Influence of Financial Education in Enhancing Financial Inclusion in Rural Kenya: A Case of KCB Bank Agent Outlets in Market West Sub County

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***Abstract*:-The relationship between financial development and growth has been studied extensively by researchers in the past decade. The World Bank and other financial institutions have declared that by 2020, all world population need to have bank accounts for social economic development. Agency banking is one invention aimed at ensuring financial inclusion of rural people towards promoting development. And the World Bank Group in October 2013 postulated the global goal of universal access to basic transaction services as an important milestone toward full financial inclusion—a world where everyone has access and can use the financial services he or she needs to capture opportunities and reduce vulnerability (World Bank 2013b). However, statistics from Kenya Bankers Association (2010) shows that almost 50.0% of the population in rural Kenya have bank accounts. Therefore, the purpose of this research was to establish the influence of education in enhancing financial inclusion of rural population in Marakwet West Sub County. The study was guided by agency theory and was conducted in Marakwet West Sub County, KCB Mtaani agent outlets. The study used a survey research design approach. Information from Kapsowar KCB branch shows that 156 agents had been registered by December 2014. The manager at Kapsowar KCB Bank Branch acted as a key informant for the research. The sample size involved 113 respondents who were selected through simple random sampling technique. Data was collected through use of questionnaires and interviews. Validity, piloting and reliability procedures were undertaken to ascertain the instruments are effective. Data collected were analysed using descriptive and inferential statistics. Results of the research are presented in tables. The study found out that financial education (r=0.126), was a significant factors (p<0.05) influencing financial inclusion for rural development in Marakwet West Sub County. The study recommends that financial education should be regularly provided not only to agent operators but also to residents from all corners of the study area, there is need for the agents to have a higher float management levels to facilitated efficiency as some respondents reported underperformance due to ceilings set by the bank. The study findings will be significant to commercial banks (especially KCB Bank) in improving their agency banking services, development partners (World Bank, IMF) and future researchers.**

I. INTRODUCTION

Banking sector is a catalyst in economic growth of a country (Kaburu, 2012).However, according to the 2014 World Bank estimates, there are still around 2.5 billion people in the world who do not have a bank account (Singh &Tandon, 2012; Kenya Bankers Association, 2014; Boyd, 2011; McKay, 2011). Global Findex data for 2014 reveal that only around 50% of adults (people aged 15 and above) in the world have at least one bank account in the formal financial system. However, this percentage of individuals with a bank account varies considerably between developed and developing countries. In developing countries, banking penetration rates are far below the average.

In Africa, the percentage of adults with a bank account is 20%, and in Latin America 39% (Mahmood & Sahai, 2011). In India, half of the poor are financially excluded from the country's mainstream of the banking sector (Singh & Tandon, 2012). The National Financial Access Survey of 2009 shows that 32% of Kenya's bankable population remains totally outside the orbit of financial services and many more being served by the informal financial system (CBK, 2009). This shows that development agendas cannot be attained without including all people around the world in financial matters and this has made organisations and countries across the world advocate for financial inclusion for all.

The United Nations report (2006) played a significant role in bringing international attention on this issue. The UN report defines an inclusive financial system as one that provides credit to all bankable individuals and firms; insurance to all insurable individuals and firms; and savings and payment services for everyone. It is commonly argued that the economy as a whole benefits through financial inclusion (Mohan, 2006). First, it could be an important tool to reduce income inequality in the economy. Low-income individuals are often those not accessing financial services. Once access is provided, these individuals have greater potential to improve their income levels (World Bank, 2012).The objective of achieving universal financial access by 2020, expressed by the president of the World Bank, is another attempt to recognize the important role of financial inclusion for economic growth and alleviation of poverty (Honohan, 2008).

Financial inclusion is a situation where financial services are accessible to low income people. Vulnerable groups are usually excluded due to access barriers (Rani, 2006). The evolution of money from physical cash to digital form is redefining financial services as an information business. This, in turn, is generating optimism around the long-term prospect of cashless societies, where most people have access to low-cost, convenient, and broadly available financial services. Research indicates that these digital cash models can increase financial access for unbanked segments by reducing the cost-to-serve for providers and making service more convenient for customers (Omwansa &Waema, 2014). Branchless innovators who get it right can help accelerate the pace at which financial inclusion happens.

In the United States of America, an introduction of the Community Reinvestment Act (CRA) by the Government is often cited as a major initiative to combat the issue of 'unbanked' households. There has been positive impact in that lending to black and Hispanic Americans is higher within CRA regulated areas and that there has been crowding out of lenders falling outside the regulatory powers of the CRA in low income communities (Kempson *et al.*, 2004).In Australia, the Government partially sold Telstra (the telecommunication company) to raise A$70 million to provide banking and other transaction services to communities without banking facilities through the Rural Transaction Centre (RTC) set up in post offices, stores or stand-alone facilities run by Councils (Kempson *et al.*, 2004). The programme has benefited 100 communities and many more are applying for funding of the same product.

In Peru, Clamara, Peñay and Tuesta (2014) found out that factors such as age, gender, education and income level seem to affect perception of the barriers to financial inclusion. The identification of individual characteristics that could affect financial inclusion provides useful empirical evidence for designing policies that promote more inclusive financial systems. Financial inclusion has been an issue for many developing countries. Countries such as India, Brazil, South Africa and Kenya have adopted mobile banking, to give banking access to the unbanked sector. Siddik, Sun, Yanjuan and Kabiraj (2014) inform that in Bangladesh, during last few years, the banking industry has experienced tremendous growth.

However, there are concerns that banks have not been able, due to high operating costs, to include vast section of entire population into the fold of basic banking services, especially people from remote and rural areas. In Zimbabwe, the Reserve Bank has been on the forefront urging financial institutions to adopt strategies meant to promote financial inclusion. The Reserve Bank of Zimbabwe (RBZ)'s (2006) Monetary Policy Statement affirmed that the majority of Zimbabweans have no access to financial services. A study by Fin Mark (2012) revealed that 65% of the Zimbabwean population stay in the rural area and that only 5% of rural people have access to a bank that is within 30 minutes reach. In South Africa, the Mzansi brand is a National banking initiative, launched in 2004 for banks to offer low cost accounts in order to make banking affordable to the majority of the people (Kotler, 2010). In Kenya, a product called MPESA was launched in 2007 (Mbiti & Weil, 2011).

Despite introduction of mobile banking related platforms, agency-banking model has been introduced across the world as a method of ensuring financial inclusion of unbanked population. An agency bank is a organization that acts in some capacity on behalf of another bank, it, thus, cannot accept deposits or extend loans in its own name; it acts as agent for the parent bank. It is a retail outlet contracted by a financial institution or a mobile network operator to process clients' transactions (CBK, 2010).Agency banking was first developed in Brazil in 1999. Although by 2000, only 1,600 municipalities in Brazil had bank branches, by 2010, some 170,000 agents cover all of the 5,500 municipalities, and nearly 12 million accounts have been opened at agents over three years. Brazil's experience has offered valuable lessons for countries where banks can contract an agent (McKay, 2011).

Agency banking was introduced in India in 2006 when banks were allowed to appoint MFIs and post offices as business correspondents for inter alia small deposit taking. Elsewhere, agency banking refers to the points of service ranging from post offices in the outback of Australia where clients from all banks can conduct their transactions, to rural France where the bank Credit Agricore uses corner stores to provide financial services, to small lottery outlets and clients can receive their social payments and access their bank accounts (Porteous, 2006).

In Africa, the finance sector has a pivotal role to play in economic development. Across the continent, a number of banks are championing sustainability and reengineering their operations to integrate agency-banking models. However, in Africa, agency banking is a new concept, with the model/concept being highly implemented in Kenya and South Africa. In South Africa, the first agency banking was implemented in 2005 (Bold, 2011). The South African regulatory framework gives wide discretion to banks to use nonbank third parties to offer banking services beyond their traditional branch network, either as agents or through outsourcing arrangements.

Agency banking model was embraced in Kenya in 2010 has led to further expansion of the distribution of banking services leading to the establishment of village banks. Financial services were then provided from the supermarkets to canteens with much ease (Omwansa&Waema, 2014). With all that shaping of the banking industry in the country it was hard to know what the next move could be but what was clear was that Kenyan banks were taking financial empowerment to another level (Mbiti & Weill, 2011). This was not only happening in Kenya but also within the wider region as a whole (Bold, 2011). Many strategies were used by banks to expand in their quest for international expansion. The common ones were acquisitions, start-ups and joint ventures. Most banks chose the same or varying options when they were expanding across the borders. Equity bank chose the agency model to expand in the east Africa region (Wambua, & Datche, 2013).

From the reviewed background studies, Financial inclusion related issues are a subject of growing interest and one of the major socio-economic challenges on the agendas of international institutions, policymakers, central banks, financial institutions and governments (Cihak*et al.*, 2012). Financial services are provided more efficiently by the private sector and thus financial institutions are the main agents involved in these processes. However, since lack of use of financial services is mostly due to the presence of market failures, governments should try to mitigate these failures by establishing adequate regulation and policies. It is desirable to ensure that financial services can reach the whole population with appropriate products and access channels. The problem of involuntary financial exclusion requires intervention to address market failures such as asymmetric information, lack of competition in the markets or insufficient infrastructure. These failures make it difficult for population groups, low-income groups or those who have traditionally been more vulnerable, such as women, young people or people who live in rural areas, to use formal financial services.

Marakwet West Sub County is under Elgeyo Marakwet County in the larger rift valley province. Crop farming and livestock keeping are the main economic activities. The head quarter of the region is in Kapsowar that is served by several banks and micro finance; Kenya Commercial Bank (KCB), Equity Bank, Kenya Women Finance Trust (KWFT) micro finance, Marakwet Teachers SACCO among others. Most financial institutions are located in urban centres especially Kapsowar where people have to move out of their areas to come and make banking transactions in the town. With the advent of mobile and agency banking, the rural population can now access banking services within their vicinity. However, statistics from Kenya Bankers Association (2014) indicates that more than 50.0% of rural Kenya population are still unbanked. This is what made the Author to investigate financial education as a probable factor influencing financial inclusion of rural people in Marakwet West Sub County with specific focus on KCB Bank Mtaani agent outlets that have been existence for the past four years.

1.1 Problem Statement

The link between banking service penetration and poverty starts from the premise that households try to maximise their profit and not their income (Honohan, 2008). Their objective is to synchronise income flows and consumption needs. In this context, the use of financial services is an important tool for smoothing the cycles in consumption. However, the most vulnerable groups find it particularly difficult to access these services in Marakwet West Sub County. Agency banking took effect in Kenya in May 2010 after the publication of prudential guidelines by the Central Bank of Kenya. Agency banking has been practiced in a number of countries such as Brazil, Columba, Pakistan, South Africa and Indonesia (Saropa, 2013). A survey by Kenya Bankers Association (2014) revealed that majority of banks agents' outlets are located in urban centres but majority of the rural population remained unbanked. KCB as the largest bank by assets in the country introduced agent banking in 2012 but as of late, annual reports project that the banking agent outlets have not been performing as expected.

Research studies have been conducted on rival banks. For instance, Gitonga and Njeru (2014) researched on factors influencing adoption of agency banking on financial performance of agents' outlets in Kajiado North Sub County but the current research looks at financial inclusion of the rural population. One study conducted by World Bank (2012) indicates that lack of financial services could lead to poverty trap and an increase in the inequality gap. Social objectives of poverty eradication is considered to be the main objective of the financial inclusion scheme since they bridge up the gap between the weaker section of society and the sources of livelihood and the means of income which can be generated for them if they get loans and advances which in turn leads to sustainable livelihood because weaker section of society got some money in loan which they can start up their own business or they can support their education. Financial inclusion is important for improving the living conditions of poor farmers, rural non-farm enterprises and other vulnerable groups (Wambua & Datche, 2013).Kenya National Bureau of Statistics (2014) indicate that the poverty rate in Marakwet Sub County stands at 57.9 percent and it is not understood whether financial exclusion of rural population could be the result for this trend. It is due to the above mentioned reasons that the study investigated the influence of financial education as a probable factor influencing financial inclusion in rural Kenya with specific reference on Kenya Commercial Bank agents' outlets in Marakwet West Sub County.

1.1.1 Purpose of the Study

The purpose of this research was to investigate financial Education as a probable factor affecting financial inclusion in rural Kenya with specific focus for KCB agent outlets in Marakwet West Sub County.

1.2 Objectives of the Study

The study was guided by the following objective,

1. To determine how financial education of KCB agents influence financial inclusion in Marakwet West Sub County.

12.1 Research Questions

The following was the study research question;

1. How does financial education of KCB agents influence financial inclusion in Marakwet West Sub- County?

1.2.1.1 Significance of the Study

The findings of this study may be relevant to rural populations (unbanked), Kenya Commercial Bank, policy makers (CBK, KBA) and future researchers. To residents, identifying factors influencing financial inclusion will help drive out poverty in rural population to aid in the achievement of millennium sustainable goals (MSGs) and Vision 2030. In addition, the unbanked population may have an opportunity of accessing banking services at their locations since recommendations are going to be made on how accessibility to agency banking can be improved. To policy makers, the study aims at understanding of opportunities available for financial accessibility development.

Kenya Bankers Association and Central Bank of Kenya (the regulator), necessary policies may be formulated aimed at reaching out to the unbanked population. For KCB Bank, the study findings may inform the management on the best methods and ways through which financial inclusion can be improved to ensure the success of agency banking is achieved. This is because mobile banking has the potential to offer wider markets for financial institutions by reaching to the previously 'unbanked' people. To future researchers, it is expected that the results of the study might be helpful as the world is adjusting to mobile banking platform by 2020.

II.OVERVIEW OF LITERATURE

2. Introduction

An agency bank is a company/organization that acts in some capacity on behalf of another bank, it, thus, cannot accept deposits or extend loans in its own name; it acts as agent for the parent bank. It is a retail outlet contracted by a financial institution or a mobile network operator to process clients' transactions. Rather than a branch teller, it is the owner or an employee of the retail outlet who conducts the transaction and lets clients deposit, withdraw, and transfer funds, pay their bills, inquire about an account balance, or receive government benefits or a direct deposit from their employer (Central Bank of Kenya [CBK], 2010).The partnership has helped banks to take financial services closer to people, more importantly, to areas that lack them. Kenya changed its banking laws in January 2010, to allow commercial banks offer their services through third-party businesses. The agents operate as satellite branches. The banking concept that is deepening access to financial services is gaining currency in Kenya, where one-third of the population still lacks access to formal banking services (Vutsengwa &Ngugi, 2013).

In India, many people are unaware of the banking terms and conditions laid down from time to time. Because of illiteracy, a substantial number of people are unable to take recourse to banking services. Lack of information about the role and function of banks, banking services and products, interest rates among others stop people from including themselves in mainstream banking (Singh & Tandon, 2012).

Another barrier to access is the fact that there might be an issue of trust due to asymmetric information causing problems of moral hazards and adverse selection. The group of people that is most likely to be affected by this barrier is the group referred to as the un-bankable. The un-bankable consists of people who are considered a high lending risk or who lack sufficient earnings in order to obtain access to financial services. When exploring barriers to financial access in countries with different characteristics Beck *et al.,* (2007) found that the stricter the regulatory framework is on the financial system, the higher are the barriers to access. Economies with stricter regulations on the formal financial sector often require more documentations and higher minimum balances in order to open an account. Furthermore, the requirements on collateral in order to obtain a loan are usually higher in these economies and finally there are usually high restrictions put on financial services carried out through alternative delivery channels.

Wambua and Datche (2013) study found out that majority of the respondent in Mombasa found it very hard to operate the gadgets (for Agency banking) without any help. Further the aged and peasant farmers could not operate the innovated channels without any help hence this indicates that majority of respondents were sceptical about user friendliness of innovated channels. However, a significant number of respondents indicated user friendliness this has bared a segment of the market from accessing bank services through the innovated channels which has affected financial inclusion in the opposite direction.

Customer service is a huge challenge for the banks, as they need to train and retrain the Agents to maintain high levels of customer service. Most agents are not properly trained on know your customer (KYC, a regulatory requirement). They do not know how to distinguish a fake identification document from a real one. Accounts opened at agent locations are also prone to money laundering transactions this is because of a few irregularities that happen during account opening (Sirken, 2009).

Client's lack of trust in agency banking, which in most cases, are due to lack of knowledge of products and its relationship to a traditional bank. Mobile phones are shared making it hard to meet KYC requirements and agents may not fully understand all features offered by mobile money providers. They may also not completely back the technology considering it as a threat to their livelihoods; Lack of vernacular language support in applications makes it difficult for the rural client, Low transaction limits due to Anti money laundering requirements (Wambua & Datche, 2013).

This research study was guided by agency theory. According to Laudon and Laudon (1996), agency theory views the company as a link of contracts among self-interested individuals rather than a unified, profit-maximizing entity. It explains the relationship between principal and agent in business. Agency theory is concerned with resolving problems that can exist in agency relationships; that is, between principals and agents of the principals. The two problems that agency theory addresses are: the problems that arise when the desires or goals of the principal and agent are in conflict, and the principal is unable to verify what the agent is actually doing; and problems that arise when the principal and agent have different attitudes towards risk. Because of different risk tolerances, the principal and agent may each be inclined to take different actions.

Therefore, agents need constant supervision and management to ensure success of their principals' objectives. Information technology, by reducing the costs of acquiring and analysing information, permits organizations to reduce overall management costs, and allows them to grow in revenues while shrinking the numbers of middle management and clerical workers. Research on agency theory has had several findings. Most notably, an agent is more likely to adopt the goals of the principal, and therefore behave in the interest of the principal, when the contract is outcome-based.

Additionally, when the agent is aware of a mechanism in place that allows the principal to verify the behaviour of the agent, he is more likely to comply with the goals of the principal. Considering the relationship between bank and its Mtaani agents have partnered to ensure financial inclusion of all rural people in Kenya. As projected, majority of rural population remain unbanked and therefore, the author investigated financial education as probable factor that influences financial inclusion in rural Kenya.

2.1 Conceptual Framework

The conceptual framework for the research was based on the relationship between the independent and dependent variables of the research.

The model is shown in Figure 2.1.

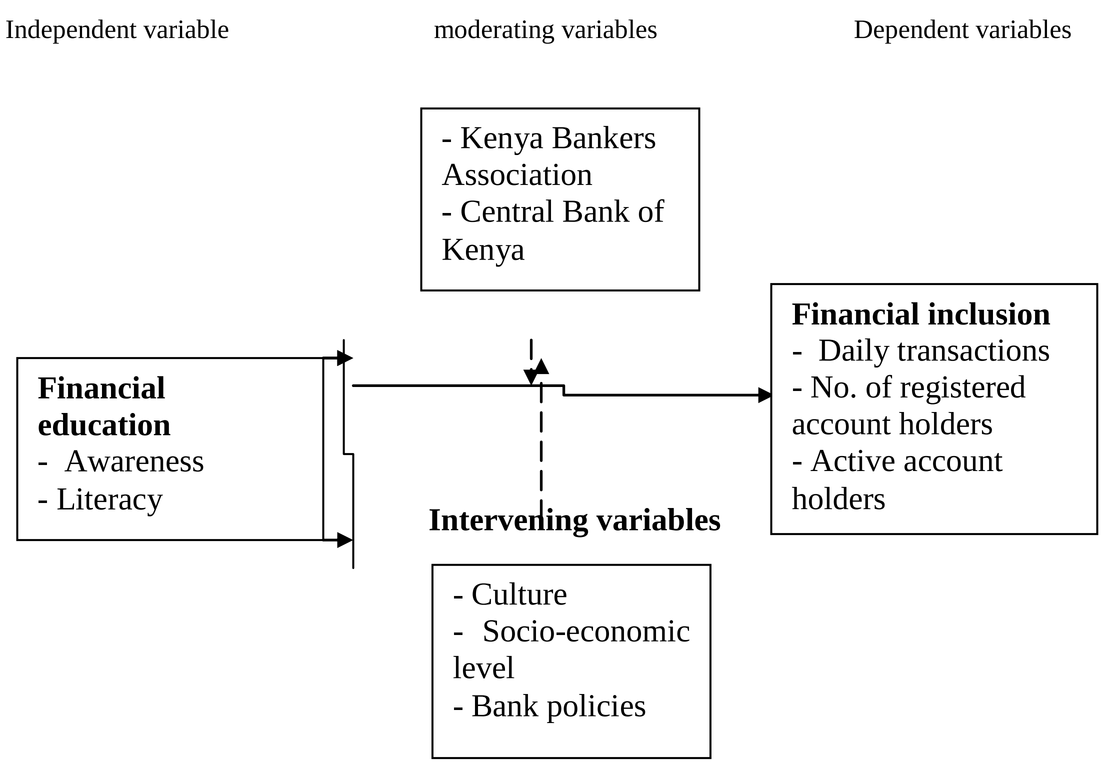

Figure 2.1 Conceptual framework

The first independent variable entails the financial education given to agents' operators and public on the agency banking platform. The financial education could dependent on the extent to which awareness and publicity has been made regarding the importance of owning and transacting using agency banking mode.

2.2 Knowledge Gap

The review of related literature has shown that research on M-Banking has been done mostly as opposed to agency banking within and outside Kenya (Sing &Tandon, 2012; McKay, 2011; Bold, 2011; Gitonga and Njeru, 2014). However, substantial research has been done in relation to the study topic although some gaps are evident. For instance, Gitonga and Njeru (2014) assessed factors influencing adoption of agency banking in Kenya but targeted several commercial banks offering agency banking, the current study looks at KCB Mtaani agent outlets in a different geographical location from Kajiado North by Gitonga and Njeru.

Ombutora and Mugambi (2013) researched on the role of agency banking on performance of banking agent entrepreneurs while the current research focuses on the financial inclusion of rural people in relation to the project management field. Saropa (2013) investigated Equity bank agency model in relation to international business and therefore the results are applicable at international level but not Marakwet West Sub County.

The next chapter presents the research design and methodological procedures followed during the process of identifying respondents, data collection and analysis procedures.

III. METHODOLOGY

Introduction

The study employed a survey research design in order to obtain the perceptions of KCB Bank Mtaani agents describe the conditions of the current performance appraisal system and the prospects for the way forward in the Ghana Civil Service. Target population comprised 224 employees from the Office of the Head Civil Service, the Ministry of Education and the various Ministries, Departments and Agencies at the Civil Service Training Centre within the study period. The purposive sampling technique was first employed to target only full-time employees at the Office of the Head of Civil Service and the Ministry of Education, that is, those on government pay roll who have gone through performance appraisal exercise. Then after the simple random sampling technique was adopted which gave equal chance to all the employees to be selected. Additionally, the judgmental sampling technique was also employed to select key persons from the two selected organizations for semi-structured interviews. This was to allow for the selection of Officials who were knowledgeable in the subject under study. Data was collected from both primary and secondary sources. Primary sources included self-administered questionnaire and semi structured interview. Organizational reports, journals, newspapers and relevant books were reviewed which constituted

The study used a survey research design plan. KCB Bank Mtaani agents were asked on their perceptions regarding a critical factor influencing financial inclusion in Marakwet West Sub County. The data collected from the respondents' were analyzed. The target population was 156, the sample size was 113. Therefore, 113 KCB Mtaani agents formed the sample size for the research. The study utilised questionnaires and interview schedules as instrument of collecting primary data.

3.1 Methods of Data Analysis

Kothari (2004) defines data analysis as the process of computation of certain indices or measures along with searching for patterns of relationship that exist among the data group. Further, Mugenda and Mugenda (2003) added that the data must be cleaned, coded and analysed from the results of which the Author was able to make sense of the data. Considering that the Author collected qualitative and quantitative data, two methods of analysing them was used. First of all, quantitative data from open-ended questions and discreet data were coded, entered and analysed in spread sheets for easier summary with the aid of SPSS (Statistical Package for Social Sciences Version 20.0). Quantitative data was analysed using descriptive; frequencies, percentages, means and standard deviation and use of inferential statistics; Karl Pearson product moment correlation was used. Qualitative data obtained from open ended questions and interviews were analysed thematically using content analysis method. The analysed data are presented tables, graphs and charts.

3.2 Operational Definition of Variables

The following table gives the operationalization of variables and method of testing the data.

Table 3.1Operationalization of the study variable

Objective	Predictors	Indicators	Measurement scale	Tools of analysis
How financial education influence financial inclusion	Education level Training level Literacy Awareness	Registered users Daily transactions Active users	Nominal Ordinal Scale	Means, standard deviations, frequencies, percentages and correlations

IV. DATA ANALYSIS, PRESENTATION, INTERPRETATION AND DISCUSSION

4.0 Introduction

This chapter presents the findings of the study collected from Marakwet Sub County, Elgeyo Marakwet County on the factor influencing financial inclusion in rural Kenya. The unit of study was KCB Mtaani agents located in the sub county. The data was collected through use of researcher-administered questionnaire. After the presentation of findings, interpretations are made and later discussions are made to check for similarities or differences with previous published works.

4.1 Response Rate

The following table shows the response rate for the study.

Table 4.1 Response Return rate

Respondents	Sample size	Response rate	Percent
KCB Mtaani Agents	113	87	76.9%
Manager	1	1	100.0%
Total	**114**	**88**	**88.5%**

The responses rate from KCB Mtaani agents in Marakwet West Sub County was 87(76.9%) while for KCB manager in charge of mobile service was 1 (100%). This translated to an average response of 88 (88.5%). Gitonga and Njeru (2014) informs that response rates are more important when the study‘s purpose is to measure effects or make generalizations to a larger population and less important if the purpose is to gain insight. Acceptable response rates vary by how the survey is administered.

The analysis of findings from the questionnaires were conducted through use of descriptive and inferential statistics to determine how several factors influenced financial inclusion of rural people in Marakwet West Sub-County. The presentation of data flows according to the objectives of the study but at first, the demographic profile of participants is presented.

4.2 Background Characteristics of Agent Banking Operators

This involved looking at the personal characteristics of respondents based on; gender, age category, highest trade and places where they live.

4.2.1 Location of Respondents

At first, the study wanted to know the locations to which KCB Mtaani agents operated from as either rural or urban areas of Marakwet West Sub County. The results are presented in table 4.2

Table 4.2 Location of respondents

Location	Frequency	Percent
Urban	41	47.1
Rural	46	52.9
Total	**87**	**100.0**

The results shows that 46 (52.9%) of KCB Mtaani agent operators came from rural places of Marakwet West while 41 (47.1%) operated from urban areas. Therefore in determining the rate of financial inclusion, agent banking operators from all locations were involved. Research conducted shows that banks are mostly located in towns as opposed to being equally spread across all regions (Singh and Tandon, 2012).

4.2.1.1 Gender of Respondents

The respondents were asked to give their gender profiles. The results are given in Table 4.3.

Table 4.3 Gender of respondents

Profile	Frequency	Percent
Male	46	52.9
Female	41	47.1
Total	**87**	**100.0**

Results on gender category shows that 46 (52.9%) of KCB Mtaani agents were male while 41 (47.1%) were female. This shows that operations of these agents’ outlets are not dominated by people of specific gender but both men and women have equal opportunities. This also ensures that balanced response is captured.

4.2.3 Respondents Age Category

The study sought to know the age category of operators of KCB Mtaani agents. Their responses are given in Table 4.4.

Table 4.4 Age category

Range	Frequency	Percent
18-24yrs	32	36.8
25-34yrs	53	60.9
35-44yrs	2	2.3
Total	**87**	**100.0**

On their age category, 53 (60.9%) were aged between 25-34 years, 32 (36.8%) were aged between 18-24 years and only 2 (2.3%) indicated that they were aged between 35-44 years. The results show that the operators of KCB Mtaani agents are young people who are vast with technological knowledge and are capable of adapting to changes in business environments. This makes it easy for them to delivery banking services to the rural population due to their understanding of how to operate agency banking system models.

4.2.4 Education Level of Respondents

The study also sought the education level of respondents. The findings are presented in Table 4.5.

Table 4.5 Education level of respondents

Level	Frequency	Percent
Secondary	21	24.1
Tertiary college	61	70.1
University	5	5.7
Total	**87**	**100.0**

Results shows that majority 61 (70.1%) of operators had tertiary level of education that includes having diploma and certificates, 21 (24.1%) had secondary level of education while 5 (5.7%) said that they had degree. This shows that KCB agents' operators are literate and therefore capable of operating the gadgets or guide customers on how to make agent banking transactions. This is in contrast to Sing and Tandon (2012) research who found out that illiteracy of a substantial number of people made them unable to take recourse to banking services.

4.2.5 Financial Inclusion

This is the dependent variable for the study that investigates the financial inclusion of rural people in Marakwet West Sub County. The rural financial inclusion is hypothesized in this project to be promoted through KCB Mtaani agent platform. To measure rate of financial inclusion, the operators were asked to state the extent to which the following transactions were happening in their businesses in a single day; cash withdrawals, payment of bills, payment of social benefits, transfer of funds, account balance enquiries, mini statement, dormant account activation, loan repayment, loan request and account opening. The scale used was frequently (5), often (4), sometimes (3), rarely (2) and never (1). The results of the analysis are presented in Table 4.6.

Table 4.6 Financial Inclusion (N=87)

	N	Min	Max	Mean	Std. Deviation
Cash withdrawals	87	2.00	5.00	4.7126	.69730
Cash deposits	87	1.00	5.00	4.6782	.84212
Account opening	87	3.00	5.00	4.5402	.78953
Accounts and mini statement enquiries	87	1.00	5.00	4.5172	1.00997
Payment of bills	87	2.00	5.00	4.3333	1.04176
Transfer of funds	87	1.00	5.00	2.9655	1.03932
Loan repayment	87	1.00	5.00	2.3103	1.13415
Payment of social benefits	87	1.00	4.00	2.1149	.65460
Loan request	87	1.00	5.00	1.7701	.88530
Dormant account activation	87	1.00	4.00	1.7126	.87482
Valid N (List wise)	**87**	**1**	**5**	**3.3655**	**0.89689**

Computed composite scores shows the mean as 3.36 with standard deviation values of 0.89 which suggests that the financial inclusion of rural population in Marakwet West Sub County is on average. The agent banking services that majority of respondents utilised were in cash withdrawals (M=4.71 and SD=0.69). This is further supported by Saropa (2013) who found out that agency banking has also made financial services cheaper for customers it is cheaper to withdraw at an agent location than withdrawing from an automatic teller machine. The second utilised services at KCB Mtaani agents was cash deposits (M=4.68 and SD=0.84). The third was account opening (M=4.54 and SD=0.79). The fourth services that customers sought were account balance and mini statement enquiries (M=4.52 and SD=1.01). The fifth utilised services were payment of bills (M=4.33 and SD=1.04).

According to the statistics presented above, the above-mentioned services were frequently conducted at KCB Mtaani agents in Marakwet West Sub County. The results further showed that residents occasionally transfer funds (M=2.96 and SD=1.03) in their daily work. However, the following services were found to be rarely conducted by KCB Mtaani agents in the area, they include; loan repayment (M=2.31 and SD=1.13), payment of social benefits (M=2.11 and SD=0.65), loan request (M=1.77 and SD=0.88) and dormant activation account (M=1.71 and SD=0.87) was the least utilised agent banking service. The respondents were asked to indicate the level of rural people financial inclusion in their study area. The findings are given in Table 4.7.

Table 4.7 KCB Mtaani agents' responses on the level of financial inclusion

Level	Frequency	Percent
Very low	6	6.9
Low	38	43.7
Average	41	47.1
High	2	2.3
Total	**87**	**100.0**

Results reveal that 41 (47.1%) of operators indicated that the level of financial inclusion to be on average, 38 (43.7%) said that it was very low, 6 (6.9%) indicated that it was very low while 2 (2.3%) only 2 (2.3%) reported that financial inclusion as high. The result therefore implies that financial inclusion remains an objective not yet realised by rural people in Marakwet West Sub County, Kenya. This is in contrast with Saropa (2013) whose study findings showed that increasing the area covered by agents within the country has had the effects of increasing the reach of the financial services to the people thus raising the levels of financial inclusion because a certain cliché of the population would not visit the bank branches for various reasons included in the study.

4.3 Financial Education of KCB Agents Influence on Financial Inclusion

This is the objective that the Author sought to investigate the influence of financial education on financial inclusion of rural people as reported by KCB Mtaani agents' operators in Marakwet West Sub County.

At first, the operators were asked to indicate the rate at which they agreed or disagreed with several statements regarding financial education provided by KCB bank to its mobile banking agents. Their responses were measured on a Likert scale of five; Strongly Agree (5), Agree (4), Undecided (3), Disagree (2) and Strongly Disagree (1). The results of the analysis are given in Table 4.8.

Table 4.8 Respondents perceptions on financial education of KCB agents influence on financial inclusion

Perceptions	N	Min	Max	Mean	Std. Deviation
We can operate the gadgets easily without any help	87	2.00	5.00	4.1609	0.64472
We do understand the agency banking well	87	2.00	5.00	4.1609	0.69673
There have been promotion activities as a result of agent banking	87	2.00	5.00	4.1379	0.92977
There have been training activities as a result of agent banking	87	2.00	5.00	3.6782	1.28944
We are in a position to educate the locals (customers) on the benefits of using agent banking	87	2.00	5.00	3.5172	1.21867
The strategy on agency is effectively communicated to the agents outlets	87	1.00	5.00	3.4023	1.15597
Valid N (List wise)	**87**	**2**	**5**	**3.8429**	**0.98922**

Composite results show that respondents appear to have positive perceptions (M=3.84 and SD=0.98) on the relationship between financial education and financial inclusion of rural people in Marakwet West Sub County. For instance, they agreed (M=4.16 and SD=0.64) that they can operate the gadgets easily without any help. This confirms that the operators had actually been trained before well on how to operate mobile agent banking gadgets. Mago and Chitokwindo (2014) inform that the issue of ability to use the system has a direct bearing on adoption of the facility. The operators also agreed (M=4.16 and SD=0.69) that they understood the agency banking very products well. This shows that most of them are aware of the concept of agency banking and therefore were in a position to assist customers. The respondents also agreed (M=4.14 and SD=0.93) that there have been promotion activities because of agent banking. This shows that the bank is engaged in efforts that ensure that the public and agent operators are aware of agent banking products and services. The respondent also tended to agree (M=3.67 and SD=1.28) that there have been training activities for agent banking. These capacity-building activities are aimed at improving their knowledge on agency banking platform operations. The agent operators also agreed (M=3.51 and SD=1.22) that they were in a position to educate their clients on the benefits of agent banking. This indicates the vast pool of knowledge that operators have towards helping out their customers in case they encounter problems in utilising agent-banking services.

However, the agent operators had mixed responses (M=3.40 and SD=1.15) on the statement 'the strategy on agency growth is effectively communicated to agent outlets' this shows that some agents are not effectively communicated in case there have been changes and this could be due to their remote location and even network availability. Considering the area is interior, cases of communication breakdown are frequently reported, this might affect the delivery of quality services to customers. The results concur with to Singh and Tandon (2012) who established that many people in rural India were unaware of the banking terms and conditions laid down from time to time. The respondents were further asked to state the extent to which financial education was provided to them by KCB through use of the following scale;

frequently, often, sometimes, rarely and never. Results are illustrated in Table 4.9.

Table 4.9 Frequency to which financial education is provided by KCB to its agents

Frequency	Frequency	Percent
Rarely	23	**26.4**
Sometimes / occasionally	52	59.8
Often	12	13.8
Total	**87**	**100.0**

Findings reveal that 52 (59.8%) of respondents said that financial education is occasionally provided, 23 (26.4%) admitted that it is rarely provided and only 12 (13.8%) reported that KCB bank often arranges training for them. The result shows that financial education is inadequately provided. The findings concur with study conducted in India by Singh and Tandon (2012) who found out that lack of information on banking services influenced financial inclusion of rural population. They found out that lack of information about the role and function of banks, banking services and products, interest rests among others stopped people from including themselves in mainstream banking. For those who were provided with training, some of them had to close their own businesses for some days to attend training while others opted not to go for training that was normally conducted in Iten or even Eldoret town. Despite that, the researched asked KCB Mtaani agent operators on whether they were in a position to provide customer services to their clients rather than referring them to nearest KCB Branch in Kapsowar. Findings are given in Table 4.10.

Table 4.10 Ability of agents' operators to provide customer-care services

Response	Frequency	Percent
Sometimes	9	10.3
Often	61	70.1
Frequently	17	19.5
Total	**87**	**100.0**

Most 61 (70.1%) of respondents reported that they are often in a position to provide customer care services on behalf of KCB bank, 17 (19.5%) said that they frequently provide while 9 (10.3%) said that they sometimes provide customer care services to customers. This shows that despite inadequate training opportunities for agents, a significant number of them are in a position to provide customer care services. Similar to this, Gitonga and Njeru (2014) found out that customer service affected adoption of agency banking in Kenya with high service availability increasing adoption and low availability inhibiting the adoption. To check on the relationship between financial education and financial inclusion, a correlation analysis was computed. The results are given in Table 4.11.

Table 4.11 Relationship between financial education and financial inclusion

Correlations			
		Financial education	**Financial inclusion**
Financial education	Pearson Correlation	1	0.216*
	Sig. (2-tailed)		0.044
	N	87	87
Financial inclusion	Pearson Correlation	0.216*	1
	Sig. (2-tailed)	0.044	
	N	87	87
*. Correlation is significant at the 0.05 level (2-tailed).			

The statistics shows that there exist a positive degree of association ($r=0.216$) between financial education provision by KCB to its agent outlets in Marakwet West Sub County and financial inclusion among rural population in that area. The results are also significant ($p<0.05$) which suggests that an increase in provision of educational awareness and financial education will result in greater number of rural population accessing banking services from mobile banking agents in the study Area. This calls for KCB to improve its public education campaigns to reach the unbanked population and ensure that financial inclusion is promoted.

V. SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter presents the summary of the major findings of the study, conclusions, recommendations, suggestions for future research and implication of study findings. The findings reported in this study are helpful in ensuring rural development is achieved through financial inclusion of the population by connecting them with bank accounts where they can conduct financial transactions and access loan products at their convenient locations. This report is generated from survey of KCB Mtaani agents in Marakwet West Sub County, Elgeyo-Marakwet County, Kenya.

5.1 Summary of Findings

The aim of conducting this study was to determine the influence of education in enhancing financial inclusion of rural population in Marakwet West Sub County. The main respondents for the study were the agent outlets operators in urban and rural areas of Marakwet West. The data was collected from open and close-ended questions. The data collected was analysed by use of descriptive and inferential analysis methods. Demographic data results showed that equal participation of both men and women in operating KCB Mtaani agent outlets in the study area. In terms of their age bracket, most of them were middle aged and they had tertiary level of education. This showed that literacy rate among operators of agency banking model for financial inclusion was high.

The results of the research revealed that the level of financial inclusion at average for 47.1% of residents in the study area. This showed that there are sections of the population who do not have bank accounts. This could affect rural development as they are hindered in making savings or receiving money for their business ventures. Results showed that financial transactions that happen in most of agent outlets there were; cash withdrawals, account balance enquiries, account opening, mini statement enquiries and payment of bills. This helped majority of respondents by reducing transport costs associated with going physically to where bank branches are located to deposit or withdraw funds for school fees and other purposes. Time wastage problem was also found to be a problem that has been addressed by KCB partnering with businesspersons form Marakwet West in setting up agent outlets. Cases of thefts and money loss were reported to have significantly reduced in the study area.

The study findings further indicated that considering their middle aged bracket, most of the operators could operate the agent banking gadgets with less help from KCB Bank Ltd. The study also established that financial education was regularly provided (M=3.67 and SD=1.28) to agent operators within the study area. This was established to be on average level for 59.8% of the population. The study findings also revealed that promotional activities have been ongoing to create awareness to rural population on the need to open and operate bank accounts. The operators also concurred with the statement that they were in a position to assist customers in resolving their complaints. Correlation statistics showed that there existed a significant positive relationship (r=0.216 and p=0.044) between provision of financial education by KCB and financial inclusion by rural population in Marakwet West Sub County.

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