



MoneyMarch 2023 Report

Research conducted among Tala customers in Kenya to understand their trends with regards to:

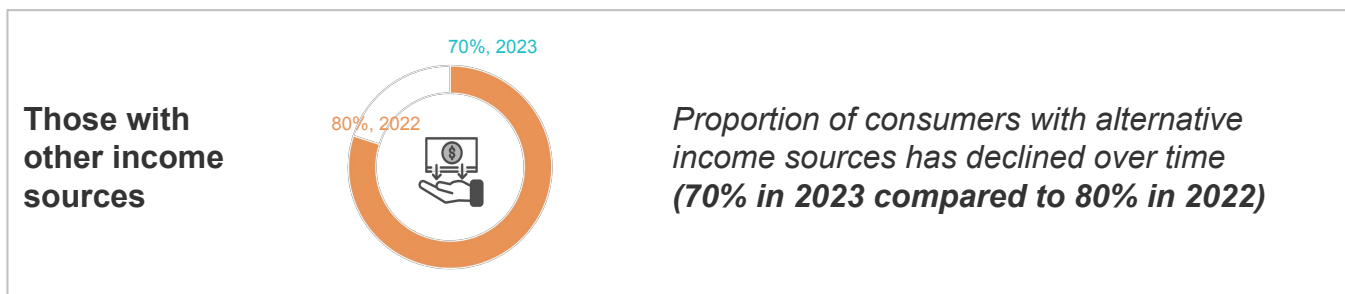
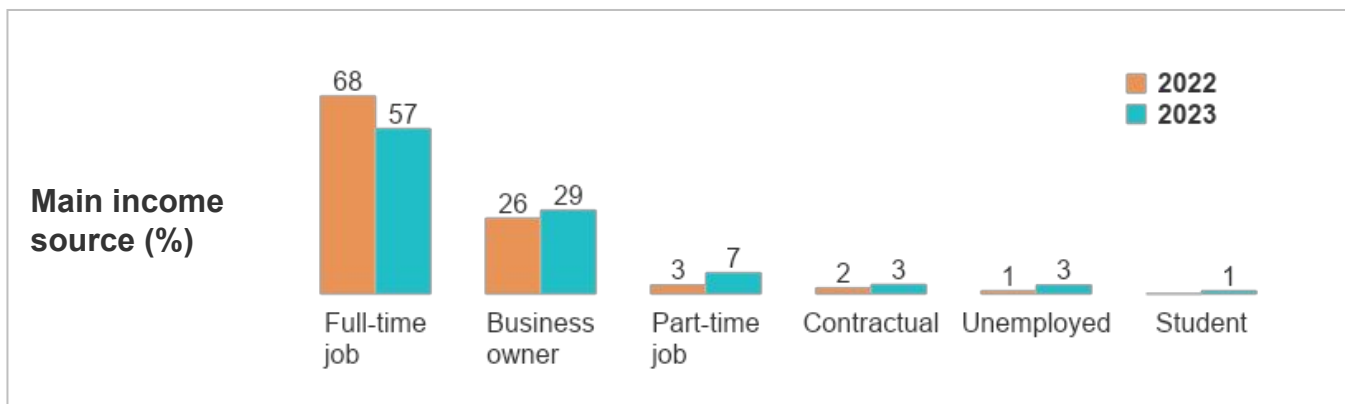
- Income & spending
- Borrowing
- Savings

in comparison to March 2022



Income sources among Tala customers

- Tala customers are likely to borrow more in 2023 because fewer have full-time jobs or alternative sources of income compared to 2022; about 70% have alternative sources of income compared to 80% in 2022.
- Slightly more customers are now unemployed; however, they are engaged in some income generating activities, more than in 2022, most likely to make ends meet. On the contrary, the employed are not exploring much probably because of rising cost of living, or for the fear of losing their investment because the economy is somewhat unpredictable with the declining value of the Kenyan shilling and rising inflation.



BASE: 2022 (n=417), 2023 (n=595)

Main income source	% with other income source		
	2022	2023	
OVERALL (n=595)	80	70	↓
Full-time job (n=338)	82	71	↓
Business owner (n=171)	79	71	↓
Part-time job (n=43)	77	72	↓
Unemployed (n=19*)	37	63	↑
Contractual (n=18*)	80	72	↓

NOTE:
*/** indicate low / extremely low base sizes

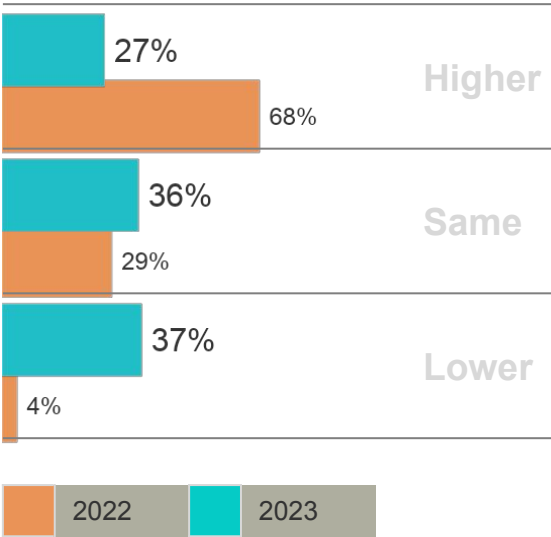
Income & Spending

Change in income vs. financial situation in the last 6 months

- Generally, Tala customers are experiencing lower incomes in 2023; only 27% in 2023 vs. 68% in 2022 state that their income has increased in the last 6 months, aligning with the decline in those with full-time jobs and those claiming to have alternative income sources. This could be due to the fact that presently, with the new government and inflation being higher, avenues to explore with business are not as many as in Q1 2022 where the country’s business environment was still picking up post the Covid era.
- Slightly over a third claim that their financial situation has improved over the last 6 months; majorly for those whose income is higher. This is quite lower compared to 2022, signifying hard times in 2023 (30% state their situation has worsened, compared to 4% in 2022).

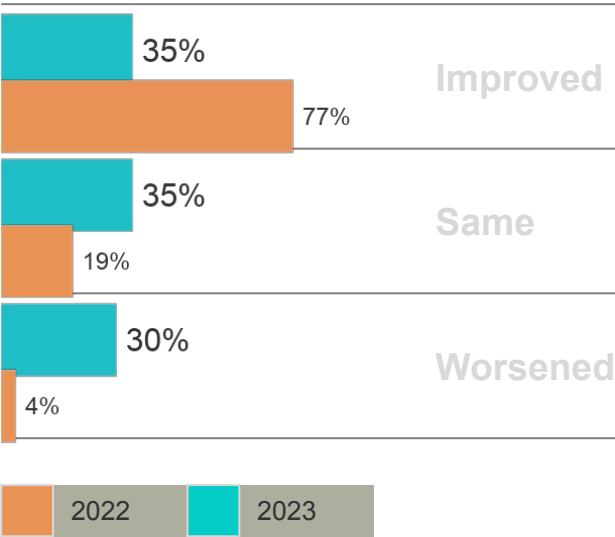
Change in income in the last 6 months

2023 (n=469), 2022 (n=417)



Change in financial situation in the last 6 months

2023 (n=469), 2022 (n=417)



		Change in income		
		Higher	Lower	Same
Change in financial situation	Improved	73%	18%	23%
	Same	15%	29%	56%
	Worsened	12%	53%	21%

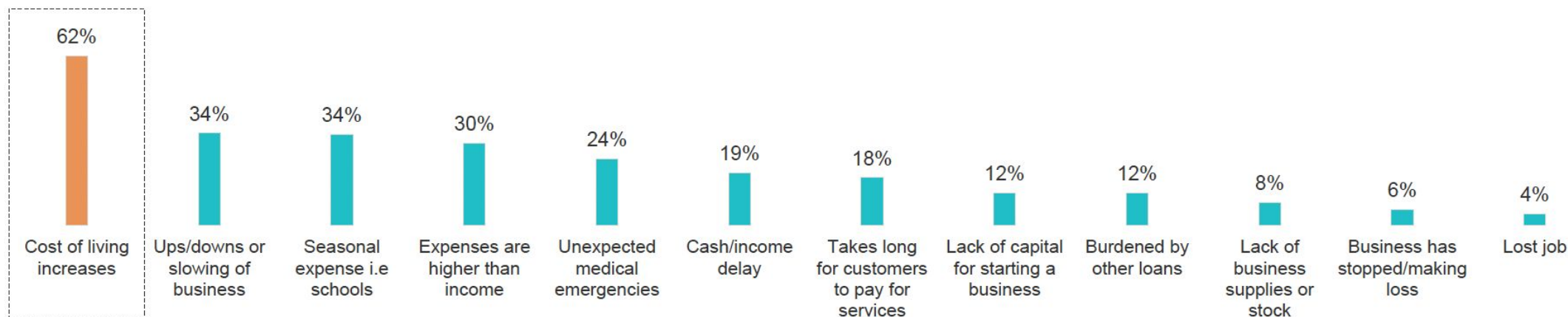
Read the table **column-wise e.g. 73% of those with higher income claim that their financial situation has improved*

Financial challenges experienced in the last 6 months

- With only a third stating that their financial situation has improved, Tala customers are generally going through several financial challenges, majorly 'cost of living expenses'.
- Other financial challenge areas are seasonal (school fees, medical emergencies), business-related (slowdown) or income not being sufficient to cover their needs.

Financial challenges in the last 6 months

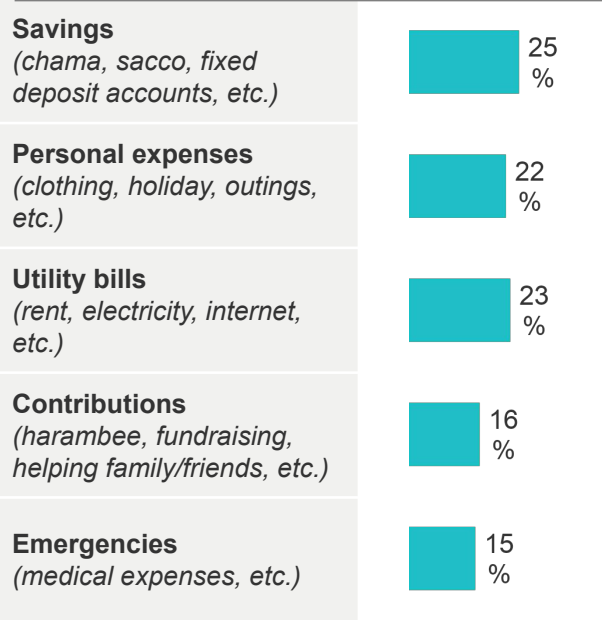
2023 (n=471)



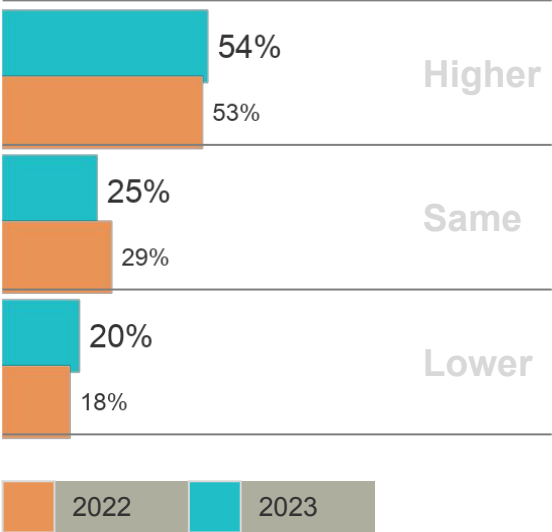
Spending behaviour among Tala customers

- Tala customers have a saving culture, with 25% of their earnings channelled to ‘savings’ such as chamas, sacco, or fixed deposit accounts.
- Slightly over half of consumers have had higher spends in the last 6 months, and are coping by majorly ‘cutting down on expenses’ and ‘reducing spend on luxury items’.
- About a quarter of those with higher expenses are eating into their savings to cope, implying consumers are generally saving.

What consumers spent on
In the last 6 months
2023 (n=469)



Change in spending
in the last 6 months
2023 (n=469), 2022 (n=417)



What consumers with high spending are doing
to manage/cope
Those with higher spend in the last 6 months, 2023 (n=255)



Borrowing

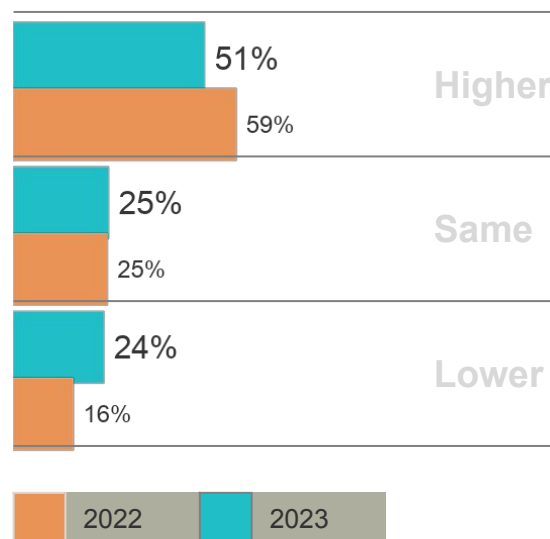
Change in borrowing, and the likelihood of future borrowing

- There's a high appetite for borrowing; half of consumers are borrowing more compared to 6 months ago, though lower than 2022, pointing to more need for credit in 2023 compared to 2022.
- Likelihood for future borrowing via digital lenders is high (slightly higher than in 2022).



How borrowing has changed in the last 6 months

2023 (n=395), 2022 (n=417)



Likelihood of using digital lenders in the future

2023 (n=395), 2022 (n=417)



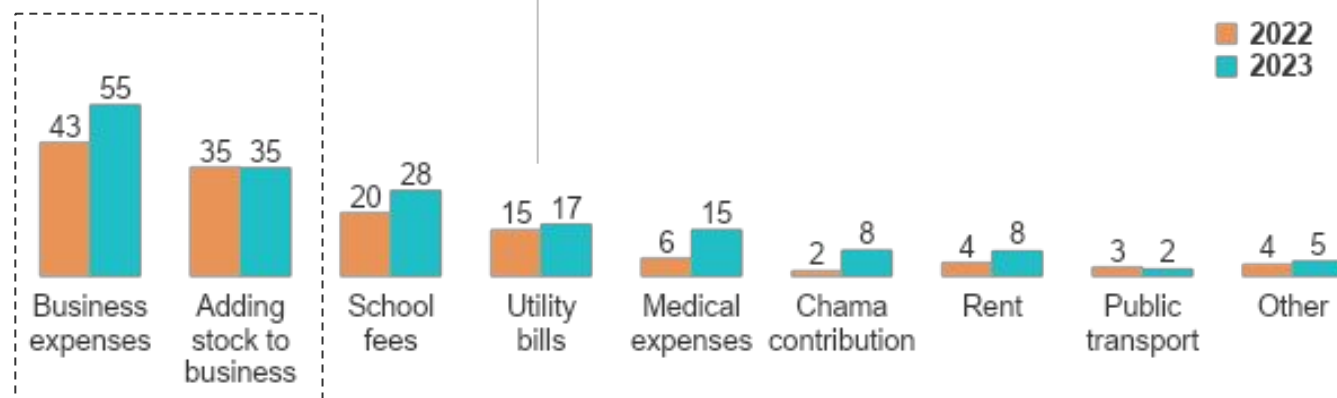
Showing Top 2 Box (strongly agree / agree)

Reasons for taking loans

- Most loans are aimed at servicing business needs. Ironically, those with full-time jobs take more business loans than the rest.
- Loans taken for personal reasons are majorly for paying school fees; a structured plan for school fees loans would be beneficial to customers.
- Compared to 2022, more customers are channelling loans to medical expenses. This presents an opportunity to partner with health insurance providers and onboard customers onto plans where they repay in monthly instalments.
- With the rise in loans channelled towards chama contributions, it would seem like consumers are taking loans to be up-to-date in their chamas so that they can take loans from there as well.

Reasons for taking loans (%)

2023 (n=396), 2022 (n=417)



- Those with full-time jobs (46%)
- Business owners (41%)
- Others (13%)

Types of utility bills paid using loans

Those who paid utility bills using recent loan, 2023 (n=69)

Food/groceries (71%)
Electricity/water bill (71%)
Cooking gas/kerosene (59%)
Phone bill (23%)
Internet (20%)
TV (Netflix/Showmax/DSTV/GoTV) (12%)

Loans taken for payment of utility bills is majorly by those in full-time employment (70%) – business owners (12%), those in part-time jobs (12%), others (6%)

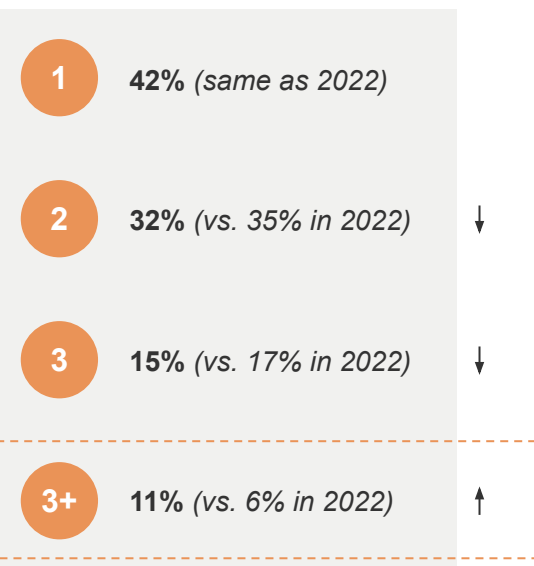
Digital lenders usage

- 4 in every 10 consumers (42%) are loyal to one digital lender however,
- Incidence of consumers using more than 3 lenders has increased, signifying a growing need for loan access for some.
- Consumers are more concerned about 'access' and 'repayment period', continuing the trend seen over the years. However, '**licensing by CBK**' is slowly gaining traction as a factor when consumers are choosing digital lenders.



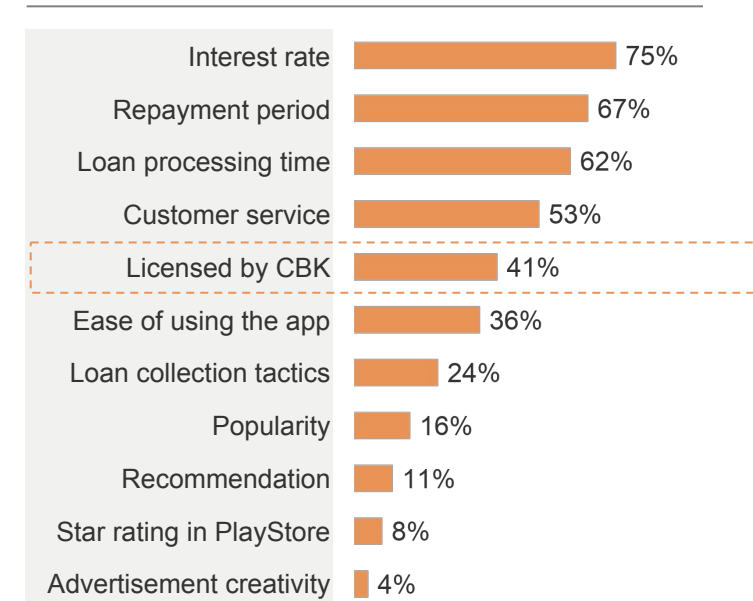
No. of digital lenders currently used

2023 (n=395), 2022 (n=417)



Factors considered when choosing a digital lender

2023 (n=395)



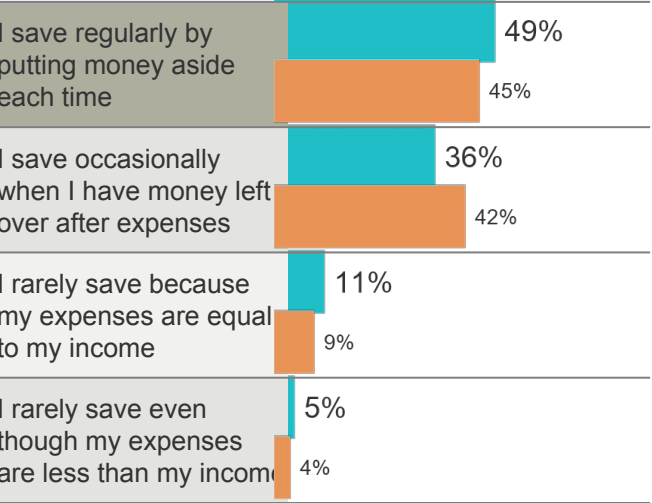
Saving

Savings culture, and reasons for saving

- 85% of Tala customers save, though slightly lower than in 2022 (87%).
- About a third (33%) of those who save, whether regularly or occasionally, are saving more compared to 6 months ago, and this is majorly those who are employed full-time.
- Key reason for saving is to have ‘financial independence’.

Savings culture among Tala customers

2023 (n=377), 2022 (n=417)



Out of the 85% (n=318) who save regularly/occasionally...

33%
are saving more (*two-thirds of them are employed full-time*)

30%
are saving the same amount

37%
are saving less

...compared to 6 months ago

...and the saving is majorly

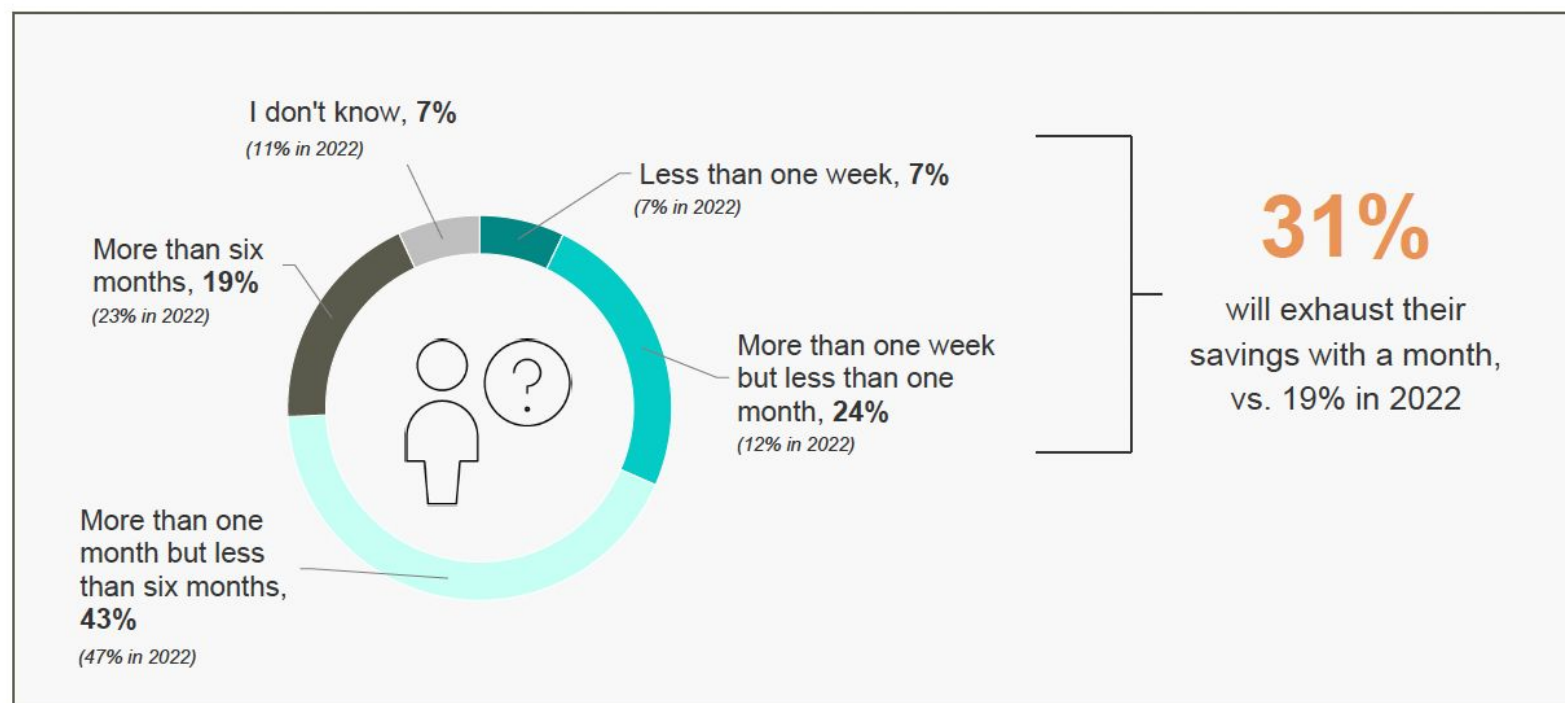
To be financially independent	50%
For emergencies	17%
For unforeseen expenses	13%
To build/buy a home	6%
To get out of debt	5%
For retirement	4%
For education	3%
For a holiday/vacation	1%
To own a car	1%

Financial resilience, assuming no other income source

- About a third (31%) of Tala customers would struggle to stretch their savings beyond a month, if worst came to worst.
- 69% of consumers are able to stretch their savings to sustain them beyond a month, which is quite lower than 81% in 2022, pointing to 'increased cost of living' which is the greatest financial challenge experienced by consumers.

How long consumers can make ends meet using their savings and with no work

2023 (n=377), 2022 (n=417)



Possibility of raising quick cash during emergencies, and the sources

- 7 in every 10 (71%) of customers are able to raise KSH. 7,000 in case of an emergency.
- Top sources of raising this amount would be from 'reducing expenses' and 'savings'.
- About a third (34%) would opt to borrow, either from social circles or other lenders.

Possibility of raising KSH. 7,000 in case of an emergency

2023 (n=377), 2022 (n=417)

2023



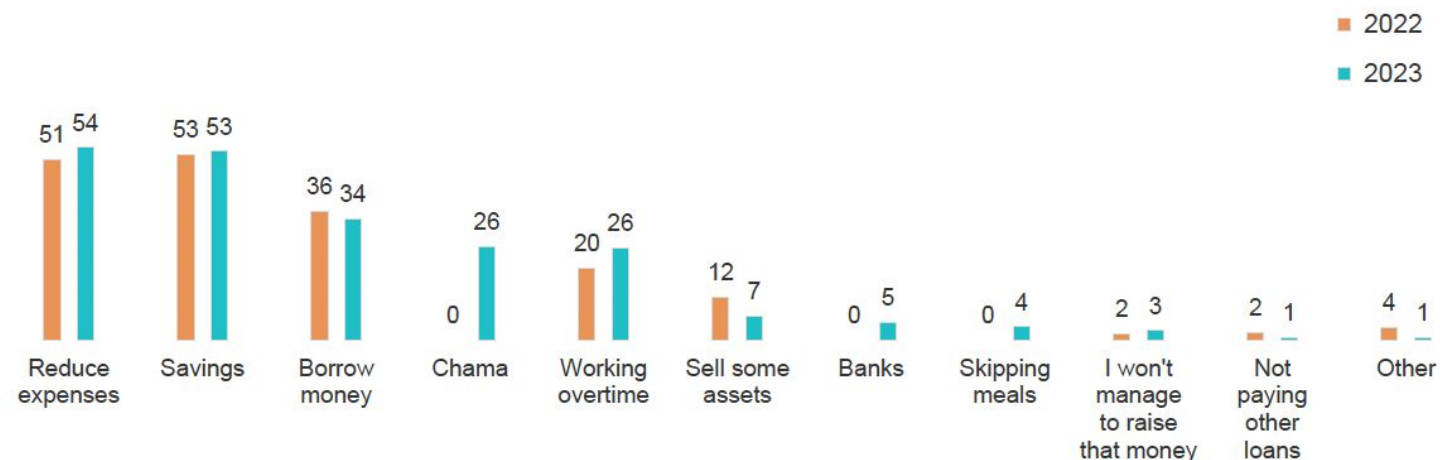
2022



- Very possible
- Somewhat possible
- Not very possible / not at all possible

Sources of raising the KSH. 7,000 in case of an emergency (%)

2023 (n=377), 2022 (n=417)

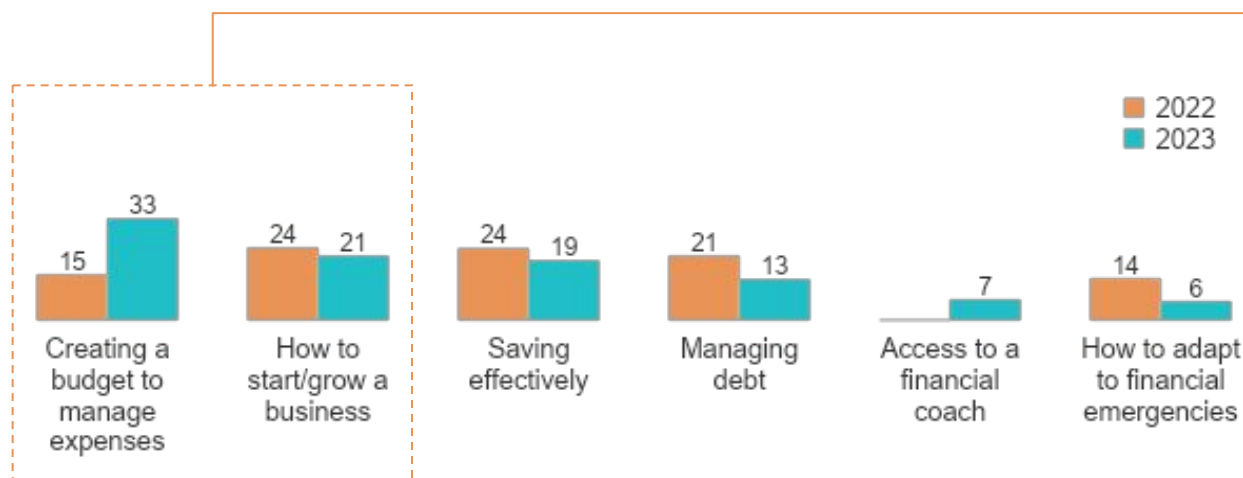


Areas of financial literacy for Tala customers

- There is a need to continue with our efforts to improve financial literacy, either via blogs or in-app messages, to ensure better financial health for most Tala customers, their financial situation has not improved over the last 6 months; two-thirds say their situation has remained the same or worsened.
- They need more guidance, now, more than ever, on 'creating a budget to manage expenses' which is very critical considering the increased expenditure for more than half of them over the last 6 months.
- Guidance on 'starting/growing a business', 'saving effectively' and 'healthy borrowing' (managing debts) are also other areas of interest.
- Access to a financial coach would be of importance to a select few.

What consumers feel would be of help to them if they learnt (%)

2023 (n=377), 2022 (n=417)



*The shift from consumers highly desiring to learn 'how to start/grow a business' in 2022 to more of 'how to budget' in 2023 shows that the consumer's **mindset has shifted from being hopeful to survival mode** – hence the desire by some to have **access to a financial coach***

A close-up, slightly blurred photograph of a person's hands holding a smartphone. The person is wearing a light-colored, textured sweater. The background is out of focus, showing warm, golden bokeh lights, suggesting an indoor setting with soft lighting. The overall mood is warm and appreciative.

THANK YOU

TALA