

**ELECTRONIC FUNDS TRANSFERS AND BUSINESS GROWTH AMONG SMEs IN
KABALE MUNICIPALITY, KABALE DISTRICT**

**BY
MUJURIZI JUSTUS
17/A/MBA/053/W**

**A DISSERTATION SUBMITTED TO THE FACULTY OF ECONOMICS AND
MANAGEMENT SCIENCES IN PARTIAL FULFILMENT OF THE
REQUIREMENTS FOR THE AWARD OF MASTER OF
BUSINESS ADMINISTRATION DEGREE OF
KABALE UNIVERSITY**

April 2022

DECLARATION

I, **Mujurizi Justus**, hereby declare that this research dissertaion titled, **“Electronic Funds Transfers and Business growth among SMEs in Kabale Municipality, Kabale District”** is my original work. It has never been presented for any academic award.

Signature:  Date: 24/05/2022

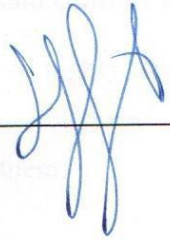
MUJURIZI JUSTUS

17/A/MBA/053/W

APPROVAL

This is to affirm that this dissertation titled, “Electronic Funds Transfers and Business growth among SMEs in Kabale Municipality, Kabale District” was done by Mujurizi Justus and is now ready for submission for examination with our approval.

Signature: _____



Date: _____

24/05/2022

DR. ETON MARUS

Supervisor

Signature: _____



Date: _____

24/05/22

DR. ABANIS TURYAHEBWA

Supervisor

DEDICATION

I dedicate this work to my wife Akankwasa Annet and my children, Ayebare Persevere, Ahabwe Praise, Akangumya Witness, Ampeire Trophy.

They missed my care and comfort while I was away with my class work and research activities and prayed to God the Almighty for my success.

May God richly bless them.

ACKNOWLEDGEMENTS

This study could not have been accomplished without the contribution of the following people.

I am very grateful to God for giving me the wisdom, good health, and courage to continue with my studies and throughout the period of doing research.

I thank my supervisors Dr. Eton Marus(Ph.D) and Dr. Abanias Turyahebwa (Ph.D) for the parental and academic guidance during this study. They encouraged me to complete the course which I was almost giving up.

My sincere gratitude goes to our Lecturers such as Ass. Prof. Caleb Tamwesigire, Dr. Godfrey Barigye, Dr. Kinyatta, Dr. Moses Agaba, and Mr. LabsonTuryamushanga, at Kabale University for the firm foundation in doing research.

I acknowledge with gratitude all SME owners in Kabale municipality who cooperated in giving valuable data. I thank you for sparing your time amidst your busy schedules by filling the questionnaires and being available for interviews.

I also acknowledge with gratitude the services rendered by Mr Bashaija Ismail Bosco for type setting and editing this research work.

God bless you richly.

TABLE OF CONTENTS

DECLARATION	ii
APPROVAL	iii
DEDICATION.....	iv
ACKNOWLEDGEMENTS.....	v
TABLE OF CONTENTS	vi
LIST OF FIGURES	ix
LIST OF TABLES	x
ACRONYMS.....	xi
ABSTRACT	xii
CHAPTER ONE: INTRODUCTION.....	1
1.1 Introduction	1
1.2 Background of the Study.....	1
1.3 Statement of the problem	8
1.4 Objectives of the Study	9
1.5 Research Questions.....	10
1.6 The Scope of the Study	10
1.7 Significance of the study	11
CHAPTER TWO:	13
LITERATURE REVIEW.....	13
2.1 Introduction	13
2.2 Theoretical review	13
2.3 Mobile Money and Business growth	15
2.4 Automated Teller Machines (ATMs) and Business growth.....	19
2.5 Debit Cards and Business growth.....	20
2.6 Electronic Funds transfers and business growth among SMEs.....	22
2.7 Research gap.....	23

CHAPTER THREE:	24
METHODOLOGY	24
3.1 Introduction	24
3.2 Research Design	24
3.3 Area and Study population	24
3.4 Sample Size and Composition	25
3.5 Sampling techniques	25
3.6 Sources of data	26
3.7 Data Collection Instruments	26
3.8 Validity and Reliability of Instruments	27
3.9 Research Procedure	29
3.10 Data Analysis	29
3.11 Ethical Considerations	29
CHAPTER FOUR	31
DATA PRESENTATION AND ANALYSIS	31
4.1 Introduction	31
4.2 Response rate	31
4.3 Background characteristics	31
4.4 Descriptive statistics	33
4.5 Inferential statistics	40
4.6 Chapter Summary	44
CHAPTER FIVE	45
DISCUSSION, CONCLUSION AND RECOMMENDATIONS	45
5.1 Introduction	45
5.2 Summary of Findings	51
5.3 Conclusion	52
5.4 Recommendations	54
5.5 Areas For Future Research	54
REFERENCES	56

APPENDICES	61
APPENDIX A: QUESTIONNAIRE	61
APPENDIX B: INTERVIEW GUIDE	65
APPENDIX E: Krejcie and Morgan Table for Determining Sample Size	66
APPENDIX F: ANALYTICAL TABLES.....	67

LIST OF FIGURES

Figure 1: Conceptual framework	5
--------------------------------------	---

LIST OF TABLES

Table 3.4.1: Sample selection table	25
Table 3.8.1: Reliability Statistics	28
Table 4.3.1: Background charactersitics	32
Table 4.4.1: Electronic Funds Transfer	34
Table 4.4.2: characteristics of EFT channels.....	36
Table 4.4.3: Business Growth.....	39
Table 4.5.1: Correlations	41
Table 4.5.2: Regression coefficients	42
Table 4.5.3: Model Summary	44

ACRONYMS

ATM	Automatic teller Machine
COG	Cognitive Model
ECM	Expectation Confirmation Model
EFT	Electronic Funds Transfers
ICT	Information Communication technology
IS	Individuals satisfaction
PC	Personal Computer
PEOU	Perceived Ease of Use
PIN	Personal Identification Number
POS	Point of Sale
PU	Perceived Usefulness
SMEs	Small and Medium Enterprises
TAM	Technology acceptance Model
TCT	Technology Continuance Theory
UIA	Uganda Investment Authority

ABSTRACT

The study examined the relationship between Electronic Funds Transfers and Business growth among SMEs in Kabale Municipality, Kabale District. The study was guided by four specific objectives: to establish the relationship between use of Mobile Money and Business growth among SMEs in Kabale Municipality, to examine the relationship between Automated Teller Machines (ATMs) and Business growth among SMEs in Kabale Municipality, to examine the relationship between Debit Cards and Business growth among SMEs in Kabale Municipality, and to examine the effect of Electronic Funds transfers on the business growth among SMEs in Kabale Municipality. A cross sectional research design was adopted to report the findings in a snapshot. The study covered a population of 300 SMEs in the area of manufacturing, trade and services. A sample of 169 SMEs was selected using simple random and purposive sampling techniques. The data was collected using questionnaires and interviews and analyzed using both descriptive statistics and multiple regression. The results show a negligible relation between using EFT and business growth with EFT accounting for as low as 7.0% of the variations in business growth. The use of mobile money transfers significantly affects business growth while the use of ATMs and debit cards do not significantly affect business growth. The study concluded that the relationship between EFT and business growth is very negligible among SMEs in Kabale Municipality. Therefore, bankers should make an effort to reach out to the SMEs and give them incentives to open up bank accounts to enable them use the ATMs and Debit Cards. Secondly, SMEs owners should embrace banking services in order to use the bank products offered by different banks so that they grow.

CHAPTER ONE: INTRODUCTION

1.1 Introduction

The study brings out the relation between electronic funds transfers and growth SMEs in Kabale municipality. The introduction of new methods of financial inclusion has seen EFT become novel means of transferring money. Electronic Funds Transfer services are being deployed rapidly across emerging markets especially by Small and Medium Scale Enterprises as a key tool to further the goal of financial inclusion. This has not only affected the financial sector but the business and economic sectors as a whole. Consequently, SMEs are thriving with the introduction of such novel methods that help the unbanked to join the banking sector. This chapter presents the background, the objectives and the conceptualization of EFT and growth of SMEs.

1.2 Background of the Study

This sub-section brings out the history, theories, the conceptualization and contextualization of the study.

1.2.1 Historical Perspective

Electronic Funds Transfer, hereafter EFT, refers to the transfer of money from one bank to another through direct deposits. EFT is managed without the involvement of bank employees. The entire process does not require any paper documentations, which has increased its popularity in the financial and banking sector over the years. When mobile money was introduced in Kenya in form of M-Pesa in 2007, it was viewed as alternative to economic development to SMEs (ACP, 2014).

ICT, with its innovations has transformed the banking sector by bringing in new ways of delivering financial products including Automated Teller Machines (ATMs), cell phone banking, PC banking, and internet banking (Ahmad, 2006). These innovations, which constitute a narrow scope of electronic banking (e-banking) are part of electronic commerce (e-commerce). Today, e-banking is not only at the helm of improving banking services provision but also lowering the costs of transacting business.

Following the increase in mobile phone subscribers on the African continent, GSMA (2012) asserts that about 25 companies providing mobile money services were operating in Kenya, making it the country with the highest number of mobile money users in East Africa followed by Tanzania (Chale & Mbamba, 2014). Uganda comes third with 2.1 million users which represent 8.1 per cent of the total number of mobile subscribers, access to finance is increasingly becoming easy for the SMEs, and it has recently become an integral part of their growth and development across the world because of its efficiency and its affordability for the micro enterprises (Kamau, Cerstin & Mukwana, 2013). Similarly, the integration of automated teller machine and Debit Cards in the services of the banks has also proven beneficial to the access of finance.

In Uganda, EFT dominates the methods transferring money due to its simplicity, accessibility, and direct ways of paying and transferring money. It is likely that due to the increase robust increase in using EFT in business, paper money is likely to lose relevancy because it is slow and expensive. With the introduction of Mobile money by MTN Uganda and its adoption in 2009, the financial space changed face and Mobile Money exchange started with services expanding to include Mobile Money Wallet to Bank account service.

It is important to note that EFT may be conducted in multiple ways within the bank or across banks. The types of EFTs used in business include; Automated Teller Machines (ATMs). ATMs support a faster way of withdrawing and depositing money, transferring money and checking account balances. This may be conducted at any location at any time. Debit cards: Allows users to pay for transactions and have those funds deducted from the account linked to the card. Pay-by-phone systems/Mobile Money: Allows users to pay bills or transfer money over the phone (E-BANX, 2019).

1.2.2 Theoretical perspective

This work adopted the Technology Acceptance Model (TAM) which assumes that the constructs; alleged usefulness and alleged ease of use determine the adoption and use of systems (Davis, 1989). These assumptions favour the disposition or intention of implementing IT that consequently promotes the use for example the Electronic Funds transfers Infrastructure.

This study also adopted the Technology continuance Model (TCM) by Liao et al., (2009) which promotes the continuance Intention of Users of technology. The theory combines such models like Individuals Satisfaction and the technology; the Cognitive (COG) Model by Oliver (1980), the Technology Acceptance Model (TAM) by Davis (1989), and the Expectation Confirmation Model (ECM) by Bhattacharjee (2001). The theory premises on attitude and contentment were made part of the TCT whereas Perceived Usefulness (PU) and User friendliness (ease of use) in TAM as well as Confirmation are other constructs. The two theories explain the behaviour of SMEs in adopting and using a technology (Electronic Funds Transfers) to access finances.

1.2.3 Business growth

The need for SMEs to find quick access to finances remains a challenge to academic and policy researcher globally since it is one of the determinants to their economic growth. For example, numerous debates were conducted in form of seminars and workshops to address financial access and help SMEs contribute widely to the economy (MIC, 2007). By implication, finance significantly determines the growth and survival of SMEs (ACCA, 2009). Financial accessibility helps SMEs to venture in productive investments and enhance the economic development and alleviate poverty in most of Sub Saharan Africa countries (Beck and Demirguc-Kunt, 2006). Though external finance is essential for boosting start-up businesses, small and medium enterprises would not compete internationally without it. Besides, external finance helps SMEs to expand their ventures and strike linkages of business with the large firms. According to Olomi and Urassa (2008), financial accessibility reduces the barriers to business start-ups and growth, which have been mentioned by existing SMEs and potential operators.

1.2.4 Conceptualframework

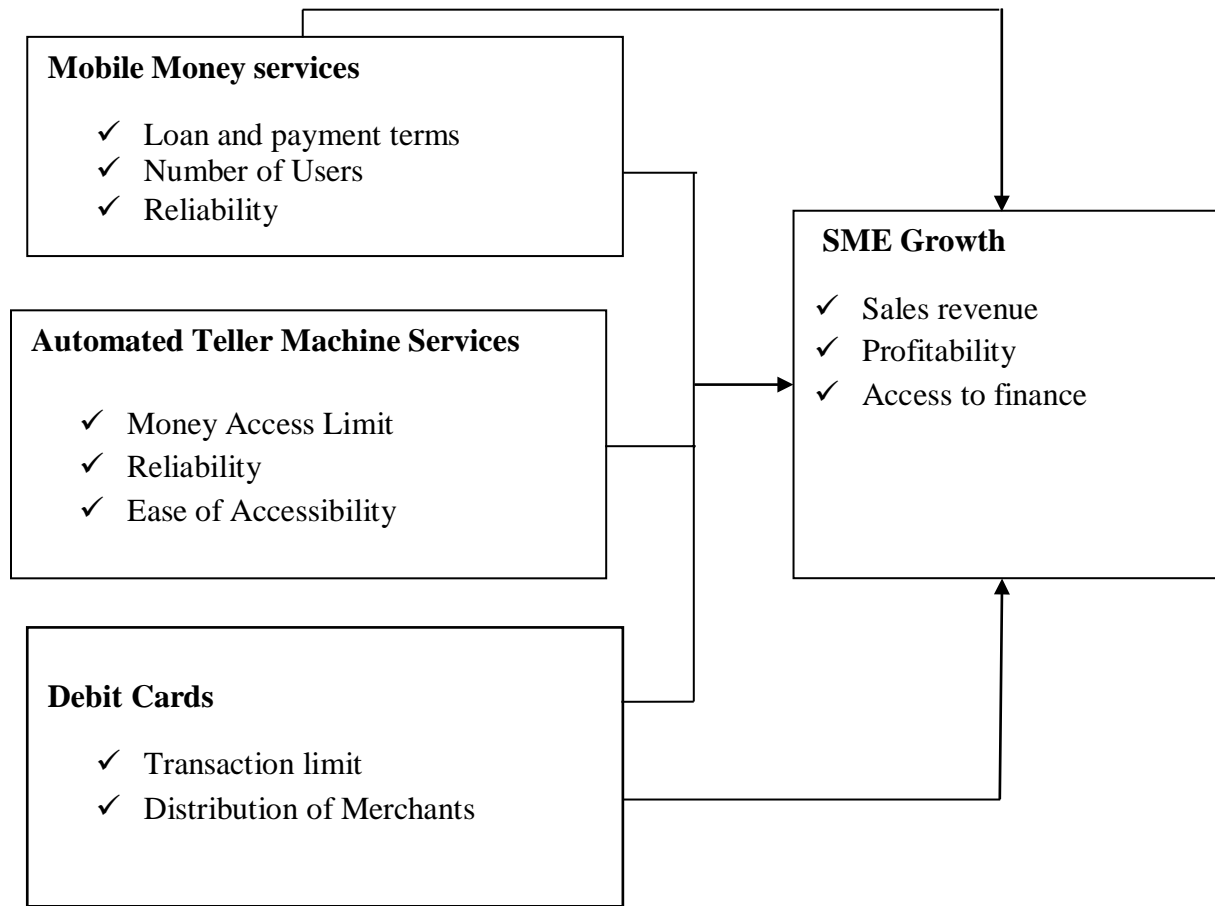


Figure 1: Conceptual framework

Source: Generated by the researcher, 2020.

In this study, the mobile money services, the automated teller machines and Debit cards were considered as the independent variables. The mobile money services was scrutinized basing on requirements such as number of users, loans and payment terms, and lastly reliability of the mobile money service. While automated teller machine was evaluated on the basis of money access limit, reliability and ease of accessibility. Debit Cards were evaluated on the basis of

Transaction limit and Distribution of merchants. The SMEs business growth was considered as the dependent variable; it was measured on the basis of Sales revenue, Access to finance and profitability.

1.2.5 Contextual Framework

Small and Medium size enterprises is the foundation of economic development globally and a source of economic growth, dynamism and flexibility in advanced and industrialized countries (World Bank, 2008). Easy access to finance leads to high profitability, job creation, and significantly alleviates poverty (Sievers & Vandenberg, 2007). Micro and small enterprises account for 95% and up to 99% of enterprises in most global economy. That is why access to finance is very vital for the growth and development of SMEs. With the emergence of electronic funds transfers enabled by mobile money, automated teller machines and Debit Cards, accessibility to finance has improved their level of business transactions and a reduction in costs of running business thereby efficiency (Banker & Kauffman, 2018).

Small and medium enterprises are the life-blood of any economy. However, the nature and definition of SMEs are solely determined by context. For instance, the the level of capital investment and accumulation, the number of employees (Kasekende and Opondo, 2003). From a Ugandan perspective, Kasekende and Opondo (2003) define SMEs as a small enterprises that employ between 5 to 50 employees with an asset value of land, building and working capital less than Ug.shs 50 million (US\$ 30,000) and with an annual income turnover of between Ugshs.10-50 million (US\$6,000-30,000). The authors also define medium sized enterprise as firms, which employ about 50 to 100 employees. In this regard, the number of employees working in that business and assets value also classifies SMEs (Uganda Investment Authority, 2016).

SMEs in Uganda are known for creating jobs, generating income, and self-employment, all of which have been vehicles for poverty alleviation. SMEs continuously supply ideas, skills, and innovation needed for promoting competitive and efficient allocation of resources, which are always scarce (Kasekende & Opondo, 2003). According to Eton, et al (2019), SMEs incur costs of acquiring financial services, which are high. SMEs find difficulty in using financial services, besides the ill-treatment they receive from the lenders, who do not show respect and dignity to financial users. The authors show that a digitalized financial services, which is cheap, secure and risk averse can boost growth of SMEs in Uganda.

SMEs in Uganda constitute over 96% of businesses (UBOS, 2016). Organization for Economic Cooperation and Development OECD (2006) notes that, in OECD, SMEs provide between 60-70% of net job creation and are important for bringing innovative products or techniques to the market, and Uganda has also fully adopted the use of mobile money together with banks enrolling the ATM services. However, most ATM machines offer a certain limit of money on a daily basis which affects the operation of the SMEs. Mobile money in Uganda has also registered improved growth with so many users, together with mobile money agents and bank agents which has greatly influenced efficiency amongst the SMEs although reliability still remains a challenge.

According to Nakawesi (2021) the use of electronic cards grew by 11.8 per cent at the end of 2020. According to this report, electronic cards support purchasing, withdrawing, and transfer of money in form of debit and credit cards grew 2020, indicating progress in using electronic transactions. Further still Central Bank indicates how government campaigned for using electronic payments to counter the rapid increase in Covid -19, which pushed up both volume and value debit and credit cards transactions (Bank of Uganda, 2021)

During the COVID-19 pandemic, the volume of credit and debit cards transactions grew by 2.7 per cent to 10.5 million while value rose by 11.8 per cent to Shs.34 trillion. The growth was concomitant with Central Bank as it sought for a cashless economy that uses EFT for transacting business. Though the bank intends aims at a cashless economy by 2022, it seems to be an overly ambitious target given that at least 90 per cent of transactions in Uganda are currently cash-based slightly less than a year to the target year (Bank of Uganda, 2021)

Rogers and Alice (2015) concluded that Finance plays a central role in enterprise development but this is only possible if it is accessible and reasonably priced. While SMEs are increasingly seen as playing a strategic role in economic growth and development of Uganda, they suffer from business growth problems.

1.3 Statement of the problem

Electronic Funds Transfer has over the years become a center of financial transactions. With the introduction of Mobile Money for example in 2007 through M-Pesa in Kenya and MTN Mobile Money by MTN Uganda in 2009, it is now viewed as alternative to economic development to SMEs (ACP,2014). Gosavi (2017), Similarly, Automated teller machines availability if widespread also provides access to finance. However, In Uganda, SMEs access to finance has been marginal largely because there exist challenges of reliability, power and timeliness which continue to affect the access to finance (Tumuzoire, 2016). According to Nakagwa, (2018) over 44% of SMEs do not have access to formal finance and yet 56% use mobile money services. This is basically because commercial banks continue to ignore the SMEs on the basis that they are not cost effective and do not make business sense. Additionally, despite, attempt by commercial banks to increase automated teller machines across the country, the cost of access to

finance through the ATMs remains high ranging between 5 US cents to 25 US cents across commercial banks which limits growth of business, especially SMEs (Ssonko, 2010), coupled with network failure in time of dire need of money (Mohamad, 2010), and limit of the amount to be accessed. If these circumstances are not clearly established, the sustainable growth of SMEs is likely to be affected. Furthermore, no recent study has paid attention to understanding the relationship between Electronic Funds Transfers and business growth among SMEs. This study therefore, focuses on investigating the relationship between Electronic Funds Transfers and business growth among SMEs in Kabale Municipality, Kabale District.

1.4 Objectives of the Study

1.4.1 General Objective

To examine the relationship between Electronic Funds Transfers and Business growth among SMEs in Kabale Municipality, Kabale District.

1.4.2 Specific Objectives

- i. To establish the relationship between use of Mobile Money and Business growth among SMEs in Kabale Municipality.
- ii. To examine the relationship between Automated Teller Machines (ATMs) and Business growth among SMEs in Kabale Municipality.
- iii. To examine the relationship between Debit Cards and Business growth among SMEs in Kabale Municipality.
- iv. To examine the effect of Electronic Funds transfers on the business growth among SMEs in Kabale Municipality.

1.5 Research Questions

- i. What is the relationship between use of Mobile Money and Business growth among SMEs in Kabale Municipality?
- ii. What is the relationship between Automated Teller Machines (ATMs) and Business growth among SMEs in Kabale Municipality?
- iii. What is the relationship between Debit cards and business growth among SMEs in Kabale Municipality?
- iv. How does an Electronic Funds transfer affect business growth among SMEs in Kabale Municipality?

1.6 The Scope of the Study

The Scope of the study comprised of three sections.

1.6.1 Geographical scope

The study was conducted in Kabale Municipality, Kabale District. Kabale Municipality is appropriately 33 square kilometers and it is located South Western Uganda, its bordered by Kitumba sub county in the South West, Rubanda District to the North and Kyanamira to the East. The study focused on the Small and Medium Size Enterprises located within Kabale Municipality.

1.6.2 Content Scope

The study included investigation of the content to which the mobile money and Automated Teller Machine (ATMs) and Debit cards are independently/or jointly affect the level of business growth among SMEs in Kabale Municipality, Kabale District.

1.6.3 Time Scope

The study focused on the literature in the period between 2015 - 2021. This covered the period under which the use of mobile money and ATMS became popular in Kabale District and only SMEs that have existed for more than two years were considered. Study activities were done from May 2021 to April, 2022.

1.7 Significance of the study

The study findings can be useful in a number of ways to both the SMEs and the other stake holders like the Banks and Telecommunication Companies in providing information.

This research paper can inform the SMEs on the importance of using or transacting using the Electronic Funds transfer services.

The study can contribute to the existing research done in the area of Electronic Funds Transfers in Uganda which will provide a basis for literature to the prospective researchers.

The findings can provide a basis for other SMEs who have not appreciated the use of the Electronic Funds Transfers on the relevance and importance for using such technology.

Findings will also inform the Bankers and the Telecommunication companies on the direct effect of their service on the growth and development of SMEs in Uganda. This will also help in the reduction of the cost of the services.

CHAPTER TWO:

LITERATURE REVIEW

2.1 Introduction

In this chapter, the researcher reviews literature on Mobile Money, Automated Teller Machines (ATMs), Debit Cards and business growth by SMEs. The concepts reviewed are: Mobile Money services, automated teller machine services, Debit Cards, SMEs business growth. Other concepts reviewed include; the relation between mobile money and business growth, relationship between automated teller machines, relationship between Debit Cards and business growth. The literature covered the relation between Mobile Money, Automated Teller Machines, Debit Cards and Business growth among SMEs.

2.2 Theoretical review

2.2.1 Technology Acceptance Model

The study anchors on the Technology Acceptance Model (TAM), which assumes that perceived usefulness and perceived ease of use determine system adoption and use (Davis, 1989). The assumptions influence the extent to which one is likely to use information technology, which affects its use. Perceived usefulness refers to the extent to which person believes that using a some system will improve their performance. Perceived ease of use on the other hand refers to the extent to which one assumes that using a particular system will be “free of effort” (Davis, 1989). While this model has been applied in the study of consumer behaviour, Lu et al. (2003) show that the model has been extensively applied in understanding information systems. Given the current study, SMEs’ Owners in Kabale District tend to use technology that is perceived to be

easy to use and that they will be free of effort in use of that technology. Others look at the benefits of the innovation before they can adopt it in this case Electronic Funds Transfers.

2.2.2 Technology Continuance Theory (TCT)

Technology Continuance Theory which was advanced by Liao et al (2009) is used to explain the extent to which users are likely to continue with using a technology. This theory integrates three models in the domain of technology and Individual Satisfaction (IS) Research. The COG Model by Oliver (1980), the TAM by Davis(1989),and the ECM by Bhattacharjee (2001). TCT was a three tier model and its ultimate dependent variable was the continuance intention with IS. TCT blended two essential constructs; Validation, perceived user-friendliness and PU. The TCT encompassed all the hypotheses put forth in the ECM, TAM and COG (Liao et al, 2009).

Given the current study, TCT explains the different applications of electronic transfers. TCT can be applied in the preliminary, short term and long term. TCT is a significantly improved model in comparison to ECM, TAM and COG with respect to the breadth of applicability and descriptive strength (Liao et al., 2009).According to the TCT model, personality attributes are moderator variables in the relation between Contentment and the continuous usage of Electronic Funds transfers. A person's personality attributes manifest themselves in their actions (Devaraj et al., 2008).In the face of growing SMEs, TCT explains the continuation of using EFT by SMEs in Kabale Municipality depending on contentment and the personality factor of the owners of the SMEs.

2.3 Mobile Money and Business growth

According to World Trade Organization (2013), mobile money refers to payment services using mobile devices. The services are perfectly provided in conformity with financial regulations. Swarray (2012) uses the concept of „mobile money“ to refer to electronic money via mobile device. The transaction is effected on mobile devices and can store money wallets. Given the current study mobile money services require a simple text message on a mobile device and a transaction is effected. Mobile money transfer service has seen “phenomenal growth”. Borrowing from the words of Bob Collymore, the CEO of Safaricom Limited, the first mobile company to introduce mobile money transfers in March 2007 under the “M-PESA” brand name in Kenya (Catherine, 2015), mobile money transfers is intersection of telecommunications and banking. Thus, any effort to improve mobile technology and growing mobile subscriptions provide a heavy chance to deliver good and services that are cost-friendly (Donovan, 2012; Qureshi, 2013).

Jenkins (2008) introduces three forms of mobile money that is : mobile transfers, mobile payments, and mobile financial services. Mobile transfers are concern trasfers of money from one individual to another using the mobile phone. Mobile payments concern trasfering money to pay for goods and services via the mobile phones (ITU, 2013). Equally, mobile financial services operate when mobile money account is connected to a bank account to that helps the account holder to access a range of transactions whichthose with near a physical bank branch would access (Scharwatt et al., 2015). Mobile money services are increasingly used in emerging markets to scale up the level of financial inclusion. Financial inclusion, the development of novel methods to the unbanked population of the poorest to access formal financial services and join the formal financial system, is very important for alleviating poverty and promote economic

growth. Similarly, the medium and small-scale enterprises use it as a medium of transacting their business.

According to Rajiv et al. (2015) some successes have been registered in the growth of mobile money, such as Vodafone / Safaricom's M-Pesa in Kenya. Examining the performance of M-Pesa, after five years from its launch, M-PESA had 15 million customers, and had registered about 37.5% of the country's population, and was processing \$10 billion annually, which is similar level of success in Uganda with MTN mobile money.

Mobile money has in the recent past turned into an effective way of conducting business in SSA (WTO,2010). Most Small and medium enterprises are currently using mobile payments to transact their business at relative affordability of mobile phones and the mobile banking services they offer (Mbogo, 2010). From a global perspective, the mobile money industry is increasingly growing in transactions, which I find this very true for the case of east Africa countries. As of 2017, the value of transaction grew by 21 per cent from \$26 billion in December 2016 to over \$31.5 billion in December 2017. The average number of active customers using cashing in and out and sending person-to-person transfers moved to \$188 per month.

Without any limitations in use, customers increasingly use mobile money transfers to pay bills, top up airtime, and conduct other transactions through their mobile money accounts (GSMA,2017). Notably, Mobile money service product of B2P, or business-to-person, or Bulk Payment Service allows SMEs to pay many clients at once by transferring money (also referred to as pushing funds) into their mobile money corporate account which improves the business transactions and level of performance. Additionally, this is done easily even if the transactions are in the rural areas. (USAID, 2012).

Other scholars assert that mobile money has rapidly increased which has increased economic growth and reduced poverty, in rural areas and among SMEs, especially the ones participating in agriculture to access better market information, payments and fetch higher prices for their products (Torero. et al, 2005), and has also attracted those who were not initially in the mainstream banking systems.

According to Kakwa (2012), the adoption and use of mobile phone technology has a significant influence on SME's since it quickly meets customers' needs, increases internal efficiency, access to new markets, and lowers operational costs. Similarly, Muzi, *et al.*, (2017) adds that mobile money improves liquidity in doing business since there is easy access of funds. In view of the current study, mobile money significantly relates with business growth.

Odyek (2020) noted that, the growth in mobile money services in Uganda has been phenomenal. Mobile money enhances financial inclusion among SMEs, reduce the costs of conducting business, helps the rural population to access financial services and promoting customer convenience. Bank of Uganda (2018) reports that mobile money balance on customer accounts increased from sh418.9b in September 2017 to sh495.9 in June 2018. The number of customers who registered for mobile money by September 2017 was 23,726,352 while in June 2018 it was recorded at 22,733,823. The decline in the number of subscribers was due to the deregistration of the unregistered from the network. Mobile money transactions have grown from sh16.7 trillion in September 2017 to sh19.3 trillion in June 2018.

In Uganda, mobile money services became part of the business industry in 2009. Mobile money was introduced with great speed. By 2020, Bank of Uganda reports that Uganda has seven mobile money schemes. These include MTN, Airtel, Uganda Telecom, Africell, M-cash,

PayWay and Eeezy Money. Today, mobile money is regulated by Uganda Communication Commission, which is also regulated by Bank of Uganda.

Bangens and Soderberg (2010) report a significant influence of the use of mobile financial transactions on efficiency in SMEs. Mobile financial transactions saves saving time when undertaking business transactions. SMEs use mobile phone financial transactions more frequently than bank-based financial transactions. Mobile money helpthe users to reduce travelling expenses when making and collecting payments, which them toe reduce their operating costs significantly besides increasing growth. Jensen (2007) shows that mobile moneyservices assist SMEs to improve information symmetries and market efficiency, which enable them to perform better performance. A study conducted in Kenya by Chogi (2006) shows that SMEs in Kenya perceive mobile transactions as tools for mediating business activities and realizing business outcomes. This in turn has an effect on their profitability and productivity. Higgins at el (2012) shows that SMEs engage in frequent financial transactions involving large amounts or long distances. Consequently, these transactions providehelp them lower business costs save time, and offer the most convenient and cheaper ways carrying out financial transactions. Chogi (2006) examined the impact of mobile phone technologies on SMEs in Nairobi. Basing on a self-structure questionnaire, the study finds that most SMEs perceive mobile phones to have a positive impact on their revenues.They view mobile banking as a tool for reducing their operating costs. Donner and Escobari (2010) examined the significance of mobile phones by SMEs in developing economies. Basing on questionnaires, the findings show that mobile phones improve the productivity and sales of SMEs,which are characteristic of their financial performance.

2.4 Automated Teller Machines (ATMs) and Business growth

Automated Teller Machine (ATM) are the earliest among the machines to provide electronic access to customers. ATMs help the bank to serve customers outside the banking hall. ATMs are designed to provide the key banking functions withdrawal of cash, deposits, printing of mini statements and settlement of bills. ATMs use personal identification number (PIN) to provide access permission to one's account number. They use a plastic card that contains magnetic chip which the customer is identified through (Odusina, 2014).

A study by Banker and Kauffman (2018) shows that ATMs have a high customer preference to and are the second most popular channel for accessing banking services outside the banking halls. ATM services are available to customers 24-hour; they are user-friendly and faster compared to the services provided in banking halls. ATM systems have improved operational efficiency of banks and SMEs and customer service (Banker & Kauffman, 2018). The ease of accessing money is very key in the performance and development of SMEs across the world and developing countries, and this has been made easy by the availability of the mobile money services and automated teller machine.

Aldred (2019) asserts that access to cash and bank branches is vital in enabling small businesses to thrive, and run smoothly without disruption to sales or operational delays. However, this can sometimes become impossible on the grounds that ATMs can be expensive to run since banks incur high costs in running the ATMs which hinders access to SMEs he adds.

Mohammed (2010) also asserts that access to finance remain challenging to most SMEs because there is network failure at a time of dire need of money which continues to affect operation of

SMEs. Additionally, some SMEs are located in the rural areas and since most ATMs are located in the urban areas make it even more difficult for the SMEs to operate effectively (Alfred,2019). In my view, I find the arguments of the scholars very significant which needs to be tested.

2.5 Debit Cards and Business growth

According to UBA Bank (2020), The UBA Debit MasterCard is a debit card issued on a customer's UGX account in Uganda. Therefore, it can be used regardless of one's location in the world. A customer can travel anywhere he/she wants, stay wherever the heart desires and shop online as much as he/she wishes. This is what is meant by, „Roam Your Money“. The Debit MasterCard is flexible and user-friendly and simple to use. A customer can conveniently purchase directly from their bank account, without using paper money. What a cashless economy! Notwithstanding, the debit card provides secure transactions with the best card technology.

As Debit card replaced cash; people are least likely to carry with them. Shittu (2010) shows that customers with debit cards are free to make purchases or pay for goods and services from their accounts in person, online, or by phone at stores that display the Visa logo. Debit cards help customers to transfer funds from their accounts as fast as possible. However, debit card require that the customer has sufficient funds on their accounts to easily pay or purchase whatever they want. At the sale stage of a transaction, a debit card is the best form of payment around the world, replacing cash. By the entry of a card or chip, all the account information is electronically interpreted and a command to pay or withdraw is approved. However, payment can be effected within a two days from the time the transaction was initiated.

Centenary bank (2020) notes that, The CenteVisa Debit Card is an internationally accepted card that speeds up transactions amongst Centenary Bank customers with convenience at all Visa acceptance points. Access points for the Visa Debit Card include; Online payment platforms e.g. (jumia, amazon and bazebo), Points of Sale machines, Automated Teller Machines (ATM"s) and wherever Visa services have been enabled.

With Cente Visa Debit Card, customers have can access their money in any part of the world with ease. The card is accepted globally, at all Visa acceptance points, the card can be linked to any transaction account of your choice, a customer can access to over 180 ATM"s country wide. The Visa Debit card is accepted at over 1.9 million ATM locations worldwide (visa.com). In addition the Visa Debit Card has enhanced card security since the card operates using Chip & PIN technology.

A customer is required to apply for a Cente Visa Debit Card, visit the nearest Centenary Bank branch with the following items; National ID, Driving Permit or Passport, Open a transaction account and Customers with the old ATM Cards can exchange them for the new CenteVisa Debit Card. These requirements can be accessed by most of the SME Owners in Kabale Municipality and would help to ease access to funds (Centenary Bank, 2020).

In this regard, Stanbic Bank Uganda (2019) notes that their visa card gives their customer access to their current and savings accounts and using the latest in chip and PIN technology to safeguard unauthorized transactions. It is issued to customers with an Everyday account. A customer can make Cash withdrawals at any of our 173 ATMs Countrywide, Cash withdraws at any Visa enabled ATM worldwide (Foreign Currency), Make Point of sale payments (Local and International), Make Online Payments and comes with the Latest chip and PIN technology to

help guard against unauthorized transactions. The Bank charges Ug. Shs. 5000 for a new Card, Ug. Shs, 16900 for replacing damaged or expired card, A bi-annual Visa Service Charge of Ug. Shs. 16000. At a local ATM Cash with draw with a Debit Card is free and US 7 Dollars on an International ATM. Purchases made on a POS and on Local website in Uganda as well as POS abroad and on foreign website is free (Stanbic Bank, 2019). With these charges, It is an opportunity for the SMEs to join the Financial space and adopt the Debit Card to help them access finances wherever they are.

2.6 Electronic Funds transfers and business growth among SMEs

When accessing a bank account through internet banking, direct debit, and the use of electronic payment systems, the demand for mobile money is likely to be reduced. However, mobile money services have developed in niche segments such as P2P transfers, pre-paid mobile money (Rajiv et al.,2015). Since the coming of the mobile money into the market it has become a major means of payments for the SMEs and the unbanked, and ATMS performance have been stagnating as most of the transactions are now limited to those in the public service, and most of the SMEs especially those doing business in remote areas find it more effective to use mobile services (GSMA,2013). However, both services still provide access to the finance. However, the collaboration between banks and mobile network operators (MNOs) in Sub-Saharan Africa (SSA) suggests a positive move towards financial inclusion including the SMEs for the 80 percent of the Africa's unbanked population (Ehebeck, et al., 2012).

Financial institutions provides ways in which branchless banking and IT developments promote low transaction costs overcome the obstacles SME's in their mobility or in their social interactions. India, Brazil, Kenya, the Philippines and South Africa show how financial

institutions have helped many rural customers to lower cost by relying on post offices, gas stations, stores and input providers (World Bank, 2008). Literature on financial training helps SMEs to make financial decisions based on an understanding of the characteristics and conditions of the products available (Mayoux and Hartl, 2009).

In a study conducted in Tanzania by Olomi and Urassa (2008), the major constraints of access to finance by SMEs are the low knowledge and skills level, undeveloped business culture, failure to separate between business and personal issues and family, and credit history of SMEs, ignorance of available finance services. Secondly, business owners lack of experience of SMEs. Thirdly, the regulation of the environment where transactions occur between lenders and borrowers, lack of system identification, and credit reference bureaus.

2.7 Research gap

While significant data is available in India, Nigeria, Namibia, Kenya, etc., the contexts within which these data are collected differ greatly from the context of Uganda and Kabale in particular. While mobile banking appears to bridge the gap between customers and the bank, there is little empirical evidence of EFT on the financial performance of SMEs (Mireal, 2018) and Kanyi and Maharaj (2011). To bridge this knowledge gap, the current study examined the effect of EFT on the growth of SMEs.

CHAPTER THREE:

METHODOLOGY

3.1 Introduction

This section details the methods that were employed to conduct the research. It includes research design, study area, population of study, sample size and sampling procedure, sources of data, data collection methods, data collection instruments, measurement of research variables, validity and reliability, data processing and analysis, and ethical considerations.

3.2 Research Design

A cross-sectional research design was adopted for research because it allows studying a variable by collecting data at a single point of time. A cross-sectional study is a research design the researcher collects data on a particular phenomenon from participants in a single interaction and a report is made thereof in this case the effect of electronic funds transfers on Business growth of SMEs. Cross-sectional designs are conducted to portray the situation, condition or event as it is at the time of investigation. The data was collected from business owners, or managers of 300 SMEs located in Kabale Municipality, Kabale district. The researcher then used descriptive and inferential statistics to generate statistical information on relationship between Electronic Funds Transfers and business growth among SMEs.

3.3 Area and Study population

This study was conducted in Kabale District and focused on SMEs. Specifically, 300 SMEs in the area of Manufacturing, Trade and Services e.g. restaurants and secretarial bureaus within Kabale

Municipality. Businesses in the categories stated were used as the unit of analysis. In each trader's business, the owner or manager was selected. A target population of 300 business owners was considered (Chimps report, 2019).

3.4 Sample Size and Composition

Out of the 300 business owners targeted in this study, a total of 169 respondents were considered as a sample basing, which included all the different categories of the businesses selected for the study. The categories included were SMEs involved in Trade, Manufacturing and services. Traders form the largest category of SMEs and had more respondents compared to services and manufacturing firms. The sample size was determined borrowing from Krejcie and Morgan (1970). The distribution of the sample size is shown in Table 3.4.1.

Table 3.4.1: Sample selection table

Line of Business of SMEs	Population for all	Sample	Sampling technique
Manufacturing	80	42	Simple Random
Trade	170	98	Simple Random
Services	50	29	Simple Random
Total	300	169	

Source: Chimps report 2019

3.5 Sampling techniques

The study used a random selection of participants to constitute the sample of the businesses. And at each business, the researcher used purposive to identify the specific respondent from the business. Purposive was applied because the Business owners/Managers are key informants on the study. The use of these sampling approaches was useful in providing the researcher with a

highly representative sample that can provide various opinions on the Electronic Funds Transfers in affecting the business growth.

3.6 Sources of data

The study used mainly primary data sources to explain the relation between EFT and SMEs growth. Primary data is an original data source one in which data is obtained firsthand by the researcher for a specific study (Neil, 2010). Primary data is normally obtained through original sources. The researcher used primary data because of its first-hand importance in explaining Electronic Funds Transfers and SMEs business growth.

3.7 Data Collection Instruments

The data gathering for this research was done by structured questionnaires and Interviews.

A survey questionnaire is a method of data collection in which the researcher prepares a set of questions and sends them to persons considered to have the information required for the study. The study utilized close-ended for ease of analysis and convenience. The researcher constructed questions designed on a Likert scale ranging from a minimum (1) to a maximum (5). The researcher designed an instrument structured into different sections according to the objectives of the study. was divided into major sections to address specifically every variable in the study following the research objective. This research tool is effective on time management and its ease of comparability and generating statistics which is compatible with varied statistics analysis packages (Dawson, 2005).

Interview; this is a method of data collection in which the researcher interacts with participants in form of a conversation on a set of topics relevant to the study. Selected SMEs Owners engaged in manufacturing, trade, and services were recruited into the interviews. Interviews are an appropriate method of data collection especially for busy respondent who may not have time to respond to lengthy questionnaires. The method helps the researcher to probe in depth of the subject under investigation. Cooper and Schindler (2014) explain that the interview gives the researcher an opportunity to gather original and broad information on the topic under discussion. Similarly, the method gives the researcher an opportunity to key informants to explore the questions raised without limitations, the method of interview permits collection of firsthand detailed information about the themes of the study. In addition, it gives respondents a chance to answer questions unlimitedly and flexibly and therefore is appropriate method to use to collect data from key informants. The semi-structured interviews help in collecting systematic, comprehensive and in-depth information.

3.8 Validity and Reliability of Instruments

3.8.1 Validity

Validity refers to the degree to which the measures of the instruments measure what it is supposed to measure (Mugenda, 2008). The researcher sourced three expert opinions including the research supervisor on the validity of the research questionnaire. In addition, the Content Validity Index (CVI) was used. $CVI = K/N$, where CVI = Content Validity Index, K = Number of Items considered relevant/suitable and N = Number of items considered in the instruments (Amin, 2005). Mugenda and Mugenda (2003) recommend a content validity index of above 0.5, indicating that the validity of the instrument is acceptable.

$$CVI = \frac{\text{Number of items declared valid}}{\text{total number of items}} = \frac{28}{34} = .823$$

This index was above 0.70, which is the acceptable validity index. This makes the items accurate and relevant to understand the aspect of electronic funds transfers and SMEs growth.

3.8.2 Reliability

Reliability relates to consistency. reliability is the extent to which a research instrument generates consistent results across repeated experiments (Kothari, 2004). It is when the procedure adopted is able to consistently obtain the similar results under similar conditions of investigation. Cronbach's Alpha coefficient aided the researcher in measuring the internal consistency of the items used in the study. An Alpha coefficient in the range of 0.6 and above considered appropriate (Cooper and Schindler 2008; Mugenda and Mugenda, 2003).

Table 3.8.1: Reliability Statistics

Variable list	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
EFT services	.826	.824	15
Business Growth	.875	.872	12
Overall	0.851	0.848	27

Source: Field data, 2022

The study found a reliability coefficient of 0.848, which is above the acceptable reliability. This therefore suggests that the items used in this study were internally stable and reliable. Given a similar study, this instrument is capable of generating consistent results.

3.9 Research Procedure

After obtaining a letter of authorization to conduct research from the Directorate of Research of Kabale University, the researcher obtained permission from the Chief Administrative Officer for permission to conduct research in Kabale municipality. The researcher identified different business owners dealing in manufacturing, trade and services who were served with questionnaires. The researcher distributed the questionnaires to selected business owners who provided the researcher with data. the researcher collected that questionnaires, sorted them, edited them coded them and entered them in the computer system. The researcher analyzed the data, prepared drafts and finally a final report was prepared and submitted.

3.10 Data Analysis

After the data had been collected from the field, it was sorted, edited, classified, and coded for analysis. This was followed by summarizing and entry of the data into the Statistical Package for Social Scientists (SPSS ver. 20) for processing to generate inferential statistics in form of Pearson correlation and regression analysis which was used to determine the relationship between mobile money, automated teller machine and Debit Cards and the level of SMEs access to financial services in Uganda. MS- Excel was also used to represent frequency tables, percentages and frequencies.

3.11 Ethical Considerations

The researcher took into consideration a number of ethical issues including:

Confidentiality. The researcher ensured maximum secrecy of respondents by asking them not to write their real names or contacts on the questionnaires. Key independent identification numbers were assigned to limit tracing of the information back to a given respondent.

Post Research material custody, the tools used for the data collection were kept in a secure place with access only limited to the researcher, this helped in ensuring proper custody of the research materials during post research.

The company/SME identity and other critical information were kept strictly confidential. All data gathered was only used for the purpose of this study and nothing else. The research procedures were explained to all the respondents before taking part in the research basing on their willingness and consent.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 Introduction

This chapter presents the findings of the study. The findings are presented in tables and analyzed quantitatively and qualitatively. The analysis is presented according to the technique of analysis as opposed to objective by objective.

4.2 Response rate

The study targeted 169 sample units though only 158 responded, which translated in a response rate of 93.4%. This response rate was adequate for conclusion and generalization of the findings to SMEs in Kabale Municipality. The 6.6% of the respondents who did not respond are part of the questionnaire which were not returned. This could have been due to inability to interpret the questions and loss of the questionnaires.

4.3 Background characteristics

The researcher examined the different background characteristics of the participants. These included age group, gender, type of EFT service used, number of years in business, and nature of business. Table 4.3.1 summarizes the background characteristics.

Table 4.3.1: Background characteristics

Variable List	Categories	Frequency	Valid Percent
Gender	Male	122	77.2
	Female	36	22.8
	Total	158	100
Age	18-34	14	8.9
	35-49	116	73.4
	50 and above	28	17.7
	Total	158	100
Experience in business	Below 1 year	30	19
	1 to 5 years	32	20.3
	Over 5 years	96	60.8
	Total	158	100
Nature of business	Manufacturing	66	41.8
	Trade	80	50.6
	Service	12	7.6
	Total	158	100
EFT service used	Mobile money transfers	72	45.6
	ATM	62	39.2
	Debit card	24	15.2
	Total	158	100

Source: Field data, 2022

The gender participation was that 77.2% were male while 22.8% were female. This study was mostly dominated by male participants possibly because most of the businesses in Kabale Municipality are owned by males.

The age distribution shows that 73.4% of the participants belonged to the (35 – 49) years’ age group and constituted the majority. Participants with 50 years and above were 17.7% while those with below 35 years but above 18 years were 8.9%. The study was dominated by the adults compared to the youths and the old possibly because. This is attributed to lack of access to capital by most youth (18-34)Years and given the nature of SMEs, the adult population (above 50 years) is not more involved.

In view of the business experience, 60.8% had operated businesses for over 5 years and constituted the majority. Therefore, the possibility of having interacted with EFT applications are

high. This study was dominated by those with 5 years and above possibly because most SMEs do not have perpetual existence because they depend on the owner for continuity. Most of these businesses do not continue in existence once the owners have left for other jobs.

In terms of usage of EFT services, 45.6% used mostly mobile money transfers and were the majority. Those who used ATM were 39.2% while those who use debit cards are only 15.2%. The domainance of mobile money transfers in transacting businesses is possibly because of the sustained distribution of mobile phone sets among the population. The rare use of debit cards is attributed to a few service providers and outlets accepting a debit card in Kabale municipality.

According to the nature of businesses investigated, most of the participants operated trade businesses (50.6%) and constituted the majority. The domainance of the trade businesses in the study was possibly because such businesses are easy to start compared to manufacturing and service business which need more capital and skills to start and therefore avoided by most SMEs owners.

4.4 Descriptive statistics

The researcher used percentages and counts to describe EFT and business growth. EFT was presented in three dimensions that is mobile money, ATMs, and debit cards.

4.4.1 Electronic Funds Transfer

The researcher asked participants to choose the frequency by which they use the electronic money transfer service chosen in carrying out financial transactions. Participants were to indicate the frequency using Always, often, sometimes, rarely, and never. The table below summarizes the findings.

Table 4.4.1: Electronic Funds Transfer

Variable List	Never (%)	Rarely (%)	Sometimes (%)	Often (%)	Always (%)
Mobile Money					
1. Payments	3.8	3.8	4.4	67.1	20.9
2. Receiving cash	0	15.2	13.9	58.2	12.7
3. Lending	2.5	10.8	19	47.5	20.3
4. Saving	1.9	7	12	47.5	31.6
5. Borrowing	1.3	8.2	12	39.9	38.6
Average	1.9	9.0	12.3	52.0	24.8
ATM					
1. Saving	1.3	3.8	8.2	51.9	34.8
2. Receiving cash	1.3	10.1	14.6	50.6	23.4
3. Payments	3.8	10.8	12	50	23.4
4. Borrowing	2.5	7.6	13.3	46.8	29.7
5. Lending	1.9	3.8	7.6	41.1	45.6
Average	2.2	7.2	11.1	48.1	31.4
Debit Cards					
1. Saving	1.9	7	8.9	57	25.3
2. Lending	1.9	6.3	10.1	52.5	29.1
3. Borrowing	0.6	15.8	9.5	51.3	22.8
4. Receiving cash	0	10.8	5.7	49.4	34.2
5. Payments	1.3	7.6	9.5	46.8	34.8
Average	1.1	9.5	8.7	51.4	29.2

Source: Field data, 2022

The researcher investigated different electronic funds transfer application. The results show that most of the participants often use mobile money (52.0%) compared to debit card (51.4%) and ATM (48.1%). Most of the participants use mobile money in their transactions possibly because mobile money is easy to use as most SME owners have a registered mobile money line. However, the statistics do not show significant differences among the mobile money users

(52.0%) and debit card users (51.4%) possibly because a few who used debit cards also use mobile money frequently and also utilize the service of ATM.

Among the participants who use mobile money, majority use it for payments (67.1%) and few use it for borrowing (39.9%). Besides making payments, participants use mobile money to receive cash (58.2%). The dominance of mobile money in making payments is possibly due to wide spread use of mobile phones, mobile money agents and the ease of use of the service. The statistics provide some evidence that mobile money transfers are efficient applications for making payments than borrowing.

Among the participants who use ATMs, majority often use it for saving (51.9%) and few use it for lending services (41.1%). Besides saving, participants use ATMs for receiving cash (50.6%) and making payments (50.0%). A comparison of the number of participants who use ATM for making payments is lower than those who use mobile money for saving/depositing cash. This statistics suggest that while ATMs are good for making payments, they are often used for saving purposes. The dominance of ATMs as a saving application is possibly because they can be used in „after banking hours“ thus giving SME owners the flexibility in banking at any time. However, the statistics do not reveal significant differences in the number of participants who use ATMs for saving, borrowing and payments. This is possibly because these services could not easily be differentiated by some of the SMEs.

Among the participants who use debit cards, majority often use it for saving purposes (59.0%) and few use it for making payments. Besides using debit card for saving purposes, participants use it for lending purposes (52.5%) and borrowing purposes (51.3%). A comparison of the number of participants that use EFT for making payments reveals that debit cards are not often

used for making payments compared to mobile money and ATMS. In terms of saving however, participants often use ATMs and debit cards than mobile money. The statistics generally imply that debit cards are good applications for saving purposes. This is possibly because debit cards POS merchants are generally few and generally not known by most of the SMEs. However, the statistics do not reveal significant differences in the number of participants who use debit cards for lending and borrowing purposes. this is possibly because they are rarely used by SMEs in Kabale Municipality.

4.4.2 Characteristics of EFT channels

Participants were asked to rate the level of importance of the following characteristics in regard to accessibility of finances (last appendix). The researcher aggregately reported „not important at all“ and „not important“ as not important, and „important“ and „very important“ as important,as summarized in the table below.

Table 4.4.2: characteristics of EFT channels

Variable List	Not Important	Not sure	Important
1. Speed of service delivery	9.5	9.5	81.1
2. Technological know -how	15.2	5.7	79.1
3. Level of Income	17.1	8.9	74
4. Security	12.6	14.6	72.8
5. Customer Perceived Value	13.3	14.6	72.2
6. Compatibility with Life style	17.1	15.8	67.1

Source: Field data, 2022

The results indicate EFT channels are important channels of service delivery because of their speed (81.1%), a view that was held by most of the participants. Besides the speed, EFT channels are important to those with technological know-how and those befitting a particular income

level. Otherwise, EFT channels are less compatible with lifestyle (67.1%), compromise customer perceived value and security. This was observed in an interview:

“...you can find one with mobile money account, ATM, and debit card and wonder why all these yet he has to pay for the applications. Well some consider themselves to be in their own class, a class that uses all these applications...I will wait for my business to grow before it join that class...as he laughs...”

This excerpt confirms the fact that EFT are important to a selected class of people, and perhaps those with acquaintance of technological know-how. The excerpt suggests that a certain type of class will always be left out and less included in the EFT channels of financial inclusiveness.

4.4.3 Reliability of EFT channels

Participants were asked to indicate the reliability of the service providers in providing the Electronic Funds transfer Service.

Electronic Funds Transfers	Categories	Frequency	Valid Percent
Mobile money	Very unreliable	4	2.5
	Often unreliable	20	12.7
	Sometimes reliable	24	15.2
	Often reliable	65	41.1
	Very reliable	45	28.5
	Total	158	100
ATM	Very unreliable	77	48.7
	Often unreliable	19	12.0
	Sometimes reliable	26	16.5
	Often reliable	14	8.9
	Very reliable	22	13.9
	Total	158	100
Debit card	Very unreliable	92	58.
	Often unreliable	11	7.0

Sometimes reliable	18	11.4
Often reliable	6	3.8
Very reliable	31	19.6
Total	158	100

Source: Field data, 2022

The results show that often reliable, a view that was attributed by 41.1% of the participants who use mobile money, 28.5% confirmed that mobile money is very reliable while 2.5% regretted that mobile money is a very unreliable channel of transferring money. The reasons for the reliability of mobile money as a transfer channel relate to wide distribution of mobile money service agents and its ease of use.

The circumstances of the unreliability of mobile money relate to scam involved in some transactions as one participant observed:

“...I received a call from one somebody claiming to be calling from MTN customer center. this somebody tells me that something had gone wrong with my account and I needed to reset the PIN immediately. He gave the steps to follow to reset my PIN, which were a combination of digits and hashes, which I did...hmmm only to find my account swept off UGX 4,130,000...It was not easy following up the transaction, and indeed I lost that money...”

While the researcher did not generalize the scams involved in mobile money transactions, there was evidence of unreliability of transacting money via mobile money. Notwithstanding the unreliability, most of the participants confirm that mobile money is indeed reliable, after all it penetrated the lowest level of transacting business with it.

The ATM and debit card were reported to be unreliable by 48.9% and 58.0% of the participants respectively. The unreliability of these money transfer channels relate to such factors like very low distribution of the ATM points and rare merchants accepting the Debit card in effecting transactions. As low as 22.8% aggregately considered ATM to be reliable while 23.4% aggregately considered debit cards to be reliable. these statistics do not show significant differences in the reliability of both ATMs and debit cards possibly because these two services are for the banked population and most SMEs either use SACCOs or do not ude banking services at all. Comparing the three money transfer channels, mobile money is the most reliable channel and used by most of the participants.

4.4.4 Business growth

The researcher wanted to establish the the area of business operations in which EFT had made significant contributions. the researcher considered such business operations like payments to supliers, sales, rent payment, salary payments, and loan payments. The findings are summarized in the table below.

Table 4.4.3: Business Growth

Variable List	Disagree	Not sure	Agreement
1. Sales	13.3	10.8	76
2. Rent Payments	13.3	12.7	74.1
3. Loan Payments	20.9	14.6	64.5
4. Salary Payments	26.6	13.9	59.5
5. Payments to suppliers	25.3	16.5	58.2
Average	19.9	13.7	66.5

Source: Field data, 2022

The findings indicate that majority of the participants observe significant contributions of EFT in their sales operations (76.0%) and least contributions in payments to suppliers (58.2%). Besides

contributing significantly in sales operations, EFT contribute in rent payments. The statistics generally suggest that EFT is significant in the sales growth of businesses. EFT makes significant contributions in the growth of sales possibly because customers find it convenient to transfer funds from their mobile money accounts to the business account. Besides some SMEs offer the service of Mobile money withdraws and Deposits and have a mobile money merchant code which makes it easy for customers to deposit what is due to the business.

4.5 Inferential statistics

Inferential analysis involves statistical techniques that help in drawing conclusions about the population basing on sample results. This study used correlation to draw conclusions on the relationship, and regression to draw conclusion on the predictive influence of EFT on business growth.

4.5.1 Correlation tests

This study used correlation analysis to test for the relationship between EFT and business growth. Correlation measures the degree of the strength between two numerical variables. The correlation coefficient ranges from 0.00 to 1.00. Coefficients close to 0.00 tend to be weak while coefficients close to 1.00 tend to be strong regardless of the direction. Positive correlations show that the two variables change in the same direction while negative correlations show that the two variables change in opposite directions. If the significant value of the correlation is less than 0.05, the relationship is significant. Otherwise the relationship is not significant. Table 4.5.1 summarizes the relationships.

Table 4.5.1: Correlations

Variable List		1	2	3	4	5
Mobile money	Pearson	1				
	Correlation					
	Sig. (2-tailed)					
	N	158				
Automated Teller Machine	Pearson	.612(**)	1			
	Correlation					
	Sig. (2-tailed)	.000				
	N	158	158			
Debit Card	Pearson	.445(**)	.483(**)	1		
	Correlation					
	Sig. (2-tailed)	.000	.000			
	N	158	158	158		
Electronic Funds Transfer	Pearson	.844(**)	.856(**)	.766(**)	1	
	Correlation					
	Sig. (2-tailed)	.000	.000	.000		
	N	158	158	158	158	
Business Growth	Pearson	.246(**)	.092	.037	.156	1
	Correlation					
	Sig. (2-tailed)	.002	.249	.647	.051	
	N	158	158	158	158	158

** Correlation is significant at the 0.01 level (2-tailed).

The relationship between using mobile money and business growth ($r = .246$; $p\text{-value} < .05$) is weak but significant. The statistics show that a variation in the use of mobile money is associated to a weak variation in business growth. By implication, the more businessmen adopt more using mobile money in their businesses, the more the businesses can grow but the growth is weak. This is possibly because apart from convenience, adoption of mobile money can save costs of operation but generally does not impact business growth if other factors like stable prices and the favourable macro economic factors are not in play.

The relationship between the use of ATMs and business growth ($r = .092$; $p\text{-value} > .05$) is negligible and insignificant. The statistics show that a variation in the adoption of ATMs in business is not significant in varying the level of business growth. The relationship between using debit cards and business growth ($r = .037$; $p\text{-value} > .05$) is negligible and insignificant.

The statistics do not show any significant variation between using debit cards and growth in business. Both ATMs and debit cards do not have a significant relationship with business growth possibly because they are not available and affordable to the SMEs and costly to access as it involves transport costs to the ATM points and to access Debit Card merchants.

On the whole the relationship between using EFT and business growth ($r = .051$; $p\text{-value} > .05$) is negligible and not significant. The statistics suggest that varying the EFT applications does not vary business growth. Generally, there is no significant relationship between using EFT and business growth. This is possibly because these are money/funds access platforms other than contributing generally to revenues and cost reduction which translate into profit and growth of SMEs.

4.5.2 Regression tests

The study used multiple regression to analyse the effect of EFTs on growth of SMEs in Kabale Municipality. Multiple regression measures the effect of a set of predictor variables on a dependent variable. This study used Mobile money, Automated Teller Machine and Debit Card as the predictors and growth of SMEs as the dependent variable. Table 4.5.2 summarizes the effect.

Table 4.5.2: Regression coefficients

		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
Model		B	Std. Error	Beta		
1	(Constant)	2.748	.524		5.241	.000
	Mobile money	.421	.132	.320	3.182	.002
	Automated Teller Machine	-.091	.137	-.068	-.666	.507
	Debit Card	-.107	.134	-.073	-.801	.424

a: Predictors: (Constant), Debit Card, Mobile money, Automated Teller Machine

b: Dependent Variable: Business Growth

From the table, a unit-change in the use of mobile money in conducting business affects business growth by 32.0%, according to (Beta = .320; p-value <.05). A unit-change in the use of ATMs in conducting business reduces business growth by 6.8%, according to (Beta = -.068; p-value >.05). A unit-change in the use of debit cards in conducting business reduces business growth by 7.3%, according to (Beta = -.073; p-value <.05). The statistics suggest that the using mobile money in business has greater effect on business growth than using ATM and debit cards. This is possibly because of their wide acceptance and distribution of users, ease of use and perceived value compared to ATM and Debit cards which are rare.

A comparison of the significance values shows that a variation in the use of mobile money in business operations has significant effects on business growth. However, a variation in the use of ATMs and debit cards in business operations does not have a significant effect on business growth. Whatever application, using ATMs and debit cards seems to reduce business growth. This is possibly because according to the respondents it may even increase the cost of running the already struggling businesses because of cost involved in locating the ATM and Debit Card Merchants as well as the service costs of running these services.

The model summary shows the aggregated effect of the predictor variables on the dependent variable.

Table 4.5.3: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.264(a)	.070	.052	.81484

a Predictors: (Constant), Debit Card, Mobile money, Automated Teller Machine

From the table above, it is evident that EFT account for only 7.0% of the variations in business growth, basing on (R Square = .070). This is a small contribution of EFT on business growth, which suggests another set of factors that are likely to influence business growth apart from EFT. these include prices and legislation, costs of running the business and the overall macro economic conditions in a country. The low contribution of EFT on business growth is possibly because these services also come at a cost and compared to a physical cash transfer, these EFT channels may involve some costs which contribute to the overall business running costs.

4.6 Chapter Summary

This chapter has presented the dominance of mobile money in business growth compared to ATMs and debit cards. Mobile money facilitates payments and receiving cash while ATMs and debit cards facilitate mostly savings and favours businessmen with large funds on their accounts. mobile money significantly influences growth of SMEs while ATMs and debit cards do not significantly influence growth of SMEs.

CHAPTER FIVE

DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the discussion of the findings, summary of the findings, the conclusion, and the contributions to knowledge, recommendations, and areas for future research. The summary of the discussion, findings and conclusion are based on the objectives. The recommendations and areas for future research based on the findings.

5.1.1 Mobile money and growth of SMEs

The findings that mobile money transfer is the most effective EFT application agrees with Rajiv et al., (2015) who report some notable successes of mobile money transfers such as Vodafone / Safaricom's M-Pesa in Kenya. The study points out that within five years of its launch, M-Pesa had 15 million customers, equivalent to 37.5% of the country's population, and was processing \$10 billion annually, which is similar level of success in Uganda with MTN mobile money. While the current study could not establish the level of usage of mobile money, there is some evidence of its popularity in the business fraternity in Kabale municipality.

The popularity of mobile money transfers in promoting business growth among SMEs in Kabale municipality agrees with (WTO, 2010) who reported that mobile money has over the recent years become the means of effectively doing business in SSA. The report indicates that most Small and medium enterprises 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. A related study by (Mbogo, 2010) confirms that the mobile money industry continued to experience high growth in transactions, with a total transaction growth of 21 per cent from \$26 billion in December 2016 to over \$31.5 billion in December 2017. The current study could not establish the level of business transactions via mobile money due to participants' unwillingness to disclose their business figures. However, there is evidence that mobile money transactions are constantly growing and proving beneficial in conducting business.

The significant relationship between mobile money transactions and business growth supports (GSMA, 2017) which reported that customers use mobile money services in paying bills, topping up airtime and conducting other transactions through their mobile money accounts. While these transactions are not directly linked to small scale businesses, the topups made and the airtime load facilitate business operations around the municipality. This view is consistent with one interviewee who observed:

“...am just a mobile money operator. I give money and accept deposits from any person. I don't know how my customers use the money they withdraw from me but I guess they spend it in shops and markets...is that not promoting business?...”

This view also supports USAID (2012) who show that mobile money has rapidly increased which has contributed to economic growth and poverty reduction, especially in rural areas where it has helped SMEs dealing in agriculture access better market information, payments and fetch higher prices for their products.

In another interview, one respondent commends the penetration of mobile money to the unbanked population in rural areas:

“...you will not imagine how the rural poor find comfort in transacting using mobile money. they have their children in towns who send them money and they get it on mobile money. They don't know how to operate the transaction but get help from the agent. They can shop everything they want after getting the money...”

This is what Torero. et al. (2005) pointed at when they reported that mobile money attracted those who were not initially in the mainstream banking systems. In line with financial inclusion, the findings agree with Kakwa (2012) and Muzi, *et al.*, (2017) report that the adoption and use of mobile phone technology among SMEs meets customers' needs, increases internal efficiency, access to new markets, and lower operational costs besides improving liquidity in doing business since there is easy access of funds. Similarly, Odyek (2020) reports that the growth in mobile money services in Uganda has deepened financial inclusion among SMEs, incurring lower transaction costs, improving rural access to financial services and integrating greater customer convenience.

The mobile money is a bank of its own because people own personal accounts:

“...I have two accounts, one with MTN and another with Airtel. When I do not have cash at hand, I use the one on my mobile account to pay my suppliers. They even find it secure compared to moving with paper money...”

From these excerpts, it emerges that mobile money is very contributing to the growth of business in Kabale. It has brought the initially unbanked population into the banking

economy. Moreso, the users of mobile money find the accounts secure compared to paper money.

5.1.2 ATM and growth of SMEs

The findings that Automated Teller Machine (ATM) do not significantly affect business growth disagrees with (Oduşina, 2014) who report that ATM is designed to perform the most important function of banks such as withdrawal of cash, deposits, printing of mini statements and settlements of bills. the findings in Kabale seem to disagree with the author because many business owners do not have bank accounts, especially those that do not look for capital from commercial banks. The mere fact that some businessmen do not have bank accounts is evidence enough for the low uptake of ATM services. Unlike the traders, the manufacturers from Kabale are likely to use ATM services to pay their suppliers.

The findings that ATM do not significantly affect business growth in Kabale municipality disagrees with (Banker & Kauffman, 2018) who posit that ATMs provide bank customers with 24-hour access to banking products/services; they are easy to use and are faster than human tellers in banking halls. ATM systems have improved operational efficiency of banks and customer service in the banking sector including the SMEs. While the users of ATMs report improved efficiency, few small scale businesses have accounts in financial institutions that use ATM services. Actually most of the traders do not have accounts in commercial banks to be able to use ATM services as reports one respondent:

“...you see this business, the suppliers deliver the goods that I want at the shop. Either I pay them cash on delivery or they receive the cash the next time they supply the goods that I need. that is how I relate with the bread suppliers, maize flour suppliers, and the cosmetics...I do not make any transaction in the bank...”

The ease of accessing money is very key in the performance and development of SMEs across the world and developing countries, and this has been made easy by the availability of the mobile money services and automated teller machine. However, not many SME owners use ATMs for transacting business:

“...these small businesses survive on money at hand. The profits that we make are little that we have nothing to save in bank accounts where ATMs are very useful...even when I sell on credit, the sale is so small that the customer cannot pay through the bank...”

These excerpts provide some evidence that ATMs are not so common among business operators who run businesses with small capital and serve a poor clientele that even when they take on credit, they pay directly to the business than through the accounts.

The findings that ATMs are not significant in the business growth of SMEs agree with Aldred (2019) who posited that access to cash and bank branches is vital in enabling small businesses to thrive, and run smoothly without disruption to sales or operational delays. However, this can sometimes become impossible on the grounds that ATMs can be expensive to run since banks incur high costs in running the ATMs which hinders access to SMEs, he adds. In Uganda, every transaction via the ATM is costed. This appears like a double charge because even the account is

charged on a monthly basis. A mere checking of the accounts balance is charged. This makes the service very costly to small business owners especially those who struggle to keep themselves in business.

Similarly, the findings agree with Mohammed (2010) who asserts that access to finance remain challenging to most SMEs because there is network failure at a time of dire need of money which continues to affect operation of SMEs. Additionally, some SMEs are located in the rural areas and since most ATMs are located in the urban areas make it even more difficult for the SMEs to operate effectively (Alfred,2019). While the business owners who took part in the study came from the municipality, there is evidence that rural business owners can not catch up with the services of AMT due to location and network failures.

5.1.3 Debit Cards and growth of SMEs

The current study established that debit cards are not significant in the growth of SMEs in Kabale municipality. The findings disagree with UBA Bank (2020) who assert that the UBA Debit MasterCard can be used anywhere in the world. A customer can travel anywhere he/she wants, stay wherever the heart desires and shop online as much as he/she wishes. However, in Uganda, UBA bank is not distributed across the country. Therefore, its relevancy in growing businesses is limited to those within areas where they are distributed.

The findings that debit card do not significantly contribute to growth of SMEs in Kabale municipality disagrees with Shittu (2010) who noted that bank customers who have Debit cards can purchase or make payments from their accounts in person, online, or by phone at stores that display the Visa logo. With a Debit card, fund transfer from customers' account is fast; however,

a customer must ensure that he or she has sufficient fund in his/her accounts to cover the purchase or payment. While debit cards are increasingly useful in influencing business growth, they are less applicable to SMEs in Kabale because most of the SMEs investigated have little capital to leave a lot of money on their bank accounts.

Centenary Bank (2020) notes that the CenteVisa Debit Card is a globally accepted card that enables Centenary Bank customers to transact conveniently, at all Visa acceptance points. Access points for the Visa Debit Card include; Online payment platforms e.g. (jumia, amazon and bazebo), Points of Sale machines, Automated Teller Machines (ATM"s) and wherever Visa services have been enabled. The non-significance of the debit card stems from the platforms where it can be used. The kind of SMEs that were investigated may not have access to such platforms as asserted by Centenary bank. While a few urban business owners may apply the debit cards, rural SMEs are least likely to use them structurally.

5.2 Summary of Findings

The relationship between using EFT and business growth ($r = .051$; $p\text{-value} > .05$) is negligible and not significant. EFT account for as low as 7.0% of the variations in business growth ($R\text{ Square} = .070$). The use of mobile money in conducting business affects business growth by 32.0% ($\text{Beta} = .320$; $p\text{-value} < .05$). The use of ATMs in conducting business reduces business growth by 6.8% ($\text{Beta} = -.068$; $p\text{-value} > .05$). The use of debit cards in conducting business reduces business growth by 7.3% ($\text{Beta} = -.073$; $p\text{-value} < .05$).

5.3 Conclusion

This study examined the relationship between Electronic Funds Transfers and business growth among SMEs in Kabale Municipality, Kabale District. Basing on a response rate of 93.4%, the relationship between EFT and business growth is very negligible. SMES in Kabale Municipality that hope to grow by varying the usage of electronic funds are least likely to achieve their growth goals. Therefore, using electronic funds in conducting business is least likely to cause a visible business growth among SMEs in Kabale municipality. There are other factors that are likely to account for the greater part of the growth of SMEs in Kabale Municipality. Such factors include the macro economic environment within which the business operates.

The study established the relationship between use of Mobile Money and business growth among SMEs in Kabale Municipality and found a weak relationship between the two variables. While the use of mobile money appears significant in SMEs growth by simplifying payments and receiving cash, the level of significance is very weak because other than facilitating payments and receiving of cash, they are less likely to expand profit base and sales revenue for SMEs.

The study examined the relationship between Automated Teller Machines (ATMs) and business growth among SMEs in Kabale Municipality and found a negligible and non-significant relationship between the two variables. In real practice, any efforts to grow SMEs by introducing and varying the use of ATMs does not have any role in growing SMES. Despite the fact that using ATMs is one step to growing the savings of a business, few SMEs are likely to use AMTs to grow their business operations. The low significance of ATMs in growing SME businesses is due to the fact that most of the SMEs do not have Bank accounts where they use the ATM and a

few who have, incur operational costs in running ATM such as Transport to reach the nearest ATM and transaction fees.

The study finally examined the relationship between Debit Cards and business growth among SMEs in Kabale Municipality and found a negligible and non-significant relationship between the two variables. SMEs that looked at the introducing and steadily varying of the use of debit cards in growing their businesses are least likely to achieve their goal. Despite the fact that the use of debit cards in business promotes faster savings and lending, the effect of using debit cards in growing SMEs is very low because of very low distribution of POS Merchants accepting the debit card in transacting in Kabale Municipality.

This study has implications on the existing knowledge on EFT and business growth among SMEs. While a number of studies have been conducted on the role of EFT in promoting small scale business growth, little empirical evidence has been shown in Uganda and Kabale municipality. This study therefore contributes a contextual evidence of the non-significance of EFT in growing SMEs in Uganda. This provides and also contributes to the already existing conceptualizations of EFT. Most of the previous studies have focused on electronic banking. This study focuses on EFT and conceptualizes it in terms of mobile money, ATMs and debit cards.

5.4 Recommendations

The study has established that ATMs are not significant in influencing business growth among SMEs. The bankers therefore should make a stride in reaching out to SMEs so that they are educated on various products offered and how those products can help SMEs to grow and reduce their operational costs.

The study has established that debit cards are not significant in influencing business growth among SMEs. In the business space where there is wide distribution of Bank Agents, these POS Machines accepting debit cards can be introduced so that SMEs benefit from the service.

This study has found little evidence of using EFT in paying suppliers among SMEs in Kabale municipality. This calls for the SMEs to embrace EFTs in the growing business patterns and in the wake of COVID-19 where bank of Uganda emphasized a cashless economy to reduce the spread of the virus caused by paper and coin money. This can indirectly contribute to the growth of SMEs.

5.5 Areas For Future Research

This study has found that EFT contributes negligibly to business growth among SMEs in Kabale municipality. Future researchers should consider exploring the factors for growth of SMEs in Kabale municipality.

The study was conducted in Kabale municipality, which is an urban setting. Future researchers should consider assessing the effect of EFT on business growth among SMEs in rural Uganda. This is likely to generate differing results.

The study found a low application of ATMs and debit cards in influencing business growth among SMEs in Kabale. Future researchers should consider examining the challenges of applying ATMs and debit cards in growing small scale businesses in Uganda.

REFERENCES

- ACCA. (2009). *Access to finance for small and medium enterprises sector: the evidence and the conclusion.*
- AFRICA, CARIBBEAN AND PACIFIC COUNTRIES (ACP). (2014). Mobile money services: A Bank in your Wallet, An overview and opportunities.
- Alfred. M.. (2019). Understanding the role of cash and bank branches in keeping small businesses thriving: atm marketplace.
- Beck, T., &Demirguc-Kunt, A. (2006). Small-medium enterprise sector: access to finance as a growth constraint. *Journal of Finance and Banking*, 30(11), 2931-2943.
- Bhattacharjee, A. (2001). An Empirical Analysis of the antecedents of electronic commerce service continuance. *Decision Support systems*, 32(2), 201-14.
- Catherine. N, Oloko. M (2015). Mobile Money Transfer and The Growth of Small and Medium Sized Enterprises In Kenya: A Case Of Kisumu City, Kenya
- Centenary Bank. (2020). Centenary bank Online and Internet Products. Available Internet: <https://www.centenarybank.co.ug/index.php/product/Visa-Debit-Card>.
- Chogi, B.(2006). The Impact of Mobile Phone Technologies on Small and Medium Enterprises. Paper Presented to Communication Policy Research South on National Regional Innovation Systems, Nairobi. 1-20.
- Cooper, C. R., & Schindler, P. S. (2008). *Business research methods* (10th ed.). Boston: McGraw-Hill
- Davis, R.D., Bagozzi, R.P.,& Warshaw, P.R. (1989). User Acceptance of ComputerTechnology: A Comparison of Two Theoretical Models. *Management Science* 35 (8)982-1003
- Donner, J., &Escobari, M.(2010). A Review of Evidence on Mobile use by Small and Micro Enterprises in Developing Countries. *Journal of International Development*, 22, 641-658.

- Donovan, K. (2012). Mobile money for financial inclusion. In Information and communications for development. Washington, DC: The World Bank
- EBANX (2019). Electronic Funds Transfer Product Explained. Available Internet: <https://business.ebanx.com/en/resources/payments-explained/electronic-funds-transfer-eft>.
- Ehrbeck, T., Pickens, M. and Tarazi, M. (2012). Financially Inclusive Ecosystems: The roles of government today. CGAP, February
- Eton, M., Fabian, M., Constant, O., Abanias, T., and Gilbert, U. (2019). Financial inclusion and the Growth of small Medium Enterprises in Uganda: Empirical evidence from selected districts in Lango Sub region. Research Square.
- Ganbold Bataa. (2008). Improving access to finance for SMEs: International good experiences and lessons for Mongolia. Tokyo, Japan.
- Govani Aparna. (2017). Can mobile money help firms mitigate the problem of Access to Finance in Eastern Saharan Africa. *Journal of African Business*. Issue 3.
- GSMA. (2017). State of The Industry Report on Mobile Money
- Higgins, D., & Kendall, J., & Lyon, B.(2012). Mobile Money Usage Patterns of Kenyan Small and Medium Enterprises.*Innovation, Technology, Governance and Globalization*, 7, 67-81.
- Jenkins, B. (2008). *Developing mobile money ecosystems*. Washington, DC: IFC and the Harvard Kennedy School
- Jensen, T. (2007). The Digital Provide: Information (Technology), Market Performance and Welfare in the South Indian Fisheries Sector. *Quarterly Journal of Economics*, 122, 879 – 924.
- Juliet K. Tumuzoire. (2016). MTN Mobile Money: Challenges and Opportunities for mobile money
- Kakwa, A. (2012). Mobile phone usage by micro and small scale enterprises in Semi-Rural Ghana. *International Review of Management and Marketing*.

- Kasekende, L. and Opondo, H (2003). Financing Small and Medium-Scale Enterprises (SMEs): Uganda's Experience..
- Kothari, C. R. (2004). *Research methodology: Methods and techniques* (2nd ed.). New Delhi: New Age International Publisher.
- Krejcie, R.V., & Morgan, D.W. (1970). Determining sample size for research activities. *Educational and Psychological Measurement* 1970 (30) 607-610.
- Liao, C., Palvia, P., & Chen, J.L. (2009). Information Technology adoption behaviour life cycle: Toward a Technology Continuance Theory (TCT). *International Journal of Information Management*, 40 (3), 191-204.
- Lu, J., Yao, J. E., & Yu, C.-S. (2003). Personal innovativeness, social influences and adoption of wireless Internet services via mobile technology. *Journal of Strategic Information Systems*, 245–268.
- Mayoux, L. and M. Hartl. (2009). Reaching and empowering women: Gender mainstreaming in rural microfinance: Guide for practitioners. Rome, International Fund for Agricultural Development.
- Mbogo, M., (2010). The Impact of Mobile Payments on the Success and Growth of Micro-Business: The Case of M-Pesa in Kenya. *The Journal of Language, Technology & Entrepreneurship in Africa*.
- MIC. (2007). Small and medium enterprises in Mozambique situation, perspectives and challenges. Maputo, Mozambique: the Ministry of Trade and Industry
- MOBILE FINANCIAL SERVICE (MFS), 2013. Indicators and Measuring Access and Usage. Guideline No. 11. Alliance for Financial Inclusion.
- Mohammed A.K (2010) An Empirical Study of Automated Teller Machine Service Quality and Customer Satisfaction in Pakistani Banks. *European Journal of Social Sciences*.
- Mugenda, A. G. (2008). *Social science research: theory and principles*. Nairobi: Applied Research and Training Services.

- Mugenda, M. O., & Mugenda, A. G. (2003). *Research methods: Quantitative and qualitative approaches*. Nairobi: Acts Press.
- Muzi et al. (2017). Does mobile money use increase firms' investment: Evidence from Enterprise Surveys in Kenya, Uganda, and Tanzania.
- Nakagwa Alice. (2018). Digital Finance can transform Agriculture: FSD UGANDA, Financial sector deepening.
- Nana Yaw Asabere, et al. (2012). Measuring standards and Service Quality of Automated Teller Machines(ATM) in the Banking industry of Ghana.
- Neil J. Salkind .(2010). Primary data source. Sage Research Methods, Encyclopedia of Research Design.
- Nikaido, Y., Pais, J., & Sarma, M. (2015) What hinders and what enhances small enterprises' access to formal credit in India?. *Review of Development Finance*.
- Odusina, A. O. (2014). Automated Teller Machine usage and Customers' Satisfaction in Nigeria.
- Odyek, J. (Wednesday, January 22nd 2020). Ten Years of Mobile Money in Uganda. New Vision.
- Oliver, R.L. (1980). A cognitive Model of the antecedents and consequences of satisfaction decisions. *Journal of Marketing Research*, 17(4), 460 – 469.
- Olomi, D., &Urassa, G. (2008). *The constraints to access the capital by SMEs of Tanzania*. Dar es Salaam: REPOA
- Qureshi, S. (2013). What is the role of mobile phones in bringing about growth? *Information Technology for Development*
- Rogers, M., and Alice, A. (2015). Improving credit accessibility among SMEs in Uganda. *Global journal of commerce and Management Perspective*. Vol 4(6) 22-40.
- Scharwatt, C., Katakam, A., Frydrych, J., Murphy, A., &Naghavi, N. (2015). STATE OF THE INDUSTRY 2014: Mobile financial services for the unbanked.

- Stanbic Bank (2019). Stanbic Bank Products and Services. *Available Internet:*
<https://www.stanbicbank.co.ug/uganda/personal/products-and-services/bank-with-us/cards/see-all-cards/blue-debit-card>
- Swarry, M.D., Ndiwala, A. and Stork, C. (2012). Bridging and financial gap and unlocking the potential informal Business through mobile money in four East Africa countries.
- UBA Bank (2020). UBA Personal Banking Products/Debit Cards: Available Internet:
<https://www.ubauganda.com/personal-banking/cards/debit-cards>.
- UIA. (2016). Annual Investment Abstract, FY 2015/2016 Available at www.eBiz.go.ug
- USAID, (2012) UGANDA MOBILE MONEY ASSESSMENT: Case study examining cash payment streams and their electronic alternatives amongst USAID implementing partners.
- WORLD BANK. (2008). *Finance For All: Policies and Pitfalls in Expanding Access*. World Bank Policy Research Report.
- World Bank. (2008). *World Development Report*. Washington, DC
- WTO (2013). Electronic Commerce, Development and Small, Medium sized Enterprises. .Committee of Trade and Development. WT/COM/W/193.

APPENDICES

APPENDIX A: QUESTIONNAIRE

Kabale University

P.O Box 317, Kabale

Dear Respondent,

I am Mujurizi Justus a student at Kabale University pursuing a Master of Business Administration Degree carrying out a study on the effect of Electronic funds Transfers on the Business growth among SMEs in Kabale Municipality in Kabale District. You have been chosen to participate in this study. Feel free to fill in this questionnaire as your responses will be confidential and will only be used for academic purposes.

Thank You

SECTION A: BACKGROUND INFORMATION

1. SEX: Male ☐ Female ☐

2. AGE (years):

16 – 20	<input type="checkbox"/>	21 – 25	<input type="checkbox"/>
26 – 30	<input type="checkbox"/>	31 – 35	<input type="checkbox"/>
36 – 40	<input type="checkbox"/>	Above 40	<input type="checkbox"/>

3. Experience in this Business (Years)

4. Nature of business:	Manufacturing	<input type="checkbox"/>
	Trade	<input type="checkbox"/>
	Service	<input type="checkbox"/>

B: USE OF ELECTRONIC FUNDS TRANSFERS

5. Please tick (✓) the EFT service you use to transact in your business

Mobile Money Transfers	<input type="checkbox"/>
ATM	<input type="checkbox"/>
Debit Card	<input type="checkbox"/>

Choose the Frequency by which you use the Electronic Money Transfer Service chosen in Carrying out Financial transactions

6. Using Mobile Money Transfers (If used)

Usage	Always	Often	Sometimes	Rarely	Never
Receiving cash					
Payments					
Borrowing					
Lending					
Saving					

7. Using ATM (If used)

Usage	Always	Often	Sometimes	Rarely	Never
Receiving cash					
Payments					
Borrowing					
Lending					
Saving					

8. Using Debit Card (If used)

Usage	Always	Often	Sometimes	Rarely	Never
Receiving cash					
Payments					
Borrowing					

Lending					
Saving					

9. Different Electronic Funds transfer channels have different characteristics. In the light of this statement, rate the level of importance of the following characteristics in regard to accessibility of finances. (Use the scale of 1 – 5 where 5 is Very Important, 4=Important, 3= Not sure, 2 = Less important 1=Not Important)

Statement	5	4	3	2	1
Customer Perceived Value					
Speed of service delivery					
Security					
Technological know –how					
Level of Income					
Compatibility with Life style					

10. How reliable is your service provider in providing the Electronic Funds transferService? (Use the scale 5= Very reliable, 4=Often Reliable, 3 Sometimes reliable, 2=Often unreliable, 1= Very unreliable). You can tick only regarding the service that applies

Electronic Funds transfer Service	5	4	3	2	1
Mobile money					
ATM					
Debit Card					

SECTION C: ELECTRONIC FUNDS TRANSFERS AND BUSINESS GROWTH

11. Give the performance in Sales revenue before and after usage of the Electronic funds transfer service

Performance	Before the Usage	After the usage
Very Good		
Good		
Indifferent		

Bad		
Very Bad		

In questions 12 – 13, indicate your agreement with the statement. (Use the Key: 5= Strongly agree, 4= Agree, 3=Neither agree nor Disagree, 2=Disagree and 1=Strongly Disagree)

12. Effect of EFTs on growth of SMEs

Statement	5	4	3	2	1
12. Mobile Money has improved the way I access the funds					
13. ATM has improved the way I access funds					
14. Debit Cards have improved/increased the way I access funds					

13. In which areas has Electronic Funds transfers contributed to your business growth?

(Use the Key for Options: 5= Strongly agree, 4= Agree, 3=Neither agree nor Disagree, 2=Disagree and 1=Strongly Disagree)

Statement	5	4	3	2	1
A. Payments to suppliers					
B. Sales					
C. Rent Payments					
D. Salary Payments					
E. Loan Payments					

Thank you for your cooperation

APPENDIX B: INTERVIEW GUIDE

I am Mujurizi Justus a student at Kabale University pursuing a Master of Business Administration Degree carrying out a study on the effect of Electronic funds Transfers on the business growth among SMEs in Kabale Municipality in Kabale District. I have a few questions I would like you to answer in relation to this study.

1. Do you use Mobile Money services to access funds for your business? [If Yes], how has the number of Mobile money customers and agents affected the way you transact and access funds.
2. Is your Mobile Money service Provider Reliable? Do you think Reliability of Mobile money Services affect the way you access funds for your business?
3. Do you transact with Financial Institutions using Automated Teller Machines? [If Yes] How has Money access limit on ATMs to withdraw from an ATM or deposit affected your daily access to finance?
4. [If Yes to Question 3] Are the ATMs easily accessible? Does the factor of Ease of accessibility of ATMS affect your transactions with the customers and your Bank?
5. Do you use Debit Cards in Your Business [Such as Visa Debit Card or MastaCard as some banks call it?] Banks have limits on the value of Transactions than can be made via a POS terminal. Do you think this transaction limit on Debit Cards affects the way you access funds?
6. [If Yes in Question 5], Are the POS terminals available in this area? How has the distribution of POS Merchants accepting the Visa Debit Card affected the way you transact with your clients using the Debit Card?

APPENDIX E: Krejcie and Morgan Table for Determining Sample Size

Table for Determining Sample Size from a Given Population

<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	100000	384

Note.—*N* is population size.
S is sample size.

APPENDIX F: ANALYTICAL TABLES

Table on growth anchored on a five-point likert scale

Variable List	Strongly Disagree	Disagree	Not sure	Agree	Strongly Agree
Payments to suppliers	10.1	15.2	16.5	46.8	11.4
Sales	5.1	8.2	10.8	53.2	22.8
Rent Payments	3.8	9.5	12.7	45.6	28.5
Salary Payments	8.2	18.4	13.9	45.6	13.9
Loan Payments	6.3	14.6	14.6	43	21.5
Average	6.7	13.2	13.7	46.8	19.6

Table on characteristics of EFT channels anchored on a five-point likert scale

Variable List	Not important at all	Not important	Not sure	Important	Very important	Total
Customer Perceived Value	2.5	10.8	14.6	48.1	24.1	100
Speed of service delivery	1.9	7.6	9.5	64.6	16.5	100
Security	0.6	12	14.6	53.2	19.6	100
Technological know -how	7.6	7.6	5.7	59.5	19.6	100
Level of Income	3.8	13.3	8.9	46.2	27.8	100
Compatibility with Life style	3.8	13.3	15.8	43	24.1	100