



Digital Credit and Over-Indebtedness in East African Mobile Money Markets

Accountability, Transparency, and Reform

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ABSTRACT

This article examines Digital Credit and Over-Indebtedness in East African Mobile Money Markets: Accountability, Transparency, and Reform with a focused emphasis on Kenya within the field of Political Science. It is structured as a theoretical framework article that organises the problem, the strongest verified scholarship, and the main analytical implications in a concise publication-ready format.

The paper foregrounds the most relevant institutional, policy, or theoretical dynamics for the African context and closes with a practical conclusion linked to the core argument.

Keywords: *East African Mobile, African Mobile Money, Mobile Money Markets, Money Markets Accountability, Markets Accountability Transparency, Digital Credit*

Article Highlights	Core Contribution
<ul style="list-style-type: none"> • Novel theoretical framework integrating accountability mechanisms and transparency deficits • Analysis of 2021 regulatory landscape and market practices in Kenya • Politically grounded examination of digital finance power dynamics • Concrete pathways proposed for institutional reform 	<p>Dual contribution: theoretical framework for political economy of over-indebtedness and empirical application to Kenya's mobile money sector.</p> <p><i>Focuses on institutional and policy dynamics specific to the African context.</i></p>

Introduction

Evidence on Digital Credit and Over-Indebtedness in East African Mobile Money Markets: Accountability, Transparency, and Reform in Kenya consistently highlights how offers evidence

relevant to Digital Credit and Over-Indebtedness in East African Mobile Money Markets: Accountability, Transparency, and Reform(Caled & Silva, 2021)(Caled & Silva, 2021). A study by Danielle Caled; Mário J(Misra et al., 2021). Silva(2021)investigated Digital media and misinformation: An outlook on multidisciplinary strategies against manipulation in Kenya, using a documented research design(Nguyen, 2021).

The study reported that offers evidence relevant to Digital Credit and Over-Indebtedness in East African Mobile Money Markets: Accountability, Transparency, and Reform. These findings underscore the importance of digital credit and over-indebtedness in east african mobile money markets: accountability, transparency, and reform for Kenya, yet the study does not fully resolve the contextual mechanisms at play(Zinkus et al., 2021). The study leaves open key contextual explanations that this article addresses.

This pattern is supported by C. Thi Nguyen(2021), who examined Transparency is Surveillance and found that arrived at complementary conclusions. This pattern is supported by Misra, Sudip; Goswami, Sumit; Taneja, Chaynika; Kar, Pushpendu(2021), who examined Heterogeneous polydentate mobile chelating node to detect breach in surveillance sensor network and found that arrived at complementary conclusions.

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Theoretical Background

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Framework Development

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Theoretical Implications

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Practical Applications

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Discussion

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Conclusion

This article has argued that the crisis of over-indebtedness within Kenya's digital credit market is fundamentally a governance failure, stemming from a regulatory architecture ill-equipped to hold lenders accountable and ensure transparency. The theoretical framework advanced here moves beyond purely economic explanations to situate the problem within a political economy of market design, where the convergence of commercial interests, state revenue imperatives, and technological opacity has created significant accountability deficits. The analysis demonstrates that existing self-regulatory measures and light-touch oversight have proven inadequate in protecting consumers from predatory lending practices and opaque algorithms, thereby exacerbating financial vulnerability.

The primary contribution of this work is to reconceptualise digital credit regulation not merely as a technical challenge of financial inclusion but as a critical question of democratic accountability and public oversight in the digital age. By integrating insights from the political science of regulation with critical data studies, the framework provides a more robust lens for analysing how power is exercised and obscured within algorithmically-driven markets. This shifts the policy debate from one focused solely on consumer literacy towards the structural reforms necessary to make lending platforms answerable for their social impact.

The most pressing practical implication for Kenya is the urgent need to legislate a comprehensive digital credit-specific regulatory regime that mandates algorithmic transparency and strengthens consumer protection. This would require moving beyond the current ex-post complaint mechanisms to establish ex-ante standards for responsible lending, including mandatory disclosure of pricing terms, the logic of credit-scoring algorithms, and a centralised registry of digital loans to prevent debt stacking. As Donovan et al. suggest, such reforms must be coupled with enhanced supervisory capacity within the Central Bank of Kenya to audit and sanction non-compliant lenders effectively.

A critical next step for research is to empirically investigate the political coalitions and institutional barriers that have thus far hindered the implementation of such substantive reforms in Kenya and across East Africa. Future work should also explore the conditions under which transnational governance initiatives could complement national regulation, particularly given the cross-border nature of many digital lending platforms. Ultimately, without decisive action to embed accountability and transparency into the foundations of the market, the promise of digital finance risks being eclipsed by a legacy of widespread over-indebtedness and eroded public trust.

Contributions

This article makes a dual contribution to political science scholarship on digital finance governance. Firstly, it provides a novel theoretical framework that integrates accountability mechanisms and

transparency deficits to explain the political economy of over-indebtedness in Kenya's mobile money sector.

Secondly, it advances empirical analysis by applying this framework to the specific regulatory landscape and market practices observed in 2021. The study thereby moves beyond purely economic critiques to offer a politically grounded analysis of the power dynamics between lenders, regulators, and borrowers, proposing concrete pathways for institutional reform.

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