


**PURPOSE OF THE RESEARCH**

1. To examine the adoption and usage of m-banking in low-income communities.
  - a. To explain *how* m-banking is being used and *why* it is being used in these ways.

**INTRODUCING M-BANKING**

The pervasiveness of the mobile phone in developing countries has instigated the development of applications, which are designed to alleviate poverty. One of the most recent is m-banking—a platform for the delivery of financial services via the mobile phone. According to the international development community, the aim of these initiatives is to empower poor constituents by providing them access to formal financial services.

**INTRODUCING M-PESA**



The application was introduced by Safaricom, Kenya’s largest mobile service provider, in March of 2007. As at June of 2008, there were close to 3 million users. Approximately £76 million had been transferred through the system. There are various usages of the application. This includes P2P transfers, savings, airtime purchases and bill payments. The most popular is P2P transfers from the city to the village.

**METHODOLOGY**

Ethnographic methods were used to collect the data in two locations:

- (1) **Kibera**-an informal settlement located on the outskirts in Nairobi. Over 1 million people (60% of population in

Nairobi) live in Kibera. Most of the residents are urban migrants from villages in Western Kenya and Nyanza province.

- (2) **Bukura**-a village in Western Kenya. The majority of the residence are subsistence farmers.

The money trail was followed from the slum to the village. Adoption and usage was monitored in both contexts.

**PRELIMINARY FINDINGS**

	The informal settlement	The village
<b>Number of daily transactions in shop</b>	* 70-185	* 150-200
<b>Customer base</b>	* Mostly young men	* Mostly women and retirees
<b>Nature of transactions</b>	* Mostly deposits-using M-PESA to <u>send</u> money. Frequently used for savings.	* Mostly withdrawals-using M-PESA to <u>receive</u> money. Rarely used for savings.

**OTHER INTERESTING FINDINGS**

1. Remittances received via M-PESA constitute a substantial part of household income for the rural poor
2. Remittances sent via M-PESA are vitally important for the well-being of urban migrants
3. Remittance and savings patterns are beginning to *change* because of M-PESA
4. M-PESA became an important tool for the displaced during the post-election violence, and facilitated a change in remittance patterns.

