CAUSES OF RISING DEBT AMONG KENYAN YOUTH AND COPING STRATEGIES

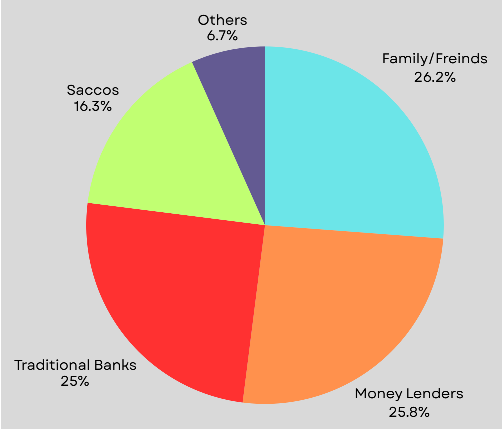
⚠️ MAJOR CAUSES OF RISING DEBT

- **Widespread Access to Digital Loans**
- **Limited Financial Literacy**
- **High Youth Unemployment and Under-employment**
- **Peer Influence and Lifestyle Pressures**
- **Rising Cost of Living**
- **Barriers to Formal Credit**
- **Inadequate Support for Youth Enterprises**
- **Cultural and Societal Attitudes Toward Debt**

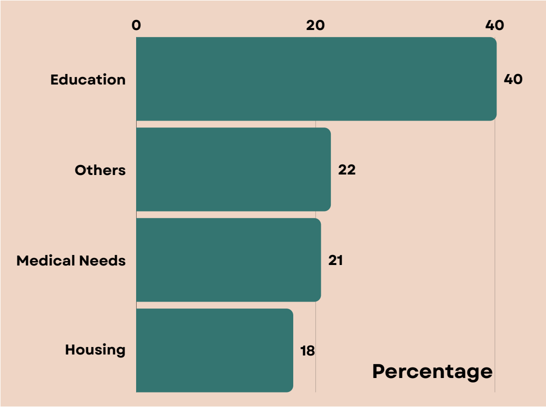
Survey Data on Debt & Borrowing

80.2% of respondents have taken loans before; 81.1% find repayment challenging.

Primary borrowing sources:



Loan purposes among youth:



Digital loans are primarily utilized for covering school fees, addressing emergencies, and managing daily expenses.

COPING STRATEGIES USED BY YOUTH

Strategy	Usage Rate / Impact
Budgeting	~29.8% use budgeting
Cutting expenses	~29.1%; overall 56–63% reduce costs, mainly food
Side hustles / gig work	~22–45% take on extra work
Borrow from family/friends	~41% of Kenyans, especially youth
Dip into savings	~38% use savings to repay debt
Sell assets	Least common (~20%) to manage debt

Effective Coping & Systemic Solutions

a) Short-term tactics

- Structured budgeting and expense tracking.
- Diversifying income through small businesses and part-time gigs.
- Utilizing family networks as a stopgap during crises.

b) Long-term tactics

- Integrate financial literacy training with curriculum and programs.
- Implement digital finance reform for better regulation and transparency.
- Expand formal inclusion to overcome rural access barriers.
- Provide affordable traditional credit with SACCOs and lower-interest loans.
- Strengthen safety nets through unemployment programs, youth enterprise funds, and youth empowerment.

Recommendations

- Equip youth with budgeting and Financial interest literacy.
- Regulate digital credit with clear terms and restrictions.
- Fund young employment and entrepreneurship assistance.
- Strengthen SACCOs and Jua Kali-friendly financing.

Summary

Joblessness, inflation, easy digital loans, and a lack of financial literacy are the main causes of Kenyan youth's debt crisis. Although many use cost-cutting, extra labor, budgeting, and communal borrowing as coping mechanisms, these are frequently short-term solutions. Better education, equitable digital finance, greater social support, and broader participation are all necessary to address the underlying issues.

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