FACTORS INFLUENCING THE GROWTH OF SAFARICOM M-PESA MOBILE MONEY TRANSFER SERVICES IN NAIROBI COUNTY

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ABSTRACT

The main objective of the study was to determine the factors influencing the growth of Safaricom M-pesa service with specific reference to Nairobi County. The mobile money sector in Kenya and globally is growing at a tremendous rate and each and every month new aggressive and excessive rate innovative players enter the sector with new standard ways of providing customer satisfaction solutions. It is therefore important for every player in the sector to understand the factors affecting the mobile money transfer services through an understanding of the kind of business we are in and the challenges facing it. Most of the existing research and literature of M-pesa has focused on how and why customers use the product, strategies used by M-pesa to remain the most successful mobile money transfer service globally and its impact on financial inclusion in Kenya. None of the studies has been done in relation to the influence of M-pesa usage convenience and efficiency in the growth of M-pesa service in Nairobi County. The specific objectives were: to determine how convenience of M-pesa usage and M-pesa efficiency influenced growth of M-pesa service in Nairobi County. The research study was studied through the use of a descriptive research design. This study matched with the description as it focused on the state of affairs as it were in the present. The research design has proven to be a success as per the past studies since the research involved seeking information that was regarded as personal M-pesa information being part of the society incidents in the study. The target population for the study comprised the subscribers of Safaricom mobile services in Nairobi County. The study used a random sampling design. For this study, both qualitative and quantitative techniques were used. Quantitative data was analyzed by descriptive analysis. Finally, data was presented in tables and graphs while the explanation on the same was presented in prose. The expected outcomes of the study were that M-pesa usage convenience and efficiency had a significant influence on the growth of M-pesa service.

Key Words: Convinience, Efficiency, Safaricom Mpesa

INTRODUCTION

M-Pesa (M for mobile, pesa is Swahili for money) is a mobile-phone based money transfer and micro-financing service, launched in 2007 by Vodafone for Safaricom and Vodacom, the largest mobile network operators in Kenya and Tanzania,(Michael, 2012).It has since expanded to Afghanistan, South Africa, India and in 2014 to Eastern Europe. M-Pesa allows users with a national ID card or passport to deposit, withdraw, and transfer money easily with a mobile device (Michael, 2012). Modern businesses in the developing world are increasingly deploying the use of alternative payment methods to enhance the quality of services to their customers and increase growth. These are methods other than the exchange of cash at the point of sale. The pace of transformation in the business sector has sped up with more businesses realizing the potential of using alternative modes of payments to ease their transactions. They are increasingly deploying the use of mobile payments to enhance the quality of their services and increase growth (Mbogo,2011)

Mobile technology remains the most dominant aspect which continues to foster growth in the way humans do business and work. The spread of mobile phones across the developing world is one of the most remarkable technology stories of the past decade. This is confirmed by Desai (2012) who established that the mobile money industry is continuing to expand rapidly around the world and there were 150 live mobile money services for the unbanked in 72 countries, 41 of which were launched in 2012. The mobile money market in Kenya is dominated by one major player, Safaricom's M-Pesa (Camner& Emil, 2009). Though other players have emerged, the dominance of M-Pesa is so overwhelming that for the time being, anyone looking to utilize a mobile money service in Kenya has little choice but to work with Safaricom (USAID, 2011).

Unlike other mobile money services, M-Pesa has had its fair share of shortcomings. Among its shortcomings are fees that effectively prohibit small transactions (Comninos, Esselaar&Ndiwalana, 2008), lack of universal mobile phone access (Jack &Suri, 2011), difficulties for agents managing liquidity and raising start-up capital (Eijkman, Kendall, & Mas, 2009), and complications for third-party organizations and firms seeking to integrate with it (Sadana et al., 2011). Also to this day, network outages are a frequent complaint among Kenyans yet its competitors are unable to make inroads into its customer base, begging the question, what challenges are the new mobile money service providers facing in penetrating the Kenyan Market (Roodman, 2010).

The mobile money sector in Kenya and globally is growing at a tremendous rate and each and every month new aggressive and excessive rate innovative players enter the sector with new standard ways of providing customer satisfaction solutions (Munyoki and Mutua, 2010). It is therefore important for every player in the sector to understand the factors affecting the mobile money transfer services through an understanding of the kind of business we are in and the challenges facing it.

It does not matter, what factors are facing the mobile money transfer services in Kenya, what matters is customer satisfaction which is central to the customer-centric paradigm shift in the sector that has gained much strategic marketing management of business organizations that would like to have long attention from scholars and practitioners as it has become one of the cardinal means for achieving quality improvement in any kind of strategic innovative program even in term perspective of customer growth. This study was set to identify the factors facing mobile money customer during utilization of the services that come along with the product.

In March 2007, Safaricom mobile operator launched the mobile money transfer system, the M-pesa. Since then the mobile payment system has become popular with both the banked and the unbanked population. Micro-business operators in Kenya have adopted the use of the mobile payments as a way of transacting their business because of the relative affordability of mobile phones and the mobile banking services they offer. Various transactions are carried out using mobile payments such as paying suppliers for goods and services, paying bills, sending money to friends and relatives, withdrawing cash and topping up airtime accounts. Currently some mobile operators offer calling cards of denomination for as low as twenty Kenya shillings which provide affordable reach to most users (CCK, 2008/09). Arunga and Kahora (2007) concluded that sole proprietors and small businesses in Kenya benefited hugely from the mobile phone revolution as they are able to make savings and gain access to more customers and new services.

M-Pesa became the dominant money transfer mechanism within 2 years of its inception. Ethnographic work by Morawczynski (2009) suggests that M-Pesa's popularity has been driven by its speed, safety, reliability, extensive network of outlets, and its price relative to the alternatives. Prior to the introduction of M-Pesa, Kabbucho et al (2003) document that the cost of instantly sending US$100 through formal channels ranged between US$12 (Money Gram) and US$20 (bank wire transfer), while the cost of slower formal channels ranged from $3 (bus companies) to $6 (postal money order). Compared to these alternatives M-Pesa offered a significantly cheaper method of instantly transferring funds, where the cost of sending US$100 to a non-registered user by M-pesa was approximately US$2.50 in early 2008, while the cost of sending to a registered user was even less (Safaricom, 2008).

M-pesa was then re-focused and launched with a different value proposition: sending remittances home across the country and making payments. All these happened in the year 2007 and till now the service has continued to achieve this and many other objectives (Plyler&Nagarajan, 2010). Safaricom, which began operations in 1997, is currently the largest mobile phone operator in Kenya, controlling nearly 80 percent of the market, ahead of its two nearest rivals (Airtel and Orange).

Recent and prospective entry into the sector is expected to put a squeeze on Safaricom's market share, which some commentators (including its chief executive) expect to fall to around 65 percent over the next 3 to 4 years. The service allows users to deposit money into an account stored on their cell phones, to send balances using SMS technology to other users (including sellers of goods and services), and to redeem deposits for regular money. Charges, deducted from users' accounts, are levied when e-float is sent, and when cash is withdrawn.

M-pesa has spread quickly, and has become the most successful mobile phone-based financial service in the developing world. The average number of new registrations per day exceeded 5,000 in August that year, and reached nearly 10,000 in December. By August 2009, a stock of about 7.7 million M-pesa accounts had been registered. Ignoring multiple accounts and those held by foreigners, this suggests that about 38 percent of the adult population has gained access to M-pesa in just over 2 years (Jack & Suri, 2010).

Since the launch of M-pesa in March 2007, wary of regulation by the Central Bank of Kenya, Safaricom has been struggling to explain that M-pesa is not a bank. On the other hand, the ubiquity of the cell phone across both urban and rural parts of the country, and the lack of penetration of regular banking services, led to hopes that M-pesa accounts could substitute for

bank accounts, and reach the unbanked population. Technology and innovation often catch on ahead of regulation. M-pesa's growth is a classic example. Within the first eight months after its launch in March 2007, M-pesa announced a subscription base of 900,000 users and 1,200 agents operating nationwide. Meanwhile, a total of KShs. 4 billion (approx US $57 million) had been transmitted, with an average transaction value under KShs. 5,000 (approx US $71). In April 2008, Safaricom's CEO reported that M-pesa had well over two million active subscribers, transmitting over 100 million KShs. (approx. US$ 1,428,571) a day. This was just over a year after M-pesa was launched. Three months later, at the end of July 2008, M-pesa had 3.6 million users, and was adding 10,000 new registrations daily. In just the month of July 2008, people transferred KShs. 21 billion (approx US $300 million). In November 2008 it had 4 million users.

The rapid adoption of mobile money transfer services in Kenya since Safaricom launched its M-pesa in 2007 has quickly caught the attention of other mobile telephone operators on the continent (Business Daily, 2012). Since inception; M-pesa has evolved in service offering. M-pesa's initial main offering was peer to peer money transfer enabling users to send money to anyone with a mobile phone. M-pesa filled a niche which previously was essentially handled via informal channels- through personal trips, friends, relatives, and public transport. Safaricom based the initial launch of the M-pesa service on the 'send money home' proposition. This targeted city dwellers with the need to send money to their relatives in the rural areas. In recent months Safaricom has increasingly opened up M-pesa to offer more services. Since its launch in March 2007, M-pesa has spread quickly, and has become the most successful mobile-phone based financial service in the developing world. M-pesa customers can now pay bills, pay for goods and services, deposit and withdraw money from

bank, pay loans, buy water, pay school fees, buy air tickets and even buy insurance. This evolution of the M-pesa service has enabled up to 40 per cent of the adult population in Kenya get access to financial services. M-pesa is definitely on the right path, and my hope is that the service will keep evolving until the problem of financial inclusion in Kenya is successfully tackled (Business Daily, 2012)

In April 2008, a Steadman Group study reported that over 80% of Kenyans were aware of M-pesa and 66% had actually used it. But these M-pesa users represented only 40% of all Safaricom subscribers. If all these factors remain relatively constant, we can anticipate that M-pesa will continue to penetrate the market for the next year or so. Still, Safaricom is not authorized to operate as a bank; the money being circulated is deposited in a physical bank account at the Commercial Bank of Africa, which supervises the daily transactions of M-pesa. Users make their transactions using virtual information. When they want to withdraw cash, they go to an agent who is authorized to keep cash and can give them the cash equivalent for the electronic value they transmit to the agent.

Many studies exist that have examined effects of M-pesa at the household level (Brewin et al, 2010). These studies are generally based on surveys and case studies conducted among users and non-users of M-pesa and aggregate the effects to make conclusions about community effects. This revolutionary service has no doubt experienced growth in many areas of this country. This study focussed on the factors which have promoted and influenced the growth of the M-pesa mobile money transfer in Kenya.

Statement of the Problem

M-pesa has spread quickly, and has become the most successful mobile phone-based financial service in the developing world. The average number of new registrations per day have

exceeded 15,000 and reached nearly 30,000 in 2015. By 2015, a stock of about 12.7 million M-pesa accounts had been registered. Ignoring multiple accounts and those held by foreigners, this suggests that about 78 percent of the adult population has gained access to M-pesa. Since March 2007 when the mobile money transfer system M-Pesa, was launched by Safaricom mobile operator, the mobile payment has become popular with both the banked and the unbanked population serving as a deposit account for some. The M-pesa service has expanded from March 2007 at inception to now being used bymore than 60% of Kenyan households by the year 2014. This implies that the Safaricom M-pesa mobile money transfer has had an exponential growth in Kenya (Jack and Suri , 2011).

Medhi et al (2009), contend that M-Pesa provides both convenience and safety. People walk around with their virtual money knowing they can withdraw cash any time at a minimal fee. They further opined that the perceived safety of M-pesa and its convenience are major reasons that early adopters of the technology chose to use it. There are certain factors that are considered to be primary determinants for adopting and using mobile money which include efficiency and convenience, security, and technology (Jack and Suri, 2011). Mobile money services have advantages of ubiquity, convenience and cost-effectiveness over other money transfer or payment intermediaries such as banks and other financial institutions.

Most of the existing research and literature of M-pesa has focused on how and why customers use the product, strategies used by M-pesa to remain the most successful mobile money transfer service globally and its impact on financial inclusion in Kenya. Not much attention has been paid by scholars to the factors influencing growth of Safaricom M-pesa mobile service with specific reference to Nairobi County. This study therefore examined how the phenomenal growth of M-pesa

mobile money transfer service has been influenced by factors which include; efficiency and convenience.

Objectives of the Study

The main objective of the study was to determine the factors influencing growth of Safaricom M-pesa mobile service with specific reference to Nairobi County. The specific objectives were:-

- To determine how convenience of M-pesa usage has influenced growth of M-pesa service in Nairobi County.

- To establish how M-pesa efficiency has influenced growth of M-pesa service in Nairobi County.

LITERATURE REVIEW
Theoretical Review

The Resource Based Theory

Resource Based View (Stretch) was first coined by Wernefelt (1984) to advance the idea that strategy of a firm is a function of the complement of the resources held. The essence of the Resource Based Model is that competitive advantage is created when resources that are owned exclusively by the firm are applied to developing unique competencies. Pearson & Robinson (2007), an analysis is a way of identifying a firm's strategic advantages based on examining its distinct combination of assets, skills, capabilities and intangibles as an organization. The underlying premise is that firms differ in fundamental ways because each firm possesses a unique set of resources, tangible and intangible assets and organizational capabilities to make use of these assets which, in the quest of value delivery and efficiency in service delivery Safaricom boasts to be one of its core competences in the facilitation of M-pesa services. Each firm develops competencies from these resources and when developed well, these

become the source of the firm's competitive advantages (Copeland 2012).

Resource based theory asserts that firms can earn supra-normal returns if and only if they have superior resources and those resources are protected by some form of isolating mechanism (Rumelt, 1984) preventing their diffusion throughout industry (Grant, 2010).

RBT views organizations as bundles of productive resources that are tangible and intangible and capabilities which they can use to generate competitive advantage and superior outcome (Penrose, 2009).The theory suggests that there can be heterogeneity or firm level differences among firms that allow some of them to sustain competitive advantage. Barney (2007) made it clear that 15 abnormal rents can be earned from resources to the extent that they are valuable, rare, imperfectly imitable and non-substitutable.

The physical and financial means that the firm Safaricom Limited uses to provide value to its customers represent the tangible assets. A representation of assets that cannot be touched but are critical in creating competitive advantage are found in the books of accounts. Intangible resources are resources such as brand names, patents, trademarks and accumulated experience within a firm and organizational capabilities are the skills, the ability and ways of combining assets, people and processes that a firm uses to transform inputs into outputs to deliver quality service in the value chain process (Pearson &Robinson, 2007).

The theory postulates that a firm's ability to enjoy a position of advantage solely relies on the resources it possesses which may be human, financial, technological or physical, and therefore Safaricom can enhance convenience of M-pesa usage to improve its usage. The theory is of great relevance to the current study for it pinpoints that for M-pesa services to be efficient and convenient, different types of resources are required. Effective resource mobilization strategies and the involvement of the local communities are key resources that contribute to the sustainable growth of M-pesa services. The theory asserts that efficiency is a key factor in the growth of M-pesa mobile money transfer service.

Diffusion of Innovation Theory

The Diffusion of Innovation Theory was developed by Rogers in (1962) and is one of the oldest social science theories. It explains how an idea or product gains momentum and diffuses (or spreads) through a specific population or social system. The end result is that people, adopt a new product. Kaminski (2011), in the case of Safaricom, the M-pesa product was quickly adopted and spread across the populace in Kenya. Adoption means that a person does something differently from what they did previously (i.e. use a new product). The key to adoption is that the person must perceive the product or service as new or innovative. It is through this that diffusion becomes possible (Mustonen-Ollila&Lyytinen, 2010). There are five main factors that influence adoption of an innovation:-

Firstly, relative advantage, which is the degree to which an innovation is seen as a good product. Secondly, compatibility i.e. how consistent the innovation is with the needs of the potential adopters in this case the M-pesa users (Dearing, 2009). Thirdly, complexity i.e. the ease (or otherwise) of use of the product. Fourthly, triability i.e. the extent to which the innovation can be tried and tested. And fifthly, observability i.e. the extent to which the innovation provides tangible results. All the above factors are relevant to the M-pesa service (Toews, 2003).

In Diffusion of Innovation theory, individuals are seen as possessing different degrees of willingness to adopt innovations and thus it is generally observed that the portion of the population adopting an innovation is approximately normally distributed over time. According to Rogers (2003) the characteristics of

any innovation are; Relative Advantage: the degree to which the innovation is perceived as being better than the practice it supersedes; Compatibility: the extent to which adopting the innovation is compatible with what people do; Complexity: the degree to which an innovation is perceived as relatively difficult to understand and use; Trialability: the degree to which an innovation may be experimented with on a limited basis before making an adoption (or rejection) decision; and Observability: the degree to which the results of an innovation are visible to others (Bennett & Bennett, 2013). Therefore, adoption of MMTs will depend on consumers' expected gains or losses from the service.

The study attempted to link this theory with the topic since the main problem was the adoption of this kind of technology by people of Kenya as most of the people up to the period prior to introduction of M-pesa in 2007 were using other traditional methods such as transferring value in kind and transfer of money through buses. The theory perceives convinience as a key driver to the growth of the M-pesa mobile money transfer service.
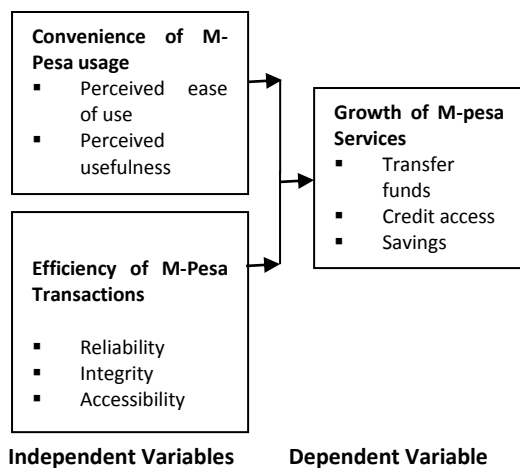
Conceptual Framework

Convenience of M-Pesa usage
- Perceived ease of use
- Perceived usefulness

Efficiency of M-Pesa Transactions
- Reliability
- Integrity
- Accessibility

Growth of M-pesa Services
- Transfer funds
- Credit access
- Savings

Independent Variables   **Dependent Variable**

Figure1: Conceptual framework

Convenience in M-pesaUsage

Mutua, (2009) did a study on customer perception on M-pesa services: a case study of Kitengela and AthiRiver townships. The study took on a descriptive study design on a target population comprising 50 M-Pesa outlets in Kitengela and Athi River townships and a sample size of five M-Pesa customers were selected from each using simple random sampling technique. The study used semi-structured questionnaires. Descriptive statistics was used to analyze the data through the use of Statistical Package for Social Science (SPSS) and the data presented in frequency distribution tables to measure dimensions with the highest concentration and bar charts while the explanations were presented in prose. The study found out and concluded that M-Pesa customers perceive the service as easily accessible, made bills payment easy, improved the living standards of people, has safe and secure transactions, are very fast in terms of transactions as compared to other forms of money transfer and are easily adaptable. The study recommended that Safaricom should train the vendors at the M-Pesa outlets on customer/market orientation, establish more customer care centers and ensure that the M-Pesa outlets have enough money so as to minimize the inconvenience caused to customers.

According to a study conducted by Njenga (2009) on Mobile phone banking usage experiences in Kenya, availability of multiple outlets across the country implies more points of contact with customers as opposed to the traditional banking hall set up. He also found that the flexible operating hours of the Mobile Banking agents leaves them with greater opportunities to satisfy banking requirements that may arise at any time. He also found that although the mobile phone balances may seem low, the fact that there are balances proves that there is storage which can be perceived as acceptance of deposits. This is a significant indication of the high value placed on the convenience associated with the use of the mobile payment services. M-pesa is very convenient in that users do not have to carry cash from one physical location to another. M-pesa

agents are also conveniently located in many towns all over the country ensuring greater access of cash to users. In his paper titled Mobile phone banking: Usage experiences in Kenya Njenga (2009) stated the convenience of M-pesa service to the Safaricom customers.

Omwansa (2009) states that a lost or stolen mobile phone does not mean catastrophe as no one can access an M-Pesa account without a correct personal identification number (PIN). He further explains that in a country where majority of people have no bank accounts, M-Pesa provides both convenience and safety. People walk around with their virtual money knowing they can withdraw cash any time at a minimal fee.

The authors conceptualization of service convenience is a multidimensional construct which is composed of five components namely decision convenience, access convenience, transaction convenience, benefit convenience and post-benefit convenience. Decision convenience refers to the customers perception on time and effort they must spend to make the decision whether to use a service or not and to make choices between competing services (Berry et al, 2002). Access convenience relates to consumers perceived time and effort expenditures to initiate service delivery. It involves actions to request a service and to be available to receive it. Transaction convenience involves consumers' perceived expenditure of time and effort to effect a transaction. It relates to those activities that consumers need to complete in order to have the right to use the services. Benefit convenience on the other hand is consumers' perceived time and effort expenditures to experience the services' core benefits, once the transaction stage and access stage have been completed. It is the evidence of service utilization. Lastly,postbenefit convenience relates to consumer perceived time and effort expenditure when reinitiating contacts with the firm after the benefit stage of services. (Berry et al, 2002).

Similarly, Maina's (2000) study focused on the perceived quality and value proposition in the provision of mobile telephone services, but failed to study the challenges that employees offering these services undergo in the course of discharging their duties. The study established that the service providers do not meet the customer expectations on most of the service descriptors. This could be an indicator of the inherent risk on the use of these services. The study also found out that there is a significant difference between the customer expectations and the management's perception in this industry

Mbiti and Weil (2011) examined how M-pesa is used as well as its economic impacts by analyzing data on financial access in Kenya. They found that M-pesa raised the probability of users being banked and causes decreases in the prices of competing money transfer services such as Western Union. The results suggest that M-PESA improves individual outcomes by promoting banking and increasing transfers.

Efficiency in M-pesa Transaction

Muciimi (2010)carried out a study on the challenges faced by Safaricom (M-PESA) Limited in International Money Transfer. The study used case study design. Case study studies normally focus on a contemporary phenomenon in its real-life context. Purposive sampling procedure was used to arrive at the sample of the heads of departments who participated in the study. Interview schedules were used as the main data collection instruments. The outcome of the quantitative data from the open-ended questions was extracted and consequently tabulated using graphs and tables in form of frequencies and percentages. The study found out that: the Safaricom (M-Pesa) international money transfer service was effective mainly because: M-pesainternational money transfer provides the clients a cash transfer channel with a greater

reach; M-pesa international money transfer ensures a timely and secure method of transaction; and M-pesa international money transfer lowers the transactional cost of funds transfer. Key challenges facing Safaricom (M-Pesa) international money transfer service were found to be: numerous regulatory and bureaucratic controls involved in mobile international money transfer; mobile money transfer system is suspected to fuel illegal money flows; in some countries, mobile money transfer may not be permitted by governments since regulation may be difficult; the mobile money transfer is suspected to nurture tax evasion

Efficient and affordable money transfer and payment services are an important financial service most people require, including those who do not typically use financial or banking services (Kamau, Cerstin and Mukwana, 2003). Mobile money transfer has turned out to be efficient and affordable and is therefore preferred by many people.

Jensen (2007) and Aker (2010) find that the introduction of mobile phones reduced price dispersion in fish markets in India and grain markets in Niger respectively. In these instances the mobile phone technology has increased information flows, which has resulted in price reductions. It takes a few seconds to effect money transfers using the M-pesa service across the Safaricom network irrespective of geographical location. M-pesa brings greater efficiency in money transfer compared to traditional methods of money transfer.Omwansa(2009)discussed the efficiency in executing M-pesa deposits, withdrawal and transfer services in his paper: M-Pesa progress and prospects: Innovations case discussion (Omwansa, 2009). He goes on to create analogies as the transactions are being implanted.

Mobile money transfer is a product that appears to have overwhelming appeal and suitability. The issues highlighted by respective reviewer's border on product improvements and security. Some

have pointed out that being a business product there is an absolute to make transaction history or Accounts fully and freely available on computer records to fit regular business accounting needs. The much touted PIN-based security remains a point of concern in the era of violent crime and technology-based crimes.

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

Empirical Review

Much of the existing literature has examined the effects and impact of M-pesa at the household level. These studies are generally based on surveys and case studies conducted among users and non-users of M-pesa and aggregate the effects to make conclusions about community effects. They rarely extend the inquiry to capture the factors causing the growth of M-pesa in Nairobi. Safaricom Limited, the company which owns the M-pesa service has published data on the number of subscribers and agents. This data is available on its website as well as its annual reports and was very useful in this study as it gave empirical evidence of the growth of M-pesa. It however does not conclusively give us the reasons or factors which have caused this growth. This study attempted to help fill that gap, since it is

important for all stakeholders to know the key factors which have influenced the growth of M-pesa mobile money service in Nairobi, Kenya.

Thuo (2014) investigated the influence of M-pesa cashless payments product on the operations of East African Breweries distributors in Nairobi County. The total number of clients on the M-pesa cashless product was 625 as at 23rd Oct 2013. A census was conducted and the entire EABL M-pesa cashless payments product constituted the sample, they were 88 in total. Data was collected using questionnaire method. Data was analyzed using frequency distribution tables and percentages. After receiving the online questionnaires, data coding was done by creating dummy variable names. This was then followed by data entry according to the assigned codes. The keyed in data was subjected to the SPSS processor which computed the data results. The study found that M-pesa Cashless Payments Product influenced the operations of East Africa Breweries Limited distributors. The study found that the cost had reduced due to the use of M-pesa cashless. The study found that security had increased due to the use of M-pesa cashless. The study found that convenience had increased due to the use of M-pesa cashless. The study found that book keeping volumes had reduced due to the use of M-pesa cashless. The study concludes that cost had reduced due to the use of M-pesa cashless. The study concludes that security had increased due to the use of M-pesa cashless. M-pesa cashless use had reduced the amount of printing papers purchased. Recommendations were to have EABL sensitize their customers to encourage customers to pay bills through M-pesa other than cash. The government should sensitize and encourage people on use of plastic and cashless money. Safaricom need to reduce the M-pesa transaction costs to encourage everyone to use M-pesa to pay for their goods and services. The government needs to put in place measures to fight online fraud.

According to Aker and Mbiti, (2010), use of mobile money despite being convenient comes with various challenges, safety being a key issue. In a mobile environment, it is necessary to have perceived security and trust in the payment system. Security and safety of mobile payment transactions is one of the primary concerns for users. They state that safety represents no delay, no transaction incompleteness and no private information disclosure during payment transactions. The use of the pin and secret code for the M-Pesa transactions enhances the security and privacy issues. Key requirements for any financial transaction in an electronic environment should include confidentiality, authentication, data integrity and non-repudiation. Other security factors important to the users are anonymity and privacy, which relate to use policies of customers' personal information. The users of M-Pesa are issued with unique secret identification number which is confidential to them alone. This is aimed at protecting their accounts such that no other person will be able to make transactions using the account unless access is made using the personal identification number issued.

Munyoki and Mutua (2010) sought to find out the M-pesa customers' perception of the service and the challenges they encounter in using the service. It focused on how M-pesa service customers from Athi River and Kitengela Townships perceive the quality, affordability, convenience and accessibility of the M-pesa service offered by Safaricom Limited. The study further looked at the challenges the afore-mentioned customers face while using the service. The study found out that M-pesa customers perceive the service as easily accessible, made bills payment easy, improved the living standards of people, has safe and secure transactions, are very fast in terms of transaction as compared to other forms of money transfer and are easily adaptable.

Kithinji (2014) investigated factors influencing adoption of mobile money services among institutions of higher learning in Kenya. The study adopted a descriptive research design. The target population of this study comprised the senior management staff in finance and accounting department in institutions of higher learning within the Nairobi County. The study collected both primary and secondary data whereby primary data was collected using a questionnaire while secondary data was obtained from the strategic plan and other publications at the University. Data collected was analyzed by conducting a multiple regression analysis in order to establish factors influencing adoption of mobile money services in institutions of higher learning. The study concludes that the banking alternative quality and the awareness of the mobile money transfer services influences the adoption of mobile money services to a great extent. The study also concludes that there is a significant relationship between financial reporting and the adoption of mobile money services to a great extent. This study therefore recommends that the finance departments of these institutions embrace mobile money transfer systems as they will be faster, easier and more convenient to the student. The study also recommends that the institutions of higher learning adopt financial reporting standards as a strategy for accountability and auditing of the institution finances so as not to miss out on those that were transferred from the mobile money services

Mdindi (2012) carried out a survey to determine the product characteristics that influenced the rapid adoption of M-Pesa in Kenya. The target population was the customers who used and those who operated M-pesa (the agents). The population of the study was from Nairobi Kenya as a result of budgetary and time constraints. The study used a sample size of one hundred respondents who were selected using purposive sampling. Primary data collection was done using questionnaire and data analysis was done using descriptive statistics. The respondents were drawn from different demographics touching on gender, education level, and age among others. The study found that indeed M-pesa had been wide spread in the country. The most distinctive factors were that it had relative advantage in terms of simplicity, innovations, safety, and communication both from and to the service among others. The study also revealed various challenges faced by M-pesa despite its breakthrough which were highlighted as areas of improvements. The most notable ones w'ere: - The service provider was challenged to provide stability in their system and the networks in general, curb fraudsters, faster resolution of customer queries, doubling of the transaction limits among others as detailed in the study.

Kerubo (2011) carried out a study on the factors affecting effective capacity in mobile phone money transfer services: a case of Safaricom M-Pesa Services. Primary data for this study was collected through questionnaires administered to persons offering M-pesa services. Secondary data was obtained from the company intranet and other company reports. The collected data was sorted and organized for analysis. Data collected was analyzed using descriptive statistics. The study found that effective capacity in the money transfer service has not been optimally managed in a way that would ensure effective capacity in the money transfer industry. The study also found that the current M-pesa capacity is constrained thereby negatively affecting the quality of services. Capacity has been affected by variables among them the following: cash flow and technology, technology, quality of service, government regulation, cash in transit and capacity management. From the study findings, it can be inferred that an effective capacity management will enhance the quality of the money transfer service.

RESEARCH DESIGN AND METHODOLOGY

The study adopted descriptive research design to bring out the factors which had promoted the growth of the M-pesa mobile money transfer service. The target population for the study comprised the subscribers of Safaricom mobile services in Nairobi County. This study relied on both primary and secondary data sources. The primary data was evidence not gathered before. This study also relied on secondary data collected by other researchers especially as regards usage and volumes of M-pesa money service. This study used structured questionnaires as the main data collection instrument. Before processing the responses, the completed questionnaires were edited for completeness and consistency.

DATA ANALYSIS, RESULTS AND DISCUSSION

A total of 96 questionnaires were administered and 76 questionnaires were returned translating to 79.2% response rate. The study sought to establish the gender of the respondents. The findings are as shown in Figure 4.2. From the study findings, most (60.5%) of the respondents were male, while 39.5% were female. The study sought to find out the age of the respondents. From the findings, most (44.7%) of the respondents were aged between 31-40 years, 27.6%were aged 41-50 years, , 15.8% were aged over 50 years, while 11.8% were aged 18-30 years. This implied that majority of the respondents were aged between 31-40 years. This indicated that most of the respondents of this study were conversant with the information that the study sought pertaining to the M-pesa. Majority (44.7%) of the respondents had diploma certificates, 27.6% had university degrees, 15.8% had secondary school certificates, while 11.8% had post graduate qualifications. The results indicated that on average, respondents were well educated with high academic qualifications and hence they are capable of providing reliable information with regard to the factors influencing growth of Safaricom M-pesa mobile service with specific reference to Nairobi County. This ensured

content validity of the data collected. The study sought to establish the number of years respondents had used M-pesa service. The study revealed that 48.7% of the respondents had used M-pesa service for more than 6 years, 31.6% for a period of 4-6 years, while 15.8% had used the service for 1-3 years. The results indicated that on average most of the respondents had experiences in usage of M-pesa serviceof 6 years and above and thus were in a position to provide reliable information with regard to this study.

Effect of convenience of M-pesa usage on the growth of M-pesa service

Respondents were requested to indicate whether the M-pesa service offers any convenience to them. From the findings, majority of the respondents at 86.8% agreed that M-pesa service was convenient to them while 13.2% felt that M-pesa service was not convenient to them. This implied that M-pesa service offered was convenient to its users. Similar to the study findings, Njenga (2009) established that M-pesa was very convenient in that users did not have to carry cash from one physical location to another. M-pesa agents were also conveniently located in many towns all over the country ensuring greater access of cash to users

The study sought to establish the effect of convenience of M-pesa service on growth of M-pesa service in Nairobi County. The responses were rated on a five point likert scale where Scale 5=very great extent 4=great extent 3=moderate extent 2=little extent 1=no extent. From the study findings, the respondents agreed to a very great extent that it was easier to perform a transaction using M-pesa (mean=4.3421).M-pesa was very convenient in that users did not have to carry cash from one physical location to another (mean=4.1316), and that convenience had increased due to the use of M-pesa services (mean=3.9868). In addition, respondents agreed to a great extent that M-pesa agent operators were open at all times during the day and night

hours (mean=3.5789). On the other hand, respondents agreed to a little extent that the number of M-pesa agents was well distributed in your location (mean=2.5789). This is an indication that it was easier to perform a transaction using M-pesa, M-pesa is very convenient in that users do not have to carry cash from one physical location to another and that Convenience had increased due to the use of M-pesa services. In tandem with the study findings, Thuo (2014) noted that as a result of introduction of M-pesa cashless, security had increased, convenience had increased, book keeping volumes had reduced due to the use of M-pesa cashless and that cost had reduced due to the use of M-pesa cashless.

The study sought to establish respondents' opinion on how else the service convenience would affect the growth of M-pesa. Respondents were of the view that M-pesa is easily accessible, it had made bills payment to be efficient and that it have improved the living standards of people which had led to its wide usage across the country. In tandem with the study findings Mutua, (2009) found out and concluded that M-Pesa customers perceive the service as easily accessible, made bills payment easy, improved the living standards of people, has safe and secure transactions, are very fast in terms of transactions as compared to other forms of money transfer and are easily adaptable. He recommended that Safaricom should train the vendors at the M-Pesa outlets on customer/market orientation, establish more customer care centers and ensure that the M-Pesa outlets have enough money so as to minimize the inconvenience caused to customers.

Effect of efficiency on the growth of M-pesa service

The study sought to establish from the respondents, whether they agree that M-pesa is efficient in its service provision. According to the findings, majority of the respondents at 84.2% agreed that M-pesa is efficient in its service provision while 15.8% felt that M-pesa does not

offer efficient service. These findings imply that M-pesa offersefficient service. Similar to the study findings, Muciimi (2010)in his study on the challenges faced by Safaricom (M-PESA) Limited in International Money Transfer established that: the Safaricom (M-Pesa) international money transfer service was effective mainly because: M-pesa international money transfer provides the clients a cash transfer channel with a greater reach ; M-pesa international money transfer ensures a timely and secure method of transaction ; and M-pesa international money transfer lowers the transactional cost of funds transfer.

Respondents were kindly requested to rate the effect of the following factors on Mobile Money Transfer (M-Pesa) services. A four likert scale was used where 1=Very Significantly, 2=Significantly, 3=Less Significantly, while 4=Not at all. Based on the study findings, respondents agreed that quality service (Mean=1.6711), Accessibility (mean=1.7237), and Affordability (mean=1.9868) affected Mobile Money Transfer (M-Pesa) services significantly. This is an implication that quality service accessibility and affordability of M-pesa have significantly influenced the growth of Mobile Money Transfer (M-Pesa) services. In line with the study findings, Munyoki and Mutua (2010) established that M-pesa customers perceive the service as easily accessible, made bills payment easy, improved the living standards of people, has safe and secure transactions, are very fast in terms of transaction as compared to other forms of money transfer and are easily adaptable.

The study sought to establish the extent to which M-pesa efficiency influences the growth of Safaricom M-pesa mobile service with specific reference to Nairobi County. The responses were rated on a five point likert scale where 5=very great extent 4=great extent 3=moderate extent 2= little extent 1=no extent. Respondents agreed to a very great extent that Safaricom offers quality service through M-pesa as compared to its competitors (mean=4.25), Efficient and affordable

money transfer and payment services are an important financial service most people require (mean=4.1711), Customers can make deposits and withdrawals of any amount regardless of their income levels (mean=4.1316), and that Safaricom has continued to introduce new products on its M-pesa platform (mean=4.0921).

In addition, respondents agreed to a great extent that M-Pesa customer service complaints are quickly and easily resolved (mean=3.6579). This implies that Safaricom offers quality service through M-pesa as compared to its competitors. Efficient and affordable money transfer and payment services are an important financial service most people require. Customers can make deposits and withdrawals of any amount regardless of their income levels, and Safaricom has continued to introduce new products on its M-pesa platform. This is consistent withKamau, Cerstin and Mukwana, (2003) who noted that efficient and affordable money transfer and payment services are an important financial service most people require, including those who do not typically use financial or banking services. Mobile money transfer has turned out to be efficient and affordable and is therefore preferred by many people.

The study sought to establish respondents' opinion on how else efficiency of M-pesa affects the growth of the service in Kenya. Respondents indicated that accessibility is one of the key factors that have led to the growth of mobile money transfer and payment services in Nairobi County. In line with the study findings, Pagani (2004) opines that accessibility (ability to reach the required services) is one of the main advantages of mobile payment services. Small and micro businesses are among the greatest beneficiaries of using M-Pesa mobile payment. As at 31st March, 2009, there were 8,650 M-Pesa agents spread throughout the country offering the mobile payments service (Annual report, 2008/2009). The micro-business operators go to

the bank less often and spend more time running their businesses. Equally, many unbanked Kenyans can now receive or send money wherever they are in the country (Omwansa, 2009).Majority of the micro business operators are familiar with the use of the mobile payment services as they are easy to use and require no formal training before use.

SUMMARY, CONCLUSION AND RECOMMENDATIONS

The study established that M-pesa service offers convenient service to its users. In addition the study revealed that it is easier to perform a transaction using M-pesa.M-pesa is very convenient in that users do not have to carry cash from one physical location to another and that Convenience had increased due to the use of M-pesa services. Also it was established that M-pesa is easily accessible, it has made bills payment to be efficient and that it has improved the living standards of people which has led to its wide usage across the country.

The study established thatM-pesa service is efficient in its service provision. This study revealed that quality service, accessibility and affordability of M-pesa have significantly influenced the growth of Mobile Money Transfer (M-Pesa) services. Efficient and affordable money transfer and payment services are an important financial service most people require;customers can make deposits and withdrawals of any amount regardless of their income levels.

Conclusion of the Study

The study concludes that M-pesa service offers convenience to its users. In addition the study revealed that it was easier to perform a transaction using M-pesa.M-pesa was very convenient in that users did not have to carry cash from one physical location to another and that Convenience had increased due to the use of M-pesa services. Further, the study concludes that

M-pesa is easily accessible; it has made bills payment to be efficient and that it has improved the living standards of people which has led to its wide usage across the country.

The study established that M-pesa service is efficient in its service provision. Quality service accessibility and affordability of M-pesa have significantly influenced the growth of Mobile Money Transfer (M-Pesa) services. The study revealed that Safaricom offers quality service through M-pesa. Efficient and affordable money transfer and payment services are an important financial service most people require, customers can make deposits and withdrawals for any amount regardless of their income levels, and that Safaricom has continued to introduce new products on its M-pesa platform. In addition, the results of the study indicated that accessibility is one of the key factors that have led to the growth of mobile money transfer and payment services in Nairobi County.

Recommendations of the Study

The study revealed that M-pesa usage convenience has a positive relationship with growth of m-pesa in Nairobi County. In relation to this, therefore the study recommends that Safaricom managementshould adopt and embrace more innovative M-pesa products which will enhance its convenience of usage and ultimately improve on the growth of M-pesa.

The study recommends that Safaricom should intensify their development aspects and continually improve the product to suit the ever increasing needs of the consumers.

Suggestions for Further Studies

The study focused on the factors influencing the growth of Safaricom M-pesa mobile money transfer services in Nairobi County. Similar studies should be carried out in other counties in Kenya for the purpose of verifying the study findings. Further, a similar study should be undertaken three years from now so as to gauge whether the same results will be realized

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