

**THE EFFECT OF MOBILE MONEY TRANSFER ADOPTION ON
FINANCIAL PERFORMANCE OF HOSPITALITY FIRMS IN NAKURU
COUNTY, KENYA**

ODHOK WINNIE ALUOCH

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DECLARATION

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Signature Date

Odhok Winnie Aluoch - D58/NKU/PT/27805/2014

Department of Accounting and Finance,

SUPERVISORS

This is to confirm that the thesis has been prepared under our supervision as the appointed university supervisors.

Signature Date

Dr. Fredrick W.S. Ndede, (PhD)

Department of Accounting and Finance,

Kenyatta University.

Signature Date

Dr. Job Omagwa, (PhD)

Department of Accounting and Finance,

Kenyatta University.

DEDICATION

This thesis is dedicated to my daughter (Ashlee Tiffany) and my parents (Mary and Joseph Odhok) as well as my younger siblings.

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OPERATIONAL DEFINITION OF TERMS

Cost	The transaction cost charged when making payment through the mobile phone.
Customer adoption level	The number of members of a society who start using a new product during a specific period of time. In this study, this entailed the level which mobile transfer services were adopted by the customers.
Efficiency	The ability to do something or produce something without wasting materials, time, or energy
Financial Performance	The effectiveness of the organization in the accomplishment of organizational objectives financially. In this study this related to the performance of hospitality firms.
Hospitality Firms	This refers to the wide- ranging form of businesses which offers services to the patron. It concentrates on the gratification of the patrons and giving certain experiences for them. In this study, the focus was on hospitality firms in Kenya.
Mobile Money Transfer Security Features	These are transactions undertaken using a mobile device for the purposes of payments. In this study, key focus was on transactions done related to the hospitality based services. Measures taken to secure a site, or to ensure that it is entered or left only by individuals with permission. The security measures in mobile money transfer are measures which ensure that money is sent to the intended recipient. In this study, key emphasis was on the security features of the mobile transfer features.

ACRONYMS & ABBREVIATIONS

CMP	Contactless Mobile Payments
I-CVI	Content Validity For Individual Items
MTN	Mobile Telephone Network
NFC	Near Field Communication
RBV	Resource Based View
ROA	Return On Asset
ROE	Return On Equity
ROI	Return On Investment
S-CVI	Content Validity For The Overall Scale
SME	Small And Medium Enterprises
SPSS	Statistical Packages For Social Sciences
TAM	Technology Acceptance Model
UK	United Kingdom
USA	United States Of America

ABSTRACT

Mode of business payment has provided business competition in the hospitality firms as some firms insist on cash payment mode only. Nakuru County in the recent past has faced a stiff competition in hospitality firms due to changes in tourism destination. Financial performance of these firms are greatly affected by model of payment, one way of improving financial performance is innovation. Amongst the areas in which the firms have innovated on include the payment methods of the business. It has been noted that mode of payment are linked to how organizations perform. The study assessed the effect of mobile money transfer on financial performance of firms in the hospitality firms in Nakuru County, Kenya. The study specific objectives were to: establish the effect of security features, cost and efficiency of mobile money transfer services on financial performance of hospitality firms in Nakuru County, Kenya. Guiding theories were financial intermediary theory, diffusion of innovation theory, and Financial Inclusion Theory in terms of the theoretical framework. The unit of observation was the accountants, customer service representatives, marketing officers and management staff of firms within the hospitality firms in Nakuru County. The unit of analysis were hospitality firms in Nakuru County which use mobile money transfer Services which entails Hotels, Motels, Restaurants, Catering Leisure Vocational Park Sightseeing and Hiking. Stratified sampling method was employed to sample specific firms to be studied. The strata were different forms of hospitality in Nakuru County. The Yamane formulae enabled determination of a sample size of 317 respondents. Data for the study was collected by the use of questionnaires and analysed using descriptive as well as inferential statistics. The study found a weak, positive but statistically significant relationship between security features of Mobile money transfer and financial performance of firms in the hospitality firms ($r = 0.360$; $p < 0.01$). The findings also indicated that service cost of mobile money transfer services and financial performance of firms in hospitality firms had positive, moderately strong and statistically significant relationship ($r = 0.648$; $p < 0.05$). The findings further indicate a positive, moderately strong and statistically significant ($r = 0.667$; $p < 0.05$) relationship between efficiency of Mobile money transfer services and financial performance of hospitality firms in Nakuru County, Kenya. The study concluded that mobile money companies which runs the mobile money transfers platform should add more user-friendly feature to the platform that support services that target hospitality firms. The study recommends that mobile money transfer companies to reduce the charges which customers incur during transactions, reduce the transaction time and improve the overall quality of mobile services offered.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Infiltrating new markets and supporters urgent focuses, relies upon the bent to easily and quickly think of all around educated credit choices and characterize fitting credit extensions, (Mutinda, 2014). Money related execution gauges the results of an association's authoritative opinions and activities in financial terms. In medium and smaller scale ventures, it is the proficiency with which credits are conceded and reimbursed at most extreme conceivable return. It takes a gander at the quantity of customers applying for credits, the amount they get, the auspicious instalment of portions, the insurance ensured against the advanced assets and the pace of recuperation falling behind financially (Skandalis, 2008).

Advancement in the budgetary installment industry has seen selection of electronic instalments, for example, versatile instalments among the different specialist organizations and organizations (Binyanya, 2014). The organizations have constantly learnt of the capability of the elective methods of installment as roads for business productivity, development, comfort and money security. The portable instalments are progressively spread because of the quantity of cell phones being used (Mutinda, 2014). The pace of progress in the utilization of cell phone exchanges is because of the significant level of entrance of cell phones in creating nations.

The World Tourism Organization (2016), recorded International medium-term visitor appearances as 1148 million of every 2015, this was the 6th successive year of improvement. The travel industry has a basic portion of GDP in a few Nations. The travel industry in Spain counts for about 12% of GDP and global traveler appearances

was more prominent than 60 million in the most recent year, this was portrayed in the authority factual office in Spain Institute Nacional de Estadística (INE) (2016). In any case, increment in the level of visitor may produce decent variety of negative practices other than monetary development (WTO, 2016). Official insights for the city of Barcelona, contends that, lodgings' profits decreased from 2008 to 2013 despite the fact that there is development request.

In spite of the fact that from 2008 the world experienced most extreme significant monetary emergencies, for instance the lessening on national the travel industry in Barcelona has been repaid by universal voyagers' raised interest. Kenya has very nearly 500 authorized inns of global standards to choose from. Kenya lodgings has changed scope of settlement to furnish each taste (Kenya Space, 2008). Kenya lodgings are ensured in respect with the star arrangements framework. They are diverse assortment from the community lodgings to the five star town and sea shore inns.

The security segment of the method of installment influences both the purchaser and vender in any business exchange. The purchasers can spend more in a given foundation through purchasing of exceptionally estimated things or sending more as far as volumes of the things or administrations bought because of the security of assets in their versatile wallets (Gitau, Mukulu, and Kihoro, 2016). The merchant then again, can get colossal measures of money in a protected manner thus diminishing instances of robbery.

The financial performance of hospitality firms can be affected either positively or negatively by the internal and external factors (Haron, 2014). The internal factors are firms' specific characteristics, further categories in to financial statement variables

and non-financial statement variables. The external factors are sector wide or country wide factors which are considered to be beyond the control and influence of the management and board but reflect on the sound macroeconomic development and stability of financial industry as a whole (Moin 2015). Additionally, the external environmental factors influencing the financial performance companies through policies and regulation. Policies and regulations create guidelines, through which organizations have to adhere thus making them significantly influence a firm's financial performance (Harash, 2014).

1.1.1 Mobile Money Transfer Services

In Kenya, service provides permits Kenyan supporter to pay for products and enterprises without paying the exchange charge. This suggests the proprietor of the business can acknowledge instalments from KShs10 to Kshs70,000 without paying the exchange charge to the supporter, (Kithaka, 2014). Business visionaries in Kenya can select for the Kenya Mobile Money Transfer administration by joining anyplace in Kenya at a Safaricom retail location (Prathap, 2014). A Safaricom enlisted seller or MPESA specialist in Kenya can likewise be utilized to enroll for the Mobile cash move administration in Kenya. A few prerequisites are required to enlist for Mobile Money Transfer in Kenya; duplicates of KRA PIN authentication, distinguishing proof card and exchanging permit are required. This suggests the organization is authorized in Kenya and one can start using the Mobile Money Transfer Service (Kithaka, 2014).

Enlistment of portable cash move administration in Kenya is additionally done to bolt out conmen. The Mobile cash move administrations play an imperative capacity in the installment business and there are sure favorable circumstances related with its

utilization (Tsiluma, 2014). The organizations decipher this method of installment as a simple method for conveying money to their providers and colleagues, a plan that is genuinely moderate, private and can be sent anyplace and whenever (Muema, 2014). The advantages incorporate purchaser's ability not to have a record with the merchant as instalments can be one off, little value-based expense, vender's capacity to pull back money straightforwardly from their cell phone move records to accounts that snowballs comfort and enhances productivity.

Money is costly and wasteful for quick moving shopper products organizations. A business must be worried about protecting money from extortion, gathering counterfeit cash and conveying money. This insurance, time preparing, and transport involves costs (Baariu, 2015). The organization shippers can likewise get articulations that give them information about their customers that can give important bits of knowledge into the market. Utilizing the Mobile cash move additionally evacuates the requirement for spare change just as being more secure when dealing with money instead of taking care of physical money.

1.1.2 Customer Adoption Level

Rogers (2005) states that adoption is conceived as a social change process, where by new ideas are introduced and accepted over time. Adoption includes appraisal of an innovative idea to establish if it will gratify the prospective needs of the adopting organizations and sustain utilization of the innovation. According to a study published in the Financial Sector Deepening Kenya (2009), the adoption rates of several upcoming technologies follows a common sequence: gradual uptake in the early phase, then exponential growth. Growth of speed is seen increasing over time. When

asked to compare mobile money transfer such as M-pesa with other national money transfer, 95% found that M-Pesa was swift and cheaper (Jiddena, 2011).

During research period, the service was offered to a ratio of 4,420,279:4,781 Users to M-Pesa agents respectively. With all these developments, mobile money transfer which is a product of M-Pesa is still at its infancy as can be deduced from the feedback of the respondents (Kihara, 2010). There are diverse modes of payment systems including mobile payments, cheques, cash and plastic money. Mobile payments systems are used in diverse countries across the world (Baariu, 2015). However, unlike the conventional mobile payments prevalent in Africa which are stand-alone products without any involvement of a bank on the user's side, the *softcard* mobile payment platform actually stores the details of the customer's credit or debit card on the Smartphone.

The *Apple Pay* mobile payment service by the Apple Company also uses the NFC technology in making of payments. The *Apple Pay* services had been adopted with some limited levels of success in the USA and United Kingdom (UK). The *Google Wallet* works in a similar manner. These mobile payments that utilize the NFC technology have been launched in several European countries including France, the UK, the Czech Republic, Slovakia, Turkey and Poland (Wambua, 2015).

Cash is a major mode of payments for diverse services. The cash as a mode of payment is the riskiest payment method amongst the diverse payment methods. The cash payment mode has the risk of employee theft after receipt of payments from the customers either within the business premises or on transit to the bank (Otieno & Kahonge, 2014). On the other hand, payment through bank cheques may have challenges in terms of the drawer having insufficient funds in their accounts.

There is also the risk of counterfeit cash or bank cheques presented as payment an option leading to loss of payments and other associated losses. On the other hand, the mobile payment reduces the risk of theft and fraud associated with handling physical cash within a business setup (Thuo, 2014). Some of the theft and fraud associated with physical cash handling including loss of collected cash through employee theft or theft from outside forces as well as the possibility of fake currencies (Ibrahim, 2015).

1.1.3 Financial Performance

The mode of payments has different effects on firm performance of various businesses. In terms of cost of operations of handling diverse modes of payments and their effect on the financial functioning of the diverse institutions, models of payments rank differently (Baariu, 2015). The cash as a mode of payment requires extra investment in terms of physical handling of the cash as well as the transportation of the cash to the bank (Otieno & Kahonge, 2014).

These associated costs leads to a reduction on the returns of a given institution. On the contrary, use of payments through mobile also reduces the cost associated with the handling of the physical cash such as security measures and numerous visits to the bank to bank the collected cash (Nzioka, 2013). It also reduces the costs that would have been associated with the employees to handle the banking and the physical security of the cash. The mobile payments also introduce an element of convenience as there is no need to keep on looking for loose change when transacting (Muema, 2014).

In respect to business efficiency, diverse modes of payments are associated with diverse efficiency levels. For example, payments through cheques means impacts on the financial performance of businesses as they must wait for the cheques to clear within the bank hence holding operating cash in the bank system (Sullivan, 2014).

The mobile payments also increase and enhance the business efficiency as the business owners have no time to waste counting on money, authenticating its authenticity, and observing for loose change (Wambua, 2015).

The utilization of mobile payments also facilitates the long distance payment for goods delivered as the mobile money gives a safer, quicker, perceptible, long distance form of paying for goods received or to be delivered (Otieno & Kahonge, 2014). The use of mobile payments also facilitates the online trading as the buyer of a service doesn't necessarily need to physically be present but can pay irrespective of their physical location.

1.1.4 Mobile Money Transfer Services and Financial Performance

Cost of the mode of payments is of critical concern to the financial performance of any institution. Transfers through mobile money reduce the costs of running hospitality firms in diverse ways. This includes reduction of costs associated with employees involved in cash management, reduction of banking costs and time wastage in banking, and savings on security aspects undertaken to protect received money (Mutinda, 2014).

The use of these services introduce an element of the business efficiency which is critical to the overall business efficiency (Gitau, Mukulu, & Kihoro, 2016).The first major area that the mobile money transfer introduces efficiency as the cash management that enables faster serving of the customer and the security of the collected cash (Karani, 2015). The physical collection of cash necessitates complex systems to handle the physical cash, count the money, guard it and account for it and would often have a preference of other parties (Wambua, 2015).

The counting of the money, authenticating of the cash and looking for the loose change often comes at the customer's inconvenience (Baariu, 2015). The mobile money transfer thus removes this inconvenience leading to faster serving of the customers (Jack & Suri, 2009). This enhances transactions, creating promoting simplicity and efficiency for payment of goods and services. It also enhances inter-personal dealings, by improving the allotment of savings across businesses by intensifying transactions escalating the returns therefore enhancing savings.

1.1.5 Hospitality Firms in Nakuru County, Kenya.

The hospitality firms are composed of lodges (Hotels and Motels), Foodservice (Caterings), attractions (gatherings), Travel (business), Conventions (Meetings), and Leisure (Vacations), shows) (Boakye, 2011). Nakuru County has developed hospitality industry. Amongst key attractions include hotels and entertainment spots built around Lakes Nakuru, Naivasha and Elementaita. In this context the county forms the tourist destination for both the international and domestic tourists in Kenya. Amongst the established hospitality spots in Nakuru include Enashapai Hotel and Spa, crayfish, yellow green hotel, midlands hotel, and Lake Elementatia Serena hotel.

Nakuru county has thus identified tourism as a key source of economic growth and poverty alleviation. According to United Nation World Trade Organization (UNWTO) report of 2020, travel and tourism sector in the region made a total contribution of Kenya Shilling 1.8 Billion to GDP and a total contribution of 11700 jobs to employment. However, according to Republic of Kenya (2019 and 2020), the average hotel bed-nights occupancy rate in the region is at 47 per cent and therefore the average hotel bed-nights unoccupied for the same period is 53 per cent which reflects a relative poor performance in terms of utilization of available resources.

1.2 Statement of the Problem

The hospitality firms within the tourism sector provide jobs, create wealth and contribute to the G.D.P in economies, (Otieno & Kahonge, 2014). In Kenya, tourism sector has been for a while the major foreign exchange earner, (Kenya Space, 2008). Mode of business payment has provided business competition in the hospitality firms as some firms insist on cash payment mode only. Nakuru County in the recent past has faced a stiff competition in hospitality firms due to changes in tourism destination. Financial performance of these firms are greatly affected by model of payment, one way of improving financial performance is innovation (Boakye, 2011). Amongst the areas in which the firms have innovated on include the payment methods of the business more so the use of mobile money transfer services as a payment option.

It has been noted that mode of payment are linked to financial performance by studies conducted. Kagu (2014) found out that electronic payments systems contribute to better performance of oil marketers in Kenya. On the other hand, Abdullah and Bohari (2015) examined role of mobile payment in attaining competitive advantage and discovered that M-commerce had affirmative impact in the creation of competitive advantage. Tobergte and Curtis (2013) examined importance of “Pay on Deliver” in ecommerce and found out that “Pay on Deliver” model contribute to higher sales in the E commerce sector. These studies have failed to examine mobile money transfer as one of the specific mobile payments system particularly in the hotel industry hence, this formed a good basis for this study.

According to UN, Nakuru town is among the fastest growing towns in East Africa with a growth rate of about 11% annually and the hospitality firms have drastically expanded. The number of firms have increased immensely translating to 48

hospitality firms in the town (Tobergte & Curtis, 2013). Hotels in Nakuru town can only survive by offering quality services in order to be able to get into the market share which has been growing steadily. Therefore the study sought to establish effect of mobile money transfer and financial performance of the hospitality firms in Nakuru County, Kenya.

1.3 Research Objectives

The research objectives comprise of general objective and specific objectives;

1.3.1 General Objective

To investigate the effect of mobile money transfer services on financial performance of hospitality firms in Nakuru County, Kenya.

1.3.2 Specific Objectives

- i. To establish the effect of security features of mobile money transfer on financial performance of hospitality firms in Nakuru County, Kenya
- ii. To assess the effect of cost of mobile money transfer on financial performance of hospitality firms in Nakuru County, Kenya
- iii. To find out the effect of efficiency of mobile money transfer on financial performance of hospitality firms in Nakuru County, Kenya
- iv. To determine the moderating effect of customer adoption level on the relationship between mobile money transfer and financial performance of hospitality firm in Nakuru County, Kenya.

1.4 Research Hypotheses

H₀₁: Security features of mobile money transfer do not have a significant effect on financial performance of hospitality firms in Nakuru County, Kenya

H₀₂: Cost of Mobile money transfer services do not have a significant effect on financial performance of hospitality firms in Nakuru County, Kenya.

H₀₃: The efficiency of mobile money transfer services does not have a significant effect on financial performance of hospitality firms in Nakuru County, Kenya.

H₀₄: Customer adoption level does not have a significant moderating effect on the relationship between mobile money transfer and financial performance of hospitality firm in Nakuru County, Kenya is significant

1.5 Significance of the Study

Findings of the research will be of importance to governmental agencies, hospitality firms, the telecommunication firms, mobile payment users, and researchers in the given phenomenon. The governmental agencies including communications authority of Kenya and CBK are jointly in charge of the mobile money transfer systems such as Lipa Na Mpesa. This study will highlight the challenges as well as the benefits that these platforms give the end users from both the personal and business level.

The telecommunication firms such as Safaricom, will benefit from this study. The mobile money transfer options such as mobile money transfer offers the firms an income revenue stream and such is in their interests to know the customer perceptions and usage of the products. Firms in the hospitality firms will benefit from the study through gaining an understanding on the best practices in MTS and returns. Finally the researchers in the aspects of mobile payments and financial performance will benefit from this study through the expansion of the body of knowledge on mobile payments and its benefits on financial performance.

1.6 Scope of the Study

The area of study was Nakuru County, due to the lack of financial resources to undertake sampling in a larger sampling area. Nakuru County was chosen because of the current trends and as such there was sufficient target population to undertake the

study. The study was limited to four years (2014-2017). In the view of the content of the scope the study was limited to hospitality firms in Nakuru County, Kenya. This would mean that the business premises has a till number and the users using the buy goods option in their Mpesa menu to make payments for services rendered.

1.7 Limitation of the Study

The study was faced with various limitation. Some of the respondents were reluctant in participating in the study in fear of revealing of sensitive financial information and business secrets. However, the respondents were assured that the study was purely academic and utmost confidentiality will be maintained. Some of the respondents were not easily accessible which was mitigated through the use of a research assistant well versed with the location of diverse hospitality firms.

CHAPTER TWO LITERATURE REVIEW

2.1 Introduction

This section encompasses the review of existing literature both theoretical and empirical on the studies conducted in the area. The literature reviewed formed a foundation on which this study was based on. The chapter finalized with a summary of reviewed literature and the conceptual framework.

2.2 Theoretical Literature

The theoretical literature is based on financial intermediation theory, financial inclusion theory and diffusion of innovation theory.

2.2.1 Financial Intermediation Theory

The monetary intermediation hypothesis is credited to works by Goerge Akerlof in 1970, Michael Spence of 1973, and Rothschild and Stiglitz works of 1976 (Ongore and Kusa, 2013). This hypothesis bases on the possibility that center individuals serve to decrease trade costs and information asymmetries. The go-betweens exist in view of the market blemishes that results into the budgetary organizations provider not having the alternative to give their organizations inside given zones in a useful manner (Ngumo, 2012).

Regardless, savants of the hypothesis battle that as improvement in information development, deregulation, heightening of money related markets, etc will all in all breaking point trade costs and data asymmetries, this hypothesis deduces that intermediation is the destiny of no use (Atieno, 2013). The costs related with physical cash trades join work costs for the twofold assistant structure to accumulate and check the cash got, transportation costs, security costs and banking costs (Winter, 2015).

The abatement of the expenses related with the business are incredibly fundamental in improving the money related presentation of the business. This is especially so inside the setting of the kind disposition firms looked by high test in the fragment (Rothwell, 2014). This hypothesis is applicable to this assessment as the use of the Mobile money move impacts worth based expenses, for instance, the costs related with physical cash trades.

2.2.2 Financial Inclusion Theory

The money related consideration hypothesis follows its origination to the British government and its diverse developmental workplaces (Ngumo, 2012), the budgetary incorporation hypothesis was maintained by Chakrabarty in 2011. Budgetary incorporation suggests the route toward protecting access to fitting monetary things and organizations required by all pieces of the overall population all over and weak social occasions like feebler territories and poor compensation packs expressly, at a reasonable cost, in an evenhanded and clear way, by standard affiliation's players (Vijayalakshmi, 2010). Money related niche incorporates course of action of the full suite of basic budgetary organizations; this suggests social event of focus monetary organizations that fuses principal credit, save assets, assurance and portion organizations (Gardeva & Rhyne, 2011).

As demonstrated by Vijayalakshmi, (2010) access to money related organizations, for instance, Mobile money move should be open when required, and things should be revamped to express needs; the expenses for these organizations must be of a reasonable worth, including each valuable cost, for example, taking off for long division to a bank and progressively noteworthy, it needs to make a sentiment of business, convert into results for the providers of these organizations, and in this way be accessible on a persevering ground of the objective of expansive budgetary niche is

to give an alternate extent of organizations for accomplishing an all around course of action of organizations for the headway of the nation (Gardeva and Rhyne, 2011).

The purpose of this hypothesis is to allow everyone to share absolutely in the formal money related system which will at last benefit individuals, the business firms which serve them, and society when everything is said in done (McKinsey and association, 2010). The hypothesis is material right now the setting that the Mobile money move organizations are adequately open and financially available to the clients. The hypothesis is in like manner material to this examination as the assessment breaks down on how the utilization of the Mobile money move enables furthermore spending on given things.

2.2.3 Diffusion of Innovation Theory (DOI)

This theory was advanced by Everret Rogers in 1962. DOI endeavors to explain the progressions of gathering of advancement and the segments for allocation. The DOI hypothesis suggests that mechanical advancement is speaked by methods for unequivocal channels, for time, among people from a social structure (Kamarulzaman and Azmi, 2010). Five stages that are followed in the DOI hypothesis including data, impact, decision, use and confirmation (Ibrahim, 2012). Data incorporates observing the availability of the structure and its functionalities provoking a proactive searching for of information on the most ideal approach to use it (Kamarulzaman and Azmi, 2010).

Impact is the improvement of an elevating outlook towards the development. Decisions incorporates get or reject decision on the advancement while execution incorporates dynamic utilization of the development. The last stage is the assertion mastermind in which there is certain supporting based on positive results from

advancement (Mandola, 2013). Hussein (2010) claims that dispersion rate is impacted by different factors including the development's relative points of interest, likeness, and eccentrics. The likeness is a degree by which an advancement is viewed as being dependable with the present characteristics, past exercises and prerequisites of promising adopters (Etemesi, 2009).

This hypothesis is applicable to this assessment in the setting that the pace of usage of the Mobile money move impacts the favorable circumstances, for instance, monetary execution that the associations in amicability firms achieve. The higher the amount of customers using Mobile money move benefits the more the accommodation firms gains from the administrations.

2.3 Empirical Literature

2.3.1 Mobile money Security Features and Financial Performance

The security component of the mode of payment affects both the buyer and seller in any business transaction. The use of Mobile money transfer services also enables the firms to receive the funds in an electronic cash form which eliminates the security risks associated with physical cash handling. The security risks associated with physical cash handling includes employee thefts and theft from external people (Nyaga, 2015). The enhanced security of receiving cash in electronic cash enables hospitality firms to open for longer hours late into the night and hence serve more customers improving on their financial performance.

Thujo (2014) dissected the intensity of the expense of activity on the usage of 22 M-Pesa cashless instalments item by East Africa Breweries Limited wholesalers. The investigation revealed that larger part of the members uncovered that business costs were decreased or snowballed because of utilization of Mpesa cashless services.

Security and transport charges had been brought due down to the utilization of Mpesa to an extremely huge level.

Kipyegon and Jelaga (2016) examined individual variables affecting the reception of portable banking at KCB, Eldoret. Unbiasedly, the investigation looked to decide if saw value, usability and saw hazard influence the selection of mobile banking. The objective people of the investigation was 100 workforce from the supervisory group and head of offices at Kenya Commercial Bank (KCB) Eldoret. The investigation uncovered that apparent accommodation and saw convenience (PEOU) positively sway the reception of versatile banking. In any case, saw hazard (PR) was found to contrarily affect the reception of versatile banking. These discoveries show that versatile banking is valuable to bank clients.

Kithinji (2013) hoped to affirm factors affecting choice of adaptable money organizations among relationship of higher learning. The target people of the examination joined senior organization staff in store and accounting office in relationship of higher learning arranged in Nairobi County. The assessment recognized that the monetary substitute worth and the nature with the convenient money move organizations impacts the gathering of adaptable money organizations to a greater level. In end the examination recognizes that there a noteworthy association interfacing money related reporting and the apportionment of versatile money organizations to a greater level.

Bonface and Ambrose (2015) carried out an study on performance of commercial banks in Kenya targeting 43 commercial banks in Kenya, targeted at their Nairobi headquarters by all commercial bank IT managers / directors. In a drop and select scheme, questionnaires were used for data collection. The information gained was

evaluated using descriptive techniques. The study found that there was a clear positive effect on the prices of M-banking facilities on Kenya's commercial banks' financial performance. However, the analysis was a case study using a purposeful sampling method.

2.3.2 Cost of Mode of Payments and Financial Performance

The peril easing gauges incorporated the usage of two fold control for the giving of the cash suggesting that the cash the board included at any rate two work power to manage it to enable the palatable physical security required (Thuo, 2014). One of the agents could expect the activity of a "checker" inferring that they affirm the physical cash including its realness from the customer. The other agent could accept the activity of the "authorizer" who may avow the total assembled against the business stock to confirm the right figures are accumulated. If gigantic entireties are incorporated, by then this "authorizer" may ought to be two in order to together record for the money accumulated from a couple of representatives (Ruth and Nabatanzi, 2012).

Muema (2014) embraced the investigation on the Influence of MPesa traits and Attributes on the achievement and development of SMEs. The investigation points included to set up the utilization of MPesa administrations and the difficulties in its use by the SME area in Kenya. The examination discovered solid relationships between's few of MPesa administrations, for example, between the utilization of Mpesa to cover utility tabs and utilization of Mpesa to pay providers, utilization of Mpesa to pay providers and utilization of Mpesa to representatives' pay rates. Different administrations incorporate the utilization of Mpesa to pay providers and utilization of Mpesa to reimburse bank advances and utilization of the Mpesa to

reimburse the business advances and the utilization of Mpesa to pay protection settlements (Suri and Jack, 2008).

The study by Abong'o (2016) studied m-banking among Kenyan banks. Results showed that the storage of money from one owner to another for safe holding and transfer of money was not a major predictor of bank efficiency. However, exchange of forms of money through mobile banking and investment of monies, the performance of banks has had a major effect on. However, cluster sampling was used which is prone to higher sampling error.

Munyoki, (2015) sampled 42 commercial banks and administered questionnaires to determine the effect on financial performance, as guided by financial intermediation theories, balanced score card theories, and the theory of innovation diffusion. The analysis of data was limited to descriptive statistics. The results showed that the introduction of mobile banking services has increased customer outreach and also increased the efficiency of delivery of services such as funds transfers, bills payments, and access to bank statements.

2.3.3 Efficiency of Mode of Payments and Financial Performance

The usage of the Mobile cash move administrations displays a part of the business productivity which is fundamental to the general business proficiency. The principle noteworthy district that the Mobile cash move presents effectiveness as the cash the board that engages faster serving of the client and the security of the accumulated cash (Karani, 2015). The physical combination of cash requires complex structures to manage the physical cash, count the cash, heads up and record for it and would frequently have a tendency of various social events, for instance, a bank, to manage the cash for the wellbeing of they (Wambua, 2015). The counting of the cash,

checking of the cash and looking for the extra change regularly comes at the client's trouble (Baariu, 2015).

Baariu (2015) investigated how segment factors impact supporter selection of portable instalments in Embu town. The investigation discovered that the training level had an impact of utilization of Lipa na Mpesa administrations while customers found in Embu town utilized the Mpesa benefits for the most part for sending and receipt of money rather than acquisition of administrations/products. The investigation additionally discovered that the flexibility factors that impacted appropriation of versatile instalments among the portable dealers were; business development, expanded client base and accommodation and viability.

Ndii's (2014) set out to determine the influence of m-banking on performance of Kenyan banks. The study employed secondary data and concluded that the banking had a significant positive relationship with performance. This findings compare to those of Kathuo's (2015) who also noted that since m-banking was introduced, the performance of the banks recorded had increased immensely over the period.

2.3.4 Customer Adoption Level of Mobile Money Transfers **Services**

As showed by Mallat (2017), versatile instalments are offered as new portion administrations to a retail publicize depicted by countless battling providers, for instance, banks and telecom overseers. Versatile Money Transfer administrations are encountering quick selection in various business divisions, considering reliable addition in repayments, the general inescapability of PDAs, and the prerequisite for an electronic portion substitute to paper- based frameworks like cash and checks. More than a billion people worldwide don't move toward standard money related

administrations, particularly in making countries, anyway they have cell phones (Pickens, 2016).

According to Zutt (2016), versatile cash has achieved entrance over all age packs which is a striking achievement of new advancement not at all like others which frequently bases on a particular age gathering. Despite this, increasingly prepared clients will undoubtedly use the organization just to get cash. The usage is generally essential in endorsers between the ages of 25 to 29 and reduces from that point on. Regardless, even among the most settled Kenyan (more than 65 years), half use versatile cash. Other section information related to versatile cash use shows that it is generally essential among urban Kenyans, yet with huge passageway among nation tenants.

Masrek, Omar, Uzir and Khairuddin (2012) carried out a study on mobile banking utilizations, satisfaction and loyalty: a case study of Malaysian consumers. The study adopted a survey research methodology involving 312 respondents, the findings of this study showed that that mobile banking utilization is positively related to satisfaction but not loyalty. Also it is found that satisfaction significantly predicts loyalty.

Wambua (2015) explored the components influencing use of Mobile cash move method of installment for administrations and merchandise among center level business, a contextual analysis of Mitumba brokers in Gikomba advertise. The investigation discovered that the beginning of individual factors, for example, information level, mentalities towards innovation, administrative authority may play out a crucial capacity in dissemination of the development. This may give cheering evidences for controllers to evaluate the viability of core values on client the

executives. The discoveries additionally demonstrate that development of core values on client relationship the executives are urgent for its possible achievement.

Table 2. 1: Summary of Reviewed Literature

Author (S)	Objective(s) of the Study	Key Findings	Research Gaps	How Current Study Addresses the gap
Kipyegon & Jelaga (2016)	-To determine the usage of the MPesa services and the challenges in its usage by the SME sector in Kenya.	-Strong correlations between several of MPesa services such as between the use of Mpesa to pay utility bills and use of Mpesa to pay suppliers, use of Mpesa to pay suppliers and use of Mpesa to employees' salaries. -Other services include the use of Mpesa to pay suppliers and use of Mpesa to repay bank loans, and use of the Mpesa to repay the business loans and the use of Mpesa to pay insurance remittance -Factor analysis showed two broad usage of MPesa services that is payment for services/goods received and receipt of payments for services rendered	The study examined Mpesa attributes on performance and growth of SMEs in Nakuru town while this study examines the effect of Mobile money transfer on financial performance of firms in tourism industry.	-The current study focuses on Mobile money transfer services as opposed to Mpesa services in the context of money transfer and receipt.
Baariu, (2015)	-To determine how demographic factors influence subscriber adoption of mobile payments in Embu town.	Education level had an influence of use of Mobile money transfer that consumers in Embu town used the Mpesa services mostly for sending	The study is concerned with the adoption of Mobile money transfer services while this	-This study is based on the context that Mobile money transfer has since enjoyed high usage (adoption) levels and thus wishes to find in what ways it influences financial

		and receipt of cash as opposed to purchase of services/goods -The versatility factors that influenced adoption of mobile payments among the mobile merchants were; business growth, increased customer base and convenience & efficacy.	study examines impact of Mobile money transfer services on financial performance	performance of hospitality firms firms
Wambua (2015)	-To investigate the factors affecting usage of <i>Lipa na Mpesa</i> . Study found mode of payment for services and goods among middle level business; A case study of Mitumba traders in Gikomba market	-Outset of individual factors such as knowledge level, attitudes towards technology, supervisory authority affect organizational success.	-Current study differs from Wambua (2015) study in objectives scope as the study examines Mobile money transfer attributes (cost, security, & efficiency) on financial performance of hospitality firms performance	-This study is based on the context that Mobile money transfer has since enjoyed high usage (adoption) levels and thus wishes to find in what ways it influences financial performance of hospitality firms firms

Kipyegon & Jelaga (2016)	Variables affecting the reception of portable banking at KCB, Eldoret.	The investigation uncovered that apparent accommodation and saw convenience (PEOU) positively sway the reception of versatile banking.	The study concentrated factors affecting customers on the adoption of mobile banking while this study focuses on organization factors that affects the Mobile money transfer services	The current study focuses on the role of organization on the use of Mobile money transfer Services
Kithinji (2013)	Factors affecting choice of adaptable money organizations among relationship of higher learning.	The assessment recognized that the monetary substitute worth and the nature with the convenient money move organizations impacts the gathering of adaptable money organizations to a greater level.	The study was specific to mobile money service in institution of higher learning	The current study focus on Mobile Money transfer in the hospitality industry.

Sources: Various Literature Reviewed, 2018

2.4 Summary of Literature Review

The chapter discussed the theoretical framework which are the base of the study: financial intermediation theory, financial inclusion theory and diffusion of innovation theory. Financial intermediation theory argues that, financial organizations are present to mediate amongst the surplus and scarcity units in an economy by promoting transmission of resources. Nevertheless, this requires to be undertaken in a financial way in order to reduce operating costs and elevate the revenues for banks. Financial intermediation theory puts forward the function performed by Mobile money transfer in the financial intermediation procedures by permitting secure means of making payments, while the financial inclusion theory puts into perspective the provision of the full suite of basic financial service. From the discussion above, theoretical and empirical literature, restricted research to be carried out on security, cost and efficiency of Mobile money transfer services on financial performance of firms in the hospitality firms in Nakuru County, Kenya. The current studies done in various economies which have diverse working setting from that in Kenya. This study consequently pursues to fill the research gaps identified.

2.5 Conceptual Framework

The conceptual framework examines the interrelationship linking independent variables and dependent variable as shown by Figure 2.1

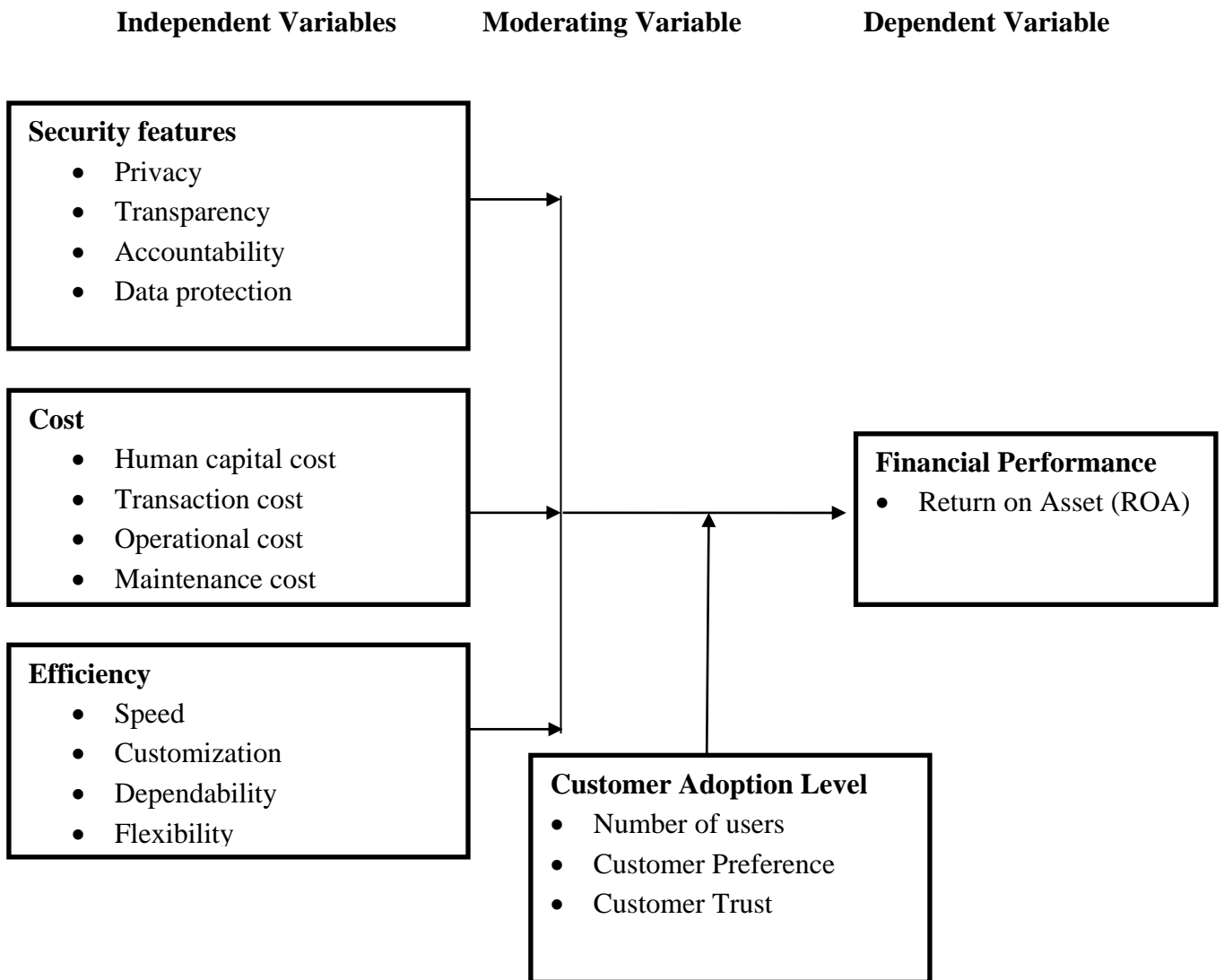


Figure 2.1: Conceptual Framework

Source: Author (2019)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter emphasizes the methodological approach adopted in accomplishing the objectives of the study. Specifically, the chapter constitutes the research philosophy, design of the research, study population, approach adopted in sampling, collection of data and analysis methods. The chapter also includes the ethical considerations met by the study.

3.2 Research Philosophy

Research philosophy entails knowledge development and assumptions laid out in explaining different concepts (Cooper & Schindler, 2008). The study adopted positivism approach which advocates applying methods of natural sciences in real life. Ondiek, (2008), postulates that positivism is linked directly to the ideology of objectivism. This is whereby scientists or theorists provide their opinions from a philosophical approach with the aim of evaluation of the world as opposed to subjectivity.

3.3 Research Design

A descriptive research design was used in conducting the research. This research design is used in description of subject topics through profile or group creation by accurate data collection and analysis while determination of the relationship that exist (Orodho, 2008). The research also enables close association between the research variables and minimizes interference by the researcher hence appropriate for the study. This method is considered appropriate for this study due to the fact that the

independent variables under study cannot be manipulated and would be used as they are.

3.4 Target Population

Target population is a cluster of people or elements which have one common interest. Kombo & Tromp, (2006). The target population for this study was 1,530 managerial staff in the hospitality firms in Nakuru County. The unit of observation were the accountants, customer service representatives, marketing officers and management staff of firms within the hospitality firms in Nakuru County. The unit of analysis were hospitality firms in Nakuru County which uses mobile money transfer. They entailed Hotels, Motels, Restaurants, Catering Leisure Vocational Park Sightseeing and Hiking.

Table 3.1: Target Population of firms

Hospitality Firms	Population Size
Lodges (Hotels and Motels)	535
Foodservice (Restaurants, Caterings)	841
Leisure (Vacations, Parks, Sightseeing, and Hiking)	154
Total	1,530

Source: Nakuru County Government (2019)

3.5 Sampling Design

Sampling is a procedure of choosing a sufficient figure of elements from a population (Kothari, 2004). Stratified sampling method was employed to sample specific firms to be studied. Stratified random sampling is “a process by specific subcategories, or strata, are chosen for the sample in a similar percentage as they are in the population” (Fraenkel & Wallen, 2006). The stratified sampling technique is suitable when there are homogeneous groups that would be of interest to the researcher. The strata were

the different form of hospitality in Nakuru County. Purposive sampling was used to select 317 for the study.

Table 3.2: Sample Distribution

Hospitality Firms	Population Size	Sample Size (respondents)
Lodges (Hotels and Motels)	535	111
Foodservice (Restaurants, Caterings)	841	174
Leisure (Vacations, Parks, Sightseeing, and Hiking)	154	32
Total	1,530	317

Source: County Government of Nakuru (2019)

The sample size was calculated using Yaro Yamane 1973 formula to get a sample size of 317 respondents

$$n = \frac{N}{1 + N(e^2)} = \frac{1,530}{1 + 1,530(0.05^2)} = 317 \text{ respondents}$$

where n= sample size

$$N = \text{Population size} = 1530$$

e= tolerable error (5%) at 95% confidence level

Hence a sample size of 317 respondents participated in the study.

3.6 Study Model

Multiple regression analysis was adopted as shown below. It is assumed that financial performance of the firms is explained by security feature, cost and business efficiency

The study used the regression model shown below:

$$FP = \beta_0 + \beta_1 SF_1 + \beta_2 Cos_2 + \beta_3 Eff_3 + \varepsilon$$

Where: FP= Financial Performance

$$\beta_0 = \text{Constant}$$

$$\beta_1 - \beta_3 = \text{Coefficients}$$

$$SF_1 = \text{Security Features}$$

Cos₂ = Cost of Mobile Money Transfer Services

Eff₃ = Business efficiency

ε = error term

The moderation effects will be tested as per the model below

$$FP = \beta_0 + (\beta_1 SF_1 + \beta_2 Cos_2 + \beta_3 Eff)_{CAL} + \varepsilon$$

FP = Financial Performance

β_0 = Constant

β_1, \dots, β_3 = Coefficients

SF₁ = Security Features

Cos₂ = Cost of Mobile Money Transfer Services

Eff₃ = Business efficiency

CAL = Customer Adoption Level

ε = error term

3.7 Operationalization of Variables and Measurement

Table 3.2 shows operationalization of the variables.

Table 3.3: Variables Definition and Measurement

Variables	Indicators	Type	Measurement	Source
Financial Performance	• ROA	Dependent	Ratio/ Interval	(Nyaga, 2015; Atieno, 2013; Mutinda, 2014).
Security Features	• Privacy • Transparency • Accountability • Data protection	Independent	Ordinal Scale	(Binyanya, 2014; Tobergte & Curtis, 2013; Sullivan, 2014)
Cost of Mobile money transfer	• Human capital cost • Transaction cost • Operational cost • Maintenance cost	Independent	Nominal/ ordinal Scale	(Gitau, Mukulu, & Kihoro, 2016; Ngumo, 2012)

Efficiency of Mobile money transfer	<ul style="list-style-type: none"> • Speed • Customization • Dependability • Flexibility 	Independent	Ordinal Scale	(Ibrahim, 2012; Otieno & Kahonge, 2014)
Customer Adoption Level	<ul style="list-style-type: none"> • Number of users • Customer Preference • Customer Trust 	Moderating	Ordinal Scale	(Winter, 2015; Wambua, 2015)

Source: Author (2019)

3.8 Data Collection Instrument

Data for the study was collected purely through use of questionnaires. Questionnaires were opted for as they are simple, economical and enable collection of a wide range of data within the shortest time possible (Mugenda, 2003). The questionnaire was structured systematically into sections each aimed at providing answers to a specific research objectives. A Likert scale was used in rating the responses obtained. Additionally, there were open ended questions which enabled the respondents to express themselves more.

3.9 Pretest

A pretest was undertaken with a view of examining the questionnaire and addressing any aspect that may hinder prudent data collection when the full field work is undertaken. Pretest examines that the questionnaire doesn't have ambiguous questions, the length of the questionnaire, the relevance of the set questions, and the readability of the questions. The pretest was undertaken in Baringo Town in Baringo County where 32 questionnaires were issued out to accountants, customer service representatives, marketing officers and management staff of firms within the hospitality firms.

3.9.1 Validity

The validity is the extent to which the study findings analysis truly represents the phenomenon under study and is able to explain the nature of the problem being studied (Mugenda, 2003). This study established content validity by getting an expert opinion from industry practitioners knowledgeable on the use of the Mobile money transfer to enhance financial performance.

3.9.2 Reliability

The reliability of the data collection tools examines the degree at which the results are consistent over time or the ability of the responses can be replicated when undertaken under similar conditions (Cooper & Schindler, 2008). Reliability deals with the stability of the scores over time (Jankowicz, 2005). Internal consistency was examined using the cronbach alpha coefficient. A minimum threshold of a cronbach alpha coefficient of 0.7 was used for the study as per Table 3.3.

Table 3. 1: Reliability Statistics Results

Variable	Number of Items	Cronbach's Alpha
Security features of Mobile money transfer	12	0.843
Cost of Mobile money transfer	10	0.789
Efficiency of Mobile money transfer	9	0.823
Customer adoption level of mobile money transfer services	4	0.757
Financial performance of hospitality firm	4	0.798

3.10 Data Collection Procedures

The data collection process started with receiving from the university a formal letter authorizing the field study. The letter was then addressed to the management of the

individual companies along with the consent document as a way of requesting permission to collect data from their organization. Data were obtained using the drop method and later picked. fill out the questionnaire, respondents were given at least two weeks. Arrangements were made for the questionnaire to be obtained at pre-agreed time later.

3.11 Data Analysis

Data analysis process began after all the questionnaires were assessed for completeness and coded. Data which was qualitative in nature was analysed using content analysis while descriptive statistics was employed in analysing quantitative data. This included measures of central tendencies including means and frequencies with the aid of SPSS. To determine the relations between the research variables, inferential statistics were used including regression and correlation analysis. The analysed data was then presented in tables and figures.

3.12 Diagnostic Test

3.12.1 Normality test

Normality tests are undertaken in assessing whether research data is well distributed (Campbell, 2007). This is important in taking parametric and multivariate analysis. The results of normality test help in determining whether to reject or fail the null hypothesis that the research data come from a population that is normally distributed.

3.12.2 Multicollinearity test

Multicollinearity happens when there is a strong correlation between the research variables which tend to interfere the results of the regression analysis. Multicollinearity was corrected by removing the highly correlated variables.

3.13 Ethical Considerations

Research morals are interested in the analysis of moral issues which arose when people are included as participants in research. Ethical issues were put into consideration by the researcher to avoid the loss of credibility of the study. The respondents who participated in the study were voluntarily required to have an informed consent. All the respondents were made aware of the intentions of the study and were given the assurance that the study would entirely be used for academic purposes. Strict confidentiality was adhered to, where no information was given to any person who was not authorized. In case the anonymity of a respondent is necessary, assurance was given to respondents on the integrity of their confidentiality.

CHAPTER FOUR

FINDINGS AND DISCUSSIONS

4.1 Introduction

The findings that emanated from the data analysed are presented in this chapter. The chapter unfolds by firstly by describing the background information, followed by the descriptive statistics and inferential statistics. The related discussions in respect to the findings are also presented.

4.2 Response Rate

The study issued 317 questionnaires out of which 253 successfully responded translating to a response rate of 80%. This response rate was considered very good as it is inline with Babbie, (2015) recommendation. Since the rate was very good the finding of the study was considered valid and reliable. The result is shown in Table 4.1

Table 4. 1 Response Rate

Respondents Sampled	Questionnaires Returned	Response Rate (%)
317	253	80

4.3 Background Information

This section outlines the duration, the market, category of customers and the mode of settlement of transactions.

4.3.1 Duration of firms operations

The study aimed to determine the duration for which the firms could have operated. It is believed that with time the mode of settlement of transaction change from cash payment to cheques to credit and today by use of mobile money transfer services. The results of the analysis are indicated in Table 4.2

Table 4. 2: Duration the hospitality firm have been in existence

Years	Frequency	Percentage
0-5	13	5
6-10	67	27
11-19	112	44
More than 20 years	61	24
Total	253	100.0

Source: Survey Data (2019)

Based on table 4.2 5% of the hospitality firm have been in operational for up to 5 years (n=13). The firms which have been in operation between 6-10 years represent 27% of hospitality firm (n=67). In addition 44% of hospitality firm have been in operational for 11-19 years (n=112) while 24% of hospitality firm have been in operation for more than 20 years (n=61). This suggests that majority of hospitality firm have been operational for 11-19 years.

4.3.2 Market coverage of hospitality firm

The study sought to find out the market coverage of hospitality firm. Table 4.3 shows the findings.

Table 4. 3: Market coverage of hospitality firm

	Frequency	Percentage
International	0	0
Regional	20	8
National	25	10
Local	208	82
Total	253	100.0

Source: Survey Data (2019)

As shown, 82% of hospitality firms were local, 10% were national while 8 % were regional. The researcher further investigated the category of customers in hospitality firm. From the findings majority of customer were local customers followed by regional customers mostly from east African region and also international customers.

4.3.3 Ways in which customer settle their transactions

The study sought to determine ways in which customers settle their transactions.

Table 4.4 shows the findings obtained.

Table 4. 4: Ways in which customer settle their transactions

	Frequency	Percentage
Advance	43	17
On clearance	210	83
On credit	0	15
Total	253	100.0

Source: Survey Data (2019)

As shown, majority (83%) of customers stated that they settle their transactions on clearance, 17% of the respondents stated that they settle their transactions on advance however hotels don't give credit on their transaction

4.4 Descriptive Results

4.4.1 Security features of mobile money transfer on financial performance of hospitality firms

The study sought to find out the effect of security features of mobile money transfer on financial performance of hospitality firms. The mobile payment process will be more reasonable if the transaction is secure. The results is presented in table 4.5 below

Table 4. 5: Descriptive Statistics for security features of mobile money transfer on financial performance of hospitality firms

	SA	A	N	D	SD	n	Mean	Std. Dev
	(%)	(%)	(%)	(%)	(%)			
The use of mobile money transfer enables customers to spend more money in the facility without security risks of carrying huge amounts	53	37	0	10	0	253	3.74	1.084
Mobile money transfer encourages customers to stay for longer due to security of their funds in mobile.	47	43	2	8	0	253	3.65	1.100
The use of mobile money transfer services enables the customers to pay huge amounts of cash without drawing undue attention to themselves	37	43	3	17	0	253	3.61	1.390
The use of mmobile money transfer has reduced the security related costs in the facility	29	21	6	34	10	253	2.96	.815
The use of mmobile money transfer has enabled the facility to open for longer hours due to reduced security costs	38	22	12	28	0	253	3.18	.724

Source: Survey Data (2019)

The findings revealed that majority of the respondents agreed that the use of *mobile* money transfer enables customers to spend more money in the facility without security risks of carrying huge amounts (mean \approx 4.00; std dev $>$ 1.000). Furthermore majority of the respondents agreed that mobile money transfer encourages customers to stay for longer due to security of their funds (mean \approx 4.00; std dev $>$ 1.000). In addition the findings indicated that the use of mobile money transfer enables the customers to pay huge amounts of cash without drawing undue attention to

themselves (mean ≈ 4.00 ; std dev > 1.000). This is critical in enabling the businesses to operate round the clock without the need to place huge security systems to guard against theft especially at night (Thuo, 2014).

Majority of the respondents also agreed that the use of mobile money transfer has reduced the security related costs in the facility (mean ≈ 3.00 ; std dev > 1.000). In addition majority of the respondents agreed that the use of mobile money transfer has enabled the facility to open for longer hours due to reduced security costs (mean ≈ 3.00 ; std dev < 1.000). The study agreed with a study by Nyaga, (2015) who found out that enhanced security of receiving cash in electronic cash enables the firms in hospitality firms to open for longer hours late into the night and hence serve more customers improving on their financial performance.

4.4.2 In Respect of Errors

The study sought to determine whether customers make errors while making transaction through mobile money transfer. Reduction of errors is critical in money transfer. Table 4.6 illustrates the findings.

Table 4. 6: Errors while making transaction through mobile money transfer

	Frequency	Percentage
Yes	53	21
No	200	79
Total	253	100.0

Source: Survey Data (2019)

From the findings 21% of the respondents stated that customer make errors while making transaction through mobile money transfer while 79% stated that customers don't make errors while making transactions through mobile money transfer. This implies that majority of customers don't makes errors while making transaction through mobile money transfer.

4.4.3 Frequency of making transaction through mobile money transfer

The study sought to determine how often customers makes error while transacting through mobile money transfer. Financial performance to a large extent is related to the volume of transaction. Table 4.7 illustrates the findings.

Table 4. 7: Frequency of making transaction through mobile money transfer

	Frequency	Percentage
Very often	22	9
Often	23	10
Less Often	55	21
Rarely	153	60
Total	253	100.0

Source: Survey Data (2019)

From the findings 9% of the respondents stated that customers make errors very often, 10% of the respondents stated that customers make errors often, 21% of the respondents stated that customers make errors less often while majority of the respondents stated that customers make errors while making transaction through mmobile money transfer rarely. The findings agreed with the findings by Laukkanen, and Lauronenour (2015), that revealed a negative correlation between perceived risk and adoption of mobile services due to the increased uncertainties created.

4.4.4 Whether customers get their money back after a wrong transaction

The study sought to determine whether customers recover money after a wrong transaction. Majority of customers would be comfortable with a system that would allow reversing of a wrong transaction. Table 4.8 illustrates the findings.

Table 4. 8: Whether customers get their money back after a wrong transaction

	Frequency	Percentage
Yes	233	92
No	20	8
Total	253	100.0

From the findings 92% of the respondents stated that customer gets their money back after a wrong transaction while 8% stated they don't get their money back after a wrong transaction. This implies that majority of customer gets their money back after a wrong transaction. The researcher further sought to determine some of the security features of mobile money transfer that are used in hospitality industry. From the findings majority of the customers stated that the mobile money transfer gives the customer an option to countercheck the pay bill or till number before completing the transaction. The platform also indicated the name of the business. The respondents stated that such security features are used in ensuring that payment made is to the right account.

4.4.5 Security features used in Mobile money transfer services

The study sought to determine whether mobile money transfer have security features. The security of any money transfer platform determines the customer uptake level. When the platform is secure more customers will prefer using the system which will consequently increase the number of transaction. Table 4.9 illustrates the findings.

Table 4. 9: Security features used in mobile money transfer

	Frequency	Percentage
Yes	253	100
No	0	0
Total	253	100.0

Source: Survey Data (2019)

From the findings all the respondents stated that mobile money transfer have security features. In an effort to ensure that customers make payment to the right account, mobile money transfer platform provide an option for the customers to confirm the name of the recipient account. Mobile banking makes it safer to pay or receive money (as opposed to cash or other types of transactions, the possibility of fraud associated with using m banking is troubling. Various services provided by mobile banking promote the use of mobile banking, mobile banking apps are easy to communicate with, security and privacy are a problem while using mobile banking services, and ultimately satisfy. Most of respondents were strongly in agreement with the factors except overall gratification with the utilization of mobile banking, whereby the majority of respondents agreed that they were overall gratified with the utilization of mobile banking.

4.4.6 Service cost of mobile money transfer on financial performance of firms in hospitality sector

The study sought to determine the effect of the service cost of mobile money transfer on financial performance of firms in hospitality firms in Nakuru County, Kenya are outlined in Table 4.10.

Table 4. 10: Descriptive Statistics for service cost of mobile money transfer on financial performance

	SA	A	N	D	SD	n	Mean	Std. Dev
	(%)	(%)	(%)	(%)	(%)			
The adoption of the mobile money transfer in the hotel has reduced the costs associated with accountants and cash officers	31	19	12	28	10	253	2.83	.877
The adoption of the mobile money transfer in the hotel has reduced the costs associated with securing the physical cash	36	34	8	21	0	253	3.43	.655
The adoption of the mobile money transfer in the hospitality firms has reduced the costs incurred in transactional costs at the bank	37	47	3	13	0	253	3.61	.493
The adoption of the mobile money transfer in the hotel has reduced the costs associated with the loss of productive time in handling physical cash	39	41	6	14	0	253	3.91	.509
The adoption of the mobile money transfer has reduced the overall costs of the front office management unit	48	32	12	8	0	253	4.13	.806

Source: Survey Data (2019)

The results show that respondents disagreed (mean \approx 2.00; std dev $<$ 1.000) that the adoption of the mobile money transfer in the hotel has reduced the costs associated with accountants and cash officers. The respondents also agreed (mean \approx 3.00; std dev $<$ 1.000) that the adoption of the mobile money transfer in the hospitality firms has reduced the costs associated with securing the physical cash. The respondents also agreed that (mean \approx 4.00; std dev $<$ 1.000) the adoption of the Mobile money transfer in hospitality firms has reduced the costs incurred in transactional costs at the bank. In addition, the respondents agreed that (mean \approx 4.00; std dev $<$ 1.000) The adoption of the mobile money transfer in the hotel has reduced the costs associated with the loss of productive time in handling physical cash. The respondents also agreed (mean \approx

4.00; std dev < 1.000) that the adoption of the mobile money transfer has reduced the overall costs of the front office management unit. This concurs with Muema, (2014) who established that mobile payments resulted in increased cash management practices.

4.4.7 Average cost of making payment using mobile money transfer

The study sought to determine the average cost of making payment using mobile money transfer. Table 4.11 illustrates the findings.

Table 4. 11: Average cost of making payment using mobile money transfer

	Frequency	Percentage
0 Ksh -30 Ksh	57	23
31 Ksh -100 Ksh	183	72
Above Ksh 100	13	5
Total	253	100.0

Source: Survey Data (2019)

From the findings 23% of the respondents stated that the average cost of making payment using mobile money transfer is 0 Ksh -30 Ksh, 72% of the respondents stated it is 31 Ksh -100 Ksh while 5% of the respondents stated it is above 100 Ksh. This implies that the average cost of making payment using mobile money transfer is 31 Ksh -100 Ksh. Transaction cost of mobile money transfer are low largely due to mobile markets still being immature and not offering bulk transactions.

4.4.8 Efficiency of mobile money transfer services on financial performance of firms in the hospitality sector

The study further sought to determine the effect of efficiency of mobile money transfer services on financial performance of firms in the hospitality firms in Nakuru County, Kenya. Efficiency of the mode of payment are believed to have an effect on the financial performance of companies. The findings are shown in Table 4.12

Table 4. 12: Descriptive Statistics for the efficiency of mobile money transfer services

	SA	A	N	D	SD	N	Mean	Std. Dev
	(%)	(%)	(%)	(%)	(%)			
The introduction of the mobile money transfer has enabled quicker serving of the clients resulting into increased business	41	45	0	4	0	253	4.09	.784
The introduction of the mobile money transfer has eliminated the income leakage points	36	24	0	8	32	253	3.30	.756
The introduction of the mobile money transfer has enabled better customization of the services due to the data mining	33	17	8	12	20	253	3.48	.586
The introduction of the mobile money transfer has enabled better customer services as the hotel doesn't have to look for loose change	32	33	15	18	8	253	3.30	.628
The introduction of the mobile money transfer has enhanced the online business of the hotel	18	12	18	32	20	253	2.39	.930

Source: Survey Data (2019)

The findings illustrated that respondents agreed (mean \approx 4.00; std dev $<$ 1.000) that The introduction of the mobile money transfer has enabled quicker serving of the clients resulting into increased business. The respondents also agreed (mean \approx 3.00; std dev $<$ 1.000) that the introduction of the mobile money transfer has eliminated the income leakage points. The respondents also agreed that (mean \approx 3.00; std dev $<$ 1.000) the introduction of the mobile money transfer has enabled better customization of the services due to the data mining. In addition, the respondents agreed that (mean \approx 3.00; std dev $<$ 1.000). The introduction of the mobile money transfer has enabled better customer services as the hotel doesn't have to look for loose change. The

respondents further agreed (mean ≈ 4.00 ; std dev < 1.000) that the introduction of the Mobile money transfer has enhanced the online business of the hotel. The study agree with Kipyegon and Jelaga (2016) who found out that Mobile money transfer services also introduce an element of convenience in payment and in enabling the customers to book and pay for services when they are in remote places. This essentially means that the customers can pay for services before they consume them hence attracting a market or sales they wouldn't have had.

4.4.9 Average time taken by customer to make payment through mobile money transfer

The study sought to determine the average time taken by customer to make payment through mobile money transfer. The time taken in making payment is very significant on the competitive advantage of any business. Table 4.13 illustrates the findings.

Table 4. 13: Average time taken by customer to make payment through Mobile money transfer

	Frequency	Percentage
Less than 3 Minutes	181	72
3-7 Minutes	72	28
8-10 Minutes	0	0
More than 10 Minutes	0	0
Total	253	100.0

Source: Survey Data (2019)

From the findings 72% of the respondents stated that the it takes less than 3 minutes to make payment through mobile money transfer while 28% of the respondents stated that the it takes 3-7 minutes to make payment through Mobile money transfer. This implies that majority of customers take less than 3 minutes to make payment through mobile money transfer. The researcher further sought to determine what might be contributing to delay while making payment through Mobile money transfer. From the findings majority of the respondents attributed the delay to technical breakdown of Mobile money transfer system and in some instances poor network.

4.4.10 Number of employees involved while making payment using mobile money transfer

The study sought to determine the number of employees involved while customer make payment using mobile money transfer. Table 4.14 illustrates the findings.

Table 4. 14: Number of employees involved while making payment using mobile money transfer

	Frequency	Percentage
1 Employee	210	83
2-3 Employees	43	17
More than 3 Employees	0	0
Total	253	100.0

Source: Survey Data (2019)

From the findings 83% of the respondents stated that only one employee is involved when customers make payment using mobile money transfer while 17% of the respondents stated that 2-3 employees are involved when customers make payment using Mobile money transfer. This implies that in most firms only one employee is involved when customers make payment using Mobile money transfer. The researcher further sought to determine the number of customers served daily using Mobile money transfer. From the findings majority of respondents stated that they serve 10-20 customers through Mobile money transfer however the number might vary depending on the seasons, with holiday seasons registering high number of employees using Mobile money transfer.

4.4.11 Customer adoption level of mobile money transfer services.

In addition the researcher sought to determine the moderating effect of customer adoption level on the relationship between mobile money transfer and financial performance of hospitality firms. The findings are shown in Table 4.15

Table 4. 15: Descriptive Statistics for the customer adoption level of mobile money transfer services

	SA	A	N	D	SD	N	Mean	Std. Dev
	(%)	(%)	(%)	(%)	(%)			
There is an increase in the number of customer using mobile money transfer services in making payment	68	23	2	4	3	253	4.258	0.886
Perceived control of users of mobile money transfer contribute to their frequent use of the service	69	21	0	5	5	253	4.403	0.557
Confidentiality authentications affect the decision of customer to adopt mobile money transfer services in making their payment	40	55	0	2	3	253	4.145	0.807
Customer believe that mobile money transfer is a safe and secure method of money transfer	49	33	12	3	3	253	4.452	0.592

Source: Survey Data (2019)

The first statement required respondents to respond to whether there is an increase in the number of customer using mobile money transfer services in making payment. The findings revealed that majority of the respondents were in agreement (mean=4.258, SD=0.886). On whether perceived control of users of mobile money transfer contributes to their frequent use of the service, majority of the respondents were in agreement (mean=4.403, SD=0.557). The respondents further agreed that confidentiality authentications affect the decision of customer to adopt mobile money transfer services in making their payment (mean=4.145, SD=0.807). The findings agree with studies by Chung and Kwon (2014) who found the same positive relation. On the same note, the respondents also agreed that customers believe that mobile money transfer is a safe and secure method of money transfer (mean=4.452, SD=0.592). This relates to Masinge, (2011) who postulated that cost significantly

influences mobile platform adoption as well as Sathye, (2012) who argued that security concerns and awareness affected adoption.

4.4.12 Net profit for year 2018

The study sought to determine the net profit of firms for year 2016. Table 4.16 illustrates the findings.

Table 4. 16: Net profit for year 2018

	Frequency	Percentage
Ksh 20, 000-40,000	7	3
Ksh 40, 001-60,000	13	5
Ksh 60, 001-80,000	23	9
Ksh 80, 001-100,000	27	11
Ksh 100, 001-120,000	37	14
Ksh 120, 001-140,000	43	17
More than 140,000 Ksh	103	41
Total	253	100.0

Source: Survey Data (2019)

From the findings 3% of the respondents stated that their net profit for the year 2018 was Ksh 20, 000-40,000, 5% of the respondents stated that their net profit for the year 2018 was Ksh 40, 001-60,000, 9% of the respondents stated that their net profit for the year 2018 was Ksh 60, 001-80,000, 11% of the respondents stated that their net profit for the year 2018 was Ksh 80, 001-100,000, 14% of the respondents stated that their net profit for the year 2018 was Ksh 100, 001-120,000, 17% of the respondents stated that their net profit for the year 2018 was Ksh 120, 001-140,000 while 41% of the respondents stated that their net profit for the year 2018 was More than 140,000 Ksh. The findings implies that majority of hospitality firms have recorded a significant growth in their profit.

4.5 Diagnostic Test

4.5.1 Multicollinearity Test

Table 17 shows the results obtained from multicollinearity test. The findings show that all the variables had a tolerance greater than 0.1 and VIF less than 10 hence no multicollinearity problems.

Table 4. 17: Tolerance and VIF Test

	Tolerance	VIF
Security features of Mobile money transfer	.552	1.813
Cost of Mobile money transfer	.439	2.277
Efficiency of Mobile money transfer	.537	1.863

4.6 Correlation Analysis

4.6.1 Correlation between Security features of Mobile money transfer and financial performance

The relationship between security features of Mobile money transfer on financial performance of firms in the hospitality firms in Nakuru County, Kenya was determined. Table 4.18 shows the results of correlation analysis.

Table 4. 18: Correlation between security features of Mobile money transfer and financial performance of firms in the hospitality sector

		Financial performance of firms in the hospitality sector
Security Features of Mobile Money Transfer	Pearson Correlation	.360**
	Sig. (2-tailed)	.002
	N	253

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

The results show a positive relationship which was however weak but significant ($r = 0.360$; $p < 0.01$). As such better security features of mobile money transfer are fundamentally important in improving the financial performance of firms in the hospitality sector. The findings agree with Nyaga (2015) who argued that the use of Mobile money transfer services also enables the firms to receive the funds in an electronic cash form which eliminates the security risks associated with physical cash handling

4.6.2 Correlation between service cost of Mobile money transfer services and financial performance

The study determined the effect of the service cost of Mobile money transfer services on financial performance of firms in hospitality firms in Nakuru County, Kenya. In addition, the relationship between the two study variables was ascertained. Table 4.18 displays the results.

Table 4. 19: Correlation between service cost of Mobile money transfer services and financial performance of firms in hospitality sector

		Financial Performance of Firms in Hospitality Sector
Service Cost of Mobile money transfer	Pearson Correlation	.648**
	Sig. (2-tailed)	.000
	N	253

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

The study found a positive relationship which was moderately strong and significant ($r = 0.648$; $p < 0.05$). This meant that low service cost of Mobile money transfer services result to improved financial performance of firms in the hospitality sector. The finding agrees with Baaria (2015) who found out that the use of the mobile payments reduces the costs associated with the employees involved in cash management

4.6.3 Correlation between efficiency of Mobile money transfer services and financial performance

The study further evaluated how efficiency of Mobile money transfer services affect financial performance of firms in the hospitality firms in Nakuru County, Kenya. The outcome of the analysis is shown in Table 4.19 below.

Table 4. 20: Correlation between efficiency of Mobile money transfer services and financial performance of firms in the hospitality sector

		Financial performance of firms in the hospitality sector
Efficiency of Mobile money transfer	Pearson Correlation	.667**
	Sig. (2-tailed)	.000
	N	253

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

The results revealed a positive relationship which was significant and moderately strong ($r = 0.667$; $p < 0.05$). Efficiency of Mobile money transfer significantly and influenced performance of firms in the hospitality firms in Nakuru County, Kenya. According to Karani (2015) the major area that the Mobile money transfer introduces efficiency is the cash management that enables faster serving of the customer and the security of the collected cash.

4.7 Regression Results

The relevant results for the regression analysis are indicated in Table 4.21, Table 4.22, and Table 4.23 respectively.

Table 4. 21: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.725 ^a	.525	.498	.67974

a. Predictors: (Constant), Security Features of Mobile money transfer Services, Service Cost Of Mobile money transfer Services and Efficiency of Mobile money transfer Services

As indicated in Table 4.14 the value of $r^2 = 0.525$ which shows that 52.5% of financial performance of firms in the hospitality firms in Nakuru County is explained by security features of Mobile money transfer services, service cost of Mobile money transfer services and efficiency of Mobile money transfer services.

Table 4. 22: Analysis of Variance (ANOVA^b)

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	35.773	2	8.943	19.356	.000 ^a
Residual	32.343	251	.462		
Total	68.116	253			

a. Predictors: (Constant), Security Features Of Mobile money transfer Services, Service Cost Of Mobile money transfer Services and Efficiency of Mobile money transfer Services

b. Dependent Variable: Financial performance of firms in the hospitality sector

The ANOVA results obtained a $F(2, 253)=19.356$ with a p value <0.01 which implies that the model was significant in explaining the relationship that exists between the research variables and therefore the model did for the data.

Table 4. 23: Significant Test Results for Overall Model

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
(Constant)	1.335	.366			3.651	.001
Security features of mobile money transfer services	.030	.112	.026		.266	.001
Service cost of mobile money transfer Services	.323	.106	.360		3.052	.003
Efficiency of mobile money transfer Services	.140	.091	.137		1.547	.026
Customer adoption level	.245	.104	.179		2.356	.022

a. Dependent Variable: Financial performance of firms in the hospitality sector

Regression analysis was adopted in describing the relationship between the research variables as described below:

$$FP = \beta_0 + \beta_1 SF_1 + \beta_2 Cos_2 + \beta_3 Eff_3 + \varepsilon$$

From the results the given equation was answered by the values of Unstandardized Coefficients (B) and the values were significant (Sig. <0.05) were less than 0.05.

This implies that the variables positively affected the performance. Thus,

$$FP = 1.335 + 0.030 SF_1 + 0.323 Cos_2 + 0.140 Eff_3 + \varepsilon$$

The study further conducted a regression analysis to establish the regression coefficients assessing the moderating effect of customer adoption level as illustrated below:

$$FP = 1.335 + (0.030 SF_1 + 0.323 Cos_2 + 0.140 Eff_3) 0.245 CAL + \varepsilon$$

The resulting variable without predictor variables was 1.335. This explains that, at any given time, financial performance of firms in the hospitality sector will be 1.335 holding other factors constant at 0. The results also show unit change will cause 0.030 times change in financial performance of firms in the hospitality sector, a unit increase in service cost of mobile money transfer services would result to 0.323 times increase in financial performance of firms in the hospitality sector, a unit increase in efficiency of mobile money transfer services would result to 0.140 times increase in financial performance of firms in the hospitality sector while a unit increase in customer adoption level result to an increase of all the variables by a factor of 0.245.

4.8 Hypothesis Testing

4.8.1 Security features of Mobile money transfer services and financial performance

The study sought to test the hypothesis that security features of Mobile money transfer services have no significant effect on financial performance of firms in hospitality firms in Nakuru County, Kenya. From the findings the p-value =0.001 this was less than the significance level (0.05). Therefore, based on the rule of significance, the study rejects the null hypothesis (H_{01}). This implies that security features of Mobile money transfer have a significant effect on financial performance of firms in hospitality firms in Nakuru County. This is in line with Gitau, Mukulu, & Kihoro, (2016) study with noted that the buyers are able to spend more in a given institution through buying of highly priced items or sending more in terms of volumes of the items or services purchased due to the security of funds in their mobile wallets thus increasing the performance a firm.

4.8.2 Cost of Mobile money transfer services and financial performance

The study sought to test the hypothesis (H_{02}) that: Cost of Mobile money transfer services have no significant effect on financial performance of firms in hospitality firms in Nakuru County, Kenya. The findings indicated that the p-value was 0.003 which was less than the significance level (0.05). Therefore, based on the rule of significance, the study rejects the null hypothesis (H_{02}). This means that the cost of mobile money transfer services have significant effect on financial performance of hospitality firms this agrees with Muema, (2014) study which suggested that cost of mobile payments leads to efficiency associated with better cash management practices and eliminating costs associated with physical cash handling thus improving the financial performance of hospitality firms.

4.8.3 Efficiency of Mobile money transfer services and financial performance

The study sought to test the hypothesis that: H₀₃ Efficiency of Mobile money transfer services have no significant effect on financial performance of firms in hospitality firms in Nakuru County, Kenya. From the findings the p-value was 0.026. which was less than the significance level (0.05). Therefore, based on the rule of significance, the study rejects the null hypothesis (H₀₃). This means that the efficiency of Mobile money transfer services have significant effect on financial performance of hospitality firms. The finding is line with a study by Karani, (2015) which uncovered that mobile money transfer introduced efficiency as the cash management which enables faster serving of the customer and the guaranteed security of the collected cash thus adding value to financial performance the hospitality firms

4.8.4 Customer adoption of Mobile money transfer services

Lastly, the study sought to test the hypothesis that: H₀₄ : Customer adoption level does not have a significant moderating effect on the relationship between mobile money transfer and financial performance of hospitality firm in Nakuru County, Kenya is significant. From the findings the p-value was 0.022 which was less than the significance level (0.05). Therefore, based on the rule of significance, the study rejects the null hypothesis (H₀₄). This means customer adoption level have a significant moderating effect on the relationship between mobile money transfer and financial performance of hospitality firm in Nakuru County, Kenya.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This section constitutes a summary of the findings obtained from the study and conclusions reached thereafter. The chapter finalizes with practice and policy recommendations and further studies.

5.2 Summary of the Study

The major findings of the study are outlined below as per the objectives.

5.2.1 Security features of Mobile money transfer on financial performance of firms in the hospitality sector

The researcher aimed at finding out whether security features of mobile money transfer influence hospitality sector performance. The study established that this enabled customers to spend more money in the facility without security risks of carrying huge amounts. In addition, they encourage customers to stay for longer due to security of their funds in mobile phone. The respondents also stated that they make errors while making transaction through Mobile money transfer rarely. Majority of the customers stated that the Mobile money transfer gives the customer an option to countercheck the pay bill or till number before completing the transaction. Thus security features of Mobile money transfer have a significant effect. The findings revealed that there was a weak, positive but statistically significant relationship ($r = 0.360$; $p < 0.01$). This implies that security features of Mobile money transfer positively influenced financial performance of firms in the hospitality sector.

5.2.2 Cost of mobile money transfer on financial performance of firms in hospitality firm

The researcher sought to determine whether the cost of mobile money transfer affect the financial performance of firms in the hospitality sector. Majority of the

respondents admitted that the adoption of the Mobile money transfer in the hospitality firms has reduced the costs associated with accountants and cash officers. It was also clear that the transaction cost of making payment using mobile money transfer is generally low compared to other mode of payment hence affirming a positive effect. Mobile money transfer among majority of the respondents was stated to be 31 Ksh - 100 Ksh. The findings further indicated a positive, moderately strong and statistically significant relationship ($r = 0.648$; $p < 0.05$). This meant that low service cost of Mobile money transfer services result to improved financial performance of firms in the hospitality sector.

5.2.3 Efficiency of Mobile money transfer on financial performance of firms in the hospitality sector

The researcher sought to establish whether the efficiency of mobile money transfer affect the financial performance of firms in the hospitality sector. It was concurred that the introduction of the Mobile money transfer has enabled quicker serving of the clients resulting into increased business. It was also agreed that the introduction of the Mobile money transfer has eliminated the income leakage points. Majority of customers take less than 3 minutes to make payment through Mobile money transfer. It was therefore noted that the efficiency of Mobile money transfer services has significant effect on financial performance of hospitality firms in Nakuru County, Kenya. From the findings majority of the respondents attributed the delay to technical breakdown of Mobile money transfer system and in some instances poor network. Majority of respondents stated that they serve 10-20 customers through Mobile money transfer, however the number might vary depending on the seasons, with holiday seasons registering high number of employees using Mobile money transfer. The findings further revealed a positive, moderately strong and statistically significant relationship ($r = 0.667$; $p < 0.05$). Efficiency of Mobile money transfer significantly

and largely affect financial performance of firms in the hospitality firms in Nakuru County, Kenya.

5.3 Conclusions

5.3.1 Security features of Mobile money transfer on financial performance of firms in the hospitality firms

The researcher concluded that the use of Mobile money transfer services enables the customers to pay huge amounts of cash without drawing undue attention to themselves. The study further concluded that the use of Mobile money transfer services has enabled the facility to open for longer hours due to reduced security costs. The study further concluded that Mobile money transfer gives the customer an option to countercheck the pay bill or till number before completing the transaction. The platform also indicated the name of the business. The study agree with Nyaga, (2015) who agreed that the enhanced security of receiving cash in electronic cash enables the firms in hospitality firms to open for longer hours late into the night and hence serve more customers improving on their financial performance.

5.3.2 Cost of Mobile money transfer on financial performance of hospitality firms

The adoption of the Mobile money transfer in the hotel has reduced the costs incurred in transactional costs at the bank. The adoption of the Mobile money transfer in the hotel has reduced the costs associated with the loss of productive time in handling physical cash. The adoption of the Mobile money transfer has reduced the overall costs of the front office management unit. The study agrees with a study by Muema, (2014) who found out that mobile payments leads to efficiency associated with better cash management practices and eliminating costs associated with physical cash handling

5.3.3 Efficiency of mobile money transfer on financial performance of hospitality firms

The study concluded that the introduction of the Mobile money transfer has enabled better customer services as the hotel doesn't have to look for loose change. The introduction of the Mobile money transfer has enabled better customer services as the hotel doesn't have to look for loose change. The introduction of the Mobile money transfer has enhanced the online business of the hotel. The study agree with Kipyegon and Jelaga (2016) who found out that Mobile money transfer also introduce an element of convenience in payment and in enabling the customers to book and pay for services when they are in remote places. This essentially means that the customers can pay for services before they consume them hence attracting a market or sales they wouldn't have had.

5.4 Recommendations

5.4.1 Policy and Practice

Basing on the conclusion the study recommends industries which runs the mobile money transfer platform should add more user-friendly feature to the platform that support services that target hospitality firms. The company should also increase the service provider and hospitality firm's collaborations to increase the range of services offered.

Mobile money transfer companies should conduct more sensitization programmes to educate hospitality firm on the benefits of using mobile money transfer platform. The study also recommends that mobile money providers to lower the charges incurred during transactions by customers, reduce the transactions times and make improvements to the quality of services provided. This will act as a motivation factor towards the adoption of the mobile money transfer services hence improving the performance of firms.

The study also recommends that policy makers to review policies pertaining to technology adoption including mobile transfer services. They are recommended to encourage innovations as this will greatly boost the mobile service providers sectors therefore increasing their performance. The policy makers are also recommended to enact and review policy and laws pertaining to innovations in the mobile money transfers.

5.4.2 Suggestion for further research

The study suggests further studies to be done on implementation challenges of mobile money transfer in hospitality firms. Further studies should also be undertaken in examining effects of taxation on mobile money transfer service on their usage

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APPENDICES
APPENDIX A: CONSENT STATEMENT

Dear Participant,

My name is Winnie Odhok, a Master's of Science (Finance) student at Kenyatta University, Nakuru Town Campus. You have been selected as part of the study entitled "*Mobile money transfer and financial performance of firms in the hospitality firms in Nakuru County, Kenya*". I am inviting you to participate in the research by completing the attached questionnaire.

The purpose of this information is to give you details about the study that will enable you to make an informed decision regarding your participation. The participation in the study will involve answering of questions which will be administered through a semi-structured questionnaire. No invasive procedure will be subjected to you. It will also not inconvenience you therefore, there will be no compensation involved. Feel free to ask any questions that you may have as well as complaints or suggestions on any areas of the study

In case of any questions, concerns or clarifications that you would like addressed, please contact me

Name: Winnie Odhok. **Signature**

APPENDIX B: RESEARCH QUESTIONNAIRE

MOBILE MONEY TRANSFER AND FINANCIAL PERFORMANCE OF FIRMS IN THE HOSPITALITY FIRMS IN NAKURU COUNTY, KENYA

PART A: BACKGROUND INFORMATION

1. How long has your hotel been in operation

0-5 []

6-10 []

11-19 []

More than 20 years []

2. Please tick the markets in which your hotels is currently operating in

i) International []

ii) Regional []

iii) National []

iv) Local []

3. State the category of customers in your hotel?

.....

4. How do your customers settle their transactions

Advance []

On clearance []

On Credit []

PART B: MOBILE MONEY TRANSFER SERVICES

SECTION B: SECURITY FEATURES

The following items indicate the relationship between security features of *Mobile money transfer* and financial performance of hospitality firms. In a scale of 1-5; where 5= Strongly Agree (SA); 4=Agree (A); 3= Uncertain; 2=Disagree (D) and 1=Strongly disagree (SD), please tick (√) where appropriate, the level that best explains your situation.

	STATEMENT	SA	A	U	D	SD
5)	The use of <i>Mobile money transfer</i> services enables customers to spend more money in the facility without security risks of carrying huge amounts					
6)	<i>Mobile money transfer</i> services encourages customers to stay for longer due to security of their funds in Mpesa					
7)	The use of <i>Mobile money transfer</i> services enables the customers to pay huge amounts of cash without drawing undue attention to themselves					
8)	The use of <i>Mobile money transfer</i> services has reduced the security related costs in the facility					
9)	The use of <i>Mobile money transfer</i> services has enabled the facility to open for longer hours due to reduced security costs					

10) Do customers make errors while making transaction through mobile money transfer services?

Yes []

No []

11) If Yes often how often do you make errors while making transaction through mobile money transfer services?

Very often []

Often []

Less Often []

Rarely []

12) Do customers get their money back after a wrong transaction?

Yes []

No []

13) What are some of the security features of Mobile money transfer used in your firm?

.....

14) How are these security features used in your firm?

.....
1

15) Does *Mobile money transfer services* have any security features?

Yes []

No []

16) If Yes, explain your answer above.

.....

SECTION C: COST OF MOBILE MONEY TRANSFER SERVICES

The following are items in relation to the role of cost of *Mobile money transfer* in enhancing cost efficiency. In a scale of 1-5; where 5= Strongly Agree (SA); 4=Agree (A); 3= Uncertain; 2=Disagree (D) and 1=Strongly disagree (SD), please tick (√) where appropriate, the level that best explains your situation.

	STATEMENT	SA	A	U	D	SD
17)	The adoption of the <i>Mobile money transfer</i> in the hotel has reduced the costs associated with accountants and cash officers					
18)	The adoption of the <i>Mobile money transfer</i> in the hotel has reduced the costs associated with securing the physical cash					
19)	The adoption of the <i>Mobile money transfer</i> in the hotel has reduced the costs incurred in transactional costs at the bank					
20)	The adoption of the <i>Mobile money transfer</i> in the hotel has reduced the costs associated with the loss of productive time in handling physical cash					
21)	The adoption of the <i>Mobile money transfer</i> has reduced the overall costs of the front office management unit					

22) The cost of using *Mobile money* is low compared to cash payment?

Yes []

No []

23) If Yes, explain your answer above.

.....

24) What is the average cost of making payment using *Mobile money transfer* for each customer?

0 Ksh -30 Ksh []

31 Ksh -100 Ksh []

Above Ksh 100 []

25) What is your opinion concerning the cost of making payments using *Mobile money* in regards to operational cost

.....

SECTION D: EFFICIENCY OF MOBILE MONEY TRANSFER SERVICES

The following are items in relation to the efficiency of mobile money transfer services. In a scale of 1-5; where 5= Strongly Agree (SA); 4=Agree (A); 3= Uncertain; 2=Disagree (D) and 1=Strongly disagree (SD), please tick (√) where appropriate, the level that best explains your situation.

	STATEMENT	SA	A	U	D	SD
26)	The introduction of the <i>Mobile money transfer</i> has enabled quicker serving of the clients resulting into increased business					
27)	The introduction of the <i>Mobile money transfer</i> has eliminated the income leakage points					
28)	The introduction of the <i>Mobile money transfer</i> has enabled better customization of the services due to the data mining					
29)	The introduction of the <i>Mobile money transfer</i> has enabled better customer services as the hotel doesn't have to look for loose change					
30)	The introduction of the <i>Mobile money transfer</i> has enhanced the online business of the hotel					

31) How long does it to serve a customer while he/she is making payment through *Lipa Na Mpesa*

Less than 3 Minutes []

3-7 Minutes []

8-10 Minutes []

More than 10 Minutes []

33) Explain some of the reasons for the delay if any?

.....

34) How many employee are involved while customer make payment while using Mobile money transfer in making payment?

1 Employees []

2-3 Employees []

More than 3 Employees []

35) How many customer (on average) do you serve daily in your hotel?

.....

SECTION E: CUSTOMER ADOPTION LEVEL

The following are items in relation to customer adoption level of mobile money transfer services. In a scale of 1-5; where 5= Strongly Agree (SA); 4=Agree (A); 3= Uncertain; 2=Disagree (D) and 1=Strongly disagree (SD), please tick (✓) where appropriate, the level that best explains your situation.

	STATEMENT	SA	A	U	D	SD
36)	There is an increase in the number of customer using mobile money transfer services in making payment					
37)	Perceived control of users of mobile money transfer contribute to their frequent use of the service					
38)	Confidentiality authentications affect the decision of customer to adopt mobile money transfer services in making their payment					
39)	Customer believe that mobile money transfer is a safe and secure method of money transfer					

SECTION F: FINANCIAL PERFORMANCE

40) How much (on average) do you spend on cash management costs in a month

Ksh 2, 000-3,000 [] Ksh 3, 001-4,000 []

Ksh 4, 001-5,000 [] Ksh 5, 001-3,000 []

More than 7000 []

41) Kindly tick the option that best describes your net profit for your net profit for year 2016 in Kenyan shillings?

Ksh 20, 000-40,000 [] Ksh 40, 001-60,000 []

Ksh 60, 001-80,000 [] Ksh 80, 001-100,000 []

Ksh 100, 001-120,000 [] Ksh 120, 001-140,000 []

More than 140,000 Ksh []

42) Kindly give an estimate of your client base (number of customer) in year 2016
Ksh

43) Kindly indicate the following financial data for the past four years

Financial Data	2014	2015	2016	2017
Total Value of Assets (in Ksh)				
Net Profit/Income (in Ksh)				
Net Annual Sales (in Ksh)				
Value of Original Investment (in Ksh)				
Annual Total Expenses (in Ksh)				

THANK YOU