****

**ONLINE SYSTEM FOR ACCESSING LOANS BY SELF-HELP GROUPS**

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**A project proposal submitted to the department of Information technology in the school of computer science and Information Technology in partial fulfillment of the requirements for the completion of fourth year project.**

**JUNE 2018**

# Declaration

This proposal for this project is my original work and has not been presented in any other college or university.

Name ………………………………………………………

Signature ……………………………..

Date …………………………

This proposal has been submitted for examination with the approval of the undersigned university

Supervisor.

Name ……………………………………………………

Signature ……………………………………

Date ………………………………..

# Abstract

Technology and its effects has increased over the years. Taking advantage of the advancement in technology, this proposed project aims at the digital touch to the loan application process, in order to facilitate loan accessibility by the self-help groups. Currently, the available systems that offer loans online are for individuals who apply for loans and they get them instant. The self helps groups can only get loans by going to the banks and the Sacco and other financial lending institutions. The proposed system will enable self-help groups with an online platform where they can apply and get loans online and instantly. By introducing the online system for accessing loans by the self-help groups, will solve the problem by introducing an online platform where the self- help groups can get loans online with minimal requirements and procedures. The project aims at introducing an online platform for accessing loans by the self-help groups.

The proposed system will the follow the agile methodology for the development of application. The agile development life cycle is based upon the iterative and incremental process models, and focuses upon adaptability to changing product requirements and enhancing customer satisfaction through rapid delivery of working product features and client participation. Agile methods focus on breaking the entire product into smaller and easily developable product features that are developed through incremental cycles

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# CHAPTER ONE: INTRODUCTION

# 1.0 Background

A self- help group can be defined as a group of people who come together with the objectives of saving together and borrowing from each other. The aim of forming this self- help groups is to improve the living conditions of the people. People can borrow money and use it for investment and setting income generating business thus improving their standards of living. Many financial institutions such as banks have lengthy procedures for granting people loans for example people seeking to apply for loans must present a guarantor as it is a requirement so that they can be able to get loans. Also, after they have filled in the application forms for loans, the application forms have to be taken to different departments for loan approval and this may take a lot of time. And, there are also consultations done to decide whether or not to grant them with loans. People spend a lot of their time making long queues in the banks applying for loans this is because the banks have many clients waiting to receive other services offered in the banks and other financial institutions. Also there is a lot of paper work involved in accessing loans this happens because the banks requires people accessing loans to fill in many forms before they can be given loans by banks. For this there is a need of coming up with a platform that will assist self-help groups in acquiring loans with minimal requirements and that saves time and has reduced paper work.

## Problem statement

The aim of forming self- help groups is to improve the living conditions of the people. This could be by using it as an avenue to access loans and grants. Many financial institutions such as banks have lengthy procedures for granting people loans. People spend a lot of their time making long queues in the banks applying for loans. Also there is a lot of paper work involved in accessing loans. There lacks of a platform where self-help groups can acquire loans with minimal procedures. The purpose of this research is find how self -help groups can access loans online with minimal procedures.

## 1.2 Objectives

This study has been guided by the following objectives.

### 1.2.0 General objective

The general objective of this study is to provide an online platform that will enable self-help groups to access loans with minimal procedures.

### 1.2.1 Specific objectives

1. To have a user friendly interface for the loan application process.
2. To keep updated track of the member contribution.
3. To keep track of members loan repayments.

## 1.3 project Justification

The project will be of great help to the self-help groups as they will be able to access loans online. With this system, it will save on time as the members of the group will not queue long queues in banks to apply for the loans and also there will no lengthy procedures for loan application. Also the project will also be of help to lenders who are the financial institutions, because when they lend money to the groups there is interest charged.

## 1.4General Scope and application

The scope of the project will include the process of loan repayment by the members and keeping track of members of contribution. The project will offer the self- help groups a platform for where they can access loans online. The application will ensure that the process is smooth and efficient. The project is expected to take six months to come to completion.

## 1.5 Limitation `

This application will be limited to only people who are already in the self-help groups. For individuals who want to apply for the loans they must join the groups.

## 1.6 summary

This chapter basically introduces the project, stating what it will do, the goals to be achieved, the problem that lead to this project and also the boundaries that the project will reach and the geographical area where the application will serve.

# CHAPTER TWO: LITERATURE REVIEW

# 2.1 Introduction

The body of text aims to review the critical point of current knowledge including substantive findings as well as theoretical and methodological contributions towards my project. It doesn’t involve any original experimental work, just secondary sources. Chapter two of this document situates the current study within the field and scope covered by the project as well as providing context. The document gives an account of what has been published related to my project by other researchers. The document highlights on the knowledge and ideas that have been established, their weaknesses as well as strengths.

### 2.1.1 M-shwari mobile app

This is a mobile banking services offered through m-pesa in partnership with the commercial Bank of Africa (CBA).mshwari was founded in 2012. The minimum loan amount that can be borrowed is ksh 100 and the maximum is unknown. To qualify for a higher loan limit, one is required to have repaid the first loan and also increased their savings in the mshwari account. Mshwari loans have a repayment duration of 30 days. For one to qualify for a loan they must meet the following criteria; be a safaricom subscriber and have mpesa enabled for your line, a registered and active mpesa line used for a period of six months. (Rafael, 2018)This application offers individuals a platform where they can borrow loans and also pay as individuals.

### 2.1.2 Saida loan app

Saida is also using a mobile app to grant loans just like Tala and branch. To be eligible for a saida loan, your mpesa/airtel money accounts must be very active. The app reads and monitors your transaction and calls activities to determine if you can be able to repay their loan. To access saida, download the app from the playstore. Fill in your mobile number and wait for the invitation to access loans, the invitation could take up to 3-7 days for approval. Saida offers a minimum loan limit of ksh 600 with a maximum of ksh 25000 at an interest rate of 10%. Defaulters are handed over to CRB to be blacklisted. (Rafael, 2018) This application offers individuals a platform where they can borrow loans and also pay as individuals

### 2.1.3 Branch loan app

Branch international Inc. is a San Francisco based company with a branch in Nairobi. It was launched in Kenya in 2015 and has been active since. To qualify for a loan using the app, you need to be registered mpesa user and have a genuine active Facebook account with the usernames matching those in your national ID card. First you have to link the app to your Facebook account. Fill in the required details. Verify your account by clicking on the link that is sent to our phone via SMS. The minimum loan amount is ksh 1000, and the maximum loan limit is currently unknown. The loan is disbursed via mpesa and the interest rate is dependent on the repayment of the weekly installments by the due date which ultimately increases the credit score and decreases the interest rates. (Rafael, 2018) This application offers individuals a platform where they can borrow loans and also pay as individuals

### 2.1.4 Tala loan app

Tala was the first instant loan app in Kenya launched as Mkopo Rahisi in 2014 and later rebranded to Tala. Tala app requires one to have a smartphone and a good mpesa record in order to access their loans. To determine your loan limit, the app depends on your loan repayment behavior and on reading your mpesa transaction activities. The loan is disbursed through the mpesa account and the minimum loan is ksh 50000at an interest rate of 15%.loan defaulters are restricted from qualifying for future loans. (Rafael, 2018) This application offers individuals a platform where they can borrow loans and also pay as individuals

## 2.2 Research Gap and summary

According to the research I have carried out concerning the system there is a gap between the existing systems and the proposed system. The existing systems do not allow groups to access loans. Self-help groups have to go to banks or Sacco so that they can apply for loans. The proposed system will allow the self-help groups to apply and be granted loans online without necessarily going to the banks.

# CHAPTER THREE: METHODOLOGY

## 3.1 introduction

The agile method is my preferred methodology for the development of application. The agile development life cycle is based upon the iterative and incremental process models, and focuses upon adaptability to changing product requirements and enhancing customer satisfaction through rapid delivery of working product features and client participation. (sommerville, 2011)Agile methods focus on breaking the entire product into smaller and easily developable product features that are developed through incremental cycles. Agile methodology has the following life cycle phases: (understanding the agile software development lifecycle and process workflow, 2018)

Concept- projects are envisioned and priotized.

Inception- team members are identified, funding is put in place and initial environments and requirements are discussed.

Iteration/construction –the development team works to deliver working software based on iteration requirements and feedback.

Release –quality testing, internal and external training, documentation and final release of the iteration into production.

Production- ongoing support of the software.

End – the development of the software comes to an end.

**Concept**

**Inception**

**Iteration**

**Transition**

**Production**

**Retirement**

### 3.1.1 Why agile methodology?

1. High product quality-in agile development, testing is integrated during the cycle, which means that there are regular checkups to see that the product is working during the development. This enables the product owner to make changes if needed and the team is aware if there are any issues.
2. There is higher customers’ satisfaction- the customers are involved and engaged throughout projects.
3. Bugs are identified and resolved during each stage of software development allowing for adjustment to be made before the end of the project.

## 3.2 fact findings

Fact finding tools aimed at collecting information that forms the building blocks for the online platform for borrowing loans by the self -help groups. These techniques includes the following

### 3.2.1 Observation and research

Due to the simplicity and openness of the technique, observation was best placed as the fact finding technique as self -help groups have to physically go to banks or Sacco when seeking to apply for loans. It’s been observed that all these processes is time and resources consuming in terms of money as one has to travel when these financial institution are far. The observations made is that people have to wait in long queue while applying for loans.

Advantages

1. First-hand information that is gathered is usually true.
2. It reduces distortion of the information and data collected.

### 3.2.2 Focused group Interviewing

Reasons for using focus groups: (an evaluation toolkit, 2006)

1. Discover how different groups think and feel about a topic and why they hold certain opinions.
2. Identify changes in behavior.

Advantages

1. They are useful to obtain detailed information about personal and personal and group feeling, perception and opinions.
2. They can save time compared to individuals interviews.
3. They offer the opportunity to seek clarification.

# 3.3 Resources

In order to see realization of my proposed system, a number of resources and tools would be required without which I could not be able to design and implement it. The following are resources that I require for my project to materialize.

### 3.3.1 Hardware Resources

* Computer (desktop/laptop) with 4GB RAM.
* 2.5 GHZ processor speed.
* 500 GB hard disk capacity.
* External hard disk 150 GB for backup.

### 3.3.2 Software Resources

* Operating system (windows 10).
* Android studio.
* MYSQL database.
* Xammp server.
* Android phone.

# 3.4 appendices

## 3.4.1 Budget

|  |  |  |
| --- | --- | --- |
| **Item required** | **Description** | **cost** |
| Hardware | Laptop | sh40000 |
| Printing | Proposal | sh500 |
| Data bundles | Subscription and purchase of data | sh3000 |
| Sundry | Transport and other sundry | sh1500 |
|  | **Totals** | sh45000 |

# 3.4.2 Gantt chart

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Duration**  **(in weeks)** | **May** | | | **June** | | **July** | | **Aug** | | **Sept** | | **Oct** | | **Nov** | | **Dec** | |
| **2** | **4** | | **2** | **4** | **2** | **4** | **2** | **4** | **2** | **4** | **2** | **4** | **2** | **4** | **2** | **4** |
| **Research**  **Planning** |  |  |  |  | |  | |  | |  | |  | |  | |  | |
| **Proposal**  **Writing and submitting** |  |  | |  |  |  | |  | |  | |  | |  | |  | |
| **Analysis** |  | | |  | |  |  |  | |  | |  | |  | |  | |
| **Design** |  | | |  |  |  | |  | |  | |  | |  | |  | |
| **Coding** |  | | |  |  |  | |  |  |  | |  | |  |  |  | |
| **Documentation** |  | | |  | |  | |  | |  | |  | |  |  |  | |
| **Presentation** |  | | |  |  |  | |  |  |  | |  | |  | |  | |

## 3.4.3 References

# References

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