MOBILE MICROCREDIT UPTAKE AND PERFORMANCE OF SMALL AND MICRO ENTERPRISES :CASE STUDY MUKONO TOWN

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DECLARATION

I KISAAKYE JUDITH declare that this is my original work and is not plagiarised and has not been submitted to any other institution for any award.

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ABSTRACT

The use of mobile phones is embraced at an incredible rate, and this study aimed to determine the mobile microcredit uptake and performance of SMEs in Mukono. SMEs encounter difficulties in surviving and growing due to limited funds.

The study was based on the following research objectives: To examine the effect of mobile cost of credit on the performance of SMEs, to examine the effect of mobile credit perceived risk on the performance of SMEs, and to establish the influence of mobile credit accessibility and Eligibility on the performance of SMEs in Mukono,

The study employed an explanatory research design. The 65 SMEs that operated in Mukono made up the study population. A sample size of 57responders was employed. Questionnaires were used to gather data. The pilot study was conducted by the researcher prior to the actual data collection. To ensure validity and reliability, the information on the data collection instruments was carefully examined. The Cronbach Alpha coefficient was used to guarantee reliability.

The study employed descriptive statistics, such as percentages and frequencies, to analyze the data, which were then presented in tables and figures.

The first objective's findings demonstrated that the cost of credit for mobile loans had a significant positive impact on SMEs' performance ($r = 0.475$, $p = 0.01$) and a moderate correlation suggesting that the decrease on mobile cost of credit trend to increase business turn over.

The second objective's findings($r = 0.04$, $p = 0.240$) indicated that the perceived risk associated with microcredit offered by mobile loans encouraged SMEs to obtain them, thus improving performance, however the relationship was not particularly strong.

And the third objective's findings indicated that the performance of SMEs was positively impacted by the accessibility ($r = 0.275$, $p = 0.113$) and eligibility ($r = 0.204$, $p = 0.240$) of mobile loans. In particular, the study found that the respondents preferred mobile loans for the following reasons: the amount charged for application fees, the amount charged for processing fees, and the interest rates on mobile loans, among other reasons. It also found that the respondents preferred mobile loans because they were concerned about the risk of not being able to repay a financial institution loan on time. Other factors that led the respondents to choose mobile loans include the length of time it took for a loan from another financial institution to be processed, the accessibility of mobile loan applications, and the flexibility of loan applications.

CHAPTER ONE

INTRODUCTION

1.1 Introduction

An overview and the history of the study on SMEs' performance and uptake of mobile microcredit were given in this chapter. Provided the problem statement, the research questions, and the objectives of the study in addition. This chapter also includes a discussion of the study's importance and scope.

1.2 Background to the Study

In today's digital age, mobile microcredit has emerged as a game changer for business and individual payments in developing countries such Uganda, this innovative financial tool has revolutionized the way we make payments and access loans, offering a secure and reliable electronic platform that streamlines online payments (John, 2018). Mobile microcredit services have become an essential means of facilitating fast and effortless payments for both consumers and businesses (Chiemo, 2020). According to Amos-Abanyie (2019), it provides flexibility, lowers transaction costs, and boosts income. Mobile microcredit services have been a key component of the financial inclusion of both bankable and unbankable people in both rural and urban areas, they are important to the economy (Serugga, 2019). Broadly speaking, the use of mobile microcredit services is a financial innovation that has benefited East African SMEs (Islam, Muzi & Meza, 2018; Lorenz & Pommet, 2020).

In Uganda, small and micro enterprises rely heavily on mobile microcredit services to meet their financial demands (Nkwabi & Mboya, 2019; Wambura, 2020). Because they allow customers to pay and receive money without having to visit the service providers' offices, mobile money microcredit services are helpful. Mobile phones can be used to access the services. (Dayour, Adongo & Agyeiwaah, 2020).

Users (small companies) can now make purchases utilizing the mobile financial platform on their PCs or mobile phones, going beyond standard payment methods made possible by the mobile money microcredit services (Zumanu, 2019). Thus, by altering the industrial structure, mobile money microcredit increases business competitiveness by enabling small and micro enterprises to surpass their competitors and generate entirely new business ventures (Mutalemwa & Anthony, 2014; Baganzi & Lau, 2017)

Additionally, the use of mobile microcredit services involves managing accounts and carrying out financial transactions whenever there is network connectivity (Masocha & Dzomonda, 2018). The use of mobile microcredit services is carefully considered in order to increase user satisfaction by providing operations via the electronic platform more quickly and easily (Tineishemo, 2018). Users can utilize their mobile phones and other electronic devices, such as wallets, to make purchases for items and save money to the mobile money microcredit platform (Mishra, 2014).

1.2.1 Mobile Microcredit Application

In contrast to traditional banks and microfinance organizations, mobile microcredit services are recognized for providing deposits, withdrawals, and transfers of cash at the lowest cost and with greater convenience (Akyoo & Sife, 2015). Applications for mobile microcredit must first be downloaded on the mobile device. The user must provide personal information, like their complete name, email address, and phone number, after the installation procedure. Following that procedure, the user can begin utilizing the program and submit a loan application. According to Gosavi (2018), mobile lending refers to the process of applying for, getting approved for, and monitoring the status of a loan using a mobile device. Similarly, a loan granted via a mobile application without any in-person interaction with a financial services provider is known as a mobile loan (Alumasa & Muathe, 2021).

1.2.2 Mobile microcredit uptake

Over the past ten years, there has been a notable increase in the adoption of mobile microcredit by small and micro enterprises worldwide. Notably, this growth has been observed in Asia, the Middle East, Latin America, and most crucially, AfricaMore than 70% of impoverished nations currently offer mobile microcredit (Pankomera & Greunen, 2019). This expansion has been attributed to a number of known variables.

It is discovered that India is one of the most populous nations, with a substantial portion of the population living in rural areas without access to conventional financial services (Potnis, Gaur, and Singh 2020). As a result, those areas have seen a rise in the use of mobile microcredit and the expansion of mobile financial services. Compared to traditional loan distribution techniques, business staff can apply for loans more conveniently and safely by using mobile microcredit applications. As is the case with commercial banks, this has significantly decreased the transaction costs associated with money transfers.

Across Africa, one of the most important sources of funding for small businesses is the use of mobile loan applications. Research by Lepoutre and Oguntoye (2018) found that there are about 150 million mobile loan application accounts in Africa. According to Bushe's (2019) research, South Africa's microenterprises are among the most mobile loan users in Africa. The study focused on the reasons for business failures among small to micro and medium-sized businesses in the country.

Bushe (2019) discovered that even with the high price of mobile devices and the widespread availability of official commercial bank facilities, businesses with little yearly turnover were increasingly using mobile loans.

1.2.3 Performance

The definition of performance in a business is the output or product of a process that employs resources through a value creation chain within a given engagement period Eldor, (2020). Many indicators, such as customer happiness, shareholder value, financial performance, employee growth, and product expansion, are used in both large and small businesses as well as micro companies to assess performance (Ramaswamy & Ozcan, 2018; Effiom & Edet, 2020; Muhandachi, 2020). Based on these performance metrics, businesses need to, among other things, determine their capabilities, carve out a place for themselves in the market, have welldefined goals and a clear plan of action, prioritize their clients, and consider expanding their product line in order to stay competitive in the modern, dynamic, and unpredictable environment. This study analysed performance in small and micro businesses with an emphasis on employee growth, earnings, and enterprise expansion with various studies such as Alumasa and Muathe (2021), Macharia (2021), Murage (2021) and Chen and Kitsis (2017).

1.2.4 Small and Micro Enterprises

Dobson (2020) small and micro businesses find it difficult to obtain loans from official financial institutions like commercial banks, they favor obtaining mobile microcredit because of its comparable benefits. In innovation theory, the term "relative advantage" refers to the perceived superiority or improvement of a new invention over an earlier or current concept, product, or practice that it replaces. It focuses on the perceived benefits or advantages that the innovation offers over its predecessor. Muraya (2019) also stated that even though small and micro enterprises are considered to be one of the important sectors for economic development, it is still difficult for them to access financing through formal financial institutions. Since the majority of small and micro businesses are part of the informal sector, everyone working for

themselves or in tiny, independent businesses is referred to as informal. A large number of small and micro businesses lack access to credit and funding, particularly from banks and other financial organizations. This is because banks see them as high-risk and un creditworthy businesses due to the lending conditions that were placed on them, such as requiring collateral for the loan and having high interest rates.These businesses' limited asset bases may prevent them from being able to offer collateral, such as real estate(Omondi & Jagongo, 2018).

As a result, the majority of these businesses turn to borrowing money from friends and family. Nevertheless, this kind of funding is insufficient to meet all of the requirements of SMEs. Because of this, the management is forced by the absence of credit to use inexpensive, neighborhood mobile banking companies (Murage, 2021). The influence of mobile microcredit adoption on the performance of small and micro enterprises in Uganda is examined. Based on the data analyzed, it is concluded that the performance of small and micro enterprises has been positively impacted by the growth in the uptake of mobile microcredit.

1.3 Statement of problem.

In Mukono, the SME sector has challenges in its initial five years of existence, with many failing to make it past five years at this point. According to data from the UNBS survey (2020, 60% of newly established SMEs fail in their first year, 21% in the second year and 19% in the fifth. Dr. Maggie Kigozi (2020), agrued that due lack of markets, skills, and financing source is the main reason why SMEs in Uganda fail so frequently. According to Mugure (2017), access to credit also had a substantial impact on the performance of business operations. However, many small businesses find it difficult to obtain credit because of lengthy applications, unfavorable criteria from financial institutions, and collateral

Besides the challenges faced, Maggie Kigozi (2019), UNBS 2020, Snodgrass & Biggs (1996), Abayo (2015), Kedogo (2013), and others, ardued that SMEs sector plays a significant role in the expansion of the economy by facilitating commerce and generating jobs. According to estimates, the sector accounts for 85% of all business companies, generates over 65% of employment, and contributes between 50% and 60% of the GDP (UNBS, 2020). In contrast to these contributions, the sector's performance is still subpar, and as a result, the financing gaps have significantly impacted Uganda's SME failure rate.

Despite, financing for SMEs is still a problem that has an impact on their performance, thus mobile microcredit uptake could be an opportunity to handle this issue. Since Mobile micro credit has reached millions of borrowers in Uganda where by 49% Ugandans have access to

mobile phone and 51% of Ugandans can access mobile microcredit on their phones. (UNBS,2020). Quick loan access, automated credit decisions, remote distribution, and payback are the hallmarks of mobile microcredit. For many borrowers, it is a quick, confidential, and practical choice because of these features. For instance mobile microcredit apps have also set in such as Isente, Mokash, wewole and quick loan on Airtel , Fido loans Uganda, smart loans Uganda, Quick sente among others which tend to offer loans to users with low interest rate, unlike traditional banking institutions such as banks with a 24 percent interest rate on short term loans, mobile money microcredit offer low rate between 8percent and12percent on short term loans whereby fin tech companies such as MTN offer micro credit to their clients. Furthermore, depending on their loan limit, clients can currently receive loans between UGX 3,000 and UGX 1,000,000 with a 9% facilitation fee. The consumer can borrow another amount of money right away after repaying the loan, which is promptly paid into their MTN Mobile Money account 24/7.

Therefore, the purpose of this study was to examine how SMEs funding and credit gaps, as well as their impact on performance, are affected by the uptake of mobile microcredit. The goal of the study was to provide solutions for the issues that small and medium-sized enterprises (SMEs) confront, particularly the financial gaps that impair their operations and lead to a high rate of failures.

1.4 Main Objective

The main objective of the study was to determine the impact of mobile microcredit uptake and performance of small and micro enterprises in Mukono.

1.4.2 Specific Objectives

1. To examine the effect of mobile credit cost on performance of SMEs in Mukono.
2. To examine the effect of mobile credit perceived risk on performance of SMEs in Mukono.
3. To establish the influence of mobile credit accessibility and eligibility on performance of SMEs in Mukono.

1.5 Research Questions

1. What is the effect of mobile credit cost on performance of SMEs in Mukono?

2. What is the influence of mobile credit accessibility and eligibility on performance of micro and small-scale enterprises in Mukono?
3. What is the effect of mobile credit perceived risk on performance of micro and small and Micro enterprises in Mukono?

1.6 Scope of the Study.

This section covered the subject scope, time scope and the geographical scope

1.6.1 Subject scope

The study concentrated on the performance of small and micro enterprises in Mukono Municipality as well as the uptake of mobile microcredit. The study also looked at how mobile microcredit adoption affected SMEs' performance, evaluated and analyzed the practice of using mobile microcredit at the moment, and investigated the difficulties faced by Mukono Municipality's mobile microcredit users. The success of SMEs was evaluated in terms of net profit, number of users, perceived risk, and source of financing. Mobile microcredit services were tested in terms of accessibility and eligibility. From a methodological standpoint, the study's population consisted of SMEs' owners.

1.6.2. Time Scope

The study was conducted within a time frame of three months (MAY –JULY) as it was time allocated by the university.

1.6.3. Geographical scope

The research was conducted in Mukono Municipality.

1.7 Significance and of the Study

The study was to benefit the following:

1.7.1 Owners /Managers of SMEs in Uganda.

The study's findings about how mobile microcredit affected Mukono's SMEs' performance provided insightful information and useful advice for the companies' owners and management. They might weigh the possible advantages and disadvantages of mobile loans and decide on their financing options by being aware of the effects of mobile microcredit. The study's conclusions provide insight into the ways that mobile loan acquisitions impacted a variety of company success. This information helped owners and managers find chances for growth,

optimize their financial strategies, and deal with any issues pertaining to the acquisition of mobile loans. The research's conclusions ultimately gave Mukono's SME owners and managers the ability to make well-informed decisions that may have a favorable impact on the general viability and performance of their companies.

1.7.2 Government of Uganda

The government benefited from learning more about mobile microcredits and how to control the operations of mobile money loans in Uganda. Furthermore, authorities, in particular the Central Bank of Uganda, have the ability to restructure their role in supervision and credit provision in an efficient manner.

1.7.3 Researchers and Academicians.

The study's conclusions were intended to aid scholars and researchers by providing supplementary material to the body of knowledge already available on microcredit and the operations of small and microbusinesses in the commercial sector.

Since research is a prerequisite for all university courses, the study was designed to help the researchers graduate from their program.

1.8 Conceptual framework

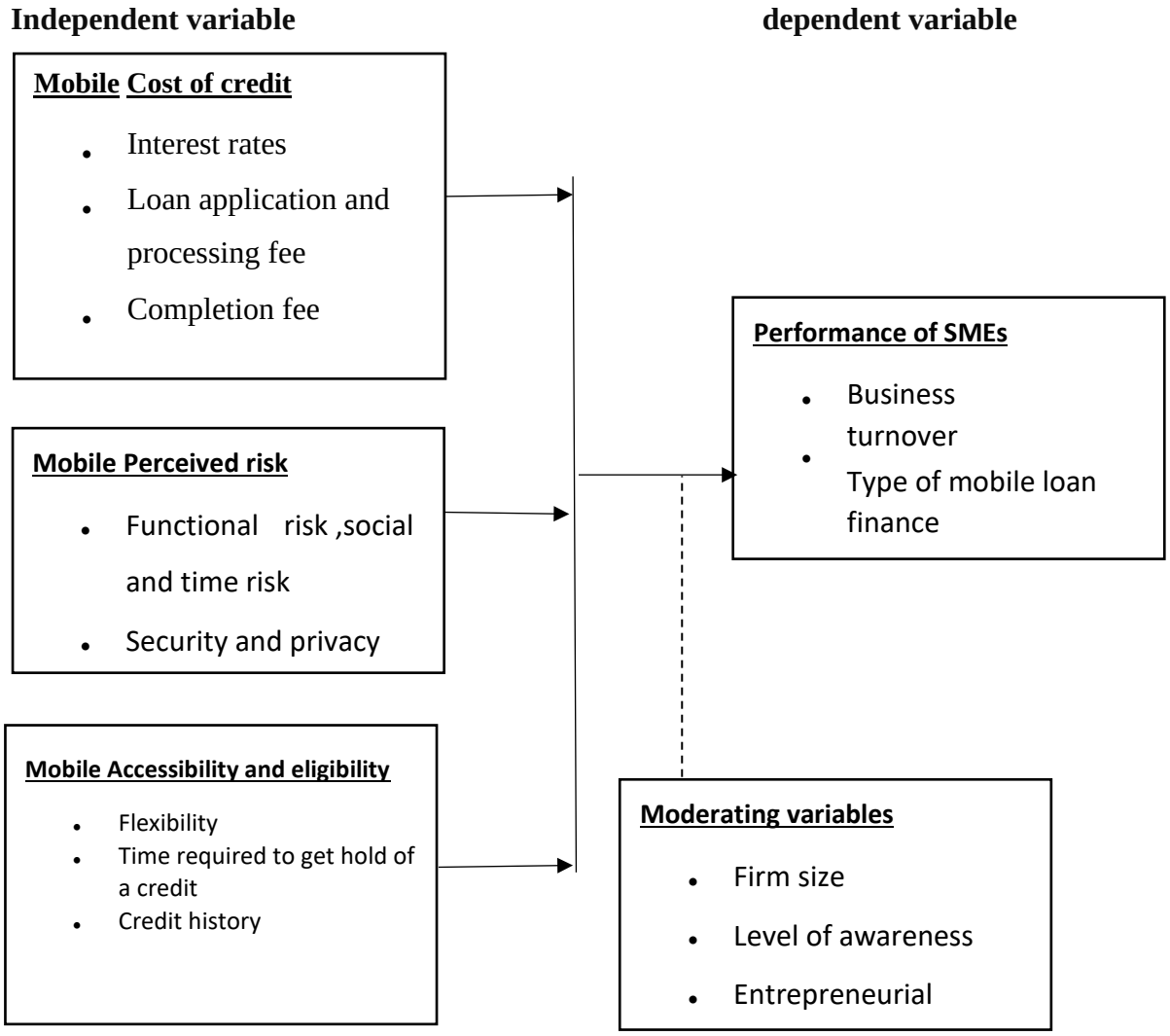

Figure 1: Conceptual Framework

Source; Adopted from fethenaet al. (2015) and researcher (2022)

1.9 Chapter one Summary

An overview of the research study on how mobile microcredit uptake affects small and microbusiness performance was given in this chapter. It brought attention to the notable rise in mobile lending in Uganda and other developing nations, where the advent of the mobile money industry has facilitated greater access to formal financial services. The chapter examined the idea of SMEs applying for and receiving loans through mobile microcredit uptake and talked about how well SMEs performed, paying particular attention to capital source, net profit, and user count. The chapter also underlined how difficult it is for SMEs to obtain credit from commercial banks, which makes them dependent on mobile loans. The study focused on the

Mukono municipality in Uganda due to its unique geographic location and the high rate of mobile microcredit adoption among low-income company owners.

This chapter included a presentation of the study's history, problem description, aims, research questions, scope, and significance.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter reviews the literature pertinent to the research problem. This part includes a conceptual framework that illustrates the relationship between the study variables, an empirical evaluation of prior research, and the theoretical foundations of the study. The goals of the study served as the basis for the literature review.

2.1 Definition of variables

Independent variable as mobile microcredit and is defined as the use of mobile phone to access Microcredit services, allowing individuals such retailers to apply for, receive and repay small loans using their mobile devices. According to M-Pesa, 2019, describes mobile microcredit as providing extremely small loans to low-income customers who usually don't have any collateral.

Performance of SMEs defined as the ability of SMEs to achieve their objectives such as profitability, growth and sustainability, while also creating value for their clients, employees and owners (Khan et al 2020), as dependent variable. According to Nyaga (2017) small and micro enterprises are those that employs less than ten people. These unofficial businesses, which are primarily family-run and operate in the informal sector, provide affordable goods and services that meet the fundamental needs of the lower-class population.

2.2 Theoretical Review.

2.2.1Consumer Trust Theory (CTT)

According to consumer trust theory, trust is a necessary component for the successful implementation of cutting-edge services like mobile money microcredit services. By taking into account many psychological, technological, scientific, cultural, and social elements simultaneously, Consumer Trust Theory (CTT) facilitates more cooperative engagement between service providers and users (Chandra, Srivastava & Theng, 2010). The essential component is to have faith in the organization offering the services, since it is vital for an individual to have faith in the platform through which they conduct business. (John, 2018).

Therefore, trust is constrained by the structural certainty that raises belief in competence, integrity, and reputation while reducing insecurity, panic, dimensions, and vulnerability.

(Baganzi & Lau, 2017). Many researchers in the field of mobile technology have used CCT to forecast how businesses will operate while utilizing mobile money services (Siau & Shen, 2003; Chandra et al., 2010; John,2018).

Despite its limitations, this theory does a good job of explaining the variables that influence the uptake of mobile money microcredit services to support SMEs. An excellent foundation for analyzing SMEs' performance and uptake of mobile microcredit is provided by the consumer trust theory. Therefore, the theory presented in this particular study provides an analytical framework for evaluating how technological features like accessibility, cost, ease of use, and flexibility in the use of mobile money microcredit services affect the performance of SMEs.

2.2.2Diffusion of innovation (DOI)

One of the earliest social science theories is the Diffusion of Innovation (DOI) Theory, which was created by Everett M. Rogers in 1962. It started out as a way to explain how, why, and quickly new concepts and inventions spread among people in a social system. The idea serves as a model to describe how consumers adopt new products and services, in this case, mobile microcredit uptake. (Rogers, 1962). Diffusion is also understood to be the process by which members of a specific social system spread an innovation over time using specific media. This study focuses on the Diffusion of Innovation Theory since innovation diffusion theory is a collection of sub-theories.

Authors have expanded the Diffusion of Innovation Theory to take into account a number of characteristics of inventions that influence how quickly they are adopted widely, including adoption costs, perceived risks, and eligibility and accessibility. (Kumar &Kumar, 2017, Mwangi et al, 2018, Ngugi & Kariuki 2019)

The Diffusion of Innovation being adopted, the study's theoretical underpinnings provide insight into the manner in which Mukono municipality's small-and micro enterprises integrate and utilize mobile microcredit applications. The theory assisted in defining the study's specific goals by taking into account the characteristics of innovations that influence how quickly they are adopted by society. The theory's concept of relative advantage is in line with the goal of figuring out how the cost of credit for mobile microcredit affects the performance of micro and small-scale businesses. The hypothesis contends that an innovation's adoption is influenced by the perception of its superiority over current alternatives. In this instance, investigating the cost of credit related to mobile loans would provide insight into how the adoption and ensuing

performance of businesses are impacted by the perceived benefit or drawback of the cost of mobile loans.

Second, the theory informs the goal of analyzing how the perceived risk of mobile loans affects the performance of SMEs. The idea places a strong emphasis on how compatibility and perceived risk of an innovation can affect its uptake. The study aimed to investigate how risk perceptions impact the uptake and performance results of mobile loan apps by examining how SMEs perceive the risk associated with mobile loans.

Finally, the goal of determining how mobile finance eligibility and accessibility affect micro and small business performance is closely related to the Diffusion of Innovation Theory's relative advantage notion. The purpose of the study is to determine how relative advantage affects adoption and the performance of businesses by comparing the perceived benefits of mobile loans to those of alternative financing sources.

2.3 Empirical Literature Review

This section comprises an empirical review of prior research based on the study's objectives, the effect of mobile microcredit's perceived risk on the performance of SMEs, the influence of the credit's Accessibility on those same businesses, and the effect of the cost of credit on performance of SMEs.

2.3.1 Mobile cost of Credit in Small and micro Enterprises

2.3.1.1 Interest Rates

A descriptive data analysis of a study on how high interest rates affect SMEs' adoption of mobile microcredit found that, due to their inability to provide sufficient collateral, SMEs wind up paying higher interest rates than developed businesses and, as a result, decide to apply for mobile microcredit (Tambunan, 2019). According to the study's findings, SMEs typically have restricted borrowing capacity because they do not have physical assets that may be used as collateral for loans. The study's ultimate finding was that most banks see lending to small and medium-sized enterprises (SMEs) as dangerous and, as a result, have little faith in them. This leads to high collateral requirements and lending rates that most SMEs cannot pay.

Lore (2019) found that the best method to encourage the expansion of SMEs is to make sure that loan services are available and that the interest rate being paid is not too high as to deter borrowing. This was based on a study done on small and medium traders in the Nairobi CBD. The results of the data collection's regression analysis showed that most small-sized businesses

opted to take out little loans with modest interest payments rather than large loans with larger payments due to the impact of high interest rates. Furthermore, the study found that the majority of small businesses opt for mobile loans since they are flexible and easy.

Tambunan (2019), Guyo (2017), Etemesi (2017), and Lore (2019) together shed light on how collateral restrictions and high interest rates affect small and microbusinesses' ability to obtain credit. The high interest rates that financial institutions charge SMEs make it difficult for them to get loans, according to a general finding throughout the studies. This deters financing and has an impact on SMEs' ability to operate and develop. Additionally, the findings show that SMEs pay higher loan rates than well-established companies, especially those with less collateral. This difference in interest rates makes it difficult for SMEs to get financing at reasonable rates, which limits their capacity to grow and make investments in their companies. Furthermore, the majority of the research focused on how SMEs are negatively impacted by high loan rates and collateral restrictions. Additional investigation may be conducted to examine possible tactics and measures that help lessen these difficulties.

2.3.1.2 Loan Application and Process Fee

The amount of money a lender will want to initiate a loan is known as the application fee. Typically, it represents a portion of the total loan amount (Ferrari, Masetti & Ren, 2018). A processing fee is the cost of taking up a loan application and obtaining the required documentation. An underwriting fee is the cost of hiring someone to look over the loan application, including documentation, obtain background information about your financial capabilities, and verify information gathered. Depending on the lender, there may be only one fee or two. All of this data helped decide whether or not SMEs were eligible for loans. In addition, as of right now in Uganda, in order to be eligible for mobile microcredit, a person must first download the apps, fill out all the required information, and use the SIM card for more than three months in order to make deposits, withdrawals, and transfers of money.

The borrower is typically assessed a fee for submitting a loan application. It is a one-time, non-refundable payment required for the submission of any kind of loan application. Typically, different loan institutions charge different fees. While some may not charge any fees at all, others may charge the borrowers this amount. The same study states that since the application cost is non-refundable, SMEs should exercise due diligence to verify their credit score before submitting their application if a bank is charging one (Anthony 2019).

The cost of credit refers to the extra amount of money that someone has to pay over and above the actual amount borrowed. When someone manages to acquire a loan, there are two types of costs he or she must pay: the interest rate and other fees. Financial institutions charge fees for activities offered and they include maintenance fees, underwriting fees, service charges, origination fees, appraisal fees, and commissions just to mention a few. The interest rate on the other hand is money the banks and other financial institutions charge for letting someone borrow and use its money (Mohamed 2019).

Ndungu (2016) performed research on the variables impacting the expansion of mobile loans in Kenya and discovered that, despite being a one-time price, mobile loan applications typically come with various fees. Typically, the amount of a loan that a borrower requests is less the application and processing fees. For example, the same study states that if a borrower takes out a loan of Ugshs. 15000 from a mobile microcredit provider, such as Wewole on Airtel Uganda, the application and processing fee for the mobile loan is Ugshs. 2,175; this is the only credit cost the borrower has to pay for taking out the loan.

The results of the study's descriptive data analysis showed that lenders with a single fee structure, as opposed to those with several fee structures, such as banks, were more likely to draw customers. The study found that the high cost of borrowing and other requirements made it difficult for SMEs to obtain financing. In addition, the research revealed that mobile loan applications made it simple for SMEs to obtain loans since, in contrast to banks and other financial institutions, they had no hidden costs, making it simple for borrowers to understand exactly what was required of them.

2.3.1.3 Completion Fees

Potnis et al.'s (2020) study examined the impact of mobile loan usage among Indian SMEs. The study's findings revealed that companies tended to steer clear of loans from lenders that charged exorbitant fees because doing so raised the cost of credit. A regression analysis revealed that the likelihood that SMEs would decline loan offers increased with the amount of fees financial institutions charged to service a loan. Additionally, the study found that mobile lenders were typically open and honest about their costs and interest rates. When individuals know precisely how much they are expected to pay back, it makes them feel more at ease to take out short-term loans. Furthermore, the researchers came to the conclusion that most mobile loan applications were free of hidden costs and that borrowers were informed of what to expect from the outset.

A study discovered that the high interest rates charged by financial institutions, their requirement for collateral in the form of securities and guarantors, and other costs related to loan acquisition are the main reasons why many SMEs encounter difficulties when attempting to obtain funding. Based on a descriptive analysis of the data gathered, it was determined that banks-imposed fees such completion fees, which were also known as booking or arrangement fees. A completion fee is an administrative fee assessed by different lenders for setting up credit, typically loans. The investigation came to the additional conclusion that lenders used completion fees as a means of profit-sharing on low-interest deals (Buyinza et al.,2018)

2.3.2 Mobile Credit Perceived Risk in Micro and Small-Scale Enterprises

2.3.2.1 Functional Risk

A study conducted in Rwanda on mobile microcredit adopters. It was carried out by the researchers using a descriptive design. The users of mobile microcredit programs were the intended audience. Following data analysis using descriptive statistics, the researcher came to the conclusion that personal security risk was primarily related to the possibility that hackers may have viewed the credit applicant's personal information, and that disclosing personal and financial information was related to financial loss primarily through high interest rates. Uwamariya, Loebbecke, and Cremer (2020)

There are a number of risks associated with acquisition financing, which primarily center on the kind of loan, its term, and the amount of funding being sought. The study examined the effects of mobile lending adoption among small-scale enterprises in Kenya. Because banks are governed by the Central Bank of Kenya and often provide both short- and long-term loans, before granting loans to people, SMEs, and other businesses, all banks require security and guarantors (Bosire and Ntale 2018).

Based on the results of descriptive data analysis, banks and other financial institutions only offered collateralized financial assistance since it protected them from the risks connected with loan nonpayment. The researchers explained that as a result of their ability to auction the collateral to cover the loan repayment. The study also discovered that loans obtained through mobile loan applications might be riskier than bank loans because they did not demand collateral. But there are also variations between the studies that might be used to pinpoint areas in need of more research. In Ireland, Verrecchia's (2016) study focuses on consumer perceptions and behavioral intentions; Uwamariya et al. (2020) investigates Rwandan adopters of mobile microcredit in particular. While Achieng and Ingari (2015) examine perceived risks

in the context of mobile microcredit in Kenya, Bosire and Ntale (2018) look at the effects of mobile lending adoption among small and micro firms in Kenya. These differences in target demographics and geographic breadth draw attention to the need for additional study to comprehend how functional risk appears in various regulatory, cultural, and economic contexts.

2.3.2.2 Social Risk

Social risk is the possibility of losing one's social standing as a result of purchasing a certain good or service. The views and attitudes of one's social circle, which includes friends and family, have an impact on this kind of risk. It has to do with how a person's choice of brands and products impacts their social standing and sense of self.

Atieno (2018) suggested that individuals frequently relied on ratings and reviews while deciding which mobile microcredit app to download. The study found that consumers were more likely to continue with well-known apps like Tala and Branch since they had previously built a solid reputation. Many users found it less enticing to switch to other applications because these apps had gradually increased their trustworthiness and consumers' borrowing limitations.

The research conducted by Effiom and Edet (2020), Choudhury (2018), Atieno (2018), and Almeyda and George (2020) offers significant contributions to our understanding of social risk concepts in the context of mobile microcredit. Although these dangers are significant, different studies take different approaches and concentrate on different parts of the risks. Almeyda & George (2020) and Atieno (2018) draw attention to the impact that social status and group acceptance have on consumers' decision-making when it comes to social risk. Almeyda & George stress the significance of brand association and image, suggesting that consumers are worried about the brands or products they select being associated with a certain social position. The study conducted by Atieno highlights the significance of ratings and reviews in influencing users' attitudes and allegiance to particular mobile microcredit programs.

2.3.2.3 Time Risk

Choudhury (2018) found that registering and requesting a credit take less time, especially if the user downloaded the desired application after being introduced by a friend or family member. However, the possibility of receiving a loan for the first time upon registration is a significant factor associated with mobile microcredit applications, the researcher discovered. The results show that this is totally based on an individual's creditworthiness, but that once a mobile credit was approved, following applications were approved more quickly provided the credits were

paid back on schedule. Thus, the researcher came to the conclusion that because the procedures for mobile microcredit applications were not time-consuming, the time risk was reduced.

According to research by Effiom and Edet (2020), which used descriptive analysis of the data gathered through surveys, time loss risk arises when SMEs' owners spend excessive amounts of time choosing or utilizing products or services. The period of time associated with acquiring a specific good or service is the time spent looking and choosing. The study also found that mobile loan applications were instantaneous, in contrast to over-the-counter loan applications. A borrower is prepared to apply for a loan once they have read the terms and conditions, downloaded the application, and completed the questionnaire.

Choudhury (2018) emphasizes time risk more than other factors, looking at loan registration and approval times as well as the pace at which credit applications are submitted in the future. Time risk is also discussed by Effiom and Edet (2020), who highlight the time invested in finding, evaluating, and utilizing goods and services. Through a comparative analysis of these research, it is clear that time risk is centered on the expediency and effectiveness of the credit application procedure, whereas social risk is mostly connected to the social status linked with the selection of brands or items. Regarding the interaction of time and social risk in the context of mobile loans, there is, nevertheless, a deficiency in the research.

2.3.2.4 Security and Privacy

When consumers are choosing between new technology and old, one of the most crucial things they take into account is security (Eze, Olatunji, Chinedu-Eze & Bello, 2018). Technological developments have led to the development of mobile microcredit applications, and their acceptability is largely dependent on privacy concerns. Mohamed (2019) asserts that since microcredit is crucial to the expansion and success of small and microenterprises, any fraud using mobile credit applications may negatively impact these businesses' use of this technology.

In Zimbabwe, Dambudzo (2018) conducted study on data security and privacy in mobile microcredit applications. The findings of the correlation study indicated that security Personal Identification Numbers (PINs) were typically included in mobile credit applications to guarantee that users were adequately safeguarded. The study also found that passwords were crucial for maintaining the privacy and security of both personal and commercial accounts. The study did, however, also come to the conclusion that weak or frequently used passwords could

potentially lead to security password hacking. Therefore, the study said that it's critical for borrowers to design passwords that are difficult to crack.

Bosire and Ntale's (2018) research revealed that users' adoption of mobile lending technology is significantly influenced by factors such as risk and security. According to the findings of the quantitative research, the majority of mobile microcredit application borrowers are concerned about security-related issues, such as the type of data being communicated and the output that is produced, as well as errors in performance.

Sensitive data is protected by robust encryptions in the majority of mobile microcredit apps. Security controls must be added to the application functions in order to solidify the security features, ensuring that no unauthorized individuals can access them and preventing fraudulent use. The study also found that even though the security measures in these programs increased use costs, they did not interfere with the time it took to authorize transactions and processes.

2.3.3 Mobile microcredit accessibility in Small and micro Enterprises

2.3.3.1 Accessibility

Potnis et al. (2020) investigated the effectiveness of mobile loan applications in India. The study was carried out with a descriptive design. The study focused on New Delhi-based business owners who responded to questionnaires with questions from the researcher. The study came to the conclusion that lending organizations' financial success and loan disbursement through mobile loan applications are positively correlated. This study found that the ease of use, speed, simplicity, and security of mobile loan applications were the main factors contributing to their growth.

Macharia (2021) in Kenya stated that the development of mobile loan applications had made it simple for SMEs to obtain financing, which explains why the majority of SMEs often use mobile microcredit. After conducting a descriptive analysis of the data, the researcher came to the conclusion that mobile microcredit applications had been integrated with intelligent artificial intelligence software. This software could determine an individual's or MSE's creditworthiness as well as their debt capacity by asking users to complete a structured data questionnaire.

Potnis et al. (2020), Zelalem and Wubante (2019), Thompson et al. (2018), Mugambe (2017), and Macharia (2021) have all done research that demonstrate the significance of accessibility in mobile microcredit apps, especially for small and medium-sized enterprises (SMEs). These

studies show that mobile loan applications address the difficulties SMEs encounter in acquiring loans from traditional financial institutions by providing easy and simple access to financing.

Potnis et al. (2020) underline that the simplicity, quickness, convenience of use, and safety of mobile loan applications are the reasons behind their success. These elements support the favorable correlation between the financial performance of Indian lending organizations and the distribution of loans via mobile loan applications.

2.3.4Mobile microcredit eligibility and performance of SMEs.

One important factor that influences the growth of SMEs is credit eligibility. The most important factors that commercial banks must consider are the borrower's credit history and ability to repay the loan. The financial institutions must also examine the credit history, debtor capacity, collateral, credit rationing, and credit reference report of the borrowers.(Kisaka, 2016). Quartey, Turkson, Abor, and Iddrisu (2017) carried out a study in the ECOWAS nations, with a primary focus on the factors limiting finance for SMEs. The study's primary focus was on SMEs in West Africa, and it used data from World Bank enterprise data set surveys.

The analytical frameworks of regression and correlation were used to analyze the study's findings. The primary constructs identified from this research were the firm's size, the amount of credit information available, and security strength. However, because the study was conducted for a county, even if the current study looks for information at the county level, it cannot be broadly applied.

Auma (2018) analyzed aspects that affect bank loan effectiveness in improving SME performance in Kenya. Utilization of loans, managerial competence, and credit terms' effect on the bank’s credit performance was investigated. A population of 1527 in Kisumu city was studied, SMEs studied had a minimum of 3 members who acquired credit ranging from a minimum of 1 million and the highest amount being fifty million. Using structured questionnaires, primary sources of information were gathered while the secondary data was gathered by utilizing document analysis. A mixed method was used in the study. It also utilized a proportionate sampling procedure to set aside 316. SMEs as the study’s sample. They formulated structured questionnaires which were employed to gather primary data and acquire secondary data, document examination was accomplished.

In order to determine the relationship between bank loans and SMEs' efficacy, the research employed factor analysis and multiple regression. According to the report, the main obstacles facing many SMEs are a lack of collateral, high interest rates, and the expense of credit, which

makes bank credit less effective at boosting the performance of small and medium-sized businesses.The study focused on country review, whereas this survey was determined to concentrate on NCBD in the County of Nairobi.

2.4 Summary of Literature and Gap

This chapter review and discuss the literature, presenting the results of local and worldwide studies upon the variables affecting small and micro enterprises performance and mobile microcredit uptake. The study objectives on cost of credit, perceived risk of mobile loan applications, accessibility, and their impact on small and micro firms' adoption of mobile loan applications form the basis of the chapter review.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter outlined the techniques and steps required to complete the research study. It detailed the demographic and sampling, the recommended techniques for gathering data, the research protocols, the data analysis techniques, and the research design in detail. The moral standards that were adhered to during the research process are also included.

3.1 Research Design

Three method methods were used in the study: qualitative, quantitative, and descriptive (Creswell & Creswell, 2017). A mixed method was used in this study because it works well with qualitative and quantitative data collection. The researcher gave the respondents questionnaires to fill out, and data collection took place all at once with no follow-ups. The study's objectives were to examine Mukono's SMEs and determine the causal links between relevant factors by using this methodology.

3.2 study Population

The study targeted 65 SMEs in Mukono Municipality. The population was expected to provide firsthand information regarding to mobile microcredit uptake and performance of their SMEs.

3.3Sample size.

The sample size was 57 respondents from a population of 65 SMEs in Mukono.

The sample size was obtained using Yamane’s formula (1970).

Table 1: Showing the population and sample size:

Category	Target population	Sample size
Retail shops	25	21
Salon	11	10
Boutiques	10	9
Kiosks	10	9
Grocery shops	9	8
TOTAL	65	57

Source: Mukono Municipality, 2024.

3.4 Sampling Design.

In this study, simple stratified sampling was used to the chosen sample from the population of traders of SMEs. The stratas were extracted according to business turnover and business line in which the owners were engaged in.

3.5 Data Sources

Primary data

The primary source of data collection method was used to get trustworthy data that aided in achieving the study's stated goals. This method of gathering data was selected because it offered an effective way to gather statistically significant data. The primary source offered firsthand and unique information about the study's variables. **Secondary Data**

Numerous secondary sources, including journals, training manuals, the internet, reports, and unpublished research reports, were used to gather the data.

3.6 Data Collection tools.

The questionnaire survey, interviews, and documentary review methods were used to collect high-quality data on Mobile microcredit uptake and performance of SMEs.

3.6.1Questionnaire Survey

Questionnaire survey was employed as a suitable data collection method in the study. A series of questions printed in a logical order was used in the questionnaire approach. Given that it can be completed at the respondent's convenience and saves time, a questionnaire survey was the best approach for gathering data. Additionally, data from a sizable number of respondents was gathered in their natural environment

3.6.2Documentary Review

This was an additional technique that was employed to gather secondary data to support the primary data. This data was gathered by different researchers, and it might not have undergone analysis or been published.

3.7 Data collection methods.

Information was gathered from SMEs entrepreneurs through questionnaires and interviews. There were both structured and closed-ended questions on the questionnaires. Whereas closed-

ended questionnaires were used to obtain quantitative data, open-ended questionnaires were used to obtain qualitative data. Two sections comprised the questionnaires. The surveys' first section (A) asked generic questions concerning the respondents' enterprises and personal information. Details on independent variables and the performance of SMEs are provided in Section B. The study objectives and themes found in the literature review section served as the primary basis for developing the variables included in the questionnaires.

3.7.1Pilot Testing.

To find out if the questions are clearly worded and simply understood by the respondents, pilot research used 57 questionnaires that were randomly mailed to 57 proprietors of SMEs in the target group for pilot testing. The questionnaire was then suitably modified by eliminating ambiguity based on the pilot test findings. To improve the validity and reliability of the instrument, the clarity of the itemized questions to the respondents was established.

3.8 Data Analysis.

At the conclusion of each field data collecting day and prior to storage, the questionnaires were reviewed for accuracy and consistency of data. Excel was the program used to capture the data. The statistical package for social sciences (SPSS) for Windows analysis was used to counter and input the data from the completed surveys into the computer. Characteristic data Chapter 4 presented the results of the analysis of the independent variables. Inferential analysis was used to determine the link between the study's independent variables and dependent variable. Regression analysis and a coefficient of determination were also involved. The statistical model's ability to predict future events was evaluated using the coefficient of determination. In this way, it clarified the percentage change in the dependent variable (the performance of SMEs) that accounted for by each of the four independent variables (cost of loan, perceived risk, accessibility, and perceived risk). It addressed the study questions following a format for a basic linear regression model.

$Y = \beta 0 + \beta\ 1X1 + e + \beta\ 2X2 + e + \beta\ 3X3 + e$

Where: Y = SMEs Performance, $\beta 0$ = constant and e = error value $\beta\ 1$ = Coefficient for the cost of credit

X1 = Cost of credit

X2 = Perceived risk

X3 = Accessibility

The performance of SMEs in Mukono was the dependent variable, and the study employed multiple linear regression models to examine the distinct impacts of each independent variable (the cost of credit for mobile loans, perceived risk, and accessibility) on it. The performance of MSEs was the same dependent variable across all models, while the independent variable (uptake of mobile microcredit) varied. The intensity and direction of the link between the independent and dependent variables will be shown by the coefficients (β).

3.8.1Validity of research.

With the goal to ensure content validity, the researcher was interested in hearing opinions on how clear the questions were as well as finding any ambiguity that would cause people to misunderstand them and give contradictory answers.

3.8.2Reliability of the Research.

When a certain process produces consistent outcomes after numerous iterations, reliability has been established (Creswell & Clark, 2017). The pilot sample received the instrument administration from the researcher. The Cronbach Alpha Coefficient was used to gauge the test instrument's reliability and assess internal consistency by examining interrelationships.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION OF THE FINDINGS

The following section presents the outcomes of the investigation regarding the research objectives outlined in this chapter.

4.1 Reliability Test

Based on the findings, it indicated that the data collected had a reliability of o.928 as shown below.

Table 2: Overall Reliability of the findings

Cronbach's Alpha	**N of items**
0.928	41

From table 2, A Cronbach's Alpha of 0.928 for 41 items indicated excellent internal consistency and reliability of the scale used in the study.

Table 3: Cronbach's Alpha of independent variables and performance

Details	Cronbach's Alpha	No. of items
Mobile cost of credit	0.777	6
Mobile perceived Risk	0.810	5
Mobile micro-credit accessibility	0.888	9
Mobile Credit Eligibility	0.864	4
Mobile loan finance	0.951	6

Primary data 2024

From table 3, presents a Cronbach's alpha and items on performance on independent variable of the study which indicated an excellent consistency and reliability of the scale used.

4.2 Response rate

The response rate indicates that out of the 57 questionnaires, only 35 questionnaires were filled in giving a response rate of 61.4% rate of response.

4.3 The type of business operated.

Table 4: Type of business operated

Valid	**Business type**	**Frequency**	**Percent**	**Valid perc8.3ent**	**Cumulative percent**
	Retail shop	18	51.4	51.4	51.4
	Saloon	17	48.5	48.5	100.0
	Total	35	100.0	100.0	

Primary data 2024

From table 4 above, out of the 35 respondents, 18 (51.4%) were involved in retail shops, while 17 (48.5%) were engaged in saloons. This indicates that retail shops had a slightly higher representation among the respondents, making up 51.4% of the total sample.

4.4 Business turnover

Table 5: Showing Business turnover

Valid	Business turnover	Frequency	Percent	Valid percent	Cumulative percent
	21,000 to 40,000	7	20.0	20.0	20.0
	41,000 to 60,000	24	68.6	68.6	88.6
	More than 60,000	4	11.4	11.4	100.0
	Total	35	100.0	100.0	

Source: Primary data

From table 5 above displays the responses of the respondents who were asked what their business turnovers where and out of the 35 respondents, 7 (20.0%) reported a business turnover between 21,000 to 40,000 while 24 (68.6%) had a turnover ranging from 41,000 to 60,000. Only 4 (11.4%) of the respondents indicated a turnover of more than 60,000. This shows that the majority of the respondents, 68.6%, had a business turnover between 41,000 to 60,000.

4.5 Length of operation

Table 6: shows the responses of the respondents who were asked how long they had been in operation.

Valid	Business turnover	Frequency	Percent	Valid perc8.3ent	Cumulative percent
	Less than 1 year	1	2.9	2.9	2.9
	1 year	8	22.9	22.9	25.7
	2-3 years	22	62.9	62.9	88.6
	4-5 years	4	11.4	11.4	100.0
	Total	35	100.0	100.0	

Source: Primary data 2024

From table 6, out of the 35 respondents, 1 (2.9%) had been in business for less than 1 year, while 8 (22.9%) had been in business for 1 year. A majority, 22 (62.9%), reported being in business for 2-3 years, and 4 (11.4%) had been in business for 4-5 years. This indicated that most respondents, 62.9%, have been operating their businesses for 2-3 years.

4.6 Mobile loan financing services

Table 7: showing type of mobile loan financing services.

DETAILS	**Mean**	**Standard deviation**
I have ever used Momo Kash	2.17	0.857
I have ever used Wewole	2.03	0.857
I have ever used Mangu Cash	1.77	0.910
I have ever used Fido uganda app	2.03	0.857
I have ever used Isente app	2.03	0.857
I have ever used Cash X	2.03	0.857
I have ever used Ezee loan	2.17	0.857
I have ever used Flypesa	2.03	0.857
I have ever used Sente Yo	2.03	0.857
I have ever used Extract cash	1.77	0.910
I have ever used Quick sente	2.17	0.857
I have ever used Quick loan	2.17	0.857

Source. Primary data 2024

From table 7 above, the respondents indicated their usage of various mobile microcredit platforms with the following mean scores and standard deviations: Momo Kash had a mean of 2.17 and a standard deviation of 0.857. Both Wewole and Fido Uganda app had a mean of 2.03 and a standard deviation of 0.857, which was also the same for the Isente app, Cash X, Flypesa, and Sente Yo. Mangu Cash and Extract cash had a lower mean of 1.77 and a standard deviation of 0.910. The platforms Ezee loan, Quick sente, and Quick loan each recorded a mean of 2.17 and a standard deviation of 0.857.

4.7 Descriptive Analysis of the independent variables Mobile microcredit uptake among respondents

Descriptive analysis of findings was done based on the objectives of the study which were to examine the effect of mobile cost of credit on the performance of SMEs, examine the effect of mobile loans' perceived risk on the performance of SMEs and to establish the influence of mobile credit accessibility and eligibility on the performance of SMEs in Mukono municipality.

Table 8: Descriptive analysis for Mobile cost of credit among respondents

Mobile cost of credit	**Mean**	**Standard deviation**
Lack of collateral on mobile loans inspire me to get a mobile loan.	4.45	0.506
The amount of application fees charged on mobile loans guides me no whether to get another loan	4.49	0.507
Borrowing fee charged on mobile loans inspire me to get mobile loans	4.49	0.507
The repay of mobile loan in small amount inspire me to get a mobile loan.	3.97	1.248
There is no need to travel to the bank for a loan inspire me to get a mobile loan.	4.23	0.843
The times given to repay mobile loans make me want to get mobile loans or not	3.97	1.014

From table 8 above, data shows mobile cost of credit among respondents. Lack of collateral on mobile loans inspires borrowing, reflected by a mean of 4.45 and a standard deviation of 0.506. The application fees and borrowing fees also play a role, each scoring a mean of 4.49 and a standard deviation of 0.507. The possibility to repay the mobile loan in small amounts had a mean of 3.97, with standard deviations of 1.248 and 1.014 for different contexts. The convenience of not having to travel to a bank to secure a loan influenced uptake, with a mean of 4.23 and a standard deviation of 0.843.

Table 9: Descriptive Analysis for Mobile perceived risk among respondents.

Mobile Perceived risk (MPR)	Mean	Standard deviation
The risk of losing my property to bank's loan make me want to get a mobile loan.	4.23	1.014
The possibility to repay the mobile loan in small amount make me want to get a mobile loan.	4.23	0.843

The safety or security of the process of application of a mobile loan make me want to get mobile loan	5.00	0.000
The risk of losing my property for a bank loan make me want to get a mobile loan.	5.00	0.000
The risk that I may not meet the requirements of bank loan make me want to get a mobile loan.	3.97	1.014
The risk that I am not allowed to apply for a loan more than once in a bank make me want to get a mobile loan	4.23	0.843

From table 9 above, Respondents also considered the security of their property; the risk of losing property to bank loans encourages them to prefer mobile loans, both scoring a perfect mean of 5.00 with a standard deviation of 0.000. Similarly, the safety of the mobile loan application process scored a perfect mean of 5.00 and a standard deviation of 0.000, indicating strong confidence in this aspect. Concerns about meeting bank loan requirements scored a mean of 3.97, with a standard deviation of 1.014.

Table 10: descriptive Analysis for Mobile credit Accessibility among respondents.

Mobile microcredit Accessibility (MCA)	Mean	Standard deviation
The time required to get hold of a loan inspire me to get a mobile loan	5.00	0.000
The 24hours open of mobile loans makes me want to get a mobile loan	5.00	0,000
The ease to access mobile loan makes me want to get a mobile loan.	4.23	0.843
The longer process for a bank loan make me want to get a mobile loan	5.00	0.000
The ease to access mobile loan applications make me want to get a mobile loan	3.97	1.014
Do mobile loan provider have strict rules	3.97	0.843
Mobile loans are easy to get any time	5.00	0.000
There are many mobile loan apps making it easy to get a mobile loan.	5.00	0.000
Mobile loans can be applied online thus reducing time wastage.	3.97	1.014

From table 4.10 above, data shows Mobile microcredit accessibility factors also play a significant role in encouraging mobile loan uptake. The quick availability of loans, 24-hour access, and ease of access all scored a perfect mean of 5.00, with standard deviations of 0.000. The simplicity of the mobile loan application process was similarly appealing, scoring a mean

of 3.97 with a standard deviation of 1.014. Respondents appreciated that mobile loans are easier to get at any time, which was another factor that scored a perfect mean of 5.00.

Table 11: Descriptive Analysis for Mobile credit Eligibility among respondents.

Mobile Credit Eligibility.(MCE)	mean	Standard deviation
Good credit history increases the chances getting mobile loans	5.00	0.000
The absence of collateral requirements on mobile loan increases the chance of getting mobile loan	3.97	1.014
A large amount of mobile savings increases the chances of getting a higher mobile loan	4.23	0.843
Early repayment of mobile credit increases the chances of getting another mobile loan	4.23	0.843

Source. Primary data 2024

From table 11, data shows Mobile credit eligibility factors, such as having a good credit history and the absence of collateral requirements, influenced the likelihood of getting mobile loans. Good credit history scored a perfect mean of 5.00 with a standard deviation of 0.000, while the absence of collateral scored a mean of 3.97 with a standard deviation of 1.014. Additionally, respondents believed that early repayment of mobile credit increases their chances of getting another loan, scoring a mean of 4.23 with a standard deviation of 0.843.

4.8 Correlation between Mobile microcredit Uptake and Performance of SMEs.

Table 12: Correlation between Mobile loan cost of credit and performance of SMEs

		Business overturn	Mobile cost of credit
Business overturn	Pearson correlation	1	0.475
	Sig.(2-tailed)		0.005
	N	35	33
Mobile cost of credit	Pearson Correlation	0.475	1
	Sig.(2-tailed)	0.005	
	N	33	33

From table 12 above, correlation data revealed a relationship between Business Turnover and Mobile Cost of Credit, with a Pearson correlation coefficient of 0.475. This positive correlation indicates a moderate association, suggesting that as the Mobile Cost of Credit decreases, Business Turnover also tends to increase. The correlation value, being closer to 0.5, demonstrates a stronger relationship compared to a weaker correlation closer to zero. The significance level (Sig. 2-tailed) for this correlation is 0.005, which is below the commonly accepted threshold of 0.05. This low p-value indicates that the observed correlation is statistically significant at the 0.01 level, suggesting that the relationship between Business Turnover and Mobile Cost of Credit is unlikely to have occurred by chance.

The analysis includes 35 data points for Business Turnover and 33 for Mobile Cost of Credit, which provides a reasonable sample size to draw insights. The statistically significant correlation indicates that changes in Mobile Cost of Credit are likely associated with changes in Business Turnover, which could be an important consideration for SMEs that rely on mobile credit facilities. In conclusion, the moderate positive and statistically significant correlation suggests a meaningful relationship between Business Turnover and Mobile Cost of Credit. This finding implied that variations in the cost of mobile credit could have a noticeable impact on business turnover, providing valuable insights for businesses and financial institutions alike.

Table 13: Correlation between Mobile perceived Risk and performance of SMEs

		Business Turnover	Mobile_Perceived_Risk
Business Turnover	Pearson Correlation	1	0.204
	Sig. (2-tailed)		0.240
	N	35	35
Mobile_Perceived_Risk	Pearson Correlation	0.204	1
	Sig. (2-tailed)	0.240	
	N	35	35

From table 13 above, correlation data shows a relationship between Business Turnover and Mobile Perceived Risk, with a Pearson correlation coefficient of 0.204. This positive correlation indicates a weak association, suggesting that as the perceived risk associated with mobile credit increases, there might be a slight tendency for business turnover to increase. However, the correlation value being close to zero indicates that this relationship is not particularly strong. The significance level (Sig. 2-tailed) for this correlation is 0.240, which is above the commonly accepted threshold of 0.05. This high p-value indicates that the observed correlation is not statistically significant, meaning that there is a considerable likelihood that the weak correlation observed could have occurred by chance.

The analysis includes 35 data points for both Business Turnover and Mobile Perceived Risk, providing a sufficient sample size to explore potential relationships. However, the lack of statistical significance suggests that any relationship between Business Turnover and Mobile Perceived Risk is not strong enough to be considered meaningful in this context. In summary, the weak positive correlation and lack of statistical significance suggest that there is no meaningful relationship between Business Turnover and Mobile Perceived Risk in this dataset. This finding implies that perceived risks associated with mobile credit may not have a noticeable impact on business turnover, indicating that other factors might play a more significant role in influencing business performance.

Table 14: Correlation between Mobile micro-credit accessibility and Performance of SMEs

Correlations			
		Business Turnover	Mobile Microcredit Accessibility
Business Turnover	Pearson Correlation	1	.273
	Sig. (2-tailed)		.113
	N	35	35
Mobile Micro credit Accessibility	Pearson Correlation	.273	1
	Sig. (2-tailed)	.113	
	N	35	35

From table 14 above, the correlation analysis between Business Turnover and Mobile Microcredit Accessibility shows a Pearson correlation coefficient of 0.273. This value indicates a weak positive relationship between the two variables, suggesting that as accessibility to mobile microcredit increases, there may be a slight increase in business turnover. However, the strength of this relationship is relatively low, indicating that the impact of mobile microcredit accessibility on business turnover is not substantial. The significance level (Sig. 2-tailed) for this correlation is 0.113, which is higher than the commonly used threshold of 0.05. This means that the correlation observed is not statistically significant, suggesting that there is a high probability that the weak relationship observed could be due to random chance rather than a true underlying association.

The analysis was conducted with 35 data points for both Business Turnover and Mobile Microcredit Accessibility, which provides a decent sample size for exploring potential relationships. However, the lack of statistical significance indicates that there is insufficient evidence to conclude that a meaningful relationship exists between these two variables in the context of this data set. In summary, while there is a weak positive correlation between Business Turnover and Mobile Microcredit Accessibility, the relationship is not statistically significant. This finding implies that, within this particular sample, increased accessibility to mobile microcredit does not have a clear or strong impact on business turnover. Other factors are likely more influential in determining business performance outcomes.

Table 15: Correlation between Mobile Credit Eligibility and Performance of SMEs

		Business Turnover	Mobile Credit Eligibility
Business Turnover	Pearson Correlation	1	.204
	Sig. (2-tailed)		.240
	N	35	35
Mobile Credit Eligibility	Pearson Correlation	.204	1
	Sig. (2-tailed)	.240	
	N	35	35

Form table 15 above, the correlation analysis between Business Turnover and Mobile Credit Eligibility shows a Pearson correlation coefficient of 0.204. This indicates a weak positive relationship, suggesting that higher eligibility for mobile credit might be slightly associated with increased business turnover. However, this correlation is quite weak, indicating that the link between these two variables is not strong. The significance level (Sig. 2-tailed) for this correlation is 0.240, which is greater than the common significance threshold of 0.05. This higher p-value suggests that the observed correlation is not statistically significant. As a result, there is a considerable likelihood that the observed weak positive relationship is due to random chance rather than a consistent, meaningful association between mobile credit eligibility and business turnover.

This analysis was conducted with a sample size of 35 data points for both Business Turnover and Mobile Credit Eligibility. Despite the reasonable sample size, the lack of statistical significance highlights that the weak positive correlation does not provide enough evidence to support a concrete relationship between the variables. Conclusively, there exists a correlation between Business Turnover and Mobile Credit Eligibility though it is a weak relationship. This implies that in this sample, the level of eligibility for mobile credit does not appear to have a substantial or consistent impact on business turnover. Other factors not considered in this analysis may play a more critical role in influencing business performance.

4.9. Regression between the dependent and independent variables

Table 16: Regression between Mobile loan Finance and performance of SMEs

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.543	1	.543	1.756	.194[b]
	Residual	10.200	33	.309		
	Total	10.743	34			
a. Dependent Variable: Business Turnover						
b. Predictors: (Constant), Mobile Loan Financing 0.225, which is not significant (p = 0.194)						

The ANOVA table 16 above provides information on the overall fit of the regression model, which examines the relationship between the dependent variable, Business Turnover, and the independent variable, Mobile Loan Financing. The regression sum of squares (SSR) is 0.543, representing the variation in Business Turnover explained by Mobile Loan Financing. The residual sum of squares (SSE) is 10.200, indicating the variation in Business Turnover that is not explained by Mobile Loan Financing. The total sum of squares (SST) is 10.743, representing the total variation in Business Turnover. The regression model has 1 degree of freedom because it includes one predictor variable (Mobile Loan Financing). The residual has 33 degrees of freedom, which is the total number of observations (35) minus the number of predictors and the intercept (1 + 1). The total degrees of freedom is 34.

The mean square for regression is calculated by dividing the regression sum of squares by its degrees of freedom (0.543/1), resulting in a value of 0.543. The mean square for the residuals is calculated by dividing the residual sum of squares by its degrees of freedom (10.200/33), resulting in a value of approximately 0.309. The F-statistic is calculated by dividing the mean square of the regression by the mean square of the residuals (0.543/0.309), resulting in an F-value of approximately 1.756. This statistic tests the null hypothesis that the regression model with the predictor variable (Mobile Loan Financing) does not provide a better fit to the data than a model with no predictor variables. The p-value associated with the F-statistic is 0.194. A common threshold for significance is 0.05. Since the p-value (0.194) is greater than 0.05, it indicates that the relationship between Mobile Loan Financing and Business Turnover is not statistically significant. This means that the model does not provide sufficient evidence to conclude that Mobile Loan Financing significantly affects Business Turnover in the sample.

Therefore, based on the ANOVA results, Mobile Loan Financing does not significantly affect Business Turnover. The high p-value suggests that the observed relationship is not strong enough to be considered statistically meaningful, and thus Mobile Loan Financing may not be a crucial factor in determining Business Turnover in this particular sample.

Table 17: Regression between Mobile cost of credit and performance of SMEs

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.419	1	2.419	9.027	.005[b]
	Residual	8.308	31	.268		

	Total	10.727	32			
a. Dependent Variable: Business Turnover						
b. Predictors: (Constant), Mobile Cost of Credit						

From table 17 above, the regression sum of squares (SSR) is 2.419, which reflects the portion of the variation in Business Turnover explained by Mobile Cost of Credit. The residual sum of squares (SSE) is 8.308, indicating the portion of the variation in Business Turnover that is not explained by Mobile Cost of Credit. The total sum of squares (SST) is 10.727, representing the total variation in Business Turnover. The regression model has 1 degree of freedom (df) because it includes one predictor variable (Mobile Cost of Credit). The residual has 31 degrees of freedom, calculated as the total number of observations (32) minus the number of predictors (1) and the intercept (1 + 1). The total degrees of freedom is 32. The mean square for regression is obtained by dividing the regression sum of squares by its degrees of freedom (2.419/1), resulting in a value of 2.419. The mean square for the residuals is obtained by dividing the residual sum of squares by its degrees of freedom (8.308/31), which is approximately 0.268.

The F-statistic is computed by dividing the mean square of regression by the mean square of residuals (2.419/0.268), giving an F-value of approximately 9.027. This F-value tests whether the predictor variable, Mobile Cost of Credit, significantly improves the fit of the model compared to a model without any predictors. The p-value associated with the F-statistic is 0.005. Given a common significance level threshold of 0.05, this p-value is less than 0.05, indicating that the relationship between Mobile Cost of Credit and Business Turnover is statistically significant. This suggests that Mobile Cost of Credit has a significant effect on Business Turnover, and the model provides a meaningful improvement in predicting Business Turnover based on Mobile Cost of Credit.

Conclusively, the ANOVA results demonstrate that Mobile Cost of Credit significantly affects Business Turnover. The low p-value indicates that the predictor variable has a substantial impact, making the model a useful tool for understanding variations in Business Turnover related to Mobile Cost of Credit.

Table 18: Regression between Mobile perceived Risk and performance of SMEs

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.447	1	.447	1.433	.240[b]
	Residual	10.296	33	.312		
	Total	10.743	34			
• a. Dependent Variable: Business Turnover						
b. Predictors: (Constant), Mobile_Perceived_Risk						

From table 18 above, the regression sum of squares (SSR) is 0.447, indicating the portion of the variation in Business Turnover explained by Mobile Perceived Risk. The residual sum of squares (SSE) is 10.296, representing the portion of the variation in Business Turnover that is not explained by Mobile Perceived Risk. The total sum of squares (SST) is 10.743, which is the total variation in Business Turnover. With 1 degree of freedom (df) for the regression, this reflects the one predictor variable (Mobile Perceived Risk) in the model. The residual degrees of freedom is 33, calculated by subtracting the number of predictors (1) and the intercept (1) from the total number of observations (34). The total degrees of freedom is 34.

The mean square for regression is obtained by dividing the regression sum of squares by its degrees of freedom (0.447/1), which equals 0.447. The mean square for residuals is calculated by dividing the residual sum of squares by its degrees of freedom (10.296/33), resulting in approximately 0.312. The F-statistic is computed by dividing the mean square of regression by the mean square of residuals (0.447/0.312), giving an F-value of approximately 1.433. This F-value tests whether Mobile Perceived Risk significantly improves the model's ability to predict Business Turnover. The p-value associated with the F-statistic is 0.240. Since this p-value is greater than the commonly used significance level of 0.05, it indicates that the relationship between Mobile Perceived Risk and Business Turnover is not statistically significant. Therefore, Mobile Perceived Risk does not have a meaningful impact on Business Turnover in this model.

Conclusively, the ANOVA results suggest that Mobile Perceived Risk does not significantly affect Business Turnover. The p-value indicates that the predictor variable does not provide a

substantial improvement in predicting Business Turnover compared to a model without Mobile Perceived Risk.

Table 19: Regression between Mobile micro-credit accessibility and Performance of SMEs

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.801	1	.801	2.658	.113[b]
	Residual	9.942	33	.301		
	Total	10.743	34			
a. Dependent Variable: Business Turnover						
b. Predictors: (Constant), Mobile Microcredit Accessibility						

From table 19 above, the regression sum of squares (SSR) is 0.801, which represents the variation in Business Turnover explained by Mobile Microcredit Accessibility. The residual sum of squares (SSE) is 9.942, indicating the variation in Business Turnover not explained by Mobile Microcredit Accessibility. The total sum of squares (SST) is 10.743, reflecting the overall variation in Business Turnover. With 1 degree of freedom (df) for the regression, this denotes the inclusion of one predictor variable (Mobile Microcredit Accessibility) in the model. The residual degrees of freedom is 33, determined by subtracting the number of predictors (1) and the intercept (1) from the total number of observations (35). The total degrees of freedom is 34.

The mean square for regression is calculated by dividing the regression sum of squares by its degrees of freedom (0.801/1), resulting in 0.801. The mean square for residuals is obtained by dividing the residual sum of squares by its degrees of freedom (9.942/33), which is approximately 0.301. The F-statistic is computed by dividing the mean square of regression by the mean square of residuals (0.801/0.301), yielding an F-value of approximately 2.658. This F-value tests whether Mobile Microcredit Accessibility significantly enhances the model's ability to predict Business Turnover. The p-value associated with the F-statistic is 0.113. Since this p-value is greater than the typical significance level of 0.05, it suggests that Mobile Microcredit Accessibility does not have a statistically significant effect on Business Turnover in this model.

Conclusively, the ANOVA results indicate that Mobile Microcredit Accessibility does not significantly impact Business Turnover. The p-value implies that the inclusion of Mobile

Microcredit Accessibility does not substantially improve the model's predictive ability for Business Turnover.

Table 20: Regression between Mobile credit Eligibility and Performance of SMEs

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.447	1	.447	1.433	.240[b]
	Residual	10.296	33	.312		
	Total	10.743	34			
a. Dependent Variable: Business Turnover						
b. Predictors: (Constant), Mobile Credit Eligibility						

From table 20, the regression sum of squares (SSR) is 0.447, which represents the amount of variation in Business Turnover explained by Mobile Credit Eligibility. The residual sum of squares (SSE) is 10.296, reflecting the variation in Business Turnover that is not accounted for by Mobile Credit Eligibility. The total sum of squares (SST) is 10.743, representing the overall variation in Business Turnover. With 1 degree of freedom (df) for the regression, it indicates that the model includes one predictor variable, Mobile Credit Eligibility. The residual degrees of freedom is 33, calculated by subtracting the number of predictors (1) from the total number of observations (35). The total degrees of freedom is 34.

The mean square for regression is calculated as 0.447 divided by 1, which results in 0.447. The mean square for residuals is 10.296 divided by 33, resulting in approximately 0.312. The F-statistic is computed by dividing the mean square of regression (0.447) by the mean square of residuals (0.312), giving an F-value of approximately 1.433. This F-value assesses whether Mobile Credit Eligibility significantly improves the model's ability to predict Business Turnover. The p-value associated with the F-statistic is 0.240. Since this p-value is greater than the conventional significance level of 0.05, it suggests that Mobile Credit Eligibility does not have a statistically significant effect on Business Turnover in this model.

Conclusively, the ANOVA results indicate that Mobile Credit Eligibility does not significantly impact Business Turnover. The p-value suggests that including Mobile Credit Eligibility in the model does not notably enhance the ability to predict Business Turnover.

CHAPTER FIVE

SUMMARY, CONCLUSION, AND RECOMMENDATION

5.1 Introduction

This section explores the key summaries of the study regarding mobile Microcredit uptake and performance of SMEs. Furthermore, the key conclusions that emanate from the study as well as the recommendations are well articulated. Finally, the study highlighted areas that are suggested for further research.

5.2 SUMMARY

The findings of the investigation into the relationship between SMEs' performance and their mobile microcredit uptake in the Mukono Municipality were compiled in this chapter. It is governed by the objectives of the research, which included establishing the influence of mobile credit Accessibility and Eligibility on the performance of SMEs in Mukono, as well as the effects of mobile credit cost and perceived risk on this regard.

5.2.1Effect of Mobile Loans' Cost of Credit on Performance

According to the survey, respondents' decision to take up a mobile loan was impacted by the absence of collateral on their mobile credit. According to Aurick et al. (2017), the study's findings support the notion that a significant contributing factor to the expansion of SMEs in Zambia is the availability of collateral when financial institutions grant loans. Furthermore, Kasase (2017) said that due to the low cost of credit associated with mobile credit, SMEs may encounter difficulties obtaining loans if they lack collateral security. As a result, they may turn to unofficial sources of funding. Omondi and Jagongo (2018) also point out that a large number of small and micro Enterprises lack access to funding and credit, particularly from banks and other financial institutions. This is because banks see them as high-risk and uncreditworthy businesses due to the lending requirements that were placed on them, such as the requirement for collateral. Due to their limited asset base, many businesses might not be able to offer collateral in the form of real estate

The findings showed that respondents' decisions to apply for mobile loans were influenced by the cost of those fees. Murunga (2018) concurs with the study's conclusions, advising customers to shop around for the best application fees before choosing a lender. The majority of financial institutions impose application fees due to the considerable effort required to

determine a SME's loan eligibility. As a result, it assists in making up for the knowledge, time, and work required to perform credit and background checks. Furthermore, Buyinza et al. (2018) discovered that the reason many SMEs struggle to obtain financing is that financial institutions typically charge application fees, demand collateral for loans—such as securities and guarantors—and demand payment of other fees related to loan acquisition.

The study discovered that their decision to obtain a mobile loan was influenced by the processing fees associated with those loans. These results are consistent with those of Mohamed (2019), who found that processing fees deter small firms from applying for bank loans since they need additional payments beyond the amount borrowed. Financial institutions levy fees for various services rendered, including processing costs. Additionally, Potnis et al. (2020) discovered that because such institutions raise their cost of credit, businesses generally steer clear of taking out loans from them. One such price is processing fees.

The study found that respondents' decisions to obtain mobile loans were influenced by the interest rates associated with such loans. Guyo (2017) discovered, in accordance with the study's findings, that certain SMEs maintain cash reserves with the intention of protecting themselves from the exorbitant interest rates that financial institutions impose. According to Lore (2019), making sure that loan services are available and that interest rates are not too high to deter people from borrowing is the only method to encourage the expansion of small businesses. According to Lore's (2019) research, most small-sized businesses will choose to take out modest loans with lower interest payments rather than large loans with larger payments because high interest rates have this effect.

The study determined that respondents' decisions to apply for and obtain a mobile loan were influenced by the cost of downloading the application. According to a study by Ferrari et al. (2018), the underwriting fee for a loan may apply depending on the lender. This is the cost of paying someone to review the loan application and all supporting documentation, obtain financial background information, and confirm the data collected in order to decide whether or not SMEs are eligible for a loan. Due to the absence of these kinds of costs, mobile loans encourage SME owners to take out loans.

Based to the research, respondents were persuaded to obtain a mobile loan by the expense of traveling to the bank for a loan. Omondi and Jagongo's (2018) findings, which indicated that mobile loan apps, as opposed to commercial over-the-counter bank loans, have the ability to incentivize loan borrowing, corroborate these findings. Additionally, Omondi and Jagongo

mentioned that mobile lending apps offer a financing feature that lets borrowers add more money to their existing loan up to their credit limit. In contrast to conventional loan disbursement methods, customers can apply for loans easily and safely using mobile loan applications. The study employed the Diffusion of Innovation Theory, which offered a theoretical framework to comprehend the process of mobile loan application assimilation and adoption by SMEs in Mukono. This approach considered characteristics of innovations that influenced how quickly they are adopted, which served to define the study's specific goals (Rogers, 1995). The study's results supported the theory on the impact of mobile loans' low cost of credit on MSE performance. Aurick et al. (2017) discovered that SMEs were motivated to obtain mobile loans despite the lack of collateral because of the loans' low cost of credit. Furthermore, Kasase (2017) brought attention to the difficulties SMEs encounter in obtaining loans from conventional financial institutions because of stringent lending criteria and collateral requirements, which pushes them to look for alternate funding sources like mobile loans.

5.2.2 Effect of Mobile credit Perceived Risk on Performance

The study discovered that the respondents' decision to take out a mobile loan was motivated by the possibility that they would not be able to pay back a financial institution loan on schedule. Findings from Wambui and Josphine (2021) and Bosire and Ntale (2018) concur with the study's findings that banks and other financial institutions only offer collateralized financial assistance because, by having collateral, they are able to protect themselves from the risks associated with loan nonpayment because they can auction the collateral to recoup the loan. Additionally, Bosire and Ntale discovered that since loans obtained using mobile applications don't need collateral, they could be riskier than loans obtained through banks.

Based to the study, the prospect of extended payment terms persuaded them to apply for a mobile loan. The study also showed that the respondents' decision to take up a mobile loan was impacted by the option to repay the loan in smaller installments. The results of Dobson (2020) corroborate those of the current study, which shows that SMEs choose to obtain mobile loans because of the potential for loan extensions, while having trouble obtaining credit from formal financial institutions like commercial banks. Muraya (2019) added that even while SMEs are regarded as one of the key industries for economic growth, they still find it challenging to obtain funding from official financial institutions and are concerned about the payback schedule. Additionally, Etemesi (2017) pointed out that SMEs who take out loans typically

have less spare money because they have forced themselves to pay higher interest rates. As a result, they favor loans with possibilities to extend the loan's payback time.

The study found that respondents' decisions to apply for and receive a mobile loan were influenced by the process's security. Security is one of the most crucial aspects that consumers take into account when choosing new technology, especially mobile apps, according to Eze et al. (2018). These researchers also noted that privacy is a major determinant of the popularity of mobile loan applications, which were produced as a result of technological improvements.

Bosire and Ntale (2018) found that one of the main factors influencing how people adopt mobile lending technology is risk and security. According to Bosire and Ntale's findings, the majority of borrowers who utilize mobile loan applications are typically concerned about security-related concerns such the type of data being communicated, the output that is produced, and errors in performance. Sensitive data is secured by robust encryptions in the majority of mobile lending applications.

The study discovered that respondents' decisions to apply for and receive a mobile loan were influenced by the secrecy of those applications. The conclusions of Dambudzo (2018) are consistent with the results of the current investigation. These conclusions, which center on the privacy and data protection in mobile loan applications, show that security PINs are typically included in mobile loan applications to guarantee that users are adequately safeguarded. Passwords are crucial because they keep user accounts—personal and business—private and safe. The study, however, disputes the findings of the current study, which states that weak or frequently used passwords can be hacked. As a result, borrowers should develop passwords that are difficult to guess.

Rogers (1995) suggested that the Diffusion of Innovation Theory highlights the significance of perceived risk and compatibility in affecting the uptake of innovations. Mohamed (2019), who discovered that financial institutions' high interest rates and administrative fees deter SMEs from taking out loans, supports the study's conclusions. This suggests that SMEs may choose mobile credit, which has a reduced perceived risk, over traditional loans due to the perceived risk involved with the former. In addition, Omondi and Jagongo (2018) pointed out that, in comparison to conventional bank loans, mobile lending apps offer MSEs a practical and less hazardous option.

5.2.3 Effect of Mobile credit Accessibility and Eligibility on Performance

The study discovered that their decision to obtain a mobile loan was influenced by the length of time needed to obtain a loan. Choudhury (2018) concurred with the results of the current study, stating that if a person downloads a preferred application after being referred by a friend or family member, the registration and loan request process takes less time. Choudhury continued, "The ability to be granted a loan for the first time upon registration is a withholding factor with mobile loan applications. This is totally based on an individual's creditworthiness, but after an application has been approved, loans that would have been repaid on time will be approved more quickly in the future. As a result, the time required for mobile loan applications was reduced because the processes involved were quick. Furthermore, Effiom and Edet (2020) concur that the risk of time loss arises when SMEs owners spend an excessive amount of time either utilizing or buying a product or service. The period of time associated with acquiring a specific good or service is the time spent looking and choosing. The findings of the study showed that the respondents obtained a mobile loan because they expected to request for loans on a regular basis. According to research by Potnis et al. (2020), borrowers feel better at ease taking out short-term loans when they are aware of the exact amount they would be expected to repay. Furthermore, Potnis came to the conclusion that the majority of mobile loan applications don't have any unstated costs, so borrowers will be aware of what to anticipate from the outset.

The study discovered that the respondents' decision to obtain a mobile loan was affected by the fact that they could borrow money without having to visit a physical financial institution. The study also found that the respondents' ability to quickly download a mobile loan application at any time had an impact on their decision to apply for a mobile loan. The results of Murunga (2018) and the present study concur that mobile loan applications are simple to download and do not charge an application fee. All that is required of the applicant is that they download the application of their choice, complete the web form, and submit their loan request.

The objective directly aligned with the Diffusion of Innovation Theory's concept of accessibility and eligibility, which describes the perceived benefits that an innovation offers in comparison to other possibilities (Rogers, 1995). According to Lore (2019), offering easily available credit services at fair interest rates encourages the expansion of SMEs. This implies that the availability and eligibility of mobile loans, as opposed to traditional loans, may have a favorable effect on the uptake and performance of SMEs.

5.3 Conclusion

The study draws the following conclusions in light of its findings, analysis, and conclusion. Overall, the study found a strong and unfavorable association between the performance of SMEs in Mukono and the mobile cost of credit, perceived risk associated with mobile credit, accessibility, and eligibility of mobile credit.

According to the study's findings about the impact of mobile cost of credit on SMEs' performance, most respondents favored using mobile loans since they were simple to use and readily available. Furthermore, the primary reason these respondents obtained the mobile loans was the amount of application and processing costs associated with them. The study concluded that respondents preferred mobile loans because of the possibility of payment extensions, the ability to repay the loan in installments, the security of the application process, and the possibility of losing their property from other financial institutions. This study focused on the impact of mobile credit perceived risk on the performance of SMEs.

The study indicated that mobile loans were chosen because of the flexibility of loan applications and the ease of access to mobile loan applications, with regard to the impact of mobile accessibility and eligibility on the performance of SMEs.

5.4 Recommendations

The study offers the following suggestions in light of its results, analysis, and conclusions:

According to the survey, SME owners should make sure that mobile loans are paid back on schedule because doing so will allow them to raise their loan limits and enhance their companies.

The study also suggested that in order to accommodate SMEs with less collateral, the government and large financial institutions should ensure that the loan application processes are streamlined. This would lower the failure rates of SMEs that have been observed in Mukono and help small institutions that are in desperate need of financing to revitalize their operations.

The report goes on to say that SME owners should receive training on how to obtain loans, particularly from large financial institutions. Policy changes that do not exclude these companies because of their low income levels are necessary to support the expansion of these SMEs.

5.5 Limitations and Areas for Further Research

The study was limited to Mukono. This restricted the study's covering region because these SMEs are found in various parts of Uganda and Eastern Africa and can be expanded through loans. In order to provide comparable results, the study advises that additional research on the same topic be carried out in other regions of the nation, including the other Eastern African countries.

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APPENDICES

Appendix A. Questionnaire

My name is Kisaakye Judith a student at Uganda Christian University, Mukono. This questionnaire is designed to obtain data on the uptake of mobile microcredit and performance of small and micro enterprises in Mukono. The information shared with us will be confidential and will only be utilized for academic purposes.

PART A

Kindly tick in the boxes provided.

1. What is the turnover of your business?

Below 20,000	**21,000 to 40,000**	**41,000 to 60,000**	**More than 60,000**

2. How long has the business been in operation in this area?

Less than 1year	1year	1-2years	2-3years	4-5years	5years	More than 5years

3. Has your business ever acquired a mobile loan?

Yes	
No	

4. Which of the following mobile loan financing services you have ever used (tick appropriately)

Type of mobile microcredit provider	Never	rarely	sometimes	always
I have ever used Momo Kash				
I have ever used Wewole				
I have ever used Mangu Cash				
I have ever used Fido uganda app				

I have ever used Isente app				
I have ever used Cash X				
I have ever used Ezee loan				
I have ever used Flypesa				
I have ever used Sente Yo				
I have ever used Extract cash				
I have ever used Quick sente				
I have ever used Quick loan				

PART B Please indicate the level at which you approve or disapprove the following statements on cost of credit, using a scale of 1 to 5, by ticking in the appropriate box. **1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree and 5= Strongly Agree.**

MCC	**Mobile Cost of Credit (** MCC)	**1(SD)**	**2(D)**	**3(N)**	**4 (A)**	**5(SA)**
MCC1	Lack of collateral on mobile loans inspire me to get a mobile loan.					
MCC2	The amount of application fees charged on mobile loans guides me no whether to get another loan					
MCC3	Borrowing fee charged on mobile loans inspire me to get mobile loans					
MCC4	The repay of mobile loan in small amount inspire me to get a mobile loan.					
MCC5	There is no need to travel to the bank for a loan inspire me to get a mobile loan.					
MCC6	The times given to repay mobile loans make me want to get mobile loans or not					

MPR	**Mobile Perceived risk (MPR)**	**1(SD)**	**2(D)**	**3(N)**	**4(A)**	**5(SA)**
MPR1	The risk of losing my property to bank's loan make me want to get a mobile loan.					
MPR2	The possibility to repay the mobile loan in small amount make me want to get a mobile loan.					
MPR3	The safety or security of the process of application of a mobile loan make me want to get mobile loan					
MPR4	The risk of losing my property for a bank loan make me want to get a mobile loan.					
MPR5	The risk that I may not meet the requirements of bank loan make me want to get a mobile loan.					
MPR6	The risk that I am not allowed to apply for a loan more than once in a bank make me want to get a mobile loan					
MCA	**Mobile microcredit Accessibility (MCA)**	**1(SD)**	**2(D)**	**3(N)**	**4(A)**	**5(SA)**
MCA1	The time required to get hold of a loan inspire me to get a mobile loan					
MCA2	The 24hours open of mobile loans makes me want to get a mobile loan					
MCA3	The ease to access mobile loan makes me want to get a mobile loan.					
MCA4	The longer process for a bank loan make me want to get a mobile loan					

MCA5	The ease to access mobile loan applications make me want to get a mobile loan					
MCA6	Do mobile loan provider have strict rules					
MCA7	Mobile loans are easy to get any time					
MCA8	There are many mobile loan apps making it easy to get a mobile loan.					
MCA9	Mobile loans can be applied online thus reducing time wastage.					
MCE	**Mobile Credit Eligibility.(MCE)**	**1(SD)**	**2(D)**	**3(N)**	**4(A)**	**5(SA)**
MCE1	Good credit history increase the chances getting mobile loans					
MCE2	The absence of collateral requirements on mobile loan increases the chance of getting mobile loan					
MCE3	A large amount of mobile savings increases the chances of getting a higher mobile loan					
MCE4	Early repayment of mobile credit increases the chances of getting another mobile loan					

SOURCE .Researcher 2024

Appendix B: Introductory letter

UGANDA CHRISTIAN UNIVERSITY
A Centre of Excellence in the Heart of Africa

SCHOOL OF BUSINESS

19th Aug, 2024

TO WHOM IT MAY CONCERN

Name: **KISAAKYE JUDITH** Reg. No S21B05/124

A bachelor's student who is seeking permission from your office to collect data for her dissertation titled

THE UPTAKE OF MOBILE MICRO-CREDIT AND PERFORMANCE OF SMALL AND MICRO ENTERPRISES IN MUKONO.

We shall be grateful if you could render assistance to her in collecting the necessary data for her dissertation

The Uganda Christian University School of Business thanks you in advance

.....

Mukisa Simon Peter
Research coordinator