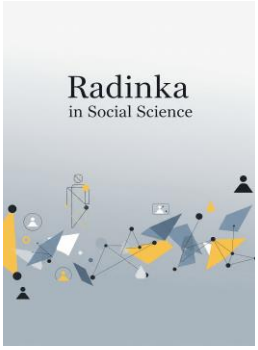

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Investigating Factors Influenccing Mobile Money Service Among Small-Scale Entrepreneurs in Nigeria

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Abstract

The variables affecting acceptance of mobile banking services among small businesses in Nigeria are discussed in this research. Using a survey questionnaire to gather information from a sample of small-scale entrepreneurs in Nigeria, the study uses a quantitative research methodology via interview. For small-scale entrepreneurs in Nigeria, the findings of the research reveal that awareness and understanding of mobile money services, perceived usefulness and ease of use, as well as security concerns are major factors affecting their acceptance of mobile money services. To encourage small-scale entrepreneurs in Nigeria to use mobile money services, the study suggests that mobile network operators, legislators, and other interested stakeholders should raise awareness and knowledge of them, improve their perceived utility and simplicity, and address security issues.

Keywords: Mobile money, Nigeria, Service, Small-scale entrepreneurs

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Introduction

The fast rise of mobile phone penetration in Nigeria has provided opportunities for development of mobile financial services including mobile money services (MMS). Especially among small-scale businesses who typically lack access to traditional banking, mobile money services provide consumers a cost-effective, safe, and practical way of managing financial transactions by storing, sending, and receiving funds, therefore having the ability to advance financial inclusion in Nigeria (Mogaji & Nguyen, 2022). The Central Bank of Nigeria (CBN, 2022) reports that while mobile money services have many benefits, small-scale Nigerian businesses still have limited acceptance. (Wanzala & Obokoh, 2025), state that many factors among small-scale company owners—including demographic variables, knowledge and awareness of mobile money services, perceived utility, ease of use, and security concerns might influence their attitude of such services. Many countries, including Kenya, Tanzania, and Ghana, have formally approved mobile money services provided by the Global System Mobile Association (GSMA, 2022). Among other mobile network operators including MTN, Airtel, and Glo, mobile money services were introduced in Nigeria in 2012 (CBN, 2022). Although mobile money services are growing in Nigeria, the usage rate for small and medium-size companies is still low. CBN data show that the number of mobile money users in Nigeria grew from 3.5 million in 2017 to 10.2 million by 2022. Small businesses' adoption rate is about 20%, al 2021.

Although numerous studies on the acceptance of mobile money services in Nigeria have been conducted, few of them have focused on small-scale companies (Shaikh et al., 2023). Moreover, other studies have revealed several aspects including awareness and understanding, perceived utility and ease of use, security issues impacting the acceptance of mobile money services as well as demographic ones. Still, the relative importance of these factors for deciding the acceptance of small-scale entrepreneur mobile money services in Nigeria is not apparent. These research questions are the focus of this investigation.: what are the factors affecting the use of mobile money service among small-scale entrepreneurs in Nigeria? ; what are the difficulties small-scale entrepreneurs face that affect the use of mobile money service in Nigeria? By offering perspective on the criteria that affect the acceptance of mobile money services among small-scale entrepreneurs, this research will add to the already available body of knowledge on such services in Nigeria. Furthermore, the research will offer suggestions on how to encourage small-scale business owners in Nigeria to use mobile money services to mobile network operators, legislators, and other stakeholders. Important traits of mobile money services : Saved on the user's mobile phone, a digital wallet could hold funds and control them; Clients can give agents or ATMs permission to credit their mobile wallet with cash and take cash if necessary; Consumers can send money to other mobile money users either nationally or internationally using person-to- person (P2P) transfers; People running their mobile money account can settle utility bills among other bills; From their mobile wallet, consumers may purchase airtime for their mobile phone; Merchants, Customers Menu and other companies could draw money account transactions made by customers from their mobile.

Advantages of mobile money service ; Over and at all times throughout mobile phone usage, mobile money services are accessible everywhere; User information is protected during mobile money operations by encryption, passwords, and PINs; Transaction fees for mobile money tools typically fall below those for traditional banking products; Mobile money programs help to foster economic development by reaching under-served customers and help to include financially. Theoretical Literature ; Technology Acceptance Model (TAM): Davis' theoretical model, the Technology Acceptance Model (TAM), describes how users develop attitudes and intentions toward using a new technology (Davi’s 1989). According to TAM, an individual's inclination to use a technology depends mostly on two main elements: Perceived Usefulness (PU) and Perceived Ease of Use (PEU). Perceived Usefulness is the degree to which user of technology believes that the use of technology will improve their performance and also enable them to achieve their goals while the Perceived Ease of Use is the degree to which user of technology believes that technology is easy to use and understand. Among small-scale Nigerian businesses, this model can help to justify the use of mobile cash services. Unified Theory of Acceptance and Use of Technology (UTAUT); The Unified Theory of Acceptance and Use of Technology (UTAUT) is a theoretical framework that explains factors that affect and influence the intention of an individuals to use technology (Akinnuwesi et al., 2022). UTAUT notes four main factors determining an individual's intent to use a technology: Performance Expectancy, Effort Expectancy, Social Influence, and Facilitating Circumstances. Performance Expectancy (PE): This focused on the extent to which an individual believes that using a particular technology will improve his/her performance. Effort Expectancy (EE): This is the believe an individual have that using a particular technology will easy.

Social Influence (SI): This is the degree to which an individual perceives that others believe they should use the technology and Facilitating Circumstances (FC): This is the extent to which an individual believes that he has the necessary resources and support to use the technology. Among small-scale businesses in Nigeria, this model helps one to understand the acceptance of mobile money services. Diffusion of Innovations (DOI) Model ; Diffusion of Innovations theory (DOI) by (Asif et al., 2023) structure for understanding how new ideas, ideas and technology circulate, spread and adopts inside a society. Innovations that affect their acceptance have five main features recognized by DOI: Relative Advantage (the degree to which innovations is perceived is better than existing solutions, Compatibility (this the extent to which innovation is consistent with existing values, needs and practice, Complexity (this shows the degree to which innovation is seen as difficult to understand and use, Trialability (the degree to which innovation can be experimented with and tested) and Observability (this focused on the degree to which innovation provides visible results and benefits. Among small Nigerian entrepreneurs, this model helps one to justify the use of mobile money services. Empirical Literature; (Xue et al., 2024) researched the factors influencing the willingness of small company owners in Nigeria's informal economy to use mobile cash services.

Perceived usefulness, perceived ease of use, and social influence were among the key mobile money adoption markers discovered by the study. The study recommended that mobile network providers should better the perceived simplicity and usefulness of their mobile monetary services and also apply social influence to drive acceptance. However, the study only examined small-scale sector entrepreneurs and did not explore their specific requirements and challenges. (Wang et al., 2023); (Asif et al., 2023)investigated the factors influencing acceptance of small Indian corporate mobile money solution. Prominently associated with mobile money acceptance in the study were perceived ease of use, trust, and judged usefulness. The findings recommended that mobile network operators improve the perceived value and ease of use of their mobile money services, pay attention on developing consumer trust via safe and dependable transactions, and focus on that. Though it did not examine the particular surroundings and challenges of small-scale entrepreneurs in Nigeria, the study focused on little firms in India. (Chilembo, 2021)how mobile money services were impacting the financial performance of small-scale Zambian companies. According to the data, mobile money services improved financial performance insofar as they reduced transaction costs and raised sales. The researchers advised policymakers and mobile network operators to keep supporting the expansion of mobile money services and as well to promote financial literacy among small-scale businesspeople. The study did not, however, investigate the reasons why small-scale entrepreneurs use mobile money services. Ayo and (Waris et al., 2024), studied the factors of mobile money service acceptance among Nigeria's micro-entrepreneurs. According to the study, strong mobile money acceptance signals were found in perceived ease of use, perceived usefulness, and social impact. Mobile network providers are advised to pay more on enhancing the perceived value and ease of use of their mobile money services and also to leverage social influence to advance adoption. Though it did not explore the specific requirements and challenges of small-scale enterprises, the study focused on micro-entrepreneurs.

(Osabutey & Jackson, 2024), studied the impact mobile money services had on the financial inclusion of small businesses in Nigeria. The study shows that improved financial inclusion helps more access to financial services and reduced mobile money transaction costs. According the research, legislators and mobile network operators were advised to keep advancing small-scale enterprises' financial knowledge and also support the development of mobile money products. The research did not, however, examine the factors influencing small-scale company acceptance of mobile money services. Although the current research illuminates the use of mobile money services among many populations, including micro-entrepreneurs, small companies, and informal sector entrepreneurs, there is a knowledge gap regarding the specific requirements and challenges of small-scale businesses in Nigeria. Emphasis on the specific conditions and challenges of this group, this study aims to close the divide by looking at the elements influencing the acceptance of mobile money services among small-scale companies in Nigeria.

Methodology

Using mobile money services, the research applied a quantitative research approach to investigate the factors impacting small-scale business owners in Nigeria. For the study, data were collected via interview using a cross-sectional survey approach on a sample of small company leaders in Nigeria. The study sample consisted of small Nigerian entrepreneurs utilizing mobile money services. A sample size of 384 small-scale businesses was chosen using stratified random sampling technique. The six geopolitical divisions in Nigeria helped the sample to be stratified. Using mobile money systems, a structured interview aimed at discovering variables affecting the uptake of mobile money services and the challenges faced by small-scale businesses in Nigeria gathered data on the subjects. The investigated data was analyzed using descriptive statistics, inferential statistics, and regression analysis. Cronbach alpha was used to check the questionnaire and it reliability; it showed robust internal consistency

Results and Discussion

Discussing with experts in the field and reviewing the documents helped the questionnaire's content validity. Respondents were given the goal and scope of the study and their permission was asked before the interview questions were sent. The participants were assured their responses would be private and unidentifiable.

Factors influencing the use of mobile money service among small-scale entrepreneur in Nigeria (Mohamed & Nor, 2021); (Talom & Tengeh, 2019).

1. Age: Younger entrepreneurs are more likely to adopt mobile money platforms since they are more technology-savvy.
2. Entrepreneurs with more education use mobile money services more since they understand the technology more and have better knowledge.
3. Entrepreneurs with higher income are more probably embracing mobile money services owing to their greater financial ability to use the services.
4. Companies that are aware of mobile money services will find themselves using them greater.
5. Entrepreneurs who see mobile money services as useful will most likely be more ready to welcome them (Balakrishnan & Lay Gan, 2023); (Dwivedi et al., 2022).
6. Entrepreneurs who find mobile money services easy to use will gravitate toward them more readily.

7. Entrepreneurs worrying about the security of mobile money services find less probable candidates are not as likely to accept them.
8. Application of mobile money solutions would probably be more accepted by entrepreneurs with great network quality.
9. Entrepreneurs who see mobile money services as cheap will more likely accept them.
10. People who are influenced by their friends and family to choose these and who would most probably use mobile currencies are entrepreneurs (Qin et al., 2022); (Kraus et al., 2022).
11. Entrepreneurs who believe that government backing for mobile money services is more likely to be embraced by others will more probably utilize them.
12. Entrepreneurs who have easy access to mobile money agents are more likely to embrace the services.
13. The financial knowledge of the entrepreneur will decide whether he or she would use the mobile money service into its company.

The findings from the interview conducted is in line with the empirical literature of (Bajwa et al., 2025), that perceived ease of use, trust and social influence are the factors influencing the use of mobile money service among small-scale entrepreneur in Nigeria.

Difficulties small-scale entrepreneurs face that affect their use of mobile money services

1. Many small-scale business owners have poor financial literacy and expertise to successfully utilize mobile money systems.
2. Small-scale entrepreneurs in rural areas may find it challenging to reach mobile money services if there are limited network availability.
3. Small-scale businessmen with restricted financial means can find high transaction costs tied with mobile money services to be quite a challenge.
4. Security Concerns: Small-scale entrepreneurs may be hesitant to use mobile money services due to concerns about security and fraud.
5. Some small-scale entrepreneurs could lack mobile phone access, hence preventing them from utilizing mobile money solutions.
6. Mobile money services are complex and small company owners lacking the technical knowledge to negotiate them may find them to be a lot to handle (Chua et al., 2020).
7. Lack of Trust: Small-scale entrepreneurs may not trust mobile money services due to concerns about the reliability and stability of these services.
8. Small-scale entrepreneurs especially in rural areas can find access to mobile money services challenging with a limited agent network.
9. Small-scale entrepreneurs who could not be fluent in the language used by mobile money services may find significant difficulty in language barriers.
10. Cultural Barriers: Among small-scale businesses, too, cultural barriers might influence mobile money solutions' adoption and usage.
11. Strict know-your-customer (KYC) regulations among other regulatory obstacles can hinder small-scale businesses from using mobile money services.
12. For small-scale business owners, reduced knowledge of the uses and advantages of mobile money services can present a major difficulty (Sufyan et al., 2023); (Goncalves et al., 2025)

The above findings from the interview conducted, fill the gap of the related empirical literature by identifying the difficulties small-scale entrepreneurs face that affect their use of mobile money services in Nigeria and also provide solutions to these difficulties in it recommendation.

Conclusion

In essence, this research has shed some light on the elements determining the acceptance of mobile money services among small-scale Nigerian business owners. Significant elements affecting the acceptance of mobile money services include awareness and knowledge, perceived usefulness and ease of use, and security concerns, according the research. Mobile network operators, legislators, and other stakeholders should first focus on raising knowledge and consciousness, increasing perceived usefulness and ease of use, and managing security issues so as to encourage small-scale Nigerian entrepreneurs to use mobile money services. This will enable mobile money solutions to help small-scale Nigerian companies improve their economic ability, reduce poverty, and promote financial inclusion.

Conflicts of Interest

The authors declare no conflict of interest.

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