

Effects of Covid-19 Pandemic on Table Banking: A Survey of Selected Table Banking in Uasin Gishu County

^{1*}Nick Chemosit William

PhD student, Department of Public Policy and Administration, Kenyatta University

Corresponding E-mail: chemosit@gmail.com

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Abstract

The Covid-19 pandemic has had an important impact on social processes of table banking which has been an important part of Kenya's economic and social life. It would be important to study how Covid 19 affected their profiles, especially economic viability. Covid-19 affected millions of lives and was not just a health concern but also threatened the world economy and livelihood of low-income earners. Operations of table banking in Kenya were affected by collapse of businesses, social distancing, restrictions on movements, and curfews. The objective of this study will be to evaluate economic effects of Covid 19 on the performance of table banking in Kenya. The chosen method of analyzing data for the research was thematic analysis. Without it, data cannot be analyzed thoroughly and accurately. Thematic analysis was carried out deductively through preconceived themes gained from the frameworks and inductively through themes derived from the interviewees' responses. The themes under study were: savings patterns and credit risk management. A descriptive research design was employed in the study. Primary data collection methods entailed telephone interview schedules and observation. Secondary data was collected from both electronic and non-electronic repositories.

Keywords: *Covid 19, table banking, economy, themes*

1.0 Introduction

A pandemic is a kind of epidemic that spreads across a wider geographical area than an epidemic and affects a significant number of the population (Qiu, Rutherford, Mao & Chu, 2017). COVID-19 was a global crisis believed by many to be the most destructive epidemiological phenomenon in modern times. COVID-19 had a significant effect on the world economy. Micro Businesses frequently congregate in particular areas, resulting in the growth of networks that stimulate the establishment of cohesive groups with shared interests, known as Table bankings (Kinyanjui & Kamau, 2007; McCormick & Kimuyu, 2007). Members of *Table banking* gather regularly to give and distribute money in a rotating fashion (Gugerty, 2007). According to Kinyanjui (2014), *Table bankings* serve as a foundation through which women, particularly those working in the unorganized sector, can embrace solidarity

entrepreneurship by working together to cut down on transaction costs and share workspaces and business ideas.

Since the globalization and interconnectedness of nations have a big impact on this scenario, the coronavirus pandemic is unlike earlier pandemics in history. After all, the pathogen is now dispersing considerably more quickly (Mas-Coma, Jones, & Marty, 2020). Despite the positive effects of globalization on employment and economic growth, a pandemic disease could highlight the negative effects of a significant number of verified COVID-19 cases (Farzanegan, Feizi, & Gholipour, 2020). Less developed countries have been overwhelmed by this circumstance, and even richer countries have struggled to provide healthcare services during the pandemic. Due to more intense human connections caused by travel and migration, more developed and globally connected nations are impacted more quickly and significantly (Zimmermann *et al.*, 2020).

Table banking also attempts to enhance the standard of living for rural women. Women make up the majority of the members of table banks. Table banking is modeled after the Grameen Bank of Bangladesh and the Zanzibari community savings and loan programs (Ahlen, 2012). The goal of *Table banking* is to provide financial services to the underprivileged, especially women and the poorest, to aid them in overcoming poverty and maintaining their financial stability. In Kenya, the Poverty Eradication Commission (PEC) established *Table banking* to give loans to impoverished women in rural regions to support the capacity building of women for economic empowerment and poverty reduction (Kinyanjui, 2014).

2.0 Literature Review

COVID-19 originated in China's Wuhan. The disease's first instances were reported on December 31, 2019. The difficulty in defining the term "pandemic" is acknowledged by Morens *et al.* (2009). The Pandemic had severe negative impacts on economic activities. The outbreak of Covid-19 has disrupted the economy of several states. For Kenya, the Covid-19 pandemic has seriously affected the economy. Kenya's economy was growing steadily in the 2019-2020 financial year until covid-19 distorted everything.

Theory of Crisis Management: The theory of crisis management was initially formed with the notion that firms facing unstable and unpredictable environments should set up teams made up of all business units capable of adjusting to significant obstacles (Marsden, 2010). This argument is consistent with the existing research in that Table banking must control the crisis brought on by COVID-19. This is because the challenge has caused issues for Table banking and is unstable and unpredictable. The impact of the COVID-19 epidemic on the performance of women-owned micro, small, and medium firms in Kenya was studied by Kaberia and Muathe (2021). Findings revealed that the epidemic had a disproportionately negative impact on woman-owned enterprises. Kayugi (2020) studied Covid-19 and its effect on the performance of the Nairobi Securities Exchange in Kenya. Results from this research on the effect of Covid-19 on performance were inconsistent.

Savings pattern: The women gather once a month, with each participant bringing the minimum amount of Sh100 that she desires to save each month (Tallam, 2016). After the collection is complete, those who are interested in borrowing money submit requests, and depending on their savings, they are taken into consideration. Up to three times their savings are possible. One can request and get a long-term loan for a maximum of Sh500, 000 over 36 months. One percent of people are interested in it. A month-to-month loan with a 10% interest rate is short-term (Obiria, 2014).

Credit Risk management: Based on the idea that credit should be considered a fundamental human right, *Table banking* creates a system where those who require money are given first consideration (Brannen, 2010). Credit limits are put in place to manage credit, and as saving is required before borrowing, the savings are utilized to pay off the debt in the event of a loan default. Customers with financial difficulties are given flexible loan payback terms, which increases the collection of debt (Montana, 2012). Guarantors may also be held accountable for the loan's defaulted payments to recoup the credit.

3.0 Methodology

The study utilized a descriptive research design. According to Durrheim (2006), a descriptive research design is helpful in the procedure for describing the phenomenon under observation. The purpose of this study was to learn covid 19 pandemic affected table banking in Kenya. The study used non-probability sampling approaches since it lacked a thorough sampling frame. Thus, purposive sampling was used to choose (indicate a number of respondents) the study's respondents. To learn more about how *Table banking* was affected by covid 19 pandemic, the study utilized an inductive research methodology with qualitative methods to collect data. The main study technique used to provide perspective on how covid 19 pandemic affected table banking was scheduled telephone interviews with selected key informants.

Thematic analysis was selected as the researcher's method of data analysis. Data cannot be properly and accurately evaluated without it. Researchers have long disagreed on the subject of thematic analysis. Compared to other qualitative research techniques like grounded theory, ethnography, or phenomenology, it is not taken as seriously (Nowell, Norris, White & Moules 2017). The notion of thematic analysis was developed to further examine the subject and was based on the astonishing results of Braun and Clarke in 2006. The research was flexible which provided for proofing and verification of findings and hence more reliable results. The data used in this case involved secondary data from literal material and primary data collected from telephone interviews and observations. The data analysis method was cost and time-efficient because it was an inductive process that involved data familiarization. Themes identified under the deductive method included: savings patterns and credit risk management.

4.0 Results and Discussion

Thematic Analysis of Interviews

Savings Pattern

The sub-themes under the savings pattern included; monthly deposits, monthly gatherings, and last but not least education. 89% of respondents turned out for the telephone interview. Some of the respondents who were interviewed were able to give the following results.

Table banking gatherings are essential for developing friendships. Members can learn about impending or current opportunities at the meetings, which, if taken advantage of, can empower them. But with the onset of covid 19 pandemic, there were no such gatherings hence this tampered with the normal operation of Table banking (Key Informant, 5/11/2022).

Table banking gatherings foster sentiments of reciprocity and solidarity, which frequently strengthens support for one another in times of crisis like illness or loss. But due to the covid 19 pandemic, most members remained where they were due to the lockdown and curfew times enforced by the government (Key Informant, 5/11/2022).

'Since covid 19 started, the members hardly hold monthly meetings which usually enables them to air out their issues and also share their positive updates on how Table banking has helped

them. These meetings were very important since ideas were shared and those who wanted to implement them would do. Covid disrupted our Table banking progress through monthly meetings that helped to generate important ideas' (member, 12/11/2022).

'Members would be educated on the importance of savings; however, the onset of covid-19 disrupted all that since few or even no members would attend classes that had been scheduled by the Table banking. Since most of the Table banking members are uneducated women who cannot be trained virtually via computers or telephone, it was therefore hard to reach and train them. Most of them benefited from such education since experts from different fields and organizations would be invited to talk to them. Covid-19 messed up all these educational programs set by the Table banking' (Key Informant, 12/11/2022).

Women merchants can develop a variety of skills that boost their capacity to manage their businesses and get by in daily life thanks to table banking, which encourage the sharing and exchange of views and ideas in meetings. The percentage of women who claimed that their Table banking membership has improved their financial literacy and business acumen was 61.5%, on the same note, they were complaining about the covid 19 pandemic which disrupted their meetings hence resulting in others quitting Table banking membership. According to the research, the expertise includes managing Table banking expenses, maintaining the viability of their Table banking, and fostering a culture of saving amongst themselves.

Credit Risk Management

From the credit risk management, sub-themes identified were; loan limit, guarantors, and last but not least timely repayments. There were 89% of respondents turned out for the telephone interview. Some of the respondents who were interviewed were able to give the following results.

The results revealed that a high proportion of the women complained about being involved in groups with irregular contributors. Respondents who were interviewed intimated that this trend had been particularly regular with the COVID-19 impact that had negatively affected their business cash flows. When some of our group members weren't able to pay back a loan from the Table banking we were in, I lost my funds. The Table banking split up shortly after, but since then I've joined another Table banking group (Member, 2022-11-5).

Table banking cushions itself from giving out loans to members who have been guaranteed by other members of the group, to avoid high default rates. But this was not the case when covid-19 hit the country, most guarantors had failed businesses hence the same money was not recovered either from the customer or the guarantor. This was hard for Table banking to continue since there was not enough money to lend to others. (Key Informant, 12/11/2022)

'It is true that before a member is given a loan, his/her loan limit is determined by his/her savings, yes this was ok until covid-19 hit. Members were no longer saving enough due to most of their businesses not doing well, hence their loan limits were drastically reduced yet they needed more money during those hard times. Some were given loans regardless of their savings which ended up leading to high default rates. Covid-19 messes up the cash flow of Table banking operations' (Table banking Leader, 12/11/2022).

'Kurudisha pesa ya Table banking ilikuwa shida sababu hakuna biashara wala hakuna pesa kutokana na covid-19' (member, 12/11/2022). Repaying the loan taken from Table banking was difficult since most businesses failed due to covid-19 pandemic. When members are granted loans from the Table banking groups, they are expected to repay a certain amount either weekly or monthly depending on the agreement signed. But with covid-19 pandemic, most of

them were not able to repay hence disrupting the operations of Table banking, and this led to most of them splitting up.

5.0 Conclusion

For women who run microbusinesses, Table banking membership is essential to both their livelihood and personal goals. Increasing stock and material, expanding networks, and improving business management and creative abilities all contribute to the sustainability of livelihoods. By meeting personal and family demands, increased income endowment improves their standing and that of their dependents. Since members of these groups watch one another succeed, the social component of the groups forms relationships fosters friendships and heightens feelings of mutual satisfaction. Despite this, covid 19 pandemic led to erratic payments and individuals defaulting on loans, frequently resulting in the dissolution of groups. Hence, the study recommends that Table banking should introduce e-banking so that when such pandemics occur, it will not disrupt normal operations of Table banking.

6.0 Recommendations

The study suggests that Table banking organizations incorporate credit risk management into their overall business strategy to curb issues brought about by pandemics such as covid 19. To help them run sustainably, credit risk management measures will support proper recovery. Money plans for keeping track of members' savings should be included in Table banking groups so that even if pandemics occur, there's a savings pattern in place that will ensure the continuity of the group. They are placed in a passive position when it comes to making modifications based on the respondents' responses, which are detailed above. Additionally, because of the nature of group interactions, they must modify their regular group strategies to take into account the changing client behavior of staying at home and not attending the meetings. Because COVID-19 was unpredictable, *Table banking* owners found it very difficult to anticipate the future and make the best decisions.

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