



REPUBLIC OF KENYA

MINISTRY OF COOPERATIVES AND MSME DEVELOPMENT

FREQUENTLY ASKED QUESTIONS

**PREPARED BY THE CUSTOMER EXPERIENCE TEAM OF THE PR AND
COMMUNICATION COMMITTEE FOR THE HUSTLER FUND**

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ABOUT THE FUND

1. What is the Hustler fund?

- The Hustler fund is a digital financial inclusion initiative designed to improve financial access to responsible finance for personal, micro, small, and medium-sized enterprises (MSMEs) in Kenya.
- The fund brings you credit to where you are – transforms credit into “credit on the go.”

2. Which legal instruments allow its operationalization?

The Hustler fund is a creation of the draft Public Finance Management (Financial Inclusion Fund) Regulations, 2022.

3. Why is the Hustler fund important?

- The Hustler fund is important because it provides access to responsible finance for personal, micro, small, and medium-sized enterprises (MSMEs) by innovating, developing, and deploying bottom-of-the-pyramid financial services and products that are affordable, accessible, and appropriate for the unserved and underserved persons, including credit, saving, insurance, pension, and investment products.
- It is envisaged that the fund will help to improve financial access and reduce poverty.

4. How does the Hustler fund work?

The Hustler fund will work in two ways:

- a. By providing a digital platform where people find the best deals on financial products; secondly,
- b. By developing a series of digital tools and resources to help people understand and manage their finances better.

5. How do I access the Hustler fund?

The Hustler fund is accessible through the USSD and mobile APP platforms of any of the Mobile Network Operators in Kenya.

6. When will the Hustler fund be launched?

The first installment of this fund is the Personal Finance product, which will be launched on November 30, 2022.

PRODUCTS AND PRODUCT FEATURES

1. What products are available under the Hustler fund?

There are four products available under the Hustler fund, these include:

- Personal Finance - (KSh 500 to KSh. 50,000 depending on your scoring)
- Micro Loans
- SME Loans and
- Start Up

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2. How do I know which product is appropriate for me?

- When you visit the Hustler fund website, you will be able to see different available products.
- Each product has a description of what it is for and whom it is designed to help.
- You can also read reviews from other users to get an idea of what they thought about the product before making your decision.

3. What are the product features of the personal finance loan?

- The loan limits for this product will be a minimum of KSh. 500 up to a maximum that will be determined by the borrower's credit score and capped at KSh. 50,000.00.
- The increase in limit will be dependent on the individual customer's performance on consistent loan borrowing and repayment on time
- The limit shall be reviewed and adjusted based on the borrowing and repayment history of previous Hustler Fund loans taken.

4. What is the interest charge on the personal loan?

The loan interest rate is capped at 8% per annum computed on a pro-rated basis.

5. What should I expect when I borrow?

- Approved loan will be disbursed to your Mobile Money account
- Out of the total approved loan amount, on disbursement 95% shall be deposited to your Mobile Money wallet, and the remaining 5% shall be deposited to your savings account scheme of the fund
- 5% of your loan will go into a savings scheme
- The savings scheme will split savings into 70% long-term and 30% short term savings i.e., 70% of the 5% will go into long term (Pension) and 30% of the 5% will go into short term

Example: Customer borrows KSh 1,000

- ✓ KSh 50 (5% *1,000) will go into their savings account as below
 - ❖ KSh 35 (70% *50) - Will go to Pension account
 - ❖ KSh 15 (30% * 50) – Will go to short term savings account

6. Does the loan have a processing fee, or you get the full amount?

- No. There is no processing Fee
- Out of the total approved loan amount, on disbursement 95% shall be deposited to your Mobile Money wallet, and the remaining 5% shall be deposited to your savings account scheme of the fund

7. If I borrowed erroneously, can the amount be reversed?

No reversal: customer will just have to repay the loan

8. How do I repay my Loan?

Loan repayment will be made from your Mobile Money account i.e., Self-payment

9. Can I change my number and transfer the loan to a new number?

No, you cannot.

10. Will the loan automatically clear other loan obligations I have on the phone?

No, it will not.

ELIGIBILITY AND REGISTRATION PROCESS

1. How do I know if I am eligible to access any of the products?

- Must be a Kenyan citizen of 18 years of age and above
- Must have a valid national Identification Card (ID)
- Must have a registered mobile number from a recognized Mobile Network Operator in Kenya i.e., either Airtel, Safaricom or Telkom
- i.e., either Airtel, Safaricom or Telkom
- Have a mobile money account i.e., either Airtel Money/M-PESA/T-Kash
- The SIM card in question can/ will only be eligible if it has been in use for more than 90 days.
- Reside and conduct economic activities in Kenya.
- Provide the Location of residence during the onboarding process (where applicable)

2. How can I register an account on the platform?

The customer is required to:

- Sign up for the Hustler Fund platform by dialling *USSD code# or through the mobile app.
- Accept the Terms and Conditions to join the Fund
- Enter Mobile Money Pin
- Upon fulfillment of steps 1-3, an SMS will be sent to notify them of their successful registration and the limit assignment.
- In the event of a failed registration, the borrower will be notified via SMS

3. Can I register more than one mobile number?

- No. You can only register one number into the Hustler Fund i.e., the customer can only opt-in once with a unique identifier as National ID
- If you need to register another number, you will need to opt out of the current line

4. What happens if you lose your mobile phone and have a Hustler Fund account?

- Your money is safe because your Hustler Fund account is protected by your Mobile Money PIN.
 - Once you replace your SIM card at your Mobile Network Operator outlet, you will be able to access your Hustler Fund account using your current Mobile Money PIN.
- 5. After a SIM swap, will your line pick the Hustler Fund account you had on a previous line, or do you have to opt-in again?**
- You do not need to opt-in again

LOAN APPLICATION, PROCESSING, DISBURSEMENT, AND REPAYMENT

1. How do I apply for a loan?

Once registered and loan limits assigned, the customer is required to follow the application steps to access the loan:

- Dial USSD code *USSD code# or mobile application.
- Select the loan request option to view the limit, interest, and loan tenure.
- Enter the loan amount and press OK to continue
- Confirm loan details as displayed to continue
- Enter Mobile Money pin
- Receive SMS notifications on Loan allocation with relevant loan information.

2. What does loan processing entail?

Once the customer has successfully applied and has received an SMS notification regarding loan information, back-office loan processing takes place in the following steps:

- Loan Appraisal - The application will be subjected to the predetermined formula based on existing qualification parameters
- Loan Approval- Approval shall be granted based on meeting eligibility criteria, credit worthiness.

3. How will my loan be disbursed?

- Upon approval, the loan will be disbursed to the borrower's mobile wallet.
- Out of the total approved loan, 95% shall be disbursed to the mobile wallet of the borrower, 5% channeled to the savings Scheme.

4. How long is the loan repayment period?

- The loan repayment period shall be 14 days with an interest of 8% per annum.

Let us put an example – if a customer borrows Kshs 1,000, he will receive Kshs. 950.

In 14 days, the customer will be expected to pay back -

- The borrower may re-pay the loan as a lump sum or in part provided that the full repayment is done within 14 days.

5. What happens if I don't pay on time?

If the loan is not repaid within the stipulated 14 days, the customer's credit rating is negatively affected. However, if the loan is paid in full, the loan contract is closed, and the customer can request another loan. All transaction notifications to the customer will be by SMS.

6. Can I get more than one Loan?

- No. You can only get one loan at a time and qualify for another loan if you Pay your loan in full
- Qualified borrowers are eligible for only one loan at a time hence multiple loan borrowing on varied networks is therefore prohibited.

7. How can I increase my loan limit?

- Continue using Hustler Fund and pay your loan on time
- Also, assessment of credit history on subsequent loan applications and repayment shall apply to determine subsequent qualifications for the facility.

LOAN RECOVERY & COLLECTION MANAGEMENT

1. What is the Loan Recovery & Collection Management process?

This will involve monitoring and evaluation of the facility disbursed and repaid to identify the level of portfolio risks, the following initiatives will be adopted for loan recovery and management.

- The borrower will be notified of the due date and outstanding amount 5 days prior via SMS.
- On the thirtieth day of the facility, the customer is notified that the facility is due.
- One day after the thirtieth day, the borrower is notified that the facility is now overdue.
- After the due date, the borrower shall not be eligible to apply for any other facility with the Fund until the outstanding loan is fully paid.
- Overdue reminders shall be sent every 5 days up to a maximum of 30 days.

2. How do I check my Loan Balance?

- Via USSD dial *254#
- Select Loans
- Check Loan Status
- Select Loan balance
- Enter Mobile Money PIN
- You will receive an SMS message with your Loan balance

On App

- This will be displayed on the Hustler Fund app with an option to hide or unhide

3. Can I pay the loan in part?

- Yes. The borrower may re-pay the loan in full or in part provided that the full repayment is done within 14 days.

4. Are there penalties in case of default for the personal finance loan?

- 15 days after the date of default the interest rate will be adjusted to 9.5% per annum.

- Thereafter persistent default spanning 30 days and over will see you lose your existing credit score and your account frozen.
- Interest continues to accrue pegged on the in-duplum rule and recovery methods will be initiated.

5. Is it true that customers will be charged KSh 10 million for default?

No. This charge is a penalty to the fund administrators from abusing the monies set aside for the beneficiaries of the fund.

SAVINGS FACILITY

1. What are the benefits of saving in the Hustler Fund?

- Customers will earn interest of up to 9% p.a. on their short-term savings balance
- Government will match contribution on a 2:1 ratio up to a maximum of Ksh.6,000 per annum

2. How can I save into Hustler Fund?

Two ways of savings

- When you request a loan
- Deposit /sending directly to your savings from your Mobile Money wallet

Please note in both instances the 70% and 30% split will apply i.e., 70% of the amount will be deposited into long-term savings (pension scheme) and 30% into short-term savings

3. Can I withdraw/access my savings immediately?

- Customer can only access the short-term savings
- To access your short-term savings:
 - Customer must have cleared repaying their full loan or
 - Repay 30% of the loan borrowed
- *Example: If Customer borrowed KSh 1,000, they should have repaid KSh 300 (30%*1,000)*

4. What percentage of my loan will go to my Savings?

- 5% of your loan will go into your Savings as below:
- 70% of the 5% will go into long term Savings (Pension) and 30% of the 5% will go into short term savings
 - e.g., if you borrow KSh 1,000 KSh 50 i.e. (5% *1,000) will go into your savings as below
 - KSh 35 (70% *50) - Will go to your pension account that is within the Hustler Fund
 - KSh 15 (30% * 50) – Will go into your short-term savings account that is within the Hustler Fund

5. How do I check my savings balance?

Using USSD:

- Customer will dial *254#
- Select the option for Savings
- Select Check Balance
- Enter Mobile Money PIN
- You will receive an SMS message with your Loan balance

On App

- This will be displayed on the Hustler Fund app with an option to hide or unhide

6. Will I get a statement?

- You will get a mini statement that shows the last 5 transactions
- You can access this either through the App or USSD under savings

7. Can I opt-out of Hustler Fund?

- You can opt-out of the Hustler funds loan, but you will still have the option to continue saving on the service

8. How many times can you deposit money into your Savings account?

- You can do any number of deposits into your savings

9. What is the minimum and maximum amount that you can deposit as savings?

- You can deposit any amount into your savings

10. How many times can I withdraw from my savings?

- No limit on the number of times you can withdraw so long as you have the amount available

11. What will happen to my savings if I opt out?

- Your savings will still be available, and you will be able to view and continue saving.

12. Which Pension Scheme will the customer be put into?

The Kenya National Entrepreneurs Savings Trust (KNEST)

13. At what age will the customer access the pension funds?

The age at which you can access your pension will depend on the type of scheme you are paying into. *(The technical team to guide on the pension product features.)*

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