

## Mobile Phones as New Tools in Small-scale Enterprises and Microfinance

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### Abstract:

In the Global South, mobile money (m-money) has expanded from a development project to people's everyday service with a global transaction value of 1.3 trillion euros. M-money allows the user to transfer, deposit, or loan money without a smartphone or a bank account. Today, m-money companies offer services not only for individuals, but also for community banks to have a group mobile wallet.

This study shows how mobile technology has become an intrinsic part of people's lives and informal entrepreneurship especially in East Africa. Moreover, mobile phones and m-money have become a tool to enhance people's access to finance.

Microfinance is promoted by mainstream economists and organisations for financial inclusion, women empowerment, and poverty alleviation. The critics argue that the system which started as non-profit services has only become a billion-dollar business. Simultaneously, age-old traditional community banking is flourishing today without necessarily reducing the demand for microfinance. These trends have become even more puzzling with mobile technology.

Drawing from extant literature and fieldwork conducted in Tanzania in 2024–2025, this study asks: How have microfinance and community banking evolved? How has m-money service risen, and what is its connection to microfinance? What are the strengths and weaknesses of traditional community banking, modern microfinance, and m-money loans? The paper shows gaps in the literature and contributes to the research on traditional and commercial banking in the digitalised world. It gives recommendations for local communities and calls for further research on the topic.

### Keywords:

Social economics, mobile money, microfinance, financial inclusion, community banking, the Global South.