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## CONFERENCE 2021

THEME: BUILDING A RESILIENT ACCOUNTANCY PROFESSION  
AND ECONOMY IN A DISRUPTIVE ENVIRONMENT

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**VENUE**  
**Kenya School of**  
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# Entrepreneurship, Technology and Innovation

**Motivators of mobile phone debt financing  
among college students in Kenya**

**Micah O. Nyamita, Tom Mboya University College**

# OUTLINE



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# Background



Digital debt financing, which involves the use of mobile phone to borrow funds and repay it digitally, is consequently one of the major modern financial technology innovation of our times (Björkegren & Grissen, 2018).

According to Totolo (2018), mobile phone debt financing is above 90% among all phone users in Kenya, irrespective of the reason of borrowing.

In addition, Malala (2018) reported that by 2017, at least three-quarters of the youth who owned mobile phones in Kenya had accessed and utilized a formally acquired debt financing, including mobile phone loans.

Hence, this study attempts to determine the motivators of this kind of debt financing among the college students in Kenya.

# Problem statement



Digital loans have created a wave of transformation in Kenya's credit market over the past years.

The possibility of obtaining a loan through the phone opened doors, for millions of adults, to acquire private and formal credit.

On the other hand, some characteristics of these emerging form of credit, for instance, marketing, pricing, regulation gaps, possible products misuse and extensive reporting of borrowers for failure of repayment, has led to growing concerns over the products design as well as the unpleasant effects they apply on the consumers and the financial system at large (FSD Kenya, 2018)

In addition, research has indicated a lot of celebration and positive impact of digital credit and mobile money on businesses and entrepreneurship. However, there's is a research gap and very little information on the effect, both in the present and future, on the youth, mostly from developing countries.

# Objectives



The main aim of the study was to investigate the motivators of mobile phone debt financing among college students in Kenya.

The specific focus was on:

- ☐ How sensitization motivates mobile phone debt financing among college students in Kenya;
- ☐ How social influence motivates mobile phone debt financing among college students in Kenya;
- ☐ To what extent government regulation motivates mobile debt financing among college students in Kenya; and
- ☐ How credit terms of lending motivates mobile phone debt financing among college students in Kenya.

# Methodology



The study was guided by the united theory of acceptance and use of technology (UTAUT) in the perspective of the use of mobile phone platforms to access debt finance (Venkatesh, et al., 2003).

The study applied descriptive research design with a target population of 18,700, both female and male, students from four major colleges and universities in Kisumu City, Kenya.

Based on the Krejcie and Morgan (1970) sampling table, a sample size of 377 students was selected, using purposive sampling technique, and both quantitative and qualitative data collected using mixed-method approach, consisting of semi-structured interviews, questionnaires and existing literature.

Both descriptive and inferential statistics was applied and the regression analysis was done using the regression model 1 below:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon \dots\dots\dots 1$$

# Finding- Descriptive stats



Variable	Composite mean	Std. Deviation
Sensitization on mobile phone debt financing	3.279	1.261
Social influence on mobile phone debt financing	3.436	1.110
Government regulations on mobile phone debt financing	3.752	3.718
Credit terms on mobile phone debt financing	3.664	0.943
Mobile phone debt financing	3.474	1.182

# Finding- Regression stats



	Coefficients (B)	Std. Error	Sig.
(Constant)	.578	.147	.000
Sensitization	.017	.031	.586
Social influence	.029	.019	.121
Government regulation	.260	.033	.000
Credit terms	.545	.021	.000

Based on the results, the regression model 1 is:

$$Y = 0.5780 + .017X_1 + .029X_2 + .260X_3 + .545X_4 + \varepsilon.$$

# Conclusion



All the motivator variables, sensitization, social influence, government regulation and credit terms, were found to have a positive influence on the level of mobile phone debt financing among the college students in Kisumu, Kenya.

However, government regulation and credit terms were found to be the most significant motivators of mobile phone debt financing among college students in Kenya.

While it is true that mobile phone debt financing, and micro loans have led to broadening financial inclusion in Kenya and other parts of the world, the pace and speed at which mobile phone debt financing providers disburse short-term loans at very high interest rates is of great concern to economic policy makers, including the accountancy profession.

# References



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# Response?



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