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"EFFECT OF MOBILE BANKING ADOPTION ON THE PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN KISUMU CITY, KENYA"

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Abstract

The purpose of this study therefore was to investigate the effect of adopting Mobile banking on the performance of SME in Kisumu, Kenya. The specific objectives of this study were; to assess the extent to which ease of use influences use of Mobile banking by SMEs and to ascertain the extent to which perceived usefulness and trust enhances the adoption of Mobile banking by SMEs. The framework of unified theory of acceptance and use of technology (UTAUT) was utilized. The study adopted descriptive research design and the target population of the study was constituted of 6700 SMEs from all the licensed businesses within Kisumu City. A sample size of 203 of the population was selected using stratified simplerandom. Data was collected using questionnaires. Validity and reliability of the study instruments was determined using content validity and Cronbach alpha confident respectively. The data was analysed using both descriptive statistics and inferential statistics as significance level of 0.05 by help of SPSS version 20. All mobile banking variables (Perceived usefulness R=0.714** and perceived ease of use=0.664**) had strong significant effect on performance of SMEs. Perceived usefulness accounted for 51.0% while perceived ease of use accounted for 44.1% in the SME performance variance. The study recommended that, there is need to increase security, privacy and confidential of information used in mobile banking. Further, the simplicity of the application should be emphasized so as to minimize errors during transaction.

Key Words: Business Growth, SME Performance, Perceived Usefulness, Perceived Ease of Use

1. Introduction

Mobile banking also referred as mobile payment, mobile banking transfer, mobile wallet, generally refers to services operated and performed from a mobile device such as mobile phone for electronic banking. Mobile banking transfer is an SMS based application that allows one to deposit, send, and withdraw funds using their cell phone. Jack and Suri (2010) are of the opinion that mobile banking can be thought as a bank that provides transactions that are parallel with the formal banking system. According to Jack and Suri (2010), in exchange of deposits, telecoms issue a commodity known as e-float measured in the same units as cash which is deposited into virtual account with the user's name. This account is managed and operated by the service provider.

Mobile banking thus affects financial performance of the SMEs directly or indirectly. Financial performance entails the measuring of results of firm's policies and operations in monetary terms. These results are reflected in the firm's returns of investments; return on assets, value added and will easily be noted in the books of accounts. This analysis is done after a specified period of time and can be expressed either as profits or losses and also evaluating the firm's financial performance of business strategies and activities. These financial performances are influenced by mobile banking as in the topic. Mobile banking therefore refers to transfer of cash through the use of telecommunication devices.

According to the Sessional paper No. 5 of 2005, SMEs refers to any enterprise that employs between 1-50 workers in any sector. These businesses are mostly not structured and are easy to start due to the little capital required. According to the Kenya national Bureau of Statistics (2005), Kenya has over 5,970600 people employed in this sector. SMEs constitute 98% of all businesses in Kenya. The research will paint a picture of the economic impact that mobile banking transfer will have on the economy of a country. SMEs have been clearly identified and appreciated as drivers of economic activity in Africa and the world (FSD Kenya, 2008). Their growth generates increased employment opportunities, wages, goods and services and increased resources that contribute to increased tax revenues. It is generally recognized that SMEs face various challenges which affect their growth and profitability and hence, diminish their ability to contribute effectively to sustainable business growth. Some of these challenges include but are not limited to lack of managerial skills, highly competitive environment, poor debt collection technological changes, regulatory challenges, lack of affordable credit and financial services to facilitate business transactions and business growth (Bowen, Morara & Mureithi, 2009). For example, customer and market paired with resources and finance played an important role in ensuring the SMEs business success according to the study findings by Islam, Keauchana and Yusuf (2010). Equipping entrepreneurs with technical and business skills, friendly investment climate and implementation of sound SMEs policies are some of the areas that can be advocated for to support SMEs in Kenya.

1.1 Statement of the Problem

There have been great innovations in the financial sector in recent years. One such innovation is the introduction of mobile banking. Since its introduction in 2007, mobile banking has received overwhelming uptake in Kenya (Mbogo, 2010). According to

Omwansa (2010), although mobile banking is designed to streamline the operations of microfinance institutions many parts of Kenya are still facing financial challenges. Most studies have been framed on efficiency of mobile banking and affordability. Thus, there exist literature gaps in revealing whether mobile banking adoption has contributed to SMEs performance through increased sales, increased profits, loans accessibility and savings and if this is limited in geography. Thus it's important to establish through research whether the factors influencing M-banking adoption by SMEs also affect SME performance. This study therefore seeks to identify these factors so as to fill the knowledge gap.

1.2 Objectives of the study

The study was guided by the following specific objectives

i. To assess the effect of perceived ease of use of Mobile banking on performance of SMEs.
ii. To ascertain the extent to which perceived usefulness enhances performance of banking by SMEs.

2. Literature Review

2.1 Mobile Banking

Global research on mobile banking has focused on the impact in developing countries revealing that access to financial services through mobile banking leads to poverty reduction and financial inclusiveness (Must & Ludewig, 2010). Some of these studies reveal that mobile banking has proved to be a scalable method to provide financial services in developing countries, with data from several African countries including the work of (Must and Ludewig, 2010) verifying this argument. Several reasons have contributed to this state including easier and more affordable ways to send remittances, increasing the reach and affordability of micro-loans, decreasing costs of savings among other services that are required by SMEs.

2.2 Theoretical Review

The socio-technical systems perspective has become influential in the analysis of the organizational impact of technology. Originating in work carried out by the Tavistock Institute in London (Trist et al., 1993) on the introduction of mining technology in Britain, socio-technical systems theory views any organization as an open system of interdependent

sub-units, transforming inputs to desired outputs. As the theory has moved on from its original psychodynamic model of human behaviour, the term "socio-technical" has become synonymous with almost any analysis of a configuration of technology and users (Cherns, 1976). Socio-technical theorists such as (Eason, 1988) conceptualize acceptance in terms of two competing forces: control and enhanced performance. Control factors are those that impose rules or structures upon the users, thereby removing autonomy (control over their own actions) from them. A technology that is designed to support such factors is likely to increase user acceptance in an organization and as a result improve in the performance of the organisation.

Primary intention of Innovation Diffusion Theoryis to provide an account of the manner in which any technological innovation moves from the stage of invention to widespread use (or not). Though not concerned with information technology exclusively, diffusion theory offers a conceptual framework for discussing acceptance at a global level. Diffusion theory posits five characteristics of innovations that affect their diffusion: relative advantage, compatibility, complexity, trial ability and observability (Rogers, 1962). While diffusion theory provides a context in which one may examine the uptake and impact of information technology on aspects of businesses example the exchange markets, it provides little explicit treatment of user acceptance.

A number of MIS specific models have been derived from TRA and one of them is Technology Acceptance Model (TAM). According to Davis (1989), the goal of TAM is to predict information system acceptance and diagnose design problems before users have experience with a system. TAM predicts user acceptance of any technology is determined by two factors: perceived usefulness and perceived ease of use. Within TAM, perceived usefulness is defined as the degree to which a user believes that using the system will enhance his or her performance. Perceived ease of use (EOU) is defined as the degree to which the user believes that using the system will be free from effort. Both U and EOU are specific perceptions and are anchored to specific beliefs users hold about the system. According to TAM, U and EOU have a significant impact on a user's attitude toward using the system (A), defined as feelings of favourableness or unfavourableness toward the system.

2.3 Conceptual Framework

The conceptual framework shows both the independent and the dependent variables. In this case the dependent variable was "performance" which includes other variables like NSE 20 share index, Volume traded and share turnover. The independent variables were electronic ordering, electronic clearing and settlement and electronic security transfer. Electronic clearing and settlement was defined by intermediary, CDSC and Risk Factor, electronic ordering was defined by functional integration, EDI and Volume processed, electronic security transfer was defined by dematerialization, localization and security transfer while NSE performance was conceptualize in form of NSE 20 share index, volume trades and share turnover.

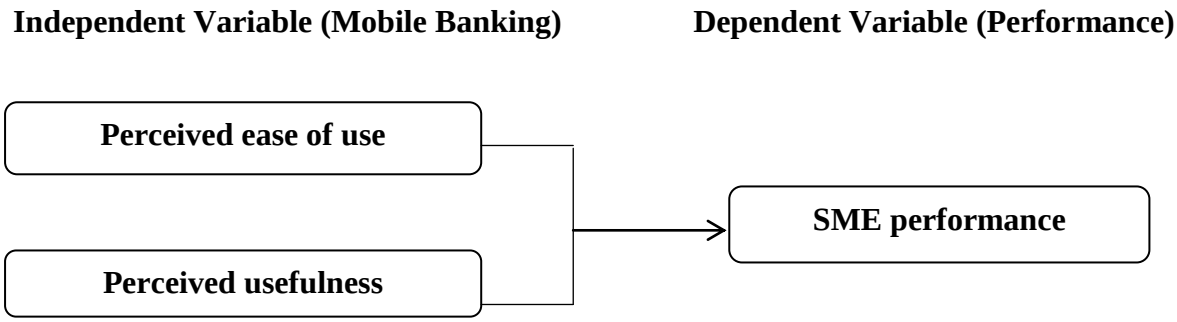

Figure 1: Conceptual Framework

Source: Researcher (2016)

2.3.1 Perceived Usefulness (PU)

Perceived usefulness refers to the degree to which a person believes that using a particular system would enhance his or her job performance (Davis, 1989). Perceived usefulness is one of the fundamental elements of UTAUT. Perceived usefulness is strongly associated with productivity. It suggests that using computers in the workplace would increase user's productivity, improve job performance, and enhance job effectiveness and usefulness.

A number of studies have found perceived usefulness to affect adoption of and intention to continue to use Internet banking services (Adesina and Ayo, 2010; Al-Sukkar and Hassan, 2005; Kamel, Hassan, and Hilgert, 2003; Kolodinsky and Hogarth, 2001; Kolodinsky et al., 2004; Ravi and Turban, 2007; and Vatanasombut et al., 2008). Studies have shown that there is a positive relationship between perceived usefulness and intention to use (Yang, 2004; O'Casset al, 2003; Karahannaet al, 1999; Taylor and Todd,1995). Yang (2004) reflects consumer's perceived usefulness influence intention to use M-commerce in

Singapore. Similarly, in the online context, the positive effect of perceived usefulness on behavioral intentions to use the online retailer has been supported by scholars (Gefen and Straub, 1997; Koufaris, 2002; Lin and Lu, 2000). Chen et al.(2002) pointed out that perceived usefulness is the primary antecedent of intention to use online retailer and its website.

These studies confirm the important effect of perceived usefulness in understanding individual responses to information technology. Therefore, it is highly predictable that people use mobile services because they find it useful. Prior related studies demonstrate that perceived usefulness is a key antecedent of the intention to use mobile services of adopting the WAP-enabled phones (Nysveenet al, 2003).It is also believed that the adoption of mobile banking service would be made possible if it's compatible with the customer's bank transaction needs. Compatibility of an innovation is more likely to be adopted, if it is compatible with job responsibilities, customer's needs and value system.

2.3.2 Perceived Ease of Use (PEOU)

PEOU is defined as the degree to which a person believes that using a particular system would be free of effort. Perceived ease of use is defined as the degree to which a person believes that using a particular system would be free of effort (Davis, 1989).Banking is useful in terms of accessibility, saving time, ease of use and comfort respectively. This is in agreement with findings of research done by Brown et al.(2003), Dasguptaet al.(2011) and (Yang,2009) who found out that there was usefulness provided in using M-Banking in respect of saving time, accessibility and ease of use which tend to encourage adoption of M-Banking.

The effect of perceived ease of use on adoption of and intention to continue using Internet banking services was supported in a number of studies (Adesina and Ayo, 2010; Al- Sukkar and Hassan, 2005; El-Kasheir and Salter, 2009; Kamel, Hassan, and Hilgert, 2003; Kolodinskyet al., 2004; Munirud-deen 2007; Ravi and Turban, 2007; and Vatanasombutet al., 2008). Extensive research over the past decade provides evidence of the significant effect perceived ease of use on intention to use (Karahannaet al, 1999; Taylor and Todd, 1995;Lau, 2002; Davis, 1989; Norzaidi and IntanSalwani, 2009). Karahannaet al.(1999) found that perceived ease of use had a significant positive effect on intention to adopt the

software among the potential adopters. Likewise, bank customers are likely to adopt online banking when it is easy to use the technology (Guriting and Ndubisi, 2006). Similarly, in the study of Lau (2002) about online trading system, they concluded that perceived ease of use was significantly correlated with intention toward using the online trading system. Ramayahet al (2003) showed that perceived ease of use has proven to have significant impact on the development of initial willingness to use Internet banking. The result corroborates the findings by (Wang et al., 2003), Adam et al (1992), Davis et al. (1989) and Ramayahet al (2002).

3. Methodology

This study adopted a descriptive research design to assess the effect of mobile banking adoption on the performance of small and medium enterprises in Kisumu city, Kenya. The target population was comprised of the shop owners/managers of 6700 SMEs in Kisumu City. Stratified random sampling was use to select a sample of 203SMEs of which 203 were medium enterprise and 97 for small enterprise. Primary data was collected using structured questionnaires using statements that were in five point Likert scale format where 5-Strongly Agree, 4-Agree, 3- Undecided, 2-Disagree and 1-Strongly Agree. Validity was determined using content validity while reliability was determined using Cronbach alpha with value above 0.6. Data was analysed descriptively using percentage and frequency while inferential analysis consisted of Pearson correlation and regression analysis with a significance level of 0.05 to test the two hypotheses with help of SPSS version 20.

4. Findings And Discussions

4.1 Descriptive Statistics

Descriptive statistic consisted of the frequency and percentage of statements in the questionnaire for each of the independent variables used in this study. Further, the mean and standard error of each items was also revealed.

4.1.1 Perceived usefulness

To assess extent of perceived usefulness, a set of four statements were formulated. The respondents were asked to indicate the extent of agreement with each of the Perceived usefulness statements. From the results, 52 (65.82%)of the respondents strongly agreed that using Mobile banking would enable them to accomplish their tasks more quickly, 20

(25.32%) agreed while 3 (3.8%) of the respondents were neutral, 2 (2.53%) of the respondents disagreed and, 2 (2.53%) of the respondents strongly disagreed that mobile banking enabled them to accomplish their tasks more quickly (mean = 4.4937-Stronlg Agree, SD = 0.88973). Majority of the respondents that is 91.14 % of the respondents confirmed that mobile banking has enabled them to accomplish their tasks more quickly. Similarly, 49 (62.03%) of the respondents strongly agreed that using mobile banking would make it easier for them to carry out their tasks, 22 (27.85%) agreed while 4 (5.06%) of the respondents were neutral, 2 (2.53%) of the respondents disagreed and, 2 (2.53%) of the respondents strongly disagreed that using mobile banking would make it easier for them to carry out their tasks (mean = 4.4430-Agree, SD = .90223). Majority of the respondents of the respondents (89.87%) were in agreement that using mobile banking would make it easier for them to carry out their tasks.

Further, 50 (63.29%)of the respondents strongly agreed that using mobile banking is useful 20 (25.32%) agreed while 5 (56.33%) of the respondents were neutral, 3 (3.8%) of the respondents disagreed and one of the respondents strongly disagreed that using mobile banking is useful(mean = 4.4557-Strongly Agree, SD = 0.87409). Majority of the respondents of the respondents (88.61%) indicated that mobile banking is useful to their business. Lastly, 50(63.29%)of the respondents strongly agreed that overall usage mobile banking is advantageous 17 (21.52%) agreed while 8 (10.13%) of the respondents were neutral, 3 (3.8%) of the respondents disagreed and one of the respondents strongly disagreed that overall usage mobile banking is advantageous (mean = 4.4177S-Agree, SD = 0.91438). Majority of the respondents of the respondents (84.81%) indicated that using mobile banking is advantageous.

4.1.2 Perceived Ease of Use

To assess extent of perceived ease of use, a set of four statements were formulated. The respondents were asked to indicate the extent of agreement with each of the Perceived ease of use statements. From the results,18 (22.78%) of the respondents strongly agreed that learning to use mobile banking would be easy, 45 (56.96%) agreed while 4 (5.06%) of the respondents were neutral, 9 (11.39%) of the respondents disagreed and, 3 (3.8%) of the respondents strongly disagreed that learning to use mobile banking would be easy (mean = 4.2152- Agree, SD = 0.98281). Majority of the respondents that is 92.41% of the

respondents confirmed that learning to use mobile banking would be easy. On requirement of mental effort, 21 (26.58%)of the respondents strongly agreed that Interaction with mobile banking does not require a lot of mental effort, 51 (64.56%) agreed while 2 (2.53%) of the respondents were neutral, 4 (5.06%) of the respondents disagreed and one of the respondents strongly disagreed that using mobile banking would make it easier for them to carry out their tasks (mean = 3.8354-Agree, SD =1.03069). Majority of the respondents of the respondents (79.75%) were in agreement that Interaction with mobile banking does not require a lot of mental effort.

In relation to easiness in accomplishment of banking tasks, 33 (41.77%)of the respondents strongly agreed that it is easy to use mobile banking to accomplish their banking tasks, 29 (36.71%) agreed while 4 (5.06%) of the respondents were neutral, 7 (8.86%) of the respondents disagreed and 6 (7.59of the respondents strongly disagreed that it is easy to use mobile banking to accomplish their banking tasks (mean = 4.1013-Agree, SD = .77782). Majority of the respondents of the respondents (91.14%) revealed that it is easy to accomplish banking task using mobile banking. Lastly, on training, 18 (22.78%)of the respondents strongly agreed that using mobile banking does not require training, 45 (56.96%) agreed while 4 (5.06%) of the respondents were neutral, 9 (11.39%) of the respondents disagreed and 3 (3.8%)of the respondents strongly disagreed that using mobile banking does not require training (mean = 3.9620-Agree, SD = 1.23458). Majority of the respondents of the respondents (78.48%) indicated that mobile banking usage does not require training.

4.1.3 Performance: Business Growth

According to this study, business growth was used as performance. To ascertain the extent of business growth as a result of mobile banking, a set of six statements were formulated as well as statement seeking the opinion of respondents on their business growth. The results revealed that 30 (37.97%) of the respondents strongly agreed that mobile banking has been used to pay suppliers, 13 (16.46%) agreed although none of the respondents strongly disagreed, disagree or were undecided that mobile banking contributed has used to pay suppliers, (mean = 4.6203- Strongly Agree, SD = .48842). All of the respondents were in agreement that mobile banking contributed has been used to pay suppliers. On rent payments, 49 (62.03%) the respondents strongly agreed that mobile banking has been use

on rent payment, 30 (37.97%) agreed although none of the respondents strongly disagreed, disagree or were undecided that mobile banking has been used in payment of rents, (mean = 4.6203- Strongly Agree, SD = .48842). All of the respondents were in agreement that mobile banking contributed to rent paying resulting to business growth. On salary payments, 24 (30.38%) the respondents strongly agreed that mobile banking has been used in salary payments, 24 (30.38%) agreed while 9 (11.39%) of the respondents were neutral, 6 (7.59%) of the respondents disagreed and16 (20.25%)of the respondents strongly disagreed that mobile banking has been used in salary payments. (Mean = 3.4304- Neutral, SD = 1.49943). Majority of the respondents, that is 60.76% of the respondents were in agreement that mobile banking has been used in salary payments

On loan payments, 40 (50.63%) the respondents strongly agreed that mobile banking has been used in loan payments, 24 (30.38%) agreed while15 (18.99%) of the respondents disagreed and none were neutral and strongly disagreed that mobile banking has been used in loan payments.(Mean = 4.1266- Agree, SD = 1.12509). Majority of the respondents, that is 81.01% of the respondents were in agreement that mobile banking has been used in loan payments. On loan applications, 22 (27.85%) the respondents strongly agreed that mobile banking has been used in loan applications, 18 (22.78%) agreed while 9 (11.39%) of the respondents were neutral, 15 (18.99%) of the respondents disagreed and15 (18.99%)of the respondents strongly disagreed that mobile banking has been used in loan applications. (Mean = 3.2152- Neutral, SD = 1.50785). Majority of the respondents, that is 50.63% of the respondents were in agreement that mobile banking has been used in loan applications.

Lastly, on reduction of fraud and theft, 46 (58.23%) the respondents strongly agreed that mobile banking has been used in reduction of fraud and theft, 24 (30.38%) agreed while 9 (11.39%) of the respondents disagreed and none were neutral and strongly disagreed that mobile banking has been used in reduction of fraud and theft. (Mean = 4.3544- Agree, SD = .96128). Majority of the respondents, that is 88.61% of the respondents were in agreement that mobile banking has been used in reduction of fraud and theft

4.2 Inferential Analysis

The study also used both Pearson Correlational analysis (r) and regression analysis (R2) to find to significant relationship between independent variables and SME performance as

well as coefficient of determination of each independent variable on the SME performance. The results were used to test the research hypotheses.

4.2.1 Perceived Usefulness And SME Performance

The Pearson correlation analysis was used to investigate the relationship between Perceived usefulness and SME performance. The objective tested the first hypothesis of the study which is there is no relationship between perceived ease of use and adoption of M-banking by SMEs. The results Table 1 shows the Pearson correlation and linear regression analysis of perceived usefulness

Table 1: Inferential results for perceived usefulness

Model	R	R^2	Adj. R^2	B	SE	t	df	F	Sig.
(Constant)				1.285	.355	3.620			
Perceived usefulness	0.714	.510	.504	.704	.079	8.950	(1,78)	80.100	.000

Dependent Variable: SME Performance
Source: Researcher (2016)

The results in Table 1 indicated that the relationship between perceived usefulness and adoption of M-banking by SMEs is strong, positive and statistically significant ($R = .714$, $p < .001$) with 99.0% confidence level. This showed that Perceived usefulness have significant positive influence on the adoption of M-banking by SMEs in Kisumu City. We reject the first null hypothesis since the significance level is less than 0.05 and confirm that there is significant relationship between Perceived usefulness and adoption of M-banking by SMEs in Kisumu City. An increase in perceived usefulness as a result of mobile banking would result to adoption of M-banking by SMEs in Kisumu City which would results to increase in performance.

From Table 1, in establishing the extent of Perceived usefulness on SME performance in Kisumu City, the study established a coefficient of correlation (R) as 0.714 and a coefficient of determination (R Square) equal 0.510.This reveals that there is a good and positive linear relationship between Perceived usefulness and adoption of M-banking by SMEs and Perceived usefulness can explain 51.0 % of the adoption of M-banking by SMEs. The ANOVA results revealed that the percentage variation that is been accounted by Perceived

usefulness is statistically significant with F (1, 78) = 80.100, P < 0.001. This implied that there is a significant relationship between the predictor variable (Perceived usefulness) and adoption of M-banking by SMEs further rejecting the first null hypothesis as perceived usefulness has significant relationship with adoption of M-banking by SMEs.

The intercept value for performance is 1.285 this implies that if the influence of Perceived usefulness is fixed to zero then the adoption of M-banking by SMEs will be significantly at 1.285, P < 0.05. The unstandardized regression coefficient (β) value of Perceived usefulness was 0.704 with a t-test of 8.950and significance level of p < .001. This indicated that a unit change in perceived usefulness will result to change in adoption of M-banking by SMEs by 0.704 significantly. The regression equation to estimate the SME performances a result of adoption of M-banking by SMEs was hence stated as:

Performance = 1.285 + 0.704 Perceived usefulness

This finding is in agreement with other previous studies which found out that perceived usefulness has significant influence on the adoption of mobile banking and mobile commerce. Garrison, (2009) and Khalifa & Shen, (2008) in their study argued that Information Systems and Mobile banking provides evidence on the significant effect of Perceived Usefulness on adoption intention. This finding is consistent with Ribbink, Van Riel, & Liljander (2004) and Karahanna and Straub(2003) who found that perceived usefulness is significant predicator of mobile banking usage. Any increase in mobile banking Perceived Usefulness will result to increase in performance of SMEs performance. Yang (2004) reflects consumer's perceived usefulness influence intention to use Mobile banking in Singapore. Similarly, in the online context, the positive effect of perceived usefulness on behavioral intentions to use the online retailer has been supported by scholars (Gefen and Straub, 1997; Koufaris, 2002; Lin and Lu, 2000). Chen et al (2002) pointed out that perceived usefulness is the primary antecedent of intention to use online retailer and its website.

4.2.2 Perceived ease of use and SME performance

The Pearson correlation analysis was used to investigate the relationship between Perceived ease of use and SME performance. The objective tested the second hypothesis of the study which is there is no significant relationship between perceived ease of use and adoption of

M-banking by SMEs. The results Table 2 shows the Pearson correlation and linear regression analysis

Table 2: Regression Results of Perceived ease of use and SME performance

Model	R	R^2	Adj. R^2	B	SE	t	Df	F	Sig.
(Constant)				1.557	.373	4.176			
Perceived ease of use	0.664	.441	.433	.710	.091	7.788	(1,78)	60.652	.000

Dependent Variable: SME Performance
Source: Researcher (2016)

The relationship between perceived ease of use and adoption of M-banking by SMEs is strong, positive and statistically significant (R = .664, p< .001) with 99.0% confidence level. This showed that Perceived ease of use has significant positive influence on the adoption of M-banking by SMEs in Kisumu City. We reject the second null hypothesis since the significance level is less than 0.05 hence there is no evidence to accept and confirm that there is significant relationship between Perceived ease of use and adoption of M-banking by SMEs in Kisumu City. An increase in perceived ease of use as a result of mobile banking would result to adoption of M-banking by SMEs in Kisumu City which would results to increase in performance as the service would be used in various operation hence growth of SMEs.

From Table 2, In establishing the extent of Perceived ease of use on SME performance in Kisumu City, the study established a coefficient of correlation (R) as 0.664 and a coefficient of determination (R Square) equal 0.441.This reveals that there is a good and positive linear relationship between Perceived ease of use and adoption of M-banking by SMEs and Perceived ease of use can explain 44.1% of the adoption of M-banking by SMEs. The ANOVA results revealed that the percentage variation that is been accounted by Perceived ease of use is statistically significant with F (1, 78) = 60.652, P<0.001.This implied that there is a significant relationship between the predictor variable(Perceived ease of use) and adoption of M-banking by SMEs further rejecting the second null hypothesis as perceived ease of use has significant relationship with adoption of M-banking by SMEs.

The intercept value for performance is 1.557 this implies that if the influence of Perceived ease of use is fixed to zero then the adoption of M-banking by SMEs will be significantly at

1.557, P<0.05. The unstandardized regression coefficient (β) value of Perceived ease of use was 0.710 with a t-test of 7.788 and significance level of p < .001. This indicated that a unit change in perceived ease of use will result to change in adoption of M-banking by SMEs by 0.710 significantly resulting to change in SMEs performance. The regression equation to estimate the SME performances a result of adoption of M-banking by SMEs was hence stated as:

Performance = 1.557 + 0.710 Perceived ease of use

The increase in performance can be attributed by use mobile banking due to easy learning, no need for mental effort during usage, accomplish of various tasks and no need for training. This finding is consistent with Gupta et al. (2008) and Al-Gahtaniet al. (2007) who found out that mobile banking perceived ease of use has significant effect on the performance through adoption and usage of mobile banking and applications. Similarly, in the study of Lau (2002) about online trading system, they concluded that perceived ease of use was significantly correlated with intention toward using the online trading system. Ramayahet al(2003) showed that perceived ease of use has proven to have significant impact on the development of initial willingness to use Internet banking.

5. Conclusions And Recommendations

Basing on the first hypothesis, the findings revealed that there is significant relationship between Perceived usefulness and the adoption of M-banking by SMEs. This resulted to business growth as mobile banking were found to accomplish task quickly, useful and easier in terms of carrying out their task. Basing on the second hypothesis of the study, the findings postulated that there is significant relationship between Perceived ease of use and the adoption of M-banking by SMEs. SMEs witness growth in terms payment to suppliers and rent payments as mobile banking applications were easy to learn, did not require a lot of mental effort nor training.

There is need for mobile companies and other companies offering mobile banking services should design mobile banking applications and services that are easy to use by all customers regardless of their social status. These applications will make customer feel they are reaping maximum benefit from mobile device which will lead to increase of frequency of usage thereby resulting to increase in performance. Mobile content provider who are tasked with

coming up with applications that run on mobile devices which form platform for mobile banking should design application that are easy to use and individual have the ability to customize them based on their ability.

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