UNIVERSITY OF NAIROBI
SCHOOL OF ECONOMICS
BACHELOR OF ECONOMICS AND ECONOMICS AND STATISTICS
XEA 402: RESEARCH PAPER

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RESEARCH TOPIC

THE ROLE OF MOBILE BANKING IN FINANCIAL INCLUSION: A CASE STUDY OF M-PESA IN KENYA

A RESEARCH PAPER SUBMITTED IN FULFILMENT OF THE REQUIREMENTS OF THE DEGREE OF BACHELOR OF ECONOMICS (X74) AND BACHELOR OF ECONOMICS AND STATISTICS (X75), SCHOOL OF ECONOMICS, UNIVERSITY OF NAIROBI

JUNE 2013.
Abstract

The study set out to measure the probability of having an M-PESA account or not. This was based upon seven variables which include: gender, age level, income level, transaction amount, frequency of usage, time of accessibility and chances of either having a bank account or not.

After careful approach using the McKinnon Shaw argument it was found that M-PESA is essential in promoting financial inclusion especially to the youth, women, and low income earners. This is further proven by the result in which an average of 5 minutes was found to be the time of accessing an M-PESA agent by an individual compared to the bank. Hence, M-PESA was found to be more convenient and easily accessible thus prompting those who are assumed to be marginalized to hold an M-PESA account.

Finally the study concluded that those who are financially marginalized are the ones who rely on M-PESA most and hence the increase in the taxation by the government will inhibit their chances of being included in the financial system and hence should be reduced or rather done away with.