1. INTRODUCTION

Sending or receiving money for either payment of salaries, settlement of business transactions, payment of school fees, or for family support is a common phenomenon for both businesses and individuals. It requires efficient, reliable and affordable money transfer services whereby money can be deposited in one location and withdrawn in another in both urban and rural areas (Kim et al., 2010; Contini et al. 2011). Structural weaknesses in the financial industry in Kenya, however, limit the access to money transfer services, especially in rural areas and for low-income people (Hughes & Lonie,
This is because banks are concentrated mainly in urban centers and have conditions that constitute barriers to the use of their services (Biljon & Kotzé, 2008). The cost of transfer, usually charged as a percent of the amount sent, is considered expensive for small amounts for both local and international transfers (Au & Kauffman, 2008). The informal systems of money transfer such as individuals carrying money on themselves or sending drivers and conductors are susceptible to highway robberies and thefts (Kim et al., 2010; Hughes & Lonie, 2007). Sander (2003) also noted that money sent through friends and relatives is sometimes misused and at times never reaches its destination while money sent through letters and parcels of the courier companies may be stolen. Other challenges associated with the formal and semi-formal systems, include delays and long queues, network limitations, insolvency of branches, unreliable communication and misdirected parcels (Au & Kauffman, 2008). The aim of this study is to investigate the awareness levels of the recently introduced mobile phone–based money transfer (MMT) services among rural smallholders in Kenya, and to ascertain the specific purposes to which these funds are being deployed. There is growing interest in mobile money transfer services in Kenya driven by relatively high rural mobile phone penetration rates and the historical exclusion of majority smallholder farmers from formal financial markets.

The introduction of prepaid cards of low denominations and the fallen prices of mobile handsets have lead to a rapid spread of mobile phones in the developing countries (Orozco et al., 2007). This has opened up diverse opportunities for it to be used beyond voice communication. At the centre of this experience is money transfer. MMT service is an aspect of a broader concept emerging in the electronic payment and banking industry referred to as Mobile Money (Orozco, 2003; Orozco et al., 2007). Even though MMT has not been well defined in literature it can be said to include all the various initiatives (long-distance remittance, micro-payments, and informal air-time battering schemes) aimed at bringing financial services to the unbanked using mobile technology. However, Jenkins (2008) simply defined MM as money that can be accessed and used via mobile phone.

The primary function of MMT services is to reduce the costs of making remittances from one individual to another, especially across large distances. It therefore facilitates transfer of money to beneficiaries in a quick and cost effective way (World Bank, 2009). Because individuals do not need to withdraw or send balances immediately, they are able to accumulate savings on their MMT accounts over time. Thus MMT has become a savings instrument, as well as a means to send money. Sometimes money is stored in an MMT account simply to save a person from carrying too much cash, especially for example on long and potentially dangerous bus trips. With a large network of MMT agents in the rural areas, it can especially make it easy for agricultural households to reduce the time and cash expense in accessing the funds they need to invest in agriculture.

This paper focuses on smallholder farmers in three different districts namely Kirinyaga (Central province), Bungoma (Western province) and Migori district (Nyanza province). The districts were selected for inclusion in the survey because they present diversity of social and economic backgrounds. Kirinyaga district has export oriented agriculture with several export crops being produced. Smallholder farmers in Bungoma district grow mainly maize with some sugarcane. In Migori, on the other hand, the main crops are maize and some tobacco. Thus the choice of the districts presents differing levels of commercialization as well as cultural backgrounds. MMT is an interesting issue to study because it can potentially lower the cost of remitting money from urban to rural households in a timely and cost effective way. The large network of MMT agents in the rural areas can especially make it easy for agricultural households to reduce the time and cash expense in accessing the funds they need to invest in agriculture.
Electronic Voting Using Identity Domain Separation and Hardware Security Modules
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