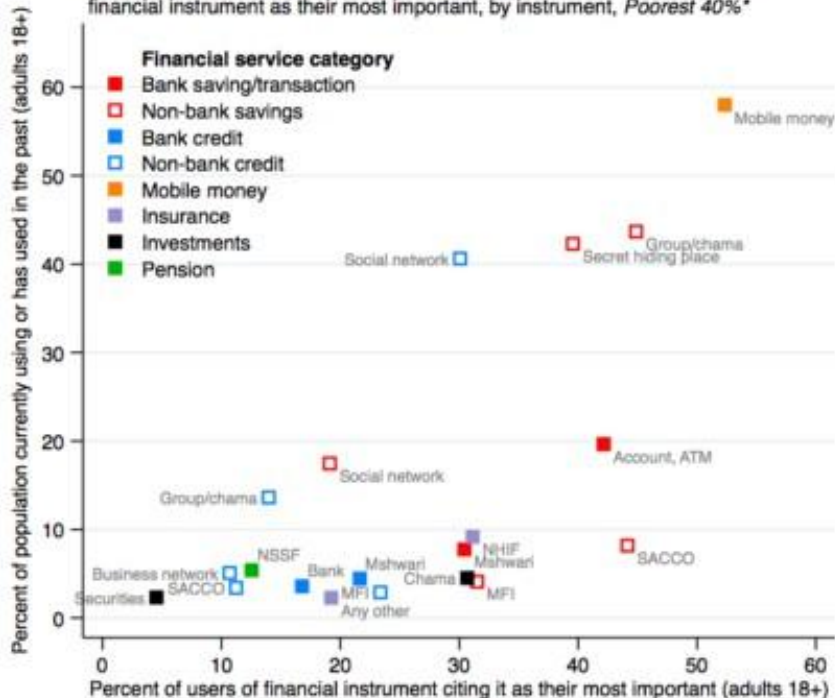
No T&C shown in the screens leading to a loan

2. Other Information

Finaccess Analysis of Financial Services by Kenyans

FSD Kenya

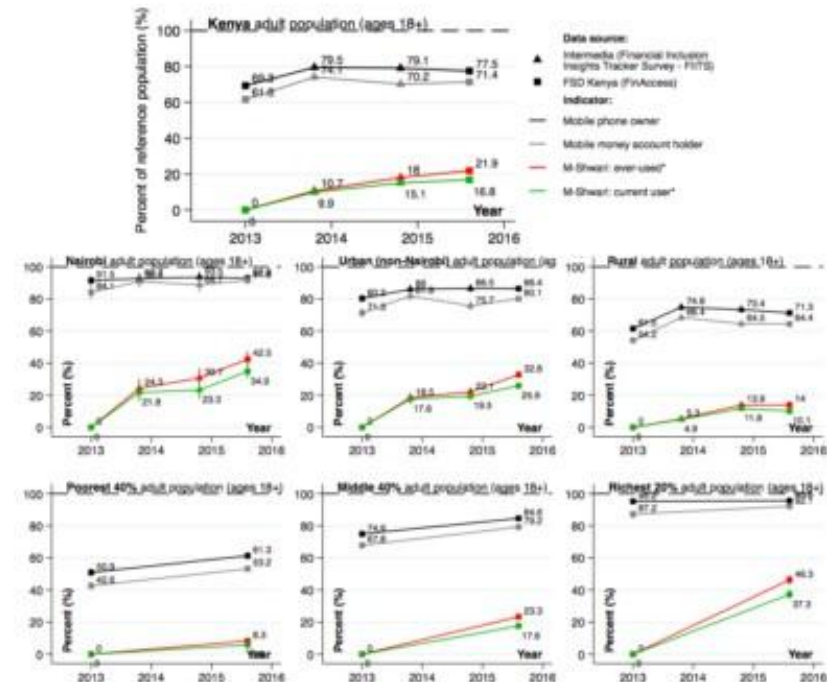
Which financial services are used by & matter most to Kenya's poorest? Percent of adults using financial instrument vs percent of users citing that financial instrument as their most important, by instrument, *Poorest 40%**



Graph notes: *Kenya's poorest 40% are identified using an asset based index of welfare
Source: 2016 FinAccess household survey, FSD Kenya, June 2016

Tracking the growth of digital banking in Kenya

Penetration of M-Shwari in population, overall, by household residence and wealth, 2013-2016



*Graph notes: M-Shwari usage is measured somewhat differently in FinAccess and FITS. FinAccess asks whether a respondent is currently using M-Shwari for savings or credit or if the respondent has used M-Shwari in the past but no longer uses it. FITS asks respondents when was the last time they used M-Shwari. For this analysis, respondents in FITS who had used M-Shwari in the past 90 days are labeled as 'current' user. Each estimate of M-Shwari's penetration is located at the weighted average time of all interviews during a particular survey.
Source: FSD Kenya, March 2016

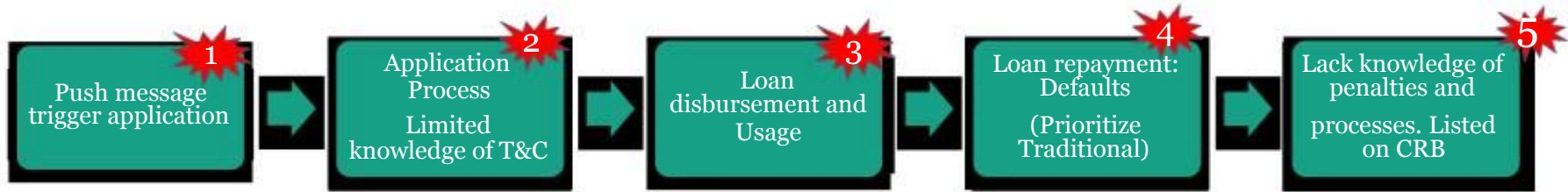
Current Digital Credit Offerings in Kenya

Provider	Number of sign up	Number of loans issued	Value of loans made (USD)	Value of savings deposited (USD)	Sources (Links)
M-Shwari	16,575,058	62,961,214	1,389,365,474.13	4,415,772,612	<i>MicroSave</i> calculations
Eazzy Loan(Equitel)	2,200,000	3,557,913	208,000,000	-	http://bit.ly/2fbmb5g and http://bit.ly/2g5clRE
KCB-Mpesa	10,200,000	4,100,000	170,000,000	7,400,000	<i>MicroSave</i> calculations

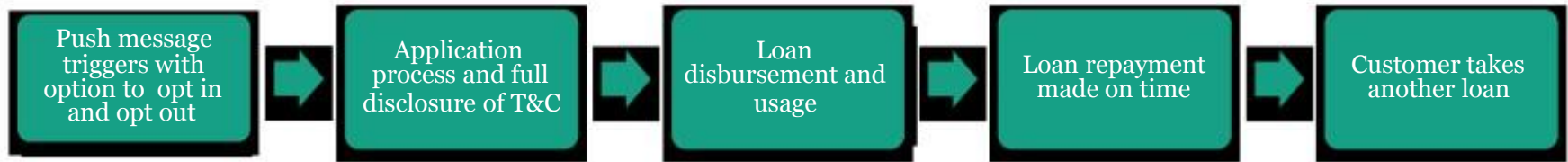
Loan Application Process and Bottlenecks

1. Traditional vs Digital loans

Current 'As IS' Map



Desired 'To BE' Map



 Bottlenecks

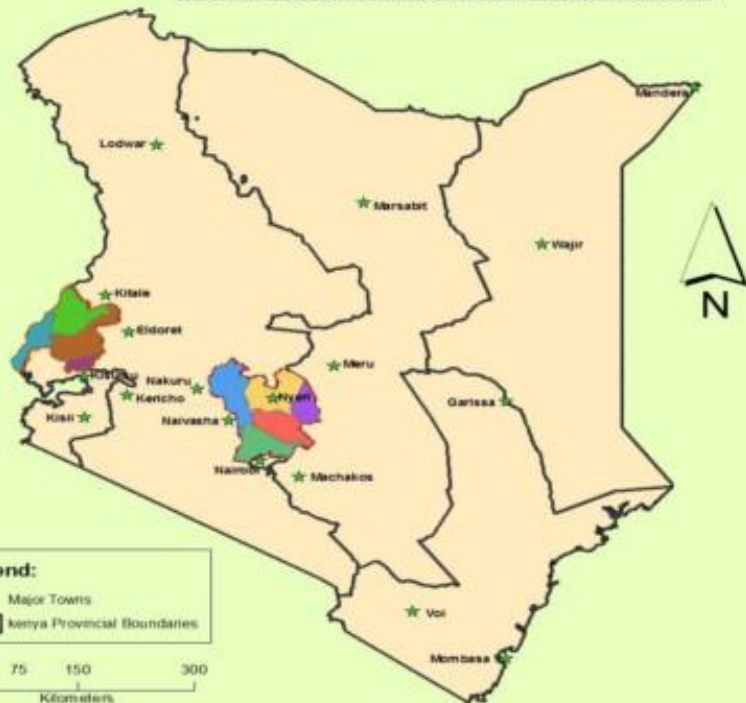
Behavioural Biases

Bottlenecks	Associated Behaviour
1. Aggressive push messages from providers that make digital credit appear to be an opportunity not to be missed	Salience, priming and loss aversion. This causes LIS to borrow and enter into a bad debt because the advertisement mentions loans that they qualify for which in some cases is high and can be a burden during repayment
2. Users are advised by providers to access a link to be able to read T&C	Due to the hassle factor involved in accessing T&C prevents many from reading the T&C
3. Loan amount advanced to customers is usually small to make any meaningful investment including loans channelled for business which in most cases are a top ups to existing amount	Present bias majority of the users channel the loan for consumption smoothing while in other instances is scattered around trial, entertainment
4. Text messages do not trigger repayment as much as they serve as reminders (People delete the messages immediately they receive them)	Lack of personal touch in DC makes them prioritize repaying traditional loans over digital loans
5. T&C are presented in complex legal language which is difficult for customers to understand. Information on they don't understand the repercussions of not repaying which in most CRB processes and penalties is not readily available	Price value bias , most customer end up ignoring the T&C therefore cases makes them being listed

3. Excerpts from 2016 AgriFin Accelerate Survey

AFA Survey Locations

Map Showing Surveyed Counties for Central and Western Kenya with Major Towns.



Central Surveyed Counties



Western Surveyed Counties



- › Two regions were surveyed: Central and Western Kenya
- › Per region 25 villages were randomly selected.
- › Respondents had to own a phone or a SIM card.

Demographics

Overall Central Western

51% **242** **269**

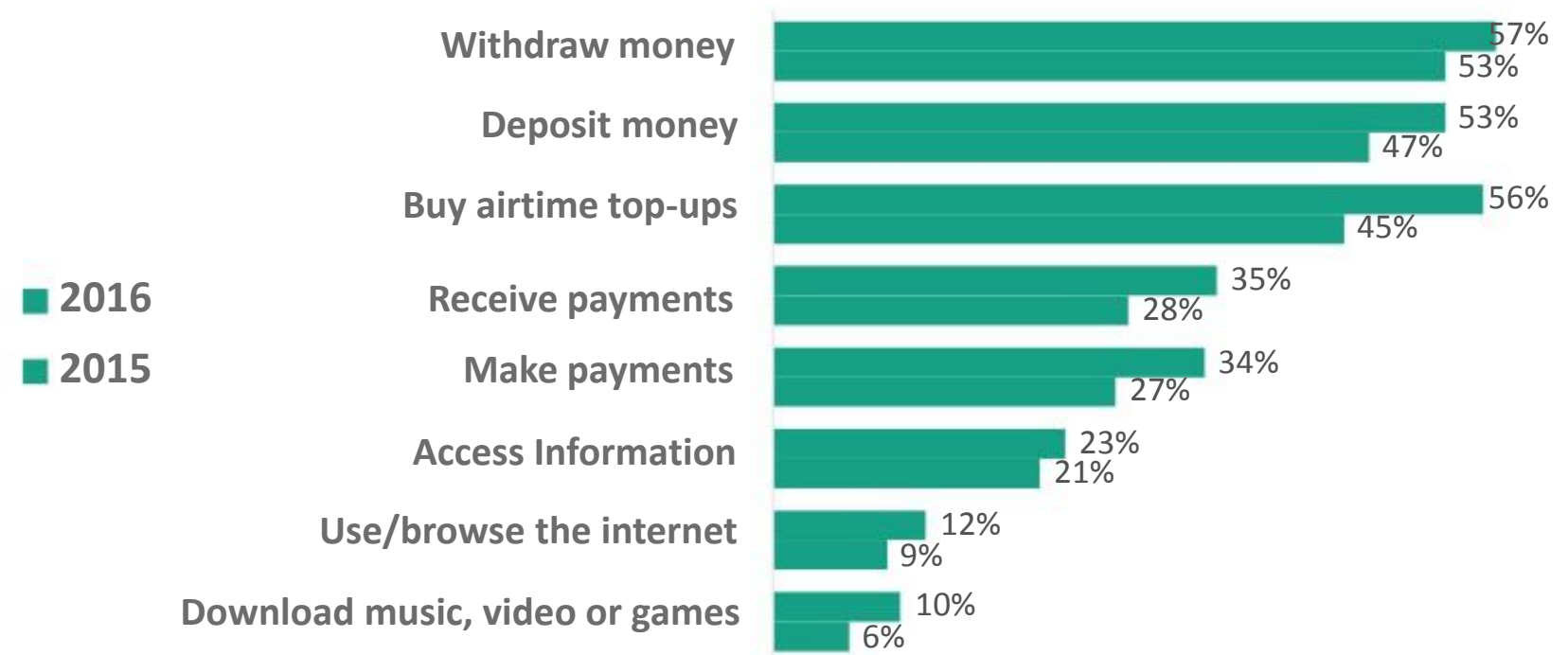
49% **265** **233**



Age	Central		Western	
	Male	Female	Male	Female
18-30 years	18%	14%	23%	34%
31 years and above	82%	84%	77%	65%

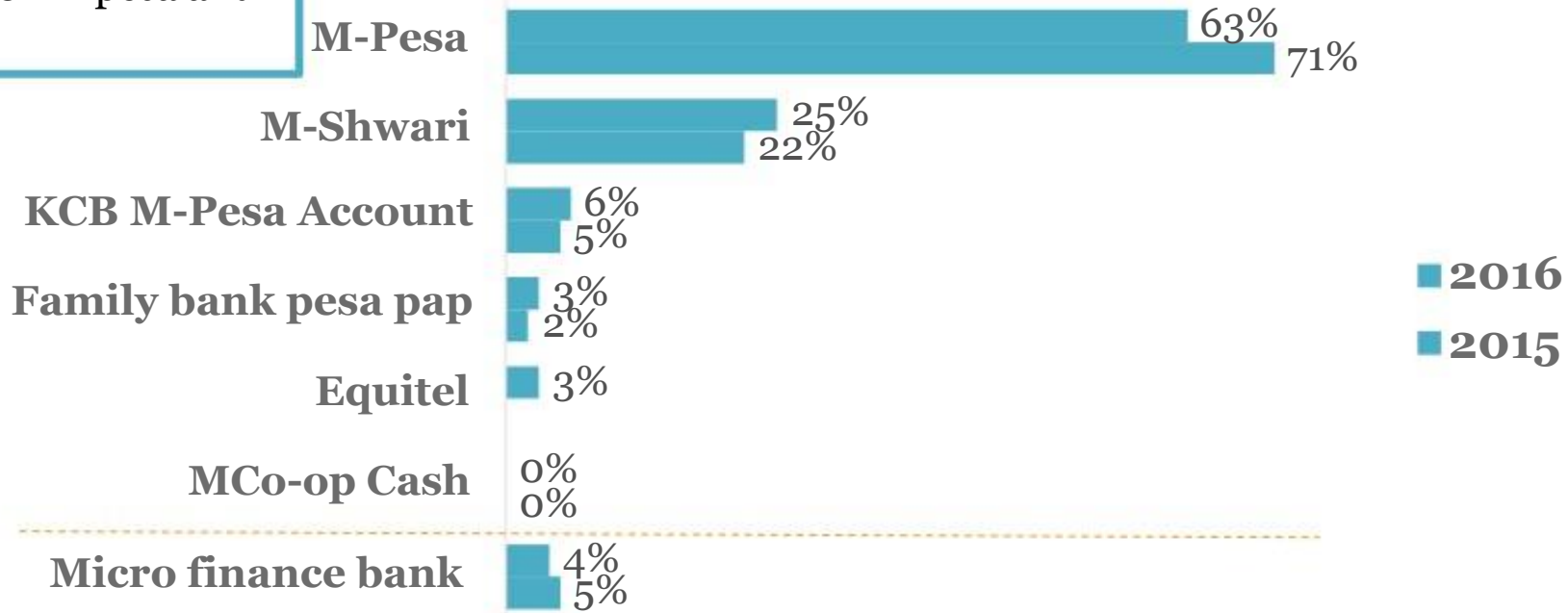
A total of 1,009 farmers were surveyed; 506 farmers in 25 villages in Central and 504 farmers in 25 villages in Western Kenya. 51% of the interviewed respondents were females.

Phone Usage



Savings in Digital Wallet (1)

According to 2016 AFA survey, digital savings has increased for Mshwari, KCB Mpesa and Equitel.



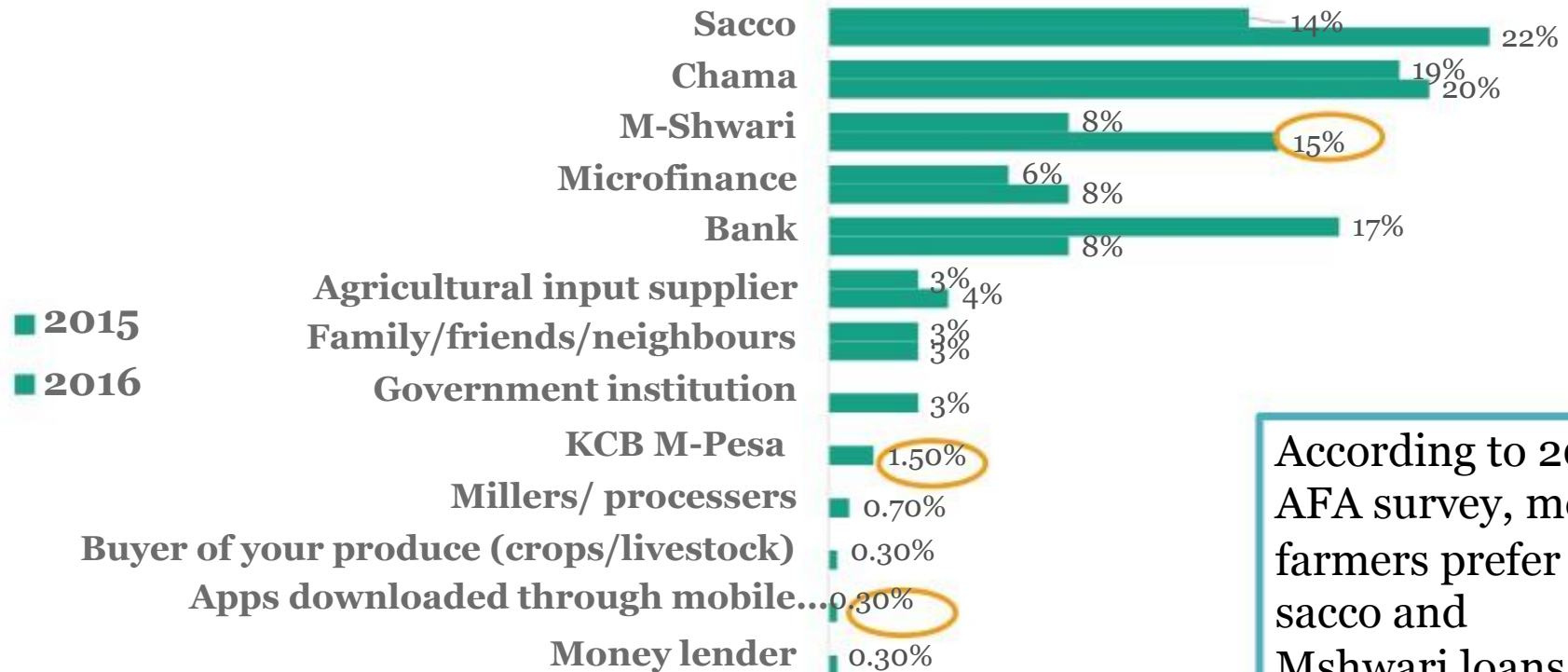
Savings in Digital Wallet (2)

	Easy access to savings	Low cost on savings	Accessibility of saving products	Easy access to loan/credit	Other (specify)
M-Pesa	59%	4%	31%	4%	2%
Chama	57%	1%	22%	16%	3%
Equity Bank	33%	8%	42%	12%	5%
M-Shwari	55%	2%	22%	20%	1%
Co-operative Sacco	30%	3%	41%	19%	8%
Saving in a hidden place	69%	3%	28%	0%	0%
A group of friends in ROSCA	41%	2%	35%	20%	2%
Formal Sacco	50%	4%	31%	15%	0%
Other (specify)	33%	13%	33%	10%	10%
Co-operative Bank	39%	4%	32%	7%	18%
KCB M-Pesa Account	32%	4%	36%	20%	8%

N=427

According to 2016 AFA survey, ease of access to savings and credit serve as main choice for savings

Loan Preference



According to 2016 AFA survey, most farmers prefer sacco and Mshwari loans

N=1,009

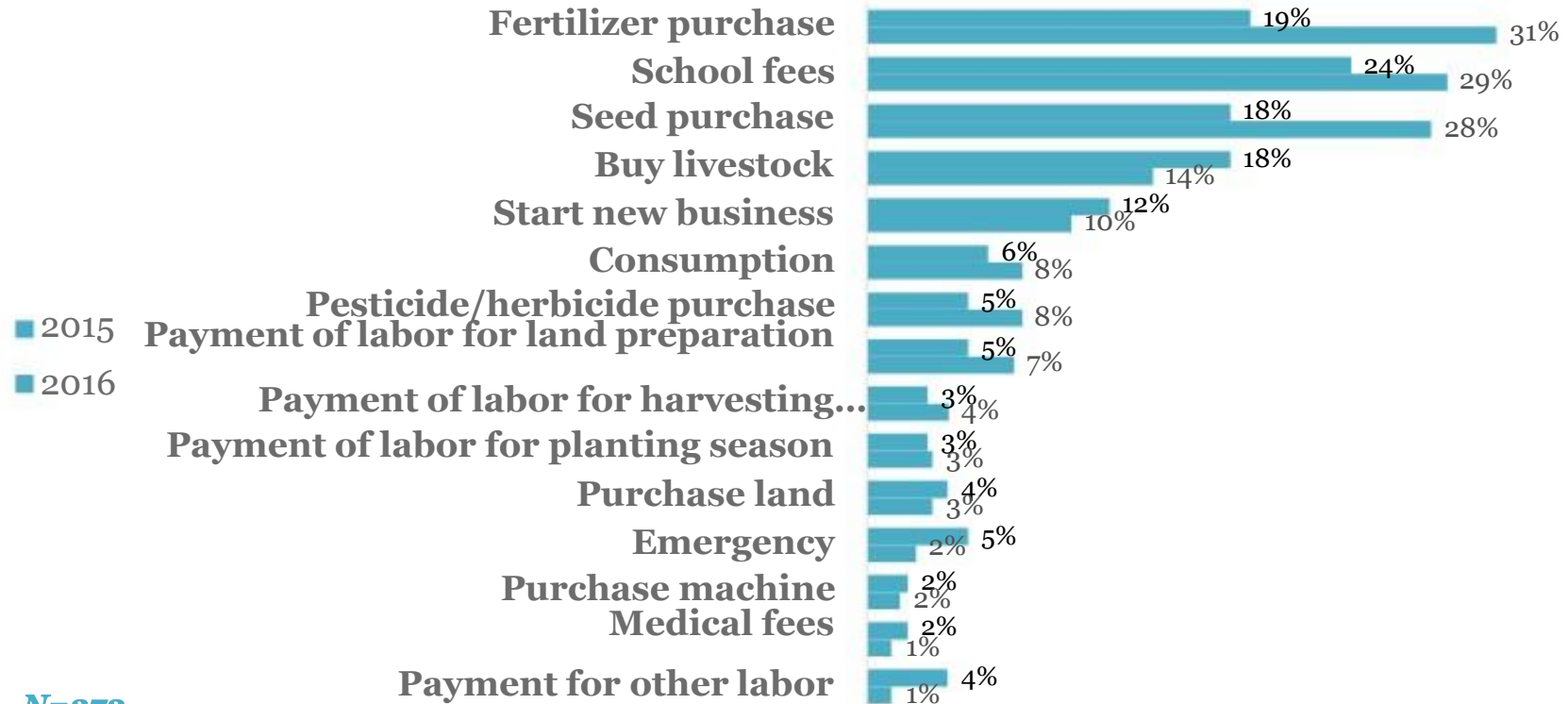
Factors Considered Before Taking Loan

	Central	Western	18 - 30 years	31 and above	Male	Female
Repayment duration	35%	50%	46%	41%	40%	44%
Interest rate	34%	21%	33%	27%	26%	31%
Grace period	11%	11%	8%	12%	14%	8%
Institution reputation	12%	8%	2%	12%	9%	11%
Fixed amount to be paid	6%	8%	12%	6%	9%	5%

N=272

According to AFA survey, farmers considered repayment duration and interest rates as the most important determinants

Loan Usage



N=272

Where We Work & How To Contact Us



India Head Office:
Lucknow
Tel: +91-522-2335734
New Delhi Office:
Tel: +91-11-41055537/38
Hyderabad Office:
Tel: +91-40-23516140

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Mamlaka Road,
P.O. Box 76436, Yaya
00508, Nairobi,
Kenya.
Tel: +254-20-2724801/2724806
Fax: +254-20-2720133

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Phone +256-393
202342 Mobile:
+256-706 842368

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Tewkesbury,
Gloucestershire
GL20 5RJ, UK
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273729
Mobile +44 796-307
7479

Philippines Office
Unit 2408, The Trade
and Financial Tower,
7th Avenue Corner,
32nd Street, Bonifacio
Global City, Taguig
City 1634, Metro
Manila, Philippines.
Tel: +(632) 477-5740

Indonesia Office
ANZ Tower 23rd
Floor, Jl. Jend.
Sudirman Kav. 33A,
Jakarta Pusat 10210,
Indonesia.
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6828/29 fax: +62 21
2954 6889

PNG Office
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Street and Champion
Parade,
Port Moresby, Papua
New Guinea.
TeleFax No.: +675
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House, Singapore
(068805)
Tel: +65 673 47955

[MicroSave Corporate brochure](#) Contact us at Info@MicroSave.net [Digital Financial Services brochure](#)