
**ASSESSING SOCIO ECONOMIC DETERMINANTS OF THE
CHALLENGES FACING RURAL SMEs IN THE USAGE OF MOBILE
MONEY SERVICES : A CASE STUDY OF NAMBUMA TRADING
CENTRE LILONGWE**

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ABSTRACT

This report presents results from 68 small scale businesses at Nambuma Trading Centre. The analysis was aligned to the proposal objectives and the questionnaire. In addition to descriptive statistics, cross-tabulations and non-parametric tests, a binary logistic regression model for high mobile money challenge burden.

Mobile money usage was very high. A total of 66 out of 68 respondents (97.1%) reported using mobile money services. This indicates that mobile money has become a normal transaction channel for SMEs in the study area. However, high usage did not remove operational problems. Based on the seven challenge items, 61 respondents (89.7%) selected at least one challenge and 33 respondents (48.5%) selected four or more challenges.

The most common challenges were lack of liquidity or insufficient cashflow at agent points (43 respondents, 63.2%), low financial literacy (39 respondents, 57.4%), low digital literacy (36 respondents, 52.9%), security concerns (34 respondents, 50.0%), and scarcity of mobile money agents (33 respondents, 48.5%). High transaction costs were selected by 25 respondents (36.8%).

The relationship between high transaction costs and mobile money adoption was negative but not statistically significant at the 5 percent level. All respondents who did not use mobile money selected high transaction costs, but only two respondents were non users, which reduced the power of the test. Fisher's exact test produced $p = 0.132$, while Spearman's rho was -0.228 ($p = 0.061$). The practical interpretation is that high transaction costs may discourage some SMEs, but in this sample most SMEs continued using mobile money despite

the costs. Among socio economic factors, business type showed the clearest relationship with the number of challenges selected. A Kruskal-Wallis test showed a statistically significant difference in challenge burden across business types ($H = 10.354$, $p = 0.035$). Transportation businesses recorded the highest average number of challenges. Other factors such as gender, age group, education level, income group, occupation and years in operation did not show statistically significant differences in challenge burden at the 5 percent level

INTRODUCTION

Mobile transactions have transformed financial systems by offering convenient and secure financial services globally. In developed countries, mobile platforms are deeply integrated into banking, retail and online businesses, enabling seamless financial interactions. In developing countries, mobile transactions are increasingly recognised as tools for financial inclusion, especially among populations excluded from the formal banking system (Mishra and Bvuma, 2022)

Similarly, Digital payment systems have emerged as a transformative force across Africa. For example, Countries like Kenya, Uganda and Ghana have demonstrated how these mobile platforms can empower Small Scale Business owners, reduce cash based transactions and expand access to financial services (Muthiora, 2015) . With over 600 million registered mobile money accounts, Sub-Saharan Africa leads the world in mobile financial innovation. Services such as Mpesa have become case studies in how technology can bridge financial gaps and stimulate economic growth (Osabutey and Jackson, 2024)

In line with African developments, mobile money services, mainly Airtel Money and TNM Mpamba have gained popularity, especially in urban areas as compared to the rural areas in Malawi (Chidzumeni, 2024). These Mobile transactions offer opportunities for small scale businesses to manage payments, access savings and expand globally. Although mobile money services such as Airtel Money and TNM Mpamba are growing in Malawi, rural adoption remains low due to factors like poor network connections, low digital literacy, insufficient mobile money agents and trust issues (Nguyen et al., 2023) . Regardless of the government efforts to promote financial inclusion, many rural entrepreneurs struggle to integrate mobile transactions into their daily operations, therefore understanding these challenges helped the stakeholders such as policy makers, rural business owners and service providers to formulate strategies that helped in mitigating those barriers in order to address

the issue while improving the general wellbeing of rural communities and financial empowerment of the SMEs (Chidzumeni, 2024; Gherghina et al., 2020; Nguyen et al., 2023).

Despite existence previous studies by various Scholars on the challenges of Mobile Money transactions among SMES in Malawi, it has shown that most of them have focused on issues like the mobile money adoption challenges at business complex, the role of Mobile money in promoting financial stability and accessibility and other problems within mobile money systems in urban areas for example Study by (Elshandidy et al., 2018) focused on measuring the impact of mobile money adoption as a mode of payment by SMES in Malawi by identifying the challenges such as high transactions rate, lack of knowledge and client negligence. (Nyirenda and Chikumba, 2014) highlighted the customer behaviour on the mobile money adoption and its usage. Despite the existing studies, the researchers overlooked the socio economic factors like scarcity of mobile money Agents, poor network coverage, higher transaction costs, operational knowledge and how these factors contribute to the challenges affecting mobile money adoption transactions among SMEs in Nambuma Trading Centre.

1.1 Background of the study

Globally, SMEs provide employment opportunities, support local supply chains and contribute largely to the Gross Domestic Product and revenue growth (Mishra and Bvuma, 2022). In developing countries, SMEs play a very crucial role in poverty eradication, financial stability and growth among the population. Their importance also lies in the way they drive innovation, create employment, and sustain economic activity at both local and international levels, making them essential for balanced and resilient economies (Guo and Huang, 2024).

In African countries, SMEs are widely regarded as the cornerstone of economic growth, poverty reduction and an innovation centre for both rural and urban areas (Guo and Huang, 2024). These enterprises play a very crucial role in the African economic landscape by creating job opportunities, contributing to the African GDP growth and promoting local innovation ideas within and outside the business sector in the rural communities. However, the adoption of mobile money services has become the most beneficial transformative tool that offers convenient and secure traditional banking services, especially in rural areas where banking services are not accessible (Alliance for Financial Inclusion, 2018)

Malawi is one of the countries in Africa with a large number of SMES officially classified into sections based on the number of employees and capital size. These enterprises range from micro enterprises, which have 1- 4 employees, to medium enterprises with 21-100 workers. However, about 85% of these businesses operate in rural areas (ICSB, 2024). In this context, digital transaction systems promote financial inclusion as they reach people who are excluded from the physical banking services (Mishra and Bvuma, 2022). Despite the existing studies on the general adoption of digital transaction systems showing that there is very limited empirical evidence that specifically addresses the unique and persistent challenges faced by rural SMEs, such as network failure, high transaction costs, lack of agents and liquidity shortages (Otieno et al., 2016). Therefore, to cover the gap, this study highlighted the Socio economic factors contributing to the challenges of mobile money among SMES at Nambuma trading centre. (ICSB, 2024; Mishra and Bvuma, 2022; Otieno et al., 2016)

1.2 Problem statement

Mobile money services have expanded significantly in Malawi and are widely recognised as essential tools for financial inclusion (Alliance for Financial Inclusion, 2018). Despite this progress, rural SMEs continue to face substantial barriers when transacting through mobile platforms. In Nambuma Trading Centre, a lot of SMEs rely on mobile money due to the absence of nearby banking infrastructure, yet their transaction experiences are frequently undermined by persistent challenges such as poor network coverage leading to delayed or failed transactions, ongoing agent liquidity shortages that limit cash in/cash out operations, high or inconsistent transaction fees that discourage frequent use among others.

While several studies have documented mobile money adoption barriers in Malawi, most focus on urban businesses, household users, or general adoption trends (Koi-Akrofi, 2022). Maurer, (2012) studied the digital systems. Anthony, in (2025) focused on analysing the effect of mobile money systems on Small and Medium businesses.

However, there is very limited research examining the socio economic determinants of mobile transaction challenges specifically among rural SMEs; for that reason the stakeholders, such as policymakers and mobile service providers, may overlook structural issues facing rural entrepreneurs due to a lack of empirical evidence. Therefore, this study addressed this gap by assessing how socio economic factors shaped mobile transaction challenges among SMEs in Nambuma trading centre. The findings generated empirical

evidence needed to improve Mobile Money Services and inform the design of effective interventions targeting rural business environments.

1.3 Research Objectives

To assess the socio economic factors contributing to the challenges affecting mobile transactions of Small Scale Businesses at Nambuma trading centre.

1. To identify challenges faced by small scale business when doing mobile transactions at Nambuma trading centre.
2. To determine the relationship between mobile transaction costs and adoption of mobile transactions among Nambuma SMES.
3. To evaluate the effect of socio economic factors affecting the perceived challenges of mobile money transactions by Nambuma SMES.

1.4 Research Questions

1. What challenges do small scale businesses in Nambuma encounter when conducting mobile money transactions?
2. What is the relationship between mobile transaction costs and the adoption of mobile money services among SMEs in Nambuma?
3. How do socio economic factors influence the perceived challenges of mobile money transactions among SMEs in Nambuma?

1.5 Significance of the Study

This chapter introduced the study on socio economic determinants of challenges facing rural SMEs in the usage of mobile money services at Nambuma Trading Centre. It presented the background of the study, statement of the problem, research objectives, research questions and significance of the study. The chapter established that although mobile money services are widely used by SMEs, rural business operators continue to face challenges such as network problems, high transaction costs, limited agent availability, liquidity shortages, low digital literacy and security concerns. The next chapter reviews related literature and theoretical perspectives relevant to the study.

LITERATURE REVIEW

This chapter reviews literature on the socio economic factors contributing to the challenges of mobile money transactions among SMEs at Nambuma trading centre. The review is organised into three main sections: theoretical review, conceptual review, and empirical review. The theoretical review discusses Innovation Theory and its application to the adoption and use of mobile money transactions. The conceptual review examines the key concepts and variables relevant to the study, including socio economic factors and mobile money transactions. The empirical review synthesises findings from previous studies on mobile money adoption and use among SMEs in developing countries, including Malawi. The chapter highlights the importance of factors such as education level, income, access to technology, cost of transactions, security concerns and lack of awareness in shaping SMEs' use of mobile money transactions, and identifies gaps in the literature that this study addressed.

ery crucial role in poverty eradication by offering employment opportunities to the local communities, promoting economic growth by increasing the Gross Domestic Product, but they face challenges in accessing affordable financial services (Nyimbiri, 2021).

Theoretical Review

Diffusion of Innovation (DOI)

The study was guided by Innovation theory. This theory was developed Everett Rogers (1962) and revised by Fred Davis (1989). The theory highlights the five stages people go through when adopting new technology, the following are the stages: learning about the innovation. Initiating an idea, choosing either to reject or accept, implementing, evaluating and adopting. Technology acceptance theory explains how Mobile money adoption in Nambuma can be influenced by SMEs' perception of technological usefulness. Therefore, this theory can influence the SMEs decision to adopt Mobile money services as they weigh the perceived benefits against the challenges at Nambuma trading centre.

Conceptual Frameworks

A conceptual framework illustrates the relationship between key variables under investigation in a study. In this research, the conceptual framework explains how socio economic factors influence mobile money transaction challenges among small scale businesses at Nambuma Trading Centre. The independent variables in this study are socio economic factors affecting mobile money usage. These include transaction costs, network reliability, digital literacy, availability of mobile money agents, agent liquidity, and trust and security concerns. These

factors are considered independent because they influence how mobile money services are accessed and used by small scale businesses.



Figure :1 Conceptual frameworks.

METHODOLOGY

The study adopted a quantitative cross-sectional survey design and collected data from 68 SME owners and managers at Nambuma Trading Centre. A structured questionnaire was used to collect information on demographic characteristics, business characteristics, mobile money usage and transaction challenges. The data were analysed using SPSS through descriptive statistics, cross-tabulations, Chi-square tests, Fisher's exact test, Spearman correlation, non-parametric tests and binary logistic regression. The chapter also explained how the challenge burden score was developed from the seven challenge items collected in the questionnaire.

RESULTS AND DISCUSSION

The results are arranged according to the study objectives and research questions. The chapter starts with data screening and response rate, followed by demographic and business characteristics of respondents, then findings for each objective, statistical tests, regression analysis, and a summary of answers to the research questions.

1.6 Demographic Characteristics of Respondents Respondents were aged between 18 and 72 years, with a mean age of 36.3 years and a median age of 34 years. The age distribution suggests that most respondents were adults of economically active age, which is expected for business owners and managers operating at a rural trading centre.

Table 1: Summary of continuous demographic and business variables

Variable	Mean	Std. dev.	Median	Minimum	Maximum
Age of respondent	36.3	12.4	34.0	18	72
Household size	4.6	2.6	4.0	1	13
Monthly income (MWK)	2,216,618	3,540,422	1,000,000	40,000	20,000,000
Years in business operation	4.4	3.0	4.0	0.6	15.0

Marital status results showed that married respondents formed the largest group at 36.8%, followed by single respondents at 26.5%, widowed respondents at 19.1%, and divorced respondents at 16.2%. The presence of widowed and divorced respondents also suggests that mobile money services may be important not only for business operations but also for household support and financial management.

Table 2: Marital status of respondents.

Category	Frequency	Percent
Single	18	26.50
Married	25	36.80
Divorced	11	16.20
Widowed	13	19.10
Other/unspecified	1	1.50

Education was distributed across all levels. Secondary education was the most common education level at 35.3%, followed by tertiary education at 23.5%, primary education at 22.1%, and no formal education at 19.1%. This variation was important because education and literacy are directly linked to the ability to understand mobile money procedures, transaction charges, PIN security, and reversal processes.

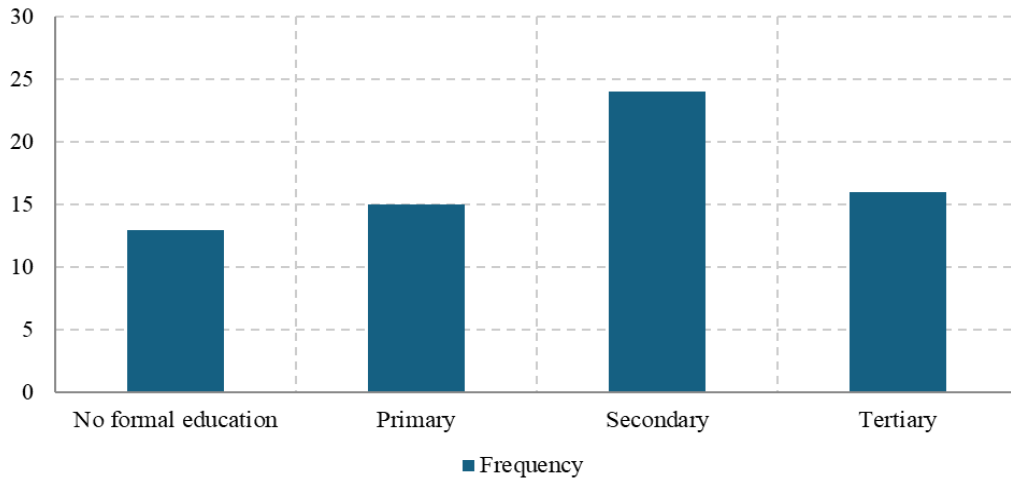


Figure 1: Education level of respondents.

The monthly income variable was recorded as actual income amounts rather than only broad categorical groups. The median income was MWK 1,000,000, while the mean was higher because some respondents reported very high monthly income values. To make the results easier to interpret, income was grouped into five practical categories.

Table 3: Monthly income group of respondents.

Category	Frequency	Percent
Below MWK 200,000	5	7.40
MWK 200,000-500,000	11	16.20
MWK 550,000-1,000,000	22	32.40
MWK 1,000,001-4,999,999	23	33.80
MWK 5,000,000 and above	7	10.30

1.7 Business Characteristics of Respondents

Respondents were drawn from different business activities at Nambuma Trading Centre. Retail grocery businesses made up the largest group at 38.2%. Transportation and restaurant businesses each represented 22.1%, while hardware businesses represented 11.8% and other businesses represented 5.9%. The diversity of business types allowed the study to compare whether mobile money transaction challenges differ across business activities.

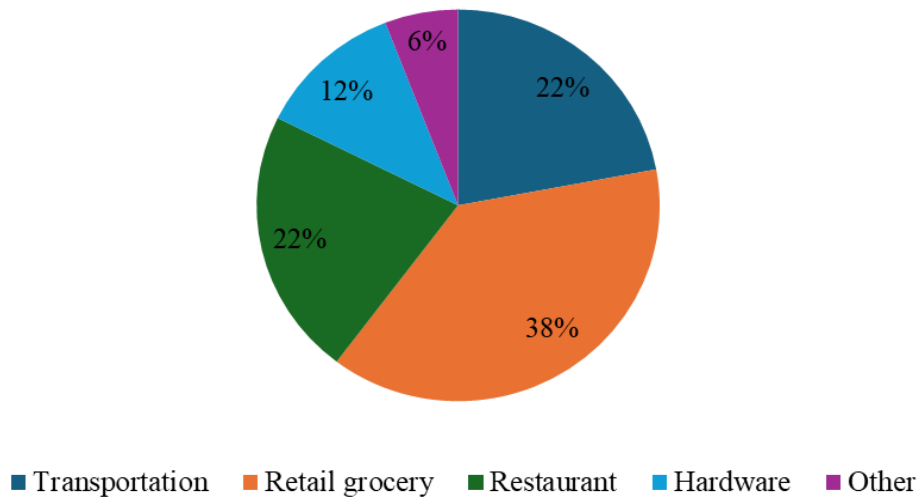


Figure 2: Business type of respondents.

Most respondents reported no formal employment outside their business activities. This suggests that small scale business activity is a major source of livelihood for respondents. Therefore, difficulties in mobile money transactions can directly affect business income and household welfare.

Table 4: Primary occupation of respondents.

Category	Frequency	Percent
No formal employment	42	61.80
Business owner	18	26.50
Part-time	4	5.90
Full-time	2	2.90
Other	2	2.90

The mean business operation period was 4.4 years, with a median of 4 years. This indicates that many respondents had operated long enough to have practical experience with mobile money services and to provide meaningful responses on the challenges encountered during business transactions.

Objectives

The first objective was to identify the challenges faced by small scale businesses when conducting mobile money transactions at Nambuma Trading Centre. The questionnaire allowed respondents to select all challenges that applied to their business experience. Seven challenge areas were analysed.

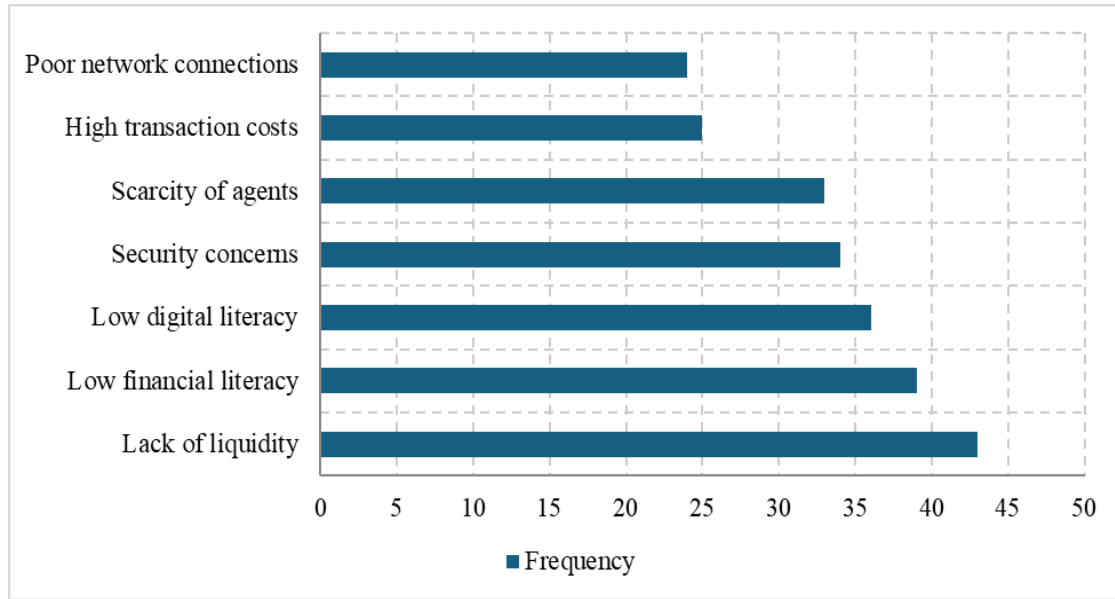


Figure 3: Reported mobile money transaction challenges.

The most common challenge was a lack of liquidity, selected by 43 respondents (63.2%). This means that many SMEs struggle when mobile money agents do not have enough cash for withdrawals or enough float to process transactions. In practical terms, liquidity problems can delay sales, prevent cash-out transactions, and reduce customers' confidence in paying through mobile money.

Low financial literacy was the second most common challenge, reported by 39 respondents (57.4%). This suggests that a large share of respondents may find it difficult to fully understand transaction charges, account balances, reversal procedures, or record keeping. Low digital literacy was also reported by 36 respondents (52.9%), showing that knowledge gaps are not only financial but also technological.

Security concerns were selected by 34 respondents (50.0%), showing that fears of fraud, wrong transfers, PIN exposure, and customer deception are common among rural SMEs. Scarcity of mobile money agents was selected by 33 respondents (48.5%), which supports the view that rural trading centres need more reliable agent coverage. High transaction costs were selected by 25 respondents (36.8%), while poor network connections were selected by 24 respondents (35.3%).

Overall, the findings show that the major challenges are not only technical. They combine service infrastructure problems, agent liquidity problems, financial literacy gaps, digital literacy gaps, and trust or security concerns. This supports the study's conceptual framework,

which expected socio economic and service-related factors to shape the challenges experienced by rural SMEs.

Table 5: Challenge burden categories.

Category	Frequency	Percent
Low (0-2 challenges)	23	33.80
Moderate (3-4 challenges)	23	33.80
High (5-7 challenges)	22	32.40

When the number of challenges reported by each respondent was summed, 33.8% of respondents had a low challenge burden, 33.8% had a moderate challenge burden, and 32.4% had a high challenge burden. This means that almost one-third of respondents selected five to seven challenge areas. Therefore, a considerable proportion of SMEs are not facing isolated difficulties but multiple overlapping barriers when using mobile money services.

The second objective was to determine the relationship between mobile transaction costs and adoption of mobile money transactions among SMEs in Nambuma. Mobile money use was very high in the dataset: 66 out of 68 respondents (97.1%) reported using mobile money services, while only 2 respondents (2.9%) reported not using mobile money services.

Because almost all respondents were mobile money users, the dataset had a ceiling effect for adoption. A ceiling effect means that there is too little variation in the adoption outcome to build a strong adoption model. For that reason, binary logistic regression using adoption as the dependent variable was not appropriate, because the non-adoption group had only two cases.

Fisher exact testing showed no statistically significant relationship between high transaction cost reporting and whether a respondent used mobile money services ($p = 0.132$).

Although transaction costs could not meaningfully explain adoption, they were clearly related to the overall challenge burden. Respondents who selected high transaction costs reported a higher mean number of challenges than those who did not select high transaction costs.

Table 6: Challenge burden by high transaction cost reporting.

Group	n	Mean challenge count	Std. dev.	Median
High transaction cost not selected	43	2.53	1.61	3.0
High transaction cost selected	25	5.00	1.85	5.0

Spearman correlation showed a strong positive relationship between high transaction cost reporting and the total number of challenges selected ($\rho = 0.567$, $p < 0.001$). The Mann-Whitney U test also confirmed that the difference in challenge burden between the two groups was statistically significant ($p < 0.001$). This means that high transaction costs are not necessarily preventing SMEs from adopting mobile money, but they are contributing to a more difficult mobile money experience after adoption.

The finding answers the second objective in a practical way: mobile money adoption is high, but transaction costs remain a barrier to effective and comfortable usage. For rural SMEs, even when mobile money is necessary for business, high charges can reduce profitability, discourage frequent transactions, and make business owners prefer cash for some transactions.

The third objective was to evaluate how socio economic factors affect perceived challenges of mobile money transactions. The analysis used both bivariate tests and binary logistic regression. The bivariate tests examined relationships between selected socio economic variables and challenge burden, while logistic regression assessed the adjusted effect of selected predictors on the likelihood of having a high challenge burden.

Table 7: Chi-square tests between socio economic factors and high challenge burden.

Factor	Chi-square	df	p-value	Smallest expected count
Gender	0.006	1	0.939	10.35
Education level	5.090	3	0.165	4.21
Income group	1.357	4	0.852	1.62
Business type	8.252	4	0.083	1.29
Occupation	2.817	4	0.589	0.65
Uses mobile money	1.712	1	0.191	0.65

The chi-square tests showed that gender, education level, income group, occupation, and mobile money usage were not statistically significant at the 5% level in relation to the high challenge burden category. Business type was closer to significance ($p = 0.083$), suggesting that different types of businesses may experience different levels of mobile money transaction challenges.

Table 8: Kruskal-Wallis tests for number of challenges by socio economic factors.

Factor	Kruskal-Wallis H	df	p-value
Gender	0.518	1	0.472
Education level	1.853	3	0.604
Income group	1.400	4	0.844
Business type	10.354	4	0.035
Occupation	2.490	4	0.647

Because the number of challenges is a count variable and not normally distributed, Kruskal-Wallis tests were also used. These tests showed that business type had a statistically significant association with the number of challenges reported ($p = 0.035$). This means that the number of mobile money challenges differs across business categories.

Table 9: Mean number of challenges by business type.

Business type	n	Mean challenge count	Std. dev.	Median
Transportation	15	4.27	2.15	4.00
Retail grocery	26	2.65	1.87	3.00
Restaurant	15	3.27	1.91	3.00
Hardware	8	3.62	1.85	3.50
Other	4	5.75	1.89	6.50

Transportation businesses reported a mean of 4.27 challenges, while retail grocery businesses reported a lower mean of 2.65 challenges. The “other” category had the highest mean of 5.75 challenges, but this group had only four respondents, so the result should be interpreted cautiously. The higher burden among transportation businesses may reflect their greater dependence on quick payments, customer transfers, and cash-out services in a mobile environment where agent liquidity and transaction delays affect business operations.

Table 10: Mean number of challenges by education level.

Education level	n	Mean challenge count	Std. dev.	Median
No formal education	13	3.92	2.14	5.00
Primary	15	3.67	2.32	4.00
Secondary	24	3.42	2.12	3.00
Tertiary	16	2.88	1.71	3.00

The mean challenge count decreased as education level increased. Respondents with no formal education reported a mean of 3.92 challenges, while respondents with tertiary education reported a mean of 2.88 challenges. Although the bivariate Kruskal-Wallis test for education was not statistically significant at the 5% level, the direction of the pattern is

consistent with the idea that education and literacy help business owners manage mobile money services more effectively.

Table 11: Spearman correlations between continuous socio economic variables and challenge count.

Variable	Spearman rho	p-value
Age	0.035	0.779
Monthly income	0.095	0.443
Household size	0.033	0.789
Years in operation	0.054	0.660
Education level (ordinal)	-0.165	0.180

The correlation tests did not show statistically significant relationships between challenge count and age, income, household size, years in operation, or education level when each variable was considered independently. However, multivariable regression provided a more complete picture after adjusting for several factors simultaneously.

1.8 Binary Logistic Regression Analysis

The binary logistic regression was used to assess the influence of independent variables on mobile money transaction challenges. Nearly all respondents used mobile money services, adoption could not be used as a meaningful regression outcome. Instead, the regression outcome was high challenge burden, coded 1 where a respondent selected five to seven challenges and 0 where a respondent selected zero to four challenges.

This modelling decision was appropriate because it directly measures the intensity of perceived mobile money transaction challenges, which is central to the study objective. The predictors included gender, age, education level, monthly income, years in operation, and business type. Transportation businesses were used as the reference category for business type because transportation was one of the main business categories in the sample.

Table 12: Logistic regression model summary.

Statistic	Value
Number of observations	68
Dependent variable	High challenge burden (1 = 5-7 selected challenges)
Log likelihood	-33.325
Null log likelihood	-42.806
Likelihood-ratio chi-square	18.962
Degrees of freedom	8
Model p-value	0.015
McFadden pseudo R-square	0.221

The overall logistic regression model was statistically significant (likelihood-ratio chi-square = 18.962, df = 8, p = 0.015).

Table 13: Logistic regression coefficients for high challenge burden.

Predictor	B	Adjusted OR	95% CI for OR	p-value	Interpretation
Constant	1.514	4.55	0.00-9878.94	0.699	Baseline log-odds when predictors are zero; not substantively interpreted.
Female respondent	-0.017	0.98	0.29-3.35	0.978	No statistically significant adjusted effect.
Age (years)	-0.072	0.93	0.87-1.00	0.037	Older respondents had lower adjusted odds of high challenge burden.
Education level (0-3)	-1.028	0.36	0.17-0.76	0.008	Higher education was associated with lower adjusted odds of high challenge burden.
Log monthly income	0.118	1.12	0.65-1.95	0.674	No statistically significant adjusted effect.
Years in operation	0.184	1.20	0.92-1.56	0.172	No statistically significant adjusted effect.
Retail grocery business	-1.655	0.19	0.03-1.08	0.061	Lower adjusted odds than transportation businesses; marginal at the 5% level.
Restaurant business	-1.220	0.30	0.05-1.61	0.159	Compared with transportation businesses.
Hardware/other business	0.883	2.42	0.39-15.02	0.344	Compared with transportation businesses.

Table 14: Adjusted odds ratios for high challenge burden.

Predictor	Adjusted OR	95% CI for OR	p-value
Female respondent	0.98	0.29-3.35	0.978
Age (years)	0.93	0.87-1.00	0.037
Education level (0-3)	0.36	0.17-0.76	0.008
Log monthly income	1.12	0.65-1.95	0.674
Years in operation	1.20	0.92-1.56	0.172
Retail grocery business	0.19	0.03-1.08	0.061
Restaurant business	0.30	0.05-1.61	0.159
Hardware/other business	2.42	0.39-15.02	0.344

This chapter presented findings from 68 respondents. Mobile money usage was almost universal, but respondents still experienced multiple challenges. The most serious issues were liquidity shortages, literacy gaps, security concerns, agent scarcity, transaction costs, and network problems. Business type, age, and education helped explain differences in perceived challenge burden.

STUDY FINDINGS

The study found that mobile money usage among SMEs at Nambuma Trading Centre was very high, with 66 out of 68 respondents reporting that they use mobile money services. This shows that mobile money has become an important financial transaction tool among rural SMEs. The study concludes that mobile money services are widely used by SMEs at Nambuma Trading Centre, but usage is affected by several practical and socio economic challenges. The main challenges include liquidity shortages, low financial literacy, low digital literacy, security concerns, scarcity of agents, high transaction costs and poor network connections. Although transaction costs did not significantly explain adoption due to the very high adoption rate, they were strongly linked to the overall burden of mobile money challenges. The regression results further showed that age and education level significantly influenced the likelihood of experiencing a high challenge burden. Therefore, improving mobile money usage among rural SMEs requires not only expanding access but also strengthening literacy, agent liquidity, security awareness and affordability of services.

Recommendations of the study

- Mobile money providers should improve agent liquidity at Nambuma Trading Centre so that SMEs can easily cash in and cash out during business transactions.
- SME owners should be trained in digital and financial literacy, especially on transaction charges, PIN safety, fraud prevention and record keeping..
- Service providers should strengthen security awareness and improve complaint handling to increase trust in mobile money services.
- Government should target on supporting business groups with higher challenge burden, especially transportation businesses.

Areas for Further Study

- Further studies should be conducted using a larger sample size covering more rural trading centres in Lilongwe and other districts in Malawi, it should asopt qualitative methos to capture deeper explanations of the peoblem.This would help determine whether the findings from Nambuma Trading Centre apply to other rural SME settings
- It should examine the role of mobile money agents in rural financial inclusion, especially focusing on agent liquidity, float management, availability and service reliability.

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