IMPACT OF SOCIAL MEDIA ON THE VISIBILITY OF MICROFINANCE INSTITUTIONS IN KENYA

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ABSTRACT
MFIs in Kenya have been increasingly using social media to enhance their visibility and reach more customers. The main objective of this study is to evaluate social media use on the visibility of Microfinance institutions (MFIs) in Kenya. To investigate the effect of social media use on the visibility of microfinance institutions (MFIs) in Kenya, a case of ECLOF Kenya. Specific objectives of the study entails: to evaluate social media use on the reputation of microfinance institutions (MFIs) in Kenya. The study was based on Social Media Engagement Theory. A mixed research strategy was used for this study to gather and analyze data using both quantitative and qualitative methods. Data was collected in two stages. To start with, questionnaires was used to collect quantitative data.The researcher also conducted key informant interviews (KIIs) comprising ten senior management staff of ECLOF Kenya at the Nairobi main office. The questionnaire was given to randomly sample 250 ECLOF Kenya customers, being served by its headquarters in Nairobi and with access to social media platforms. Quantitative information was coded, inputted and converted into a Minitab data file for analysis after being entered into an Excel spreadsheet. This study's main target was based on 250-ECLOF Kenya customers under the Nairobi headquarters, with access to social media platforms. The study regression equation revealing that there is a positive correlation significance with p-value = 0.000, this falls within the range of alpha value = 0.5.It's degree of freedom (df) =1 and F-value = 23.61. In conclusion, social media has the potential to be a powerful tool for enhancing the visibility of MFIs, but its effective use requires a strategic and adaptive approach. It is recommended that ECLOF Microfinance in Kenya, for example, can use platforms like Facebook and Twitter to keep its clients informed about new loan products, repayment schedules, and other important information.

KEYWORDS: Visibility, reputation, customer engagement and financial education

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1.0 Introduction

Technology and its development have transformed various aspects of human life in a great way. The primary objective of developing technology is to ease human life by making things simple and convenient (Grewal et al, 2020). Technological advancements in the modern world have played a critical role in social media emergence. The distinctive computer-mediated communication aspect has facilitated communication and made it applicable in ways that never seemed practical previously (Treem et al., 2020). The greatest aspect of computer-mediated technology has been social media. Social media has been a great platform as well as an avenue for socialization and communication. It has facilitated communication and sharing of news between individuals. By the same token, it has made interaction between people not only simple and convenient but also interesting (Treem et al., 2020).

Although social media has been a great communication channel and platform, some aspects need to be improved (Killian & McManus, 2015). One of the aspects that need to be addressed is cybercrime, trolls and sharing of classified content. As cited by Talwar et al, (2020), social media has served as a platform for some users to abuse or bully others based on the virtual nature of the interaction. Since it is sometimes hard to tell the identity of the users, they take advantage of this aspect and share derogatory information against their fellow users. The developers of the platforms can devise a means by which no one would be allowed to share such information. This can be achieved by deactivating such accounts or pressing charges against the users. There is also a problem with accuracy and misinformation. Social media allows people to share any information, whether verified and credible or unverified (Treem et al., 2020).

Most people around the globe own smartphones and computers and use them to connect with others through the internet. Parents have embraced technology and gone a notch higher to acquire devices for their children through which they constantly communicate. Globally, people have embraced the internet as well as social media platforms due to the many changes resulting from technological advancements. As cited by Tahmasebi and Askaribezayeh, (2021), the internet, as well as social media, has led to the advancement and the growth of societies' social status. This is because people can use the platforms to influence others, besides carrying out business. Economic growth is heavily dependent on investment in information communication technology (ICT); (Majeed and Ayub, 2018). Digital technologies play a critical role in overcoming information barriers and augmenting them through coordination and automation.

The impact of social media on the visibility of microfinance institutions is evident. The role of microfinance institutions (MFIs) is to provide financial services such as microloans, savings and micro-insurance to individuals and groups in the low-income bracket, mainly residing in rural and other far-flung areas (Anglin et al, 2020). This market segment is viewed as risky by mainstream financial institutions hence they shun it. As cited by Kumari, (2021), microfinance products are developed in such a way that they help economically active individuals who do not have access to traditional forms of credit to start or grow micro-enterprises, build savings, or manage their finances. MFIs typically serve low-income people who are unable to access mainstream financial institutions. They also serve specific groups such as farmers, entrepreneurs, or people living with disabilities. MFIs play an important role in helping to alleviate poverty by providing access to credit and other financial services (Okibo & Makanga, 2014). They also help to promote economic development by enabling micro businesses and entrepreneurs to start or grow their operations. Additionally, MFIs enhance financial literacy and build financial resilience among their customers (Pomeroy et al, 2020).

Given that financial institutions in Kenya have adopted the use of social media to promote their services and reach new customers (Tuimur,2021), social media platforms, including Instagram, Facebook, Twitter and LinkedIn have become popular channels for the said institutions to engage with their customers and share information about their products and services offerings. They also use social media to communicate with their customers and to enhance their experience. The use of social media can be an effective way for MFIs to reach prospective customers and promote their services. Social media platforms can also be used to gather customer feedback and conduct market research (Daowd et al, 2021). However, to be effective, MFIs need to be aware of the challenges of using social media. They should therefore put in place very clear strategies. They also need to ensure that they comply with regulations regarding the use of social media and the protection of customers' data.
MFIs in Kenya have been increasingly using social media to enhance their visibility and reach more customers (Ireri et al, 2021). Facebook, Twitter and Instagram have become important tools for MFIs to promote their services, connect with potential customers and build trust with the community. This has enabled MFIs to reach a wider audience and expand their customer base, particularly in remote and underserved areas. Additionally, social media can be used to provide financial education and training, which can help to empower customers and improve financial inclusion. According to Daowd et al, (2021), social networks are fundamental to human society as they constitute the fabric of relationships that support trust, reputation and social cohesion. By using platforms such as Facebook, Twitter, WhatsApp and Instagram, microfinance institutions can reach a large audience at a relatively low cost. This can help them to raise awareness about their products and services, hence attracting new customers. Given the rising popularity of social media, financial institutions utilize its tools to connect with both current and potential customers by sharing information about product updates, new features and relevant news (Baruah, 2012).

2.0 Statement of the Problem

There are numerous big brands that have gained customers and increased their revenue due to their effective use of social media. Nike is a well-known sportswear brand that has gained a significant following on social media. Nike has over 122 million followers on Instagram and over 7 million followers on Twitter. Nike's effective use of social media has helped to create a sense of community among its customers and to increase brand loyalty (Loureiro et al, 2019). As cited by Carah (2017), Coca-Cola is a global brand that has successfully leveraged social media to engage with its customers. Coca-Cola has over 107 million and 3 million followers on Facebook and Twitter respectively. Coca-Cola's social media campaigns have helped to increase brand awareness, drive sales and engage with customers. Starbucks is a coffeehouse chain that has used social media to build a loyal customer base. Starbucks has over 18 million and over 11 million followers on Instagram and Twitter respectively. Starbucks' social media campaigns have helped to promote its products build brand loyalty and drive sales (Huang et al, 2014).
Amazon is a leading e-commerce platform that has used social media to drive sales and increase customer engagement. Amazon has over 2.5 million followers on Instagram and over 3.8 million followers on Twitter. Amazon's social media campaigns have helped to increase brand awareness, drive sales and engage with customers (Bilgihan et al, 2016). Despite the growing use of social media platforms in Kenya, MFIs have been slow to adopt and utilize the same in order to increase their visibility and attract customers (Ireri et al, 2021). Lack of social media presence has limited the ability of MFIs to effectively communicate their services, achievements, and impact to potential clients and investors, leading to a decrease in the number of customers and investments. Moreover, the limited use of social media has also contributed to a lack of trust and transparency in the operations of MFIs (Lepoutre & Oguntoye, 2018). Therefore, the problem lies in the limited visibility of MFIs on social media, which

constrains their ability to attract customers and investors and negatively impacts their overall success and credibility in the microfinance sector in Kenya.
Due to the rapid advancements in technology over the past twenty years, traditional marketing strategies have become inadequate in meeting the needs of both organizations and their customers (Ottman, 2017). Despite the potential benefits of social media for MFIs in Kenya, there is a lack of understanding and utilization of these platforms to improve visibility, customer engagement and financial education. MFIs in Kenya have not fully leveraged social media to enhance visibility and engagement with customers, resulting in a lack of growth in the customer base and a low retention rate among existing customers. As cited by Bag et al, (2022), additionally, engagement on social media does not necessarily translate to conversions and there is currently no effective way to measure this impact. This issue could be addressed by researching and implementing effective strategies for using social media to improve customer engagement and financial education, which could ultimately lead to an increased customer base and retention. This research is therefore concerned with the impact of social media on the visibility of MFIs in Kenya.

3.0 Research Objectives

The study was guided by the following objective;

i. To investigate the effect of social media use on the visibility of microfinance institutions (MFIs) in Kenya, a case of ECLOF Kenya.

4.0 Theories

The study was based on Social Media Influence theory (SIT) by Blumler and Katz in 1974.

This idea contends that by utilizing the strength of social influence, microfinance institutions' exposure and reach may be improved through social media platforms. For instance, existing customers are more likely to notice and consider an MFI as a feasible choice for their financial requirements when they post good experiences and testimonies about the services they got from the institution on social media (Di Gangi & Wasko, 2016). The exposure and legitimacy of a certain MFI or its goal can also be increased when social media influencers support it.
According to Aivazpour, (2022), Social Influence Theory (SIT), it is crucial to use social networks and media outlets to connect with potential customers and stakeholders, as well as to build credibility and trust through good word-of-mouth and endorsements. As a result, MFIs may increase their awareness and draw in additional customers, furthering their broader goal of empowering and promoting financial inclusion. This theory is related to this study in that it helps in identifying the strength of social media influence on MFIs' growth. This means that indeed social media is used in gaining positive influence for online users towards MFIs and their importance.
According to social media theory, participation on social media sites can increase a microfinance institution's visibility. Microfinance organizations may broaden their audience, develop their brand, and earn a good reputation by interacting with their followers on social media. Microfinance organizations can distribute materials that inform the public about their goals, offerings, and effects. They may position themselves as experts in their subject and gain the audience's confidence by providing pertinent and useful information (Di Gangi & Wasko, 2016).Building relationships with followers on social media requires responding to comments and messages.

Microfinance organizations may show their dedication to providing excellent customer service and enhance their image by responding to queries and complaints as soon as possible and in a helpful manner. Microfinance institutions may expand their reach and develop their credibility by working with partners and influencers. They may spread their message and get new supporters by collaborating with businesses or people that share their goals (Artz, 2022). Microfinance organizations may engage their target audience by running social media marketing. They may foster a feeling of community around their business and raise awareness by developing a hashtag or encouraging followers to share their experiences or tales. In general, using social media to communicate with customers and establish a brand is a successful approach for microfinance organizations. They may become a go-to source for financial services and have a beneficial influence on their communities by regularly connecting with their audience and offering insightful information.

5.0 Research Methodology

For this study, a mixed research approach was employed to collect and evaluate data utilizing both quantitative and qualitative methodologies. The qualitative design was applied to cognitive dynamics like perception, reasoning, and awareness as well as humanistic dynamics like free choice, self-actualization, and personal worth. In essence, descriptive research methods capture the key aspects of a situation from a distance while making explicit mention of the variables (Lambert & Lambert, 2012).
Data was collected in two stages. To start with, questionnaires was used to collect quantitative data.The researcher also conducted key informat interviews (KIIs) comprising ten senior management staff of ECLOF Kenya at the Nairobi main office. This was done to allow an in-depth understanding of social media use on the visibility of MFIs - in this case focusing on ECLOF

Kenya.Data was analysed by both quantitative and qualitative methods. The questionnaire was given to randomly sample 250 ECLOF Kenya customers, being served by its headquarters in Nairobi and with access to social media platforms. Quantitative information was coded, inputted and converted into a Minitab data file for analysis after being entered into an Excel spreadsheet. The Statistical Version for Minitab Software was used to analyze the quantitative data that was obtained. In qualitative data technique, the study was analyzed and interpreted to determine how well it helped answer the study questions. Tables and charts were used to show the data. Qualitative data was transcribed and translated then coded using N-VIVO 20.

6.0 Findings and Discussion

Investigation on the social media use on the visibility of (MFIs)

On matters concerning social media use on the visibility of microfinance institutions (MFIs).The study correlation equation stood at coef=1.772,t-value = 6.11 and p-value = 0.000.This regression equation revealing that there is a positive correlation significance with p-value = 0.000,this falls within the range of alpha value =0.5.

Table 1: Regression Coefficient on the visibility of (MFIs)
Coefficients

Term	Coef	SE Coef	T-Value	P-Value	VIF
Constant	1.772	0.290	6.11	0.000	
Social media use on the visib_1	0.5324	0.0710	7.50	0.000	1.00

Table 2: Model summary on the visibility of (MFIs)

S	R-sq	R-sq(adj)	R-sq(pred)
0.827068	30.53%	29.98%	27.88%

On matters concerning model summary, the study arrived at the R-square (adj) value=29.98% while the R-square (pred) was 27.88%.

ANOVA for social media use on the visibility of (MFIs)

ANOVA results for social media use on the visibility of (MFIs) revealed that indeed social media use on the visibility of MFIs has a strong positive correlation with its P-value=0.000. This regression equation revealing that there is a positive correlation significance with p-value = 0.000, this falls within the range of alpha value =0.5.It's degree of freedom (df) =1 and F-value=56.24.This proves that this study was worth an investigation. This proves a point in the literature review that Microfinance institutions (MFIs) may advertise their lending products and reaches a larger audience by using social media as an efficient marketing tool. MFIs may target particular client demographics, enhance interaction, and build brand recognition by utilizing social media channels (Darapaneni et al, 2022). Kiva is one example of an MFI that uses social media well to sell loan products. Through the NGO Kiva, anyone may lend money to small company owners and entrepreneurs in impoverished nations. Kiva uses social media sites like Facebook, Twitter, and Instagram to highlight the success stories of the businesses they back and to advertise their loan offerings.

Table 3: ANOVA for social media use on the visibility of (MFIs)

Source	DF	Adj SS	Adj MS	F-Value	P-Value
Regression	1	38.473	38.4734	56.24	0.000
Social media use on the visib_1	1	38.473	38.4734	56.24	0.000
Error	128	87.557	0.6840		
Lack-of-Fit	3	0.817	0.2722	0.39	0.759
Pure Error	125	86.741	0.6939		
Total	129	126.031			

During one of the interviews, a responder said the following: “It is true that social media use on the visibility of MFIs is of great help to financial institutions and their customers as well. But the core principle is in the backbone of MFIs success relies on customer satisfaction and timely delivery”.

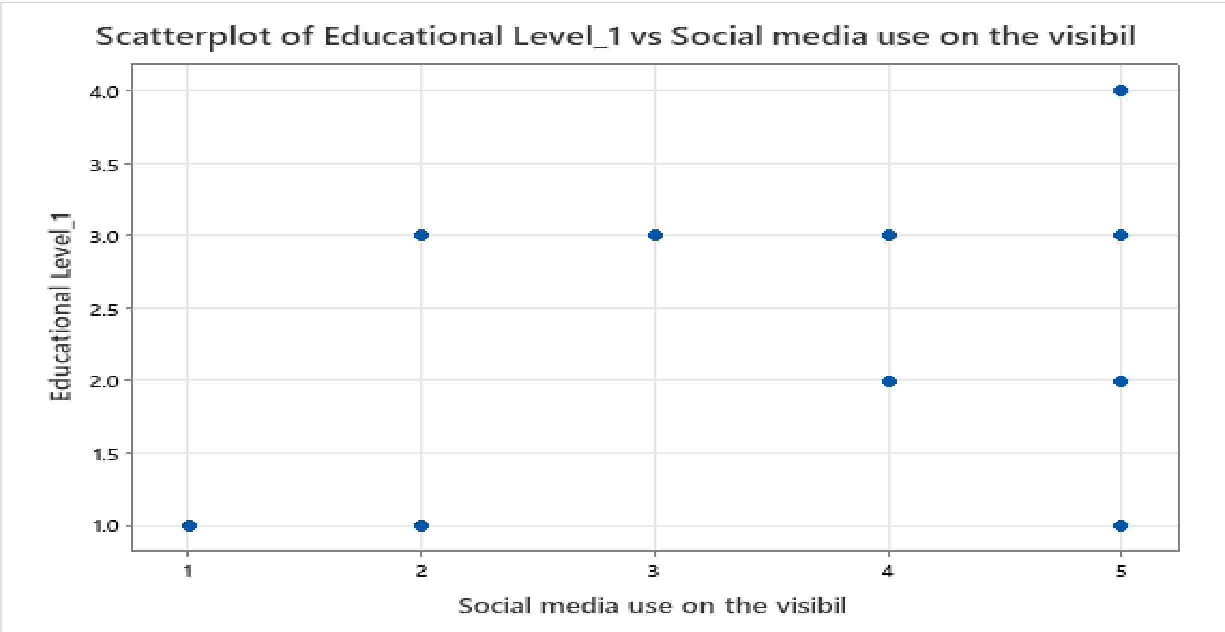

Figure 1: Scatterplot diagram on social media use on Visibility of MFIs

7.0 Summary and Conclusion

On matters concerning social media use on the visibility of microfinance institutions (MFIs).The study correlation equation stood at coef=1.772,t-value = 6.11 and p-value = 0.000.This regression equation revealing that there is a positive correlation significance with p-value = 0.000,this falls within the range of alpha value =0.5. ANOVA results for social media use on the visibility of (MFIs) revealed that indeed social media use on the visibility of MFIs has a strong positive correlation with its P-value=0.000. This regression equation revealing that there is a positive correlation significance with p-value = 0.000, this falls within the range of alpha value =0.5.It’s degree of freedom (df) =1 and F-value=56.24.This proves that this study was worth an investigation.

In conclusion, social media has the potential to be a powerful tool for enhancing the visibility of MFIs, but its effective use requires a strategic and adaptive approach. While the challenges and risks should not be underestimated, the benefits of increased visibility and engagement with stakeholders make social media an indispensable component of the modern MFI's outreach and communication strategy. By carefully navigating this digital landscape, MFIs can not only boost their visibility but also amplify their social impact and financial inclusion efforts.

8.0 Recommendation

The impact of social media on customer engagement for microfinance institutions (MFIs), such as ECLOF Microfinance in Kenya, is substantial in today's digital age. Social media platforms have become powerful tools for fostering connections, building relationships, and enhancing customer engagement. Here are some key ways in which social media can influence customer engagement for MFIs like ECLOF Microfinance in Kenya:

- **Enhanced Communication:** Social media allows MFIs to communicate with their customers in real-time. They can share updates about their services, financial literacy tips, and relevant news. ECLOF Microfinance in Kenya, for example, can use platforms like Facebook and Twitter to keep its clients informed about new loan products, repayment schedules, and other important information.
- **Customer Feedback and Support:** Social media provides a platform for customers to give feedback, ask questions, or seek support. MFIs can actively listen to their clients' concerns and respond promptly, thereby demonstrating their commitment to customer satisfaction. ECLOF Microfinance can use social media as a channel for addressing customer inquiries and resolving issues efficiently.
- **Education and Financial Literacy:** MFIs can use social media to educate their customers about financial literacy and responsible borrowing. Posting informative articles, videos, and infographics can help clients make informed financial

decisions, improving their financial well-being. ECLOF Microfinance can share resources on budgeting, saving, and managing debt on its social media platforms.

- **Building Trust and Credibility:** A strong social media presence can contribute to building trust and credibility. When MFIs like ECLOF Microfinance share success stories, client testimonials, and information about their social impact, it reassures current and potential clients that they are a reputable and trustworthy institution.
- **Community Engagement:** Social media allows MFIs to engage with the local communities they serve. They can showcase their involvement in community development projects, sponsorships, and partnerships. This fosters a sense of belonging and community pride, strengthening the bond between the MFI and its customers in Kenya.
- **Targeted Marketing:** Social media platforms offer advanced targeting options, allowing MFIs to reach their specific target audience effectively. ECLOF Microfinance can use social media advertising to reach potential clients in Kenya who may benefit from their financial services, thereby increasing customer engagement among their intended demographic.
- **Monitoring and Feedback Analysis:** MFIs can gather valuable insights from social media analytics. They can track engagement metrics, customer sentiment, and trends to refine their customer engagement strategies over time. This data-driven approach can help ECLOF Microfinance in Kenya tailor its services to better meet customer needs.

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