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EFFECT OF SECURITY AND ACCESSIBILITY OF MOBILE MONEY TRANSFER SERVICE ON TRANSACTIONAL LEAD TIME OF SMALL AND MEDIUM SCALE ENTERPRISES (SMEs) IN ELDORET, KENYA

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Abstract

The main purpose of this paper was to investigate effect of security and accessibility of mobile money transfer on transactional lead time among small and medium sized enterprises, The study adopted descriptive research design and focused on SMEs in Eldoret town alone with a target population of 2265 including 135 proprietors and 2130 staff. Stratified and random sampling was used to collect a sample size of 41 proprietors and 213 staff from 41 SMEs. Primary data was collected through questionnaires. Documentary analysis was used to collect secondary data. After carrying out field work, the reliability of the study was carried out where the Crobanch alpha value was 8.2. Multiple regressions was used to test hypothesis. Findings showed that accessibility of mobile money transfer had significant effect on transactional lead time among small and medium sized enterprises, while security mobile money transfer has no significant effect on transactional lead time among small and medium sized enterprises.

Keywords: Accessibility, security, transactional lead time, SME, mobile money transfer

INTRODUCTION

SMEs performance is a major although not the only prerequisite for future development and success in the world of business. Although there might be exceptions, high performance of SMEs is dependent on managerial competence and type of organization where the rate at which this strategies yield the benefits depend on the type of business and the market share its holds (Dembinski, 2003). There is however SMEs whose brand is already established but may

be the producing industries itself such that the SMEs acting as the vendors do not need to work extra hard to be able to sell the products. The high relevance of individual performance is also reflected in work and organizational psychological research. In practice, it might be difficult to describe the action aspect of performance without any reference to the outcome aspect. Because not any action but only actions relevant for organizational goals constitute performance, one needs criteria for evaluating the degree to which an individual's performance meets the organizational goals. It is difficult to imagine how to conceptualize such criteria without simultaneously considering the outcome aspect of performance at the same time. Thus, the emphasis on performance being an action does not really solve all the problems. Moreover, despite the general agreement that the behavioral and the outcome aspect of performance have to be differentiated, authors do not completely agree about which of these two aspects should be labeled 'performance'.

According to the SMEs Annual Report 2007, the SMEs in Kenya can be categorized into three broad sub-sectors: General Business Sector – which is mainly involved in construction, wholesale and retail trade, transport and storage, business services and activities, and providing services, such as hotel and restaurant businesses; Manufacturing Sector – with major activities of processing and production of raw materials such as food, textile, wood, chemicals, petroleum, rubber, plastic, metallic and nonmetallic materials, and transport equipment and agriculture; and Agricultural Sector that includes agricultural producers and natural product producers of rubber, padi, oil palm, coconuts, cocoa, pepper, tobacco, livestock timber, fish, fruits, and vegetables. Hashim (2008) reported that the manufacturing sector has emerged as the most important sector for SMEs in terms of the tempo of growth and hence, their contribution to the national income.

Business practices in Kenya have gone through many changes, the most important being the introduction of Information Communication and Technology (ICT). The mobile phones have been a key ICT product that has affected business practices. This is manifested in various areas including advertisements, marketing, emergence of new products, and new methods of payments. The methods of payment through the use of mobile phones have been the most recent development in Kenya and have revolutionalized how business is conducted among the small-scale business holders. Micro-businesses have embraced the use of mobile payment technology in their operations. They view this mode of payment as an easier form of cash delivery to their suppliers and business partners, a system which is relatively affordable, personal and can be used anywhere and at any time (Anurag, Tyagi & Raddi, 2009). There is appeal and utility of mobile banking and mobile payment services across the country as there are probably more people with mobile handsets than with bank accounts (Porteous, 2006).

In March 2007, Safaricom mobile operator launched the mobile money transfer system, the M-Pesa. Since then the mobile payment system has become popular with both the banked and the unbanked population. Micro-business operators in Kenya have adopted the use of the mobile payments as a way of transacting their business because of the relative affordability of mobile phones and the mobile banking services they offer. Various transactions are carried out using mobile payments such as paying suppliers for goods and services, paying bills, sending money to friends and relatives, withdrawing cash and topping up airtime accounts. Currently some mobile operators offer calling cards of denomination for as low as twenty Kenya shillings which provide affordable reach to most users (CCK, 2008). Mobile technology is relatively a new business practice in Kenya as it was introduced about ten years ago. Nonetheless it is being widely used by a large population of the micro-businesses therefore making it thrive in the midst of many banks. The rate of Safaricom's M-Pesa mobile payment usage in Kenya has been steadily increasing since M-Pesa was introduced in March 2007, with five million subscribers as at 31st December, 2008 out of the Safaricom mobile subscriber base of twelve million as at the same date (Business Daily, January 12, 2009). Kenya's population is estimated at 40 million people.

The micro business operator also needs to fully understand the entrepreneurial impact of this new technology on their business so as to cope with the increasing developments in the mobile payment services on one hand, and the challenges of the micro business operating environment, on the other hand. The choice and use of technology in micro business is dependent on how well it is likely to influence greater success and growth of the business.

Statement of the Problem

Since time in memorial, money transfer has always been manual where the payee has to travel to the recipient and manually make the payments. Traditionally, money transfer has been through money orders and use of couriers that carry money in parcels. Several risks such as hijacking, delay, losses and even accidents have caused a concern among stakeholders. There is also an issue of lead time in delivery of the cash leading to adaptation of mobile money transfer. It is however not clear about the effectiveness especially in terms of security, accessibility of the service, the cost of using the service and ease of use of the technology especially among small and medium sized enterprises. Developing countries adopted technology of money transfer recently and very little research has been done regarding the effectiveness of mobile money transfer.

Eldoret town has several SMEs that assist the dwellers in Eldoret town. Never the less, the entrepreneurs in charge of the SMEs have suffered losses due to prolonged transactional

process. Money transfer is however a major problem in money transfers when transacting business in small and medium sized enterprises. Mobile money transfer is attributed to fast money transfer. Therefore, this study seeks to investigate the effectiveness of mobile money transfer service on transactional lead time of small and medium scale enterprises in Eldoret. Thus, the study hypothesized that;

$H_{01:}$ *There is no significant effect of security of mobile money transfer on transactional lead time among small and medium sized enterprises in Eldoret Town.*

$H_{02:}$ *There is no significant effect of accessibility of mobile money transfer on transactional lead time among small and medium sized enterprises in Eldoret Town.*

THEORETICAL FRAMEWORK

The Technology Acceptance Model (TAM) is an information systems theory that models how users come to accept and use a technology. The model suggests that when users are presented with a new technology, a number of factors influence their decision about how and when they will use it, notably: Perceived usefulness and Perceived ease-of-use (PEOU) (Davis 1989). The TAM has been continuously studied and expanded-the two major upgrades being the TAM 2 (Venkatesh & Davis, 2000) and the Unified Theory of Acceptance and Use of Technology (or UTAUT, (Venkatesh, & Davis, 2000). Bagozzi, Davis and Warshaw (1992) say that because new technologies such as personal computers are complex and an element of uncertainty exists in the minds of decision makers with respect to the successful adoption of them, people form attitudes and intentions toward trying to learn to use the new technology prior to initiating efforts directed at using. Attitudes towards usage and intentions to use may be ill-formed or lacking in conviction or else may occur only after preliminary strivings to learn to use the technology evolve. Thus, actual usage may not be a direct or immediate consequence of such attitudes and intentions. (Bagozzi, 2007)

Several researchers have replicated Davis's original study (Davis 1989) to provide empirical evidence on the relationships that exist between usefulness, ease of use and system use (Szajna 1994). Szajna (1994) found that the instrument had predictive validity for intent to use, self-reported usage and attitude toward use. The sum of this research has confirmed the validity of the Davis instrument, and to support its use with different populations of users and different software choices. Segars and Grover (1993) were critical of the measurement model used, and postulated a different model based on three constructs: usefulness, effectiveness, and ease-of-use.

In an attempt to integrate the main competing user acceptance models, Venkatesh (20000) formulated the Unified Theory of Acceptance and Use of Technology (UTAUT). This

model was found to outperform each of the individual models (Venkates, 2000). TAM has been widely criticized, despite its frequent use, leading the original proposers to attempt to redefine it several times. Criticisms of TAM as a theory include its questionable heuristic value, limited explanatory and predictive power, triviality, and lack of any practical value. Furthermore, the independent attempts by several researchers to expand TAM in order to adapt it to the constantly changing IT environments have led to a state of theoretical chaos and confusion. In general TAM focuses on the individual 'user' of a computer, with the concept of 'perceived usefulness', with extension to bring in more and more factors to explain how a user 'perceives' 'usefulness', and ignores the essentially social processes of IS development and implementation, without question where more technology is actually better, and the social consequences of IS use. Therefore, TAM has been chosen as the appropriate model for this study as it includes factors such as perceived ease of accessibility of the mobile payment services, perceived low cost of the mobile payment services, perceived convenience, perceived security, perceived support from the mobile services provider and from the users.

LITERATURE REVIEW

Accessibility

Pagani (2004), states that accessibility (ability to reach the required services) is one of the main advantages of mobile payment services. Small and micro businesses are among the greatest beneficiaries of using M-Pesa mobile payment. As at 31st March, 2009, there were 8,650 M-Pesa agents spread throughout the country offering the mobile payments service (Annual report, 2008/2009). The micro-business operators go to the bank less often and spend more time running their businesses. Equally, many unbanked Kenyans can now receive or send money wherever they are in the country (Omwansa, 2009). Majority of the micro business operators are familiar with the use of the mobile payment services as they are easy to use and require no formal training before use.

Arunga and Kahora (2007) concluded that sole proprietors and small businesses in Kenya benefited hugely from the mobile phone revolution as they are able to make savings and gain access to more customers and new services. The micro-business operators are able to transact payments directly with their customers and suppliers through a mobile phone in the palm of their hands without necessarily going through a bank (Anuradi, Tyagi & Raddi, 2009) and without having to leave their business premises. This is beneficial because all it requires is for one to have a mobile phone and basic literacy to operate the phone. Other benefits derive from the fact that the system does not rely on any physical infrastructure such as phone wires and is accessible to a large segment of the population (Elder & Rashid, 2009); and from the fast

speed in transacting money transfers. These features bring considerable convenience to business operations. The mobile payment providers' agents are well distributed and easily accessible to the micro-business owners for support of their services in Kenya. It is also easy for the micro business operators to control their mobile phone accounts as they can access their accounts any time.

Convenience and Security

Njenga (2009) states that although the mobile phone balances may seem low, the fact that there are balances proves that there is storage which can be perceived as acceptance of deposits. This is a significant indication of the high value placed on the convenience associated with the use of the mobile payment services. Omwansa (2009) states that a lost or stolen mobile phone does not mean catastrophe as no one can access an M-Pesa account without a correct personal identification number (PIN). He further explains that in a country where majority of people have no bank accounts, M-Pesa provides both convenience and safety. People walk around with their virtual money knowing they can withdraw cash any time at a minimal fee.

In a mobile environment, it is necessary to have perceived security and trust in the vendors and the payment system. (Siau, et al., 2004; Mallat, 2007). Security and safety of mobile payment transactions is one of the primary concerns for users. They state that safety represents no delay, no transaction incompleteness and no private information disclosure during payment transactions. The use of the pin and secret code for the M-Pesa transactions enhances the security and privacy issues. Key requirements for any financial transaction in an electronic environment should include confidentiality, authentication, data integrity and non-repudiation. Other security factors important to the users are anonymity and privacy, which relate to use policies of customers' personal information.

Perceived Support from the Mobile Payments Provider

Payment systems exhibit network externalities as the value of a payment system to a single user increases when more users begin to use it. Consumer decision to adopt a payment system is therefore significantly affected by the amount of other consumers and traders using it. Failure to create a critical mass has contributed to discontinuance of several previous payment systems, including several smart card systems. It is therefore a critical success factor for the M-Pesa mobile payment provider to reach a wide enough base. The coverage area of the M-Pesa mobile payments is spread throughout the country with over six million registered subscriber base as at 31st March, 2009 (Annual Report 2008/2009).

Actual Usage of the Mobile Payment and business performance

The rapid spread of the mobile phone usage in Kenya means that the number of mobile users exceeds by far the number of banked people. Mobile phones offer easy communication and the current M-Pesa facilities have reduced the average transaction costs for the consumer (Vaughn, 2009). The Annual Report 2008/2009 show that person to person transactions stood at KShs. 120.61 billion for the same year against 14.74 billion for the year 2007/2008. The total cumulative person to person transactions stood at KShs. 135.38 billion as at 31st March 2009 since inception of the mobile payment service. This indicates that M-Pesa mobile payment is reaching the unbanked (Vaughn, 2009). Omwansa (2009) argues that the benefits associated with M-Pesa are so enormous that those who try to place regulatory pressure on it might feel guilty if they appear to frustrate it.

The extent to which the mobile payment usage would impact on performance depends largely on whether there is an enabling environment (Porteous, 2006). Porteous (2006) defines an enabling environment as a set of conditions which promote a sustainable trajectory development of market. Of particular interest are the environments in which widespread access is likely. M-Pesa has widespread access and requires an enabling environment to enhance the success of its consumers. The micro businesses are spread throughout the country with huge clusters in the market areas and near shopping centers. This enables them to easily access the M-Pesa service providers for registration and to make cash deposits into their accounts. The mobile payment providers' agents 191 are well distributed and easily accessible to the micro business owners for support of their services in Kenya.

Studies and researches about technology acceptance, by individuals and organization have been written in the recent years under a great amount of approaches, presenting a strong growth on these initiatives from the middle of the1990 decade. These studies are made with the intention to search constant enhances, and identify intrinsic and extrinsic factor involved in the decisions, intentions and individual's satisfaction, about the acceptance and the use of information technology, through many tests and evaluation methods. The research growth is justified by the meaningful use of information systems in the most different activities, changing the relation in all the social spheres. The amount of information circulating today through the information systems is so wide that it is impossible to manipulate such information without the technology help, however according to Davis (1989) an information system of high technical performance will be good for nothing if the user, for any reason, do not adopt and do not accept the available technology. For Davis (1989) we need to understand the reasons why the users accept or reject some systems, to afterwards foresee, explain and modernize the systems.

The acceptance and the use of information technologies is a topic which has received the attention of researchers and professionals in the computer science area, information systems and information science, since that they work on the perspective that a well developed system will be used, because they start from the assumption that good solutions in software, may bring competitive advantages to the companies and/or to the individuals. However, a perceptible problem which disturbs the management activities of information systems is in the inability in measuring the quality of the delivered systems, as well as in the users behavior in using it (Bueno et al., 2004). To understand and create the conditions under which information systems are adopted by the human organizations remain, however, being a research area of high priority. According to Venkatesh, (2003) the technological innovations need to be accepted and actually used. The electronic way represents a new model in the dissemination of the information and should be explored on a full way.

The studies about the users behavior have always been one of the most difficult areas and research in relation to the information systems, one of the failures cause, partial or total, of the information systems implementations is its not acceptance by the users, as well as its under spending or misuse. The relevance of this work is in the fact that a few studies have been made presenting the models of technology acceptance most used in the evaluation of information systems acceptance. Thus, this is a very natural study and which has as object a topic of current relevance in the information system area, because its focus is in the human aspects, not as element that suffer the technology impacts, but as active and fundamental element for the success reach in the establishment of an information system. When identifying variables which bear relevance or even that are determinants to get success in the use of information systems, it is obtained a valuable instrument in the management of projects related to these systems. To use a model which measures the acceptance of a system, not only in a pre-establishment phase, but also afterwards, at a moment of higher stability, helps in the prevention of situations that lead to the failure of that process, or to the most effective use of the system after the establishment.

The information systems in the past were based in file techniques and information retrieval in large files, however with the computer popularization and technology this reality suffered deep changes, and almost all current information systems are supported by a computational base (Dias, 2006). The information systems based in computer, according are systems that use hardware, software, database, telecommunications, procedures and people for the collection, storage, changing of data into information and the dissemination of this information. Information systems have been developed to optimize the flow of relevant information in the scope of an organization, triggering a knowledge process and of decision

making and intervention in the reality. Rowley (2002) says that in a general way, there is a consensus that an information system should be strategic and contribute to make an organization reach its goals. In the information systems, many are the instruments used to represent the knowledge of a given knowledge area, in the process of information recovery, the informative potential should be evaluated not only by the quantity, but also, mostly by the quality and access of possibilities to information, because, the speed with which we can get information depends on the use of instruments adequate to the clients reality.

In short, systems may be evaluated as a set of inter-related parts, interacting to reach certain goal. For Dias, (2006) the information system should comprise in its scope the necessary information to meet the demands of its users. According to Dias (2006) in the Information Science, it is perceived that the center of attention in respect to organization of information in the information system the most attention is given to the user of this system, as well as his search behavior. Into the study about information search behavior, it is aimed to understand the processes experienced by the user in the research, what means, the user has a determined stage of knowledge and this stage is smaller than the necessary to solve any question or problem. Belkin (1980) evaluates this process as anomalous state of knowledge as search criteria. The relations man-computer have been object of deep thoughts and studies, mainly in Information Science, because it works the interface between man and computer, with emphasis in the human side, relevance, utility, among others. The fact of giving more attention to computer systems and in the few attention given to its users, point to problems in the interaction users versus systems and the misuse of these technologies (AGNER report, 2004).

RESEARCH METHOD

The study adopted descriptive research design. First the firms to be chosen will have to be well established SMEs in Eldoret town totaling to 2265 SMEs (Municipal records, 2009) representing 135 proprietors and 2130 staff. Using proportionate sampling, the study involved a sample size of 41 proprietors and 213 staff from these SMEs. The study involved both qualitative and quantitative data. Primary data was collected directly from the respondents using questionnaires and involve the SMEs managers. Survey questionnaires were administered to all the respondents. In this study documentary analysis was used to collect data concerning SMEs performance in terms of sales and market share and this included invoices, receipts and delivery notes. Reliability will be determined by administering Crobanch alpha test to evaluate the alpha value for all the variables under study. Statistical values of alpha above 0.7 will be regarded significant in terms of internal consistency of the variables under study. This research yielded a value o 8.4 Crobanch coefficient value.

Descriptive statistics involving frequencies, percentages, means and modes was used to analyze data. The descriptions of frequencies and percentages was used to delineate the proportional amount of level of integration, ease of use, perceived relevance and accessibility proposed strategies. The study also employed inferential statistics using regression to find out the significant levels of each proposed factor.

ANALYSIS AND DISCUSSION OF FINDINGS

SME characteristics

Since the study was seeking to understand the performance of small and medium sized enterprises, it was important to find out the number of employees in each enteprise. The results are provided in the table below. According to the findings, majority of the enterprises had employees five and below. The least number of enterprises had employees over twenty. On international level taking example of EU member states have had individual definitions of what constitutes an SME. For example, the definition in Germany had a limit of 255 employees, while in Belgium it could have been 100. In July 2011, the European Commission said it would open a consultation on the definition of SMEs in 2012. In Europe, there are three broad parameters which define SMEs: micro-entities are companies with up to 10 employees, Small companies employ up to 50 workers, and Medium-sized enterprises have up to 250 employees (European Commission, 2003). The category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding 50 million euro, and/or an annual balance sheet total not exceeding 43 million euro (European Commission, 2003). The study sought to find out the enterprise trade and the findings are represented in table 1 above where the majority of the small and medium enterprises were dealing with food stuffs totaling to 21(51%) while the least number of enterprises were dealing with entertainment totaling to 4(9.8). Food industry from the results was the most lucrative business among the SMEs.

Table 1. SME characteristics

		Frequency
Number of respondents	6 employees	14.60%
	9 employees	22%
	16 employees	39%
	Over 20 employees	41%
	6 employees	14.60%
	9 employees	22%

Table 1...

type of business	Food	21
	Retail and beverages	13
	Transport	3
	Entertainment	4
	Total	41

Effect of mobile money transfers accessibility on SMEs

Based on users' perspectives, the leading challenge to m-money uptake is the inconsistent service quality offered by m-money agents. The large majority of registered users reported they had encountered problems with agents. In particular, they cited agents' absenteeism and insufficient e-float or cash to help with a transaction. Another impediment to m-money uptake suggested by the survey findings is an insufficient understanding of m-money applications by potential and current users.

Table 2. Mobile money transfer accessibility

Statement	VE	E	U	IE	VI
Mobile money transfer are easily accessible	12	14	6	6	3
Agents are easily available	20	4	3	6	8
My residential place is close to mobile money transfer	21	4	2	7	7
All mobile money outlets are open throughout	25	6	3	3	4

From the research, almost all the mobile money outlets are open throughout where 25(60.9%) of the retested respondents strongly agree while very few of the respondents were for the mobile money transfer being easily accessible totaling to 12(29.3%). The rest of the factors gave moderate results spreading even across all the responses.

Security of mobile money transfer on SMEs

The finding given in the table above seek to find out the effect of security of mobile money transfer usage on the growth of small and medium sized enterprises. The results show that one affective factor was improper budgeting of procurement/ purchasing using mobile transfer supported by 20(48.8%) who strongly agreed to the fact. Never the less, the biggest problem concerning insecurity arose from lack of verification from recipients where 22(53.7%) strongly support the fact.

Table 3. Mobile money transfer security

Key issues	SA	A	U	D	SD
There is insecurity in mobile money transfer	8	16	2	10	3
Improper budgeting of procurement/ purchasing using mobile transfer	20	4	3	6	8
Loss of cash to wrong recipients	21	4	2	7	7
Lack of verification from recipients	22	9	3	3	4

Hypotheses testing using Regression analysis

The study employed inferential statistics using regression to find out the significant levels of each proposed factor. From the analysis consisting of Ease of use of mobile money transfer, Accessibility of mobile money transfer, Security of mobile money transfer, Cost of mobile money transfer the R value obtained was 0.674 with R square value 0.454. Analysis of variance was also done and the results are provided below. From the analysis of variance there was a significant between the independent variables ease of use of mobile money transfer, accessibility of mobile money transfer, security of mobile money transfer, cost of mobile money transfer and the dependent variable which is the transactional lead time of small and medium sized enterprises ($df=4$, $F=164.140$, $p<0.000$).

From the findings, the most influential factor affecting transactional lead time of small and medium sized enterprises was accessibility of mobile money transfer ($B = 0.322$, $Beta = 0.256$, $p<0.05$).The hypothesis is therefore rejected since the accessibility of mobile money transfer has a positive and significant influence on the transactional lead time of small and medium sized enterprises.

As well, security of mobile money transfer had borderline significant relationship with transactional lead time of small and medium sized enterprises ($B = 0.046$, $Beta = 0.051$, $p>0$).As a result, the hypothesis is rejected and it is accepted that security of mobile money transfer has a positive and significant effect on the transactional lead time of small and medium sized enterprises. This implied that an increase of security of mobile money transfer by 0.051 units leads to a significant increase in the transactional lead time of SMEs.

Table 4. Regression Results

	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	0.604	0.074		8.187	0.02
Security of mobile money transfer	0.046	0.05	0.051	0.923	0.0573
Accessibility of mobile money transfer	0.322	0.03	0.256	10.717	0.007
R Square	0.454				
Adjusted R Square	.0.454				
F	164.14				
Sig.	.000a				

a. Dependent Variable: Transactional lead time of small and medium sized enterprises

CONCLUSION AND RECOMMENDATIONS

Based on users' perspectives, the leading challenge to m-money uptake is the inconsistent service quality offered by m-money agents. The large majority of registered users reported they had encountered problems with agents. In particular, they cited agents' absenteeism and insufficient e-float or cash to help with a transaction. Another impediment to m-money uptake suggested by the survey findings is an insufficient understanding of m-money applications by potential and current users. The research shoed that almost all the mobile money outlets are open throughout and that the mobile money transfers being easily accessible. The rest of the factors gave moderate results spreading even across all the responses. From the research almost all the mobile money outlets are open throughout. The rest of the factors gave moderate results spreading even across all the responses.

The finding given in the table above seek to find out the effect of security of mobile money transfer usage on the growth of small and medium sized enterprises. The results show that one affective factor was improper budgeting of procurement/ purchasing using mobile transfer. Never the less, the biggest problem concerning insecurity arose from lack of verification from recipients. Loss of cash was also another security problem experienced by the entrepreneurs running small and medium sized enterprises as supported by the respondents. There was a significant between the independent variables ease of use of mobile money transfer, accessibility of mobile money transfer, security of mobile money transfer, cost of mobile money transfer and the dependent variable which is the transactional lead time of small and medium sized enterprises. The most influential factor affecting transactional lead time of small and medium sized enterprises was cost of mobile money transfer followed by accessibility of mobile money transfer.

Related to this, there is also a need by regulators to revise the current 'loose' regulatory framework to formulate clear regulations to current and prospective MMT service providers, for example on transaction volumes, business use of services, security, and using the service for small-scale savings. This is obviously related to the discussion on tiered service offerings below. Lack of clarity and uncertainty is not good for any business – and nor for the confidence in the financial systems. By setting the rules clearly, the playing field is more predictable and this will promote further investments and competition. Another such frontier involves the establishment of a business version of MMTs that could address the specific needs of SMEs. The current MMT services were designed to transfer money efficiently, not to enable or facilitate business-to-business payments. We know that there is a need to have corporate (rather than individual) MMT accounts. Other functions could involve payments of taxes and salaries as well as functions for generating reports for book-keeping purposes. Several tiers can be envisaged with levels of "know your customer" (KYC) and anti-money laundering (AML) measures implemented. Similarly as today, lower KYC and AML levels would enable a lower market tier with lower transactions and balance caps, as well as a simplified registration process. Similarly, KYC and AML levels more equivalent to banking standards could be arranged to cater for larger transactions, possibly restricting cash in/out transactions to agents that are geared for larger requirements on liquidity and float, as well as with proper security measures implemented.

Support can be aimed at regulatory level, and involve facilitating dialogue aspects inclusive of service providers and user groups alike. A third frontier is international, or at least sub-regional (for example the East African Community, EAC) MMT. It would, just to exemplify, make life much easier for the flower traders we have come across in our market contacts. It is a policy harmonization process that already has begun on EAC level, and it is an important one. An East African Payment System (EAPS) is said to be linking national real time gross settlement (RTGS) systems in the future. Further, EAC member states will also on a sub regional level aim to provide a harmonized response to MMT services, to support the establishment of a modernized regulatory structure and sub-regional market integration (East African Community Portal, 2010). The regional integration and harmonization of financial systems will clearly support regional businesses' integration at large, and should be a priority for policy makers and donors alike. Although a clear policy and regulatory framework is a necessity, it is important that harmonized regional policies will be completely cemented due to its international dimension.

In light of the findings of this research, the following research areas were suggest for further investigation. Effect of mobile money transfer on supply chain management among industries and other business entities.

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