

**Title: DETERMINANTS OF SAVINGS AMONG THE URBAN POOR IN  
MUKURU'S INFORMAL SETTLEMENTS OF NAIROBI, KENYA**

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**ABSTRACT**

This study sought to probe savings among the dwellers in Mukuru's informal settlements, otherwise known as 'slums' in urban Nairobi. The choice of savings was influenced by literature that is informative of development for the urban poor through collective savings schemes. The research gap was brought about by insufficient literature into urban poverty within Nairobi and thus primary data was used to obtain a first-hand feel of the situation on the ground. The study covered two informal settlements, Mukuru kwa Njenga and Mukuru kwa Reuben. Financial behaviour can be explained and linked to the ability to save and thus the motives to save which would lead us to the determinants of savings. Collected data was run statistically to obtain general descriptive statistics and then tested under various metrics such as binary logistic regressions and higher order chi-square tests. A probit model was also used to derive the determinants of savings from household and income characteristics. It was concluded that education levels, household size and additional occupation were strong determinants of savings while low funds and high cost of living were the main disincentives. Policy issues have also been informed from the research with recommendations as to how inhabitants from these areas can enhance better financial management and the role of the state in reducing the level of poverty.