May 2015 IJPSS Volume 5, Issue 5 ISSN: 2249-5894

OPERATIONS OF INFORMAL FINANCE GROUPS IN GACHAGI INFORMAL SETTLEMENT IN THIKA SUB-COUNTY, KENYA

Judy Mwangi (Corresponding Author)*

Prof. Elishiba Kimani**

ABSTRACT

Studies indicate that most people living in the informal settlements are usually poor and financially excluded. As such, they tend to rely on informal finance groups for their financial demands. Given that there exist several informal finance groups and for different purposes, this study sought to find out the salient features of informal finance groups. The study was conducted in an informal settlement, namely Gachagi in Thika Sub-County, Kenya. The study adopted a qualitative descriptive design, and was guided by behavioral life cycle hypothesis advanced by Thaler (1954). The target population was 20 informal finance groups comprising 10 Rotating Saving and Credit Associations (ROSCAs), 5 welfare/clan groups, 3 Accumulating Savings and Credit Associations (ASCAs) and 2 investment groups. Out of the 20 informal finance groups, a sample size of 11 informal finance groups comprising 5 ROSCAs, 3 welfare/clan groups, 2 ASCAs and 1 investment group were selected forming a sample of 55%. The main respondents of the study were men and women members of the selected informal finance groups including group officials. Study key informants included the Divisional Social Services Officer (DSSO), the Chief and two elders from the informal settlement. Data collection tools were Focus Group Discussion guides for men and women in informal finance groups and interview guides for key informants. Data collected was cross-tabulated for qualitative analysis. Findings revealed that the major group operations were regular contributions, holding group meetings, selection of group

* Mount Kenya University, Department Of Social and Development Studies, P.O Box 342-01000 Thika, Kenya

** Kenyatta University, Department Of Gender and Development Studies, P.O Box 43844-00100 Nairobi, Kenya

officials, ensuring safe keeping of group money, using a constitution as an operational guide, loan disbursement, keeping of group financial records and actualization of official registration of the group.

Key words: Operations, Informal finance groups, Informal settlement, Gachagi, Thika, Kenya

INTRODUCTION

Poor people have multiple demands on their scant resources. As such, they normally save for specific time and purposes mainly in situations that motivate them to save more. Field surveys reveal that they prefer small regular contributions that are collected at their convenient time and place (Karlan et al., 2004). At other time, some features like "illiquidity or commitment savings" that hinder withdrawal also facilitate more savings (Karlan et al., 2004). Informal networks of financial markets participants include money lenders, rotating savings and credit association (ROSCAs), mobile saving collectors, mutual assistance groups, landlords, neighbors, friends and family members (Meier, 1970).

The common features of informal financial transactions could be summarized as follows: no written records of transactions, no collaterals or security for loans, very few restrictions on transactions with someone who wishes to be involved, short-term lending, manageable rates to the borrower and different rate structure (Karunagoda, 2007). According to FinAccess (2009) survey 82.2 % of WCGs members reported holding regular meetings, 59.2 % have a constitution; this means that these informal groups have principles and rules that set their operation even if these rules are not necessarily written down. 58.5 % report that their Welfare/ Clan Groups (WCGs) elect their officials. Although WCGs are referred to as 'informal groups,' 46 % have a certificate of registration which would normally be with the Ministry of Culture and Social Services and is necessary in order to hold a bank account

Gugerty identified three different mechanisms for allocating the lump sum in her Western Kenya sample: random draw before the new Rotating Savings and Credit Associations (ROSCAs) round (42%); negotiated order before the new ROSCA round (21%); and pre-existing order from previous rounds (34%) (Gugerty, 2004). Anderson et al. (2004) categorised ROSCAs based on whether the ROSCA had elected leaders and whether it had a written constitution. If it had both, the ROSCA was "fully formalised". If it had either elected leaders or written rules, it had 'some formalisation' and if it had neither rules nor elected leaders, it was categorised as 'non-formal'.

The simple nature of the ROSCAs organisation and its small size tend to keep transaction costs low. Little organisation or book-keeping is necessary and the collection of contributions and distribution of the kitty may be carried out simultaneously if members bring their contributions to a meeting and the winner departs with the kitty. The basic simplicity of the system and the considerable flexibility in terms of the size of the group, the size of contributions, the length of the cycle and the method of rotation suggest that ROSCAs should be capable of allowing particular groups to target themselves.

Regarding Accumulating Savings and Credit Associations (ASCAs), 79.9 % hold meetings on a regular basis, this being the most frequently reported feature. 69.5 % have a constitution and this feature is associated with gender, having more men (79.4%) reporting a constitution in their ASCAs compared to women (60.4%). The third most frequent feature is that 68.7 % of ASCAs elect their officials and the fourth is that 67.3 % have a certificate of registration (FinAccess, 2009).

According to FinAccess, (2009) survey, 65.3 % of ASCAs have a bank account, 64.7 % take minutes. In 52.7 % of groups, there was a passbook to register deposits. These patterns are associated with the gender of the members: more men (70.6 %) carry out these practices compared to women (48.8 %). In addition, 43.3 % of ASCAs have a passbook for recording savings and credit of each member, and this pattern is more common in urban areas (64.4%) than rural areas (38.6%). Similarly, the proportion of urban ASCAs (27.1%) having a group cheque book is larger compared to that of rural ASCAs (16.6%). For investment groups, the least common type, 93.4 % undertake their meetings regularly and this is the highest across all types of groups. 78.9 % of investment groups elect their officials and 75.3 % have a bank account. 76.2 % report a constitution and 74.1 report keeping accounts (FinAccess, 2009).

Statement of the Problem

In spite of policy reforms aiming at expanding the formal financial institutions to reach the poor, studies show that majority of the poor continue to use informal finance groups. This is in spite of the financial sector reforms and establishment of micro finance institutions to serve the financial needs of the poor. Studies also indicate that majority of the poor including those living in the informal settlements result to informal saving groups as a result of being excluded from the formal financial institutions. However, empirical studies regarding the gendered operations of these mechanisms and their implications are scanty. It is also not clear if these informal finance groups are operated on the basis of gender. In this context, this study focused on the operations of informal finance groups in the informal settlements.

Objective of the Study

The study sought to:

i. Identify the demographic characteristics of men and women participating in the informal finance groups.
ii. Establish the operations of informal finance groups existing in the study area.
iii. Identify the strategies to enhance savings for the men and women in the informal finance groups.

Theoretical Framework

This study was guided by the Behavioral Life Cycle Hypothesis advanced by Thaler in 1954 (Thaler & Shefrin, 1988). This model has four key propositions: First, it emphasizes that individuals have difficulty resisting temptations to spend, even when saving money is in their best interests. Secondly, it suggests that individuals create their own incentives or constraints to help them save. Thirdly, that individual classifies economic resources into separate "mental accounts." The temptation to spend resources is expected to vary by account. For example, Thaler (1990) suggest that individuals earmark resources as current income, current assets, or future income and are quite likely to spend money designated as current income and quite unlikely to spend money designated as future income.

Fourthly, Thaler (1990) contend that the source and amount of resources received determines how resources are earmarked. In this context, men and women living in the informal settlement areas earmark their minimal resources into unlimited needs such that the little amount of funds which remain is given out as a contribution in the informal finance group. In relation to the study, the theory explains why the informal finance groups act as an avenue for the men and women and why the policies aiming to achieve finance for all should be scaled up to improve financial savings of the poor especially those living in informal settlement areas.

Conceptual Framework

Savings for men and women in the informal finance groups is seen to be highly influenced by several factors and operations of informal finance groups. As illustrated in figure 1, factors include a need for saving; accessibility to finance; social networks; emotional support; negotiability and commitment mechanisms as dependent variables while the operations include group regular contribution, holding group meetings, selection of group officials, ensuring safe keeping of group money, using a constitution as an operational guide, loan disbursement, keeping of group financial records and actualization of official registration of the group. The figure further shows that men and women savings in informal finance groups may be influenced by challenges such as: delayed payments, mismanagement, poor governance, defaulting, misuse of negotiable principle, and lack of financial knowledge. On the other hand, given the important role of savings whether in the formal or informal and as reviewed by the literature, it is important that practical strategies be put in place to enhance saving.

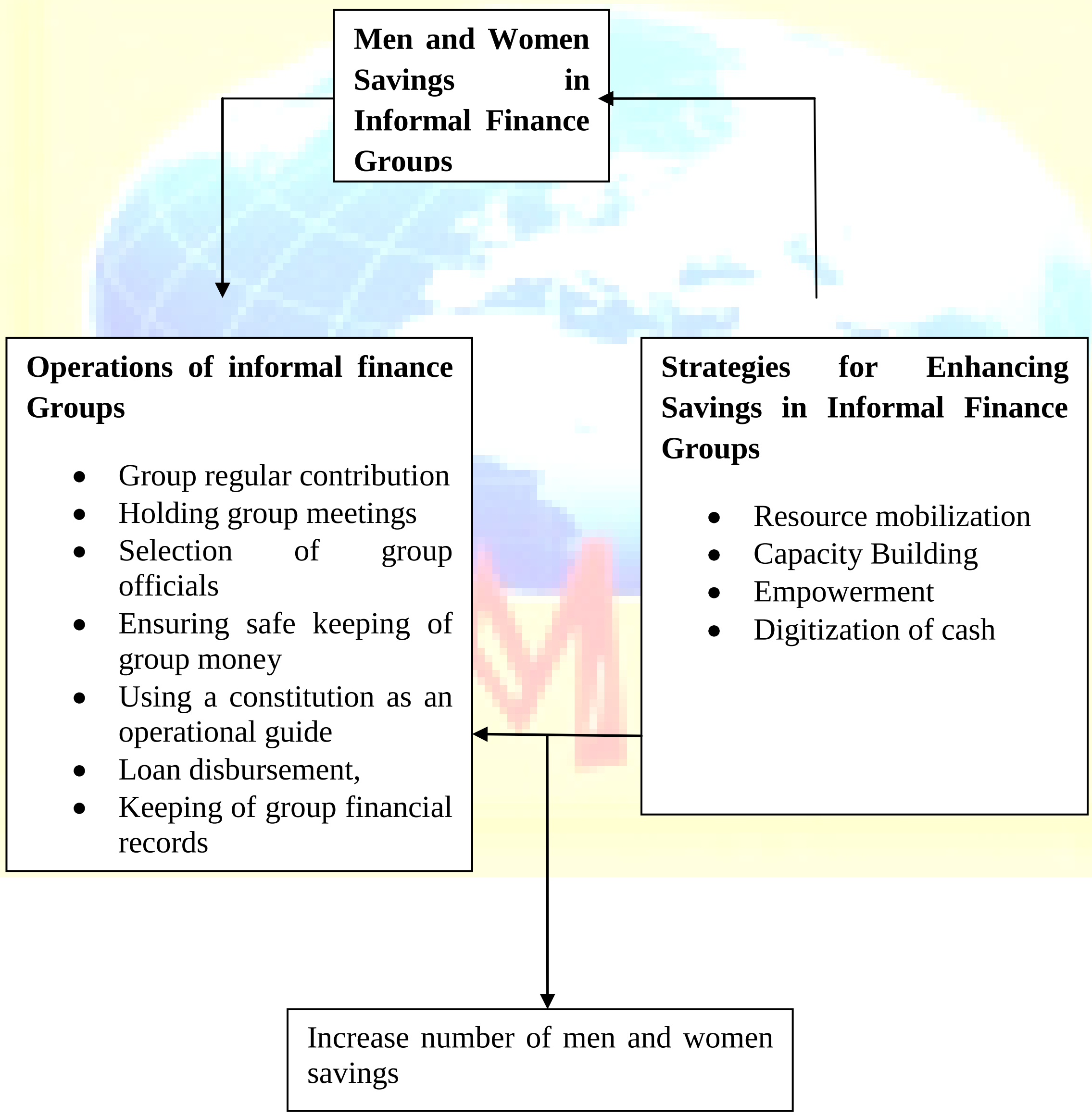

Figure 1: Enhancing savings for men and women in informal finance groups

METHODOLOGY

The study was carried out in Gachagi informal settlement in Thika Sub-County, Kenya. This study adopted a qualitative descriptive design targeting men and women in the informal finance groups. The design allowed the generation of information on operations of informal finance groups.

The study targeted informal finance groups in the area of study where there were 20 informal finance groups comprising 10 Rotating Saving and Credit Association (ROSCAs), 5 welfare groups, 3 Accumulating Saving and Credit association (ASCAs) and 2 Investment groups. Each informal group had an average of 20 members giving a total of 400. Additionally, the study targeted the Divisional Social Services Officer (DSSO), the Chief and two elders from the informal settlement who provided useful insights into operations of informal finance groups.

A proportional sample of the informal finance groups was selected as follows: five (5) out of ten (10) ROSCAs, three (3) out of 5 Welfare Groups, 2 out of 3 ASCAs and 1 out of 2 investment groups using simple random sampling technique. This gave a total of 11 informal finance groups representing 55% of the total population. From the sampled informal finance groups, stratified random sampling technique was used to select 12 participants making a total of 42 men and 42 women to form two FGDs for each gender and three for mixed gender. From the 84 members selected 36 were from ROSCAS, 24 from welfare groups, 12 from investment groups and ASCAS. The number chosen was proportionate to the total number of the men and women from each category. The DSSO, the Chief, the chair person, the treasurer and the secretary from each group and two elders form the informal settlement were included in the sample as key informants.

The study utilized two instruments for data collection, namely Focus Group Discussion (FGD) guide for men and women in the selected informal finance groups and interview schedule for the key informants. Data Collected was cross-tabulated for qualitative analysis.

FINDINGS AND DISCUSSIONS

The presentation of the findings is on the basis of study objectives which were to identify the demographic characteristics of men and women participating in the informal finance groups, establish the operations of informal finance groups existing in the study area and identify the strategies to enhance savings for men and women in the informal finance groups.

a. Demographic Characteristics of Men and Women in the Informal Finance Groups

Data analysis revealed that demographic characteristics were some of the factors that made men and women participate as members of the informal finance groups in the area of study. These characteristics included gender, age, marital status, economic status as well as formal educational level.

i) Gender

The analysis of informal finance groups' members by gender is tabulated on the basis of Rotating Savings and Credit Association (ROSCAs), Accumulating Savings and Credit Associations (ASCAs), Investment Groups (IG) and Welfare Groups (WG). The findings showed that, only ROSCAs had most members being women at 64% while the others had majority as men, majority being in investment group with 75% against 25% women. Women were majority in ROSCAs at 64% compared to men at 36%. Similar studies in Western rural areas and Nairobi indicated that ROSCA members were more likely to be women (Anderson et al., 2004; Gugerty, 2007). Similarly, Johnson (2004) found that in Central Kenya, 66% of women in the sample were members in ROSCA as compared to 30% of men.

Men on the other hand were dominant in investment groups at 75%. The findings also revealed that there were more men in welfare groups. The reason for this as the study was informed was that the welfare groups were mostly represented by the household heads, majority of whom were men. It is then not a wonder that 68% of men and women were married.

ii) Age

The findings show that men and women who joined informal finance groups were in the age range of 30- 50 years, with the modal range being 41-50 years. The findings revealed that most men and women who joined informal finance groups were above 31 years at 92%. Further data analysis revealed that only a few (8%) men and women below the age of 30 years were in the sampled informal finance groups specifically in ROSCAs and welfare groups. It was found that the oldest person among the respondents were a woman of 70 years while the oldest man was 65 years old, both of whom were members of a welfare group. Further data analysis revealed that majority (42%) of men and women over 50 years preferred welfare groups. These findings concur with the report by FinAccess (2009) that age is significantly associated with welfare membership with a significant likelihood that those of 55 years and above belong to welfare groups.

iii) Marital status

The findings revealed that, in relation to marital status majority of the respondents (68%) were married, compared to the single (5%), separated (14%) and widowed 13%. While the married and widowed men and women were all in the informal finance groups, the single were mainly members in ROSCAs. This collaborates with FinAccess report (2009) that single respondents were 1.6 times less likely to belong to a welfare group than married respondents. Notably, there were no separated men and women in ASCAs and investment group.

iv) Economic status

Generally, the study established that the men and women who were in informal finance groups were poor. It was found that majority of the respondents earned between KES 1,001-3,000 per month (35%) and the least earned KES over 5,000 (12%). Further data analysis revealed that the majority of men and women (88%) who joined informal finance groups from Gachagi informal settlement area earned less than KES 5,000 per month. This was found to be so because they relied on unreliable sources of income, mainly casual engagements on daily basis. It further revealed that 54% of women earned less than KES 3,000 per month, compared to 46% of men. This shows that women were economically disadvantaged.

v) Level of formal education

In terms of level of education, the study established that majority of men and women had primary school level of education (47.6%) while the least number had post secondary education (3.6%). The findings further revealed that the level of education to some extent determined the economic status of the respondents as most of them were found to be earning less than KES 5,000. Interestingly, the study also found that the level of education determined the level of group organization and financial literacy of the members. This was because majority of the respondents with no formal education were in welfare groups (67%) followed by ROSCAs (33%) while the least were in the investment groups (17%). The majority of those with secondary school level of education and above were however in investment group (33%) while the least were in ROSCAs (14%). These findings concur with the report by the United Nations (2013) which observes that women represent two thirds of illiterate adults worldwide, and that since 1990 the literacy rate among adult women has risen by 10% compared to 7% for men.

b. Operations of Informal Finance Groups

The findings indicated that the informal finance groups that men and women participated in were of four categories as shown in table 1. The table shows the participation on the basis of gender

Table 1: Classification of informal finance groups on the basis of their operations

Activities	Men	Women	Mixed gender	Total
ROSCAs	1	3	1	5
ASCAs	1	1	0	2
Welfare	1	1	1	3
Investment	0	0	1	1
Total	**3**	**5**	**3**	**11**

Within each of the broad activities of the informal finance groups data analysis revealed some specific operations which included regular contributions, selecting group officials, group meetings, actualization of official registration of the group, safe keeping of group money, keeping financial records and loan disbursement as shown in table 2.

Table 2: Operations of informal finance groups sampled

Operations		ROSCAs N=5	ASCAs N=2	Welfare N=3	Investment N=1
Regular group members' contribution		5	2	3	1
Holding group meetings	Regular meetings	0	2	0	1
	Irregular meetings	5	0	3	0
Use of a constitution as an operational guide	Had a written constitution	1	2	1	1
	Unwritten constitution	4	0	2	0
Actualization of official registration	Acquired official registration with the	1	2	0	1

of the group	Department Of Social Services				
Selection of group officials	Electing group officials	5	2	1	1
	Appointing group officials	0	0	2	0
Ensuring safe keeping of Group's money	Operated a bank account	5	2	0	1
	Operated a safe box for safe keeping of cash	0	0	3	0
Keeping of group's financial Record	Had a passbook for registering members savings and loans	5	0	3	0
	Kept books of accounts	0	2	0	1
Loans disbursement to group members	Internal loans	5	2	3	1
	External loans	5	2	0	1

i) Regular Group members' Contribution

Data analysis revealed that the amount, frequency of contribution and mode of contribution varied among different groups. The findings revealed that the amount of contribution in ROSCAs ranged between KES 20 to 200 per contribution. In ASCAs the amount of contribution ranged between KES 50 and 150 per contribution. In welfare group, the amount ranged between KES 50 and 100 while in investment it was KES 200 per contribution. In relation to frequency of contribution, it was found that in ROSCAs the period ranged from daily, weekly and monthly and it varied between different ROSCA groups. It was found that two groups contributed on daily basis, three on weekly basis and one ROSCAs group was contributing once per month. In ASCAs, one group made contributions after every one month while the other group contributed after every two weeks. In welfare groups, two groups contributed on a monthly basis while the remaining one contributed weekly though it was found that in the event of sickness or death, members were prompted to pay an extra amount for the course over and above their normal contribution. For the investment group, it was found that they did their contribution on a monthly basis.

In relation to the mode of contribution in ROSCAs, it was found that the contribution was in form of cash given to the treasurer, chairperson or a designated person from the group at a designated time. It was found that the members received a pot (total contribution from all the members) without any interest. The findings concur with Gugerty (2004) report that ROSCA members organize payments in several ways. Members meet and exchange funds in face to face interaction, or they may appoint a president or other individual to collect and allocate funds.

In ASCAs and investment groups, it was found that the amount of money contributed was deposited in the group bank account on the agreed date and the deposit slip passed on to the treasurer or the chairperson within the agreed time. The findings are in line with Anderson and Baland (2002) that when a member fails to contribute, groups usually resort to a system of progressive sanctions, usually preceded by an attempt to establish the reasons for the member defaulting. They visit the member at his home or send warning letters. In absence of a satisfactory reaction, they take some possessions to compensate for the loss. Similarly, Besley et al. (1993) established that ROSCAs use preexisting social connections between individuals to help circumvent problems of imperfect information and enforceability. Similarly, Handa and Kirton (1999) pointed out that crucial to the success of ROSCAs is the social collateral that ensures sustainability.

ii) Holding group meetings

Holding group meetings was another operation which was found to be in all sampled informal finance groups. It was found to be of two types: regular and irregular group meetings. The ASCAs and investment groups were found to have regular meetings in a fixed venue. However, further data analysis revealed that regular meetings were common in ASCAs and investment groups whose majority members were men. On the other hand, it was found that ROSCAs and welfare groups held irregular meetings. The reason for irregular meetings as explained during FGDs was that selected officials mainly the chairperson or the treasurer regularly collected the contributions from members and organized for the pay outs to the group beneficiaries. These findings contrast with Gugerty (2004) report which observed that informal group meetings are generally celebratory events, as reflected in the local names for ROSCAs '*merry-go-round*'. Similarly, Anderson and Baland in their study (2002) emphasized the importance of the informal finance groups meetings in that they recommended that any member who misses three meetings consecutively without any proper reason, deserve to be expelled from the group.

iii) Use of a constitution as an operational tool

It was found to be either written or unwritten in different categories and groups of informal finance groups. The written group constitution was found to be common among ASCAs, investment groups, one ROSCA and welfare group. Group constitution was found to be important because it determined the decisions made by the groups. This concurs with Johnson et al. (2010) findings which indicated that 42.7 % of ROSCAs had a constitution which was the lowest frequency of all group types. Similarly, FinAccess report (2009) observed that 76.2 % of investment groups reported having a constitution with 79.4% of men reporting having a constitution in their ASCAs compared to 60.4% of women

The remaining ROSCA and welfare groups were found to have rules and regulations though not written down. This is in line with Anderson et al. (2004) findings which categorized ROSCAs based on whether the ROSCA had elected leaders and whether it had a written constitution. If it had both, the ROSCA was 'fully formalized'. If it had either elected leaders or written rules, it had 'some formalization' and if it had neither rules nor elected leaders, it was categorized as 'non-formal'.

iv) Actualization of official registration of the group

It was revealed that registration was common among groups whose majority of the members were men as compared to women. It was then not a wonder that groups that had more men in ASCAs (58%) and investment groups (75%) had acquired a certificate of registration. It was also revealed that some ROSCA groups had also acquired a certificate of registration while the one welfare group was in the process of registration. The findings are in line with Johnson et al. (2010) that 20% of ROSCAs, 46 % of welfare groups, 69.5 % of ASCAs and 76.2% of investment groups had a certificate of registration which would normally be with the Ministry of Culture and Social Services and is necessary in order to hold a bank account.

v) Selection of group's officials

The findings revealed that in informal finance groups used two methods to select their officials: election through secret ballot and appointments by members. The FGDs revealed that the investment group elected four officials with clearly defined terms of office. It was found that in one ASCA group members elected four officials the chairperson, the secretary and assistant secretary and the treasurer while the other one elected only the chairman, the treasurer and the secretary. It was found that ROSCAs elected officials but the positions varied. It was found that in two ROSCA groups, members elected only the chairman and the secretary. No wonder, it was observed that the chairman was performing the financial functions of the groups in addition to chairmanship duties. Also the observation revealed that the other two ROSCA groups had only one position that of chairperson who did all the group coordination activities while the remaining one ROSCA had three positions for secretary, chairperson and treasurer. This is in line with Johnson et al. (2010) which reported that 46.1% of ROSCA members reported that their groups had elected officials to run the activities of the group. In the welfare groups, one group had elected positions of leadership where they elected two officials that are the chairperson and the treasurer. While the remaining two groups appointed their leaders.

vi) Ensuring safe keeping of group's finances

The findings revealed that safe keeping of group's funds was of two categories: those groups which operated a bank account and those which kept a safe box. It was found that groups had either a bank account or a safe box for safe keeping of the members' contributions and savings. The data analysis revealed that apart from three welfare groups, all the other informal finance groups operated bank accounts as a requirement from the Department of Social Services.

It was found that the welfare groups did not operate a bank account because they operated safe box for the safe keeping of their money. They reported that they did not keep a lot of money in liquid cash because the money received is distributed immediately to the beneficiaries and the remainder is kept in the safe box.

vii) Keeping financial records

The financial records in informal finance groups in Gachagi informal settlement area were found to be of two forms: books of accounts and pass book. Both pass books and books of accounts were used by groups to keep financial records for their groups as evidence of financial transactions. This is in consistence with Johnson (2005) that ASCAs and investment groups kept books of accounts, again this tended to be associated with men using these groups more than women. It was found that apart from three groups, the remaining eight groups did not keep books of accounts even though the members complained about lack of financial documents. This was in line with Johnson (2005) who reported that 32.5% of the groups reported to keep books of accounts; significantly, more men reported that their groups kept records compared to women. That not many ROSCAs groups kept books of accounts is not surprising since their operations are the simplest of all the informal finance groups.

The pass book on the other hand was found to be a book kept by the group to fill in regular group activities in relation to the contributions, savings and loans disbursed to the members. The FGDs revealed that this was mostly associated with women groups as compared to men groups and mostly amongst ROSCAs groups which had a savings accumulation and loan function. This was also observed during FGDs where the groups had a pass book for recording all the members' contributions and other group financial activities.

viii) Loan disbursement to the group members

The analysis of the information generated through FGDs and interviews revealed that in Gachagi informal settlement area, borrowing of loans was of two forms: internal and external borrowing. Internal loans was found to be giving out of money from the group contribution to members who were required to pay back with a small interest while external loans was found to be taking a loan from banks and micro finance institutions with the group as a guarantor. It was found that for one to be given a loan, he/she must have met four conditions set by the informal finance groups: be an active member of the group; contribute regularly; have saved the minimum required amount of money and have a good past record in relation to loan repayment. These sentiments supports the findings by Anderson et al. (2004) which suggested some conditions to qualify members for a loan; that is formal employment, higher incomes, owning a dwelling and previous participation in ROSCAs as indicators of an individual's 'trustworthiness'.

c. Strategies to Enhance Informal Finance Groups Operations

The study findings revealed two strategies for enhancing informal finance groups operations, namely capacity building of informal finance group members and mechanisms to enforce group registration.

i) Capacity building of informal finance group members

Capacity building of informal finance group members as a strategy was predominantly suggested by women and men from the four informal finance groups. It was found that men and women felt that training should focus on resource mobilization, empowerment, leadership, financial management and simple book keeping skills. This is in line with the findings by Akinrinola & Mafiisebi (2009), whose study reported that one way of improving informal finance groups is through re-enforcing and capacity building. Since the low income earners are credit constrained, a well funded informal credit institution with good management practices will provide the needed fund for the poor to embark on sustainable income generating ventures and adequate training would trigger entrepreneurship spirit and effective management.

ii) Mechanisms to enforce group registration

The study revealed that 64% of groups were not registered even though it is a government requirement through the Department of Social Services. The FGDs revealed that a significant number (64) of members comprising 40 men and 24 women from the four categories of informal finance groups recommended that the national and county governments should come up with some mechanisms for enforcing group registration. Enforcing group registration mechanisms was mostly suggested by ASCAs and investment groups with 92% each. These results concurred with the report by FinAccess, (2009) which revealed that although welfare groups are referred to as 'informal groups,' 46% have a certificate of registration which would normally be with the Ministry of Culture and Social Services and is necessary in order to hold a bank account.

CONCLUSION

The study concludes that men and women in Gachagi informal settlement operate various informal finance groups to enhance their savings. The main operations of informal finance groups include group regular contribution, holding group meetings, selection of group officials, ensuring safe keeping of group money, using a constitution as an operational guide, loan disbursement, keeping of group financial records and actualization of official registration of the group. The study mainly noted the low level of education and economic empowerment for the men and women, hence the need for capacity building and economic emancipation in order for them to utilize formal financial institutions. The study however appreciates that other strategies are critical in this endeavor, especially mechanisms to enforce informal finance groups' registration as a way of improving financial security of the poor.

RECOMMENDATIONS

a) The Department of Social Services and formal financial providers should undertake awareness campaigns safe keeping of money, use of formal financial institutions and important of group registration among others.

b) The government, through the Department of Social Services and formal financial institutions should provide capacity building trainings on effective group leadership, simple record keeping and financial management skills.

c) The county government of Kiambu in collaboration with local organisations through the guidance of gender experts should develop training programmes on issues of gender balance with emphasis on practical gender needs of women which limits their benefits from the groups.

REFERENCES

Akinrinola, O. O. & Mafiisebi T. E. (2009). *Contributions of Informal Savings and Credit Institutions to Rural Development: Evidence from Okitipupa Multi-Purpose Cooperative Union, Ondo State, Nigeria*. Journal of Rural Cooperation.

Anderson, S. and Baland, J. (2002). *The economics of ROSCAS and intrahousehold resource allocation*. The Quarterly Journal of Economics: 963-995.

Anderson, S. Jean-Marie, B. and Karl Ove, M. (2004). *Enforcement and organizational design in informal savings groups*. Washington DC: Bureau for Research in Economic Analysis and Development.

Besley, T., Stephen, C. and Glenn, L. (1993).*The Economics of Rotating Savings and Credit Associations.* American Economic Review 83(4):792-810.

CGAP (2009). *Measuring Access to Financial Services around the World. World Bank.*

FinAccess (2009). *Financial Inclusion in Kenya, Survey Results and Analysis from FinAccess 2009*, ISBN Number: 978-9966-019-00-4.

Gugerty, M. K. (2004). *You can't save alone: Commitment in Rotating Savings and Credit Association in Kenya.* Economic Development and Cultural Change (55): 251-282.

Handa, S. and Kirton, C. (1999) *'The Economics of Rotating Savings and Credit Associations: evidence from the Jamaican 'Partner''*, Journal of Development Economics 60: 173-194.

Johnson, S. (2004). *Gender norms in financial markets: Evidence from Kenya.* World Development 32(8):1355-1374.

Johnson, S. (2005). *Fragmentation and embeddedness: An Alternative Approach to the analysis of rural financial markets*. Oxford Development Studies 33(3&4): 357-375.

Johnson, S., Malkamaki, M. and Nino-Zarazua, M. (2010). *The role of informal groups in financial markets: evidence from Kenya*. Centre for Development Studies, University of Bath.

Karlan, D., Ashraf, N. and Wesley, Y. (2004). *Market Survey Report*; UK: Universities of Princeton and Harvard- Mimeo.

Karunagoda, K. P. N. S. (2007). *Informal markets for financial services in Sri Lanka*. 19th Anniversary Convention Central, Bank of Sri Lanka Staff Studies

Meier, R.L (1990) *Reducing the transaction cost of Financial Inter Mediation: theory and Innovations* Paper Presented at the International conference on savings and credits for Development, Copenhagen, May 25-31.

Mugenda, O. M. and Mugenda, A. G. (2003): *Research Methods: Quantitative and Qualitative Approaches*. Nairobi: Acts Press.

Shefrin, H. M. & R. H. Thaler. (1988). "*The behavioral life-cycle hypothesis*." Economic Inquiry 26:609-643.

Thaler, R. H. (1990). "*Saving, fungibility and mental accounts*." Journal of Economic Perspectives .

United Nation, (2013). *The millennium development goals report*. New York, United Nations

World Bank, (2008). *Finance for All? Policies and Pitfalls in Expanding Access*. A World Bank Policy Research Report. Washington DC: The World Bank.