INFLUENCE OF ONLINE MONEY LENDING PLATFORMS ON ECONOMIC SECURITY OF *BODA-BODA* RIDERS IN RUIRU SUB-COUNTY, KIAMBU COUNTY, KENYA

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DECLARATION

This thesis is my original work and has not been presented to any other institution or University.

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DEDICATION

In recognition of my family's unfaltering encouragement and motivation during my pursuit of a master's degree, I dedicate my study to them.

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ABSTRACT

Access to financial services in emerging nations has been greatly enhanced by the rapid rise of technology. There can no longer be any doubt about the indisputable role that technology plays in facilitating the expansion of national economic activity through enhanced productivity, efficiency, and access to markets. This study focused on how online lending platforms influenced the economic security of boda-boda riders. This study sought to determine the effects of accessibility of online credit facilities, the effectiveness of the regulatory framework governing online money lending platforms, and the economic security challenges facing *Boda-boda* riders in Ruiru Sub County. The study considered Financial Growth Theory, Asymmetric Information Theory, and Technology Acceptance Model. A descriptive research design was used in this investigation. The boda-boda riders of Kiambu County's Ruiru Sub County were the intended respondents of this research 2346 in total. A cluster sampling procedure was applied to select the subjects of the study based on geographical location. Ruiru sub-county was stratified based on wards. The sample size was 365 respondents. A questionnaire designed to address the study's objectives was used to gather data. Descriptive analysis was used to examine the data. Results were shown in the form of tables, charts, and figures when the data was coded and analyzed using SPSS version 26. A total of 294 out of 365 questionnaires were analyzed, representing a response rate of 80.5%. The majority of respondents were male (93%), indicating a male-dominated *boda-boda* sector. A significant portion of the riders fell within the age bracket of 26-35 years, suggesting that the boda-boda business attracted mainly youthful individuals seeking employment opportunities that did not require extensive skills. The findings indicated that a high percentage of riders had KCPE and KCSE certificates as their highest level of education, highlighting the trend of individuals opting for boda-boda business as a quick way to earn money without needing advanced education. The study found that *boda-boda* riders extensively utilized online money-lending platforms to access loans or credit which is influenced by key factors like the convenience of applying for loans through online platforms, compared to traditional methods, the flexibility in repayment terms offered by online platforms and the awareness and visibility of online money lending platforms through advertising and promotions. The positive influence is achieved by these services serving as a safety net for households by enabling them to manage financial shocks and smooth consumption patterns more effectively. The study’s recommendations included enhancing financial literacy programs, promoting alternative financing options, and strengthening data privacy regulations to protect the economic security of boda-boda riders mitigating risks associated with online lending platforms

DEFINITION OF TERMS

Boda-Boda: Informal motorcycle taxi operators or riders who provide transportation services, primarily in urban and rural areas of Kenya.

Digital Credit: Refers to the provision of financial services, particularly credit or loans, through digital platforms or mobile applications, enabling Boda-Boda riders in Ruiru Sub-County, Kiambu County, to access funds electronically.

Digital solutions: Technological tools and platforms addressing financial challenges

Economic Security: Economic security for Boda-Boda riders in Ruiru Sub-County, encompasses the financial stability and resilience achieved through factors like consistent income from their business, access to affordable credit, and protection against financial risks and shocks.

Financial literacy: Understanding and knowledge of financial concepts and services

Online Money Lending: Online money lending involves the process of disbursing loans or credit to Boda-Boda riders in Ruiru Sub-County, Kiambu County, through internet-based platforms or applications.

Technology access: Availability and ability to use technological resources

ABBREVIATION AND ACRONYMS

BBAO	Boda-Boda Association Officials
BBR	Boda-Boda Riders
CBA	Commercial Bank of Africa
CBK	Central Bank of Kenya
CRB	Credit Reference Bureau
GDP	Gross Domestic Product
GPS	Global Positioning System
KCB	Kenya Commercial Bank
KCPE	Kenya Certificate of Primary Education
KCSE	Keya Certificate of Secondary Education
OLPO	Online Lending Platforms Officials
SACCOs	Savings and Credit Cooperative Organizations
TAM	Technology Acceptance Model
UK	United Kingdom

CHAPTER ONE

INTRODUCTION

1.1 Introduction

This chapter covers background of the study, statement of the problem, Purpose of the study, objective of the study, hypothesis, significance of the study, the scope of the study Delimitation and limitations of the study, assumptions of the study and ends with theoretical frameworks showing interaction of variables.

1.2 Background of the Study

New business logic, such as how firms operate and create value for their stakeholders using digital frameworks, has been defined by the emergence of digital environments brought about by business information technology (El Sawy & Pereira, 2013). Credit availability, monetary policy, and the payment system have all been impacted by technological developments in the financial sector (Cornelli et al., 2021). Due to technological advancements, developing nations now have much easier access to financial services (Wu, 2019). There can no longer be any doubt about the indisputable and irreversible role that technology plays in boosting national economic activities' growth via enhanced efficiency and productivity and expanded access to markets (Islam, Habes & Alam, 2018).

One of the most important new digital financial technologies that is changing the financial services industry via financial inclusion is mobile credit, according to Blechman (2016). The use of new technologies is altering the patterns of borrowing and lending throughout the world (Manyika et. al., 2016). According to Berg (2015), conventional

lending methods are evolving as a result of technological advancements in the credit processing industry. Ross and Bloomberg News (2012), posit that one example of mobile lending is when a customer applies for a loan using their mobile phone and the bank approves it. On the other hand Koksal (2016), one notable breakthrough in the digital credit industry is mobile lending. Its global reach is expanding at a rapid pace. The unbanked clients who have been overlooked by traditional banks are the driving force behind this expansion (Mbui, 2018).

In addition, an important aspect of digitization is the creation of networks that connect people, artifacts, and computers (Dorner & Edelman, 2015). To meet the challenge of offering customers new, better, or unique value propositions, digital innovation makes use of digital infrastructure and technology. El Sawy and Pereira (2013) state that contemporary digital technology, which integrates data, computation, communication, and networking, is largely responsible for this. This "consumer society" (Baudrillard, 2021) is characterized by the widespread availability of both savings and borrowing goods made possible by digital technology.

Furthermore, Borrowing and repaying loans using digital platforms is referred to as digital credit. Ever since the first digital credit solution went live in Kenya, the industry has grown at a dizzying rate, allowing unprecedented access to the country's economy and financial sector. Mobile loan disbursement apps allow customers to apply for and get loans quickly and conveniently using their smartphones and other mobile devices. Totolo (2018) notes that these days the majority of reputable lenders, including commercial banks, provide digital credit via privately built apps that can swiftly and easily distribute highly-priced, short-term loans.

Direct lending and borrowing between borrowers and lenders takes place in a decentralized market known as online platform credit lending (Mustafina, Kaigorodova, Alyakina, Velichko, & Zainullina, 2020). In order to apply for a loan, borrowers must first disclose their present financial status. Lenders may evaluate borrowers' financial situations and determine an acceptable interest rate using this data in conjunction with credit ratings and recommendations from peers.

Persistent difficulties exist despite over two decades of financial inclusion policies, according to Lewis and Lindley's (2015) research of financial education, regulation, and inclusion in the UK. Many people, even the most vulnerable among them, were unable to access cheap financial goods and services, according to the report. After years of rapid development, Pakistan's telecom industry has finally caught up to global norms for reliability and security. The telecom business, which was formerly out of reach for most people financially, is now accessible to the middle class and lower classes (Glavee & Shaikh, 2017).

In terms of money lending services, Africa is in the forefront. First, the majority of Africa remains unbanked, with over 80% of individuals without access to banking services. Secondly, mobile money banking services have significantly facilitated financial inclusion in the continent. Finally, the achievement of financial inclusion has been acknowledged as a primary goal for advancement (Fanta & Mutsonziwa, 2021). Kaffenberger, M., & Totolo, E. (2018) observed in their research on digital credit markets in Tanzania that digital credit is influenced by a group of active participants who borrow on a monthly or even weekly basis.

For instance, Kenya offers many forms of digital credit (Suri & Jack, 2016). The models include many methods such as using mobile apps, mobile money wallets, payroll loans, and a diverse array of service providers including banks, mobile network carriers, and savings and credit cooperative organizations (SACCOs). Gikunda, Abura, and Njeru (2014) found that M-Pesa, a mobile money service from Kenya, had significant success by attracting a large number of mobile users who had not previously established a traditional bank account. Lending practises include regular actions within the borrowing and lending process (Cole, Kanz & Klapper, 2012).

A wide range of models have been developed by digital credit providers, from large commercial banks to smaller private companies, to assess clients and provide them credit. Big players CBA-Mshwari and KCB-Mpesa teamed up with Safaricom, the leading telecom services provider, to use the M-Pesa infrastructure to handle customer ratings, credit disbursement, and repayment (Totolo, 2018). The outcome of these innovations is quite debatable; some have benefited greatly from them, while others have fallen into a deep financial pit of debt. The corporate landscape and customer interactions have been transformed by digital advances and game-changing disruptors made possible by these new technologies.

The majority of Digital Lending Applications primarily provide unsecured personal loans, resulting in lenders imposing higher interest rates due to the elevated risk associated with their clientele. In Kenya, Digital Lending Applications impose comparatively higher interest rates than other banking institutions. The Central Bank has imposed a limit on the bank's interest rate, allowing it to charge a maximum of four percentage points over the set rate. As a result, the bank has maintained an interest rate of

9-10%, which translates to a total annual interest rate of around 13-14%. This restriction has been in place since it was introduced by the Central Bank of Kenya in 2016. Equity's Eazzy Loan imposes an interest rate of 14.5% along with a 1% insurance fee. Safaricom's MShwari applies a monthly interest rate of 7.5%, while KCB M-Pesa offers loans at a monthly interest rate of 3.91%. Although these loans impose exorbitant interest rates and assist customers facing short-term financial difficulties (Karlan & Zinman 2010; Morse 2011), they also have detrimental consequences, such as leading to bankruptcy and excessive debt in the long term (Skiba and Tobacman 2009), thereby posing difficulties in repaying the loans (Melzer 2011).

Moreover, individual interactions with financial services are evolving due to the proliferation, acceptance, accessibility, and use of mobile money. Researchers Jack and Suri (2021) looked at M-Shwari in Kenya and found that it helps families deal with sudden drops in income. Other results are not negatively impacted, according to the report. Researchers Bjorkegren et al. (2021) examined a Nigerian digital smartphone loan app and found that it improved users' subjective well-being, but had no discernible impact on other welfare metrics. The Kutchova product in Malawi is studied by Brailovskaya et al. (2021), who find comparable, minor benefits in most outcomes. These little impacts may not be shocking considering the small loan amounts, but they do show that digital credit has not lived up to its critics' expectations.

Consequently, development and socioeconomic progress are inextricably linked to travel. As the hub of economic integration, transport infrastructure, and services provide the groundwork for easing commerce and the movement of products and people. The *boda-*

boda motorbike is gaining popularity in both urban and rural parts of Kenya due to its ability to go along trails where roads do not exist or are inaccessible.

Economic Security Investopedia, related to economic security refers to the condition of having stable and reliable access to resources and financial stability. Access to health care, schools, homes, information, social safety nets, and stable employment is the foundation of fundamental social security, which in turn constitutes economic security. In emerging nations, small enterprises play a crucial role in the economy. But small companies often struggle to get the funding they need to stay in business or even grow. According to Burlacau, Ciobanu, Troaca, and Gombos (2021), this important need is met by online financing platforms for small firms. Indeed, new forms of Internet financing are meant to supplement existing forms of finance rather than replace them.

One viable source of funding for small enterprises is the ease and speed with which online lenders may disburse modest, short-term loans. This loan activity has a significant and important influence on the economy (Kaboski & Townsend, 2012). Small firms may buy products, pay operating expenses, or fund expansion with the help of accessible cash. The creation of employment and increased spending by these companies has a multiplier effect on the local economy, boosting growth. According to Burlacu et al. (2021), small business borrowers may be willing to pay a higher interest rate with online lenders if it means they can make a quick decision, get their money quickly, or if they don't have any other options for borrowing. Because of this, economic growth, self-sufficiency, and progress are all enhanced.

Motorbikes or boda-boda are two-wheeled vehicles powered by an engine, typically used for personal transportation. According to the Kenyan Traffic Act, motorcycles are

defined as motor vehicles with fewer than four wheels and a weight of fewer than four hundredweights. Many young people who would have been out of work otherwise now have jobs thanks to the motorbike industry. East African boda-boda taxis, which are a type of African bicycle, first appeared in the 1960s on the Kenya–Uganda border in response to a need to transport people and goods across the border without the proper paperwork that is normally required for motor vehicles. Originating on the southern border, this quickly extended to the northern border in Malaba town, Kenya. The term "boda-boda" originated from the practice of bicyclists calling out to passers-by to attract consumers.

Various economic sectors have also been affected by the rise of boda-boda as an important alternative mode of transportation (Heyen & Jurgen 2006). According to Kamau (2021), one prevalent practice in rural regions is the use of motorcycles as feeder services. This allows inaccessible places to be connected to motorized transit on paved roads, which has had several good effects on rural areas. Mobile phone-based loan platforms have rapidly and significantly expanded the reach for digital financial services for small and medium-sized enterprises, eliminating the need for loans that involve stringent requirements such as good credit history and documentation (Kgoroeadira, Burke, & van Stel, 2019).

The rapid growth of online money lending platforms has ensured access of financial services to the lower-class people who contribute a great percentage of the population. In Kenya, boda-boda riders are among the people who greatly contribute to the economy by reducing the household cost-to-income ratio in their financial ventures (NTHIIRI, 2018). About 80 percent of mobile phone loan applicants are entrepreneurs/ small business

owners such as boda-boda riders (Kaboski & Townsend, 2012). The access to capital through mobile lending platforms has allowed them to buy boda-bodas and engage in other businesses, which has reduced the credit gap. Opportunities created by mobile money lending for boda-boda riders include increased working capital for their businesses and also been a strong provider of last-minute emergency funding for various business needs.

Social Services Division Of the 64 motorcycle clubs authorized to operate bodegas in Kiambu County, 23 are in Ruiru Sub County. More than 1600 people who own or operate bikes are members of these licensed motorcycle organizations. Members are expected to follow the rules established by the organizations, particularly those on rider credentials and traffic regulations. Given the varied topography of the area, which includes both mountainous and lowland regions, the boda-boda industry in Ruiru Sub County has thrived because of the vehicles' adaptability and accessibility. Because of its capacity to reach places that are inaccessible by cars, this kind of public transportation has become quite popular.

Online money lending platforms relate to using a computer, smartphone, or other digital device to transact in monetary transactions is known as (Kamau & Ngari, 2014). This lending facility provides customers with the ability to receive loans remotely using various application forms, including mobile ones, eliminating the need for burdensome documentation. Since credit scores and eligibility determinations are automated according to system criteria, these loan advances are instantaneous. Instead of human judgement, the application is based on accessible data. Rapid customer profiling follows

a request and uses the client's mobile-based information, including phone logs, text messages, digital currency transactions, and social media accounts, to establish the customer's creditworthiness and set a credit limit (Totolo, 2018).

Launched five years after M-Pesa, Kenya's mobile money service, went live, M-Shwari marked the beginning of digital lending in 2012. Mobile apps developed by Safaricom include Mpesa, a money wallet, and M-Shwari, a loan app. At originally, the plan was for banks to cooperate with mobile network carriers to offer digital loans, with a focus on savings. There has been a proliferation of online loan applications since then. Take Tala and Branch as an example. They use some elements, such as GPS, social network data, phone records, and contact lists. With the user's permission, it may access their information and use it to determine their credit risk and personalize loan offers (such as lowering the interest rate once the user has established a credit history) (Paul and Edoardo, 2018).

1.3 Statement of the Problem

The *boda-boda* transportation sector has become a major source of employment and income for many Kenyans, particularly in urban and peri-urban areas. In Ruiru Sub-County, the *boda-boda* industry has grown rapidly in recent years, providing an affordable means of transportation for residents and generating earnings for riders. However, these riders often face economic insecurity due to fluctuating incomes, lack of savings, and limited access to formal financial services.

In recent years, the proliferation of online digital lending platforms in Kenya has offered a potential solution for *boda-boda* riders seeking quick access to credit. These platforms

use mobile money and digital technologies to provide unsecured personal loans with minimal documentation required (FSD 2019). While these loans can provide much-needed liquidity, there are concerns about the high interest rates, tight repayment schedules, and lack of consumer protection measures, which could exacerbate economic insecurity for borrowers.

Online credit lenders have emerged as a viable option for businesses seeking capital. Financial Sector Deepening Kenya. FSD 2019 found that there are 49 distinct digital providers in the country when it comes to digital lending. Online loan platforms, on the other hand, impose interest rates between 4.5 and 7.5 percent every month. Using the current credit products supplied as digital finance has not improved customers' lives or livelihoods, according to a poll jointly done by private business financial inclusion agencies - FSD-Kenya, CBK, KNBS, and Consultative Group to Assist the Poor (2017). The survey does point out that these loans are becoming more popular, however, research has been conducted on systems that facilitate online loans. Nzayisenga (2017) found that mobile lending affects the financial statements of profitable banks in Kenya. Mobile lending expressively impacts the financial presentation of profit-making banks, according to the study. Makena (2018) directed a study on consumer protection laws on digital credit in Kenya. Potential consumer protection regulatory frameworks in Kenya were the primary emphasis here. The goal of the research by Kaffenberger, Totolo, and Soursourian (2018) was to determine the demographics of digital credit users, the nature of their spending habits, and the dangers they face as borrowers in Kenya and Tanzania. According to Totolo 2018, most people who are unable to read or write have finally

gained access to exclusive, formal, and personalized consumer loans via digital credit using mobile devices.

Limited research has been conducted on the influence of online lending on the economic security of *boda-boda* riders, who represent a significant yet vulnerable segment of the informal workforce. This study aimed at bridging this knowledge gap by exploring the extent to which *boda-boda* riders in Ruiru Sub-County were utilizing online lending platforms, the factors that drive their uptake of these services, and the impacts on their economic security. Understanding of these dynamics is crucial for informing policies and interventions that can support the sustainable livelihoods of *boda-boda* riders and promote inclusive financial services.

1.4 Purpose of the Study

This study focused on how online lending platforms influence the economic security of *boda-boda* riders. *Boda-boda* riders had been obtaining financial aid from online lending platforms to start and operate their businesses. This study sought to determine the effects of accessibility of online credit facilities, the effectiveness of the regulatory framework governing online money lending platforms, and the economic security challenges facing *Boda-boda* riders in Ruiru Sub County.

1.5 Objectives of the Study

The study’s specific objectives were:

1. To examine the extent to which *boda-boda* riders in Ruiru Sub-County utilize online money lending platforms
2. To examine the effectiveness of the regulatory framework governing online money lending platforms on the economic security of *boda-boda* riders in Ruiru sub-county.
3. To establish the economic security challenges facing *Boda-boda* riders in Ruiru sub-county in accessing credit facilities from online money lending platforms.

1.6 Research Questions

1. What is the extent of usage of online money lending platforms among *boda-boda* riders in Ruiru Sub-County?
2. What is the effectiveness of the regulatory framework governing online money lending platforms on the economic security of *boda-boda* riders in Ruiru Sub-County?
3. What are the economic security challenges facing *Boda-boda* riders in Ruiru Sub-County who seek credit facilities from online money lending platforms?

1.7 Hypothesis

$H_0$1: The availability of online money lending platforms positively influenced the economic security of *boda-boda* riders in Ruiru Sub-County, leading to improved access to credit, financial stability, and overall well-being.

1.8 Significance of the Study

The study and its results will offer valuable information for policymakers across the nation. Initially, this knowledge can empower the government to cultivate the nation's capacity to effectively embrace, achieve, and oversee a technology-driven financial industry. Furthermore, it has the potential to generate strategic perspectives for other key players, particularly decision-makers and professionals in financial organizations, as they transform their operational frameworks within an increasingly dynamic and technology-oriented environment. Additionally, innovators and financial services advisers will gain a wealth of knowledge from this study, which will help them develop successful digital apps, business models, and strategies for their companies. When individual banks start doing well, it will boost the industry. The findings of the study will also assist *boda-boda* riders in understanding online lending platforms, the legal frameworks existing, challenges, and financial literacy that will aid in decision-making on credit facilities to take.

Furthermore, researchers and academics could use this study as a point of reference. Besides, it can be used as a basis for further research on online lending platforms and the economic security of *boda-boda* riders.

1.9 Scope of the Study

The study sought to examine the influence of online money lending platforms on the economic security of *boda-boda* riders in Ruiru Sub-County. Specifically, the study considered registered *boda-boda* riders from Gitothua, Biashara, Gatongora, Kahawa Sukari, Kahawa Wendani, Kiuu, Mwiki, Mwihoko wards, leaders boda-boda associations

and officials of online lending platforms. Besides, the study was done for 3 months between February to April 2024.

The study included examining the extent to which *boda-boda* riders in Ruiru Sub-County are utilizing online money lending platforms, such as mobile loan applications and digital lending services, challenges faced by *boda-boda* riders in obtaining credit, regulatory frameworks governing online lending platforms, and the implications of digital financial services on the economic well-being of *boda-boda* riders.

Even though the study was specific to Ruiru Sub-County, the findings of the study may have broader implications for understanding the intersection of financial technology, economic informality, regulatory frameworks, and economic security in similar urban and peri-urban contexts within Kenya and beyond. The findings of the study will also inform relevant policies, regulations, and interventions aimed at enhancing the responsible use of online lending platforms and protecting the economic security of *boda-boda* riders and other informal sector workers.

1.10 Delimitation of the Study

The study was delimited to Ruiru Sub-County, Kiambu County, Kenya. While the findings may have had broader relevance, the data collection and analysis were specific to this geographical area. The study focused solely on *boda-boda* riders operating within Ruiru Sub-County. Other informal sector workers or individuals engaged in different economic activities were not included in the scope of this research. The study primarily examined the influence of online money lending platforms on the economic security of *boda-boda* riders. It did not delve into other factors that may have impacted their

economic security, such as fuel prices, road infrastructure, or competition from other transportation modes. The study also delimited its analysis of the regulatory framework to the specific laws, regulations, and policies governing online money lending platforms in Kenya. It did not extend to broader financial sector regulations or policies beyond the scope of online lending.

The study employed a mixed-methods approach, utilizing both quantitative and qualitative data collection techniques. However, the specific methods and tools used for data collection and analysis were delimited based on the research design, available resources, and time constraints. The study was delimited to a specific time frame for data collection, determined by the research plan and resource availability. While the findings may have had implications for future trends, the analysis primarily focused on the current situation and recent developments in online money lending and its impacts on *boda-boda* riders in Ruiru Sub-County.

1.11 Limitations of the Study

To get the necessary data for the study, this research was prepared to face obstacles. The study's findings were limited by the sample size of *boda-boda* riders in Ruiru Sub-County, potentially affecting the generalizability of the results to a broader population of riders in other regions or contexts. The study's reliance on self-reported data from boda-boda riders regarding their financial behaviors and experiences with online credit facilities introduced biases or inaccuracies, which may impact the reliability of the findings. Moreover, External economic, social, or regulatory factors beyond the scope of

the study influenced the economic security of boda-boda riders, making it challenging to isolate the specific impact of online credit accessibility on their financial well-being.

The study assumed a certain level of technology acceptance among *boda-boda* riders; however, limitations related to access to smartphones, internet connectivity, or digital literacy skills may affect their ability to effectively utilize online money lending platforms.

Also, the changes in the regulatory environment governing online money lending platforms during the study period impacted the interpretation of the results, as evolving regulations altered the landscape of financial services available to boda-boda riders. Finally, the study's timeframe and cross-sectional design limited its ability to capture long-term trends or changes in the economic security of boda-boda riders over time, highlighting the need for further longitudinal research in this area.

To address this, the researcher enhanced generalizability and encouraged future research to consider a larger and more diverse sample of boda-boda riders from various regions to provide a broader perspective on the influence of online credit facilities. On reliability, the study implemented validation techniques, such as cross-referencing self-reported data with objective measures or conducting follow-up interviews, which helped improve the accuracy and reliability of the data collected.

Further, the study conducted a comprehensive analysis of external factors and contextual influences, along with sensitivity analyses, which helped better understand and account for the broader economic landscape affecting *boda-boda* riders' economic security. The study provided training programs or initiatives to improve technology access and literacy

among *boda-boda* riders to help address the limitations related to digital skills and ensure equitable participation in online financial services.

For dynamics in the regulatory environment, and limitations in capturing long-term trends due to the study's timeframe and design. The study considered longitudinal data collection methods to track long-term trends in the economic security of boda-boda riders in Ruiru Sub-County. These strategies aimed to strengthen the study's validity and provided a more comprehensive understanding of the influence of online credit accessibility on boda-boda riders.

1.12 Assumptions of the Study

In the study conducted by Patten (2017), assumptions were defined as propositions considered to be inherently true within the research context. The research operated under several key assumptions to facilitate the investigation effectively. Firstly, it assumed the willingness of respondents to cooperate and provide truthful responses, ensuring the reliability and validity of the data collected. Additionally, the study presumed the active involvement of boda-boda riders in Ruiru Sub-County with online credit facilities, indicating a level of familiarity and engagement with digital lending platforms within the target population.

Moreover, the study assumed the effective enforcement of regulatory frameworks governing online money lending platforms, suggesting a structured and compliant environment for financial transactions. Furthermore, it postulated the existence of economic security challenges encountered by *boda-boda* riders when utilizing online credit services, highlighting the potential vulnerabilities and financial risks faced by this

demographic. Additionally, the study assumed the presence of evidence showcasing the impact of technology acceptance on the financial behaviors of *boda-boda* riders, indicating a correlation between technological adoption and financial decision-making processes.

These foundational assumptions formed the basis for the research inquiry, guiding the exploration into the interplay of online credit accessibility, regulatory frameworks, and technology acceptance on the economic security and financial well-being of *boda-boda* riders in Ruiru Sub-County.

1.13 Theoretical Framework

A variety of theoretical frameworks relevant to the topic were used. Theorizing gives researchers a framework through which to examine their environment (Royle and Hal, 2013). The study considered Financial Growth Theory, Asymmetric Information Theory, and Technology Acceptance Model.

1.13.1 Financial- Growth Theory

Financial Growth Theory was developed by Bagehot in 1873. The theory argues that financial equilibrium equals economic development. Lamoreaux (1996) cites Bagehot (1873) as saying that financial organizations and lenders may lower risk costs by making it less attractive for banks to control their liquidity and for depositors to keep tabs on what banks are up to. Banks and other financial organizations serve as go-betweens between visionaries and capital owners in Bagehot's opinion. Therefore, the bank's credit programs enable the introduction of cutting-edge new ideas, which in turn stimulates

economic development and strengthens communities. In the early phases of contemporary combination development, bank financing is vital (Demirgüç-Kunt & Singer, 2017). At the advanced stage of development, when an organization reaches a steady state, the proceeds from production may be used to finance the next new combination. At this point, finance is more of a supporting player.

Financial-Growth Theory puts creativity as the central engine of economic growth as it provides incentives for people to easily access finances they can use for their businesses (Virani, 2023). Growth in the financial sector will reveal the social and productive effects of digital credit's efforts to build an equitable financial system. Financial development promotes economic growth via better-designed financial structures, which assist enterprises overcome external funding limitations (Chen, Kumara, & Sivakumar, 2021).

Clarke (2019) said that he had made connections between growth and money. There is more than simply a contemporaneous correlation between expansion and monetary development. According to Demirgüç-Kunt and Singer (2017), financial markets not only track but also significantly drive economic development. Moreover, the finance-growth relationship cannot be completely explained by a positive correlation between simultaneous shocks to financial development and economic growth. Economic growth over the next 10–30 years is often quicker in nations with relatively high levels of financial development (Clarke, 2019).

The theory takes into perspective the role that online money lending platforms can enhance economic security of small business ventures through external financing. Mobile lending platforms are innovative ideas that enhances growth and development through ease of access to finances by all businesses (Kaboski & Townsend, 2012). The result is

stimulation of additional economic activities and job creation within communities, which lead to economic development. The theory greatly aids to highlight the link between digital credit and potential impact of economic security of *boda-boda* riders in Ruiru sub-county, Kiambu County.

1.13.2 Asymmetric Information Theory

Information problems have always affected the lives of humans, yet it was not studied with any seriousness until near the 1970s when economists fleshed out models which revolutionized the way we think about information and its interaction with the market. Akerlof first put this notion out in 1970 focusing on buyers and sellers, or in this instance, lenders and borrowers, do not always have an equal distribution of relevant information, according to this hypothesis. According to Hegde and Tumlinson (2018), this occurs when one party has access to more or better knowledge than the other, leading to an imbalance in the power dynamics of the transaction. Institutions and borrowers face challenges due to moral hazard, information monopolization, and adverse selection, all of which result from information asymmetry (Wu, 2019).

The Asymmetric Information Theory by Akerlof (1970), highlights the problems that can arise in markets when one party has more information than the other. This knowledge gap or information asymmetry can lead to uncertainty and suboptimal market outcomes. Subsequent research has built upon Akerlof's model, exploring various market scenarios where information asymmetries exist and proposing strategies to reduce these imbalances through better information disclosure, signaling mechanisms, or other interventions.

Akerlof further elucidated the consequences of information asymmetry in the context of minority job recruiting and credit markets in underdeveloped nations. Asymmetric information issues occur in credit markets when borrowers possess private knowledge of their creditworthiness that lenders are unable to see (Fernández & Tamayo, 2017).

Market failure may be prevented by the presence of countervailing institutions that serve as a guarantee of quality or value in instances where there is a possibility of asymmetric knowledge (Currier & Centivany, 2021). Akerlof observed that credit ratings and credit reporting are among the institutions that offset the effects in the credit markets (Akerlof, 1970). Credit reporting is often conducted by credit reference agencies, which accumulate data on a borrower's credit history. Typically, the cost of a loan is determined by the lender's expenses together with an additional fee to account for the level of risk involved (Tao, Dong, & Lin, 2017). The cost of money is correlated with a short-term market rate, which serves as a universal reference point for all borrowers, irrespective of their credit history. Lenders often impose an extra risk premium over the prevailing market rate to offset the risk associated with potential delays, partial payments, or complete failure to repay the loan. Consequently, borrowers with a clean track record of meeting their financial responsibilities might use credit reporting to negotiate for reduced interest rates when borrowing.

According to proponents of asymmetric information theory, market failure may occur when there is a knowledge gap between vendors and purchasers. According to DeFusco, Tang, and Yannelis (2022), an expanding economy benefits from asymmetric information. The ability of financial organizations to transact with clients is facilitated using asymmetric information. On the other hand, Fernández and Tamayo (2017) point

out that people, particularly small enterprises, may face difficulties due to an increase in market fraud and malpractices caused by an overabundance of asymmetric information.

This theory is relevant to our study because, in the context of online loan applications, borrowers have more information about the lender than they do about the borrower (Wu, 2019). This is because borrowers have easier access to information online and can learn from the experiences of others who have borrowed before. It is pointed out that both the borrower and the lender often keep crucial details about the loan agreement in their minds (Munyendo, Acar, & Aviv, 2022). This will greatly help to understand the challenges *boda-boda* riders face in accessing finance through online money lending platforms and define solutions that will help increase economic security.

Critiquing this theory**;** Williamson (1975: 40) depicted information asymmetry as a source of transaction costs within his "organizational failures" framework. Through leading to "information impactedness," Williamson argues that information asymmetries between potential transaction partners raises the search, monitoring, and bonding costs of a transaction due to the high cost of achieving informational parity and the proclivity to behave opportunistically when given the chance. Because it is costly for under informed parties to achieve informational parity, some firms may exploit superior information to their own advantage, leading honest firms to leave the market.

Balakrishnan and Koza (1993) argue that information asymmetries can drive up transaction costs between potential business parties, compelling them to opt for alliances rather than use markets or hierarchical solutions. In his conception of the swollen middle, Hennart (1993) argues that alliances can economize information asymmetry–based transaction costs by reducing the continued search and bonding expenses associated with

market transactions, while enabling parties to limit the specialized investments and withdrawal costs associated with hierarchical governance.

1.13.3 Technology Acceptance Model

Davis (1986) introduced the Technology Acceptance Model (TAM) as a framework to illuminate businesses' behaviors toward technology adoption. This model serves as a foundational concept for evaluating the likelihood of technology acceptance within organizations, distinguishing between technologies that are embraced and those that face rejection. The significance of TAM in assessing organizations' technology utilization practices was underscored by Huang, Liu, Chen, and Tsai (2021), highlighting its pivotal role in understanding and optimizing technology adoption processes.

At the core of the TAM framework lie two key determinants: individuals' intentions to adopt new technologies and their perceptions of the ease of use, usefulness, and value of the technological systems and applications, as emphasized by Rauniar, Rawski, Yang, and Johnson (2014). These factors play a critical role in shaping individuals' attitudes towards technology adoption and usage within organizational settings, influencing the overall success and effectiveness of technology implementation initiatives.

By focusing on users' intentions, perceived ease of use, and perceived usefulness of technology, the TAM framework provides valuable insights into the factors driving technology acceptance and utilization within organizations. Understanding these dynamics is essential for enhancing technology adoption processes, optimizing user experiences, and maximizing the benefits derived from technological innovations. Therefore, the TAM model serves as a valuable tool for organizations seeking to leverage

technology effectively and drive digital transformation initiatives to achieve strategic objectives and competitive advantages in today's dynamic business landscape.

The proliferation of online mobile lending platforms can be attributed to their seamless integration with mobile devices, ensuring accessibility for a wide user base. This accessibility has led to a surge in adoption among small businesses, driven by the opportunities to enhance market reach and operational efficiency through mobile technology integration, as highlighted by Uwamariya and Loebbecke (2020). To achieve a more precise projection of the adoption of new information resources, it is imperative to deepen the understanding of technological adoption processes. Thaker *et al.* (2019) emphasized that fostering individuals' confidence in their technological capabilities can facilitate a more independent, adaptable, and proficient utilization of information resources. This confidence in technology proficiency serves as a catalyst for empowering individuals to leverage information effectively, leading to enhanced operational efficiency and productivity.

Through instilling trust in individuals' technological competencies, organizations can unlock the potential for more efficient information utilization, ultimately driving improved performance outcomes. This alignment between technological confidence and information utilization underscores the critical role of user empowerment in maximizing the benefits derived from technological innovations and digital resources within business contexts.

The theoretical framework underpinning this study is particularly relevant as it delves into the adoption and utilization of mobile lending platforms by small business operators, specifically boda-boda riders, to augment their financial access. The user-friendly

interface of mobile lending platforms simplifies the application process, ensuring swift access to funds, as noted by Kgoroeadira *et al.* (2019). In contrast to conventional borrowing mechanisms, these online platforms catalyze economic expansion, foster self-reliance, and spur overall development within the business ecosystem.

Through incorporating this theoretical perspective, the research aims to elucidate the impact of technology acceptance concerning online money lending platforms on enhancing financial inclusion and bolstering economic stability among small business proprietors, as highlighted by Cornelli (2021). Understanding the dynamics of technology adoption in the realm of online lending platforms is crucial for comprehending its implications on financial inclusivity and economic resilience within the small business sector. This theoretical lens provides a structured approach to analyzing how the integration of digital financial solutions influences the financial well-being and growth prospects of small business owners, particularly *boda-boda* riders, in the contemporary business landscape.

In summary, the study utilized Financial Growth Theory to ease the researcher's understanding of how the accessibility of online credit facilities influences the economic security of *boda-boda* riders in Ruiru Sub-County. This theory helped in analyzing the impact of financial services on the growth and stability of individuals' financial situations, particularly in the context of *boda-boda* riders. Asymmetric Information Theory was applied to assess the effectiveness of the regulatory framework governing online money lending platforms on the economic security of *boda-boda* riders. This theory also aided in examining how information imbalances between lenders and borrowers would affect the outcomes of regulatory interventions in the online money

lending sector. Additionally, the Technology Acceptance Theory was put in use to explore the economic security challenges faced by *boda-boda* riders when seeking credit facilities from online money lending platforms. This theory greatly helped in understanding how the acceptance and adoption of technology, such as online lending platforms, impact the financial behaviours and outcomes of small business enterprises such as the *boda-boda* riders, shedding more light on the challenges they encountered in utilizing these digital financial services.

1.14 Conceptual Framework

Independent variables **Dependent Variables**

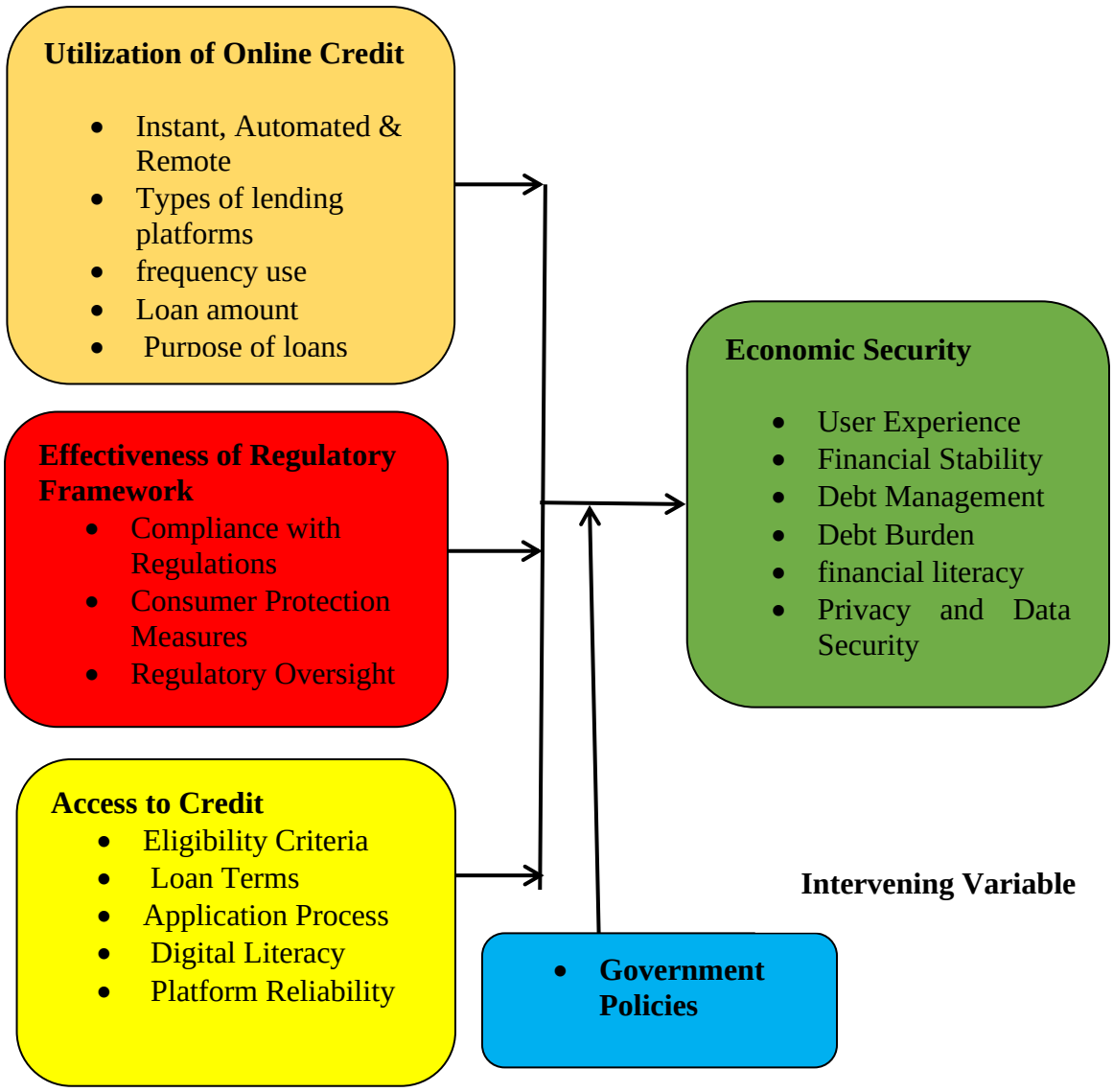


Figure 1.1 Conceptual Framework

Source: Researcher, (2023)

The conceptual framework illustrates the interplay between key independent variables including: Utilization of Online Credit; Instant, Automated & Remote, Types of lending platforms, frequency use, Loan amount, and Purpose of loans; Effectiveness of Regulatory Framework- Compliance with Regulations, Consumer Protection Measures, and Regulatory Oversight; Access to Credit - Eligibility Criteria, Loan Terms, Application Process, Digital Literacy, and Platform Reliability; which collectively influence the dependent variable of Economic Security, Increased income, and Economic Development for Boda-Boda riders in Ruiru Sub-County, Kiambu County. Factors such as Utilization of Online Credit, Effectiveness of Regulatory Framework, and Access to Credit, contribute to shaping the economic well-being, income levels, and overall development of Boda-Boda riders, highlighting the complex relationships and dynamics at play in the financial landscape of the study area.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter discusses theoretical and empirical literature relevant to the influence of online money-lending platforms on economic security. The conceptual framework was discussed to show the relationship between online money lending applications and economic security. The research gaps and critique of existing literature were also discussed.

2.2 Empirical Review

2.2.1 The Extent to which *boda-boda* riders utilize online money lending platforms

Globally, the utilization of online money lending platforms has seen significant growth across various sectors, including transportation. In a study conducted in India, Pal and Bhadada (2020) found that 68% of gig economy workers, including ride-hailing drivers, had used digital lending platforms at least once in the past year. The study highlighted the increasing reliance on these platforms due to their accessibility and quick loan processing times. In the United States, Friedman and Squire (2021) reported that 42% of ride-share drivers had utilized online lending services, with an average loan amount of $1,500. The research emphasized the role of these platforms in providing financial flexibility for gig workers who often face irregular income patterns.

On the African continent, the adoption of digital lending platforms has been rapidly increasing, particularly in countries with high mobile penetration rates. A study by Oduro-Frimpong (2019) in Ghana revealed that 55% of commercial motorcycle riders, locally known as "okada riders," had used mobile money lending services in the past six months. The study highlighted the importance of these platforms in providing quick access to capital for vehicle maintenance and fuel purchases.

In East Africa, Kenya has been at the forefront of digital financial innovation. Makau et al. (2022) conducted a comprehensive study on the usage of digital lending platforms among various informal sector workers in Nairobi. The study found that 73% of boda-boda riders in the city had active accounts on at least one digital lending platform, with 62% reporting regular usage for both personal and business needs.

Gosavi (2018) conducted a study that shed light on the prevalent use of mobile money and digital lending platforms among informal sector workers, including *boda-boda* riders. The study revealed that the limited access to formal financial services was a significant factor contributing to the widespread adoption of these platforms. Moreover, the study highlighted the ease of access, convenience, and flexibility offered by digital financial services as critical drivers facilitating their adoption among this user group.

Complementing these findings, a study by Mbiti and Weil (2015) in Tanzania explored the impacts of mobile money and digital credit services on household economic well-being, with a particular focus on those engaged in informal economic activities. Their research underscored the positive influence of these services, which served as a vital safety net for households, enabling them to manage financial shocks and smooth consumption patterns more effectively.

Focusing specifically on boda-boda riders in Kenya, Ochieng and Wanga (2021) surveyed 500 riders across five counties and found that 80% had used an online lending platform at least once in the past year. The study revealed that the most common reasons for borrowing were to cover daily operating expenses (45%), purchase fuel (30%), and handle personal emergencies (25%).

In Ruiru Sub-County, the area of focus for this study, preliminary research by Kamau (2023) indicated a growing trend in the use of online lending platforms among boda-boda riders. The study, which sampled 200 riders in the sub-county, found that 70% had active accounts on digital lending apps, with 55% reporting weekly or bi-weekly borrowing patterns. However, it's important to note that while these studies indicate a high level of adoption, they also highlight potential concerns. Mutua and Nganga (2022) found that despite high usage rates, many boda-boda riders in Kenyan urban areas struggled with debt management, with 40% reporting difficulties in loan repayment.

While these studies offer valuable empirical insights, it is crucial to recognize that the extent of usage, the factors influencing the uptake of online lending platforms may vary across different contexts and populations. Each region and community may exhibit unique dynamics and nuances that shape the adoption and utilization of these services. Consequently, conducting context-specific research is essential to comprehensively understand the intricacies and dynamics at play in Ruiru Sub-County and among the *boda-boda* rider community.

Through reviewing and synthesizing these studies, the research can build upon existing knowledge, identify potential gaps, and tailor the investigation to the specific realities and circumstances of the target population (Ndung'u, N. S., & Sichei, M. M. 2022). This

approach ensured that the findings of the study were grounded in empirical evidence while capturing the unique characteristics and challenges faced by *boda-boda* riders in Ruiru Sub-County concerning online money lending platforms and their economic security.

This empirical review further, underscores the widespread adoption of online money lending platforms among *boda-boda* riders and similar gig economy workers globally and within Kenya. It highlights the potential benefits of these platforms in providing quick access to capital but also points to the need for further research on the long-term financial implications for users.

2.2.2 Regulatory Framework Governing Online Money Lending Platforms and Economic Security

Achieving economic efficiency while ensuring a public entity's financial viability is the goal of government regulation, while also making sure that our customers get the most out of their money (Ricks and Rossi, 2018). To achieve these goals, policies on tariffs, minimum acceptable standards, return limits, price caps, revenue ceilings, and investment capital are put in place (Ricks and Rossi, 2018; Pinto and Marques, 2016).

A gazette notice was issued on March 18, 2022, by the Central Bank of Kenya about the Digital Credit Providers Regulations, 2022. Digital Credit Providers (DCPs) were previously unregulated, but now CBK may license and oversee them thanks to the Regulations. A Sacco society, an institution regulated under the Microfinance Act, or a banking or banking-related organization licensed under another statute are exempt from the rules. Furthermore, the Kenya Post Office Savings Bank is governed by the Kenya Post Office Savings Bank Act. Credit arrangements pertain to situations when one

individual extends credit as a supplementary service or product to another company that has been authorized by the Bank.

To better safeguard customers from abuse, the rule seeks to alter the activities of online money lenders. The CBK Prudential Guidelines on Consumer Protection lay forth standards for careful lending and prohibit "Institutions" from acting irresponsibly or carelessly while making loans. Among the many topics covered by the rule are central bank supervision, reporting obligations, consumer data protection, anti-money laundering measures, and the licensing of digital credit providers.

Financial institutions that specialize in micro-loans and other businesses that do not accept deposits are governed by the Microfinance Act of 2006. The Microfinance Act specifies the licensing criteria in Section 5. The Act goes on to detail the several methods in which microfinance institutions safeguard customer data, credit, and rights while lending money.

Every Kenyan person has an inherent right to privacy, according to the country's 2010 constitution. Included in this right is the protection against needless disclosure or intrusion into one's private life, as well as the protection against the invasion of one's communication privacy. The right to fair quality products and services as well as the knowledge needed to fully benefit from such goods and services are specified in Article 46 of the Kenyan Constitution.

The Data Commissioner's responsibilities and the limits on the storage, handling, and sharing of personally identifiable information acquired by businesses and government agencies are outlined in the Data Protection Act (2022). Not only are the specifics of the Act's implementation required but so are the registration of data controllers and

processors. Data localization requirements and cross-border transfers are addressed in Part VI of the Data Protection Act. The transmission of personal data across borders is subject to the data controllers and processors providing the Data Commissioner with evidence of adequate security measures. As an example of a safeguard, you may show that the intended recipient country has data protection rules that are like your own and that the transfer is required to fulfil a contract. Additional duties for providers are included in the Consumer Protection Act (2019). These duties include maintaining confidentiality, adhering to terms for the execution of credit agreements and agreements made online, and disclosing information relevant to agreements made remotely.

Among the primary goals outlined in the Computer Misuse and Cybercrimes Act (2018) is the assurance of the security, privacy, and accessibility of computer systems, applications, and data (Section 3(c)). Another goal is to make it easier to identify, investigate, prosecute, and penalize cybercrimes (Section 3(e)). Part III of the Act lays out the penalty for noncompliance and lists several offenses. Unauthorized access, interference, exposure of access credentials and passwords, and interception of electronic communications or money transfers are all examples of offenses. In order to guarantee compliance, businesses must implement sufficient cybersecurity safeguards.

Online money lending services, according to Nyawara (2021), do not follow consumer data protection laws. All seven digital lending applications included in the study's sample have privacy rules in place, and they all make an effort to be in line with the Data Protection Act (DPA). Nevertheless, the rules and procedures in question do not adhere to the Data Protection Act (DPA). Some of the applications were discovered to include integrated trackers that profile user behaviour, which brings us to the topic of third-party

data-sharing. For businesses whose revenue is based on customer data analysis, this highlights the difficulties of privacy and data protection regulations (Chen et al., 2021; DeFusco et al., 2022; Fernández & Tamayo, 2017). The problem becomes much more serious when personal information is given to other parties for their own marketing or advertising objectives. Regulators should shift their attention from the financial to the data side of digital lending applications, paying special attention to the DPA's principles and the problem of third-party data-sharing, to fix these issues.

Masika (2019) investigated the effects on financial inclusion of the regulatory frameworks used by online mobile lending platforms. The link between financial inclusion and personal data or digital ID has been discussed by international policymaking groups. People dealing with data have a responsibility to follow rules and guidelines that are in place both nationally and regionally. Data subjects' privacy must be safeguarded, and processing must be fair, transparent, and legitimate. Data subjects must also be given a clear explanation for the data processed. Purpose, adequacy, and retention are three areas where data procedures have difficulties (Munyendo et al., 2022). Data processors and controllers also have an obligation to ensure that their records are accurate and to provide individuals with mechanisms to rectify or erase erroneous information if it is found. Also, only nations with strong data protection standards will have their data moved out of Kenya.

Without a shadow of a doubt, the engine that propels Kenya's economy is its small and medium-sized businesses. According to Munyendo et al. (2022), they provide jobs for around 7.5 million Kenyans, which accounts for 80% of the country's total employment outside of small-scale agriculture. However, very little is known about how they function,

who owns them, where they get their money, or the biggest obstacles they confront as they drive economic progress in Kenya (Clarke, 2019). This can be one of the reasons people need help getting out of their present situation. Maybe we might ask whether there are any specific initiatives underway. First, policymakers, important support actors like financial institutions, and others are stumbling about in the dark when it comes to implementing policies for small and medium-sized enterprises (SMEs) due to a lack of sector-specific knowledge.

According to Muli (2020), there is a definite need for tailor-made regulation of online money lending platforms in Kenya since the current legislative and regulatory framework is inadequate in this regard. Upon examination of the Acts, it becomes clear that there are significant deficiencies. These include insufficient processes for resolving disputes, excessive discretion and unrestricted access to information by regulators, overlapping roles, and insufficient safeguards for consumers. The current rules that control mobile money lending businesses in Kenya include several loopholes (Munir, 2021). Because of this, the financial services industry is more vulnerable, and a stronger regulatory framework for mobile money and payment services in Kenya is urgently required.

2.2.3 Challenges Facing *Boda-boda* Riders Seeking Credit Facilities from Online Money Lending Platforms

According to Njathi's (2019) research findings, over 6 million individuals in Kenya have utilized digital lending services, indicating a substantial reliance on these platforms for financial assistance. The study also revealed that among digital borrowers, 20% have faced challenges with lenders who lacked transparency regarding fees, charges, or

unauthorized access to funds. This lack of upfront information can lead to financial difficulties and underscores the importance of clear and honest communication in the lending process.

Furthermore, out of Kenya's total population of fifty million, nearly two and a half million individuals find themselves on the Credit Reference Bureau's negative list, with a surprising fourteen percent of this group being blacklisted for amounts as low as two dollars, as highlighted by Totolo (2018). This alarming statistic sheds light on the potential consequences of even minor financial missteps and the need for improved financial literacy and awareness among borrowers.

Moreover, Totolo's (2018) research also pointed out that specific marketing strategies, such as digital and SMS marketing, have the potential to entice consumers with appealing loan offers. The ease of access to these loans, coupled with attractive marketing tactics, may tempt individuals to borrow funds that are unnecessary or even detrimental to their financial well-being. This highlights the importance of responsible lending practices and consumer education to ensure that individuals make informed decisions when accessing credit facilities.

In Elizabeth's (2020) comprehensive study on the factors driving young individuals in the Nairobi Region to seek loans, a substantial research population of 1,462,803 young adults aged between 18 to 35 from the Nairobi area was examined. Within this extensive sample, 381 participants were included in the dataset, providing valuable insights into the borrowing behaviors of the youth demographic in the region. Through rigorous analysis, the study's regression results revealed that a significant 82.3% of the variance in the amount of credit taken by teenagers could be attributed to factors such as their level of

awareness, business acumen, and entrepreneurial skills, as well as the terms and conditions of the loans they accessed.

Moreover, the regression model developed in the study indicated an inverse relationship between the youth's credit intake and the specific terms of the loans they acquired, suggesting that favorable loan conditions play a crucial role in influencing borrowing decisions among young adults. These findings underscore the importance of considering loan terms and conditions in promoting responsible borrowing practices among the youth population.

Furthermore, Elizabeth's research findings not only shed light on the factors influencing young individuals' borrowing behaviors but also emphasized the significance of addressing these factors to encourage active support for the country's Gross Domestic Product (GDP) among the youth. By understanding and addressing the key drivers of borrowing among young adults, policymakers can develop strategies that promote sustainable financial practices and contribute to the economic growth and development of the region.

Kimaiyo's (2021) research on the digital credit landscape highlighted crucial insights from debtors in Tanzania and Kenya, indicating that a specific group of frequent borrowers, engaging in monthly or weekly borrowing practices, significantly influences the evolution of digital credit offerings. This active borrower segment often shapes the design and features of digital credit products, emphasizing the need to cater to their unique borrowing patterns and preferences.

The study also underscored that the current digital credit solutions available in the market tend to be short-term and come with high costs, posing challenges for borrowers.

However, there is a potential opportunity to enhance the financial well-being of this borrower category by providing larger, more affordable loans with extended repayment periods. By offering such products, borrowers could utilize the funds for more productive purposes, thereby fostering economic growth and stability.

Furthermore, Kimaiyo's research emphasized the necessity for improved consumer protection measures and transparency standards within the digital credit sector. The findings suggested that regulatory authorities should possess the capabilities to monitor compliance with these standards and assess the implications for consumers effectively. This regulatory oversight is crucial in safeguarding borrowers from predatory lending practices and ensuring fair treatment within the digital credit ecosystem.

The study also highlighted concerning trends among borrowers, with up to 20% reporting reductions in essential expenses like food to meet loan obligations and nearly 50% indicating a cycle of repeated borrowing. These findings underscore the importance of monitoring and addressing the risks associated with excessive indebtedness, emphasizing the need for responsible lending practices and effective debt management strategies to protect borrowers' financial well-being.

2.3 Summary and Research Gap

Multiple research projects have been conducted on the correlation between online money lending and economic stability. Kaffenberger and Chege (2016) raise the topic of whether the widespread availability of digital credit in Kenya should be seen as a cause for celebration or as a matter of worry. The empirical review highlights several studies that investigate the utilization of digital financial services, including online money

lending platforms, among informal sector workers and low-income populations across various contexts. These studies provide insights into the extent of usage and the factors influencing the uptake of these services.

Key findings from the reviewed studies include: In Kenya and other East African countries, the use of mobile money and digital lending platforms is prevalent among informal sector workers like *boda-boda* riders due to limited access to formal financial services (Gosavi, 2018). Factors like ease of access, convenience, and flexibility drive the adoption of these platforms. Access to mobile money and digital credit services has had a positive impact on the economic well-being of households engaged in informal economic activities, acting as a safety net for managing financial shocks and smoothing consumption (Mbiti & Weil, 2015). Perceived usefulness, ease of use, and social influence are significant determinants of the adoption of mobile money services among *boda-boda* riders, who use these services for both personal and business purposes (Nakalema et al., 2019). Also in Mozambique, access to mobile money services increased income and consumption levels for informal sector workers, including motorcycle taxi drivers, suggesting that these services can contribute to economic security (Batista & Vicente, 2020).

Mobile banking services, including loans, savings, deposits, insurance, and payments, are identified as crucial tools for poverty alleviation and promoting business growth. However, the studies also reveal a gap in sector-specific knowledge among policymakers and support actors, hindering the effective implementation of policies for small and medium-sized enterprises (SMEs). This gap underscores the need for further research to enhance understanding and inform targeted strategies that can better support SMEs and

promote economic security. This study will seek to find out if online money lending platforms enhance or undermine the economic security of borrowers, and whether borrowers have faced economic insecurity due to credit facilities, they get from online money lending platforms.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter introduces the methodological framework used in the investigation. The research study includes elements such as research design, target population, sampling process, sample size, data gathering procedures, and data analysis techniques.

3.2 Research Design

Research designs are defined by Welman *et al.* (2009) as the blueprint for a study's data collecting, analysis, and generating processes, including how respondents were chosen. The research strategy that was used in this study was descriptive. Descriptive research is defined as the systematic collection and analysis of data from a variety of sources (Mugenda & Mugenda, 2008).

This study adopted a mixed-methods research design, integrating both quantitative and qualitative approaches to comprehensively investigate the influence of online money lending platforms on the economic security of *boda-boda* riders in Ruiru Sub-County. The mixed-methods design allowed for a more holistic understanding of the research problem by combining the strengths of both quantitative and qualitative data collection and analysis techniques.

The quantitative component of the study employed a descriptive survey research design. This design facilitated the collection of numerical data through structured questionnaires

administered to a representative sample of *boda-boda* riders in Ruiru Sub-County. The quantitative data aimed to provide insights into the extent of utilization of online money lending platforms, factors influencing their uptake, and the impacts on the economic security of the riders, including income stability, debt levels, and savings capacity. The qualitative component of the study followed a phenomenological research design. This design allowed for an in-depth exploration of the lived experiences, perceptions, and challenges faced by *boda-boda* riders in accessing credit facilities from online money lending platforms. Semi-structured interviews and focus group discussions were conducted with selected participants to gather rich, descriptive data. The phenomenological approach enabled the researcher to delve into the subjective experiences and perspectives of the *boda-boda* riders, shedding light on the nuances and complexities of their interactions with online lending platforms and the regulatory framework governing these services. The quantitative and qualitative data were collected concurrently, and the findings from both components were integrated during the analysis and interpretation phases. The quantitative data provided a broad overview and statistical representations of the extent of online lending usage, factors influencing uptake, and impacts on economic security. Simultaneously, the qualitative data offered deeper insights into the lived experiences, perceptions, and challenges faced by the *boda-boda* riders.

The mixed-methods design facilitated data triangulation, enhancing the validity and reliability of the research findings. The quantitative data validated and substantiated the qualitative findings, while the qualitative data provided context and explanations for the quantitative results. This integration of quantitative and qualitative data allowed for a

more comprehensive understanding of the research problem and the development of well-informed conclusions and recommendations.

Through the employment of a mixed-methods research design, the study aimed to generate robust and holistic findings that could inform policies, interventions, and support mechanisms to enhance the responsible use of online money-lending platforms and protect the economic security of *boda-boda* riders and other informal sector workers in Ruiru Sub-County, Kiambu, other parts of Kenya and the general scope of the developing countries.

The comprehensive insights gleaned from this study will serve as a valuable addition to the scholarly discourse surrounding the economic security and financial well-being of *boda-boda* riders in the current information revolution times often referred to as the digital era.

3.3 Research Site

The study was conducted in Ruiru Sub-County, which is located in Kiambu County, Kenya. Ruiru Sub-County was selected as the research site due to its strategic relevance to the study's objectives and the significance of the *boda-boda* industry within the area.

Ruiru Sub-County is a rapidly urbanizing area situated approximately 25 kilometers northeast of Nairobi, the capital city of Kenya. It is part of the larger Kiambu County, which borders Nairobi and serves as a vital economic hub for various industrial and commercial activities. The sub-county comprises several major towns and urban centers, including Ruiru, Kihunguro, Mwiki, Kimbo, and Membley, among others.

The *boda-boda* industry has experienced remarkable growth in Ruiru Sub-County, becoming a significant mode of transportation and a crucial source of employment for many residents. *Boda-boda* riders play a vital role in providing affordable and accessible transportation services, connecting various residential and commercial areas within the sub-county, and facilitating the movement of people and goods.

Furthermore, Ruiru Sub-County's proximity to Nairobi and its strategic location along major transportation routes have contributed to its economic vibrancy and the proliferation of various economic activities, including the *boda-boda* industry. The sub-county's diverse population and the presence of both urban and peri-urban settlements made it an ideal site for investigating the influence of online money-lending platforms on the economic security of *boda-boda* riders.

By conducting the study in Ruiru Sub-County, the researcher aimed to capture the dynamics and nuances of the *boda-boda* industry within a rapidly urbanizing context, where access to formal financial services may be limited, and the need for alternative credit sources, such as online money lending platforms, could be more prevalent. This research setting was particularly well-suited for the study due to the substantial presence of *boda-boda* riders utilizing online money lending platforms in Ruiru Sub-County, as highlighted by Kamau (2022). The sub-county encompasses a total of eight wards, namely Gitothua, Biashara, Gatongora, Kahawa Sukari, Kahawa Wendani, Kiuu, Mwiki, and Mwihoko each contributing to the vibrant *boda-boda* ecosystem within the region. Notably, out of the 64 officially recognized motorcycle associations under the purview of the Department of Social Services in Kiambu County, a significant portion of 23

associations operate and are situated in Ruiru, indicating a dense concentration of motorcycle clubs comprising motorcycle owners and operators.

The selection of Ruiru Sub-County as the research site also facilitated the collection of relevant data from a representative sample of *boda-boda* riders operating within the area. This approach ensured that the findings would be contextualized and relevant to the specific socio-economic and regulatory environment in which the *boda-boda* riders operate, providing valuable insights for policymakers, regulatory bodies, and stakeholders involved in promoting the economic security and well-being of this informal sector workforce.

3.4 Target Population

As stated by Kombo and Tromp (2011), a population refers to a collection of humans, objects, or products from which samples are selected for measuring purposes. A collective refers to a comprehensive assemblage of individuals or components that have at least one common characteristic. The target population for this study comprised three distinct groups: *boda-boda* riders operating within Ruiru Sub-County, Kiambu County, Kenya, *boda-boda* association officials representing the interests of the riders, and online lending facilities companies providing services in the same region. Based on the 2019 national population census, Ruiru ranks as the fourth most populous urban center in Kenya. The research primarily focused on registered *boda-boda* riders from the following wards: Gitothua, Biashara, Gatongora, Kahawa Sukari, Kahawa Wendani, Kiuu, Mwiki, and Mwihoko.

The first group for this study consisted of *boda-boda* riders, who are individuals providing motorcycle taxi services and offering affordable and convenient transportation to commuters and goods within urban and peri-urban areas of Ruiru Sub-County. This group included both *boda-boda* riders who own their motorcycles and those who rent or operate motorcycles owned by others. The *boda-boda* rider population encompassed individuals from diverse backgrounds, including those who primarily rely on *boda-boda* operations as their sole source of income and those who engage in *boda-boda* work as a supplementary economic activity. Additionally, the study aimed to capture the experiences and perspectives of *boda-boda* riders across various age groups, educational levels, and years of experience in the industry.

The second group in the target population of the study comprised officials from *boda-boda* associations operating within Ruiru Sub-County. These associations represent the collective interests of *boda-boda* riders, advocating for their rights, addressing their concerns, and facilitating engagement with relevant stakeholders and authorities. The Inclusion of *boda-boda* association officials in the target population allowed the study to gain insights into the broader perspectives and challenges faced by the *boda-boda* rider community. These officials could provide valuable information on the industry's dynamics, regulatory environment, and the potential impacts of online money lending platforms on the economic security of their members.

The third group in the target population comprised online lending facilities companies that offer digital credit services and operate within Ruiru Sub-County. Most of these companies provide unsecured personal loans through mobile applications, digital platforms, or other online channels, catering to the credit needs of various segments,

including informal sector workers like the *boda-boda* riders. The inclusion of online lending facilities companies in the target population was essential to understand the supply side of online credit services and the regulatory framework governing their operations. By engaging with these companies, the study aimed to gather insights into their lending practices, policies, and challenges, as well as their perspectives on the economic security of their borrowers, particularly *boda-boda* riders.

Through the incorporation of boda-boda riders, *boda-boda* association officials, and online lending facilities companies into the target population, the study aimed to generate a comprehensive understanding of the research problem from multiple stakeholder perspectives. This approach allowed for a holistic investigation of the influence of online money lending platforms on economic security, the factors driving the uptake of these services, and the associated challenges faced by all parties involved.

Engaging with these diverse target groups was crucial for informing policies, interventions, and support mechanisms tailored to the unique needs and challenges faced by *boda-boda* riders, their representatives, and online lending facility companies. This approach aimed to promote responsible lending practices, enhance financial inclusion, and ultimately contribute to the economic security and well-being of the informal sector workforce and the broader financial ecosystem.

Table 3.1 Table of Population

Groups	Population
***Boda-boda* Riders**	
• **Gitothua ward**	213
• **Biashara ward**	266
• **Gatongora ward**	224
• **Kahawa Sukari ward**	279
• **Kahawa Wendani ward**	386
• **Kiuu ward**	305
• **Mwiki ward**	281
• **Mwihoko ward**	342
***Boda-boda* Association Officials**	45
Online Lending Facilities Companies	5
Total	**2346**

Source: Researcher (2024)

3.5 Study Sample

3.5.1 Study Sample Size

Mugenda & Mugenda (2003) state that a sample size of 10-30% of the target population is sufficient for worthwhile research. The sample was drawn from the boda-boda riders

who had enrolled for online mobile lending platforms in Ruiru sub-county, Kiambu County. Since the alpha level of 0.05 is often used in business and social sciences research (Israel, 1992; Bartlett, Higgins, & Kortlik, 2001), the researcher chose to employ a confidence interval of ±5%. According to Bartlett et al. (2001), a 5% margin of error is considered acceptable in these types of scenarios. The formula for limited populations, first presented by Yamane (1967) and mentioned in Israel (1992), was used to determine the sample size. With an alpha of 0.05 and a confidence level of 95%.

$$n = \frac{N}{1+N(e^2)}$$

Where:

n= desired sample size

N= Population

e = margin of error at 5% (standard value of 0.05)

The sample size for the study is:

$$n = \frac{2346}{1+2346(0.05^2)}$$

= 340 riders

The researcher obtained a comprehensive list of all Boda-boda Association Officials from the Ministry of Social Services in Kiambu County. The researcher then assigned a unique number to each official on the list. Using a random sampling technique (drawing numbers from a hat), the researcher randomly selected *20 boda-boda* officials from the list. Since the target population of Online Lending Facilities Companies was relatively

small (5), the researcher considered using a census sampling technique, which involves including the entire population in the study.

Sample size was:

340 *boda-boda* riders + 20 *boda-boda* officials and 5 online credit facilities officials

Therefore the total number of respondents for the Study was **365**

Table 3.2 Table of Sample

Group	**Population**	**Sample**
***Boda-boda* Riders**		
• **Gitothua Ward**	213	32
• **Biashara Ward**	266	39
• **Gatongora Ward**	224	33
• **Kahawa Sukari Ward**	279	41
• **Kahawa Wendani Ward**	386	57
• **Kiuu Ward**	305	45
• **Mwiki Ward**	281	42
• **Mwihoko Ward**	342	51
***Boda-boda* Association Officials**	45	20
Online Lending Facilities	5	5
Total	**2346**	**365**

Source: Researcher, (2023)

3.5.2 Sampling Procedure

To ensure a representative and diverse sample, a multi-stage sampling approach was employed in this study. The sampling procedure involved three distinct stages, each targeting a specific group within the target population.

The first stage focused on selecting a sample of *boda-boda* riders operating in Ruiru Sub-County. A combination of cluster sampling and systematic random sampling techniques was utilized. Ruiru sub-county was segmented into clusters based on its wards, aligning with the methodology as outlined by Iyoke et al. (2006) to ensure a comprehensive representation of all population strata. Ruiru Sub-County was then divided into several clusters based on administrative boundaries or wards where transportation hubs where *boda-boda* riders congregate. A random sample of clusters was selected to ensure geographical representation.

Systematic Random Sampling was also applied where within each selected cluster, a systematic random sampling method was employed to identify individual *boda-boda* riders for inclusion in the sample. This involved developing a sampling frame (a list of *boda-boda* riders) and using a predetermined starting point and selecting every n^th rider based on a random starting point and a fixed periodic interval. The second stage involved sampling *boda-boda* association officials representing the interests of the riders. The researcher obtained a comprehensive list of all Boda-boda Association Officials from the Ministry of Social Services in Kiambu County. The researcher then assigned a unique number to each official on the list. Using a random sampling technique (drawing numbers from a hat), the researcher randomly selected 20 boda-boda officials from the list.

The third stage focused on sampling online lending facilities companies providing digital credit services within Ruiru Sub-County. A combination of purposive sampling, census sampling technique and snowball sampling techniques was utilized. Purposive Sampling was used to initiate the identification of online lending facilities companies based on consultations with relevant regulatory bodies, industry associations, and key informants within the financial sector. Since the target population of Online Lending Facilities Companies was relatively small (5), the researcher considered using a census sampling technique, which involves including the entire population in the study. The multi-stage sampling approach aimed to ensure that the sample was representative of the diverse groups within the target population, including *boda-boda* riders with varying characteristics (such as age, experience, and ownership status), *boda-boda* association officials, and online lending facilities companies of different sizes and operational models.

Throughout the sampling process, efforts were made to ensure the inclusion of respondents from various socio-economic backgrounds, geographical locations within Ruiru Sub-County, and levels of engagement with online money lending platforms. This diversity in the sample facilitated a comprehensive understanding of the research problem and the development of reliable and contextualized findings.

3.6 Data Collection

3.6.1 Data Collection Instrument

Any equipment that helps the researcher gather data is called a research instrument. Depending on the data-collecting strategy chosen, the researcher employed different types of instruments. Questionnaires, both closed and open-ended, were used to gather data in a way that was tailored to the study's goals. When researching a population, questionnaires are often used to gather crucial information (Mugenda & Mugenda, 2003). The quantitative data collection tool was a structured questionnaire administered to the *boda-boda* riders in the target population. The questionnaire included closed-ended questions to gather data on the extent of utilization of online money lending platforms, factors influencing their uptake, and impacts on economic security. The questionnaire used a clear rating scale for the closed-ended questions and included space for respondents to provide more details and explain their responses to the open-ended questions.

Interview Guides were used for the qualitative component, and semi-structured interviews were conducted with key stakeholders. The interview guides conversationally covered topics, allowing for follow-up questions and free responses from the respondents. The interview guides for *boda-boda* association officials and online lending companies focused on topics like the background and role of the association/company concerning online lending, views on the regulatory framework and consumer protection policies, perspective on the economic security challenges faced by informal sector workers, suggestions for improving access to affordable credit and financial education, and potential concerns or areas needing policy reforms.

The guides used open-ended questions and prompts that facilitated a free-flowing discussion while keeping the interviews focused on the research objectives. The researcher and research assistants used prompts and follow-up questions to draw out more insights from the respondents. This approach aimed at gathering a rich, nuanced understanding of the perspectives, experiences, and challenges faced by the target groups to online lending and economic insecurity. The open-ended nature of the interviews allowed respondents to express themselves freely and bring up issues the researcher may not have considered.

The data collection instruments were designed to facilitate the gathering of high-quality quantitative and qualitative data that directly addressed the research questions and objectives. Care was taken during data collection to ensure that respondents were comfortable sharing their perspectives.

3.6.2 Pilot Testing of Research Instruments

Before commencing the main data collection process, the research instruments were subjected to pilot testing to ensure their validity, reliability, and effectiveness in gathering the intended data. The pilot testing phase was crucial in identifying and addressing any potential issues or ambiguities within the instruments, ultimately enhancing the quality and credibility of the research findings. The validity and reliability of the data-collecting equipment have a significant impact on the correctness of the gathered data (Mugenda & Mugenda, 2003).

The structured questionnaire designed for the *boda-boda* riders underwent a pilot test with a small sample of respondents. This sample consisted of approximately 10-15 *boda-*

boda riders from Gitothua Ward Ruiru Sub-County, representing various demographic characteristics and levels of experience with online money lending platforms. During the pilot testing phase, the respondents were asked to complete the questionnaire and provide feedback on the clarity of the questions, the appropriateness of the response options, and the overall flow and comprehensibility of the instrument. The researcher and research assistants observed the respondents as they completed the questionnaire, noting areas of confusion, hesitation, and or difficulty.

Based on the feedback and observations the researcher got from the pilot testing, the researcher made adjustments such as rephrasing and simplifying specific questions that were found to be ambiguous or difficult to understand and modifying and adding response options to closed-ended questions to ensure they were comprehensive and inclusive; Restructuring the order of certain sections/questions to improve the logical flow of the instrument. And providing additional instructions or examples where necessary to clarify the intended meaning of questions.

The semi-structured interview guides designed for *boda-boda* riders, *boda-boda* association officials, and online lending facilities companies were also subjected to pilot testing. This process involved conducting mock interviews with a small number of participants from each target group.

During the mock interviews, the researcher and research assistants assessed the effectiveness of the interview guides in eliciting rich and relevant responses from the participants. They also evaluated the appropriateness of the questions, the flow of the conversation, and the ability to probe for additional insights when necessary. The pilot testing phase allowed for the refinement and improvement of the research instruments,

ensuring that they were well-suited for gathering high-quality and reliable data from the target population. The researcher also excluded all those respondents who participated in the pilot study from the actual study. The feedback and insights gained during this phase contributed to the overall validity and trustworthiness of the research findings.

3.6.3 Instrument Reliability

Ghauri, Grønhaug, and Strange (2020) state that a measure's reliability may be enhanced by administering it to a diverse group of persons using the same testing process and incorporating several relevant items on the measure. By checking for consistency in responses, the researcher determined the piloted instruments' dependability. Reliability is the extent to which the results obtained from different measures will be consistent with one another (Creswell, 2013).

The internal consistency of the questionnaire administered to the *boda-boda* riders was assessed using Cronbach's alpha coefficient. This statistical measure evaluated the extent to which the items within the questionnaire measured the underlying constructs consistently. A Cronbach's alpha value of 0.7 or higher was considered acceptable for establishing internal consistency. The dependability coefficient, denoted as alpha (α), is a measure that spans from 0 to 1. A value of 0 indicates an error-free instrument, while a value of 1 represents a completely error-prone instrument. Acceptable reliability is defined as a reliability coefficient (alpha) equal to or greater than 0.70 (Groves, 1987).

Variables acquired from test equipment are considered trustworthy only if they consistently and reliably provide the same results throughout several test administrations (Santos, 1999). During the data analysis phase, the Cronbach's alpha coefficient was

calculated for the relevant scales or subscales within the questionnaire, such as those measuring the extent of online lending platform utilization, factors influencing uptake, and impacts on economic security. Items that exhibited low item-total correlations or adversely affected the overall reliability were considered for removal or modification.

In assessing the temporal stability of the questionnaire, a test-retest reliability procedure was conducted. A subset of *boda-boda* riders from the pilot testing phase in the Githothua Ward were asked to complete the questionnaire twice, with a predetermined time interval between the two administrations. The responses from the two administrations were analyzed using appropriate statistical tests, such as Pearson's correlation coefficient or the intraclass correlation coefficient (ICC). A strong positive correlation between the two sets of responses indicated that the questionnaire yielded consistent results over time, contributing to its overall reliability.

To enhance the reliability of the qualitative data collection, the research team underwent comprehensive training on conducting semi-structured interviews with boda-boda riders, boda-boda association officials, and representatives from online lending facilities companies. This training focused on developing effective interviewing techniques, maintaining neutrality and objectivity, and ensuring consistency in the administration of the interview guides across different interviewers.

During the data analysis phase, a coding scheme was developed to categorize and analyze the qualitative data obtained from the interviews. To ensure the reliability of the coding process, a portion of the interview transcripts was independently coded by multiple researchers. The level of agreement between the coders was assessed using appropriate measures, such as Cohen's kappa coefficient or the percentage agreement. High levels of

agreement between the coders indicated that the coding scheme and the interpretation of the qualitative data were consistent, contributing to the overall reliability of the findings related to the experiences, perceptions, and challenges faced by the target groups.

3.6.4 Instrument Validity

Validity, as defined by Saunders, Lewis, and Thornhill (2007), refers to the extent to which the sample of test items accurately represents the content that the test intends to assess. A pilot study was used to assess the instrument's validity. The findings of the pilot research were examined, and the confusing questions on the questionnaire that were utilized in the study were modified or removed. To make sure it gets the right answers from the respondents, we'll check the instrument's content validity (Somekh & Cathy, 2005). For the sake of construct validity, the study variables were developed from the existing conceptual framework.

3.6.5 Data Collection Procedure

Following an examination and evaluation of the tools, Africa Nazarene University provided authorization to collect data. The University wrote a letter to NACOSTI (the National Commission for Science, Innovation, and Technology) requesting authorization to conduct the study. The university permission letter and the research permit were submitted to the proper authorities for approval before data collection commenced. After two weeks, the questionnaire was given to *boda-boda* riders along different points within the wards and collected later. Interviews were organized with the *boda-boda* association

leadership and online money lending facilities officials. They did this based on their availability.

3.7 Data Analysis

The data underwent descriptive analysis. The data was encoded and analyzed using SPSS version 21, and the resulting outcomes were provided in the form of tables, charts, and figures. The data collected in each factor was analyzed in a table to get the mean and standard deviation, respectively. Using linear regression, they estimated the coefficients of the equation involving the dependent variable and one or more independent variables that best predicted its value. It followed that linear regression analysis was conducted for all four goals.

Where:

Y= $\beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$

Where:

Y = Economic security of *boda-boda* riders

β_0=Intercept term

β_i= Coefficients of the Independent Variables

X_1= Accessibility

X_2= Challenges of online money lending

X_3= Government Regulations

ε= error term

3.8 Ethical Consideration

The researcher applied to NACOSTI for a letter of authorization. The researcher disclosed to the ethics board and the participants in the study the purpose of the investigation, sections about voluntary participation, the advantages, and the risks that were expected. A secure cabinet was used to store all the collected data, and only authorized individuals were able to access it. All data collected was used only for academic research. By guaranteeing anonymity, confidentiality was preserved. The researcher ensured that the respondents understood the study aims and that they were assured of the confidentiality of their data. The procedures and approaches used to gather data were clearly articulated. The researcher ensured the confidentiality of all data obtained by omitting the need for responders to provide their names in the questionnaire. Encrypting the study thesis and keeping the data in a safe location guaranteed that no plagiarism was found.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

In this chapter, the results of the data are presented, analyzed, and interpreted. Data was collected and processed in accordance with the specific objectives as stated in chapter one of this project. The main objective of the research was to find out the influence of online money lending platforms on the economic security of *boda-boda* riders in Ruiru Sub-County, Kiambu County.

4.2. Response Rate

The data for this study was collected through the administration of questionnaires to *boda-boda* riders in Ruiru Sub-County. A total of 365 questionnaires were distributed to the respondents. Out of these, 294 completed questionnaires were returned and used for analysis. This represented a response rate of 80.5%, as shown in Table 4.1.

Table 4.1 Response Rate

Response Rate	**Frequency**	**Percentage**
Responded	294	80.5
Not Responded	71	19.4
Total	**365**	**100.0**

Source: Researcher (2024)

According to Marton (2016), a response rate greater than 70% is considered adequate for a descriptive study. Therefore, the achieved response rate of 80.5% was deemed

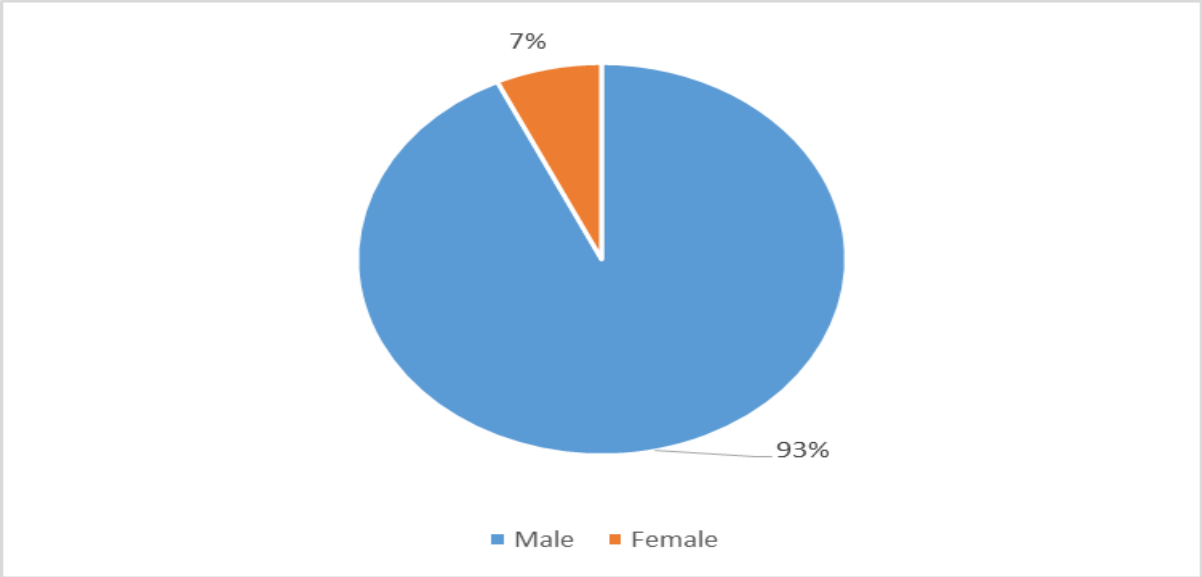
satisfactory for analysis. The 19.5% (71 respondents) of boda-boda riders who did not respond to the questionnaires cited various reasons. Some riders often worked long hours and did not have the time to respond to the questionnaire. Others had difficulty reading or understanding the questionnaire due to literacy or language barriers. Some riders did not perceive the value or relevance of the questionnaire to their daily lives and/or work, despite the researcher's efforts to explain its purpose. Additionally, a few riders reported that they did not receive or understand the instructions or the purpose of the questionnaire.

While the non-response rate of 19.5% was within acceptable limits, it was important for the researcher to acknowledge the potential limitations it would impose on the generalizability of the findings. The reasons for non-response, such as literacy challenges and perceived lack of relevance, could introduce biases in the data. Therefore, the interpretation of the results considered these potential limitations.

4.3 Demographic Information

This section captures the general information collected from the study respondents. This general information provided includes outcomes for the respondent’s gender, age bracket, highest attained level of education, and years in the *boda-boda* industry.

4.3.1 Gender of Respondents



Source: Field Data, (2024)

Figure 4.1 Gender of Respondents

Figure 4.1 shows the researcher's obtained outcome of the gender divide of the study respondents. 273 respondents were male making 93% of the total respondents of this study whereas 21 or 7% comprised female respondents. This therefore implied that the commercial operations of the *boda-boda* were dominated by male riders. The factors that led the *boda-boda* sector to be male-dominated are the nature of work and the risks involved, perceptions and stereotypes on gender regarding the industry.

4.3.2 Age of Respondents

The study captured the age distribution of the *boda-boda* riders in Ruiru Sub-County. The findings are presented in Figure 4.2

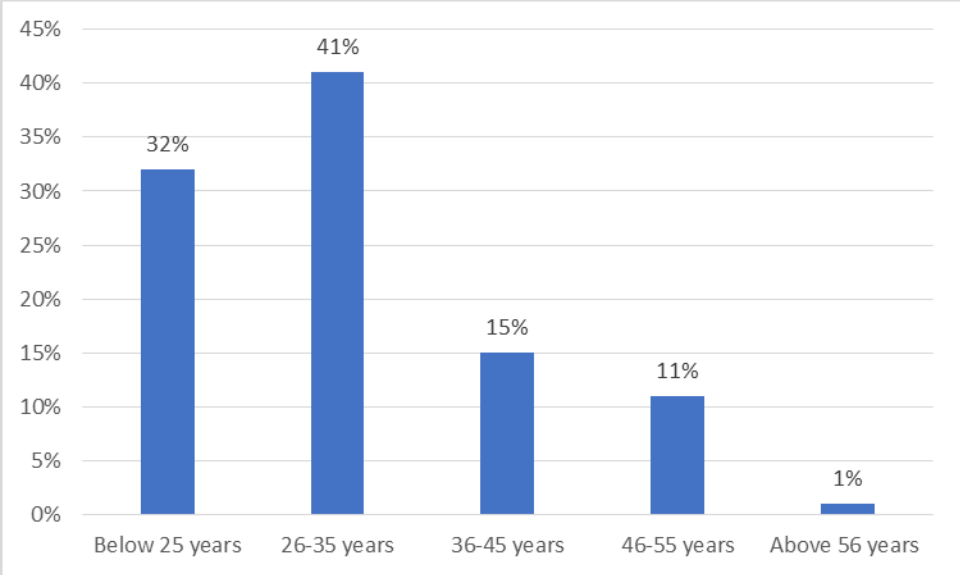


Figure 4.2 Age of Respondents

Source: Field Data, (2024)

As shown in Figure 4.2, the majority of the *boda-boda* riders fell within the age bracket of 26 to 35 years, constituting 41% of the entire population. The second-largest age group was below 25 years, accounting for 32% of the respondents. Riders between the ages of 36 and 45 years made up 15% of the sample, while those between 46 and 55 years constituted 11%. The least represented age group was above 56 years, with only 1% of the respondents.

The findings indicate that the *boda-boda* industry in Ruiru Sub-County is dominated by a relatively young workforce, with the majority of riders being youth and young adults.

This observation aligns with the broader trend in many developing countries like Kenya, where unemployment rates among the youth are typically high. It is plausible that many young individuals view the *boda-boda* business as a readily available employment opportunity that does not require extensive skills or formal qualifications.

4.3.3 Level of Education

The study investigated the educational background of the *boda-boda* riders in Ruiru Sub-County. The findings are presented in Figure 4.3.

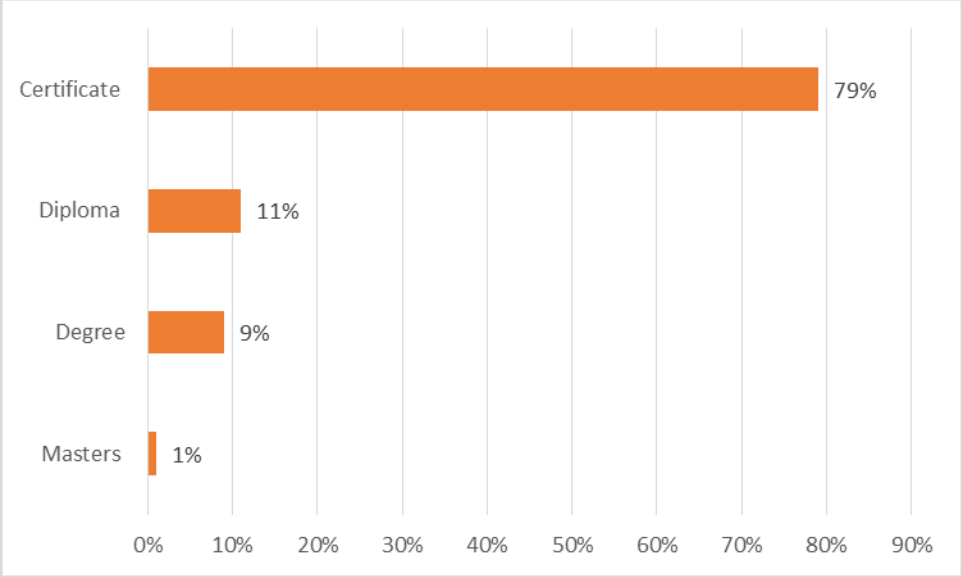


Figure 4.3 Level of Education

Source: Field Data, (2024)

As depicted in Figure 4.3, the majority of the *boda-boda* riders (79%) had attained either the Kenya Certificate of Primary Education (KCPE) or the Kenya Certificate of Secondary Education (KCSE) as their highest level of education. Only 11% of the

respondents had a diploma, while 9% held a bachelor's degree. The least represented group was those with a master's degree, constituting 1% of the respondents.

The high proportion of riders with KCPE and KCSE certificates as their highest level of education can be attributed to several factors. Firstly, many youths in Kenya drop out of school or do not have opportunities to pursue further education beyond the secondary level due to various socioeconomic challenges. Consequently, they may view the boda-boda business as a readily accessible means of earning a livelihood, as it does not require extensive formal training or qualifications.

Additionally, the *boda-boda* industry may be perceived as an attractive option for those with lower levels of education, as it offers a relatively low barrier to entry and the potential for immediate income generation. This perception could further contribute to the high representation of riders with KCPE and KCSE certificates in the industry.

4.3.4 Period Respondents had been in the *Boda-Boda* Business

The study also examined the duration for which the respondents had been engaged in the boda-boda business. The findings are presented in Figure 4.4:

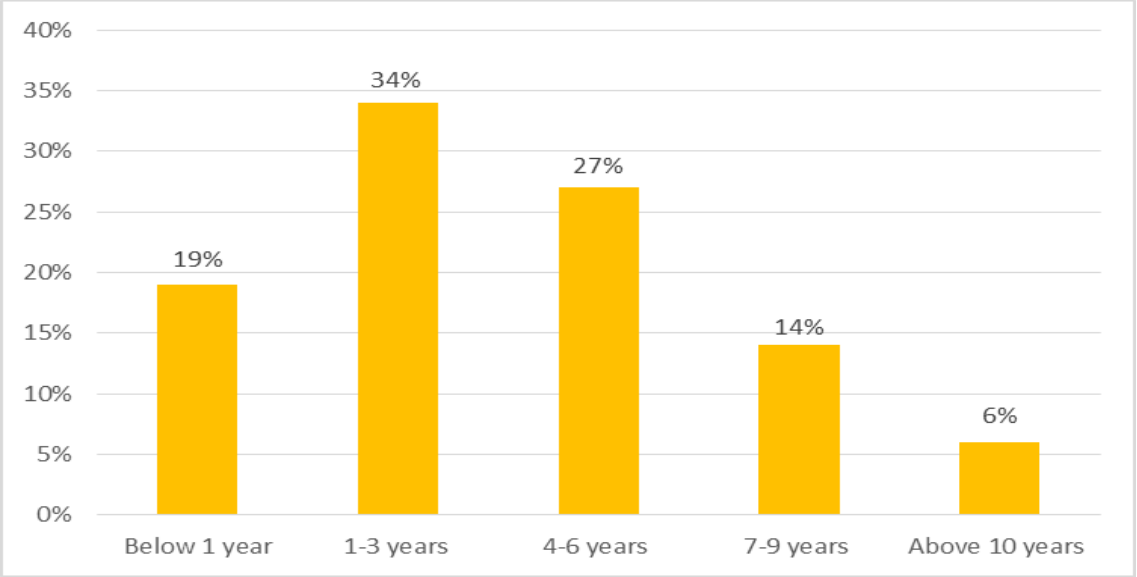


Figure 4.4 Period Respondents had Operated *Boda-Boda*

Source: Field Data, (2024)

As shown in Figure 4.4, the majority of the respondents (34%) had been operating in the *boda-boda* business for a period between 1 to 3 years. This was closely followed by those who had been in the business for 4 to 6 years, constituting 27% of the respondents. Notably, 19% of the riders had been engaged in the *boda-boda* business for less than a year, indicating a relatively recent entry into the industry. The respondents who had been in the business for 7 to 9 years accounted for 14%, while those with over 10 years of experience made up only 6% of the sample.

The findings suggest that many individuals turn to *boda-boda* riding as a source of income when faced with a lack of other job opportunities or financial challenges. For some, *boda-boda* riding serves as a temporary solution or a means to stabilize their finances until better employment prospects arise or their financial situation improves.

They may intend to transition to other professions once their circumstances change or when they find more desirable opportunities.

However, the researcher noted that a significant portion of the respondents (47%) had been engaged in the *boda-boda* business for more than 4 years, which indicates that it may not be merely a temporary endeavor for many riders. Some individuals may find the *boda-boda* business to be a sustainable and long-term source of income, either by choice or due to a lack of alternative employment options.

4.4 Extent to which *boda-boda* riders utilize online money lending platforms

This section aims to report the findings related to the extent to which *boda-boda* riders utilize online lending platforms, as part of the broader research study. Their response is as indicated in table 4.2

The responses were on a Likert scale where S.A = means strongly agree, A= agree, U=undecided, D=disagree and SD= strongly disagree.

Table 4.2 The extent to which *boda-boda* riders utilize online money lending platforms

Extent *boda-boda* riders utilize online money lending platforms and factors influencing it	S.A	A	U	D	S.D
Recommendations or referrals from fellow *boda-boda* riders have encouraged me to use online money-lending platforms.	204	85	0	0	5
The convenience of applying for loans through online platforms, compared to traditional methods, encourages me to use them.	144	150	0	0	0
The awareness and visibility of online money lending platforms through advertising and promotions have influenced my decision to use them.	140	139	0	15	0
The flexibility in repayment terms offered by online money lending platforms is a key factor in my decision to use them.	85	204	5	0	0
The interest rates charged by online money lending platforms are reasonable compared to other sources of credit	150	144	0	0	0
I prefer online money lending platforms because they do not require collateral or extensive documentation	139	140	0	15	0
The fluctuations in my income as a *boda-boda* rider make it necessary for me to seek credit from online money-lending platforms	139	140	0	15	0

Source: Field Data (2024)

According to table 4.2, assessing the extent to which *boda-boda* riders utilize online money lending platforms, it denoted that the recommendations or referrals from fellow *boda-boda* riders had encouraged the riders to use online money lending platforms as the respondents indicated under strongly agree response 139 (47%) and agree response 140 (48%) indicating positive response while some 5 (2%) of the respondents had negative opinion under strongly disagree on the extent to which *boda-boda* riders utilize online money lending platforms. The convenience of applying for loans through online platforms, compared to traditional methods, encouraged riders to use them as indicated

on the table under the response rate of 144 (49%) indicating strongly agree while 150 (51%) of the respondents agreed on convenience of applying for loans through online platforms, compared to traditional methods; On the awareness and visibility of online money lending platforms through advertising and promotions had influenced their decisions to use them as majority of the respondents indicated under strongly agree and agree 140 (48%) and 139 (47%) respectively while 15 (5%) of the respondents had varied views under disagree category. On the flexibility in repayment terms offered by online money lending platforms was a key factor in their decision to use them as some of the respondents 85 (29%) strongly agree while majority 204 (82%) agreed outweighing 5 (2%) of the respondents who were undecided on the aspect being researched. The interest rates charged by online money lending platforms were reasonable compared to other sources of credit to a great extent as shown by the respondents under the response of strongly agree 150 (51%) and agree opinion 144 (49%); the fluctuations in their income as a *boda-boda* rider made it necessary for them to seek credit from online money-lending platforms to a great extent as shown by a response rate of 139 (47%) under strongly agree response and 140 (48%) under agree response outweighing respondents under disagree opinion 15 (5%); the ease of access to online money lending platforms was a significant factor in my decision to use them. The riders preferred online money lending platforms because they did not require collateral or extensive documentation.

The use of online lending platforms among boda-boda riders in Kenya is widespread, driven by the immediate and flexible financial solutions they provide. *Boda-Boda* Riders (BBR) highlighted their reasons for choosing these platforms, with *Boda-Boda* Rider (BBR1) from Kiuu Ward stating;

> “I have borrowed money from online lending platforms so many times...I chose these platforms as they offered fast and convenient access to loans, often requiring minimal paperwork and using alternative data for credit scoring."

This resonates with the findings of Gosavi (2018), who observed the widespread adoption of digital lending platforms among informal sector workers, including boda-boda riders, driven by factors such as ease of access, convenience, and flexibility.

BBR2 from Kahawa Wendani Ward’s statement,

> "The major factors that influenced my choice were their ease of use, low interest rates, and fees, the amount they were willing to loan me, and the recommendations from family and friends,"

aligns with the findings of Nakalema et al. (2019), who identified perceived usefulness, ease of use, and social influence as significant determinants of mobile money adoption among boda-boda riders.

Furthermore, the quotes from Boda-boda Association Officials (BBAO) reinforce the potential risks and unintended consequences of digital lending, as highlighted by Donovan (2012) and Harigaya (2017). One Boda-boda Association official (BBAO1) stated,

> "While these platforms offer convenience and accessibility, it is important for riders to be aware of the potential risks, such as high interest rates and aggressive debt collection practices."

The BBAO1 statement aligns with the need for improving financial literacy and consumer protection in the digital lending space, as emphasized by Mbiti et al. (2021).

Online lending platform officials (OLPO) shed light on their strategies for targeting *boda-boda* riders, such as optimizing mobile interfaces, targeted advertising,

collaborating with associations, offering promotions and incentives, implementing referral programs, organizing educational workshops, and showcasing rider testimonials. These strategies align with the principles of customer segmentation, targeted marketing (Kotler & Armstrong, 2018), and the use of digital platforms and social networks for customer acquisition and engagement (Lamberton & Stephen, 2016).

The OLPOs highlighted the diverse financial needs of boda-boda riders, as OLPO 1 from Branch App mentioned the popularity of

> "...microloans for motorcycle maintenance and repairs, working capital loans for operational expenses, and emergency loans for unexpected situations."

This statement from OLPO1 aligns with the theory of job-to-be-done (Christensen et al., 2016), which suggests the potential for digital lending platforms to provide tailored solutions to address the specific needs of this group.

Overall, the statements from the respondents underscore the intricate interplay of factors influencing the adoption and utilization of online lending platforms among *boda-boda* riders in the study area and beyond. While these platforms offer accessibility and convenience, addressing challenges such as transparency, consumer protection, and responsible lending practices remains crucial for fostering economic security and well-being within this vulnerable population.

4.5 Effectiveness of the Regulatory Framework Governing Online Money Lending Platforms

This section covers the findings related to the research on Regulatory Framework Governing Online Money Lending Platforms, as part of the broader research study. Their response is as indicated in table 4.3

The responses were on a Likert scale where S.A = means strongly agree, A= agree, U=undecided, D=disagree and SD= strongly disagree.

Table 4.3 Effectiveness of the Regulatory Framework Governing Online Money Lending Platforms

Effectiveness of the regulatory framework governing online money lending platforms	**S.A**	**A**	**U**	**D**	**S.D**
When choosing a mobile lending app, I consider the security offered in terms of login and authentication	206	64	0	0	24
Risk of being hacked is a key consideration for me when choosing a mobile lending app to use	109	183	0	0	2
Risk of misuse of my personal data is a key consideration for me when choosing a mobile lending app to use	64	204	26	0	0
The level of confidentiality provided by a mobile lending app is a key consideration for me when choosing a mobile lending app to use	94	200	.0	0	0
The level of privacy offered by a mobile lending app is a key consideration for me when choosing a mobile lending app to use	183	109	0	2	0
I consider the stability and reputation of the financial institution providing mobile loans when choosing the mobile lending platform to use	205	94	0	0	24

Source: Field Data (2024)

As per Table 4.3, the *boda-boda* riders agreed to a great extent as evidenced by the majority of the response rate under strongly agree and agree category with statements concerning the effectiveness of the regulatory framework governing online money lending platforms on the economic security of *boda-boda* riders in Ruiru Sub County as shown on table 4.3. The riders agreed that the risk of misuse of their data was a key consideration for them when choosing a mobile lending app to use as suggested by respondents under strongly agree 206 (70%) while 64 (22%) of the respondents indicated that they agreed however, 24 (8%) had different views under strongly disagree. The risk of being hacked was a key consideration for them when choosing a mobile lending app to use to a great extent as shown by the response rate under strongly agree and agree category 109 (37%) and 183 (62%) respectively while 2 (1%) of the respondents indicated that they strongly disagreed on the risk of being hacked when choosing a mobile lending app. They further agreed that when choosing a mobile lending app, they considered the security offered in terms of login and authentication. The level of confidentiality provided by a mobile lending app was a key consideration for the riders when choosing a mobile lending app to use to a great extent as shown by respondents. Some of the respondents 94 (32%) indicated that they strongly agreed while 200 (68%) agreed on the confidentiality provided by a mobile lending app. The level of privacy offered by a mobile lending app was a key consideration for the riders when choosing a mobile lending app to use to a great extent as shown by the majority of the respondents under strongly agree and agree option 183 (62%) and 109 (37%) respectively and the respondents considered the stability and reputation of the financial institution providing mobile loans when choosing the mobile lending platform to use to a great extent as

shown by the table 4.3 indicating 205 (70%) under strongly agree and 94 (40%) under agree option while 24 (8%) under strongly disagree.

The riders stated that the extent to which online money lending platforms complied with existing regulations impacted their effect on *boda-boda* riders' economic security. Strong regulatory oversight and enforcement mechanisms were essential to ensure that lenders adhered to consumer protection laws, interest rate caps, and other relevant regulations. Regulatory frameworks that prioritized consumer protection helped safeguard the economic security of *boda-boda* riders. Measures such as transparent disclosure of loan terms, fair lending practices, and mechanisms for addressing borrower complaints and disputes enhanced trust and confidence in online lending platforms. Regulatory frameworks that impose caps on interest rates and fees charged by online money lending platforms can prevent predatory lending practices and reduce the financial burden on boda-boda riders. Interest rate caps help ensure that loans remain affordable and accessible to borrowers, promoting responsible lending and sustainable financial outcomes. Regulatory frameworks that mandated financial education and literacy programs for borrowers empowered *boda-boda* riders to make informed financial decisions and manage their debts effectively. By increasing financial literacy, regulators helped mitigate the risks of over-indebtedness and improve the economic security of borrowers. Effective regulatory frameworks involve ongoing supervision and monitoring of online money lending platforms to detect and address any instances of non-compliance or misconduct. Regulators needed to have the necessary resources and expertise to oversee the activities of lenders and intervene when necessary to protect the interests of

borrowers, including *boda-boda* riders. Regulatory frameworks should be adaptable to evolving market dynamics and technological innovations in the online lending space. Regulators needed to strike a balance between promoting financial innovation and ensuring consumer protection, fostering an environment where online money lending platforms thrived while safeguarding the economic security of *boda-boda* riders and other borrowers.

The respondents highlighted the need for a more robust regulatory framework to protect the interests of borrowers, including *boda-boda* riders, who access credit from online lending platforms. BBR 4 from Kahawa Sukari Ward stated,

> "I am not aware of the existing regulatory framework governing online lending platforms in Kenya, but I think that the CBK and other regulatory bodies should enforce existing laws more rigorously to ensure compliance by all lenders."

This sentiment from BBR4 resonates well with the concerns raised in by Njathi (2019) and Totolo (2018), who emphasized the importance of transparency, consumer protection, and responsible lending practices.

Furthermore, BBR5 from Gatongora Ward indicated,

> "While online lending platforms have provided valuable financial services to many, including boda-boda riders, the associated risks and high costs undermine economic security if not properly regulated."

The findings of Kimaiyo (2021) align with BBR5 sentiments, the study highlighted the need for improved consumer protection measures and transparency standards within the digital credit sector.

On the other hand, addressing unfair lending practices and borrower empowerment, respondents expressed concerns about unfair lending practices, aggressive marketing tactics, and the need for borrower empowerment. BBR6 from Biashara Ward stated,

> "While online lending platforms offer convenience and quick access to funds, they often come with higher costs and risks, including higher interest rates and potential for aggressive debt collection."

This sentiment echoes the findings of Totolo (2018), who highlighted the potential for marketing strategies to entice consumers with appealing loan offers, leading to unnecessary borrowing.

A Boda-boda Association Official (BBAO2) emphasized the need for programs to educate borrowers about their rights and how to manage loans can empower them to make better financial decisions. This aligned well with the emphasis on improving financial literacy and consumer protection, as highlighted by Mbiti et al. (2021) and Elizabeth (2020).

The respondents shed light on the crucial role played by boda-boda associations in addressing issues related to online lending platforms and promoting the economic security of their members. BBAO3 stated,

> "We educate our members about the risks and benefits of using online lending platforms... We represent the interests of *boda-boda* riders in discussions with policymakers, regulators, and industry stakeholders."

This respondent's statement aligns with the emphasis on the need for collective action and advocacy to address systemic issues related to online lending on small business units like of *boda-boda* group in the study.

The Perspectives from Online Lending Platform Officials OLPO; officials from online lending platforms provided insights into their practices and strategies for responsible

lending and borrower protection. OLPO3 and OLPO4 from M-Koopa Cash discussed their approach to ensuring that the interest rates and repayment terms for loans are reasonable and do not unduly burden borrowers. This resonates with the emphasis on responsible lending practices and preventing over-indebtedness, as highlighted by Kimaiyo (2021)in the empirical review section of this study.

OLPO5 from Haraka App acknowledged receiving feedback and complaints from borrowers, including *boda-boda* riders, regarding issues such as aggressive marketing tactics, hidden fees, and abusive debt collection practices. The respondents agree with the concerns raised by Njathi (2019) and Totolo (2018) regarding the potential for unfair practices and the need for robust regulatory oversight.

Overall, the respondents' insights underscored the multifaceted challenges surrounding online lending platforms and their impact on the economic security of *boda-boda* riders. The need for a stronger regulatory framework, consumer protection measures, borrower empowerment, and collective advocacy emerges as a common theme, highlighting the importance of collaborative efforts by stakeholders to address these issues effectively.

4.6 Economic Security Challenges

This section aims to report the findings related to economic security challenges facing *Boda-boda* riders in Ruiru sub-county in accessing credit facilities from online money lending platforms, thus forming part of the broader research study.

Their response is as indicated in table 4.4

The responses were on a Likert scale where S.A = means strongly agree, A= agree, U=undecided, D=disagree and SD= strongly disagree.

Table 4.4 Economic Security Challenges

Economic security challenges	S.A	A	U	D	S.D
Financial management skills are required especially since credit can be easily accessed from the platforms	144,150,		0 ,	0 ,	0
Level of education can be a deterrent towards understanding terms of online money lending platforms	140	139	0	0	15
Sometimes the borrowing is not out of necessity rather availability of the money	85	204	5	0	0
There is lack of transparency in fees and associated costs	150	144	0	0	0
Sometimes, mobile lenders can withdraw money from an account without consent	139	140	0	0	0
Growing the credit limit takes some time	85	204	0	0	5
Delayed paying of loans lead to negative credit listing	144	150	0	0	0

Source: Field Data (2024)

Table 4.4 shows that the riders agreed to a great extent with statements concerning economic security challenges facing *Boda-boda* riders in Ruiru sub-county who sought credit facilities from online money lending platforms to a great extent as shown by the majority of the respondents. Respondents agreed that sometimes the borrowing was not out of necessity but rather the availability of the money to a great extent as indicated by the respondents 85 (29%) under strongly agree and 204 (82%) under agree category while 5 (2%) were undecided. Findings further revealed that growing the credit limit took some time to a great extent as shown on the table as the respondents 85 (29%) under strongly agree and 204 (82%) under agree category while 5 (2%) strongly disagreed. On whether the level of education was a deterrent towards understanding terms of online money lending platforms, respondents 140 (48%) and 139 (47%) respectively under

strongly agree and agree indicated that the level of education was a deterrent towards understanding terms of online money lending platforms while 15 (5%) strongly disagreed. On the delayed paying of loans, led to negative credit listing to a great extent as shown by the majority of the respondents under strongly agree and agree categories 144 (49%) and 150 (51%) respectively. Research finding indicated that financial management skills were required especially since credit was easily accessed from the platforms to a great extent as 144 (49%) of the respondents indicated under strongly agree while 150 (51%) under agree category

Moreover, they agreed that there was a lack of transparency in fees and associated costs to a great extent as shown on the table under the strongly agree and agreed that is 150 (51%) and 144 (49%) respectively. That sometimes, mobile lenders could withdraw money from an account without consent to a moderate extent as indicated by the opinion of the respondents, that is 85 (29%) under strongly agree, 204 (82%) under agree while 5 (2%) were undecided.

On Barriers to Accessing Credit from Online Lending Platforms; respondents highlighted various barriers that boda-boda riders face in accessing credit facilities from online lending platforms. BBR9 from Kiuu Ward stated,

> "I have been denied loans from an online lending platform as they had insufficient data to assess my creditworthiness... I did not provide all the required information required for the application."

This aligns with the challenges identified in the literature review, such as the lack of formal financial records, credit history, or documentation required by online lenders, as highlighted by the Jazika App official.

On issues relating to High Borrowing Costs and Over-Indebtedness; respondents acknowledged online lending platforms charge high interest rates. The high costs associated with online lending platforms emerged as a significant concern among respondents. BBR 10 from Mwihoko Ward indicated,

> "Online money lending platforms often charge high interest rates on loans, which increase the cost of borrowing for boda-boda riders. High interest rates erode income and make it challenging for riders to repay their loans."

This echoes the findings which emphasized the potential for high borrowing costs to exacerbate financial stress and contribute to a cycle of debt, as highlighted by Kimaiyo (2021) and Elizabeth (2020).

Privacy and Data Security were also of great concern in this study, respondents expressed concerns about data privacy and the potential misuse of personal information when dealing with online lending platforms. BBAO5 from Kiuu Ward stated,

> "Concerns regarding data privacy and the misuse of personal information when dealing with online lending platforms have been raised, among boda-boda riders."

This bonds with the emphasis on the need for robust data privacy policies and practices to safeguard borrowers' personal information, as discussed by Nyawara (2021) and Munyendo et al. (2022).

Loan Churning and Predatory Lending Practices by online lending platforms also raised mixed reactions from the respondents. The issue of loan churning, where borrowers are pressured or coerced to take out additional loans and renew existing ones, emerged as a concern among respondents. BBAO6 from Mwihoko Ward indicated,

> "I am aware of instances where boda-boda riders have felt pressured or coerced by online lending platforms to take out additional loans or renew existing ones."

The BBAO6's sentiments reflect the findings which highlighted the need for increased transparency and regulation to prevent predatory lending practices, as emphasized by Kimaiyo (2021) and Njathi (2019).

Further, the respondents' views on the Alternative Sources of Credit and Financial Support had several hurdles. When unable to access loans from online lending platforms, respondents mentioned exploring alternative sources of credit or financial support. BBAO7 from Gatongora Ward stated,

> "When boda-boda riders are unable to access loans from online lending platforms, they may explore alternative sources of credit or financial support."

BBAO7 listed various options, such as informal savings groups, family and friends, microfinance institutions, community-based organizations, and temporary employment. This aligns with the emphasis on the need for accessible and affordable credit options for underserved populations, as highlighted by Batista and Vicente (2020) and Mbiti and Weil (2015).

Online lending platform officials acknowledged the importance of responsible lending practices and borrower empowerment. OLPO5 from Tala App stated,

> "preventing borrowers from being trapped in a cycle of debt is a top priority for our platform. We recognize the importance of promoting responsible lending practices and supporting borrowers' financial well-being. To achieve this goal, we have implemented several measures and mechanisms to help prevent borrowers from falling into a cycle of debt. Before approving a loan, we conduct thorough affordability assessments to evaluate borrowers' ability to repay based on their income, expenses, and financial obligations. Through ensuring that borrowers can afford the loan without experiencing financial hardship, we aim to prevent over-lending and mitigate the risk of borrowers becoming trapped in a cycle of debt. We establish credit limits based on

> borrowers' repayment capacity and creditworthiness to prevent them from borrowing more than they can afford to repay. By setting reasonable credit limits, we help borrowers avoid taking on excessive debt that could lead to financial difficulties. We offer flexible loan term options, including varying repayment durations and installment frequencies, to accommodate borrowers' financial circumstances and preferences. The provision of choices to borrowers aligning with their cash flow and budgetary constraints, has the potential to empower them to manage their debt responsibly and avoid falling into a cycle of debt. We provide financial education resources and tools to empower borrowers with the knowledge and skills to manage their finances effectively, budget responsibly, and make informed borrowing decisions. Through promoting financial literacy and awareness, we aim to equip borrowers with the tools they need to avoid excessive debt and achieve financial stability. We offer incentives, such as discounts or rebates, for borrowers who repay their loans early or ahead of schedule. Through encouraging early repayment, we help borrowers reduce their overall debt burden and avoid prolonged indebtedness."

The OLPO's sentiments agree with the promotion of financial literacy, responsible borrowing practices, and consumer protection measures, as highlighted by Mbiti et al. (2021) and Elizabeth (2020) studies.

In conclusion, the respondents' perspectives, and insights underscore the multifaceted challenges faced by *boda-boda* riders in accessing credit facilities from online lending platforms. The need for addressing barriers, promoting responsible lending practices, enhancing data privacy and borrower protection, and exploring alternative sources of financial support emerges as a common theme across the responses in the study.

4.7 Online Money Lending Platforms on Economic Security

This section aims to report the findings related to influence of online money lending platforms on the economic security of *Boda-boda* riders in Ruiru sub-county.

Their response is as indicated in table 4.5

The responses were on a Likert scale where S.A = means strongly agree, A= agree, U=undecided, D=disagree and SD= strongly disagree.

Table 4.5 Online Money Lending Platforms on Economic Security

Economic security	S.A	A	U	D	S.D
Online money lending platforms improves financial access to loans	84,204		6	0	0
There is improved business profitability	146,140		8	0	0
Online money lending platforms improves income	140	100	0	19	20
The online money lending platforms provides funds for capital investments	144	150	0	0	0
Online money lending platforms boosts business performance	85	204	0	0	5
The flexibility of loans means a person can expand their business ventures	150	144	0	0	0
Online money lending platforms lead to overall economic development	204	85	5	0	0

Source: Field Data (2024)

Table 4.5 shows that respondents agreed with statements concerning the influence of online money lending platforms on the economic security of *Boda-boda* riders in Ruiru Sub County who sought credit facilities from online money lending platforms as shown by respondents indicating that 140 (48%) of the respondents strongly agreed while 100 (34%) of the respondents agreed that there is the influence of online money lending platforms on the economic security of *Boda-boda* riders. On the same aspect, 9 (6%) of the respondents disagreed while 20 (7%) strongly disagreed that there is influence of online money lending platforms on the economic security of *Boda-boda* riders.

The riders agreed that online money lending platforms led to overall economic development to a great extent as indicated by 204 (82%) of the respondents under strongly agree response while 85 (29%) corroborating them, contrary to 5 (2%) of the respondents who were undecided whether online money lending platforms led to overall economic development. On whether online money lending platforms improved financial access to loans, 84 (29%) indicated that they strongly agreed, 204 (69%) agreed while 6 (2%) were undecided. The flexibility of loans meant a person could expand their business ventures to a great extent that is according to the findings, showing that 150 (51%) strongly agreed supported by 144 (49%) who agreed that person could expand their business through loans.

Furthermore, the riders agreed that online money lending platforms boosted business performance to a great extent, that is in line with the findings of the study in which 85 (29%) strongly agreed, 204 (69%) who were majority agreed while 5 (2%) of the respondents strongly disagreed. Consequently, it was noted that 140 (48%) of the respondents under strongly agree and 100 (34%) under agree response indicated that online money lending platforms improved income contrary to 19 (6%) who disagreed and 20 (7%) who strongly disagreed. 146 (50%) of the respondents under strongly agree and 140 (48%) under agree response supported that there was improved business profitability to a great extent while 8 (3%) were undecided whether there was improved business profitability. On the aspect of the online money lending platforms providing funds for capital investments, 150 (51%) of the respondents strongly agreed while 144 (49%) agreed that online money lending platforms provided funds for capital investments.

4.8. Regression Analysis

The study utilized linear regression analysis to find out the relationship between the predictor variables and the economic security of boda-boda riders in Ruiru Sub-County, Kiambu County. The study utilized SPSS version 28 to generate an output of the regression statistics after cleaning and coding data from the field. The coefficient of determination was used to explain how the change in the dependent variable can be explained by the change in the independent variables. The dependent variable for the current study was the economic security of *boda-boda* riders in Ruiru Sub-County, Kiambu County while the independent variables were accessibility of online money lending platforms, the regulatory framework governing online money lending platforms, and challenges facing *boda-boda* riders seeking credit facilities.

4.8.1. Model Summary

The table below provides the model summary of the relationship between the predictor variables and the economic security of *boda-boda* riders in Ruiru Sub-County, Kiambu County. The findings are shown in Table 4.6. below;

Table 4.6 Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.732[a]	.535	.515	.66693

Source: Researcher (2024)

a. Predictors: (Constant), use of online money lending platforms, the regulatory framework governing online money lending platforms, and challenges facing boda-boda riders seeking credit facilities.

b. Dependent Variable: economic security of boda-boda riders in Ruiru Sub-County, Kiambu County.

From the results in the table, R2=0.535, that is a 53.5% disparity in the economic security of *boda-boda* riders in Ruiru Sub-County, Kiambu County is explained by the independent variables in the model. However, the 46.5% unexplained difference in the economic security of *boda-boda* riders in Ruiru Sub-County, Kiambu County is a result of other unrepresented determinants in the regression model. As per the findings in table 4.6, it can be ascertained that the model is good and can be utilized for estimation. From the results in the table, a significant relationship was established which is indicated by the variables as depicted by R2=0.535, that is 65.2% which shows that a significant relationship exists between the independent variables and the economic security of *boda-boda* riders in Ruiru Sub-County, Kiambu County.

4.8.2 ANOVA Results

The table below provides the ANOVA results of the relationship between the predictor variables and the economic security of *boda-boda* riders in Ruiru Sub-County, Kiambu County. The findings are shown in Table 4.7.

Table 4.7 ANOVA of the Regression

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	47.161	4	11.790	26.507	.000[b]
	Residual	40.921	92	.445		
	Total	**88.082**	**96**			

a. Dependent Variable: economic security of boda-boda riders in Ruiru Sub-County, Kiambu County

b. Predictors: (Constant), use of online money lending platforms, the regulatory framework governing online money lending platforms, and challenges facing boda-boda riders seeking credit facilities.

Source: Researcher (2024)

The significance value is 0.000 which is less than 0.05 thus the model is statistically significance in predicting how the factors (use of online money lending platforms, regulatory framework governing online money lending platforms, and challenges facing boda-boda riders seeking credit facilities) impact the economic security of boda-boda riders in Ruiru Sub-County, Kiambu County. The F critical at 5% level of significance was 3.123. Since F calculated is greater than the F critical (value = 26.507), this shows that the overall model was significant.

4.8.3 Coefficient of Determination

The table below provides the coefficient of determination on the relationship between the predictor variables and the economic security of boda-boda riders in Ruiru Sub-County, Kiambu County. The findings are shown in Table 4.8.

Table 4.8 Coefficient of Determination

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	**Std. Error**	**Beta**	**T**	**Sig.**
(Constant)	.101	.339		.298	.766
Use of online money lending platforms	.209	.078	.194	2.659	.009
Government Policies	.293	.070	.303	4.183	.000
Challenges	.433	.063	.499	6.897	.000

a. **Dependent Variable**: Economic security of boda-boda riders in Ruiru Sub-County, Kiambu County

Source: Researcher (2024)

Linear analysis was conducted to determine the economic security of boda-boda riders in Ruiru Sub-County, Kiambu County. As per the SPSS-generated table below, a regression equation

$$(\mathbf{Y = BO + \beta_1 X_{1+} \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + ẹ})$$

Becomes:

$$(Y= 0.101+ 0.209_{+} 0.293+ 0.433+ 0.236+0.172+ \varepsilon)$$

From the regression taking the independent variable at constant (use of online money lending platforms, regulatory framework governing online money lending platforms, and challenges facing *boda-boda* riders seeking credit facilities) constant at zero, the economic security of *boda-boda* riders in Ruiru Sub-County, Kiambu County was 0.101. The data findings analyzed also showed that taking all other independent variables at zero, a unit increase in the use of online money lending platforms will lead to a 0.209 increase in the economic security of *boda-boda* riders in Ruiru Sub-County, Kiambu County, and a unit increase in the extent to which regulatory framework governing online money lending platforms will lead to a 0.292 increase in the economic security of *boda-*

boda riders in Ruiru Sub-County, Kiambu County, a unit increase in addressing the challenges facing *boda-boda* riders seeking credit facilities from online money lending platforms will lead to a 0.433 increase in economic security of *boda-boda* riders in Ruiru Sub-County, Kiambu County. This infers that the use of online money lending platforms contributed the most to the economic security of boda-boda riders in Ruiru Sub-County, Kiambu County, followed by a regulatory framework governing online money lending platforms. At a 5% level of significance and 95% level of confidence, the use of online money lending platforms, the extent to which the framework governing online money lending platforms, and the challenges facing *boda-boda* riders seeking credit facilities were all significant on economic security of *boda-boda* riders in Ruiru Sub-County.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The study's summary, conclusions, and recommendations based on the study findings are presented in this chapter. The objectives of this study were to examine the extent to which *boda-boda* riders in Ruiru Sub-County are utilizing online money lending platforms and the factors influencing their uptake of these services; to examine the effectiveness of the regulatory framework governing online money lending platforms on the economic security of *boda-boda* riders in Ruiru sub-county and to establish the economic security challenges facing *Boda-boda* riders in Ruiru sub-county in accessing credit facilities from online money lending platforms.

5.2 Summary of the Findings

The findings from the preceding chapter are summarized in this section. This part is divided into four components as per the objectives of this study.

5.2.1 Extent to which *boda-boda* riders utilize online money lending platforms

The study found that *boda-boda* riders extensively utilized online money-lending platforms to access loans or credit as indicated with the average of 3.86. Several key factors influenced their uptake of these online services. Respondents frequently used

online platforms to obtain loans or credit, and recommendations and referrals from fellow boda-boda riders encouraged the use of online money lending platforms. The convenience of applying for loans through online platforms, compared to traditional methods, was a driving factor. Moreover, the awareness and visibility of online money lending platforms through advertising and promotions influenced riders' decisions to use them. The flexibility in repayment terms offered by online platforms was a crucial factor in their decision to use them, and the interest rates charged by online platforms were perceived as reasonable compared to other sources of credit. Fluctuations in their income as *boda-boda* riders necessitated seeking credit from online money-lending platforms. The ease of access to online platforms was a significant factor in their decision to use them, and riders preferred online platforms because they did not require collateral or extensive documentation. Furthermore, the study highlighted that limited access to formal financial services was a significant factor contributing to the widespread adoption of these platforms among *boda-boda* riders. The ease of access, convenience, and flexibility offered by digital financial services were critical drivers facilitating their adoption among this user group. These findings aligned with previous research by Mbiti and Weil (2015) in Tanzania, which explored the impacts of mobile money and digital credit services on household economic well-being, particularly among those engaged in informal economic activities. Their study underscored the positive influence of these services, serving as a vital safety net for households by enabling them to manage financial shocks and smooth consumption patterns more effectively. Similarly, Nakalema *et al.* (2019) conducted a study in Uganda examining the factors influencing the adoption of mobile money services among *boda-boda* riders. Their findings revealed that perceived usefulness, ease

of use, and social influence were significant determinants contributing to the adoption of these services, further emphasizing their multifaceted utility for both personal and business purposes.

5.2.2 Effectiveness of the Regulatory Framework Governing Online Money Lending Platforms

The study revealed that *boda-boda* riders significantly agreed with statements concerning the effectiveness of the regulatory framework governing online money lending platforms on their economic security in Ruiru Sub County as indicated by the average rate of 3.93. The riders acknowledged that the risk of misuse of their data was a key consideration when choosing a mobile lending app to use. Similarly, the risk of being hacked was a crucial factor in their selection process.

Furthermore, the riders agreed that when choosing a mobile lending app, they considered the security offered in terms of login and authentication mechanisms. The level of confidentiality provided by a mobile lending app was a key consideration for the riders, as was the level of privacy offered by such platforms. Notably, the respondents considered the stability and reputation of the financial institution providing mobile loans when choosing the mobile lending platform to use, indicating a strong emphasis on the credibility and trustworthiness of the service provider. These findings align with the provisions outlined in the 2010 Kenyan Constitution, which establishes every person's inherent right to privacy. This right encompasses protection against unnecessary disclosure or intrusion into one's private life, as well as the safeguarding of

communication privacy. Additionally, Article 46 of the Kenyan Constitution stipulates the right to fair quality products and services, as well as the knowledge required to fully benefit from such goods and services. The Data Protection Act (2022) further reinforces these principles by outlining the responsibilities of the Data Commissioner and the limits on the storage, handling, and sharing of personally identifiable information acquired by businesses and government agencies. The Act mandates the registration of data controllers and processors, ensuring proper implementation and oversight. Part VI of the Data Protection Act addresses data localization requirements and cross-border transfers, subjecting the transmission of personal data across borders to the provision of adequate security measures by data controllers and processors to the Data Commissioner. This may include demonstrating that the intended recipient country has data protection laws comparable to those in Kenya and that the transfer is necessary to fulfill a contractual obligation. Additionally, the Consumer Protection Act (2019) imposes further duties on providers, including maintaining confidentiality, adhering to terms for the execution of credit agreements and agreements made online, and disclosing information relevant to agreements made remotely. These legal frameworks aim to safeguard the rights and interests of consumers, including *boda-boda* riders, in their interactions with online money-lending platforms.

5.2.3 Challenges Facing *Boda-boda* Riders Seeking Credit Facilities from Online Money Lending Platforms

The study further found that the riders agreed to a great extent with statements concerning economic security challenges facing *Boda-boda* riders in Ruiru Sub County who sought credit facilities from online money lending platforms to a great extent. They agreed that sometimes the borrowing was not out of necessity but rather the availability of the money; growing the credit limit took some time, level of education was a deterrent towards understanding the terms of online money lending platforms. They also agreed that delayed paying of loans led to negative credit listing; financial management skills were required especially since credit was easily accessed from the platforms. Moreover, they agreed that there was a lack of transparency in fees and associated costs to a great extent. The study was supported by Njathi (2019) who indicated that more than 6 million individuals in Kenya have used digital lending services. Among digital borrowers, 20% have encountered lenders who were not upfront about fees, charges, or their capacity to access their funds without permission, according to the survey. Out of a total population of fifty million, almost two and a half million are on CRB's negative list, with fourteen percent of that number being blacklisted for amounts below two dollars. Certain marketing strategies, including digital and SMS marketing, might surprise consumers with attractive loan offers. This, together with the convenience of easy access, could potentially cause people to take out loans that aren't essential or even harmful. The factors that encourage young people in the Nairobi Metropolitan Region to take out loans. A total of 1,462,803 young adults (ranging in age from 18 to 35) from the Ruiru area made up the research population. There were 381 participants in the data set. With all

other factors held constant, the study's regression findings showed that 82.3% of the variation in the amount of credit taken by teenagers is explained by their awareness, business and entrepreneurial abilities, and the conditions of their loans. Furthermore, the created regression model shows that the youth's credit intake is inversely related to the loan terms. The research's findings also brought to the attention of strategy makers the matters that must be considered to convince the young to actively support the country's GDP (Elizabeth, 2020).

5.3 Conclusions

In conclusion, *boda-boda* riders in Kenya have increasingly turned to online money-lending platforms to access credit and financial support for their businesses and personal needs. Despite the growing popularity of online money lending platforms among *boda-boda riders*, some challenges and considerations need to be addressed to ensure responsible lending practices and protect borrowers' interests. These include concerns about high interest rates, over-indebtedness risk, regulatory compliance, and consumer protection. Moving forward, online lending platforms, regulatory authorities, policymakers, and industry stakeholders need to collaborate effectively to address these challenges and promote a fair, transparent, and sustainable digital lending ecosystem that benefits *boda-boda* riders and other borrowers alike.

Effective regulatory oversight is crucial to ensure that online credit facilities operate responsibly and transparently, protecting the economic security of *boda-boda* riders by promoting fair lending practices and consumer protection. Effective supervision and monitoring by regulatory authorities are also crucial for detecting and addressing any

instances of non-compliance or misconduct by online money lending platforms. Regular oversight helps maintain the integrity of the financial system and protects the interests of borrowers.

The study finally concluded that *boda-boda* riders face challenges associated with the high interest rates, fees, and charges imposed by online money lending platforms. These costs can significantly increase the overall burden of borrowing and may hinder the economic security of riders. There is a significant risk of *boda-boda* riders becoming over-indebted due to easy access to credit facilities from online platforms. Without proper financial management or regulatory oversight, riders may accumulate multiple loans and struggle to meet their repayment obligations, leading to a cycle of debt. Many *boda-boda* riders lack sufficient financial literacy and may not fully understand the terms and conditions of the loans they acquire from online lending platforms. This lack of understanding can exacerbate the challenges associated with borrowing and repayment, contributing to financial insecurity.

5.4 Recommendations

The findings of this study highlight the need for concerted efforts from various stakeholders to address the challenges faced by boda-boda riders in accessing online credit facilities and to promote their economic security. Recommendations are proposed for the national government, the County Government of Kiambu, and online lenders themselves.

At the national level, it is imperative to enhance the regulatory framework governing online money lending platforms. This should involve imposing interest rate caps to prevent exorbitant borrowing costs, regulating fees and charges imposed by online lenders to prevent hidden or excessive costs, and strengthening enforcement mechanisms to curb predatory lending practices and ensure compliance with regulations. Such measures would promote responsible lending practices, consumer protection, and transparency within the industry.

Furthermore, the national government should introduce tailored financial literacy initiatives targeting boda-boda riders. These programs should focus on educating riders about understanding loan terms, interest rates, and repayment responsibilities associated with online credit services. By equipping riders with comprehensive financial knowledge, they can make informed choices when borrowing and effectively manage their debt obligations, ultimately enhancing their financial well-being. Additionally, fostering collaboration among regulators, policymakers, financial institutions, civil society organizations, and boda-boda rider associations is crucial in addressing the economic security challenges associated with online credit facilities. Engaging these stakeholders in dialogue and decision-making processes can lead to the development of holistic solutions that meet the unique needs of boda-boda riders while safeguarding their financial well-being.

At the county level, the County Government of Kiambu should take proactive measures to promote the development of alternative financing options for boda-boda riders. This could include supporting the establishment of microfinance institutions, cooperative societies, and community-based lending programs. Increasing access to affordable credit

alternatives can reduce reliance on high-cost online money lending platforms and mitigate the risk of over-indebtedness among boda-boda riders. Moreover, the County Government of Kiambu should launch consumer awareness campaigns to educate boda-boda riders about the risks and benefits of using online credit facilities. These campaigns should provide information on how to identify reputable lending platforms, understand loan terms and conditions, and employ strategies to avoid falling into debt traps.

Online lenders, on their part, should take proactive measures to strengthen data privacy regulations and protect the personal information of boda-boda riders when accessing online credit facilities. Implementing measures to ensure the secure handling and storage of sensitive data by lending platforms will significantly reduce the risk of privacy breaches and identity theft, fostering trust and confidence among borrowers.

By implementing these recommendations, the national and county governments, as well as online lenders, can collaborate to create a more conducive environment for boda-boda riders to access credit facilities responsibly and safeguard their economic security. Through a multi-stakeholder approach, addressing regulatory gaps, promoting financial literacy, and increasing access to alternative financing options, the economic well-being of this vulnerable segment can be enhanced, ultimately contributing to the overall economic development of the region.

5.5 Areas of Further Research

Based on the outcomes of the study, some areas are recommended for further study and which may facilitate a more efficient and effective management of the *boda-boda* business.

Studies should be conducted on the regulatory frameworks governing online money lending platforms to ensure that practices involved in lending are responsible, the protection of consumers is effective, and transparency is adhered to. Such research could investigate the impact of existing regulations, identify gaps or loopholes, and propose measures to strengthen the regulatory environment.

While this study examined the current extent of utilization and factors influencing the uptake of online money lending platforms among boda-boda riders, further research is needed to assess the long-term economic impacts of these platforms on the financial security and overall economic well-being of boda-boda riders and their households. Longitudinal studies could provide valuable insights into the lasting effects of responsible lending practices, financial literacy initiatives, and access to alternative financing options. Further research could explore the role of technology and innovation in addressing the challenges identified in this study. This could include investigating the potential of digital solutions, such as mobile applications or online platforms, to facilitate financial education, regulatory compliance, and the development of alternative financing options for boda-boda riders.

Conducting comparative studies across different regions or contexts could also provide valuable insights into the similarities and differences in the challenges faced by *boda-boda* riders, the effectiveness of regulatory measures, and the adoption of innovative solutions. Such studies could facilitate knowledge-sharing among stakeholders and inform the development of context-specific strategies.

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APPENDICES

APPENDIX I: INTRODUCTORY LETTER

Date:

Ref: Research Questionnaire

Dear Respondents,

I am a student at Africa Nazarene University pursuing a Master of Science in Governance Peace and Security. As part of a requirement, I am doing a research project on the influence of online money lending platforms on the economic security of boda-boda riders in Ruiru sub-county, Kiambu County.

Regarding the above, I request you provide the information needed to meet the objectives of this study by completing the questionnaire attached.

Please note that the information obtained will be used for research purposes only and will be accorded the required confidentiality. Your assistance is highly appreciated.

Yours sincerely,



Andrew Mbuya.

APPENDIX II: RESEARCH QUESTIONNAIRE

Dear respondent,

This questionnaire is intended to collect data relating to the influence of online money lending platforms on the economic security of boda-boda riders in Ruiru sub-county, Kiambu County. Information collected from this questionnaire will be handled with high confidentiality and will strictly be used for academic purposes only by the researcher.

SECTION A: Demographic Information

1. Gender Male **[ ]** Female **[ ]**
2. Age

Age (years)	Below **25**	**26-35**	**36-45**	**46-55**	Above **56**
Response					

3. Level of education

   Masters **[ ]** Degree **[ ]** Diploma **[ ]** Certificate **[ ]**

   Other ……..……

4. How long have you been a *boda-boda* rider?

Years	Below **1**	**1-3**	**4-6**	**7-9**	Above **10**
Experience					

SECTION B: The extent to which *boda-boda* riders utilize online money lending platforms

Please indicate on the level that you agree to the following statements concerning the extent to which *boda-boda* riders utilize online money lending platforms and the factors influencing their uptake of the online services in Ruiru Sub County.

The following scale will be applicable:

5= Strongly Agree 4= Agree 3= undecided 2= Disagree 1= Strongly Disagree

	Extent *boda-boda* riders utilize online money lending platforms	**1**	**2**	**3**	**4**	**5**
1. 1	I frequently use online money lending platforms to access loans or credit					
2.	The ease of access to online money lending platforms is a significant factor in my decision to use them.					
3.	The convenience of applying for loans through online platforms, compared to traditional methods, encourages me to use them.					
4.	The flexibility in repayment terms offered by online money lending platforms is a key factor in my decision to use them.					
5.	I prefer online money lending platforms because they do not require collateral or extensive documentation					

6.	The interest rates charged by online money lending platforms are reasonable compared to other sources of credit					
7.	The fluctuations in my income as a *boda-boda* rider make it necessary for me to seek credit from online money-lending platforms					
8.	The awareness and visibility of online money lending platforms through advertising and promotions have influenced my decision to use them.					
9.	Recommendations or referrals from fellow *boda-boda* riders have encouraged me to use online money-lending platforms.					

SECTION C: Effectiveness of the regulatory framework governing online money lending platforms.

Please indicate on the level that you agree to the following statements concerning the effectiveness of the regulatory framework governing online money lending platforms on the economic security of boda-boda riders in Ruiru Sub County.

The following scale will be applicable:

5= Strongly Agree **4=** Agree **3=** undecided **2=** Disagree **1=** Strongly Disagree

	Effectiveness of the regulatory framework governing online money lending platforms	**1**	**2**	**3**	**4**	**5**
	When choosing a mobile lending app, I consider the security offered in terms of login and authentication					
	Risk of being hacked is a key consideration for me when choosing a mobile lending app to use					
	Risk of misuse of my personal data is a key consideration for me when choosing a mobile lending app to use					
	The level of confidentiality provided by a mobile lending app is a key consideration for me when choosing a mobile lending app to use					
	The level of privacy offered by a mobile lending app is a key consideration for me when choosing a mobile lending app to use					
	I consider the stability and reputation of the financial institution providing mobile loans when choosing the mobile lending platform to use					

SECTION D: Economic security challenges

Please indicate on the level that you agree to the following statements concerning economic security challenges facing Boda-boda riders in Ruiru sub-county who seek credit facilities from online money lending platforms. The following scale will be applicable:

5= Strongly Agree **4=** Agree **3=** undecided **2=** Disagree **1=** Strongly Disagree

	Economic security challenges	**1**	**2**	**3**	**4**	**5**
	Financial management skills are required especially since credit can be easily accessed from the platforms					
	Level of education can be a deterrent towards understanding terms of online money lending platforms					
	Sometimes the borrowing is not out of necessity rather availability of the money					
	There is lack of transparency in fees and associated costs					
	Sometimes, mobile lenders can withdraw money from an account without consent					
	Growing the credit limit takes some time					
	Delayed paying of loans lead to negative credit listing					

SECTION E: Online money lending platforms on economic security

Please indicate on the level that you agree to the following statements concerning influence of online money lending platforms on economic security of *Boda-boda* riders in Ruiru sub county who seek credit facilities from online money lending platforms. The following scale will be applicable:

5= Strongly Agree **4=** Agree **3=** undecided **2=** Disagree **1=** Strongly Disagree

	Economic security	**1**	**2**	**3**	**4**	**5**
	Online money lending platforms improves financial access to loans					
	There is improved business profitability					
	Online money lending platforms improves income					
	The online money lending platforms provides funds for capital investments					
	Online money lending platforms boosts business performance					
	The flexibility of loans means a person can expand their business ventures					
	Online money lending platforms leads to overall economic development					

APPENDIX III: INTERVIEW GUIDE

1. BODABODA RIDERS

A. The extent to which boda-boda riders utilize online money-lending platforms

i. Have you ever borrowed money from an online lending platform? If yes, which platform(s) did you use and what was your primary reason for seeking the loan?

ii. How did you learn about these online lending platforms, and what factors influenced your choice of a particular platform over others?

iii. Could you describe the process of obtaining a loan from the online lending platform, including any challenges or difficulties you faced?

B. The effectiveness of the regulatory framework governing online money lending platforms on the economic security

i. Are you aware of the existing regulatory framework governing online lending platforms in Kenya, and do you feel it adequately protects borrowers from predatory lending practices? If not, what specific concerns do you have?

ii. Based on your experiences, how do the interest rates, repayment terms, and overall lending practices of online platforms compare to traditional lending institutions? Have you encountered any unfair or deceptive practices?

iii. In your opinion, has the use of online lending platforms improved or undermined your economic security overall? What changes or improvements would you

suggest to the regulatory framework to better protect the interests of borrowers like yourself?

C. Economic Security challenges facing accessing credit facilities

i. Have you ever been denied a loan from an online lending platform, and if so, what reasons were provided? How do the eligibility criteria and documentation requirements of these platforms compare to traditional lenders?

ii. Could you describe any challenges or difficulties you have faced in repaying loans obtained from online lending platforms, such as high interest rates, inflexible repayment schedules, or feeling pressured to take out additional loans or renew existing ones?

iii. Have you encountered any issues related to data privacy or misuse of personal information when dealing with online lending platforms? What alternative sources of credit or financial support do you typically rely on when unable to access loans from these platforms?

2. OFFICIALS OF *BODA-BODA* ASSOCIATIONS

A. The extent to which boda-boda riders utilize online money-lending platforms

i. How prevalent is the use of online lending platforms among boda-boda riders in your association, and what are the main reasons or motivations that drive them to seek loans from these platforms?

ii. Have you noticed any patterns or trends in the types of online lending platforms preferred by boda-boda riders, and from your perspective, what factors contribute to the popularity or uptake of these platforms among this group?

iii. What feedback, both positive and negative, have you received from boda-boda riders regarding their experiences with online lending platforms, and how do you think the availability of these platforms has impacted their overall financial situation?

B. The effectiveness of the regulatory framework governing online money lending platforms on the economic security

i. Are you aware of the existing regulatory framework governing online lending platforms in Kenya, and in your opinion, does it adequately protect the interests of boda-boda riders who borrow from these platforms? Have you received any complaints or concerns from members regarding unfair or predatory practices?

ii. How does your association currently address or handle issues related to online lending platforms and their impact on the economic security of boda-boda riders? What role do you believe boda-boda associations should play in advocating for stronger regulations or better protections for borrowers?

iii. Based on the concerns or issues you have encountered, what specific changes or improvements would you recommend to the regulatory framework to better

safeguard the economic security of boda-boda riders when accessing credit from online lending platforms?

C. Economic Security challenges facing accessing credit facilities

i. From your experience, what are the main challenges or barriers that boda-boda riders face in accessing credit facilities from online lending platforms? Have you received any feedback or complaints regarding eligibility criteria, documentation requirements, or issues with repayment terms like high interest rates or inflexible schedules?

ii. Are you aware of instances where boda-boda riders have felt pressured or coerced by online lending platforms to take out additional loans or renew existing ones? Have any concerns been raised regarding data privacy or misuse of personal information when dealing with these platforms?

iii. When boda-boda riders are unable to access loans from online lending platforms, what alternative sources of credit or financial support do they typically turn to?

3. OFFICIALS FROM ONLINE LENDING PLATFORMS

A. The extent to which boda-boda riders utilize online money-lending platforms

i. How significant is the boda-boda rider segment among your platform's customer base?

ii. What are the primary reasons or motivations that drive boda-boda riders to seek loans from your online lending platform? What factors do you believe contribute to the popularity or uptake of your platform among this segment?

iii. How does your platform specifically market or promote its services to boda-boda riders? Have you noticed any trends or patterns in the types of loans or credit facilities that are most popular among this group?

B. The effectiveness of the regulatory framework governing online money lending platforms on the economic security

i. How familiar are you with the existing regulatory framework governing online lending platforms in Kenya, and in your opinion, does it adequately protect the interests of borrowers like boda-boda riders? What measures or safeguards does your platform have in place to ensure fair and transparent lending practices?

ii. How does your platform ensure that the interest rates and repayment terms for loans are reasonable and do not unduly burden borrowers? Have you received any feedback or complaints from boda-boda riders regarding unfair or predatory practices by your platform or others in the industry?

iii. What changes or improvements, if any, would you suggest to the current regulatory framework to better protect the economic security of borrowers like boda-boda riders who access credit from online lending platforms?

C. Economic Security challenges facing accessing credit facilities.

i. From your platform's perspective, what are the main challenges or barriers that boda-boda riders face in accessing credit facilities from online lending platforms? How do the eligibility criteria and documentation requirements cater to the specific circumstances or needs of this group?

ii. Have you received feedback or complaints from boda-boda riders regarding difficulties in repaying loans due to high interest rates, inflexible repayment schedules, or the risk of becoming over-indebted? What measures or mechanisms does your platform have in place to prevent borrowers from being trapped in a cycle of debt?

1. How does your platform ensure the protection of borrowers' data and prevent misuse or unauthorized access to sensitive information? When boda-boda riders are unable to access loans from your platform, what alternative sources of credit or financial support do you typically recommend or refer them to?

APPENDIX IV: UNIVERSITY APPROVAL LETTER

AFRICA NAZARENE
UNIVERSITY

P.O.Box: 53067 – 00200
Nairobi, Kenya.
Tel: 020 252 7170/1 – 5
Email: vc@anu.ac.ke
www.anu.ac.ke

23rd April 2024

RE: TO WHOM IT MAY CONCERN

Andrew Mbuya (21S01DMGP005) is a bonafide student at Africa Nazarene University. He has finished his course work and has defended his thesis proposal

entitled: -

" Influence of Online Money Lending Platforms on Economic Security of Boda-Boda Riders in Ruiru Sub-County, Kiambu County ".

Any assistance accorded to him to facilitate data collection and finish his thesis is highly welcomed.

Rodney R. Reed

Prof. Rodney Reed
Deputy Vice Chancellor, Academic & Student Affairs

APPENDIX V: RESEARCH PERMIT

Wondershare PDFelement

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NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: **302060**

Date of Issue: **06/May/2024**

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APPENDIX VI: RUIRU SUB COUNTY MAP

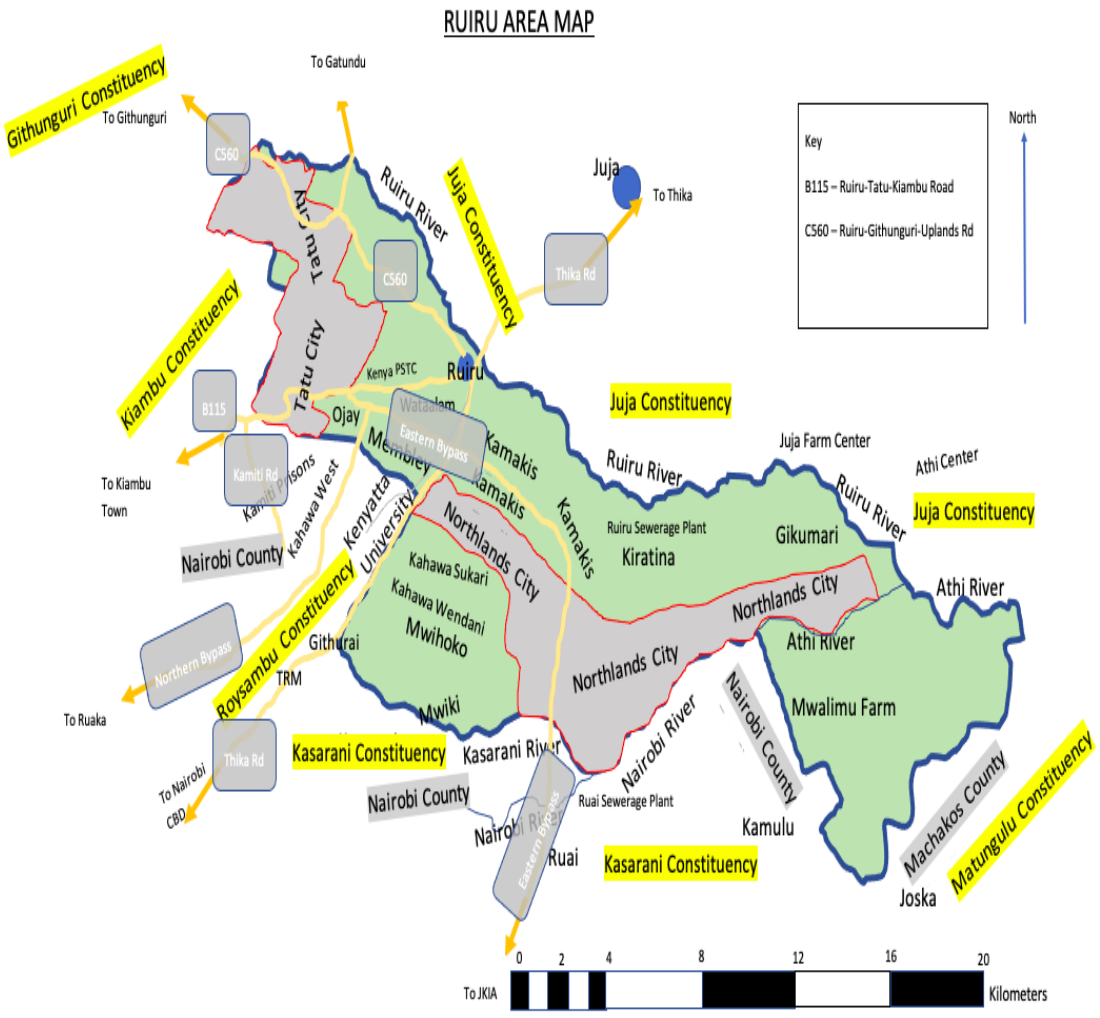


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