

# CPRsouth 2014

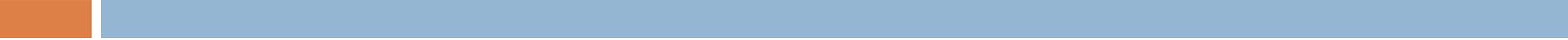
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## **Savings and mobile money among poor women within Kenya's rural agricultural sector** A Case study - Maragua district Kenya

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# Introduction



- Provide a brief on the background of the problem and literature review.
- Research question and policy relevance of the study
- Methodology and research findings
- Discussion and Conclusion

# background of the problem

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- The spread and high adoption rates of Information Communication Technologies such as mobile banking have been cited as useful means that have enabled low income groups access banking services using mobile phones.
- However few studies delve deeper on the use of these technologies, particularly among low income groups.

# Mobile Banking uptake & usage

- Previous studies show, mobile money technologies have helped poor send, receive and store money in a safe, efficient and secure manner (Mbiti and Weil 2011; Kiiti and Mutinda 2011; Morawczynski and Pickens, 2009).
- In addition A study by Morawczynski and Pickens (2009) in rural Western Kenya demonstrates, remittances sent using m-banking systems have helped rural incomes increase by 30%.

### 3. Overall Research question

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- How have Kenyan women who are engaged in rural low-income agricultural activities responded to mobile banking, specifically for the purpose of savings?

# Policy Relevance of this Study

- M-banking in Kenya has undergone major transformation since the launch of M-Pesa in 2007.
- Presently the Government of Kenya continues to work closely with the developers of m-banking services to ensure that it accommodates customer needs including low income groups of whom are the population majority and who do not have access to formal financial services.

# Policy Relevance of this Study (cont'd)

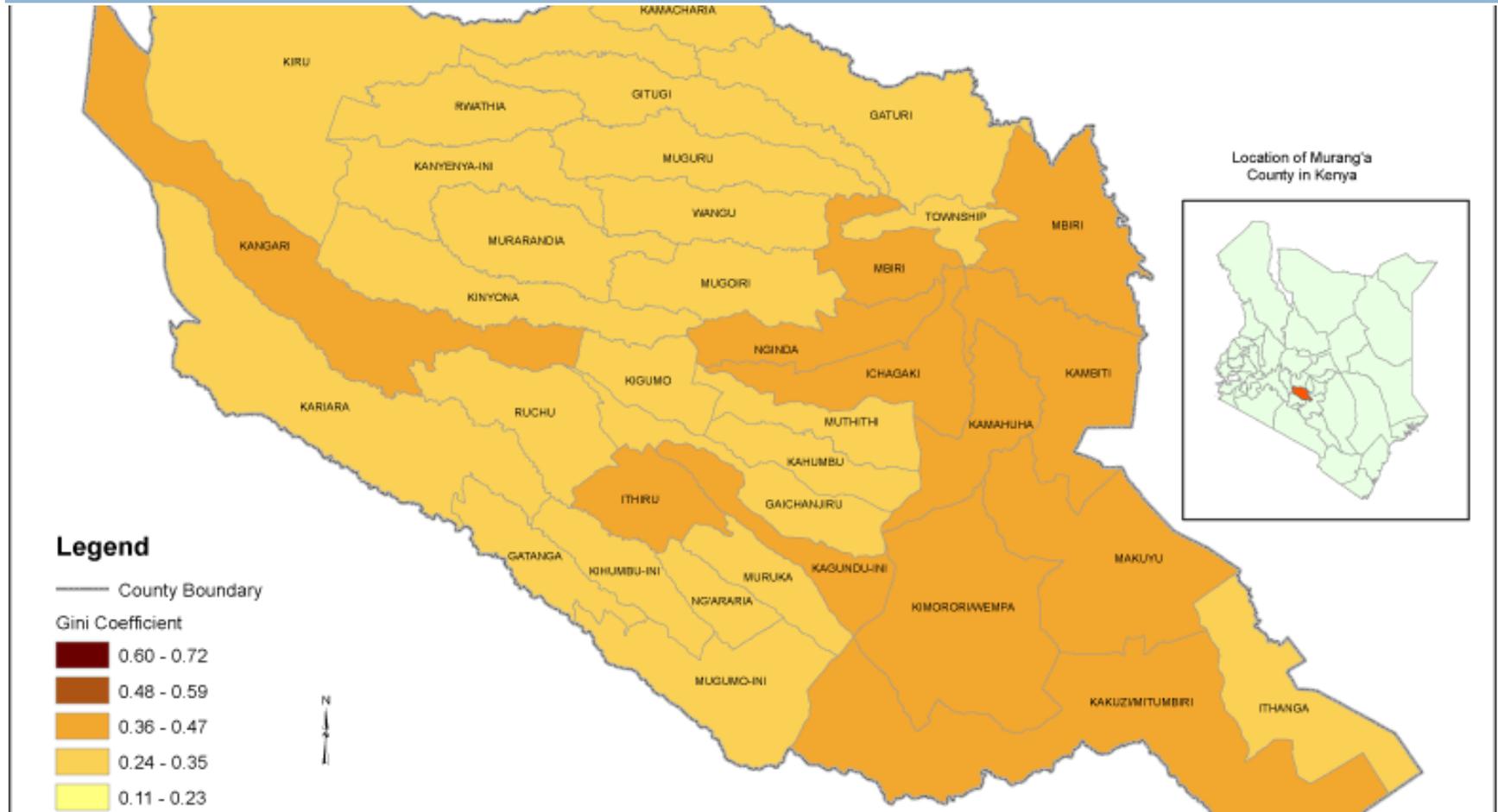
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- M-banking information that can help the government be certain about the inclusion of low income groups particularly women in rural areas whose livelihoods depend on agriculture are limited.
- This study hopes to influence government to ensure inclusion of context-focused, and targeted financial services which can best cater low-income rural women.

# Methodology - Study Location

- A study was carried out in Maragua district Nginda Location in Gakoigo village located in the Central Province of Kenya, located 80km south of the Capital City of Nairobi. This area is quite distinct because women from this locality resisted structural adjustment policies by replacing cash crops –coffee farming-which had negatively impacted on their livelihoods with locally tradable crops e.g bananas (see Brownhill et al, 1997).

# Methodology - Study Location



Source: Kenya National Bureau of Statistics (2013)

# Methodology - Characteristics of Respondent's

- The respondents mainly consisted of married single and widowed women aged between 30 years to 80 years who engaged in small holder farming as well as wage labour. To enrich the study a thematic analysis was applied using Kleine's (2011) Choice Framework which guided the researcher to understand why and how rural women used various m-banking and savings tools.

# Number of Interviews carried out in Gakoigo Village

Village	Number of Respondents Interviewed Users	Number of Respondents Interviewed Non-Users
Nyakagumo	4	3
Gakoigo	3	4
Ititu	2	3
Gitumbi	4	2
Ikundu	3	3
<b>Total</b>	<b>15</b>	<b>15</b>
<b>30 Respondents in total</b>		

# Sampling Method

- Purposive random sampling method using snowball technique was applied for this study.
- Local Authority was consulted prior to embarking on the research
- Data was collected using semi structured questionnaires.
- Informed consent forms were read out to the respondents prior to the interviews.

## Limitation of The Study



- Small sample size due to limited time, therefore the is not generalisable.
- Time constraints: The researcher would have liked to utilise other research research methods such as focus group discussions to help gather more in depth information.

# Research findings

Mobile banking use has been seen as an achievement of choice by respondents especially with regard to remittances as it has helped many of the users to save time and transport costs when sending or receiving money.

*“...I just use it to withdraw the money that is sent ...but the goodness is the person who sends me the money does not need to stop working and come here, therefore she can send me money if she is in town...”*

**Respondent 14**

# Research findings (cont'd)

Considering that the majority respondents cited low incomes as the main factor which prevented them from fully utilising m-banking services, most women chose to use the mobile phone to store money temporarily.

Additionally, respondents cited that they spent their remittances immediately in order to cater for their urgent needs. On the other hand, some opted to store small amounts constantly for a period of time so as to invest in necessary assets for the household for example; the respondent below saved using m-banking services to build a toilet.

*“...now let me say, in regard to putting together savings, I may receive some money today but then, it may take a long time before I receive some more money. Thus [I] will not be getting often enough to put it together. Therefore[ I do] something with it...with this money [that I] have been given on a particular day...well this is what we do, t, it is built with that money.”*

**Respondent 10**

# Research findings (cont'd)

Drawing from the findings it was evident that most respondents did not receive remittances frequently. Hence, most respondents combined m-banking with informal saving methods such as Rotating Savings and Credit Associations ROSCAs.

The illustration below shows one of the respondents who used the mentioned combination of savings to pay for school fees which was evidently the most cited form of expenditure.

*“...you see with M-PESA there is little that remains in my phone... I have not reached that point of remaining with extra money that I can save because I will keep some (In the ROSCA) until my turn comes...I use money immediately I receive it...even ROSCA money I have already planned for it, if it is school fees I pay or if it is food I buy...”*

**Respondent 21**

# Discussion and conclusion

- The findings demonstrate common practice of the frequent choices the respondents make while using mobile banking services. The cases gave insight to the sense of choice, use of choice and achievement of choice which mobile savings can have some contributions to this view of empowerment within the choice framework.
- The use of ICTs among the poor can serve as a means of diversifying their financial portfolio, hence innovations such as these should be adequate enough to capacitate low income groups particularly women meet their resource goals
- Thus, it is important that while implementing ICT policies, the government should recognize existing structural issues that rural women encounter since a majority of them earn low incomes from their farm produce.
- Hence, higher costs of mobile services do not serve the savings needs of the poor. It would however be necessary to build capacity of smallholder farmers towards transforming the agricultural sector augmenting the full potential of mobile banking being fully utilized by rural women.

# THANK YOU



Photo: Mama Shamba (2010) <http://meruexport.blogspot.com>