



Opinion

Finance

## Opinion: Can a \$40 loan change a life? In Kenya, the answer is yes

A new study in Kenya shows the very concrete impact of small digital loans on individuals, driving economic activity, and improving well-being in underserved communities.

By **Omri Even-Tov** // 30 July 2025

Access to credit is widely recognized as a critical driver of economic development. But in many low-income markets, formal loans remain out of reach, and digital alternatives often spark concern. Are they empowering or predatory? A new study in Kenya helps answer that question.

In collaboration with Tala, a leading digital lender, we examined the effects of extending small loans, about 4,800 Kenyan shillings or about \$40, to individuals typically rejected by standard credit algorithms. Our [peer-reviewed findings](#), recently published in *The Accounting Review*, suggest that for many borrowers, these loans delivered meaningful gains in both financial activity and overall well-being.

We ran an analysis using mobile phone metadata to track and compare changes among individuals approved for a loan against similar applications who weren't. The differences were clear. Borrowers who received loans had larger transaction volumes, traveled further distances, had greater communication, and larger social networks. Most notably, approved borrowers reported 21% higher monthly income and were 23.5% more likely to be employed or self-employed.

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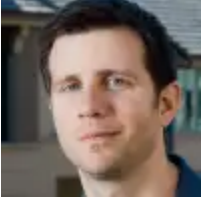
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**The views in this opinion piece do not necessarily reflect Devex's editorial views.**

## About the author



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Omri Even-Tov is an associate professor of accounting at the Haas School of Business, University of California, Berkeley, and faculty director of the Center for Social Sector Leadership. He received his doctorate from the UCLA Anderson School of Management. Even-Tov's research covers disclosures, financial regulation, and fintech, with top-tier publications and media features. Even-Tov is an award-winning teacher, a former PwC and fractional CFO. He is passionate about leadership in social impact.

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