



CENTRE FOR RESEARCH ON
FINANCIAL MARKETS AND POLICY*

CALL FOR PAPERS

Intermediation towards Deepening of Financial Inclusion

The Kenya Bankers Association Centre for Research on Financial Markets and Policy® would like to invite researchers to submit proposals for papers on the theme *Intermediation towards Deepening of Financial Inclusion*. The aim of the papers will be to enrich the understanding on whether the prevailing financial intermediation platforms lead to the deepening of Kenya's financial inclusion.

The selected researchers will be expected to produce papers to be presented at the 6th Annual Kenya Bankers Association Banking Conference to be held in September 2017. The emphasis of the conference will be on high quality research with a clear balance between theory and application, as well as policy relevance of the research findings.

The Kenyan financial system has drawn wide attention on account of two related developments. First, there has been the harnessing of the novelty of technology – especially mobile telephony – in a manner that has revolutionised national payments. Second, such novelty has extended beyond payments, getting to the intermediation space where technology is a platform for savings mobilisation and credit extension.

These two developments have largely, but not exclusively, been credited for the strides the economy has made in the financial inclusion agenda. Over the past decade the proportion of the financially excluded is estimated to have declined significantly from 41 percent to 17 percent. By the same estimates the share of formal prudentially regulated as well as the formal non-prudentially regulated institutions to financial inclusion has increased, the desirable consequence being the shrinking of informal finance whose proportion has decreased from 32 percent to 7 percent.

A cursory consideration of the financial inclusion report card as much underpins the ensuing accolades on the progress as it motivates the need for a deeper reflection on whether such inclusion is deep enough as to have meaningful impact at household and firm level. Consequently, the case for examining critically what the financial inclusion entails needs to be argued considering that the adequacy or lack thereof of its depth is a function of whether mere contact with a financial institution is a sufficient enough attribute or is only necessary but requires enhancement. If the sufficient condition is that the households and firms are in contact with a financial institution to have either enhanced savings or credit access, then there is need to raise two key questions:

- How can the strides in financial inclusion be widely acclaimed if it happens on the back of stagnating levels of savings and constrained credit access?

Key dates

14th April 2017	Deadline to submit research proposal
28th April 2017	Selection of research papers and notification of authors
22nd July 2017	The full research papers completed by the authors and submitted to KBA Centre of Research on Financial Markets and Policy®
August 2017	Technical Review Workshop
September 2017	6th Annual KBA Banking Research Conference

- To what extent is the progress on areas such as the credit cost disclosure regime and the credit information sharing (CIS) mechanism – both aimed at enhancing the financial inclusion agenda – likely to be undermined by the fundamental shift in the credit pricing environment arising from the Banking (Amendment) Act 2016 that introduced the capping of interest rates and a floor on deposit rates?

Based on these broad questions, the research proposals are expected to conceptualise on the following three areas:

- One, the Kenyan financial system is dominated by commercial banks and therefore any developments of either market or policy nature that adversely influence the banking industry will likely harm the financial inclusion agenda;
- Two, even with bank dominance the financial system is interlinked such that shocks in the dominant segment quickly filter into the other segments – insurance, capital markets, pensions and cooperatives. If financial inclusion is given a comprehensive consideration, then such linkages need to be deeply understood so that the question of savings and credit in the inclusion agenda is unravelled.
- Three, the causal relationship between finance (credit and savings) and economic growth is worth revisiting on the back of the new dispensation brought about by the Banking (Amendment) Act 2016. This is because any adverse outcome to the economy will potentially undermine financial inclusion.

The Kenya Bankers Association will give a honorarium for each paper selected for the conference. Further, all conference papers will be reviewed for possible publication on the KBA centre on financial markets and policy® *Working Paper Series* (<http://www.kba.co.ke/research-center/working-paper-series>)

Requirements

1. Researchers should submit a written research proposal to the KBA. All proposals should be strongly aligned to the above motivated theme of Intermediation towards Deepening of Financial Inclusion. Each proposal should not be more than four pages.
2. The research area can focus on either one of the areas outline or bring out dimensions of linkages to other areas in the theme line.
3. The proposal should include a 300-500 word research abstract that outlines the
 - Motivation of the study
 - Key hypotheses to be tested
 - Research methodology
4. A brief biography of the researcher/ research team including their professional qualifications and research experience. The biography should not be more than two pages.

Submissions

Researchers who wish to submit their research proposals can do so via the following:

Email: research@kba.co.ke

Mail: Attention to - The Director, KBA Centre for Research on Financial Markets and Policy; 13th Floor, International House; P.O Box 73100 - 00200, Nairobi

