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A research submitted in partial fulfillment for the Bachelor’s Degree In Information Technology

DECLARATION

I declare that this research is my original work and has not been previously published or submitted anywhere for award of a degree. I also declare that this contains no material written or published by other people except where due reference is made and author duly acknowledged.

Student Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Registration Number: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Sign: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

I do hereby confirm that I have examined the research of:

**Clare Jean Karani**

And have certified that all revisions that the research panel and examiners recommended have been adequately addressed.

Signed \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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1. **INTRODUCTION**
   1. Background of the study

Mobile money transfer, also referred to as mobile payment or mobile wallet, generally refer to payment services operated and performed from or via a mobile phone. It has evolved to become the next generation electronic mobile payments. The first mobile money transfer in Kenya was launched in 2007, this was M-PESA. According to a research done by the Government of Kenya, It is believed that mobile telephone subscribers soared from a minimal 10, 000 in 1999 to 33.3 million by the end of 2014 likewise the number of internet users also increased exponentially from a 1 million in 2005 to 22 million in 2014.Therefore mobile network operators diversified their products to include Mobile Money Transfer services.

About a decade ago it was hard for families to communicate with relatives who lived in distant parts of Kenya and it became even harder to send or receive money. Now, with the introduction of mobile money transfers, money can be sent instantaneously. Money transfer options means that one can send money from their mobile money account to a different subscriber anywhere anytime, which is similar to airtime transfer. In the initial stages of mobile money in Kenya, the service enabled subscribers to send or receive money to and from other mobile phone users. Over time more features have been added.

The current mobile money providers in Kenya are Safaricom’s M-Pesa, which was introduced in March 2007; Zain’s Zap which was introduced in January 2010 but later rebranded to Airtel Money following the takeover of Zain by Airtel, YU-Cash started in December 2009 by Essar but now Yu has been taken over by Airtel, while Orange Money’s Iko Pesa was launched in November 2010 by Telkom Kenya. M-Pesa is by far the largest accounting for more than 90% of mobile money subscriptions.

Hughes and Lonie (2007) proposed that services such as bill payment, salary payment and local and international remittances could be included in mobile money. Through the pay bill features available through mobile money services it is now possible to pay for electricity and water, digital television, parking fees and other services. This is a rising trend among many consumers especially those in urban settings. The use of mobile money to pay bills is chiefly among wealthier, urban customers (Zutt, 2010).

* 1. Problem Statement

My study aims at explaining the impact of mobile money transfer in Kenya. Mobile money has had a positive uptake since its introduction in 2007.This is because it is affordable and even to the low income earners. It has many positive impacts, but with any new system there are some limitations.

Since this is an electronic system, there is risk of hacking/fraudulent schemes, whereby a user may receive a false text stating that they have won a promotion. The recipient may be told to send some money so as to receive the reward money and therefore may end up being conned. Also when your device is stolen hackers may get a chance to access vital bank information especially if the user did not have a strong password. All this and other problems are caused by mobile money transfer.

Mobile money users are the ones who are most affected by such problems. They need assurance of security for their bank details so that it may not fall into the wrong hands. In the case of mobile banking, it is advised that one should not store vital bank details using a mobile phone. Also if one logs in their bank’s website they should clear out the cookies and caches regularly. This will help secure data and make it safer to continue to use mobile money.

* 1. Objectives
     1. General Objective

The main objective was to find out the impacts of mobile money transfer in Kenya, both negative and positive.

* + 1. Specific Objectives
* To investigate the uptake of Mobile money among Kenyans.
* To investigate the setbacks of mobile money transfer.
* To find out if Mobile money is user-friendly to all Kenyans.
* To find out the various mobile money services and how they have helped Kenyans.
  1. Research Questions
* How do mobile money transfer services help the Kenyans?
* Which are the types of mobile money services available in Kenya?
* Do the positive impacts of mobile money transfers outweigh the negative impacts?
* What improvements can be made to make Mobile money transfer secure?
  1. Justify the problem
* This research can help make mobile money transfer secure and safe to use with less risks.
* It can be used to educate those Kenyans who are not yet using mobile money to start using it as it is affordable.
* This study will clearly show the increased number of users of mobile money as it being embraced.
  1. Scope of the study

This study will concentrate on the impacts brought about by mobile money transfers in Kenya. It will focus on common services such as M-PESA and AirtelMoney. Banks have also ventured in mobile banking services which have simplified work for users instead of going to the bank all details can be gotten on the phone. The study will mainly focus on Kenyans living in Nairobi and since it is an urban center with a population approximated at 3.36 million as at 2011, the study will be of great importance.

* 1. Limitations
* Since the study will be done in an urban centre some of the problems experienced by those living in rural areas may be overlooked.
* Time may also be a limiting factor due to other commitments. Therefore data collected may not be as much as needed.