

Title

**AN ASSEMENT ON HOW MOBILE MONEY USAGE AFFECTS THE
PERFORMANCE OF SMALL SCALE BUSINESSES IN LILONGWE AREA 25
SUNGWI**

Author

CHIMWEMWE VINKHUMBO

Co-Author

MR. JUSTIN MAKAMO



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ABSTRACT

This study investigates the role of mobile money usage and digital literacy in shaping the performance of small-scale businesses in Area 25 (Nsungwi), Lilongwe, Malawi. Using a survey of 40 business owners, the research examines smartphone ownership, mobile money adoption, and the impact of these services on sales, transaction efficiency, and business operations. Findings indicate high smartphone penetration and moderate confidence in using mobile applications, but limited familiarity with advanced mobile money features. While mobile money improves payment convenience and reduces cash handling, its effect on overall business performance is constrained by high transaction fees, poor network connectivity, and fear of fraud. The study concludes that digital literacy, service accessibility, and operational challenges significantly influence mobile money adoption, and recommends targeted training, improved network reliability, lower fees, and enhanced security awareness to support small businesses in leveraging mobile financial services effectively.

Keywords:

Mobile Money, Digital Literacy, Small-Scale Businesses, Business Performance, Transaction Efficiency, Airtel Money, TNM Mpamba, Financial Inclusion, Malawi, Area 25 (Nsungwi)

INTRODUCTION

1.1 Introduction

The mobile phone has been among the most rapidly adopted innovations in Malawi, particularly in peri-urban areas like Area 25 (Sungwi), Lilongwe. Access to SIM cards and prepaid mobile services has enabled widespread phone usage, even among

informal small-scale business operators. In Sub-Saharan Africa, including Malawi, mobile phone penetration has exceeded 70%, and the expansion of network infrastructure has allowed more people to access services like Airtel Money and TNM Mpamba, which are vital in areas underserved by formal banking systems (GSMA, 2015).

These mobile money services enable users to deposit, send, and receive money without needing a traditional bank account, providing entrepreneurs with flexible tools to manage their business transactions. In communities such as Area 25 (Sungwi), where most business owners lack access to formal financial institutions, mobile money provides a practical alternative for managing daily cash flows, paying suppliers, and receiving customer payments.

Although mobile money is often lauded for its transformative impact in East African countries like Kenya and Tanzania, its adoption in Malawi especially in localized areas like Sungwi has been slower. This is due to barriers such as high transaction fees, intermittent network connectivity, lack of trust in digital systems, and limited financial literacy.

Electronic Funds Transfer (EFT) virtual banking and wire transfers are emerging digital services in Malawi's financial landscape, though their use among microbusinesses in Area 25 remains minimal. These services are mostly used for formal, high-value transactions, and their accessibility is limited by low internet usage and digital skills.

1.2 Background of the Study

Mobile money services like Airtel Money and TNM Mpamba are now very important for small businesses in Malawi, especially in places like Area 25 (Sungwi) in Lilongwe. These services help business owners send and receive money, pay suppliers, and manage sales using their phones. This is helpful because many people in the area do not have easy access to banks.

Even though mobile money has many benefits, some business owners still choose to use cash. This is because of problems like high fees, poor network connection, low understanding of how mobile money works, and fear of being scammed. Other services like EFT and wire transfers also exist, but most small businesses don't use them often.

There are not many studies that focus on how mobile money and other digital services affect small businesses in local places like Sungwi. This study will help show how these services are being used, what challenges business owners face, and how they affect business performance in Area 25.

1.3 Problem Statement

Despite the growth of mobile money services in Malawi, many small-scale business owners in Area 25 (Sungwi) continue to rely on cash. According to the local market chairman, most traders are not fully using mobile money due to low digital literacy and limited understanding of its business benefits. While mobile money platforms like Airtel Money and TNM Mpamba are available, most users only engage in basic transactions, such as airtime top-ups or cash-ins, missing out on features

that could improve business performance.

1.4 Research Objectives

1.4.1 Main Objective

1. An assessment on how mobile money usage affects the performance of small scale businesses in area 25 Sungwi

Specific objectives

1. To assess the extent of mobile money usage among small scale businesses in area 25 NSungwi
2. To examine how mobile money usage affects business performance which includes sales convenience of payment and transaction efficiency in area 25 Nsungwi
3. To identify the Challenges faced by business owners in adopting and using Mobile Money in area 25 Nsungwi.

1.5 Research questions

- I. To what extent do small scale businesses owners in area 25 use mobile money services
- II. How does the use of mobile money affect the performance of small scale businesses in area 25 Nsungwi
- III. What challenges do small-scale business owners face in adopting and using mobile financial services.

1.9 Chapter Summary

This chapter introduced the study by explaining the growing use of mobile money services such as Airtel Money and TNM Mpamba,

along with the rising importance of digital literacy among small-scale business owners in Area 25 (Sungwi), Lilongwe. It discussed the gap between the availability of these digital tools and the limited ability or willingness of some business owners to use them, especially in areas where cash is still the main form of payment.

The chapter also presented the main and specific research objectives, along with the research questions that guide the study. It explained the importance of the study, showing how the findings could help improve support for small businesses in using digital tools. In addition, it mentioned some limitations of the study, such as limited access to formal records or time constraints.

Finally, the chapter gave a brief overview of the structure of the full report, showing what each chapter will cover.

LITERATURE REVIEW

2.1 Introduction

This chapter looks at what other researchers have said about mobile money, EFT virtual banking, and wire transfers, and how these services affect small businesses. It includes both theories and real-life studies to understand how these digital services help or challenge business activities. The focus is on how these tools affect business operations, money management, and decision-making in small businesses—especially in peri-urban areas like Area 25 (Sungwi) in Lilongwe.

2.2 Definition of Terms

2.2.1 Mobile Money:

Mobile money refers to financial

services performed using mobile phones, enabling users to send and receive money, pay bills, and store funds without a traditional bank account (Feig, & Nancy, 2007). In Malawi, platforms such as Airtel Money and TNM Mpamba have expanded access to financial services in underserved areas. Mobile money helps improve business efficiency by offering quick, secure, and flexible payment options to small-scale entrepreneurs.

2.2.2 Electronic Funds Transfer (EFT) Virtual Banking

This can be defined as transfer of money from one bank account to another, either within a single financial institution or across multiple institutions, via computer-based systems that's according to Talom and Tengeh (2020). EFT virtual banking enables individuals and businesses to perform transactions electronically through online platforms or mobile apps. These services reduce the need for physical bank visits and enhance transparency, convenience, and speed in financial dealings. For small-scale businesses, EFT offers a formal and traceable payment method that supports supplier payments, utility settlements, and customer transactions.

2.2.3 Wire Transfers

According to Talom and Tengeh (2020), wire transfers are secure, traceable, and efficient for transmitting large sums of money across regions or internationally. They are particularly valued for their speed and reliability. Although wire transfers are not yet commonly used by informal or micro-entrepreneurs, they are increasingly preferred by small and medium-sized enterprises (SMEs) that

require formal and verifiable financial transactions. In emerging economies like Cameroon and similarly in Malawi growing businesses are beginning to adopt wire transfers for more structured financial operations, especially when dealing with suppliers, large customers, or formal contracts.

2.2.4 Small-Scale Businesses

Small businesses are types of corporations, partnerships, or sole proprietorships which have a small number of employees and/or less annual revenue than a regular-sized business or corporation. Businesses are defined as "small" in terms of being able to apply for government support and qualify for preferential tax policy. The qualifications vary depending on the country and industry (Aoyama, Yuko, & Michael B, 1996). These are informal or semi-formal enterprises characterized by limited capital, low employee numbers, and localized operations. They are common in peri-urban areas like Area 25 (Sungwi), and include vendors, and service providers. These businesses play a critical role in local economic development but often lack access to formal banking services.

2.3 Empirical Review (Past Studies on the Topic)

2.3.1 Extent of Mobile Money Usage

Mobile money usage has seen widespread growth in many developing countries, particularly due to the accessibility and affordability of the technology. In Kenya, the success of M-Pesa was attributed to minimal registration requirements and a strong agent network, which enabled even low-income earners to use the service (Suri, 2017). In contrast, in Malawi and similar economies, mobile

money is predominantly used for basic financial services such as sending money, airtime purchases, and receiving remittances. According to the Reserve Bank of Malawi (2024), most mobile money transactions in the country still revolve around cash-in/cash-out services, with limited engagement in savings, loans, or bill payments. Talom & Tengeh (2020) similarly noted that in Cameroon, most SMEs used mobile money for simple transfers rather than accessing broader financial products. This highlights a significant gap in full financial inclusion among small-scale businesses.

Benefits and Challenges

Mobile money offers several operational benefits for SMEs, including faster transaction times, reduced need for physical banking, and improved liquidity management. Talom & Tengeh (2020) documented these advantages in Douala, where SMEs that adopted mobile money experienced reduced overhead costs and smoother business operations. However, the challenges remain considerable. Many users reported high transaction fees, poor liquidity among agents, and difficulties in reversing erroneous transactions. Suri (2017) reinforced this view, noting that network reliability and agent competence play a vital role in sustaining usage. In Malawi, these challenges are worsened by intermittent connectivity and a lack of consumer protection mechanisms, which reduce user trust in the system.

2.3.2 Awareness and Digital Literacy

The success of mobile money also depends heavily on the level of digital awareness and literacy among users. Talom & Tengeh (2020)

observed that many small business owners lacked formal training on mobile financial tools and relied on informal help from family or local agents. This often limited their use of mobile money to only basic services. Suri (2017) highlighted that in regions with limited education, adoption was highest where providers actively engaged in community-based awareness campaigns and offered simplified user interfaces. In Malawi, especially in peri-urban zones like Area 25, the digital literacy gap continues to limit access to more advanced features such as loan applications or business record keeping via mobile platforms.

2.3.3 Continued Reliance on Cash

Despite the availability of digital financial tools, many small businesses in Malawi and other developing countries continue to rely on cash transactions. According to Suri (2017), this reliance is rooted in cultural habits, fear of fraud, and lack of clear dispute resolution procedures. Cash is perceived as more tangible, controllable, and immediate. Talom & Tengeh (2020) confirmed this trend, noting that many SMEs felt more secure dealing in physical currency due to lack of trust in agents or uncertainty about transaction reversibility. This resistance is especially strong in areas like Area

25, where limited infrastructure and poor service reliability reinforce the preference for cash-based operations.

2.4 Theoretical Framework

2.4.1 Technology Acceptance Model (TAM)

The Technology Acceptance Model (TAM), developed by Davis (1989), explains how users come to accept and use a new technology. It focuses

on two key beliefs: Perceived Usefulness (PU) and Perceived Ease of Use (PEOU). PU refers to how much a person believes a system will improve their job or daily activities, while PEOU means how easy the system is to use. In the context of this study, TAM helps explain how small-scale business owners in Area 25 (Sungwi) decide to adopt mobile money services such as Airtel Money or TNM Mpamba. If business owners think these services make transactions faster, reduce costs, or improve record-keeping, they are more likely to use them (Davis, 1989; Nasikye, 2009).

PEOU is also important. If the apps are simple and do not require advanced digital skills, more people are likely to use them. According to Hughes and Lonie (2007), the success of M-Pesa in Kenya was largely due to the platform's ease of use and clear benefits. This mirrors the situation in Malawi, where mobile money adoption is growing but still limited by usability concerns. TAM has been applied in many studies in developing countries to evaluate the uptake of digital financial services (Venkatesh & Davis, 2000). It is especially useful in this study to identify what motivates or discourages small businesses from using mobile financial services.

2.6 Chapter Summary

This chapter reviews how mobile money, EFT virtual banking, and wire transfers affect small businesses in areas like Area 25, Lilongwe. These digital tools help small businesses do faster and easier transactions, especially where banks are scarce. Mobile money services like Airtel Money let people send and receive money using their phones without a bank account.

While many use these services for basic tasks like sending money, challenges like high fees, poor internet, and lack of training limit their full use. Cash is still preferred because people trust it more. Mobile money can help businesses grow by improving payments and cash flow, but problems with agent

availability and infrastructure slow adoption. The chapter highlights these issues for further study in the local context.

CHAPTER FOUR: RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents a detailed analysis of the findings from the data collected among forty small-scale business owners in Area 25 (Nsungwi). The analysis follows the main objectives of the study, which are to identify effective services, to identify effective services, to identify effective services.

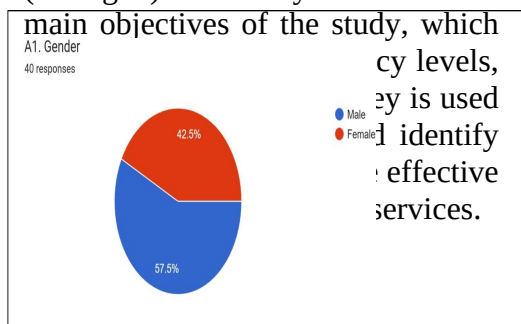


Table 4. 1 Showing the response rate

Status	Frequency	Percentage
Returned	40	100
Not returned	0	0
Total	40	100

The study targeted forty respondents, and all 40 questionnaires were completed and returned. This represents a 100 percent response rate. Such a response rate is considered excellent in survey-based studies and improves the credibility and

reliability of the findings. According to Kothari (2004), a high response rate reduces non-response bias and ensures that the findings reflect the real views of the studied population. A response rate of this level is considered excellent in survey research because it means there was full cooperation from the sample. It also means the findings are reliable since there were no missing questionnaires and the data reflects the actual views of all participants. The complete response rate strengthens the credibility of the study and ensures that the analysis is based on a complete dataset.

Demographic Characteristics of Respondents

Understanding the demographic characteristics of respondents is important because it provides context for interpreting how small-scale business owners in Area 25 (Nsungwi) engage with digital literacy and mobile money services. This section presents detailed information on gender, age group, education level, and the nature of the businesses operated by the participants. A total of 40 respondents participated in the study, and their demographic profile is summarized and discussed below.

4.2.1 Gender of Respondents

The study included both male and female business owners. Results show that:

Figure 4. 1 Showing gender of respondents

The results show that 57.5% (23) of the respondents were male, while 42.5% (17) were female. This indicates that males slightly dominate small-scale business ownership in Area 25 (Nsungwi). This finding is similar to observations by Aoyama and Michael (1996), who noted that men are more likely to engage in informal business activities in developing economies due to cultural and economic factors. However, the relatively high participation of women also shows increasing female involvement in entrepreneurship, which aligns with trends reported in African SME studies (Beck et al., 2007).

4.2.2 Age Group Distribution

A2. Age Group
40 responses

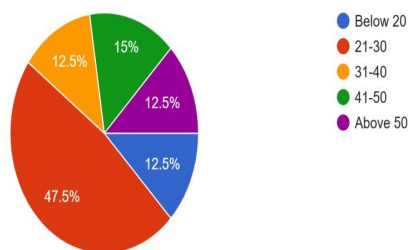


Figure 4. 2 Showing age of the respondents

Almost half of the respondents (47.5%) were aged between 21 and 30 years, showing that most business owners are young adults. Younger entrepreneurs are generally more open to adopting new technologies and digital services, which supports Rogers' (2003) Diffusion of Innovation Theory that younger users are often early adopters. This finding also agrees with Suri (2017), who found that younger mobile money users tend to experiment more with digital financial tools.

Respondents in older age groups formed a smaller percentage, suggesting that age may influence willingness or confidence in using mobile money services.

4.2.3 Education Level of Respondents

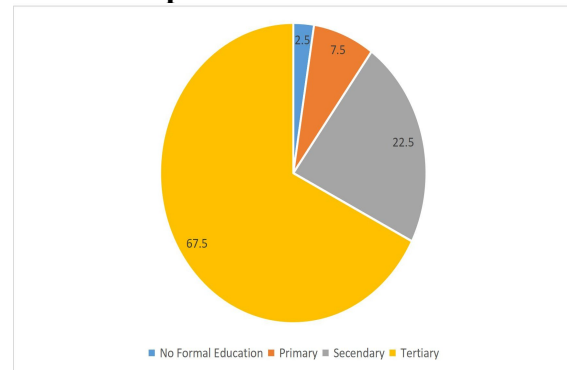


Figure 4. 3 Showing education level of respondents

The results show that 67.5% of respondents have Tertiary education, indicating that many business owners are educated and may adapt more easily to digital financial services. The study found that 67.5% of respondents have tertiary education. This high education level suggests a strong potential for digital literacy in the area. According to Davis (1989), education positively affects perceived ease of use and perceived usefulness, which increases technology adoption. This finding supports conclusions by Talom and Tengeh (2020), who observed that SMEs with educated owners were more likely to adopt and benefit from mobile money services.

4.2.4 Nature of Business

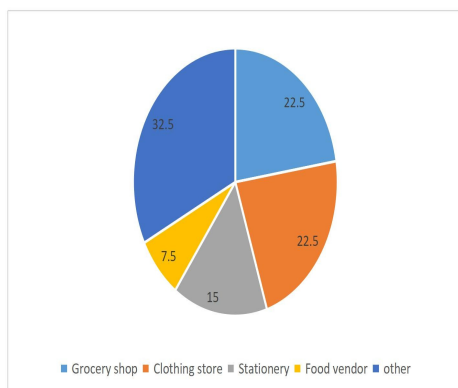


Figure 4. 4 Showing the type of business of respondents

The findings indicate that respondents are engaged in a variety of small-scale businesses. Out of the 40 respondents, the most common types of businesses were grocery shops and clothing stores, each accounting for 9 respondents. Stationery suppliers were next with 6 respondents, while food vendors were the least represented with 3 respondents. A significant portion, 13 respondents, fell under the "Other" category, which includes various informal business activities not specifically listed. This diversity reflects the entrepreneurial nature of Area 25, with business owners engaging in both retail and informal trade to meet the needs of the local community.

The respondents operated different types of businesses, with grocery shops and clothing stores being the most common, followed by stationery suppliers and food vendors. A large portion fell under the other category, representing informal businesses. This diversity reflects the nature of peri-urban economies, as also noted by Beck et al. (2007), where informal and retail businesses dominate and rely heavily on flexible payment systems such as mobile money.

4.2.4 period of operation

The findings show that most respondents (32.5%) have been operating their businesses for 1–3 years, indicating that many small-scale businesses in Area 25 are still in early growth stages. Additionally, 27.5% have operated for less than a year, showing the presence of very new business ventures.

A notable 25% have been operating for more than 6 years, demonstrating the presence of long-standing, experienced small-scale business owners. The smallest group (15%) has operated for 4–6 years, suggesting moderate business maturity.

Overall, the results indicate a mix of new and long-term entrepreneurs, which may influence their digital literacy levels and their adoption of mobile money, since experience can affect willingness to use new technology.

4.3 To assess the extent of mobile money usage among small scale businesses in area 25 NSungwi

Digital literacy plays an important role in how business owners interact with mobile money services. The three questions under this objective measured smartphone ownership, training, and confidence in using mobile applications.

4.3.1 Customers own and use a smartphone

Table 4. 2 Showing if Customers own and use a smartphone

The findings show that 87.5% of respondents strongly agree that they

own and use a smartphone. This means that almost all the business owners in Area 25 have access to smartphones and use them in their daily lives. Another 5% agree, which further confirms that smartphone usage is very common among the respondents.

Only a small number of people fall under not sure or disagree, and there were no respondents who strongly disagreed. This shows that smartphone access is not a major challenge for most business owners in the area.

This high level of smartphone ownership is a positive sign because having a smartphone is the first step toward using mobile money services effectively. It means that many business owners already have the basic tools needed for digital transactions. It also suggests that they are more likely to use other digital services such as payment apps, mobile banking, business communication tools, and online marketing platforms.

a smartphone. This finding is consistent with Suri (2017) and the Reserve Bank of Malawi (2024), who reported high mobile phone penetration in Malawi. High smartphone ownership supports the argument in Chapter Two that mobile money adoption is possible where basic digital tools are available.

4.3.2 Customers have received training on mobile money

Table 4. 3 Showing if Customers have received training on mobile money

Response Group	Frequency	Percentage
Strongly Agree	12	30%

Agree	6	15%
Not Sure	9	22.5%
Disagree	9	22.5%
Strongly Disagree	4	10%

Only 30 percent of respondents strongly agree that they have received training on using mobile money, while 15 percent agree to having some level of training. This means that a total of 45 percent have received at least some formal guidance. Meanwhile, 22.5 percent are not sure whether what they received counts as proper training, suggesting informal or inconsistent learning. Another 22.5 percent explicitly disagree, indicating they have not received any training, and 10 percent strongly disagree, showing a clear lack of formal instruction. Overall, more than half of the respondents either have no training or are uncertain, which may limit their confidence in using mobile money and explains why many rely on trial and error or informal support from friends and agents.

Only 45% of respondents reported having received some form of training on mobile money, while the rest either had no training or were unsure. This result supports findings by Talom and Tengeh (2020), who noted that limited training restricts users to basic mobile money functions. It also aligns with the digital literacy challenges discussed in Chapter Two, confirming that lack of formal training is a major barrier to effective adoption.

4.3.3 Customers are confident in using phone applications

Table 4. 4 Showing if Customers are confident in using phone applications

Response Group	Frequency	Percentage
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Strongly Agree	15	37.5%
Agree	15	37.5%
Not sure	4	10%
Disagree	5	12.5%
Strongly Disagree	1	2.5%
Total	40	100%

About 37.5 percent of respondents strongly agree that they are confident using phone applications, and another 37.5 percent simply agree, meaning that a total of 75 percent

feel at least somewhat confident. Meanwhile, 10 percent are not sure about their confidence, indicating uncertainty or limited experience. A smaller portion, 12.5 percent, disagree, and 2.5 percent strongly disagree, showing that a few business owners lack confidence in using apps. Overall, while most respondents are fairly comfortable with mobile applications, the lack of full confidence among some may be linked to limited training and could restrict the use of advanced mobile money features, with many sticking to basic services.

About 75% of respondents expressed confidence in using mobile applications. While this suggests moderate digital literacy, the remaining respondents showed uncertainty or lack of confidence. This finding agrees with the Technology Acceptance Model, which states that perceived ease of use affects adoption levels (Davis, 1989). Without confidence, users are less likely to explore advanced features.

4.4 To examine how mobile money usage affects business performance which includes sales convenience of payment and transaction efficiency in

area 25 Nsungwi

This objective focused on how often business owners use mobile money, how confident they are in performing transactions, and whether mobile money has had any effect on their business operations.

4.4.1 Customers can send money without help

Table 4. 5 Showing if Customers can send money without help

Response Group	Frequency	Percentage
Strongly Agree	21	52.5%
Agree	14	35%
Not sure	2	5%
Disagree	1	2.5%
Strongly Disagree	2	5%
Total	40	100%

The results show that 52.5% of the respondents strongly agree that they can send money without needing help. This means more than half of the business owners are confident and able to perform basic mobile money transactions on their own. Another 35% agree, which also shows a good level of understanding and comfort with the service.

However, the remaining respondents fall into the categories of *not sure*, *disagree*, or *strongly disagree*, which together make up 12.5% of the group. This means that even though most people can send money independently, there is still a small but important group that struggles or lacks confidence when using mobile money.

These results show that digital literacy in Area 25 is improving, but it is not yet perfect. Some business

owners still need support, training, or more practice to use mobile money comfortably. This also suggests that mobile money providers should continue offering user-friendly services and education to help everyone use the system without difficulties.

4.4.2 Customers use mobile money daily

Table 4. 6 Showing if Customers use mobile money daily

Response Group	Frequency	Percentage
Strongly Agree	15	37.5%
Agree	17	42.5%
Not Sure	4	10%
Disagree	4	10%
Strongly Disagree	0	0%
Total	40	100%

About 37.5 percent of respondents strongly agree that they use mobile money daily, while 42.5 percent agree, meaning that a total of 80 percent use it at least somewhat regularly. Meanwhile, 10 percent are not sure about their daily usage, and another 10 percent disagree, indicating that a small portion of business owners do not use mobile money every day. No respondents strongly disagree. Overall, while most respondents

use mobile money regularly, the fact that less than half use it daily highlights that full integration into daily business operations has not yet been achieved, possibly due to factors like high transaction fees, unreliable network connectivity, or a preference for cash.

4.4.3 Mobile money makes payments more convenient

Table 4. 7 Showing if Mobile money makes payments more convenient

Response Group	Frequency	Percentage
Strongly Agree	20	50%
Agree	7	17.5%
Not sure	9	22.5%
Disagree	2	5%
Strongly Disagree	2	5%
Total	40	100%

Half of the respondents (50%) strongly agree that mobile money makes payments more convenient, while 17.5% simply agree, meaning that a total of 67.5% recognize its convenience. Meanwhile, 22.5% are not sure, suggesting uncertainty or limited experience with the service. A smaller portion, 5% disagree and another 5% strongly disagree, indicating that a few business owners do not find it convenient. Overall, while the majority see mobile money as a useful tool for making payments, network challenges, transaction fees, and a preference for cash among some users prevent full acceptance. Most respondents agreed that mobile money makes payments more convenient. This supports findings by Suri (2017), who highlighted convenience as a key benefit of mobile money. However, uncertainty among some respondents supports the literature in Chapter Two that network challenges reduce perceived usefulness.

4.4.4 Sales have improved since accepting mobile money

About 40 percent of respondents strongly agree that sales have

improved since accepting mobile money, while 17.5 percent agree, meaning that a total of 57.5% have seen some positive impact. Another 17.5 percent are not sure, indicating uncertainty about its effect on sales, and 25 percent disagree, suggesting that a quarter of business owners have not experienced any improvement. No respondents strongly disagree. Overall, while some businesses benefit from offering mobile money as a payment option, the mixed responses show that it alone does not guarantee increased sales; factors such as customer demand, business type, and marketing also play important roles.

Only 57.5% of respondents reported improved sales after adopting mobile money. This aligns with Talom and Tengeh (2020), who argued that mobile money alone does not guarantee business growth but works best when combined with customer demand and proper usage.

4.4.5 Mobile money reduces the risk of theft

Table 4. 9 Showing if Mobile money reduces the risk of theft

Response Group	Frequency	Percentage
Strongly Agree	11	27.5%
Agree	6	15%
Not Sure	5	12.5%
Disagree	1	2.5%
Strongly Disagree	17	42.5%
Total	40	100%

About 27.5 percent of respondents strongly agree that mobile money reduces the risk of theft, while 15 percent agree, meaning that only 42.5% see some security benefit. Meanwhile, 12.5 percent are not sure, indicating uncertainty, and 2.5 percent

disagree. A significant portion, 42.5 percent, strongly disagree, suggesting that many business owners do not consider mobile money a secure option. This perception may be influenced by concerns over digital fraud or the belief that cash is easier to manage. Overall, for most respondents, security is not seen as a major advantage of using mobile money.

4.4.6 Customers prefer mobile money over cash

Table 4. 10 Showing if Customers prefer mobile money over cash

Response Group	Frequency	Percentage
Strongly Agree	15	37.5%
Agree	6	15%
Not Sure	3	7.5%
Disagree	5	12.5%
Strongly Disagree	11	27.5%
Total	40	100%

About 37.5 percent of respondents strongly agree that they prefer mobile money over cash, and 15 percent agree, meaning that just over half (52.5%) show some preference for mobile money. Meanwhile, 7.5 percent are not sure, indicating uncertainty, and

12.5 percent disagree, with 27.5 percent strongly disagreeing, showing that a significant portion of business owners still prefer cash. More than three quarters of respondents agreed that transaction fees are too high. This finding strongly confirms earlier studies by Suri (2017) and Talom and Tengeh (2020), who identified transaction costs as a key barrier to adoption. This suggests that cash remains the most familiar and widely accepted

payment method, likely due to its immediacy, lack of fees, and no dependence on network connectivity. To identify the Challenges faced by business owners in adopting and using Mobile Money in area 25 Nsungwi.

This objective examines the main challenges that prevent business owners from fully adopting mobile money in their daily operations.

4.4.1 Transaction fees are too high

Table 4. 11 Showing if Transaction fees are too high

Response Group	Frequency	Percentage
Strongly Agree	24	60%
Agree	7	17.5%
Not Sure	3	7.5%
Disagree	4	10%
Strongly Disagree	2	5%
Total	40	100%

About 60 percent of respondents strongly agree that mobile money transaction fees are too high, while 17.5 percent agree, meaning a total of 77.5% feel that fees are a significant concern. Meanwhile, 7.5 percent are not sure, and 10 percent disagree, with 5 percent strongly disagreeing. High transaction fees can discourage frequent use, especially for small-scale business owners operating on tight profit margins. This issue stands out as one of the main challenges affecting mobile money adoption.

4.5.2 Poor network connectivity disrupts transactions

Table 4. 12 Showing if Transaction fees are too high

Response Group	Frequency	Percentage
Strongly Agree	25	62.5%
Agree	12	30%
Not Sure	1	2.5%
Disagree	2	5%
Strongly Disagree	0	0%

About 62.5 percent of respondents strongly agree that poor network connectivity disrupts transactions, while 30 percent agree, meaning a total of 92.5% experience some level of disruption. Only 2.5 percent are not sure, and 5 percent disagree, with no respondents strongly disagreeing. Network problems are therefore a major challenge for business owners, causing delays or failed transactions, affecting customer trust, and discouraging consistent use of mobile money, especially during busy periods.

4.5.3 There are not enough mobile money agents

Table 4. 13 Showing if There are not enough mobile money agents

Response Group	Frequency	Percentage
Strongly Agree	2	5%
Agree	4	10%
Not Sure	2	5%
Disagree	13	32.5%
Strongly Disagree	19	47.5%
Total	40	100%

Only 5 percent of respondents

strongly agree that there are not enough mobile money agents, while 10 percent agree, meaning just 15% see agent availability as an issue. Another 5 percent are not sure, and the majority 32.5 percent disagree and 47.5 percent strongly disagree indicate that agent numbers are sufficient. Overall, most business owners in Area 25 can access agents easily, so agent shortages do not appear to be a significant barrier to mobile money usage.

4.5.4 Customers fear fraud or scams

Table 4. 14 Showing if Customers fear fraud or scams

Response Group	Frequency	Percentage
Strongly Agree	27	67.5%
Agree	9	22.5%
Not Sure	1	2.5%
Disagree	3	7.5%
Strongly Disagree	0	0%
Total	40	100%

About 67.5 percent of respondents strongly agree that they fear fraud or scams, while

22.5 percent agree, meaning that a total of 90 percent of respondents have some concern about security when using mobile money. Only 2.5 percent are not sure, and

7.5 percent disagree, with no respondents strongly disagreeing. This indicates that fear of fraud is one of the most significant concerns for business owners. 90% of respondents feared fraud or scams. This agrees with Talom and Tengeh (2020), who found that security concerns reduce trust and limit usage, especially for large transactions. Many worry about being scammed, particularly when

handling large sums of money or dealing with unfamiliar numbers. The increasing cases of mobile money fraud in Malawi have likely influenced this perception. As a result, such fears reduce user confidence and slow down the full adoption of mobile money services, as business owners may avoid using digital platforms for larger transactions or may limit their reliance on mobile money to basic, low risk operations.

4.5.5 Customers are not familiar with advanced mobile money features

About 62.5 percent of respondents strongly agree that they are not familiar with advanced mobile money features, while 22.5 percent agree, meaning that a total of 85 percent have limited knowledge of services beyond basic functions. Only 5 percent are not sure, and 10 percent disagree, with no respondents strongly disagreeing. This shows that most business owners primarily use basic functions such as sending and receiving money and are unaware of more advanced features like merchant payments, digital loans, savings products, or in-app services. The lack of familiarity limits the potential benefits business owners could gain from mobile money and highlights that providers have not sufficiently educated users to take full advantage of features that could support business growth.

4.5.6 Recommendations to Improve Mobile Money Usage

Table 4. 16 Showing the Recommendations to Improve Mobile Money Usage

Recommendation Category	Number of Mentions	Percentage (out of 40)
Improve network quality	3	7.5%
Reduce transaction fees	2	5%
Provide civic education / training	1	2.5%
Improve handling of wrong transactions	1	2.5%
Reduce fraud and improve security	1	2.5%
Total	10	25%

The results show that small-scale business owners in Area 25 want mobile money services to be more affordable, easier to use, and more reliable. The biggest concern is network quality, which affects payments, customer service, and business speed. Many business owners also feel that charges are too high, so lowering fees would encourage more people to use mobile money for business.

Some respondents also feel that mobile money customers need better education on how to use the services safely and correctly. Issues like sending money to the wrong number or dealing with fraud create fear among users. Improving these areas would increase trust and help more businesses rely on mobile money for daily operations.

4.5 Summary

The findings from this chapter show that smartphone ownership in Area

25 is very high, meaning most business owners have the basic tools required to use mobile money. However, many respondents lack proper training, and confidence in using digital apps remains moderate. This shows that digital literacy is available to some extent but not strong enough for full adoption.

The results also show that although respondents use mobile money, daily usage remains low, and the impact on sales is not very strong for most businesses. Mobile money is seen as convenient by half of the respondents, but it has not yet become the dominant payment method.

Finally, the study identified several major challenges that affect mobile money adoption. High transaction fees, poor network connectivity, fear of fraud, and limited knowledge of advanced features all contribute to low usage levels and reduce trust in mobile money services. Despite the availability of agents, these other challenges limit the full potential of mobile money in supporting small-scale businesses in Area 25.

CHAPTER FIVE: CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the final part of the study on. The Role of Digital Literacy and Mobile Money Transaction Rates in Shaping Small-Scale Business Operations in Area 25 (NSungwi), Lilongwe. The chapter summarizes the major findings of the study, draws conclusions based on the research objectives and hypotheses, and provides recommendations that can help improve the use of mobile money among small-scale business owners. Lastly, the chapter suggests

areas for further research.

5.2 Summary of Research Findings

The study was conducted among 40 small-scale business owners operating different businesses such as grocery shops, clothing stores, stationery suppliers, food vendors, and other informal businesses in Area 25 (Sungwi).

The findings showed that most respondents own and use smartphones, which makes the use of mobile money possible. This means that lack of devices is not a major challenge in the study area.

However, the study revealed that digital literacy levels are still low. Many respondents reported that they have never received formal training on how to use mobile money. As a result, most business owners only use basic services such as sending and receiving money, while few use advanced services like savings, merchant payments, and digital loans.

The results also showed that mobile money is widely used, but not fully integrated into daily business operations. Many respondents use mobile money regularly, but fewer use it consistently every day for business purposes. Some respondents reported faster transactions and improved convenience, while others did not notice clear improvements in sales or profits.

The study further identified major challenges affecting mobile money usage. High transaction fees were reported by most respondents, followed by poor network connectivity and fear of fraud or scams. These challenges reduce trust in mobile

money systems. On the positive side, most respondents agreed that mobile money agents are easily accessible in Area 25.

5.3 Conclusion of the Study

Based on the findings, the study concludes that mobile money has a positive but limited effect on the performance of small-scale businesses in Area 25 (Sungwi). Although smartphone ownership and basic mobile money usage are high, many business owners lack the digital skills needed to use mobile money effectively for business growth.

The study also concludes that mobile money improves convenience, reduces the need to carry cash, and allows faster transactions. However, mobile money alone does not guarantee increased sales or profits, especially when digital literacy is low and system challenges remain unresolved.

These conclusions support the ideas explained in the Technology Acceptance Model (TAM) and Diffusion of Innovation Theory, which emphasize that people are more likely to use technology when it is easy to understand, useful, and trustworthy.

5.4 Conclusions Based on Research Hypotheses

The study examined whether digital literacy affects the use of mobile money among small-scale business owners in Area 25. The findings showed that business owners with limited knowledge and no formal training faced difficulties using mobile money beyond basic functions. Those with better

understanding were more confident and used mobile money more frequently in their businesses. This shows that digital literacy plays an important role in mobile money usage. Based on these findings, the study concludes that digital literacy significantly affects the use of mobile money, and the assumption that digital literacy has no effect was rejected.

The study also examined the effect of mobile money usage on the performance of small-scale businesses. The results revealed that some respondents experienced benefits such as improved convenience, quicker transactions, and better customer handling. However, not all businesses experienced increased sales or profits. This indicates that mobile money contributes to business performance, but its effect is moderate and depends on other factors such as business type and transaction costs. Therefore, the study concludes that mobile money usage does affect business performance, though not strongly in all cases, leading to the rejection of the assumption that mobile money has no effect.

In addition, the study assessed whether challenges affect the adoption of mobile money among small-scale business owners. The findings clearly showed that high transaction fees, poor network connectivity, and fear of fraud significantly affect adoption and usage. These challenges discourage business owners from fully relying on mobile money. The study therefore concludes that challenges strongly affect mobile money adoption, and the assumption that no challenges exist was rejected.

Overall, the conclusions drawn from

the hypotheses confirm that digital literacy, mobile money usage, and operational challenges are closely linked and directly influence how small-scale businesses adopt and benefit from mobile money services.

5.5 Recommendations of the Study

Based on the research findings and conclusions, this study offers several recommendations to help improve the use of mobile money among small-scale business owners in Area 25.

Improve Digital Literacy: One of the main challenges identified was that many business owners have limited knowledge of digital tools. Therefore, mobile money providers, government institutions, and development organizations should provide simple and practical training programs. These programs should focus on teaching small-scale business owners how to use mobile money safely and effectively for their business operations.

Reduce Transaction Fees: High transaction fees were found to discourage frequent use of mobile money for business purposes. To address this, mobile money operators should consider lowering fees for business-related transactions. This could make mobile money more affordable and encourage more business owners to use it regularly.

Improve Network Connectivity: Poor network coverage and unreliable systems were also highlighted as challenges. Network service providers should work to improve coverage and reliability in Area 25. Better connectivity would reduce failed transactions and make mobile money more convenient for small-scale business operations.

Strengthen Security Awareness:

Fraud and incorrect transactions were concerns among business owners. Mobile money providers should educate users on how to avoid fraud and improve systems for handling wrong or fraudulent transactions. This would increase users' trust and confidence in mobile money services.

Promote Business-Based Mobile Money Services:

Finally, mobile money providers should focus on promoting services designed specifically for small businesses. These could include merchant payments, savings accounts, and micro-loans. Offering these tailored services would help small-scale business owners better manage their finances and grow their businesses.

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