

Abstract

Remittances constitute an important source of income for majority of Kenyan households. The World Bank reports a steady increase in inward remittance flows to Kenya. In addition, the evolution of mobile-money services has led to an increase in domestic remittances received by Kenyan households, especially those in the rural areas. This paper endeavors to answer the question of how these increased remittance receipts are used in Kenya focusing on Education, Health, Food and "Other" household expenditure, using a panel survey of 295 households from Rift Valley and Nyanza provinces of Kenya. The Fixed Effects (FE) model is applied on the data, and the analytical results provide evidence that remittances are mainly used on immediate consumption needs such as payment of utility bills and transportation costs.