

**CUSTOMERS' PERCEPTION AND SATISFACTION OF M-PESA  
OUTLETS SERVICES IN SOME SELECTED  
TOWNSHIPS IN NAIROBI,  
KENYA**

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A Thesis

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College of Higher Degree and Research  
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In Partial Fulfillment of the Requirements for the Degree  
Master of Business Administration in Finance and Banking

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31<sup>st</sup> May, 2012



## DECLARATION A

"This thesis is my original work and has not been presented for a Degree or any other academic award in any University or Institution of Learning".

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## DECLARATION B

"I/We confirm that the work reported in this thesis was carried out by the candidate under my/our supervision".

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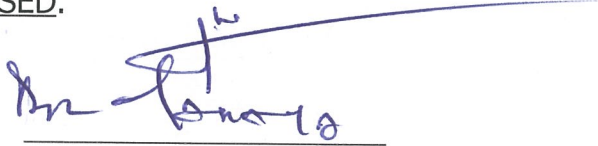
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## **DEDICATION**

To God almighty, my beloved parents Mr. and Mrs. Peter M'mujuri, and my siblings Stella, Caroline, John, Romano, Alois, and Bernard.

## **ACKNOWLEDGEMENT**

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Finally to my parents, thank you for being always there for me and all your supports.

## ABSTRACT

This study was carried out to determine customers' perception and satisfaction in the utilization of the money transfer service of the M-Pesa service by Safaricom Limited in Kenya. M-pesa is a swahili word meaning Mobile money. In the recent years, customers of M-pesa outlets services have been experiencing service delays, and poor treatment from the outlets agents who are said to be rude to them. This has resulted to some of the M-pesa clients migrating from Safaricom M-pesa service to other telecommunication service providers. The purpose of the study to determine customers' perception and satisfaction in the utilization of the money transfer service of the M-Pesa service by Safaricom Limited. The study sought to answer the demographics of the respondents, level of customer perception and satisfaction and to find any significance relationship and difference between perception and satisfaction.

The study adopted a descriptive survey and correlational design. The sample size comprised of 62 M-pesa agents from 1 year and above, and 310 M-pesa customers from less than a month and above. The total sample size was 372 respondents comprised of the key M-pesa customer outlets who offer M-Pesa services in Eastleigh and Kibera townships in Nairobi-Kenya

The main findings showed that majority of the respondents were below 41 years old and had are privately employed. The married are the majority followed by singles respondents at 32.8% and 27.4% respectively. They are customers of 3-4 years period and 1-2 years duration. 59.9% of the respondents came from Eastleigh while 40.1% came from Kibera. 58.1% had a positive perception, while 68.1% were satisfied with M-pesa outlets services. There is no significance relationship or significance difference between customer perception and customer satisfaction.

In conclusion, the M-pesa customers are averagely satisfied with an average level of perception which means that the safaricom Limited has a task of ensuring the rise in current percentages.

Based on the findings of this study, the researcher recommends that Safaricom should train the vendors at the M-Pesa outlets on customer/market orientation through seminars to mitigate the incessant rude behavior they show M-Pesa customers.

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## **LIST OF ACRONYMS**

IBM	International Business Machines
UK	United Kingdom
DFID	Department for International Development
MFI	Micro-Finance Institutions
MNO	Mobile Network Operators
KES	Kenya Shillings
ATM	Automatic Teller Machine
P2P	Person To Person

# **CHAPTER ONE**

## **THE PROBLEM AND ITS SCOPE**

### **Background of the Study**

Globally, service sector has experienced tremendous growth through out the years. Unexceptionally, Kenya is among the various countries. This has come about as a result of current wave of innovations arising from fairly technologies exploitations so as to ensure competitive businesses in this sector.

It is with this ideology that every business should be able to determine their rightful niche. This study was carried out to determine customers' perception about the M-Pesa service and challenges they go through in utilizing the service and to measure their satisfaction.

M-Pesa means Mobile Money as it denotes two words; that is, M for mobile, Pesa is 'Swahili' word to mean 'money'. It is the product name of a mobile-phone based money transfer service that was developed by Sagentia (later transferring to IBM in September 2009 for Vodafone. The development was initially sponsored by the UK-based Department for International Development (DFID) in 2003 to 2007 (Vodafone, 2007). The initial concept of M-PESA was to create a service which allowed microfinance borrowers to conveniently receive and repay loans using the network of Safaricom airtime resellers. This would enable microfinance institutions (MFI's) to offer more competitive loan rates to their users, as there is a reduced cost of dealing in cash. The users of the service would gain through being able to track their finances more easily.

The continuing success of M-Pesa, in Kenya has been due to the creation of a highly popular, affordable payment service with only limited involvement of a bank. The platform is currently operationally run by IBM Global Services on behalf of Vodafone. Safaricom uses SIM toolkit to provide handset menus for

accessing the service (Sander, 2008). M-Pesa Customers can deposit and withdraw money from a network of agents that includes airtime resellers and retail outlets acting as banking agents. M-Pesa is operated by Safaricom a Mobile Network Operators (MNO) which is not classed as a deposit-taking institution like banks which is not under the banking service. The service enables its users to; Deposit, withdraw money, pay bills, deposit money into ones bank account like the NIC Bank, transfer money to other users and non-users, and Purchase airtime.

The service currently has over 2.7 million customers and over 4,000 Agent outlets countrywide. Safaricom launched the electronic money transfer service in partnership with Vodafone. To date the service has facilitated the transfer of KES 23 billion between customers (Hogarth, 2009). M-Pesa was first launched by the Kenyan Mobile Network Operators, Safaricom, an affiliate of Vodafone. In March 2007, M-Pesa quickly captured a significant market share for cash transfers, and grew very fast, capturing 6.5 million subscribers by May 2009 with 2 million daily transactions in Kenya alone. (Hughes and Lonie, 2007).

### **Statement of the Problem**

In the recent years, customers of M-pesa outlets services have been experiencing service delays, and poor treatment from the outlets agents who are said to be rude to them. This has resulted to some of the M-pesa clients migrating from Safaricom M-pesa service to other telecommunication service providers. It is on this basis that the research seeks out the various measures that all telecommunications should employ so as to improve on their mobile money transfer services in terms of retaining and increasing the number of customers. The research concentrates on Safaricom Limited M-Pesa service in Kenya.

## **Purpose of the Study**

The general aim of carrying out this study is to determine customers' perception and satisfaction in the utilization of the money transfer service of the M-Pesa service by Safaricom Limited.

## **Research Objectives**

**General:** This study will be carried out to establish relationship between customers' perception about the M-Pesa service and challenges they go through in utilizing the service and measure their satisfaction.

**Specific:** The following are the specific objectives the research will consider:

1. To determine the demographic characteristics of the respondents in terms of:
  - 1.1 Gender
  - 1.2 Age
  - 1.3 Academic qualifications
  - 1.4 Marital status
  - 1.5 Location
  - 1.6 Duration as an M-pesa Client.
2. To determine the level of customers' perception of M-pesa outlets services.
3. To determine the level of customer satisfaction of M-pesa outlets services.
4. To establish the significant relationship between customer perception and customer satisfaction of M-pesa outlets services.
5. To establish the significant difference between customer perception and customer satisfaction of M-pesa outlets services.

## **Research Questions**

This study will seek to answer the following research questions

1. What are the demographic characteristics of the respondents in terms of:
  - 1.1 Gender?
  - 1.2 Age?
  - 1.3 Academic qualifications?
  - 1.4 Marital status?
  - 1.5 Location?
  - 1.6 Duration as an M-pesa Client?
2. What is the level of customers' perception of M-pesa outlets services?
3. What is the level of customer satisfaction of M-pesa outlets services?
4. Is there a significant relationship between customer perception and satisfaction of M-pesa outlets services?
5. Is there significant difference between customer perception and satisfaction of M-pesa outlets services?

## **Null Hypotheses**

1. There is no significant relationship between customer perception and satisfaction on M-pesa outlets services.
2. There is no significant difference between customer perception and customer satisfaction on M-pesa outlets services.

## **Scope**

### ***Geographical scope***

The study was conducted in selected townships of Nairobi. It focused on how M-Pesa service customers from Eastleigh and Kibera Townships perceive the



quality, affordability, convenience and accessibility of the M-Pesa service offered by Safaricom Limited. The study further looked at the challenges the customers face while using the service. The two townships have approximately 300 M-pesa agent outlets. Most of these outlets are privately owned by individuals, and a few by the Safaricom Limited in their main branches

### ***Content scope***

The study was intended to examine the level of M-pesa services effectiveness towards customer satisfaction; how the Safaricom Limited through their agents ensure they make profits and at the same time attract more customers, levels of business development through telephone mobile banking, significant effect of M-pesa services towards customer satisfaction and the significant relationship between customer perception and satisfaction on M-pesa services.

### **Theoretical scope**

The research was based on the **Classical Queuing** theory (Harris, 1998) It uses a model of **M/M/1** system. This notation means that items (persons, data packets, product units) arrive in the queue following a random Poisson distribution (also called Markovian, yielding the first "M"), that the distribution of service intervals is first-in/first-out and exponential (second "M"), and that the queue processes or services only one item at a time (numeral "1").

### **Time scope**

The researcher carried out the research of the study in the month of December 2011. Analysis of the collected data was done in January 2011. In February 2012 the actual research was concluded waiting for VIVA VOCE.

## Significance of the Study

The researcher anticipates that this study will be helpful to the following organizational and individual bodies:

Firstly, the **ministry of trade** will benefit from this study by assessing the business progress and development for both medium and small scale businesses, which will enable the government to plan for future as well as resource allocation.

**Mobile money operators** will also benefit from this study. It will enable them point out their weaknesses in the mobile money transactions services and formulate possible actions to take so as to find the way forward.

Through the study, **potential clients** will benefit from this study whereby they will be able to formulate possible outcomes of the undertaken transaction, basing on the prospective and present trends.

**Individuals** registered to M-pesa will benefit from this study through understanding how M-pesa service operate and the benefits accruing by utilizing their services as well as various ways to invest.

**Future researchers** will benefit from this study by utilizing the findings here in order to go on board on their new research.

## Operational Definitions of Key Terms

The definitions of major terms as they are used in the study are defined as follows:

**Customer Perception** the degree of satisfaction provided by the goods or services of a company as measured by the number of repeat customers.

**Customer Satisfaction** is a measure of how products and services supplied by a company meet or surpass customer expectation.

**Demographic characteristics of** the respondents are attributes looked for in this study in terms of age, gender, academic qualifications, marital status and duration as an account holder.

**Development** means the advancement or positive progression of businesses in the area under consideration in the study.

**M-pesa outlets** these are small and medium enterprises privately owned, but fully registered by Safaricom Ltd to offer M-pesa services among other retail services of Safaricom Ltd.

**Nairobi, Kenya** this is the location where the study was carried out. Nairobi is the capital city of Kenya, a country in Africa continent.  
<http://www.nairobicity>

## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURE**

#### **Introduction**

#### **Concepts, Opinions, Ideas from Authors/ Experts**

Studies on customer perception are many and address various aspects of customer decision making process. Indeed, over the years, theorists have attempted to explain the reasons why customers buy. Accordingly, issues of perception and issues of the role of stimuli have been explained by various authors. According to Ashford and Beamish (2008) , the nature of physical stimuli tends to influence the degree of perception for example, an ordered array of objects on display or a sudden loud noise are almost sure to attract attention. The senses are stimulated by an expected or unusual objects or events. In a fairly predictable routine of everyday life, an individual tend to seek variety and change.

The perception is the formed as a result of interpreting the experience. There is a growing interest in understanding the users' experience (Hiltunen et al, 2002); as it is observed as a larger concept than user satisfaction. From this perspective, assessing the user experience is essential for many technology products and services (Wilson & Sasse, 2004)

Chisnall (1975) asserts that personal factors modify the effect of the various physical stimuli which influence perception. Behind every act of perceiving, is the individual's past history or experience. Previous experience has built up a relatively stable cognitive organization within the individual which determines the meaning of a particular percept. Perception is subjective; this means that an individual tends to interpret information according to his or her existing beliefs, attitudes, and general disposition, for instance, warning against

the dangers of smoking which have to be included by government order on advertisement and packaging of cigarettes in Britain.

M-banking can be used for person to person (P2P) transfers including remittances or disaster response; payments such as utility bills, airtime, microfinance, and loans; disbursements such as payroll, government benefits, or NGO operations; and incentives for health or education (Hughes and Lonie, 2007). Since banking is highly regulated, the barriers to entry are massive. Doing m-banking requires marketing, education, changing behavior, and growing trust, and that it is a margin business, so volumes are needed. M-Pesa is now integrated with ATM's (Automated Teller Machines) and that a user can send an instruction and receives money from an ATM. There are three models for m-banking i.e. the technology-led model, the telecom-led model (such as M-Pesa), and the bank model, which is based on creating another channel for existing business.

Telecommunication, care about transactions than income. When thinking of m-banking business opportunities. They are stepping in as transaction agents, lending are also evolving from mobile transactions which are an extended road. For users, m-banking advantages include; a safer way to carry cash, a way to track savings, and formal integration into traditional banking as the next step, for example Wizzit of South Africa has now student loan (Vodafone, 2007).

On the other hand m-banking has its bad side which include; for instance, the cash in or cash out is difficult because of regulatory issues this will lead to interoperability. There is also different model with m-banking, the users can easily switch, or change SIM cards. From a cultural stand point, m-banking provides amplification effects, that is, people do more of what they are already doing and change effects for example; women can control savings more. There is also the issue of spending too much time in front of a phone which has more possibilities to spend too much. Also acceptance of infrastructure can be problematic that is money flows from the educated to the

low-educated. M-banking may strain our inclinations to talk face-to-face. There could be family strains. M-banking may encourage families to live separately because it is easier to transfer money. In the earlier history of banking, central bank evolved because one could only redeem currency at the issuing bank and that caused rigidities (Safaricom, 2009).

Lovelock, Wirtz and Chatterjee (2004) asserts that, the customer might be uncertain about the service provider's offered price compared to the market. Consequently, information asymmetry occurs because the service providers possess information on service quality and price level that the customer does not have. To overcome this information asymmetry, service providers can send signals such as brand names and best-rate-guarantee. One of the central questions that service providers face when sending signals is whether their signals successfully reduce customers' perceived uncertainty. And, how can service providers measure the effectiveness of risk-reducing signals?

Assail (1998) describes a service as performance rather than a thing when customers purchase a tangible product. A service performance is therefore intangible and fleeting; they are experienced rather than owned. According to Schiffman and Kunuk (1992), a customer will not be satisfied with at least some of the services they receive. Therefore, they face major challenges and this may affect the sales of a particular company due to boycott of such services.

Williams (1997) asserts that consumer face many challenges while utilizing a service. The challenges include; service failures, pricing which they feel it is unfair, waiting to be served which may take unreasonable time, core service failure for example service mistakes or billing errors, service encounter failures like the service provider not caring, impolite, unresponsive or unknowledgeable these habit render them being dissatisfied.

## Theoretical Perspectives

The study is based on **Classical Queuing Theory** (Harris, 1998). Classical Queuing theory is the mathematical study of waiting lines, or queues. The theory enables mathematical analysis of several related processes, including arriving at the (back of the) queue, waiting in the queue (essentially a storage process), and being served at the front of the queue. The theory permits the derivation and calculation of several performance measures including the average waiting time in the queue or the system, the expected number waiting or receiving service, and the probability of encountering the system in certain states, such as empty, full, having an available server or having to wait a certain time to be served. Queuing theory has diverse applications including **telecommunication**. This is due to the repetitive nature of the services offered by the M-pesa via Safaricom Ltd.

## QUEUING MODELS

It states that; most basic model of a queue is known as the **M/M/1** system. This notation means that items (persons, data packets, product units) arrive in the queue following a random Poisson distribution (also called Markovian, yielding the first "M"), that the distribution of service intervals is first-in/first-out and exponential (second "M"), and that the queue processes or services only one item at a time (numeral "1"). This model corresponds to an ordinary queue, such as a M-pesa customers line, where customers arrive at random times, are served one at a time in the order they come (no one receives priority), and one server is handling everyone. This model also implicitly assumes there is no upper limit on the system capacity (at least none that can be specified) or on the population of items that may enter the queue, two assumptions that are of course erroneous in many real-life applications. An M/M/I queue with capacity constraint  $c$  and population constraint  $p$  would be represented by the notation  $M/M/I/c/p$  Based on average arrival rates and

average service rates, formulas describing the M/M/I model, or any other queuing model, can be used to calculate important system measurements such as capacity utilization, average waiting times for servicing, or the average number of items in the queue at a given time. Using the M/M/I model, for example, we can determine the average customer-processing speed necessary for an M-pesa outlet to maintain its promise that no more than three persons will wait in a given M-pesa line at any time (assuming that each line is an independent M/M/I queue). To maintain an average of approximately three customers in the system at any given time, the outlet would need to check out 1.33 customers for every one who arrived per unit of time. If, for the sake of simplicity, we assume one customer arrives per minute, this would mean an average wait of just over three minutes per customer. At this level, the outlet is using approximately 75 percent of its server (operators) time, or capacity.

If the outlet wanted to save on staffing shillings by increasing its capacity usage to 90 percent, its effective rate of service would have to slow to an effective rate of 1.1 customers a minute. Of course, this doesn't mean that servers would work more slowly, but that the system as a whole (which would require a more elaborate model to fully articulate) is processing the same number of customers at lower staffing levels. At the 90 percent utilization level, there would be an average of nine customers in the queue at any time, and the average wait would be about 9 minutes. In effect, a 20 percent gain in the outlet's utilization rate would cost the average customer a threefold increase in waiting time.

A different—and more accurate—model of the M-pesa outlet queuing system would yield different values, but this example illustrates how models may be applied to real-life problems. Other queuing models vary in the arrival patterns, servicing patterns, number of servers, and other constraints. Examples of other arrival and servicing patterns include deterministic patterns (e.g., D/D/1),

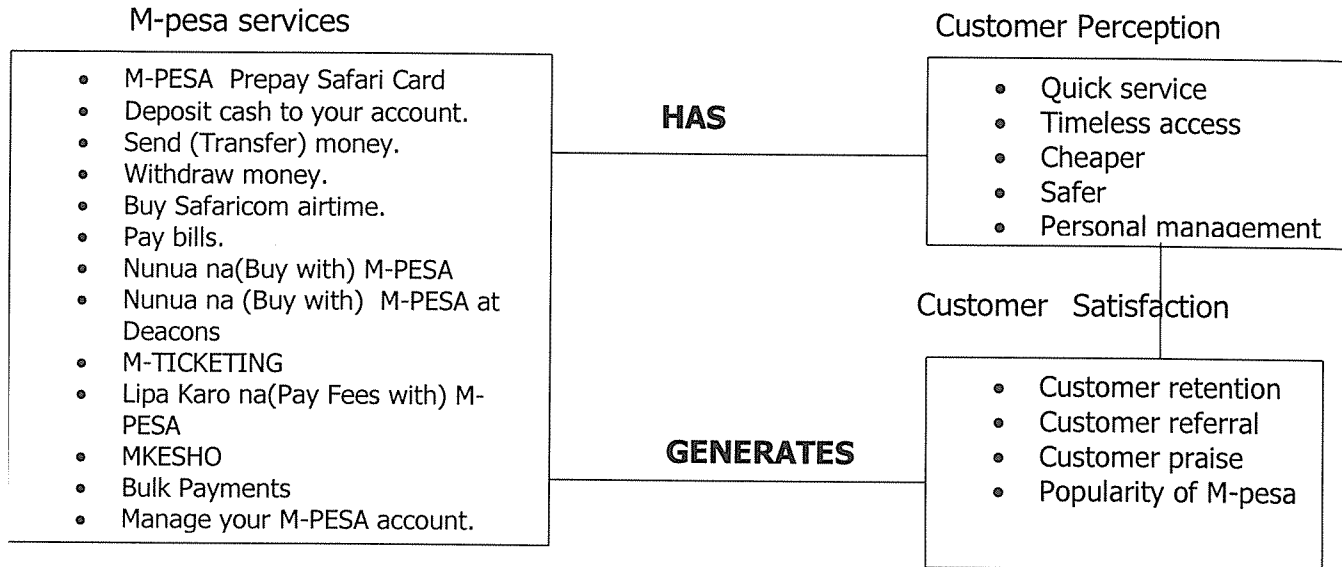


where events occur at known rather than random intervals, and general patterns (e.g., G/GII), where events may be random or deterministic. These patterns may be used in different combinations in the same model, as in M/D/I or D/G/I. The order of processing/servicing can also vary. In the M/M/I it is assumed that the order is first-in, first-out (FIFO), but any model may specify alternatives such as last-in, first-out (LIFO), serve in random order (SIRO), and various kinds of priority orders where certain items in the queue are processed sooner than others based on some criteria. In such cases the customers satisfaction of the services offered would be low

The nature of the queue is one of cost shifting and burden averaging. A provider of M-pesa service whose resources are limited may serve only a small number of people at a time. Any number of people beyond that is obliged to wait their turn. Assuming everyone's time is worth something, those who must wait for service are expending a valuable possession—their time. By waiting in line, the service provider is ensured that none of his resources will stand idle. In effect, the waiting customer is forced to pay in time for the privilege of being served, shifting costs from the service provider to the customer. The assumptions of classical **queuing** theory may be too restrictive to be able to model real-world situations exactly. The complexity of production lines with product-specific characteristics cannot be handled with those models. Therefore specialized tools have been developed to simulate, analyze, visualize and optimize time dynamic queuing line behavior.

**Fig: 1**

**Schema of M-pesa services account**



From the above schema, an M-pesa service is an entity that is highly related to its customers' perception and satisfaction. After consuming an M-pesa service, a certain level of satisfaction is generated as well as a derivation of a perception.

In these instances, customers directly perceive M-pesa services in terms of Satisfaction, unlike prior to satisfaction.

**Related Studies**

According to an article by, Ignacio (2008). M-PESA was developed by mobile phone operator Vodafone and launched commercially by its Kenyan affiliate Safaricom in March 2007. M-PESA ("M" for mobile and "PESA" for money in Swahili) is an electronic payment and store of value system that is accessible through mobile phones.

### Customer perception

A number of studies have been done in Kenya on the responses to challenges encountered in restricted banking hours and accessibility to the banks and other money transfer institutions, for example; Maina (2000) focused on, perceived quality and value proposition but failed to study the response of consumers while utilizing the service. Another study done by Odhiambo (2003) focused on factors that influenced customer satisfaction and services offered by mobile firms but failed to focus on one product or service to find out the exact reaction of the customers on the effectiveness of such a product / service. Gitari (2006) focused on the challenges organization face in meeting consumer expectations but there was no documented research data available to show people's response to the new facility of accessing their money through their mobile hand-sets beyond normal working hours, easily and almost everywhere. The above study still focused on perceived quality and value proposition but failed to focus on consumer perception on a certain product offered by mobile company i.e. M-Pesa since its introduction in March 2007. Although extensive research had been carried out to establish how the banking sector responded to the challenges of the changing environment, no research had been done on the response of the consumer of the M-Pesa services.

### Customer satisfaction

Edvardson and Gustafsson (1999) in their written book about studies conducted on different products and services in Sweden and wrote that customer satisfaction measurement provides significant information for modern management processes and additionally, it provides a warning signal about the future business performance. Oliver (1999) in his article on the link between consumer satisfaction and loyalty with goods and services expressed that in the last two decades till date, customer satisfaction measurement represents an important source of revenue for market research firms.

Several empirical findings have shown that the application of customer satisfaction measurement often does not accomplish the objectives of the company and the reasons for this shortcoming are;

Many organizations determine criteria for measurement internally without an accurate understanding of customer priorities (Hill, 1996). This measurement is based on the value defined by organizations and not by the customers, thereby providing wrong information.

Many companies do not measure customer satisfaction as thorough as manufacture component and those who claim to do so, perform it an inadequate way (Hill and Alexander, 2000). Difficulty in translating the customer satisfaction data into action within the organization (Wiele et al., 2002)

Werth (2002) stated that many companies identify the level of customer satisfaction through; Number of product or service support problems. Number of direct complaints by phone, email, etc Number of returned products or services and the reason for their return, etc

Fečiková (2004) disagreed with this measurement procedure in that it is a measure of customer dissatisfaction (no satisfaction) and may provide wrong information with no possibility for product or service development and innovation. The criteria for measurement should be customer defined so as to collect, analyze the appropriate data and provide relevant information. Thus, to obtain the right information, efforts should be made to filter out the irrelevant information and concentrate on the valuable dimensions. A convenient tool to achieve this aim is to first conduct a simple pre-study and from this a more effective study can be created. Therefore, for any company to achieve true customer satisfaction there should be:

1. Customer-oriented culture, Customer-centered company
2. Employee empowerment
3. Process ownership
4. Team building, and

5. Partnering with customers and suppliers

He further expressed that the measurement research technique include:

1. Survey methodologies
2. Focus groups
3. Standardized packages
4. Various computer softwares

However, these typical measurement techniques have some problem that include;

1. Analytical – this involves techniques, formal procedures, systems, etc
2. Behavioral – involves the attitudes, beliefs, perceptions, motivation, commitment and resulting behavior of the people involved in the process.
3. Organizational – involves the organizational structure, information flows, management style and corporate culture.

Several empirical studies done on the assessment of customer satisfaction levels include: Gerpott et al. (2001) investigated the customer satisfaction level of 684 residential customers of mobile operators in Germany using the frequency distribution, the results showed that 28% of the respondents were completely satisfied and 6.3% were slightly satisfied or not satisfied. Turel and Serenko, 2006, assessed customer satisfaction level of 210 young adult mobile subscribers in Canada by adapting the American Customer Satisfaction Model, the result obtained was 54.67%. This score was relatively low compared to the 65% obtained by ACSI organization for the USA in 2004.

Fornell (1992) investigated customer satisfaction with 100 corporations in over 30 industries in Sweden and expressed that the benefits of customer satisfaction include the following; highly satisfied customers -

- 1) Stay longer (i.e. prevent customer churn)
- 2) Purchase more as the company introduces new products and upgrades existing products

- 3) Talk favorably about the company and its products or services (helps to improve advertisement)
- 4) Pay less attention to competing brands
- 5) Less sensitive to price
- 6) Offer product or service ideas to the company
- 7) Cost less to serve than new customers because transactions are routine
- 8) Enhances business reputation

These benefits make customer satisfaction and its measurement an important marketing construct, which is especially essential to the mobile telecoms industry in which the long-term links between operators and customers are of greater importance to business performance.

Several research works have shown that customer satisfaction is positively associated with desirable business outcomes namely; Customer Loyalty, Customer Retention, and Customer Profitability. Gerpott et al. (2001) reported that these consequences are important goals for telecommunications operators to have superior economic success.

Similarly, the following author had confirmed before that; both the service management and the marketing literatures suggest that there is strong theoretical underpinning among customer satisfaction, customer loyalty, and profitability (Hollowell, 1996). However, the study of Hollowell (1996) neither confirmed nor denied that the relationship path hypothesized (customer satisfaction > customer loyalty > profitability) is stronger than a direct customer satisfaction > profitability relationship.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **Research Design**

The study adopted a descriptive survey research design specifically the descriptive comparative and descriptive correlational design. Descriptive studies are non-experimental researches that describe the characteristics of a particular individual, or of a group. It deals with the relationship between variables, testing of hypothesis and development of generalizations and use of theories that have universal validity. It also involves events that have already taken place and may be related to present conditions (Kothari, 2004). Further, descriptive surveys are used to discover causal relationships (descriptive correlation), differences (descriptive comparative), to provide precise *quantitative* description and to observe behavior (Treece and Treece, 1973).

#### ***Research Population***

The target population comprised of the key M-pesa customer outlets who offer M-Pesa services in Eastleigh and Kibera townships in Nairobi-Kenya. It consisted of 5,300 respondents where 150 m-pesa agents were selected from each township and 2,500 m-pesa customers respectively. 62 outlets were selected through convenience sampling and the respondents (customers and operators) interviewed at the outlets as they carried out their daily (transactions) businesses. 5 customers were randomly picked from each outlet, 31 m-pesa agents were picked from each of the townships and 192 m-pesa customers from Eastleigh and 118 m-pesa customers from Kibera. Simple random sampling was used to select the respondents to avoid personal influence in the selection of the individuals to be interviewed. A semi-structured questionnaire was used to collect data.

**Sample Size**

In view of the nature of the target population where the number for both M-pesa agents and customers are many, a sample was taken from each category. Table 1 below shows the respondents of the study with the following categories: sample size, target population and towns. The Sloven’s formula was used to determine the minimum sample size. For the calculations refer to the appendix **viii**.

$$n = \frac{N}{1 + N(0.05)^2}$$

**Table 1**  
**Respondents of the Study**

Towns	Total Target Population		Sample Size	
	M-pesa agents	Customers	M-pesa agents	Customers
Eastleigh	150	2500	31	192
Kibera	150	2500	31	118
Grand Total	<b>5300</b>		<b>372</b>	

**Sampling Procedures**

The purposive sampling was utilized to select the respondents based on these criteria:



1. Male or female respondents in any of the two townships of Nairobi included in the study
2. M-pesa Agent /operators raging from one year and above.

From the list of qualified respondents chosen based on the inclusion criteria, the systematic random sampling was used to finally select the respondents with consideration to the computed minimum sample size.

### **Research Instruments**

The research tools that were utilized in this study include the following: (1) face sheet to gather data on the respondents' demographic characteristics (gender, age, qualifications, marital status, duration of M-pesa operation, (2) researcher devised questionnaires determined the levels of;

Perception of M-pesa outlets services- (1); Very Good (2); Good (3); Bad (4); Very Bad.

Satisfaction with M-pesa outlets Services- Very satisfied (1); Satisfied (2); Dissatisfied (4); Very Dissatisfied.

### ***Validity and Reliability of the Instruments***

Content validity was ensured by subjecting the researcher devised questionnaires on resource availability and utilization to judgment by the content experts (who shall estimate the validity on the basis of their experience) such as professors (3), associate professors (3) and senior lecturers (3) in educational management.

The test-retest technique was used to determine the reliability (accuracy) of the researcher devised instruments to ten qualified respondents. These respondents were not included in the actual study. In this test- retest technique, the questionnaires were administered twice to the same subjects. The test was reliable and the trait being measured was stable, the results were consistent and essentially the same in both times (Treece and Treece, 1973).

## **Data Gathering Procedures**

### ***Before the administration of the questionnaires***

1. The researcher obtained an introduction letter from the College of Higher Degrees and Research for the researcher to solicit approval to conduct the study from respective heads of secondary schools.
2. The researcher, upon approval secured a list of the qualified respondents from the M-pesa authorities in charge and select through systematic random sampling from this list to arrive at the minimum sample size.
3. The respondents were explained about the study and were requested to sign the Informed Consent Form (Appendix 3).
4. About 372 questionnaires were reproduced for distribution so as to cater for the sample size hence reduces mortality threat to validity.
5. Pre-testing was performed before distribution of the questionnaires so as to test for reliability and accuracy of the instrument.
6. Research assistants were selected by the researcher to assist in the data collection; the researcher briefed them on the details and familiarized them in order to be consistent in administering the questionnaires.

### ***During the administration of the questionnaires***

1. The respondents were assured of the confidentiality of the information given and that it was to be used for the purpose of study only.
2. They were requested to answer completely and not to leave any part of the questionnaires unanswered.
3. The researcher and assistants emphasized retrieval of the questionnaires within three days from the date of distribution.
4. On retrieval, all returned questionnaires were checked for correct answering.

### ***After the administration of the questionnaires***

The data gathered was organized, entered into the computer and analyzed using the Statistical Package for Social Sciences (SPSS).

### **Data Analysis**

Data was analyzed using descriptive statistics .The quantitative data was analyzed using Statistical Package for Social Sciences (SPSS) and the analyzed presented in frequency distribution tables to measure dimensions with the highest concentration explanation presented in prose. Mean scores and standard deviations to determine attributes with the greatest impact. The data was summarized and organized by using tables, for the information to be effective and in a meaningful way.

The demographic characteristics of the respondents have been tailed to come up with the frequency, and percentage distribution of those who participated in the study.

The mean and standard deviations was applied for the levels of customer perception and customer satisfaction on Mpesa outlets services. Pearson correlation was used to measure relationships between customer perception and customer satisfaction of M-pesa outlets services and One-way ANOVA test was used to measure relationships. Linear regression analysis illustrated the strengths and based on the relationships in terms of mean. From these findings, the conclusions and recommendations were derived.

The following mean range was used to arrive at the mean of the individual indicators and interpretation:

*2A For the level of perception of M-pesa outlets services.*

<b>Mean Range</b>	<b>Response Mode</b>	<b>Interpretation</b>
3.26-4.00	Strongly Agree	Very good
2.51-3.25	Agree	Good
1.76-2.50	Disagree	Bad
1.00-1.75	Strongly Disagree	Very Bad

*2B For the Level of Satisfaction with M-Pesa outlets Services*

<b>Mean Range</b>	<b>Response Mode</b>	<b>Interpretation</b>
3.26-4.00	Strongly Agree	Very Satisfied
2.51-3.25	Agree	Satisfied
1.76-2.50	Disagree	Dissatisfied
1.00-1.75	Strongly Disagree	Very Dissatisfied

### **Ethical Considerations**

To ensure confidentiality of the information provided by the respondents and to ascertain the practice of ethics in this study, the following activities were implemented by the researcher:

1. The researcher had to seek out permission to adopt the standardized questionnaire through a written communication.
2. The respondents; customers and M-pesa agents were marked using some numeral values (initials) in order to avoid reflecting their names. Individual townships however were listed by their names.
3. The researcher had to seek out permission through a written request to the concerned M-pesa outlets included in the study.
4. The researcher requested to sign in the *Informed Consent Form* (Appendix 3)
5. The researcher acknowledged the authors quoted in this study and the author of the standardized instrument through citations and referencing.
6. The findings of this study are presented in a generalized manner.

### **Limitations of the Study**

In this study, the researcher claimed an allowable 5% margin of error at 0.05 level of significance this is due to the following threats to validity. However, procedures to be taken in order to minimize and eradicate the threats to the validity of the findings of this study are also indicated.

1. *Extraneous variables* which were beyond the researcher's control such as respondents' honesty, personal biases and uncontrolled setting of the study which could to wrong answers.
2. *Instrumentation*: The research instruments on customer perception and satisfaction were not standardized. Therefore a validity and reliability test was done to produce a credible measurement of the research variables.
3. *Testing*: Due to the use of research assistants, inconsistency in the administration of the questionnaires arose mainly during distribution, understanding of the questions and explanations was given to the respondents. In order to minimize this threat, the researcher detailed, briefed and oriented the research assistance on procedures to be done in data collection.
4. *Attrition/Mortality*: This is the scenario where the questionnaires distributed to the respondents could fail to be retrieved back or even returned unanswered due to circumstances on the part of the respondents such as travels, sickness, hospitalization and refusal/withdrawal to participate. In anticipation to this, the researcher reserved more respondents by exceeding the minimum sample size. The respondents were also be reminded not to leave any item in the questionnaires unanswered and were closely followed up as to the date of retrieval.
5. *Selection*: On choosing the sampling procedure to follow during the collection of data, the researcher would fail to follow the set procedure and end up using a different one; this would lead to the researcher being biased. To minimize this threat to validity, the researcher selected the most appropriate procedure and followed it.

## CHAPTER FOUR

### PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA

A total of **372** questionnaires were administered and collected in the two townships of Nairobi (Kibera and Eastleigh) that is 100% response rate. The data collected was analyzed with the Statistical Package for Social Science (SPSS). Table 3 presents the descriptive statistics (frequency statistics) of the independent variables (demographics).

#### DEMOGAPIC CHARACTERISTICS FOR RESPONDENTS

**Table 3** Respondents Demographic characteristics

Items	Frequency	percentage
<b>Gender</b>		
Male	198	53.2
Female	174	46.8
<b>Total</b>	<b>372</b>	<b>100</b>
<b>Age</b>		
18-39 years	189	50.8
40-59 years	149	40.1
60 years and above	34	9.1
Total	<b>372</b>	<b>100</b>
<b>Employment</b>		
Public	77	20.7
Private	118	31.7
Self- employed	79	21.2
Student	65	17.5
Unemployed	33	8.9
Total	<b>372</b>	<b>100</b>
<b>Marital status</b>		

Single	102	27.4
Married	122	32.8
Divorced	88	23.7
Widowed	60	16.1
<b>Total</b>	<b>372</b>	<b>100</b>
<b>Location</b>		
Kibera	149	40.1
Eastleigh	223	59.9
<b>Total</b>	<b>372</b>	<b>100</b>
<b>Duration as M-pesa client</b>		
Less than one month	38	10.2
1 month	66	17.7
1year	74	19.9
1-2 years	112	30.1
3-4 years	82	22.0
<b>Total</b>	<b>372</b>	<b>100</b>

## LEVEL OF CUSTOMER PERCEPTION

The respondents hand the following ratings on the perception table below.

**Table 4** LEVEL OF CUSTOMER PERCEPTION

Statement	Mean	Interepretation	Rank
M-Pesa is the household name when it comes to matters of transferring money	2.51	Good	17
M-Pesa transactions are safe and secure	2.64	Good	15
M-Pesa services are easily accessible	2.67	Good	14
M-Pesa services are user friendly	3.01	Good	2
M-Pesa services are affordable and cost effective	2.52	Good	16
M-Pesa has made bills payment easy	2.73	Good	8
M-Pesa services has created job opportunities	2.74	Good	7
M-Pesa is very fast in terms of transaction as compared to other forms of money transfer	2.70	Good	11
M-Pesa services are easily adaptable	3.02	Good	1
M-Pesa services has globalised our country	2.81	Good	4
M-Pesa services has created family strains	1.84	Bad	3
M-Pesa services has made people feel part of the larger financial networks	2.70	Good	11
With M-Pesa, it is easy to track one owns savings	2.81	Good	4
There is flexibility in M-Pesa transactions	2.72	Good	10
M-Pesa services has improved the living standards of people	2.79	Good	6
M-Pesa has brought about improvement of infrastructure	2.51	Good	17
M-Pesa services has led to the growth in the service industry	2.69	Good	13
There is possibility of over-spending with M-Pesa services	2.73	Good	8
<b>MEAN</b>	<b>2.68</b>	odGo	<b>9.22</b>

According to table 4, A majority of the respondents were in agreement with side on statements such as; M-Pesa has made bills payment easy, M-Pesa services have created job opportunities, M-Pesa services are easily accessible, M-Pesa has made bills payment easy and M-Pesa services has created job opportunities



The study further found that respondents were in agreement that M-Pesa services have improved the living standards of people, has made it possible for people to over-spend, transactions are safe and secure, services are very fast in terms of transaction as compared to other forms of money transfer and are easily adaptable, M-Pesa services has globalised our country, are affordable and cost effective and eased tracking of ones savings, M-Pesa has brought about improvement of infrastructure all had a mean score of 2.68 of the overall ticks in the table under 'Agree' section interpreted as good.

However, M-Pesa services has created family strains had a low response of 1.84 mean that showed a disagreement.

**Table 5 LEVEL OF CUSTOMER SATISFACTION**

Statement	Mean	Interepretation	Rank
M-Pesa outlet services are satisfying	2.85	Good	6
Financial transactions with M-pesa services are out standing.	3.04	Good	2
I tend to ignore other mobile money transfers when it comes to M-Pesa services.	2.99	Good	3
I tend to refer to a potential client to M-Pesa services unlike other mobile money transfers.	2.91	Good	5
Since I joined M-Pesa services to date I am a regular user.	2.63	Good	8
I believe M-Pesa services are the best ever mobile money transfer means near me.	2.74	Good	7
I am willing to locate an M-pesa outlet services incase of far distance, abandoning other available money transfer services.	3.06	Good	1
I am willing to adapt to any changes of M-Pesa outlet services.	2.99	Good	3
I do not require someone to manage my M-pesa account since the steps to follow are available in its menu.	2.55	Good	10
M-pesa outlets services are well distributed regionally compared to other mobile money transfer services.	2.51	Good	12
I have no complains when it comes to M-pesa outlets services.	2.53	Good	11
Incase of M-pesa outlets services failure, I would be greatly affected in my financial involvements.	2.61	Good	9
<b>MEAN</b>	<b>2.78</b>	Good	<b>6.42</b>

From table 5 above, shows that most of he respondents are in agreement on the satisfaction they derive from m-pesa outlets services. Thus the mean is 2.78 of the overall responses.

Thus in general, the respondents agreed that; M-Pesa outlet services are satisfying, Financial transactions with M-pesa services are out standing, I tend to ignore other mobile money transfers when it comes to M-Pesa services, I

tend to refer to a potential client to M-Pesa services unlike other mobile money transfers. Since I joined M-Pesa services to date I am a regular user, I believe M-Pesa services are the best ever mobile money transfer means near me, I am willing to locate an M-pesa outlet services incase of far distance, abandoning other available money transfer services, I am willing to adapt to any changes of M-Pesa outlet services, I do not require someone to manage my M-pesa account since the steps to follow are available in its menu, M-pesa outlets services are well distributed regionally compared to other mobile money transfer services, I have no complains when it comes to M-pesa outlets services, and finally, Incase of M-pesa outlets services failure, I would be greatly affected in my financial involvements.

### Relationship of Customer Perception and Satisfaction

The researcher used the Pearson correlation to measure the relationships between customer perception and customer satisfaction of the M-pesa outlets services.

**Table 6** Pearson Correlation

		Customer Perception	Customer Satisfaction
Customer Perception	Pearson Correlation	1	-.035
	Sig. (2-tailed)	.	.496
	N	372	372
Customer Satisfaction	Pearson Correlation	-.035	1
	Sig. (2-tailed)	.496	.
	N	372	372

The correlations table 6 above indicates that, there is no significance relationship between customer perception and customer satisfaction. The significance level should be 0.05, thus 0.496 is greater indicating that the significance is negligible that is, not significance.

This means that there is no significance relationship between the customer perception and customer satisfaction of M-pesa outlets services.

### The significant difference between Customer Perception and Satisfaction

One way ANOVA Test was adopted to measure the difference the difference between the customer perception and customer satisfaction of M-pesa outlets services.

**Table 7 One way Anova Test**

ANOVA

Customer Satisfaction

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	265.989	39	6.820	1.212	.188
Within Groups	1868.484	332	5.628		
Total	2134.473	371			

From the above table7, it is clear that there is no significance difference between customer perception and satisfaction of the M-pesa services. The significance point of 0.188 is negligible since it exceeds 0.05.

### Measure of the strength of relationships

The researcher used linear regression analysis to test for the strength of relationships between customer perception and customer satisfaction.

**Table 8a** Linear Regression Analysis

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.035 <sup>a</sup>	.001	-.001	2.40034

a. Predictors: (Constant), Customer Perception

The table 8a indicates insignificant contribution. That is R. Squire of 0.001. The overall contribution of customer satisfaction to changes in customer perception shown in Adjusted R. Squire is -0.001. Thus this negative contribution is rendered negligible.

**Table 8b** Anova

ANOVA<sup>b</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.671	1	2.671	.464	.496 <sup>a</sup>
	Residual	2131.802	370	5.762		
	Total	2134.473	371			

a. Predictors: (Constant), Customer Perception

b. Dependent Variable: Customer Satisfaction

The above table 8b shows that there is no significant effect of customer satisfaction on customer perception as much as M-pesa outlets services are concerned.

In other words changes in levels of customer satisfaction have a negligible effect on levels of customer perception. The significance on customer perception is 0.496 which is insignificant.

**Table 8c** Coefficients

Coefficients <sup>a</sup>		
Standardized Coefficients		
Beta	t	Sig.
	16.622	.000
-.035	-.681	.496

The table 8c above shows Beta of -0.035 and t of -0.489. this means that there is a negative relationship between customer satisfaction and customer perception. However, this negative relationship is insignificant.

## **CHAPTER FIVE**

### **FINDINGS, CONCLUSIONS, RECOMMENDATIONS**

This chapter entails the research findings, conclusions, and recommendations of the researcher.

#### **FINDINGS**

Majority of the respondents were male which is a slight difference with the female respondents that is 53.2% and 46.8% respectively. The study further found out that majority of the respondents were below 41 years old and had are privately employed. The married are the majority followed by singles respondents at 32.8% and 27.4% respectively. They are customers of 3-4 years period and 1-2 years duration. 59.9% of the respondents came from Eastleigh while 40.1% came from Kibera.

On perception of the customers on the M-Pesa services, the study's findings indicated that the customers considered the services as a state of the art money transfer service since it takes little time to transact and has made monery transfer easy since it is cheap, safe and one can make a lot of transaction like payment of utility bills without queeing up in an office while others said that M-pesa services had made money transfer and storage very affordable especially to the people who do not have an access to the banking facilities, is more convenient compared to other services since one does not have to go to bank to deposit or withdraw money. The study also pointed to other customers sentiments that, while M-Pesa services are so far good, M-Pesa operators should endeavour to strengthen their relationship with the customers because it leads to economic growth and benefit the society.

This finding affirms a finding by Chisnall (1975) asserts that personal factors modify the effect of the various physical stimuli which influence perception. Behind every act of perceiving, is the individual's past history or experience. Previous experience has built up a relatively stable cognitive

organization within the individual which determines the meaning of a particular percept.

The study found that M-Pesa services are perceived as being easily accessible, made bills payment easy and created job opportunities. The study further found that M-Pesa services had improved the living standards of people, made it possible for people to over-spend, transactions were safe and secure, very fast in terms of transaction, M-Pesa services has globalized Kenya, are affordable, cost effective and eased tracking of ones savings.

Majority of the respondents also intimated that they are satisfied with M-Pesa service and considered it as reliable. This supports Fornell (1992) investigated customer satisfaction with 100 corporations in over 30 industries in Sweden and expressed that the benefits of customer satisfaction include the following; highly satisfied customers -

- 1) Stay longer (i.e. prevent customer churn)
- 2) Purchase more as the company introduces new products and upgrades existing products
- 3) Talk favorably about the company and its products or services (helps to improve advertisement)
- 4) Pay less attention to competing brands
- 5) Less sensitive to price
- 6) Offer product or service ideas to the company
- 7) Cost less to serve than new customers because transactions are routine
- 8) Enhances business reputation

There are a few people who are very satisfied i.e. 19.1%. Thus the level of customer's satisfaction of m-pesa outlet services is on high level since 64.1% of the respondents are satisfied. 11.9% are dissatisfied and only 4.9% are S. dissatisfied.

However, this result supports the previous studies conducted on customer satisfaction of mobile operators in the United States 65% of the

respondents were satisfied (ACSI, 2004), and in Canada 54.67% of the respondents were satisfied (Turel and Serenko, 2006).

Both the perception and satisfaction questionnaire tables were ticked on "Agree" section by the majority leading to a positive response on both variables.

It has been established therefore that there is a no significance relationship and no significance difference between the customer perception and customer satisfaction on M-pesa outlets services.

It is on this basis that the researcher established that; there is no significant effect of perception on m-pesa outlets services, as a result of change in the level of customer satisfaction. In other words perception and satisfaction are correlated in that if the level of customer satisfaction is high, there is negative insignificant evident of customer perception. This finding disagrees with Serenko and Turel (2006) investigated customer satisfaction with mobiles services in Canada and reported that perceived quality and perceived value are the key factors influencing satisfaction with mobile services.



## **CONCLUSIONS**

On the basis of the this study's findings, it is quite evident that customers perceive M-Pesa services as easily accessible, made bills payment easy and created job opportunities. This has had a wide influence on the economic development in the country as people find it convenient to pay bills through phone than waste time queuing in an office despite having to waste time traveling to the pay point in the first place. Since M-Pesa is operated by human beings and machines, it has created job and business opportunity which is being taken by the citizens. The study further concludes that customers perceive M-Pesa services to have improved the living standards of people as people receive income and transfer money to friends and family through the medium and the transactions are safe and secure and very fast in terms of transaction as compared to other forms of money transfer and are easily adaptable. M-Pesa services have globalised Kenya as explained by the fact that a customer can transfer money from his account to a recipient in another country. The customers also perceive M-Pesa services as affordable and cost effective and very reliable money transfer service.

In terms of level of perception, it good since agree section had highest response rate as it depicts good for interpretation. Similarly, on satisfaction the level is satisfied since agree section was the highest in response rate.

H1 the null hypothesis is therefore accepted since it has been proven that both customer perception and customer satisfaction are not related as per the study. There is no significant relationship between the customer perception and customer satisfaction of M-pesa outlets services. H2 the null hypothesis is also accepted for there is no significance difference between customer perception and customer satisfaction of M-pesa outlets services.

The classical queuing theory has been of impact since the M-pesa outlets services have been applying its rules of FIFO(first in first out) thus it has been Proved to work well.

## **RECOMMENDATIONS**

Based on the findings of this study, the researcher recommends that Safaricom should train the vendors at the M-Pesa outlets on customer/market orientation through seminars to mitigate the incessant rude behavior they show M-Pesa customers. The study further recommends that Safaricom should ensure that the M-Pesa outlets have enough money(both cash and floats) so as to minimize the inconvenience caused to customers as well as minimizing the occurrence of M-pesa service delays caused by the network.

The study also recommends that Safaricom Ltd should revise its transactional cost and benchmark it against those of its competitors. This will increase the customers' loyalty to the service and increase its revenue as more people will embrace the service. Safaricom should also upgrade its technology so that the recipients' numbers can be retrieved from the phone book as this will minimize errors of sending money to the wrong recipient and the Company should also dispel the perceived fear of information insecurity by conducting campaigns and advertisement to affirm customers of the security that the M-Pesa information is accorded.

### **Suggestions for Further Research**

The study focused mainly on the perception of customers on M-Pesa services and customer satisfaction and the challenges they face while utilizing the service. A similar study should be carried out in other developing countries where the service is being offered like South Africa, Zambia, Tanzania, Rwanda, Uganda, Democratic Republic of Congo, UK et cetera.

On the similar note other mobile money transfer service providers should carry out this study.

### **Titles of related studies**

1. Customer's loyalty on M-pesa outlets services.
2. Perceived quality of mobile money transfers.

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## APPENDIX 1

### TRANSMITTAL LETTER



Ggaba Road - Kansanga  
P.O. Box 20000, Kampala, Uganda  
Tel: +256- 41- 266813 / +256- 41-267634  
Fax: +256- 41- 501974  
E- mail: admin@kiu.ac.ug,  
Website: www.kiu.ac.ug

#### OFFICE OF THE COORDINATOR, BUSINESS AND MANAGEMENT COLLEGE OF HIGHER DEGREES AND RESEARCH (CHDR)

November 29, 2011,

2011  
Dear Sir/Madam,

**RE: REQUEST FOR MUJURI KAWIRA ROSE MBA/43090/92/DF  
TO CONDUCT RESEARCH IN YOUR ORGANIZATION**

The above mentioned is a bonafide student of Kampala International University pursuing a Masters of Business Administration (Finance and Banking).

She is currently conducting a field research of which the title is **"Customers' Perception and Satisfaction of M-Pesa Outlets Services in Selected Townships of Nairobi, Kenya."**

Your organization has been identified as a valuable source of information pertaining to her research project. The purpose of this letter is to request you to avail her with the pertinent information she may need.

Any information shared with her in your organization shall be treated with utmost confidentiality.

Any assistance rendered to her will be highly appreciated.

Yours truly,



Mr. Malinga Ramadhan  
Coordinator  
Business and Management (CHDR)



*"Exploring the Heights"*

**APPENDIX 1B**  
**COMPANY LETTER**



Safaricom Ltd Service centre 010284 Eastleigh  
P.O BOX 690, Nairobi-Kenya. TEL: 0720963210/+254 -2435076567  
web: <http://www.safaricom.co.ke>

Date: 10/12/2011.

To Whom It May Concern:

Permission granted to Mujuri K. Rose to carry out the research only to the specified respondents concerning M-pesa services alone. Care should be taken to avoid bias to any of the Safaricom customers / outlets service providers.

The research is to be carried out in Kibera and Eastleigh only within the month of December, 2011. Failure to comply we are not part of the blame.



Safaricom operation manager (Eastleigh)

**APPENDIX II**

**CLEARANCE FROM ETHICS COMMITTEE**

Date \_\_\_\_\_

**Candidate's Data**

Name \_\_\_\_\_

Reg.# \_\_\_\_\_

Course \_\_\_\_\_

Title of Study \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

**Ethical Review Checklist**

**The study reviewed considered the following:**

- \_\_\_ Physical Safety of Human Subjects
- \_\_\_ Psychological Safety
- \_\_\_ Emotional Security
- \_\_\_ Privacy
- \_\_\_ Written Request for Author of Standardized Instrument
- \_\_\_ Coding of Questionnaires/Anonymity/Confidentiality
- \_\_\_ Permission to Conduct the Study
- \_\_\_ Informed Consent
- \_\_\_ Citations/Authors Recognized

**Results of Ethical Review**

- \_\_\_ Approved
- \_\_\_ Conditional (to provide the Ethics Committee with corrections)
- \_\_\_ Disapproved/ Resubmit Proposal

**Ethics Committee (Name and Signature)**

Chairperson \_\_\_\_\_

Members \_\_\_\_\_



### **APPENDIX III**

#### **INFORMED CONSENT**

I am giving my consent to be part of the research study of Ms. Mujuri Kawira Rose that will focus on customers' perception and satisfaction of M-pesa outlets services.

I shall be assured of privacy, anonymity and confidentiality and that I will be given the option to refuse participation and right to withdraw my participation anytime.

I have been informed that the research is voluntary and that the results will be given to me if I ask for it.

Initials: \_\_\_\_\_

Date \_\_\_\_\_

**APPENDIX IV A**

**FACE SHEET: DEMOGRAPHIC CHARACTERISTICS OF THE RESPONDENTS**

**Gender (Please Tick):** \_\_\_ (1) Male

**Age** \_\_\_ (2) Female

- 18-39 years
- 40-59 years
- 60 years and above

**Which of the following indicate your type of employment?**

- Public employment
- Private employment
- Self-employment
- Student
- Unemployed

**Marital status**

Single\_\_\_\_\_

Married\_\_\_\_\_

Divorced\_\_\_\_\_

Widowed\_\_\_\_\_

**Location**

Kibera\_\_\_\_\_ Eastleigh\_\_\_\_\_

**Duration as an M-pesa client**

\_\_\_\_\_(1)Less than a month

\_\_\_\_\_(2)one month

\_\_\_\_\_(3) one year

\_\_\_\_\_(4) 1-2 years

\_\_\_\_\_(5) 3-4 years

\_\_\_\_\_(6) five years and above

## APPENDIX IV B

### RESEARCH INSTRUMENT

#### QUESTIONNAIRE TO DETERMINE LEVEL OF PERCEPTION (M-pesa Agents and Customers)

1. Please tick (✓) in the <b>perception table</b> each row requires one tick as applicable to you. Statement	S. Agree	Agree	Disagree	S. Disagree
M-Pesa is the household name when it comes to matters of transferring money				
M-Pesa transactions are safe and secure				
M-Pesa services are easily accessible				
M-Pesa services are user friendly				
M-Pesa services are affordable and cost effective				
M-Pesa has made bills payment easy				
M-Pesa services has created job opportunities				
M-Pesa is very fast in terms of transaction as compared to other forms of money transfer				
M-Pesa services are easily adaptable				
M-Pesa services has globalised our country				
M-Pesa services has created family strains				
M-Pesa services has made people feel part of the larger financial networks				
With M-Pesa, it is easy to track one owns savings				
There is flexibility in M-Pesa transactions				
M-Pesa services has improved the living standards of people				
M-Pesa has brought about improvement of infrastructure				
M-Pesa services has led to the growth in the service industry				
There is possibility of over-spending with M-Pesa services				

Legend: S denotes 'Strongly'

## APPENDIX IV C

### RESEARCH INSTRUMENT

#### QUESTIONNAIRE TO DETERMINE LEVEL OF SATISFACTION (M-pesa Agents and Customers)

1. Please tick (√) in the <b>satisfaction table</b> each row requires one tick as applicable to you. Statement	S. Agree	Agree	Disagree	S. Disagree
M-Pesa outlet services are satisfying				
Financial transactions with M-pesa services are outstanding.				
I tend to ignore other mobile money transfers when it comes to M-Pesa services.				
I tend to refer to a potential client to M-Pesa services unlike other mobile money transfers.				
Since I joined M-Pesa services to date I am a regular user.				
I believe M-Pesa services are the best ever mobile money transfer means near me.				
I am willing to locate an M-pesa outlet services incase of far distance, abandoning other available money transfer services.				
I am willing to adapt to any changes of M-Pesa outlet services.				
I do not require someone to manage my M-pesa account since the steps to follow are available in its menu.				
M-pesa outlets services are well distributed regionally compared to other mobile money transfer services.				
I have no complains when it comes to M-pesa outlets services.				
Incase of M-pesa outlets services failure, I would be greatly affected in my financial involvements.				

Legend: S denotes 'Strongly'

**APPENDIX V**

**PROPOSED DATA PRESENTATION THROUGH TABLES/GRAPHS**

Table 2

Demographic Characteristics of the Respondents

<b>Category</b>	<b>Frequency</b>	<b>Percentage (%)</b>
<p><b>Gender</b>  Male  Female</p> <p><b>Age</b>  18-39 (Early adult hood)  40-59 (Middle adult hood)  60 and above (Late adult hood)</p> <p><b>Which of the following indicate your type of employment?</b></p> <p><input type="checkbox"/> Public employment  <input type="checkbox"/> Private employment  <input type="checkbox"/> Self-employment  <input type="checkbox"/> Student  <input type="checkbox"/> Unemployed</p> <p><b>Marital status</b>  Single_____   Married_____   Divorced_____   Widowed_____</p> <p><b>Duration as an account holder</b>  ____(1)Less than a month  ____(2)one month  ____(3) one year  ____(4) 1-2 years  ____(5) 3-4 years  ____(6) five years and above</p>		

## APPENDIX VI

### BUDGET

<b>Particular</b>	<b>Quantity</b>	<b>Amount (Ksh)</b>
Stationery	Paper 5 Reams Ink 1 Cartridge Binding materials	3,500/=
Research Assistants	5 @ 2,000	10,000/=
Transport costs		50,000/=
Data Analysis		15,000/=
Up keep		10,000/=
Miscellaneous		6,000/=
	<b>Total</b>	<b>100,000</b>

## APPENDIX VII

### TIME FRAME 2011/2012

Activity	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
1. Conceptual Phase												
Chapter 1												
2. Design & Planning Phase												
Chapter 2-3												
3. Thesis Proposal												
4. Empirical Phase												
Data Collection												
5. Analytic Phase												
Chapter 4-5												
6. Journal Article												
7. Dissemination Phase												
Viva Voce												
8. Revision												
9. Final Book Bound Copy												
10. Clearance												
11. Graduation												

## APPENDIX VIII

### Calculations of the sample size

$$n = \frac{N}{1 + N(0.05)^2}$$

Where **n** = sample size  
**N** = accessible population  
**e** = level of significance of 0.05

$$N = 5,300$$

$$n = \frac{5,300}{1 + 5,300 (0.05)^2}$$

$$n = \frac{5,300}{14.25}$$

$$n = 371.9298 = \underline{372}$$

372 in the ratio of 1:5 = 62:310. 62 divided by 2 townships =31 respondent in @ outlet. While for M-pesa customers 310, were radomly selected as 192 and 118 in Eastleigh and Kibera respectively.



## RESEARCHER'S CURRICULUM VITAE

### Personal Profile

Name: Mujuri Kawira Rose  
Date of birth: 10<sup>th</sup> Jan 1986  
Marital status: Single  
Gender: Female  
email: [mujurik3@rocketmail.com](mailto:mujurik3@rocketmail.com)  
Mobile +256700736577/ +254710172444

### Educational Background

Jan 2010-Date Kampala International University undertaking MBA-FB  
March 2007 –November 2009 Kampala International University attained bachelor degree in computer science  
August 2006 – February 2007 Kampala International University Access Programme  
2002 – 2005 Kanjalu Girls' secondary school attained KCSE.

### Work Experience

January- April 2010 Prime Designs at Kabalaga as a computer tutor.

### Other Relevant Data

Member of: MEMPROW. KIU, Christian Union Chairlady while in high school.  
School prefect and a member Drama and Dancing.