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**Timeline**

2013-2014

**Sample Size**

627 women in rural and urban areas of Kisumu County in western Kenya

**Research Implemented by IPA**

Yes

# The Impact of Mobile Money Savings on Transactional Sex in Western Kenya

## Abstract

Many poor women around the world rely on sexual partners for the purpose of financial assistance, particularly when faced with financial setbacks. Providing these women with appropriate financial tools has the potential to reduce transactional sex as a coping strategy and reduce exposure to sexually transmitted infections. IPA-Kenya worked with researchers to evaluate the impact of providing high-risk women in rural and urban areas of western Kenya with mobile savings accounts labeled for emergency expenses and individual goals. The evaluation found that the labeled mobile savings accounts led to an increase in mobile savings, reductions in transactional sex as a risk-coping response to adverse events, and a decrease in symptoms of sexually transmitted infections.

## Policy Issue

When an adverse event, illness, or injury occurs, low-income people without formal credit or savings often engage in various risky coping practices. Many poor women around the world, who may face additional gender-specific barriers to financial services, rely on transactional sex for the purpose of financial assistance, particularly when faced with financial setbacks. Transactional sex can be present in a variety of relationships: from engaging in sex with current partners in exchange for financial assistance or gifts, taking on new or concurrent partners, to participating in riskier acts for the purpose of financial transfers. Some women also engage in commercial sex work to make ends meet or respond to unexpected financial difficulties.

In Kenya, where women are more likely to live in poor households than men,<sup>[1]</sup> it is estimated that about 20 percent of sexual relationships are formed for the purpose of financial assistance.<sup>[2]</sup> Transactional sexual relationships contribute to the spread of HIV/AIDS and are

also risk factors for exposure to gender-based violence, unwanted pregnancies, and mental health challenges. Providing women with appropriate financial tools has the potential to reduce transactional sex as a coping strategy, in turn reducing exposure to these risks.

## Context of the Evaluation

In recent years, M-PESA, a common mobile based financial services platform, has rapidly expanded in Kenya. M-PESA offers clients branchless banking capabilities, whereby a client can make deposits, withdrawals, and transfers using mobile phones or devices. M-PESA points for exchanging cash are in most Kenyan shops and can be accessed throughout the day. As of 2016, M-PESA reached 96 percent of Kenyan households.<sup>[3]</sup> In the district where this evaluation was conducted, there were fewer than three formal financial institutions per 100,000 people, whereas there are 38 mobile network vendors per 100,000 people.

Participants in this study were women living in urban and rural areas of Kisumu County in western Kenya who were considered at risk for engaging in transactional sex. They included current sex workers in the urban sample and women who were at risk of engaging in transactional sex in the rural sample, including widows and separated, divorced, or single mothers. Roughly 80 percent of participants were heads of household. Women in the rural sample had more children than urban women and were more likely to be widowed at a rate of 58 percent compared to 21 percent. Though primary income sources varied between urban and rural samples –with sex work being the primary source in urban samples and shop keeping and agriculture the primary source in the rural sample –women in both samples were highly food insecure. The prevalence of STI symptoms was around 9 percent across the two populations.

## Details of the Intervention

Building on previous evidence on the impacts of digital finance, IPA-Kenya worked with researchers to evaluate the impact of providing women at risk for transactional sex with mobile savings accounts labeled for emergency expenses and individual goals. Researchers randomly assigned 627 of these women drawing from different geographic locations and ages to one of the following groups:

1. Labeled mobile savings account + discussions: Women in this group received a new free M-PESA account labeled for their personal goals and emergency savings, a one-on-one activity focused on creating savings goals, and weekly SMS reminders of their savings goals. They were also invited to participate in an hour-long group discussion that focused on the importance of savings.
2. Labeled mobile savings account with interest + discussions: Women in this group received all components of the intervention described above, and also received a 5 percent monthly interest rate on their labeled savings account for the first 12 weeks of

the evaluation.

3. Comparison group: Women in this group were invited to participate in a group discussion, but did not receive a mobile labeled savings account.

The research team conducted an initial survey before the intervention began, a survey every week for 12 weeks (during the intervention period), and a follow-up survey eight months after the intervention began. Data was also collected through the review of the urban sample's diaries (women were trained on how to keep a diary in order to record details on clients, price, and condom use) and M-PESA administrative data.

## Results and Policy Lessons

Three months after the intervention, the labeled mobile savings accounts led to an increase in mobile savings, reductions in transactional sex as a risk-coping response to an adverse event (the occurrence of a dependent's illness), and a decrease in symptoms of sexually transmitted infections. Recipients utilized the labeled savings accounts as a safety net, which allowed them to cope with financial setbacks by relying on their own savings without relying on transactional sex.

*Increase in savings:* Over the course of twelve weeks, the mobile savings accounts led to a modest increase in total M-PESA savings in both existing and new labeled accounts by 200-400 Kenyan Shillings (US\$2 - \$4). By the end of twelve weeks, 57 percent of women who received the labeled mobile savings accounts made at least one deposit into the labeled M-PESA account. From a balance of zero before the intervention, average account balances grew to 271 KSh (US \$3) by week four and nearly doubled between week four and twelve to 493 KSh (US \$5). The interest rate made no discernable difference.

It appears that the labeled mobile savings accounts did not crowd out other forms of savings such as home savings; this suggests that the increase in mobile savings amounts to an increase in overall savings. Eight months after the intervention, researchers found that many women were still using their labeled accounts, though at that point researchers did not detect a difference in savings balances between the treatment and comparison groups.

*Reductions in sex work and transactional sex:* Researchers found that in the comparison group, small financial setbacks, such as a child's illness, increased the risk that women engaged in sex work, transactional sex, and risky sexual behavior by 0.14 standard deviations and increased higher than median risk by 7.8 percentage points. In the week following an adverse financial event, sex workers in the comparison group increased their number of clients and their engagement in riskier sexual acts and rural women in the comparison group were also more likely to engage in transactional sex.

However, women who received the intervention and reported to have previously engaged in transactional sex reduced their use of transactional sex as a response to financial setbacks. Sex workers in the urban sample who received the labeled mobile money savings account reported to rely on their savings to cope with setbacks and were less likely to engage in

transactional sex. The intervention also reduced overall sexual behavior of women in the rural sample; unmarried women in this sample who received the intervention were less likely to be sexually active eight months after receiving the account.

*Decrease in reported symptoms of sexually transmitted infections:* The impacts of the labeled savings account on women's sexual behavior appear to contribute to significantly lower sexual risk. Those assigned to receive mobile saving were about 5 percentage points less likely to report STI symptoms in both the rural and urban groups.

Overall, these results suggest promoting individual savings may improve the ability of the most vulnerable to cope with negative financial events and reduce their engagement in both transactional sex and other risky coping practices.

## Sources

[1] World Bank. 2018. Kenya Poverty and Gender Assessment 2015/16 - A Decade of Progress and the Challenges Ahead.

[2] Luke, N., R.E. Goldberg, B.U. Mberu, and E.M. Zulu. 2011. "Social Exchange and Sexual Behavior in Young Women's Premarital Relationships in Kenya." *Journal of Marriage and Family*, 73(5): 1048-1064.

[3] Tavneet Suri and William Jack, "The Long-Term Effects of Access to Mobile Money in Kenya," Innovations for Poverty Action, <https://www.poverty-action.org/study/long-term-effects-access-mobile-money-kenya>

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