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Mobile-Banking Services and Performance of Selected Micro and Small Scale Enterprises in Kericho County

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Abstract

This study sought to establish the effect of M-banking services on the performance of Micro and small scale enterprises in Kericho County. The study specifically focused on the effect of M-payment services, mobile borrowing services, mobile savings services and mobile money transfer services on the performance of selected Micro and small scale enterprises in Kericho County. The design utilized in the study was descriptive research design. The target population for this research was all the MSEs in all the sub counties within Kericho County. The county has a total of 1526 registered MSEs which was the total population of the study. In this study, 10% of the population was applied hence the sample was 153 MSEs which were distributed proportionally. The study targeted the owner of these MSEs hence the number of respondents was 153. The findings of the study indicated that mobile banking services positively and significantly influenced performance of MSEs in Kericho County. The study recommends that to improve the performance of MSEs in Kericho County, there is need for the MSEs to use mobile banking services to make payments of bills, payment of suppliers, access personalized alerts on transactions and purchase of goods. The study also recommends the MSEs in Kericho County to adopt use of mobile banking services to make savings.

Keywords: *MSEs, Kericho County, M-banking services, Performance*

INTRODUCTION

Background of the Study

In the recent past, small and medium size enterprise sector (SMEs) has had a notable impact on the economies of both emerging and developed countries. The gains of this sector have been felt regarding the creation of job opportunities, wealth creation and have spurred growth and development in remote regions beyond imaginable levels (World Bank, 2014). Developing countries have been hard hit by increased unemployment rate. The role of MSEs in these emerging economies has remained more significant than ever. Micro and small scale enterprises provide a platform for taming poverty levels, income distribution, export growth and creation of employment opportunities. Further promotion of MSEs Sector has potential to increase entrepreneurship and facilitate rural development (Tambunan, 2008). Micro and small scale enterprises (MSEs) have indomitably remained the vehicles many countries are using to grow their economies. Many governments around the world are increasing investing in promoting the expansion of micro and small enterprises as a means that promotes economic growth (Olawe & Garwe, 2010). Because of advancement in the globalization and internationalization there has been increase in the competition among micro and small enterprises (Mateev & Anastasov, 2010). This increase in competition has led to MSEs to enhance their competitiveness by coming more efficiency, effectives and spearheading their growth through innovations and knowledge growth (Mateev & Anastasov, 2010). Micro and small enterprises are however urged to embrace creativity to overcome the many challenges they face that may hinder their growth.

In UK, Micro and small scale enterprises (MSEs) account for 48% of their economy and the sector is said to be employing 14.47 million people, from amongst a working citizenry of roughly 30 million. In regards to the UK turnover and GDP, Micro and small scale enterprises accounted for 1.48 trillion British Pounds in 2011. These enterprises in the UK are said to be more efficient than large businesses. Bigger UK Corporations reportedly employ 250 personnel subsequently accounting for over 52% of service enrollment but cumulatively account for less than 50.8% of the UK turnover. The United Kingdom economy is supported by MSEs performance (Ewoh, 2014). In Kenya micro and small enterprises cut across many sectors and are argued to be source of job creation, wealth creation and the backbone of the entire economy. Micro and small enterprises are also identified as the budding field for entrepreneurs in medium and large industries which is further essential in industrialization (Munyaka, Ouma & Ndirangu, 2015). The government of Kenya through the Session Paper No. 2 of 2005 on development highlights the importance micro and small enterprises perform in the growth of the economy and as a significant contributor to the total employment created in the country.

In Africa, micro and small enterprises continually remain a viable tool for economic prosperity and sustainable development (Njuguna, Ochieng and Odida, 2015). Africa countries are endowed with many resources that can be utilized by micro and small enterprises to boost entrepreneurial expansion and the growth of the Africa countries' economies. Micro and small enterprises are the major sources of jobs enlistment within Africa, creating over 70% of the jobs. The benefaction of the MSEs to the gross domestic product in African Countries is estimated to about 70%. For instance in Nigeria alone, MSEs contributes about 40% of the Nigeria GDP (Eniola, 2014). Mobile banking services are facilities implemented by financial institutions in cooperation with telecommunication service providers. Mobile banking services (M-banking services) according to Anyasi and Otubu (2009) is a transactional term used to define the process of the conducting banking services using a mobile device.

M-banking as a transaction that involves the use of electronic device to transfers ownership of good and services using internet enabled process (Tiwari, Buse and Herstatt, 2006). The penetration of the mobile banking services was to enable the population that has not bank account or have no access to the bank to employ mobile devices to access the services offered by commercial banks or any financial institutions (Wambari, 2009). These services have enabled the people at the bottom of the social class cadre to use banking services such growing their services and being able to borrow and make payment direct from their saving accounts (Mutua, 2013). M-banking has grown in lips and bounds and is currently being performed by SMS or by mobile internet and has also adopted the use of downloaded applications on mobile devices (Wambari, 2009).

Micro and small scale enterprises (MSE's) are often considered the 'engines of growth' in developing countries. They are the channels through which various segments of the economy can diversify their income, create sources of income and generate employment. These enterprises are therefore vital for economic growth. However, they face tremendous competitive challenges and threats to survive despite being at the centre stage in the economic development of many countries. A research by the World Bank indicated that the SMEs sector in Kenya is characterized by high mortality rate (WB, 2014). Further, studies by Bowen, Morara and Mureithi (2009) established that that three out of every five SMEs collapse shortly after launching their operations and that 46 per cent of the MSMEs surveyed died in their first year of establishment. While a similar study conducted by KNBS (2016) revealed that over 60% collapse every year and majority do not operate beyond their third anniversary (Ngugi, 2014). Studies that have analysed the effect of M-banking service on the performance of selected Micro and small scale enterprises in Kericho County are very scanty. Specifically, studies on Micro and small scale enterprises have given focus to different regions in Kenya and have not focused on the role of M-banking services which include M-payment services, mobile borrowing services, mobile savings services and mobile money transfer services and how they affect the performance of selected Micro and small scale enterprises in Kericho County. Therefore, this study addressed these conceptual and contextual gaps.

LITERATURE REVIEW

Theoretical Background

The process of financial intermediation involves the people with surplus funds depositing the money in the bank which in turns lend to those with deficit funds. Bisignano (1992) suggested various ways of identifying the financial intermediaries. He argues that financial intermediaries are liabilities or deposits which are specified for a particular term regardless of the performance of the portfolio. The second identifier is that the deposits are short term than their assets and third is that their large proportions of liabilities are chequeable which implies that they can be withdrawn on demand. Finally, the liabilities and assets of financial intermediaries are not usually transferable. The financial intermediation process happens when there is steady flow of the surplus funds to the deficit units. The financial intermediation theory aims to explain the activities of the financial intermediaries whenever there is no information asymmetry and when elimination of the information asymmetry is not used for commercial purposes. The singular focus of the theory is providing an alternative explanation of the financial intermediation process when information asymmetry does not exists (Wensveen, 2003). The theory further argues financial intermediation provides an integral function in value creation in terms of risk and risk management. Financial intermediaries bare the risk between suppliers of savings and demand this because savers are usually at more risk than investors.

The Technology Acceptance Model (TAM) was developed by Fred Davis in 1989. The model advances two aspects which influence the level of technology acceptance which are Perceived Usefulness and Perceived Ease of Use (PEOU). Perceived usefulness (PU) is the level to which the user perceives the technology in terms of efficiency, while perceived ease of use (PEOU) is the users relating technology to ease of work (Davis, 1989). The indicators that are employed to measure perceived usefulness include whether the job is done fasters with efficiency and has high productivity. On the other hand, perceived ease of use is concerned with whether the use of technology can be taught easily and has a straight forward way of controlling the use the easy to recall. The innovation diffusion theory is attributed to Rogers (1962) and is regarded as one of the oldest theory in the field of social science. The theory was developed to explain how communication happens that lead to flow of information about a product or idea to the entire population or community or social systems. According to the theory, people as part of the social system of communities end up adopting the new ideas or product which make them to do things different from what they are used to. According to Zitkiene, Markeviciute and Mickeviciene, (2017) the individuals must first perceive the idea as an innovation because it is through this perception that diffusion occurs.

Empirical Literature Review

A study conducted by Nyaga (2013) study reported that the use of mobile money services led to significant growth of the micro and small businesses with urban centres in Naivasha Town. Mutisya (2015) study findings established that majority of the MSEs owners use mobile banking as opposed to formal banking for their daily transactions. The study revealed that mobile banking use contributed significantly to MSEs growth through increased sales volume and net profits. Mararo (2018) study findings revealed that use or adoption of m-payment services significantly explained the growth of the small and medium size enterprises in Nakuru Town. Onyango, Ongus, Awuor and Nyamboga (2014) study also revealed that mobile banking has increased customer base because of easy method of payments, more time to carry out other business activities, easy access to funds in the bank, increased business transactions, increased profits and increased business efficiency.

Donner and Escobari (2010) study showed that micro and small enterprises have adopted the use mobile telephony services in borrowing and supporting their business to greater heights. The study revealed an existent significant relationship between mobile money service and performance of micro and small enterprises. Gikenye and Ocholla (2012) findings showed that the use of mobile phones had impacted significantly on the performance of small and medium size enterprises in terms of m-banking, communications and ordering of supplies among others aspects. Mutua (2013) study also revealed that mobile banking has increased customer base because of easy method of payments, more time to carry out other business activities, easy access to funds in the bank, increased business transactions, increased profits and increased business efficiency.

RESEARCH METHODOLOGY

The research design that was utilized by the study was descriptive research design. This design is best suited to provide answers to why, what, how and when without interfering with the current situation. This design enabled the study to establish effect of M-banking service on the performance of selected Micro and small scale enterprises in Kericho County without interfering with the situation hence it was most suited for this study. The target population for this research was all the MSE's in all the sub counties within Kericho County. Kericho County has a total of 1526 registered MSEs according to the CIDP (2018).

Stratified random sampling and purposive random sampling techniques were used in this study. Stratified random was adopted on the basis of representation of different sub counties in the Kericho County. In this study, 10% was applied as proposed by Mugenda and Mugenda (2003) hence the sample was 153 MSEs which were distributed

proportionally as shown in Table 3.2. The study adopted purposive sampling technique whereby the study targeted the owner of these MSEs hence number respondents was 153. A Questionnaire was adopted in this study for data gathering. Questionnaires were personally administered to the selected respondents to ensure there high return. The study employed both descriptive and inferential data analysis techniques in summarizing of the data. The study used mean, percentage, frequencies to analyse the responses from the respondents while correlation and regression analysis were utilized in testing existent correlation between the independent variables and dependent variable.

ANALYSIS, FINDINGS AND DISCUSSIONS

In order to collect primary data from the respondents, 153 questionnaires were administered. A total of 116 questionnaires were completed and returned. This signified a general response rate of 75.82%. The 24.18% non-response rate is attributable to the reluctant attitude of the respondents to disclose information they thought could be used by their competitors.

Descriptive Findings and Analysis

The study used mean as well as standard deviation descriptive statistics to capture the responses Using a scale of 5= Very High Extent; 4= High Extent; 3 = Moderate; 2 = Low extent; and 1 = Very Low extent. This section therefore presents the average responses on each of the variables whereas the standard deviation indicates the magnitude of variations in the responses.

Mobile Payment

The study tested the relationship between M-Payment and performance of selected MSEs in Kericho County. Accordingly, respondents rated various M-Payment indicators Using a scale of 5= Very High Extent; 4= High Extent; 3 = Moderate; 2 = Low extent; and 1 = Very Low extent. The average responses are as shown on Table 4.4. Majority of the respondents, 43.10% and mean 4.18 indicated that they used mobile money for payment of bills to a very high extent, mini-statements and account history to a very large extent (71.60% and mean value of 4.64).

The standard deviation value of 0.62 was an indication of low variation in the responses provided. Majority of the respondents, 70.78% and mean value 4.68 also indicated that they used mobile money for payment of suppliers to a very high extent. Further, Majority of the respondents as represented by a mean value of 3.65 indicated that they used mobile banking for personalized alerts on transactions to a very high extent while majority, mean 3.23 indicated that they used mobile banking to purchase of goods and services to a high extent. On average, majority of the respondents indicated that they used mobile platforms to make payment.

Table 1: Influence of M-Payment on Performance of MSEs

Statement	1	2	3	4	5	Mean	Std Dev.
Payments of bills	0.00%	0.00%	25.00%	31.90%	43.10%	4.18	0.81
Mini-statements and account history	0.00%	0.00%	7.80%	20.70%	71.60%	4.64	0.62
payment of suppliers	0.00%	0.00%	2.60%	26.70%	70.70%	4.68	0.52
Personalized alerts on transactions	14.70%	1.70%	26.70%	18.10%	38.80%	3.65	1.39
Purchase of goods and services	12.90%	13.80%	26.70%	30.20%	16.40%	3.23	1.25
Average						**4.08**	**0.92**

Mobile Borrowing

The study tested the relationship between M-borrowing and performance of selected MSEs in Kericho County. Accordingly, respondents rated various M-borrowing indicators Using a scale of 5= Very High Extent; 4= High Extent; 3 = Moderate; 2 = Low extent; and 1 = Very Low extent. The average responses are as shown on Table 4.5. Majority of the respondents, mean value 4.32, indicated that they used mobile banking for micro credit disbursement to a very high extent while majority indicated that they used mobile application offering micro credit to a very high extent, mean value 4.74. Majority of the respondents, mean value 4.03, also indicated that they accessed loans from mobile phones to a very high extent while majority, mean value 3.41, indicated that they made loan repayments using mobile phones to a very high extent. Further, majority of the respondents, mean value 4.06, indicated that they used mobile money to order for goods and services on credit to a high extent. On average, majority of the respondents, mean value 4.11, indicated that they used mobile banking to borrow credit and order goods and services on credit.

Table 2: Influence of M-Borrowing on Performance of MSEs

Statement	1	2	3	4	5	Mean	Std Dev.
Micro credit disbursement	1.70%	0.00%	22.40%	16.40%	59.50%	4.32	0.94
Mobile application offering micro credit	0.00%	0.00%	3.40%	19.00%	77.60%	4.74	0.51
Accessing loans from mobile phones	8.60%	6.00%	14.70%	14.70%	56.00%	4.03	1.32
Loan repayment using mobile phones	19.00%	6.90%	27.60%	7.80%	38.80%	3.41	1.52
Ordering goods and services on credit	1.70%	0.90%	12.90%	58.60%	25.90%	4.06	0.76
Average						**4.11**	**1.01**

Mobile Savings

The study tested the relationship between M-savings and performance of selected MSEs in Kericho County. Accordingly, respondents rated various M-Savings indicators Using a scale of 5= Very High Extent; 4= High Extent; 3 = Moderate; 2 = Low extent; and 1 = Very Low extent. The average responses are as shown on Table 4.6. Majority of the respondents, mean 4.03, indicated that they used mobile phones to make savings to a very high extent, used mobile banking for convenient depositing and withdrawal to a very high extent, mean value 4.42, while majority of the respondents, mean 4.16, indicated that they used mobile phones for insurance services to a very high extent. Majority of the respondents, mean value 4.47, also indicated that they used mobile banking to open interest-bearing accounts to a very high extent while majority, mean 3.35, indicated that they used mobile banking services to make fixed savings. On average, majority of the respondents, mean value 4.09, indicated that they used mobile banking services to make financial savings.

Table 3: Influence of M-Savings on Performance of MSEs

Statement	1	2	3	4	5	Mean	Std Dev.
Savings	5.20%	2.60%	20.70%	27.60%	44.00%	4.03	1.11
Convenient depositing and withdrawal	0.00%	1.70%	7.80%	37.10%	53.40%	4.42	0.71
Insurance services	6.90%	0.00%	13.80%	28.40%	50.90%	4.16	1.12
Opening Interest-bearing accounts	1.70%	0.00%	6.00%	33.60%	58.60%	4.47	0.76
Fixing savings using M-Banking services	10.30%	23.30%	13.80%	25.90%	26.70%	3.35	1.37
Average						**4.09**	**1.01**

Mobile Transfers

The study tested the relationship between M-transfers and performance of selected MSEs in Kericho County. Accordingly, respondents rated various M-Transfer indicators Using a scale of 5= Very High Extent; 4= High Extent; 3 = Moderate; 2 = Low extent; and 1 = Very Low extent. The average responses are as shown on Table 4.7. Majority of the respondents, mean value 4.17, indicated that they used mobile banking services to transfer money to business associates to a high extent. Majority of the respondents, mean value 4.59 also indicated that they used mobile banking to transfer money to suppliers to a very high extent while majority, mean value 4.71, agreed that they used mobile banking for money transfer to creditors to a very high extent. Further, majority of the participants of the study, mean value 4.51, agreed that they used mobile banking services to receive funds from debtors to a very high extent while majority, mean 3.99, agreed that they used mobile banking services to transfers money to various bank accounts to a very high extent. On average, majority of the respondents, mean value 4.39, indicated that they used mobile banking services to make various money transfers.

Table 4: Influence of M-Transfers on Performance of MSEs

Statement	1	2	3	4	5	Mean	Std Dev.
Transferring money to business associates	0.00%	0.90%	26.70%	26.70%	45.70%	4.17	0.86
Use of mobile banking to transfer money to suppliers	0.00%	0.00%	6.90%	26.70%	66.40%	4.59	0.62
Use of mobile banking for money transfer to creditors	0.00%	0.00%	1.70%	25.90%	72.40%	4.71	0.49
Receiving funds from debtors	2.60%	0.00%	4.30%	30.20%	62.90%	4.51	0.81
Transferring money to various banks accounts	4.30%	1.70%	19.80%	38.80%	35.30%	3.99	1.01
Average						**4.39**	**0.76**

Performance of selected MSEs in Kericho County

The study also examined the performance of selected MSEs in Kericho County. Accordingly, respondents rated various performance indicators Using a scale of 5= Very High; 4= High; 3 = Moderate; 2 = Low; and 1 = Very Low. The average responses are as shown on Table 4.8. Majority of the respondents, mean 4.01, indicated that there was a high improvement in gross profits as a result of using mobile banking services. Majority of the respondents, mean 4.47, also indicated that as a result of using mobile banking, there was a high improvement in service delivery and operations. Further, majority of the respondents indicated that use of mobile banking had resulted to a very high increase in capital available to the business while majority, mean value 3.53, indicated that there was a very high improvement in customer base. Moreover, majority of the respondents, mean 4.27, indicated that there was a high increase in sales as a result of using mobile banking services. Overall, majority of the respondents indicated that use of mobile banking services had highly contributed to improvement in the performance of the enterprises in terms of improved gross profits, service delivery, increased capital, improved customer base and increased sales.

Table 5: Performance of selected MSEs in Kericho County

Statement	1	2	3	4	5	Mean	Std Dev.
Improved gross profits	0.00%	0.00%	35.30%	28.40%	36.20%	4.01	0.85
Improved service delivery and operation	0.00%	0.00%	0.00%	53.40%	46.60%	4.47	0.50
Increased capital	0.00%	0.00%	3.40%	25.90%	70.70%	4.67	0.54
Improved customer base	18.10%	1.70%	30.20%	9.50%	40.50%	3.53	1.48
Increased sales	2.60%	0.00%	17.20%	28.40%	51.70%	4.27	0.93
Average						**4.19**	**0.86**

Inferential Analysis

To establish relationship between mobile banking and performance of selected MSEs located in Kericho County, inferential statistics of correlation as well as regression analysis were used. Equally, for the purpose of establishing the significance of the association between mobile banking and performance of selected MSEs located in Kericho County, the study set a significance level of 5% on the coefficients of the variables. The following section presents correlation and regression analysis results.

Correlation Analysis

To determine the relationship between mobile banking and performance of selected MSEs located in Kericho County, a correlation analysis was done by the use of Pearson correlation coefficient. In order to make useful conclusions on the connection among the study variables, the study adopted a significance level of 5%. The results on this analysis are as presented in Table 6.

Table 6: Correlation Analysis

Correlations		M-Payment	M-borrowing	M-savings	M-transfer	MSE performance
M-Payment	Pearson Correlation	1				
	Sig. (2-tailed)					
M-borrowing	Pearson Correlation	.364	1			
	Sig. (2-tailed)	0.051				
M-savings	Pearson Correlation	0.174	0.104	1		
	Sig. (2-tailed)	0.062	0.265			
M-transfer	Pearson Correlation	.355	.346**	0.171	1	
	Sig. (2-tailed)	0.054	0	0.067		
MSE performance	Pearson Correlation	.583**	.589**	.346**	.479**	1
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	
	N	116	116	116	116	116

** Correlation is significant at the 0.05 level (2-tailed).

The results indicated a positive and significant association between M-payment and performance of selected MSEs in Kericho County (R = 0.583, Sig=0.000). The correlation results imply that an improvement in M-payment indicators results to positive and significant change in performance of MSEs in Kericho County. The results are consistent with the argument by Mararo (2018) that adoption of m-payment services significantly explains the growth of the small and medium size enterprises. The findings of the study also showed that there exists a positive and significant association between M-borrowing and performance of selected MSEs in Kericho County (R = 0.589, Sig=0.000). This is an indication that an improvement in M-borrowing by MSEs would result to positive and significant change in performance. The findings on this variable agree with the findings of a study by Donner and Escobari (2010) which established that micro and small enterprises have adopted the use mobile telephony services in borrowing and supporting their business to greater heights thereby improving their performance.

The results further indicated a positive and significant association between M-savings and performance of selected MSEs in Kericho County (R = 0.346, Sig=0.000). The correlation results imply that an improvement in M-savings indicators results to positive and significant change in performance of MSEs in Kericho County. The results are consistent with the findings of a study by Mutua (2013) which established that mobile banking has increased business transactions and high rate of savings by MSEs.

The findings lastly indicated that there exists a positive and significant association between M-transfers and performance of selected MSEs in Kericho County (R = 0.479, Sig=0.000). This is an indication that an improvement in M-transfers by MSEs would result to positive and significant change in performance. The findings on this variable agree with the findings of a study by Wanyonyi and Bwisa (2013) which indicated that Mobile Money Transfer for business to business, transfer when making purchases from suppliers and customer to business transfers when customers buy from the business and for debt collection for credit sales contributed to improved performance of the micro enterprises.

Regression Analysis

A linear multiple regression analysis was carried out to establish the linear relationship between mobile banking and performance of selected MSEs in Kericho County. Likert scales were used to measure the outcome variable which MSE performance as well as the four predictor variables of mobile banking which were M-Payment, M-Borrowing, M-savings and M-Transfers. A mean score was computed for each variable from the Likert scales. These mean scores were then used in the regression analysis. The following regression model was predicted to best describe the linear relationship between the variables: $\boldsymbol{Y= \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon}$ Where; Y = MSE performance, X_1 = M-Payment, X_2= M-Borrowing, X_3= M-savings, X_4= M-Transfers and $\boldsymbol{\varepsilon}$ the error term**.**

Model Summary

The model summary results as presented in Table 4.10 indicated that mobile banking had a strong positive influence on performance of selected MSEs in Kericho County. This is shown by a joint Pearson correlation of 0.766. This is an indication that an improvement in mobile banking in terms of M-Payment, M-Borrowing, M-savings and M-Transfers results to a strong positive change in performance of selected MSEs in Kericho County. The model summary results also shows that R-square was 0.586 implying that M-Payment, M-Borrowing, M-savings and M-Transfers jointly account for up to 58.6% of the variation in performance of selected MSEs in Kericho County. This is an indication that 41.4% of the variation in performance of selected MSEs was explained by other factors not covered in the model presented in this study.

Table 7: Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.766	0.586	0.571	0.26204

a Predictors: (Constant), M-Transfer, M-Savings, M-Borrowing, M-Payment

Model Significance

The significance of the regression model was confirmed by the F statistic at 5% which is less than 0.05. The F calculated statistic of 39.325 was greater than F (4, 111) critical value of 2.4534 which also confirmed the significance of the model. The implication of the overall model significance is that M-Payment, M-Borrowing, M-savings and M-Transfers are appropriate factors in predicting change in the performance of selected MSEs in Kericho county. Model significance results are shown in Table 8.

Table 8: Overall Model Significance

	Sum of Squares	df	Mean Square	F	Sig.
Regression	10.801	4	2.7	39.325	.000
Residual	7.622	111	0.069		
Total	18.423	115			

a Dependent Variable: Performance of MSE

b Predictors: (Constant), M-Transfer, M-Savings, M-Borrowing, M-Payment

Regression Coefficients

The regression results as shown in Table 9 indicated that M-Payment positively and significantly influenced performance of selected MSEs in Kericho County as confirmed by Beta value of 0.33 and Significance value of 0.000 which is less than the 0.05 threshold. This is an indication that a unit improvement in M-Payment indicators would result to 0.33 significant improvement in performance of MSEs in Kericho County. This is consistent with the argument by Ongus, Awuor and Nyamboga (2014) that mobile banking has increased customer base because of easy method of payments. The results also agree with the argument by Mbogo (2010) that usage of the mobile payment services by the micro businesses enhances their success and growth. The results also indicated that M-borrowing positively and significantly influenced performance of selected MSEs in Kericho County as confirmed by Beta value of 0.262 and Significance value of 0.000. This is an indication that a unit improvement in M-borrowing indicators would result to 0.262 significant improvement in performance of MSEs in Kericho County. This is consistent with the findings of a study by Gikenye and Ocholla (2012) whose findings showed that the use of mobile phones had impacted significantly on the performance of small and medium size enterprises in terms of ordering of supplies on credit.

The regression results as shown in Table 9 further indicated that M-savings positively and significantly influenced performance of selected MSEs in Kericho County as confirmed by Beta value of 0.189 and Significance value of 0.001 which is less than the 0.05 threshold. This is an indication that a unit improvement in M-savings indicators would result to 0.189 significant improvement in performance of MSEs in Kericho County. This is consistent with the argument by Kariuki and Ngugi (2014) that mobile banking has increased ease of access of credit for micro and small enterprises that are also able to make savings from profits made. The results finally showed that M-Transfers positively and significantly influenced performance of selected MSEs in Kericho County, Beta = 0.227 and Sig. = 0.006. This is an indication that a unit improvement in M-transfers indicators would result to 0.227 significant improvement in performance of MSEs in Kericho County. This is consistent with the findings of a study by Lennart (2010) which established that the fast diffusion of mobile money transfer was viewed as a potential key tool for facilitating financial transactions. Accordingly, a positive aspect of mobile phone is that it has made financial transactions to be made in a simple and faster manner from any point insofar as there are mobile phones money service providers.

Table 9: Regression Coefficients

	Unstandardized Coefficients		Standardized Coefficients		
Predictors	**B**	**Std. Error**	**Beta**	**t**	**Sig.**
(Constant)	0.006	0.381		-0.016	0.987
M-Payment	0.33	0.066	0.34	4.977	0.000
M-Borrowing	0.262	0.047	0.377	5.57	0.000
M-Savings	0.189	0.055	0.215	3.443	0.001
M-Transfer	0.227	0.081	0.191	2.814	0.006

a Dependent Variable: Performance of MSE

CONCLUSION

It is apparent from the findings of the study that mobile banking has a positive and significant influence on the performance of selected MSEs in Kericho County. The study therefore concludes that an improvement in mobile payment in terms of payments of bills, payment of suppliers, personalized alerts on transactions and purchase of goods and services would result to significant improvement in the performance of MSEs in Kericho County. The study also concludes mobile borrowing has a positive and significant influence on the performance of selected MSEs in Kericho County. An improvement in mobile borrowing including micro credit disbursement, use of mobile applications offering micro credit, accessing loans from mobile phones, loan repayment using mobile phones and ordering goods and services on credit would result to significant improvement in the performance of MSEs in Kericho County. An improvement in the use of mobile banking services to transfer funds to business associates, suppliers, creditors and various bank accounts and to receive funds from debtors would result to significant improvement in the performance of MSEs in Kericho County.

CONFLICT OF INTEREST

No potential conflict of interest was recorded

RECOMMENDATIONS

The study recommends that to improve the performance of MSEs in Kericho County, there is need for the MSEs to use mobile banking services to make payments of bills, payment of suppliers, access personalized alerts on transactions and purchase of goods. The study also recommends the MSEs in Kericho County to adopt use of mobile banking services to make savings. Further, the study recommends that for the purpose of improving their performance, MSEs in Kericho County should expand their use of mobile banking services for micro credit disbursement, consider using mobile applications offering micro credit, obtain loans from mobile phones, make loan repayment using mobile phones and order goods and services on credit. The study finally recommends MSEs in Kericho County to adopt use of mobile banking services to transfer funds to business associates, suppliers, creditors and various bank accounts and to receive funds from debtors

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