

**THE INFLUENCE OF MOBILE MONEY SERVICES ON BUSINESS
PERFORMANCE AMONG SMALL AND MEDIUM ENTERPRISES (SMEs)
IN TANZANIA THE CASE OF MICRO AND SMALL ENTREPRENEURS IN
DAR ES SALAAM CITY**

**By
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**A Dissertation Submitted in Partial Fulfillment of the Requirements for the
Award of the Degree of Master of Science in Accounting and Finance of
Mzumbe University
December 2020**

CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the University of Mzumbe a dissertation entitled *The Influence of Mobile Money Services on Business Performance among Small and Medium Enterprises (SMEs) in Tanzania: The Case of Micro and Small Entrepreneurs in Dar Es Salaam City* in partial fulfillment of the requirements for the award of degree of Master of Science in Accounting and Finance of Mzumbe University.



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DEDICATION

This work is dedicated to my lovely family

LIST OF ABBREVIATIONS

CRM	Customer Relationship Management
DRC	Democratic Republic of Congo
EPC	European Payment Council
ERP	Enterprises Resource Planning
MMS	Mobile Money Services
NFC	Near Field Communication
NSDT	Near Sound Data Transfer
OTP	One Time Password
PDA	Personal Digital Assistant
PIN	Personal Identity Number
SMEs	Small and Medium Enterprises
TTCL	Tanzania Telecommunication Company Limited
WAP	Wireless Application Protocol
SMS	Short Message Service
NTT	Nippon telegraph and Telephone
QR	Quick Response
ID	Identity
UPI	Unified Payments Interface

ABSTRACT

This study was carried out to examine the influence of mobile money services on performance of business in Tanzanian SMEs. The specific objectives of the study were to determine the influence of direct money transfer on business performance in Tanzania, to determine the influence of cash withdraw services on business performance in Tanzania and to examine the influence of direct payment using services on business performance in Tanzania. The study employed cross-sectional design through causal relationship approach whereby simple random sampling was used to select 150 respondents. Structured questionnaire was used as the data collection method whereby descriptive analysis was employed to explain business performance of SMEs. Gathered data were computed in SPSS datasheet version 23.0 to generate statistics measurements to present the findings. In addition to that, regression analysis was done to examine the relationship between dependent and independent variables.

The study findings indicated that mobile money services affect performance of the business through profitability attainment. On the other hand, direct money transfer, cash withdrawal services and direct payment have positive influence on business performance among SMEs. However, business performance among small and medium enterprises (SMEs) was found negatively affected by transfer charges and transfer faults. The study concludes that, business performance in Tanzanian SMEs is significantly affected by mobile money services in respect to direct money transfer, cash withdrawal services and the direct payment using the services. The study recommends that, charges must be well regulated in mobile money service since they seem to be volatile and unstable such that they tend to increase without notice and public rationale such that in the course of usage may discover in the process that charges have increase.

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CHAPTER ONE

INTRODUCTION

1.1 Introduction

This chapter highlights formulation of the study which is envisaging the influence of mobile money services on business performance. The study was respectively based on Small and Medium Enterprises (SMEs). This issue of concern is well depicted in the chapter using different sections comprising, background to the problem, statement of the problem, research objectives and questions, study significance, scope, and organisation of the whole study from the beginning to the end.

1.2 Background to the Problem

Nowadays, Mobile Money Services (MMS) usage has become key factor in business communication in the developing countries which offers users (both dealer and buyers) a reliable financial communication channel and other information related benefits which influence its usage (Talom&Tengeh, 2020). Mobile money services are regarded as important means to foster easy and quick payments which have catch ascendancy in various places and countries all over the globe as a result of its flexibilities and gains (Amos-Abanyie, 2019). Money services using the mobile devices are important and highly great in the economy since has been a major solution to financial inclusion concerns and issues including to both bankable and unbankable individuals (Serugga, 2019); as well the disadvantageous ones in the economy that they are all accessing financial services easily both in urban and rural settings (Salonen, 2017).

The use and application of mobile money services is an innovation which occurred in East Africa such that it started in Kenya and spread all the way to other East African countries such as Uganda, Tanzania, Rwanda and Burundi (Lorenz &Pommet, 2020). The services have also expanded and used various nations in Africa such as Zambia, Sudan together with the country of Democratic Republic of Congo (DRC) and others

outside Africa as well (Safari & Chanceline, 2019). Tanzania in particular, mobile money services is highly in use more than all other services to cater for financial needs and wants among people and several activities (Nkwabi & Mboya, 2019).

The services have been and still are useful since they have fostered convenience in a way that consumers and or users may pay and receive money not necessarily through cheques, credit cards and other conventional formalized means; but through their mobile phones (Dayour, Adongo, & Agyeiwaah, 2020). The services have enabled transactions to be beyond normal payments such that consumers are able to purchase goods in shops, supermarkets and several business settings by using the mobile financial facilities (Zumanu, 2019).

The services for that matter have also been reported to generate significant amount of money which have also proved to be useful to the economies in countries they individually operate and constitutes the services (Arthur, 2020). For instance, in 2013 it is estimated that all mobile payments which were conducted were above 600 billion US dollars which is highly significant in the economies (Eze *et al.*, 2020). The venture is adequate since the technology to support the practice and services are adequate; since the practice is legal as it operates under financial regulations which are recognized and accepted all over the globe (Asamoah *et al.*, 2020).

MMS usage brings business competitiveness by changing industrial structure, giving SMEs the way to outperform their rivals and spawns whole new business operations (Mutalemwa & Anthony, 2014; Baganzi & Lau, 2017). The rapid penetration of mobile phones in the last decade in these countries has provided a new opportunity for such entrepreneurs to overcome these barriers (Frederick, 2015). The advent of mobile money, a platform which allows people to use their mobile phones like wallets for money transferring, services and goods payment, and conduct banking services, has started to have a transformative effect at a faster pace as previously envisaged (Mishra, 2014).

Mobile money has many potential benefits, particularly for the low-income and rural population. It offers safe storage, deposit, withdrawal and transfer of funds at lower cost and more convenience than banks; and facilitates domestic remittances at much low cost (Said & Kaplelach, 2019). Further capabilities are developing quickly – for example remote payments for services like electricity and batch payments of salaries for firms (Argent, Hanson, & Gomez, 2013). Other benefits on MMS usage includes the control of accounts and perform financial transaction at any time provided there is network connectivity (Masocha & Dzomonda, 2018).

MMS usage is considered to enhance customer satisfaction by delivering faster and easier services through electronic platform (Buhalis, 2013; Kalugendo *et al.*, 2018). It is an essential tool in financial inclusion as well such that both bankable and unbankable individuals are able to access financial services in all parts of the country both in rural and urban settings (Skinner, 2014). With mobile money services anyone with a cellphone receives and enjoys financial services regardless of where one is located (Pratama & Jin, 2019).

The services are several through the available mobile companies in the country both public and private ones like M-Pesa for Vodacom Tanzania, Tigopesa which is operated under Tigo telecommunication company in Tanzania, Airtel Money which is operated under Airtel telecommunication company in Tanzania, EnzyPesa for which is operated under Zantel telecommunication company in Tanzania, Halopesa for Halotel Tanzania and T-pesa for Tanzania Telecommunication Company Limited (TTCL) (Wairagala, 2015).

The services have been and still are used in various activities including in business activities in the country such that consumers in various business settings transactions can be performed using the mobile money services (Mosha, 2017). This has been a problem among many businesses on performance since charges for the transactions are very high which affects profit margin and generation in businesses (Akyoo & Sife, 2015). This is due to the fact that for one to cash out two hundred thousand (200,000) Tanzanian shillings the charges is five thousand (5000) Tanzanian shillings. Also, for

anyone to cash out 100,000 Tanzanian shillings, charges are 3600 shillings; 50,000 shillings charges are 2600 shillings; 40,000 shillings charges are 2200 and others (John *et al.*, 2018).

This is a problem since the services takes out the profits generated in the business through the transactions. Besides that, for the transactions to be smooth it is best for consumers to pay together with the additional amount to cash out the money for the purchase; however, it is difficult for most consumers to pay the additional money for the charges which affect the business performance (Mosha, 2017). This is a major problem facing micro and small entrepreneurs in business activities as the consequence of the services related to mobile money in use such that most reject to be paid using the services whereas they prefer being paid in cash or for the consumers to include the extra additions for withdraw charges (Chale&Mbamba, 2015).

This led to the need for a research, as several studies have been carried out in Tanzania with regard to mobile money services. For instance, Economides and Jeziorski (2017) carried out a study to assess impact of services of mobile money on Tanzania's commercial banks. The research found that mobile money services in transactions generation had facilitated greatly banks performance in the economy through income generation and frequent transactions.

Despite that, Malusa (2018) carried a research assessing effect of mobile money services on the generation of fresh employment patterns through entrepreneurship. The findings revealed that the services have positive impacts on the employment generation in business activities. Since that is the case, little or less were done regarding the effect of mobile money services and small and medium enterprises (SMEs) performance as commercial undertakings. Disregarding of several advantage of MMS usage, there are good number of SMEs operators still refusing using the services due to risk and other arising factor personified on it.

It was not clear if the challenges associated with MMS usage to communicate business information related to direct money transfer, cash withdrawal services and direct payment are the influencing factors in its uptake. This involves filling a gap because it is important to establish an inquiry about influence related to the services of mobile money on performance of the businesses based on withdraw charges, reduction or taking away the profit and reluctance of consumers to pay for withdraw charges. This study intends to respond to the call for rich, quantitative research that might extend the conceptual examining the impact of mobile money services on the performance of business in SMEs particularly in Dar es Salaam.

1.3 Statement of the Problem

Given the fact that technology is being used by businesses today to enhance growth and competitiveness (Anyasi&Otubu, 2009); SME owners have adopted digital innovations over the last few years with the intention of maximizing returns on their investments (Makee *et al*, 2014). Mobile money services are useful means in fostering quick transactions and are user friendly to all people with cellphones both those who are educated and those who are not educated that they are easily able to perform transactions, purchase and engage in accessing all kinds of financial services permit able using the devices (Muzigiti& Schmidt, 2013).

However, in Tanzania specifically the services related to the mobile money are highly useful and essential in realizing and accomplishing several needs and wants which are financial related among people and actors (Lawrence, 2013). This is due to the fact that they offer several services in the business between customers and client relationships including money transfers, cash withdraw and direct payment through the services by customers and not necessarily through cash (Muzingiti& Schmidt, 2013).

With that, the government has greatly supported the initiatives in a way that the entities operate smoothly to the extent that with their potentials in the market; even commercial banks are now resorting to introducing microchips which are in form of cellphone lines for customers to enjoy the banking services similar with mobile

services (Mosha, 2017). The initiative has been adopted by various commercial banks at the moment such as CRDB Bank, Equity Bank, NBC Bank and several others are on the way towards venturing into the investment(s).

In business activities particularly among micro and small and entrepreneurs where the mobile services are mostly used as a result of the transaction levels that most of such businesses transactions using the services are well accommodated; the services constitutes great disappointments since the withdraw charges are very high as they affect or taking away the profits being generated in transactions performed (Wairagala, 2015).

Besides that, most consumers are reluctant to comply with encoring the withdraw costs upon purchasing using the services. This has caused majority of the entrepreneurs who are engaged in micro and small business in various business settings to be reluctant to receive payments using the mobile money services; or when one uses them must first comply to include the withdraw charges (Mosha, 2017). This has been a major problem and setback since it has been affecting performance of various businesses whereas the situation has been still persisting (Wairagala, 2015).

This led to the necessity of carrying out the research, as many studies were carried out on mobile money services, for example, Selemani (2019) determined the impact of mobile money services on Tanzanian's commercial bank performance. Also, Malusa (2018) compensated an inquiry on examining the effect of mobile money services on the employability through entrepreneurial activities. However, none of these studies investigated the impact of such mobile money services on business performance in the context of SMEs. This gives an evidence that, little or no research has been conducted in the context of Tanzanians SMEs, Dar es Salaam city in particular, which is the gap to be filled in. Hence, the researcher sought to examine the influence of mobile money services on performance of the businesses in Tanzanian SMEs in line with withdraw charges, profits being taken away and consumer reluctance to include withdraw charges on payment of the services and or products purchased.

1.4 Research Objectives

1.4.1 General Objective

The general objective of the study was to examine the influence of mobile money services on business performance in Tanzania.

1.4.2 Specific Objectives

- i. To determine the influence of direct money transfer on business performance in Tanzania.
- ii. To determine the influence of cash withdrawal services on business performance in Tanzania.
- iii. To examine the influence of direct payment using services on business performance in Tanzania.

1.5 Research Questions

- i. To what extent does direct money transfer through mobile services influence business performance in Tanzania?
- ii. To what extent does cash withdrawal services influence business performance in Tanzania?
- iii. To what extent do direct payment use mobile services influence business performance in Tanzania?

1.6 Significance of the Study

This study is important since it addresses the real situation which encounters many micro and small entrepreneurs in Tanzania since most of financial transactions in businesses are performed and conducted using mobile money services since it has restricted many people to walk with physical cash in their pockets. This has been and still is a cry among many micro and small enterprise owners in Tanzania which has not been addressed in various cases. Despite that, the study may serve as useful venture to address the situation and see the appropriate measures to overcome through various groups involved in the process and the activity.

1.7 Scope of the Study

This study was undertaken within the parameters of SMEs in line with the services related to the mobile money as the growing venture in the market and economy with sufficient impact in businesses and the economy. Therefore, the knowledge which was generated using the study was specifically filing the aspects dealing with the services related to the mobile money in line with Tanzania's SMEs.

1.8 Limitations of the Study

This research was constrained by several factors whereas the noted ones include the time allocated by the University for the Accomplishment of all tasks that is highly limited while the requirements to be delivered are massive for that matter. Also, the undertaking of the study required adequate undertaking pertaining to writing delivery of quality work which is a challenge as far as the allocated and set time is concerned.

1.9 Delimitation of the Study

Delimitation of this study was based on the area of the study. This study covers a population of SMEs in Dar es Salaam city which is a largest city in the country and comprises a vast number of SMEs countrywide. It is therefore evident that, findings in this study provides a significant reflective insight of mobile money services on business performance of SMEs in other cities of Tanzania.

1.10 Organization of the Dissertation

This study comprises six chapters; Chapter One contains background of the study, statement of the problem, research objectives, research questions, study significance, scope of the study, limitations, and organization of dissertation. Chapter Two contains definition of key terms, review of theoretical literature and empirical literature, gap of research, and the study conceptual framework. The third chapter contain research design, area of the study, study population, sample and sampling procedures, types of data, data collection methods, data reliability and data validity and data analysis. Chapter Four presents the study findings whereas Chapter Five contains discussion of findings and Chapter Six contains summary of the study, conclusion and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter entails the theoretical provisions and the empirical studies. The theories entail the perception of the scholars in relation to the inquired subject. The empirical studies present the gaps existing in the literature based on the related researches. Regardless of that, the chapter presents the conceptual framework which highlights the study variables which include dependent and independent ones. Specifically, the chapter consist several sections including the definition of key terms, theoretical reviews, empirical reviews and the conceptual framework.

2.2 Definition of Terms

2.2.1 Mobile Money Services

This is referred to the payment systems which are conducted and performed using mobile devices such as cellphones and others of that kind (Kim, 2012). The payments are legally, constitutional and possess recognition of international standards since the operations are performed under financial regulations and standards (Feig, 2007). In this study, mobile money services include direct payment services, mobile withdrawal services, and direct money transfer which are utilized by SMEs.

2.2.2 Business

This is an activity which is income generating involving produce, buy and sell goods and or services for profit generation (Holloway & Parmigiani, 2016). The activity constitutes several ventures in all sectors of the economy with means and sources to generate income business activities may be performed and conducted (Needles and Powers, 2013). In this study, business refers to financial activities carried out by SMEs in the area of the study.

2.2.3 Direct Money Transfer

This is one of the mobile money services which facilitate economic services whereas the customer or user of the service is able sending money through mobile money services to another user or to the bank account for that matter and vice versa (Wairagala, 2015). The service is important since it has been facilitating sufficient financial inclusion (Kendal *et al.*, 2011). In this study, this term is used to refer as one of the main mobile money services adopted by SMEs.

2.2.4 Mobile Withdrawal Services

This is the service within mobile money services in facilitating financial services whereas a customer and the user is able to withdrawal cash received from another person or entity from mobile money facilities or banks to the mobile money services (Wairagala, 2015). This is also essential in facilitating access of the money by the individuals for that matter. In this study, this term is also used to refer as one of the key mobile money services adopted by SMEs.

2.2.5 Direct Payment Services

This is the service within mobile money services in Tanzania whereas users and or customers pay direct for the services needed on the businesses which are connected with the service (Heale & Wong, 2010). This facilitates customers to be free to pay using the mobile money services once they purchase goods and or services for that matter. This term is regarded as one of principal mobile money services adopted by SMEs in the present study.

2.3 Theoretical Reviews

This section presents a theoretical framework adopted in this study. The framework was twofold; theories of business and theories of mobile money services. Theories of business include the theory of business enterprise and real business cycle theory whereas theories of mobile money services consist of mobile wallet theory and career billing theory.

2.3.1 Theories on Business

The Theory of Business Enterprise

This involves business practices which suggests that in any business undertaking two actors are involved which are the business and the industry (Wray, 2007). The two depend on each other for success, growth and development. The industry constitutes the place or avenue for manufacturing and production to make sure that goods are available. It is constituting the means to create a stable environment for the conduct of the business activity to be smooth and accurate (Bell, 2009). The business on the other hand entails the situation that the transaction activities may take place whereas income starts to be generated.

The critics of this theory is that, it lacks universality since it reflects areas with formalized and stable business activities which are well structured with well institutional apparatus in place to foster smooth operations of the practice (Bell, 2009). The theory is difficult to be applied in areas where businesses operate in most cases through informal umbrella as it is in most developing countries. Therefore, in most cases the theory reflects the dynamics in areas with entities and structures being well formalized which is not the case in larger contexts (Dimand, 2004).

The theory is connected to the study for the reason that, despite being criticized of lacking universal element; it addresses the realities of the businesses activities to be conducted and achieve a high degree of success. This entails the fact that in any business undertaking whether formal or informal; regardless of the context it possesses elements of the two proposed entities as company and as industry. This is because the services of mobile money constitute part of the business as means to enable the smooth operations through transaction performance.

Real Business Cycle (RBC) Theory

This involves business theory asserting that businesses are composed of various cycles as a result of fluctuations in business since the markets are always dynamic and not static (Cooley, 1995). This theory gives the vacillations in business cycle as the furthestmost productive instruments and reactions to deviations related to financial

matters in any condition to such an extent that legislatures they ought not intercede to them straightforwardly or roundabout on momentary premise, yet rather they should foundation long haul approaches and plans to continue giving a space to proficiency through challenge emerging from the procedure, innovativeness, advancements and numerous different points of interest (Plosser, 1989).

This respective theory is important to the research since fluctuations in business are unavoidable practices because of competitive nature of the activities in the market. Since the activities are competitive the fact that transactions may be also it depends on the kind as well as the nature of economy as a result of micro and macroeconomic factors such as money circulation, interest rate and others. Therefore, the best determinant in transaction process is mobile money among small and micro entrepreneurs such that once the economy is faced with crisis and or slump transactions tend to be affected whereas the impact is being reflected as well in the mobile money services.

2.3.2 Theories on Mobile Money Services

Mobile Wallet Theory

This is a model on mobile payments which describes the way the system is being operated, applied and used to foster the purchasing and transaction process (O'Brien, 2012). It is perceived as online wallet system which is used by various companies which foster sales through online system such as Amazon, PayPal and Google wallet (Salonen, 2017). The model entails the fact that it is an effective system since all charges are incurred by the customer and or purchaser (Kim, 2012).

This respective theory corresponds to the current research since it describes the online practices and patterns which are effective and efficient using mobile wallet model and or approach that all costs pertaining to charges are incurred by customers for the company to attain its required profits. This is contrary on the practice in Tanzania on the matters related to the services of mobile money on the micro and small entrepreneurs that the charges imposed are higher whereas customers are reluctant to

pay for such charges which have necessitated to wage the need for the inquiry to be conducted.

Career Billing Model

This is the theory which describes the payments employed through online systems by means of mobile devices that commerce and or trading transactions are being commenced using mobile billing options in making various payments for utilities and others; as well as to purchase certain products and or services (Feig, 2007). The system is effective since it guarantees profit to the businesses since all charges involved are included in the prices for the services and or product to be purchased that they are incurred by customers (Chaix& Torre, 2011).

This entails significance of the model on the study since it describes the opposite practice in Tanzania that there are mobile services which are highly effective in ensuring promoting sales; as well as business transactions. Despite that, the concern as the problem is that the charges in most cases are imposed to the business owners among micro and small entrepreneurs which has been affecting the profits.

2.3.3 Summary of the Theories

The theories indeed connect with the study because they emphasize on the business activities which have been performed using online or electronic facilities. Since that is the case, mobile money services indeed consist of transactions which are conducted through electronic facilities such that they have been essential in ensuring that the transactions are performed across regions and areas within the country but through electronic means.

2.4 Mobile Money Practices in Countries of the World

This includes the portion organizations worked under budgetary rule and performed from or through a PDA. As opposed to make payment with cash, check, or MasterCard's, a purchaser may utilize a convenient to make payment for a wide extent of organizations and modernized or hard items (Kim, 2012). Disregarding the way that using non-coin-based cash systems has a long history, it is simply in the 21st

century that the development to help such structures has ended up being extensively open. Versatile portion is being grasped wherever all through the world in different ways.

The primary patent simply portrayed Mobile Payment System was recorded in 2000. In 2008, the joined market for a wide extent of adaptable segments was anticipated to achieve more than \$600 billion complete by 2013, which would be twofold the figure as of February 2011 (O'Brien, 2012). The versatile segment advance for things and adventures, despite contactless segments utilizing near field correspondence (NFC) and cash moves, is relied on to outflank \$300 billion all around by 2013. Speculation on versatile cash associations is required to make by 22.2% during the going with two years over the globe. It will result in pay offer of adaptable cash coming to up to 9% by 2018. Asia and Africa will watch huge improvement for versatile cash with mechanical progress and spotlight on interoperability climbing as perceptible models by 2018.

In making nations reduced part approaches have been passed on as a procedures for stretching out money related associations to the framework known as the unbanked or under banked which is evaluated to be as much as half of the world's grown-up masses, as per Financial Access' 2009 Report Half the World is Unbanked (Olson, 2019). These portion frameworks are habitually used for micropayments. The usage of adaptable portions in making countries has pulled with no attempt at being subtle and private financing by relationship, for instance, the Bill and Melinda Gates Foundation, United States Agency for International Development and Mercy Corps.

Adaptable portions are transforming into a key instrument for PSPs and other market individuals, to achieve new improvement openings, according to the European Payments Council (EPC). The EPC states that new development courses of action give a prompt improvement to the errand's adequacy, finally realizing cost hold reserves and in an extension in business volume (O'Brien, 2012). Financial associations and charge card associations similarly as Internet associations, for instance, Google and different compact correspondence associations, for instance,

adaptable framework executives and noteworthy media interchanges structure, for instance, w-HA from Orange and mobile phone multinationals, for instance, Ericsson and BlackBerry have completed flexible portion game plans.

A few nations utilize portable wallets which involves the application that contain your charge and MasterCard data so clients can pay for products and ventures carefully by utilizing their cell phones (Feig, 2007). They are a few sorts as well as structure including Google Pay, Apple Pay, e-Wallet, Venmo and others. Mentioning a PIN is referred to bring down the achievement rate as transformation for installments. These frameworks can be coordinated with straightforwardly or can be joined with administrator and charge card installments through a bound together portable web installment stage.

A fundamental compact web portion system can similarly fuse a charge card portion stream empowering a client entering their card nuances to make purchases. This technique is notable anyway any segment of nuances on a mobile phone is known to diminish the accomplishment rate (change) of portions (Kim, 2012). Also, if the portion dealer can normally and securely recognize customers, by then card nuances can be checked on for future purchases changing MasterCard portions into essential single tick to purchase giving higher change rates for extra buying.

The buyer uses the adaptable charging decision during checkout at a web business site page, for instance, an online gaming site to make a portion. After two-factor approval including a PIN and One-Time-Password every now and again contracted as OTP, the buyer's flexible record is charged for the purchase (Chaix, 2011). It is a real elective portion procedure which do not need any requirement of the use of credit/charge cards or pre-enlistment at an online portion game plan, for instance, PayPal, as such bypassing banks and MasterCard associations all things considered. This kind of convenient portion procedure which is normal and pervasive in Asia, gives the few preferences including snappy, illustrated, security, solace and basic.

In the prevalent model for SMS installments, the purchaser sends an installment demand through a SMS instant message or a USSD to a short code and an excellent charge is connected to their telephone bill or their online wallet. The trader included is educated regarding the installment achievement and would then be able to discharge the paid for merchandise (Kim, 2012). Since a believed physical conveyance address has ordinarily not been given, these merchandises are most every now and again advanced with the dealer answering utilizing a Multimedia Messaging Service to convey the bought music, ringtones, and backdrops and so on.

A Multimedia Messaging Service can likewise convey scanner tags which would then be able to be examined for affirmation of installment by a trader. This is utilized as an electronic ticket for access to films and occasions or to gather hard products (O'Brien, 2012). Value-based installments by SMS have been famous in Asia and Europe and are currently joined by other versatile installment methods; for example, portable web installments (WAP), portable installment customer (Java ME, Android) and Direct Mobile Billing.

Indeed, even as the volume of Premium SMS exchanges have straightened, many cloud-based installments frameworks keep on utilizing SMS for presentment, approval, and validation, while the installment itself is handled through existing installment systems, for example, credit and platinum card systems (Olson, 2019). These arrangements consolidate the universality of the SMS channel, with the security and unwavering quality of existing installment foundation. Since SMS needs start to finish encryption, such arrangements utilize a more elevated amount security systems known as tokenization and target expulsion whereby installment happens without transmitting any delicate record subtleties, username, secret key, or PIN.

Until this point in time, purpose of-offers portable installment arrangements have not depended on SMS-based confirmation as an installment system, however remote installments, for example, charge installments, situate updates on flights, and participation or membership reestablishments are ordinary (Kim, 2012). In contrast with premium short code programs which frequently exist in separation, relationship

promoting and installment frameworks are regularly coordinated with CRM, ERP, advertising mechanization stages, and reservation frameworks.

A considerable lot of the issues inborn with premium SMS have been tended to by arrangement suppliers. Recollecting catchphrases isn't required since sessions are started by the endeavor to set up an exchange explicit setting (Olson, 2019). Answer messages are connected to the best possible session and verified either synchronously through an extremely short expiry period to such an extent that each answer is thought to be to the last message sent or by following session as per changing answer addresses as well as answer alternatives.

The customer uses website pages showed or extra applications downloaded and introduced on the cell phone to make an installment. It utilizes WAP (Wireless Application Protocol) as hidden innovation and accordingly acquires every one of the focal points and disservices of WAP (O'Brien, 2012). Notwithstanding, except if the portable record is straightforwardly charged through a versatile system administrator, the utilization of a credit/plastic or pre-enlistment at online installment arrangement, for example, PayPal is still required similarly as in a work area condition. Versatile web installment strategies are presently being ordered by various portable system administrators.

Direct manager charging, generally called compact substance charging, WAP charging, and transporter charging, and requires uniting with the flexible framework director. Even more starting late, direct manager charging is being passed on in an in-application condition, where convenient application architects are abusing a solitary tick portion decision that quick director charging obliges adjusting adaptable applications (Kim, 2012). This is a sensible choice to charge card and Premium SMS charging. In 2012, Ericsson and Western Union joined to grow the brief official charging market, making it workable for versatile supervisors to join Western Union Mobile Money Transfers as a piece of their flexible budgetary association responsibilities. Given the overall reach of the two affiliations, the association is

wanted to resuscitate the interconnection between the m-business show and the current monetary world.

Near Field Communication (NFC) is utilized for the most part in paying for buys made in physical stores or transportation associations. A client utilizing an unprecedented PDA equipped with a smartcard waves his/her telephone close to a peruse module (Chaix, 2011). Most exchanges don't require certification, in any case some require endorsement utilizing PIN, before exchange is finished. The bit could be deducted from a prepaid record or charged to a versatile or financial evening out plainly. Versatile segment procedure through NFC faces fundamental inconveniences for wide and rapid social occasion, because of nonattendance of supporting foundation, complex natural game plan of assistants, and benchmarks.

Some telephone creators and banks, in any case, are overwhelming. Ericsson and Aconite are events of affiliations that reason it conceivable for banks to make buyer versatile part applications that experience NFC advancement (Chaix, 2011). NFC sellers in Japan are determinedly identified with mass-travel structures, similar to the Mobile Suica utilized on the JR East rail organize. Osaifu-Keitai framework, utilized for Mobile Suica and different others including Edy and nanaco, has changed into the recognized standard technique for adaptable parts in Japan. Its center advancement, Mobile FeliCa IC, is commonly constrained by Sony, NTT DoCoMo and JR East. Versatile FeliCa use Sony's FeliCa improvement, which itself is the real standard for contactless sharp cards in the nation.

Other NFC traders by and large in Europe utilize contactless part over cell phones to pay for on-and unpleasant territory stopping in wonderfully confined zones. Stopping managers may support parking by tag, transponder names or standardized unmistakable verification stickers (Kim, 2012). First conceptualized during the 1990s, the progression has seen business use in this century in both Scandinavia and Estonia. End client's advantage by the accommodation of having the choice to pay for leaving from the solace of their vehicle with their cell phone, and leaving officials are not obliged to put resources into either existing or new road-based leaving

foundations. Stopping managers keep up requesting in these structures by tag, transponder names or systematized mark stickers or they read an impelled presentation equivalently as they read compensation and show receipt.

Various traders use a blend of both NFC and a scanner tag on the mobile phone for versatile portion, in light of the way that various PDAs in the market don't yet support NFC. QR Codes 2D institutionalized ID are square scanner labels. QR codes have been being utilized since 1994 (Feig, 2007). At first used to seek after things in movement centers, QR codes were proposed to dislodge standard (1D scanner marks). Standard scanner names fundamentally address numbers, which can be pivoted toward the sky in a database and changed over into something tremendous. QR, or Quick Response scanner names were relied upon to contain the immense information direct in the regulated tag.

Flexible self-checkout mulls over one to channel a QR code or institutionalized recognizable proof of a thing inside a physical establishment to purchase the thing on the spot. This theoretically takes out declines the recurrence of long checkout lines, even at self-checkout stands (Salonen, 2017). Google, PayPal, GlobalPay and GoPago utilize a cloud-based way to deal with oversee in-store minimized part. The cloud-based methodology puts the helpful segment supplier amidst the exchange, which fuses two separate advances. Starting, a cloud-related part system is picked and segment is attested by strategies for NFC or an elective procedure. During this development, the bit supplier regularly manages the expense of the buy with guarantor related assets.

Second, in a substitute exchange, the bit supplier charges the buyer's picked, cloud-related record in a card-not-current condition to recover its fiascos on the basic exchange. The sound channel of the telephone is another remote interface that is utilized to make partitions (Kim, 2012). A few affiliations have made improvement to utilize the acoustic highlights of phones to help minimized parts and different applications that are not chip-based. The types of progress Near sound information

move (NSDT), Data Over Voice and NFC 2.0 produce sound indicates that the speaker of the PDA can find the opportunity to connect with electronic exchanges.

In the T-Cash model, the cell phone and the telephone transport are the front-end interface to the customers (O'Brien, 2012). The client can buy things, move cash to an accomplice, money out, and money in. A humbler than normal wallet record can be opened as fundamentally as entering *700# on the PDA, clearly by securing cash at a taking a top-notch neighborhood shipper and the telephone number. In all probability, different exchanges are in like way bored by entering extraordinary codes and the telephone number of the other party on the client's PDA.

Wash is the name of a system developed in Sweden. It was set up through a joint exertion from noteworthy banks in 2012 and has been very productive, with 66 percent of the people as customers in 2017. It is essentially used for disseminated portions between private people, yet then again is used by sanctuary assemble, street dealers and autonomous organizations (Feig, 2017). A person's record is appended to his or her phone number and the relationship between the phone number and the veritable budgetary parity number is taken on the web bank.

The electronic distinguishing proof framework versatile Bank ID, issued by a few Swedish banks, is utilized to confirm the installment. Clients with a straightforward telephone or without the application can in any case get cash if the telephone number is enlisted in the web bank. In the same way as other versatile installment framework, its primary impediment is getting individuals to enroll and download the application, however it has figured out how to achieve a minimum amount and it has progressed toward becoming piece of regular day to day existence for some Swedes.

Swedish installments organization trusty additionally empowers versatile bank moves, however is utilized for the most part for business-to-customer exchanges that happen exclusively on the web.

On the off chance that an e-posterior incorporates with trusty, its clients can pay straightforwardly from their financial balance (Kim, 2012). Instead of Swish, clients don't have to enlist a trusty record or download programming to pay with it. The Danish Mobile Pay and Norwegian Vipps are additionally well known in their nations. They utilize immediate and moment bank moves, yet in addition for clients not associated with a taking an interest bank, Mastercard charging. In India, another immediate bank move framework has developed called as Unified Payments Interface (BHIM UPI).

This framework empowers clients to move cash to different clients and organizations continuously straightforwardly from their financial balances. Clients download BHIM UPI supporting application on their Android or iOS gadget, confirm their versatile number by sending one active SMS to application supplier, connect their ledgers premise portable number and produce a financial PIN for secure exchanges (Chaix, 2011). Reserve move would then be able to be started to different clients or organizations.

Settlement of assets occur progressively, for example cash is charged from payer's financial balance and credited in beneficiary's ledger continuously. BHIM UPI administration works 24x7, including ends of the week and occasions. This is gradually turning into an exceptionally mainstream administration in India and is handling regularly scheduled installments worth around \$10 billion as in October 2018.

This has been ensuring customers with sufficient activity undertakings at all times pertaining to financial transactions which has been significant on the economic development. In that case, it is highly useful for the country to ensure that it invests well in electronic payment facilities including mobile money payments because they boost frequent transactions to take place which becomes useful for economic boost through both macro and micro economic factors altogether. This is the fact with all developed states that the key issue towards sufficient economic prosperity is the frequent transactions performed by electronic means.

2.5 Mobile Money Services and Business Performance

2.5.1 Direct Money Transfer and Business Performance

In any country where there are mobile money services in place usually, they constitute direct money transfer which enables the customers to send money to different destinations in facilitating the process of financial inclusion in accessing financial services (Chaix, 2011). The services are also used and applied in the business activities by the entrepreneurs, customers, suppliers and others in facilitating the business growth and undertaking.

The services usually comprise of charges imposed by the service providers that they must be congregating with the economy and the transaction pattern to foster the practice in business undertakings (O'Brien, 2012). Despite that the mobile money help a huge number of transactions on the business, the transfer charges, usually charged as a percent of the amount sent, is considered expensive for small transactions and amounts for both local and international transfers (AU and KAUFFMAN, 2008). Also, the frequency increase of transfer charges makes transaction services high and expensive which tends to affect the business especially entrepreneurs since it affects the profits of the businesses for that matter (Kirui, Okello, &Njiraini, 2013).

2.5.2 Withdraw Services and Business Performance

Withdrawal services are financial services provided in mobile money services in all areas they exist and operate because they facilitate cash withdrawal services from different senders such as individuals, companies, and others depending with the relationship and activities performed for that matter (Salonen, 2017). Since that is the case, the services include charges as well which enable service providers and partner entities in the service provision such as commercial banks and others to generate income as well including taxes to the government. Mobile money like M-PESA, Airtel money and Tigopesa seems to offer comfort and security. People feel free to pace with virtual money realizing that they can withdraw cash at a small charge at any time.

Furthermore, Trust/security is a facilitating condition which is created by the enabling environment. Once trust is created in mobile money transfer system, the conservative members of the society who are risk averse join the technology due to lowered risks (Kalei& Wambugu, 2016). Therefore, the business entities operate in the specific countries usually the owners and others use the services in facilitating their business activities (Kim, 2012). In that note, once the charges are higher in cash withdrawal automatically affects the performance of the business and vice versa.

2.5.3 Direct Payment Services and Business Performance

The services for mobile money transfer can be utilized to raise efficiency and boost business growth through cheap, efficient and reliable money service support systems that reduce the need for cash transaction and the risks associated. Research has shown that mobile money transfer is quicker, easier, more efficient and reliable (Jack & Suri 2011). The value of cashless transactions, include reduced risks for fraud and crime, also mobile money technology has boosted the acceptance rates. (Muisyo, Alala, &Musiega, 2014). Since that is the case, once the charges are not minimal to correspond with the economic realities, efficiency of the mobile companies on service provision and assurance of money security to the customers automatically it affects the performance of the business and vice versa for that matter.

2.6 Empirical Studies

2.6.1 Influence of direct money transfer on business performance

Kihoma (2016) explored the contribution of mobile money transfer on agricultural business performance in Tanzania. The findings of the study showed that, among 128 respondents, half of them (64) used mobile money services for agricultural services. Factors which were found to relate with agri-business women were; age, employment, business product form, capital and client form are the driving forces behind agri-business women's application of Mobile Money Transfer (MMT) services. It was also found that, agent services, network unavailability, high transaction costs compared to banks are among the challenges agri-business women

face in the use and promotion of MMT. Whereas, time saving and money security were the most benefits agri-business women received from mobile money transfer.

Another research on the utilization, use and effects of mobile money transfer using the M-PESA was performed by Marawczynski, (2009) in Kenya. Results indicated that, the company revealed phenomenal growth in Kenya since its inception in 2007. More than 7.5 million users were registered with M-PESA which is equivalent to 34 percent of the adult residents. The study also revealed that, M-PESA was used as a dynamic program instead of an isolated application within the socio-technical system structure.

Soi (2018) carried out a study to assess the link between mobile money transfers and Power Company performance in Kenya. Results revealed that, the organization employs mobile money transfer services for paying energy bills, purchasing token, paying to suppliers through MPESA, collecting customers' revenue and trading with business associates. The study also showed that, the performance of MMT in Kenya Power has a positive effect. Mobile money transfers allowed customers to quickly purchase token, ensure customers receive services in a timely manner and allow customers to receive a small report on their transactions. This brought economic prosperity and encouraged employee empowerment.

Nyaga (2013) investigated the effects of mobile money transfer on SMEs performance in Kenya. The study revealed that, social money has played a major role in the SME market. In comparison to the formal banking sector, the majority of traders depend on it for their regular transactions. It was clear that, the fundamental functions of mobile money services were clearly understood by the consumers. The beneficial impact of mobile cash services was also found on sales. His results also disclosed that, productivity and trustworthiness made a greater contribution to SMEs and mobile capital. Most of the customers shared concerns about the usability and expense of the service due to issues related to the service's functions.

Saliu (2015) performed an evaluation of the effect on the socioeconomic effects of Mobile Money Transfer (MMT) on Ghana's mobile money (MM) vendors. The study results suggested that, the socioeconomic status of MM vendors in the study region is significantly influenced by income rates, the job characteristics and living standards. Results also showed that, network, device and user-friendliness issues have a negative impact on Kumasi Metropolis service delivery.

Talom and Tengeh (2019) assessed the impact of mobile money transfer on business performance among SMEs in Cameroon. Their findings indicated that, payment and receipt services related with mobile money contributed 73% of the total variance in Douala 's SME turnover after they began using the technology.

Kaleiet *al.* (2016) examined the acceptance of the service M-PESA and its effect on small and micro-enterprises in Kenya. Results show a substantial difference in the acceptance of M-PESA by merchants who had: different perceptions of ease of use, social influence, supplier conditions and the system's security in money transfer. Also, the regression results showed that the acceptance of M-PESA has a positive and important effect on performance following regulation of the factors affecting performance.

Adedoyin (2018) analysed and developed a pattern recognition model for predicting fraud in transactions involving mobile money transfers. A good level of recognition was derived from the results of the experiments. The results also provided the list of clusters of neighbours to new cases, which can be used as a tool to provide experts with a preliminary understanding of suspicious transactions for further investigation.

Amos-Abanyie (2019) studied the success factors related to SME operators' use of mobile money service. Data analysis showed that, the expected performance (productivity), the expected energy (usage-friendly) of the money mobile services plus their social impact significantly associated with the intention to use mobile money services in an attempt to improve performance of these businesses. With

regard to performance factors, the use of the mobile money service by the operators of SMEs increases profitability saves time, easy to use as well as less costly than banking transactions.

2.6.2 Influence of cash withdraw services on business performance in Tanzania

Muthama (2016) identified the relationship between the practice of cash management services and performance of public hospitals operations. Public hospitals found that, cash and bank accounts were balanced and encouraged transparency. In the other hand, a research carried out by Attom (2013) showed the importance of cash management services in sustainable development as well as survival rates for SMEs in Ghana. Cash management was found of major importance. The study showed that, lack of cash management methods among small and medium-sized enterprises resulted in both appropriations and the application of cash to incorrect activities leading to slow sustainable growth among small enterprises. The situation was being compounded by the fact that in the country it was difficult for SMEs to access currency. The findings also showed that, in Ghana many small businesses do not keep track of receipts due to unreliable cash records.

Okiro and Ndungu (2013) ascertained the effects on mobile and Internet banking and the performance of financial institutions in Kenya. The analysis revealed that, the most frequently used mobile service was cash withdrawal, while the least widely used related with buying of goods. Also, balance checks were the most widely used internet banking feature compared to online billing.

Nkrumah (2014) explored the use of Ghana mobile money transfer. The research was conducted to compare the magnitude and effect of the service compared to Kenya's successful introduction of M-PESA and the socio-economic characteristics of MMT consumers, their MMT experience and the operations of agents. It was found that, just like the Mas & Radcliffe survey (2010), which showed that 98% of users in Kenya were satisfied with the service, the users in Ghana were also satisfied, but the percentage in Ghana was 88%. Besides, Ghanaians were also satisfied with the use of the service.

Mpiani (2016) conducted a study which was based on the evaluation of mobile money services and their effect on customers' savings in Kumasi in the Ashanti region of Ghana. The results indicate a positive impact on the intent of savings and were statistically important for the withdrawal and cash deposit as part of mobile money services. Nonetheless, cash transfer had a beneficial effect on the savings goal of the user, and the recharge card did not statistically significantly impact the intention of the customer to savings. Clients had confidence in the application of mobile money services, and were satisfied that, mobile money services are convenient and easily accessible.

2.6.3 Influence of direct payment using services on business performance

Wahab (2012) conducted a study to examine individuals, small businesses and corporations with an e-zwich application for introducing and using electronic payment systems in Ghana. Inadequate availability of shopping terminal at shopping points, among other factors, demonstrated the adoption and use of the electronic zwich was low. It affected the perceived ease of use, although it was evident among individuals and companies that electronic payment systems were useful.

Several studies have been conducted in Tanzania and outside Tanzania to assess the impact of mobile money services on small and medium-sized enterprises' business performance. Results show that mobile money services help sales increase and stock buying capacity, reduced time in processing payments, payments of goods and services, improved habit of savings, and make money transfer easier on business growth and performance, including Tanzania (Chale&Mbamba, 2014), Zimbabwe (Masocha&Dzomonda, 2018) and Kenya (Wanyonyi, 2013).

Furthermore, The positive relationship have been established between Direct money transfer and Direct payment, that mobile money services facilitate business transaction alert via short message service (SMS) by using services like LIPA kwa M-Pesa, also Money Transfer by using m-banking become easier and at least cost compared to the traditional banking system where some transactions would be done

within the premises of the bank, this includes study done in Tanzania (Jack &Suri, 2010; Batchelor 2012; Tumaini, 2016), Nigeria (Mbah &Obiezekwem, 2019), Kenya (Ngaruiyaet al., 2014; Simiyu&Oloko, 2015; Chirchir&Simiyu, 2016; Mutisya, 2016).

Despite on the great role played by the Mobile Money services on Business Performance among Small and Medium Enterprises, negative relationship has been established between Direct money transfer charges and Withdraw charges. That the charges for the services are so high to the extent that they take way much of their profit and sometimes all, this has caused most entrepreneurs to reject receiving money as payments for the business using the services unless the customers agree to pay the service charges as well. This study done in Tanzania (Jack &Suri, 2010; Batchelor, 2012; Stephen &Msamba, 2016; Tumaini, 2016), Nigeria (Mbah &Obiezekwem, 2019), Kenya (Simiyu&Oloko, 2015; Chirchir&Simiyu, 2016).

Trust worth and Security provided by by the Mobile Companies on Mobile Money sevices was found to be significant to Business Performance among Small and Medium Enterprises, customers and SMEs are comfortable and reluctant on continue using the mobile money services. This include study done in Tanzania (Jack & Suri, 2010), Kenya (Chirchir&Simiyu, 2016; Muchiri, 2018; Mararo, 2018).

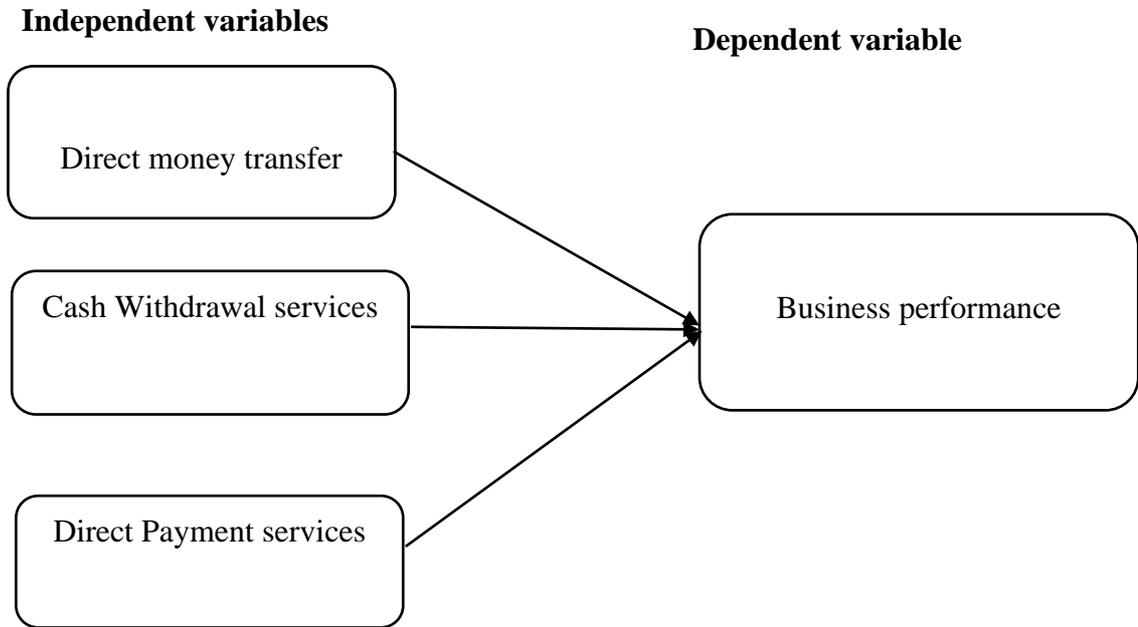
2.7 Research Gap

Several studies were reviewed as stipulated above, however there is no empirical study which assessed the influence of mobile money services on performance of business in Tanzania specifically in Dar es Salaam region. Therefore, this study captured the recognized gap. Specifically, current study bridges the gap by assessing the key mobile money services adopted by SMEs which are direct money transfer, cash withdrawal, and direct payment. The study was also conducted in the largest city of the country which comprises a substantial population of SMEs. The obtained findings thus yield significant implications on other regions of the country regarding mobile money service and business performance among SMEs.

2.8 Conceptual Framework

Conceptual framework is referred to as the model which indicates the variables which are existing in the research and showing the manner, they influence one another (Shields &Rangarjan, 2013). The model entails to show the way the variables relate to each other in generating new knowledge for the research. The framework conceptualise how mobile money financial services can influence business performance in SMEs. Three independent variables were taken into account to predict the rate of performance namely; direct money transfer, cash withdrawal services; and direct payment services. These variables were considered based on value of financial services on the pace at which SMEs join different products in competitive markets, and in which both the mobile money networks and SMEs operate. For instance, liquid cash preferences over cashless transactions directly refer to market conditions, such as preference for cash for time transactions and profits from cash, as is the easiness perceived in any transaction without losing value in the conversion from the cashless to the cash form. Therefore, Mobile money services are likely to impact some core pillars of business performance because of lowered transaction costs, reduced time for complete transactions, enhanced financial usability and improved performance of SMEs services. Relationship between dependent and independent variables is provided in Figure 2.1.

Figure 2. 1: Conceptual Framework



Source: Researcher Construction (2019)

2.9 Research Hypotheses

This entails an undertaking of the research which examines the influence of mobile money services on business performance among small and medium enterprises (SMEs) in Tanzania. In this case, three null hypotheses were constructed to conduct the assessment on the services used which are direct money transfer, cash withdrawal services and direct payment using services to be tested on business performance as follows:

H₁: There is no significance influence between direct money transfer and business performance among small and medium enterprises (SMEs) in Tanzania.

H₂: There is no significance influence between Cash withdrawal services and business performance among small and medium enterprises (SMEs) in Tanzania.

H₃: There is no significance influence between direct payment using services and performance of business amongst small and medium enterprises (SMEs) in Tanzania.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter highlights the appropriate methodology which was applied by the research to accomplish the expected goals on the pattern of knowledge creation and generation. This entails the series steps to be applied to enable the actual fulfillment of the expected results.

3.2 Research Design

It is referred to the manner that tends to develop reliable and adequate data for filling the research gap based on the inquired study (Crewell, 2012). In most cases, the design which is about to be used tends to depend on the nature of the research and the approach suiting the study as per the setting. In that case, the study employed cross sectional design since it was expected to enable the researcher determine whether there was significant influence of Mobile money services on SMEs business performance in Dar es Salaam, or not, at some point in time. A cross-sectional research design has the advantage of saving time and collecting data at a single point in time; that is data has been collected in a particular point of time in the study without change variables.

Cross-sectional design was chosen based on the fact that, research timeline for conducting this study was limited. Since this design allows to obtain a snapshot of results at a single point, it suited the research requirements in terms of SMEs sample size, data collection and analysis within the allocated time.

3.3 Research Paradigm

This is referred to the philosophy behind on what is conducted and pursuing the inquiry which is scientific one (Goodwin, 2005). The philosophy is being described into two; positivism and phenomenology schools of thought with interpretations of

the origins of knowledge which is required for filling the research gap; as well as the grouping of the expected reality. In that case, this study adopted positivism philosophy since the required knowledge was captured through the formalized questionnaire. Also, the reality being envisaged was made on measurement and examining using study hypotheses.

3.4 Area of the Study

This study was carried out in the region of the Dar es Salaam since the area constitutes massive transactions with a larger volume than all other places in the country such as regions, districts, wards and villages which serve as the best area for acquisition of relevant primary data. The area also serves as the influential city in the country on business activities using the mobile services such that it may serve as useful area for the conduct of the research.

3.5 Study Population and Unit of Inquiry

Population of the study included participants in the area where the study was conducted as macro and small entrepreneurs whereas they were picked within the study area. The Investigative unit in this respect consists of individuals as people since data were collected from individuals as entrepreneurs.

3.6 Sample size and sampling procedure

3.6.1 Sample Size

Sample size consisted of entrepreneurs both within micro and small categories of enterprise. it consisted 150 participants who were selected from the three leading Districts or Municipalities of Kinondoni, Ilala and Temeke respectively. In each of the Municipality 50 participants were picked and selected to reach the sum of 150 respondents. The selection of the micro and small entrepreneurs was based on the reason that, all served as the relevant subjects for the purpose of filling the required gap through provision of primary data.

The determination of the sample size based on Webb (1991) assumption that once test size is somewhere in the range of 100 and 1000, then 10% of the respondents can be utilized as the sample measure. In the event that the population again is somewhere in the range of 1001 and 2000, at that point 5% can be utilized as the sample measure. On the off chance that the population is more prominent than 2000, then 1% of the respondents can be utilized as the sample measure.

Justification for choosing this sample size of 150 participants was that, in any case, Dar es Salaam city comprises a population more noteworthy than 2000 SMEs entrepreneurs, which is evident that, the sample size is inside the range and precisely fits to represent the whole population .

3.6.2 Sampling Procedure

This is the process of acquiring the sample size for the research in a manner that is precise and accurate (Kish, 1965). The study used simple random sampling technique since participants as micro and small entrepreneurs in the city in all three selected Municipalities are several and plenty to the extent that they can be obtained randomly.

The use of simple random sampling technique was adopted on the fact that, all participants in the population had an equal chance to take part in the study. It therefore avoided bias of the responses since any individual in the respective population had an opportunity to participate regardless of experience, expertise, or any characteristics.

3.7 Methods of Data Collection

Questionnaire was adopted as a tools for data collection. Questionnaire may be referred as an instrument of data collection consisting of various type of questions used by participants in the research (Olsen, 2004). Kothari (2004) argues that, a questionnaire has many merits including, low costs, and avoid bias data since the respondents are given terms, ample time for the answers. It is also a useful tool to

approach difficult respondents. In this particular study questionnaires were self-administered to the respondents.

This method of data collection was adopted in this study due to its low cost-effectiveness and time saving features. The tool also avoided bias in terms of respondent's emotional feelings in their responses as the questions were constructed in the closed-end format.

3.8 Variables and Measurement

Based on literature review, the business performance can be influenced by direct money transfer; cash withdraw services and direct payment using services. Hence, in this section, the researcher describes both the dependent and independent variables that was selected for analysis of business performance.

3.8.1 Dependent Variables

The two commonly used dependent variables to measure performance are sales and profits. Sales and profits are perhaps the most important factors for comparing the efficiency and the operational performance of business. In this study dependent variable was business performance among SMEs and the performance variable was measured or represented by two alternative measures: the ratio of operating costs to total revenue, i.e. profits and change of sales. Business performance of SMEs is a critical issue since the revenue earned by SMEs determines its sustainability. The frequent sales made improve the profitability of an enterprise whereas few sales indicate little or no profits at all (Otis *et al.*, 2013).

3.8.2 Independent Variables

This section describes the independent variables that were used to analyze business performance. An independent variable is one that is supposed to affect a dependent variable. It can be changed as required, and its values do not represent a problem requiring explanation in an analysis, but are taken simply as given. These variables include direct money transfer; cash withdraw services and direct payment using services.

Direct money transfer

This involves converting money into "virtual money," which can be sent from one person to another via a mobile phone by the service provider. Transfers of mobile money may be from person to person. These money transfer services provided by formal and semi-formal providers are charged a high fee, that is, a minimum that is in excess of Tshs.10 per transaction.

The fee increases as the amount sent grows larger. Direct money transfer can be measured through transfer charges, frequent charge increases and transfer faults. The regular financial transactions that may require large sums or long distances are typical for small and medium enterprises. This enables mobile telephone finance transactions to reduce their costs and save time by making their financial transactions less cost effective and more convenient (Higgins *et al.*, 2012).

Use of mobile money for business transactions by SMEs, as it means a faster and cheaper geographic outreach, reduced cash handling costs, safer and easier mechanism for money transfer, Mobile financial transactions thus provide small and medium-sized businesses with means of reducing their costs as well as increasing their potential to stretch their business networks and improve their efficiency. Therefore, the frequent use of mobile money by SMEs for the purpose of doing business affected financial performance of SMEs directly.

Cash withdrawal services

This involves withdrawing of money that has been sent through the service provider from one person to another using a mobile phone. Mobile money withdrawal can be performed between a person and an agent who responsible with mobile money services. These cash withdrawal services are charged a high fee, that is, a minimum that is in excess of Tshs.400 per transaction. The fee increases as the amount withdrawn grows larger. Cash withdrawal services can be measured through withdrawal charges, fluctuation of charges and earnings in Tshs.

Payment for services

Mobile payment is a service allowing unbanked people to buy or sell goods and services at a merchant shop or store using their mobile wallet through their phones instead of cash as well as paying utility bills. According to GSMS (2010) mobile payment means the movement of value that made from a mobile wallet accrues mobile wallet initiated using a mobile phone or transfer to pay for goods or services either at point of sale or bill payment.

The seller requests payment via the telephone services by SMS with a buyer number. The telephone service provider then sends an SMS to the buyer with a bill of the reference number and then customer authorized payment. Finally, the telephone service provider sends a payment notification with details to both the seller and the buyer (Paula &Martines, 2011).

SMEs are able to receive payments from customers on due dates without spending much monitoring cost. This cost reduction is beneficial to the MSEs since they are able to create long-term relations to their customers and suppliers (Otis *et al.*, 2013). The risk arises on uncertainty that customer face when they cannot foresee the consequences of the purchase's decision (Yu, 2009). It is obvious that user's target to use mobile money services is affected by their perception of risk, whether or not such risk actual exist which may affect the performance of SMEs.

Mobile money transfer service influenced some important pillars of SMEs operations due to reduced transactional costs, reduced time to complete transactions, hence increased efficiency of mobile money services. And the service is largely secure for executing money transfers because a Personal Identification Number (PIN) is used to protect a subscriber account from abuse by other persons. That is, if mobile money has a high safety then SMEs owners can trust the technology and led to its performance.

The Likert scale was measurement tool used to measure the variables of the research which was stipulated in the questionnaire with the variables and the respective measurements to ensure information generation process and pattern. The measurements were in a scale of five which ranges from strongly agree to disagree. Therefore, the variables and the measurements are shown in Table 3.1.

Table 3. 1: Type of Variables and Measurement

Variables	Indicators	Measurement	Expected Sign
Business Performance	Sales	Total sales revenue	
Direct Money Transfer	Transfer charges	1= if transfer charge is High 0 = if otherwise.	Positive Influence (+) Negative Influence (-)
	Frequently charge increase	1 = if yes (frequently charge increase) 0 = if No. (there is no frequently charge increase)	Negative Influence (-)
	Transfer faults	1 = Transfer faults increase 0 = otherwise	Negative Influence (-)
Cash Withdrawal Services	Withdrawal charges	1= withdraw charge is high, 0 = other wise	Positive Influence (+)
	Fluctuation of charges	1= fluctuate charges is high 0 = other wise	Negative Influence (-)
	Earnings	Sales minus the cost of sales, operating expenses, and taxes, over a given period of time (usually a quarter or a year)	Positive Influence (+)
Direct Payment using Mobile money services	Efficiency	1= Efficiency is high, 0 = other wise	Positive Influence (+)
	Security	1= security is high, 0 = other wise	Positive Influence (+)
	Charges	1= charges are high for the services, 0 = other wise	Positive Influence (+)

Source: Research information (2019)

3.9 Validity and Reliability

Reliability describes the research tool that shows the measurement level of what should be measured (Beer, 1993). To establish the validity of the research instruments the researcher sought the opinions of experts in the field of study especially the researcher's supervisor. This facilitated the necessary revision and modification of the research instruments. Furthermore, research gap observed from the literature filled by the information that can be used for additional studies as new knowledge. The pilot test, which is a pretest for the questionnaire, was used to do this.

On the other hand, reliability refers to accurate measurement because it yields consistent results (Ritter, 2010). This help to accurately assess and evaluate reliability after field testing, where the test 's results decide the reliability of the analysis. The use of the Cronbach alpha test was carried out. Table 3.2 demonstrates this check.

Table 3. 2: Cronbach Alpha Test

Study Variables	Cronbach Alpha Values
Direct Money Transfer	0.817
Cash Withdrawal Services	0.823
Direct Payment using Services	0.857
Business Performance	0.806

Source: Field Data (2019)

The statistics in Table 3.2 indicate that, the analysis of reliability on the test variables report had high consistency and are reliable. It is evident because Ritter (2010) states that the Cronbach Alpha test reliability analysis is checked with value of 0.7 and above that is, in the result in Table 3.1 that they are all above 0.8.

3.10 Data Analysis

The data gathered were carefully examined and checked for completeness and comprehensibility. The data were then summarized, coded, tabulated and analyzed using both descriptive statistics and inferential statistics. Descriptive statistics contain discrete numeric data. Descriptive statistics include frequency tables, percentages.

Central pattern measures such as mean, mode and standard deviation were also derived. Descriptive analysis was employed to explain businesses performance of SMEs.

The data were analyzed with the aid of a computer using Statistical Package for Social sciences (SPSS) as a tool for analysis. A chi-square was used to determine the relative importance (sensitivity) of each explanatory variable in influencing the businesses performance of SMEs as measured by sales and profits. Inferential statistics was analysed through the use of chi-square to determine whether there is no significant influence between mobile money services and business performance of SMEs.

A hypothesis testing was carried out at 0.1(10%) as a significance level. Finally, the researcher compared analysis that obtained with the theory available to draw a conclusion. The investigation was fairly quantitative, however upheld subjectively. To empirically examine the influence of mobile money service on SMEs business performance, a multiple linear regression model was predicted. Regression model was run to see the relationship of the business performance as measured by increases sales and other independent variables such as direct money transfer; cash withdraw services and direct payment for services using mobile money services. The regression model equation was here under;

$$\begin{aligned} & \textit{BusinessPerformance} \\ & = c \\ & + \beta_i(\textit{Moneytransfer, CashwithdrawandPaymentforservices}) \end{aligned}$$

Where Performance is dependent variable measured by increases sales, direct money transfer; cash withdraw services and direct payment for services using mobile money services variables are independent variables, β_i is the coefficient of explanatory variables (direct money transfer; cash withdraw services and

direct payment for services using mobile money services variables) and *c* is a constant term

We can therefore extend the above equation, by including explanatory variables and Profitability as dependent variables as follows;

$$BP = c + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \beta_8 X_8 + \beta_9 X_9$$

Where: BP= Business Performance

c is a constant term (regression intercept).

β_1 to β_9 = the coefficients indicating the various levels of significance,

X_1 = transfer charges (Transaction cost)

X_2 = frequently charge increases (variable with reference categorical being frequently charge increases 1= if frequently charge increases influence SMEs performance, 0 = if other wise)

X_3 = transfer faults (variable with reference categorical being transfer faults 1= if MMS transfer faults influence SMEs performance, 0 = if other wise)

X_4 = withdrawal charges (variable with reference categorical being withdrawal charges 1= if withdrawal charges improve SMEs performance, 0 = if other wise)

X_5 = fluctuation of charges (variable with reference categorical being fluctuation of charges 1= if MMS fluctuate charges, 0 = if other wise)

X_6 =earnings (Sales minus the cost of sales, operating expenses, and taxes, over a given period of time).

X_7 =efficiency (variable with reference categorical being Efficiency 1= if MMS is Efficiency, 0 = if other wise)

X_8 = security (variable with reference categorical being security 1= if MMS is secured, 0 = if other wise)

X_9 = payment charges (variable with reference categorical being payment for services 1= if MMS improve SMEs payment for services, 0 = if other wise).

3.11 Ethical Consideration

Moral issues are compulsory in the direct and compatibility of the request as far as holding fast to the college principles and guidelines including having satisfactory research grant for information accumulation and introduction of a unique work which is not liable to literary theft. This is evident with the reason that the research was carried out in line with the guidelines and requirements of the university in dissertation writing which ensures that it abides to the requirements for that matter in ensuring its total compliance.

Regardless of that, privacy of the respondents was very much seen as none of the secret data relating to the respondents was ever be uncovered by the scientist. This was performed to establish confidence and assurance to the respondents on the decision to participate actively in the study that it was only for academic concerns alone.

CHAPTER FOUR

PRESENTATION OF FINDINGS

4.1 Introduction

This chapter describes presentation of findings which are complemented by the relevant analysis. The chapter describes demographic characteristics of respondents and descriptive analysis on the study variables. Also, the hypotheses testing followed as well as analysis on study variables to examine the association between the variables of the study. Therefore, the findings in this chapter are presented in three main sections. Section 4.2 reports the demographic characteristics of respondents, section 4.3 reports the reports the summary of the descriptive statistics results for the variables used in this study. Whiles section 4.4 provides results of the regression analysis.

4.2 Findings

The findings in this chapter are presented in two main sections. Section 4.2.1 reports the summary of the descriptive statistics results for the variables used in this study. Whiles section 4.2.2 presents inferential analysis results from the regression equation.

4.2.1 Descriptive Statics results

Descriptive statistics was used to provide simple summaries about the variables used in this study. The summary includes the Minimum and Maximum value used when coded the variables, Mean and Standard deviation of the variables. These summaries may form the basis of the initial description of the data as part of a more extensive statistical analysis, or they are sufficient in and of themselves for this research work. The results are documented on Table 4.1.

Table 4. 1: Summary statistics for the variables used in the regression equation.

Variable Name	Min	Max	Mean	Standard Deviation
Business Performance	0	1	.69	.465
Transfer Charges	0	1	.93	.250
Direct Money Transfer				
Frequent charge increase	0	1	.77	.424
Transfer faults	0	1	.91	.292
Cash Withdrawal Services				
Withdrawal charges	0	1	.76	.429
Fluctuation of Charges	0	1	.90	.301
Direct Payment using mobile money services				
Efficiency	0	1	.89	.318
Security	0	1	.77	.424
Charges	0	1	.87	.334

Source: Field Data (2019)

The results from the table 4.1 revealed that; the mean score for Transfer charges were indicating that 0.93(93%) of the respondents affirmed that the transfer charges were high. Also, the mean score for frequent charge increase were indicating that 0.77(77%) of the respondents claim the frequently increase of charges for Direct money transfer. While mean score for transfer fault were indicate that 0.91(91%) of the claim for transfer faults increase during direct money transfer. Furthermore, the study revealed that mean score for Withdrawal charges were indicating that 0.76(76%) of the respondents affirmed that withdrawal charge is high. Also, the mean score for fluctuation of charges were indicating that 0.90(90%) of the respondent claim for high fluctuation of charges. Furthermore the study revealed that the mean score for Efficiency were indicate that 0.89(89%) claim for the high efficiency during direct money transfer using the mobile money services, while the mean score security were indicating that 0.77(77%) of respondent affirmed for the high security during direct money transfer when using mobile money services and the mean score for services charges were indicating that 0.87(87%) of the respondent claim for the high charges for service the direct payment through usage of mobile money service.

Results imply that, mobile money services tend to be unfriendly and affect profitability to SMEs such that the pattern of charges has been affecting the transactions and profit generation. Also, the mobile money services through direct payment services indeed have less consideration towards assuring profit maintenance by customers.

4.2.2 Inferential Analysis Results

The inferential analysis results are first preceded by the whole testing of independent variables on themselves to depict whether there is multicollinearity problem or not. It is also worth reporting whether assumptions underlying the regression equation used are fulfilled or not. Table 4.2 which reports correlation analysis results shows that the magnitude of the correlation coefficient for all variables are less than 0.5, implying there is no multicollinearity problem.

Correlation Analysis results

Correlation analysis was conducted to reveal the association of variables among predictors and the results are presented in Table 4.2

Table 4. 2: Correlation Analysis Results

		Business Performance	Direct Money Transfer	Cash Withdrawal Services	Direct Payment using Services
Person corr.	Business Performance	1	0.416	0.504	0.338
	Direct Money Transfer	0.416	1	0.07	0.012
	Cash Withdrawal Services	0.504	0.06	1	0.108
	Direct Payment using Services	0.338	0.105	0.104	1
Sig. (1-tailed)	Business Performance	1	0	0	0
	Direct Money Transfer	0	1	0.021	0.02
	Cash Withdrawal Services	0.514	0.012	1	0.011
	Direct Payment using Services	0	0.06	0.021	1

Source: Field Data (2019)

Table 4.2 indicates that, the highest correlation is between cash withdrawal and direct money transfer whereas cash withdrawal has the highest effect compared to the other independent variables with correlation value (0.504). This entails that business performance in SMEs through mobile money services is mostly affected by cash withdrawal services. Even if the correlation is positive, the correlation is small, which means that multicollinearity cannot be obtained.

The Assumptions for underlying multiple regression analysis based on the current study are: -

The Assumptions for underlying multiple regression analysis based on the current study are: -

1. $x_1, x_2, x_3, x_4, x_5, x_6, x_7, x_8$ and x_9 are independent. (i.e: Transfer charges, Frequently charge increase, transfer fault, withdrawal charges, fluctuation of charges increase, Earnings, Efficiency, security and Charges)
2. The population is normally distributed. (i.e. Mean is 0.69(69%) and standard deviation is 0.465)
3. The standard deviation of y within particular X-strata $\sigma_{y,x}$ is constant overall value of X. where x is a set of $x_1, x_2, x_3, x_4, x_5, x_6, x_7, x_8$ and x_9 .

The regression analysis and regression model meet the above assumption and results for regression analysis are presented on Table 4.3.

Robustness test

Test for independence of errors (autocorrelations) by Durbin-Watson

Durbin-Watson was calculated to examine presence of autocorrelations among independent variables. As indicated on Table 4.3, D-W=2.1, indicating that, there was low autocorrelations among independent variables which confirms for independence of errors. Field (2009) suggest that, Durbin-Watson coefficient should range between 1.5- 2.5 for indication of low autocorrelation among variables, otherwise may raise a concern.

Table 4. 3: Durbin-Watson test showing robustness of regression

Model	R	R Square	Adjusted R Square	Std. Error	Durbin-Watson
1	.969	.940	.937	.62102	2.132

Multiple Regression

Multiple regression analysis was established to indicate the effect of independent variables (i.e: Transfer charges, frequently charge increase, transfer fault, withdrawal charges, fluctuation of charges increase, Earnings, Efficiency, security and Charges) towards business performance which was regarded as dependent variable.

Results indicate that, independent variables have significant ($p < .000$) powerful effect on business performance of SMEs. R square=.94, which indicates that, independent variables explain 94% of the model variation as depicted on Table 4.4.

Table 4. 4: Regression model summary

Model	R	R Square	Adjusted R Square	Std. Error	Sig.
1	.969 ^a	.940	.937	.62102	.000

Source: Field Data (2020)

Table 4. 5: Regression model coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.725	.270		2.684	.008
Transfer charges	-.345	.069	-.131	-5.020	.042
Frequently charge	1.821	.149	.639	12.189	.031
Transfer Faults	-2.524	.358	-.633	-7.044	.054
Withdrawal charges	3.427	.386	.896	8.866	.000
Fluctuation Charges	2.014	.483	.505	4.166	.000
Earning	.448	.227	.171	1.972	.051
Efficiency	.139	.076	.040	1.825	.007
Security	1.607	.158	.429	10.165	.013
Charges	1.290	.167	.324	7.738	.000

Source: Field Data (2020)

The study findings from table 4.5. The regression Model is given by; -

$$BP = 0.725 - 0.345X_1 - 1.821X_2 + 2.524X_3 + 3.427X_4 + 2.01X_5 + 0.448X_6 + 0.139X_7 + 1.607X_8 + 1.29X_9$$

Results indicate all eight independent variables were significant predictors ($p < .05$) of the business performance. The coefficient for Transfer charges is $\beta = -0.345$, transfer fault is $\beta = -1.821$, this indicate that, transfer charges and transfer fault vary inversely proportional with business performance thus as transfer charges/transfer fault increase by 1 unit leads to the decrease of business performance by 0.3 and 2.5 unit respectively. Furthermore the coefficient for Frequently charge increase is $\beta = 1.8$, withdrawal charges is $\beta = 3.4$, fluctuation of charges increase is $\beta = 2.0$, Earnings is $\beta = 0.4$, Efficiency is $\beta = 0.1$, security is $\beta = 1.6$ and Charges is $\beta = 1.3$, this indicate that frequently charge increase, withdrawal charges, fluctuation of charge, earning, efficiency and charges varies direct proportional with business performance thus the increase of one variable leads to increase of Business performance and vice versa.

Hypothesis Test

Since all variables yielded significant effect ($p < .05$) on dependent variable, the null hypothesis was accepted and the alternative hypothesis rejected. In other words, mobile money services have significant influence on business performance of SMEs.

CHAPTER FIVE

DISCUSSION OF FINDINGS

5.1 Introduction

This chapter present the discussion of the findings from chapter four. The chapter is presented into two main section 5.2 the Descriptive statistics for the variables and 5.3 the influence of mobile money services on business performance. All discussion is accompanied with relevant and significant empirical reviews to support the findings for the current studies.

5.2 Descriptive statistics

The current study indicates the inconsistent of the direct money transfer toward business performance for SMEs. Majority of business claim for the high direct money transfer which is not good for their profit and growth of business, this was highly justified with 93% of business who affirmed for high transfer charges, 77% frequently increase of charges and 91% fault increase. The findings are consistent to the study done by Jack & Suri, 2010 which found that despite mobile money services to help growth of SMEs the transfer charges and frequently charge increase is still a troublesome to small business (Mbah & Obiezekwem, 2019), Kenya (Simiyu&Oloko, 2015; Chirchir&Simiyu, 2016.)

Furthermore, the current study noted the affirmation of small and medium business men that the cash withdrawal services is still high which sometimes discourage to perform other transaction. Majority of business 76% claim for high withdraw service, 90% fluctuation of charges and 91%. This makes most of SMEs to prefer banking services to saving their money rather using the mobile money services. The finding was consistent to the study done by Stephen & Msamba, 2016 which found that negative relationship has been established between direct money transfer charges and Withdraw charges. That the charges for the services are so high to the extent that they take way much of their profit and sometimes all, this has caused most entrepreneurs

to reject receiving money as payments for the business using the services unless the customers agree to pay the service charges as well. (Batchelor, 2012; Tumaini, 2016), Nigeria (Mbah & Obiezekwem, 2019), Kenya (Simiyu & Oloko, 2015; Chirchir & Simiyu, 2016)

Another interesting finding of the study is high truth worth of the SMEs towards the services provided mobile companies on mobile money services. It was noted that, 77% of SMEs argue to despite the high charges on direct money transfer and cash withdrawal, most of the business feel safe to use the mobile money services than banking services. Mobile money services found to be of time saving when making transaction, increase sales volume, provide opportunity to other SMEs, employment and self-revelage. The study finding was significant to the study done in Kenya by Chirchir & Simiyu, 2016 which found the high truth worth and security provided by mobile companies on mobile money services and SMEs are comfortable and reluctant on continue using the mobile money services (Jack & Suri, 2010; Muchiri, 2018; Mararo, 2018).

5.3 The influence of mobile money services on business performance

This section provides discussion of the findings based on the specific objectives of the study. It details the implications of the findings and stretch the empirical literature insights. It begins with the influence of direct money transfer, followed by cash withdrawal, and ends with direct payment services on business performance of SMEs.

5.3.1 Direct Money Transfer and Business Performance

The current study was guided by the hypothesis **H₀**: there is no significance influence between direct money transfer and business performance of SMEs. The findings of the study indicate P-value for transfer charges ($P < 0.489$, $\beta = -0.105$), frequently charge increase ($P < 0.207$, $\beta = 0.136$) and Transfer fault ($P > 0.033$, $\beta = -0.626$). since $P < 0.05$, Therefore, the hypothesis cannot be rejected that there is no significance influence between direct money transfer and business performance, where by transfer charges and transfer fault noted to negatively contribute the business performance of SMEs.

The findings are consistent to the study done by Jack and Suri, 2010 which found that despite mobile money services to help growth of SMEs the transfer charges and transfer fault is still a troublesome to small business (Mbah & Obiezekwem, 2019), Kenya (Heale & Wong, 2010; Wairagala, 2015; Simiyu & Oloko, 2015; Chirchir & Simiyu, 2016)

5.3.2 Cash Withdrawal Services and Business Performance

The current study was guided by the hypothesis **H₀**: there is no significance influence between Cash withdrawal services and business performance among SMEs. The findings indicate P-value for Withdrawal charges ($P < 0.16$, $\beta = 0.156$), fluctuation charges ($P < 0.791$, $\beta = 0.1$) and Earning ($P < 0.105$, $\beta = 0.394$). Since $P < 0.05$, Therefore, the hypothesis cannot be rejected that, there is no significance influence between Cash withdrawal services and business performance, where by all the indicators i.e. Withdrawal charges, fluctuation charges and earning to positively contribute business performance of SMEs. Also, the highest correlation is between cash withdrawal and direct money transfer whereas cash withdrawal has the highest influence than other independent variables, this entails that business performance in SMEs through mobile money services is mostly affected by cash withdrawal services. The findings were inconsistent to the study done by Skinner (2014) which suggesting that cash withdrawal charges through mobile money services are higher than the actual realities in terms of the profitability of the business. Also, study by Mosha (2017) which suggests that the charges imposed by the mobile money services are volatile since they change rapidly and anytime whereas in most cases they have been increasing.

5.3.3 Direct Payment using Services and Business Performance

The current study was guided by the hypothesis **H₀**: that there is no significance influence between direct payment using services and performance of business amongst small and medium enterprises (SMEs). The findings indicate p -value for Efficiency ($p < 0.955$, $\beta = 0.02$), Security ($p < 0.329$, $\beta = 0.133$) and Charges ($P < 0.942$, $\beta = 0.014$). Therefore, we fail to reject hypothesis that there is no significance influence between direct payment using services and performance of business amongst SMEs, where by the security provided by mobile companies to positively

contribute Business performance of SMEs. The findings are consistent to the study done in Kenya by Chirchir and Simiyu (2016) which found the high truth worth and security provided by mobile companies on mobile money services and SMEs are comfortable and reluctant on continue using the mobile money services (Jack & Suri, 2010; Muchiri, 2018; Mararo, 2018).

CHAPTER SIX

SUMMARY, CONCLUSION AND RECOMMENDATIONS

6.1 Introduction

This chapter presents summary, conclusion and recommendations based on the influence of mobile money services on business performance in Tanzania. In addition to that the study entails areas for further study.

6.2 Summary

This has been the study conducted on assessing the effect of mobile money services on business performance among SMEs in Tanzania with reference to micro and SMEs in Dar es Salaam city. The study was designed whereas information gathering was performed using causal relationship pattern which is the relationship between the variables.

The study generates the information and knowledge to fill the gap from the participants from micro and small enterprises from the sample size of 150 respondents with the facts being generated through questionnaire as the tool for data correction. The facts collected were analysed by using SPSS version 23.0

With regard to the summary statistics results, it was revealed that 93% of the respondents supports the assertion that transfer charges are high causing profits to be depleted using the services, also, 77% of the respondents had the view that the service providers increase the charges without notice to the customers affecting the profit in using the services. Moreover, the 91% of the respondents reveal that there are faults in transfers cause loss of money to the customers affecting the businesses. This implies that mobile money services tend to be unfriendly to SMEs such that the pattern of charges has been affecting the transactions and profit generation.

On the other hand, 76% of the respondents stated that, withdrawal charges are high than the realities in the market. Also, 76% of the respondents indicated that the charges are raised by the service providers unannounced affecting the profit on business owners. Moreover, 91% indicate that most of the earnings as profit by the business owners are consumed by the charges. This indicate that mobile money services indeed affect profitability in the enterprises.

The study findings from the inferential analysis indicated the nine independent variables as explanatory variables to the dependent variable including direct money transfer, cash withdrawal services and direct payment using the services are all positive and significant statistically to business performance. The implication of the findings for that matter is that business performance among small and medium enterprises (SMEs) is significantly affected by direct money transfer, cash withdrawal services and direct payment using services.

6.3 Conclusions

It is certain with the relevance of mobile money services in Tanzania on financial inclusion and the economy at large; to the micro and business owners they are completely unfriendly particularly on business performance. This is evident with the fact that the three study predicting variables to the business performance which are direct money transfer, cash withdrawal services and direct payment using the services have been found positive and significant statistically on business performance.

Based on the findings, transfer charges and transfer faults disclosed negative effect on SMEs business performance. This affirms that, despite the significant relationship which exist between mobile money services and performance of SMEs business, transfer charges and transfer faults still affect improvement of their efficiency. It is contrary to withdrawal charges and fluctuations charges which tend to upsurge business performance.

On the other hand, the regression model showed a powerful variation of 94% which implies that, the independent variables tested in the current study are most likely to be the principal predictors of business performance when it comes to mobile money services. It also gives an evidence that, consideration of these variables may determine positive or negative financial improvement of SMEs.

The results also complement the main study assumption that, business performance among SMEs in Tanzania is affected by mobile money services in place including direct money transfer, cash withdrawal services and the direct payment using the services. Since that is the case, measures must be instituted to enable the services to be friendly and assisting to the micro and small businesses since they are the leading in the market and the economy with significant influence since the services are expected to assist the businesses towards performance.

6.4 Recommendations

With the reality on business performance among SMEs through mobile money services; the study recommends that: -

- i. Findings indicate that, transfer charges and transfer faults were negatively affecting business performance of SMEs. Therefore, the study recommends that, first the government should intervene and assess the charges imposed and the actual earnings on the business. This entails that it is important for the regulatory bodies such as Bank of Tanzania (BOT) and Tanzania Communication Regulatory Authority (TCRA) that should go through the charges and assess their viability pertaining to the realities within the market and the economy of the country at large.
- ii. In regards to the findings, fluctuation charges and withdrawal charges tend to attribute positively to the business performance; however, their contribution was still very low. The study recommends that the charges must be well regulated in mobile money service since they seem to be volatile and unstable such that they tend to increase without notice and public rationale such that in

the course of usage may discover in the process that charges have increase. This is important since to the business every charge increase is important since it has impact on the earnings and profitability such that it is deemed important and relevant in ensuring sufficient planning, forecasting and earning in business.

6.5 Areas for Further Studies

Since the research gap has been filled in the manner that it is vivid that business performance among small and medium enterprises (SMEs) is significantly affected by mobile money services. In that case, several other ventures may be explored to ensure information generation such that first the study has been performed quantitatively using explanatory design; however, another study should qualitatively approach to fill the gap of the current study.

In addition to that, this study focused on SMEs located in Dar es Salaam city. Current study findings cannot be generalized to other cities or regions of the country as regards to disparities in mobile money services coverage and number of SMEs. It is therefore recommended that, further studies to be conducted in other regions for a scrutiny investigation.

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APPENDICES

QUESTIONNAIRE

This is a questionnaire on the study titled *“The Effect of Mobile Money Services on Business Performance among Small and Medium Enterprises (SMEs) In Tanzania”*.

Dear Respondent;

Thank you in advance for devoting your time to participate in this study. Basically, the study is for academic purposes and for partial fulfillment of the award of a Master’s Degree at Mzumbe University Dar es Salaam Campus. I request that you participate in this study with free will and high degree of honest and openness. This is key towards achieving the intended goal of the study. No names of individuals or entities are required and strict confidentiality will be maintained in handling your responses. Individual responses will not be identified in the analysis and report of the study.

Part I: General Information

1. Gender?
 - a. Male
 - b. Female

2. Age?
 - a. 21-30
 - b. 31-40
 - c. 41-50
 - d. 50+

3. Education Level
 - a. Bachelor Degree
 - b. Masters and Above
 - c. Diploma
 - d. Certificate

- e. Secondary Education
- f. Primary Education
- g. No Formal Education

Other (specify)

The First Objective: Direct Money Transfer and Business Performance

The following are the attributes of direct money transfer on business performance which are rated in Likert scale format seeking your response. Kindly respond on the appropriate answer by ticking (√) the appropriate box on the scale expressed in numbers within boxes.

	Strongly Agree	Agree	Disagree	Strongly Disagree	Don't Know				
	1	2	3	4	5				
S/N	STATEMENTS				1	2	3	4	5
1.	Transfer charges are higher such that they take away the profit.								
2.	The services usually raise the charges without notice to the users and customers.								
3.	There are several faults in transfers which are charged and cause loss to the business owners.								

The Second Objective: Cash Withdrawal Services and Business Performance

The following are the attributes of cash withdrawal services on business performance which are rated in Likert scale format seeking your response. Kindly respond on the appropriate answer by ticking (√) the appropriate box on the scale expressed in numbers within boxes.

Strongly Agree Agree Disagree Strongly Disagree Don't Know
1 2 3 4 5

S/N	STATEMENTS	1	2	3	4	5
1.	Withdrawal charges are higher than the actual economic realities of the business owners.					
2.	Withdrawal charges are raised by the service providers unannounced affecting the business performance.					
3.	Most of the earnings are taken by the charges.					

The Third Objective: Direct Payment using Services and Business Performance

The following are the attributes of direct payment using services on business performance which are rated in Likert scale format seeking your response. Kindly respond on the appropriate answer by ticking (√) the appropriate box on the scale expressed in numbers within boxes.

Strongly Agree Agree Disagree Strongly Disagree Don't Know
1 2 3 4 5

S/N	STATEMENTS	1	2	3	4	5
1.	The services are less efficient prior to their usage affecting business owners.					
2.	The security systems are uncertain since customers have experiencing loss of their money.					
3.	The charges imposed are higher to affect the profit.					

Dependent Variable: Business Performance

The following are the attributes of business performance which are rated in Likert scale format seeking your response. Kindly respond on the appropriate answer by ticking (√) the appropriate box on the scale expressed in numbers within boxes.

Strongly Agree Agree Disagree Strongly Disagree Don't Know
1 2 3 4 5

S/N	STATEMENTS	1	2	3	4	5
1.	Mobile money withdrawal charges completely affect the profits of the small business owners.					
2.	Business owners are forced to influence buyers to include withdrawal charges which has been difficult for compliance.					
3.	Profitability of small business is affected by the services charges imposed in all packages.					

THANK YOU FOR YOUR TIME.