

**THE IMPACT OF MOBILE MONEY SERVICES ON THE PERFORMANCE OF
SMALL AND MEDIUM BUSINESSES IN UGANDA: A CASE STUDY OF NTINDA
BUSINESS AREA**

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**UGANDA CHRISTIAN
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DECLARATION

I, SONNY ALLAN, hereby truthfully declare to the best of my knowledge that this research work is my original work and has never been published or submitted before for the award of a degree, diploma or for any equivalent academic title in any university or any other academic institution of higher learning.

Signature:  SA

Date: 6/3/2026

APPROVAL

This is to certify that the research work has been carried out by Sonny Allan under the supervision of Mr. Kisenyi Vincent. It is now ready for submission to the Faculty of Business at Uganda Christian University.

Supervisor's Name: _____

Signature: Kisenyi

Date: 6/2/2026

DEDICATION

I dedicate this research work to my family and relatives, thank you for supporting me and encouraging me.

I also dedicate this research work to my supervisor, Mr. Kisenyi Vincent, for guiding me, advising me and helping me to understand every step of this research. I am truly grateful.

Then lastly, I also want to dedicate this work to my friends at Uganda Christian University, thank you for giving me strength and making this entire journey easier.

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LIST OF ACRONYMS

MTN – Mobile Telecommunication Network

SMEs – Small and medium enterprises

MM – Mobile Money

FinTech – Financial technology

TAM - Technology Acceptance Model

DOI – Diffusion of Innovation theory

FIT - Financial Intermediation Theory

TRA - Theory of Reasoned Action.

PIN – Personal Identifications Number

DV – Dependent Variable

IV – Independent Variable

URA – Uganda Revenue Authority

SMS – Short message service

ABSTRACT

The study sought to find the link that exists between mobile money services and the performance of small and medium enterprises in Ntinda. Mobile money services are expanding at a rate that is extremely high in Uganda, and this has affected the way in which business operations are carried out in the country. Most small and medium businesses are highly affected by mobile money services in the way in which they are able to run their operations. Despite the expansion of mobile money services in the country, there has been limited evidence that shows the level at which mobile money services influence the performance of small and medium enterprises, thus the need to find out whether mobile money services help in improving the performance of small and medium enterprises in terms of the growth of sales, the profits that are made, the efficiency of the business, and the way in which the finances are managed. The main aim of the study was to find out whether there is a positive link that exists between mobile money services and the performance of small and medium enterprises in Ntinda.

Quantitative research was then employed in the study, and the quantitative research was done using the descriptive research design. The study sampled 67 business owners using simple random sampling techniques. The researcher used the structured questionnaires in collecting the data for the study. The study was analyzed using the Statistical Package for Social Sciences (SPSS). The researcher was able to determine the relationship between mobile money services and the performance of small and medium enterprises using the Pearson correlation analysis. On the other hand, the researcher was able to determine the extent to which mobile money services predict the change in the performance of small and medium enterprises using the regression analysis.

The findings from the study showed that there is a positive and statistically significant relationship between mobile money services and the performance of small and medium enterprises ($r = 0.768$, $p < 0.05$). The findings from the regression analysis showed that mobile money services account for 59% of the variability in the performance of small and medium businesses, which indicates that mobile money is a major contributing factor to business success in the study area for this case, Ntinda. The findings from the study also went on to confirm that an increase in mobile money services leads to an increase in performance for small and medium enterprises. This therefore indicates that mobile money services improve the efficiency of a business, reduce transaction costs

for a business, improve record-keeping for a business, increase sales, and improve customer satisfaction.

The study then draws a conclusion that mobile money services play an essential role in improving the performance of small and medium businesses in Ntinda. The findings provide evidence that if mobile money services are adopted and highly used, they can have a positive influence on the growth and sustainability of a given business. The study then recommends that small and medium business owners should continue embracing mobile money services, and the government should also promote environments that support the growth of digital financial inclusion to strengthen the performance of small and medium businesses.

CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the study

In the recent business world, financial technology (FinTech) plays a major role in economic development. Mobile money services can be described as one of the most important things to happen to the financial sector in recent times. Mobile money can be defined as a situation where you can use your phone to send, receive, store or save your money without having to own or create a bank account or visit the bank. This new idea has therefore changed the way people do business and how they receive financial services.

For instance, before the introduction of mobile money services, small business owners in Uganda used physical cash as the main form of transaction. This was not only risky due to the issue of theft and loss of physical cash but also time-wasting and inefficient. However, the introduction of mobile money services in March 2009, which was pioneered by telecom companies such as MTN Uganda in partnership with Stanbic bank (Bank of Uganda (2014), Annual Supervision Report), has brought a new form of safe handling of money. This has enabled small business owners to receive instant payments through the services of mobile money.

Small businesses are among the pillars of the Ugandan economy and are very crucial in generating money for the country, creating jobs for Ugandans, and reducing the poverty level in the country. Despite the significance of mobile money, small businesses still encounter challenges like cash flow problems, poor record-keeping habits, and limited access to actual banking facilities. Mobile money is a more reasonable and favorable approach that connects banking with other informal business activities. This can help small businesses reach their customers who are farther away from their physical location and can help them complete their transactions very fast.

In Ntinda, a rapidly growing area in Northeastern Kampala, small businesses are prominent in various economic sectors such as retail trade, food services, and mobile phone accessories. Mobile money usage in this area has significantly changed how business is done in this area. Mobile money is commonly used by traders in this area to receive payment from their customers and pay

their suppliers because it is fast, extremely secure, and easily accessible. Mobile usage has greatly reduced the usage of cash in this area.

Nevertheless, despite all these advantages, challenges still exist for example business owners sometime face difficulties such as delays during their business transactions due to network issues at times, fraud cases, system failures at times, as well as high transaction charges. Furthermore, not all small businesses are aware of how to merge the concept of mobile money into their daily activities to enhance the performance of their respective businesses. This therefore begs the question of how mobile money actually affects the performance of small businesses in terms of the profits earned, the growth of the business, as well as the efficiency of the business.

With this in mind, the study aims to explore how mobile money services impact the financial activities of the small businesses in Ntinda. This will be helpful to the policymakers to come up with a framework that promotes the growth of business through the concept of mobile money services.

1.2 Statement of the problem

In an ideal situation, small businesses operating in Ntinda should be doing well. They should be making sales, profits, and be financially prudent with their finances. They should also be paying their suppliers on time. Mobile money services were introduced to Uganda in 2009 with the aim of helping businesses achieve this.

However, the situation on the ground is not the same as the promise of the introduction of mobile money services. Small businesses operating in Ntinda are not doing well due to the fact that they are not making good sales or profits. Their finances are also not well managed.

Mobile money services have become a success and can be used to change the way businesses operate to help them do well. However, the proprietors of the businesses are not benefiting from the services due to the fact that they are experiencing a number of challenges with the services. These challenges include high charges by the service providers, poor network at times, and the fact that the services can be abused.

Research has indicated that mobile money has helped with financial inclusion and speed in making transactions in Uganda. In addition to that, telecom firms and training institutions have played their part in popularizing mobile money among the population. However, the actual impact of mobile

money on businesses in Ntinda remains unknown. Does mobile money really help businesses grow, increase profits, and make their work easier? The answer to that is not clear.

This is the reason why the researcher needs to conduct the study. The researcher wants to get to the heart of the impact of mobile money on small businesses in Ntinda. This is to offer effective advice to business owners and to create better solutions to help small businesses succeed.

1.3 Purpose of the study

The overall objective of this study is to understand the impact of mobile money services on the performance of small and medium businesses within the Ntinda business area. Specifically, the study seeks to understand the real impact of the use of mobile money on the growth and performance of small businesses among small business owners. By establishing the relationship between the two concepts, the study seeks to provide meaningful insights into the use of mobile money services with the aim of improving the growth and performance of small and medium businesses.

1.4 Objectives of the study

1.4.1 General objective of the study

To examine the impact of mobile money services on the performance of small and medium enterprises in the Ntinda business area.

1.4.2 Specific objectives of the study

1. To assess the effect of mobile money payments on the growth of small and medium enterprises in Ntinda.
2. To examine how mobile money deposits and mobile transfers influence the financial performance of small and medium enterprises in Ntinda.
3. To determine the relationship between mobile money usage and overall business efficiency in Ntinda.

1.5 Research questions

- 1) How do mobile money payment services affect the growth of small and medium businesses in Ntinda?

- 2) In what ways does mobile money deposits and transfers influence the financial performance of the small and medium enterprises in Ntinda?
- 3) Is there a relationship between mobile money usage and business efficiency among small and medium enterprises within Ntinda?

1.5.1 Hypothesis statements

H₀: There is no significant positive relationship between mobile money services and the performance of small and medium enterprises in Ntinda.

H₁: There is a significant positive relationship between mobile money services and the performance of small and medium enterprises in Ntinda.

1.6 Scope of the study

1.6.1 Geographical scope

The study was conducted in Ntinda, a busy business area located within Kampala City, Uganda. The area was selected because it has a large concentration of small and medium businesses whereby many traders use mobile money services for daily transactions such as payments and transfers.

1.6.2 Time scope

The study was conducted between November to December ,2025, during which data is collected, analyzed, and interpreted. This period of time provided a good opportunity to observe and understand deeply the extent of mobile money usage among small and medium sized business in Ntinda.

1.6.3. Content scope

The study focused mainly on examining how mobile money services in terms of payments and transfers affect the performance of small and medium enterprises in terms of growth of the businesses, profitability, and operational efficiency.

1.7 Justification of the study

This study was important because mobile money has become a big part of small businesses in Uganda. However, despite its growth, many business owners do not clearly understand how it

affects their business performance. Through investigating this relationship, the study will provide knowledge which will be very practical that can help business owners make informed and proper decisions about how to use mobile money services more effectively.

In addition to this, in order to design policies that help small businesses, especially financial institutions such as banks and policymakers, require data-driven insights as digital financial inclusion continues to rise. As a result, this study will fill this existing knowledge gap and move this field forward in terms of understanding how financial technology can be leveraged to promote entrepreneurship and economic growth in Uganda.

1.8 Significance of the study

i. To the policy makers and regulators

The findings of this study will be important to policymakers such as the Bank of Uganda and the Ministry of Trade. These bodies are responsible for regulating the activities of mobile money in Uganda. By understanding the real situation that small businesses in Ntinda are facing, these policymakers will be able to come up with appropriate regulations concerning the rates that are being charged, taxes, and how the concept of mobile money can be made to work. This research will therefore be helpful to the government in creating a better atmosphere for small businesses to operate.

ii. Mobile money service providers

Mobile money services like MTN, Airtel, and Safaricom will also benefit from the study. These mobile money service providers need to understand how small business owners use their services and what challenges they face when using their services, among others. This information will then enable mobile money service providers to create better services that can cater to the needs of small business owners. This will not only help their customers but also increase their profits as they will be able to retain their customers and gain their loyalty.

iii. To other researchers and my fellow students

This research will also benefit future researchers and students who are interested in mobile money, business development, and financial technology in Uganda. This research will contribute to what is already known, but it will provide a local perspective, which other international research may

not provide. This research will be a starting point for future research, especially for other parts of Uganda. Students will also learn how mobile money helps small businesses and fastens economic growth.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter will discuss a review of literature that is related to mobile money services and their impact on the performance of small and medium enterprises (SMEs). It also discusses key concepts, theories, and findings from various studies related to mobile money and its impact on business performance. It also discusses successes and challenges from various studies and points out gaps in literature that this study aims to address. By using both local and international literature, this chapter gives a clear understanding of what is known about mobile money and its impact on small and medium enterprises performance, thus creating a foundation for examining its impact in Ntinda.

2.1.1 Theoretical Review

Many research studies are guided by ideas or theories that help to explain what exactly is being studied, just as this study that is supported by three theories:

The first theory is the Technology Acceptance Model (TAM), which was developed by Fred Davis in 1989, it was an extension of the Theory of Reasoned Action (TRA). The TAM theory explains that people eventually come to accept and use new technology that has been developed after some time. According to Fred Davis, the decision to adopt a technology depends mainly on two beliefs, that is to say how useful it is to the people that use it (how much a person believes that the technology will improve their work performance) and the other belief is perceived ease of use (how easy it is to use the technology that has been developed).

TAM has been one of the most used theories widely for studying how technology is adopted in different fields such as banking, mobile services and e-commerce. TAM theory explains the psychology and behavior factors that influence people's decisions on how to use a certain system.

TAM theory is related to this study because it helps to explain why small and medium enterprise owners in Ntinda decide to accept the use of mobile money services in their businesses. Most of the small business owners accept mobile money because they believe it saves their time, it reduces costs for example the cost of handling physical cash and it also makes transactions like payments

easier for example the payment for electricity. Venkatesh and Davis (2000) later on added social influence and other helping factors to this model. They pointed out that things like training, awareness and support from friends or coworkers can affect whether people use a new system or not.

Kiyingi (2016) supported the idea that Ugandan entrepreneurs have adopted mobile money because of its convenience and people perceive it as something useful, especially in areas where banking services are limited. In a similar way, Mbogo (2010) also found out that business operators in Kenya accepted M-Pesa mobile payments because it was simple to use and improved on their daily operations. All these findings are in line with the TAM theory that states technology is adopted when it proves to be of benefit and easy to use for the people.

While the TAM theory explains individual behavior toward new technology, it is limited in the way it explains the organizational and environmental factors that also affect adoption of new technologies. For example, TAM theory does not fully bring out issues like costs of transacting in business, poor network coverage in some areas of the country especially the mountainous regions of the country or regulation by the government yet all of which are also challenges for mobile money users in Uganda.

The second theory is the Diffusion of Innovation Theory (DOI), this theory was introduced by Everett Rogers in 1962 and later improved and added on in 2003. The theory explains how new ideas invented and technologies newly introduced spread within a society over a period of time. Rogers identified five stages in the adoption process of any new technology and these include: knowledge, persuasion, decision, implementation and confirmation. He also categorized the people that later adopt to the new technology into five groups that include; innovators, early adopters, early majority, late majority and laggards which depend on how quickly they accept a new innovation.

This theory explains that for a new kind of technology to spread, it depends on four factors which include, the technology itself, then the ways information about it is shared and spread, the amount of time people take to accept it and the community in which the technology is being introduced. People normally adopt to a technology when they use it and see that it brings better benefits than what they were already using before, if it is not too difficult to understand and when it is easy to see others using it successfully. People eventually adopt to the new technology but how the

technology is spread through to the people is through communication channels, these communication channels are very important because they help people learn all about the new technology. These channels include mass media for example radios, televisions, newspapers and these days even online advertisements through social media platforms like YouTube, WhatsApp, Facebook, Instagram and many others where someone can demonstrate how the technology works through a video inform of a tutorial.

In relation to this research, DOI theory helps to explain how mobile money services spread among small and medium enterprises in Ntinda. Some business owners in the category of innovators and early adopters were the first to use mobile money for payments and transfers while others followed after seeing the benefits of using the mobile technology for example transactions were made faster and cash handling was now less risky because the transactions were done online without the need to carry cash physical which is more convenient to customers. Higgins et al. (2012) made a study and found that SMEs in Uganda who adopted mobile money early experienced smoother business operations than those who were slow to adapt to the technology.

DOI theory is relevant to this study because it explains the spread and acceptance of mobile money services among the small and medium businesses in Ntinda. It helps in understanding why some traders adopt early while others delay, even when the benefits are clear to them. The theory shows that the adoption of mobile money does not only depend on how useful the technology is but also on the level of communication, trust and peer influence.

Although the theory of DOI explains the process of adoption, it is not very clear when it comes to addressing the economic and infrastructure challenges of people adopting to the new technology for example the small and medium businesses in Ntinda may know about mobile money but still avoid using it due to high transaction fees or fear of fraud that may result to a big loss in the business. Lyytinen and Damsgaard (2001) even criticized the theory for assuming that all users have equal access to information and technology yet it is not always true in developing countries like Uganda. For this reason, though DOI theory explains the social spread of mobile money, it ignores the challenges that practically slow adoption of the technology that is being introduced.

The third theory in relation to this research is the Financial Intermediation Theory (FIT), this theory was first proposed by Joseph Schumpeter in 1934 and later improved by Gurley and Shaw (1960).

This theory explains the role of financial intermediaries such as banks and other credit institutions in connecting savers and borrowers.

Today mobile money services such as MTN mobile money and Airtel money which are the best known in Uganda have become newly developed forms of financial intermediaries as they enable people to deposit their money, withdraw it any time they feel like it and transfer money without even needing an access to an official bank. Kasekende (2018) made a study and made a conclusion that mobile money has increased the rate of financial inclusion in Uganda by allowing small businesses to access and move funds safely just like an actual bank but with less complicated procedures yet secure.

For the small and medium sized enterprises in Ntinda, the FIT theory explains how mobile money services enable businesses to grow by offering another option as an alternative for the financial channel which then reduces very complicated access to credit and savings. When these telecom companies act as financial intermediaries, they help small business owners to keep and manage their money better and this in the long run will improve business performance.

This theory is highly applicable to the study since it reveals how the financial link between small businesses and the general economy is formed by showing how mobile money connects small entrepreneurs in Ntinda to the general economy.

Although the theory reveals how mobile money can help people financially, it has also been criticized by some individuals, among whom is Levine (2005), who argued that access to financial intermediaries is not a guarantee to better financial outcomes, which is true since some small and medium businesses are not aware of the benefits they can derive from using mobile money since they are likely to be affected by some challenges like high withdrawal costs and risks of fraud and network failures. This theory may not fully reveal the social and technological realities facing small business owners since it is mainly focused on intermediaries.

2.1.2 Conceptual Review

For one to understand this research study very clearly, it is important to define the main terms under which the research study falls. Small and Medium Enterprises are small businesses that are owned and managed by one person or a small group of persons, about 5 persons. These businesses

employ few workers, at times less than 5 persons. SMEs contribute greatly to the Uganda economy because they provide jobs to the population and contribute to the development of the community.

Mobile Money Services are financial services that are done through the use of mobile phones. This service helps the population to save their money through the use of their mobile phones. In Uganda, companies such as MTN and Airtel provide this service. Mobile money helps businesses to receive payments from their customers without the physical handling of cash, which can be risky.

Business performance refers to how a business is performing. It is also seen in terms of the sales a business is making, profits earned by a business, growth of a business in earning those profits, and how a business is managing its finances, especially in keeping a constant working capital to run its operations. When we talk of how mobile money affects business performance, we are talking of how it helps a business in increasing sales of their products/services, keeping a record of their transactions, saving time in doing their transactions, and reducing risks that may lead to a loss, which will not be good for the business.

Mobile money has, therefore, become an essential aspect of doing business in Uganda today. Most small business entrepreneurs use mobile money for their daily transactions because it is quicker and more secure compared to the use of cash. For instance, business entrepreneurs in Ntinda can easily receive money from clients through the use of mobile phones even if the clients are not physically present with them. This is convenient for them, as it helps them save time, serve more clients, and avoid the risk of losing money due to stealing or the use of fake currency notes.

Mobile money also helps to enhance record keeping. This is due to the fact that any form of transaction that takes place through the phone helps the owner of the business to keep track of the finances of the business. This helps to enhance planning for the future by making appropriate business decisions for the success of the business. For instance, a shop owner who uses MTN Mobile Money can easily track the amount of money earned in a week or a month through the transactions that were made. In this way, mobile money helps small businesses become more organized and professional in the way they handle money transactions.

Another important point is that mobile money has made it possible for small businesses to operate even without actual bank accounts. Many business owners in Uganda do not have actual bank accounts because banks require many documents and sometimes charge high fees. With mobile

money, they can send and receive payments instantly which is the same thing the bank would have been used for but in this case without necessarily visiting a bank and there is quicker access to a mobile money agent than an actual commercial bank as banks are scarce. This has encouraged more people to start small businesses especially in places like Ntinda where there are many small shops and businesses and even others are still emerging.

In addition to that mobile money also promotes cash flow management. It allows businesses to balance the money coming into the business and going out of the business more effectively for example, a small retail shop can use mobile money to pay suppliers immediately after receiving goods on delivery and customers can also pay using the same mobile system. This helps keep the business running smoothly which saves time for both the buyer, seller and even suppliers.

Mobile money services have also increased customer satisfaction. Today's customers like paying using the mobile money service because it is fast and efficient. A business that allows mobile money is likely to attract and retain customers since they do not need to carry money or worry about having enough money at their disposal. This has made businesses using the mobile money service competitive in trading centers like Ntinda.

However, the introduction of mobile money, although an advantage to some people, also has its own disadvantages. For instance, some business owners complain about the high transaction costs, especially when they want to send or withdraw large amounts of money since the cost is very high and in addition to that, the money is also subject to taxation by the government.

Other people complain about the network problems that sometimes cause delays or failures in transactions, especially in the rural areas of the country.

Fraud is another problem that has affected some people since some people have lost money as a result of scams or mistakes during transactions, such as sending money to a wrong number, which cannot easily be recovered if the person is unethical.

Despite the challenges, mobile money remains one of the most important financial tools for the development of small and medium-sized businesses in Uganda. It connects the small business owners with their clients as well as suppliers. It helps the business owners avoid dealing with cash, which is cumbersome. Mobile money is important for the development of small business

enterprises in Ntinda, and it has the potential to enhance the performance of small business enterprises in the long run.

2.1.3 Empirical Review

Many studies in Uganda have conducted and they have tried to understand how mobile money affects the performance and daily operations of small and medium businesses. Nantale (2013) conducted a study and found that mobile money helps small business owners save time and increase profits because transactions are completed quickly for both the buyer and seller. However, her study also found out that poor network connection sometimes makes it difficult to use mobile money services effectively. Similarly, Nakityo (2019) conducted a research study whereby she found out and reported that mobile money has a strong positive influence on small businesses in Mukono. Business owners then later on said they liked mobile money because they could easily receive payments from customers and pay suppliers without the need of going to the bank.

Another study by Byamukama et al. (2023) found that mobile money use and financial inclusion in Kabale district. They discovered that people who used mobile money were generally more financially stable compared to those that did not use it. Although their study focused mainly on financial inclusion, their results showed that mobile money improves the management of money which later on supports business growth. In the same line of study, Akankwasa (2024) found out that mobile money helps small businesses increase their sales revenue, it improves their cash flow and manage their daily operations better because there is a steady working capital uses for running the daily business operations. However, there are challenges that come along with the use of mobile money such as high transaction costs and fear of fraud were still major barriers that reduced the full benefits and the use of mobile money.

A study by Agira (2019) on the effect of mobile money taxes on small businesses and found that many business owners complained that the new tax increased their operating costs and reduced the number of customers who preferred to use mobile money which means that although mobile money is helpful taxation policies make it less useful to some of the business owners. Kansiiime and Okoth (2020) also studied mobile money in Kampala and found that it helped women running small businesses manage their finances more easily because women who used mobile money were more likely to plan better for future business needs. However, low literacy levels made it difficult for some of them to understand all the features of mobile money.

Lwanga (2018) carried out research on mobile money and business performance in Jinja town and found that mobile money reduced the cost of handling physical cash, improved business security especially concerning cash and it was more time saving because business owners no longer had to travel long distances to pay suppliers as cash was sent instantly on delivery of goods. He then later concluded that mobile money helps improve customer relationships with traders because transactions are faster and more convenient. A study by Turyasingura (2021) in Mbarara City showed similar results. He found out that mobile money made business owners more organized because they could easily track income and expenses using digital records stored on their phones for every transaction. This helped them plan better and reduced on unnecessary spending by the businesses.

Namuddu (2022) conducted a study on the small shops in Kampala and found out that businesses using mobile money recorded higher sales than those that did not use it. Customers preferred shops that accepted mobile money because it saved them time of first having to go withdraw money for payment when they did not have cash at hand then. However, some traders lost customers at times when the network was down or when mobile money messages delayed.

Lastly, Ssewagudde (2020) also examined the role of mobile money agents and found that agents support business operations by helping traders deposit and withdraw money quickly. The study showed that easy access to mobile money agents increases the use of mobile money in local businesses.

From all these studies conducted previously it is clear that mobile money has helped small and medium enterprises in Uganda operate more efficiently. It has made business transactions very fast in an instant, very safe because each person has to input a mobile money PIN number of at least four digits in order to access their mobile money accounts and more convenient while also improving recordkeeping and cash flow management of the businesses. However, many challenges still affect its full use due challenges still in existence like high transaction costs, fraud, poor network connection at times and limited user skills. Even though many researchers have carried out studies in different parts of Uganda, there is still little information on how mobile money affects small businesses in Ntinda which is a busy trading area in northeastern Kampala. Therefore, this study focuses on Ntinda to better understand how mobile money influences small and medium business, performance and to identify the challenges that business owners still face.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter explains the conceptual frame work and methods that were used to carry out the study on the impact of mobile money services on the performance of small and medium enterprises in Ntinda. It covers the research design, study population, sample size and sampling techniques, data sources, data collection instruments, measurement of variables, reliability and validity, data analysis methods, ethical considerations and limitations of the study.

3.1 Conceptual framework

The conceptual framework of this study illustrates the relationship between mobile money services and the performance of small and medium enterprises in Ntinda.

Independent Variable (IV): Mobile Money Services

Mobile money payments

Mobile money transfers

Mobile money deposits

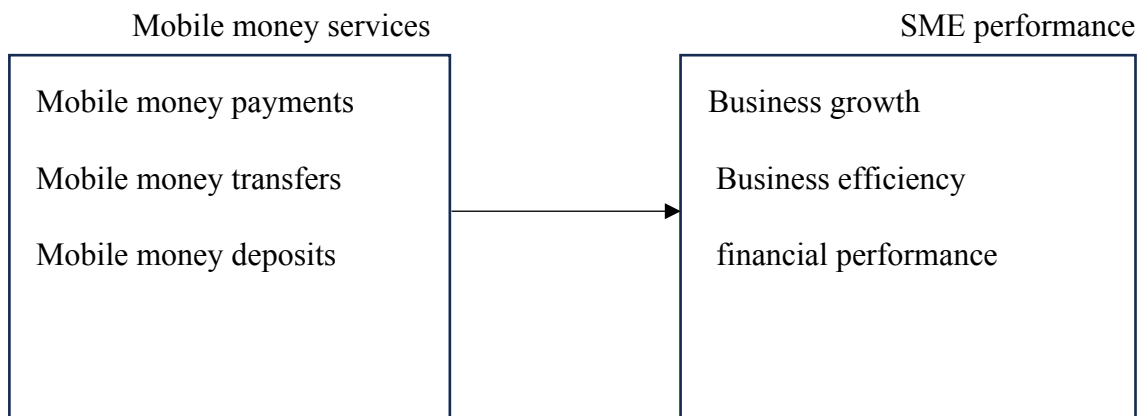
Dependent Variable (DV): SME Performance

Business growth

Financial performance

Operational efficiency

Framework Showing the Relationship Between Mobile Money Services and SME Performance.



Source: Adapted and modified from Musinguzi (2019)

The conceptual framework is based on the assumption that an increase in the use of mobile money service improves SMEs' performance by facilitating faster, safer, and more convenient transactions between buyers and sellers, although transaction costs and taxes may influence the effect in question. It is the conceptual framework that shaped the study's design and validated the regression model used in the next chapter.

3.2 Research Design

This study employed a cross-sectional survey design because it is a design where data is collected once in a single time period, and it is very suitable for a study of this nature.

This study employed both quantitative and qualitative research approaches, where quantitative involved collecting numerical data through questionnaires and then analyzing it using statistics, and later qualitative involved collecting descriptive data through interviews in order to obtain in-depth insights into how mobile money influences small and medium businesses.

Research approach	Importance of the approach
Quantitative	For collecting numerical data on mobile money usage and business performance
Qualitative	For collecting descriptive data like experiences, opinions and challenges

3.3 Study population

The target population in this case includes owners and operators of small and medium enterprises in the business area of Ntinda who use mobile money services in their day-to-day operations.

According to information from the Ntinda Traders Association, there are approximately 80 small and medium businesses operating in Ntinda business area using mobile money services, and this figure formed the total population of this study.

Businesses in this case included retail businesses, restaurants, service providers, mobile money agents, hardware stores, among others.

3.4 Sample size and sampling technique

3.4.1 Sample size determination

The target population in this study comprised 80 small and medium-sized enterprises in Ntinda, and in order to find the sample size, the researcher used Yamane's (1967) formula for a finite population sample size:

$$n = \frac{N}{1 + N(e)^2}$$

Where;

n =sample size

N =population size (80)

e =margin of error (5%)

$$n = \frac{80}{1 + 80(0.05)^2}$$

$$n = \frac{80}{(1 + 0.2)}$$

$$n = \frac{80}{(1.2)}$$

=66.66666667

=67 respondents

Consequently, a total of 67 participants were chosen to take part in the study. This number of participants was deemed sufficient to yield reliable as well as valid data for statistical analysis that would include correlation as well as regression testing.

To make the sample as representative as possible, the use of both purposive as well as simple random sampling methods was employed.

3.5 Sampling techniques

The study used two sampling techniques that include:

Purposive sampling: It was used to select the participants who had first-hand information and experience with the use of mobile money services in their businesses, e.g., business owners and mobile money agents.

Simple Random Sampling: It was used to select the rest of the participants from different businesses in Ntinda. It was used to ensure that every business had an equal chance of being selected and that the sample represented all categories of small and medium businesses in Ntinda.

Population and sample distribution.

Category	Population	Sample	Sampling technique
Retail shops	30	25	Random sampling
Restaurants	18	15	Random sampling
Service providers	14	12	Random sampling
Mobile money agents	10	8	Purposive sampling
Others	8	7	Random sampling
Total	80	67	

Source: Primary data 2025

3.6 Data sources

The study employed the use of both primary and secondary data sources.

Primary data collection involved the direct collection of data from respondents through the use of questionnaires and interviewing, which formed the main source of information.

Secondary data collection involved the use of already available information through sources like journals, articles, and other reports concerning the use of mobile money services and the performance of small businesses.

3.7 Data collection instruments

Questionnaire

The main instrument for data collection was a structured questionnaire that was designed based on the variables of the study and consisted of both closed ended and open-ended questions.

Interview guide

An interview guide was used to carryout interviews with a few selected business owners who had more knowledge about mobile money usage. The interviews were semi structured, which allowed the researcher to ask follow up questions and get more detailed explanations.

3.8 Validity and reliability

3.8.1 Validity

In order to ensure the validity of the questionnaire, the research supervisor reviewed the questionnaire to ensure that the questions were relevant, clear, and addressed all the objectives of the research after which they provided the feedback to be used to improve the questionnaire before it was administered to the respondents.

The Content validity index (CVI) was calculated using the formula below:

$$CVI = \frac{\text{Number of relevant questions}}{\text{Total number of questions}}$$

The questionnaire achieved a CVI of 0.82, which made it valid for the study.

3.8.2 Reliability

A pilot study was done with the use of 10 respondents. This was done to test the reliability of the research, but the respondents were similar to the main study population, though they were later excluded. The results obtained from the pilot study were analyzed, and the questions that were found to be confusing or unclear were corrected immediately.

3.9 Data analysis

After the primary data was collected, the following steps were taken.

- 1) Data editing:** The completed questionnaires were checked for completeness and accuracy and any questionnaires with missing or unclear responses was set aside.

2) **Data coding:** The responses were coded and entered into the computer using Statistical Package for Social Scientists (SPSS) version 26 and Microsoft Excel.

3) Data analysis:

- i. **Descriptive statistics (frequencies and percentages)** were used to analyze the demographic characteristics of respondents and their responses to questions. The results were presented in tables.
- ii. **Inferential statistics** were used to test the relationship between mobile money services and performance of small and medium enterprises. This included Pearson correlation analysis and regression analysis.

3.10 Ethical considerations

An introductory letter was obtained from Uganda Christian University and presented to the respondents who were then informed about the purpose of the research and they were assured that their participation was voluntary, confidentiality was guaranteed and respondents were told that their names would not be mentioned anywhere in the report, they were also free to withdraw from the study at any time without any consequences, data collected was stored safely and not shared with unauthorized persons at any one given time.

3.11 Limitations of the study.

The researcher was limited by insufficient funds especially for supporting himself in the process of collecting as this led to choosing less sample size which might have affected the results of the study. Some respondents also deliberately refused to give information about the businesses as they mistook the researcher to be an agent of the tax authorities.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION OF FINDINGS

4.0 Introduction

This chapter presents the findings of the study based on data collected from the 67 small and medium business owners and workers in Ntinda. The information is presented in tables with simple explanations and graph representations. This chapter is organized according to the specific objectives of the study.

4.1 Response rate

Out of the 75 questionnaires distributed, 69 were fully completed and returned giving a response rate of 92%, which was excellent for analysis.

4.2 Demographic characteristics of respondents.

Table1: Gender of respondents.

Gender	Frequency	Percentage
Male	38	56.7%
Female	29	43.3%
Total	67	100%

Source: Primary data 2025

Figure1: Gender of respondents.

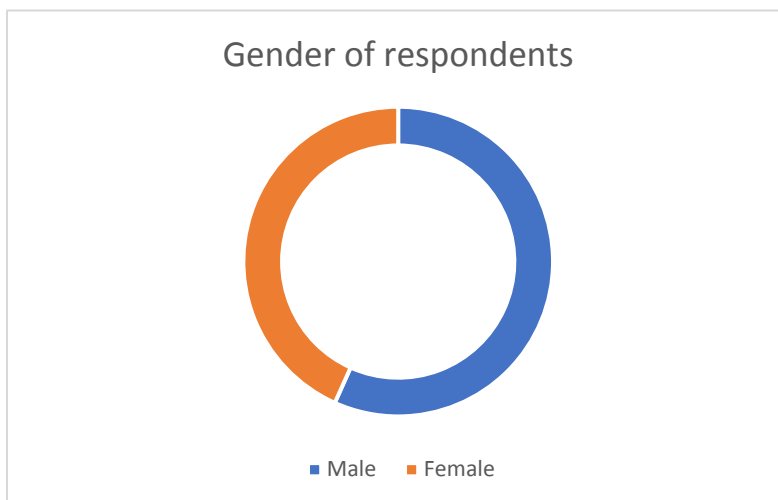


Table1 and figure1 show that majority of the respondents were male who were 56.7% of the population and then 43.3% were female.

Table2: Type of business.

Business type	Frequency	Percentage
Retail shop	24	35.8%
Restaurant	14	20.9%
Service provider (salon)	12	17.9%
Mobile money agent	8	11.9%
Others	9	13.4%
Total	67	100%

Source: Primary data 2025

Figure2: Type of business.

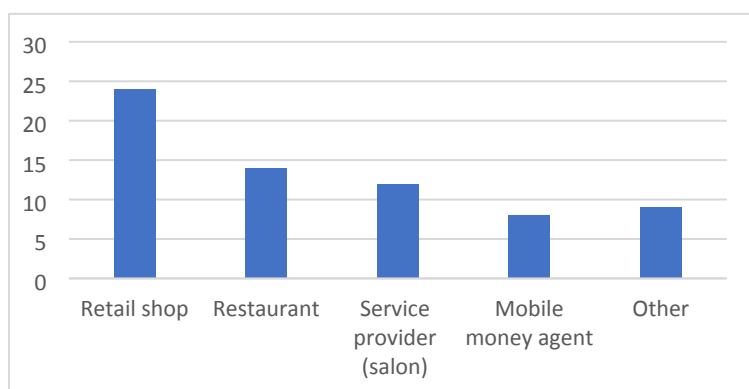
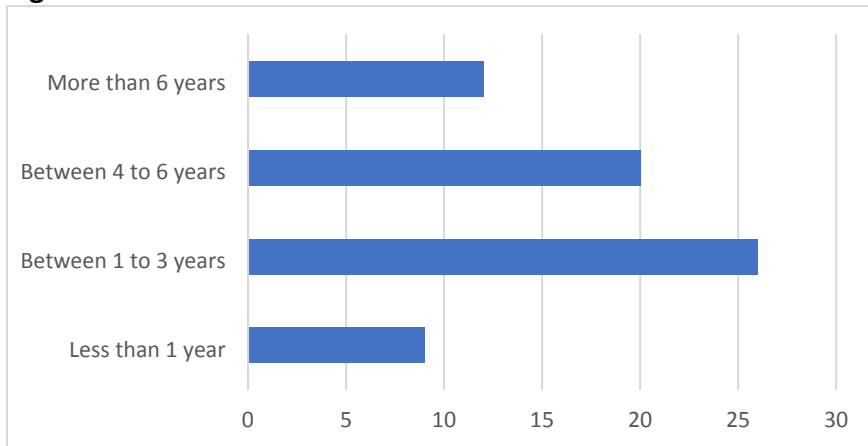


Table3: Years in business.

Years in business	Frequency	Percentage
Less than 1 year	9	13.4%
Between 1 to 3 years	26	38.8%
Between 4 to 6 years	20	29.9%
More than 6 years	12	17.9%
total	67	100%

Source: Primary data 2025

Figure3: Years of business existence.



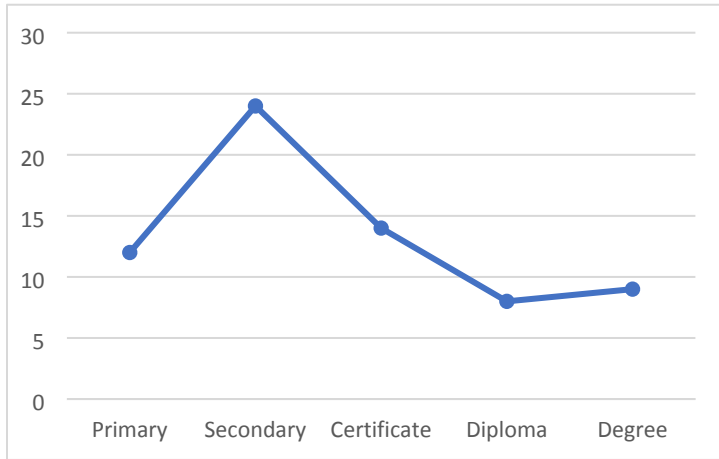
From table3 and figure3 it was found out that majority of the business were between one to three years of existence whereas the least number of businesses were yet to make their first year of existence.

Table4: Level of education.

Education level	Frequency	Percentage
Primary	12	17.9%
Secondary	24	35.8%
Certificate	14	20.9%
Diploma	8	11.9%
Degree	9	13.4%
Total	67	100%

Source: Primary data 2025

Figure4: Level of education.



From table4 and figure4, it was found out that majority of the respondents had ended their studies in O level, many had acquired their UACE certificate and were then forced to look for ways of surviving due to financial constraints that discouraged education any further, while the least number of the respondents had done a Diploma.

4.3 Findings based on specific objectives.

4.3.1 Objective 1: Effect of mobile money payments on business growth.

Table5: Responses on mobile money payments and business growth.

Statement	Agree or Strongly Agree (%)
I use mobile money to receive payments from my customers	89.6%
I use mobile money to pay my suppliers	79.1%
Receiving payments through mobile money has increased my customer base	86.6%
Mobile money has helped me reach new customers	82.1%
My business has expanded because of using mobile money payments	85.1%

Source: Primary data 2025

Interpretation:

From the findings, it is evident that mobile money payments have a positive impact on the growth of business in Ntinda since the majority of the respondents agreed that the use of mobile money for payment had helped them increase their customer base by (86.6%), helped them reach new customers (82.1%), and helped them expand their business (85.1%).

4.3.2 Objective 2: Effect of mobile money deposits and transfers on financial performance.**Table5: Responses on mobile money deposits, transfers and financial performance.**

Statement	Agree or Strongly Agree (%)
Using mobile money has increased my sales revenue	86.6%
Mobile money has improved my cash flow management	85.1%
I receive money faster through mobile money transfers	92.5%
I can pay my suppliers on time using mobile money	82.1%
I use mobile money to save business funds	67.2%
Mobile money has helped me increase my profits	77.6%

Source: Primary data 2025

Interpretation:

Mobile money deposits and transfers also have a positive impact on financial performance. The fast transfer of money was the most agreed statement (92.5%), indicating that the speed of transfer is a major advantage. Increased sales revenue (86.6%) and cash flow (85.1%) were also highly rated. However, only 67.2% save through the use of mobile money, indicating that a few business owners save through other alternatives.

4.3.3 Objective 3: Relationship between mobile money usage and business efficiency.

Table6: Responses on mobile money usage and business efficiency.

Statement	Agree or Strongly Agree (%)
Mobile money has made my transactions faster	92.5%
Mobile money has improved my record keeping	79.1%
I can track my income and expenses easily through mobile money	82.1%
Mobile money has reduced the risk of theft in my business	86.6%
Mobile money has reduced my operational costs	53.7%

Source: Primary data 2025

Interpretation:

Mobile money improves business efficiency in several ways. The majority agreed that transactions are faster (92.5%), theft risk is reduced (86.6%), and record keeping is improved (79.1%). However, only 53.7% agreed that mobile money has reduced operational costs, indicating that transaction charges and taxes remain a concern for many business owners.

4.4 Regression analysis to determine relationship between mobile money services and performance of small and medium enterprises.

In order to test the hypotheses that there is a significant relationship that exists between mobile money services and the performance of small and medium enterprises in Ntinda, the researcher carried out the regression analysis. This is done to ascertain the nature of the relationship.

4.5 Correlation analysis.

Table7: Correlation between mobile money services and performance of small and medium enterprises.

	Mobile money services	SMEs performance	
Mobile money services	Pearson Correlation	1	0.768
	Level of significance	-	0.000
	N	67	67
SMEs performance	Pearson Correlation	0.768	1
	Level of significance	0.000	-
	N	67	67

Interpretation of table7.

The Pearson correlation coefficient (r) is 0.768, this indicates a strong positive relationship between mobile money services and performance of small and medium enterprises hence implying that as mobile money usage increases, the performance of small and medium businesses also tends to increase, the significance value 0.000 which is less than 0.05, shows that this relationship is statistically significant and did not just occur by chance.

4.6 Regression analysis.

Regression analysis was conducted to determine the extent to which mobile money services predict performance of small and medium enterprises.

Table 8: Model summary.

Model	R	R²	Adjusted R²
1	0.768	0.590	0.582

Interpretation of table 8;

R = 0.768 showing a strong positive relationship between mobile money services and performance of small and medium enterprises. The **R² = 0.590** value means that **(0.590 * 100%) 59%** of the variation in performance of the small and medium enterprises is explained by mobile money services. The remaining **41%** is explained by other factors not included in the study, which could be management skills, competition and access to financial resources among others which indicates that mobile money is a major factor influencing performance of small and medium businesses in Ntinda.

4.7 Anova testing.

Table 9: Anova table.

Model	Sum of Squares	Degree of freedom (df)	Mean Square	F	Level of significance
Regression	22.456	1	22.456	48.234	0.000
Residual	30.264	65	0.466		
Total	52.720	66			

Interpretation of table 9,

The **F-statistic** value is calculated to be **48.234** with a level of significance value of **0.00**, which is less than **0.05**, (**0.00 < 0.05**), this means that the regression model is significant according to statistics hence mobile money services significantly affect the performance of the small and medium enterprises in Ntinda.

Regression coefficients.

Model	B	Std. Error	Beta	t	Sig.
Constant value	1.182	0.298	—	3.967	0.000
Mobile Money Services	0.684	0.098	0.768	6.945	0.000

Interpretation of regression coefficients:

The **constant value** of **1.182** represents the expected performance of small and medium enterprises when mobile money use is zero (**0**).

The **coefficient (B)** for mobile money services is **0.684**, which means that for every one unit increase in use of mobile money services, performance of small businesses increases by **0.684** units. The standardized **Beta coefficient** of **0.768** confirms a strong positive effect. The **significance value** of **0.00** shows this effect is statistically significant.

The regression equation can then be expressed as:

$$Y = 1.182 + 0.684X$$

Where:

Y = Performance of the small and medium enterprises

X = Mobile money services

This equation shows that performance of small and medium enterprises increases as the use of mobile money services also increases.

4.8 Hypothesis testing.

Null hypothesis (H0): There is no significant positive relationship between mobile money services and the performance of small and medium enterprises in Ntinda.

Alternative hypothesis (H1): There is a significant positive relationship between mobile money services and the performance of small and medium enterprises in Ntinda.

Decision rule for the hypothesis: Reject the null hypothesis (H0) if the p-value is less than 0.05.

From the findings, the regression analysis produced a significance value of **0.000**, which is less than **0.05**.

Conclusion for the hypothesis test.

The null hypothesis is therefore rejected and the alternative is accepted hence confirming that mobile money services have a significant positive effect on performance of the small and medium enterprises according to the statistics, in Ntinda.

CHAPTER FIVE

5.0 Introduction

This chapter presents the summary of the major findings of the study, it discusses these findings in relation to the objectives of the study and the already existing literature and finally, it gives conclusions and recommendations. The aim of this study was to examine the impact of mobile money services on the performance of small and medium enterprises (SMEs) in Ntinda business area.

The results used in this chapter are based on the data analyzed and presented in Chapter Four, which was collected from the sample size of 67 small and medium business owners and workers in Ntinda.

5.1 Summary of the findings

The study found out that mobile money services play a very important role in the daily operations of small and medium enterprises in Ntinda. Most of the businesses use mobile money on a daily basis, through MTN and Airtel services mainly hence showing that mobile money has become a normal and a trusted way of handling business transactions.

The findings on analyzing showed that mobile money payments have helped businesses to grow and many businesses reported that a large part of their daily sales is received through mobile money through the use of merchant codes for each business enterprise and direct mobile payments which has made it easier for customers to pay for goods and service hence increased number of customers and sales.

The study also showed that mobile money deposits and transfers have improved the financial performance of the businesses because most respondents reported that their sales revenue and cash flow improved after adopting mobile money. Businesses are now able to receive money quickly and pay suppliers on time, which helps them keep enough working capital for their daily operations.

However, the study also found a number of challenges in using mobile money of which the biggest challenges were high transaction charges, high taxes imposed on every withdraw, fraud, and wrong transactions at times. Some businesses had experienced financial losses due to sending money to

the wrong number or being cheated by dishonest customers. Network problems and delays were also reported, although they were less common.

5.2 Discussion of the findings of the study.

The findings of this study show that mobile money has a strong positive effect on the growth of the small and medium businesses in Ntinda. All the businesses that accept mobile money are able to attract more customers because many people prefer paying using their phones rather than carrying cash and this supports the Technology Acceptance Model (TAM), which states that people adopt technology when they find it useful and easy to use.

The study also showed on analyzing of the collected primary data that mobile money increases sales and improves cash flow which is in line and agrees with previous studies such as those by Nantale (2013) and Akankwasa (2024), which found that mobile money helps businesses to receive money faster and make more sales. When customers can pay easily, they are more likely to buy, and businesses do not lose sales due to lack of cash.

Mobile money also helped in enhancing business efficiency because transactions are done in a timely manner, and in addition, business records are automatically kept and theft is greatly minimized. This also supports the Diffusion of Innovation Theory (DIT), which states that technology improves business practices after it is adopted by users. In Ntinda, almost all businesses have adopted mobile money and are benefiting from it.

However, it was also established in this study that high transaction costs and taxation reduce profits in small businesses, as suggested by Agira (2019), where it was established that “mobile money taxation increases business costs; the more you withdraw, the more you pay in tax.” Fraudulent transactions also limit the potential of mobile money because they reduce confidence in it.

5.3 Conclusions

From the study that was carried out, it is evident that mobile money has greatly helped small and medium-sized businesses in Ntinda since most businesses are selling a lot since customers can pay through their phones, hence attracting many customers for the businesses.

Mobile money has also helped the businesses since the owners do not need to move a lot of money with them, hence the risk of theft is reduced. Additionally, the owners of the businesses can easily track their income.

Despite the fact that mobile money has greatly helped the businesses in Ntinda, there are a few issues that make it difficult for the businesses to enjoy the benefits of the services. These issues include the high charges and taxes that affect the profits of the businesses, while fraud cases also make the businesses lose money due to the risk of the wrong transactions.

Additionally, the network also sometimes delays the transactions, hence making the customers unhappy.

This then means that even though mobile money is very important for the growth of small businesses in Ntinda, there is still a need to improve the system so that it becomes cheaper, safer, and more reliable for business owners.

5.4 Recommendations

5.4.1 Based on the findings of the study, the following recommendations are made.

i. To small and medium business owners

This means that small and medium businesses should continue to use mobile money services since they are good for increasing sales, efficiency, and financial management. Business owners should also be taught how to avoid fraud and wrong transactions by checking the numbers before sending the money or by using the merchant codes.

ii. To mobile money service providers (MTN Uganda and Airtel Uganda)

Mobile money service providers should consider reducing transaction costs for businesses and improving the reliability of their networks by installing more telecommunication masts in regions

with poor networks. They should also enhance security and educate their customers on how to transact safely using their services.

iii. To the government and regulatory bodies.

It is recommended that the government reconsider taxes and charges on mobile money to avoid overtaxing small businesses. It is important to formulate policies that promote small and medium businesses as well as digital payment systems apart from discouraging them.

iv. To Future Researchers

The future researchers should carry out similar studies in other business areas of Uganda to compare the results. They can also use larger samples and include other digital payment systems not only mobile money.

5.5 Areas for further research

Additional studies should be done to examine the impact of mobile money on business growth and profitability in the long term. Other studies should also be done to examine the impact of digital loans and savings through mobile money on small and medium business growth.

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APPENDIX

RESEARCH QUESTIONNAIRE.

IMPACT OF MOBILE MONEY SERVICES ON THE PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN NTINDA.

Research Questionnaire.

Dear Respondent,

My name is Sonny Allan, and I'm a student at Uganda Christian University pursuing research on the topic: "The Impact of Mobile Money Services on the Performance of Small and Medium Enterprises in Ntinda." Your contribution to the study is very important and will greatly help the researcher understand the impact of mobile money services on the operations of small and medium businesses.

Thank you for your cooperation and willingness to participate in the study.

SECTION A: PROFILE OF THE BUSINESSS

1. What type of business do you operate?

- Retail shop
- Restaurant
- Service provider (salon, repair shop, etc.)
- Mobile money agent
- Other (please specify) _____

2. How long has your business been operating?

- Less than 1 year
- 1-3 years
- 4-6 years

- More than 6 years

3. Number of employees in your business:

- 1-5 employees
- 6-10 employees
- 11-20 employees
- More than 20 employees

SECTION B: MOBILE MONEY USE PATTERNS

4. Which mobile money services do you use in your business? (You may select multiple)

- MTN Mobile Money
- Airtel Money
- Other (specify) _____

5. How long have you been using mobile money in your business?

- Less than 6 months
- 6 months - 1 year
- 1-3 years
- More than 3 years

6. How frequently do you use mobile money for business transactions?

- Daily
- 3-5 times per week
- 1-2 times per week
- Occasionally

SECTION C: SPECIFIC OBJECTIVES QUESTIONS

For the research Objective 1: Mobile Money Payments and Business Growth

7. What percentage of your daily transactions are through mobile money?

- Less than 25%
- 25-50%
- 51-75%
- Over 75%

8. How has mobile money impacted your customer base?

- Increased significantly
- Increased slightly
- No change
- Decreased

9. To what extent has mobile money enabled you to acquire new customers?

- Very much
- Moderately
- Slightly
- Not at all

For the research objective 2: Financial Performance

10. How has mobile money impacted your sales revenue?

- Increased significantly
- Increased slightly
- No change
- Decreased

11. How has mobile money impacted your cash flow management?

- Greatly improved

- Slightly improved
- No change
- Made it worse

12. Do you use mobile money for saving your business funds?

- Yes, regularly
- Yes, occasionally
- No

For the research objective 3: Business Efficiency

13. How has mobile money impacted your transaction processing time?

- Much faster
- Slightly faster
- No change
- Slower

14. To what extent has mobile money improved your record keeping?

- Greatly improved
- Slightly improved
- No change
- Made it worse

15. How has mobile money impacted your operating costs?

- Reduced significantly
- Reduced slightly
- No change
- Increased

For the research objective 4: Challenges

16. What challenges do you face with mobile money? (Please rate from 1-5, where 1=Not challenging and 5=Very challenging)

High transaction charges: 1 2 3 4 5

Network problems: 1 2 3 4 5

Transaction delays: 1 2 3 4 5

Fraud risk: 1 2 3 4 5

Complex procedures: 1 2 3 4 5

Limited agent availability: 1 2 3 4 5

Tax charges: 1 2 3 4 5

17. Have you experienced any financial loss through mobile money?

- Yes, due to fraud
- Yes, due to wrong transactions
- Yes, due to system failures
- No

SECTION E: OPEN ENDED QUESTIONS

18. What specific benefits has mobile money brought to your business?

19. What improvements would you suggest for mobile money services?

Thank you for your time and participation!

Researcher: Sonny Allan

Contact: 0787576425

Institution: Uganda Christian University



UGANDA CHRISTIAN UNIVERSITY

A Centre of Excellence in the Heart of Africa

School of Business

03rd March 2026
Ntinda Business Area

Dear Sir/Madam

Re: Introduction of Mr.Sonny Allan, M23B05/105 for Data Collection Permission

I am writing to introduce to you Mr. Sonny Allan, M23B05/105, a Bachelor Business Administration at Uganda Christian University. Mr.Sonny Allan, M23B05/105 , is currently in the advanced stage of his academic journey and is conducting a dissertation on **IMPACT OF MOBILE MONEY SERVICES ON THE PERFORMANCE OF THE SMALL AND MEDIUM ENTERPRISES .”**

I assure you that Mr.Sonny Allan, M23B05/105 will adhere to all ethical guidelines and treat any data collected with the utmost confidentiality.He is a responsible student dedicated to conducting a thorough and rigorous study.

We kindly request your support in granting Mr.Sonny Allan, M23B05/105 access to relevant data and personnel within any department and as well as any personnel with objective knowledge regarding his topic. Your valuable insights will significantly contribute to the success and quality of his research.

Thank you for considering his request. Should you require any additional information, please do not hesitate to contact me on the address provided here below.

Sincerely,

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Mukisa Simon Peter
Lecturer and undergraduate
Research coordinator UCU School of Business
Email smukisa@ucu.ac.ug Mob. 0752938600

