From the time gambling was introduced in East Africa it was a niche activity enjoyed by a few participants in society mostly foreigners and specific groups. It was not a mainstream activity but mainly confined to casinos with expatriates and elites making up the bulk of their customers.\(^1\) There were also national lotteries mostly having the general public as users running in the East African countries which people bought tickets and wait for the draws to see if they won. Now being able to place wagers on mobile phones there has been an explosion of the popularity of sports betting. The industry has grown impressively with the number of regular users rising.\(^2\)

Three African countries make up the largest chunk of legal gambling activity in Africa. South Africa, Kenya and Nigeria. South Africa has the biggest share. With over 47 licensed casinos spread throughout 35 cities.\(^3\)

Sub Saharan Africa lead in the number of mobile money deployments at 132 compared to global of 252. Out of the 866 million registered accounts, 395 million are in Sub Saharan Africa. 145 million active accounts versus 298 million globally, USD 1.7 billion in transactions volume versus 2.4 billion globally and 26.8 billion in transaction value versus 40.8 billion globally.\(^4\)

Digital credit and specifically mobile money credit has grown leaps and bounds since they were introduced in East Africa. By simply clicking a few buttons most people with a mobile money account are able to request for a micro loan which is credited to their mobile money accounts from the various service providers. Providers of mobile money credit in both countries are many with the likes of MShwari, KCB MPesa, Equity Eazzy, Tala, MCoop Cash and Branch being

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\(^3\) https://www.gamblingsites.org/laws/africa/

among the popular ones. The service is automated, requires no human intervention and is fast. Within a few seconds the borrowers are credited the money after accepting the terms and conditions of the loan. In Kenya 54% of active mobile money users have an outstanding mobile money loan while the figure is 60% in Tanzania. Borrowers tend to be young urban males with 54% in Kenya and 64% in Tanzania. The most common reasons for the digital credit borrowing given by the participants is household needs and business purposes put at 35% and 37% respectively in Kenya and 37% and 31% respectively in Tanzania. 47% of respondents paid a loan late in Kenya compared to 56% in Tanzania. Loan defaults in Kenya were 12% and 31% in Tanzania.5

Sports betting is frowned upon in by mainstream leaders and society. The activity has been banned in Uganda by the Ugandan president6 and religious leaders in Tanzania have called for it to be curbed7. The same sentiments have been echoed in Kenya8 and Rwanda9. East African Governments have also increased exponentially the taxes they levy on sport betting companies with most ranging at 15% and above10. This however has not deterred its popularity among the mostly young men who spend considerable time and effort to learn about how betting works, normally from their peers, open betting accounts on their phones and look for money to wager.

After examining the surge in mobile credit and the rise of sports betting we put forth the conclusion that the digital credit has been an enabler to the growth of sports betting has in East Africa. This is because digital credit has enabled ease of access to funds which the borrowers then use for their digital gambling. This is inferred in that the average customer profile of sports

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7 https://www.theeastafrican.co.ke/business/Tanzania-clerics-push-for-sports-betting-ban/2560-4952310-format-xhtml-x7k4bt/index.html
betting is young people especially men who are also the most active on digital credit platforms.\(^{11}\)

The negative effects of sports betting can also not be overlooked. It has led to the users diverting funds they have borrowed using digital credit channels to sports betting as its easy for the users to be able to stake the money they borrow in the hopes that they will be able to get more in return. Once they are addicted then all rational thought goes and it’s a case of good money chasing after bad.\(^{12}\) On the other hand, while convectional society frowns upon gambling and sports betting, young men who engage sports betting are perhaps constrained by lack of available jobs and access to financing and so will try and find an avenue to make money.\(^{13}\) Digital credit makes this activity possible or significantly reduces the friction in the process. We can also note that a poor saving culture is among some of the attributes leading to indulgence in sport betting.\(^{14}\)

We recommend that more study on sports betting and digital credit to be done so that more evidence of this thesis is uncovered. This ideally can be led by the regulatory authorities from the East African countries and hopefully this will encourage good credit lending practices and better consumer education.

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