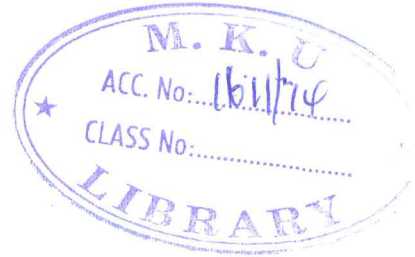


**EFFECTS OF M-PESA ON FINANCIAL EFFICIENCY OF SME'S IN
NAIROBI COUNTY: A SURVEY OF SME'S ON TOM MBOYA STREET.**



BY

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ABSTRACT

The purpose of the study was to analyze the effects of M-pesa on financial efficiency of SME's in Nairobi with focus on SMEs on Tom Mboya street of Nairobi. The specific objectives of the study was to find out the effects of improved access to financial services, M-Pesa enabled savings and M-pesa convenience on the financial efficiency of SME's. The study will be vital to owners of small businesses that were studied, Other SMEs and Scholars and Research Students. The study adopted Marx's Theory of Money, The Theory of The Monetary Circuit, The Technology Acceptance Model (TAM), Theory and Innovation Diffusion Theory (IDT)

Descriptive research design was used in the study. The study targeted the SMEs on Tom Mboya street of Nairobi that uses Lipa na M-pesa Service from Safaricom. These were 39 electronic shops, 60 clothing shops, 13 jewelry shops and 8 restaurants, making a population of 120. The research used stratified random sampling and simple random sampling methods. The study used a sample size of 30% of the target population arriving at 36 samples. Questionnaires were used as the major data collection instrument. A pilot test was carried out before eventual data collection. The data was then analyzed using qualitative and quantitative techniques. From the analysis 75% of the respondents indicated that M-pesa Service improves access to finance in Medium and small micro enterprises (SMEs). According to 78% of the respondents indicated that M-pesa Service offers convenience in Medium and small micro enterprises (SMEs). The study came to a conclusion that access to financial services plays a vital role to financial efficiency of SME's in Nairobi.

This study recommend that the SMEs should take the full advantage and develop a saving culture that would grow their financial muscle and ability to deal with shocks in the business that are brought about by uncertainties in business. Further study recommends that the SMEs should focus on taking the advantages of M-Pesa convenience in enhancing remittances from customers following and chasing debts. Also the business should take advantages of the M-Pesa convenience to manage the liquidity problems that are often the major challenge of the SMEs in Nairobi