# THE ROLE OF MOBILE MONEY SERVICES ON GROWTH OF SMALL AND MEDIUM ENTERPRISES IN TANZANIA: EVIDENCE FROM KINONDONI DISTRICT IN DAR ES SALAAM REGION

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## ABSTRACT

This study examined the role of mobile money services on growth of small and medium enterprises in Tanzania, where data was collected from respondents in Kinondoni District in Dar es Salaam Region. Data was collected using self-administered questionnaires, which were distributed to 100 respondents, who yielded a 90% return rate. Multiple regression analysis was used to test the role of increased volume of sales, efficiency in purchase of stock, reduced time in processing payments, payments of goods and services, improved habit of savings, and money transfer on business growth in terms of market share, revenue and profitability. Based on technology adoption theories, the study findings revealed that small and medium enterprises use mobile money services in various ways for business purposes, which include sales transactions, efficiency in purchase of stock, receiving payment, payment of goods and services, savings as well as money transfer that influenced their business growth. Based on the study findings, it is recommended that there is a need for SMEs to continue using mobile money in their businesses so as to enhance their businesses and reduce some costs such as cost of travelling, money transfer, as well as time for processing payments. Moreover, they should review their business strategies to include other uses of mobile money (other than ones tested in this research, which are sale transactions, efficiency in purchase of stock, to receive payment, payments of goods and services savings money) in their businesses, which in turn, will attract more customers and facilitate SME business growth.

**Key words**: mobile money transfer, small and medium enterprises, business growth

## INTRODUCTION

According to Gartner (2012) and ITU (2014), the global volume of mobile transactions is expected to grow from USD 37.4 billion in 2011 to over USD 1.13 trillion in 2014, while the number of users of mobile money services worldwide will surpass 141

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million in 2014, and the number of mobile phones will be 7 billion, greater than the total population in the globe. This represents a mere 2.1% of all mobile users worldwide. This implies that there is still much room for growth especially in regions where there is lack of alternative payment methods. By 2012, there were 25 mobile money services operated by different Mobile Network Operators (MNOs) across Africa (GSMA, 2012). Among these, 15 are in East Africa (GSMA, 2012). Among the five East African countries, Kenya has the leading number of users of mobile money services with 17,800,000 registered users, which represents 71.3% of the total number of mobile phone users in the country. Tanzania is the second with 9,200,000 users of mobile money which represents 43.4% of the total number of mobile phone subscribers in the country (GSMA, 2012). Uganda has the third largest number of mobile money users in the East African region with 2,100,000 users representing 8.1% of the total number of mobile phone subscribers. Rwanda and Burundi have 309,127 and 29,000 users of mobile money services representing 8.3% and 2.7% of the total number of mobile phone users in those countries respectively (GSMA, 2012).

Mobile money services were first launched in Tanzania in 2005 when Airtel (then Celtel) introduced a phone-to-phone airtime credit transfer service known as *Me2U*. The combination of widespread cellular communication and the ability to transfer money instantly, securely, and inexpensively have contributed to popularity of mobile money services by providing access to financial services to the unbanked and under-banked. Users of mobile money services can use mobile money systems to send and receive money, pay bills, make merchant payments and buy airtime purchases.

Mobile money services can be broadly categorised into three groups: m-transfers, m-payments and m-financial services. M-transfers involve money transfer from one user to another, normally without any accompanying exchange of goods or services (Jenkins, 2008). These are also referred to as person-to-person (P2P) transfers and may be domestic or international (Jenkins, 2008). M-payments involve money exchange between two users with an accompanying exchange of goods or services. M-financial services are mobile money services in which mobile money may be linked to a bank account to provide the user with a whole range of transactions that they would access at a bank branch. Users access financial-related services like insurance and micro-finance among others via their mobile phones (Jenkins, 2008).

Among users of mobile money in Tanzania, there are small and medium enterprises (SMEs). SMEs play a crucial role in the Tanzanian economy through income generating activities and employment creation. According to the World Bank (2012), a third of gross domestic product in Tanzania originates from SMEs sector and a large majority of these (98%) are micro enterprises/informal employing less than 5 people. SMEs employ 30% of the total labour force and account for a large share of economic activities which foster equitable income distribution. Since SMEs are labour-intensive, they create employment at relatively low levels of investment per job (World Bank, 2012).

Mobile money plays an important role in the economy by facilitating access to financial services among SMEs which contributes to their growth. Mobile money has become an easy, low cost, convenient and secure way of transferring money through person-to-person, person-to-business and business-to-business transactions. By facilitating financial transactions mobile money services have enabled SMEs to overcome the key challenges of limited access to low cost financial services, liquidity and cash flow management. SMEs use mobile money services to make and receive payments, pay taxes, make loan repayments and pay various bills. This saves time and money, and contributes to growth of SMEs in terms of market share, revenue and profitability.

Since introduction of mobile money services in Tanzania in 2008, there has been tremendous increase in usage of mobile money services by individuals and businesses. About 79% of Tanzanians have access to mobile phones, and 35% are registered users of mobile money services (Finscope, 2012). It is evident that mobile money services have become a key tool for bringing financial services to the un-banked. It was also expected that access to mobile money services would help SMEs overcome challenges of limited access to financial services as well as liquidity and cash-flow management by facilitating access to financial transactions. However, only 21% of SMEs use mobile money services to access financial services (Finscope, 2012) and 21% of M-PESA users use their accounts for business transactions (InterMedia, 2013). Mobile phone usage has been considered as a tool for greater business productivity and poverty reduction (Chew, Ilavarasan, & Levy, 2012).

Although studies (InterMedia, 2013; Finscope, 2012) have been conducted on mobile money in Tanzania, there is a knowledge gap on the role of usage of mobile money services among SMEs. More research is clearly needed to further expand our understanding of how SMEs use mobile money for business growth, the level of service quality of mobile money services and challenges faced by SMEs in using mobile money for growth. This study sought to address such gap.

The main objective of this study was to assess the role of mobile money usage on growth of SMEs in Kinondoni District. Specifically, the study focused on transaction, efficiency in purchase of stock, to receive payment, payments of goods and services savings money. Kinondoni was chosen as a case study due to accessibility to the area by researchers.

## LITERATURE REVIEW

### Theoretical framework

Many theories have been developed on Information Technology (IT) adoption, such as Davis' (1989) Technology Acceptance Model (TAM), Roger's (1995) Diffusion of Innovation (DoI) or Innovation Diffusion Theory (IDT) and the Unified Technology Acceptance User Theory (UTAUT) (Venkatesh, Morris, Davis, & Davis, 2003).

TAM is an information systems theory that models how users accept and use a technology. The model suggests that when users are presented with a new technology, two specific factors influence their decision about, how and when they will use it. These are 'perceived usefulness', which refers to the degree to which a person believes that using a particular application system would enhance his or her job performance; and 'perceived ease-of-use', which is the degree to which a person believes that using a particular system would be free from effort (Davis, 1989). TAM has proved to be useful and has been extended on various constructs (Venkatesh, Morris, Davis, & Davis, 2003; Mbogo, 2010; Tobbin, 2011; Odia, 2012; Lule, Omwansa, & Waema, 2012; Amin, Supinah, Aris, & Baba, 2012). In some instances, even more than one theory was used. For example, in Germany, Pousttchi and Wiedemann (2007) combined TAM and TTF to explore consumer acceptance of mobile money payment.

Another theory that has been used to describe acceptance of information systems is Rogers' (1995) DoI or the Innovation Diffusion Theory (IDT). Innovation is defined as an idea, practice or object while diffusion is the process by which innovation or perceived new technology is communicated through certain channels over time among members of a social system (Rogers, 1995). DoI includes five significant innovation characteristics, namely, relative advantage, compatibility, complexity, trialability and observability. Relative advantage is defined as the degree to which an innovation is considered better than the existing method of performing the same task. It is suggested in the theory that relative advantage has a positive influence on behavioural intention. Compatibility is defined as the degree to which adopting the innovation is compatible with what people do, existing values, experiences, and needs. Complexity is defined as the degree to which an innovation is perceived as relatively difficult to understand and use. Trialability is defined as the degree to which an innovation may be experimented on a limited basis before making an adoption (or rejection) decision. Observability is defined as the degree to which results of an innovation are visible to others (Rogers, 1995). This model also has been tested extensively (Tobbin, 2011; Shambare, 2011; Brown, Cajee, Davies, & Stroebel, 2013; Abdelghani & Aziz, 2013).

UTAUT proposed by Venkatesh and others (2003) was developed through a review and consolidation of eight IT adaptation theories, namely, TAM, Motivational Model, Theory of Reasoned Action, Theory of Planned Behaviour/Technology Acceptance Model, Model of PC Utilisation, Innovation Diffusion Theory, and Social Cognitive Theory. The UTAUT aims to explain user intentions to use an information system and

subsequent usage behaviour. The theory suggests that four key constructs: performance expectancy (the extent to which an individual believes that using a system will help him or her achieve better results on the task); effort expectancy (the extent of the ease associated with the use of the system); social influence (the extent to which an individual perceives that important others believe he or she should use the new system); and facilitating conditions (the extent to which an individual believes that an organisational and technical infrastructure exist to support use of the system as direct determinants of usage intention and behaviour) (Venkatesh, Morris, Davis, & Davis, 2003). Gender, age, experience, and voluntariness of use are posited to mediate the impact of the four key constructs (Venkatesh, Morris, Davis, & Davis, 2003). However, UTAUT is not perfect. In order to apply UTAUT in certain IT applications such as mobile banking, modification and revision are needed (Venkatesh, Morris, Davis, & Davis, 2003).

The presented theories (TAM, DoI, UTAUT) provide a basis for deeper understanding of the subject matter. The review indicates that technology use varies from groups of individuals and the society in which they live. The theories indicate that technology is more likely to be adopted if it has positive impact to the individual or organisation. Furthermore, the theories show that various people adopt technology at different levels.

**Empirical framework**

**SMEs and use of mobile money for business growth**

A recent study by InterMedia (2013) investigated uptake, use and market potential of mobile money services in Tanzania. The survey involved 2,980 households. The data was collected via questionnaires and interviews. The study revealed that the majority of registered mobile money users for business purposes used it primarily to purchase inventory and receive payments for goods and services. It was also found that there was no difference among rural, urban and peri-urban registered users in the way they used mobile money services for business.

Higgins *et al.* (2012) investigated the mobile money usage patterns of Kenyan SMEs. The authors surveyed 865 SMEs which were urban and semi-urban based businesses. They found that whether Kenya SME owners used mobile money to receive payment, pay bills, salaries, or suppliers, they are higher in volumes of both mobile money adaptation transactions. Data showed that of the 865 SME owners who responded, 861(99.5%) used mobile money services in their personal or business dealings, and 67% used it for business (*ibid.*).

Mbogo (2010) investigated success factors attributable to use of mobile payments by micro-business operators. The study was based on a survey conducted through administration of questionnaires. The data was collected from a sample of 409 micro-business entrepreneurs in Nairobi, Kenya. The study applied TAM, which was

extended to include other factors to help predict success and growth in micro-businesses. Key findings showed that convenience, accessibility, cost, support and security factors are related to behavioural intention to use and actual usage of the mobile payment services by the micro businesses to enhance their success and growth. Moreover, it was found that mobile money promotes entrepreneurship by providing a platform for development of new services and by enhancing performance of small enterprises.

Odia (2012) investigated mobile money in Nigeria with insights from Kenya and employed TAM to examine factors that influence a user's intention to use mobile money. The research was based on a questionnaire survey and semi-structured interview. Results indicated that predictors of the intention to use mobile money in Nigeria included convenience, security/privacy, trust, perceived ease of use and perceived usefulness, with convenience being the most significant of all factors.

Tobbin (2011) combined TAM and DoI to investigate key factors that influenced Ghanaian consumers' acceptance and use of mobile money transfer. A self-administered questionnaire was used to collect data. Perceived ease of use and perceived usefulness were found to be the most significant determinants of behavioural intention to use mobile money transfer in Ghana. Perceived trust, trailability and perceived risk were also found to significantly affect behavioural intention. Although the study provides useful insights into factors that lead to adaptation of mobile money in Ghana, it has limitations. First, mobile money transfer was at the infant stages, and the researchers had to explain to most of respondents about it. Second, several respondents were illiterate such that the questionnaire required translating, which may have affected their understanding and interpretation. Lastly, the study was urban based, which may not have been a perfect representation of the entire population.

Echchabi and Aziz (2013) used DoI to examine the intention of Moroccan customers to adopt mobile money. The study employed descriptive statistics, one sample t-test and multiple regressions. Using 400 questionnaires, which were randomly distributed to Moroccan banks' customers, they found that Moroccan customers had willingness to adopt mobile money. Furthermore, results show that complexity, relative advantage, compatibility, and trialability are good predictors of intention to adopt mobile money in Morocco.

Lule *et al.* (2012) employed TAM to study m-banking adaptation in Kenya. The study was based on 450 questionnaires distributed to mobile money users. The study revealed that perceived ease of use, perceived usefulness, perceived self-efficacy and perceived credibility significantly influenced customers' attitude towards usage of m-banking.

**Level of satisfaction with mobile money services among SMEs and their influence on growth of firm**

The study by Saleem and Rashid (2011) in Pakistan examined the relationship between customer satisfaction and mobile banking in Pakistan. Questionnaires were given to 230 bank employees and 230 bank customers. Findings revealed that customers concerns about security, authenticity and reliability of technology were significant. Results imply that firms should focus upon IT application, innovative services, security, customer trust and risk because they are key indicators of technology adaptation.

Morawczynski and Pickens (2009) conducted an ethnographic study in Kenya, on how poor people used M-PESA and its impact on their lives. More than 350 people were interviewed. The majority of respondents indicated that they were satisfied with mobile money services and more than two thirds admitted that the service had improved their lives.

Ayo *et al.* (2012), on a prototype mobile money implementation in Nigeria, conducted an experiment with 30 mobile money users to assess performance of the mobile money system components. A questionnaire was administered to capture users' impression of the mobile money system and users' satisfaction with the system. Nearly two thirds admitted that they were satisfied with the system. Further, nearly two thirds of the sample felt comfortable using the system.

**Challenges faced by SMEs in using mobile money to grow their business**

InterMedia (2012) carried out a project to track the uptake use and market potential of mobile money services in Uganda through 3,000 respondents among households. The data was collected based on interviews with individual registered users of mobile money. Some of the problems reported by users of mobile money included inadequate number of available agents, especially in rural areas; inconsistent performance of mobile money agents; insufficient cash to help with transactions; agents' absenteeism and insufficient understanding of mobile application and network problems.

Ngugi *et al.* (2010) investigated critical factors that lead to rapid growth of mobile money banking services in Kenya. The methodology was based on a critical review of existing literature, secondary data and a survey targeting mobile phone users living in urban centres. A questionnaire was sent via email and 102 people responded. In addition, 67 people aged between 20 and 40 years completed all questions, thus reflecting the younger, internet frequenting generation. Key challenges included frequent system failure, security and fraud related challenges as well as lack of electronic float among most agents limiting the amount one could receive at any time. Although the study sheds some light on mobile money adaptation, sample of participants may not be ideally representative of the greater Kenyan population as these were young people.

Higgins *et al.* (2012) investigated mobile money usage patterns of Kenyan SMEs. The authors surveyed 865 SMEs that were randomly selected from a website database of 160,000 Kenyan SMEs. The sample focused on urban and semi-urban businesses. The study revealed that high tariffs and inadequate access to record-keeping including payment –management interfaces, were main barriers to adaptation.

## RESEARCH METHODOLOGY

In this study, the population consisted of SMEs of Kinondoni Municipality in Dar es Salaam. For the purpose of consistency and accuracy of data, the sample size for this study involved 100 whereby 90 respondents from different businesses responded positively. Table 1 provides sample characteristics.

**Table 1: Sample distribution**

| Business Type | Frequency | Percent |
|---|---|---|
| Shop | 34 | 37.8 |
| Supermarket | 8 | 8.9 |
| Salon | 2 | 2.2 |
| Butcher | 4 | 4.4 |
| Hardware | 9 | 10.0 |
| Boutique | 5 | 5.6 |
| Stationery | 9 | 10.0 |
| Florist | 16 | 17.8 |
| Restaurant and bar | 2 | 2.2 |
| Food processing | 1 | 1.1 |
| Total | 90 | 100.0 |

Source: Data Analysis (2013)

The study applied questionnaire as a data collection instrument. Data was collected by researchers themselves; this improved inter rater validity and reliability of data.

An operational definition describes exactly what the variables are and how they are measured within the context of a study. In this study, the researchers used mobile money usage to mean how SMEs used mobile money accounts for business purposes. Furthermore, the researchers defined business growth as business expansion (i.e. product line expansion, market expansion etc.), increased revenue, increased profit, and market share. Business growth was the dependent variable (business growth in terms of market share, revenue and profitability) while usage was the independent variable (increased volume of sales, efficiency in purchase of stock, reduced time in processing payments, payments of goods and services, improved habit of savings, and money transfer).

**Data analysis**

This study made use of the regression analysis model to represent the relationship between variables. In this study knowledge/awareness was linked to usage (independent variable) and business growth as the dependent variable. Different computer programmes were applied, such as SPSS Version 20.0. SPSS is helpful because it has ability to take data from almost any type of file and use it to generate tabulated reports, charts, perform descriptive statistics and even perform complex statistical analyses.

## RESULTS AND DISCUSSION

### Sample characteristics

Findings are presented in the context of age, sex, education level, business type, mobile service provider and frequency of use of mobile money services (Table 2). The age was normally distributed. Males were two thirds of the sample. The highest level of education reached was normally distributed. Types of business varied while locations were uniformly distributed.

**Table 2: Sample characteristics**

| **Age of respondents** | Frequency(n) | Percent (%) |
|---|---|---|
| Below 18 | 3 | 3.3 |
| 18-35 | 36 | 40 |
| 36-60 | 45 | 50 |
| Above 60 | 6 | 6.7 |
| **Sex of respondents** | | |
| Male | 55 | 61.1 |
| Female | 35 | 38.9 |
| **Education level of respondents** | | |
| Certificate | 7 | 7.8 |
| Diploma | 26 | 28.9 |
| Degree | 46 | 51.1 |
| Postgraduate | 11 | 12.2 |
| **Location** | | |
| Kinondoni | 20 | 22.2 |
| Mikocheni | 10 | 11.1 |
| Ubungo | 10 | 11.1 |
| Mwenge | 10 | 11.1 |
| Kimara | 10 | 11.1 |
| Mbezi | 10 | 11.1 |
| Sinza | 10 | 11.1 |
| Tegeta | 10 | 11.1 |
| **Main type of mobile service** | | |
| M-Pesa | 39 | 43.3 |
| Tigo Pesa | 24 | 26.7 |
| Airtel Money | 19 | 21.1 |
| Zantel Pesa | 8 | 8.9 |

Source Data Analysis (2013)

**How SMEs use mobile money to grow their businesses**

The aim of this study was to determine how SMEs used mobile money to grow their businesses in Kinondoni District. To get the required responses, 6 statements were used to explore various uses of mobile money services by SMEs for business purposes. Table 3 provides the summary of the findings for all independent variables.

**Table 3: Summary mean scores on determination of how SMEs used mobile money to grow their businesses (N=90)**

| No. | Attribute | Mean Score | Std. Deviation | Correlation Coefficient | Sig .(2-tailed) |
|---|---|---|---|---|---|
| A | Increased volume of sales | 2.920 | 1.192 | 0.616 | 0.000 |
| B | Efficiency in purchase of stock | 2.910 | 0.907 | 0.548 | 0.000 |
| C | Reduced time in processing payments | 2.910 | 1.167 | 0.633 | 0.000 |
| D | Payment of goods and services | 2.990 | 1.011 | 0.536 | 0.000 |
| E | Improved habit of savings | 3.100 | 1.290 | 0.625 | 0.000 |
| F | Money transfer | 2.460 | 0.901 | 0.617 | 0.000 |

Source: Field Data (2013)

**Multiple regression and correlation analyses**

Multiple regression analysis was done to find out how independent variables could be used to predict the level of business growth. Correlation analysis was done to test whether or not the independent variables correlated with dependent variables. Results showed that the independent variables (increased volume of sales, efficiency in purchase of stock, reduced time in processing payments, payment of goods and services, improved habit of savings, and money transfer) and dependent variables (business growth in terms of market share, revenue and profitability) were positively correlated and their correlations were highly significant as the p values for all variables were 0.000, which is less than 0.05 (Table 3).

The findings (Table 4) from the study showed that variation in the independent variables could account for variation of the dependent variables, which is the business growth by 74% calculated from the coefficient of determination, which is 0.544. With these findings, the independent variables are good predictors of the SMEs business growth at Kinondoni District.

**Table 4: Model summary of regression analysis**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | 0.74 | 0.544 | 0.488 | 0.478 |

Predictors: (Constant), increased volume of sales, efficiency in purchase of stock, receipt of payment, payment of goods and services, savings and money transfer.

Source: Field data (2013)

Below is the regression equation that was used to predict usage of mobile money to contribution of SMEs business growth by using the independent variables which are sales transaction, efficiency in purchase of stock, receipt of payment, payment of goods and services, savings and money transfer.

$Y = 0.325\beta1 + 0.271\beta2 + 0.205\beta3 + 0.105\beta4 + 0.229\beta5 + 0.109\beta6$

*Y* =Business growth in terms of market share, revenue and profitability

β1 = Increased volume of sales

β2 = Efficiency in purchase of stock

β3 = Reduced time in processing payments

β4 = Payment of goods and services (however not significant at 0.05)

β5 = Improved habit of savings

β6 = Money Transfer (however not significant at 0.05)

The coefficients used in developing the model regression equation were derived from the regression coefficients table (Table 5).

**Table 5: Regression coefficients table**

| Independent variable | Unstandardised coefficients | Std. error | Standardised coefficients | t | Sign |
|---|---|---|---|---|---|
| | B | | Beta | | |
| (constant) | 0.997 | 0.408 | | 2.443 | 0.016 |
| Sale transaction | 0.325 | 0.107 | 0.451 | 3.043 | 0.003 |
| Efficiency in purchase of stock | 0.271 | 0.088 | 0.424 | 3.068 | 0.003 |
| Receiving payment | 0.205 | 0.074 | 0.246 | 2.769 | 0.007 |
| Payment of goods and services | 0.105 | 0.060 | 0.134 | 1.740 | 0.085 |
| Savings | 0.229 | 0.094 | 0.297 | 2.445 | 0.016 |
| Money transfer | 0.109 | 0.080 | 0.147 | 1.368 | 0.175 |

Dependent Variable: Business growth

Source: Data Analysis (2013)

## DISCUSSION OF THE FINDINGS

The crucial assumptions in this research are such that uses of mobile money services in business activities influence SMEs' business growth. Results from this study strongly support the research questions because there was significant relationship of usage of mobile money towards SMEs business growth.

A multiple regression modelling approach was proposed as an effective method for studying the relationships. As displayed in Table 4, the adjusted R square is .470, suggesting that six uses of mobile money explain close to 47% of variance for sales of transaction and business growth. Of the significant variables listed earlier, i.e. sale

transaction, efficiency in purchase of stock, and receipt of payment, money transfer appeared to have the greatest impact on SME's business growth. In addition, the variables were found to have influence on business growth which varied with personal variables/characteristics.

Results of the multiple regression indicate that there is variation in the role of mobile money to business growth, and empirical evidence suggests that usage of mobile money has a significant degree of influence on SMEs' business growth. This empirical evidence has provided significant support for the usage of mobile money services literature, which proves that usage of mobile money services has an impact on SMEs businesses.

## CONCLUSION AND RECOMMENDATIONS

The study findings showed that SMEs were using mobile money for different business purposes including sales transaction, efficiency in purchase of stock, receiving payment, payment of goods and services, savings as well as money transfer, which significantly influenced their business growth.

Furthermore, results of the multiple regression analysis showed that there is variation in the effect of usage of mobile money on contribution to SMEs business growth and found that the selected usage includes good predictors of SMEs business growth. On various uses of mobile money services by SMEs for their business transactions, it was found that payment of goods and services, and purchase of stocks and savings were the least used.

Findings from the study lead to the conclusion that usage of mobile money contributes to business growth among SMEs by speeding up the transaction process. Findings from the study revealed that various uses of mobile money have a positive significant effect on SMEs business growth. Moreover, results indicated the various uses of mobile money by SMEs for their businesses. It was found that payment of goods and services, purchase stocks and savings were the least used aspects. This implies that cash still dominates when it comes to purchasing stocks, and for payment of goods and services. SMEs said that not being able to get a receipt in hard copy for reference was a barrier, when using mobile money.

### Implication for theory

The study supported TAM (Davis, 1989) and UTAUT (Venkatesh, Morris, Davis, & Davis, 2003) that SMEs use mobile money because this has positive impact on growth. The results for this study support various previous studies (Jack & Suri, 2011; Shambare, 2011; Chew, Ilavarasan, & Levy, 2012; Amin, Supinah, Aris, & Baba, 2012; Abdelghani & Aziz, 2013).

**Implication for policy and practice**

The implication of the findings from this study for policy is that the government providers of mobile money services and other stakeholders should adopt appropriate policies to facilitate use of mobile money among SMEs for business growth. One of such policies that could help to foster use of mobile money among SMEs for business growth is removal of Value Added Tax (VAT) on mobile money transactions.

Also the government providers of mobile money services and commercial banks should adopt policies that foster integration between mobile money services and the banking system and facilitate the transfer of money across mobile money and banking systems. This will lead to more usage of mobile money services among SMEs.

Tanzania Regulatory Authority (TCRA), which regulates mobile money services, and the Bank of Tanzania (BOT), which regulates the banking industry, should formulate clear regulations to ensure smooth running of mobile money services. Such measures will guarantee safety of mobile money services and eliminate risk as a barrier to adoption and usage among SMEs.

The implication of this study for practice on usage of mobile money services among SMEs for business growth is that usage of mobile money contributes to business growth by speeding up transactions, facilitating the efficiency in purchase of stock, facilitating receipt of payments for various goods and services, facilitating savings through storage of mobile money and facilitating money transfer. Hence, it contributes to more revenue.

Providers of mobile money services should increase the range of services (offerings) that can be paid for through use of mobile money. The wider the range of services that can be paid for through mobile money, the higher the likelihood of usage of mobile money by SMEs, and consequently the more the chances for business growth.

**Implication for further research**

There is a knowledge gap as to what factors influence the use of a particular mobile money service among SMEs. The big question that needs to be answered by future studies is: *What factors influence choice, usage, satisfaction and loyalty to a particular mobile money service among SMEs?*

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