

Date
May 21, 2021

Report on the Competition Authority of Kenya Digital Credit Market Inquiry



Innovations for Poverty Action, presented to the
Competition Authority of Kenya
Draft of April 28, 2021

IPA Co-Presents at Consumer Protection Stakeholder Validation Workshop

On May 11, IPA and the Competition Authority of Kenya presented findings from the Digital Credit Market Inquiry at a Stakeholder Validation Workshop. The Inquiry seeks to identify and propose policy recommendations for improvements in consumer protection and competition in Kenya's expansive digital credit market. Digital credit refers to loans that are delivered exclusively via phones or the internet, often for very short tenures and at a high cost. The ubiquity of mobile money in Kenya has enabled a rapid rise in digital lending in the past decade, and leading providers make tens of millions of digital loans each year. The Inquiry's analysis was based on a consumer survey and administrative data from digital credit providers—the first of its kind published in Kenya—to measure key issues such as cost of loans, late payment and default, sacrifices made to service debts, and multiple borrowing. The Inquiry's recommendations focus in particular on the need for greater information-

sharing across lenders; improved competition to address the concentration of loan volumes amongst a handful of lenders on the M-PESA mobile money platform; monitoring of pricing transparency; and for regulators to use administrative data analysis methods developed by IPA to monitor consumer protection risks in digital credit going forward.

City

Webinar

Country

Kenya