

ROLE OF MOBILE PHONES ON FINANCIAL INCLUSION IN URBAN INFORMAL SETTLEMENTS IN KENYA: CASE OF KANGEMI SLUMS

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ABSTRACT

Financial inclusion is a situation where financial services are accessible to low income people. Financial inclusion is a prerequisite to economic development as has been echoed by international as well as national bodies. Barriers to financial inclusion include distance, cost of financial services, documentary requirements, lack of trust in financial institutions, lack of money, religious reasons and joint use of financial services. Adoption of mobile phone technologies in financial services can eliminate most of these barriers, if not all. This study therefore looks at the role of mobile phones on financial inclusion in urban informal settlements. Specifically, this study

analyzed how ease of access to mobile phone services, financial products offered through mobile phone technology, the quality of mobile phone services and the freedom to choose mobile network operator influence financial inclusion in urban informal settlements.

The study area was Kangemi slum, one of the urban informal settlements in Nairobi City County. The study adopted a descriptive research design. The target population was individual residents who reside in Kangemi slums. Probabilistic sampling by simple random sampling was used to arrive at the appropriate sample. The study relied on primary data collected by way of structured questionnaires. Data analysis was conducted using descriptive as well as inferential statistics.

The findings of the study indicated that the relationship between freedom to choose, quality of products, availability of basic products and access to mobile services and financial inclusion is positive. The relationship between quality of products, availability of basic products and access to mobile services and financial inclusion is significant at 5% level of significance as while freedom to choose network was not significantly related to financial inclusion. The study recommended that in order to realize an improvement in financial inclusion in the urban sector, the mobile phone providers as well as commercial banks offering their services through mobile phones, should aim at improving availability of basic products, access to mobile services and lastly quality of products in that order. The basic financial products offered through the mobile phones should be customized and be of high quality and also mobile phone networks should be improved to improve access.

Keywords : *Ease of access, financial inclusion, financial products, Mobile network operator*

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