

Assessment of the Practice of Digital Disbursement Financial System in Managing Student's Loans among Higher Learning Institutions in Northern Zone Tanzania

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ABSTRACT--- *Digital disbursements is a relatively payment system that allows users to send funds from person to person using only mobile phone number which also used by Higher Education Student Loan Board (HESLB) to manage loans among higher learning institutions' students. This paper as aimed at assessing the practice of digital disbursement financial system in managing students' loans among higher learning institutions in the Northern Zone of Tanzania. The study applied descriptive research design. A questionnaire was distributed to business experts of Mwenge Catholic University to check on the content validity. To ensure data reliability, a Cronbach's alpha as a measure of internal consistency was used. The sample size of the study included 400 respondents where questionnaire and documentary review were used as data collection tools. Descriptive statistics was used to analyze and present the quantitative data with the aid of Statistical Package for Social Science (SPSS). This study found that the use of mobiles and connectivity, availability of financial and digital infrastructure, convenient and secure banking service with lower fees, offering faster service, and availability of internet determined the practice of digital disbursement financial system in managing students' loans. The study concluded that digital disbursement financial system enables people accessing basic digital services for their daily lives such as paying school fees, payment of utility bills and purchase of airtime. This is made in transmission of the payment message which finally can be transmitted in funds. The study recommended that, there should be reliable internet connectivity to ensure digital disbursement financial services which depends on telecommunications infrastructure and internet to allow connectivity to access digital financial service.*

Keywords--- Digital disbursement financial system, financial service delivery, loan management higher learning institution

1. INTRODUCTION

Digital Disbursements is a relatively payment system that allows users to send funds from person to person using only mobile phone number which also used by Higher Education Student Loan Board (HESLB) to manage loans among Higher Learning Institutions' (HLIs') students. Globally, 71% of young people including Higher Learning Institutions' (HLIs) students are online and can access digital disbursement financial system to obtain their loans versus 48% of the overall population (UNICEF, 2017), while one in three internet users around the world is under the age of 18 (UNICEF, 2017). Access to online information and digital disbursement become so successful that several national governments, including those of Costa Rica, Estonia, Finland, France, Greece and Spain, have formally recognized internet access which facilitates the practice of digital disbursement financial system in managing students' loans a human right (Burns and Gottschalk, 2019).

In Africa, Digital Disbursement System (DDS) that facilitates digital Financial Service Delivery (FSD) through mobile phones and agent networks has dramatically reduced the cost of delivering financial services to the mass market in such a way that affects students' loan management also (AFPI, *et al.*, 2017). In 2017, about a third of accounts in Sub-Saharan Africa (121.9 million) were 90-day active in accessing digital financial services and managing students' loans through digital disbursement system (Competencies *et al.*, 2018).

In Tanzania, digital financial service delivery through digital disbursement system was introduced by government through HESLB to manage students' loans. Loan board integrated with commercial banks. The Loan board provides devices for higher learning institutions purpose for students to signing after getting the email or message from loan board (Bank *et al.*, 2020). It has been widely successful since it can make life easier for customers including Higher Learning Institutions' (HLIs) students by allowing them to transact locally. Digital financial service delivery through digital disbursement system can also reduce the risk of loss, theft, and other financial crimes posed by cash-based transactions, as well as the costs associated with transacting in cash (Bank *et al.*, 2020).

Before the introduction of digital disbursement system among HLIs in Northern Zone of Tanzania there were problems after the allocation of loans made by department of allocation and disbursement. Students can sign the loan on behalf of others and against the wrong accounts as well which attracts the risk of theft and deletion of retirement documents to the loan board (Bank *et al.*, 2020). The loans officers use the weakness of manual system to manipulate the loans for students who had not reported to Universities. After the introduction of digital disbursement system, it resolved the problems like deletions of retirement, reduction of costs manipulation, theft and other financial crimes. The Digital disbursement system is networking. It requires internet, punctuality of responds, digital devices for signing and more training for higher learning Institutions. Since the digital disbursement system was introduced in Tanzania in 2016, through higher students' loan board, there were no researches made to assess the practice of digital disbursement system. Therefore, this study assessed the practice of digital disbursement financial system in managing students' loans among higher learning institutions in Northern Zone of Tanzania particularly at Mwenge Catholic University, Kilimanjaro Christian Medical University College and Moshi Co-operative University.

2. STATEMENT OF THE PROBLEM

Digital disbursement system can help managing students' loans because it offers more convenient, faster, secure and flexible services, with lower fees, that serve HLIs' students specific needs (OECD, 2020). On the other hand, there are numerous challenges in managing students' loans through digital disbursement system that includes: lack of information on consumers; inadequate access to consumers; different and new consumer needs; customers' inexperience with digital financial services; and constrained business models (Smit *et al.*, 2017). There are various efforts made by the Government to facilitate the central banks and digital financial service providers to adopt regulation which will allow access to specific digital banking services to manage HLIs students' loans.

The Government of Tanzania identifies as well the need for HLIs' students and young adults to be exposed to digital disbursement system in managing their loans. The digital disbursement system was introduced by Government of Tanzania in 2016. Despite the efforts done by the government to influence HLIs' students to adapt to digital disbursement System to access digital financial service delivery, still there are challenges associated with digital disbursement system such as online financial fraud (Commission, 2020), poor internet access, and wrong transactions among users. According to the statement from Allocation and loan disbursement department staff, there was no study which assess the system if it has achieved the purpose of managing student loans disbursement although they still work in configuration for other modules to be used. Therefore, this study intends to fill the existing information gap by assessing the practice of digital disbursement financial system in managing students' loans among higher learning institutions in Northern Zone of Tanzania particularly at Mwenge Catholic University, Kilimanjaro Christian Medical University College and Moshi Co-operative University.

3. OBJECTIVES OF THE STUDY

- i. To assess the practice of digital disbursement financial system in managing students' loans among higher learning institutions.
- ii. To identify the costs and benefits experienced during the practice of digital disbursement financial system in managing students' loans among higher learning institutions.

4. SIGNIFICANCE OF THE STUDY

To assess the levels of digital disbursement financial system which managing students' loans among higher learning institutions by assessing the levels of operations, the levels of implementation, and identification of cost and benefit of the system will be profound and significant effect to the various stakeholders including: the digital financial service users, digital financial service providers, governments, researchers and policy makers.

To the digital financial service users, the findings of this study will provide awareness which will lead to motivation of accessing digital financial service in such an easier, simple, attractive and low-cost financial services which is expected to increase greater access to financial services and may positively impact financial inclusion of excluded and underserved individuals. This will provide consumers a wider choice of financial services, at lower costs, expanded speed, convenience and security.

To the government through higher education students' loans board (HESLB), the findings of this study will be appropriate for effectiveness of cash transfers, expansions of boundaries for the adaptation of the system, which provide an opportunity and incentive for both digital financial service and governments to build a digital financial inclusion connection. This will enable the government through higher education students' loans board to provide enough electronic devices to the HLIs and transfer money to contracted financial institutions which may contribute to increased financial inclusion as a key pillar of national financial inclusion strategies to reach excluded population.

To the researchers and policy makers, the findings of this study will help them identify and fill missing elements and policy approaches for advancing digital financial inclusion and mitigating potential risks arising from access to digital financial services. The research findings will add to the stock of knowledge where other researchers can use as a reference.

5. THEORETICAL FRAMEWORK

5.1 Electronic Payment Theory

Electronic Payment Theory was propounded by Nweke (2015) who referred to electronic payment as a system that uses integrated hardware and software to allow for the payment of goods and services by electronic means rather than by the use of physical cash or paper checks. These may include cards (credit cards, debit cards, electronic fund transfer, electronic cheque, paypal, mobile phone such (as Mpesa, Tigo Pesa, Airtel money) and Google Wallet.

The strength of this theory is that electronic payment allows a user to make financial transactions and services that can be carried out using a mobile device such as a mobile phone which may or may not be linked directly to a bank account. On the other hand, preferring electronic payment system demand more payment in terms of transaction cost. Unlike physical cash payment system has not transaction or processing fee added. Users would prefer to the actual product amount and this can only be achieved when the pay using hard cash instead of electronic payment system that demands transaction fees. This theory is relevant to this study since digital disbursement financial system in managing students' loan to higher learning institutions in Northern Zone of Tanzania will remain in place for a long time. There is therefore a need to study its effectiveness and to seek ways of implementing it for digital financial service delivery. Digital disbursement financial system has both positive and negative effects, especially for low income households and spatial effects that need best solutions to make it effective.

6. EMPIRICAL LITERATURE REVIEW

A study by Alquradaghi (2019) investigated the levels of practice of digital disbursement solution, in 148 countries using the 2011 data from the World Bank's Global Findex database. In addition to average statistics, they examine individual and country characteristics associated with three indicators of digital disbursement solutions: ownership of a bank account, savings on a bank account, and use of bank credit. They found that differences in income across countries and among HLIs' students within countries influence the level of digital financial service delivery. Moreover, individuals with high income and higher education levels tend to benefit more from greater digital disbursement solution. This study adopted World Bank's Global Findex database which was used as sources of data. The current study does not adopt World Bank's Global Findex database which made it necessary to fill this gap by assessing the level of operations of digital disbursement financial system in managing students' loans using questionnaire and documentary review as sources of data.

World Bank (2019) investigated on factors that influence the level of practice of digital bank account and savings account focusing on HLIs' students and country characteristics across 123 countries. They showed that higher income level and higher education is positively associated with greater level of digital disbursement financial system. The implication from these studies is that poor, low-income and illiterate individuals do not benefit proportionately from digital disbursement system which means they are characterized by low level of digital disbursement financial system, and this pose a serious problem in digital financial service delivery (World Bank, 2019). Reviewed literature on the level of operations of digital disbursement financial system means that there is need for more studies to broaden the scope of knowledge regarding level of operations of digital disbursement financial system. This emanates from the notion that in developing countries, digital disbursement financial system is the fundamental for digital financial service delivery. Therefore the current study intended to assess the level of operations of digital disbursement financial system in managing students' loans among higher learning institution in Northern Zone of Tanzania.

A study conducted by Asian Development Bank (2016) observed that the low level of financial literacy and low awareness of digital disbursement solution can reduce HLIs' students' patronage level of digital financial services to perform basic financial platforms to manage their loans. The implication is that individuals with low income and those who are worried about the state of their personal finance will have little incentive to use digital disbursement which (i) they do not understand, (ii) do not have the financial literacy to understand how it works, (iii) and if they are unaware of existing digital finance infrastructure. Overall, an unintended consequence of a digital-finance-led financial inclusion program is that it can lead to greater financial data inclusion but not increase digital financial services. Malady (2016) also argued that

although consumers such as HLIs' students may have digital banking credentials to access the digital disbursement system, HLIs' students in many emerging markets are not active users of the digital channels due to lack of trust and confidence in the new digital disbursement system. The lack of trust in digital disbursement system by HLIs' students has negative effect on loans management in emerging and developing countries. This problem is greater in countries that lack strong consumer protection institutions and frameworks. The implication is that having greater financial data inclusion (or having digital banking credentials) does not necessarily improve access to digital disbursement system for poor individuals if individuals do not trust digital channels (Malady, 2016). The literature above showed low level of financial literacy and low awareness of digital disbursement solution can reduce HLIs' students' patronage level of digital financial services to perform basic financial platforms. Although consumers such as HLIs' students may have digital banking credentials to access the digital disbursement system, HLIs' students in many emerging markets are not active users of the digital channels. This necessity the current study to show how the practice of digital disbursement financial system influences users' digital financial service management using digital channels for their own benefits.

Submitted *et al.* (2019) studied the levels of practice of digital disbursement system in students' loans management. The study revealed that, digital disbursement has several benefits to financial services users including HLIs' students, digital finance providers, governments and the economy; notwithstanding, a number of issues still persist which if addressed can make digital finance work better for individuals, businesses and governments. The digital finance issues discussed are relevant for the on-going debate and country-level projects directed at greater financial inclusion via digital finance in developing and emerging economies. John (2016) added that despite the benefits of digital disbursement financial system in managing students' loans, many countries in the developing world still face considerable challenges in attaining merchant acceptance of digital disbursements. Small businesses in urban and rural areas in the developing world do not accept digital disbursements due to high bank fees and high set-up costs, and consequently, poor individuals including HLIs' students that have digital banking credentials are not able to make payments for services that do not accept digital disbursements. In these situations, the increase in digital disbursement system does not improve students' loans management if poor individuals participate in the digital disbursement system but cannot make payments for basic expenses from nearby small businesses who find it too costly to use digital disbursement devices such as point-of-sale (POS) devices in developing countries.

A study conducted by IMF (2020) observed that, digital disbursement allow payment transactions to continue and financial support to reach those in need, when other forms of disbursement become cumbersome due to health guidelines. Paying public wages and other public transfers digitally that is also more cost-effective. Digital disbursement technologies improve the ability to target cash assistance to households, particularly to the unbanked, to HLIs, and to the informal sector. These technologies can also improve the speed of transfers, which is of particular value in the COVID-19 crisis, as large informal sectors in many developing economies are in urgent need of assistance (IMF, 2020).

Alper and Miktus (2019) argued that, the level of practice of digital disbursement financial system is facilitated by digital financial services such as payments of students' loans, remittances, and credit which are accessed and delivered through digital channels, including via mobile devices. These encompass established instruments (e.g., debit and credit cards) offered primarily by banks, as well as new solutions built on cloud computing, digital platforms, and distributed ledger technologies (DLT), spanning mobile payments, crypto-assets and peer-to-peer (P2P) applications. According to Arner *et al.* (2020), digital financial services can be harnessed to respond to the COVID-19 shock, and the crisis has the potential to accelerate their development and use. For countries however, making progress to satisfy important preconditions will smooth the transition toward digital disbursement use. These include having an adequate digital infrastructure (e.g., high-quality communication services that facilitate access to the internet and mobile connectivity) and putting in place legal and regulatory requirements that enable digital financial service delivery (e.g., allow the use of third-party agents to facilitate access to digital financial service and develop a strong network of local agents, establish a risk-based and proportionate anti-money laundering (AML) framework, foster interoperability and competition). Incentives for local adoption and the existence of a national ID system can also facilitate the development of DFS (Arner *et al.*, 2020).

By considering the reviewed literature above it shows that a good number of similar researches have been done worldwide but there are a number of gaps left including geographical gap as there is little known in Tanzania context specifically on costs and benefits that are experienced during the operations of digital disbursement financial system. Therefore, this study aimed at filling this knowledge gap by identifying the costs and benefits that are experienced during the operations of digital disbursement financial system in managing students' loans among higher learning institutions in Northern Zone of Tanzania.

7. METHODOLOGY

This study was carried among students in selected HLIs in the Northern Zone of Tanzania including Mwenge Catholic University (MWECAU), Moshi Co-operative University (MoCU) and KCMU College. Data collection instruments

included questionnaire which was administered to 400 respondents among selected HLIs MWECAU, KCMUCo, and MoCU. Also the study adopted interview by using interview guide for the qualitative data collection as it allowed rapport and trust to be established between the respondents from loans board and the researcher. This method was adopted in order to gain in-depth understanding of digital disbursement system among HLIs' students in delivery of financial service in the study areas. The key informants were selected based on their training and personal experience with effectiveness of digital disbursement system in delivery of financial service. Moreover, documentary review was employed to gather secondary information which otherwise would not be gathered using the other methods including questionnaire. Documentary was reviewed by using documentary review guide. In this study both qualitative and quantitative techniques were used in analyzing data. Descriptive statistics was used to analyse and present the quantitative data which contained numerical information. This was ensured through the use of percentages which were used to show variations on the outcomes from the findings by using Statistical Package for Social Scientists (SPSS). Inferential statistical analysis was used to analyse the qualitative data that was collected into some form of explanation or understanding the levels of practice of digital disbursement system on students' loan management. The technique that was used was content analysis where data were analyzed and reported based on peoples' opinions related to the study objectives.

8. FINDINGS AND DISCUSSION

8.1 Demographic Characteristics of respondents

Demographic characteristics such as sex of respondents, age and mobile money service they acquire in digital disbursement financial system are important features when it comes in assessing the practice of digital disbursement financial system in managing students' loans among higher learning institutions in Northern Zone of Tanzania at MWECAU, KCMUCo and MoCU.

Table 1: Demographic characteristics

Demographic characteristics	Frequency	Percentage
Sex		
Male	240	60.0
Female	160	40.0
Total	400	100.0
Age		
Below 18 years old	40	10.0
19-24 years old	120	30.0
25 years and above	240	60.0
Total	400	100.0
Mobile money service		
TIGOPESA	120	30.0
M-PESA	200	50.0
AIRTEL MONEY	40	10.0
HALO PESA	40	10.0
Total	400	100.0

Source: Field survey 2021

8.1.1 Sex of respondents

The findings in Table 1 reveal that, the larger number of respondents 60.0% was male while 40.0% were female. This indicated that women usually do not engage much on digital disbursement financial system as much as men do. Female in digital disbursement financial system are thought to be particularly vulnerable to discrimination and neglect due to the fact that are rarely enrolled in higher learning institutions compared to male.

8.1.2 Age of respondents

Table 1 show that 10.0% of respondents had below 18 years old and 30.0% had between 19-24 years old while 60.0% had 25 years old and above. This revelation means that the youth are increasingly attracted to be involved in digital disbursement financial system. The findings indicate that more than a half (60.0%) of respondents were youth who are matured enough to adhere with how their loan can be managed using digital disbursement financial system which used to facilitate their financial transactions.

8.1.3 Kind mobile money service

The findings in Table 1 show that 30.0% of respondents subscribed to TIGOPESA for digital disbursement financial transactions, 50.0% subscribed to M-PESA, 10.0% subscribed to AIRTEL MONEY and HALO PESA respectively. This indicates that most of digital disbursement financial system users subscribed to M-PESA as a platform of digital disbursement financial system to manage their digital transactions.

8.2 The practice of digital disbursement financial system

This section focused on assessing the practice of digital disbursement financial system in managing students' loans among higher learning institutions in Northern Zone of Tanzania. In this part of the study, the description of the data series are based on likert scale of the study variables as shown in Table 2 indicate that 20.0% of respondents strongly agreed, 50.0% agreed while 30.0% remained neutral on use of mobiles and connectivity; 30.0% of respondents strongly agreed, and 60.0% agreed while 10.0% remained neutral on available financial and digital infrastructure; 40.0% strongly agreed while 60.0% agreed on convenient and secure banking service with lower fees; 30.0% strongly agreed, 60.0% agreed while 10.0% remained on offering faster service; 50.0% strongly agreed and 40.0% agreed while 10.0% remained neutral on availability of internet.

Table 2: The level of practice of digital disbursement financial system (n=400)

The level of practice of digital disbursement financial system	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Use of mobiles and connectivity	20.0%	50.0%	30.0%	0.0%	0.0%
Available financial and digital infrastructure	30.0%	60.0%	10.0%	0.0%	0.0%
Convenient and secure banking service with lower fees	40.0%	60.0%	0.0%	0.0%	10.0 %
Offering faster service	30.0%	60.0%	10.0%	0.0%	0.0%
Data security	20.0%	70.0%	10.0%	0.0%	0.0%
Availability of internet	50.0%	40.0%	0.0%	0.0%	0.05

Source: Field survey 2021

8.2.1 Use of mobiles and connectivity

Table 2 revealed that 20.0% of respondents strongly agreed, 50.0% agreed while 30.0% remained neutral on use of mobiles and connectivity. This indicated that mobile phone and connectivity are used to issue amount of money based on transactions on the mobile account. All these transactions on the mobile platforms are being performed using smart phones using internet connectivity. This means that, mobile money has influenced high mobile phone practice on digital transactions which needs only national identity or voter identity card for accessing digital financial services. This finding is similar with the findings of World Bank (2018) observed that digital financial services (DFS) are now most prevalent on mobile platforms and have allowed access to financial services for the unbanked poor people who do not have access to the traditional model of banking where there is a lot of costs associated with setting up and maintaining remote financial institutions in remote areas. According to the World Bank global finindex survey of 2017, there has been an 11% increase from 2011 to 2017 of Zambians paying for services such as utility bills or school fees using mobile money. The finindex survey shows that DFS has improved lives in Zambia and will continue only if we understand and address the challenges of overlapping jurisdictions, policy, rules and regulations.

Additionally, FSD Ghana (2013) revealed the positive effects of use of mobile money on national payment systems that showed how enabling regulatory framework makes significant impact in the uptake and active usage of mobile money services and allows for buying treasury bills through mobile money, saving and buying insurance. The change in regulations has contributed in turning mobile money around in Ghana in 3 short years.

Muralitharan *et al.* (2016) research showed that the use of mobile money services in countries such as Kenya have improved the poor's earning potential (SDGs #2 and #3 – ending poverty and hunger) through better labor outcomes (SDG # 8 – decent employment), particularly for women (SDG #6 – women's empowerment), and boosted their savings. Mobile payments have also made households more resilient to shocks by allowing them to receive financial support from distant friends and relatives, as evidenced in Kenya, Uganda, and Bangladesh. And lastly, research showed that the digital delivery of government payments can reduce corruption and crime, lower administration costs, and reduce travel and waiting costs of recipients.

GSMA (2015) recommended the regulation of the use of mobile money services as the alternative to saving the poor and the Unbanked. The regulatory framework within a country that governs the delivery of digital financial service and involves

several different aspects such as provision of financial services to the poor. Most Global organizations such as the World Bank through the G20 and GSMA association recommended for digital financial service providers to continue offering valuable services that contribute to financial inclusion.

8.2.2 Availability of financial and digital infrastructure

Table 2 revealed that 30.0% of respondents strongly agreed, and 60.0% agreed while 10.0% remained neutral on availability of financial and digital infrastructure, implying that there is available digital infrastructure that enable digital transaction where banks provide access to digital payment infrastructure such as credit infrastructure and digital connectivity infrastructure that enable electronic money where people can have access to digital transactions. This is supported by World Bank Group (2019) observed that at present, incumbents largely control access to critical financial infrastructure, while technology and communication companies control access to services like communications, data services, e-commerce portals, social media platforms, and search engines. The incumbents could use their control of financial infrastructure to restrict access to new entrants, while telecom and communication companies could leverage critical technology services and data to offer financial services and restrict incumbent financial institutions access to them. The Central Bank of Mexico, for example, is allowing non-banks to access the payments infrastructure. Peoples Bank of China is allowing non-bank credit providers to access its credit registry. In other cases, regulators are requiring operators of financial infrastructure to open access to non-banks. Reserve Bank of India required access to payment infrastructure for non-bank e-money issuers. In some cases, new open infrastructures are being created which would be open for all DFS players – for example, in Pakistan and Sierra Leone.

Additionally, Karonda and Tembo (2019) found that, Zambia's digital financial services infrastructure landscape consists of the combination of the underlying Telecommunications infrastructure on which mobile financial services operate, Public and Private internet and intranets. There are different platforms of the Payments Systems available for transaction between and among end users, including consumers, merchants, businesses and governments. These payments systems may be public, semi-public, or private and they may be "closed-loop" or "open-loop". There is a certain degree of payments system interoperability among participants in payments and this is a necessary component of infrastructure readiness. The voice and data Communication Networks that support financial messaging among end users and providers require a certain levels of communication network quality and security that are a necessary component of infrastructure readiness and calls for regulation to allow for consistency and reliable transactions.

A study conducted by CII (2016) on the digital revolution in India shows that the India Stack and Aadhaar digital biometric identification programs are being championed by the government and ICT financial systems regulators to promote a country wide digital financial service. India had their fair challenges of Digital Financial System's ICT infrastructure.

8.2.3 Convenient and secure banking service with lower fees

Table 2 revealed 40.0% strongly agreed while 60.0% agreed on convenient and secure banking service with lower fees, implying that, digital disbursement financial system has the potential where transactions are made at lower costs. This makes digital financial service being secured banking service that allow more cheaper transactions that make even poor people access financial services in a convenient way. This is supported by Better than cash Alliance, (2016) found that, the government of Bangladesh implemented a nationwide mobile payments system and it has rapidly grown the mobile payment services, transforming people's ability to save money securely and access it conveniently. This has made life better and business easier. The Bkash service in Bangladesh is an over-the-counter service, and agent liquidity is managed much more directly by the mobile operators themselves. On the other hand, because of this convergence, convenience and ease of use, digital financial services are sometimes used for illegal and illicit activities such as Money Laundering and Financing of Terrorism activities. The Industry therefore, needs stringent Policy, Rules and Regulations to guide the use of digital financial services. Regulation is important to allow for a Fair playing field by the Incumbents, improved competition and quality of service, increased investment, greater economic growth, improved efficiency, healthy competition, consumer Protection and overall financial Inclusion.

8.2.4 Offering faster service

The findings on Table 2 indicated that, 30.0% strongly agreed, 60.0% agreed while 10.0% remained on offering faster service. This implies that digital disbursement financial system enables people accessing basic digital services for their daily lives such as paying for school fees, payment of utility bills and purchase of airtime. This means that digital disbursement financial system offers fast service in such a way that payment is made in transmission of the payment message which finally can be transmitted in funds which occurs in real time 24 hours. Therefore due to its fastness in offering services, digital disbursement enables efficient and effective access to finance. This is supported by CGD (2019) outlined that, access to a basic transaction account in digital disbursement system is potential as it allows people to receive and send payments in a faster way. It is the first step towards accessing a broader suite of financial services such as savings, insurance, and credit. In this way, increasing usage of digital financial services can hasten resolution of the health emergency, support economic recovery and underpin the return to economic growth. Access to affordable financial services

in a fast way is potential for poverty reduction and economic growth. Countries with deeper, more developed digital financial systems enjoy higher economic growth and larger reductions in poverty and income inequality. Access to financial services also increases opportunities and resilience for the poor, financial services in many different dimensions and its critical role in achieving the Sustainable Development Goals. Digital financial services, have the potential to lower costs by maximizing economies of scale, to increase the speed, security and transparency of transactions and to allow for more tailored financial services that serve the poor.

8.2.5 Availability of internet

Moreover Table 2 revealed that, 50.0% strongly agreed and 40.0% agreed while 10.0% remained neutral on availability of internet. This indicated that digital disbursement financial services are accessed using internet which could be through a computer, mobile phone or any other suitable device that can be connected to the internet. This means that, digital payments are exchanged digitally using technologies which depend on telecommunications infrastructure and internet which have to be regulated to allow connectivity to access digital financial service. These findings imply that the level of practice of digital disbursement financial system is facilitated by the availability of internet. This means that without internet connectivity digital disbursement system cannot be accessed to manage digital financial service delivery among digital disbursement financial system users. This is similar to Wright *et al.* (2017) observed that, the potential to add more sophisticated services to the digital financial service eco-system is significant as economies transition from cash-based to digital. First, two-thirds of the 1.7 billion adults without financial services in the world have a mobile phone, and almost half of the adults in the developing world have access to internet and use social media. In sub-Saharan Africa, smartphone penetration was 39% by end of 2017 and is estimated to rise to 66 percent by 2025. Second, the acceptance of digital payments for daily use by merchants will continue to grow as the digital economy develops. This will further reduce the need for physical cash and, together with alternative consumer data and data analytics, enable more sophisticated digital financial service eco-systems that are built on top of digital payments such as digital credit and insurance which facilitated by internet.

8.3 Costs and benefits

Concerning costs and benefits that are experienced during the operations of digital disbursement financial system the findings on Table 3 showed that customers' inexperience with digital financial service, different customers' needs and transactional cost relief were mentioned by 20.0% of respondents respectively; lack of information on consumers was identified by 30.0% of respondents while limited digital financial education was mentioned by 10.0% of respondents.

Table 3: Costs and benefits during the operations of digital disbursement financial system

Costs and benefits	Frequency	Percent
Customers' inexperience with digital financial service	80	20.0
Different customers' needs	80	20.0
Lack of information on consumers	120	30.0
Transactional cost relief	80	20.0
Limited digital financial education	40	10.0
Total	400	100.0

Source :Field survey 2021

8.3.1 Lack of information on consumers

Table 3 showed that, lack of information on consumers was identified by 30.0% of respondents, implying that there is cost associated with digital financial service during the operation of digital disbursement financial system. Alongside widespread adoption of smartphones and the availability of high speed internet connection, technological advancement that are supporting the modern tendency of digital financial innovations are facilitated by the use of data and expansion of information flow. This is supported by Accenture (2020) outlined that, online pension calculators, digital dashboards, digital pension advice, chat bots, the use of gamification, digital retirement coaches via mobile apps and virtual reality may also contribute to this purpose, alongside provision of financial literacy and appropriate financial information, youth employment support, coaching, mentoring and in-person financial advice, to empower youth to take smart financial decisions about their retirement. To protect and support young people through these difficult times, governments may consider developing programmes that address any unique aspects impacting young people, by focusing on researching and addressing new vulnerabilities, raising awareness and providing appropriate information around available support, and using the situation as an opportunity to gauge young people's interest on digital finance issues.

8.3.2 Different customers' needs

Also Table 3 revealed that, different customers' needs was mentioned by 20.0% of respondents, indicating that, digital financial service can be accessed by people with different needs. This means that digital financial service providers need to do so regarding customers' needs. Such services should be suited to the customers' needs and delivered respectively at a cost both affordable to customers and suitable for providers. Digital financial service providers are providing such service based on the relationship with the customer where a bank offers transactional account for digital payment transfers using mobile phones. This finding is supported by CPPI (2014) observed that, digital financial services can make life easier for customers by allowing them to transact locally in tiny amounts and better manage their characteristically uneven income and expenses. The payment, transfer, and value storage services of the digital transactional platform and the data generated by customer usage can enable providers to offer additional financial services tailored to customer needs.

8.3.3 Transactional cost relief

Furthermore, Table 3 showed that, transactional cost relief was mentioned by 20.0% of respondents, implying that formal microfinance institutions provide financial services at a higher cost while the cost of obtaining financial services from digital financial system is relatively lower. This means that, there are benefits of accessing digital financial service using mobile money devices like smart phones. Digital financial system can provide quicker financial services at lower cost, making it easier for low-income individuals to manage their financial obligations on a day-to-day basis. This is supported by IFC (2017) found that, digital financial inclusion has some benefits. Digital financial inclusion promises to help banks lower costs by reducing queuing lines in banking halls, reduce manual paperwork and documentation and to maintain fewer bank branches. However, the expected benefits of digital finance can only be fully realized if the cost of providing digital financial services is negligible or zero. The expected benefits of digital financial inclusion can be fully realized if the cost of obtaining a digital transactional platform by poor individuals is negligible or low, where a digital transactional platform refers to mobile phones, personal computers and related devices. Digital finance and financial inclusion have several benefits to financial services users, digital finance providers, governments and the economy such as increasing access to finance among poor individuals, reducing the cost of financial intermediation for banks and Fintech providers, and increasing aggregate expenditure for governments.

9. CONCLUSION AND RECOMMENDATION

9.1 Conclusion

The level of practice of digital disbursement financial system is facilitated by the availability of internet. Without internet connectivity digital disbursement system cannot be accessed to manage digital financial service delivery and loans among digital disbursement financial system users. Mobile phone and connectivity are used to issue amount of money based on transactions on the mobile account. All these transactions on the mobile platforms are being performed using smart phones using internet connectivity. Digital disbursement financial system enables people accessing basic digital services for their daily lives such as paying for school fees, payment of utility bills and purchase of airtime. Digital disbursement financial system offers fast service in such a way that payment is made in transmission of the payment message which finally can be transmitted in funds which occurs in real time 24 hours.

9.2 Recommendation

Therefore, it is recommended that, there should be reliable internet connectivity to ensure digital disbursement financial services which are exchanged digitally using technologies which depend on telecommunications infrastructure and internet which have to be regulated to allow connectivity to access digital financial service. In this study there is insufficient coverage related to the geographical scope where the research investigated among higher learning institutions only in Moshi Municipality specifically at MWECAU, MoCU) and KCMUCo. There are several big regions such as Dar es Salaam, Dodoma, Mwanza and Arusha. However, research on the effectiveness of digital disbursement financial system on managing students' loans in these regions is still lacking. Therefore future studies should address the remaining unstudied regions to support the existent strategies to increase the effectiveness of digital disbursement financial system.

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