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Gender Norms in Financial Markets: Evidence from Kenya

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Summary. — The role of institutions—rules and norms—in markets is increasingly recognized in development discourse. This paper considers the role of gender relations for rules and norms in financial markets. Using evidence from Central Kenya it develops a framework for establishing the influence of gender on the demand for and access to financial services, so explaining the gender differentiated use of rotating savings and credit associations (ROSCAs). It, first, analyzes intrahousehold norms related to income and expenditure flows and their management, so identifying gendered patterns of demand. Second, by conceptualizing financial intermediaries as operating within rules and norms, it allows the influence of gender relations on access to financial services to be more systematically investigated.

Key words — gender, microcredit, ROSCAs, savings, Kenya, sub-Saharan Africa

1. INTRODUCTION

There is increasing recognition of the importance of institutions—rules and norms—in markets, not least from leading actors such as the World Bank. However, this interest has yet to result in a systematic analysis of the influence of gender as a social institution that patterns financial markets. Rather, it is suggested that microcredit schemes targeted to women have been designed in a way that means that gender norms have been successfully overcome.

The purposes of this paper are twofold. The first is to investigate the influence of gender on the use of a range of financial services in a local financial market. The paper therefore presents evidence on patterns of financial service use in the financial markets surrounding the town of Karatina in Central Kenya which show that the use of rotating savings and credit associations (ROSCAs), savings and credit co-operatives (SACCOs) and borrowing from friends and relatives are gendered. While the explanation for gendered SACCO use is readily apparent as it is linked to male control over cash crops, gendered ROSCA use and borrowing from friends and relatives require further exploration. Since ROSCAs were the most widely used service in this research I focus primarily on this finding and reflect further on borrowing from friends and relatives in the conclusion.

The widespread use of ROSCAs in the financial markets of many developing countries is well documented (Adams & Fitchett, 1992; Bouman, 1995; Geertz, 1962) including their

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extensive use by women in Kenya (Anderson & Baland, 2002; Kimuyu, 1999; Nelson, 1995) and by women in many other parts of the world (Ardener & Burman, 1995). Ardener notes a number of features of women's involvement in ROSCAs: (a) the fact that social sanctions such as disgrace and shame act as mechanisms which force people to repay; (b) the value members place on the social networking and solidarity which ROSCAs offer; (c) the fact that women's ROSCAs tend to have smaller and lower contributions than men's; (d) that women often prefer single-sex ROSCAs and will actively exclude men; and (e) the opportunities for secrecy that ROSCAs offer in savings accumulation. But, Ardener herself makes a plea for a more detailed gendered analysis of ROSCA use, thereby suggesting that while this much is known, there is a need to answer a deeper question: how can this gender differentiation in ROSCA use be better explained?

The second objective is therefore to explain this gender-differentiated pattern of ROSCA use by developing an analytical approach that has the potential to offer a more systematic explanation of the role of gender in patterning the access and use of financial services, and hence the operation of financial markets in general. The analysis has two components. First, an analysis of the gendered demand for financial services. Approaches to theorizing savings and credit in economics treat savings as a residual after consumption, and credit primarily as an input into a production function. Here I treat financial services—whether savings or credit—as a means of making the time-based transition from income to expenditure for individuals rather than households. Further, drawing on the extensive research analyzing the intrahousehold dynamics of production and consumption in developing countries I analyze intrahousehold resource allocation through examination of the control of income from household activities; the gender division of expenditure responsibilities and the way intrahousehold financial management actually takes place, in order to enable gendered patterns of demand for financial services to be identified and understood. This analytical approach is used with data from Kenya to show why the flows of income and expenditure women manage are better suited to the type of financial service that ROSCAs offer, compared to those that men manage.

Second, the analysis turns to the supply side. Financial services are provided by a range of types of financial intermediary such as banks, parastatals, savings and credit co-operatives, moneylenders, rotating savings and credit associations and so on. These operate within overlapping sets of rules and norms—both internal to the intermediary itself, and within wider sets of legislated rules and societal norms such as those of shame and reputation. Whether men or women are able to engage with these rules and norms, and how they do so, determine which services they are able to use. Hence the supply side of the market is also gendered due to the design of financial intermediaries. Data from Kenya show the differing ability of men and women to engage with the rules required for ROSCAs to function effectively and hence further explains gender differentiated use.

The paper concludes by considering the implications of the approach and its findings for analysis of gender in financial markets and, finally, for current debates about the empowerment impact of microfinance and consequent approaches to practice.

2. GENDER, CREDIT AND INTRAHOUSEHOLD RELATIONS

Recent development discourse has started to recognize the role of institutions—rules and norms—in markets, and this is demonstrated by the World Bank's World Development Report of 2002 (WDR, 2002) entitled "Building Institutions for Markets" (World Bank, 2002). In addition the World Bank has also brought this emphasis on institutions into its analysis of gender. "Engendering Development" (World Bank, 2001) states that

> Societal institutions—social norms, customs, rights, laws—as well as economic institutions, such as markets, shape roles and relationships between men and women and influence what resources women and men have access to, what activities they can and cannot undertake... Even when formal and informal institutions do not distinguish explicitly between males and females, they are generally informed (either explicitly or implicitly) by social norms relating to appropriate gender roles (p. 13).

But, while the WDR (2002) dedicates a chapter to the role of norms and networks in markets, and makes repeated reference to the role of social norms in access to resources and rights, gender (or gender differentiated norms) merits only three mentions, and the chapter on financial systems makes no reference to gender at all. Indeed, analysis of gender bias in relation to the financial sector as a whole has been observed to be relatively undeveloped (van Staveren, 2001).

Examples of microcredit programs tend to be used as an antidote to this lack of systematic analysis of the interaction of gender relations and institutional arrangements in financial markets. "Engendering Development" makes use of examples from the microfinance field to illustrate the ways in which microcredit programs and informal financial systems may be designed to better enable access by women. The overall message is that in financial markets women lack access to collateral largely because of gender norms surrounding women's access to property, and that microcredit programs through the use of alternative forms of collateral, along with simplified application procedures and the reduced need to travel, have overcome these constraints (WDR, 2001, p. 173).

This apparently simple story is questioned however by recent debates over the impact of microcredit programs on women's empowerment that start to reveal the complexity and range of impact on gender relations that introducing loans into the household can have. Starting from the 1980s, the targeting of credit toward women was justified by a "public transcript" (Rahman, 1999, p. 69), especially in the context of Bangladesh, in which loans to women enabled them to increase their earnings which would be used more effectively to support family welfare than those of men (primarily an efficiency driven argument) while at the same time enabling women to be empowered in the wider societal context. A number of studies offered evidence for this impact pathway (Amin, Becker, & Bayes, 1998; Hashemi, Schuler, & Riley, 1996; Khandker, 1998). But a strong challenge to this narrative came in the form of an analysis of women's control over loan use in Bangladesh, which indicated that in the majority of cases women did not themselves control the use of the loan, rather that a woman was likely to hand it over to her husband (Goetz & Gupta, 1996, p. 53). Subsequent studies using anthropological methods have further revealed the diverse nature of intrahousehold impacts and reported that increased male violence against women, both verbal and physical is possible (Rahman, 1999; Schuler, Hashemi, & Badal, 1998).

Kabeer seeks to resolve the problem of these starkly contradictory findings by pointing out that the research methodology matters, arguing that negative evaluations tend to focus on antagonistic intrahousehold relations rather than co-operative ones while quantitative studies do not impose such a preference (Kabeer, 2001). Her study therefore asked women themselves to evaluate the impact and she concludes from their testimonies that loans had given women the scope to improve their bargaining position within the household. This approach does not however negate the fact that particular experiences may have been problematic or disadvantageous or answer the "central question for policy oriented research... What are the conditions that enable or undermine women's capacity to negotiate a better deal within and beyond the household?" (Hart, 1995, p. 64).

Compared to the extensive debate triggered in the Bangladesh context, there is relatively little detailed evidence on the intrahousehold impact of microcredit from elsewhere. Mayoux examined seven microfinance programs in Cameroon and also questions the assumption of harmonious intrahousehold relations that programs most often adopt. She points out the implications of polygyny in creating complexity both between husbands and wives as well as among women and of hierarchical household and kin relations which circumscribe women's roles and constrain their bargaining power in marital disputes, both in patrilineal and matrilineal systems (Mayoux, 2001, p. 453). The key point to highlight from these debates is that many aspects of gender relations, both within the household and in the wider society, come into play and mediate the impact of loans given to women (Mayoux, 1999), but the microcredit and women's empowerment debate has been more concerned with evaluating overall outcomes than undertaking detailed analysis of intrahousehold gender relations and financial arrangements in specific contexts and analyzing the dynamic processes set in motion by the introduction of credit.

This seems rather surprising given the feminist critique of unitary household economic models which questions assumptions of income pooling and sharing (Folbre, 1986b; Kabeer, 1994), and the wealth of empirical material on intrahousehold dynamics and their implications for interventions and policy—particularly in the agricultural sector of developing countries (Guyer, 1980; Hart, 1995; Longhurst, 1982). This literature has in turn contributed to reformulated models of the household as a collection of individuals who bargain over the distribution of the gain in welfare derived through co-operation (Manser & Brown, 1980; McElroy & Horney, 1981), although these too have been criticized for containing highly economistic notions of the bases of bargaining and co-operation in the household (Folbre, 1986a; Kabeer, 1994; Sen, 1990).

Despite this extensive criticism of household-level analysis, the demand for credit tends to be seen as either an input into the production function of farm households or firms, or as a means of household consumption smoothing (Case, 1995). Nor have theories of saving been purposefully disaggregated by gender although there is the potential to do so, for example, Friedman's permanent income hypothesis in which consumption is based on the agents view of her long-term income and short term changes—or transitory income—are saved; or Modigliani's life-cycle theory in which age is the main factor influencing saving in anticipation of retirement needs (see for example Stiglitz, 1993).

It therefore appears possible and necessary to build from earlier detailed analysis of intra-household relations to consider the implications of the organization of production, consumption, and related income and expenditure within the household for the demand for financial services. At the same time an analytical framework is needed that can accommodate our understanding of the ways in which gendered norms such as those concerning property rights influence access to financial services.

3. ANALYTICAL FRAMEWORK: THE INFLUENCE OF RULES AND NORMS IN FINANCIAL MARKETS

This paper looks at the role of gendered norms from two perspectives: first, in terms of their influence on the demand side and, second, in terms of influencing access to financial services on the supply side.

(a) *Intrahousehold gender norms and the demand for financial services*

In order to examine the influence of gender norms on the demand for financial services, we start by examining intrahousehold relations relating to access and control of income and expenditure. In order to develop this analysis, I draw on Rutherford's view of the way poor people manage their money which emphasizes the way savings and loans facilities enable flows of income to be turned into the "usefully large lump sums" of cash required to finance necessary expenditure (Rutherford, 1999, p. 1). Hence, financial services are seen as offering individuals and households a means of making the time-based transition from income to expenditure (or *vice versa*) through either savings or loans facilities.

The approach used here has three steps. First, we consider how income streams from different income generating activities in which households are engaged enter the household and are allocated and controlled by husbands and wives. Second, it considers intrahousehold patterns of expenditure responsibilities. It does this by analyzing data from both husbands and wives as to their view of the balance of responsibilities in a number of expenditure areas. The categories offered to respondents were five: husband's sole responsibility; husband makes a major contribution and wife makes a minor contribution; equal contributions; wife makes major contribution and husband makes minor contribution; wife's sole responsibility (see also Stichter, 1987). Of course, the results were not entirely consistent and husbands and wives disagreed about the extent of their relative contributions. While this can also be seen as evidence of bargaining behavior, this is not the main focus of the analysis here since the purpose is to reveal broad patterns of expenditure responsibility. "Agreement" here simply meant that the accounts were broadly consistent and was analyzed by considering how far apart the responses were. If they were in categories that were only one removed from each other in the above list, this was regarded as "minor" disagreement, if more than one category apart, this was regarded as "major" disagreement.

The approach then considers how intra-household financial management is organized. A study of household financial management in the United Kingdom has classified the mechanisms through which husbands and wives manage income streams to meet necessary household expenditure (Pahl, 1989). [1] Pahl uses the word management to indicate, "the administration of household finances; an activity which includes the payment of bills for daily living expenses" (p. 29). The management system classification does not however say anything about the knowledge of one partner of the income of the other although Pahl defines control as indicating overall direction of the finances of the household, incorporating the notion of ownership of the money or property under discussion. Burgoyne points out that management systems shade into one another and are difficult to classify, explaining that differences may relate to attitudes about claims on income even though management remains under the control of one person (Burgoyne, 1990). [2] This raises the critical question of the relationship between claims and control, and it is differences in attitude on these that make the line between independent management and shared management a very thin one. Nevertheless, while the data did not enable these issues to be examined in depth, the analysis does allow us to draw conclusions about the patterns of access and control of income and expenditure within the household and the implications that these have for the demand for financial services that enable individuals to convert flows of income to meet their expenditure responsibilities.

(b) *Norms, rules and access to financial services*

We next consider the implication of gender relations and gendered norms for access to financial services by drawing on an approach to analyzing financial intermediation that recognizes the role of rules and norms.

Financial intermediation requires the conversion of savings into loans, and financial intermediaries operate within overlapping sets of rules and norms to perform this function (Johnson, 2003b). They have internal rules—or policies—which determine, for example, how much and to whom they will lend. Much attention has been paid to the design of such rules especially in the credit literature, highlighting the importance of screening borrowers and enforcing contracts due to the associated information asymmetries and transactions costs (Hoff & Stiglitz, 1990; Stiglitz & Weiss, 1981). Further, many of the rules that enable intermediaries to function are part of the wider context in which they operate, for example, government regulation of the financial sector, and laws that are part of the wider formal legal system such as property and contract law. In addition, informal (i.e., not legislated) norms and sanctions also play a role.

First, the formal regulation of the financial sector through bank regulatory requirements, co-operative or parastatal laws have different elements depending on the type of intermediary. The need for bank regulation is particularly driven by the need to protect the interests of depositors whose interests may diverge from those of the shareholders. This is usually done through mechanisms such as liquidity and reserve requirements, criteria about the quality of lending, nature of collateral and so on. These types of requirement do not usually apply to parastatal lenders or to co-operatives where, in the latter case, for example, owners and users are the same people and have roles to play in setting the internal rules.

A second set of rules within which financial intermediaries operate are those of formal property and contract laws, which determine how contracts can be designed and enforced. Whether lenders are regulated by government or not, they can appeal to these laws—hence moneylenders who are not in any way registered may also use property and contract laws to enforce contracts with borrowers.

Formal laws are also supported by informal norms in providing the basis of social order (DiMaggio, 1994; Platteau, 1994). Hodgson, for example, following Durkheim, argues that

> whenever a contract exists there are factors not reducible to the intentions or agreements of individuals that have regulatory and binding functions for the contract itself... there exists a binding set of rules to which there is not explicit or detailed reference by the parties involved... [A]ll market based and contractual systems thus rely on essentially noncontractual elements—such as trust and moral norms—to function (Hodgson, 1999, p. 252).

These norms are often enforced through sanctions such as guilt, shame and informational sanctions, which may for example damage someone's reputation (Posner & Rasmusen, 1999). Such norms and sanctions are largely based in social and cultural meaning and practice, including for example moral and religious values, and have independent motivating power to cause action to take place (Elster, 1989). Hence they do not need external sanctions to be effective, as they can be internalized and followed even if violations are not observed or exposed. Shame, or the anticipation of it, can be a sufficient internal sanction. As a result, these play a key role in enforcing rules, but actors do not necessarily respond to them as part of a rational optimization process, though they may use them to *ex-post* rationalize self-interest.

The key issue here is that in order to gain access to financial services, individuals must be able to engage with the norms and rules of any particular financial intermediary. It is well known that women who lack access to formal property rights or asset ownership due to gender norms are unable to engage effectively with the rules of banks or lenders that require collateral. This approach therefore allows a means through which the influence of gender norms on access to different types of financial services can be investigated across a range of financial service providers. This paper uses this perspective on financial intermediation to explore why women use ROSCAs more than men.

4. RESEARCH METHODOLOGY

This paper draws on findings from research that set out to investigate the embeddedness of local financial markets in social relations, through investigation of access to and use a range of financial services. The methodology developed to do this sought to do so in an holistic way, exploring formal and informal financial services, investigating both the supply of and demand for financial services and by starting with an open-ended view of what the key dimensions of embeddedness might be, such as, age, gender, ethnicity, wealth and so on.

In order to explore both the supply and demand sides of a definable financial "market," it was necessary to identify an appropriate location. Karatina is a small vibrant town in Mathira Division of Nyeri District in Kenya's Central Province. Its location on the slopes of Mt Kenya means that it has fertile volcanic soils and good rainfall. Its choice was driven by three factors: first, the presence of a range of formal financial services; second, the presence of microfinance institutions [3] for a period of time which would ensure their operations were adequately understood by users; third, the potential to identify Karatina as a town centre serving a reasonably well-defined rural hinterland. Field research was undertaken in Karatina and two nearby rural sublocations for a total of eight months in three visits over the period September 1999–February 2001.

First, a supply-side survey was undertaken which involved: (a) in-depth interviews with 37 formal financial service providers and (b) the identification and interview of informal sector providers ranging from groups to moneylenders. Cross-sectional data on prices and volumes were collected along with details of products and services. Open-ended questioning explored trends and informant's explanations of changing provision.

Second, a two-stage demand-side survey was undertaken. A random household survey of 150 households spread equally across the three key livelihood types in the area—tea farming, coffee farming and town-based enterprise and employment—collected basic household-level information on livelihood profiles. This data were then used to identify a purposive subsample of 68 in-depth individual interviews (based on location, age, sex, and marital status) in 48 households in order to investigate both quantities and informant's explanations of their financial service use. Hence, both husband and wife were interviewed in 24 households.

Data from the supply side were compiled to establish overall market dimensions and a detailed understanding of the products on offer (Johnson, 2004). Quantitative data analysis of first round household and second round individual interview data was carried out. While the 68 individual interviews were purposefully chosen, the data were pooled to examine patterns of access to and use of financial services in relation to a number of socioeconomic characteristics including gender, age, marital status, education, location, main income source, expenditure poverty, landholdings and other asset holdings. The analysis used both crosstabulations and logistical regressions to establish which socioeconomic characteristics were important in determining use. [4]

Once the importance of gender had been established after analysis of the detailed demand-side data, the final field visit included 13 focus group discussions and participatory rural appraisal (PRA) exercises held with better-off and less well-off men and women in all three livelihood areas to explore the gender division of labor and control of income in relation to the following main income sources in the rural areas: coffee, tea, dairy, horticulture, food and casual labor. Participants were asked to make relative assessments of men and women's contributions and the allocation and control of income. The differential participation of men and women in ROSCAs was also discussed.

The findings presented below first draw on the findings of the demand-side survey to present an overview of financial service use for the sample of 68 individuals, highlighting where these results were gendered. It then goes on to use the data on married households to explore intrahousehold financial flows supported by extensive qualitative data collected from FGDs as well as the in-depth individual interviewees. The subsequent section on ROSCA participation uses qualitative data drawn from both of these sources and the initial open-ended interviewing about ROSCAs with groups and individuals on the supply side.

5. GENDERED PATTERNS OF FINANCIAL SERVICE USE IN KARATINA'S FINANCIAL MARKETS

Table 1 summarizes the findings on financial service use. The three most used types of savings service were rotating savings and credit associations (ROSCAs—48.5%), bank savings accounts (45.6%) and savings and credit cooperatives (SACCO) based on a common bond of cash crop tea or coffee production (33.8%). ROSCAs are systems in which a number of people form a group and contribute an agreed amount on a regular basis. At each meeting the fund is usually given to one person who takes all of the money, until everyone in the group has received the money in turn. The order of rotation may be determined by ballot, by age or seniority or other social systems of preferment. [5]

Analysis of the use of these services by gender showed that ROSCAs were used by 65.7% of women but only by 30.3% of men. This result was significant at the one per cent level

Table 1. *Frequency of use of financial service types (%)*

$N = 68$	Savings accounts	Loans
ROSCA	48.5	48.5
Banks/building societies	45.6	7.4
Cash crop SACCOs	33.8	19.1
Employee SACCOs	10.3	8.8
Post office	8.8	N/A
Independent ASCA	8.8	5.9
MFI	7.4	7.4
NGO managed ASCA	5.9	7.4
Parastatal lenders	0	1.5
Insurance group	39.7	N/A
Moneylender	N/A	0
Loan from friend or relative	N/A	17.6

Source: Johnson (2003b).

and logistic regressions supported the significance of gender as a determining factor. Interestingly there was no difference in the use of bank savings accounts by gender, but men and women were significantly more likely (at 5% level) to use cash crop SACCOs than women (45.5% compared to 22.9%). Since the main cash crops are tea and coffee and men usually control these crops, it is they who are more likely to join the SACCO. Interestingly all widows in the rural areas were members of cash crop SACCOs, indicating that they take over the accounts when the husband dies.

When it came to borrowing, the most used service was cash crop SACCOs—used by 19.1% of respondents—and it was being older, less educated and living in the rural sublocations that were significant factors affecting use rather than gender. This reflects the fact that people who have worked in employment or business (usually men) return to the rural areas to farm when they retire. A further factor contributing to age differentials in access is the extent of land division. Young people are now less able to derive an adequate income from the small farms they may be allocated and are forced to seek employment and business opportunities elsewhere—sometimes leaving the management of the tea and coffee farms to their fathers.

The second most common source of loans was friends and relatives—used by 17.6% of respondents. Interestingly 27.3% of men used this source but only 8.6% of women—significant at the five per cent level—and the logistic regressions indicated that being young, educated and male significantly raised the likelihood of borrowing from this source. After these two loan sources, [6] the use of other loan sources was low: employee SACCOs (8.8%), banks and building societies (7.4%), microfinance institutions (7.4%) and accumulating savings and credit associations managed by local NGOs (managed ASCAs) (7.4%).

It is interesting to note that there were a total of only five loans (7.4%) from banks and building societies but none of these borrowers had formally used land as collateral although in one case a title deed had been deposited in the building society but not legally charged. Three were loans to women—two through a bank run microcredit scheme. But the more interesting finding of the research was the difficulty for men of using land as collateral not simply because of transactions cost but because wives and other family members had to be consulted in the process of mortgaging land and were unlikely to agree. The importance of land in the local social and cultural context means that the social relations surrounding it produce a situation where it's use as collateral is heavily constrained so helping to explain the overall low use of bank loans (Johnson, 2004).

In summary, gendered patterns of use were therefore evident for ROSCAs, and cash crop SACCOs and borrowing from friends and relatives. As indicated above, explanations for the use of cash crop SACCOs can easily be found since the norm is that men control cash crop production. The next sections explore the reasons for gendered ROSCA use, and we return to the finding that young men make more use of borrowing from friends and relatives in the conclusion.

6. ENGENDERING THE DEMAND FOR FINANCIAL SERVICES

This section uses the analytical approach laid out above to explore the intrahousehold division of labor, control over income and expenditure and financial arrangements to understand the gendered demand for financial services, and then explains how ROSCAs are particularly appropriate to meeting this demand for women rather than men.

(a) *Gender division of labor and control of income*

Data from focus group discussions are used to explore the relationship between the gender division of labor and control over income from these income-generating activities.

Historically among the Kikuyu men traditionally allocated land to women for food crops. Women managed the land and controlled the output from it including income from the sale of any surplus (Fisher, 1954; Leakey, 1956). This division of labor is little changed for subsistence food crops, but cash crops and off-farm income are now very important to the household economy. Men mainly controlled income from tea and coffee even though women often undertook significant amounts of work on cultivation. In better-off households, it was more likely that women would be given a portion of the income to use as they wished, whereas in less well-off households it was more likely that a wife would have to ask her husband for money for specific purposes.

Income from dairy and horticulture exhibited more complicated patterns of allocation and control that appeared to differ between the tea and coffee zones and with household wealth levels. Men were more likely to control dairy income in better-off households in the coffee zone compared to less well-off households, and compared to households in the tea zone. A possible explanation is that with the decline of coffee incomes in the late 1990s, dairy income has become a relatively more important source of income for these men, than those in the tea zone where tea income has been more stable. Moreover, in these households, dairy income may constitute amounts that—if received through a Dairy Co-operative—enable men to collect the money as a lump sum at the month end and retain their membership of the co-operative as a potential source of loans. But, women and men in these households reported that some of this money is immediately given to the wife in order to "encourage them to carry on doing the work" and women in this area thought that they undertook the major part of the work since they usually undertook the daily job of cutting and carrying the napier grass to stall feed them. Whereas, in the less well-off households in the coffee zone, milk was more likely to be sold locally to neighbors or to milk brokers who came to the door, as these households preferred a daily cash flow rather than a lump sum at the month end. Since men in these households often undertook daily casual labor, it was their wives who received and managed this income. These households were also less able to feed cows well due to lack of land for fodder, milk yields were therefore likely to be lower. The husband therefore left control of this income to his wife to cater for daily household expenses.

In the coffee zone, vegetables were also cultivated as a cash crop because there are water sources that can be used for irrigation, and because of its access to markets due to proximity to the main road to Nairobi. This production is for local markets rather than export and mainly involves tomatoes, *sukuma wiki* (a type of kale), green peppers and aubergines. In the poorer households horticulture can be an important source of income and men are more likely to control it even though both men and women reported that the work they did on it was about equal. It is easier for poorer households to rent or borrow a piece of land to grow vegetables than, for example, to afford another cow as virtually all dairy cows are zero-grazed and sources of fodder can be difficult to obtain. So the control of dairy income may be in the hands of the woman, whereas the man controls the horticultural income. In the better-off households women reported that they do more of the work on horticulture while men thought it was fairly evenly split. But, this horticultural income is in the main controlled by women. This, they argued, was because it was small compared to the coffee income and can be used for daily expenses. This means that women do not necessarily have to ask for money from their husbands for this.

Income from food crops is generally small as these are not cultivated as cash crops and women have always controlled the granaries and been allowed to sell small quantities as long as this did not affect household food supply. Where casual labor was the main source of income there were more likely to be discussions at the end of the day about how it should be spent. Where it was a supplementary income women were able to keep this income for themselves.

Data from the detailed individual survey for the 24 married households, in which husbands and wives were interviewed separately, indicated that wives in 21 of these had access to an income source of their own (see Table 2). Kikuyu women have a long history in business and trade (Leakey, 1956; Robertson, 1997) and nine had access to income via business. Of these, six involved women clearly controlling the income for themselves: five of these were trading: two in food and three in clothes, while the sixth was a tailor. In the other three businesses husbands were heavily involved: all of these involved shops, two rural grocery shops and an electrical goods shop in town. Only three women did not have direct access to any income source. Two of these were very young women who had not been married long; the other was a very old woman whose husband had always been the provider. Young and newly married women in the tea zone particularly noted that "there is a problem when a woman has an income higher than the man because men see power in the income that they have and think women will become proud and feel that they can control men with their income," they went on to explain that starting a business for both of them can prevent the problem so that "it seems that the business makes them equal." Hence in the majority of households (21 out of 24) women had access to an income source although in three of these cases the income source was not independent of the husband's influence. Women's reported incomes were however approximately 38% of their husband's.

Table 2. *Sources of wives' main income in married households*

Number of cases	Total
Employment	5
Business	9
Casual labor	5
Income from crops or dairy	2
None	3
Total	24

This evidence suggests three main findings regarding patterns in the gender division of labor and control over income streams. First, men control the sources of income that generate the largest income streams. Second, this means that control of particular income sources, for example, tea, coffee and dairy, differs depending on the relative importance of this income to the household. Third, that income streams from resources that generate small but regular amounts and on which women work, may often be assigned to women. These features of income sources mean that the income that men control tends to involve larger amounts than women, and some of these have a lumpy and periodic, or sometimes irregular pattern, as in the case of tea and coffee income. By contrast women control smaller but more regular income flows.

(b) *The intrahousehold division of expenditure responsibilities*

The analysis of married couples views about the balance of their expenditure responsibilities found high levels of disagreement. As indicated above, respondents were asked to indicate their relative responsibility using five categories. In none of the categories does the number of households in which there is total agreement over the split in responsibilities reach a half of the 24 households.

There was most agreement that asset purchase was a male responsibility. There was still considerable disagreement, however with men underreporting women's contribution according to women. The explanation for this might be that women often buy household assets, such as furniture, from ROSCA funds and think that they are contributing to household assets—types of assets that men tend to overlook. Men on the other hand tend to think of purchase of larger assets such as land, building a house, bicycles and so on.

The purchase of farm inputs and payment of schools fees was also mainly a husband's responsibility. In the case of school fees there was a reasonably high level of agreement with men reporting it as their sole responsibility in two-thirds of cases and the lowest level of major disagreement across all categories. This is likely to reflect the fact that as an important and major expense it is an area that has to be explicitly budgeted and agreed on. Most men also reported health expenditure as their sole responsibility. But the cases of major disagreement showed a slightly different pattern to other categories: in this case men reported that women were making higher relative contributions than they themselves reported. The dynamics here are often that the smaller day-to-day illnesses of children for which they require a trip to the clinic or some tablets from the local shop, tend to be paid for out of women's pockets but men see themselves as responsible in major cases of illness. It may be that where cases of major illness are not present men do therefore recognize this contribution.

The purchase of food, nonfood items and clothes for children were the areas where there was least agreement and also categories where fewer men reported that these were their sole responsibility. While these are not cases where men necessarily concede that women have the major responsibility it is clearer that responsibility is shared. The findings also indicate quite high levels of major disagreement. This may reflect that where women have their own incomes, they tend to spend on these items and this is not necessarily discussed with the husband. Men may therefore tend to be unaware of some of the expenditure made in these areas.

Rent, transport, and business investment were categories of expenditure that applied to around one-half of the households. Rent was clearly a male responsibility in town-based households. On the other hand transport tends to be an expense that is paid for by whoever is incurring it. So that the greater mobility of men means that they have significantly higher levels of expenditure on transport than were reported by women (see Table 3). Business investment tends to be another instance where it depends on whose business it is and it is primarily that person's responsibility. Supplementary school expenses such as transport and books were not major expenses and were more likely to be an expense to which women contributed. Finally, expenditure on clothes showed that clothes bought for the husband was the category in which there was overall the highest agreement that this was the husband's responsibility: 21 men and 18 women. There was more disagreement over whose responsibility it was to buy clothes for the woman: the same number of women reported that it was their sole responsibility as men reported that it was their responsibility.

Table 3. *Mean difference in monthly expenditure as reported by husbands and wives by expenditure category*

Expenditure category ($n = 21$)	Husband's expenditure estimate as % of wife's mean	Mean difference (*K*shs) (husband's less wife's estimate)
Overall expenditure	170	5,365
Own food	154	857
Bought food	136	447
Non food household items	182	435
Transport	391	1,872[a]
Clothes	414	5,651[a]
Health	1,949	13,663
Education	207	1,522
Other expenditure	791	1,151

[a] Difference significant at 5% level.

Given the level of disagreement over these household expenditure responsibilities, it would seem likely that these might be reflected in household expenditure reporting. An analysis of the previous month's household expenditure data where husband and wife had independently estimated this (for the 21 cases in which data existed) indicated that the mean difference in total reported monthly expenditure was *K*shs 5,365 (see Table 3). This is approximately one-third of mean monthly expenditure reported by men and over a half of that reported by women. Further, husbands reported income levels that suggested that 91% of total household expenditure was funded from their own income, while women reported income levels which amounted to just over 50% of their estimate of household expenditure.

Husbands on average reported higher expenditure than their wives in all expenditure categories and these differences were particularly significant for transport and clothes. [7]

These differences can be more easily understood in the light of the above analysis of expenditure responsibilities. It is clear that for transport expenditure men have responsibility for their own expenditure and are more likely to be mobile than women, hence it is a category where women are less likely to be able to make a clear estimate of their husband's expenditure. Similarly where men were purchasing clothes for their family and themselves their wives were less likely to have a clear view of his expenditure on clothes, and men were more likely to be responsible for buying clothes for their wives than their wives were for buying clothes for them. Hence the difference may be explained by the husband's purchase of his own clothes. These perspectives underline the point that both handle income and have separate expenditure responsibilities with neither necessarily having a clear view of their spouse's contribution.

(c) *Intrahousehold financial management*

Analysis of the qualitative data collected during the in-depth interviews for the 24 married households enabled us to characterize their financial management system using Pahl's scheme (see Table 4). The independent management system best reflects the majority of cases in our data set. The "housekeeping" system can, however, run alongside the independent management system. Even in households where the woman did have an independent income source the husband may give money to the wife for household expenses, as this income might be too small to make a significant contribution.

The evidence from Mathira suggests that this in turn largely depends on the nature of co-operation and conflict within the household. It therefore depends on a co-operative relationship between husband and wife in how they mix

Table 4. *Classification of household financial management systems*

Classification	Definition	Households conforming to this pattern ($n = 24$)
Independent management	Both have separate sources of income and neither has access to all household funds	This system best characterises the majority of households (15)
Pooling system	All household income is shared and both have access	Three households were found to clearly operate a system of this nature. Two in Chehe were dependent on casual labor undertaken by both husband and wife as their main source of income. They described bringing the money they had earned to the table and deciding what needed to be bought with it The third case was where the wife manages an electrical shop and the husband operates the related workshop—on a daily businesses they pooled what they had earned and planned how to use it
Housekeeping system	Man usually gives wife a fixed sum for housekeeping and retains the rest	Five cases can be described as operating on this basis, however, the amount that is provided is not fixed. In two cases the wife had no independent income. Husbands may also give wives money for household expenses even where she also has an independent source of income
Male whole wage system	Husband manages all household finances	One household where the wife had no independent source of income appeared to fit this type of system it did not appear that the wife handled any cash, rather that the husband was entirely responsible for purchasing everything for the household

and match their income streams to meet expenditure priorities. One point that is clearly distinct between the European context and that of Mathira, is that the presence of bank or savings accounts was ubiquitous in Pahl's sample and their joint use was common. In Mathira, by contrast, the system is on the whole a cash management system that is supported by the use of accounts but rarely operates in a way in which all money flows into and out of accounts. This suggests that the nature of claims and control may be very different since pooling income in bank accounts requires considerable *a priori* agreement on use, whereas separate cash income streams does not. Under independent management in which women and men control their own income, men and women adopt financial services independently in order to manage these income and expenditure flows which may be means of ensuring separation and entrenching independent control. Indeed the qualitative evidence suggests that this was an important function of financial service use. The very few couples who reported greater joint use of bank accounts tended to be better educated, and either employed or operating a business in town.

In this sample, the evidence on co-operative discussion was mixed but there was a clear tendency for the accounts of husbands and wives to be more consistent where it appeared that there was greater discussion between them about the levels of income and division of responsibilities. This was often also related to levels of tension and conflict in the household relating to financial and other matters, such as men's behavior. Hence, one woman reported that, when she saw that her husband drank she realized that they needed to plant tea so as to be able to pay for school fees when the children were older, and they agreed that the tea money was mainly for this purpose. She said that she did not know what he earned although he could ask to see her payslip [both were teachers], but if she asked to see his payslip then he would not show it to her. She complained: "You know, African men are not there to tell you what they have in their pockets—that is their secret... his money is to do what he wants with" (HH90W).

Social norms about household provisioning are contested and men take the view that it is their responsibility to provide, although women's role in household provision has historically been strong among the Kikuyu (Clark, 1980; Fisher, 1954; Kershaw, 1975). A married woman stated it thus: "Men believe they are going to do everything in the house but they can't manage" (HH106) and so she explained that she assisted him. Her husband expressed a similar view saying it was his responsibility to provide and that his wife's role was to supplement. This belief appeared to be particularly important for young men. There appeared to be some sensitivity among young married men in the tea zone about the extent to which their wives might have their own income and handle money. This seemed to be a result of the need for young men after marriage to establish themselves as household heads.

(d) *Implications for the demand for financial services*

To summarize, this analysis of the gender division of labor and control of income suggests that where both women and men contribute labor and men have primary control of the resources involved in a productive activity, men tend to control the sources of income that produce the highest returns. These income streams in turn enable them to meet their responsibilities for areas of expenditure such as asset purchase, farm inputs, school fees and health care. These expenditures tend to be relatively large and lumpy and their income streams are often also uneven. Women are more likely to be allocated streams of income that will enable them to purchase food and other basic household items that are required on a regular basis. Hence their income streams tend to be smaller and more frequent.

Financial management in these households can best be characterized as independent where both men and women have access to their own income sources and neither has access to all household funds. But men have the ability to reallocate income streams where these derive from resources over which they have primary control, but this is constrained by a basic norm that women have control over subsistence food grains. Men may also make claims on women's income but women may also seek places to save that enable them to resist these claims, especially by ensuring that the money is not physically kept in the house.

Due to the fact that men and women have some independence of access and control over their income streams, the different character of these income streams, and the expenditure responsibilities they must meet with them will result in different demands for savings and loan services. First, since women's incomes are generally lower than men's and they tend to use this income primarily for household necessities and their personal expenditure, they have smaller amounts to save and the sums they require as lump sums to finance expenditure will also be smaller than men's. In order to convert this small regular flow into larger sums to purchase clothes or household items, women used ROSCAs. For example, a widow explained that when her husband was alive she used her income from casual labor which was "little by little" to join many groups and she used the payouts to purchase household utensils such as cups. She had also used the groups to buy other things for the house since he died such as the sofa set and the glass for the windows (HH22FHHH).

Even women who do not have a direct source of their own income may use savings from money given them by another household member to buy food to join a ROSCA. This was well illustrated by the case of a woman who lived with her husband and mother-in law and who took *K*shs 20 daily from the money her mother-in-law gives her to buy food for ROSCA contributions although her husband did not know about it. Women are also likely to need funds quickly and conveniently to meet immediate food or nonfood requirements (such as fuel) or small health expenses in relation to children's ailments. Hence the accessibility of savings is also a concern, but for those in ROSCAs this is frequently overcome by borrowing from another member who is likely to live very close by.

Second, men have access to lumps of income from cash crop payments or salaried employment. In association with this they have greater responsibility for providing for lumpy payments such as school fees and asset purchases. In order to provide for lumpy expenditure, they require places to save their income or places from which they can borrow to meet these credit needs. The regularity of ROSCA operations does not match these requirements. Apart from uneven income flows, men's expenditure is strongly affected by seasonality for farm inputs and school fees. ROSCAs offer members the payout in rotation and hence men's demand is also seasonally concentrated where the purchase of clothes, household utensils and small household assets by women can take place at any time of year.

This analysis has demonstrated that when financial services are seen as a means of bridging the transition from income to expenditure, then demand by women and men is heavily differentiated due to the gender norms of control over resources and the allocation of income from them. The allocation of this income along with gender norms regarding the roles women can play in meeting expenditure responsibilities determines the nature of demand. In this case ROSCAs have characteristics that make them a more effective means of converting women's income flows into the lump sums they require than for men.

7. THE SUPPLY SIDE: THE ROLE OF GENDERED NORMS AND SANCTIONS IN ACCESS TO ROSCAs

The second component of the analytical framework proposed above argued that access to financial services depends on the ability of actors to engage with the rules and norms that enable different types of intermediary to operate. This section explains women's greater use of ROSCAs as arising from the greater effectiveness of the informal sanction of shame for women compared to men and traces the historical social origins of this.

(a) *Differing experiences of men and women in ROSCAs*

The most consistent aspect of men and women's own explanations of differential ROSCA use concerned the social consequences of nonpayment and how these differed between them. Informants said that women felt shame if they were unable to make a contribution to their ROSCA—a woman would rather borrow from a friend to take money to the group than not pay as she did not want to be embarrassed and "spoil" the group. Nor did she want the shame of people coming to take things from her house. As one woman put it:

> It is embarrassing to go to a gitati [group] without money... you are going to be told to give them their money—you have helped yourself and used the money and today you are giving another person, so you have to pay it back. You are going to spoil your name and people will be fearing you—seeing you as someone who doesn't pay, I would prefer to ask someone to give me the money than to go to the gitati [group] without the money... if you can't pay they may come to take your security, your TV... It is not good... it will be auctioned. Would you be happy? The children will be asking questions—how do I answer them? (EJN, 142).

It appeared that men also sought to avoid putting their wives in a situation where they might experience shame through not being able to pay. Both wives and husbands explained that husbands had refused when they asked to join a ROSCA. These were cases where the wife had asked to join but where the husband would have to give her the contributions as she had no independent income of her own. If the husband felt that he could not reliably provide the contributions he felt it was better for the wife not to join, as he did not want her to be embarrassed in the group by his failure to bring money for her. Where women had their own incomes or were given housekeeping money, then it was usually up to them how they managed it. If they wished to make contributions to groups from this, they were usually free to do so. [8]

By contrast, male informants reported many cases of men's groups that had failed. In a number of cases fights had occurred over group breakdown and some young male informants could show the resulting scars. Some of these cases involved con men claiming to start groups and canvassing the young men in town to make contributions. These groups never met and by the time it came to their turn they would not get the money. They knew that even if they took the case to the police they were unlikely to get their money back and taking the case to court was too expensive.

Men themselves explained this as the result of a more individualistic culture among them and described themselves as having a "don't care" attitude. Men reported that they did not like the strictness of the rules involved in groups and the fines they would incur if they did not attend. Other men also explained that men could not mix with each other since they do not want to be seen as needing to depend on others and so being seen as inferior. They did not like to consult each other when they had problems but preferred to keep their problems to themselves: "men are proud and do not trust each other... every man is clever... you know someone is going to mess you up" (i.e., if you get into a group with them) (FGD6).

Often the rules of the group were not written down and men realized that nothing could really be done if they did not pay, so they did not fear default. If a woman was not able to complete her payments in the group then the group could go and repossess the items but a man would resist this, as a woman reported: "You go to his place to start selling things and he will just say no" (REM, ARG, 121).

These women further reflected that men did not feel shame in the way that women did, with a local saying: "*thoni cia arume ciri igoti*" which in translation means "the shame of men is at the back of the head." She translated this to say "a man does not care about anything if he believes he is unable to pay at that time" (REM, 121). The word for shame in Kikuyu translates as something between shame and shyness and the saying refers to the fact that when a woman feels this it is evident in her expression, and she is unable to look someone in the eye, but a man will not feel it and will hold his head up high, in this case, when telling others that he has no money to bring to the group.

This is not to say that men did not join groups—whether men's or women's—or that some did not value them. In fact a number of young men demonstrated their eagerness to join a "good" group—which usually meant a reliable women's group—and lamented their inability to gain access to such groups. Some young men reported being "carried" by women in groups. This was where a young man, who had a good relationship with a woman who trusted him, joined a group through her. He would then give her the contributions but only her name appeared on the register. This is one of the few ways a young man could join reliable groups when he was not yet married and could not therefore do so through his wife.

Many men reported however that they had now joined self-help groups due to the hard times they were facing as the economic downturn since 1997 had "brought the men to being able to be humble in their homes"(FGD5). Men said that they preferred to start their own groups because they saw women's groups as dealing with "small things," i.e., household items such as utensils, where as they needed to save for purposes such as school fees and investments. One men's group said that they had started as men only (in the rural area) but wives came on behalf of their husbands—usually because the husband was not reliable—and so it became hard to exclude them (FGD4).

As was seen in the last section, men have expenditure responsibilities that involve bulky payments for school fees, asset accumulation and so on. Thus if groups are to be a means of financing these responsibilities, men need to be in groups where the payments are higher in order to achieve this within an acceptable period of time. This evidence suggests that for women, embarrassment or shame acts as a sufficient informal sanction to enable ROSCAs to operate. For men however this informal sanction is not effective and more formal means become too costly. The next section explores the historical social reasons why women were more able to operate in these groups than men.

(b) *The role of groups in Kikuyu socialization*

This research clearly indicates the ongoing social importance of women's groups. As one young man put it: "To a woman a *gitati* is her lifestyle, it's her way of life... a woman is not a woman until she is in a *gitati*" (YIK, S34). This social context enables them to learn how to speak properly in public and the older women educate the younger women on how to handle things in their homes and discuss problems with their husbands. Their ability to buy a sweater or a smart dress with the ROSCA payout and be dressed smartly and cleanly enables them to gain in self-esteem and mix freely with richer people—"You can become a woman" (FGD3). This was judged important by town women who felt that their husbands would run away if they were not smart because he would compare her to a woman dressed smartly that he had met in a bar. But although he wants her to dress well he will not provide the money to do this. "Men just need to see the woman in the house... so it's upon her to get the way to dress and manage the house" (FGD3).

One of the main roles that groups perform for women is that of providing themselves with household utensils. They noted that that if you enter the house of a woman who is in a group then it will be noticeable because she will have cups, plates and *sufurias* (cooking pots). Women explained that while a man will be interested in building a house, he would not be concerned with buying what goes inside it. While some men expect those things to be there even though they will never buy them, others will not care: "if there is no cup to drink from he will just tell you to bring the tea in the *sufuria*!" (FGD3). Wainaina underlines the social importance of having such utensils by saying that women without them are "shy to come out and meet with other women, or to allow visitors in to their homes" (quoted in Ardener, 1995, p. 13).

Anthropological sources offer evidence of the social and economic role that groups have played in Kikuyu society in the past. There is extensive evidence of the role of work groups of either sex involved in agricultural and other tasks (Fisher, 1954; Stamp, 1975). Stamp also notes the existence of women's lodges, which consisted of women married into a particular lineage and had economic, social and judicial functions with evidence that there was an important age-grade system operating among women based on circumcision and marital status with the highest status being accorded to women whose first child had been circumcised (*nyakinyua*) and these were regarded as leaders who were capable of disciplining others. These age-sets gave women power "apart from" men rather than over men, and Robertson argues that their functions both legitimized and perpetuated patriarchal values while also defining a women's sphere and forbidding male entry (Robertson, 1997, p. 243). But in reviewing changing patterns of women's collective action over 70 years, Robertson argues that these groups have moved away from the role of "producing properly socialized adults... to a more class-based women's solidarity involved with promoting women's economic activities" (p. 240). It was after independence that ROSCAs clearly became one of the activities of these groups and in the 1970s and 1980s that women's groups expanded hugely. This expansion was in part spurred by the broader ideology and practice of *Harambee* (Kiswahili for pulling together) promoted by the government and often supported by donors (Mwaniki, 1986; Udvardy, 1998). These groups undertook a wide range of activities: joint farming, or joint selling of their labor in agriculture; water projects; accumulation of funds to buy land for cultivation or building; setting up their own cooperatives and so on. Savings funds and ROSCA activities were often a core activity or necessary feature to enable the projects to take place (Maas, 1986; Nelson, 1995; Robertson, 1997).

By contrast, male age-sets traditionally provided a means for collaboration across lineages (Muriuki, 1974). But even when they did, Lonsdale suggests that male solidarity was not strong, especially after men married, quoting the Kikuyu saying: "helpful age-mates become rival householders" (Lonsdale, 1992). Moreover, since age-sets no longer exist, the socialization process for men has not involved group membership and it has certainly not been adapted to current circumstances in the way that Robertson describes for women. Hence it can often be the case that a young man only learns about groups from his wife once he has got married (AIG, 17).

The importance of groups to women—often now with ROSCAs as a core activity—has also then to be viewed in historical context. They have been and remain a means through which women learn about and fulfill both their social and economic roles. Hence, in contrast to men it can be argued that women have retained the skills to pursue collective action of this kind.

(c) *Summary*

When financial intermediation is seen as requiring rules or norms in order to enforce repayment, whether formal (i.e., legislated rules) such as contract law or informal norms and sanctions operating through reputation and shame, then the ability of different socio-economic groups to interact with different types of financial organization will in part depend on their ability to interact with the rules and norms involved.

Respondents contrasted the individualistic and opportunistic norms of men's behavior with the shame that women would experience if they failed to repay. It is important to emphasize, however, that the argument here is not that men do not experience shame. Rather that in the context of ROSCA activity this social sanction does not ensure men's compliance to the rules of the group as effectively as it does for women.

Anthropological accounts of the ways in which women and men were traditionally socialized support the view that women's groups have evolved and adapted to take on new roles in contemporary society while age-sets have declined as a basis for male solidarity offering no enduring means for crosslineage collaborative activity. The greater dependence of women on female kin and neighbors for livelihood support—for example, the ways in which women reciprocate and support each other with food and other transfers—may also help explain this (see Francis, 2000).

8. CONCLUSIONS

This paper has laid out an analytical approach to examining the role of gender in financial markets by examining its influence on the demand for financial services and on access. This approach was applied to the finding that the most widely used service in Mathira is ROSCAs but that their use was gendered. The evidence demonstrated that the nature of the income streams which men control could be large and periodic, even irregular, compared to women's, which were smaller but more frequent. This meant that women rather than men were more likely to have access to the regular contributions that ROSCAs require. Moreover, men's expenditure responsibilities were also lumpy, and in many cases are tied to particular times of year. The ability of ROSCAs to cater to these needs is limited for two reasons. First, ROSCAs offer members the payout in rotation and hence men's demand is likely to be seasonally concentrated where as the purchase of clothes, household utensils or small household assets by women can take place at any time of year. Second, the greater scale of men's expenditure requirements is another factor. In order to gain adequate lump sums from ROSCAs, men would need to contribute higher amounts. Given the apparent weakness of informal social sanctions in men's ROSCAs and the larger amounts they would need to save in them to make them useful, ROSCAs are a much more risky place for them to save compared to formal financial institutions. Alternatively, more cost effective enforcement mechanisms would need to be found for men's ROSCAs.

This analysis also helps explain the finding reported in section two that being young educated and male raised the likelihood of borrowing from friends and relatives. Since men do not have social relationships that enable them to join groups to meet their financial needs they are more likely to turn to friends and they explained that this was how they were most likely to borrow. The young educated men that this finding referred to were unmarried, living in Karatina and running their own businesses. This meant that they needed funds, had no collateral—because they were too young to have inherited land—and had not yet had the opportunity to learn about groups or the behavior required to manage to borrow from them.

This approach can also accommodate the role of gender norms in access to property, since collateral requirements are also rules that some financial intermediaries require in order to operate. A second gendered pattern of use in central Kenya was that women were far less likely to use cash crop SACCOs than men. This is also then easily incorporated by this analysis since a rule of access to cash crop SACCOs is being a tea or coffee farmer and it is usually men that hold the license and hence join these SACCOs. The approach of looking at the rules and norms that govern different types of financial intermediary and the ability of men and women operating within gender norms to engage with them, presents a more complete analysis than the analysis of property rights alone.

(a) *Implications for analysis and policy*

This approach therefore suggests that financial markets are certainly segmented by gender but may also be fragmented by it. Nissanke and Aryeetey distinguish between a *segmented* market and a *fragmented* market on the basis that fragmentation is evident when returns adjusted for risks and transactions costs are not comparable between market segments (Nissanke & Aryeetey, 1998). The term segmentation on the other hand describes a process of normal specialization between products (e.g., with respect to prices) that are evened out once risk-adjusted returns are calculated. Many researchers have recognized the segmentation of informal financial markets and suggested that this is due to variables such as locality, type of lender, the trade, service or sector being financed (Ghate, 1988). Remaining variations in returns are therefore explained in terms of imperfections in the market due, for example, to barriers to entry. Policy then concentrates on the removal of barriers to entry in order that competition can erode excess profits.

This research demonstrates that gender norms present barriers to entry, first, on the supply side, not only as has been conventionally understood in terms for example of property rights, but also through the interaction of men and women with informal norms which support the operation of financial intermediation. Second, on the demand side, gender norms present obstacles by gendering their demand for services. Approaches to removing these gendered barriers to entry are therefore rather complex since they require changes to a range of gender norms and practices that are deeply embedded in social behavior. "Building institutions for markets" therefore requires a willingness to address these, for example, through tackling norms regarding intrahousehold income distribution and financial management.

The evidence presented regarding the gendered role of shame as a social sanction enforcing repayment in group-based financial arrangements might also lead us to argue that moral hazard is itself gendered with men being more willing and likely to shift the costs of borrowing onto others than women (see also van Staveren, 2001). This has two potential policy implications, first, since providers may in fact face lower costs of provision to women than men because of this, we would expect to see gender differentiated prices as a result and policy could actively support such a development.[9] Alternatively, policy might attempt to influence male behavior toward repayment, for example, by making sanctions more effective and severe, or by moral suasion and the promotion of positive role models.

(b) *Implications for microfinance policy and practice*

These findings give further scope for reflection on the microcredit and women's empowerment debate summarized at the outset. First, it suggests that microfinance programs targeted towards women and intent on their empowerment may have inherently contradictory policy objectives since this at the same time makes instrumental use of their gendered subordination. Rutherford (1995) has criticized the virtually exclusive targeting of women in Bangladesh noting their lack of mobility, and hence availability in villages of Bangladesh when meetings are held and comments on their greater deference to authority which makes them easier for MFI workers to manage. While MFI programs in Kenya are not exclusively targeted to women, credit officers also explained that groups whose members are at least half female were easier to manage. The fact that women are likely to take with them the social historical context of their group activities and compliance to informal sanctions from ROSCAs into microcredit groups then produces an inherently contradictory position for them.

Second, the analysis above presents a framework through which intrahousehold financial arrangements can be investigated and understood. The microfinance industry needs to adopt such an approach if it is to be successful in developing effective strategies for growth. The controversy that was precipitated by Goetz and Sen Gupta's analysis of loan control and use concerned different constructions of how these arrangements took place, since it appeared that supposed independent control by women of loans did not concur with the reality. Those familiar with microfinance in Bangladesh were aware of this disparity but never challenged the "public transcript" which had been used to promote the industry elsewhere. Key differences between the Bangladesh context and this part of Kenya are that women have significantly higher levels of autonomy in managing their own income streams; greater access to the public realm and hence ability to conduct their own businesses; and retain greater control of the resulting income. Given these differences it should be expected that targeting loans to women is likely to have significantly different impacts on intrahousehold relations in different contexts. In particular, since intrahousehold relations can fundamentally affect the room for maneuver that women have, they may not be able to adequately expand their businesses to absorb higher loan sizes (see also Johnson, 2003a).

Third, from the practical perspective of the microfinance industry, the above analysis suggests the need for microfinance institutions (MFIs) to start to tackle demand in a gender-differentiated manner. The increased emphasis in the industry on making services more client-led (Cohen, 2002) and developing the market research and product development techniques to achieve this (Wright, 2003) must also recognize the need for market research methods that are gender aware and the potential for women targeted products. The related challenge is however to ensure that products designed for women do not entrench them in subordinate positions by responding only to women's practical needs identified through market research. For example, improving the availability of cheap, safe and cost efficient services for the small amounts of savings which women wish to make (Vonderlack & Schreiner, 2002) may address their practical needs, but it is necessary to ensure that their strategic needs (Moser, 1993)—which may be less apparent from market research—are also tackled. The design of loan products to date has concentrated on financing women's productive rather than reproductive roles, but products could also be designed to facilitate improvements in housing, healthcare, cooking and plumbing since these are labor and resource saving for women (Johnson & Kidder, 1999). By reducing the burden of reproductive work, this is also likely to alleviate the constraints women face in making successful use of enterprise loans.

Finally, a gender analysis (rather than one solely focused on women) must also point out that these findings also show that some men also lack access to collateral. Young, educated men find themselves in a position where they lack the social relationships that would enable them to borrow through these mechanisms. This in turn suggests that policy in microfinance needs to re-think how access for men, and young men in particular, can be improved.

NOTES

1. I have not found any analysis of this nature for developing country contexts.

2. Burgoyne analyzes financial management by European couples who have remarried in which she uses categorizations of shared and pooled management. For her, the difference between shared management and pooling is an attitudinal one about the claims that each can make in relation to the income of the other. That is, even if income is not pooled so that access is equal, it is putatively pooled in the sense that all is available for household use even if the management arrangements remain separate.

3. The microfinance sector refers to "microfinance institutions" although they may more correctly be referred to as organizations. Unfortunately, this can confuse the discussion of institutions in markets but I use the term MFI because this is now an institution within that sector!

4. Given the small sample size, significance testing in crosstabulations and the use of logistical regressions was only possible where subsamples were sufficiently large.

5. Alternatively the payout may be auctioned with the person willing to take the largest discount receiving the payout. The remainder of the funds are then divided among those who have not yet won the payout.

6. ROSCAs are regarded here as a savings service although all but the last member to receive the payout effectively obtains a loan. If these are included as a loan service also, they are clearly also the most used loan service.

7. The figures in Table 3 for health show that men's expenditure on this was on average almost 2000% of women's which underlines the point made above about the nature of their expenditure responsibilities, but the actual differences were not significant due to the small sample and large variation.

8. An exception to this arose in Chehe (tea zone) where less well-off young men did not like their wives belonging to groups. This seemed to be due to a sense of insecurity in their marriage. Some wives explained that their husbands did not like them to bring things for the house because they felt the women would boast about it and undermine their status as head of the household.

9. Lower prices for women drivers have been seen in the UK motor insurance sector to reflect women as more careful drivers than men.

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