

**FACTORS INFLUENCING FINANCIAL INCLUSION IN KENYA: A CASE
STUDY OF KENYA COMMERCIAL BANK AGENT OUTLETS IN TSEIKURU
SUB COUNTY**

BY

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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. However, statistics from Kenya Bankers Association (2010) shows that almost 50.0% of the population in rural areas have bank accounts. Therefore, the purpose of this research was to establish factors influencing financial inclusion of rural population in Tseikuru Sub County. The objectives of the research were to determine how financial education, infrastructure access, network connectivity and agent quality influence financial inclusion by KCB agents in Tseikuru Sub County. The study was guided by agency theory. The study was conducted in Tseikuru Sub County KCB Mtaani agent outlets. The study used a survey research design approach. Information from Mwingi KCB branch shows that 156 agents had been registered by December 2014. The manager at Mwingi KCB 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 the four factors; financial education ($r=0.126$), infrastructure ($r=0.642$), network access ($r=0.434$) and agent quality ($r=0.195$) were significant factors ($p<0.05$) influencing financial inclusion for rural development in Tseikuru 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 KCB to consider adjusting float management levels by some outlets as some said that were underperforming due to ceilings set by the bank. The study findings will be significant to commercial banks (especially KCB) in improving their agency banking services, development partners (World Bank, IMF) and future researchers.