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RESPONDENT PROFILES

Background

Researchers at Digital Divide Data (DDD) and Bankable Frontier Associates (BFA), in partnership with Financial Sector Deepening (FSD) of Kenya, recently completed an in depth Financial Diaries study to better understand how Kenyan households earn, save, and spend their money. The study tracked 300 households over one year. Findings from this study can help government, business, and NGO decision makers better understand the financial needs of ordinary families and create better solutions in response.

BY HER BOOTSTRAPS: FROM HOUSE-HELP AT 9 TO HOMEOWNER AT 29

Carol (aged 29) lives in one of Mombasa's slums with her husband, Amos (35) and their two children (11 and 5). Over the course of the project we watched this young woman spin her average monthly income of around KSh 4000 from plaiting hair and other *vibaruas* (casual jobs) into a permanent home for her family.

Certainly, she has learned to use a wide range of financial tools to pursue her goals, but has achieved them through the exercise of her own tremendous willpower and quiet determination.

Background: Carol grew up in Western Kenya and was raised by her grandmother. It was a difficult childhood, and she felt that she lacked the love and guidance of her parents. Her grandmother could not afford to send her to school, so she became a house-help at age nine. She married young, hoping that in marriage she could find the sense of family that she lacked. The first few years were very difficult. Her husband was working in Mombasa, while she and their first born child stayed with her mother-in-law upcountry. Amos would send money home, but to his mother, and Carol felt dependent and as though she never had enough to meet her needs. After a couple of years, Amos invited her to join him in Mombasa, and things have been getting better ever since.

Piecing together an income. Amos earns most of his money by doing casual work on building sites, which brings in about KSh7,500 per month. He gives KSh600-1,000 to Carol every weekend so that she can manage the family budget, catering for things like rent and food for the week. With the rest, he pays for his own airtime, tries to give the kids pocket money, and saves a bit for school fees for the children.

There are also school fees for Carol, which she pays herself. During the day she works plaiting hair and picking up other vibaruas. In the evenings from 5-8pm she goes to classes that are helping her complete the primary school education she never had. She thinks it is important to finish, even

FSD Kenya
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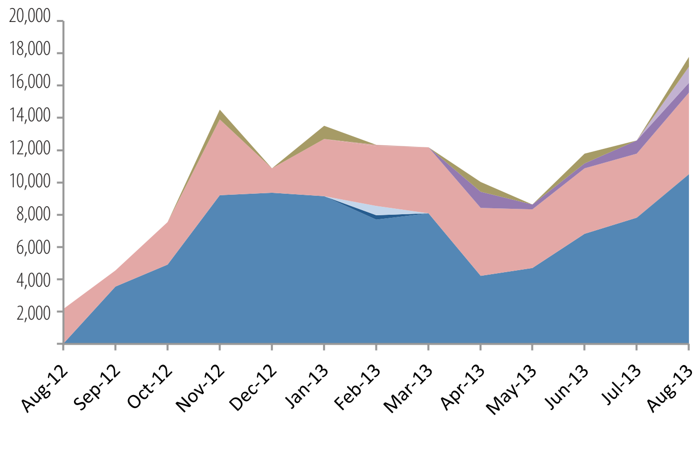
though she is already grown. She wants to be able to help her children with their homework. Amos is not sure how much she earns and does not ask, which makes it easier for her to channel a large share of her earnings into savings.

Struggling to see eye to eye on money matters in marriage. Over time, Carol realized that she and her husband had different priorities when it came to money. Carol felt that it was important for them to own their own home, to stop paying rent, and to invest in the family's long-term needs. Her husband was more focused on making ends meet in the present. If they were going to save, he wanted to do it in a savings club with his family, which Carol thought was too risky.

When they discussed these views, Carol thought Amos considered her goals 'silly'. She became more and more concerned that her husband was not interested in positive development for the family.

Composition of Carol & Amos's household monthly income (KSh)



Not long before the study, their landlord wanted to sell the house they were renting for KSh10,000. Carol talked to Amos and proposed they split the cost between them and buy the house. Amos was not interested, and they lost their chance.

A secret plan. This did not stop Carol. Throughout the study, she secretly stashed most of her personal income, first into three different ROSCAs.[1] When it was her turn, she would take the payouts to a nearby bank agent who deposited them into a bank account that her husband knew nothing about. There was good reason to keep it a secret: Amos once stole KSh400 from her M-PESA account and KSh1,000 from her savings in the house, money she had been saving to make a new dress. For her, the ROSCAs helped force her to save and to get the money out of the house and out of sight. Still Carol does not much care for socializing with other women in the community. She is very focused on her own development and does not want to be distracted by gossip and backbiting, which she says are prevalent in the groups and in the community at large.

A dream coming true…but not easily. After many months of saving, Carol had built up a balance of KSh 15,000 in her bank account, which was enough to buy the house at the new, increased price. However, the seller refused to sell it to her as the current tenant. So, she first had the house transferred to her neighbour and friend, Ellen, who then transferred it to Carol a few months later after having negotiated with a village elder so that he would do the second transfer for free.

Once Carol bought the house, she was reluctant to tell Amos. What would he say if he knew she had been saving for this behind his back? She has not yet told him she bought the house, though he knows there is a new landlord. Since it is Carol who used to make the rent payments, he has not noticed any change.

On to renovations. Shortly after she bought the house, one of her ROSCAs received a loan from the Women's Enterprise Fund. Carol was expecting to take a loan of KSh9,500 from that fund to renovate her home and add an annex that would give them some rental income. However, just before she took the loan, she heard a rumor that her home would be demolished. Recently, there had been a fire in the slum, and the closely packed houses made it impossible for the fire brigade to enter. She decided it was better to defer this investment until she could be sure about the demolition. She did, however, invest KSh400 connecting her home (illegally) to electricity, which now makes it much easier to charge phones and have a bit of light in the evenings. If the demolition is pushed back at least 2.5 years, she will have at least recovered her investment in the property.

1 A ROSCA is a Rotating Savings and Credit Association, a savings club in which members contribute regularly and take turns with different members taking the fund at each savings interval.

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The importance of grit. Carol uses financial services - a bank account, M-PESA, and savings groups to provide her with important vehicles to pursue her financial goals. However, we should not forget that these devices did not save for her. That success belongs to Carol herself. It did not take a complex understanding of financial products - it did not even take literacy - for her to do that. It took grit! It took sacrifice, courage, even a bit of deception, and it was hard.

End of project financial device figures for Carol

Assets	Balance sheet	Other device stats				Liabilities	Balance sheet	Other device stats			
Carol	**Closing balance**	**# tx**	**Total flows (KSh)**	**Flow as % HH income**	**Flows as % individual Income**		**Closing balance**	**# tx**	**Total flows (KSh)**	**Flow as % HH income**	**Flows as % individual income**
Women's ASCA	1,000	3	600	1%	2%	Credit at shop 1	-	6	1,210	1%	3%
Bank Account	4,000	7	28,600	27%	74%	Credit at shop 2	-	6	4,600	4%	12%
Credit given to clients	-	1	50	0%	0%	Credit at shop 3	-	2	200	0%	1%
Mobile money	-	21	16,804	16%	44%	Borrowing from friend/ family	-	.	.	.	.
Loan to friend/family 1	-	1	100	0%	0%						
Loan to friend/family 2	-	2	200	0%	1%						
Loan to friend/family 3	100	.	.	.	.						
Loan to friend/family 4	-	2	4,000	4%	10%						
Loan to friend/family 5	-	2	400	0%	1%						
Loan to friend/family 6	-	2	1,000	1%	3%						
ROSCA 1	-	48	17,820	17%	46%						
ROSCA 2--food only	(600)	86	8,500	8%	22%						
ROSCA 3	-	11	17,000	16%	44%						
Saving in the house	100	19	14,000	13%	36%						
Women's welfare	More like insurance	4	620	1%	1%						
Welfare 2	More like insurance	1	500	0%	1%						
TOTAL ASSETS	**4,600**					**TOTAL LIABILITIES**	**-**				

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End of project financial device figures for Amos

Assets	Balance sheet	Other device stats					Liabilities	Balance sheet	Other device stats			
Amos	Closing balance	# tx	Total flows (KSh)	Flow as % HH income	Flows as % individual income			Closing balance	# tx	Total flows (KSh)	Flow as % HH income	Flows as % individual income
Bank account	3,000	2	600	1%	1%		Borrowing from friend/family	-	2	600	1%	1%
Mobile money	676	14	11,960	11%	18%							
Loan to friend/family 1	-	1	50	0%	0%							
Saving in the house	-	2	200	0%	0%							
TOTAL ASSETS	**3,676**						**TOTAL LIABILITIES**	**-**				

Find all of these and more at http://www.fsdkenya.org/financial-diaries/

The Kenya Financial Sector Deepening (FSD) programme was established in early 2005 to support the development of financial markets in Kenya as a means to stimulate wealth creation and reduce poverty. Working in partnership with the financial services industry, the programme's goal is to expand access to financial services among lower income households and smaller enterprises. It operates as an independent trust under the supervision of professional trustees, KPMG Kenya, with policy guidance from a Programme Investment Committee (PIC). Current funders include the UK's Department for International Development (DFID), the Swedish International Development Agency (SIDA), and the Bill and Melinda Gates Foundation.

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