

# **Mobile Payment System and the Growth of Small and Medium Enterprises in Tanzania: Case of Moshi Municipality**

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The main objective of this study was to determine the effect of mobile payment system on the growth of SMEs in Tanzania: Case of Moshi Municipality. The study was guided by four specific objectives: first, to establish the extent in which mobile payment system are used among SMEs in the study area, second, to examine factors influencing the adoption of mobile payment system among SMEs in Moshi Municipality, thirds, to determine if mobile payment system adoption had any impact on sales revenue of SMEs in the study area and fourth, to establish if mobile payment system attributes of transaction cost, ease of use, security, support and convenience resulted to the growth of SMEs. Survey questionnaire and interview were used to collect data from a sample of 110 randomly selected SMEs through descriptive cross sectional study design. The analysis was done using descriptive statistics and inferential statistics. Findings provide that, mobile payment system is used widely by SMEs as means of payment and saving facility where M-Pesa is mostly used followed by Tigo-Pesa. There are different factors that have contributed to the adoption of mobile payment as revealed by one sample t-test. These factors include; security, ease of use, low transaction cost, perceived support, and convenience of the system. Mobile payment system has a significance at 0.01 level contributions on sales revenues. Finally, coefficient of determination Of 25.4% provide little significance Of mobile payment system on the growth of SMEs in the study area though its importance of payment and savings facilities to the business. Therefore, from that, the study recommending there is need to have an awareness campaign on the uses of mobile payment system from mobile service providers to SMEs.