

HUSTLERS' FUND: A DISRUPTIVE MODEL IN THE FINANCIAL CONTEXT IN KENYA: REVIEW OF LITERATURE

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ABSTRACT

Micro, small, and medium-sized enterprises are regarded as a crucial component of economic growth, therefore, they are acknowledged as essential generators of productivity, employment, and innovation. Although MSMEs have received a lot of attention recently, many of them fail to live long to celebrate their first birthday while others stagnate in growth. This could be attributed to many factors key among them lack of finances due to lack of collaterals and high interest rate. The Kenyan Government in December 2022 launched MSMEs fund commonly known as 'Hustler fund' which is a disruptive financial innovation model that is changing the financial and scape in in Kenya. However, scanty research has been done on the implication of financial innovation in Kenyan context. The purpose of this study was to investigate the effect of Hustler fund on the Kenyan financial sector. The study was grounded on the following theories: resource-based theory, constraint-induced financial theory, financial inclusion theory, and disruptive innovation theory. *Exploratory research design was used and data was collected through literature analysis of the available documents.* The study found out that hustler fund is a disruptive innovation model in the financial sector due to its low interest rate, lack of requirement of clearance from Credit reference bureau and absence of threats. Hence the other players in the financial sector in order to remain competitive and relevant they should develop strategies aimed at financial deepening by making loans affordable to most Kenyans and with improved ease of access.

Key Words: Ease of Access, Hustlers Fund, MSMEs, Financial sector, Disruptive innovation, Kenya

1. Introduction

The financial access survey of 2021 shows that financial inclusion is measured by the expanded access dimensions. Approximately 82.9% of financial inclusion was reported in 2019 compared to 83.7% in 2021. A majority of adult populations do not have access to financial services and products in the mainstream market. Despite these gaps, financial services and credit service providers increased by 11.6% in 2021 from 11% in 2019. The growth in availability has not matched the growth in demand from financial services such as credit. Mobile banking service providers have also increased their penetration in the market with a large variety of credit facilities, some extremely punitive and unlawful. Mobile banking loans rose from 25.3% in 2019 to 34.5% in 2021. The mobile finance problem is complex as it involved free trade practices that led to high competition coupled with punitive interest rates.

Banking services have also increased access to credit. Banks and other financial institutions have increased their penetration in the local market with a wide variety of credit facilities for different business needs. Banks have also partnered with mobile service providers to increase their reach and boost sales. For instance, 4.1% of banks have a mobile banking partnership on going in 2021 compared to 40.8% in 2019. The fact that people no longer have to come to the physical bank hall has also improved accessibility to financial services. Fin Access a renowned research institution conducted a research in 2021 where they observed the usage of mobile money on daily basis increased in 2021 compared to 2019. The researcher also published an insightful report that assessed the impact of the coronavirus pandemic on access to credit services. This brief introduces the prevailing problem in accessing financial services in Kenya. If the problem is not addressed, many small businesses risk lack of funds to run their operations smoothly.

There has been a dramatic increase in the availability of short-term financing in Kenya in recent years, making it possible for startups to get the capital they need on record fast. In spite of these advancements, problems with cost and consumer protection, such as hidden fees, continue to be obstacles to official service access. Numerous Kenyans have bank accounts at a variety of institutions, but these accounts are seldom utilized since they are ineffective at addressing the pressing needs of most Kenyan families, SMEs, and farmers (Kenya National Bureau of Statistics, 2020).

Total Credit Cost (TCC) pricing models are now widely used by financial institutions. Outside expenses, such as those for legal services, insurance, excise and stamp tax, property assessment, risk analysis, and so on, are also included in the total cost of credit (Kenya Bankers Association,

2021). When taken together, all of these expenses add up to a hefty price tag for gaining access to financing. Due to technological fees and strong demand, mobile loans may be more expensive than bank loans.

Mobile loan interest rates are high because of a combination of factors, including a scarcity of information about fees, lack of laws requiring lenders to state publicly charges levied, as well as high consumer demand for loans. Many financial institutions like commercial banks and savings and credit cooperative societies are regulated by the Central Bank of Kenya and the Savings and Credit Regulation Authority of Kenya (SASRA). However, a rising number of new tech (digital) lenders do not have a sound oversight system which affects their operations and transparency. Many have yet to publicly declare the fees associated with their services and other controls (Ngunjiri, 2021).

To help individuals and small businesses in Kenya have access to responsible financing, the Hustler fund has launched a digital financial inclusion campaign. It is a government program that provides mobile phone loans to residents of Kenya. The goal of the fund is to improve the quality of life for those at the bottom of the economic ladder by giving them access to stable, affordable financial resources (Hustlers). Finances for individuals and businesses of all sizes can be obtained through this fund (Nation Media, 2022).

The government's move to enhance 'hustlers' access to credit has been viewed as a possible 'game changer' of Kenya's economic growth and development. Indeed, research shows that the informal economy is central to the country's economic transformation and millions of ordinary citizens depend on it for their livelihoods. However, while credit is seen to be a motivation for entrepreneurialism and risk-taking that would enhance the poor's economic condition through giving people capital to expand or diversify their hustling activities, it is important to understand the context in which the new push for credit intervention stands (Mago & Madiba, 2022).

The hustler fund has changed the financial services industry. Christensen (1990) defined disruptive innovation as the method through which a new, smaller firm may compete with an existing, more well-established organization by joining the market from the bottom and expanding upward. The hustler fund seeks to empower and protect those at the bottom of the economic pyramid, a group that is often overlooked. Those individuals and businesses, no matter how little or large, who have been turned down for financing by traditional lenders because of their low credit scores or lack of collateral, may now have access to the socially responsible capital they need to grow. This study set out to determine how the innovative Hustlers Fund concept affected Kenya's financial industry.

1.2 Statement of the Problem

Micro, small and medium-sized firms are universally acknowledged as being significant contributors to economic development, productivity, employment, and innovation (Muathe, 2010, Muathe & Muraguri-Makau, 2020). Although MSMEs have received a lot of attention recently, many of them fail to live long to celebrate their first birthday while others stagnate in growth (Muathe & Otieno, 2022). This could be attributed to many factors key among them lack of finances due to lack of collaterals and high interest rate. According to Kamau (2021) for MSMEs to grow, access to finance is very important. He found that most SMES are not able to access finances due to high interest rate and also lack of collaterals. It an and Harsono (2022), found that having access to capital is a crucial factor in the eventual success of a business's inception. According to Ozturk and Ullah (2022), digital financial inclusion stimulates economic development. To put it another way, Ullah (2020) discovered that monetary limitations reduce expansions in the workforce. According to the study by Mader (2018), access to financial service products, especially loans, is used as capital input in community production activities. The community uses loans obtained from formal and informal financial institutions to increase their productivity through increased capital. Increased capital will increase output, so income will also increase. *Policymakers should promote the expansion of the start-up ecosystem in Kenya by promoting start-ups through the formation of pertinent legislation and providing incentives that encourage growth in order to increase the success of the digital ecosystem. (Karitu, Wangondu & Muathe, 2022).*

According to research by Nkwabi and Mboya (2019), small and medium-sized enterprises (SMEs) may have access to the cash and financing they need if interest rates are lowered. Liu, Mian, and Sufi (2022) observed that when the long-term interest rate drops, market leaders are more likely to increase their investment compared to followers, which leads to more market concentration, higher profits, and slower aggregate productivity development. Nkwabi and Mboya (2019), discovered that streamlining the borrowing processes will make it easier for SMEs to get financing and capital. According to research by Glopal (2021), businesses with collateral are more likely to be approved by lenders in the economy and have an easier time switching lenders however most of SMEs are left out because they do not have the collaterals.

The hustler fund is a disruptive financial innovation and it has changed the financial services industry in Kenya. Christensen (1990) defined disruptive innovation as the method through which a new smaller firm may compete with an existing more well-established organization by joining the market from the bottom and expanding upward. The hustler fund seeks to empower and protect those at the bottom of the economic pyramid, a group that is often overlooked. Those individuals and businesses, no matter how little or large, who have been turned down for financing by traditional lenders because of their low credit scores or lack of collateral, may now

have access to the socially responsible capital they need to grow. This study's objective was to explore how Hustlers Fund's disruptive approach affected Kenya's financial industry.

1.3 Objective of the study

To investigate the effect of the hustler fund disruptive modal on the financial sector in Kenya.

2. Literature Review

2.1 Theoretical Review

2.1.1. Disruptive Innovation Theory

Bower and Christensen (1995) created the concept of disruptive innovation as a result of their analysis of the disk-drive enterprise (Christensen et al., 2015, Gobble, 2016, Kling et al., 2015). Christensen's beliefs are based on the industry's historical trajectory graph. The managers' first interviews provided an overview of the procedure for allocating resources in a way that encourages creativity and new ideas. The theory's first presentation by Christensen (1997) centered on the incumbent's technical woes. He investigated the factors that led to the rise of technologies that would eventually eclipse the ones that came before (Nagy et al., 2016).

The efficacy of the study has been questioned, as well as the choice of case studies, the lack of peer reviews, and the vagueness of the term. By pointing out that some discoveries that are disruptive to one group may be sustainable for another, Christensen (1997) evaded criticism (Adner, 2002; Christensen & Raynor, Danneels, 2004). According to Markides (2016), who supports the idea, Japan's outstanding post-World War II economic growth was fueled by disruptive innovation. Start-ups thrive on the back of new ideas and technologies. Start-ups' innovative practices are the focus of the notion of disruptive innovation. Initiating a startup's expansion is accomplished by one or more of the following tactics: the release of a novel, low-priced product that fills a gap in the market, the development of a brand-new market, or the implementation of an original business model (Christensen and Bower, 2018). Disruptive innovation holds that in order to compete, creative new businesses must develop unique business strategies, enter potential markets, and offer affordable products. According to Alsaaty and Sawyer (2019), branding is a business strategy used to appeal to a certain market segment and raise awareness of a locality, a commodity, a firm, or a new endeavor. Start-ups' need to innovate to stay competitive and boost growth is something the notion of disruptive innovation will help them with.

Corporations like Uber, Lyft, and Etsy, amongst many others, have developed with the intention of shaking up their particular sectors, and this concept illustrates how they might disrupt existing

firms by entering the market. He defined disruptive innovation as the process through which a new, smaller firm might threaten an existing, more powerful one by entering the market from the bottom and expanding upward. It typically occurs over several stages, the first of which is the incumbent firm's innovation and development of a product or service to cater for its most valuable customers while ignoring the requirements of that down-market; the second stage is the entrant firm's targeting of the overlooked market segment and its subsequent rise to power by satisfying that segment's necessities at a lower cost; and the third stage is the incumbent firm's failure to react to the new entrant, continuing to focus on its more profitable segments. When new entrants ultimately go upwards, delivering solutions that appeal to the incumbent's mainstream consumers, and lastly, when the new entrant has started to attract the existing business's mainstream clients, we may talk about widespread disruption.

The hustler fund aims to provide financial stability and independence to the bottom of the pyramid, a sector often overlooked. Because of their low credit scores or lack of collateral, banks and other lenders may have overlooked individuals and small businesses, but this fund makes it possible for them to have access to the responsible financing they need to grow (Nation Media, 2022).

2.1.2 Financial inclusion Theory

Financial market inefficiencies, such as information asymmetries and transaction costs, are theorized to hinder the poor from gaining access to formal financial services and so keep them in a cycle of poverty (Galor & Zeira 1993; World Bank 2014). For instance, Galor and Zeira's (1993) model demonstrates that low-income families are unable to get financing for educational investments in the face of unreliable credit markets. Similar to how Banerjee and Newman's (1993) model explains why low-income families are unable to get loans to launch their own businesses: credit market inefficiencies. Based on these concepts, expanding people's access to financial resources may help alleviate poverty and inequality by allowing lower-income families to invest in themselves and their communities via education and entrepreneurship.

Financial inclusion, as studied by Mehrotra and Yetman (2015), alters the habits of consumers and businesses in ways that may affect the success of the monetary policy. How much of an effect this has on economic stability may be proportional to the extent to which financial access is improved. He warned that the stakes might swiftly increase if the rapid expansion of the largely unregulated areas of the financial system led to greater financial inclusion. Mader (2018) challenged the claims made by proponents of financial inclusion, such that it promotes wider outcome development, helps the poor escape poverty, and is beneficial for business. He called attention to gaps in the research base and said that high hopes for financial inclusion as a central

pro-poor, private sector-led development initiative are unwarranted. In his opinion, the goal of financial inclusion needs to be seen as a contentious and debatable one.

According to Ozili (2020), "financial inclusion" implies that people and companies have access to appropriate and cheap financial solutions that allow them to satisfy their requirements in a sustainable and ethical manner. He noted that policies regarding access to financial services differ by nation. A financial inclusion initiative, the hustler fund creates and distributes bottom-of-the-pyramid products and services suitable for the underserved and may be used by individuals and small businesses. Findings from a study by Koomson, Villano, and Hadley (2020) show that financial inclusion helps lower income and susceptibility to poverty.

2.1.3 Constraint-Induced Financial Innovation Theory

Silber (1977) proposed a model of financial innovation based on the release of constraints. According to his thesis, financial service providers innovate primarily to boost their organizations' expansion and income. Silber (1977) noted that the institution's management might help or hurt the company's development, depending on how the management dealt with constraints posed by the institution's internal and external environments. Silber refined the notion of constraint-induced financial innovation in 1983. According to the principle, a company should prioritize its financial well-being above all other considerations when deciding whether or not to adopt financial innovation. The hustler fund becomes the sole solution for the Kenya government towards the capital constraint for many MSMEs.

2.1.4 Resource-Based View Theory

For the most part, the resource based view (RBV) hypothesis can be traced back to 1959 Sminia, when it was first proposed by the economist Edith Penrose (2014). The RBV hypothesis owes a great deal to the work of, among others (Wernerfelt, 1994). The RBV rests on the central premise that the internal environment and resources of individual enterprises are significant contributors to such variability. The RBV classifies resources into two major categories: physical resources like land, buildings, materials, and financial capital and intangible resources like knowledge, skills, prestige, and institutionalized practices (Witt and Meyer, 2010). When taking a resource-based view, businesses must gather a set of resources that will allow them to achieve their strategic goals. It may be done by developing new uses for current assets or by partnering with other companies to acquire new ones (Muthoka, Kilika, & Muathe, 2021).

According to Scuotto, Nicotra, Del Guidice, Krueger and Gregori (2021), to enhance growth of business, employees should be digital literates in the field of information, communication and software. Today business world individual digital capability is critical for growth and innovation in the digital market. Niyonsaba, Muathe and Namusonge (2022) found that access to credit have

a positive influence on MSEs growth. The study by Ullah (2020) found that financial constraints negatively affect both firm's sales growth and employment growth. Godke Veiga and McCahery (2019), urged that indication that SMEs are financially constrained include insolvencies and bankruptcies, payment delays or receivables, and declining liquidity. Besides the market signals that make SME sector firms unfavorable borrowers firms find it difficult to always provide high quality collateral or ensure transparency with respect to their creditworthiness. Alhadrami and Nobanee (2019), urged that indicator of equity ensure that there is constant and stable financial growth which is an advantage. For the government to help the low section. The goal of the Hustler fund is to improve the quality of life for those at the bottom of the economic ladder by giving them access to stable, affordable financial resources (Hustlers).

2.2 Empirical review

2.2.1 Hustler funds

To help individuals and small businesses in Kenya have access to responsible financing, the Hustler fund has launched a digital financial inclusion campaign. It is a government program that provides mobile phone loans to residents of Kenya. The goal of the fund is to improve the quality of life for those at the bottom of the economic ladder by giving them access to stable, affordable financial resources (Hustlers). Finances for individuals and businesses of all sizes can be found through this fund (Nation Media, 2022).

The four products offered by the fund are as follows: individual loans, small and medium enterprise loans, and startup capital. Personal finance is the first product to market, and its price tag varies from 500 to 50,000 Kenyan Shillings (KES) based on a customer's creditworthiness. Individual customer achievement on constant loan borrowing and timely repayment will determine the extent to which a customer's limit is increased. Previous loan applications to the Hustler Fund and their respective repayment records will be used to determine the limit. The smallest loan possible from the hustler fund is 500 Kenyan shillings for every Ksh.100 borrowed, 95 cents will be deposited into the borrower's loan account, 3.95 cents will be deposited into the pension account, and 1.05 cents will be deposited into the borrower's savings account. The government has allocated Ksh. 50 billion per year, for a total of Ksh.500 billion as startup funding over a five-year period. A revolving fund will be easier to set up and keep going with this in place (National Media, 2022).

It is crucial that people who run their own micro, small, and medium-sized businesses (MSMEs) have access to the financing they need to expand, and the fund makes that possible. There is a strong correlation between the cost and ease of obtaining company financing and the rate of corporate expansion, as stated by Kamau (2021). The survey also revealed that the interest rates

for digital loans and unsecured bank loans in Kenya were identical. According to Itan and Harsono (2022), having access to capital is a crucial factor in the eventual success of a business's inception. There will be more work available in Kenya as a consequence of the fund's efforts, which would boost the country's economy. According to Ozturk and Ullah (2022), digital financial inclusion stimulates economic development. To put it another way, Ullah (2020) discovered that monetary limitations reduce expansions in the workforce.

The interest rate on the hustler fund is just 8% per year, which is much lower than the rate offered by banks (12%). It lowers the cost of the loan for micro, small, and medium-sized enterprises. According to research by Nkwabi and Mboya (2019), small and medium-sized enterprises (SMEs) may have access to the cash and financing they need if interest rates are lowered. Liu, Mian, and Sufi (2022) observed that when the long-term interest rate drops, market leaders are more likely to increase their investment compared to followers, which leads to more market concentration, higher profits, and slower aggregate productivity development.

The process of obtaining the funds is straightforward since all you need is a working mobile phone, and neither a guarantor nor collateral is necessary. Once the loan is accepted, the funds will be sent to one's mobile money account. It is consistent with the findings of Nkwabi and Mboya (2019), who discovered that streamlining the borrowing processes will make it easier for SMEs to get financing and capital.

2.2.2 Effect of Hustler Funds on the Financial Sector in Kenya

The Hustler fund has caused a major shift in the financial sector by allowing micro small and medium-sized enterprises (MSMEs) to have access to large-scale financing. The ways in which the fund has affected the financial sector include;

2.2.2.1 Low-Interest rate

According to Financial Access survey (2019), in 2018, the Central Bank of Kenya reduced its policy rate twice, from 10% in January to 9.5% in March and then to 9% in July, where it remained for the remainder of the year. The Finance Act of 2018 revised the Banking Act in September 2018 to remove the minimum interest on savings, which had been initially set at 70% of the Central Bank Rate, following the implementation of interest rate regulations in 2016. However, the maximum lending rate ceiling of 4 percentage points above the central bank rate was kept in place, capping commercial banks' lending rates at a maximum of 13 percent. The majority of MSMEs are unable to acquire loans due to the high interest rates.

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2.2.2.2 No collateral required

Lending institutions have trouble meeting the collateral requirements that tend to be a key important component in lowering the credit risk of SMEs due to market illiquidity and administrative, legal, and valuation challenges. The owners of SMEs are often low-income individuals or families who lack access to collaterals that are physical, valued, and liquid. When collaterals are presented, it might not be easy to ascertain their market worth. As a consequence, small and medium-sized enterprise credit applications are often denied (Amoako & Eshun, 2018).

According to research by Glopal (2021), businesses with collateral are more likely to be approved by lenders in the economy and have an easier time switching lenders. On the other hand, the hustler fund presents cash flow financing as an improvement upon the more conventional asset-backed loan. In this situation, a borrower may apply for a loan without putting up any kind of security. Loans from the hustling fund are contingent on the borrower's ability to generate positive cash flows for the company.

2.2.2.3 No Credit Reference Bureau Listing

In the 1860s, American businesses began keeping tabs on their customers, particularly those who posed a high risk of not paying their bills. It was the beginning of what would later become credit reporting bureaus. All the original organizations' names were written down in one big list. The Banking Regulations of 2008, released in July 2008, gave the notion a legislative foundation and legal acceptance in Kenya, and it went into effect on February 2, 2009. Financial institutions and Credit Reference Bureaus have duties outlined in the Regulations, and the Central Bank of Kenya is given authority over the latter (CBK, 2010). Complying with the rules requires disclosure of data on both defaulting and paying debts. Alloyo (2013) found that credit reference bureaus are helpful for both consumers and lenders because they increase the size of the credit market, decrease default, boost the pricing power of credit facilities, boost profits, encourage good credit behaviour patterns among business leaders, alleviate borrowers' financial hardship, and broaden the pool of potential borrowers in Kenya. According to research by Shisia Marangu and Omwario (2014), the two main obstacles to regulating Credit Reference Bureaus in Kenya are a lack of information and non-compliance.

Kenya's government has ended the practice of excluding some borrowers from loan programs. Lenders were asked to implement a grading system where defaulters would be given a poor grade rather than being entirely cut out from the financial system. The federal government seeks a system that ranks borrowers from riskiest to least so that banks may charge interest rates commensurate with the level of danger posed by each borrower. More than four million people who had been blacklisted from the Credit Reference Bureau (CRB) and left vulnerable to exploitation by shylocks and other predatory lenders have had their names cleared (Business Daily, 2022).

2.2.4.4 No threats

The rise in popularity of online banking has brought with it the risk of cybercrime. Constantly keeping an eye out for cyber risks is what the Authority does. The Authority has upgraded its incident management systems, incident handling processes, and cyber incident reporting methods to further facilitate its monitoring functions. There were 158.4 million cyber threats identified by the National Kenya Computer Incident Response Team – Coordination Centre (KE-CIRT/CC) as of June 30, 2021, up from 110.9 million in 2019. This upsurge in cyber threats against domestic targets has been linked to the widespread use of the Internet, of e-commerce, of cloud-based services to facilitate telecommuting, and of social media (Kenya Financial Stability Report, 2021).

The adoption of digital and computerized payments has led to a rise in the risk of money laundering as well as the funding of terrorism, based on the Central Bank of Kenya Annual Report (2022). The CBK and other organizations have stepped up their monitoring efforts to combat this threat. In their latest annual compliance report, Payment Service Providers (PSPs) demonstrated their dedication to adhering to Anti- Money Laundering/Combating the Financing of Terrorist (AML/CFT) rules. Through its monitoring programs in 2021, the CBK reminded and warned PSPs about the dangers of providing their services to unregistered and fraudulent businesses. Some PSPs were also required to inform their clients of the need to be vigilant via the implementation of consumer awareness activities. Fraud, abuse of customers, and financial loss were all things that needed to be prevented.

The Central Bank of Kenya (CBK) Provides Payment Service Providers (PSPs) with quarterly compliance reports covering financial security, AML/CFT, Consumer protection, and others in an effort to enhance monitoring and regulatory initiatives. It was also decided to create a risk assessment methodology to routinely evaluate the dangers. Additionally, mobile money pricing principles are enforced to boost digital payment service access, use, and equality; improve digital payment service quality; and foster the competitiveness and long-term viability of electronic payments (Central Bank of Kenya, 2022).

In 2021 the banks turned away 28 percent of SMEs and Microfinance institutions declined 96 percent of their loan applications citing the high default risk of SMEs (CBK, 2021). The hustler fund defaulters will pay a high rate of interest of 9.5 percent from the fiftieth (15) day. In the event that the borrower is unable to return the loan within 30 days after the date of disbursement, the borrower will no longer be permitted to use the cash for future lending purposes. The bank will hold onto the 30 percent savings meant for short-term salving until the loan is paid in full, at which point the consumer may take the money or keep it as savings at their discretion, reducing the likelihood of default by the borrowers (KCB group, 2022) lowering the risk.

There has been a dramatic increase in the availability of short-term financing in Kenya in recent years, making it possible for startups to get the capital they need on record fast. In spite of these advancements, problems with cost and consumer protection, such as hidden fees, continue to be obstacles to official service access. Numerous Kenyans have bank accounts at a variety of institutions, but these accounts are seldom utilized since they are ineffective at addressing the pressing needs of most Kenyan families, SMEs, and farmers (Kenya National Bureau of Statistics, 2020).

Financial innovation has sparked a revolution in Kenya's banking system. Many new businesses with novel approaches to banking are being pioneered by individuals and organizations that have no previous connection with banks. In this category, we find the Hustler Fund model. The Hustler fund has caused a major shift in the banking industry by allowing small and medium-sized enterprises (SMEs) to have access to large-scale financing without putting up collateral. The Hustler Fund does not blacklist its customers in the CRBs so that they cannot borrow from other financial institutions; rather, the government needs a system whereby borrowers may be graded from the worst to the best, enabling lenders to accurately price their loans depending on the risk profile. Most micro, small, and medium-sized enterprises (MSMEs) will be able to afford to repay the loan from hustler funds, which will help them expand their operations.

3. Research Methodology

Exploratory research design was used and data was collected through literature analysis of the previously published materials, including discussion papers, articles in refereed journals, and textbooks, Qualitative data gathering techniques, as pointed out by Muathe (2010), Mugenda and Mugenda (2003), provide an unfiltered account of events.

4. Conclusion and Recommendation

The study concluded that hustler fund is a disruptive innovation in the financial sector due to low interest rate that has allowed MSMEs to have easy access to required finances to boost their business operations. There is no listing in CRB hence the MSMEs are able to borrow from other

financial institutions. There are no collaterals which make the loan easily accessible to everyone and finally there is absence of threat.

The study recommended that for the other financial players to remain competitive in the sector they should coming up with strategies geared towards financial deepening, make loans easily accessible by Kenyans without punitive stringent conditions. The government of Kenya should increase the minimum amount of loan from Kshs 500 which is too low to start any profitable income generating activity given the high cost of goods. Moreover, the Government should create awareness of the hustler fund to MSMEs so that they can be aware of the availability of the fund and how they can access it to start and or grow their businesses. Specific training and workshop should be organized for MSMEs owners so that they can get more knowledge on the funds requirements and how to access it especially Kenyan living in rural areas where access to information is limited and sometimes distorted. To attract more applicants, the government should ensure that the applicants' data is protected hence policies should be put in place to ensure security of the data. The government should also ensure that it has enough enhanced the budget allocation to the funds so that it is able to meet all the applicants who need the fund, this will ensure the hustler fund is be able to compete with other players in financial sector. To ensure the safety of the money in the account the regulators and the government should develop measures to prevent and address possible risks e.g. cyber security attacks.

5. Limitation and Future Research

The study used an exploratory research approach, which has the drawback of not being conclusive in nature. Future research should therefore consider employing a powerful and conclusive research approach, such as a descriptive or explanatory design. Since the data used in this inquiry was pre-existing, it may be advantageous for future studies to use primary data for validation of the research findings.

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