

**AN EVALUATION OF SOCIAL-ECONOMIC IMPLICATIONS OF MOBILE MONEY
SOLUTIONS ON HOUSEHOLDS IN NAIROBI, KENYA**

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**A RESEARCH PROPOSAL SUBMITTED IN PARTIAL FULFILMENT OF THE
REQUIREMENTS FOR THE DEGREE OF BACHELOR OF COMMERCE AT
STRATHMORE UNIVERSITY**

STRATHMORE BUSINESS SCHOOL

STRATHMORE UNIVERSITY

NAIROBI, KENYA

NOVEMBER 2024


DECLARATION

I declare that this work has not been previously submitted and approved for the award of a degree by this or any other University. To the best of my knowledge and belief, the research proposal contains no material previously published or written by another individual except where due reference is made in the research proposal itself.

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ABSTRACT

The purpose of this study is to investigate the social-economic implications of mobile money solutions in households in Nairobi, Kenya, focusing on borrowing, saving, and investing. Mobile money solutions, including platforms like M-Pesa, M-Shwari, and KCB M-Pesa, have significantly transformed the financial landscape in Africa, with Nairobi, Kenya, as a prominent focal point of this transformation. These services have provided secure, accessible, and efficient ways for users to save, borrow, and invest, advancing financial inclusion for underserved populations, particularly low-income earners, women, and small businesses. By lowering transaction costs and expanding access to credit, mobile money solutions have become critical tools for personal finance management and business growth, fostering empowerment in marginalized communities. Despite the recognized economic benefits, there is limited research on the broader social-economic impacts of mobile money, particularly in urban areas like Nairobi. This study aims to explore how mobile money usage influences financial behaviors and contributes to social and economic transformation, examining aspects such as cash dependency, financial resilience, social cohesion, and economic stability. Through a detailed analysis of household interactions with mobile money services, this research seeks to illuminate the multifaceted social-economic implications of mobile money in Nairobi, offering insights for policymakers, financial institutions, and other stakeholders interested in leveraging mobile money for inclusive urban development.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the study

The integration of mobile money solutions has revolutionized the financial landscape in Africa, creating significant economic and social transformations. Mobile money services, such as M-Pesa, allow users to store, transfer, and receive funds via mobile devices, bypassing traditional banking systems, and serving as a key financial inclusion tool, especially in regions with limited access to formal financial institutions. In Kenya, mobile money has reshaped how individuals and businesses manage their finances, contributing to the growth of small and medium-sized enterprises (SMEs), enhancing access to financial resources, reducing transaction costs, and improving efficiency in financial services (Donovan, 2012).

Mobile money solutions in Nairobi, Kenya, such as M-Pesa, M-Shwari, and KCB M-Pesa, have significantly contributed to economic development by reducing transaction costs and expanding financial access to underserved populations. Services like these have facilitated savings, borrowing, and investing, enabling individuals to manage personal finances better, expand businesses, and improve household welfare. By empowering marginalized communities, especially women, youth, and rural populations, these platforms promote financial inclusion and resilience through secure savings and accessible credit (Jack & Suri, 2011; Demombynes & Thegeya, 2012). Additionally, mobile money has strengthened remittance flows, a vital income source for many households. While the economic benefits of mobile money are well-documented, the broader social-economic impacts, particularly in urban areas like Nairobi, remain underexplored. These include aspects such as reducing reliance on cash transactions, promoting acceptable practices, and influencing social cohesion through communal savings and lending activities (Aker and Mbiti, 2010; Mbiti and Weil, 2013). This research will delve into how mobile money solutions specifically borrowing, savings, and investing are reshaping both economic development and social structures in Nairobi, providing critical insights for policymakers and stakeholders involved in financial inclusion efforts.

When it comes to savings, Globally, mobile money services have enhanced savings by providing secure and accessible platforms, as seen in Rwanda, where mobile money increased household

savings, particularly among women, by lowering formal financial service costs (Blumenstock et al. 2016). This trend is also evident in Bangladesh and India, where mobile banking has improved financial inclusion and savings behavior (Suri and Jack, 2016). In Africa, platforms like M-Pesa and M-Shwari have significantly boosted saving habits, particularly in Kenya, where M-Pesa allows secure fund storage and M-Shwari integrates savings with credit, enabling users to earn interest (Cook and McKay, 2017). Locally, in Nairobi, mobile money has been crucial for financial inclusion, helping low-income earners save for both short- and long-term needs despite limited access to traditional banking services (FSD Kenya, 2019).

When it comes to borrowings, Mobile money services have significantly expanded access to credit by simplifying the borrowing process, particularly for underserved populations. In countries like the Philippines and Indonesia, mobile banking platforms have made microloans more accessible, improving household welfare and promoting entrepreneurship by eliminating the barriers of traditional banking (Lyman et al. 2006). In Sub-Saharan Africa, solutions like M-Shwari and KCB M-Pesa have transformed the financial landscape by providing short-term loans, enhancing economic resilience and financial planning, and reducing reliance on informal lenders (Aker and Mbiti, 2010). In Nairobi, mobile credit platforms like M-Shwari and Tala have empowered small businesses and informal workers by offering quick, accessible loans that bypass the lengthy and stringent processes of traditional banks, enabling them to finance business operations and handle emergencies more effectively (Muthiora, 2015).

When it comes to investing, Mobile money services have globally empowered individuals to invest through collective savings groups and digital platforms, enhancing financial inclusion and grassroots economic growth. In countries like India and South Africa, mobile technology has facilitated investment in informal savings groups, enabling people to pool resources and invest in small-scale businesses or community projects (Mas and Radcliffe, 2010). In Africa, platforms like Chama apps in Kenya and M-Pawa in Tanzania allow users to form investment groups and collectively invest in higher-return ventures, improving both personal and group financial outcomes (Beck et al. 2018). Locally, in Nairobi, mobile money platforms have made investment opportunities more accessible, with Chama apps enabling residents to invest in ventures like real estate and micro-enterprises. This increased access to investment, previously available only to

wealthier individuals, has been documented by studies from the Central Bank of Kenya (2019), showcasing how mobile-based platforms have democratized investing.

Mobile money services have transformed how people save, borrow, and invest on a global, regional, and local scale. These platforms have increased financial inclusion by making it easier for underserved populations to access savings accounts, credit, and investment opportunities, particularly in Africa through solutions like M-Pesa and M-Shwari. In Nairobi, mobile money has enabled low-income earners and informal workers to manage finances more efficiently, but challenges such as financial literacy and proper borrowing practices still exist. This study seeks to address these gaps by examining the social economic implications of mobile money solutions in Nairobi, focusing on how they impact financial behaviors and contribute to both economic development and social transformation.

1.2 Statement of the Problem

Despite the widespread recognition of mobile money as a tool for economic empowerment, its broader social-economic impacts remain underexplored. Mobile money services, such as M-Pesa, have facilitated financial inclusion, enabling individuals without traditional bank accounts to access financial services. Studies such as Suri and Jack (2016) have shown that mobile money significantly contributes to reducing poverty in Kenya by enhancing household savings and investments, while Aker and Mbiti (2010) highlighted its role in improving access to financial services in developing countries, promoting economic growth. However, these studies predominantly focus on economic aspects, overlooking social implications. Globally, the integration of mobile money in countries like India, the Philippines, and Tanzania has influenced social dynamics, including changes in gender roles, income inequality, and social capital (Ghosh, 2016; Demirgüç-Kunt et al., 2018).

In Kenya, local studies such as Mbiti and Weil (2013) have echoed these economic benefits, yet there is limited research on the social effects, such as how mobile money impacts community relations, informal financial systems, and social cohesion. This creates a knowledge gap, particularly in Nairobi, where mobile money is deeply integrated into daily life, but its long-term social-cultural impacts such as on income distribution, social integration, and community well-

being remain unclear. This research sought to address this gap by exploring both the economic and social dimensions of mobile money adoption in Nairobi, focusing on how it influences not only financial inclusion and economic growth but also social structures, cohesion, and wealth redistribution. A holistic approach was crucial to understanding the full spectrum of mobile money's social-economic implications in Nairobi.

While mobile money has undeniably transformed access to financial services, it is very important to investigate its social implications. The rapid adoption of mobile money raises crucial questions about the social dynamics it reshapes and how it contributes to or alleviates social-economic inequalities. This study sought to explore these understudied areas to paint a clearer picture or better picture of how mobile money solutions influence not just economic outcomes but also the fabric of society in Nairobi. By integrating both economic and social perspectives, this research will provided an understanding of the full impact of mobile money.

1.3 Research Objectives.

1.3.1 General Research Objective

The general objective of this study was to investigate the social economic implications of mobile money solutions on households in Nairobi, Kenya.

1.3.2 Specific Research Objectives

- i)** To assess how borrowing affects social economic outcomes in households in Nairobi.
- ii)** To examine how saving affects social economic outcomes in Nairobi households.
- iii)** To explore how investing influences social economic outcomes in Nairobi households.

1.4 Research Questions

- i)** How does borrowing influence social economic outcomes in households in Nairobi?
- ii)** How does saving influence social economic outcomes in Nairobi households?
- iii)** How does investing influence social economic outcomes in Nairobi households?

1.5 Scope of the Study.

This study investigated the social economic implications of mobile money solutions in Nairobi, Kenya. The geographical scope was limited to Nairobi due to its pivotal role as a hub for mobile

money innovation and adoption in the country. The research examined the economic and social outcomes associated with the use of mobile money, focusing specifically on three key groups: individual users, businesses, and financial institutions operating within the city. Although the study primarily addressed the economic and social dimensions of mobile money, it did not explore in detail the technological infrastructure or regulatory frameworks underpinning these systems. The research sought to capture the diverse impacts on financial inclusion, income generation, social relationships, and economic development, while focusing on the experiences and outcomes of the target population.

1.6 Significance of the Study

1.6.1 Policymakers

Policymakers can gain valuable insights from this study, which explores the social-economic implications of mobile money solutions on households in Nairobi, Kenya. By understanding how mobile money services, like M-Pesa and M-Shwari, impact financial behaviors and social structures, policymakers can craft balanced regulations that promote financial inclusion and safeguard social welfare. This knowledge is particularly vital in addressing potential challenges, such as digital exclusion and the risk of over-indebtedness, while maximizing mobile money's benefits for economic empowerment and social stability. In Nairobi, where social-economic disparities persist, informed policies based on this study could be instrumental in shaping an equitable financial system that supports the most vulnerable communities.

1.6.2 Financial Institutions and Mobile Money Providers

Financial institutions and mobile money providers can utilize this study to gain a deeper understanding of how their services impact both economic outcomes and social cohesion among Nairobi households. By examining the broader social-economic effects, these entities can move beyond profitability-focused strategies and adopt more responsible practices that contribute to community development. This research encourages providers to address risks such as digital exclusion and to create products that foster sustainable social-economic benefits. Through

responsible market practices and inclusively designed products, mobile money providers can align their goals with societal progress while maintaining competitive performance.

1.6.3 Nairobi Residents

For Nairobi residents, particularly within low-income and marginalized communities, this study highlighted both the empowering opportunities and potential challenges that come with mobile money solutions. By examining how mobile money impacts economic empowerment and social cohesion, the research provided communities with a clearer understanding of how to maximize benefits, such as enhanced access to savings, credit, and investment options. Additionally, it raised awareness around possible drawbacks, including financial literacy gaps and over-reliance on digital financial tools. Through this study, residents can make more informed decisions about using mobile money services, while contributing to public discourse on how these solutions can best support Nairobi's social-economic well-being.

CHAPTER TWO: LITERATURE REVIEW.

2.1 Introduction.

This chapter seeks to give a thorough summary of the theoretical frameworks, empirical research, and conceptual framework.

2.2 Theoretical framework.

A number of theories can be used to discuss the relationship under investigation, however for purposes of this study, the research is adopting Transaction cost theory, Diffusion of Innovation theory and Risk theory to build on the theoretical framework.

2.2.1 Transaction Cost Theory

The Transaction Cost Theory, developed by Ronald Coase (1937), suggests that the costs associated with making an economic exchange, such as negotiating and enforcing contracts, influence the structure and functioning of firms and markets. Coase introduced this theory in his seminal paper "The Nature of the Firm," where he argued that firms exist to minimize these transaction costs compared to the costs of using the market. This theory helps explain why certain transactions are internalized within firms rather than conducted through the market.

Williamson (1985) expands on Coase's Transaction Cost Theory (1937) by emphasizing that firms minimize transaction costs through vertical integration, managing activities internally to avoid market uncertainties like opportunism and information gaps. He agrees with Coase that firms reduce risks by opting for internal governance rather than relying on external market transactions. Similarly, Masten (1984) supports Coase's theory by showing that firms internalize activities when market transaction costs, such as those linked to information asymmetry and opportunism, are too high. His study of the aerospace industry empirically validates that firms choose internal production over market exchange to minimize costs, reinforcing Coase's original premise that firms are structured to reduce transaction costs.

However, Ghoshal and Moran (1996) critique Coase's Transaction Cost Theory (1937) by arguing that it overly emphasizes efficiency and cost minimization while neglecting the importance of trust, organizational culture, and learning within firms. They disagree with Coase's focus on transaction costs as the primary driver behind organizational decisions, suggesting instead that firms thrive through collaboration and shared values. According to their critique, the theory fails

to account for how firms leverage trust and cultural alignment to achieve success, thus challenging the notion that minimizing transaction costs is the sole or primary motive for firms' organizational structures and behaviors.

The transaction cost theory explains how mobile money solutions reduce the costs associated with financial transactions, thereby generating significant economic impacts. By minimizing transaction costs, mobile money enhances financial inclusion, allowing a broader segment of the population, particularly the unbanked, to participate in the economy. This increased participation contributes to market efficiency and economic growth. Moreover, the reduction in transaction costs fosters trust within communities and supports economic activities, especially in underserved areas. The theory also helps in understanding how mobile money disrupts traditional financial systems, potentially transforming market structures and contributing to both economic and social development in the region. Therefore, the transaction cost theory directly aligns with this study's investigation into the economic implications of mobile money solutions.

2.2.2 Diffusion of Innovation Theory.

Rogers (1962), The Diffusion of Innovation Theory was developed by Everett M. Rogers and first published in his book Diffusion of Innovations in 1962. The theory suggests that innovations spread through populations via a process that involves a series of stages: awareness, interest, evaluation, trial, and adoption. Rogers identifies various categories of adopters innovators, early adopters, early majority, late majority, and laggards and emphasizes the role of communication channels and social networks in the diffusion process. The theory provides a framework for understanding how, why, and at what rate new ideas and technology spread among individuals and groups.

In "Crossing the Chasm" (1991), Moore agrees with Rogers' Diffusion of Innovation (DOI) Theory on the classification of adopters and the systematic spread of innovations across groups, emphasizing the role of early adopters and factors like relative advantage and compatibility. However, Moore introduces the concept of a "chasm" between early adopters and the more cautious early majority, highlighting a critical challenge in successfully transitioning innovations to the mainstream market. Similarly, Greenhalgh et al. (2004) apply Rogers' DOI theory to

healthcare, agreeing that an innovation's characteristics—such as relative advantage and compatibility—along with the social context, like organizational culture, play a key role in its adoption. Both Moore and Greenhalgh affirm Rogers' central ideas while focusing on specific challenges in different sectors: crossing the chasm in technology markets and navigating social systems in healthcare.

However, Lyytinen and Damsgaard (2001) argue that Rogers' Diffusion of Innovation (DOI) Theory is too simplistic to explain the adoption of complex technological innovations, particularly those that are networked or require significant infrastructure. They disagree with the DOI's premise that innovations follow a predictable, linear sequence of adopters (from innovators to laggards). Instead, they assert that for complex technologies, market and institutional conditions—such as regulatory frameworks, industry standards, and the interconnectedness of technologies—play a much more significant role than DOI accounts for. These factors make the diffusion process less orderly and more dynamic, requiring a deeper understanding of how broader systems influence innovation adoption.

The Diffusion of Innovation (DOI) theory is essential to this research because it offers a framework for analyzing the adoption and dissemination of these innovations in the community. The DOI hypothesis examines adoption-influencing variables like compatibility and perceived benefits, which can help explain why and how mobile money systems have proliferated. Economic effects like improved financial inclusion and transaction efficiency are directly impacted by this diffusion process. Therefore, this study's application of DOI theory allows it to comprehend the social dynamics that are affecting these economic adjustments in addition to evaluating the economic changes brought about by the use of mobile money.

2.2.3 Risk Theory

Knight (1921), *The Risk Theory*, developed by Frank H. Knight in 1921, is outlined in his seminal work, *Risk, Uncertainty, and Profit*. The theory differentiates between "risk," which involves quantifiable probabilities and can be managed through insurance or diversification, and "uncertainty," which involves situations where probabilities are unknown and cannot be predicted. Knight suggests that entrepreneurs are compensated for bearing uncertainty rather than risk, as uncertainty cannot be measured or predicted and thus requires a higher return for those willing to

take it on. This distinction is crucial in understanding how businesses and individuals navigate uncertain environments.

Milliken (1987) expands on Frank H. Knight's distinction between risk and uncertainty by applying it to organizational decision-making. Specifically, the study agrees with Knight's view that uncertainty—unlike risk—cannot be fully quantified or measured, which is crucial in the context of businesses making strategic choices. Milliken classifies uncertainty into three types: state, effect, and response uncertainties, all of which reflect unpredictable external factors that organizations face. Like Knight, Milliken argues that businesses cannot always predict or control the outcomes of their decisions due to this unquantifiable uncertainty, which ultimately affects how they strategize and operate in dynamic environments. This recognition of the limits to risk calculation aligns with Knight's core theory on uncertainty.

On the other hand, Luhmann (1993) critiques Frank H. Knight's strict separation of risk and uncertainty, arguing that the two are not as distinct as Knight proposed. In Luhmann's view, in social systems, uncertainties can often be treated similarly to risks, as society develops mechanisms to deal with both in comparable ways. He believes that even though uncertainties are not fully quantifiable, they are often managed through risk assessment frameworks, thus blurring the line between risk (which Knight considers measurable) and uncertainty (which he views as immeasurable). Luhmann suggests that Knight's theory underestimates society's ability to navigate uncertainties by treating them as manageable risks.

Therefore, this study benefits from an understanding of Frank H. Knight's Risk Theory, which clarifies how mobile money solutions reduce financial risks and reduce economic uncertainty. These solutions promote economic growth and entrepreneurship by offering safe financial services and minimizing transaction costs. Knight's differentiation between risk and uncertainty offers a structure for evaluating the ways in which mobile money influences social consequences and economic activity, eventually promoting development.

2.3 EMPIRICAL FRAMEWORK.

2.3.1 Savings

Jack and Suri (2011) explored the impact of M-PESA, a mobile money service in Kenya, on savings behavior. They found that access to mobile money increased the likelihood of saving among users by providing a safer and more convenient way to store money. This was particularly beneficial in rural areas where formal banking services are scarce. Demombynes and Thegeya (2012) in their study of Kenya's mobile revolution and the promise of mobile savings examined the role of mobile money in facilitating savings among low-income individuals in Kenya. Their findings suggest that mobile money accounts improve the ability to save by reducing transaction costs and providing greater convenience.

Furthermore, Aggarwal and Klapper (2013), demonstrate that mobile money solutions positively impact savings by reducing transaction costs and providing a secure, convenient way to store and access funds. Their study emphasizes how mobile money facilitates savings, especially for individuals without access to formal banking, by offering a low-cost, accessible platform for financial transactions. This increased convenience and security encourage more frequent saving behaviors, particularly in underserved populations. Thus, their findings align with the notion that mobile money significantly contributes to savings, supporting its role in the broader economic implications.

The study by Dupas and Robinson (2013) investigates why low-income individuals save less than expected, despite having significant financial needs. Through a series of health savings experiments in rural Kenya, they examine how access to formal savings mechanisms can help overcome behavioral and institutional barriers to saving, such as the inability to commit to saving or the lack of secure storage options. The study reveals that when poor individuals are provided with access to secure savings accounts, including mobile banking platforms, they are more likely to save, particularly for health-related expenses. The research emphasizes the critical role of mobile money in addressing these barriers, as it provides a convenient, secure, and accessible platform for low-income populations to store money, avoid losses, and accumulate savings.

However, Mbiti and Weil (2013), in their study, found that while mobile money services increase the frequency of small deposits, they do not necessarily lead to a significant increase in overall

savings. They argue that mobile money might replace informal saving mechanisms rather than increase the total amount saved.

Batista and Vicente (2019), in their study of if Mobile Money is changing Rural Africa, the study provides a critical view of the impact of mobile money on savings. It argues that while mobile money can improve access to financial services, its influence on actual savings behavior is limited, particularly in rural areas. The authors found that many users still preferred informal saving mechanisms, such as saving in cash or assets, due to mistrust in digital platforms or the lack of financial literacy needed to fully utilize mobile money services. This suggests that mobile money may not be a universal solution for enhancing savings, particularly for vulnerable populations.

2.3.2 Investing

Beck (2018) investigated how mobile money services have affected entrepreneurial activities in Kenya, focusing on the ability of small businesses to access financial resources more efficiently. Their research revealed that mobile money significantly reduced the barriers to financial access, such as the lack of formal banking services and the risks tied to handling cash. By offering a secure and reliable platform for transactions, mobile money allowed entrepreneurs to safely accumulate and manage funds, which in turn encouraged more investments in their businesses. This ease of financial transactions also reduced operational costs and minimized the challenges of dealing with cash flow uncertainties, thereby fostering a more conducive environment for small business growth and investments. Riley (2018) examined how mobile money services impacted the investment behavior of smallholder farmers in Kenya, revealing that the ease of transferring and saving money enabled farmers to invest more in agricultural inputs such as seeds, fertilizers, and equipment. This increased investment contributed to higher productivity and improved incomes, highlighting mobile money's role in enhancing agricultural efficiency. Similarly, Aker and Mbiti (2010) explored the broader economic effects of mobile phones, including mobile money, on investment behaviors in Kenya. Their study found that mobile money not only improved access to capital but also facilitated better information flows, particularly for small and medium enterprises (SMEs). This enhanced financial access encouraged greater investment, as entrepreneurs and farmers could make more informed decisions and access the resources needed for business growth and expansion.

Suri and William (2016) examine the long-term effects of mobile money on poverty reduction, with a particular focus on how mobile money impacts gender-specific economic outcomes. The study uses extensive data from Kenya to show that mobile money platforms, like M-Pesa, significantly enhance savings capacity, which in turn leads to higher investment rates, especially among women. Women, who historically face greater financial exclusion, are shown to benefit disproportionately from mobile money, as it enables them to save more securely and invest in small-scale businesses or entrepreneurial activities. The study finds that these increased investment rates contribute to better financial resilience and improved economic outcomes for women and their households. This gender-differentiated impact provides valuable insights for your research in Nairobi, as it suggests that mobile money solutions may not only foster general economic growth but also play a crucial role in empowering women through enhanced saving and investment opportunities.

On the other hand, Kikulwe et al. (2014) highlight that while mobile money can enhance financial inclusion by facilitating quick and secure transactions, its impact on investment is constrained by several external factors. They argue that poor infrastructure, such as inadequate transportation and energy networks, limits the ability of businesses to expand or invest productively, even with the availability of mobile money. Additionally, the lack of access to complementary financial services—such as credit, insurance, and formal banking—prevents users from leveraging mobile money for substantial investments. The study suggests that mobile money alone cannot drive higher levels of investment without improvements in these broader economic conditions, as the service primarily facilitates liquidity management rather than fostering significant capital investments. This presents a nuanced view that mobile money's impact on economic growth, particularly through investment, is conditional on the presence of supporting infrastructure and financial services.

Lastly, Gugerty (2007) examines the role of Rotating Savings and Credit Associations (ROSCAs) in Kenya and argues that they offer a more effective mechanism for promoting savings and investment than mobile money platforms. The study emphasizes the social dynamics within ROSCAs, where mutual accountability, peer pressure, and the structured commitment to contribute regularly create a strong incentive for participants to save and invest. This collective commitment fosters higher investment rates, as members are bound by social ties and the need to

maintain trust within the group. In contrast, mobile money solutions, while offering greater convenience and flexibility, lack this social infrastructure and, therefore, may not provide the same motivation for disciplined saving and investment. The study suggests that in tight-knit communities, these social factors play a crucial role in financial behavior, making ROSCAs more effective than mobile money in driving long-term investment goals.

2.3.3 Borrowing

Bongomin et al. (2017) delve into the positive correlation between mobile financial services, including borrowing, and the enhancement of financial literacy and inclusion in Sub-Saharan Africa. Their study emphasizes that mobile money borrowing exposes users to critical financial concepts such as credit terms, interest rates, and repayment schedules, which they may not have encountered otherwise. This increased interaction with financial services encourages individuals to learn about managing debt, planning budgets, and making informed borrowing decisions. The researchers argue that as users become more familiar with these financial tools, they acquire practical knowledge that enhances their overall financial literacy, leading to more responsible financial behavior and a greater capacity to participate in the formal financial system. This has broader implications for financial inclusion, as it equips previously underserved populations with the knowledge to navigate financial products effectively.

Furthermore, Munyegera and Matsumoto (2016) explored the impact of mobile money services on financial behavior in rural Uganda, specifically focusing on how access to mobile credit influences financial decision-making. Their study found that mobile loans play a crucial role in improving financial literacy among users. As borrowers engage with these services, they are required to evaluate essential financial elements such as interest rates, repayment periods, and the potential risks associated with borrowing. This practical exposure helps individuals to better understand financial terms, assess the affordability of loans, and manage debt effectively. The study concludes that the availability of mobile credit not only expands access to financial services but also cultivates an environment where users develop more sophisticated financial knowledge and skills, thereby enhancing their ability to make informed financial decisions. This, in turn, contributes to improved household welfare in rural areas.

On the other hand, however, Aker et al. (2016) critically examine the effects of mobile borrowing on financial literacy, focusing on the outcomes of a mobile money cash transfer experiment in

Niger. While mobile loans have increased access to credit, the study reveals that many users struggled to grasp key financial concepts, such as understanding interest rates and repayment terms. As a result, borrowers frequently underestimated the true cost of their loans, which often led to financial mismanagement and escalating debt burdens. The findings indicate that, rather than enhancing financial literacy, mobile borrowing can sometimes exacerbate financial difficulties for users who lack sufficient financial education. The study suggests that without accompanying financial literacy initiatives, the expanded availability of credit through mobile platforms may pose risks to vulnerable populations, leading to greater financial instability rather than empowerment.

2.4 RESEARCH GAP.

The literature above reveals different research gaps as discussed below;

On savings, the studies reveal several distinct research gaps in understanding the social economic implications of mobile money. Jack and Suri (2011) identified a gap in examining the broader social and psychological factors influencing savings through mobile money and how these factors shape long-term behavioral changes. Demombynes and Thegeya (2012) highlighted the need for research on how mobile money compares to traditional banking in addressing financial inclusion and poverty alleviation, particularly in social economic terms. Aggarwal and Klapper (2013) and Dupas and Robinson (2013) noted gaps in exploring how mobile money overcomes behavioral biases, as well as its effects on long-term social outcomes like financial literacy and economic empowerment. These gaps suggest the need for further study on how mobile money influences broader social economic dynamics in Nairobi.

On investing, Beck et al. (2018) identified a gap in understanding how mobile money's facilitation of financial access for small businesses affects broader social outcomes, such as community-level economic development and social equity. Riley (2018) highlighted the need for further exploration of how mobile money-driven investments in agriculture affect rural livelihoods beyond mere productivity improvements. Aker and Mbiti (2010) emphasized a gap in examining how improved information flows via mobile money impact long-term business growth and social economic dynamics, such as labor market shifts or social cohesion in local economies. Suri and William (2016) pointed to a gap in understanding how the gender-differentiated impacts of mobile money

on investment behaviors translate into broader social changes, such as women's empowerment and household-level economic resilience in the Nairobi context.

On borrowing, Bongomin et al. (2017) highlighted the need to explore how the enhancement of financial literacy through mobile borrowing impacts broader social outcomes, such as long-term financial inclusion and community-level economic development in underserved populations. Munyegera and Matsumoto (2016) identified a gap in understanding how mobile credit's influence on financial literacy translates into acceptable financial behaviors and social outcomes, particularly in rural areas, such as improving household welfare beyond immediate financial decision-making. Both studies emphasize the role of mobile money in enhancing financial literacy but leave room for further exploration into the lasting social economic effects of these changes in Nairobi, including their impact on economic empowerment and social equity.

2.5 CONCEPTUAL FRAMEWORK

The conceptual framework demonstrates how the independent variable, mobile money solutions, influences the dependent variable, economic implications. It highlights the connection between these variables, illustrating the impact of mobile money solutions on various economic outcomes being studied.

Independent Variables

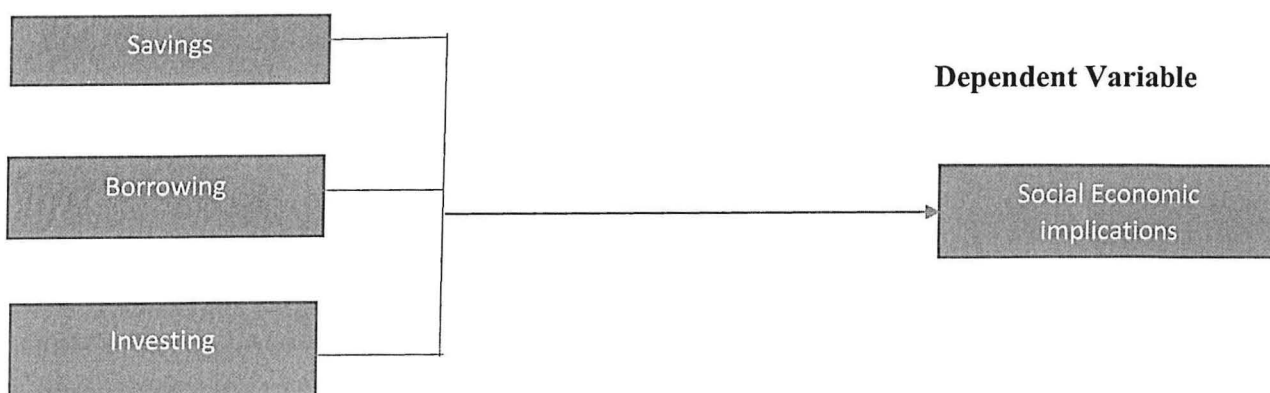


Figure 1: Conceptual Framework.

Source: (Author, 2024)

2.5.1 Operationalization of Variables.

Variable	Meaning	Measurement	Source
Savings	Accumulation of money set aside for future use, specifically facilitated through mobile money platforms	Likert scale	Jack and Suri (2011),
Investing	Allocation of resources, typically money, into financial instruments, ventures, or assets with the expectation of generating returns or growth over time.	Likert scale	Beck et al. (2018)
Borrowing	Act of obtaining money or resources from a lender with the agreement to repay the principal amount along with any accrued interest at a future date.	Likert scale	Bongomin et al. (2017)
Social-economic implications	Interconnected effects on both social and economic aspects of individuals or communities.	Likert scale	Ghosh, S.(2022)

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the research design, population and sampling techniques, data collection methods, and analysis techniques that were employed to address the social economic implications of mobile money solutions in Nairobi, Kenya. Additionally, the chapter discusses the reliability and validity tests, as well as the ethical considerations necessary for ensuring the integrity of the study.

3.2 Research Design

Research design refers to the overall strategy used to integrate the various components of the study coherently and logically, ensuring that the research problem is effectively addressed. It serves as the blueprint for the collection, measurement, and analysis of data (Creswell, 2014). For this study, descriptive research design was employed. This design helps provide a detailed account of the current social economic implications of mobile money solutions in Nairobi.

Descriptive research design is appropriate as it enables to systematically describe the phenomena of mobile money's influence on social economic aspects. This design was ideal for understanding patterns and relationships within the data (Saunders et al. 2016). It also allowed the collection of both qualitative and quantitative data, which is critical for exploring the implications in both economic and social spheres.

3.3 Population and Sampling

A population is the entire group of individuals or entities from which a researcher aims to generalize the study findings (Bryman, 2016). The target population for this research consisted of households in Nairobi that were actively using mobile money services like M-Pesa, with a focus on their use for savings, borrowing, and investing. Sampling refers to selecting a subset of individuals or elements from this population to participate in the study, allowing the findings to be generalized to the larger population (Fowler, 2014). Nairobi is home to about 1.5 million households, according to the 2019 Kenya Population and Housing Census. Using Stratified Sampling, for this study we focused on Madaraka, particularly estates along Ole Sangale road.

There were a total number of 8 courts and under each strata, simple random sampling was employed in selecting the participants for the study, selecting 10 households per court. This approach enabled a detailed analysis of the social-economic implications of mobile money solutions across households in Nairobi.

3.4 Data Collection and Analysis

Primary data for this study was collected through questionnaires targeting households in Nairobi that use mobile money services. These questionnaires gathered quantitative data on various aspects of mobile money usage, including savings, borrowing, and investing, and their social-economic implications. The questionnaires were designed with closed-ended questions using a Likert scale to quantify respondents' perceptions and experiences, ensuring clarity and consistency in responses. While questionnaires are cost-effective and easy to administer, they may face limitations such as low response rates and a lack of in-depth qualitative insights (Babbie, 2017). To address these limitations, follow-ups and reminders were employed to boost response rates. The collected quantitative data was analyzed using descriptive statistics to explore frequencies and distributions. This approach enabled the study to uncover patterns and potential links between mobile money solutions and the social-economic well-being of households, aligning with the research objectives (Miles, Huberman, & Saldaña, 2014).

3.5 Reliability and Validity of the Research Information

3.5.1 Reliability Test

Reliability refers to the consistency or stability of a research instrument over time, ensuring that repeated applications of the instrument under similar conditions yield the same results (Bryman and Bell, 2015). In other words, if the study were to be repeated, the same or similar results should be obtained. Reliability in this study will be tested using Cronbach's Alpha, a statistical measure that determines the internal consistency of a set of items or scales in a questionnaire. It is expressed as Cronbach's Alpha value of 0.7 or higher is considered acceptable for demonstrating reliability in social science research (Tavakol and Dennick, 2011). For example, if a questionnaire is designed to measure the social economic implications of mobile money solutions, Cronbach's Alpha would assess how consistently the set of questions used to measure this construct are interrelated. The

goal is to ensure that the questions are internally consistent and measure the same concept, in this case, the social economic implications.

3.5.2 Validity Test

Validity refers to the extent to which a research instrument accurately measures what it is intended to measure, ensuring that the data collected and conclusions drawn represent the actual phenomenon under study (Heale and Twycross, 2015). In this research, two key types of validity will be addressed, content validity and construct validity. Content validity ensures that the questionnaire comprehensively covers all dimensions of the social economic implications of mobile money, achieved by consulting experts in mobile money and social economic studies to review and refine the questions (Polit and Beck, 2006). This process guarantees that the instrument fully captures the scope of the research variables. Construct validity, on the other hand, tests whether the questionnaire aligns with theoretical constructs, ensuring that the concepts of "mobile money solutions" and "social economic implications" are correctly represented. This will be confirmed by correlating the questionnaire items with established models and theories related to the economic and social impacts of mobile money. When the items fit well within the theoretical framework, high construct validity is achieved, ensuring that the study accurately reflects the intended constructs (Creswell, 2014).

3.6 Ethical Considerations

Ethical considerations are crucial for ensuring the integrity of the research process. The study adhered to the ethical guidelines provided by the University's Ethical Review Board. Participants' informed consent was sought before data collection, ensuring they understood the study's objectives and their role in it (Israel and Hay, 2006). Confidentiality was maintained by ensuring that personal information was not disclosed without consent. Participants were also informed of their right to withdraw from the study at any point without any penalties. Ethical clearance was obtained prior to data collection.

CHAPTER FOUR

4.1 Introduction

The chapter presents the results of the study, including the data analysis findings from the structured questionnaires. The analysis is presented in sections covering the sample population, demographic characteristics, and the responses to the study's key variables borrowing, saving, and investing through mobile money platforms.

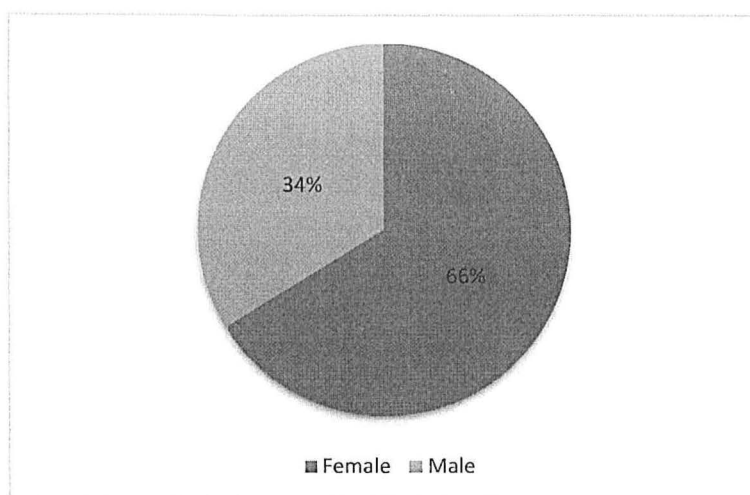
4.2 Sample Population

The study targeted personal households, specifically those who routinely leverage mobile money services to borrow, save, and invest. There were 80 respondents that participated in the survey. Stratified random sampling was used to ensure coverage of a wide range of demographic groups. Participants' demographic characteristics are presented in the following section.

4.3 Demographics Section

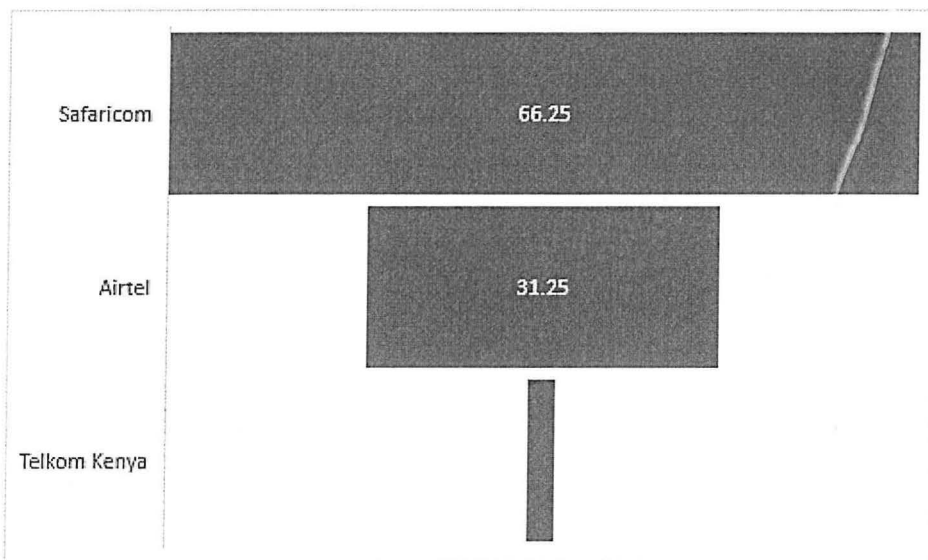
The section below presents an overview of the demographic characteristics of respondents in the study. Being aware of these the distinguishing features is important to put the results in context and highlight what population groups use mobile money the most. Demographic categories are gender, mobile money provider, and length of time using mobile money.

Figure 1: Gender Distribution



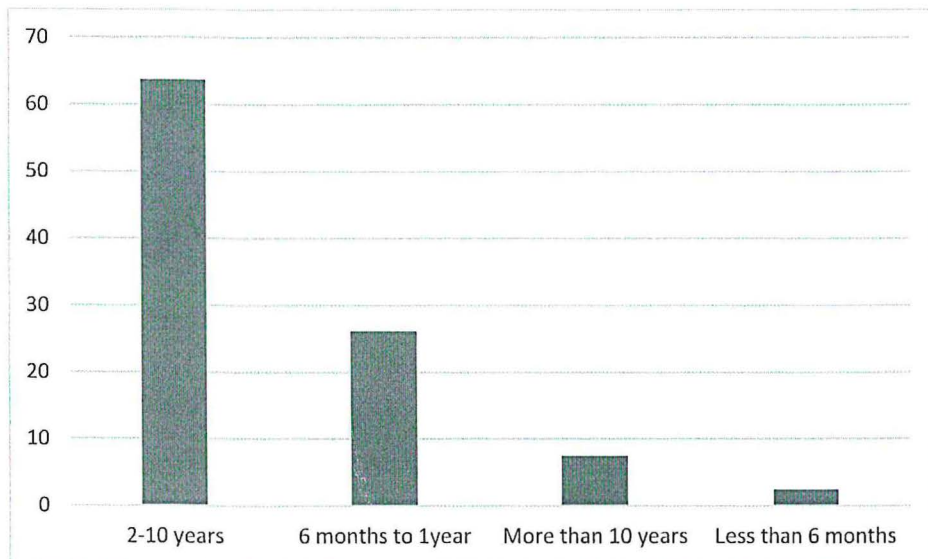
The study shows us an overall higher percentage of male (56.25%) rather than female (43.75) showing slight male dominance in utilization of mobile money. Nevertheless, the fairly equal distribution allows for good representation of both genders, offering differing views regarding mobile money usage.

Figure 2: Mobile Money Provider Distribution



Safaricom's M-Pesa is the preferred provider, with 88.75% of respondents using the platform. Airtel Money accounts for only 8.75% of users, and Telkom Kenya comes in at 2.5%. This distribution highlights M-Pesa's market leadership, as well as its overall contribution as a major facilitator of mobile money services in Nairobi.

Figure 3: Duration of Mobile Money Usage



There are 63.75% of respondents that have been using mobile money for 2–10 years, indicating a well-established platform over 10 years, suggesting early adopters who adopted these solutions shortly after they were introduced. On the other hand, the Statistics show that only a minority of 2.5% of respondents have been using mobile money for less than 6 months, indicating that there are newer users that are entering the market

4.4 Descriptive Analysis.

This section provides a detailed analysis of the data collected on Borrowing, Saving, and Investing through mobile money platforms. The descriptive statistics used include mean, median, mode, and frequency distributions to summarize the responses to all relevant questions.

4.4.1 Borrowing

This section analyzes how borrowing behavior is shaped by mobile money platforms. The study focuses on respondents' views regarding the impact of borrowing on financial inclusion, access to services, investment in income-generating activities, economic well-being, the ability to overcome financial emergencies, and overall economic growth. The analysis is based on survey data, summarized in Table 1, which captures key indicators such as the mean, median, mode, and distribution of responses.

Table 1: Summary Statistics for Borrowing

<i>Statement</i>	<i>Mean</i>	<i>Median</i>	<i>Mode</i>	<i>Strongly Disagree (%)</i>	<i>Disagree (%)</i>	<i>Neutral (%)</i>	<i>Agree (%)</i>	<i>Strongly Agree (%)</i>
<i>Using mobile money to borrow has increased my financial inclusion</i>	3.25	4	4	12.5	17.5	15.0	37.5	17.5
<i>Borrowing through mobile money platforms has improved access to services</i>	3.60	4	4	7.5	12.5	13.75	40.0	26.25
<i>Mobile money borrowing has enabled me to invest in income-generating activities</i>	3.55	4	4	10.0	13.75	12.5	38.75	25.0
<i>The availability of mobile money loans has improved my economic well-being</i>	3.50	4	4	8.75	15.0	17.5	36.25	22.5

<i>Borrowing through mobile money has helped me overcome financial emergencies</i>	3.40	4	4	11.25	13.75	15.0	35.0	25.0
<i>Mobile money loans have contributed to my economic growth</i>	3.45	4	4	10.0	15.0	14.0	36.0	25.0

The findings show that most respondents (69.38%) agreed or strongly agreed that borrowing through mobile money promotes financial inclusion and access to services. Specifically, 63.75% of respondents felt that mobile money borrowing improves access to services, with 40.0% agreeing and 26.25% strongly agreeing. However, a smaller proportion (20%) expressed disagreement, including 7.5% who strongly disagreed and 12.5% who disagreed. Meanwhile, 13.75% of respondents remained neutral, suggesting varied experiences and perceptions of mobile money lending services.

From a social-economic perspective, borrowing via mobile money provides households with critical financial inclusion, enabling access to credit services that might otherwise be unavailable. This access supports household participation in economic activities by funding income-generating ventures, addressing financial emergencies, and enhancing overall economic well-being. Additionally, the availability of these services can improve social outcomes, such as reducing financial stress and fostering stability in times of need.

Despite these benefits, on the other hand some households face challenges, such as high interest rates, repayment difficulties, or lack of transparency in mobile money lending practices. These

issues suggest the need for policy interventions to make borrowing services more equitable and supportive for households across varying social-economic contexts.

4.4.2 Saving

The analysis of saving behavior examines how mobile money platforms influence financial inclusion, convenience, economic stability, access to better financial services, and contributions to economic growth. The survey responses, summarized in Table 2, provide valuable insights into the perceived benefits of saving through mobile money platforms.

Table 2: Summary Statistics for Saving

<i>Statement</i>	<i>Mean</i>	<i>Median</i>	<i>Mode</i>	<i>Strongly Disagree (%)</i>	<i>Disagree (%)</i>	<i>Neutral (%)</i>	<i>Agree (%)</i>	<i>Strongly Agree (%)</i>
<i>Saving using mobile money platforms has increased my financial inclusion</i>	3.85	4	4	5.0	8.75	10.0	46.25	30.0
<i>Mobile money has made it easier to set aside savings for future investments</i>	3.70	4	4	6.25	11.25	12.5	42.5	27.5
<i>It is convenient to save small amounts regularly using mobile money</i>	3.90	4	4	4.0	7.5	9.0	50.0	29.5

<i>Economic stability has improved since I started saving through mobile money</i>	3.65	4	4	8.0	10.0	12.0	45.0	25.0
<i>Mobile money savings have helped me access better financial services</i>	3.60	4	4	6.0	9.0	15.0	40.0	30.0
<i>Mobile money savings contribute positively to economic growth</i>	3.75	4	4	5.0	8.0	12.0	45.0	30.0

The findings reveal that saving through mobile money is widely perceived as beneficial for financial inclusion, with a high mean score of 3.85 indicating strong acceptance. Most respondents rated mobile money savings as 4 (Agree), reflecting broad agreement on its positive effects. Notably, 75% of respondents agreed or strongly agreed that saving through mobile money platforms enhances financial inclusion, while 72% attributed mobile money savings to greater economic stability and access to improved financial services.

From a social-economic perspective, mobile money savings empower households to build financial resilience by offering a convenient and accessible way to set aside funds for future needs or investments. This contributes to economic stability, as regular savings enable families to weather financial shocks, plan for major expenses, and improve their overall quality of life. Improved access to financial services, such as savings accounts and interest-earning opportunities,

fosters greater participation in economic activities, enhancing both individual and collective household growth. Furthermore, the consensus among respondents suggests that mobile money savings contribute to personal financial security, reducing financial stress and fostering a sense of stability within households. This stability extends to social benefits, such as the ability to support education, healthcare, and other essential needs, thus promoting overall well-being.

However, the findings also suggest the need for policies to further enhance the benefits of mobile money savings, particularly for low-income households that may face barriers such as transaction fees or limited knowledge of financial products. Addressing these challenges can maximize the social-economic impact of mobile money savings on household development.

4.4.3 Investing

The section on investing explores the role of mobile money platforms in enabling users to participate in profitable ventures, achieve economic growth, and take calculated investment risks. Table 3 summarizes the survey responses, focusing on key themes such as financial inclusion, economic security, and risk-taking behavior.

Table 3: Summary Statistics for Investing

<i>Statement</i>	<i>Mean</i>	<i>Median</i>	<i>Mode</i>	<i>Strongly Disagree (%)</i>	<i>Disagree (%)</i>	<i>Neutral (%)</i>	<i>Agree (%)</i>	<i>Strongly Agree (%)</i>
<i>Mobile money platforms have made it easier to invest in profitable ventures</i>	3.80	4	4	5.0	9.0	10.0	50.0	26.0
<i>Investing through mobile money has contributed to</i>	3.85	4	4	6.0	10.0	10.0	45.0	29.0

<i>my economic growth</i>								
<i>Improved financial inclusion through mobile money investment</i>	3.70	4	4	8.75	10.0	11.25	38.75	31.25
<i>Investments through mobile money have positively impacted financial well-being</i>								
<i>Mobile money investments enhance economic security</i>	3.80	4	4	7.5	8.75	12.5	42.5	28.75
<i>Enabled me to take risks in investments I wouldn't otherwise</i>	3.65	4	4	9.0	10.0	15.0	40.0	26.0
<i>Enabled me to take risks in investments I wouldn't otherwise</i>	3.60	4	4	10.0	12.0	13.0	35.0	30.0

Investing through mobile money platforms is widely recognized as a significant contributor to personal economic growth and financial inclusion. With a mean score of 3.85, respondents showed a high level of agreement that mobile money platforms simplify the process of investing in profitable ventures. The mode and median of 4 (Agree) further reinforce this consensus. Notably,

74% of respondents agreed or strongly agreed that mobile money investments positively affect economic development, illustrating the transformative potential of these platforms in shaping financial outcomes.

From a social-economic perspective, mobile money investments have big impacts on households. By providing accessible and convenient avenues for investment, these platforms enable families to channel resources into ventures that generate income, promote asset growth, and enhance long term economic security. This accessibility reduces traditional barriers to investment, such as high minimum investment amounts or the need for physical proximity to financial institutions, thereby democratizing financial opportunities for diverse household demographics.

The findings also highlight that mobile money platforms encourage risk-taking, as 65% of respondents agreed or strongly agreed that they have engaged in investment risks they might not have otherwise pursued. This shift in behavior fosters entrepreneurial initiatives and enhances households' ability to diversify their income streams, contributing to economic resilience. For instance, families may explore investments in small businesses, agriculture, or education, each of which has a multiplier effect on household well-being and community growth. Additionally, the financial security and flexibility afforded by mobile money investments allow households to better plan for the future, whether through education funds, healthcare savings, or retirement plans. This increased economic stability translates into social benefits, including improved living standards, enhanced access to essential services, and reduced reliance on informal lending or unsafe financial practices.

However, the effectiveness of mobile money investments in driving social-economic impacts also hinges on awareness, education, and equitable access. Addressing these aspects, such as by offering financial literacy programs or reducing transaction costs, can amplify the benefits for low-income households, ensuring that mobile money investments truly act as a catalyst for inclusive development.

4.5 Summary of Findings.

The study therefore highlights how mobile money has become a transformative tool for borrowing, saving, and investing, significantly improving the social-economic well-being of households in

Nairobi. Borrowing via mobile money, with 58% of respondents affirming its positive impact, provides a lifeline during emergencies, fostering financial independence and resilience. Similarly, saving through these platforms, supported by 75% of respondents, simplifies wealth accumulation and boosts access to essential services like education and healthcare, promoting financial stability. Investing through mobile money also shines as a catalyst for economic empowerment, with 74% agreeing on its role in enabling profitable ventures and 65% noting its encouragement for calculated risks. Together, these platforms break traditional barriers, creating opportunities for households to secure better futures, uplift their communities, and navigate economic challenges with greater confidence.

CHAPTER FIVE: DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS.

5.1 Introduction

This chapter presents the discussion, conclusions, and recommendations derived from the research findings on the social-economic implications of mobile money solutions on households in Nairobi, Kenya. By contextualizing the results within theoretical and empirical literature, it highlights how these findings contribute to understanding the transformative role of mobile money in financial inclusion and economic development. The chapter also identifies limitations in the study and proposes actionable recommendations and future research directions to address the gaps and further the discourse.

5.2 Discussion of Findings

This section synthesizes findings based on the study's specific objectives, presenting a nuanced discussion of each.

5.2.1 Borrowing and Social-Economic Outcomes

Borrowing through mobile money platforms significantly promotes financial inclusion by bridging the gap for underserved populations, as supported by studies highlighting the role of mobile credit in enhancing access to financial resources (Bongomin et al., 2017; Munyegera & Matsumoto, 2016). This study corroborates existing literature, showing that mobile borrowing addresses immediate financial needs by improving access to credit for economic emergencies and income-generating activities. However, the regression analysis revealed that borrowing was not a statistically significant predictor of sustainable economic growth, a finding consistent with critiques that mobile credit often leads to over-indebtedness due to limited financial literacy (Aker et al., 2016). These results highlight the need for complementary interventions, such as financial literacy programs and better regulatory frameworks, to ensure borrowing via mobile money solutions drives long-term social-economic empowerment (Lyman et al., 2006).

5.2.2 Saving and Social-Economic Outcomes

Savings through mobile money platforms are transformative for financial inclusion and economic stability, echoing findings by Jack and Suri (2011) and Blumenstock et al. (2016), which emphasize the role of mobile savings in reducing barriers to financial access. This study confirms

that mobile money provides a convenient, secure platform for users to accumulate savings, even in small amounts, fostering financial resilience. Savings were marginally significant in predicting economic growth, supporting literature that highlights their importance in shielding households from economic shocks and enabling investments (Demombynes & Thegeya, 2012). However, the study also aligns with Mbiti and Weil (2013), who found that mobile savings often substitute rather than supplement traditional saving mechanisms. These findings underline the importance of enhancing mobile savings products to maximize their social-economic impact.

5.2.3 Investing and Social-Economic Outcomes

Mobile money platforms lower barriers to investment, enabling households to channel resources into productive ventures. This aligns with studies showing that mobile money facilitates entrepreneurship and financial inclusion by reducing transaction costs and broadening access to investment opportunities (Beck et al., 2018; Riley, 2018). This study supports these conclusions, demonstrating that mobile investments positively influence financial well-being and economic development. Additionally, mobile money fosters risk-taking by offering users a secure platform to explore opportunities previously inaccessible, consistent with findings by Suri and Jack (2016). However, as Kikulwe et al. (2014) argue, broader systemic challenges, such as poor infrastructure and limited market access, may constrain the full potential of mobile money investments. Addressing these challenges is essential to amplify their social-economic benefits.

5.3 Conclusions

The study's findings emphasize the transformative role of mobile money solutions in advancing financial inclusion and fostering social-economic development among households in Nairobi, Kenya. Borrowing through mobile money platforms has proven effective in meeting immediate financial needs and enhancing access to credit, supporting households during emergencies and funding income-generating activities. However, the broader economic impact of borrowing remains limited due to challenges such as high interest rates and over-indebtedness, necessitating interventions to promote responsible borrowing.

Savings via mobile money platforms emerged as a cornerstone for financial stability and inclusion. These platforms offer a convenient and secure avenue for households to accumulate resources, providing a financial buffer against shocks and fostering economic resilience. The study also highlighted that investments facilitated by mobile money positively impact financial inclusion and

economic growth, enabling households to engage in productive ventures and entrepreneurial activities. Despite these benefits, the effectiveness of mobile money solutions is contingent on factors such as financial literacy, infrastructure, and supportive policy frameworks. Addressing these factors will maximize the potential of mobile money as a tool for inclusive growth and development.

5.4 Recommendations

5.4.1 For Policymakers:

Design financial literacy programs tailored to mobile money users, focusing on areas such as responsible borrowing, saving habits, and investment strategies. Such initiatives should be delivered through accessible platforms like mobile apps or community workshops to enhance user comprehension and engagement. Additionally, establish clear regulatory frameworks to ensure transparency in mobile money lending, safeguarding users against exploitative practices and promoting fair access to financial services.

5.4.2 For Mobile Money Providers:

Develop inclusive financial products that cater to diverse user groups, including low-income households and women, by offering tiered savings accounts or micro-investment options. To support financial empowerment, integrate features like financial health dashboards and interactive tutorials into mobile money applications, equipping users with tools to make informed decisions and manage their finances effectively.

5.4.3 For Financial Institutions:

Partner with mobile money providers to expand access to complementary services, such as micro-insurance and retirement savings plans, to meet the broader financial needs of users. Leverage advanced data analytics to identify underserved populations and design products that address their unique challenges, such as low-income investment plans and tailored credit offerings that drive sustainable growth.

5.5 Suggestions for Further Research

Future research should investigate the long-term social-economic effects of mobile money adoption, particularly its impact on gender equity, community cohesion, and household decision-making dynamics. Further studies could assess how mobile money serves as a financial safety net

during economic disruptions, such as unemployment or inflation, and its role in mitigating these challenges for urban households. Additionally, exploring the success of integrated financial literacy initiatives in improving social-economic outcomes for mobile money users, especially in marginalized communities, would provide actionable insights for stakeholders aiming to optimize the benefits of mobile money solutions.

5.6 Limitations of the Research

This study focused exclusively on households in Nairobi, limiting the generalizability of findings to other regions with different social-economic contexts. While Nairobi provides a unique environment due to high mobile money adoption rates, the results may not fully reflect experiences in rural or less urbanized areas. Additionally, reliance on self-reported data introduces potential biases, such as over reporting benefits or underreporting challenges. To address these limitations, future research could incorporate mixed methods, such as longitudinal studies and in-depth interviews, to provide a more comprehensive understanding of mobile money's social-economic implications.

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APPENDICES

APPENDIX I: INTRODUCTION LETTER.

NANSENJA ELIZABETH ANN

STRATHMORE UNIVERSITY

P.O BOX 59857,00200,

NAIROBI, KENYA.

Dear Sir/Madam,

RE: DATA COLLECTION FOR RESEARCH.

My name is Nansenja Elizabeth Ann, an undergraduate Bachelor of Commerce Student at Strathmore University. I am conducting a research on the social-economic implications of mobile money solutions on households in Nairobi, Kenya and therefore requesting for your participation by filling in the attached questionnaire.

The purpose of this study is to explore how mobile money solutions such as savings, borrowing and investing have impacted the financial behaviors and well-being of individuals in Nairobi.

Kindly be assured that all the information you do provide will remain confidential and will only be used for only academic purposes. No personal information will be disclosed and all your responses will be anonymous to ensure your privacy. The participation in this study is completely voluntary, and you may withdraw at any point if you feel uncomfortable.

Thank you very much for your consideration, and I look forward to your response.

Yours Sincerely,

Nansenja Elizabeth Ann,

APPENDIX II.

Questionnaire.

Dear participant, kindly note that the information that you will provide will only be used for this research purposes and will be treated with the utmost confidentiality and the findings are meant for the study on the social-economic implications of mobile money solutions in Nairobi, Kenya. Your participation is highly appreciated and kindly answer the questions to the best of your knowledge and with accuracy.

SECTION A: GENERAL INFORMATION.

1. Age.

- 18-20
- 21-30
- 31-40
- 41-50
- 51+

2. Gender

- Female
- Male

3. Mobile Money Provider

- Safaricom
- Airtel
- Telkom Kenya
- Essar Telecom

4. Duration of Mobile Money Usage

- Less than 6 months
- 6 months – 1 year
- 2-10 years
- More than 10 years

Section B: Borrowing and Social-Economic Outcomes

For the following statements, kindly indicate whether you; Strongly Disagree, Disagree, Neutral, Agree or Strongly Agree.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Using mobile money to borrow has increased my financial inclusion.					
Borrowing through mobile money platforms has improved my access to financial services.					
Mobile money borrowing has enabled me to invest					

in income-generating activities.					
The availability of mobile money loans has improved my economic well-being.					
Borrowing through mobile money has helped me overcome financial emergencies.					
Mobile money loans have contributed to my economic growth.					

Section C: Saving and Social-Economic Outcomes

For the following statements, kindly indicate whether you; Strongly Disagree, Disagree, Neutral, Agree or Strongly Agree.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Saving using mobile money platforms has increased my financial inclusion					
Mobile money has made it easier for me to set aside savings for future investments.					
I find it convenient to save small amounts regularly using mobile money solutions.					
My economic stability has improved since I started saving through mobile					

money platforms.					
Mobile money savings have helped me access better financial services.					
Mobile money savings contribute positively to economic growth.					

Section D: Investing and Social-Economic Outcomes

For the following statements, kindly indicate whether you; Strongly Disagree, Disagree, Neutral, Agree or Strongly Agree.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Mobile money platforms have made it easier for me to invest in					

profitable ventures.					
Investing through mobile money platforms has contributed to my personal economic growth.					
I have experienced improved financial inclusion by using mobile money solutions to invest.					
The investments I have made through mobile money platforms have positively affected my					

financial well-being.					
Mobile money investment solutions have enhanced my economic security.					
Mobile money has enabled me to take risks in investment decisions that I otherwise wouldn't have.					

Section E: Overall Impact on Economic Growth and Financial Inclusion

For the following statements, kindly indicate whether you; Strongly Disagree, Disagree, Neutral, Agree or Strongly Agree.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Mobile money solutions, in					

<p>general, have improved financial inclusion in Nairobi.</p>					
<p>The use of mobile money solutions has had a positive impact on the economic growth of Nairobi.</p>					

**STRATHMORE UNIVERSITY BUSINESS SCHOOL
MANAGEMENT RESEARCH PROPOSAL
SUPERVISION SCHEDULE**

Name of the student: NANSENJA ELIZABETH ANN Reg. No: 147859

Programme Name: BACHELOR OF COMMERCE

Session	Date	Tasks achieved	Signature	
			Student	Supervisor
1	25/06/24	<ul style="list-style-type: none"> • Research Topic and Variables Review 	<i>Ken</i>	
2	02/07/24	<ul style="list-style-type: none"> • Selection of topic 	<i>Ken</i>	
3	15/08/24	<ul style="list-style-type: none"> • Review of Chapter 2 • Theoretical review 	<i>Ken</i>	
4	29/08/24	<ul style="list-style-type: none"> • Adjustments to Variables • Empirical Review 	<i>Ken</i>	
5	06/09/24	<ul style="list-style-type: none"> • Correction of Conceptual Framework • Drafting a better Research Gap Section 	<i>Ken</i>	
6	19/09/24	<ul style="list-style-type: none"> • Approval of Chapter 2 • Chapter 1 Review 	<i>Ken</i>	
7	03/10/24	<ul style="list-style-type: none"> • Start of Chapter 3 • Adjustment of my Research Objectives and significance of research 	<i>Ken</i>	

Session	Date	Tasks achieved	Signature	
			Student	Supervisor
8	15/10/24	<ul style="list-style-type: none"> • Approval of Chapter 1. • Adjustment on research design. • Review of references 	<i>[Signature]</i>	
9	22/10/24	<ul style="list-style-type: none"> • Review of Questionnaire • Adjustments on Population and Sampling. 	<i>[Signature]</i>	
10	09/11/24	<ul style="list-style-type: none"> • Approval of all chapters • Going through all the work and Turnitin. 	<i>[Signature]</i>	
11	15/11/24	<ul style="list-style-type: none"> • Submission of my work. 	<i>[Signature]</i>	

APPENDIX III

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