Chapter 11
Financial Inclusivity: Women Riding on Wave of M-Pesa

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ABSTRACT

M-Pesa is a mobile phone-based money transfer system in Kenya that was introduced in 2007 by Safaricom, a subsidiary of Vodafone. Since its inception, the mobile money industry has witnessed some unprecedented growth mainly due to the diverse products, key among them M-Pesa. Powered by the over 100% mobile phone penetration in Kenya, M-Pesa has revolutionized the social and economic lives of Kenyans. In this chapter, using case studies, the author explores the impact M-Pesa has had on women in Kenya. In reference to banking, the author looks at the regulations, polices, and restrictions of M-Pesa against the formal banking industry to understand which is more suited to women and hence its rate of adoption. Another parameter that the author explores is the convenience that M-Pesa guarantees the user and how this has impacted on the effectiveness and efficiency of transactions among women.

INTRODUCTION

Before the advent of mobile money transfer services such as M-Pesa, a mobile money service, life was marred with money transaction difficulties. One had to do face to face transactions or visit a banking hall to subscribe to a solution. As a solution to these challenges, Safaricom, the largest telecom company in Kenya, introduced M-Pesa in March 2007 to a resounding adoption almost overnight. Within one year, Rosenberg and Morawczynski (2008) confirm that there were over 2.3 million registered users of M-Pesa. As it was bound to happen, the early adopters of this
technology were largely men. Due to rural-urban migration, “it is the young, male, urban migrants who are driving the uptake of services – customer adoption”, note Rosenberg and Morawczynski (2008). Whereas women eventually adopted this technology, it was not without hindrances.

For Kenya to achieve its vision 2030 and the United Nations Sustainable Development Goals (SDGs) as supported by four development pillars in Agriculture, Health, Manufacturing and affordable housing, there is need for an inclusive participation that also involves women who are a strong pillar to a healthy family and to the economy at large (White, 2012).

This chapter looks at how the M-Pesa mobile money transfer services have impacted on the social and economic life of both urban and rural women by contrasting various parameters of their lives. In reference to banking, the chapter examines the regulations, polices and restrictions of M-Pesa services against the formal banking industry to unravel the one that is more suited to women and hence its rate capitalize on its adoption. Additionally, the paper explores the convenience that M-Pesa guarantees the user and how this has impacted on the effectiveness and efficiency of transactions among women. Also in the midst of these benefits, the author elucidates how to mitigate the social evils that have come up with the M-Pesa mobile money transfer and how they can be mitigated.

**BACKGROUND**

M-Pesa is a mobile phone based money transfer system originating from Kenya which was introduced in 2007 by Safaricom, a subsidiary of Vodafone. Since its inception, the mobile money industry has witnessed unprecedented growth mainly due to the diverse products key among them is M-Pesa. Powered by the over 100% mobile phone penetration in Kenya according to Communication Authority of Kenya (CAK), M-Pesa has revolutionised the social and economic lives of Kenyans and more so to the banking lives of women.

A unique factor of the M-Pesa system is that it empowers users to make electronic payments via ordinary mobile phones without the requirement to connect to online banking using the internet (Katz & Berry, 2014). Users merely need to register at M-PESA retail stores by carrying their national identification (henceforth ID) cards. Users create electronic accounts and link those accounts to their phone numbers and Subscriber Identity Module (henceforth SIM) cards. In addition, users create a private PIN for using when accessing the account. The M-PESA users deposit cash money in the retail stores or using online banking and, they in-turn receive equal float (henceforth e-float). Transactions are confirmed with a notification in the form of an SMS for both users and the retail agent. Through the confirmation and
Mobile Money Transfer: Reshaping Remittances and Bridging Financial Inclusion in Africa and Beyond
[www.igi-global.com/chapter/mobile-money-transfer/245418?camid=4v1a](www.igi-global.com/chapter/mobile-money-transfer/245418?camid=4v1a)