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## DIGITAL MICROFINANCE AND ITS EFFECTS ON LENDING IN A REGULATED FINANCIAL ENVIRONMENT

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### **Abstract**

In the world over today several mobile applications are being developed to ease transactions as the electronic commerce develops. Digital technologies provide fast and cheap means of exchange of goods and services and they are rapidly changing the way financial services are delivered. Microfinance activities have not been left behind in this technological development and have moved in tandem with it. Regulators on the other hand have worked round the clock to ensure sufficient laws are in place to prevent loss of financial resources, this paper therefore looked at digitization in microfinance and overall effects on lending in a regulated financial environment. Digital is transforming many traditional sectors in brilliant ways. First, the ability to save has improved for a majority of users through of mobile banking platforms. Digital finance has also led to greater financial inclusion, expansion of financial services to non-financial sectors, and the expansion of basic services to individuals since majority of people already own a mobile phone. MFIs cannot afford not to develop an appropriate technology integration strategy. The strategy should ensure that technological solutions remain simple, non-alienating and aligned with their customers' needs.

**Key Words:** *Digital, Microfinance, Regulation, Electronic money, financial services, mobile banking*