

**INTERNAL CONTROL SYSTEMS AND MOBILE MONEY FRAUD: A CASE STUDY
OF MTN UGANDA**

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Abstract

The purpose of the study was to establish the relationship between internal control systems in Mobile Network Operators and Mobile Money fraud. The study investigated the level of Mobile money fraud, the study also investigated the internal control systems in Mobile Network Operators (MNOs) used at MTN Uganda. The study employed a cross-sectional field survey design using a combination of descriptive and analytical research design with self-administered questionnaires, to 108 MTN Uganda employees who directly interact with mobile money customers and systems and 219 MTN Mobile Money agents within CBD of Kampala city. Data was presented in form of tables, measures of central tendency, variability and correlation analysis using SPSS software. The study found that 55.4% of the mobile money customers had ever lost mobile money from their accounts, with the majority (61.5%) losing the money through sms spoofing, and fake sms, this showed a significant level of mobile money fraud. The study also investigated a number of internal control systems being used by MNOs particularly MTN Uganda, where it revealed that some internal controls were adequate to control the level of mobile money fraud while there was still room for improvement in some internal controls. Internal control systems such as integrity, ethical values, clear organization structure, risk identification, effective controls of MM, and strict SIM swap requirements for MM customers were commendable, while internal controls such as employee motivation, clear communication of information to employees and sensitizing MM customers about fraud were still inadequate. The study further revealed that there was a strong negative relationship between mobile money fraud and internal control systems.