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EFFECT OF MOBILE MONEY TRANSFER SERVICES AND FINANCIAL GROWTH OF SMALL AND MEDIUM ENTERPRISES IN BUSIA TOWN, KENYA

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ABSTRACT

The onset of mobile money services was foreseen to be a great driver of growth among Small and Medium Enterprises (SMEs) in different economies. Service delivery was enhanced and access was improved. However, there is no quantifiable data to proof the gains or losses actualized so far in the sub sector. This is what necessitates this study to endevour to examine the effect of mobile transfer services on the financial growth of SMEs in Busia town, Kenya. Entrepreneurship and Innovation Theory and Technology Acceptance Model were used to guide the study. Descriptive survey research design was adopted. The target population included 2,700 registered SMEs in Busia Town and a sample size of 271 SMEs was selected. Purposive sampling technique was used to pick out the SMEs. Questionnaires were used to collect primary data. The questionnaire was pilot tested on the 10% of the sample population to enable the study evaluate the reliability and validity of the questionnaires. The collected data was filtered, organized and coded before data analysis. Statistical Package for Social Sciences (SPSS) version 24 software was used for data analysis. Data was analysed through descriptive and inferential statistics.

Descriptive statistics included the means, standard deviations, frequencies and percentages while inferential statistics included correlation and regression analysis. Findings were presented in frequency tables and Pie charts. From the findings, money transfer services had significant effect on the financial Performance of SMEs. The study concluded that if money transfer services like M-Pesa, M-shwari and mobile banking were enhanced, these would boost financial performance of SMEs in Busia Town since these would enable quick response to customers' needs and allow one to save money from the business proceedings and these methods are safe and convenient. Compliance to government regulations was found key to ensure smooth running of the SMEs. The study recommended that SMEs should to invest in mobile money savings and transfers in their operations since the research has found that it has a high effect on financial performance of SMEs. Based on the research findings, for mobile money services to improve in their financial performances, they embrace effective application of new modern technologies, effective mobile money transfer Services and efficient mobile money credit Services and comply to government regulations.

Key Words: *Mobile Transfer Services, Financial Growth of Small and Medium Enterprises, Busia Town*

BACKGROUND OF THE STUDY

Mobile money solutions impact billions of people throughout the world, especially the underprivileged. Changes in mobile technology, according to Oluwatayo (2012), have opened up opportunities for over three billion persons with no bank accounts to have accessibility to monetary services. Due to an absence of financial services for disadvantaged as well as vulnerable people, mobile phone companies have innovated in a range of techniques, including the mobile money concept and its impact on small and medium businesses (SMEs). Mobile money services are categorized into three kinds: mobile money savings, mobile money transfer, as well as mobile money credit. In terms of mobile savings, mobile technology can assist low-income individuals in storing money in a secure and easy manner. Two main strategies are becoming increasingly popular to save money with a mobile phone. First, a mobile money account can be used to keep cash, regardless of whether it is provided by a bank or a cell phone provider. Second, it may act as a conduit for other mobile savings solutions. The original goal of mobile money was to make payments the first step toward financial inclusion, but most users are now facing a significant adjustment from sending and receiving money in real time to retaining value over time.

Mobile money or mobile payments, mobile money transfers, or mobile wallet transactions, refers to payment transactions that are managed and completed using mobile devices including a mobile phone, credit or debit cards (Narteh and Amoh, Mahmoud, 2017). Because it encompasses a wide range of overlapping applications, the definition of mobile money differs across the communication sector. Mobile money is defined as a "service that permits the accessibility of financial services utilizing your mobile phone" in general (GSM Association, 2017). Microbusinesses that would otherwise be unable to access commercial banking services would benefit from the growth of mobile money services. Individuals with bank accounts can have accessibility to their accounts utilizing mobile phones. Mobile money services usage in rural regions has increased significantly. The convenience it provides has expanded the platform's use for a variety of transactions that may otherwise be handled by banks or registered agents. The current system connects the individual who makes the payment with the person who gets the funds. Mobile money saving, mobile transfers, and mobile money credit are three kinds of mobile money services.

Mobile phones provide a unique opportunity for clients to easily integrate savings, payment, and budgeting capabilities. No other financial touch point can match the degree of immediacy and engagement provided by the phone. It must grow from a basic payment tool (a cards and point-of-sale terminal replacing technology) to a financial management tool for individuals. The phone may be used as a wallet, a calculator, and a channel for notifications and reminders, all at the touch of a button. The mobile user interface the collection of displays that individual use to manage their finances on their phones will thus be a critical factor of how successful mobile money is at allowing greater financial inclusion. How will mobile money providers provide their consumers with a variety of budgeting tools, savings choices, and payment services? The product difficulties on the front end (customer interaction on a very limited user interface) will transcend the conventional problems in the back end (integration into the core banking system) (Kakwa, 2012). Mobile phones allow for rapid communications, as well as the M-Pesa services now available have reduced consumer costs of transaction (Vaughn, 2009). Savings transactions totaled Kshs. 120.61 billion in 2008/2009, up to 14.74 billion in 2007/2008, according to the Annual Report. Since the start of the mobile payment service, as of 31st March 2009 total mobile savings transactions have totaled Kshs. 135.38 billion. This indicates that mobile savings services are gaining momentum among the unbanked (Vaughn, 2009). The benefits of mobile savings are so enormous, according to Omwansa (2009), if they appear to be smothering, those who try to push regulators may feel horrible. To increase their capital base, many SMEs are turning to mobile money savings. Wamuyu et al. (2011) established mobile money savings practices had a positive substantial impact on SMEs' financial performance.

The term "mobile money transfer service" is a provision that enables clients to transmit money from a mobile phone via text message. Because of its efficiency and low cost, many people choose mobile money transfer, which has a positive influence on SMEs' client base. To use Mobile Money Transfer Services (MMTS), a client must first register with a network operator's authorized mobile cash transfer retail outlet. Mobile money allows you to easily settle a range of transactions and turns your phone into a mobile wallet. Mobile money transfers, or mobile wallet transactions refers to payment transactions that are managed and completed using mobile devices including a mobile phone, credit or debit card (Narteh and Amoh, Mahmoud, 2017). Mobile money transfer is the transfer of funds using mobile phone technology, which can be conducted by a phone company or an independent operator. Mobile money transfer (MMT) refers to services that enable electronic money operations using a mobile phone, including access of account, transfer of money, and doing commerce while utilizing mobile, according to Tobbin and Kuwornu (2011). This was operationalized through mobile payment, mobile receipts and pay bills. Mobile money services platform enables customers to retain money and transmit money to other parties (Ndung'u, 2019). Indeed, by allowing transfers to others, mobile money is likely to de-incentivize saving, making users more exposed within their social networks to societal pressures. However, tailoring mobile money services to assist SMEs in saving is not straightforward. Most mobile money platforms have yet to provide clear savings incentives, starting with interest-bearing savings accounts, owing to authorities' lack of information about their potential impact.

According to De Mel *et al*. (2018), the availability of mobile money has no substantial impact on savings. The majority of studies have shown how mobile money may be tailored to encourage saving and profitable investments in Kenya. Jack and Habyarimana (2018) look at effect of randomize access to mobile money investments account as a technique to boost savings as well as achieve entrance to secondary school. As a method for boosting microenterprise growth, Batista *et al*. (2019) make it easier to create an account of mobile money savings in Mozambique. Blumenstock *et al*. (2018) demonstrate how default participation in a program can improve savings even after the program has ended – emphasizing

the relevance of behavioral savings limitations and how they may be leveraged to encourage mobile savings.

There are three different types of mobile money transfer services: cash is converted from one individual to the next utilizing a mobile phone via a service provider to be transferred into "virtual money." A mobile money transfer may be a P2P transaction, such as when a working relative transfers money to support family members back home. A bank's customers can use mobile banking to access their accounts. It requires for a bank account to be created. Mobile banking uses a mobile phone network to carry out basic banking undertakings like cash transfer between bank accounts, balance sheets check as well as payments. Products and services are paid for using mobile payments. This can be a C2B transfer, where funds are moved from a business to consumers, such as when a microfinance institution provides loans to clients, or a B2C transfer, where monies are transferred from a business to customers, for instance when you pay for invoices or buy from a business. Mobile money transfer is the transfer of funds using mobile phone technology, which can be conducted by a phone company or an independent operator. Mobile money transfer (MMT) refers to services that enable electronic money operations using a mobile phone, including access of account, transfer of money, and doing commerce while utilizing mobile, according to Tobbin and Kuwornu (2011). Mobile payments, according to Kendall, Maurer, Machoka, and Veniardv (2011), are offered as new trading platforms to a retail sector filled with competitors like as banks as well as telecommunications companies. It has a diverse and demanding set of adopters, consumers, and merchants, whose critical mass in terms of system acceptance is crucial to the service's success, as well as regulatory and payment system compatibility issues (Asamoah, Takieddine, and Amedofu, 2020).

The acronym SMEs stands for Small and Medium Enterprises. Micro, small, and medium businesses are terms used to describe this type of business (MSMEs). Small-scale manufacturing, mining, commerce, services (food vending, transportation, hair and beauty salons, etc.) and agriculture are among the non-farm economic activities covered by SMEs (crop farming and animal husbandry), (Berisha & Pula, 2015). According to Legg, Olsen, Laird and Hasle (2015), Small and medium-sized enterprises (SMEs) are termed as businesses that manufacture or distribute products and services, with the majority of their operations taking place in the informal sector. Based on the sector, employee numbers and investment in equipment, the Kenyan government categorizes small and medium sized businesses. A small firm has less than five workers, a medium-sized company has five to 49 people, employees between 50 and 99 in the medium-sized industry and more than 100 in a large company. The amount of capital invested ranges from less than Kshs 50,000 to more than Kshs 100,000. A lot of informal sector businesses, poor farmers, and Kenyans engaged in lower-level income-generating activities would be excluded under this classification (Bunyasi, Bwisa & Namusonge, 2014). The number of small and micro enterprises in need of financial services is believed to be over 8 million, with the most of them located in rural regions, and the number is rising at a rate of 4% per year.

Most formal financial institutions, according to Atieno (2010), regard SMEs as uncreditworthy, refusing them credit. One of the causes for SMEs' sluggish development has been their lack of access to financial resources. This is compounded by an unfavorable view of them, which makes it difficult for them to obtain financial services from financial institutions. This is due to the fact that they are deemed unviable. The research gap that this study was addressing is the difference in sample sizes since most of the reviewed studies used relatively smaller samples sizes of below 100 yet the current study used a sample size of 240 respondents.

As per the World Bank (2012), SMEs' inability to obtain funding is still a serious concern in Nigeria and Gambia, limiting the establishment of new firms and preventing others from expanding and developing. A major impediment for micro and small business undertakings is cash-flow management, according to the results. Debt collection, lack of operational

capital as well as low sales rank, according to the data, among the top five problems faced by micro and small businesses. The problems inhibit SMEs in development and thriving in finance.

Kenya has seen an increase in mobile-based lending over the last ten years. According to some estimates, there are 49 mobile lending platforms. Although the business is mostly unregulated, it does include big financial institutions (Nasikye, 2010). Instant mobile loans are available from banks like Kenya Commercial Bank, Commercial Bank of Africa, Equity Bank, and Coop Bank. The booming financial technology (fintech) industry has made these loans conceivable. Kenya has been hailed as a hotbed of technology innovation and the source of innovative financial services since the early 2000s.A well-known example is M-Pesa, Safaricom's mobile payment service. Consequently, it is no surprise that unregulated lending together with technology has coexisted so effectively in Kenya. Many borrowers have gotten significantly indebted as a result of the quickness and convenience with which they may obtain loans using mobile applications. Kenyans without official bank accounts or whose earnings are not solid enough to borrow from conventional financial institutions appear to be bridging the gap using digital lending services (Owen, 2018). These services have increased loan availability, but there are concerns that the underprivileged are being exploited in the process.

The expansion of mobile money services has been a boon to SMEs in Busia, who would otherwise be underserved by commercial banks. Busia is one of Western Kenya's four counties, along with Vihiga and Kakamega. Busia is a Kenyan county located in the old Western Province. It is bordered on the east by Kakamega County, the north by Busia County, the south by Lake Victoria and Siaya County, and the west by Busia District, Uganda. Trade with Uganda is the major source of revenue, with Busia town, the county seat and largest town, acting as a cross-border center. Further from town, the county's economy is centered on fishing and agriculture, with cassava, millet, sweet potatoes, beans, maize, and sugarcane being the primary cash crops. Though the majority of Busia County's citizens are Luhya, the county also has a sizable Luo and Iteso population. The population of the county is 743,946 people (2009 census). Busia County's economy is based on agriculture, and majority of people count on crop cultivation together with animal husbandry. The primary crops include maize, beans, finger millet, sweet potatoes, bananas, Irish potatoes, as well as various vegetables. These are primarily cultivated for sustenance, with any surplus sold to cover other family expenses. The most important cash crops are sugar cane, cotton, coffee, sun flower, and tobacco. The majority of families combine livestock and agricultural output. The most commonly managed animals are cattle, sheep, goats, donkeys, pigs, poultry, together with bees. The majority of this is done on a local basis, although a number of farmers additionally sell poultry commodities as well as milk. Cooperative societies are used by dairy producers to market their milk.

The county's other main manufacturing firm is Busia Sugar Company Ltd. The firm, which was founded in 2014, now services over 15,000 farmers both inside as well as outside of Busia County. The company's nucleus cane estate spans 1,120 hectares, while the out-grower zone spans 23,500 hectares. Busia Sugar, on the other hand, has not supplied farmers with a consistent source of revenue. Mismanagement, enormous debts, and unwillingness to pay farmers, who then refuse to produce cane, have all hindered its operations. In Busia town, banked people may use their phones to gain accessibility to their accounts. In order to reach remote areas, mobile money services are being heavily developed in the region (Mbogo, 2010). There have been previous studies on the impact of mobile money transfer services on SMEs in other cities, but none in Busia.

STATEMENT OF THE PROBLEM

The onset of mobile money services was foreseen to be a great driver of growth among SMEs in different economies. According to the Economic Survey (2016), the industry accounted for more than half of all new employment generated in Europe in 2015. Despite their importance, three out of every five firms fail during the first few months of existence, according to studies (Kenya National Bureau of Statistics, 2015). Appropriate finances and sound financial management among SMEs are among the infinite list of things that might help them flourish. However, statistics reveal that the informal sector is still underserved by banks yet there is a need for financial inclusion to activate the informal sector and support livelihoods of millions of Kenyans. Stakeholders in mobile money services have been urged to increase mobile money services access to the informal sector with experts saying such a move by existing providers would go a long way in supporting underserved livelihoods like the micro and small business enterprises sector. Mobile money services continue to make a difference to the sector and believe that there still exist untapped opportunities in the informal sector (Digital Lenders Association of Kenya, 2021).

Finance and financial-related services are essential for the start-up, development, and expansion of a firm. Because of the nature of their activities, SMEs confront particular obstacles. Banks have not always been able to meet their needs for payment and transactional services. As a result of a poor capital basis and a lack of collateral, small businesses are unable to get commercial bank financial services. Because their target consumers are mainly unbanked, SMEs do not find banking services to be very cost efficient. Although earlier studies have cast mobile technology's contribution to socioeconomic development in underdeveloped nations in a favorable light, the impact of mobile money services on rural SMEs in Kenya has yet to be experimentally proven. As a result, there is a lack of knowledge about how modern telecommunications services may assist rural SMEs.

THEORETICAL FRAMEWORK

Entrepreneurship and Innovation Theory

Joseph Schumpeter introduced as well as refined the entrepreneurship and innovation theory (1838-1950). This theory was employed by the study to anchor the independent variable of mobile money services. The initial approach concentrated on impact of innovation on entrepreneurship, the social together with economic transformation. According to Schumpeter (1838-1950), the economy may be seen via static glasses that focus on the allocation of given resources over distinct paths. According to Schumpeter, economic growth is an innovation-driven process of qualitative change through time. Schumpeter says that innovation is all about new goods, new production processes, new supply sources, venturing into fresh markets as well as fresh business structure. He described innovation as a novel way that combines previously obtainable resources. He labeled the entrepreneurial function because of these pairings. Entrepreneurs have a critical role in successful inventions, according to Schumpeter. That is, entrepreneurs have to overcome opposition to fresh approaches at every society's level for achievement of their goals. According to Rafinejad (2017), Schumpeter's approach stresses innovation while neglecting an entrepreneur's risk-taking and organizational talents.

The entrepreneurship hypothesis is crucial to this research because it explains the link between innovation and entrepreneurship. Economic and social changes are brought about by innovations, as demonstrated in the theory. In the framework of the study, mobile money services provide a chance for SMEs to experiment with new business models; this might lead to economic and social changes among clients. This is obvious in how SMEs use their consumers and suppliers

to connect with their companies.

Technology Acceptance Model (TAM)

Fred David created the Technology Acceptance Model in 1989. The Theory of Reasoned Action is the foundation of the model (TRA). The TAM model is commonly considered to be the main and most used theory for developing a personal information system for acceptance (Lee et al., 2013). The model initially contained four variables: perceived usefulness, easy-to-use perception, usefulness and actual system use. Then two components have been added to the model, external variables together with behavioural purpose (Eramus *et al*., 2015). External factors can additionally impact perceived utility and simplicity of usage (Alharbi and Drew, 2014). Perceived utility, according to the concept, is a major factor in technological adoption. In the model, the most significant element in determining whether the system is utilized and rejected is the user's attitude in relation to easy usage of the system.

The user thinks that the easy-to-use system will enable him to work better. Simplicity of usage is impacted by both perceived utility and the position for system utility. As per TAM, the alleged utility and ease of use of mobile money services influence consumers' opinions. As a result of their usefulness and simplicity of use, people acquire a favourable approach to services (Fethena *et al*., 2015). According to this examination, the mobile cash services usability might affect the development of SMEs. Many researchers have used the model to investigate the implementation plus dissemination of several IT technologies (Riyadh et al., 2010). The TAM reports that views about mobile money services are impacted by perceived utility and ease of use, and that intentions to utilize mobile money services are influenced by perceived usefulness. However, the actual usage of mobile money services is equally influenced by the intention to use them.

EMPIRICAL LITERATURE

Otiso *et al*. (2013) investigated the impact of mobile money transfer sales income on the profitability of micro as well as small businesses in Bungoma County. They utilized descriptive statistics to analyze the data and discovered that virtually every firm had or had utilized a mobile phone in their business, and that the level of education as well as length of time in business had an impact on profitability. Other significant discoveries were that respondents use Mobile Money Transfer services the most, as compared to traditional banking halls and money transfer firms, because it minimizes their transportation costs and hazards while transferring cash. Mobile money transfer services received an above-average rating in helping MSEs cut costs. It lowers the number of visits to the bank, saving time and allowing individuals to focus on their companies. Furthermore, fees for transaction are cheaper than those paid by most of the banks, it is also simpler to utilize while paying for clients as well as consumers in remote regions, resulting in higher sales income.

Wanyonyi and Bwisa (2013) studied the influence of mobile money transfer services on the performance of Micro Enterprises. Chi-square testing was performed to understand if there was any link between MMT usage and company performance. The study revealed that when consumers buy from the firm, the usage of mobile money for mobile transfers between B2B (business to business) and C2B (customer to company) transfers and debt collection for credit sale increase the performance of micro-companies. A study by Onyango *et al*. (2014) examined the impact of mobile phone adoption and utilization on the performance of micro and small businesses. They utilized a cross-sectional survey study design with a sample of four hundred (400) MSE owners from a population of three thousand five hundred and twenty-eight (3528). They identified the MSEs using stratified sampling and selected the sample using basic random sampling procedures. They also utilized multiple regression analysis to examine the connections, and the results revealed a favorable correlation between mobile usage and micro and small business performance.

Ngaruiya *et al*. (2014) used a descriptive survey methodology to evaluate the effects of mobile money transactions on small- as well as medium-sized companies' financial performance. The results indicated that after adopting the use mobile money, MSEs performed better than they used to, and the use of MMT had no statistically significant effect on sales, debt collection and cash management of MSE. The approach employed by the study raises questions on the conclusion made on sales turnover, debt collection, and cash management since no quantitative assessment was done. Kwabena, Mei, Ghumro, and Erusalkina (2021) studied the effect of digital payment system on performance of SMEs. The impacts of the digital payment system were investigated using a technology-organizational-environmental paradigm. Significant impacts of technological, organizational, environmental, and usage of digital payment methods on SME performance are among the study's results. This research aids SME owners in implementing a digital payment system to promote commerce and relationships with stakeholders.

In Mogadishu, Somalia, Ibrahim (2019) investigated the influence of mobile transfer on SMEs business financial performance has been studied. Its major objective was to analyze the impact of SMEs on Mogadishu's, Somalia financial performance of the costs for mobile money transactions, the number of transactions, financial literacy and the regulations on mobile money. Following the study's findings, there is a relationship amongst mobile money transfer usage and small and medium enterprise financial performance. Small and medium-sized businesses' financial performance has been positively affected by mobile money transfers, according to the study's findings. As a result of the research, small and medium-sized companies' financial performance is affected by factors such as mobile money, financial literacy, and mobile transfer regulations. Mbogo (2010) looked at the elements that contributed to micro-businesses' success with mobile payments. The main discoveries revealed ease, accessibility, affordability, support, as well as security aspects are linked to microbusinesses' desire to utilize and actual use of mobile payment services to help them succeed and expand. Furthermore, the discoveries showed that mobile money promotes entrepreneurship by providing a platform for the production of new services and by enhancing the operation of small businesses.

A study by Talom and Tengeh (2020) examined the financial impact of mobile money and receipt services in Cameroon. This paper gathered data through the delivery of an interview survey and a thorough one-on-one interview using a mixed research approach. For the sake of legitimacy, the findings were then triangulated. According to the data, mobile money payment as well as receipt services accounted for almost 73 % of the overall variation in the turnover of SMEs in Douala after they started using the technology.

Kirui (2016) wanted to know how mobile money transfers affected MSE sales in Nakuru Town. The drive for the study was to determine the impact of mobile financing, banking, and payment on MSE sales in Nakuru Town. The results indicate that Nakuru Town MSEs make use of mobile money services in business trades, and the mobile banking and mobile payment have a strong positive link to sales of MSEs. The study revealed that mobile money services and MSE sales had a substantial beneficial influence. Wamuyu (2011) found that mobile money services had a positive substantial impact on SMEs' financial performance. Ngaruiya *et al*. (2014) asserted that mobile money had no impact on sales, which implies that the impact of mobile money services is still unclear and unaccounted for. Mararo investigated the impact of mobile money services on the growth of small and medium-sized businesses in Nakuru, Kenya (2018). The study aimed at examining the influence on SME development of mobile payments, mobile finances as well as mobile banking. The demographic goal includes all SMEs in the city. The results were presented via statistical tables and comments. The three variables have a substantial impact on the SMEs development, according to regression analysis. According to multiple regression analysis, mobile finance contains characteristics that are important in explaining the variation in the development of small and medium-sized businesses. Mobile finance, according to the discoveries, has a substantial influence on the expansion of SMEs.

RESEARCH METHODOLOGY

The study was carried out in Busia County. Descriptive survey design guided the study. According to Saunders (2002), descriptive survey design helps one to get relevant aspects of a situation while using a unit study and inquiry. From the targeted population of 2,700 registered SMEs in Busia town, the study sampled 271 SMEs, accounting for 10% of the overall population. According to Mugenda & Mugenda (2013), for descriptive research, a sample size of 10% to 30% of a populace is sufficient. First the target population was stratified as shown in the SMEs categorized as shown in the Table 1 into ten business categories namely; Agent shops, Boutique and Saloons, Electronic and Spare shops, Hardware shops, Bookshops, Restaurant and Hotels, Chemist, Groceries, Butcheries and finally Wholesale and Retail Shops. Simple random sampling was then used to select respondents by giving them equal chance of inclusion from each category.

Table 1: Sample Population

SMEs Category	Population (100%)	Sample (10%)
Agent Shops	375	38
Boutique and Saloon Shops	225	23
Electronic and Spare Shops	150	15
Hardware Shops	150	15
Bookshops	150	15
Restaurant and Hotels	300	30
Chemists Shops	150	15
Groceries	250	25
Butcheries	150	15
Wholesale And Retail Shops	800	80
Total	**2700**	**271**
Source: Ministry of Trade and Industry, Busia County (2021)		

The researcher acquired the relevant authorization from National Commission for Science Technology and Innovation and the Kibabii University School of Graduate Studies. Research Assistants helped in administration of the questionnaires. The pilot study constituted 10% of the sample of 271 respondents (27 respondents) who were obtained from the target population based on Cooper and Schilder (2011) who recommended that 5%-10% of the section targeted comprise the pilot test for assisting in the establishment of the reliability of the questionnaire. These 27 respondents were not used in the final analysis. The results of the pilot were synchronized to and helped in the review process of the tools. The researcher used expert judgment to know the content of the research tools. The researcher used expert judgment to determine the content validity of the research instruments. The determination of content validity was primarily judgmental and intuitive. The researcher also used a panel of persons who judged how well the instrument met the standard. The researcher used the suggestions from the supervisors to improve the clarity of the items in the questionnaires for use in this study. Reliability results gave an overall coefficient of 0.798 which was above the threshold of 0.7 thus the tools were reliable to be used for data collection.

The data collected was analyzed using Statistical Package for Social Sciences (SPSS, version 22) software. The analysis used both inferential and descriptive statistics. Means and standard deviations were computed for all variables (independent and dependent variables). As inferential statistics, correlation and multiple regression analyses were utilized. The hypotheses were tested using the t-test with a confidence level of 95 percent (=0.05). The researcher considered confidentiality, privacy and informed consent of the respondents. Only relevant details that helped in answering the research questions were included. The researcher owed loyalty to the informants and honoured promises associated with the research.

FINDINGS AND DISCUSSIONS

Descriptive Statistics

Gender

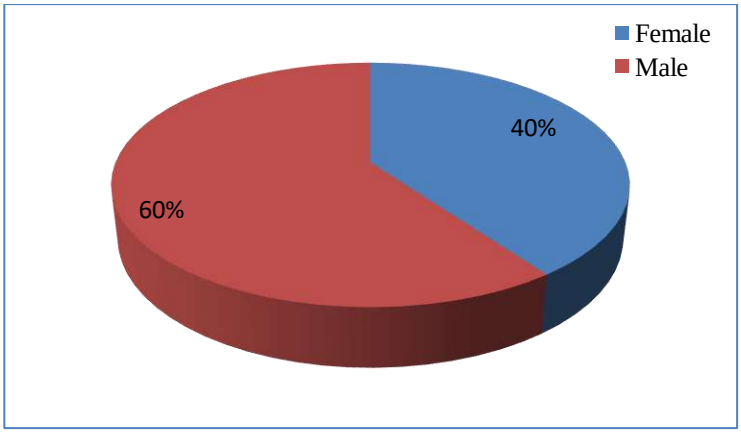

Figure 1: Descriptive Information on Gender

According to the data in Figure 1, 156 (60 percent) of the overall respondents were male whereas 104 (40 percent) of the total respondents were female. As a result, it seemed that males, rather than females, predominate among the respondents studied.

Marital Status

180 (69.23 percent) of the total respondents were married, whereas 60 (23.08 percent) of the total respondents were single. 20(7.69%) of the respondents were either divorced, separated or did not wish to disclose their marital status. It is therefore observed that among the respondents that majority 180(69.23%) of the respondents were married. This meant that married respondents had the freedom to respond to the questions contained in the questionnaires compared to singles or unmarried.

Educational Level

The findings also indicated that 160(61.5%) of the respondents had a secondary qualification as their highest, 52(20.0%) of the total respondents had a primary and lower qualification, 28(10.8%) of the total respondents had a diploma, and 20(7.7%) of the total respondents had a degree. The majority of responders (208, or 79.3%) had completed secondary school. The results show that literacy levels are present, but only at a semiliterate level. As a result, the researcher was able to gather appropriate replies to the issue under investigation

Experience of Respondents

Regarding duration (years) of existence of the SMEs, 20(3.07%) of the respondents had existed for 2 years and below, 116(44.6%) of the total SMEs has existed for between 3-5 years, 100(46.2%) had existed for between 6-10 years while 24(9.2%) of had existed for over 10 years. Majority 236(93.87%) of the respondents had existed for below 10 years. Most of these SMEs showed signs of having begun in the last ten years which is similar o the time devolution begun thus may have been influenced by it.

Assumptions of Linear regression

The research tested statistical assumptions, such as the regression assumption as well as the statistic employed. Normality, linearity, independence, homogeneity, and collinearity were among the tests performed before carrying out regression analyses

Mobile Money Transfer Services

The findings showed that 76% used MPESA, 12% used all, 8% used Airtel money and 4% used Telkom. The results are presented in Figure 2.

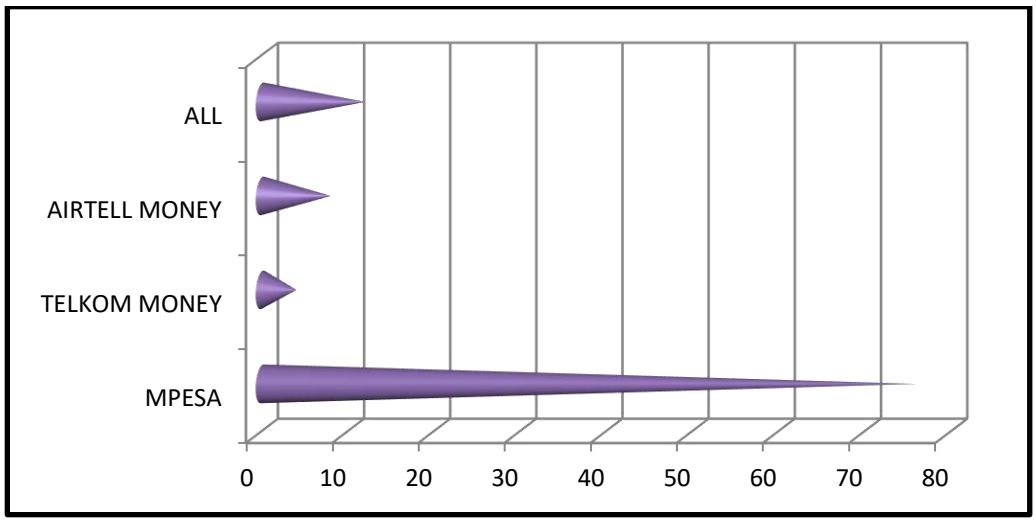

Figure 2: Methods used in Mobile Money Transfer

From strongly disagree to strongly agree, the respondents were asked to rate their agreement with each of the mobile money transfer statements. Table 2 summarizes the relevant findings.

Table 2: Mobile Money Transfer Services and Financial Performance of SMEs

Mobile Money Transfer Services	1	2	3	4	5	Mean	Std Dev
Mobile money transfer has provided me with sufficient funds to expand my business.	1.5 (4)	4.6 (12)	10.8 (28)	35.4 (92)	47.7 (124)	4.1269	1.37379
By using mobile money transfer, I may save money on my business transactions.	0.0 (0)	23.1 (60)	0.00 (0)	33.8 (88)	43.0 (112)	3.7885	1.46697
Mobile money transfer has reduced money theft from occurring as a result of storing a large amount of money on the business premises.	0.0 (0)	6.2 (16)	7.7 (20)	29.2 (76)	56.9 (37148)	3.8808	1.43764
Access to mobile money transfer enables my quick response to customers' needs	4.6 (12)	4.6 (12)	7.7 (20)	30.8 (80)	52.3 (136)	4.1808	1.34208
I also use *Mpesa* to send money to my business contacts	3.1 (8)	1.5 (4)	12.3 (32)	35.4 (92)	47.7 (124)	4.1077	1.41828
Overall						**4.0169**	

SD= strongly disagree, D=Disagree, N=Neutral, A=Agree, SA=strongly agree

According to Table 2, 124 (47.7%) of respondents strongly agreed that mobile money transfer has helped them to acquire sufficient funds to expand their firm, whereas 92 (35.4%) agreed. With a mean of 4.1269 and a standard deviation of 1.37379, there is a significant departure from the mean. In terms of whether respondents can save money from my company operations by using mobile money transfer, the results showed that none highly disagreed, 60 (23.1 percent) objected, none was neutral, 88 (33.8 percent) agreed, and 112 (43.1 percent) strongly agreed. The majority of the respondents (76.8%) stated that they were able to save money on my business transactions by using mobile money transfer. With a mean of 3.7885 and a standard deviation of 1.46697, there was a lot of variation from the mean. With a mean of 3.8808 and standard deviation of 1.43764, the findings indicated that 76(29.2%) and 148(56.9%) of the respondents agreed and strongly agreed, respectively, that mobile money transfer has avoided money theft that occurs from storing a large amount of money in the company premise. This indicated that there was a significant departure from the mean; the respondents' opinions on this topic were diverse. The majority of the respondents (224/86.1%) believed that mobile money transfer had avoided money theft as a result of maintaining a large sum of money on the premises.

According to the data, 80 percent of respondents agreed that having access to mobile money transfers allows them to respond quickly to client demands, while another 136 percent strongly agreed. There were some variations from the mean with a mean of 4.1808 and a standard deviation of 1.34208. Most of respondents (224/86.1%) felt that having access to mobile money transfers allows them to respond quickly to client demands. According to the data, 124 (47.7%) of respondents strongly agreed that they also send money via M-pesa to their business colleagues, whereas 92 (35.4%) agreed. With a mean of 4.1077 and a standard deviation of 1.41828, there was a significant departure from the mean. The majority of the respondents (216/83.1%) stated that they also send money to their business partners using M-pesa.

Financial Performance of SMEs

Table 3: Descriptive Results of Financial Performance of SMEs

Financial Performance of SMEs	5	4	3	2	1	Mean	Std Dev
My business's financial growth has been greatly aided by the use of mobile money services	5.4 (14)	21.9 (57)	9.2 (24)	5.0 (13)	152 (58.5)	3.8923	1.42643
The ability to obtain loans through mobile money has allowed me to raise enough funds to expand my business	3.5 (9)	18.5 (48)	5.0 (13)	1.9 (5)	71.2 (185)	4.1885	1.33524
Since I started using mobile money in my firm, I've experienced a significant increase in profitability.	5.8 (15)	19.2 (50)	3.1 (8)	2.3 (6)	69.6 (181)	4.1077	1.41828
Mobile money services offered an alternate source of credit from banks, which was previously difficult to get.	30.4 (53)	9.2 (24)	1.5 (4)	1.2 (3)	67.7 (176)	3.8649	1.70302
Many SMEs in this community have seen sales increase as a result of the usage of mobile money services	7.3 (19)	5.0 (13)	2.7 (7)	0.8 (2)	84.2 (219)	4.4962	1.21921
Overall						**4.1099**	

Respondents were handed statements on SMEs' financial performance as well as asked to indicate how much they agreed with them. Table 3 summarizes the relevant findings. According to Table 3, 152 (58.5%) of respondents strongly agreed that using mobile money services has aided their business's financial success, while 13 (5%) agreed with a mean of 3.8923 and standard deviation of 1.42643, indicating that there was a significant variation from the mean. The majority of respondents (165/63.5%) agreed that using mobile money services had been extremely beneficial to their business's financial growth. Furthermore, 185 (71.2%) of respondents highly agreed that being able to obtain credit through mobile money helped them to earn enough cash to expand their firm, while 5 (1.9%) strongly disagreed, with a mean of 4.1885 and a standard deviation of 1.33524. As a result, the majority of respondents (190/73.1%) felt that being able to obtain loans through mobile money had helped them to obtain enough funds to expand their firm.

With a mean of 4.1077 and standard deviation of 1.41828, respondents claimed they had experienced significant rise in profitability since they started utilizing mobile money service in their firm, as evidenced by 181 (69.6%) who strongly agreed and 6 (2.3%) who agreed. The majority of respondents (187, or 71.9 percent) agreed that their profits had increased dramatically since they began utilizing mobile money services in their businesses. 176 respondents (67.7 percent) strongly agreed that mobile money services provided other sources of credit from banks that were challenging to obtain, with a mean of 3.8649 and a standard deviation of 1.70302. Mobile money services, according to the majority of respondents, provided an alternate source of credit from banks that was harder to get 179 (68.9 %). 219 (84.2%) of respondents strongly agreed that the usage of mobile money services had resulted in sales growth for many SMEs in this town, whereas 2 (0.8%) agreed with a mean of 4.4962 and standard deviation of 1.21921, suggesting a large deviation from the mean. The majority of respondents (85%) believed that the usage of mobile money services had resulted in sales growth for many SMEs in this location.

Inferential Statistics

Using regression analysis, the amount of variation explained by one variable in predicting another variable was calculated.

Table 4: Regression Results of Mobile Money Transfer Services and Financial Performance of SMEs

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.814[a]	0.663	0.662	0.57166

a. Predictors: (Constant), Mobile money transfer Services

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	165.852	1	165.852	507.507	0.000[b]
	Residual	84.314	258	0.327		
	Total	250.165	259			

a. Dependent Variable: Financial performance of SMEs

b. Predictors: (Constant), Mobile money transfer Services

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		β	Std. Error	Beta		
1	(Constant)	0.926	0.146		6.365	0.000
	Mobile money transfer Services	0.789	0.035	0.814	22.528	0.000

Dependent Variable: Financial performance of SMEs

The proportion of the dependent variable (financial Performance of SMEs) that can be predicted from the independent variable (Mobile money transfer Services) was determined using regression analysis. Table 4 exhibits the findings of the analysis. The findings indicated a coefficient of determination (R_2) of 0.663, suggesting that mobile money transfer services can account for up to 66.3 percent of the variance in SMEs' financial performance. The F test gave a value of F (1, 258) =507.507, P<0.05. This validates the model's goodness of fit in describing the variance in the dependent variable. It also means that mobile money transfer services can be used to anticipate a company's financial performance. The unstandardized regression coefficient (β) value of mobile money transfer services was 0.789, p<0.05. This indicated that a unit change in mobile money transfer services would result to change in financial performance of SMEs by 0.789 significantly. The regression equation to estimate the financial performance of SMEs as a result of Mobile money transfer Services was hence stated as:

Financial performance of SMEs=$0.926 + 0.789X_2$

The findings are consistent with those of Mbogo (2010), who looked at the success variables associated with micro-businesses' usage of mobile payments. The research was based on a survey that was performed through the use of questionnaires. The information was gathered from 409 micro-business owners in Nairobi, Kenya. TAM was used in the study, which was expanded to incorporate additional criteria in order to predict microbusiness success and growth.

The key findings revealed that behavioural aim to utilise and real mobile payment services usage by micro companies to increase their performance plus growth are connected to convenience, accessibility, cost, support, and security aspects. Furthermore, it was discovered that mobile money encourages entrepreneurship by offering a platform for the creation of new services and by improving small business performance.

CONCLUSIONS

Diverse views were given by the respondents on how mobile money transfer affected financial performance of the SMEs. The total mean was 4.0169, with a standard deviation of almost 1.0, indicating that there was a lot of variation from the mean. According to the findings, mobile money transfer services may explain up to 66.3 percent of the variance in SMEs' financial performance, with an R_2 of 0.663. The F test resulted in F (1, 258) =507.507, $P<0.05$, indicating that the model is good at describing the variance in the dependent variable. It also means that mobile money transfer services can be used to anticipate a company's financial success. The unstandardized regression coefficient (β) value of mobile money transfer services was 0.789, $p<0.05$. This indicated that a unit change in mobile money transfer services would result to change in financial performance of SMEs by 0.789 significantly. Results further indicated that money transfer services were found to be useful contributors of financial performance of SMEs. The relationship between mobile money transfer services and financial performance of SMEs was found positive and significant. The findings meant that if money transfer services like M-Pesa, M-shwari and mobile banking were enhanced, these would boost financial performance of SMEs in Busia Town since these would enable quick response to customers' needs and allow one to save money from the business proceedings and these methods are safe and convenient.

RECOMMENDATIONS

The study concluded that SMEs should invest in mobile money savings as well as transfers in their operations since it has a significant impact on SMEs' financial success. Based on the research findings, for mobile money services to improve in their financial performances, they embrace effective application of new modern technologies, effective mobile money transfer Services and efficient mobile money credit Services and comply to government regulations. The government should ensure the SMEs access affordable loans from the financial institutions with low interest rates.

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CONFLICT OF INEREST

No potential conflict of interest was recorded by the authors.

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