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FSD Research Brief

FINANCE AND LIVING WELL: INSIGHTS INTO THE SOCIAL VALUE KENYANS SEEK FROM THEIR FINANCIAL SERVICES

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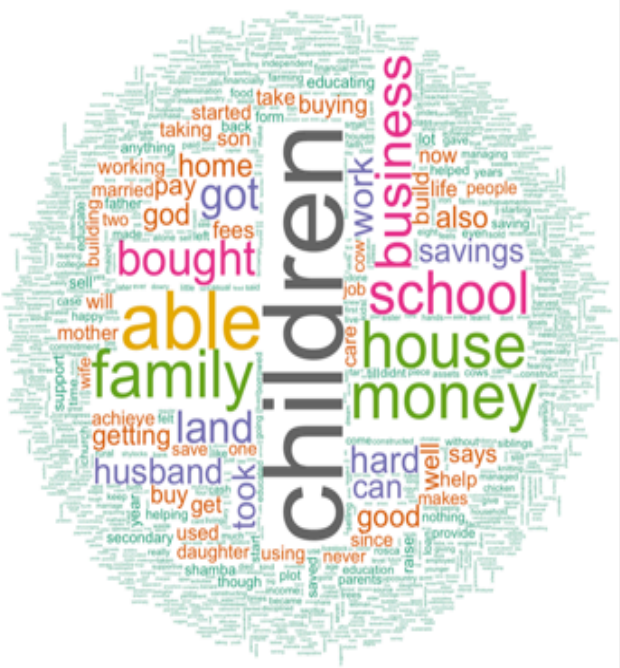
This paper presents new perspectives on value based on a range of qualitative and quantitative research carried out for FSD Kenya over the past 6 years. It argues that Kenya's more successful mass market financial solutions have demonstrated the importance of social values by tapping into these and enabling poor Kenyans to manage their money in ways that cultivate their visions of wellbeing. The insight that people have multiple dimensions to the goals they pursue is not new. For most of us, what we value in life goes well beyond seeking to meet our material needs and includes the social, emotional, moral, and spiritual. For low income Kenyan's however, the material and the social cannot be separated. In the absence of well-developed formal social welfare systems and in a market environment which is highly competitive and unequal, relationships with friends and family are not simply valued in and of themselves, they are fundamental to both survival and socio-economic advancement. This paper argues that both providers and policy makers working in the financial inclusion space need to engage much more strongly with social value if they are to resonate with lower-income consumers, and impact on poverty, inclusive growth and, ultimately, wellbeing.

Box 1: Key messages:

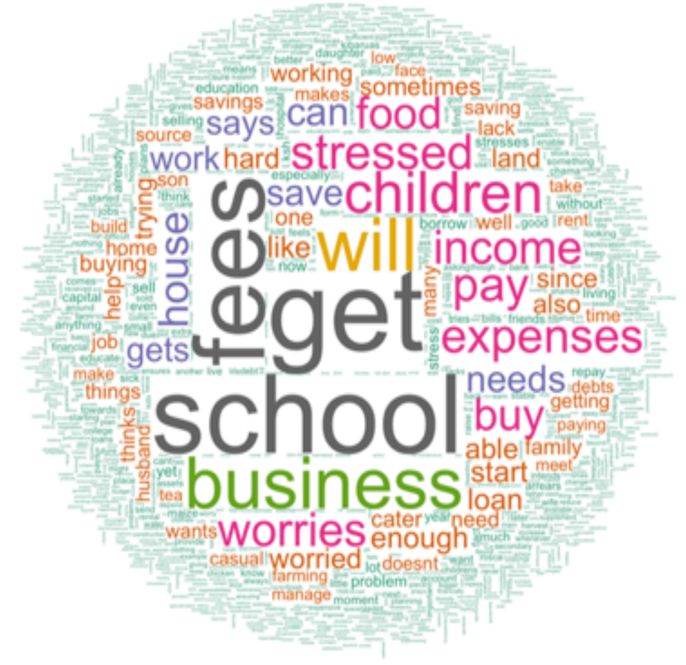
- Low-income Kenyans manage their money in ways that contribute to their vision of **living a good life**.
- **Living a good life is not based solely on meeting physical and material needs but on a broader view of social wellbeing** which has at its core people's relationships to one another and the senses of identity, belonging and respect these engender; along with a moral understanding of how communities should work together to use resources to support and 'uplift' one another.
- **Preferences for financial services are in part driven by how they contribute to the achievement of this ultimate vision of living a good life.**
- We identify **five key motivations** which underpin the use of financial services to support wellbeing. People are drawn to use services that enable them to:
  - cultivate social relationships through reciprocity, mutual support and generosity
  - 'make money work' to actively generate benefits for oneself or others
  - use funds to develop and 'uplift' individuals, family and community
  - use funds in ways that create a sense of identity, belonging and status in the community
  - learn how to skilfully manage funds and work hard to achieve valued goals
- These motivations highlight **the social value of financial services**.
- **Formal financial services that have been most successful in Kenya have had features that have directly appealed to and supported these routes to wellbeing.**
- **Providers and policy makers working in the financial inclusion space need to engage much more strongly with the social aspects of value if they are to impact on poverty, inclusive growth and wellbeing.**

Figure 1: Wellbeing goals and achievements

FinAccess: what is your most important goal?



FinAccess: what are you most proud of?



Source: FinAccess 2016 and Financial Diaries 2014

1. ACHIEVING WELLBEING IN KENYA: THE ROUTE TO LIVING A GOOD LIFE

In Kenya, living a good life – a life without stress is not seen as an individualistic path, but is a collective endeavour, created through social relationships within the family and with the wider community. Resource management is central to how these wider goals and values are achieved.[1]

- People's concerns centre around their ability to provide for the material needs of themselves and their family, and achieving these contributes to a sense of identity and self-esteem. Analysis of FinAccess and Financial Diaries data reveals that getting, managing to provide for and educate children is a major source of pride (see Fig 1).
- Living a good life involves the successful navigation of material needs within the context of stages of the life-cycle such as getting married, having children and a good marriage. The ability to conform to these social and cultural norms fundamentally enhances people's sense of identity and their social standing.
- Alongside achieving these life-cycle goals and good family relationships, the aspiration for wellbeing goes beyond the family to a concern to be able to cooperate and help each other in the community, looking after other people and living in peace and harmony with them. This contributes to the sense of belonging, feeling accepted and understood, and being respected.

1 See (Storchi, 2017)

Box 1: The importance of belonging

Zack, 26, lives in Geseneno with his wife and two children. Both Zack and his wife pick tea and do casual jobs in other people's gardens and constructions. After finishing class 8, he moved to Kisii for a few years to work in the shop of one of his uncles. He remembers that at the time he was always working at the shop and did not have time to go around in the community and know people. He moved back to Geseneno when his father fell sick and very quickly passed away. Since then, his social life has greatly changed.

He now participates in community funerals and ceremonies, he is free to go to church and he has built very close relationships within the community. Having roles in community ceremonies makes him feel good, because he also recalls how the community supported him and his family during his father's funeral. He considers good relationships to be relationships where people do not quarrel with one another but rather support each other. Having developed close relationships within the community, Zack now feels that "it has added value to my life".

Source: Silvia Storchi field notes 2015.

The research identified a number of norms and values which centrally support the achievement of these wellbeing goals and which enable the creation of identity, belonging and social status within the community:

- People become part of a community by conforming to the moral norm of **mutual support and generosity,** which builds social status and identity as part of a community. Participating in, and nurturing relationships of support is indicative of a collective morality, where people identify themselves with a community[2] and its development.
- This in turn involves **reciprocity** (Box 2) in which resources are given and received both as gifts and loans and which occurs over both short and very long – inter-generational – timescales [see Box 4- school fees]. The success of MPesa rests partly on how it has supported these practices.
- People also strongly value the assistance they receive from each other in families, groups and wider communities, underlining the value of collective rather than individual **upliftment (Box 3)**. Investing in others in the community and network is seen to yield long-term value. This is also related to the fact that the economic ventures of others in your community impinge on your own longer-term prospects, so in uplifting others, you have the potential to be uplifted also.
- In turn, the practices that arise from these norms mean that **money 'works'.** When money is working it is actively generating benefits in terms of resources and income for oneself or others. The benefit is analogous to the process of re-production seen in the natural world in which crops and animals multiply. For example, in the Kamba language the word *ũsyao* is used meaning produce or interest, and coming from the word kũsyaa whose meaning is "to give birth". In particular for example funds held in financial groups – merry-go-rounds and *chamas* – enable oneself and other members to pool funds and borrow to undertake projects of business and investment so that growth occurs.

2 Communities in this context can be geographic in terms of neighbourhoods; or socially defined in terms of kinship through lineages and clans for example, or could be focussed on an institution such as a church; women's association; and so on. There are many such communities in people's lives which serve to create identity and belonging and the mutual support that arises from these.

Box 3: When a friend becomes a 'real friend'

The research found that the giving and receiving of financial support consolidated relationships with friends. The open-ended giving and receiving of resources with friends was often explained as being something that was not reckoned even though it could involve quite significant amounts relative to income. For example, a young man had received Kshs10,000 from a friend to complete the amount he needed to buy a motorbike and this was not to be refunded. He later paid fees of Kshs24,000 plus related transport and other costs for the friend to attend college [over MMT if necessary], stating that:

> *"Now when he came to a point of need I also did it. Not looking whether he will give it back or not…no I don't even think of it. [Laughing] I have remembered it because you have asked me! … he has eaten a lot of my money, I have also eaten a lot of his money. That is just giving each other . . . . .We help each other."*

While there was evidence of an expectation that support will be given and received from siblings –for both men and women this mainly meant their brothers - however it is also evident that this was not taken for granted:

> *"He came here to my place and heard me telling my child, who was to go to school "the money that I have cannot be enough for you". Then he told me that he would go and sell his cow and add me the money so that my child can go to school. Just as a joke like that, he went, sold it and brought me the money. It was very shocking to me, ten thousand you are given for free?"*

The receipt of support from a brother led to him being described as a friend. On the other hand, support from friends led to the comparison with a brother, a friend being someone with whom you "share more than even a brother". This indicates that siblings cannot always be relied on for support and that when they do give it, they demonstrate their position as a friend. In a similar way, friends who consolidate a friendship by offering financial support can become a "real friend".

The affective (that is, emotional) aspect of material support was expressed even more overtly by women who described being happy at "being remembered" or expressed a gift received via money transfer as "I felt that I am loved". They explained the intimacy of assisting or being assisted to deal with a financial problem through a language of adoption: a neighbour who assisted with a soft loan to help a daughter to go for police recruitment "took the daughter as hers"; a woman who wanted to visit a child in school was assisted because "it was like us having the problem".

Source: (Johnson & Krijtenburg, 2014)

Box 3: Uplifting 'needy persons'

John lives in Kitui town, is 44, and married with four children ranging from a new born baby to a son in form one. He has a business supplying schools with maize and books; and three taxis and had bought land and was busy constructing rental houses on it. John tries to save a few hundred shillings a month towards education expenses in child savings accounts which he had opened for each of his three older children. One of the ways he had also used some of his funds was to purchase three motorbikes which he sold to three of his friends who he called "needy persons". They paid daily instalments and he made a profit overall. He reported with a clear sense of pride that one of these friends now owns three motorbikes, and another takes him to lunch saying "you made me to be where I am". In this way John used his funds to 'uplift' his needy friends, so consolidating his relationships with them and opening new routes to future reciprocity.

Source: (Johnson, 2017)

Box 4: Reciprocity: bridging generations through school fees

Supporting children in the (extended) family with school fees and related expenses is a very common practice. In particular this supporting relationship operates between aunts and uncles with their nephews and nieces, and between older and younger siblings. When probed, respondents may explain that the recipient "will help us or somebody else" in future. This response underlines a characteristic aspect of the reciprocity involved, its lack of specificity in terms of both time and to whom it will occur. After all, whether the support will in fact be reciprocated depends on how the child succeeds in education and then in developing their livelihood. Occasionally, respondents who had helped relatives with school fees in the past, reported that, when the need arose for them to fund their own children's education and they were having difficulties, they were able to appeal to those they had helped for support, saying "now is the time to . . . get the benefit". Older siblings frequently see this provision as a means of supporting their parents and may express this as a response to the way they have themselves been supported in the past. While there is an understanding, therefore, that support is mutual and reciprocal, it is far from being instrumental.

Source: (Johnson, 2015)

2. THE SOCIAL VALUE OF FINANCIAL SERVICES

To date much research has revealed how poor Kenyans manage their money in the context of their small, uncertain and variable incomes to achieve the financing of both day-to-day needs and longer term investments in livelihood development including education, housing, livestock and so on.[3] It has revealed the variety of financial devices that people use – especially informal – and demonstrated the skills and ingenuity with which these are deployed.

This research has gone further to identify the core insight based on the elements of these visions of a good life as that **people manage their money in ways that are of benefit both socially as well as materially.** In particular, financial services which directly support the wellbeing goals indicated above are much more highly valued than those which do not.

The following principles then capture how these factors influence and underpin everyday financial practices.

People engage in financial practices that enable them to:

- cultivate social relationships through reciprocity, mutual support and generosity;
- 'make money work' to actively generate benefits for oneself or others
- use funds to develop and 'uplift' individuals, family and community,
- use funds in ways that create a sense of identity, belonging and status in the community
- learn how to carefully manage their funds which encourages them to work hard (Box 5).

These motivations emerge from people's wellbeing goals, and they underpin the *value* people attach to services.

This perspective enables us to develop a broader way of measuring, understanding and assessing the value of financial services. Currently, value is understood in terms of the functions that services offer such as enabling day to day cash management; the accumulation of lump sums; ways of coping with risks and dealing with the need to transfer money. The key features of the services on offer are viewed in terms of costs (physical and financial); safety and security; flexibility and convenience.

The argument here is that this understanding of value based in the functions of services needs to be broadened to incorporate the value related to the motivations outlined above. It is the ability of financial services to cultivate social relationships, maintain and develop resources, contribute to upliftment and create a sense of identity and belonging that is critical to driving their uptake and usage and contribute to reducing poverty and improving wellbeing.

3 (Zollmann, 2014)

Moreover, this perspective enables us to understand why mobile money and informal services are the most used financial services in Kenya. Popular services deliver value through supporting these routes to wellbeing.

Box 5: Learning how to skilfully manage funds and work hard

Learning about managing money is inextricably linked with learning how to be self-disciplined, how to do business and invest. This learning arises from individual experience and from the people around you. Associating with people who can offer such insights, opportunities and learning is highly valued:

> *"I always say that I need see the potential in me but I cannot realize that potential if I associate with those people whom we are on the same level. My associates should be people above my level because then I am able to learn a lot from them. These kinds of people will always show how to fish but not just to give you fish. They will tell you the avenue to get where you want to be."*

This is also a reason for the popularity of informal financial groups because they bring these features together.

> *"I learnt to be hard working since I got encouragement from the group. Before I joined the group, I was weak and lazy but now I am more focused."*

In groups the capacity to work hard arises because of the need to bring funds to meetings and to repay loans. Both of these create the framework which encourages people to work hard to gain these funds on a regular basis.

Source: (Johnson, 2015); (Storchi & Rasulova, 2016)

3. EXPLAINING KENYA'S FINANCIAL INCLUSION SUCCESS STORIES

Mobile money has become the most used financial service in Kenya with some 72% of adults having an account. It is mainly used for person to person transfers which means that people are primarily moving funds through their social networks. As Bob Collymore the CEO of Safaricom has himself said: "I like to attribute much of M-PESA's successes to the inherent nature of Kenyans, which is to provide for relatives who live in rural areas by sending them money".[4] Going beyond 'sending money home' mobile money has made visible – and expanded – the opportunities for people to move resources in and around their networks of friends and family.

Seen through the lens of the social motivations highlighted above it is clear that mobile money is a service that enables people to achieve these wellbeing outcomes by making person to person transfers. Resources sent through mobile money act to maintain and develop social relations and give direct access to a network of support at times of need. When a gift is received or a request for assistance made and responded to, a sense of identity and belonging is confirmed.

The findings from this research show that social networks of financial support through friends and family respond to a wide range of circumstances. Resources may be given or 'borrowed', but in the case of borrowing this does not always involve a time-bound repayment, rather this can be very open-ended. Resources exchanged in these ways are invested in family development as well as enterprises. For example, investing in the education of younger siblings, cousins or nephews and nieces invokes values of upliftment through enabling them to develop, while also responding to the ongoing social relationships and the possibility of future reciprocity (see Box 5).

4 (Collymore, 2015)

Box 6: The language of financial exchange

In studying resource exchange in Kitui, it was found that there were particular words involved. These involved two sets of terms and related modes of exchange which we characterise as "ask and assist" and "lend and pay back".

In Kikamba the verbs *kũvoya* and *kũtetheesya* (ask and assist) were by far the most commonly used when requests for resources were being made. These terms indicate that there is not necessarily any expectation of a return of the item – it is open-ended. It is not however a pure gift but more seen as part of a wider system of resource exchange in which "entrustment" of resources produces an obligation on the part of the receiver. As a result, this use of language illustrates the focus on the relationship between the giver and the receiver and on their ability to maintain good relations.

Less used was the term *ngovethye* which means "lend me" and is derived from the *kũkova* meaning borrow and refers to borrowing/lending without interest in relationships with neighbours, in-laws, (business) friends and shopkeepers. This involves a tacit shared understanding concerning borrowed items based on earlier experiences or an explicitly expressed mutual agreement between lender and borrower. In exchanges using these terms the focus is much more on the resources involved. Even though no interest is involved, if the resources have been used for agriculture or business in a way that has brought an increase, then when paying back, people may add "something on top" as a way of "giving back thanks".

The research found that the terminology of "ask and assist" – that is of relationship focussed exchange - tends to be used when exchange is related to an expression of need such as in the hungry season; in the context of emergencies or in relation to resources for education. On the other hand, small scale daily exchanges of, for example, matches, cooking oil, a kilo of maize - or funds to be used for enterprise or business exchange were more likely to have a resource focus of "lend and pay back". This analysis of language further demonstrates the way in which ensuring the quality of relationships is central to the practice of resource exchange.

Source: (Johnson & Krijtenburg, 2014)

This is not to say that inter-personal exchanges are necessarily problem free, whether given for emergencies or other reasons. As one man put it "If it's requesting without paying back, its ok because you will forget but if it's lending, it might not work as it can kill our relationship…… It's like a promise that is not fulfilled. Even the heart to give help dies". However, the research reveals how resource exchange builds relationships and belonging, and develops community and does not involve a strongly instrumental view of reciprocity.

Informal financial groups such as merry-go-rounds or *chamas* are used by 41% of the adult population. The social motivations outlined above are central to the way such groups operate. They build social relationships through group interactions; they maintain and develop resources by encouraging saving and making available lump sums which can be used for small scale investment or household needs; school fees and so on. They make money work because small amounts can be contributed and these are made available to everyone and hence it becomes a collective asset rather than an individualistic one, so enabling upliftment of the community. Indeed the number of group names which contain references to visions of development is notable: for example, 'Mosa Women Vision Group', *Wikwatyo Wanoliwa* (Hope for the Widows) and *Kanini Kaseo* - Small Good – referring to the few, but good women who are in the group, as well as the little, but good money the members are getting. This at the same time builds a strong sense of identity and belonging. While groups vary considerably in terms of their level of discipline and strictness, borrowing from groups is 'negotiable' in that it is usually flexible in response to need, and repayments can also be adjusted to the circumstances of the borrower whose situation is likely to be understood by other members. In such groups it is seen that "money is always available".[5] Indeed the groups that are most valued are ones in which the hardship of members is likely to provoke additional support when emergencies strike. Finally groups are a key location through which people can learn from others, share their experience and advice can be sought and given.

Moreover they have zero fees, low transactions costs due to their proximity, promote savings discipline and have the benefit of social interaction as well as investment returns (*chamas*). However, analysts tend to emphasise their strictness and the risks of loss involved. In Kenya we have found that they have a high degree of flexibility and responsiveness to the needs of their members. While there are clearly risks of losing funds through mismanagement, people are always endeavouring to find a 'good' group that can serve their needs - that is deliver both discipline and response to need – as well as the underlying values of collective organisation that so strongly support their wellbeing.

5 (Storchi & Rasulova, 2016) "Money is always available" refers to the multiple ways in which money can be accessed: directly through the group because savings contributions create new funds to be borrowed at every meeting; from other members who may either have borrowed from the group or have funds available; or because they can now borrow from other people because their membership of the group means that they are able to repay so they are recognised as credit-worthy.

Formal bank accounts on the other hand are used by some 32% of adults who tend to be higher income and urban based. While banks see their services as offering a high degree of flexibility and security for deposits and the potential for access to credit, they are much less used than mobile money and informal groups. For users of banks, money put in them is seen as being at a distance and hence away from temptation and hence easier to accumulate for the longer term although interest rates are usually very low. However, withdrawal fees and accessibility are often problems, and in the few cases where loans are received interest rates are high and terms and conditions inflexible. Indeed, putting funds in them offers little responsiveness to emergencies except the ability to withdraw – as one woman put it: "if I take my money to the bank, then when I have a problem who will help me?".[6]

These features tend to epitomise the opposite of the values and perspectives embodied by groups and friends and family exchanges discussed above. While bank transactions costs are an ongoing feature that can create a barrier to withdrawal and aid accumulation because they help keep funds "at a distance", it is precisely this distance from the values identified here which renders them at a social distance from customers. Indeed, putting money in the bank does not appear to make money work hard as it is not easily available to others or oneself in the form of borrowing; hence it is hard to see it working and uplifting the community more broadly. Indeed only 6% of Kenyans have a bank loan or overdraft – that is less than a fifth of those with an account. However for those that experience repeated support through bank loans, banks become highly valued and may be described in terms of their worth compared to being relatives - see Box. However, money put in them does not tend to operate to cultivate social relationships between depositors and banks or allow the

funds to be used for others locally. Indeed when funds are borrowed the terms and conditions have little flexibility or 'negotiability' - ways in which the circumstances experienced can be voiced, legitimised and responded to - and are hard to manage when difficulties strike – in contrast to groups which are likely to render additional support under such circumstances. Hence borrowing from banks tends to increase risk and be seen as undermining the very projects of upliftment and development that funds were initially sought to achieve. Nor are resources put there being well maintained or developed since they invariably decline in real value due to low interest rates and fees for withdrawal. Additionally they produce little sense of identity and belonging – the exception being Equity bank which sought to create a sense of identity for their customers through its "I'm a member" campaign.

6 (Johnson, 2004)

Box 6: When banks become relatives!

Where respondents had received multiple loans from banks over a period of years which had enabled them to develop their livelihood in a clear and meaningful way, they spoke in quite dramatic terms about the importance of this support and compared the bank to other close relations who might assist them. As one man explained:

> *"The bank has brought me a long way. It is even more than the way brothers could have helped me. The bank has brought me from far till now. It is the bank that helped me move to this place where I am now [a house he had recently built]. No one would have done the same."*

A business woman presented bank lending in an even more intimate and emotive metaphor:

> *"It is my mother! ... They help me. You know somebody's mother ...if you breast feed that is your mother. . . So, even if I am oppressed, in interest, it helps me because I know there is no other place where somebody can give me that money."*

This demonstrates how loans are highly valued for the development that these resources have enabled in the respondent's life – and even where there is seen to be a dimension of "oppression" due to the terms of that lending involving interest (the resource focussed version of 'something on top'). However, these experiences were the exception rather than the rule. Formal retail lending is difficult to access and national data suggests that only some 6% of the adult population access bank lending compared to 32% who have bank accounts. Moreover, even when it is received it can be very difficult to manage due to its strict terms and conditions which undermine its ability to support them.

Source: (Johnson & Krijtenburg, 2014)

The motivations identified above underpin the way Kenyan's have responded to the increased array of financial services on offer. It offers the missing key to more fully understanding both the achievements of Kenya's financial inclusion success stories to date - and their limits.

Mobile money has flourished as a result of the way it has lowered transactions costs to facilitate further inter-personal resource exchange through social networks enabling people to nurture social relationships, uplift others, and provide mutual support. *Chamas* and merry-go-rounds have remained central to the range of services used because they - more than any other service – embody these motivations.

While the banking sector has expanded by expanding its service networks and channels and lowering its costs, this analysis also shows how its services fall short of these underlying values. Banks do not enable social relationships through resource exchange with others; they do little overtly to enable careful resource management; they have rarely offered loans in response to needs or which poor people feel able to manage (before the arrival of M-Shwari). The formal sector offer is constrained in responding to this vision of value by being rooted in a set of values which are driven by efficiency, profitability, scale, growth, market share, and private ownership.

However, in Kenya, it is where the motivations indicated above have entered into the mix of the formal sector's offer that major shifts forward in inclusion have taken place :

- by radically lowering the transactions costs of inter-personal informal financial transfers mobile money unleashed the potential for people to enact these motivations through their social networks. Safaricom has also cultivated a strong brand identity which reflects an identity with national development and advancement.
- Equity as the market leader in bank outreach has also keyed into this set of motivations through the way it created a much stronger reciprocal lending offer by making loans available to low-income Kenyans in a way that no other bank had ever before done. It also demonstrated its willingness to invest in a wide range of projects in a bid to uplift Kenyans; played a lead role in Vision 2030 so identifying itself with the development of Kenya as a whole community; keyed into ideas of mutual support through its educational scholarship support; and addressed a sense of identity and belonging through its "I'm a member" campaign.
- M-Shwari and other digital credit products are the latest innovation which appears to be significantly shifting the inclusion boundary (25% of adults with an account)[7] – especially in terms of access to formal sources of credit. By offering small scale savings and linked loan access, it has made good on the reciprocity dynamic by trusting its borrowers with the bank's money rather than solely expecting them to trust it with their money[8]. However, its appeal to this value framework is much less distinctive than M-Pesa and Equity, despite riding on the back of Safaricom's identification with national development. Its dependence on an algorithm to capture the transaction history and develop the relationship may still fall short of becoming a true "friend in the pocket", especially when the terms and conditions are poorly understood and cannot be negotiated through a direct relationship or interaction with the lender.[9]

Hence, we argue that it is the ways in which these cases have more strongly resonated with the motivations that underpin people's wellbeing goals that help explain their success.

4. CONCLUSIONS: EXPANDING FINANCIAL INCLUSION TO PROMOTE WELLBEING

This note has shown how low-income Kenyans manage their money in ways that contribute to their vision of living a good life. They do this by using their money to cultivate social relationships; maintain and develop their resources through careful management; make money work to 'uplift' individuals, family and community; and to create a sense of identity, belonging and status through reciprocity, mutual support and generosity. We call these the social value of financial services and have argued that where financial services effectively key into these deeper motivations they do well in the mass market.

This has a number of implications for policy makers and providers who wish to drive usage to have impacts on poverty and inclusive growth. It raises the question of how provision can better respond to these underlying motivations

7 Financial Inclusion Insights: Kenya Wave 4 Report FII Tracker Survey August 2016. Available at: http://finclusion.org/reports/#kenya. Accessed 07/07/17. This reports that 60% have an active mobile money registration and 41% of these have M-shwari.

8 See video http://www.cgap.org/photos-videos/m-shwari-empowering-kenyans-financial-services

9 See (Mustafa, Wachira, Bersudskaya, Nanjero, & Wght, 2017)

through which financial services create social value. More broadly it asks how financial sector development contributes to enhancing *wellbeing* rather than a narrower understanding of poverty reduction and inclusive growth as about raising incomes alone.

1. The first implication for policy-makers is of the need for a diversity of forms of provision in the financial market which offer socially intermediated finance and not just bank based models. it is important therefore to support mutual and community models as well as exploring new possibilities around peer to peer lending, crowd financing and blockchain technology:

    a. As shown above, informal financial groups are one of the services through which Kenyans enact their visions of wellbeing underpinned by *social value*. At the same time these groups come with a range of management challenges which means that people lose money in them. The need then is to find ways to enable these groups to be managed more easily and effectively. There is scope to further expand support to enable the effective functioning of these groups - an endeavour which is already being undertaken by a number of agencies including FSD Kenya.

    b. SACCOs also embody these motivations in a formalised way with many SACCOs starting from such groups or associations. Over the last ten years SACCO legislation has required greater financial accountability, which is important for the security and functioning of SACCO accounts. At the same time, the need for growth and the opening of SACCO common bonds also results in a dilution of identity and belonging that goes with SACCO membership. SACCOs start to look more like banks in their offerings and service approach and risk losing these aspects of their *social value*. Policy needs to ensure that SACCO development can occur at multiple scales retaining both financial accountability and *social value.*

    c. The policy environment can also operate to encourage a diverse eco-system of not-for-profit ownership models such as social enterprise or community development finance institutions in the UK, Europe and US.

    d. New technologies also offer new modalities for mutual finance such as online Peer-to-Peer financing and crowdfunding options, which, if appropriately designed can fit with the motivations presented here. Blockchain technology offers approaches to effective accountability of decentralised financial systems. Technology can also improve the functionality and governance of the multiple existing forms of informal groups, as well as enabling them to link more effectively with each other, and with the formal economy.

2. The implications for providers is to put greater focus on the relationship with the user rather than the contract or transaction so including more scope for negotiability and better relationship management:

    a. At the heart of funding through social networks and groups is the concern to retain the relationship and not simply the resources (see Box 5). This is because it is the long term relationship that is of importance to people. So greater emphasis is needed on how to develop these relationships. There is new scope to engage technology in the form of algorithms backed by messages and call centres, and developing the role of agents to improve learning pathways through products and services. For example, initiator loans which offer incentives to learn about how to manage them followed by the guaranteed offer of a new loan if this is completed effectively. So offering clear routes to building longer term relationships. While this is implicit in banking practice it is not often explicit and banks are rarely perceived by customers as a long-term development partner which is fundamentally what people are looking for. Interestingly this is a feature of the new digital credit experience which is clearer and easier to operationalise in the context of short term loans

    b. Central to this also is the scope for greater flexibility and negotiability of the products and services involved in order that they can respond to the circumstances in which customers find themselves due to their precarious livelihoods and hence uphold the relationship through this. Data analysis allows for targeting of messages and can involve a learning pathway through bank products. This may mean the creation of products that are more like revolving credit lines (or overdrafts) which allow for greater flexibility and/or products which allow for repayment holidays when problems strike.

3. Finally, a key aspect of building relationships and this underlying social value is the sharing of risk. As shown above, funds offered in support of others' upliftment have implicit terms and conditions which recognise that investments fail and the lender needs to accommodate this. This means going beyond service models where profits are generated from fees and levies and the provider's return is insulated from risk, to more radical models of partnership and co-investment where risks as well as profits are shared.

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