

**AN ASSESSMENT OF AGENCY BANKING IN PROMOTION OF FINANCIAL
INCLUSION IN KENYA: A CASE OF COMMERCIAL BANKS IN WAJIR COUNTY**

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ABSTRACT

The Central Bank of Kenya together with other stakeholders have put in place a business model aimed at broadening financial inclusion to the majority of Kenyans at a lower cost. It is envisaged that this model will enable banks to leverage on additional cost and effective distribution channels to offer financial services. To achieve this, the Banking Act was amended through the Finance Act, 2009, to permit banks to contract third parties to provide certain banking services on their behalf. This study aimed to assess the role of agency banking in promoting financial inclusion. The study was guided by the following research objective, which is to investigate how agency banking influences access to finance, cost service delivery, economic development and consequently how it affects financial inclusion in Kenya. The target population of this study was 3,673 respondents comprising of 31 agents and 3,642 customers of commercial banks in Wajir County. The study relied mostly on primary data sources. The study employed a simple random sampling technique in coming up with a sample size of 294 respondents. Data was collected using questionnaire to the agents and customers. The data was coded and entered into SPSS and analyzed using mean, frequency and weighted mean average methods. Presentations of the findings will be done in form of tables and figures. The relationship between dependent and independent variables will be established through regression analysis. The finally study concluded that agents brings services closer to the people through wide spread out lets, such that customers do not travel long distances to seek financial services. The study recommends that agency network needs to be increased and distributed in all to improve convenience, reach and accessibility even in remote locations where there are no bank branches. So, banks are recommended to contract more businesses to operate agency and service more customers.