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Bottom-of-the-pyramid business model meets social assistance: Repurposing social protection in the Africa context

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Abstract

Countries in Africa face serious and worsening poverty brought about by historical and recent factors including the global economic downturn and national debt crises. Different actors have tested several mechanisms with the promise to alleviate poverty. Bottom-of-the-pyramid (BoP) and social assistance programmes in the form of cash transfers are such models. Despite the hype associated with the models, both demonstrate little achievement in the promotion of well-being in Africa, but instead, businesses are profiting at the expense of the poor. In this paper, we argue that the two models are precursors, handmaidens and the embodiment of the financialisation of social policy in Africa. Drawing on field interviews in Kenya, we demonstrate how the models have enabled financialisation of social policy through a narrative of financial inclusion of the poor, integration of market players in social protection, and through motives to orient the poor towards service-oriented markets.

Keywords: bottom of the pyramid; cash transfers; financialisation; Kenya; social protection; financial inclusion

Introduction

The bottom of the pyramid business model is premised on the proposition that large companies can make a profit by providing goods and services to the poor while simultaneously eradicating poverty. The model's idea is that through developing new products and services, largely technological, new models of business can be developed for low-income demographic groups of people (Prahalad and Hammond, 2002; Prahalad, 2004). By providing services tailored to the needs of the poor, advocates presuppose that the poor can overcome challenges related to poverty. Viewing the poor as consumers, BoP models perceive this population segment as a market opportunity, serving as new avenues to increase profit. By doing business with the poor, proponents of the model argue that commercial relations can improve living conditions and the welfare of the poor (Prahalad, 2004). However, as Pollio (2021) states, BoP represents another development failure.

Over the last three decades, governments across Africa and the global south have initiated cash transfer programmes as a response to poverty. With the COVID-19 pandemic, cash transfers became more prominent (Gentilini et al., 2020). Following rigorous promotion of the policies and programmes as the latest frontier in poverty reduction and overall development (Ouma and Adésinà, 2018; Abdulai, 2019; Adésinà, 2020), cash transfers are now prominent across countries in Africa. Governments consider cash transfers as avenues to reduce poverty and inequality and as tools to enhance the social and economic inclusion of the poor. With the target population for cash transfers primarily being those

at the bottom of the pyramid, businesses and corporations have developed products and services tailored to this population. A majority of these are financial and digital services seeking to generate profit from opportunities created by improved incomes among the poor. With the growth of cash transfers, BoP models have new frontiers to expand business and make profit from recipients of cash transfers who now represent new subjects (Bhagat, 2021).

Increasingly too, governments are outsourcing services related to management of cash transfers to non-state service providers. In South Africa, for instance, the government outsourced payment of social grants to NET1 UEPS Limited, a private company affiliated with the International Financial Corporation (Webb and Vanqa Mgijima, 2024). The services were, however, terminated following a scandal involving unauthorised deductions from beneficiary amounts (Breckenridge, 2021). In Kenya, the government too outsourced the payment service of Inua Jamii to commercial banks.¹

Since 2003, the Government of Kenya (GoK) and development partners have implemented cash transfers under the umbrella flagship programme *Inua Jamii*, which comprises four programmes targeting orphans and vulnerable children, older persons, persons with severe disabilities, and those in arid and semi-arid areas (Government of Kenya, 2016). Initially, the government paid beneficiaries through physical delivery of cash by its officers and later through government agencies such as the post office. With the increased expansion of the programme and to improve efficiency (McKay, 2013; McKay et al., 2021), government payment processes were deemed unreliable, leading to the outsourcing of disbursements to commercial banks.

This paper explores how BoP models and cash transfers have driven the idea of financialisation by repurposing and reorienting social policy towards markets. Recent studies highlight the increasing role, dominance, and transformation of everyday life by financial actors, financial tools, and financial motives in social policy (Lavinias, 2018; Golka, 2019). Some studies demonstrate mixed conclusions on the effectiveness of financialisation (Mader, 2018; Bernards, 2019; Bhagat, 2021), describing financialisation as an avenue for the exploitation of the poor (Bernards, 2019), while others view efforts at financial inclusion as a mode of governing the poor and urge caution to narratives that surround financial inclusion and financial deepening (Varman et al., 2012). The paper examines how terms like financial inclusion, financial deepening, and entrepreneurship are increasingly used to draw the poor into markets with the promise of poverty reduction². The focus of this paper is how the two models, BOP and cash transfer, have enabled and enhanced the financialisation of social policy and how the models (dis)enable the welfare of the poor. We examine the latter to understand the implications of cash transfers, BoP, and financialisation, on the wellbeing of the poor.

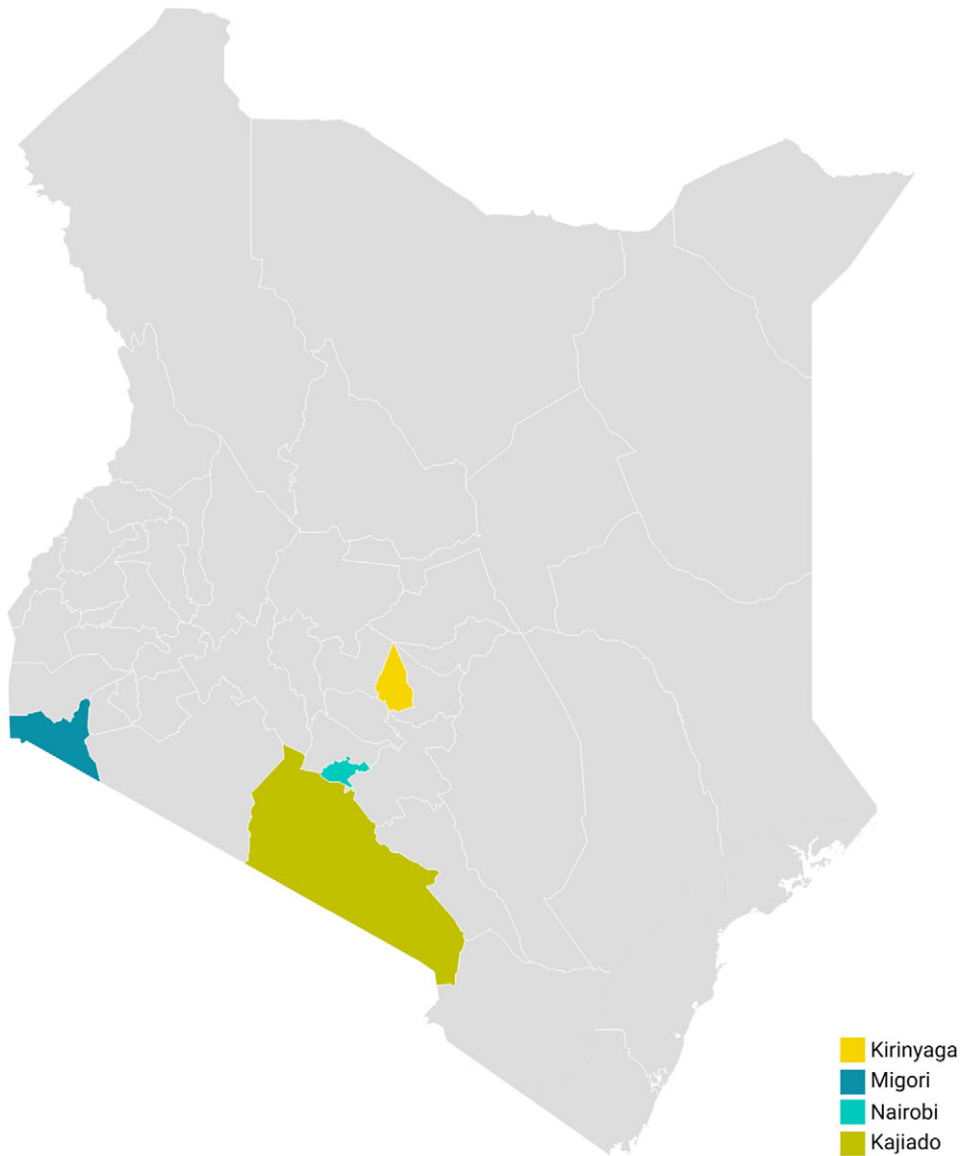
We argue that social assistance programmes and BoP models are enablers and handmaidens of financialisation, but, in turn, have little positive intervention on the wellbeing of the poor. After the methodological section, this paper begins with an overview of BoP models and cash transfers, providing similarities of the two and how they enable and reinforce each other. The next section draws on insights from discussions with informants and presents the findings of the study. Thereafter, we present a brief discussion on the implications of cash transfers, the BoP model, and financialisation for social policy before we conclude.

Methodology

The study was conducted in four counties of Kenya (see Figure 1 below) – Migori, Nairobi, Kajiado, and Kirinyaga – to understand how the operations of BoP models and cash transfers have repurposed and

¹Since February 2025 the government outsourced the payment of Inua Jamii to the mobile phone provider Safaricom who is now paying by MPESA. This article was written before this development (See <https://www.mygov.go.ke/mobile-payments-bring-major-relief-elderly-inua-jamii-beneficiaries#:~:text=The%20funds%20can%20be%20accessed,pesa%20wallets%20for%20flexible%20use>).

²Financial inclusion refers to the generation of access and usage of formal financial services by people who currently do not use them (Mader 2018). For purposes of this paper financial deepening means the increased provision of financial services, while entrepreneurship refers to the process of starting and managing a business.



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Figure 1. Map of Kenya indicating counties where data was collected.

reconfigured social policy, and the influence thereof on households receiving *Inua Jamii*. As *Inua Jamii* is implemented uniformly across all counties, the choice of counties was guided by their rural and urban, as well as socio-economic differences. Migori County borders Tanzania at Isebania, which contributes to its economic vibrancy through cross-border trade. Agriculture is the main economic activity, with tobacco and sugarcane comprising the main cash crops. The county has the third highest HIV and AIDS prevalence rate and was one of the first to implement the CT-OVC. Nairobi, as the capital city, is diverse in social and economic activities. Beneficiaries of *Inua Jamii* in the city's informal settlements often engage in small businesses and are targets for entrepreneurial activities. Kajiado County's proximity to Nairobi and its many urban towns makes it a host to a large segment of the city's working population.

The rural area is characterised by pastoral farming and trade. In Kirinyaga, agriculture is the primary economic activity, making it the leading subsector in terms of employment, food security, and income. More than 87% of the population derive their livelihood from agriculture, largely from commercial rice production.

Data for the study were collected at national and county levels. At national level, we interviewed policymakers with specialist knowledge on social protection, cash transfers, and financial planning as key informants. These were state and non-state officials working directly or indirectly in *Inua Jamii*, representatives from non-governmental organisations (NGOs) and international and cooperating organisations involved in social protection and those involved in BoP business models. Officials from financial institutions providing services as contracted agencies were also interviewed. At county level, we interviewed social development officers, financial institutions, and those involved in BoP business models. Sampling of key informants was purposive and through snowballing. We interviewed a total of 12 key informants comprising 4 government officials, 3 from county governments of Migori, Kajiado and Kirinyaga, and 1 from national level; 4 representatives from NGOs and community groups operating at county levels; and 4 representatives from commercial banks and financial institutions offering financial services to *Inua Jamii*.

Research assistants trained in qualitative interview techniques conducted in-person in-depth interviews between April 2022 and September 2022. All respondents consented to the interviews. We used semi-structured interview guides with questions and prompts to elicit discussions with respondents. We conducted a total of 87 interviews with individuals from households enrolled in CT-OVC, PWSD, and OPCT. HSNP is not operational in the four counties; therefore, its beneficiaries were not included. Additionally, we held a focus group discussion with 10 participants in Nairobi. Convenience sampling was used to select respondents. Sub-counties nearest the county headquarters were selected due to accessibility, distance, and the presence of small and large business operations and financial institutions. Social development officers guided our selection of participants from the beneficiary list at sub-county level. Identification of participants was based on convenience selection on availability and willingness to answer questions. To minimise selection bias inherent in the sampling technique, we conducted the interviews in rural and urban areas to increase diversity in differences in socio-economic variances like farming and trading. All respondents were 18 years and older.

Interviews were audio recorded, and where interviews were in a local language, translated to English and then transcribed. Transcripts were checked for data integrity before analysis. For analysis, we adopted a step-by-step process of thematic analysis (Naeem et al., 2023). Coding of data involved a selection of key words deriving from statements of participants which we then grouped into themes. Codes constituted recurring statements and also meaning derived from linking the research question with the data. The study received approval from the National Commission for Science and Technology Institute (NACOSTI).

Bottom of the pyramid meets social assistance

BoP refers to the low-consumer income market largely found in the global south. The business model advanced by Coimbatore Krishnarao Prahalad and others is that there is a fortune to be made from the poor (Prahalad and Hammond, 2002; Prahalad, 2004). The idea is that the poor, representing a massive population of more than 4 billion people globally, comprise a vibrant market of consumers that remains untapped. According to proponents, BoP strategy is about getting consumers products and services at an affordable price to the poor, but most importantly, it is that “When the poor at the BOP are treated as consumers, they can reap the benefits of respect, choice, and self-esteem and have an opportunity to climb out of the poverty trap” (Prahalad, 2004, p. 99), and unleash their entrepreneurial drive. Organisations working to make a profit see an opportunity to “partner” with the poor and help them overcome poverty while making a profit. Underlying the idea is a challenge to previously held notions that government and non-governmental organisations (NGOs) are the only entities that can alleviate

poverty. BoP basically challenged notions that the poor needed first to be lifted out of poverty before they could be involved in business. Through terms like “inclusive capitalism” (Prahalad, 2004), proponents mean that there can be simultaneous pursuit of business goals and social welfare by creating markets for the poor (Ansari et al., 2012).

A key debate of the BoP models is that the poor are a neglected segment of the population, not included, and previously unseen as a business opportunity. The argument’s significant focus is that the population should be viewed as a viable market following market saturation in other population segments particularly within industrialised nations. Multinational companies are now seeking new groups of consumers in the global south for their goods and services (Dolan and Rajak, 2018). Another argument is that the poor’s previously excluded status from the larger section of markets can be tapped and made a productive entrepreneurial group. Proponents of BoP see connections between the model, and business ventures of multinational business enterprises as a win–win situation. On the one hand, business enterprises make a profit and expand their markets, and on the other, through their interaction with the population poverty is reduced.

Experimentation and innovation, considered a forte of business and markets, are viewed as part of solving the problems of poverty and bringing solutions (Onsongo, 2019). Advocates of BoP models deem old solutions provided by governments and NGOs insufficient for breaking poverty (Collier, 2008). To justify their models, they claim that enduring poverty can only end with the deployment of new ways of thinking, ingenuity and innovations capable of solving entrenched problems that are too large and complicated for governments and the social sector (Shahzad Ansari et al., 2012).

Cash transfers have risen over the years, a system through which governments and international organisations provide social assistance through regular transfers to the poor to meet their basic needs. Cash transfers also serve as a mechanism for addressing humanitarian situations, including famine and flooding, and have recently been used as a strategy to mitigate the effects of COVID-19 (Gentilini et al., 2020). For BoP strategies to work, new markets need to exist. BoP models were previously held back by claims that poor people have no purchasing power and, therefore, do not represent a viable market. BoP models consider cash transfers the “big push” that the poor need to unleash their entrepreneurial capabilities (Gobin et al., 2017). Cash transfers are aimed at increasing consumption by the poor, while the BoP position views the poor primarily as potential consumers and as entrepreneurs (Karnani, 2009). Cash transfers provide an avenue through which the bottom of the pyramid becomes a viable market (Bhagat, 2021) as there is increased income, purchasing power and consumption among the poor. The increase in income transforms beneficiaries of cash transfers from cash-poor to a consumer class with ability and purchasing power.

Both promoters of cash transfers and BoP see their models as enhancing capabilities of the poor. BoP models consider poverty an ongoing problem because the poor have remained an “invisible, unreserved market” (Hopkinson and Aman, 2017), and their actions with the population aim to promote them to be a viable market. Over the last 20 years, cash transfers, buoyed by international support, have become the new means of social provisioning in the Global South. Cash transfers now form one of the largest interventions in humanitarian action and development paradigms. Through the provision of cash, some of the poorest people of the Global South, previously treated as an “invisible unreserved market,” are now new market frontiers. In Kenya, the number of beneficiaries enrolled in *Inua Jamii* has grown from 400 in 2003 to a total of 1,200,000. The provision of cash transfers has uncovered this previously invisible group, making them a viable market for business ventures for enterprises seeking new markets.

Equally important for BoP models is the prospect of equipping those previously considered under-productive with entrepreneurial opportunities for selling goods and services (Dolan and Rajak, 2018). This notion of entrepreneurship justifies the BOP model as advanced by Prahalad, who observes that the model departs from paternalistic models of poverty programmes that strip agency from the poor (Prahalad and Hammond, 2002). Those at the bottom can now exercise agency as business imperatives for profit maximisation meet with development aspirations for poverty reduction. As he states, “it is possible to do well by doing well” (Prahalad, 2004).

Several aspects of BoP mirror sentiments proffered by advocates of cash transfers. Similar to cash transfers, BoP advocates argue that the model provides dignity and choice for those in need of assistance. Beyond dignity, BOP models deploy empathy, asserting that their model has enabled the poor access opportunities as entrepreneurs, extended financial inclusion, and agency. At the centre of BOP, argues Prahalad (2004), the poor now have recognition, respect and fair treatment, self-esteem, and an entrepreneurial drive. The BoP model makes it possible for the poor to access goods and services previously reserved for the middle class and the rich (Prahalad, 2012; Onsongo, 2019). Those living at the bottom of the pyramid acquire the dignity of attention and choices that were previously unavailable to them due to their low purchasing power. Both models emphasise that financial logics, which they blend with the language of social justice, offer poverty eradication by enhancing dignity and choice for the world's poorest inhabitants (Karnani, 2007; Mader, 2018). As rational beings too, the poor can make choices and decide how to use their cash benefits. These sentiments align well with BoP models, which argue that the poor have the right to determine how they spend their income (Karnani, 2007).

The idea of opening up opportunities for the poor is aligned with the need for cash. Proponents of the BOP model argue that cash for the poor is the most crucial aspect of people's survival and a means through which individuals can transition out of poverty (Prahalad, 2004; Gobin et al., 2017). This view has, however, been contested by advocates who argue that broader social policy provisions, rooted in collectivism and solidarity and social capital as essential for enhancing wellbeing (Mkandawire, 2005; Adésinà, 2011). BOP models take credit for what they see as a configuration of poor households by recasting them as a consumer class. They argue there has been a significant change in poverty rates, driven by the model's recognition of this group as consumers. For instance, proponents argue that the rise in use of mobile phones in the Global South can be credited to BoP and that services like mobile money, a market innovation now widely available to the poor at accessible and low prices, have been one driver of poverty reduction and for opening new opportunities for the poor (David-West et al., 2019). Proponents argue that the poor have always aspired to a life similar to that of others, and only markets can open up this possibility, helping the poor reach their aspirations. To stay relevant, BoP models have adopted various aspects similar to those of cash transfers programmes. Couched in the language of framing big data as an instrument for empowering the BoP populace (Arora, 2016), big data is now used as a facilitator to reach the poor. Datafication of social assistance programmes makes the poor visible for BoP businesses looking for consumers.

The involvement of business actors in development spaces has enabled markets and multinational companies to clear their image and reputation by aligning with contemporary development approaches (Dolan, 2012). But, this is all a redefinition of how neoliberalism works; BOP models are merely new ways to refashion neo-liberal ideas, reflecting new ideologies and new ways of development thinking by promoting the role of business and empowerment through markets as the panacea from global poverty (Dolan and Rajak, 2018). Poverty reduction is couched in market terms, neo-liberal language, and values – competition, efficiency, and self-governance. The language that is elevated, as Dolan and Rajak (2018) argue, seeks to expunge the culture of aid dependency and instead revolves around that of uplifting the poor through new entrepreneurship. It centres around self-actualisation over individuals' circumstances.

Findings

Financialisation of social policy in Kenya: actors and motives

Financial institutions are increasingly co-opted as partners in the implementation and policymaking processes of social protection in Kenya. Part of their roles include providing payment services for cash transfers and biometric registration services, as well as training households on financial services, sometimes as a means of extending financial inclusion. As cited by Nsiah et al. (2021), recent scholarship highlights the extent to which financial inclusion has become a buzzword in pro-poor programming as a means to poverty reduction. Countries like Mozambique include cash transfers as part of the financial inclusion strategy (Castel-Branco, 2021). The inclusion of market actors in implementing cash transfer

programmes in Kenya started with the HSNP, with the contracting of the Financial Sector Deepening (FSD) and Equity Bank by the Department for International Development (DfID) to implement the payment component. At the time, the government paid the other cash transfers directly through the Post Office or through its own officers, a process deemed inefficient. Therefore, private financial institutions were involved to remedy the long, laborious, inefficient payment system. Financial organisations considered it their role to streamline and made pitches to the government on how to improve payment modalities; as a respondent highlighted,

“In one of our meetings with the government we floated the possibility of making digital transactions in the programme” (Financial sector actor, September 2022).

An official from the financial sector echoed,

“Government had all these multiple contracts with payment providers and it was not being effective in its operation. I spoke with the Permanent Secretary. There was a way I could help make the payment procedure easy and more effective. She agreed to my proposition and the solution I was offering – the PS was very forward-looking and not your typical bureaucrat” (Banking sector actor, August 2022).

Financial actors create and shape processes of financialisation often by making the argument of efficiency and of social and financial inclusion. Private financial institutions promised to deliver effectiveness and efficiency as a selling point to make a case for their role in the programmes. Financial institutions and banks involved in *Inua Jamii* argued that drawing from their innovation, business acumen, and skills, they are better placed at improving efficiency. As Golka (2019) notes, the process of financialisation alters how the state acts, and in this case, the state gives up its role to non-state actors. The involvement of markets and businesses in government programmes can only be achieved through a systematic and continuous attack on the government’s capability to deliver service (Andrews et al., 2017). Speaking of government’s inefficiencies, a respondent said;

“It was prudent that they (government) do not spend their time doing contract management but instead manage the programme; it was about economies of scale, doing that which you can do well” (Banking sector actor, September 2022).

Banks considered their involvement in *Inua Jamii* as streamlining an ineffective service, which they argue is a role in which the government is inept. Through the provision of banking services to *Inua Jamii*, financial institutions claimed that they could manage programmes better through their abilities to leverage and deploy digital solutions and technologies. But attacks on the government’s capacity to deliver are not widely accepted within the government. GoK also resisted plans to charge beneficiaries for banking services directly, putting itself between the banks and the beneficiaries as clients. A player in the financial inclusion space described how they overcame government resistance as,

“We had a meeting with the banks, World Bank and the donors, and we drafted a new procurement document for different agencies that felt they could provide the payment service to bid. Cabinet approval was the hardest bit – cabinet was of the opinion that the service – payment should be handled by the government and not the private sector. At first, they rejected the model and we were able to convince them that this was the forte of banks” (Financial actor, September 2022).

Several governments have tried to resist international organisations’ attempts at reconfiguring social policy and resisting prescriptions from external actors and indication of agency and the limits of international agencies in policy control (Ouma, 2020; Castel-Branco, 2021).

Promotion and notions of financial inclusion

Notions and forms of financial inclusion drive and support structures for global financial architectures to push for the financialisation of social policy. BoP advocates argue that, to a great extent, poverty has persisted due to the poor's lack of access to financial services and their limited interconnectedness with financial systems. Furthermore, they argue that cash transfers provide an effective pathway for financial inclusion (Pickens et al., 2009; Bold et al., 2012). Advocates of BoP claim that financial inclusion can reduce poverty, and that banking services to the poor enhance inclusivity. However, the means through which financial inclusion for the poor can and does increase profit for financial players remains unclear. When prompted on what financial inclusion looks like, its relation to poverty, and how it links to services such as banking, a participant drew from the Consultative Group to Assist the Poor (CGAP) description as "accounts that offer savings and transactions that are accessible to recipients." Non-bank accounts, such as mobile phone-based wallets, also meet this standard.

To promote the idea of financial inclusion, the World Bank and FSD have pushed for several changes in the payments of social transfers. In Kenya, as part of their remit from DfID, FSD, and Equity Bank set up points of sale for payments of cash transfers for HSNP. Then came the push for the government to pay beneficiaries through commercial banks via biometric cards. These two strategies are critical steps in setting up digital technologies in the management of anti-poverty programmes through which beneficiaries of cash transfers are drawn into a digitalised world (Masiero and Das, 2019). Some authors argue that such technologies enable recipients to store their cash payments and other funds until they wish to access, make or receive payments from other people in the financial system (Mckay et al., 2021). As stated by respondents, financial inclusion means the poor have bank accounts and can transact like other social classes. Measured against this parameter, financial deepening and inclusion in Kenya have been successful and can be largely attributed to the implementation of cash transfers, as stated by a representative of a financial agency, thus,

"With a base rate of 26% before cash transfers, Kenya now is at 86% of financial inclusion" (Financial sector actor, September 2022).

The statement above illustrates how advocates of financial inclusion have used cash transfers to facilitate the financialisation of social policy. Though promoted as beneficial to recipients, modes of increasing efficiency and reducing resource leakage, and the use of biometric and digital technicalities in social welfare can act as mechanisms of managing and policing populations in need (Arora, 2016; Iazzolino, 2021).

Still, from the interviews, it was unclear how financial inclusion through services like bank accounts leads to poverty reduction. According to one respondent, receiving Inua *Jamii* through banks enables recipients better control their money, plan better for their lives, and support their goals as banking services grant them avenues to access loans and other credit facilities. However, beneficiaries of cash transfers had a different view. According to them, the amount of funds they receive and the unstable periodicity of payments do not allow for long-term planning. As one beneficiary responded,

"The money often comes late -after 2 or 3 months or even 4. With KES 8000 I pay all the debt I have accrued over the last months. I cannot use the money to borrow any other money. I do not keep any money in the account – the amount is not sufficient even to cover our basic needs" (Beneficiary, June 2022).

The issue of chronic debt was a concern for many beneficiaries who are trapped in cycles of debt due to delays in remittances. Emerging scholarship demonstrates how cash transfer beneficiaries can get trapped in debt cycles when market players get involved in social assistance, as in South Africa's Social Grant programme (Torkelson, 2020, 2021; Ansari, 2022). Similarly, a survey conducted in Kalobeyei Refugee Camp in Kenya revealed that cash-based forms of social assistance are associated with massive indebtedness, with 89% of those sampled owing retailers (Sterck et al., 2020). Often, recipients use cash

benefits as collateral to guarantee debt repayment, and in some cases, retailers may detain the recipients' ATM cards to ensure they get their money back. As such, they have to wait for the next payment cycle to pay their creditors.

According to Siu et al. (2023)) cash transfers drive indebtedness in 2 main ways; first, those who have other sources of income spend cash transfers to pay off debts and other informal or formal loans. One of the respondents, who is a cobbler, said he gets loans from mobile apps, and also buys goods on credit,

“Yes, I have taken loans like *Mkopa* (a popular mobile app in Kenya) for which I bought a TV and am still paying. From D-light I borrowed money to buy a solar lamp” (Beneficiary035, May 2022).

For mobile credit like *Mkopa*, beneficiaries can buy televisions, smartphones and solar lights through the “buy-now-pay-later model,” with consumers paying off a purchase in instalments. Interest rates for *Mkopa* and other providers range from 7.5% to up to 20%” (Beneficiary040, May 2022).

Second, indebtedness occurs when recipients of cash transfers are perceived to be credit-worthy and can take out loans with cash transfers as collateral. As a woman confessed, she changed her paying point to access loans with her cash stipend as collateral. Still, most of the beneficiaries borrow from shopkeepers, other retailers and from neighbours and friends. Most confessed to being in cycles of heavy debt, paying off creditors when the transfer is made, leaving them with no money, and having to borrow again,

“When the money comes you are already heavily indebted. And when you receive the money, you want to pay those debts. After you pay the debts again, it becomes even worse because I am now left with almost nothing” (Beneficiary016, May 2022)

Perpetual indebtedness can constrain kin and friendship connections, as an older person confessed,

“They do not like me because they lend me money. When the announcement is made that money has been disbursed, they come to collect their debt, so again I am left without enough money, and I start borrowing again. Because I am always borrowing, they feel I am a nuisance” (Beneficiary009, April 2022).

The push for both financialisation, digitalisation, and financial inclusion in implementation of social welfare programmes emanates from the same international development agencies advocating and implementing cash transfer programmes. According to a respondent, FSD, was “a special purpose vehicle” that was created by DfID to drive financial inclusion in the Global South. Documents indicate that FSD was created by DfID to develop inclusive financial systems with a focus on serving low-income groups (FSD Kenya, no date; Mintz-Roth, no date), while the World Bank, one of the other advocates of cash transfers, created CGAP, with the aim of making financial services meet the needs of the world's poor (Bhatnagar et al., 2003). Even though the services of FSD are meant to be “demand-driven,” the deliberate creation of the entity at the height of the adoption of cash transfer and further their role in the initial phase of the HSNP, a DFID-funded programme, negates the demand-driven claim. Instead, demand was generated by creating the outfit specifically for the role of financial inclusion of the poor. As intimated by a respondent,

“You see, through the cash transfer payment, there was a huge opportunity to bring people who were not included into financial services into financial inclusion” (Financial sector actor, September 2022).

From this sentiment, it is difficult to judge if the motive for international organisations' promotion of cash transfers is poverty reduction or the transformation of the financial architecture through financialisation of social policy.

Market motives and profit maximisation

Market players are driven by profits even in their engagement with the poor to maximise profits following saturation with other classes. As confirmed by a respondent,

“We are a bank and so profit making is our key aim though it is not the only one” (Bank official, July 2022).

Financial institutions and banks considered beneficiaries of cash transfers as new ground and virgin profit-making territory. However, a respondent from the banking sector insisted that they do not profit from beneficiaries but from the Government, which pays for the cost of the service. Banking officials interviewed considered their contribution towards poverty reduction as facilitative and indirect. Unlike BoP sentiments, respondents working with banks agreed that they could not attribute poverty reduction to their engagement in the programme.

Banks and financial institutions described their role in *Inua Jamii* as two-fold. First, they aim to bring benefits of financial inclusion to the poor, and second, to bring the unbanked into the banking sector through offering them services. Both motives were described by a financial sector official thus,

“We think, that we have contributed to financial deepening. The same services that are open to our other customers are open to *Inua Jamii* account holders. People who previously did not have bank accounts now do, and they can transact just like other people” (Banking sector official, September 2022)

For some payment services, banks outsource to smaller financial entities. As intimated during discussions with key informants, most beneficiaries use agents commonly referred to as *mtaani* contracted by banks to make cash payments. According to bank officials, outsourcing brings services closer to people and helps decongest banking halls. Agency banking is part of strategies to promote financial inclusion as it mimics real banking and is often set up in low-income areas or rural centres.

Banks and financial institutions insisted that their motive is not entirely profit-making and that their profit from *Inua Jamii* is not commensurate to the service provided. Speaking on profit viability, bank officials said that government payment for the service is often delayed hence, they are unable to plan effectively,

“Payments from government are unpredictable. When we signed the contract, the government was to make payments for six cycles because we were to pay bi-monthly, meaning every two months – but since we started, this has not been the case. The government makes very sporadic payments, sometimes even twice a year, and even when that is done, what we receive as payment for our services is for one transfer – you see, in this way, our projections do not match – we actually get short-changed for even up to 4 times of payment” (Banking sector official, September 2022).

According to the official, the unpredictability of government payments decreases their profit margins, making business difficult. But even with unpredictability in government payments, financial banks continue to provide the service, meaning they earn profit. Some officials described their role as merely corporate social responsibility, claiming that the profit was insufficient to cover their costs and further stating that they were only engaged in the service for visibility purposes in rural areas.

Claims of a lack of profit by banks could not be substantiated. In fact, more banks we engaged with the government to pay cash transfers. Initially, only one bank, Equity, was engaged, but at the time of the study, more than six financial institutions were paying *Inua Jamii* beneficiaries. A government official who was part of the contracting process for payment providers intimated that many financial institutions applied for consideration, but only six were selected (Government official, August 2022). The high number of financial institutions interested in providing services indicates a profit opportunity for financial institutions. It is inconceivable that a bank seeking profits would get involved in the provision

of payment services if the business does not generate a profit. When pressed further on why they would continue to engage in an unprofitable venture, a banking official admitted that receiving huge sums of money from the government allows them to make a profit through interbank and overnight lending as they wait for the government payroll for disbursement.

Discussion: Implications and repurposing of social policy

Findings from the study indicate a continuous push to get the poor into markets through different strategies. BoP models, as social assistance programmes, seek to promote financial inclusion through their actions and motives by drawing the poor to marketised institutions like commercial banks, thereby increasing their dependence on financial markets. For beneficiaries of *Inua Jamii*, engagement with financial institutions and services can potentially expose them to predation by profit-making agents keen on maximising profit similar to those documented by others (see Lavinas (2018); Sterck et al. (2020); Torkelson (2020); Gronbach (2023)). Through collateralisation of their cash benefits, beneficiaries confessed to being drawn into cyclical indebtedness and entrapped into financial schemes, both formal and informal, from which they struggle to free themselves. The continuous and enabled engagement of citizens, especially the poor, in financial institutions integrates livelihoods into markets, leading to a recommodification of the poor. The entry and involvement of financial actors and motives into social policy and poverty reduction, through BoP strategies, micro-finance, or cash transfer programmes, can lead to the accumulation of profit for market players, at times to the disadvantage of the poor. As highlighted, financial inclusion vehicles have resulted in predation, potentially damaging relationships between lenders and borrowers (Dos Santos and Harvold Kvangraven, 2017).

Through financialisation of social policy, the entry of financial actors, with financial motives, we are increasingly reoriented on how to govern social policy. The poor are continuously reconfigured and reshaped to fit and participate in financialised markets through models like BoP, financial inclusion, and entrepreneurship. In addition, market players and development organisations are reorienting the idea of the marketplace as the provider of public goods and services, casting financial markets and services as alternatives to state service provision. Nudges by international development organisations aim to demonstrate that financialisation is effective in poverty reduction, thereby encouraging governments to incorporate market solutions into social policy programmes. The state, therefore, becomes an enabler of the financialisation of social policy by outsourcing its services to market actors.

Conclusion

Financialisation of social policy, which can be considered the goal of global capitalism, has been enabled through the deployment of cash transfers and BoP models (Golka, 2019). Financialisation can be understood as a transformation in social relations that engenders redistributive institutional change, built through government intervention. In the case of social protection, this is evident in the coincidence of the cash transfer agenda and financial inclusion, where the transformation of social welfare has enabled BoP models to function. Financialisation is the result of financial actors' social skills to alter patterns of state action in their favour. For financial actors to gain the support of existing actors, they first fashion an alternative order that is attractive to many groups in the field, thereby influencing their preferences. In *Inua Jamii*, this was achieved through claims of improving effectiveness and offering financial inclusion services to beneficiaries. International organisations such as the World Bank and DFID have established agencies specifically to promote the financialisation of the poor by deploying resources, ideas, and their connections with the government and other important social actors. With profit as the target, market players will use whatever resources they have to exploit the system for gain.

BoP advocates construct poverty as a failure of market integration (Dolan, 2012), thereby co-opting the poor into modes of capitalism with the promise of facilitating their movement out of poverty. Still, structural barriers exist for beneficiaries of cash transfer programmes, which often include institutional

complexities and uncertainties when engaging in models that purport to deepen financial inclusion (Aneel, 2009). Recasting the poor through various terms, including resilience and entrepreneurship, exposes them to profit-seeking organisations, which sometimes can harm the poor. As previously stated, the results place little emphasis on structures and mechanisms for protecting the poor who are already vulnerable. Advocates of financial models presume that the poor can be helped in the absence of challenging critical dimensions of structural barriers and institutions that sustain poverty. Also, both models underemphasise the critical role and responsibility of the state in poverty reduction, especially the BoP model, which emphasises market-oriented solutions despite the contribution of the same markets to increasing poverty and inequality. In this way, BOP framing absolves and ignores the role of markets in creating poverty. Also, the model supposes that markets work perfectly for all, thereby ignoring those who cannot participate, like the elderly, poor children or those with disability.

Cash transfer modellers have similar blind spots, though from a different perspective – by providing cash transfers, advocates believe that the poor are better enabled to access public services through markets. The reality, though, is that cash transfer programmes become enablers for BoP and other market models. Celebrations of cash transfers, in the context of a residual social policy framework, are driven by the global ideology of neoliberalism and the withdrawal of the state from welfarist policies (Ansari et al., 2012). The financialisation of social policy and other social protection services may lead to individuals breaking ties within community structures such as solidarity and reciprocity, which, though informal in nature, work for communities.

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