

**EFFECT OF MOBILE MONEY SERVICES ON SALES OF MICRO AND SMALL
ENTERPRISES IN NAKURU TOWN, KENYA**

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**A Research Project submitted to Graduate School in Partial Fulfillment of the
Requirement for the Award of Degree in Master of Business Administration of Egerton
University**

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DECLARATION AND RECOMMENDATION

Declaration

I declare that this research project is original work and has not been submitted to any institution of higher learning for any award.

Signature

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Recommendation and Approval

This research project submitted for examination with my approval as the University Supervisor.

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DEDICATION

I dedicate this project to my lovely wife, for her tireless moral and financial support, my son Brian Kipkoech and My daughter Briscodia Cherotich, Mum Alice, and Leonard. In addition, I dedicate to Mr. Siele and his family for their strong inspiration.

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ABSTRACT

The adoption and use of mobile money in business operations by MSEs is notable and determining the effect of the new technology on their performance is very crucial to inform about the significant effect on MSE's sales. This study therefore, determined the effect of mobile money transactions on the sales of MSEs in Nakuru Town. The objectives of the study were; to establish the effect of mobile finance, banking and payment on the sales of MSE in Nakuru Town. The study used a descriptive cross sectional survey design because it was appropriate for this study. The target population of the study consisted of 21,139 registered MSEs located within Nakuru Town in two Sub Counties namely: Nakuru East and Nakuru West. A stratified sampling technique was used to select a representative sample from the two Sub Counties. A sample size of 246 MSEs were selected to participate in the study though only 236 MSEs responded. A questionnaire was a chosen data collection instrument for the study due to its appropriateness in collecting primary data. Moreover, ethical issues concerning the information required were taken into account. The collected data were analyzed using descriptive statistics such as mean and mode. The association between the variables was determined by conducting a correlation analysis. A multiple regression model was used to determine the effect of mobile money services and sales. The results revealed that MSEs in Nakuru Town use mobile money services in business transactions, and there is a significant positive relationship between mobile finance, mobile banking, and mobile payment with MSEs' sales respectively. The study concluded that there is a significant positive effect between mobile money services and MSE sales. The study recommends that more awareness be done on mobile banking and finance. A study should also be carried out on the effect of mobile money services on liquidity and other measures of financial performance of MSE such as profitability.

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LIST OF ABBREVIATIONS

ANOVA- Analysis of Variance

ATMs –Automated Teller Machines

B2B- Business to Business

C2B-Consumer to Business

CBD-Central Business District

G2P-Government to Person

GDP- Gross Domestic Product

MMT-Mobile Money Transfer

MSEs- Micro and Small Enterprises

P2P- Person to Person

TAM-Theory Acceptance Model

TPB-Theory of Planned Behaviour

TRA-Theory of Reasoned Action

UTAUT-Unified Theory of Acceptance and Use Technology

WEF-World Economic Forum

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The financial market is witnessing the advent of mobile money services. Many individuals, especially those earning low incomes fail to meet the threshold of commercial banks thus lack banking services (Porteous, 2006). The gap between individuals with bank accounts and those who do not have is too big and calls for an alternative means to access banking services (Comminos, Esselaar, Ndiwalana & Stork, 2008). The introduction of the new technology of mobile money services has spread beyond financial markets worldwide. The society and the market have adopted cashless transactions as opposed to use of hard cash. Through this, electronic transactions have increased and changed means of transacting businesses. Mobile money services is defined as the electronic money that can be accessed and used through mobile phone; that may or may not be linked directly to a personal bank account. Mobile money services enable one to withdraw and deposit money virtually. In addition, it is possible for transfer of money from one account to another with ease.

The use of mobile phone to perform financial transactions revealed that more than two hundred and three million mobile money accounts were active worldwide and Africa constitute almost half of registered accounts. The large number of registered accounts was from East Africa, which consisted of 34 percent of all the accounts. More so, the majority of countries in Africa have mobile money services in place. Countries like the Philippines, Kenya, and Uganda have witnessed successful mobile money services playing a major role in financial transactions in their markets. It is gradually replacing known cash transactions by transforming them. Some African countries such as Kenya have been successful in adoption and use of mobile money services in microenterprises and individual transactions (GSM, 2013).

The growth of mobile money services accommodates a segment that otherwise could not be served adequately by commercial banks. In addition, it is possible for banked individuals to access their accounts through their phones. Mauree (2013) points out that mobile money services have achieved the broadest success in Sub-Saharan Africa. He further notes that a section of adults use mobile phones to pay bills send or receive money. A study on financial

transactions in Kenya revealed that 11.5 million people use mobile phones while 5.4 million use banks. This shows that a large number of users prefer mobile phone transactions compared to those using banks. This may be due to lack of banking facilities or inability to meet the requirements of financial institutions (FSD, 2013).

The structures of the communication industry in Kenya are favourable for the expansion of the mobile money services in that the existing platform is being widely expanded to reach the rural areas. This in turn will enhance the use of the platform in carrying out various transactions through the banks or registered agents. The person making payment and the receiver are linked through the existing framework. Mobile phones thus enable both communication and financial transaction processing. Moreover, the new technology does not only cover local transaction but also international transactions. According to Porteous (2006) the usage of mobile money can be categorized as large and small payments.

The environment in Kenya is specifically favourable for mobile money services. Competition among the operators and partnership with financial institutions like commercial banks is deepening the provision of mobile money services. Though there are challenges posed by the use of mobile money services, the rate of adoption and usage is steadily growing. In addition, both customers and traders have embraced the use of mobile phones to perform financial transactions rather than using phones for communication purposes only. It is worth noting that earlier, cash was the only means of settling the financial transactions. The availability and convenience is stimulating the use of the new technology as compared to traditional means of settling financial transactions. MSEs make frequent and small transactions using mobile money services rather than using banks. The nature of this type of segment is too involving such that the owners are the operators of the business, thus the relationship between the business operators and the customers is close, enabling a better environment for the use of mobile money services. Allowing customers and service providers to view their transaction histories at any time via their mobile handsets and reducing the chances of loss as compared with cash, perceived ease of use, perceived usefulness of using mobile money is enhancing the adoption and the spread of these innovative tools in carrying out daily transactions (Jenkins, 2008).

A survey of financial service usage in Kenya showed that MSE operators use a variety of products and services of formal and informal providers to meet their financial needs (GAP, 2009). Mobile money services have a number of products and types of financial services. These, according to Donovan (2012), can be categorised as mobile finance, mobile banking and mobile payments. Mobile banking (M-banking) is the use of a mobile device primarily as a channel of conducting transactions from one or more bank accounts. These transactions may include payments from one bank account to other bank accounts. Mobile banking (M-banking) is a subset of e-banking where customers access a range of banking products such as a variety of savings and credit instruments via electronic channels. Mobile banking requires the customer to hold a deposit account to and from which payments or transfers can be made (Porteous, 2006).

Informational and transactional services are also accessed through mobile banking services. Informational services may include a variety of services like balance inquiries, financial statements, financial notifications, or account alerts (GSM, 2013). Mobile payment involves the transfer of value from the person making the payment to the receiver as a remittance or bill payment. Porteous (2006) noted that mobile payment is a growing component of modern electronic payments. A number of mobile payment modes range from individual-to-individual, government-to-individual and business-to-business. While the consumer may instigate and authorize e-payments through a number of other electronic channels such as the internet or card-based acquiring machines, mobile payments are done through a mobile device such as a mobile phone. Mobile finance on the other hand includes credit, insurance and savings services done through mobile phones.

Mobile money allows individuals to deposit, send, save, and withdraw funds using their mobile phones via SMS. MSE benefit by using these mobile money services and gradually influence the sector's performance positively (Otiso, Simiyu & Odhiambo, 2013). Further, the recent launch of mobile money products such as *M-shwari* and *Lipa na M-pesa* meaning mobile payment are new financial products, adding to the market accessible financial products by the existing customers of mobile money. MSEs use these products to make mobile financial transactions with their customers and their suppliers. They can access their accounts with the banks via mobile phone without necessarily visiting their banks.

Financial performance of MSE has been a critical issue since the revenue earned by this segment has continued to ensure its sustainability. Making frequent sales improves the profitability of an enterprise whereas few sales indicate little or no profits. The sales mechanism in an enterprise depends entirely on how efficient and effective the service providers are. Making few and frequent orders raises the cost of operation but the use of new technology enables MSEs to make orders and pay without necessarily visiting the premise of the vendor. Similarly, they are able to receive payments from customers on due dates without incurring much monitoring costs. This cost reduction is beneficial to the MSEs since they are able to create long-term relations with their customers and suppliers (Otiso et al. 2013).

As noted earlier, mobile financial transaction services are being utilized by micro-business operators in Africa and have been particularly successful in Kenya in making payments to suppliers, paying bills, sending money to their bank accounts and withdrawing money from their accounts (Mbogo, 2010). Hammer, Jabara, Cardenas, Wise, Grossman, Peterson and Gosney (2010) observed that there is no universally accepted definition of an MSE. They noted that any definition only indicates the nature of the segment in the manufacturing, agricultural and service sectors. The differences in sectors, their revenue level and number of employees aid in classification criteria. MSE can also be viewed as a business segment that involves not more than ten employees including the owner. This sector is a middle-income business and comprises of shops, boutiques, saloons, metalworking, carpentry, tailoring, and repair shops (Otiso et al., 2013).

Accordingly, workers receive payment on daily or weekly basis depending on the agreement with the employer and the performance of the business. In addition, these businesses are majorly family owned or sole proprietorship entities. They require necessary skills to operate since the nature of the segment is spurious. It is not easy to predict the changes which may occur and affect performance in the segment. Majority may also not attract skilled labour thus maximize the available opportunities. Some, however, attend programs like seminars to get training on how to operate specific businesses. (Otiso, et al., 2013).

According to the WEF (2011), over three billion people around the world still do not access financial services. MSE and poor people are disadvantaged in Africa, Latin America, and the Middle East. However, the success of M-Pesa in Kenya has made mobile banking and mobile payments possible in financial intermediation. The growth of financial services in Kenya is indeed deepening and new varieties of products are emerging. The success of one creates room for the evolvement of the other coupled with innovation in technological industry and favourable regulatory environment. This calls for an economic research to determine the contribution to microenterprises (Donner, 2007).

1.2 Statement of the Problem

Mobile transactions have attracted a lot of research in their adoption and use in the financial system. The global demand for traditional banking services is on the rise and calls for an alternative solution. Mobile money therefore is an immediate alternative for both banked and unbanked businesses. MSE in the recent past has adopted mobile money services to execute financial transactions. This has prompted research to find the relationship between mobile money services and MSE sales. Wamuyu and Maharaj (2011) have reported a positive relationship between MSEs' financial performance and mobile money services. However, Ngaruiya, Bosire and Kamau (2014) dismiss this relationship as insignificant. In addition, mainstream studies on the topic used different financial performance measurements without using quantitative assessment. The effect of mobile money services on MSE's sales remains inconclusive and unaccounted for fully since it is not clear whether it affects sales thus prompting for more studies. Furthermore, there is scanty literature on the quantitative studies done on the effect of mobile money services on the sales of MSE in Kenya. This study, therefore sought to add to the existing literature by determining the effect of mobile money services on the sales of MSEs in Nakuru Town.

1.3 Research Objective

The purpose of the study was to determine the effect of mobile money services on the sales of MSE in Nakuru Town.

1.4 Specific Objectives

- i. To establish the effect of mobile finance on the sales of MSE in Nakuru Town

- ii. To determine the effect of mobile banking on the sales of MSE in Nakuru Town.
- iii. To determine the effect of mobile payments on the sales of MSE in Nakuru Town.

1.5 Hypotheses

- i. There is no significant effect between mobile finance and sales of MSEs in Nakuru Town.
- ii. There is no significant effect between mobile banking and sales of MSEs in Nakuru Town
- iii. There is no significant effect between mobile payment and sales of MSE in Nakuru Town.

1.6 Justification of the Study

The growing interest in the use of mobile phone to perform financial transactions demands a lot of academic research to provide the necessary guidance on the future of our financial markets. The rapid growth in the use of the mobile phone is a potential driver in financial markets and its continued inclusion in the financial sector will not be possible without deeper research. MSEs being the hub of self-employment need to appreciate the importance of adopting this new technology in their business operations and their financial performance. The growth of the MSE is the concern of both government and financial institutions since it has an enormous effect on the economy's gross domestic product.

Since they play a critical role in providing employment to the low-income groups as well as being the largest borrowers in aggregate from commercial banks, an insight into the adoption of new technology would not only boost their potential revenue but also enhance their efficiency and competitiveness by providing services to their customers. Due to increasing competition, MSEs strive to minimize their cost of operation because they do not benefit from trade discounts. Their frequent purchase of supplies reaps their profits and therefore with the help of mobile money services, they reduce ordering cost, transaction cost, and maximize profit in turn.

1.7 Scope of the Study

This study was conducted in Nakuru County, Kenya. MSEs located within the Nakuru town and those in the outskirts of the town were included thus both urban and rural MSEs participated in the study. The MSEs located in the outskirts of the town and their financial information was critical in this study because they are located away from the Nakuru CBD where many commercial banks and micro-financial institutions are concentrated. They incur transport expenses to access the banking facilities. The sales records for the year 2014 period starting from the January to December were obtained. This period was important because the use of mobile services had taken root in the business environment after the launch in 2007. Furthermore, business environment was conducive after national general election shocks. The owners of the businesses were the targets for the study since they were familiar with their business cycles. In addition, the focus on MSE's owners was because of the fact that labour turnover is quite high in this sector.

1.8 Limitation of the Study

The study faced some limitations. The researcher faced challenges of obtaining data from some MSEs. They were unwilling to give data voluntarily and asked to be paid. The researcher however managed to convince the majority to freely give the required details and they gave out the needed information. Further, they were willing to answer some questions except a few on financial matters. The study wished to have selected all the MSE but financial and time constrains deterred the intention.

1.9 Definition of Terms

Mobile Money- Money that can be accessed and used via mobile phone and may or may not be tied directly to a personal bank account. In this study, it describes financial transactions that are conducted using a mobile phone, where value is stored virtually (e-money) in an account associated with a SIM card. Such transactions are compatible with basic phones and do not require internet access

Mobile Money Services - These are various categories of mobile financial services done through the phone. In this study, it refers to the types of financial products provided through mobile money and grouped into mobile finance, mobile banking, and mobile payments.

Mobile Finance- This is the credit, insurance and savings services done through mobile phones.

Mobile Banking- This is a subset of e-banking in which customers access a range of banking products, such as savings and credit instruments via electronic channels. In this study, it refers to both informational and transactional services performed by using the mobile phone. Transactional services involve money loan repayments, deposits and withdrawals while informational services refer to the bank balance inquiry, simplified statements, transaction notifications or account alerts.

Mobile Payment- These refer to payment for products or services between two parties for which a mobile device, such as a mobile phone, plays a key role in the realization of the payment. In this study, it refers to payments made in settling a bill, replacing cash in supply chains, salary disbursement, person-to-person transfers and business-to-business mobile financial transactions.

Sales- This is the value of goods and services provided to customers during a specified period - usually one year.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents theoretical and empirical literature on mobile money and its use in a business environment. It starts with a theory of adopting the mobile technology and a review of mobile models. Each of the mobile money service components is discussed and the related literature in prior studies is appraised. At the end of the chapter there is a conceptual framework showing the relationship among the variables both dependent and independent.

2.2 Theoretical Review

This section presents a theory that has been proposed and tested and the empirical studies validating the theory and its application as well as finance theory of utility.

2.2.1 Unified Theory of Acceptance and Use of Technology

This is a theory that was developed in the early part of the year 2000 through a series of research in information technology. Venkatesh, Morris, Davis and Davis (2003) recognized that there was no comprehensive conclusion of the comparison of the key competing models. As a result, they carried out a research that interestingly gave birth to a new model that cut across other models. This model has largely unified the views of the use and acceptance of new technology. The theory was developed based on the behavioural characteristics of the users and borrowed their tenets from eight models namely; the theory of Reasoned Action (TRA), the Technology Acceptance Model (TAM), the Motivational Model, the Theory of Planned Behavior (TPB), the combined TAM and TPB, the model of Personal Computer Utilization, the Innovation Diffusion Theory and the Social Cognitive Theory.

The theory uses different constructs in each of the models to understand the user's behaviours on the mobile technology. Technology Acceptance Model (TAM) predicts the acceptance of new technology in organizational activities. Individuals and organization adopt new technology when they perceive to be more beneficial to them. Further, the theory contends that the perceived ease of the technology to carry on various activities determines its acceptance. Motivation Model predicts on the derivation of benefits or value beyond the activity itself like to improve job performance, pay and promotions as well as intrinsic motivation (Davis, Bagozzi, and Warshaw, 1992).

The social aspect of using the technology is accredited to the importance of using new technology. The facilitating conditions also enhance the use of the new technology (Venkatesh et al., 2003). According to Lassignardie and Brown (2013), the growth in non-cash transactions in Africa and other parts of the world is augmented by both the public and private initiatives, including investments in infrastructure and innovative solutions based on mobile technologies. Mbogo (2010) empirically examined the success factors attributable to the use of mobile payments by Micro-business operators. He used the TAM model and found out that factors like convenience of the money transfer technology and its accessibility, cost, support and security factors relates to behavioural intention to use, and actual usage of the mobile payment services by the micro businesses to enhance their success and growth.

Marumbwa and Mutsikiwa (2013) aver that the ever-expanding technological innovations, especially in the mobile telecommunications sector, have stirred a phenomenal transformation of businesses across the globe, resulting in the introduction of mobile money transfer services (MMTs). They analyzed factors that influence consumers' adoption of MMTs based on the TAM and Diffusion of Innovation theory. They concluded that perceived ease of use, consumers' perceived usefulness of the service, perceived trust and the perceived relative advantage of MMTs are the critical determinant factors influencing consumers' adoption decisions. Similarly, Jeong and Yoon (2013) as well as Sun, Cao and You (2010) using UTAUT concurs on the construct of the model that it determines the adoption of the new technology in financial transactions.

2.2.2 Utility Theory

Ritter (2003) further elaborated on the finance and behavioural theory utility. The utility theory emphasizes on the changes in wealth of an individual. Being the oldest theory, it guides the decision-making on investment. When individuals are faced with various alternatives, choosing the best among them is always challenging. Investors therefore, with the guidance of the theory, look at the expected utility of a course of action. The variation on the benefits attached to each alternative enables one to choose the one with highest benefit. MSEs face a number of modes of transactions and they too choose the one that gives them maximum benefit. The theory guides them since they make a choice based on the expected benefit on that alternative. A number of transactions may not be favourable to execute using traditional banking services. The MSEs prefer a means through which their transactions are undertaken with minimal constraints.

2.2.3 Mobile Banking Model

Porteous (2006) suggested two approaches through which financial services could be extended by use of mobile phones; additive and transformational models. Both models use the phone to provide financial products but the difference is that under the additive approach, phones target bank customers in which mobile channel is used alongside bank account while transformative is providing mobile products beyond banked, through a product offering which meets the known needs of the unbanked groups. Licensed financial institution, customers and retail agents are all interconnected using appropriate technology where

customer's accounts are issued and maintained by financial institutions. Of interest is the transformational model, also referred to as non-bank-led model, where service providers are not licensed financial institutions authorized to issue and maintain virtual accounts for its customers.

Individuals are able to maintain electronic accounts where payment and purchases as well as translation into cash can be effected. This assists MSEs to transact with their clients using electronic accounts. They are also able to make payments, transfer value, receive loans, and make deposits within their premises. MSE with a bank account can access banking services anywhere without necessarily visiting the bank premise (Mitha, 2010).

2.3 Mobile Money Penetration

The adoption rate of mobile money services worldwide is deepening. In a comparative regional study that comprised of analysis of twenty countries, WEF (2011) found that Argentina has adopted mobile money services, though at a slow pace. This was attributed to lack of market catalyst because of low level of data collection and sharing, a critical aspect for the development of new mobile financial services. However, the country's end user environment has allowed mobile penetration, women access to loans and credit information to widen. It was noted that Brazil is bestowed with an impressive history of using branchless banking models to provide financial services despite lack of clear regulation and this has slowed down its mobile financial innovation to date. Colombia, on the other hand, has a favorable environment that boosts the adoption of mobile services and the government embraces the service. In Haiti, mobile financial services are available in small scale and this enhances cooperation with multilateral firms to improve adoption and growth. Lastly, Mexico is associated with high penetration of traditional banking services and no adoption of mobile services.

The second region is the Asia and the Pacific consisting of six countries identified as Bangladesh, China, Pakistan, Indonesia, Philippines, and Malaysia. In Bangladesh, the private sector is actively rolling out financial services and its market is characterized by low competitiveness in financial services leading to low levels of adoption. However, the government pushes the market performance through the distribution of payments using mobile financial services. China has a variety of mobile financial services that assist to cover

the retail banking services. In India, mobile phones could be availed its residents if telecommunication markets continue to experience high growth. Indonesia is identifiable with the highest number of mobile subscription thus conducive for extensions of financial services, and end-user empowerment promises future adoptions (WEF, 2011).

Malaysia has a well regulatory framework conducive for mobile financial services as well as end-user financial literacy. Its market is highly competitive, thus enabling the initial success of mobile financial services adoption. In Pakistan, traditional banking accessibility is still very low, and the market competitiveness has enabled the adoption of mobile financial services. Notably, Philippines have greatly succeeded in adopting mobile services coupled with a range of available services for a quite long time. The robust performance is attributed to the institutional streamlining and favorable market environment that consequently promotes building of agent networks that improve adoption. However, taxes, remittances, and social remittances could drive more potential adoption of mobile services (GSMA, 2014).

According to ITU-T (2013), there is an increasing uptake in use of mobile money services. Aker and Mbiti (2010) noted a stunning growth rate in mobile phone in Africa and Middle East. Afghanistan experienced early adoption of mobile financial services despite challenges in its business environment. Large population lives in the city and there is low penetration of traditional banking services thus the need for alternative financial service to meet the needs of local remittance and savings. In Ghana, more than ten percent of the population has adopted mobile financial services and the country has a relatively high number of active mobile services. In South Africa, there is a high degree of traditional banking service accessibility and sophisticated financial services industry. Robustness of its data collection and monitoring coupled with consistency over pillars in the country's profile are driving its development. However, its relative maturity has not led to high adoption due to alternative mobile financial services. Nigeria on the other hand, has continued to encourage and license non-bank entities to offer mobile financial services (Donovan, 2012).

In Tanzania, there is an increased adoption of mobile financial services, a high rate of new initial account activation and sustained usage over time. Similarly, Uganda has realized increased uptake of mobile financial services due to the government involvement in social

distribution of social benefit payments. Kenya in particular, is regarded as the world's fastest growing and most observed mobile financial services markets. It serves as a role model to other countries in the world. It has a vast distribution network and service adoption level has grown as compared to any other country. The infrastructure is so robust for mobile financial services and availability of data for decision-making is driving its growth. Mobile money is transforming the financial transactions worldwide. According to a survey by GSM (2013), 998 million US dollars are processed across mobile money platforms, and a large number of companies and traders have started to use mobile money as an efficient and affordable way to accept and make payments at a large scale. They note that South Asia has the highest proportion of transactions involving external companies, driven mainly by bill and bulk payments. They argue that East Africa and Pacific focuses more on international remittances and that Latin America is building out the ecosystem through integrating mobile money within the existing formal financial ecosystem.

According to Mauree (2013), mobile money refers to services where customers and traders can use their mobile devices to send and receive money or to transfer money electronically from one person to another. The new system is an alternative to traditional cash transaction services and the growth of the services is boosted by the rapid spread of mobile phones. The developing debate on the inclusion of mobile money in emerging markets connected with issues of accessibility of banking services is also driving the adoption of the mobile money all over the world (Gencer, 2011). However, the new system is facing challenges in the adoption and integration with the existing financial structure. Developing economies in Africa and middle economies like those of Philippines have a large number of people being unbanked and this call for better regulatory framework to boost the growth of the new system. Although the Philippines have made some progress, its main objective has not been achieved (Porteous, 2006). According to Merritt (2010), an economic crisis has affected the economic power of citizens of developing economies resulting in too many being unbanked.

2.3.1 Mobile Finance

Research shows that there is a growing adoption and use of the mobile finance to execute financial transactions. Gencer (2011) refers this type of mobile money as transactions done relating to credit, insurance, asset accruals, repayments, and disbursements made. Many people depend on the informal financial institutions for their financial needs. They lack

access to credit, insurance and savings. The individuals as well as businesses can secure credit from financial institutions and banks using the telephone devices. Similarly, MSEs can obtain credit from microfinance using their phones if they are account holders in such institutions. According to UNCTAB (2012), in Eastern Africa and particularly Kenya and Uganda, it is now possible for mobile money users to withdraw money from some ATMs instead of visiting a mobile money agent. While this approach guarantees more liquidity, it only works in urban settings where ATMs are common. Consequently, the amount of remittance through these services is still very high.

Govil, Lopez and Martin (2014) made an analysis on the mobile finance products like credit, savings, insurance and payments and concluded that they can contribute to the economic progress of both businesses and households. Their efficiency and effectiveness allow smooth consumption, secure transactions and investments and contingency protection. Their critique of the impact assessment revealed that both credit and savings products generate increase in investment and profits for microenterprises. Porteous (2006) notes that new business means have emerged, such as microfinance and Micro insurance using mobile money to pay their customers when making disbursements and loan repayments. They upload data to Safaricom for large payments to ensure proper and timely services to their customers. Though South Africa has several mobile services, Porteous concluded that these services significantly expanded financial access.

2.3.2 Mobile Banking

The potential of mobile telephones to provide both data and transactional services is largely recognized and its impact on business operations is appreciable. This is simply the economic consumption of the device to access banking services virtually. Data concerning the bank balance inquiries, transaction notifications and simplified statements can be accessed through the device. On the other hand, transactional services like monitoring of term deposits, access to loan statements, and access to card statements, deposits, withdrawals, and conveyances such as domestic and international fund transfers are accessible using phones. In addition, micro-payment handling, mobile recharging, commercial payment processing are services traditionally done in the bank premises but currently are executed with the aid of the handset (Ishengoma, 2011, and Govil et al., 2010).

According to PeniCaud and KataKam (2013), Latin America is quickly becoming a testing ground for new mobile money schemes, many of which seeks to integrate with the existing financial infrastructure through companion cards and ties to banking switches. Further, a range of business models is emerging, reflecting not only diverse market conditions, but also the supply and demand features unique to the region. They point out that one end of the spectrum are models similar to those in Africa, where the mobile operator takes over most of the purposes in the value chain even acquiring mobile virtual network operators to provide mobile financial services independently of mobile manipulators.

2.3.3 Mobile Payment

Mitha (2011) notes that mobile payment provides opportunities of economies of scale since it serve unbanked with frequent low value transactions. Mobile payment providers can profit by increasing the number of transactions through attracting more users or stimulating the number of transactions. Gencer (2011) reports that mobile payment has a wide span that includes person-to-person. This involves both domestic and international remittance of funds. Under Person-to-business (P2B) persons prefer to offset their accounts on their phones because they find it secure and convenient than hard currency payments. B2B indicates payments between businesses to reduce cash in the supply chain upon inventory delivery. Retailers make orders and can execute payments electronically within their premises. B2G or B2C indicates business or government salary payments to its employees and government benefit and pension disbursements to its citizens.

Mauree (2013) contends that mobile money is used in developed economies in retail, transport sector, entertainment and leisure activities. In addition, it is increasingly used for utility bill payments and purchase of goods. According to Merritt (2010), mobile payment is currently lower in developed countries because majority of the people have bank accounts and financial institutions have approached mobile financial services, including both banking and payment services cautiously. There are concerns, however, about limited opportunities for revenue, the complexity of revenue-sharing agreements with telecom firms, and the belief that mobile payments could cannibalize existing electronic payment services, providing limited return on investment (EDC, 2009).

According to PeniCaud and KataKam (2013), bulk and bill payment has the highest proportion of transactions in South Asia while in Eastern Africa, there is more focus on the international remittance. Morawczynski, Ndiwalana and Popov (2009) suggested that Mobile money has the potential to extend the limited nature and reach of the formal financial sector. Besides helping to organize the problem of domestic money transfers, mobile money can improve the national payments system by providing innovative ways to meet the transaction needs of ordinary people. Lassignardie and Brown (2013) confirm earlier predictions on the growth of m-payment and points out that in line with industry estimates, the global m-payments value reached \$256 billion in 2012, and is expected to grow three-fold by 2014 to a total of \$796 billion. Further, they argue that P2P m-payments in developing markets and C2B m-payments in developed markets are the main drivers of growth.

2.4 MSE Sales

Globally there is an emerging theoretical and empirical literature on the potential impact on the use of mobile phones in performing business activities points out to various issues that assist to reduce operational cost, efficiency, time savings, and improves the performance as a result. Onyango, Ongus, Awuor and Nyamboga (2014) suggest that mobile phone technologies have the potential to improve the economic performance of MSE's by changing almost every structural characteristic. Aker and Mbiti (2010) observe that MSEs can benefit because of adopting technology. Kwakwa (2012) and Onyango et al. (2014) similarly concur that mobile money improves market efficiency, facilitates coordination, and reduces cost and risk exposure as a result of using cash. Gencer (2011) argues that mobile and mobile payments enable a degree of automation and cost savings that substantially affects the profitability of certain services. She noted that mobile payments enable businesses to sell goods and services remotely. Litondo and Ntale (2013) as well as Jagun, Heeks and Whalley (2008) observed that mobile money greatly assist MSEs in financial transactions by saving them time, making frequent sales and collect more debt from customers.

Gencer (2011) categorized mobile financial services into three distinct categories as follows: Mobile payment, mobile finance and mobile banking. Each category has sub-services that form part of that category. MSEs utilize mobile money services in their operations and there

is a potential impact on their operations. In addition, she noted that each category has varying global market opportunities for businesses that bring large volume of transactions with an approximate of \$21 trillion in volume globally in 2007 and growing to \$30 trillion by 2014. Nyaga (2013) points out that mobile money has a positive contribution to MSEs. Sales volume increases efficiency and reliability, contributes more to mobile money utility and MSE growth using the mobile money. The MSE credit collections are important and with the aid of mobile money, they are able to speed their collection as well as make purchases and supplies (Wanyonyi & Bwisa, 2013). Gencer (2011) argues that mobile money has secondary effect that leads to reducing cost of money transfer, capturing cash in the market for savings, investment accumulation, and increasing GDP. She noted that in emerging markets such as China and Brazil, experienced a substantial rise in their GDP.

2.6 Empirical Studies

Otter and Theuvsen (2012) investigated the impact of mobile phones on farmer's performance. They surveyed 241 farmers in Chile, collecting the data using a standardize questionnaire for a two months period. They included performance indicators such as gross margins and yields as part of the questionnaire. They used a simple t-test to test and a regression analysis based on a semi-logarithmic regression model to test the use of mobile phones to exchange non-market information with trading partners on farm performance. The results of their analysis indicated that farmers using mobile phones to exchange information with their trading partners had higher yields than those who do not.

Donner (2007) examined the use of mobile phones by micro entrepreneurs in Kigali, Rwanda, especially with regard to changes to social and business networks. The study employed a survey methodology and purposively selected a sample of 277 respondents. He analyzed the data using descriptive statistics and revealed that mobile phones increased new entrance into business networks. Results suggest that there is currently more evidence for the benefits of mobile use accruing mostly (but not exclusively) to existing MSEs rather than new MSEs, in ways that amplify existing material and informational flows rather than transform them.

Kwakwa (2012) examined the use of mobile technology among entrepreneurs/ managers of micro and small-scale businesses in the Akuapem, North district of Ghana. He surveyed a sample of 100 businesses and used a questionnaire to collect the data. He analyzed the data using descriptive statistics and found out that the use of mobile has benefited businesses in lowering operational cost and increasing savings, improved customer services and improved communication with suppliers and customers. He observed that businesses used phones for marketing or sales purposes and for the gathering of information, for product delivery or procurement, managing internal affairs, accessing the internet, for banking services and data processing.

Jagun, et al. (2008) examined the impact of mobile phones on the numerically dominant form of enterprise in Nigeria. They conducted a case study methodology and used a sample of 16 respondents: seven intermediaries, six weavers, and three buyers. They used casual maps used to integrate data into an explanatory framework. They found that mobile phones reduce costs and risks associated with physical movement and again saves time for substitution of journeys, which concur with Kakwa (2012) in terms of operational cost.

Otiso, et al. (2013) examined effects of sales revenue from use of mobile money transfer on the profitability of the micro and small enterprises in Bungoma County. They used a descriptive survey research design with a sample of 57 randomly selected MSEs. They analyzed the data using descriptive statistics and found that almost each business owned or had used a mobile phone in their business and that education level and duration of running the business had an effect on the profitability of a business. Other major findings were that Mobile Money Transfer services form the highest percentage of usage among the respondents as opposed to traditional banking hall and money transfer companies as it reduces their transport cost and risks when sending cash. Mobile Money transfer services also rated above average and assists MSEs to reduce costs. It reduces the frequency of going to the bank i.e. it saves time hence individuals get more time to run their businesses. In addition, transaction fees are lower than those charged by most banks and it's easier to use it when paying for clients and customers in their rural areas, and therefore leads to increase in sales revenues.

Wanyonyi and Bwisa (2013) conducted a study to determine the influence of Mobile Money transfer services on the performance of Micro Enterprises. The study surveyed 36 microenterprises from agriculture, service, and processing sectors with more than five years' experience before and after the introduction of mobile money. They collected the data using the questionnaire and semi structured interviews. They used chi-square to test the relationship between Mobile Money Transfer (MMT) use and business performance. The findings of the study indicated that the use of mobile money transfer for: B2B (business to business) transfer when making purchases from suppliers and C2B (customer to the business) transfers when customers buy from the business and for debt collection for credit sales contributed to improved performance of the micro enterprises.

Litondo and Ntale (2013) investigated determinants of mobile phone usage among MSEs in Kenya. They surveyed a sample of 384 MSEs in Nairobi County. They analyzed data using a linear probability model, logit and probit models to estimate the determinants of mobile phone usage in e-commerce. They found that education level is the prime determinant of mobile phone usage for e-commerce. They concluded that MSEs in the informal sector should be educated on different applications of mobile phones since many phones in the market have features that would be useful for business transactions, yet very few people understand how to use them.

Onyango et al. (2014) examined the impact of adoption and use of mobile phone technology on the performance of micro and small enterprises. They used a cross sectional survey research design with a sample of four hundred (400) owners of MSEs from a population of three thousand five hundred and twenty eight (3528). They used a stratified sampling technique to identify the MSEs and simple random sampling techniques to select the sample. They collected the primary data by using questionnaires and analyzed the data using descriptive statistics such as mean, distributions in percentages and frequency counts. Further, they used multiple regression analysis to test the relationships and results indicated a positive relationship between mobile usage and the performance of micro and small enterprises. They made a similar observation with Kakwa (2012) who noted that there is an influence of adoption and use of mobile phone technology among MSE's through faster

response to customers' needs, increased internal efficiency, access to new markets and lower operational costs.

Mbogo (2010) also established the success factors attributable to the use of mobile payments by Micro-business operators. The study used a sample of 409 micro business entrepreneurs and collected data through administration of questionnaires. He conducted a survey through administration of questionnaires. He used a theory of acceptance model (TAM) to predict success and growth in micro-businesses. Results revealed that the convenience of the money transfer technology plus its accessibility, cost, support and security factors relate to the behavioural intention to use and actual usage of the mobile payment services by the micro businesses to enhance their success and growth.

Wamuyu, et al. (2011) examined factors influencing successful use of mobile technologies to facilitate electronic commerce in small enterprises. They used a stratified method to select 570 entrepreneurs and collected primary data using a questionnaires. The study used a theoretical model to test on the factors and revealed that there was a limited use of mobile money transfer for B2B and B2C transactions as opposed to C2C and C2B e-commerce transactions. In addition, both mobile money transfer and mobile internet services had a positive significant effect on the performance of MSEs.

Nyaga (2013) examined the impact of mobile money services on the performance of small and medium enterprises in an urban town. He conducted an exploratory research with a sample of 113 respondents. He analyzed data using both descriptive and inferential statistics by applying regression analysis. He found out that mobile money has made a significant contribution to the MSE sector. The majority of the traders rely on it as opposed to the formal banking sector for their day-to-day transactions. Secondly, it was evident that all the respondents in the study had a clear understanding of the basic functions of mobile money services. He concluded that Mobile money services have a positive impact on sales, and efficiency and reliability contribute more to mobile money utility and MSE's growth.

Ngaruiya et al. (2014) examined the effects of mobile money transactions on the financial performance of small and medium enterprises using descriptive survey design. The target

population was 634 Small and Medium Enterprises. They sampled 120 businesses representing 18% of the total population of 634 businesses within the CBD using simple random sampling. They used descriptive statistics to analyze the data. The results indicated that after adopting the use mobile money, MSEs performed better than they used to, and the use of MMT had no statistically significant effect on sales, debt collection and cash management of MSE. The approach employed by the study raises questions on the conclusion made on sales turnover, debt collection, and cash management since no quantitative assessment was done.

2.7 Research Gap

As mentioned above, MSEs plays a critical role in economic development and their performance is a key indicator of their growth. They employ a large number of people and contribute to economic revenue. Their performance therefore is important since their failure adversely affects the economy of a nation. The studies on issues relating to operations, financial assess from commercial banks and other financial institutions, and adoption and use of new technology has attracted many scholars. The review of the above studies takes three perspectives. First perspective is the adoption, usage and effect on the sales. This enables a researcher to identify issues relating to the use of new technology. First, the prior research on the adoption of the new technology by MSEs prompted research to uncover the factors that affects its adoption.

Mbogo (2010); Litondo and Ntale (2013) examined the factors affecting the adoption of mobile money micro enterprises. They used different samples and different sampling designs and their results revealed that microenterprises use mobile money and their behavioural intention to use depends on cost, convenience, accessibility, and education level factors. Wamuyu et al. (2011) did a similar study by looking into the usage of mobile products where B2B and B2C transactions were limited as opposed to C2C and C2B e-commerce transactions. Donner (2007) examined the impact of mobile phone on business networks of MSEs revealing that MSEs realize more informational and material flow.

The second perspective focused on the usage of mobile money on the performance of SMEs. Otter et al., (2012); Jagun et al., (2008); Onyango (2014) and Kakwa (2012) observed that adoption and use of mobile phones contributed to the performance of MSEs through cost

reduction, time saving and expanding market coverage. They revealed that mobile phones contribute positively to the performance of MSE.

The third perspective focused on the impact of mobile services on the financial performance of MSEs. All these studies used sales as a measure of performance. More interestingly, Nyaga (2013); Otiso et al. (2013), and Wanyonyi et al. (2013) concur that mobile money services have a positive relationship with sales. They used different samples and sampling designs as well as a method of analysis, however, all reach the same conclusion. Ngaruiya, et al. (2014) did a similar study and found no significant effect between mobile money and MSE sales. The data collected was based on the pronouncement of the MSEs with regard to whether the Mobile money transaction had an effect on the sales.

The study failed to collect quantitative sales data of MSEs that could have guided on the conclusion. Further, the pronouncements of the owners of MSE failed to provide a basis for concluding on the effect on sales since it only provides the perceived feelings on the effect but not quantitative effect. Statistical data on either daily or weekly averages of sales could assist the study to make an informed analysis. The findings of this study are contrary to other studies that call for more research to bridge the existing gap. To bridge the gap of the above findings, this study aims to carry out a study in Nakuru Town to find out if indeed there is significant impact on sales at a point in time.

2.8 Conceptual Framework showing the relationships between mobile money services and MSE's Sales

Independent Variable

Mobile Money Services

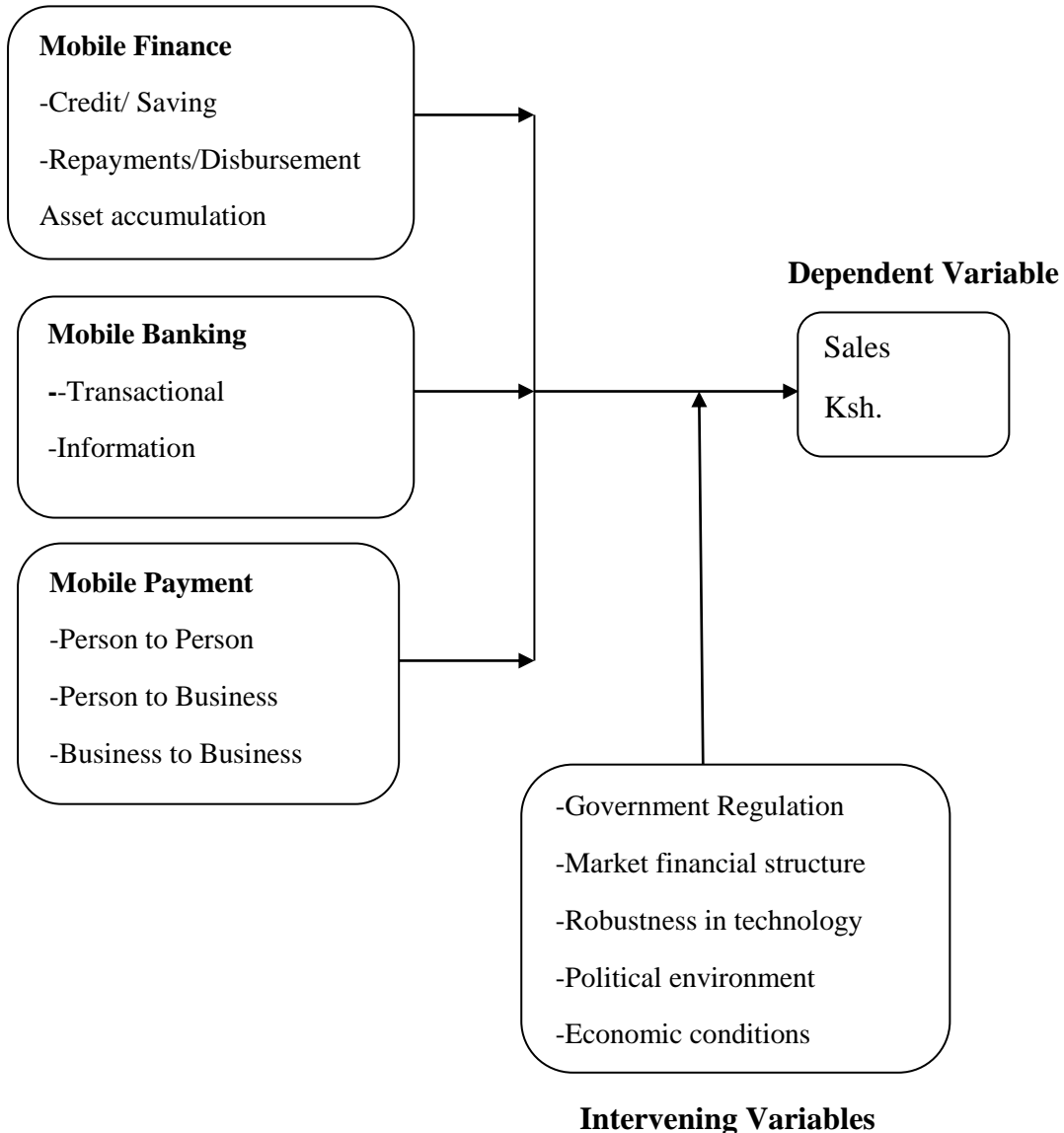


Figure 2.1. Conceptual Framework

Source: Adopted and modified from Gencer (2011) Model.

Gencer (2011) developed a model that fits the mobile money by looking at the various types of financial transactions and grouped them into three broad categories. The first type is mobile payment which includes P2P (Person to Person), C2B (Person to Business), B2B (Business-to-Business) transactions. Secondly, Mobile finance, which is comprised of credit, insurance, and savings, and thirdly is the mobile banking that involves both transactional and

informational. These mobile money services contribute to MSEs sales. Factors that intervene in the relationship between mobile money services and sales remain constant.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter contains the procedures and tools employed in the research process. It begins with the research design, the population of the study, sampling procedure and the sample size of the study. Ethical consideration of the study and data collection instruments considered. Data validity and analysis techniques also discussed.

3.2 Research Design

A research design refers to overall detailed plan or blueprint for obtaining answers to the questions studied. The study employed a cross sectional descriptive survey design. The design was appropriate for obtaining the information relating to variables and the relationships between variables. Cross sectional descriptive survey enabled the researcher to determine whether there were significant associations among variables at some point in time (Mugenda, 2008).

3.3 Target Population

The population of the study refers to the entire group or subjects that the researcher was interested to investigate. In this study, all MSEs within Nakuru Town which carry out businesses like tailoring shops, saloons, food stores, electronic shops, hardware shops, bookshops, restaurant, boutiques, spare shops, and printing/communication businesses constituted the target population. The total registered MSEs within the Town are 21,914. All these MSEs are located in Nakuru East and West Sub Counties. Twenty thousand three hundred and nineteen MSEs are located in Nakuru East and only 1,595 are located in the Nakuru West Sub County.

3.4 Sampling Procedure and Sample Size

A sample represents a part or a subset of the target population, while sampling procedure is the process of selecting elements scientifically from the populations. The study selected a sample of MSEs using a stratified random sampling technique. To determine the sample size, Kothari (2004) developed a formula shown below.

$$n = \frac{z^2 \cdot P \cdot q}{e^2}$$

Where; n= sample size

Z= standard 1.96 (as per table of area under normal curve for the given confidence level of 95%).

P= Proportion of the target population

q=proportion of the population not included in the study (1-q)

e = Standard error of 5%.

Consequently, the sample size of the study was 20% of the population and substituting into the formula above, 246 MSEs was sampled as shown below.

$$n = \frac{1.96^2 * 0.2 * (1-0.2)}{0.05^2} = 246$$

A proportionate sampling was done properly to get a representative sample size. MSEs was divided into two groups where those located within the Nakuru East Sub County formed one stratum while those located in Nakuru West Sub county formed another stratum. From the strata, a representative sample was picked from each group randomly. A sample of 227 was selected from those within Nakuru East, and 19 MSEs from those located in Nakuru West Sub Counties as shown below.

Table 3.1. Population of the Study

Sub County	Population	Sample
Nakuru East	20,139	227
Nakuru West	1,595	19
Total	21,914	246

Source: Nakuru County Office 2014.

3.5 Ethical Considerations

The study took into account the ethical issues relating to the research process. First, before the administration of the questionnaire, the researcher sought for the permission to conduct the study from the University. Respondents consent was sought through a consent that

clarifies that participation was voluntary. Secondly, no photographs or audio recording was taken without the permission of the respondents. Lastly, all the information given by the respondent was handled with a lot of confidentiality and used for the academic research purpose only.

3.6 Data Collection

The primary data was collected using questionnaire. A questionnaire is an instrument or a tool containing a series of questions and other prompts for gathering information from respondents. The questionnaire contained five sections based on the research objectives. The questionnaire was appropriate for the study since the primary data valid for this study was dealing with the MSE operators because they are familiar with the trend of their businesses. The researcher administered the questionnaires personally and MSE’s owners filled the questions instantly.

3.7.1 Data Validity

Data validity refers to the degree to which an instrument measures what it purports to measure. It is the accuracy, truthfulness, and meaningfulness of inferences based on the data obtained. Content validity is the extent that a measuring tool provides adequate coverage of the topic under study (Kothari, 2004). The discussion with the supervisor ensured the content validity.

3.7.2 Reliability of Research instruments

Reliability is concerned with consistency of research results (Mugenda, 2008). Reliability of the instrument ensures that questionnaire has internal consistency. It is concerned with the estimates of the degree to which a measure is free from random error and a reliable instrument can be used with confidence that transient and situational factors are not interfering (Schindler, 2008). The test on reliability is as shown in the table below

Table 3.2. Reliability Statistics

Cronbach's Alpha	N of Items
.901	39

Results showed a Cronbach's Coefficient Alpha coefficient of 0.901 which is greater than 0.7. The instrument was therefore reliable for data collection.

3.8.1 Data Analysis and Presentation

The term analysis refers to the computation of certain measures along with searching for patterns of relationship that exist between data-groups. The collected data was edited, coded, classified, and tabulated to ease analysis (Mugenda, 2008). The collected data were analyzed using both qualitative and quantitative techniques with the help of Statistical Package for Social Sciences (SPSS). The study employed descriptive statistics, such as percentages and means, to analyze the data. To determine the significance associations among the study variables, inferential statistics such as correlation and regression were used to test the significant effect. The study used a correlation analysis to test the research hypotheses. The relationship between the independent variables and the dependent variable was obtained with the guidance of multiple regression model that indicated the nature and strength of their associations. The model is given below as;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon.$$

Where; Y = Sales measured in Ksh.

B₀= y-intercept or constant,

B₁- B₃=Coefficients beta for each variable.

X₁= mobile finance, captured as credit, savings, asset accumulation, and repayments

X₂= mobile banking, captured as transactional and informational

X₃= mobile payment, captured as P2P, P2B, and B2B

ε = is the error term or residual that cannot be explained by the model.

3.8.2 Data Presentations

Data presentation refers to the systematic arrangement of results into meaningful information. This helps the reader to conceptualize the information by attaching meaning. The results were presented using tables and charts.

CHAPTER FOUR

RESULT AND DISCUSSIONS

4.1 Introduction

The chapter presents collected data on mobile finance, banking, payment and sales. Data concerning moderating variables were not captured and were therefore assumed constant. Descriptive data analysis and inferential analysis, interpretation and discussions of the results of each objective are given. The findings on each of the three objectives are compared and contrasted with earlier studies contained in the literature. Study hypotheses testing are also included.

4.2 Profile of MSEs

The MSE responses were analyzed based on their attributes. MSE located in the two Sub-Counties responded to the study at different proportions. The Table 4.2 indicates the proportions of MSE from the two Sub-Counties.

Table 4.2 Response Rate from Sub-Counties

Location of the Business	Target	Frequency
Nakuru West	19	19
Nakuru East	227	217
Total	246	236

Source: Data Analysis (2015)

According to the Table 4.2, it shows that all targeted MSEs from Nakuru West Sub-County responded to the study and 92 percent out of the targeted number from Nakuru East responded to the study.

4.3 Gender of MSEs

The study found out that there was a gender difference in study responses. Figure 4.3 indicates the proportion of each gender.

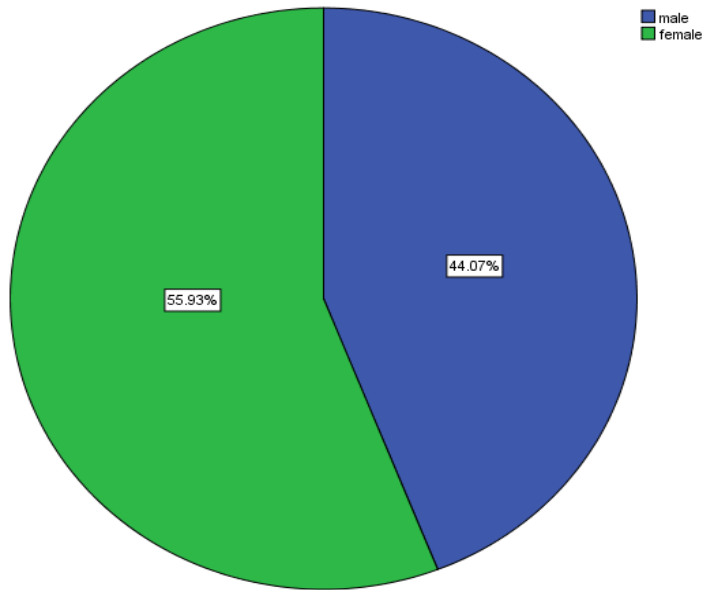


Figure 4.3. Gender of Respondent

Figure 4.3 indicates that 55.93 percent of the respondents are females while 44.07 percent are males. It implies that for every eleven males' responses, there were three more responses from females.

4.4 Marital Status

Table 4.4 Marital Status of MSEs

Marital Status	Frequency	Percent
Married	137	58.1
Single	86	36.4
Divorced	10	4.2
Widower	2	0.8
Widow	1	0.4
Total	236	100.0

Source: Data Analysis (2015)

The result in Table 4.4 indicate that 58.1 percent of the respondents are married, 36.4 percent are singles, 4.4 percent are divorcees, 0.8 percent are widowers, and 0.4 percent widowed.

This shows that more than half of the respondents are married and a third single. Divorced, widowed and the widowers represent a small percentage of the respondents.

4.5 Age of the Respondents

The Figure 4.5 shows the age proportion of MSE owners. According to their response,

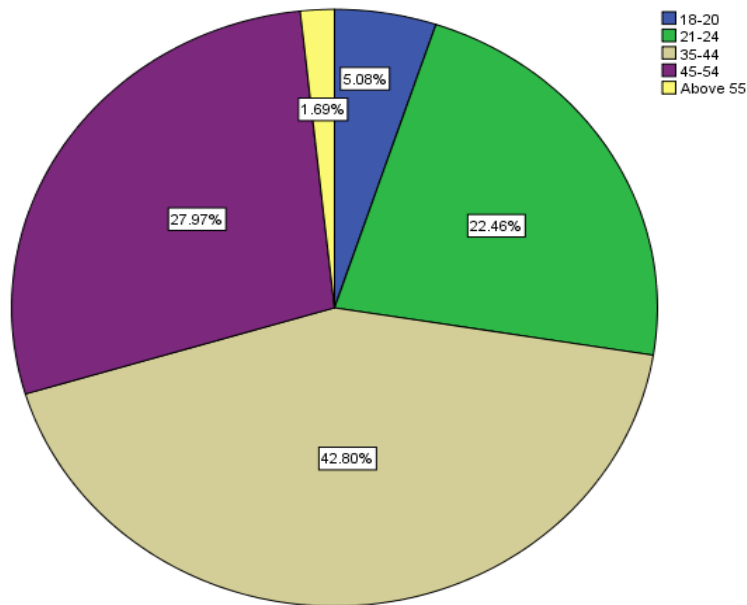


Figure 4.5. Ages of MSE's Owners

According to Figure 4.5, 42.8 percent of the respondents are between the ages of 35-44 years, 27.97 percent are aged between 45-55 years, 22.46 percent are aged between 21-24 years while 5.08 and 1.69 percent represent those aged 18-20 and above 55 years respectively. This shows that those whose average age is 35-44 represented the majority compared to other groups in this sector. The presence of a large middle age group indicates that those who are still young mostly dominate the MSE sector.

4.6 Business Age

The study found out that the age of various MSEs varies from as young as a few months to several years of operations.

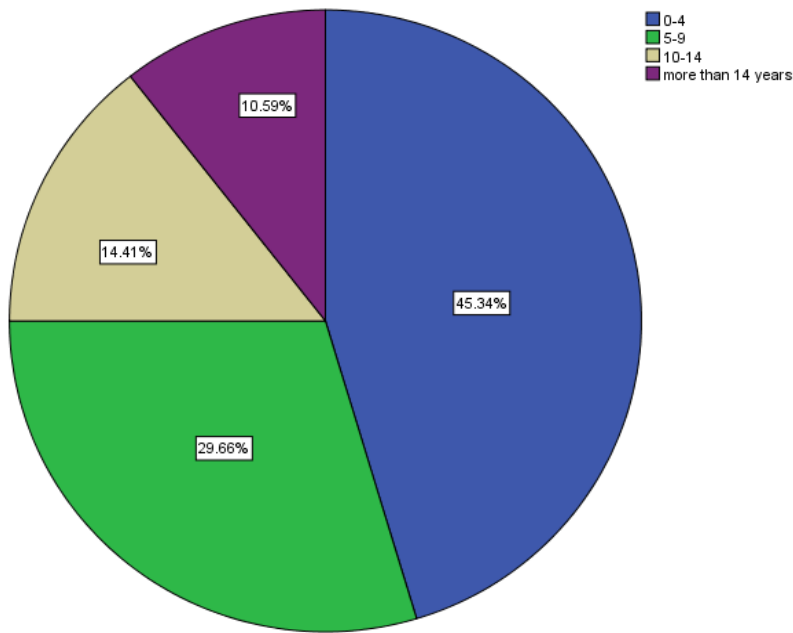


Figure 4.6 Business Age

The results in Figure 4.6 indicate that 45.34 percent of the businesses are still at the inception stage, 29.66 percent have been in existence for a period of 5 to 9 years 14.41 percent have been in operation for 10 to 14 years while 10.59 percent of businesses sampled had been in operation for more than 14 years. It implies that the majority of the businesses are startups while some are mature businesses. The changes in employment sector could be stirring up the new businesses. In addition, the growth of micro financial institutions and new technological innovation enhances the growth of the businesses.

4.7 Education Level the Respondents

The educational background of MSEs shows a mix level ranging from primary to postgraduate level of education. They hold different levels of academic credentials as seen from the results. The Table 4.7 indicates their different levels of education.

Table 4.7 Education Level of MSEs

Level of Education	Frequency	Percent
Primary	28	11.9
Secondary	85	36.0
Diploma	91	38.6
Degree	28	11.9
Masters	4	1.7
Total	236	100.0

Source: Data Analysis (2015)

Table 4.7 shows that 38.6 percent are holders of diploma and 36 have acquired secondary education. Those with primary and degrees levels of education constitute 11.9 percent each. Only 1.7 percent of MSEs have master's degrees. This shows that those with technical skills dominate the sector. Majority of the MSEs operators hold diplomas and a number of them have certificate level of secondary education.

4.8 Registration Status

The study established the level of MSE registrations and found out that the MSE sector is dominated by owners who also operate the businesses.

Table 4.8 Status of MSE Business

Registration status	Frequency	Percentage
Sole proprietorship	178	75.4
Partnership	34	14.4
Limited company	24	10.2
Total	236	100.0

Source: Data Analysis (2015).

The results in Table 4.8 show that 75.4 percent of the respondents are sole traders, 14.4 percent are partners while 10.2 percent are registered companies businesses. This implies that

majority of the MSEs are individually owned businesses. Individual businesses are easy to start and operate as compared with other businesses. Operating a company requires large capital and long procedures of registration. Partnership businesses need people who come together with a common aim. For the success of partnership, owners should have a common goal and business purpose, and this is rare in small businesses.

4.9 Nature of Business

The Figure 4.9 indicates the proportions of different types of businesses that MSE in Nakuru Town.

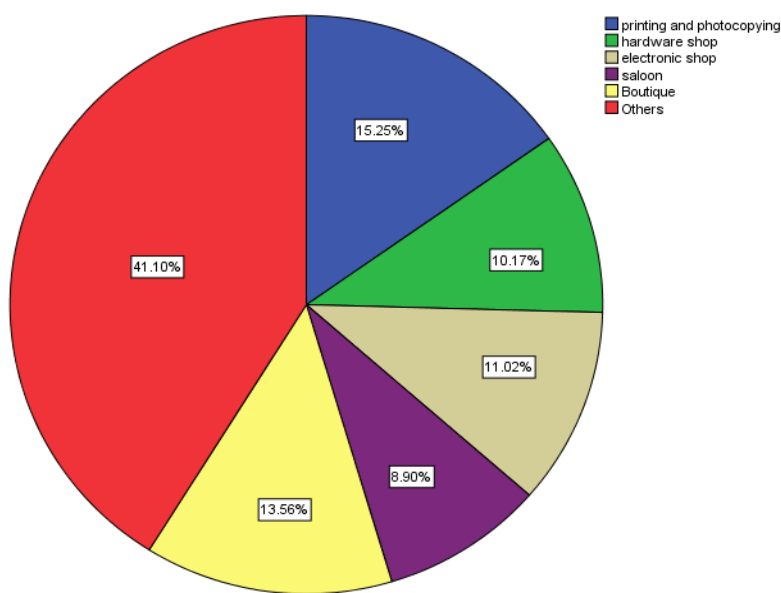


Figure 4.9 Nature of Business

The results in Figure 4.9 indicate that other types of businesses constitute 41.10 percent while printing and photocopying constitute 15.25 percent. 13.56 percent represent boutiques, 11.02 percent electronic shops while hardware and saloon comprises of 10.17 and 8.90 percent respectively. The results show that MSEs involve themselves in an assortment of business areas. Majority offer services and few deal in goods. This implies that the sector is dominated by service providers since those kinds of businesses are easier to operate and require minimal capital to start.

4.10 Use of Mobile Money

Table 4.10 Use of Mobile Money Services in Business Transactions

Using Mobile Money Services	Frequency	Percent
Yes	218	92.4
No	18	7.6
Total	236	100.0

Source: Data Analysis (2015)

From Table 4.10, majority of the SMEs, 92.4 percent, use mobile money services in their business transactions. Only 7.6 percent of the MSEs do not use mobile money services in their transactions, which is a smaller proportion, compared to those using mobile money services.

The adoption and use of mobile money services by MSEs in business transactions is gradually prospering. The benefits accruing to MSEs because of using mobile money services accelerate the adoption and use in business transactions. As seen earlier, use of cash to transact business was the only means; however, the use of mobile money services is taking root in known cash transactions. Many people accept mobile money services as a convenient and safer means of transactions. Earlier, Ngaruiya et al. (2013) noted a 76 percent of MSE using mobile money services which is less than 92.4 percent.

4.11 Weekly average Transactions on Mobile Finance, Baking and Payment

The study determined the use of mobile money services by MSEs and established that the usage level varied depending on the type of transaction made as shown below.

Table 4.11 Weekly Average Transactions on Mobile Finance, Banking, and Payment

	Amount (Ksh)	Frequency	Percent
Mobile finance	Below Ksh. 10,000	108	45.8
	Ksh. 11,000-20,000	49	20.8
	Ksh. 21,000-30,000	29	12.3
	Ksh. 31,000-40,000	14	5.9
	Above Ksh. 41,000	18	7.6
Mobile banking	Below Ksh. 10,000	84	35.6
	Ksh. 11,000-20,000	74	31.4
	Ksh. 21,000-30,000	29	12.3
	Ksh. 31,000-40,000	10	4.2
	Above Ksh. 41,000	21	8.9
Mobile Payment	Below Ksh. 10,000	76	32.2
	Ksh. 11,000-20,000	52	22.0
	Ksh. 21,000-30,000	32	13.6
	Ksh. 30,000-40,000	29	12.3
	Above Ksh. 41,000	29	12.3

Source: Data analysis (2015)

The results in Table 4.11 indicate that 45.8 percent of the MSE use mobile finance to transact below Ksh. 10,000 on weekly average and 20.8 percent transact between Ksh. 11,000-20,000. Those who transact between Ksh. 21,000-30,000 constitute 12.3 percent, followed by 5.9 percent who transact between Ksh. Ksh. 31,000-40,000. Only 7.9 percent transact above Ksh. 41,000 per week

Majority of MSEs transact with small amounts of money using mobile finance but a few transact with large amounts. As shown above, 78.9% transact up to Ksh. 30,000 using mobile money. This implies that MSE prefer to use mobile money services

The results further indicate that 35.6 percent of the MSE use mobile banking to transact below Ksh. 10,000 on weekly average. A ratio of 31.4 percent transacts between Ksh. 11,000-20,000 while those who transact between Ksh. 21,000-30,000 amount to 12.3 percent. A total of 4.2 percent of MSE transact between Ksh. 31,000-40,000 while 8.9 percent transact with above Ksh. 41,000 per week.

Majority of MSEs also make small amounts of transactions using mobile banking. Results indicate 66% of MSE transact with below Ksh. 20,000 while 68.3% transact with less than Ksh. 30,000. This implies that MSE prefer to use mobile banking to transact small amounts of money as opposed to large sums of money.

Furthermore, the results indicate that 32.2 percent of the MSE use mobile payment to transact below Ksh. 10,000 on weekly average. A proportion of 22 percent transact between Ksh. 11,000-20,000. Those who transact between Ksh. 21,000-30,000 amount to 13.6 percent. In addition, 12.3 percent of MSE transact between Ksh. 30,000-41,000 and a further 12.3 percent transact on with Ksh. 41,000 and above weekly.

The results indicate that majority transact with below Ksh. 20,000 using mobile payment. In addition, 38.2% transact large sums using mobile money. This implies that MSEs mainly use Mobile payment. Most of the transactions involve payment of goods and services and mobile money assists them to pay.

4.12 Use of Mobile Finance

The result indicated that the majority of the SMEs use mobile money services in their business transactions as indicated below.

Table 4.12. The use of Mobile Finance Services

	SA (%)	A (%)	N (%)	D (%)	SD (%)
Instructions					
The mobile phone has enabled you to secure bank loan	14.4	23.3	8.9	27.5	43
You pay insurance premiums using a mobile phone	13.6	24.2	5.9	24.6	24.2
Normally you save the sales proceeds in mobile phone	22	37.3	5.9	18.2	8.9
Without visiting a mobile agent, you can withdraw using a mobile phone.	31.8	27.1	5.5	15.3	12.7
Credit and savings products have led to increase in investments	30.5	45.8	7.6	3	5.5

Source: Data analysis (2015)

According to Table 4.12, 37.7% of MSE agree that they secure loan using their phones. However, 43% of MSE disagree. In terms of using a mobile phone to pay insurance premiums, the results indicated that 37.8% of MSE do. Further, the majority agreed that they use mobile phone to save their sales proceeds on mobile phone (59.3%). In additions, the result indicate that majority of SMEs agreed that they make withdrawals without necessarily visiting the mobile money agent (58.9%). Credit and savings products have also led to increase in investments of MSE (76.3%).

The result established that MSEs in Nakuru use mobile finance as a tool of financial transactions. Some MSEs have an obligation to meet and with the help of mobile money services, they can execute such transactions using the phone without necessarily visiting those premises. Such transactions enable MSE to save time and money for their businesses. For instance, they pay premiums using their phone. Further, they make withdrawals without necessarily visiting mobile money agent. They can withdraw money from their bank accounts and use it to carry out their business financial transactions. Jagun et al. (2008) made similar observation in Nigeria that mobile money services save time for MSEs and reduce risks associated with liquid cash which also concur with what Otiso et al. (2013) found in Bungoma. Mobile money improves efficiency of their businesses not excluding cost reductions.

4.13 Mobile Banking Services

The results established that MSEs use mobile banking services to carry out various transactions as indicated in the Table 4.13.

Table 4.13 Mobile Banking Services

Statements	SA (%)	A (%)	N (%)	D (%)	SD (%)
You can access the information about the bank balance inquiries through your phone	33.1	39.4	3.8	8.5	7.6
Mobile phone has enabled you to monitor term deposits, access to loan statements, and access to card statements	24.6	39	8.9	14	5.9
The mobile phone has enabled you to make bank deposits, withdrawals, and transfers such as domestic and international fund transfers	26.3	41.9	4.7	13.1	6.4
Within the premise, you can make micro payments, mobile recharging and commercial payment processing	31.8	27.1	5.5	15.3	12.7
You can access the information about the bank balance inquiries through your phone	24.6	50	6.8	7.2	3.8
Mobile saving, insurance and payments have improved your economic status of your business	26.3	45.8	5.5	8.5	6.4

Source: Data analysis (2015)

According to Table 4.13, majority of MSEs (72.5%) agreed that they access bank information through their phones without necessarily visiting their banks. They also monitor term deposits and mini-loan statements using their phones (63.6%). More so, they agreed that they deposit and transfer money using their phones (41.9%). They also strongly agreed that they use the phone to make micropayments (68.2%) and agreed that they access information relating to the bank account (74.6%). In addition, the majority agreed that savings and

payments through their mobile phones improve their economic status of their businesses (72.1%).

The results therefore show that MSEs in Nakuru Town make inquiries about their account balances using the phone. The mobile phone has enabled MSE to monitor term deposits, access, mini loan statements and access to card statement. They access deposit, withdrawal and transfer money through their accounts. MSEs in Nakuru Town make micro payments and even commercial processing. In addition, the economic status of their businesses has improved because of utilizing mobile savings and payment. Mobile money services greatly assist MSEs to access banking services without wasting time on queues and visits to the bank premises. Wanyonyi and Bwisa (2013) observed that sales increase because MSEs make payment to their client using mobile banking.

4.14 Mobile Payments Services

The study indicated that mobile payment services are one of the most used services by MSEs in Nakuru Town as shown in the Table 4.14.

Table 4.14 Mobile payment Transactions

	SA (%)	A (%)	N (%)	D (%)	SD (%)
Statements					
Mobile has increased the number of transactions	38.1	45.8	3.4	3	2.1
Bill payment has been eased with the use of mobile phone	41.9	42.4	2.1	3.8	2.1
Normally you use a mobile phone to make payments for supplies of goods and services	38.1	43.6	2.5	4.2	3.8
You pay salaries to your employees using mobile phone	17.8	21.6	5.5	22.5	25

Source: Field Data (2015)

The results in Table 4.14 indicate that MSEs have benefited from mobile payment. The majority of MSEs agreed that mobile money has increased the number of transactions (83.9%). MSEs in Nakuru agreed that mobile phone makes their bill payment easy (84.3%).

Further, they normally pay their suppliers using mobile money (81.7%). Majority of MSEs also agreed that they pay salaries to their employees using mobile phone (39.4%).

According to the above results, it is evident that MSEs in Nakuru Town use mobile payment services to carry on their businesses transactions. They pay for business bills such as electricity bills and rates using mobile money services. Since majority of the MSEs are owners, they use mobile money to pay salaries and wages as indicated by the study. Wanyonyi et al. (2013) concur with the study results that mobile payment services contribute to the MSEs' performance. MSEs utilize payment services mostly to execute financial transactions suggesting that they find it more convenient since they make small and frequent payments (Mitha, 2011).

4.15 Hypothesis Testing

Table 4.15 Correlations Matrix

		Mobile Finance	Mobile Banking	Mobile Payment	Sales
	Pearson Correlation	1			
Mobile Finance	Sig. (2-tailed)				
	N	218			
	Pearson Correlation	.672**	1		
Mobile Banking	Sig. (2-tailed)	.000			
	N	218	218		
	Pearson Correlation	.547**	.499**	1	
Mobile Payment	Sig. (2-tailed)	.000	.000		
	N	218	218	218	
	Pearson Correlation	.523**	.498**	.638**	1
Sales	Sig. (2-tailed)	.000	.000	.000	
	N	218	218	218	218

** . Correlation is significant at the 0.01 level (2-tailed)

Source: Field Data (2015)

The results in Table 4.15 indicate the slope of each variable against the dependent variable and the degree of associations. The study used Pearson correlation analysis to establish the

association between the mobile money services and MSE sales. Mobile money services constitute mobile finance, mobile banking, and mobile payment services.

According to the correlation results in Table 4.15 above, there is a significant positive, moderate association between mobile finance and MSEs' sales ($r=0.523, P<0.05$). This implies that mobile finance has a positive significant association with MSE sales.

Similarly, the null hypothesis stated that Mobile banking does not have a significant effect on sales of MSE. However, the results in Table 4.15 above indicate that there is a significant moderate association between mobile banking and MSE sales ($r=0.498, P<0.05$). The use of mobile banking to carry out business transactions has a significant positive, moderate association with sales of MSE.

In addition, the results in Table 4.15 above indicate that there is a moderate significant positive relationship between mobile payment and MSE sales ($R=0.638, P<0.05$). It implies that using mobile payment services to settle financial transactions has a significant positive, moderate association with MSE sales.

4.16 Effect of Mobile Money Services on MSE Sales

The study further assessed the effect of mobile money services on MSE sales. As seen from the above relationship between the mobile money services and the MSE sales, a significant positive association exists. It is important to look into how variability in MSE sales is explained by mobile money services.

Table 4.16 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error
1	.680 ^a	.463	.455	3.26154

a. Predictors: (Constant), Mobile Finance, Mobile Banking, Mobile Payment

From Table 4.16, the results indicate a coefficient of determination of 0.463 ($R^2=0.463$). This implies that 46.3 percent of the total variation in sales is explained by use of mobile money services. The remaining 53.7 percent is explained by other factors, not captured by the model. The adjusted R^2 indicates that it is closer to the R^2 therefore there is no much variation existing between the two thus proving the coefficient of determination.

Table 4.17 the effect of mobile money on sales

	Un standardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	10.642	1.282		8.301	.000
Mobile Finance	.159	.071	.161	2.250	.025
Mobile Banking	.155	.070	.154	2.219	.028
Mobile Payment	.719	.093	.473	7.729	.000

a. Dependent Variable: Mobile Payment

Table 4.17 shows the beta values for each variable and their levels of significances. The study adopted a multiple regression model that links independent and dependent variables. The results indicate the coefficient of 0.161 of mobile finance. This indicates that the coefficient is greater than zero and significant meaning that a unit increase in mobile finance usage leads to 0.161 unit increase in sales. This suggests that mobile finance affects sales positively and significantly.

Mobile finance assists MSEs to save and get credit which enables them to communicate with their clients. The improvement in communication enhances their business transactions. They can reduce unnecessary cost of meeting their clients and cost of debt collection through communication. The link between them and their clients improves their sales over time. They access credit through mobile finance that helps them achieve short-term needs of the business. The study findings indicate that the more MSE uses the mobile finance, the more their sales will increase. Donner (2007) made a similar observation in Rwanda that MSE benefit because of using mobile money in business operations. Kakwa (2012) made similar observation in Ghana that mobile finance improves customer services not excluding marketing. Govil et al. (2014) concur that businesses using mobile finance such as savings, insurance and credit experience improved economic progress of their entities.

The next predictor is mobile banking services where variation in its usage affects the sales. As indicated by the results in the Table 4.17, the coefficient of mobile banking is 0.154, meaning that a unit increase in mobile banking causes a 0.154 unit increase in sales. It suggests that mobile banking has a significant positive effect on sales.

Mobile banking services supplement traditional banking services and the frequency of use is not limited by time and locality. The nature of this segment also involves small, frequent

transactions that are convenient to utilize mobile banking services. The results also confirm the findings through correlation analysis. Otiso et al. (2013) pointed out that the highest percentage of MSE uses mobile banking as opposed to traditional banking. Further, MSEs obtain both information and transactional services through their mobile phones. Mobile banking assists MSEs to access banking information about their bank account inquiries and mini statements. Mobile banking also saves them time they would have spent on queues and visits to the bank premise thus concentrating on their businesses. MSE operators can make withdrawals within their business premises and consequently use the same to pay suppliers and other business bills. Wamuyu, et al. (2011) observed that mobile banking assists in reducing transport costs and risks associated with cash.

The third and the best predictor is mobile payment services. The results indicated that the coefficient of mobile payment was 0.473. This means that a unit increase in mobile payment causes a 0.473 unit increase in MSE sales. Therefore, mobile payment has a significant positive effect on MSE sales.

Mobile payment accounts for the largest proportion of MSE sales. MSE operators receive payments from customers on goods and services and they make payments for business bills and supplies. In fact the frequency of mobile payment dominates their transactions which account for large proportions of sales compared to mobile finance and banking. Otiso et al. (2013) made similar observations that mobile payment to clients and customers increases sales. Mobile payment assists MSEs to perform various financial transactions. Their transactions steadily increase with the use of mobile payments. Mobile payment assists MSE in placing orders and paying with mobile money services. MSEs accept cashless payment for goods and services from customers. Mobile payment has eased their transactions, giving them time to attend their businesses. Mobile payments make business-to-business transactions easier. Wanyonyi and Bwisa (2013) made similar observations in Kitale that the use of mobile payment to make purchases and customers paying through the service contribute to the performance of MSEs.

The overall effect of mobile money services on sales was positive and significant. Nyaga (2013) also found a positive significant contribution of mobile money services on MSEs' performance in Naivasha. Based on these results, it can be deduced that mobile money services contribute significantly to MSE overall sales.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1. Introduction

This chapter contains the summaries of the results for three objectives of the study. The conclusion of the study is made based on the findings and recommendations are made on policy and for academic issues.

5.2 Summary of the Findings

The result indicated that the majority of the MSEs use mobile money in their business transactions. Only 7.6% of the MSEs do not use it in their transactions which indicate that there is a growing use of mobile money in business transactions. In addition, MSEs often use mobile money in business transactions and also use mobile finance to carry out financial transactions. They were not sure on payment of premiums and this suggests that most of them do not have insurance cover. Further, majority neither disagreed nor agreed that they use mobile phone to save their sales proceeds on mobile phones. In additions, the result indicated that the majority of MSEs agreed that they make withdrawals without necessarily visiting the mobile money agent. On a weekly average sale, MSE transact using mobile finance between Ksh. 11,000 to Ksh. 20,000, which translate to an annual average between Ksh. 572,000 and Ksh. 1,040,000.

MSE utilizes Mobile-banking services and accordingly, majority of MSEs agreed that they access bank information through their phones without necessarily visiting their banks. They monitor term deposits and mini-loan statements using their phones. Moreover, they agreed that they deposit and transfer money as well as make micropayments. The majority equally agreed that savings and payments through their mobile phones improve the economic status of their businesses. The results also indicated that on average, an MSE transacts between Ksh. 11, 000 -20,000 using mobile banking services weekly. On an annual average, they make sales amounting to Ksh. 572,000 to 1040,000. This indicates that an increase in the use of mobile banking services leads to an increase in MSE sales.

Consequently, Mobile payments contribute much of their sales and results indicated that MSEs have benefited from mobile payment services. Majority of MSEs agreed that Mobile

money services have increased their number of transactions and makes their bill payment easy. Further, it has made their order placement quicker and they normally pay their suppliers using Mobile money. Majority of MSEs also agreed that they pay salaries to their employees using mobile phones. MSEs transact using mobile payment services between Ksh. 20,000-30,000 that is equivalent to Ksh.1, 040,000 and 1,560,000 annually. Correlation analysis showed that a moderate positive association between mobile payment and sales of 0.638 exists. In addition, the association between mobile finance and sales is positive and significant at 0.523. Similarly, a significant positive relationship of 0.498 exists between mobile banking.

The regression analysis results indicated that a unit change in mobile payment causes a 0.473 unit increase in MSE sales, and a unit change in the use of mobile banking leads to a 0.154 unit increase in sales while a unit change in mobile finance leads to 0.161 unit increase in sales. The overall effect of mobile money services indicates that there is a positive significant effect on MSE sales. The total variation in sales is explained largely by changes in the use of mobile money services. Mobile money service predicts MSE sales and mobile payment service is the best predictor.

5.3 Conclusion

Mobile money services assist MSEs to effect their financial transactions. Based on the findings, it is evident that mobile finance has a significant effect on sales. Correlation analysis results indicated a moderate positive relationship between mobile finance and sales. Mobile banking does affect MSE sales positively. Regression results further indicate a significant positive effect. Govil et al. (2014) concluded that savings and credit contributes to the performance of the business. MSEs access banking information and transactions through their phones. Mobile banking has saved them time enabling them to attend to their business well (Kakwa 2012). Wamuyu et al. (2011) similarly found a significant positive relationship with the performance of MSE. Further, regression results indicate that mobile payment is the best predictor of sales. In conclusion, mobile money services have a significant and positive effect on sales of MSE. Nyaga (2013) similarly observed that mobile money services have a positive significant effect on the performance of MSE sector. However, Ngaruiya et al. (2014) found no significant effect on sales.

5.4 Recommendations

5.4.1 Recommendations for Policy

The study recommends that the policy makers need to take into considerations a number of actions. MSE is a large and growing sector that employs a large number of our population, and the use of mobile money services aids in achieving both immediate and long-term goals. Mobile phone operators need to consider reduction in money transfer transaction costs. This will enable them freely transact without fear of transaction costs. Secondly, insurance companies need to encourage payment of premiums using mobile money services. They can develop a platform suited for mobile money services with a variety of insurance products. This will not only assist them save time but also allow them to take cover for their businesses conveniently thus reducing risks and consequently increase MSE sales.

Mobile operators can modify the existing products to suit MSE operations. The MSEs can increase sales volumes through making payment to suppliers and receiving payment from customers using mobile money services. They can also come up with new products targeting MSEs and their customers as well as suppliers using mobile money services.

Financial institutions that provide banking services to the MSE need to consider increasing the awareness of using mobile money services. They need to offer banking services through mobile phones such as deposits, withdrawals, and loan applications with a reduced cost. This platform will enable them get more MSEs using mobile banking as opposed to traditional banking.

Lastly, the regulator of mobile phone providers should work towards reducing money transfer charges between different networks. They need to consider having a uniform platform for mobile money services irrespective of the network the client is on. The current charges paid by MSE across the network are too high and discourage them from transacting across networks. The uniform platform can enable them to transact freely thus increase sales.

5.4.2 Recommendation for Further Studies

The study recommends that a further study be done on the effect of mobile money services on liquidity and other measures of financial performance of MSEs such as profitability. Such

studies can assist in generalizing on the effect of mobile money services on MSEs financial performance.

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APPENDIX I: INTRODUCTION LETTER

**EGERTON UNIVERSITY,
NAKURU TOWN CAMPUS COLLEGE,
DEPARTMENT OF FINANCE, ACCOUNTING
& MANAGEMENT SCIENCE.**

P.O BOX 13357. Dear Sir/ Madam,

RE: DATA COLLECTION FROM SMEs WITHIN NAKURU TOWN

My name is Robert Kibet Kirui; I am a student at Egerton University, Nakuru Town Campus Undertaking a Master's Degree in Business Administration. I am conducting a research to study *Effect of Mobile money Services on the sales of MSEs in Nakuru Town*. The findings will help in understanding the contribution of the new technology to MSE's performance. Permission has been sought from the University. Any information provided will solely be used for research purposes only. Should you have any question, feel free to call me on 0710 932 466. Thank you for taking your time to participate in this study.

Yours faithfully,

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Robert Kibet Kirui.

APPENDIXII: QUESTIONNAIRE

SECTION A. BACKGROUND INFORMATION
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Please tick where appropriate (√) in the following questions

Provide the following information

1. SUB-COUNTY _____

2. LOCATION OF THE BUSINESS _____

3. Gender: Male Female

4. Marital status

Married [] Single [] Divorced [] Widower [] Widow []

5. Age in Years;

18-20 [] 21-24 [] 25-34 [] 35-44 [] 45-54 [] Above 55 []

6. Indicate the highest level of education you attained.

None [] Primary [] Secondary [] Diploma [] Degree [] Master []

7. What is the registration status of your business?

Sole proprietorship [] Partnership [] Limited Company []

8. What is the nature of your business operation?

Printing and photocopying Shop [] Hardware shop [] Electronic Shop [] Salon []

Boutique [] Others Specify _____

9. How long have you carried out your business?

0-4 [] 5-9 [] 10-14 [] More than 14years []

10. Indicate other sources of your income apart from business income.

11. Do you use mobile money to undertake business transactions? Yes [] No []

SECTION B: BUSINESS INFORMATION ON THE USE OF MOBILE FINANCE

12. How often do you use mobile phone in operation of the business?

Always [] Often [] Sometimes [] Rarely [] Never []

In the following questions, please state in the column provided by using a tick [√] the extent to which you agree to these statements on mobile finance services.

Where; 1=Strongly Disagree, 2= Disagree, 3=Not sure, 4=Agree, 5=Strongly Agree

13. Mobile phone has enabled you to secure bank loan	1	2	3	4	5
14. You pay insurance premiums using mobile phone	1	2	3	4	5
15. Normally you save sales proceeds in mobile phone	1	2	3	4	5
16. Without visiting mobile agent, you can withdraw using mobile phone.	1	2	3	4	5
17. Credit and savings products have led to increase in investments	1	2	3	4	5

SECTION C: BUSINESS INFORMATION ON THE USE OF MOBILE BANKING

In the questions below, please state in the column provided by using a tick (/) the extent you agree with these statements on mobile banking services.

Where; 1=Strongly Disagree, 2= Disagree, 3=Not sure, 4=Agree, 5=Strongly Agree

18. You can access the information about the bank balance enquiries through your phone	1	2	3	4	5
19. Mobile phone has enabled you to monitor term deposits, access to loan statements, and access to card statements	1	2	3	4	5
20. Mobile phone has enabled you to make bank deposits, withdrawals and transfers such as domestic and international fund transfers	1	2	3	4	5

21. Within the premise, you can make micro payments, mobile recharging and commercial payment processing 1 2 3 4 5

22. Mobile saving, insurance and payments has improved the economic status of your business 1 2 3 4 5

SECTION D: BUSINESS INFORMATION ON THE USE OF MOBILE PAYMENTS

Please indicate in the column provided by using a (√) the extent to which you agree with these statements on mobile banking services.

Where; 1=Strongly Disagree, 2= Disagree, 3=Not sure, 4=Agree, 5=Strongly Agree

23. Mobile has increased number of transactions 1 2 3 4 5

24. Bill payment has been eased by the use of mobile phone 1 2 3 4 5

25. Mobile phone has assisted in placing orders quickly 1 2 3 4 5

26. Normally you use mobile phone to make payments for supplies of goods and services. 1 2 3 4 5

27. You pay salaries to your employees using mobile phone 1 2 3 4 5

28. Indicate which of the following business transactions you pay for using mobile phone?

Business License, Rates etc. [] Buying Shares [] Electricity Bills []
Insurance Premiums [] Loan Repayment []

SECTION E: INFORMATION ON SALES

In the following questions, please indicate in the column provided by using a tick (/) the extent to which you agree with these statements on mobile banking services.

Where; 1=Strongly Disagree, 2= Disagree, 3=Not sure, 4=Agree, 5=Strongly Agree

29	Mobile financial transactions enable time saving and making of frequent sales	1	2	3	4	5
30.	Mobile financial transactions enhance debt collection from customers	1	2	3	4	5
31.	Mobile money has led to cost reduction of money transfer.	1	2	3	4	5
32.	Mobile phone has allowed smooth consumption	1	2	3	4	5
32.	Mobile phone has allowed secure transactions, investments and contingency protections.	1	2	3	4	5

33. Indicate how much sales on average you make per day

Ksh. 0-1000 []

Ksh.1, 500-3,000 []

Ksh. 3,500-7,000 []

Ksh. 7,500-14,000 []

Above Ksh. 14,000 []

34. On average, how much do you transact per week by use of mobile money services. (Where; 1= Below Ksh. 10,000, 2=Ksh. 11,000-20,000, 3= 21,000-30,000, 4=31,000-40,000, and 5= 41,000 and above).

Mobile finance [e.g. savings, credit etc.]	1	2	3	4	5
Mobile banking services [e.g. balance inquiry, transfer and loan receipt]	1	2	3	4	5
Mobile payments services [e.g. buying goods, pay bills, Lipa na M-pesa etc.]	1	2	3	4	5

Thank you for your participations

APPENDIX III. SAMPLE FRAME

SUB COUNTY	CODE	NO. OF SME
NAKURU EAST	115	20,319
NAKURU WEST	115	1,595
	TOTAL	21,194

Source: County of Nakuru Office 2015