

Frequently Asked Questions

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General Kiva Zip Questions

What is Kiva Zip?

Kiva Zip is part of www.kiva.org. Kiva Zip is a small project, whereby lenders make microfinance loans directly to borrowers in the US and Kenya via the Internet. Kiva Zip was launched as a pilot in November 2011, and moved into Alpha testing phase in September 2012.

What are the aims for Kiva Zip?

There are three principal aims for Kiva Zip:

1. Expand financial opportunities and access for borrowers who otherwise lack them
2. Reduce the cost of capital for borrowers who need it
3. Enhance the connectedness between lenders and borrowers

Where will Kiva Zip be located?

Kiva Zip will be starting by making loans to Borrowers in Kenya and the US. Kenya was chosen because of the high penetration of the M-PESA mobile payments technology, which facilitates making direct payments to Borrowers; and because there is already a Kiva office in Nairobi. The United States was chosen because Kiva is headquartered in San Francisco.

For the first few months of the pilot, Kiva Zip Lenders were all United States residents, but now users outside the United States are also able to make loans.

What are the principal differences between the main Kiva model and the Kiva Zip model?

The principal difference between the two models is that the Kiva Zip model involves payments from Kiva Zip directly to Borrowers, whereas in the main Kiva model, these payments are routed via Kiva's field partners. Kiva Zip still partners with organizations that work closely with Borrowers (these are called "trustees" in the Kiva Zip model), but these organizations never handle the loans.

Another differentiating factor of Kiva Zip is the target Borrower populations. The Kiva Zip alpha is intent on genuinely expanding financial access to Borrowers who cannot otherwise access a loan from a bank or an MFI. This means that the Borrowers that are made loans to on Kiva Zip may be different than the Borrowers on the main Kiva website. For example, in the United States it is becoming apparent that a lot of start-up businesses currently lack access to capital, and that these are prime candidates for Kiva Zip loans; whereas most of the United States businesses on Kiva.org are already established.

At least for the foreseeable future, Kiva Zip Borrowers will be paying 0% interest rates. By contrast, in the main Kiva model, most Borrowers do pay interest rates to the field partners, in exchange for their administration of the loans, and the whole host of other services that field partners provide to Borrowers (technical assistance, financial advice, etc.).

Another important difference is that Kiva Zip loans are riskier than loans in the main Kiva model. Kiva.org has been operating for over 6 years now, and many of the kinks and loopholes in the model have been ironed out over time. Because the Kiva Zip model is new, it is likely that there will be some teething problems over its first couple of years. For example, the default rate on Kiva Zip is expected to be significantly higher than the 1-2% seen on Kiva.org today, as due diligence methodologies on both trustees and borrowers are worked out and improved.

In the main Kiva.org model, most of the exchange rate risk is borne by Kiva.org's field partners. Whereas in the Kiva Zip model, the lenders take on the foreign exchange rate risk (for more on this, please see the question: "What about exchange rate fluctuations?").

There will hopefully be a number of other smaller trials and experiments on the Kiva Zip website, which will be different to the main Kiva website. For example, the look and feel of the borrower profile will be slightly different; Kiva Zip borrowers are able to make comments and updates directly on their own loans; different loan sizes might be explored, or displaying loan amounts in Kenyan Shillings. It is hoped that some of these experiments will be successful, and subsequently exported to the main Kiva website.

How small is a "small" pilot project?

As of the end of August 2012, the Kiva Zip pilot had disbursed loans to about 250 borrowers, via about 1,000 lenders. This compares to over 650,000 loans made on Kiva.org to-date, by over 650,000 Kiva.org lenders.

Why might making loans directly to borrowers fail?

There are many reasons why lending more direct to borrowers may fail. Kiva Zip could fail to find a good way to estimate repayment rate; it could fail to find a way to respect privacy; or it could fail to discover a credible social benefit of going direct. Kiva's field partners provide so many valuable functions for the poor, unbanked and under-banked. It goes without saying that over the past 5 years, the impact of Kiva has been built on the hard work of the staff of its amazing partners. That said, Kiva Zip may discover new markets, and new audiences to reach, that are currently underserved. Kiva Zip may fail to find a promising approach. But what better way to find out than by trying?

What are Conversations?

Conversations are a way for borrowers, lenders and trustees to interact with each other directly on the Kiva Zip website. There is a Conversations tab on every loan page. Since we launched the Conversations feature, we have seen lenders expressing support for borrowers they have made loans to; borrowers and trustees updating lenders on their progress; borrowers marketing their businesses and products to lenders; etc. In August 2012, we launched the ability for users to post images to the Conversations tabs of loans.

Who can participate in Conversations?

Kiva Zip admins, the borrower and trustee related to a particular loan, and all lenders to that loan can participate in that loan's Conversation at all times. While the loan is fundraising, borrowers can choose to make the Conversation on their loan open to all users if they want to. This enables all users to both view the Conversation, and make a comment in it (although users must be logged in to make a comment). When a comment or image is posted, it is automatically sent to the borrower, the trustee, and all lenders to that loan (unless they have asked to unsubscribe from these notifications) -- via email or SMS message.

What are Borrower and Trustee Badges?

Borrower and Trustee Badges are a system designed to recognize and reward borrowers' and trustees' engagement with the Kiva Zip website, and the on-time repayment of loans.

There are two types of badge:

1. 'Repayment badges' are awarded for the on-time repayment of loans.
2. 'Connectedness badges' are awarded for engagement with the Kiva Zip website.

Both borrowers and trustees can get both sets of badges. In the future, we hope that lenders may also be able to earn badges based on their actions, but they cannot yet do so.

Badges can be Gold, Silver and Bronze, with Gold being the best (what can we say, we launched the Badges feature around the same time as the London Olympics!).

How are badges earned or lost?

The exact algorithm used to determine how badges are awarded will no doubt be refined over time, but the following actions can earn (or lose) badges:

Earn/Lose Repayment Badges by:

- ++ Making a repayment on time
- Making a repayment late
- Missing a repayment altogether

(Note, trustees earn Repayment Badges based on the actions of the borrowers they endorse)

Earn/Lose Connectedness Badges by:

- ++ Make a comment on a loan
- ++ Invite someone to become a lender on Kiva Zip (bonus points if they make a loan!)
- Not commenting regularly
- Not inviting anyone to become a lender on Kiva Zip

In the future, we expect other types of actions to earn badges – for example, borrowers and trustees might earn Connectedness Badges by filling out surveys on the impact of loans.

What are the benefits of earning badges?

It is likely that borrowers who have a Gold connectedness badge will see their loans fund-raise more quickly, as many lenders are interested in making loans to borrowers who are more likely to update them on their progress. Similarly, trustees with Gold repayment badges will probably see their borrowers fund-raise relatively more quickly, as lenders will see these borrowers as less risky than borrowers endorsed by a trustee with no repayment badge.

In the future, we envisage badges ‘unlocking’ other benefits for borrowers and trustees – for example, earning Gold badges might enable borrowers to borrow larger amounts of money, on more flexible terms; trustees with Gold badges might be able to endorse more borrowers more quickly, etc.

What do I do if I have forgotten my Kiva Zip password?


Please follow this [link](#) to reset your Kiva Zip password.

Why has the Kiva Zip login process changed?

We changed the Kiva Zip login process for lenders in March 2013, to allow Kiva lenders to use their credit on Zip (and vice versa). For more details on the new login process, please see the "How do I log in to Kiva Zip?" question below.

The login process for Kiva Zip borrowers and trustees has stayed the same.

How do I log in to Kiva Zip?

To log in to Kiva Zip, click on this link: [Log in to Kiva Zip](#) .

Lenders should click on the orange “Lender Log In” button on the left of the page. You will be taken to the login page on the Kiva.org website.

Borrowers and trustees should click on the grey “Trustee/Borrower Log In” button on the right of the page. You should enter your Kiva Zip email address and password as usual.

As a lender, the first time you go through the Kiva Zip login process, it will work as follows:

For existing Kiva.org users, who are new to Kiva Zip:

- Login to your Kiva.org account as usual.

- You will be automatically brought back to the Kiva Zip website to create a Kiva Zip account.
- Your Kiva.org and Zip accounts will then be linked, and you will be able to use your Kiva.org credit to make Zip loans.

For users who are new to Kiva.org, and also new to Kiva Zip:

- Register as a new Kiva.org user by clicking the “Register” link at the top right of the Kiva.org/Login page.
- You will be automatically brought back to the Kiva Zip website to create a Kiva Zip account.
- Your Kiva.org and Zip accounts will then be linked.

For existing Kiva.org users, who have used Kiva Zip before:

- Login to your Kiva.org account as usual.
- You will be automatically brought back to the Kiva Zip website to link your Kiva.org and Zip accounts. Assuming the email address on your Kiva Zip account matches the email address on your Kiva.org account, you will be prompted to enter your Kiva Zip password.
- Your Kiva.org and Zip accounts will then be linked, and you will be able to use your Kiva.org credit to make Zip loans.
- Note: If you have different email addresses for your Kiva.org and Zip accounts, you can still easily link them. When you are automatically brought back to Kiva Zip after logging in to your Kiva.org account, just click the link that says “Already a Kiva Zip user?”, click the button in the dialog box that appears, and enter your Kiva Zip email address and password.

For existing Kiva Zip users, who are new to Kiva.org:

- Register as a new Kiva.org user by clicking the “Register” link at the top right of the Kiva.org/Login page.
- You will be automatically brought back to the Kiva Zip website to link your Kiva.org and Zip accounts, by entering your Kiva Zip password.
- Your Kiva.org and Zip accounts will then be linked, and you will be able to use your Kiva Zip credit to make loans on Kiva.org.

Once you have gone through this process once and your accounts are linked, whenever you log in to your Kiva.org account, you will be automatically logged in and brought back to Kiva Zip.

As of March 2013, lenders must have a Kiva.org account or create a Kiva.org account to log in to Kiva Zip and make Zip loans.

Questions for and about Kiva Zip lenders

Why do lenders make loans on Kiva Zip?

There are a variety of reasons why lenders make loans on Kiva Zip. Some lenders appreciate the ability to give a financial opportunity to an entrepreneur on the other side of the globe. Other lenders want to help the small business just down the street from them.

Kiva Zip lenders do not make loans to maximize financial returns; there is 0% interest on the loans they make.

What are the risks involved with lending on Kiva Zip?

It should be made clear from the start that lending money on Kiva Zip is a risky enterprise - for three main reasons. You should only loan money on Kiva Zip that you can afford to lose, because there is no guarantee that you will get it back.

The first risk is that of borrowers defaulting on their loan. In this case, the Kiva Zip lender would lose their entire investment. There are many reasons why a loan might not be paid back, ranging from poor execution of a business plan, to the borrower experiencing a catastrophic accident, to fraud on the part of the borrower or the trustee.

The second risk is that of exchange rate losses, which is covered in more detail in the separate question on exchange rates. In this case, the Kiva Zip lender would only lose a fraction of their initial investment.

The third risk is that because Kiva Zip is an as-yet relatively untested project, there are unknown variables and risks that continue to be discovered now, and will be discovered as the project is established over its first couple of years.

What about exchange rate fluctuations?

The exchange rate of the Kenyan Shilling against the US Dollar is liable to change on any given day – in either direction.

Looking back over the last 4-5 years, the average fluctuation has been around 7-8% over the course of a year, which is around 2.00 USD on a 25.00 USD loan share.

To explain what will happen if the exchange rate changes in either direction, let's take an example of a 100 USD loan, which initially converts into 10,000 KSH in January.

If the US Dollar appreciates against the Kenyan Shilling over the course of the year, this means that the US Dollar will buy more Kenyan Shillings in December than in January. So when the borrower comes to repay their 10,000 KSH in December, it might only convert into 96 USD. In this case, the Kiva Zip lender will take on the foreign exchange loss. If a Kiva Zip lender made a 25 USD loan in January, they will only get 24 USD back in December.

If the US Dollar depreciates against the Kenyan Shilling over the course of the year, this means that the US Dollar will buy fewer Kenyan Shillings in December than in January. So when the borrower comes to repay their 10,000 KSH in December, it might convert into 104 USD. In this case, Kiva Zip would take the foreign exchange gains, and put them into a specially-designated fund to support Kiva Zip operations.

It was decided to pass the foreign exchange risk on to the lender, rather than the borrower, in order to minimize the hassle and disruption to the borrower (who will always have a significant social need) as much as possible.

While it might seem unfair for Kiva Zip to pass on foreign exchange losses to the lenders, but keep foreign exchange gains, this is not motivated by a desire for Kiva Zip to gain financially. Legally, Kiva Zip is unable to pass on any rate of return to our lenders – this is the principal reason why lenders cannot directly benefit from foreign exchange gains.

Does all of my loan go to the borrower?

For United States loans, the entire amount of the loan goes directly to the borrower.

For Kenyan loans, we build in a buffer between the amount of the loan listed on the website, and the amount of the loan requested by the borrower. The reasons for this are twofold:

Firstly, we currently deal in loan shares of \$5. If a borrower requests a loan of 9,000 Kenyan shillings and this converts to 90 US dollars, we round this amount up to 100 US dollars, so that we can easily divide it into four loan shares of \$25 each.

Secondly, there is a chance that exchange rates could fluctuate between the time when the loan is posted, and the time when it is disbursed. Imagine a borrower requests a loan 10,000 Kenyan shillings and this converts to 100 US dollars at the time the loan is posted. Now imagine that we posted the 100 USD loan on the website, and then the Kenyan shilling appreciated against the US dollar, so that a dollar bought only 95 shillings at the time the loan was funded. This would mean that the 100 USD funded by lenders would only buy 9,500 shillings, and this would mean that the borrower is 500 shillings short. In order to ensure that the experience is as smooth for the borrower as possible, we build in a small currency exchange buffer for Kenyan loans.

After Kenyan loans are fully funded, any money that is not disbursed to the borrower is immediately returned to lenders.

Can I connect with the borrower I made a loan to?

Kiva Zip does not organize meetings between lenders and borrowers.

However, Kiva Zip lenders can communicate directly with borrowers via the Kiva Zip Conversations feature. If a lender posts a comment on the Conversations tab of a loan, the borrower, the trustee, and all lenders to that loan get an email (or SMS) informing them of the comment (unless they have specifically asked to stop receiving these notifications).

How can I invite people to become lenders on Kiva Zip?

You can invite people to become Kiva Zip lenders by following this [link](#).

Can I withdraw my Kiva Zip credit?

Yes, it is possible to withdraw your Kiva Zip Credit. All Kiva Zip withdrawals will be processed via the main Kiva website. To withdraw your Kiva Zip Credit, you will first need to transfer your funds into your Kiva account. To do so, click the "Transfer funds to Kiva" button on the "My Zip" page, and enter in the amount of Kiva Zip Credit you would like to transfer to Kiva. Once your funds have been successfully transferred over to your Kiva account as Kiva Credit, you can withdraw them by logging into your Kiva account at www.kiva.org/login. Click "Withdraw" to be taken to the Kiva withdrawal request form. Enter in the amount you wish to withdraw and the email address associated with your PayPal account to request your withdrawal. Kiva withdrawals typically take 1-3 weeks to be processed into your PayPal account. If you have any questions about Kiva withdrawals, please email contactus@kiva.org.

Can I transfer my credit between Kiva and Kiva Zip?

Yes! As of March 2013, Kiva Zip lenders can now use their Kiva.org accounts and credit to make loans on Kiva Zip. Once Kiva Zip lenders have linked their Kiva Zip accounts to their Kiva.org accounts, any Kiva.org credit will automatically be credited towards Kiva Zip loans in the Zip

checkout flow.

Kiva Zip credit can also be transferred to Kiva.org, and used to fund Kiva.org loans. To transfer credit from Kiva Zip to Kiva.org, Zip lenders should click on their [My Zip](#) page and click the "Transfer Funds" link in the "My Funds" section.

Zip lenders will be able to see both their current Kiva Zip credit and their current Kiva.org credit by clicking on their [My Zip](#) page, when logged into their Kiva Zip account.

Your Kiva Zip balance will not appear in your "My Kiva" page on the Kiva.org website, but you will be able to see when you have transferred money to and from your Kiva Zip account.

Can my loans count towards my Kiva lending team?

Unfortunately, it is not possible for your Kiva Zip loans to count towards your Kiva lending team at this stage, although we are looking to build that functionality in the future.

How are repayment rates calculated?

Our repayment rates are currently displayed (1) at the level of individual trustees, (2) at the country level (i.e. Kenya and the United States), and (3) at the overall level.

For (1) the individual trustee and (2) the country level repayment rates, the calculation is the same. We take "the total amount of money collected from borrowers" at a given time, and divide it by "the total amount of money due from borrowers" at a given time.

The one caveat is that if a borrower has paid us money in advance of when it was due, we do not count it as "collected from the borrower" until that payment becomes due. We do still return this money to lenders as soon as we receive it, but we do not yet include it in our repayment rate calculation.

For example, if a trustee has 4 borrowers paying back loans of 12,000 Kenyan shillings over 12 weeks, every week each borrower would owe 1,000 Kenyan shillings. Let's say that after 8 weeks, 2 of the borrowers are paying ontime, 1 borrower made the first 4 repayments but then fell behind and has not made a payment since, and 1 borrower has paid back his entire loan early. The total amount collected from borrowers would be calculated as:

- 8,000 Kenyan shillings from each of the 2 borrowers who are paying ontime
- 4,000 Kenyan shillings from the delinquent borrower
- 8,000 Kenyan shillings from the borrower that has paid back his entire loan early

So the total collected from borrowers would be 28,000 Kenyan shillings.

The total amount due from borrowers would be 32,000 Kenyan shillings (8,000 multiplied by 4), and so the repayment rate would be calculated as 87.5%.

For (3) the repayment rate at the overall level (i.e. both Kenya and the United States), we use the same approach, but we have to weight the repayment rate of Kenyan loans, to enable us to arrive at an overall repayment rate in US dollars. For each Kenyan loan, we use the exchange rate at the moment the loan begins fundraising.

Please note that these three repayment rate calculations do NOT account for foreign exchange gains or losses. They are purely based on how much borrowers are obliged to repay, and how much borrowers actually repay. Hence, it could be possible for a lender to make a \$5 loan to a Kenyan borrower, and get less than \$5 back, even though the repayment rate is shown on the website as 100%, because of a movement in the price of the Kenyan shilling against the US dollar.

We only begin to show repayment rates for individual trustees when they have enough data to display. For displaying the repayment rate data on loans that are currently paying back, our definition of "enough" is that they have at least three loans that are paying back, and that at least one loan is paying back ontime. In order for us to display the repayment rate data on loans that are ended, the trustee must have at least three loans that have ended, one of which must not have defaulted. (To understand why we hide repayment information at the trustee level where there is not "enough" data, please see the separate FAQ entitled "Why is the paying back status of loans obscured once they are fully funded?" below).

Why is the paying back status of loans obscured once they are fully funded?

Currently, we do not display the paying back status of loans on the Kiva Zip website, after they are fully funded -- unless you are a lender to that loan (or you are the borrower or trustee). Similarly, we do not show the repayment rate at the individual trustee level, until we have "enough" repayment data to do so (for a definition of "enough", please see the separate FAQ entitled "How are repayment rates calculated?" above).

This decision was driven by a tension that we face on Kiva Zip -- that is, how much and what kinds of information about borrowers could and should we share publicly, without sacrificing borrowers' privacy. While we are experimenting with many different techniques to ensure

repayment, we don't want Zip to become a space where "publicly shaming" borrowers is one of those techniques. Doing this would be against our values and would not create a positive environment that is supportive of all members of the Zip community.

On the regular Kiva site, we deal with this issue by taking down the borrower's photo ([See example](#)). On Kiva Zip, it is more difficult to do this because of the connections we are keen that borrowers make to Facebook and other social networking sites. This is why we made the decision to obscure the paying back status of individual borrowers on Kiva Zip.

However, we also want to be as transparent as possible. This is why we implemented a repayments badge system for borrowers and trustees; and now publicly display trustees' repayment data on their profile pages -- as soon as we can do this without compromising the privacy of borrowers that are delinquent or in default.

Over time, we will strive to display more and more data to lenders, to help inform their choices about the riskiness of the borrowers they are making loans to, and the trustees whose borrowers they are funding.

Questions for and about Kiva Zip borrowers

What are the benefits to borrowers of using Kiva Zip?

Probably the primary benefit to borrowers of getting a Kiva Zip loan is that these borrowers are struggling to access a loan elsewhere. Kiva Zip aims at genuinely expanding opportunities for borrowers, thereby enabling them to achieve the goals they have for their businesses.

Another benefit for borrowers is that Kiva Zip loans have zero interest, which makes them a great deal for borrowers!

There might also be some marketing benefits to borrowers, from listing their businesses on the Kiva Zip website, if lenders extend their support beyond the loan to become customers of the businesses.

It is hoped that many Kiva Zip borrowers might also appreciate the personal connections that they will develop with each of the lenders funding their loan. Kiva Zip is designed so that the borrower can get to know the lenders, through their profiles, just as the lenders get to know the borrower before deciding to make the loan.

Finally, it is hoped that by leveraging electronic payment mechanisms like Paypal and M-PESA, and employing online application forms, we can save borrowers time, and allow them to focus their energies on running their businesses.

For some examples of some of our first US borrowers' feedback on their loans, please see [this blog post](#).

What borrowers qualify for a Kiva Zip loan?

There are a number of criteria, as assessed by trustees, that borrowers must meet, in order to qualify for a Kiva Zip loan:

- The borrower must have a real social and economic need
- The borrower must have a sound business plan
- The borrower must not be heavily indebted
- The borrower must not be in bankruptcy or foreclosure proceedings, or about to enter into them
- The trustee must endorse the borrower's character
- The trustee must determine that the borrower is financially responsible

How much money can borrowers borrow on Kiva Zip?

Both in Kenya and the United States, the maximum amount that Kiva Zip borrowers can borrow can increase over time, as borrowers successfully repay back their loans.

In the United States, the amount that Kiva Zip borrowers can borrow depends on the type of trustee that endorses them.

For organizational trustees, the 'credit ladders' are as follows:

- Loan #1 :: Maximum loan = \$5,000 :: Loan term = 10 to 24 months
- Loan #2 :: Maximum loan = \$10,000 :: Loan term = 12 to 36 months
- Loan #3 :: Maximum loan = \$20,000 :: Loan term = 24 to 48 months
- Loan #4 :: Maximum loan = \$50,000 :: Loan term = 48 to 72 months

For individual trustees, the 'credit ladders' are as follows:

- Loan #1 :: Maximum loan = \$2,500 :: Loan term = 3 to 6 months
- Loan #2 :: Maximum loan = \$5,000 :: Loan term = 10 to 24 months
- Loan #3 :: Maximum loan = \$10,000 :: Loan term = 12 to 36 months
- Loan #4 :: Maximum loan = \$20,000 :: Loan term = 24 to 48 months
- Loan #5 :: Maximum loan = \$50,000 :: Loan term = 48 to 72 months

In Kenya, the amount that Kiva Zip borrowers can borrow is consistent across organizational and individual trustees, and is as follows:

- Loan #1 :: Maximum loan = 10,000 Kenyan shillings (Ksh) :: Loan term = 2 to 3 months
- Loan #2 :: Maximum loan = 20,000 Ksh :: Loan term = 3 to 6 months
- Loan #3 :: Maximum loan = 30,000 Ksh :: Loan term = 6 to 9 months
- Loan #4 :: Maximum loan = 50,000 Ksh :: Loan term = 9 to 12 months
- Loan #5 :: Maximum loan = 70,000 Ksh :: Loan term = 9 to 12 months

What loan terms are available to borrowers on Kiva Zip?

The minimum and maximum loan term for each loan 'tier' are detailed above.

Grace periods of up to six months are allowed for agriculture businesses, and start-up businesses (that is, businesses that have not started making sales yet).

Loan repayments can be made in either weekly or monthly installments, whichever is most convenient for the borrower.

What interest rates does Kiva Zip charge?

Lenders receive 0% interest from the loans they make on Kiva Zip.

Borrowers also pay 0% interest on their loans.

However, although they do not pay interest, there may be some operational costs associated with sending and receiving payments. Kiva Zip aims to cover these costs during the alpha phase, and will work to reduce such costs as much as possible.

What happens to the borrower if he or she doesn't pay back a loan? How about to the trustee?

In the unfortunate event of a missed repayment, several things will happen to the borrower:

- Kiva Zip will follow up with them to understand why they are behind on their repayments
- The trustee should do the same thing

In the case of a defaulted loan, several things will happen to the borrower:

- The defaulted loan may be recorded on their credit score
- The borrower will be prevented from getting a Kiva Zip loan in the future
- We may interview the trustee, and seek to interview the borrower, to understand why this loan defaulted, and how we can better anticipate this in the future.

How can borrowers qualify for larger loans on Kiva Zip?

Borrowers must fulfill several criteria, in order to qualify for future, larger loans on Kiva Zip:

- Most importantly, borrowers must pay back their first loan(s) ontime. Some leeway will be given for slightly late payments on individual repayments, but in order to qualify for a larger loan, the final loan repayment of the previous loan must be made ontime. Borrowers can still qualify for subsequent loans, even if they are late with their final repayment of their first loan, but these subsequent loans can only be up to the amount of the first loan.
- Borrowers must be in good standing with their trustee. Their trustee must write another endorsement for each subsequent loan that the borrower applies for. If the borrower and their trustee are no longer in good standing, and the trustee is unwilling to endorse the borrower for another loan, the borrower can still qualify for another loan, but only if they have two trustees that are willing to endorse them for the next loan. Both of these trustees will be vetted by Kiva Zip, according to our standard practices.

- Borrowers must have made at least one comment updating their lenders on their progress. For example, letting lenders know what they spent the first loan on, and/or the impact it had on their business.
- Borrowers must complete a post-loan survey, answering some questions for Kiva Zip about their experience over the course of the loan.

Will the borrower be able to communicate with their lenders?

Borrowers (and trustees) are able to use the same Kiva Zip Conversations feature to communicate directly with their lenders – whether this is to update lenders on their progress, market their business to lenders, or thank lenders for their support.

How do I apply for a Kiva Zip loan?

Prospective borrowers in Kenya or the United States can apply for a loan for their business by following [this link](#) and selecting "I want to be a Borrower".

How can I increase my fundraising speed?

There are some basic things that borrowers (or trustees) can do to speed up fundraising speeds:

1. Most significantly, you can invite friends and family to make loans to them by following [this link](#) to invite people directly through an email invitation.
2. Post comments and updates in the conversations tab of their loans. This will help to earn them connectedness badges, which will help them to appear responsive and communicative to lenders.
3. High quality profiles and photos are key drivers of fundraising speed.
4. Once your loan is approved and is fundraising, post a link to your loan on twitter, facebook, linkedin, etc to rally your network. On your loan page, you can click the Facebook "Recommend" link.
5. If you are a trustee, having a proven repayment history of other endorsed borrowers shows lenders that you choose good borrowers. Stats for trustees show on the loans and lenders can sort by repayment rate on the [Trustees](#) tab and find loans from trusted Trustees that way.

What happens if a Kiva Zip loan is not funded? Does Kiva Zip have expirations?

If a Kiva Zip loan has not been fully funded after 90 days, it will expire.

This means that the loan is taken down from the website, any lenders that funded it are refunded their money, and the borrower will receive none of the money.

What are group loans?

Group loans provide a way for borrowers to operate a single unit and reduce risk to lenders.

- Unlike Group Loans on Kiva's main site, Zip group loans are posted as separate loan profiles rather than bundled as one single loan profile.
- All loans must fully fund raise or all will be refunded to lenders even if other loans were fully funded.
- Borrowers will not be able to graduate to the next level of loan amount unless all group members pay back successfully.
- If a loan that is part of a group defaults, other members of the group can optionally pay the remaining balance so that they can graduate to the next level.
- All loans in a group will have the same terms (grace period, length and repayment frequency).

Questions for and about Kiva Zip trustees

What is a trustee?

A trustee plays a crucial role in the Kiva Zip system, and is responsible for both recommending borrowers for a Kiva Zip loan and ensuring that

they meet the criteria outlined above – e.g. that borrowers are financially responsible, have sound business plans, etc.

In addition to doing due diligence on potential borrowers before they get a Kiva Zip loan, trustees also have a role during a loan's term, providing borrowers with ongoing support (e.g. internet access, business coaching, encouraging borrowers to communicate with their lenders and make partial payments in the event of delinquency, etc.).

A Kiva Zip trustee can be an organization or an individual.

A trustee does not handle any Kiva Zip loans and does not guarantee loan repayment. A trustee is not liable for repaying any loans by a borrower that the trustee has endorsed. Trustees also have no fiduciary duty to Kiva, borrowers or lenders.

What is a vendor trustee?

A vendor trustee is a special type of organizational trustee in Kenya. Vendor trustees are typically social enterprises that empower individual vendors to sell socially responsible goods in their community. For example, a vendor trustee might sell solar lamps to individual vendors, who then go and sell that to people in the community. Vendor trustees identify potential borrowers, who then use their Kiva Zip loan to buy inventory from the vendor trustee. These borrowers will then sell the inventory to people in their community, and pay back the Kiva Zip loan. Vendor trustees must identify borrowers who fit the regular Kiva Zip borrowing criteria.

What are the qualifications to become a trustee? Can anyone become a trustee?

The main qualifications for a trustee are that they should have compelling answers to the following questions, which appear on their public profile:

- How will you determine whether or not the business plans of the Borrower(s) you endorse are sound?
- How will you know whether the Borrower(s) you endorse will have the "character" to repay a loan?
- Please describe what type of business, financial, technical or other support you plan on providing to the Borrower(s) you endorse
- How will you establish whether the Borrower(s) you endorse are in debt, or have a history of debt? How will what you find affect your endorsement of their loan application?
- Why can't the Borrower(s) you endorse access traditional loans?

Anyone (an individual or an organization) can become a trustee, so long as they can provide strong answers to these questions.

What financial involvement do trustees have in the loan?

Kiva Zip trustees never handle the money associated with the loan – loans are sent directly from Kiva Zip to the borrowers, once fully funded by the lenders.

Trustees will also not receive any interest rate or flat fee (e.g. servicing fee, referral fee, access fee, etc.) related to the loan.

A trustee does not handle any Kiva Zip loans and does not guarantee loan repayment. A trustee is not liable for repaying any loans by a borrower that the trustee has endorsed. Trustees also have no fiduciary duty to Kiva, borrowers or lenders.

In Kenya, Vendor trustees have a more significant financial involvement in the loan. Again, vendor trustees do not handle the money between it leaving Kiva Zip's bank account and arriving with the borrower. And again, vendor trustees receive no interest rate or fees associated with the loan. But borrowers referred by a vendor trustee will generally use their loans to buy inventory supplied by the vendor trustee. So in this sense, vendor trustees have much more financial involvement with the loans of the borrowers they endorse.

What happens to the trustee if a borrower they endorsed doesn't pay back a loan?

The trustee will face no financial penalty in the event that a borrower they have endorsed defaults on their loan. Having said that, it clearly will reflect poorly on their reputation if one of their borrowers defaults.

Over time, we will stop working with trustees who have a poor track record of endorsing borrowers who repay their loans.

How do I apply to be a trustee?

Prospective trustees in Kenya or the United States can apply to be a trustee by following [this link](#) and selecting "I want to be a Trustee".

Questions relating to Kiva

What is Kiva?

Kiva is a non-profit organization with a mission to connect people through lending to alleviate poverty. Leveraging the internet and a worldwide network of microfinance institutions, Kiva lets individuals lend as little as \$5 to help create opportunity around the world. Find out more at www.kiva.org.

What is microfinance?

Please see the [main Kiva website for more information on microfinance](#).

How are Kiva and Kiva Zip related?

Kiva Zip is a small project, launched by Kiva, to test a more direct lending model than currently used by Kiva.org. In its Alpha testing stage, Kiva Zip will operate separately from www.kiva.org.

Why did Kiva launch Kiva Zip?

Kiva's mission is to connect people through lending to alleviate poverty, empowering individuals to create opportunity for themselves and others through safe, affordable access to capital. To that end, Kiva has been discussing and debating different direct lending models since its founding, to enhance the relationship between the lender and the borrower, and to expand access to capital to a wider population. Since the beginning, Kiva has been determined to remain on the forefront of technological and financial innovation in the social sector. Now that Kiva is a more mature organization, the Kiva management team feels Kiva has the resources and the talent required to start testing these ambitious ideas, to rapidly pilot and deploy (or reject) new projects. Kiva Zip is one instance of this entrepreneurial approach.

How will the project interact with Kiva.org?

The Kiva Zip sub-domain is separate from Kiva.org. Assuming the Kiva Zip project continues to go well, the long-term plan is to integrate Kiva Zip into the main www.kiva.org website.



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Lending through Kiva Zip involves risk of principal loss. Neither Kiva Zip nor Kiva Zip trustees guarantee repayment nor do they offer a financial return on your loan.