THE EFFECT OF SOCIAL CASH TRANSFERS ON FINANCIAL INCLUSION IN KENYA: A STUDY OF KENYA SOCIAL PROTECTION INTERVENTIONS

BY

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DECLARATION

I, Shirley Odero, declare that this research project is my original work and has not been submitted to any other University for academic award.

Sign……………………… Date…………………………..

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This research project has been submitted for my approval as the University Supervisor.

Sign……………… Date………………………

DR. JOSIAH OMOLLO ADUDA

DEDICATION

I dedicate this project to my parents Alfred and Eucabeth Odero, for their unrelenting support throughout my education. Thank you Mom for inspiring me to be better and Dad for your instrumental contribution towards my very success.

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ABSTRACT

Building inclusive financial systems is a key strategy to drive economic growth especially in developing countries. Kenya has commendably increased the number of adults accessing financial services through the use of financial innovations. The use of Social Cash Transfers Programmes (SCTP) is an emerging intervention tool that addresses various needs of the poor. Studies in other counties have revealed that SCTPs must make a deliberate effort to design their interventions in a manner that promote financial inclusion of beneficiaries so as to successfully achieve this objective. Hence the purpose of this study was to establish the effects of social cash transfers (SCT) on financial inclusion in Kenya. The study was inspired by the need to promote the financial inclusion of the abject poor. The research design adopted a descriptive survey study in which data was gathered from 57 programme beneficiaries. The sampling frame included all 340,700 beneficiaries of all the 6 programmes under the Kenya National Social Protection Sector. Structured questionnaires guided by the Global Findex Survey indicators were used in the study. The data collected was analyzed by use of Microsoft Excel 2010 and Statistical Package for Social Sciences (SPSS) Version 21. Linear and Multiple regression analyses were used to determine the effect of SCTs on financial inclusion. The study found that SCTPs were characterised by low levels of formally banked beneficiaries and cashless transactions, few account transactions, low saving propensity. Few beneficiaries took credit from regulated financial institutions. However, significant increase in financial inclusion was registered amongst beneficiaries who were already included before joining the SCTPs as compared to those who were initially excluded. The study concluded that SCTP intervention per se was not a useful predictor of financial inclusion of the population. The addition of history of prior inclusion to the regression equation caused a large change in R^2 indicating that the variable provides unique information about the dependent variable that was not available from the SCTP operation as an independent variable. It was thus concluded that SCTP operations coupled with a history of formal inclusion had a positive effect on financial inclusion. The study also found that most SCTPs (except CFA and HSNP) used limited-purpose instruments for transfers in lieu of mainstream financial accounts, which in turn discouraged financial inclusion of beneficiaries, and in some cases led to loss of benefits. Further, the potential of mobile money as an avenue of financial inclusion was ignored by all SCTPs despite the fact that beneficiaries felt they were the most convenient transfer modes for the elderly and disabled. Based on the above findings, the study recommended that SCTPs should model transfers on formal banking, including mobile money banking, and integrate financial literacy as well as financial management skill courses so as to promote awareness amongst beneficiaries. This would facilitate better use of cash transfers benefits. Beneficiaries with formal banking history could be used as role models and peer educators.

LIST OF ABBREVIATIONS

ATM	**-**	Automated Teller Machine
AUSAID	**-**	Australian Agency for International Development
BRAC	-	A Bangladesh-based development organization
CCT	**-**	Conditional Cash Transfer
CFA	-	Cash for Assets
CGAP	**-**	Consultant Group to Assist the Poor
CT	-	Cash Transfer
D2P	-	Donor to Person
DFID	**-**	Department for International Development
FATF	-	Financial Action Task Force
G2P	-	Government to Person
GDP	-	Gross Domestic Product
GoK	**-**	Government of Kenya
HSNP	-	Hunger Safety Net Programme
IMF	**-**	International Monetary Fund
M-PESA/M-Shwari	-	Mobile-based money transfer service/account in Kenya
NDMA	-	National Drought Management Authority
ODI	**-**	Overseas Development Institute
OPCT	-	Older Persons Cash Transfer
OVC	-	Orphaned and Vulnerable Children
PIH	-	Permanent Income Hypothesis
PIN	**-**	Personal Identification Number
POS	**-**	Point of Sale
PWSD-CT	-	Cash Transfer for Persons With Severe Disabilities
RCT	-	Randomized controlled trials
SCTP	-	Social Cash Transfer Programmes
SIDA	**-**	Swedish International Development Authority
UCT	-	Unconditional Cash Transfer
UFSP	-	Urban Food Subsidy Programme
UNICEF	**-**	United Nations Children's Fund
WFP	**-**	World Food Programme

CHAPTER ONE: INTRODUCTION

1.1 Background of Study

The Global Findex shows that three-quarter of the world's poor do not have a bank account, not only because of poverty, but also due to costs, travel distance and paper work involved. Worldwide, approximately 2.5 billion people do not have a formal account at a financial institution, (Demirguc and Klapper, 2012). Financial inclusion, which advances universal access to appropriate and affordable financial services, is crucial to inclusive growth. Access to affordable financial services is linked to overcoming poverty, reducing income disparities, and increasing economic growth. The unbanked poor have limited or no access to financial services such as savings, loans, credit, insurance, or payments. This constrains their ability to cope with unexpected expenditures, take advantage of economic and educational opportunities, participate in business transactions, and send and receive remittances. Ravi and Tyler, (2012) cited that income factor is one of the greatest barriers to savings by the poor and by extension a key contributor to financial exclusion. No citizen should be excluded from economic opportunity, and financial inclusion is an effective instrument to bridge this gap. FinAccess 2013 Survey observed that a quarter of the adult population in Kenya is still not using any form of formal, semi-formal or informal financial services and products. In analysing financial access strand by livelihood and wealth, about 55.3% of the poorest in Kenya were financially excluded in 2013, (Financial Sector Deepening, 2013).

Chibba (2009) cites that social cash transfers are direct transfer payments of money to eligible people. While the primary purpose of cash transfers is to reduce poverty and vulnerability through provision for basic needs, evidence shows that they have proven potential to contribute directly or indirectly to a wider range of development outcomes. Bold et al, (2012) noted that in a number of countries, two separate, but potentially complementary policy agendas have emerged in the past five years: governments have sought to increase the use of electronic means for social cash transfer payments and to promote greater financial inclusion. While the two agendas have by no means converged yet, in practice they have often been translated into a single headline objective: to increase the proportion of recipients of government social cash transfers who receive payment directly into a bank account. On one hand, electronic payments were seen as likely to reduce the cost of payment for government and make delivery more convenient for recipients compared to the prevalent cash-based schemes. On the other hand, a bank account was seen as the portal into the wider world of formal financial services. Use of these services appropriately would enhance developmental benefits from social cash transfer schemes.

1.1.1 Social Cash Transfers

Cash transfers are direct, regular and predictable non-contributory cash payments that help poor and vulnerable households to raise and smooth incomes (DFID, 2011). These are usually provided by humanitarian organizations, the state and federal government. Cash transfer programmes in developing countries are constrained by three factors: financial resources, institutional capacity and political ideology. Governments in poorer countries tend to have restricted financial resources, and are therefore limited in the amount they can invest both directly in cash transfers and in measures to ensure that such programmes are effective. The amount invested is influenced by ‘value for money’ considerations, as well as by political and ideological concerns regarding ‘free hand-outs’ and ‘creating dependency’. (Hanlon et al, 2010)

The term encompasses a range of instruments (e.g. social pensions, child grants or public works programmes) and a spectrum of design, implementation and financing options. DFID, (2011) recognizes that a ‘quiet revolution’ has seen governments in the developing world invest in increasingly large-scale cash transfer programmes. This rapid spread has been driven by a range of forces. Firstly, there is growing recognition that while global economic integration brings poor households opportunities, it also brings increased exposure to stresses (e.g. volatile food and fuel prices) and shocks which can push many into poverty, in this context, transfers are seen to play a role in reducing transitory poverty. Secondly, there is growing evidence that transfers can help people escape chronic, often inter-generational poverty; in part by leveraging gains in non-income, human development outcomes, accelerating progress towards Millennium Development Goal (MDG) targets. Finally, there is recognition that in situations of chronic food insecurity, institutionalized transfer programmes are more efficient and effective than repeated annual emergency food aid.

DFID, (2011) observes a growing evidence base regarding design and implementation choices that can maximize the impact of cash transfers in different contexts. These include: (i) Conditional Cash Transfer (CCT) whereby transfers are issued based on the beneficiaries fulfilling pre-set conditions. There is clear evidence that CCT schemes have had significant impact like creating employment and promoting food security at local community level; and (ii) Unconditional Cash Transfer (UCT) whereby no conditions are contingent to receiving cash transfers. This is usually applicable to beneficiaries in chronic need of basic items.

1.1.2 Financial Inclusion

Financial inclusion can be defined as ensuring access to appropriate financial products and services at an affordable cost in a fair and transparent manner (FATF, 2013). In general terms, financial inclusion involves providing access to an adequate range of safe, convenient and affordable financial services to disadvantaged and other vulnerable groups, including low income, rural and undocumented persons, who have been underserved or excluded from the formal financial sector. Financial inclusion also involves making a broader range of financial products and services available to individuals who currently only have access to basic financial products.

The Bankable Frontier Associates (2010) highlighted four key components of Financial Inclusion as below:
Access component is concerned primarily with the ability to use available financial services and products from formal institutions. It focuses on the ownership and use of an account at a formal financial institution these include electronic money accounts for mobile transactions. For most people a formal account serves as an entry point into the formal financial sector as it facilitates the transfer of wages, remittances, and government payments. It can also encourage formal saving and open access to credit, (Demirguc and Klapper, 2013; GPFI, 2012).

Usage deals with more than basic adoption of banking services. It focuses on the permanence and depth of financial service / product use. It details the regularity, frequency and duration of use over time. Usage also involves measuring what combination of financial products is used by any one person or household such as: insurance, cashless transactions, mobile transactions, deposits, remittances, uptake of credit facilities (GPFI, 2012).

Quality is a measure of the relevance of the financial service or product to the lifestyle needs of the consumer, quality encompasses the experience of the consumer, demonstrated in attitudes and opinions towards those products that are currently available to them. It is seen in the nature and depth of the relationship between the financial service provider and the consumer as well as the choices available and their levels of understanding of those choices and their implications. The basic aspects of quality may include: affordability, transparency, convenience, fair treatment, protection, indebtedness, financial education and choice, (Global Policy Forum, 2013).

*Welfare***:** The Bankable Frontier Associates (2010) observes that the most difficult outcome to measure is the impact that a financial device or service has had on the lives of consumers, including changes in consumption, business activity and wellness.

1.1.3 Social Cash Transfers and Financial Inclusion

Electronic payments are heralded as having great potential for advancing the effectiveness of social cash transfers through increased efficiency, greater transparency, reduced leakage, and faster payments to recipients than antiquated cash-based options. Perhaps most significantly, electronic social transfers to the poor offer a gateway to financial inclusion for the poor. Indeed, as cash transfer social protection (Government-to-Person) and aid (Donor-to-Person) programs proliferate globally, digitizing those transfers may offer the missing link to the bottom billion, the world's poorest, most vulnerable, and most financially excluded populations.

In Kenya, recent financial innovations like 'Mobile Banking' and 'Branchless Banking' have had a positive response in addressing various quality aspects, at a reduced cost. This is likely to encourage uptake of other financial services beyond the basic access offered by social cash transfer programmes.

However, while theory and some evidence strongly suggest that electronic payments are a high leverage tool to reach the poor with financial services, new research recently released by CGAP on programs in Haiti, Kenya, the Philippines, and Uganda revealed that; experiences of beneficiaries in low-infrastructure and low-income settings reveals that electronic payments can also pose a series of risks to recipients that may affect their attitude towards uptake of financial services (Zimmerman et al., 2014). These risks include: loss due to agent or staff misconduct; lack of transparency and disclosure of terms and fees; lack of adequate or effective avenues for recourse and redress, as well as data privacy and protection challenges.

1.1.4 Social Cash Transfers and Financial Inclusion in Kenya

The FinAccess 2013 survey results reveal that Kenya's financial inclusion landscape has undergone considerable change. The proportion of the adult population using various forms of formal financial services has risen to 66.7% in 2013 from 41.3% in 2009 while the proportion of the adult population totally excluded from financial services has declined to 25.4% in 2013 from 31.4% in 2009, (Financial Sector Deepening, 2013). This rate of expansion in the reach of the financial sector is quite an achievement and places Kenya well ahead of its peers on the continent. However, about 55.3% of the poorest population in Kenya is still financially excluded; the government's effort to attain total inclusion can be explored through existing targeted mechanisms like social cash transfers.

The Kenya Social Protection Sector Review (2012) indicates that Cash Transfer (CT) programmes in Kenya are implemented jointly by the Government of Kenya and a number of development partners. The key development partners involved in the funding of CT programmes include UNICEF, DFID and the World Bank while implementing agencies included World Food Programme, Oxfam, Concern and relevant Government Agencies like National Drought Management Authority (NDMA). Financial service providers for the programmes are mainly Postal Corporation of Kenya and Equity Bank. The Republic of Kenya (2012) documented six major cash transfer programmes in Kenya as:

The *Orphaned and Vulnerable Children Cash Transfer (CT-OVC),* which was launched in 2004 to meet the needs of the country's increasing number of children made vulnerable by poverty and HIV/AIDS. The programme seeks to provide a social protection system through regular cash transfers to families living with OVCs in order to encourage fostering and retention of such children within their families and communities as well as to promote their human capital development.

The *Hunger Safety Net Programme (HSNP)* is now in its second phase which commenced in 2012 and will run till 2017. The first phase ran from 2007 to 2011. The objective it to reduce dependency on emergency food aid, in Arid and Semi-Arid Lands by sustainably strengthening livelihoods through cash transfers. Currently the programme covers households in Wajir, Mandera, Marsabit and Turkana counties.

The *Older Persons Cash Transfer (OPCT),* which was started in 2007. It started as a pilot in 3 districts, in Thika and Nyando and later in Busia, under the Rapid Response Initiative (RRI)-2007. It is funded by the Government of Kenya with an aim to provide regular and predictable cash transfer to poor and vulnerable older persons (65 years and above) in identified deserving households.

The *Cash Transfer for Persons With Severe Disabilities (PWSD-CT),* this was launched in June 2011. It targets adults and children with severe disabilities and who require full time support of a caregiver. The programme seeks to enhance the capacities of care givers through cash transfers and as such, improve the livelihoods of persons with severe disabilities and reduce negative impact of disability on households.

The *Urban Food Subsidy Programme (UFSP)* was launched in Mombasa in March 2012 as a pilot programme. At the moment, the programme covers- Mvita, Likoni, Changamwe and Kisauni. The government plans to expand the project to cover more poor and vulnerable urban and rural households in Kisumu and Nairobi. The objective is to help the poor urban households meet their basic food needs.

Cash for Assets (CFA) is a joint World Food Programme (WFP)/Government of Kenya conditional cash transfer scheme started in 2010, reaching food insecure households in seven arid and semi-arid (ASALs) counties in eastern and coastal Kenya. The thematic areas include: Tharaka, Kwale, Malindi, Mwingi, Taita Taveta, Kilifi and Kitui. Unlike the other five projects that adopt Government to Person payment, the CFA project adopts Donor to Person payment approach (Zimmerman & Bohling, 2013)

1.2 Research Problem

The spread and penetration of financial services in a modern economy means that people who cannot access such services find themselves facing major difficulties in accessing financial products like savings accounts, credit services, insurance and remittance services securely and conveniently. Access to financial services by especially the poor can help smooth consumption and effectively meet the other needs categorized by Rutherford, (2000) into life-cycle events, emergency needs, and investment opportunities. Cost is a major barrier to financial access. Factors such as minimum deposits requirements, fees and other charges may mean that holding a bank account is too expensive for many. The cost of reaching a financial institution is also important since distance implies transport costs or at least travel time and inconvenience. In addition, non-financial costs that people may incur in accessing banks such as the difficulties of understanding and completing forms for those who are not literate; lack of proper documentation or the social barriers of status experienced in dealing with bank staff (Finaccess, 2011). Against the back drop of these perceived costs, income constraint also curtails the ability of the poor to save and borrow in the formal financial sector (Ravi & Tyler, 2012).

Social cash transfers could positively influence uptake of financial services by the poor in a number of ways. First by ensuring regular and reliable income to the beneficiaries, they partly address income related barriers especially if the programme is long term. Secondly, the payment approach adopted could link beneficiaries to formal financial services, considerably reduce costs and promote the use of these services. Thirdly the social cash transfer programmes may address attitude barriers and enhance better understanding of financial products by beneficiaries through financial literacy efforts. Finally, the bulk volume of transactions carried out by the social cash transfer programmes could persuade financial service providers to build more affordable inclusive services for beneficiaries. There has been growing recognition that financial inclusion and social inclusion are part of the same effort. Financial inclusion is seen to help beneficiaries graduate from poverty, be more resilient and be better prepared for financial shocks. The success of achieving financial inclusion for beneficiaries of social transfers is dependent on the design and implementation options of cash transfer programs; for instance the adoption of electronic payments, strengthening financial infrastructure like branchless banking and promoting financial literacy. (Bold et al., 2012; Hulme et al., 2009; Jones & Shahrokh, 2013)

Global studies have revealed that in well-established cash transfer programmes, deliberate efforts are made to promote financial inclusion of beneficiaries. The studies have a resounding agreement that cash transfer programs that use electronic payments through mainstream payment instruments and infrastructure creates access to the formal financial system for beneficiaries. (Hashemi & de Montesquiou, 2011; Bold et al., 2012; Pulver, 2012). Bold et al., (2012) however notes that, the existence of an account does not necessarily guarantee that beneficiaries will use the account for saving or purposes beyond withdrawing the full amount of social transfer at once. One of the reasons beneficiaries gave was the fear that they may be disqualified from the programme since ability to save contradicts the need for the transfer opting to use other saving instruments invisible to the social agencies. He further observes that beneficiaries value the convenience of electronic payments but were not aware of features that represented opportunity to them within the financial system. This was attributed to lack of clear, consistent communication efforts from the social cash transfer programs.

A study by Kabubo and Kiriti (2013) revealed that most beneficiaries of social protection thrived on informal financing as a result of social cash transfers in Kenya. In response to the GiveDirectly 2011-2012 project in Western Kenya whereby beneficiaries were issued with one-time lump sum transfers, Goldstein (2013) expressed the view that poverty levels of beneficiaries may not improve significantly due to under developed financial systems that make it hard for them to access small business loans from banks for business expansion. Another study using RCT method in Western Province of Kenya by Dupas, et al. (2012) revealed that simply expanding banking services is not likely to achieve effective financial inclusion of the poor unless quality can be ensured, fees can be made affordable, trust issues are addressed and awareness created on the variety of available financial options.

In Kenya, explicit studies on the relationship between social cash transfers and financial inclusion have not been done. Bold et al., (2012) stated that the situation of low-income countries was a limiting factor to draw general conclusions from their studies, since these countries often have less financial infrastructure, smaller populations, and a weaker enabling environment. In comparison to many low income countries, the Kenyan financial infrastructure is growing rapidly as well as the use of social cash transfer interventions. Given the unique financial infrastructure that encompasses mobile banking and branchless banking, Kenya is a rich field to study the effect of social cash transfer programmes on financial inclusion. The question is, do social cash transfers have an effect on financial inclusion in Kenya?

1.3 Research Objective

This study aims to establish the effects of social cash transfers on financial inclusion in Kenya.

1.4 Value of study

The IMF survey (2013), showed that Kenya's policy of financial inclusion and making financial services more accessible to the general population would help the East African country solve its poverty problems. This study will inform the Government and funding partners on the benefit of building inclusive financial services into social programs as a public good that will achieve multiple socio-economic goals, consequently enhancing the country's economic growth and development. Financial service providers may understand how best to apply financial innovations to profitably provide customized financial services to low income households. As part of corporate social responsibility they may consider cross selling other services like insurance affordably to the poor. Finally the study seeks to raise awareness to the beneficiaries and general public on the strategic use of meagre resources to improve their living standards. This is by giving key information on the opportunities presented by the Kenyan financial system and how individuals can make it work to their advantage. This is expected to boost financial literacy and positive attitudes towards use of available financial products, subsequently increasing further uptake and use of financial services by the poor.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The theoretical case for transfers is straightforward. Although poverty is multi-dimensional, low and variable income is central to the problem, however modest but regular income from cash transfers helps households to smooth consumption and sustain spending on food, schooling and healthcare in lean periods without the need to sell assets or take on debt. Over time, transfer income can help households to build human capital (by investing in their children's nutrition, health and education), save up to buy productive assets, and obtain access to credit on better terms. In this study, we focus on how cash transfers can promote access to and use financial services which contribute to protect living standards (alleviating destitution) and promote wealth creation (supporting transition to more sustainable livelihoods).

2.2 Theoretical Background

2.2.1 Theory of Permanent Income

The simplest form of the Permanent Income Hypothesis (PIH) asserts that households base their consumption decisions on their permanent rather than current income, where permanent income is the expected annuity obtainable from the discounted value of lifetime resources (Friedman, 1957). The PIH has many powerful implications, one of which is that the elasticity of consumption with respect to current income should vary systematically with the degree of permanence in the changes to households' income. Permanent income hypothesis assumes that savings patterns develop proportionally to changes in expected permanent (not transient) income. Hulme et al., 2009 argue that savings contribute to the reduction of vulnerability among the poor through its "protective" and "promotive" function: savings can become an important mechanism for risk management, as well as for the accumulation of financial and capital assets. (Hulme et al., 2009)

2.2.2 Theory of Growth by Cash Transfers

Barrientos (2012) examined the micro level impacts of CTs on growth. His theory is that transfers improve human capital and productive capacity, which leads to economic growth. His paper introduces a basic framework which suggests that transfers influence growth by lifting restrictions on household productive capacity. It suggests that cash transfers mediate growth by facilitating access to credit, providing more certainty and security in consumption, and helping overcome cost restrictions, which can influence household decision-making. CTs are expected to have positive impacts on human capital, physical and financial asset accumulation, and the local economy; and positive or negative effects on labour supply (Browne, 2013). The conclusion is that CTs do have effects on the productive capacities of households in poverty, and that they do influence micro-level growth through these proposed channels.

2.2.3 Finance – Economic Growth Theories

Finance – Economic Growth Theories perceive the lack of access to finance is a critical factor responsible for persistent income inequality as well as slower growth. Therefore, access to safe, easy and affordable source of finance is recognized as a pre-condition for accelerating growth by reducing income disparities and poverty. It eventually creates equal opportunities, enables economically and socially excluded people to integrate better into the economy and actively contribute to development as well as to protect themselves against economic shocks (Serrao et al., 2012). Furthermore, modern development theory says that the evolution of financial development, growth, and intergenerational income dynamics are closely intertwined. Finance influences not only the efficiency of resource allocation throughout the economy but also the comparative economic opportunities of individuals – the relatively rich vis-à-vis the relatively poor households

2.2.4 Social Inclusion and Social Justice Theories

Jones and Shahrokh, (2013) through ODI draws together analysis on social protection pathways beyond vulnerability and risk reduction, towards using social protection to promote broad social inclusion and social justice. The paper developed a theory of change for social justice-oriented social protection programming, focusing on Cash Transfers. The framework traces the macro-micro sources of risk and vulnerability.

Devereux and Sabates-Wheeler's (2004) emphasis on 'transformative' social protection and programming is critical, highlighting the need to go beyond protective, preventive and promotive interventions and include measures aimed at transforming broader structural discriminatory influences. Such transformation may be promoted through the design of core social protection programmes (example, cash transfer programmes where beneficiaries receive help to obtain identity cards essential for accessing banking services, as in WFP's Cash For Asset Program in Kenya). In order to achieve social justice outcomes, social protection must engage with structural influences, including fiscal space, the labour market structure, the care economy, social institutions, and international laws and norms. All these influences can constrain and/or enable transformative outcomes, and it is essential that programming considers how best to link into these factors.

2.3 Review of Empirical Studies

In their study of Brazil, Colombia, Mexico and South Africa, Bold et al, (2012) bases the influence of social cash transfers on financial inclusions in three broad views encompassing: (i) the government's design and implementation of cash transfers such as long-term transfer interventions, adopting payment approaches that link to financial services and promote use of these services; (ii) uptake of financial services by the poor based on consistent income, financial literacy and attitudes; and (iii) the ability of financial institutions to provide financially inclusive services to beneficiaries on a profitable basis. Evidence from the four countries with well-established social cash transfer programmes revealed a contradictory attitude on the uptake and benefits of financial inclusion, the social cash transfer agencies generally agreed that electronic payments are safer than cash, affordable, and eventually have a sense to inevitably move recipients toward financial inclusion. Recipients of social cash transfers appreciate the convenience of electronic payments, however, on gauging the level of use of financial services such as saving, they found that many factors are at work, including: recipients are hesitant to utilise new financially inclusive accounts; there is lack of awareness of account features and a fear of being disqualified from social transfer programmes for being able to save. They opined that as recipients become familiar with their options, they would start to explore and use additional financial products.

The study presented in 'Portfolios of the Poor' recognises that money management is, for the poor, a fundamental and well-understood part of everyday life. It is a key factor in determining the level of success that poor households enjoy in improving their own lives. It demonstrated that poor households in Bangladesh, India, and South Africa use on average eight different kinds of savings, insurance, payment, and credit instruments throughout the year (Collins, et al., 2009). They observed that if poor households enjoyed assured access to a handful of better financial tools as opposed to informal instruments, their chances of improving their lives would surely be much higher. The CGAP and DFID paper "Banking the Poor via G2P Payments" (Pickens, et al 2009) identified that one of most powerful tool used by the government's in financial inclusion is to drive transaction volume through government-to-person (G2P) electronic payments, including social cash transfers.

In India, Burgess and Pande (2005) argued that financial inclusion led to reduction in poverty. They provided evidence that financial inclusion by opening branches of commercial banks through state-led policies was associated with poverty reduction in rural unbanked locations of India. This study despite being insightful did not look at the usage of the products or services but merely the presence of bank branches which studies have shown does not give a complete picture of financial inclusion. The study does not depict the channel through which increased bank presence reduced poverty. Another study using Randomized Controlled Trials (RCT) method in Western Province of Kenya by Dupas et al., (2012) revealed that simply expanding banking services is not likely to massively increase formal banking use among the majority of the poor unless quality can be ensured, fees can be made affordable, and trust issues are addressed.

According to Demirguc and Klapper (2012), there are many reasons why individuals or groups may not take full advantage of mainstream financial service providers. Globally the most frequently cited reason for not having an account is the lack of enough money to use one. The next most commonly quoted reasons are that banks or accounts are too expensive and that another family member already has access to an account (a response identifying indirect users). The other reasons reported include banks being too far away, lack of proper documentation, lack of trust in banks, and religious reasons. Aduda and Kalunda (2012) observed that lack of access to finance can be the critical mechanism for generating persistent income inequality or poverty traps, as well as lower economic growth hence financial inclusion attempts to reduce market frictions caused by information asymmetry.

Theoretical and empirical literature confirms that households in poverty face binding credit constraints. They have difficulties in providing collateral to secure loans from financial institutions, especially as the urgency of their consumption needs makes them more likely to default (Banerjee, 2005). In Bolivia, a social pension Bono Dignidad is paid once a year to persons aged 60 and over. At US$246, it is a significant injection of liquidity for rural farmers who have land but lack sufficient cash or credit to purchase seeds and other agricultural inputs. Barrientos (2012) reviewed the Latin study of Martinez which estimated that among pension beneficiaries in rural areas, overall consumption rises by twice the amount of the benefit, suggesting that improved household production was facilitated by the transfer. Social transfers can also help lift credit constraints for poorest households as a component of a package of interventions including micro-credit. Direct evidence of improved access to credit is available for BRAC's 'Challenging the Frontiers of Poverty Reduction—Targeting the Ultra Poor program in Bangladesh' (Munshi, 2009). This program provides a mix of transfers in kind and cash to households in extreme poverty in preparation for more standard micro-credit programs after 18 months. A sample of selected beneficiary households was compared with a sample of eligible but non-selected households, the latter slightly better off, in 2002 at the start of the program and in 2005 (Ahmed, et al. & Das, 2009; Rabbani, et al. 2006). Beneficiary households showed significant improvements over time in the incidence and size of loans they held, in part explained by their access to the micro-credit component of the program. The studies also show a shift in the motivation for credit among selected households. In 2002, credit was primarily a means of smoothing out consumption, but in 2005 the dominant motivation was investment in productive assets. There is still however limited research in order to be able to determine if increases in savings are a direct consequence of the transfer or what other elements may be behind the decisions to save (Winder, 2010). Studies have also shown non income effects of social transfers relating to access to credit. Barrientos (2012) quoted Latin studies by (Schwarzer, 2000; Delgado & Cardoso, 2000) which revealed that in Brazil, Preˆvidencia Rural, a social pension, was introduced in 1991 to cover informal workers and their households. The regularity of the pension benefit enables pension beneficiaries to access loans from banks, by showing the magnetic card which is used by them to collect their pensions. A detailed study of the program observed a high incidence of investment in productive capital among beneficiaries.

Randomized controlled trials (RCT) conducted in Kenya found that there is a highly positive relationship between saving account and poverty reduction (Dupas & Robinson, 2013). Other studies have revealed that micro savings and insurance mechanisms are increasingly being considered as innovative poverty alleviation and social inclusion strategies. For instance, as discussed by Barrientos and Scott (2008), there is evidence to suggest that some Cash Transfer beneficiary households have been able to save (and invest) certain amounts of their income. Although direct causality cannot be determined, households seem to be able to increase their investment and savings capacity, to the extent to which transfers reduce barriers to credit. Moreover, the integration of financial instruments and services into some CCTs' transactions (e.g: use of bank accounts or automated teller machines cards to collect transfers), may become entry access points to formal savings or micro insurance schemes. Contrary to the expectations of inclusive programs, Maldonaldo and Tejerina (2010) and Collins, et al. (2009) observed that social transfer beneficiaries do not save in the bank accounts opened to receive transfers, even when the account features or program rules allow them to do so. Almost all recipients reported nearly always withdrawing the whole grant amount at once. The savings were instead held in other, usually informal instruments, ranging from hiding money in the house to participating in informal savings groups. In 2010, two specific studies were carried out for Colombia and Ecuador, to evaluate use of savings and other financial services in each program. The Centre for Economic Development Studies (CEDE) evaluated the integration of a Financial Integration Plan as part of Plan Familias, Colombia's CCT Program. The Plan had the objective of integrating all beneficiary families effectively into the formal financial system. The evaluation showed however a very low coverage of formal financial services: less than 3% use of savings accounts and no real change in access to formal credit services (Winder, 2010). In Ecuador, Habitus evaluated the impact of the Solidarity Productive Credit scheme (CPS), which is aimed at improving the standard of living of the beneficiaries of the Bono de Desarrollo Humano, Ecuador's CCT program, through financial training and access to financial services. Similarly to the case of Colombia, results showed a very low level of financial inclusion, where only 7.5% of the beneficiaries in the sample reported having savings account. Funds were used mostly to finance micro-entrepreneurial activities or education or as buffers to counteract changes in income or loss of capital. Furthermore, the study also showed that among those with a savings account, 64% received no interest and in cases where they did, 22% were not aware of the exact interest rate amount (Winder, 2010).

Several studies have observed improvements in asset holdings among beneficiaries of social transfer programs. Ethiopia's Productive Safety Net Programme addresses persistent food insecurity through a public works component, which helps prevent asset depletion and build community assets. Participants in the public works component can also access productivity-enhancing interventions and asset transfers. A study comparing outcomes between this group and a control group 18 months after a baseline survey observed improved food security (0.36 months), increased borrowing for productive purposes (12 percentage points), and increased use of fertilizers (10.7 percentage points) (Gilligan et al.,2008). Kabubo and Kiriti (2013) investigated the effect of cash transfers on enterprise development and asset accumulation by vulnerable households and women in Kenya. They found that cash transfers have important implications for household welfare in that they help to raise the standards of living and provide resources for the poor and vulnerable households to cater for basic needs (food, health, and education); and facilitate asset accumulation and enterprise development. They noted that most beneficiaries thrived on informal financing as a result social protection from the cash transfers. Haushofer and Shapiro (2013) conducted a randomized controlled trial (RCT) of the unconditional cash transfer program implemented by the NGO GiveDirectly in Western Kenya between 2011 and 2012, in which poor rural households received unconditional cash transfers through the mobile money system M-Pesa. They found that cash transfers notably increased the level of investments in long term assets, some of which were used for income generating activities. However, in response to the project's lump sum cash transfer Goldstein (2013) expressed the view that poverty levels of beneficiaries may not improve significantly due to under developed financial systems that make it hard for them to access small business loans from banks for business expansion.

Designs of transfer programmes play a critical role in promoting financial inclusion and asset accumulation. CGAP and the Ford Foundation have been exploring how adaptations of BRAC's Targeting the Ultra-Poor program to a "graduation model" can create pathways out of extreme poverty for people living in diverse geographies. The model is a comprehensive and intense approach to moving people out of extreme poverty in a sustainable and time-bound manner. It is structured around the careful sequencing of five core "building blocks": targeting, consumption support, savings, skills training and regular coaching, asset transfer. The term "graduation" refers to participants moving out of safety net programs and "graduating" into income-earning activities that let them sustains themselves without external subsidies. In the pilot programme where this model was applied, the asset base of the poor grew significantly although savings were not as much. Responses indicated that savings were converted into assets with time. (Hashemi & de Montesquiou, 2011).

Sarma and Pias (2011) using the index of financial inclusion focused on identifying the factors that were significantly associated with financial inclusion in cross country level. The study found that levels of human development and financial inclusion in a country move closely with each other, although a few exceptions exist. The findings of their study strengthen the assertion that financial exclusion is indeed a reflection of social exclusion, as countries having low GDP per capita, relatively higher levels of income inequality, low levels of literacy, low urbanisation and poor connectivity seem to be less financially inclusive. Recipients of the Kalomo social cash transfer in Zambia found that other community members were more willing to loan them money, for instance, suggesting a revaluation of their social position within the community (Wietler, 2007).

The key to increased uptake of financial services is financial innovations. Recent financial innovations like 'Mobile Banking' and 'Branchless Banking' have addressed various quality aspects, this has increased the level of using financial services availed to clients. Mobile money—sometimes considered a form of branchless banking—has allowed people who are otherwise excluded from the formal financial system to perform financial transactions in a relatively cheap, secure, and reliable manner (Jack & Suri, 2011). Many mobile money accounts—such as those provided by M-PESA in Kenya or GCash in the Philippines—are not connected to an account at a financial institution, but the providers are often required to store the aggregate sums of the accounts in a bank. In recent years the proliferation of branchless banking has also received growing attention as a way to increase financial access in developing countries, particularly among underserved groups (Mas & Kumar, 2008). One mode of branchless banking centres on expansion of point of service delivery through bank agents, who often operate out of retail stores, gas stations, or post offices. By capitalizing on existing infrastructure and client relationships, operators have expanded financial access in a more cost-efficient manner.

2.4 Conclusion

While providing important insights, the evidence reviewed is not systematic across all social transfers. Regular and reliable social transfers can improve household consumption and asset security, firstly through supplementing household income, and, therefore, ameliorating the impact of consumption shocks; and secondly through promoting financial inclusion hence protecting consumption, assets, and investment. Perhaps other considerations should include promotion of financial literacy and financial innovations to come up with product mix that is useful and made accessible to the poor. As part of social responsibility and public good, financial service providers, the government and donors should consider packaging services like insurance, pension plans, savings and credit into affordable complementary product mixes that can be accessed by the poor.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter focused on the research design, target population, sampling design as well as data collection and analysis applied during the study.

3.2 Research Design

The purpose of the study was to determine the effect of social cash transfers on financial inclusion using a descriptive survey method. Gay (1992) supports the use of surveys to determine the current status of a population with respect to one or more variables. The collected data compared various parameters of the programmes with respect to financial inclusion of beneficiaries since the inception of the various social cash transfer programmes. The study adopted a quantitative method guided by questions from the Global Findex indicators that measure the use of financial services, which is distinct from but inclusive of access to financial services (Demirguc and Klapper, 2012). The key advantage of this research design is the ability to collect large amounts of data from a sizable population in a highly economical way.

3.3 Target population

This study was restricted to the demand side of financial inclusion that focuses on beneficiaries of social cash transfers only. The population of this study consisted of the 6 key cash transfer programmes under the Kenya Social Protection Programme which are well established, documented and have significant spending levels. The programmes are already divided into identifiable strata given their varied mandates. According to The Government of Kenya, 2014 May, the population was made up of 370,400 households broken down as follows: Orphaned and Vulnerable Children Cash Transfer (155,000), Hunger Safety Net Programme (69,000), Older Persons Cash Transfer (59,000), Cash Transfer for Persons With Severe Disabilities (14,700), Urban Food Subsidy Programme (10,200) and Cash for Assets (62,500).

3.4 Sample design

Due to resource and time constraints, the researcher did not carry a total census of the population but selected a sample to provide a systematic means of data collection and analysis. In this research study, the researcher used a multi-staged sampling technique that mixes non-probability and probability sampling methods. First a probability method using a stratified sampling approach based on the six types of cash transfer programmes under the social protection. Subsequently, convenience sampling was done by selecting the population elements with considerable level of literacy and accessibility. This is due to language barriers and the dispersed geographical location of the various cash transfer programmes. Care givers who receive money on their behalf of beneficiaries below 18 years old, as in the case of orphaned and vulnerable children, were targeted for the survey instead of the actual beneficiaries.

Gay (1992) suggested that for correlation research, 30 cases or more is required. Using Slovin's formula a suitable sample size of 60 households was arrived at, applying a confidence level of 87% (error margin of 0.13) on the population of 340,700, the sample size in the study is calculated using the formula as follows:

$n = N / (1 + Ne^2)$, where n = sample size, N = Total population and e = Error tolerance; or

$370{,}400 / (1 + (370{,}400 * .13^2)) = 60$ beneficiary households.

3.5 Data Collection Methods and Techniques

The study basically made use of primary data through self-administered questionnaires distributed to the targeted participants for purposes of data collection. Collected questionnaires were audited for completeness and consistency. The questionnaires contained a set of both open and closed-ended questions; in order to collect both qualitative and quantitative data. The questionnaires targeted the social cash transfer beneficiaries and care givers of beneficiaries below 18 years of age. Research Assistants were engaged in a cognitive debriefing session before actual data collection was undertaken to ensure proper articulation of the questions.

An introduction letter attached as appendix (1) requested consent for the data collection and the tool used is the questionnaire attached as appendix (2) to the proposal. The introduction letter sought consent to carry out the research by explaining the purpose of the study to the government ministries and implementing agents who facilitated access to the beneficiaries.

3.6 Data analysis

Data collected was coded and quantitative data analysed using IBM SPSS Version 21, Ms-Excel and Ms-Word. Quantitative analyses included use of: descriptive analysis; linear and multiple regressions; one way ANOVA; ANOVA with repeated measures and multiple response analysis. Correlation analysis, using Pearson correlation coefficient, was used to identify the relationship between social cash transfers in Kenya and the level of financial inclusion of the cash transfer beneficiaries in Kenya.

3.7 Data Validity and Reliability

To reduce biases, selected questions were guided by the Global Findex Survey recommended by the World Bank for standard and comparable financial inclusion indicators.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the findings of the study, analysis of the findings, interpretations and conclusions drawn from the findings as well as recommendations on policy changes and for further study. The purpose of the study was to assess the effect of social cash transfers on financial inclusion in Kenya. Data was collected from a random sample of fifty seven (57) respondents benefitting from various Social Cash Transfer programmes and the research realized 95% response rate.

4.1.1 General Assumptions, Data Screening and Verification of Assumptions

Given the large sample size, the analyst assumed that the total population from which the sample was drawn was characteristically distributed normally and was homogeneous in its variability. The analyst also assumed that the data being measured was minimally at the interval level. Although initially the researcher intended to analyse the data using regression, due to the nature of the available data, the analysis approach was predominantly done by descriptive, multiple responses, one-way ANOVA and ANOVA with repeated measures.

4.2 Data Analysis

Descriptive survey was undertaken through the use of structured questionnaire guided by The Global Findex Survey recommended by the World Bank (Demirguc & Kalpper, 2012) which is concerned with assessing the access to and use of financial services.

The researcher sought to determine from the respondents their level of agreement with several statements about beneficiaries' financial access, usage, quality of financial services and various aspects of welfare accrued by these services.

4.2.1 Analysis of biographical data of respondents

The biographical data was analyzed in this section by means of descriptive statistics, utilizing charts in order to understand the sample under consideration. Figure 1illustrates the gender of the respondents indicating that 42% (24) of them were male and 58% (33) were female.

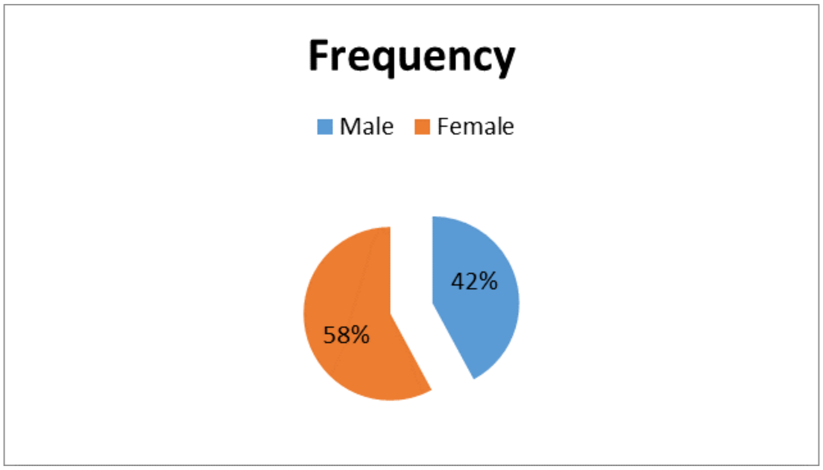

Figure 1: Gender Analysis Data

The age groups of the respondents were illustrated in Figure 2 and indicated that there were 14% (8) respondents in the 18 to 35 years age bracket; 31.6% (18) in the 36 to 50 years bracket; 26.3% (15) in the 51 to 65 years age bracket and 28.1% in the over 65 years age bracket. The older age groups (beyond 35) dominated the programmes.

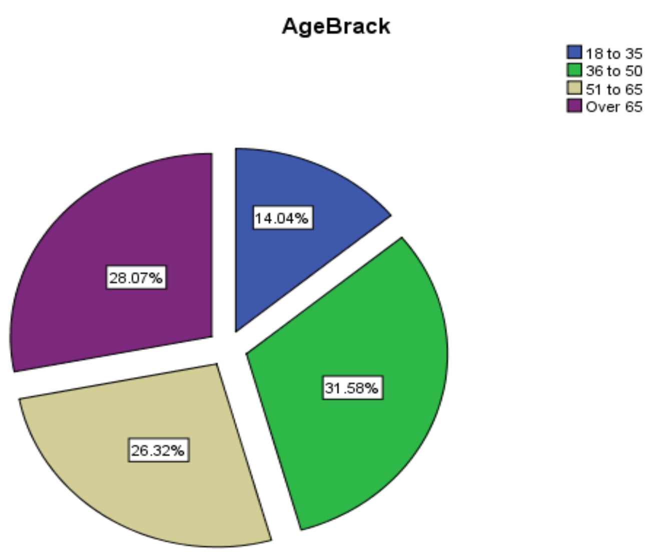

Figure 2: Age Bracket Analysis

4.2.2 Analysis of respondents access to Social Cash Transfer Programmes

Figure 3 depicts frequencies of respondents from each social transfer programme.

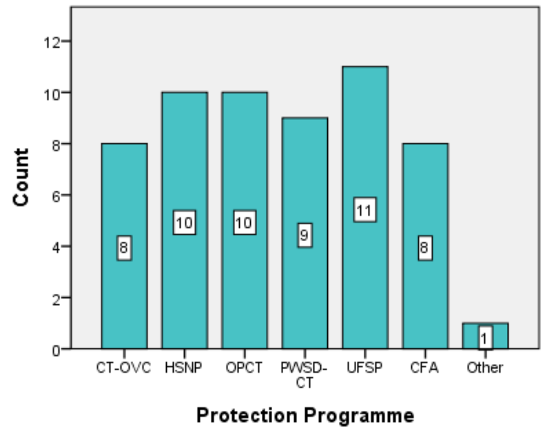

Figure 3: Social Protection Programme

They were as follows: CT-OVC (8), HSNP (10), OPCT (10), PWSD-CT (9), UFSP (11), CFA (8) and 1 respondent from Uwezo Fund that is not under the Kenya Social Protection Sector.

In terms of the number of years the respective beneficiaries had benefited from their social cash transfer programmes, Figure 4 indicates that there was 1 (2%) respondent who had benefited for more than 10 years. There were 39 (68%) respondents with 1 to under 4 years of benefit, 8 (14%) respondents with 4 to under 7 years of benefit, 3 (5%) respondents with 7 to under 10 years of benefit and the majority of respondents 32.2% (28) had more than 8 years of benefit. The high percentage of those who had stayed long in the programmes implied that they were a consistent source of income.

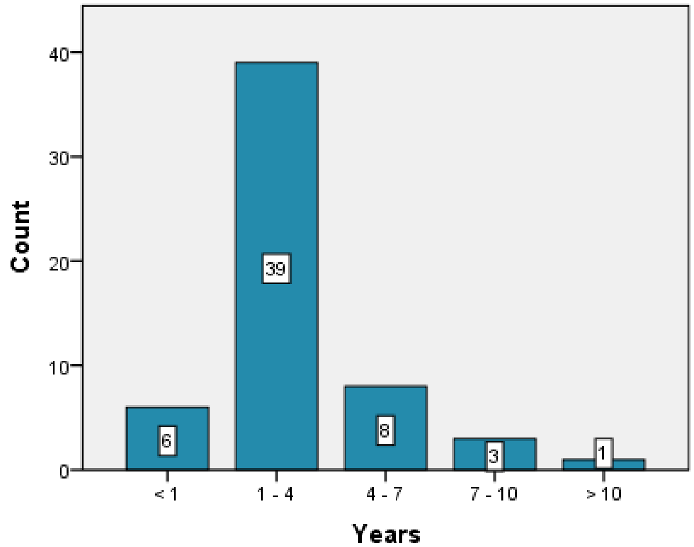

Figure 4: Beneficiaries' Duration in the Social Cash Transfer Programmes

Table 1further highlights that the female gender dominated all the age cohorts except in the case of those who had been in the programmes for under one year.

Table 1: Duration in SCTS by Gender

Gender	Length					Total
	Under 1 Year	1 to under 4 Years	4 to 7 under Years	7 to 10 Years	Over 10 Years	
Male	5	16	3	0	0	24
Female	1	23	5	3	1	33
Total	6	39	8	3	1	57

Source: Field Data

Table 2 shows that CT-OVC had beneficiaries with the longest duration of stay. However, it lacked respondents with less than 4 years duration, implying it was not recruiting new beneficiaries.

Table 2: Duration of Stay in SCTS by Programme

Programme	Length					Total
	Under 1 Year	1 to under 4 Years	4 to 7 under Years	7 to 10 Years	Over 10 Years	
CT-OVC	0	0	4	3	1	8
HSNP	0	8	2	0	0	10
OPCT	3	7	0	0	0	10
PWSD-CT	0	8	1	0	0	9
UFSP	0	10	1	0	0	11
CFA	2	6	0	0	0	8
Other	1	0	0	0	0	1
Total	6	39	8	3	1	57

Source: Field Data

4.3 Extent to Which SCTs Facilitate Improved Welfare

The respondents were asked to rate their satisfaction with the Social Cash Transfer Programme (SCTP) they benefit from on a number of issues touching their welfare and to answer the issues below on a Likert scale of 1 (for strongly disagree) to 5 (for strongly agree), based on their experience with the SCTP.

The issues were: i) that the SCTP provides them with access to reliable and consistent income; ii) that the SCTP has enabled them to access banking services; iii) that the SCTP has enabled them to access to mobile money services; iv) that the SCTP encourages them to use banking and mobile money services; v) that they are able to save some of the cash received from the SCTP; vi) that they are able to get and repay loans because of the cash transfers received; vii) that such savings and loans have enabled them to invest in business; and viii) that such savings and loans have enabled them to acquire household assets

The total number of respondents was n = 57. Responses to individual issues raised are attached at Appendix 3. Appendix 4 summarises the responses to the issues on satisfaction with SCTPs ability to improve beneficiaries' welfare, based on the scale: Strongly agree (5); Agree (4); Neither Agree nor Disagree (3); Disagree (2); Strongly Disagree (1). Appendix 3 shows that the attributes with above 50% agreement ratings, going by percentages, were "SCTP transfers enabled savings – 54.4%" and "SCTP transfers enabled Access to Banking Services – 53.6%" only. The other attributes failed to achieve ratings of 50% and above. The agreement ratings are reflected in the Multiple Responses Analysis in Table 3 below, based on a dichotomy value of 1 for "Yes", meaning ("Agree" and "Agree Strongly").

Table 3: Multiple Responses Analysis on Issues of Satisfaction with SCTP

Criteria For Evaluation	Responses		Percent of Cases
	N	Percent	
Provides access to reliable and consistent income	19	10.6%	41.3%
Enabled access to banking services	30	16.8%	65.2%
Enabled access to Mobile Money services	25	14.0%	54.3%
Encourages the use of financial services	25	14.0%	54.3%
Enabled saving of part of the transfer funds	31	17.3%	67.4%
Facilitated access to and service of loans	10	5.6%	21.7%
SCT savings and loans enabled business investment	17	9.5%	37.0%
SCT savings and loans enabled asset acquisition	22	12.3%	47.8%
Total	179	100.0%	389.1%

The low ratings prompted the researcher to conduct a cross-tabulation of the multiple response analysis against the individual programmes to assess their effectiveness on the respective issues The 45 valid responses on each attribute are summarized in Table 4.

Table 4: Comparison of Influence of SCTPs on Beneficiaries' Welfare

	NUMBER AGREEING FOR EACH PROGRAMME						Total
	CT-OVC	HSNP	OPCT	PWSD-CT	UFSP	CFA	
Provides access to reliable and consistent income	0	10	0	1	1	6	18
Enabled access to banking services	3	9	1	5	4	7	29
Enabled access to Mobile Money services	3	4	4	6	4	4	25
Encourages the use of financial services	1	5	3	7	4	5	25
Enabled saving of part of the transfer funds	4	10	2	5	5	4	30
Facilitated access to and service of loans	0	4	1	0	1	3	9
SCT savings and loans enabled business investment	2	5	0	2	5	2	16
SCT savings and loans enabled asset acquisition	2	9	0	2	6	2	21
Total	15	56	11	28	30	33	173

Table 4 shows that beneficiaries of Hunger Safety Net Programmes (HSNP) evaluated the effects more positively, followed by the Cash For Assets (CFA) and the Urban Food Subsidy (UFSP) Programmes, than the others. In fact, the high evaluation of reliability and consistency of income and the ability to save were highly dominated by the HSNP, with most programmes recording only 1 and 0 agreement on reliability and consistency. The Older Persons Cash Transfer (OPCT), followed by the Orphaned and Vulnerable Children Cash Transfer (CT-OVC) programmes had lowest ratings on all the issues. Both the Cash Transfer for Persons with Severe Disabilities (PWSD-CT) and Urban Food Subsidy (UFSP) had a mixed trend of evaluation on the issues.

Statistical analysis of revealed statistical information highlighted in Appendix 5. The statistical information relating to the attributes with high and moderately high ratings was as follows: "SCTP transfers enabled savings", (Median 4, Mode 4, M 3.07, SEM 0.200, SD 1.510); "SCTP transfers enabled Access to Banking Services", (Median 4, Mode 4, M 3.04, SEM 0.202, SD 1.513); "SCTP transfers encouraged use of Banking and Mobile Money Services" (Median 3, Mode 1, M 2.89, SEM 0.205, SD 1.534); and "SCTP transfers enabled Access to Mobile Money Services" (Median 3, Mode 4, M 2.82, SEM 0.186, SD 1.403). It was concluded that social cash transfer intermediation did not adequately enhance access to and use of formal financial (banking and mobile money) services and could hardly achieve pro-poor growth and poverty reduction.

4.3.1 Mode of Transfer

Respondents were asked to indicate how they received their transfer benefits. The responses are summarised in Figure 5.

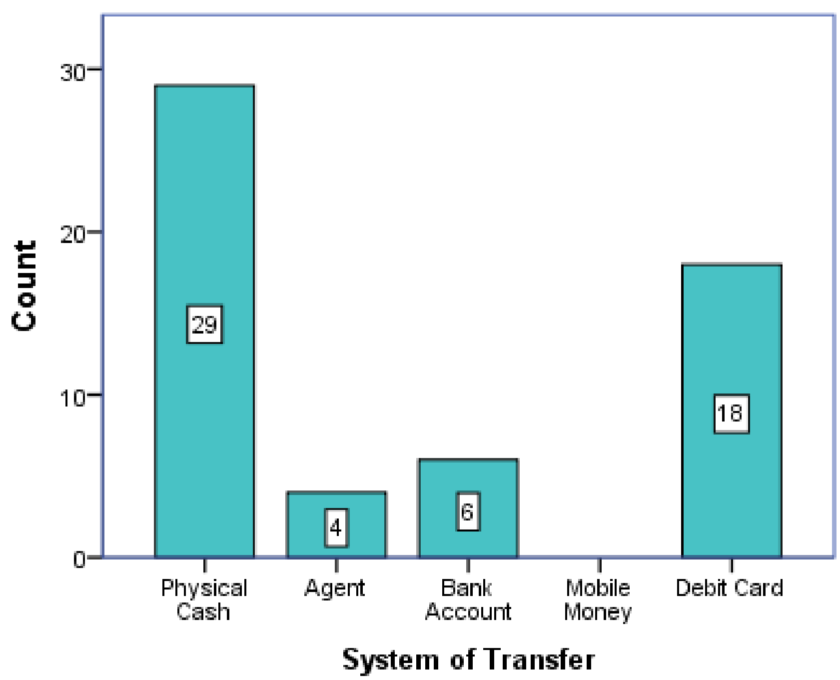

Figure 5: Perceived Modes of Transfer of SCTs

Figure 5 shows that 29 of the n=57 respondents perceived their transfer mode as direct cash compared to 28 who agreed they were paid through banks, agents or through debit cards. This depicts high level of apparent exclusion from financial services – over 50% and does not encourage financial inclusion. Figure 5 also shows that the mobile money platform is not used for the transfers.

Hence, even though the beneficiaries collect their transfers from formal financial service providers like banks and agents, indicating the use of electronic payment methods, most believe that the transfers are physical cash payments and are oblivious of an account accessible to them as a result of the transfer programme. This suggests that in most of the cash transfer programmes, they adopt a limited-purpose payment instrument.

According to Bold et al., (2012); a limited-purpose instrument transfers the grant to a notional account earmarked for the recipient. This virtual or actual earmarking enables more choice of times and locations at which the recipient can withdraw the funds. Nonetheless, the functionality of this account is restricted in one or more ways: accumulation - the funds cannot be stored indefinitely; if not withdrawn in a defined window, the program may reclaim the unused funds; convenience - funds may be withdrawn only at dedicated infrastructure, i.e., at agents or cash points that are specifically established for this purpose only; additional uses - no additional funds may be deposited into this account from other sources.

Within the context of this study respondents, especially by the elderly in the urban food subsidy programme, proposed that disbursements should be made through M-Pesa, which also provides M-Shwari banking services, as opposed to physical banking facilities. They observed that this would be more convenient, reducing the cost of travelling to the facility and the time spent on queuing, which is problematic to the elderly. Some respondents also expressed concern that in banking institutions that depended on the biometric machines for authentication purposes, were unable to reclaim benefits which they lost when the machine failed to recognise them. They complained that existing complaint systems failed to compensate them for such losses. Concerns raised by respondents also included delays in disbursement of the cash.

It was concluded that there was little, if any awareness creation, on the mode of payment of benefits. Furthermore, beneficiaries were not sensitised on the need for and benefits of financial inclusion and as such remained indifferent to the payment mode and its potential benefits. Moreover, the programmes were indifferent to the plight of beneficiaries, especially CT-OVC, and systems to address beneficiaries' complaints were not responsive, leading to loss of benefits. In the circumstances it was felt necessary that a more responsive feedback and complaint mechanism should be put in place for affected beneficiaries. Moreover, the suggestions to make transfers through M-PESA/M-Shwari are meritorious and should be considered.

4.3.2 Status of Respondents with Regard to Banking

Formal banking is a basic indicator of inclusion. The study therefore sought to identify the levels of banking among respondents, with regard to formal and informal banking as indicators of direct and indirect inclusion. Data from respondents on the status of banking before joining the SCTP is summarised in Table 5.

Table 5: Types of Bank Accounts Held by Respondents before Joining SCTPs

Type of Account	Frequency	Percent	Valid Percent	Cumulative Percent
Home	23	40.4	40.4	40.4
Informal Club	6	10.5	10.5	50.9
Mobile Money	16	28.1	28.1	78.9
MFI Account	1	1.8	1.8	80.7
Bank Account	11	19.3	19.3	100.0
Total	57	100.0	100.0	

All (n = 57) respondents responded to the issue. Table 5 shows that 23 (40%) of the respondents kept their money at home and 6 (11%) saved in informal clubs. This confirmed that over 50% were not formally banked. 16 (28%) respondents had mobile money accounts, whereas 19% were formally banked and 2% had a micro-finance institution account.

Respondents were asked to indicate if they had opened new or additional accounts after joining the SCTPs in order to facilitate comparison on the individuals' formal banking status before and after benefiting. Table 6 highlights the situation with regard to new accounts opened after joining SCTPs.

Table 6: Types of Bank Accounts Held by Respondents after Joining SCTPs

Type of Account	Responses		Percent of Cases
	N	Percent	
Home	12	23.1%	27.9%
Informal Club	15	28.8%	34.9%
Mobile Money	11	21.2%	25.6%
MFI Account	3	5.8%	7.0%
Bank Account	11	21.2%	25.6%
Total	52	100.0%	120.9%

The data showed that some respondents had opened more than one new account. A multiple response approach was used to analyse the situation prevailing after respondents joined the SCTPs, based on a dichotomy group of value 1 for "Yes". Table 6 shows a major fall in home accounts, a rather steep growth in informal club accounts, and good growth in other accounts opened. It was concluded that there was reasonable growth in formal banking, although there was an overall mixed trend with regard to other accounts.
The growth in informal club accounts was also reflected in the number of informal group accounts held, which included (indirect) members' accounts, either in the account of the group or that of an individual member of the group as indicated in Figure 6 below:

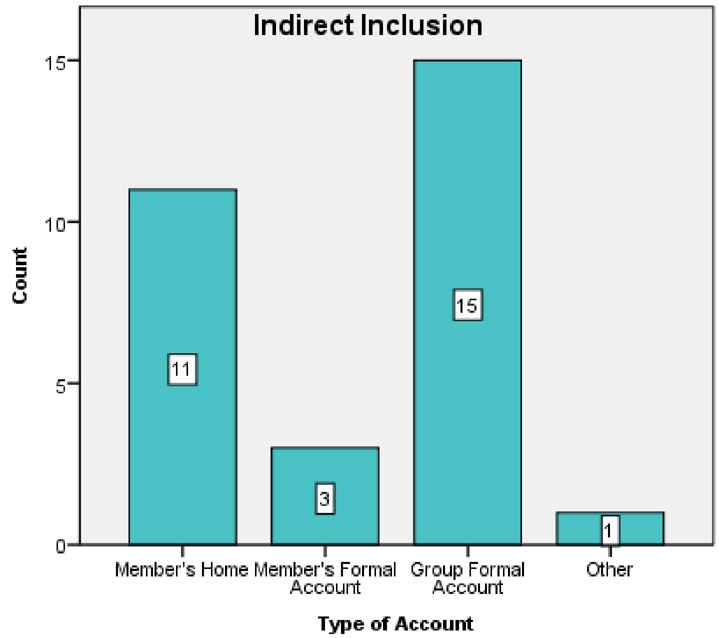

Figure 6: Types of Accounts held by Members of Informal Clubs

4.3.3 Analysis as to whether beneficiaries use financial services beyond receipt of cash transfers

Apart from formal bank accounts, other indicators of financial inclusion for individuals are categorised as i.) access to credit from regulated institutions, ii.) methods of payments / remittances, domestic or international, to and from the individual iii.) regularity of account use i.e. number of deposits and withdrawals per month, iv) cashless transactions, and v.) appreciation of the quality aspects of the bankers services and options. These aspects are investigated in this section, starting with method of remittances.

Data collected and analysed showed that only 24% of respondents (n = 55) often (always or most of the time) received remittances through their accounts as payments for work or business, as compared to 27% government remittances and 83% for remittances from family members living elsewhere. On the other hand only 27% of respondents often remitted money to family members living elsewhere through their accounts. It was concluded that the low levels of transactions through their accounts reflected low levels of financial inclusion. The frequencies of the data collected and associated percentages are presented in Table 7.

Table 7: Distribution of Frequencies Remittances to and From STCP Beneficiaries

Evaluation Criteria	Receive Money/Payments						Send Money/Payments to from Family members living elsewhere	
	for work or from selling goods		from GK		from Family members living elsewhere			
	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Never	22	40.0	34	65.4	33	63.5	26	48.1
Rarely	12	21.8	1	1.9	6	11.5	3	5.6
Fairly Often	8	14.5	3	5.8	4	7.7	2	3.7
Most Times	10	18.2	4	7.7	4	7.7	14	25.9
Always	3	5.5	10	19.2	5	9.6	9	16.7
Total	55	100	52	100	52	100.0	54	100.0

A few, mainly from the Cash for Assets programme cited receiving money for work done. This was influenced by the donor to person transfer programme which is conditional upon completion of work done in building assets by beneficiaries. The analysis revealed a low level of financial inclusion.

Regarding source of credit, Figure 7 shows that a meagre number of 3 respondents (n = 43) had received credit from regulated institutions. This situation similarly depicted a low level of financial inclusion.

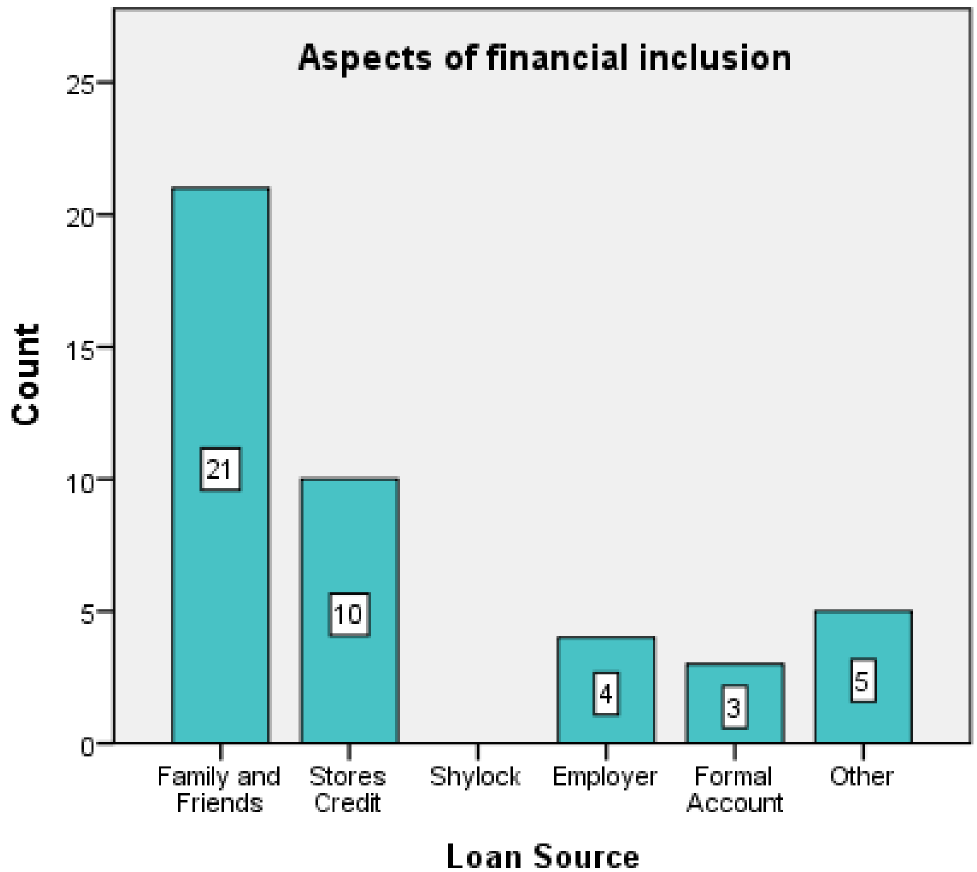

Figure 7: Sources of Credit

The number of times the beneficiaries make deposits into and withdrawals from their accounts was the next issue investigated. Most respondents indicated that they made 3 times or less transactions per month, which showed low level of use. Mobile money services were the most favoured avenue for withdrawal and deposit while cash remains the most preferred mode of payment.

The situation regarding frequency of deposits into accounts also is the first reported below. Table 8 shows the number of times respondents deposited money into their accounts in a typical month. Table 8 shows that the frequency of deposits was low, with 92% of them falling in the bracket of 0 to 3 transactions per typical month.

Table 8: Number of Times Respondents Deposited Money into Accounts Monthly

Number of Monthly Deposits	Frequency	Percent	Valid Percent	Cumulative Percent
0 to 1 times	36	63.2	73.5	73.5
2 to 3 times	9	15.8	18.4	91.8
4 to 5 times	3	5.3	6.1	98.0
6 to 7 times	1	1.8	2.0	100.0
Total	49	86.0	100.0	

Figure 8 summarises the number of times respondents withdraw money from their accounts in a typical month. Up to 94 % of respondents withdraw money from their accounts less than four times. This reflects a low level of account transactions.

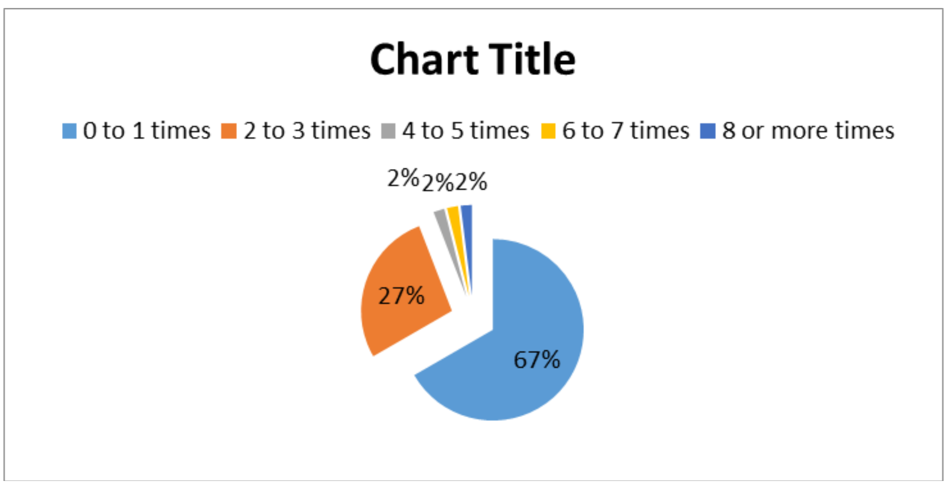

Figure 8: Number of Times Respondents withdrew Money from Accounts Monthly

Table 9 shows the descriptive statistics on modes of deposit to beneficiaries' accounts. The modes of deposit and withdrawal from accounts were predominated by mobile money transactions. Majority of the beneficiaries referred to their mobile money accounts (Deposit M 3.18, SD 1.403; Withdrawal M 3.16, SD 1.429) in response to the in modes of deposit and withdrawal transactions. Even so, they indicated very minimal transactions in these accounts. Most use these accounts for sending money to family members.

Table 9: Descriptive Statistics on Modes of Deposit to Accounts

	N	Minimum	Maximum	Mean	Std. Deviation
ATM Deposits	40	1	5	1.28	.905
Counter Deposits	44	1	5	2.30	1.564
Point of Sale Deposits	40	1	5	1.15	.700
Mobile Phone Deposits	45	1	5	3.18	1.403
Agent Deposits	41	1	5	2.29	1.834
Valid N (listwise)	37				

Table 10 similarly shows the descriptive statistics on modes of withdrawals from beneficiaries' accounts.

Table 10: Descriptive Statistics on Modes of Withdrawal from Accounts

	N	Minimum	Maximum	Mean	Std. Deviation
ATM Withdrawals	42	1	5	1.93	1.520
Counter Withdrawals	43	1	5	2.14	1.473
Point of Sale Withdrawals	38	1	2	1.03	.162
Mobile Phone Withdrawals	45	1	5	3.16	1.429
Agent Withdrawals	43	1	5	2.42	1.816
Valid N (listwise)	35				

Table 11 provides descriptive statistics comparing the frequency with which various modes of payment are used to pay third parties. It shows that cash is the dominant mode of payment (M4.58, SD .628), followed by mobile phone (M 2.08, SD 1.485).

Table 11: Descriptive Statistics on Modes of Payment to Third Parties

	N	Minimum	Maximum	Mean	Std. Deviation
Cash	57	2	5	4.58	.625
Personal Cheque	46	1	2	1.02	.147
Bankers cheque	47	1	5	1.19	.770
Mobile Phone	48	1	5	2.08	1.485
Cashless Transactions	48	1	5	1.17	.694
Bankers' Electronic Money Accounts	46	1	5	1.26	.828
Valid N (listwise)	45				

The final aspect to be investigated was measuring the quality of financial services/ offered by the facilities. The respondents were asked to rate their satisfaction with the banking facility/facilities they use to answer the issues below on a Likert scale of 1 (for strongly disagree) to 5 (for strongly agree), based on their experience with the facility:

Experiences were that: i) that they find the facility/facilities affordable; ii) that they find the facility/facilities secure; iii) that they find the banking transaction procedures easy to use iv) that they find the staff of the facility/facilities courteous and helpful; v) that they find it easy to borrow money from the facility/facilities (bank); vi) that they are able to manage such debts with ease; vii) that they have been made aware of their features of their accounts; viii) that they have been made aware of the financial options/services available at the facility/facilities

The descriptive analysis on the data on responses to issues on measuring the quality of financial services offered by SCTP elicited statistical information highlighted in Appendix 6.

Appendix 6 shows that the respondents rated the quality of most services above average. Hence, a majority of respondents agreed that the services were affordable, secure, convenient, and the facilities were easy to use, the institutions had courteous and helpful staff members, rating them at 50% and in many cases much higher. They also indicated that they were aware of the features of their account as well as financial options available to them. It was evident that a majority of respondents were referring to mobile money services and not bank accounts, as many did not have bank accounts. However, the response on the ease of borrowing and repaying debt registered a high level of disagreement.

An inter-programme comparison showed that HSNP beneficiaries had the highest contribution to levels of quality appreciation, as shown in Table 12.

Table 12: Comparison of Satisfaction with Bank Services by Programme Beneficiaries

Evaluation Criteria (Frequencies)	Programme							Total
	CT-OVC	HSNP	OPCT	PWSD-CT	UFSP	CFA	Other	
The facility/ facilities are affordable	5	10	5	5	6	5	0	36
The facility/ facilities are secure	6	10	5	9	5	8	0	43
The facility/ facilities are convenient	6	10	5	9	7	6	0	43
Banking transaction procedures easy to use	6	7	3	6	1	4	1	28
The facility staff are courteous/ helpful	3	9	1	3	7	5	1	29
It's easy to borrow money from the facility	0	2	0	0	2	0	0	4
Able to manage such debts with ease	0	2	0	0	0	0	1	3
Aware of the features of the accounts	1	9	1	2	4	3	1	21
Aware of available financial options/ services	1	10	1	2	2	5	0	21
Total	6	10	5	9	9	8	1	48

4.3.4 Beneficiaries Evaluation of the Efficacy of the Operational Conditions of SCTPs

The beneficiaries were required to rate the SCTP's effectiveness in encouraging financial inclusion on a scale of 1 (for absolutely discouraging) to 9 (for absolutely encouraging). Figure 9 shows the results. Overall 24 respondents evaluated the operational conditions as discouraging, 10 were neutral, while 23 found them encouraging.

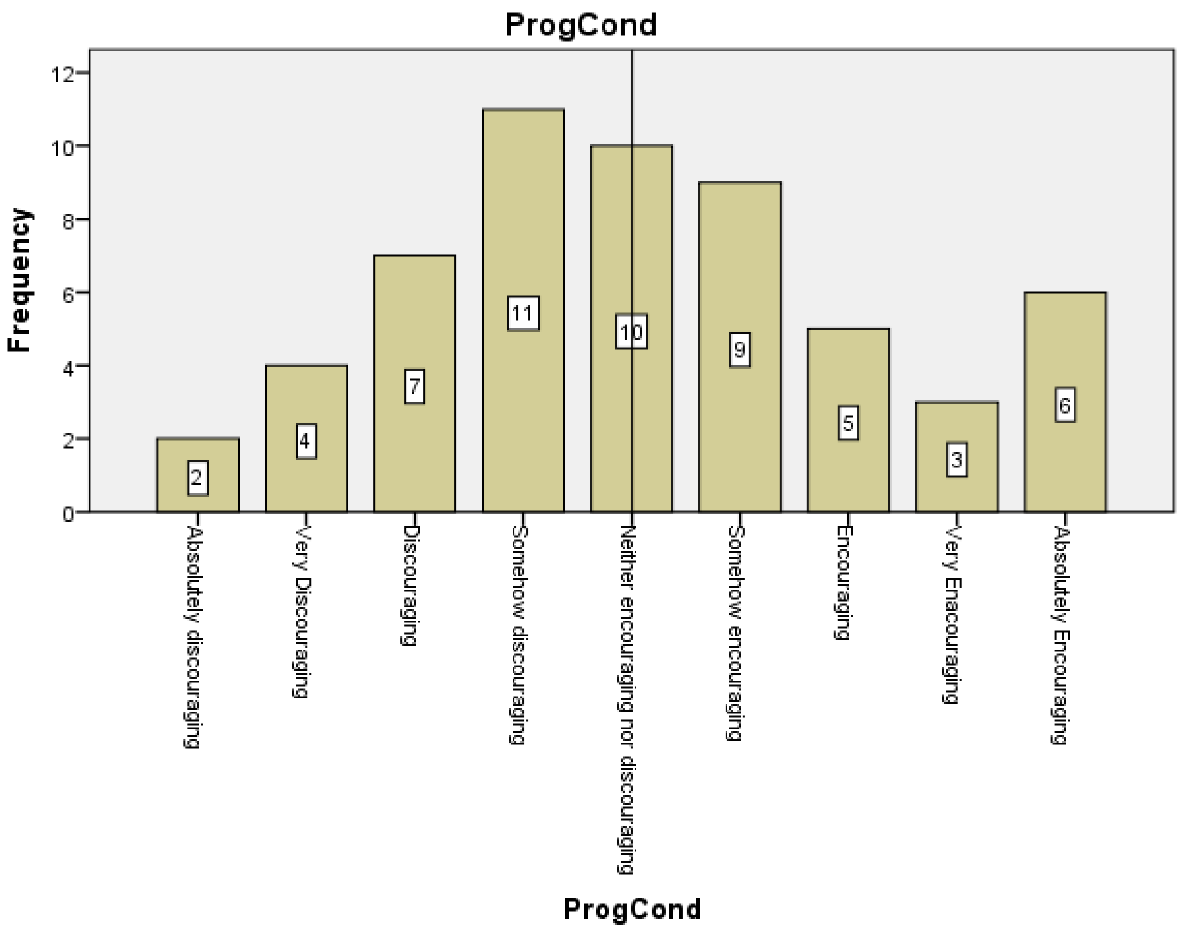

Figure 9: Evaluation of SCTP's Effectiveness in Encouraging Financial Inclusion

A Cross tabulation was then undertaken on the programmes to compare the responses showing that the implementation conditions were encouraging. CFA and HSNP dominated the positive responses - Table 13. This was in keeping with the theoretical conditions set by the programmes for ensuring financial inclusion – see Appendix 7.

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Table 13: Comparison of Responses Agreeing that Operational Conditions Encourage Financial Inclusion

Programme	ProgCond				Total
	Somehow encouraging	Encouraging	Very Enacouraging	Absolutely Encouraging	
CT-OVC	2	1	0	0	3
HSNP	3	1	1	2	7
OPCT	1	0	0	0	1
PWSD-CT	1	0	0	0	1
UFSP	2	1	0	0	3
CFA	0	2	2	4	8
Other	0	0	0	0	0
Total	9	5	3	6	23

4.3.5 Effect of Social Cash Transfers on Financial Inclusion

The previous section investigated the extent of financial inclusion of SCTP beneficiaries based on other indicators of financial inclusion for individuals' than cash. It was established that inclusion based on access to credit from regulated institutions, methods of payments / remittances, and regularity of account use. It was also shown that financial inclusion based on measures of the quality the bankers' services and new account uptake was fairly high. This section is devoted to investigating the effect of SCTs on financial inclusion, based on operational conditions of the social protection programmes, using uptake of new bank accounts as a proxy for financial inclusion.

In order to determine the effect of benefitting from the programmes on ownership of formal bank accounts, a one-way analysis of variance (ANOVA) was undertaken. The analysis was significant at $p < .0005$, $(F(2,54) = 59.5$, as summarized in Table 14.

Table 14: ANOVA Results on Comparison of Programme Membership and Formal Account Ownership

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	36.711	2	18.356	59.507	.000
Within Groups	16.657	54	.308		
Total	53.368	56			

The descriptive statistics showed that the number of respondents (n = 57), with 29 of them being excluded (no formal bank accounts), 19 had one bank account and 9 had 2 bank accounts.

Table 15 shows that the ability to open an extra account was significantly higher for respondents with 2 formal accounts, (M = 2.33; SD .707) than those with one account (M = 1.68, SD .478).

Table 15: Descriptive Statistics on Comparison of Programme Membership and Formal Account Ownership

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean	
					Lower Bound	Upper Bound
Not Included	29	.34	.553	.103	.13	.56
1 Formal Account	19	1.68	.478	.110	1.45	1.91
2 Formal Accounts	9	2.33	.707	.236	1.79	2.88
Total	57	1.11	.976	.129	.85	1.36

The Tukey's HSD post-hoc test revealed a significant difference on uptake of new accounts between those with 2 formal accounts and those with one formal account, $p < .0005$, see Table 16.

Table 16: Tukey HSD Statistics

(I) DirInc0	(J) DirInc0	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval Lower Bound	95% Confidence Interval Upper Bound
Not Included	1 Formal Account	-1.339*	.164	.000	-1.73	-.94*
	2 Formal Accounts	-1.989*	.212	.000	-2.50	-1.48*
1 Formal Account	Not Included	1.339*	.164	.000	.94	1.73*
	2 Formal Accounts	-.649*	.225	.015	-1.19	-.11*
2 Formal Accounts	Not Included	1.989*	.212	.000	1.48	2.50*
	1 Formal Account	.649*	.225	.015	.11	1.19*

In order to determine whether the SCTs had an effect on the extent of financial inclusion (uptake of formal accounts) highlighted above, a linear regression model was applied to draw inferences from the sample as a representative of the population. The general equation was, based on the model:

$Y = \beta_0 + \beta_1 X + \varepsilon$; Where:

Y - Level of financial inclusion as measured by formal bank account uptake as a proxy of financial inclusion

X - The independent variable i.e. implementation conditions of SCT programmes

β_0 - The intercept of equation

β_1 - Coefficients of X variable

ε - The error component for each individual

On first running SPSS to check on the assumptions of linear regression, it was realized that the procedure did not promise good results for linear regression. The scatterplot points did not seem to follow a linear pattern and had many outliers, as most points were spread far from the somewhat flat regression line. Pearsons correlation of .045 suggested a very weak positive linear correlation. The regression results are presented in the tables below.

Table 17: Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.045[a]	.002	-.016	.984

Table 17 shows that the coefficient of determination $r^2 = 0.002$ (2%) for financial inclusion based on programme operational conditions.

Table 18 depicts an F statistic with a very high significance value:

$F = .111, p = .740$

Table 18: Regression ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.107	1	.107	.111	.740[b]
	Residual	53.261	55	.968		
	Total	53.368	56			

Considering the above results, it was concluded that at $p = 0.05$ level of significance, there existed inadequate evidence to conclude that the slope of the population regression line was not zero, and hence that SCT programme intervention was not a useful predictor of financial inclusion.

One way to assess the relative importance of independent variables is to consider, the increases in R^2 when a variable is entered in an equation that already contains the other independent variables. In earlier sections of the study, it had been found that significant increase in financial inclusion was registered amongst beneficiaries who were already included before joining the SCTPs as compared to those who were initially excluded. The researcher opted to add the historical status of beneficiaries to the regression equation to determine its effect on financial inclusion.

The addition of history of formal banking prior to joining an SCT in the equation caused a large change in the results of the procedure, indicating that the variable provides unique information about the dependent variable that was not available from the SCT programme operation as an independent variable. The equation under investigation became:

$Y_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \varepsilon_i$; Where:

Y_i - Level of financial inclusion as measured by formal bank account uptake and history of financial inclusion

X_1 - The first independent variable i.e. implementation conditions of SCT programmes

X_2 - The second independent variable i.e. history of financial inclusion

β_0 - The intercept of equation

β_1 - Coefficients of X_1 variable

β_2 - Coefficients of X_2 variable

ε_i - The error component or residual

The new coefficient of determination R^2 was .664 (Table 19/, showing that 66.4% of the variation in financial inclusion could be explained by the two variables i.e. programme operation and prior inclusion. It was therefore concluded that the regression equation was useful in making predictions of financial inclusion.

Table 19: Multiple Regression Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.815[a]	.664	.651	.576

Table 20 shows that F = 53.313. p value = .000

Table 20: Multiple Regression ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	35.427	2	17.713	53.313	.000[b]
	Residual	17.942	54	.332		
	Total	53.368	56			

It was therefore concluded that at $\alpha = 0.05$ level of significance, there exists enough evidence to conclude that the slope of the population regression line is not zero and that SCT programme operations coupled with a history of formal banking was a useful predictor of financial inclusion.

4.4 Summary and Interpretation of Findings

This research sought to determine whether there was a relationship between social cash transfers and financial inclusion in Kenya. The researcher investigated various indicators of financial inclusion in so far as they related to the respondent beneficiaries. The findings of the research were based on the perception of the beneficiaries. The key indicators of financial inclusion include access to formal financial institutions, usage of the facilities, the quality of the institution's services and options offered based on awareness of the services among beneficiaries, and the welfare or the impact of the financial devise on the lives of the beneficiaries as consumers

Welfare was examined in terms of the length of time the SCTPs provided a safe haven for beneficiaries, the ways in which they met their needs, and improvement in ownership of assets. Data collected and analysed revealed that there were 39 (68%) respondents with 1 to under 4 years of benefit, 8 (14%) respondents with 4 to under 7 years of benefit, 3 (5%) respondents with 7 to under 10 years of benefit and the majority of respondents 32.2% (28) had more than 8 years of benefit. The analysis also showed that the beneficiaries were dominated by older age groups (beyond 35) and females (58%). Respondent's responses on SCTPs impact on their lives were had a mixed trend. A majority of respondents agreed that SCTP transfers enabled savings – 54.4% (Median 4, Mode 4, M 3.07, SEM 0.200, SD 1.510); and that SCTP transfers enabled Access to Banking Services – 53.6% (Median 4, Mode 4, M 3.04, SEM 0.202, SD 1.513) . However the data indicated that there was divergent overall dissent as to whether i) that the SCTP has enabled them to access to mobile money services; ii) that the SCTP encourages them to use banking and mobile money services; iii) that they are able to save some of the cash received from the SCTP; iv) that they are able to get and repay loans because of the cash transfers received; v) that such savings and loans have enabled them to invest in business; and vi) that such savings and loans have enabled them to acquire household assets. The high percentage of those who had stayed long in the programmes implied that they were a consistent source of income. The gender mix also showed that the SCTPs were gender sensitive. However, overall the interventions fell short of demonstrably improving the lives of the beneficiaries.

Access to financial institutions was examined in terms of account holding before and after joining the SCTP. Data analysis showed that before joining the SCTPs, 40% of respondents kept money at home, 11% had informal club accounts, 38% kept mobile money, 2% had microfinance (MFI) accounts and 19% had bank accounts. After joining the SCTPs, the situation changed with only 23% keeping money at home, 29% in informal clubs, 6% in MFIs and 21% in formal banks. This situation reveals the major shift from home banking favoured informal clubs. Most members of the informal clubs were banked either through a members or a group account, implying indirect financial inclusion the mode of transfer was also investigated over the extent to which they encouraged formal banking/ direct inclusion. 29 out of 57 respondents indicated they received their transfers in cash, contrary to the fact that they were paid financial institutions, adopting a limited-purpose payment instrument which transfers the grant to a notional account earmarked for the recipient. This situation indicated that there was little effort on the part of SCTPs to educate the beneficiaries on issues of financial inclusion and management. Moreover, limited-purpose payment instrument are inherently flawed as instruments of financial inclusion since they lack accumulation and additional uses, and are inconvenient to beneficiaries. Evidence from data analysis showed that few respondents received or sent remittances through their accounts. Further, only 3 out of 47 valid respondents hard received credit from regulated institutions. Mobile money was however the most favoured avenue for withdrawals and deposits (Deposit M 3.18, SD 1.403; Withdrawal M 3.16, SD 1.429; range 1 to 5).

Nonetheless, withdrawals and deposits in formal banks were low with 74% of respondents depositing 0 to 1 time in a typical month and 67% having similar frequency of withdrawals. These findings show that usage of formal bank accounts was characteristically low.

Most respondents who held formal and mobile money accounts rated the quality of most services above average (over 50% and in many cases much higher), indicating that the services were affordable, secure, convenient, and the facilities were easy to use, and that institutions had courteous and helpful staff members.

All in all, these shortcomings indicate that the SCTPs have little effect on the financial inclusion of the poor beneficiaries. To investigate the issue further, a linear regression analysis was undertaken of the data. The analysis indicated that at $p = 0.05$ level of significance, SCT programme intervention was not a useful predictor of financial inclusion ($R^2 = .002$). Prior to this analysis, a one-way variance analysis, ANOVA had shows that the ability to open an extra account was significantly higher for respondents with 2 formal accounts, (M = 2.33; SD .707) than those with one account (M = 1.68, SD .478). The Tukey's HSD post-hoc test revealed a significant difference on uptake of new accounts between those with 2 formal accounts and those with one formal account, $p < .0005$. Consequently, a multiple regression analysis with addition of the history of formal banking prior to joining an SCT in the equation as a new variable showed that showing that 66.4% of the variation in financial inclusion could be explained by the two variables i.e. programme operation and prior inclusion i.e. the new coefficient of determination R^2 was .664 (F = 53.313. p value = .000).

Similar to other studies, the researcher advocates for use of electronic payments but tends to agree with the findings of Zimmerman et al., (2014) that beneficiaries experiences with electronic payments that pose risk to recipients may affect their attitude towards uptake of financial services. Beneficiaries who experience loss due to authentication malfunctions at pay points or face delays in disbursements prefer to keep money informally as they consider it more convenient and safe. This confirms the findings of Kabubo and Kiriti (2013) that informal finance is still the main type of financial service preferred by social protection beneficiaries in Kenya.

The findings of this study concurs with Bold et al., (2012) in their findings that use of mainstream payment instruments may promote access but not necessarily encourage use of financial services. This is seen in the case of CFA and HSNP beneficiaries who despite having accounts facilitated by the SCTPs, register low usage.

Findings that cash transfer benefits are mainly used to: smooth consumption, finance micro-entrepreneural activities and education echoes the case of Bona Desarrollo Humano, Ecudor CCT programme as highlighted by Winder, 2010. However, Finance – Economic Growth Theories perceive the lack of access to finance as a critical factor responsible for persistent income inequality as well as slower economic growth. The financial infrastructure in Kenya is an enabling environment to use SCTPs as a tool to effectively promote financial inclusion. Currently, SCTPs in Kenya are not making a deliberate effort to design their interventions in a manner that promotes financial inclusion of beneficiaries hence they are not as successful as programmes in other parts of the world that do so. According to Hashemi and Montesquiou (2011), BRAC's program 'Targeting the Ultra-Poor' through the graduation model has significantly improved beneficiaries assets base through credit access and implied conversion of savings into assets. Such approaches could be emulated by SCTPs in Kenya to promote sustainable economic empowerment of the abject poor.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

This study adopted a quantitative cross sectional survey guided by questions from the Global Findex indicators that measure the use of financial services. The key advantage of this research design is the ability to collect large amounts of data from a sizable population in a highly economical way. The target population of this study consisted of the 6 key cash transfer programmes under the Kenya Social Protection Programme made up of 370,400 households broken down as follows: Orphaned and Vulnerable Children Cash Transfer (155,000), Hunger Safety Net Programme (69,000), Older Persons Cash Transfer (59,000), Cash Transfer for Persons With Severe Disabilities (14,700), Urban Food Subsidy Programme (10,200) and Cash for Assets (62,500). The data collected was analyzed by use of Microsoft Excel 2010 and Statistical Package for Social Sciences (SPSS) Version 21 to obtain results to help in concluding the findings.

Linear and Multiple regression analyses were used to determine the effect of SCTs on financial inclusion. The study found that most beneficiaries of SCTP were not formally banked and rarely undertook bank account transactions. The transactions were predominantly cash based. There was also a low propensity to save and take credit from regulated financial institutions. Few respondents recognised that transfers to them were made through banks. Most SCTPs (except CFA and HSNP) used limited-purpose instruments for transfers in lieu of direct banking, which gave beneficiaries the impression that the transfers were in cash, and in some cases led to loss of benefits due to malfunctions at the payment outlets. Further, the potential of mobile money as an avenue of financial inclusion was ignored by all SCTPs despite the fact that beneficiaries felt they were the most convenient transfer modes for the old and disabled. All this hampered financial inclusion.

On the other hand, there was marked appreciation on the impact of the SCTs on the welfare of the beneficiaries. Many respondents showed that the provided them with access to reliable and consistent income, had enabled them to save, invest and encouraged them to access formal financial services like banks, mobile money and NHIF insurance services. The transfers have also helped in accessing informal savings clubs, as well as smoothing consumptions by repaying school fees and rent arrears. Notwithstanding, the SCTs had not improved their ability to access credit from regulated institutions and to manage and repay credit from formal financial institutions. Further, there was a limited ability to acquire household assets. There was a resounding need expressed by beneficiaries that: transfer amounts should be increased, payments should be more regular and timely to facilitate meaningful financial inclusion.

5.2 Conclusion

The question that has been addressed in this study is whether SCTPs have an effect, positive or negative on the financial inclusion of beneficiaries. Financial inclusion was viewed in the study as ensuring access to appropriate financial products and services at an affordable cost in a fair and transparent manner. The study investigated financial inclusion terms of four indicators: access, usage, quality and welfare.

The study found that access to formal financial institutions was low. This led to the conclusion that most beneficiaries did not enjoy direct financial inclusion. Most SCTPs used limited-purpose payment instruments, and it was revealed that many beneficiaries accessed bank accounts through either informal group accounts or an account of an individual who was a member of their informal club. In this way they had indirect financial inclusion. Indeed, the functionality of limited-purpose payment instrument accounts restricted them with grave consequences on accumulation. By their nature, the instrument limited saving initiatives and additional uses as no additional funds may be deposited into this account from other sources. Moreover, the funds could not be stored indefinitely and in situations where the funds were not withdrawn immediately in the defined window i.e. through biometric identification at the specific banks, beneficiaries failed to recover the funds. It was therefore concluded that the SCTs could not adequately reduce income disparities and poverty and as such failed to achieve the primary purpose of accelerating growth. The specific window withdrawal condition inconvenienced the old and disabled, rendering the programmes insensitive to their plight.

Service quality and usage were largely wanting in the area of enhancing access to credit. In this regard it was concluded that SCTs failed to mediate growth. By design, SCTs should lift restrictions on household productive capacity through providing more certainty and security in consumption, and helping overcome cost restrictions. Not only do such effects influence household decision-making, but so also do they influence micro-level growth. It was therefore further concluded that the SCTs lacked positive impacts on human capital, physical and financial asset accumulation, and the local economy. As a result of this, it was also evident that the SCTs did not enhance the welfare of the beneficiaries

In a nutshell, the study has shown that SCTPs have not made a deliberate effort to design and implement their interventions in a manner that promotes financial inclusion of beneficiaries. For the SCTs to enable the economically and socially excluded people to integrate better into the economy and actively contribute to development as well as to protect themselves against economic shocks, the SCTPs have to work with the banked beneficiaries to enhance financial inclusion and creates equal opportunities for all. Beneficiaries must not be encouraged to view SCTs as free hand-outs since this is likely to perpetuate dependency and inter-generational poverty.

5.3 Implication on Policy, Theory and Practice

The major policy issues arising in the study include the use of limited-purpose instruments for transfers in lieu of direct banking and the neglect of mobile banking as an avenue of transfer. Studies have shown that programmes which use limited-purpose instruments for cash transfers impede financial inclusion. Thus the government and the programmes using this approach in their transfers need to review their policies in this regard and employ the use of mainstream financial accounts.

It is not clear whether the mobile money platform has been developed adequately to be used as a reliable mode of transfer. However, the innovations of Safaricom as a pioneer in this field and the ongoing initiatives of Equity Bank to develop seamless avenues between banking and mobile transactions provide the country with a unique opportunity to make steady and expeditious progress in developing an appropriate platform for this purpose. In this regard, this study will make its contribution to theory development and practice as the genesis of the ensuing change in of programme design and implementation approaches towards economic empowerment of the poor. Based on the above findings, a key recommendation of the study that SCTPs should model transfers on formal banking, including mobile money banking. They should also integrate financial literacy and financial management skill courses in the programmes so as to promote awareness amongst beneficiaries as well as facilitate better use of cash transfers disbursed. The beneficiaries with formal banking history prior to joining the SCTPs should be used as role models and peer educators in the courses.

Other recommendations are inbuilt in the study especially in the chapter on findings and discussions. These include suggestions that a dedicated feedback and complaint mechanism should be put in place to address the concerns of beneficiaries on loss of benefits due to biometric machine malfunctions at the pay points. This mechanism will have an oversight role on the contracted financial service providers and the payment processes to ensure that all beneficiaries access their rightful transfer amounts. Further, in the event of failure by biometric machines, the contracting programme or government should insist that the bank should have safe alternative means of identifying beneficiaries including manual avenues such as use of national identity cards, photographs and so on. This will reduce incidences of loss of income.

5.4 Areas for Further Study

The study found that no programme used the mobile money platform as a mode of transfer of payments, an avenue of transfer which was highly preferred by the beneficiaries, especially the old persons and those who are physically challenged. Further research on the potential for success and convenience in the use of this platform should be explored. The World Food Programme is already experimenting with mobile money services in some of its cash transfer initiatives.

The study did not focus on the various quantum of transfer amount which emerged as an area of concern for beneficiaries. It is necessary to determine whether there is a deliberate attempt by SCTPs to address the whole issue of cost of living in establishing the quantum of disbursements. This is an important factor with immense influence on breaking the poverty barrier and supporting the beneficiaries' propensity to save part of the disbursement.

The poor are very vulnerable to shocks arising from calamities of any nature. An insurance cover, which is also an important indicator of financial inclusion, is the best known way to hedge against such eventualities. It is therefore important that a study be undertaken to suggest the best way to incorporate such a cover among the poor covered by the SCTPs.

A key recommendation of this study is for SCTPs to integrate financial literacy and financial management skill courses in the programmes so as to promote awareness amongst beneficiaries as well as facilitate better use of cash transfers disbursed. Such an initiative would be only helpful if the course content is appropriately designed for the benefit of the beneficiaries. It would therefore be necessary to undertake a study to identify the necessary material to include as contents of such training.

5.5 Limitations of the Study

The low literacy level of beneficiaries as well as language barrier limited understanding of the questionnaire and making appropriate responses. This limitation was overcome by engaging more Interpreters/ Research Assistants to assist the respondents. This action caused study costs and data collection time overruns over which the researcher had to strike a balance that could have affected the quality of the outcome of the study. The use of translators in some instances could also have had an impact in the interpretation of questions.

Time per se was also a limiting factor during the data collection and analysis stage of the research given that the programs are dispersed widely within the country, this led to selecting respondents at areas that were within convenient reach. This constrained a regional balance in data collection and could as such have a skewed effect on study findings and conclusions.

Delay in getting government permission to collect data from government sponsored programmes and the related cost of attendant fees was another constraint, both on time and the study budget. Notwithstanding, it was gratifying that the government departments eventually cooperated with the Researcher and the Assistants immensely.

This study relied on the perspective of beneficiaries over the issues study and did not interrogate the SCTPs on the shortcomings that emerged. As such it failed to take into account the views of SCTPs, as the benefit providers. This was largely due to envisaged reluctance of the SCTPs to release confidential information regarding their operations. Needless to say, they may also have constraints which they could have explained. An essential issue raised by beneficiaries was the inadequacy of payments made to them, poor responses on complaints and the longevity of time between disbursements – predominantly two months yet characterized by delays. These are issues that could only be addressed by the support providers. As it is, they were left hanging.

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APPENDICES

Appendix 1: Letter of Introduction

Shirley Odero

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July 2014

The Opharned and Vulnerable Children Cash Transfer

Dear Sir/Madam.

REF: QUESTIONNAIRES

The attached questionnaires have been designed to gather information on the effects of social cash transfers on financial inclusion in Kenya. Your programme has been selected to take part in this survey since it is one of the social cash transfer programmes in the Kenya Social Protection Sector. The information obtained will be used to complete a research project, in partial fulfilment of the requirements for the award of the degree of master of business administration (MBA) at the University of Nairobi.

Kindly facilitate the administration of these questionnaires to 10 beneficiaries of social cash transfers. All information provided will be handled with utmost confidentiality and findings will be presented in general and utilized for academic purposes only.
Your assistance will highly be appreciated.

Yours faithfully

Shirley Odero

Appendix 2: Questionnaire For Target Group

Section A: Personal Information

1. Gender (Tick)   Male ☐   Female ☐

2. How old were you at your last birthday? (*Tick the age bracket within which you fall)*

Under 18	18 to 35	36 to 50	51 to 65	Over 65

Section B: Access to Social Cash Transfer Services

3. Please mark which of the social protection programmes below you receive cash transfer from with a tick:

Protection Programme	Mark
Orphaned and Vulnerable Children Cash Transfer (CT-OVC)	
Hunger Safety Net Programme (HSNP)	
Older Persons Cash Transfer (OPCT)	
Cash Transfer for Persons With Severe Disabilities (PWSD-CT)	
Urban Food Subsidy Programme (UFSP)	
Cash for Assets (CFA)	
Other (Specify)	
Don’t know	

4. Indicate how long you been on a Social Cash Transfer System: *(Please tick only one box)*

Under 1 Year	1 to under 4 Years	4 to under 7 Years	7 to 10 Years	Over 10 Years

Section C: How implementation of social cash transfers facilitate access to formal financial services

5. Based on your experience with the programme, on a scale of 1 to 5, please rate each of the following statements on the strength of your judgement.

   (Please tick only one box in each line to show the extent you agree with the statement in that line).

1=Strongly Disagree 4= Agree

2=Disagree 5= Strongly Agree

3=Neither Agree nor Disagree DK=Don't Know

	1	**2**	**3**	**4**	**5**	**DK**
The cash transfer programme provides me with access to reliable and consistent income						
The cash transfer programme has enabled me to **access** banking services						
The cash transfer programme has enabled me to **access** mobile money services like M-PESA, Airtel Money						
The Cash Transfer Programme encourages me to **use** the banking and mobile money services.						
I am able to save a part of the cash I receive from the cash transfers						
I am able to get loans and repay because of the cash transfers that I receive						
The savings and loans have enabled me to invest in a business						
The savings and loans have enabled me to acquire household items						

6. How do you receive payments in the programme? *(Please tick as appropriate)*:

System of Transfer	
Physical Cash	
An Agent	
Bank Account (Including Postal Corporation of Kenya)	
Mobile money services e.g. Mpesa	
Loaded of Debit Cards - Point of Sale (POS) or Biometrics	

7. Before joining the aid programme, did you, either by yourself or together with someone else, have an account with any of the following financial services? (*Tick as appropriate)*

Type of Financial Service	
Bank including Postal Corporation of Kenya	
Microfinance Institution	
Credit Union or SACCO	
Mobile phone e.g. Mpesa, M-shwari	
An informal savings club or a person outside the family (E.g. Chama)	
Safe keeping at home	
Other (Specify)	

8. Since joining the programme, have you, either by yourself or together with someone else, opened any/ (additional) account with any of the institutions? (*Tick as appropriate)*

Type of Financial Service	
Bank including Postal Corporation of Kenya	
Microfinance Institution	
Credit Union or SACCO	
Mobile phone e.g. Mpesa, M-shwari	
An informal savings club or a person outside the family (E.g. Chama)	
Safe keeping at home	
Other (Specify)	

9. In the case of an informal savings club or a person outside the family, does your informal saving club keep money in: (*Tick as appropriate)*

Type of Account	
A group account at a bank, credit union, and SACCO or microfinance institution	
A member's account at a bank, credit union, SACCO or microfinance institution	
Safely at a member's home	
Other (Specify)	

Section D: Aspects of Financial Inclusion

10. Since joining the programme, have you borrowed any money from? (*Tick as appropriate)*

Loan Source	
A bank, credit union, SACCO or microfinance institution	
A store by using instalment credit or buying on credit	
Family or friends	
Employer	
Another private lender such as a shylock	
Other (Specify)	

Section E: Whether beneficiaries use financial services beyond receipt of cash transfers and one time withdrawals

11. Please respond to each of the following statements on the transactions you carry out on your account(s). *(Please tick only one box in each line to show the extent you agree with the statement in the line)*:

1= Never
2=Rarely
3= Fairly Often
4= Most Times
5=Always
N/A=Not Applicable

Type of transaction	**1**	**2**	**3**	**4**	**5**	**N/A**
Receive money or payments for work or from selling goods						
Receive money or payments from the government						
Receive money from family members living elsewhere						
Send money to family members living elsewhere						

12. Please respond to each of the following statements on the approximate number of times you take/ deposit money from/into your personal account(s) in a month (*Tick as appropriate)*

Type of Transaction	**0 - 1 times**	**2 - 3 times**	**4 - 5 times**	**6 - 7 times**	**8 or more times**
Take money out of the account(s) (including cash withdrawals, mobile payments, electronic payments, purchases, checks, or any other time money is removed from your account(s) by yourself or others)					
Deposit money into the account(s) (including cash, mobile or electronic deposits, or any time money is put into your account(s) by yourself or others)					

13. Please respond to each of the following statements on the mode(s) of withdrawal you usually adopt to take cash from your account(s). *(Please tick only one box in each line, on a scale of 1 to 5, to show the extent you agree with the statement in the line)*

1= Never 4= Most Times

2=Rarely 5=Always

3= Fairly Often N/A=Not Applicable

Avenue	**1**	**2**	**3**	**4**	**5**	**N/A**
At an ATM						
Over the counter in a branch of my bank or financial institution						
Over the counter at a supermarket through an agent or point of sale						
Through my mobile phone (e.g. MPESA, M-Shwari)						
From some other person who is associated with your bank or financial institution like an Agent or Shop						

14. Please respond to each of the following statements on the mode(s) of deposit you usually adopt for your account(s): *(Please tick only one box in each line, on a scale of 1 to 5, to show the extent you agree with the statement in the line)*

1= Never	4= Most Times
2=Rarely	5=Always
3= Fairly Often	N/A=Not Applicable

Avenue	**1**	**2**	**3**	**4**	**5**	**N/A**
At an ATM						
Over the counter in a branch of my bank or financial institution						
Over the counter at a supermarket through an agent or point of sale						
Through my mobile phone (e.g. MPESA, M-Shwari)						
From some other person who is associated with your bank or financial institution like an Agent or Shop						

15. Please respond to each of the following statements on the modes of payment you use to make payments to third parties. *(Please tick only one box in each line, on a scale of 1 to 5, to show the extent you agree with the statement in the line).*

1= Never	4= Most Times
2=Rarely	5=Always
3= Fairly Often	N/A=Not Applicable

Mode	**1**	**2**	**3**	**4**	**5**	**N/A**
Cash						
Own Cheque						
Bankers Cheque						
Use mobile phone to send and receive payments						
Undertake cashless transactions						
Electronic money accounts with formal banks						
Other (Specify)						

16. Considering your experience with the banking facility you use, please rate your satisfaction with the facilities on the aspects given below, ranging from strongly disagree strongly agree. *(Please tick only one box in each line, on a scale of 1 to 5, to show the extent you agree with the statement in the line)*.

1=Strongly Disagree	4= Agree
2=Disagree	5= Strongly Agree
3=Neither Agree nor Disagree	DK=Don't Know

	1	**2**	**3**	**4**	**5**	**DK**
I find the facility/ facilities affordable						
I find the facility/ facilities secure						
I find the facility/ facilities convenient						
I find the banking transaction procedures easy to use e.g. no complicated forms						
I find the staff of the facility/ facilities courteous and helpful						
I find it easy to borrow money from my bank						
I manage my bank debts repayments with ease						
I have been made aware of the features of my account(s)						
I have been made aware of the financial options/services available at the facility/ facilities						

17. On a Scale of 1 to 9, rate the extent to which the operational conditions of the Social Transfer Programme you benefit from encourage you to take up a formal bank account.

Perception	**Score**	***(Please tick against only one line item that reflects your Perception)***
Absolutely Discouraging	1	
Very Discouraging	2	
Discouraging	3	
Somewhat discouraging	4	
Neither Encouraging Nor Discouraging	5	
Somewhat Encouraging	6	
Encouraging	7	
Very Encouraging	8	
Absolutely Encouraging	9	
Don’t Know	DK	

18. Give any other relevant comments

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Appendix 3: Responses to the Issues on Satisfaction with SCTPS

Appendix 3 (a): Responses to Issues on Access to Reliable and Consistent Income

Response Criteria	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	11	19.3	20.0	20.0
Disagree	21	36.8	38.2	58.2
Neither Agree nor Disagree	4	7.0	7.3	65.5
Agree	12	21.1	21.8	87.3
Strongly Agree	7	12.3	12.7	100.0
Total	55	96.5	100.0	
8 – Missing (Not Applicable)	1	1.8		
9 – Missing (No Response)	1	1.8		
Total	2	3.5		
Total	57	100.0		

Appendix 3 (b): Responses to Issues on Access to Formal Bank Services

Response Criteria	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	14	24.6	25.0	25.0
Disagree	10	17.5	17.9	42.9
Neither Agree nor Disagree	2	3.5	3.6	46.4
Agree	20	35.1	35.7	82.1
Strongly Agree	10	17.5	17.9	100.0
Total	56	98.2	100.0	
8 Missing (Not Applicable)	1	1.8		
Total	57	100.0		

Appendix 3 (c): Responses to Issues on Access to Mobile Money Services

Response Criteria	Frequency	Percent	Valid Percent	Cumulative %
Strongly Disagree	14	24.6	24.6	24.6
Disagree	13	22.8	22.8	47.4
Neither Agree nor Disagree	5	8.8	8.8	56.1
Agree	19	33.3	33.3	89.5
Strongly Agree	6	10.5	10.5	100.0
Total	57	100.0	100.0	

Appendix 3 (d): Responses to Issues on Encouragement to use Banking and Mobile Money Services

Response Criteria	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	17	29.8	30.4	30.4
Disagree	7	12.3	12.5	42.9
Neither Agree nor Disagree	7	12.3	12.5	55.4
Agree	15	26.3	26.8	82.1
Strongly Agree	10	17.5	17.9	100.0
Total	56	98.2	100.0	
9 – Missing (No Response)	1	1.8		
Total	57	100.0		

Appendix 3 (e): Responses to Issues on Ability to Save

Response Criteria	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	13	22.8	22.8	22.8
Disagree	12	21.1	21.1	43.9
Neither Agree nor Disagree	1	1.8	1.8	45.6
Agree	20	35.1	35.1	80.7
Strongly Agree	11	19.3	19.3	100.0
Total	57	100.0	100.0	

Appendix 3 (f): Responses to Issues on Ability to Obtain and Pay Loans

Response Criteria	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	33	57.9	57.9	57.9
Disagree	9	15.8	15.8	73.7
Neither Agree nor Disagree	5	8.8	8.8	82.5
Agree	9	15.8	15.8	98.2
Strongly Agree	1	1.8	1.8	100.0
Total	57	100.0	100.0	

Appendix 3 (g): Responses to Issues on Ability to Invest in Business from the Loans and Savings

Response Criteria	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	8	14.0	19.5	19.5
Disagree	10	17.5	24.4	43.9
Neither Agree nor Disagree	5	8.8	12.2	56.1
Agree	14	24.6	34.1	90.2
Strongly Agree	4	7.0	9.8	100.0
Total	41	71.9	100.0	
8 – Missing (Not Applicable)	1	1.8		
9 – Missing (No Response)	15	26.3		
Total	16	28.1		
Total	57	100.0		

Appendix 3 (h): Responses to Issues on Ability to Acquire Household Assets from the Loans and Savings

Response Criteria	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	7	12.3	17.5	17.5
Disagree	8	14.0	20.0	37.5
Neither Agree nor Disagree	2	3.5	5.0	42.5
Agree	15	26.3	37.5	80.0
Strongly Agree	8	14.0	20.0	100.0
Total	40	70.2	100.0	
8 – Missing (Not Applicable)	1	1.8		
9 – Missing (No Response)	16	28.1		
Total	17	29.8		
Total	57	100.0		

Appendix 4: Summary of Responses on Satisfaction with SCTP over Welfare Issues

Evaluation Criteria	Income Reliability & Consistency Responses		Ability to Access Banking Services Responses		Ability to Access Mobile Money Services Responses		Encouragement to use Bank & Mobile Money Services Responses		Ability to Save from Transfers Responses		Ability to Get and Repay Loans Responses		Ability to Invest from the savings and Loans Responses		Ability to Acquire Assets from the savings and Loans Responses	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Disagree Strongly	11	20.0	14	25.0	14	24.6	17	30.4	13	22.8	33	57.9	8	19.5	7	17.5
Disagree	21	38.2	10	17.9	13	22.8	7	12.5	12	21.1	9	15.8	10	24.4	8	20.0
Either Agree nor Disagree	4	7.3	2	3.6	5	8.8	7	12.5	1	1.8	5	8.8	5	12.2	2	5.0
Agree	12	21.8	20	35.7	19	33.3	15	26.8	20	35.1	9	15.8	14	34.1	15	37.5
Agree Strongly	7	12.7	10	17.9	6	10.5	10	17.9	11	19.3	1	1.8	4	9.8	8	20.0
Count	55	100.0	56	100.0	57	100.0	56	100.0	57	100.0	57	100.0	41	100.0	40	100.0

Source: Field Data

Appendix 5: Statistical Information on Responses to Issues on Welfare

		Income Reliability & Consistency Responses	Ability to Access Banking Services Responses	Ability to Access Mobile Money Services Responses	Encouragement to use Bank & Mobile Money Services Responses	Ability to Save from Transfers Responses	Ability to Get and Repay Loans Responses	Ability to Invest from the savings and Loans Responses	Ability to Acquire Assets from the savings and Loans Responses
N	Valid	55	56	57	56	57	41	40	57
	Missing	2	1	0	1	0	16	17	0
Mean		2.69	3.04	2.82	2.89	3.07	1.88	2.90	3.23
Std. Error of Mean		.183	.202	.186	.205	.200	.160	.209	.228
Median		2.00	4.00	3.00	3.00	4.00	1.00	3.00	4.00
Mode		2	4	4	1	4	1	4	4
Std. Deviation		1.359	1.513	1.403	1.534	1.510	1.211	1.338	1.441
Skewness		.407	-.193	.002	-.033	-.188	1.056	-.077	-.362
Std. Error of Skewness		.322	.319	.316	.319	.316	.316	.369	.374

Appendix 6: Statistics on Responses to quality of financial services

Evaluation Criteria	The facility/ facilities are affordable		The facility/ facilities are secure		The facility/ facilities are convenient		Banking transaction procedures easy to use		The facility staff are courteous/ helpful		It's easy to borrow money from the facility		Able to manage such debts with ease		Aware of the features of the accounts		Aware of available financial options/ services	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Disagree Strongly	4	8.2	5	10.2	4	8.2	4	9.8	3	8.6	10	41.7	10	45.5	9	25.7	10	27.8
Disagree	4	8.2	0	0	0	0	4	9.8	1	2.9	4	16.7	3	13.6	2	5.7	3	8.3
Either Agree nor Disagree	5	10.2	1	2.0	2	4.1	5	12.2	2	5.7	6	25.0	6	27.3	3	8.6	2	5.6
Agree	27	55.1	28	57.1	32	65.3	24	58.5	23	65.7	3	12.5	3	13.6	16	45.7	14	38.9
Agree Strongly	9	18.4	15	30.6	11	22.4	4	9.8	6	17.1	1	4.2	0	0	5	14.3	7	19.4
Count	49	100	49	100	49	100	41	100	35	100	24	100	22	100	35	100	36	100

Appendix 7: Conditions of Transfer for Respective SCTPs

PROGRAMME	TRANSFER AMOUNT / FREQUENCY	PAYMENT MODALITY	DESIGN	PROGRAMME DURATION	Beneficiaries Comments
CT-OVC	Once in two months	Equity Bank using Biometrics authentication process	G2P Payment Unconditional	Long Term Beneficiaries maybe changed in phases of 4-5 years based on needs assessment	• Unreliable income especially due to failure of biometric machines • Increase transfer amounts to sustain meaningful investments and pay consistently • Enables repayment of school fees credit
HSNP	Once in two months	Equity Bank Agents, ATM and Branch Account, POS	G2P Payment Unconditional	Long Term Beneficiaries maybe changed in phases of 4-5 years based on needs assessment	• Increase Bank Agents to facilitate faster services • Consider monthly payments instead of once after 2 months • Issue PINs to enable withdrawal from ATMs
OPCT	Once in two months	Postal Corporation of Kenya	G2P Payment Unconditional	Long Term	• Increase transfer amounts as it's the only source of income • Transfers enabled payments for NHIF • Payments should be more regular
PWSD-CT	Once in two months	Postal Corporation of Kenya	G2P Payment Unconditional	Long Term	• Transfers facilitated start-up of business • Thankful for the transfers and education offered
UFSP	Once in two months	Postal Corporation of Kenya	G2P Payment Unconditional	Long Term	• Government to consider use of MPESA for convenience, security and time saving • Consider monthly payments to enhance consistency and reliability • The transfer supports in offsetting rent arrears
CFA	Monthly	Equity Bank Agents, ATM and Branch Account, POS	D2P Payment Conditional	Long Term Beneficiaries maybe changed in phases of 4-5 years based on improvement of food security	• Increase transfer amounts • Thankful for benefits of banking services and Financial Education