

## ABSTRACT

The main objective of this study is to examine the adoption of mobile banking on sustainability of microfinance institutions in Tanzania. In addition to the main objective, the study also aims at examining the merits and demerits of using mobile banking by microfinance institutions, to identify reasons for microfinance institutions lagging behind in the adoption of mobile banking and to investigate means used by microfinance institutions in solving the outreach problems. This study adopts a qualitative research design in which its results are based on the interviews, focus group discussion, observation, literature reviews and past research findings. The sample of the study is 25. Quantitative data from the questionnaire is analysed by using Excel spread sheets. Data from interview was transcribed to form notes. This was combined with data from document analysis. All the data from interview, self-administered questionnaire and document analysis are organized to form codes by relating with research questions and literature review. Research findings indicate that MFIs have been struggling to find efficient means to expand customer outreach. Mobile banking service has evolved to cater for customer outreach problem through services such as disbursement account, collection account & saving account. But MFIs in Tanzania have lagged behind the adoption of the Mobile banking service; even those who have adopted have only adopted the Loan collection account. Late adoption has kept MFIs at disadvantageous position, because they have failed to utilize the mobile banking opportunity to efficiently maximize customer outreach. Also they have failed to seize the opportunity of generating new revenues through subscription as mobile banking agents. Also the study has found that mobile banking sector does not have adequate regulatory framework to regulate it. The research recommends the need for the Government of Tanzania and all stakeholders to sit and come up with Regulatory framework that will facilitate Mobile Banking to become a tool for Financial Inclusion.

