

Awareness of Mobile Phone-Based Money Transfer Services in Agriculture by Smallholder Farmers in Kenya

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Abstract

Smallholder farmer access to agricultural finance has been a major constraint to agricultural commercialization in developing countries. The ICT revolution in Africa has however brought an opportunity to ease this constraint. The mobile phone-based money transfer services that started in Kenya urban centres have spread to rural areas and even other countries. Using these services farmers could receive funds to invest in agricultural financial transactions. This study examines the awareness of mobile phone-based money transfer services (MMT) among rural farmers in Kenya and examines the various uses of money transferred through such services. The study employs descriptive analysis and found a very high awareness of mobile phonebased money transfer services among the smallholder farmers and found predominant use of remitted funds for agricultural related purposes (purchase of seed, fertilizer for planting and topdressing, farm equipment/ implements, leasing of land for farming, wages for labour). The study concludes that there is need to expand the coverage of MMT services in rural areas since it resolves an idiosyncratic market failure that farmers face namely access to financial services. It discusses the implications of these findings for policy and practice.