



Assessing the Impact of Adopting Mobile Money Transfers as a Mode of Payment for Small and Medium Enterprises (SME's) –A Case Study of Lilongwe Game Complex.

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ABSTRACT

The objective of the study was to analyze the adoption of mobile money as a payment option by Small and Medium Enterprises (SMEs) at Lilongwe Game Complex in Malawi. The study found that 39% of subscribers who conducted mobile money transactions were aged between 25 – 34. This indicates that mobile money business transaction is largely engaged by young people. In addition, the study showed that at least 52% of mobile money business transaction across the use of its payment options for Small and Medium Enterprises (SME's) are male clientele. This means that women are however, participating less in mobile money business transaction in Malawi. The study revealed that 51% of respondents had completed tertiary education. This implies that the level of education is a significant factor for one's participation in mobile money transaction.

Lastly, this study found out that most people know the risk associated with the adoption of it as a mode of payment for the SMEs with 155 respondents, representing 77.5%, indicated that they were aware of the risks associated with the adoption of mobile money as a mode of payment.

KEY WORDS

- Mobile money, Small and Medium Enterprises, Risks, Transfers, Fraud, theft, Reversal option

INTRODUCTION

The internet has become an elaborating asset that provides amplifying collaboration within the corporate sector to help new technology adoption and building relationship between buyer and seller (Khan et al., 2021). Many business communities are facing challenges because of the rapidly changing between old and new technologies and immature and still partly evolution in commerce (Cao et al.2015; Hsu and Yeh 2018) in reason of m-commerce which is the point of transaction exchange goods or services for monetary payment (Ibrahim et al.2015).

➤ **BACKGROUND OF THE TOPIC**

This article aims to evaluate the impact of mobile money transfers as a mode of payment for small and medium enterprises. According to Claire Pénicaud and Arunjay Katakam (2013), mobile money refers to the utilization of mobile phones for transferring money and making payments, particularly for the underserved populations.

➤ **IMPORTANCE AND PURPOSE OF THE ARTICLE**

The findings will help to remove the barriers that are faced by SME's in Malawi in adopting mobile money as a mode of payment through providing them with digital literacy that help to reduce fraud and theft.

➤ **OBJECTIVES OF RESEARCH**

- To evaluate the knowledge of mobile money adoption among small and medium enterprises in Malawi.
- To examine the attitude / perception of small and medium enterprise on mobile money adoption around Game Complex Lilongwe
- To identify the practices of small and medium enterprises on mobile money adoption around Game Complex in Lilongwe
- To assess the level of knowledge, education and skills of adopting mobile money as a mode of payment around Game Complex in Lilongwe

➤ **SCOPE OF THE DISCUSSION**

Small and Medium Enterprises around Lilongwe Game Complex that are using Mobile Money transfer as a mode of payment.

LITERATURE REVIEW

According to Etim (2013), the total number of mobile phone owners in the Sub-Saharan Africa (SSA) region has exceeded the number of persons with bank accounts. Thus, transformational models unlock the unbanked population to the formal financial industry.

Receiving and transferring money and making payments have all been greatly simplified by mobile money. Cash-in and cash-out points have been brought much closer to the consumers through agency banking and cash merchants (Mwansa & Waema, 2014).

Mobile banking enables access to bank accounts anytime and anywhere in the world without an account holder needs to be present at a bank branch. Hence mobile banking is known as "branchless banking" (Ivatury & Mas, 2008).

A surge in mobile money transfer has increased but the platform has in many ways either significantly improved or hampered the success of small and medium enterprises. Kenya, Africa's largest mobile money market, with over 50% of its GDP flowing over mobile money platforms, per the Central Bank of Kenya, is no exception to a rise in scams (Charles Pensulo 2023).

Charles P (2023) , went on to say, TNM, the largest phone operator in Malawi, reported that some of the problems with mobile money scammers had become increasingly sophisticated evolving from a street level grifting to a "well-organized parallel call centers swindling customers nationwide.

Madise, (2014) This indicates mobile money services are a welcome addition to Malawi's national payment system. Yet striking the right balance between financial inclusion and financial integrity continues to prove a major challenge. Madise also points out challenges related to the increasing prevalence of the electronic money (e-money) in the financial system.

When victims are promised they will receive money or goods in return for a favor, but are tricked into losing money instead, the frequency of this type of online scam is more prevalent than fraud (De Cremer et al., 2016).

RESEARCH METHODOLOGY

This chapter described the research methodology, including the population, sample, data collection instruments as well as strategies used to ensure the ethical standards, reliability and validity of the study. Questionnaire was used to collect primary data from study participants this helped to critically evaluate the study's overall validity and reliability.

RESEARCH DESIGN

The type of research that we conducted was descriptive research with the aim of describing the characteristics that we found in the research. The small and medium enterprises were selected to gather the information about usage of mobile money transfer as a payment mode through a pilot survey. This research design was suited for collecting data between December through February with the aim of assessing the mobile money as a mode of payment adopted by the SMEs in Lilongwe surrounding Game Complex (added).

POPULATION SIZE

In research, the population refers to the entire group of individuals, objects, or events that share a common characteristic and are the focus of the study. It represents the complete set of elements that the researcher aims to study and draw conclusions about (Jilcha Sileyew, 2020; Garg, 2016). The population size of this study was 200 ($n \geq 200$) (added)

SAMPLE SIZE

A sample, in research, refers to a selection of elements from a larger population for study. A sample, according to the standard model, is a fraction of the population, smaller than the population, which is used by researchers for drawing inferences and extrapolating conclusions regarding the whole population (Taherdoost, 2018, Bhardwaj, 2019). A pilot survey was carried to collect information regarding the usage of mobile money transfer as a mode of payment amongst the Micro and Small SMEs in the study region. The 50 participant ($n=50$) sample used in the pilot study was 25% of the total population of interest. (added)

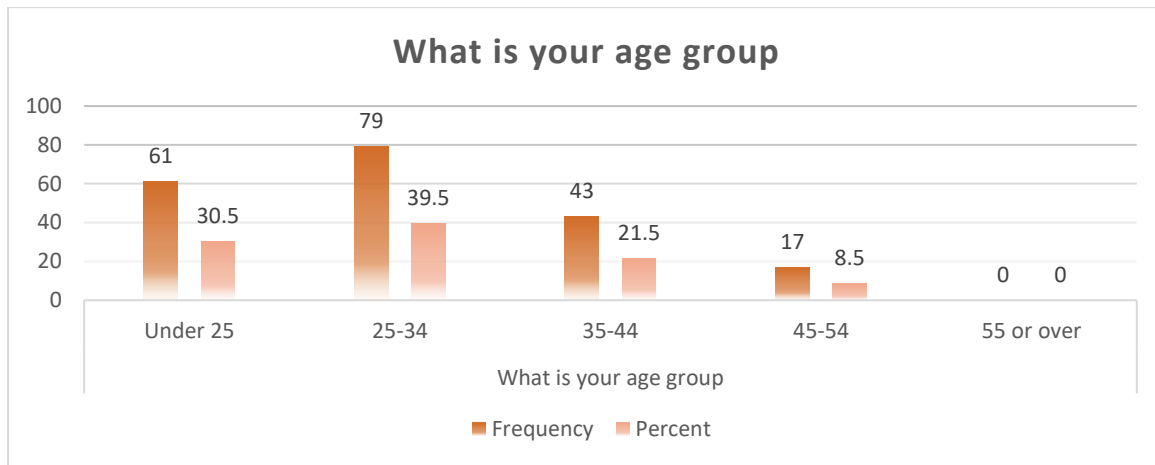
SAMPLING DESIGN

This study used probability sampling technique to collect its data. A sampling technique in which every individual in a population has equal and independent chance of being selected. This method was used to eliminate selection bias by ensuring that the sample is representative to the population.

FINDINGS

The greater part of the study participants were the youthful generation between the ages of 25 -34 as presented in figure below:-

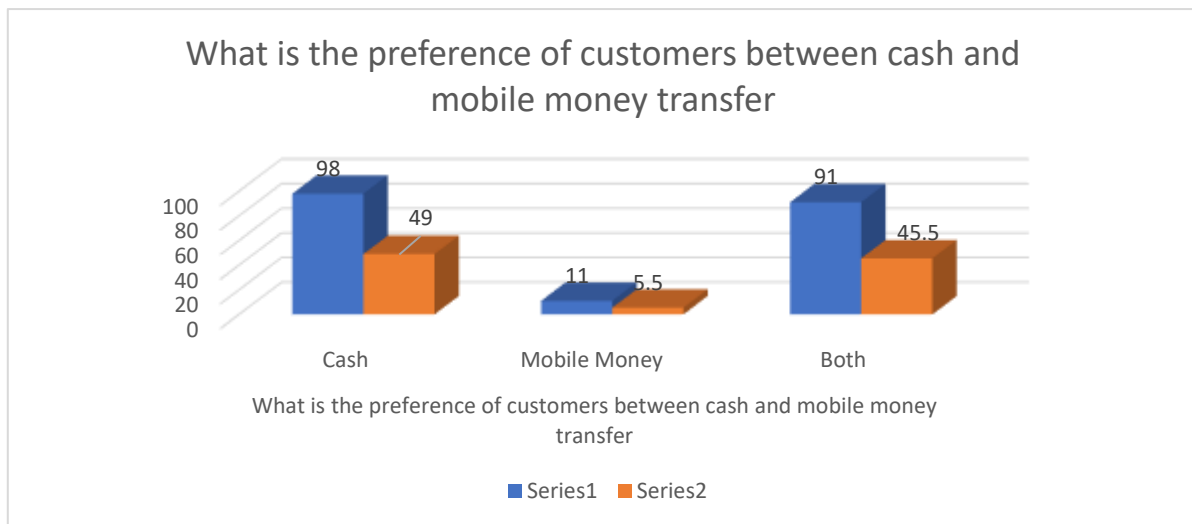
Figure 1 Bar Chart



DATA ANALYSIS AND INTERPRETATION

Figure 1 Bar Chart

Preference of customers between cash and mobile money transfer

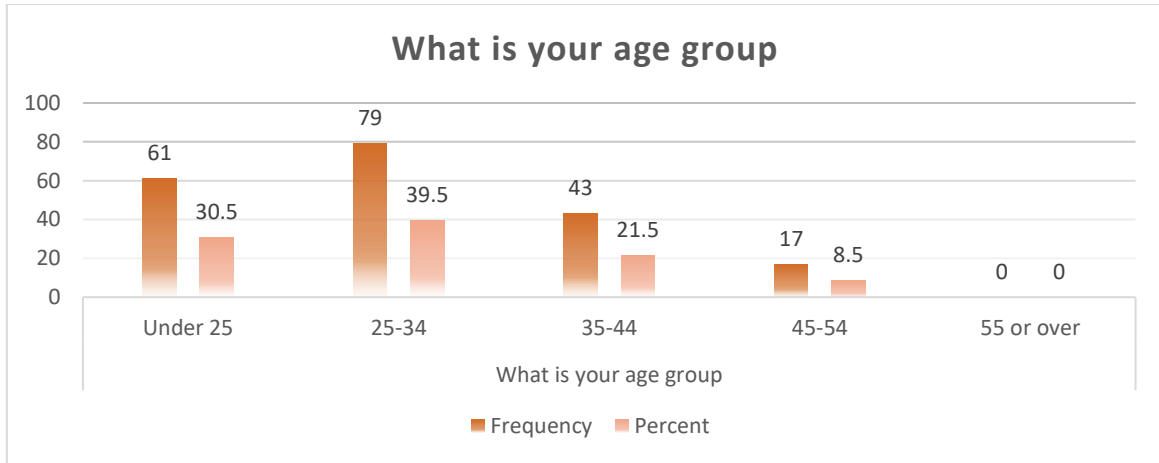


Sources: (Analysis Review)

Despite the study showing cash is predominant use for most customers, however, combined use of cash with mobile money has also been reported disproportionately high among study participants, 91 individuals (45.5, N=200). That translates to the need for cash and mobile money transfers in your business in order to be able to make your customers happy.

AGE GROUP OF RESPONDENTS

Figure 2. Bar Chart

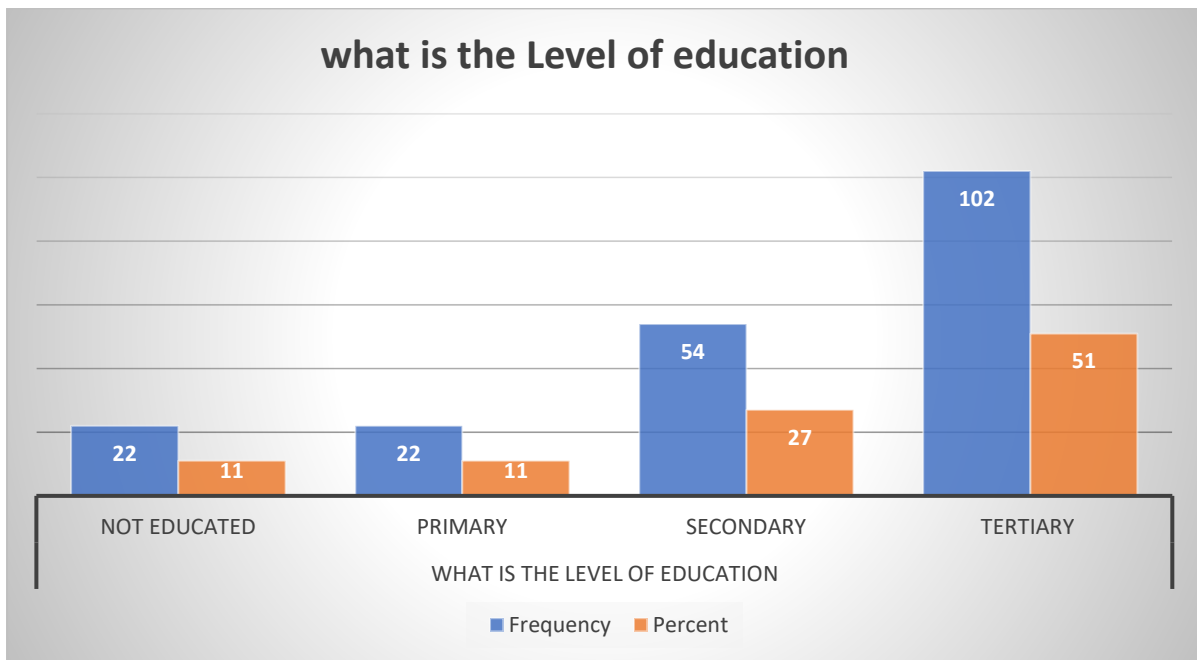


Sources: (Analysis Review)

The age range of participants was limited to 25–34 years in 79 out of 200 subjects which means 39.5%. This result suggests that, mostly, the mobile money business transaction is used by the young generation. Also the study revealed that within the age category of 55 and above including respondents, not to a single respondent was involved in mobile money transactions for payment method for SMEs. It implies that the population of 55 and above class people have been methodically ignored from socio-economic functions. This exclusion comes at an emotional cost, as those calculable compared to their more employable peers, who grow older, slowly become less attractive to the workplace; they have fewer opportunities for income-precise endeavors.

LEVEL OF EDUCATION FOR PARTICIPANTS

Figure 3 Bar Chart



Sources:

(Analysis Review)

Of the respondent that had achieved tertiary education were represented with 51% (102 prescribed in 200 out of 200) and secondary was 27% (54 prescribed in 200 out of 200) according to the study. This indicates the high level of unemployment rate among the youth where a good number of them engaged in mobile money related business activities as a means of getting some income for themselves and their families. Moreover, 11% (22 of 200) participants had no formal education as per the results of the study. Highlights the potential of mobile money uptake such that, as a means of payment for small and medium enterprises, this could represent a rare opportunity for the less privileged groups to use mobile transactions as income generation activities

RECOMMENDATIONS

According to the researcher, there is need to popularize and enforce laws that govern mobile money transfer as mode of payment to reduce the risk of fraud among users.

Women are also encouraged to continue their mobile money business transactions.

This means that such risks can be reduced by enhancing additional feature in mobile money transfer like introducing verification code.

CONCLUSION

The introduction of mobile money transfer as a means of payment for small and medium enterprises has many advantages to both users and merchants. Additional positive aspect is faster transaction performance ensuring more opportunities both for customers and business owners leading to job creation and tackling the challenge of youth unemployment. Nevertheless, the need to secure system when integrating own money to mobile money platforms is essential.

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