THE EFFECTS OF MOBILE BANKING ON PERFORMANCE OF COOPERATIVE BANKS IN NAIROBI COUNTY

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DECLARATION

Declaration by the Candidate

I solemnly declare that this project report has not been presented for any other award in any other University.

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Declaration by the Supervisor

This project has been submitted with our approval as University Supervisor.

Supervisors Name :

Signature **:**………………………….Date: ………………………….

DEDICATION

Special dedication goes to Almighty God for enabling me to do this project. I wish to dedicate the project to my family.

ACKNOWLEDGEMENT

I thank God for positive health and grace that allowed me to live and completed my project. I also acknowledge my supervisor for giving me guidance and providing time to co-author this work. I also acknowledge the part that my family has played in the completion of this course especially financial and moral support. I thank the University, the lecturers, and classmates for giving me adequate support such as academic company and discussions that have had methodological meaning towards completing this project.

Thanks, and may God bless you.

ABSTRACT

Banking through mobile phones has been common in developed countries for years. Mobile banking, sometimes referred to as m-banking or m-commerce, is a form of branchless banking.Banking is an area that has extended in many different ways in recent years, including telephone and online banking. M-banking provides yet another channel for banking services, and in emerging markets, provides some possibility for becoming a primary channelMaking time for the bank can be tough, but banking shouldn't be an inconvenience. Adopting technological service innovations entails substantial learning effort requiring information and guidance from the providerElectronic commerce (e-commerce) continues to have a profound impact on the global business environment, but technologies and applications also have begun to focus more on mobile computing, the wireless Web, and mobile commerce (Riza & Hafizi, 2020)With the improvement of mobile technologies and devices, banking users are able to conduct banking services at anyplace and at any time. Recently, many banks in the world have provided mobile access to financial information. The reason to understand what factors contribute to users' intention to use mobile banking is important issue of research.Mobile banking is a service provided by a bank or other financial institution which allows its clients or customers to conduct financial transactions remotely. The uptake of mobile phones in Kenya has been unprecedented. Of vital significance is the rapid absorption of mobile based banking services. This trend of continued reliance on mobile devices to execute monetary transactions is steadily gaining momentum. In an effort to gauge the implications of this mobile phone phenomena, this study set sets out to bring to light the critical issues arising from the emergent mobile technology innovations (Rose, 2020). This paper is structured to offer strategic insights into the current state of mobile phone banking service as well as a review of emerging service provider, customer traits as well as tactical and policy implications. Illuminative cases are also featured to drive home the fundamental paradigms of concern in this study. The paper is based on a study conducted on existing mobile banking services in Kenya alongside mobile banking experiences of different countries.

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ABBREVIATIONS AND ACRONYMS

ATM - Automatic Teller Machine

SMS - Short Message Service

KCB - Kenya Commercial Bank

CBK - Central Bank of Kenya

M-banking - Mobile banking

CHAPTER ONE

INTRODUCTION

Banks are financial institutions that provide vital services to businesses and individuals. Banks also provide credit opportunities for people and corporations. The money you deposit at the bank – short term cash - is used to lend to others for long-term debt such as car loans, credit cards, mortgages, and other debt vehicles. This process helps create liquidity in the market—which creates money and keeps the supply going (Samar et al, 2019).

Banks range in size based on where they're located and who they serve - from small, community-based institutions to large commercial banks. According to the FDIC there were just over 4,500 FDIC-insured commercial banks in the United States as of 2019 (FDIC, 2019). This number includes national banks, state-chartered banks, commercial banks, and other financial institutions. While traditional banks offer both a brick-and-mortar location and an online presence, a new trend in online-only banks emerged in the early 2010s.

Background of the Study

The financial journey in Kenya dates back to the pre-colonial periods. At first, the pioneering banks concentrated on financing international trade along the Europe-South Africa–India axis (CBK, 2008).

As time progressed, the changing landscape of banking began to note the entrance of fully indigenous banks. Kenya's first fully locally owned commercial bank was the Co-operative Bank of Kenya, which was initially a co-operative society. It served the needs of growing farming communities and started operations in 1968. In the same year, the National Bank of Kenya became the first fully-owned government bank. In 1971, the Kenya Commercial Bank was formed following the merger of the National and Grindlays Bank, with the government owning a 60-per cent majority stake. It took poll position as the largest of the country's commercial banks in terms of deposits and number of branches (Laukkanen & Kiviniemi, 2010).

The internet and mobile are the two technological advancements that are fuel to banking convenience. At certain instances and contexts, it has come to be an accepted form and sometimes the only way of access to financial services. Mobile banking: concept and potential (Barnes & Corbitt, 2003)

Many financial institutions make use of both SMS and mobile applications to keep their clients informed of their account activities or to send out alerts regarding possible fraud and/or updates and maintenance of service provision (Mwariri et al, 2020)

Statement of the Problem

The banking industry is changing rapidly. The shifting in the processes and procedures are undergoing an increased use of technology. The use of digital transfer and receive of financial has spiked upwards and has made the banks offering the process in the traditional way to rethink their approach (Mallat et al, 2004)

In the recent past, banks have moved and embraced technology as a tool to support their service to consumers and businesses (Kibet & Wagacha, 2017).

Regulatory and compliance procedures have come to play, and the institutions associated to this have also come to realization that rules and governing protocols have to be put in place to preside on how banking processes are carried out (Singh et al, 2016).

Objectives of the Study

Online, internet and mobile banking come with many advantages; and the most important ones being convenience and speed (Mitham, 2017).

As customers increasingly moving towards the affinity for technology and the like for digitization, banks are forced to be innovative to suit the demands of the market (Laukkanen, 2017). Mobile and internet banking offers the freedom of time and physical location convenience when accessing services.

i. To investigate the developments in use of technology in the banking sector

ii. To find out the level of trust in mobile and internet banking by consumers

Purpose of the Study

The purpose of this study is to determine the effect of mobile banking to finance accessibility, transactions and spending behaviors.

Implications from these findings help banking institutions to strategically frame their service model for broader mobile banking adoption (Jeong & Yoon, 2013).

Research Questions

1. What are the effects of mobile banking to banking?
2. What is the extent of use of technology in banking?
3. What are the security implications of mobile banking?
4. What is the impact of mobile banking to spending?

Significance of the Study

Banks are important institutions in our society.

> *"The shocks analyzed include technological innovations, regulatory regime shifts, banking industry consolidation, and monetary policy shocks."* (Berger & Udell, 2002)

Financial institutions streamline monetary services and offer intermediary connection between consumers and business.

The study therefore is to assist the stakeholders the approach technology has taken banking and how to adjust to the paradigm shifts.

The study also reveals the competition traditional banks face in provision of services and the need to adjust to the changing operational approaches.

Scope of the Study

The study covered commercial banks within Nairobi County and specifically banks, consumers and business located in the Nairobi South region.

The primary target respondents and sample population were users who utilized mobiles as a mode of banking

Limitations of the study

The research was conducted in a financial environment where confidentiality is highly regarded. The challenge faced in the research was that not many respondents were willing to fully divulge their own personal individual data and institutions could not reveal the information of their clients (Tan et al, 2018).

CHAPTER TWO

LITERATURE REVIEW

Background of the study

A Survey done by Kenya Bankers association in 2020 found out that most banks and consumers prefer fully automated platforms while accessing their systems and banking services (KBA, 2020)

Consumers are also encouraged to approach the banking services with best practices. Here the banking sector requires a level of security to access services without disruption and assurance of safety of access and without making the access to services insecure.

However, each of these cell phone banking models have different characteristics and can be classified as bank driven, joint-ventures, non-bank led or non-bank driven (Porteous, 2006).

According to (Gupta & Herma, 2012), commercial banks have already begun investing in mobile technology and security

SMS

Before the introduction and enablement of mobile web services in 1999, mobile banking was completed primarily through text or SMS; it was known as SMS banking. European banks were on the frontier of mobile banking service offering, using the mobile web via WAP support. SMS banking and mobile web were the most popular mobile banking products before 2010. With the development of smartphones with iOS or Android operating systems, mobile banking applications (apps) began to evolve. Clients were able to download the banking apps onto their smartphones with more sophisticated interfaces and improved transactional abilities (Stephanie, 2019).

To date, many financial institutions make use of both SMS and mobile applications to keep their clients informed of their account activities or to send out alerts regarding possible fraud and/or updates and maintenance of service provision (Bojjagani, 2017).

Examples can be a text message from a bank, notifying users that their ATMs or apps will not be accessible during a particular time period due to system maintenance, or a confirmation text from the bank regarding a transfer carried out by the client via the mobile app.

ATM

ATMs emerged in the 1960s and '70s, out of a brave new world where "self-service" and automation" were big buzzwords that appealed to a wide swath of people. An Automated Teller Machine is an electronic banking machine that allows a bank account-holder to perform basic money transactions, like withdrawing cash, without any other human presence (Feig, 2010).

ATMs comes in with many uses: withdraw cash, make deposits, check balance and generate financial statements.

ATM banking is one of the earliest and widely adopted retail e-banking services in Kenya (Nyangosi et al. 2009). However according to an annual report by Central Bank of Kenya its adoption and usage has been surpassed by mobile banking in the last few years (CBK, 2008).

Banking

Globalization has brought unprecedented great opportunities for collaboration in business and the banking sector is no exception. The improvement of technology and information create a digital era in all aspects of the economy, one example is in the banking sector (Malik, 2020).

Malik (2020) considers that the presence of banking sector integration can also be a threat to the domestic banking industry when banks are unable to compete in terms of financial performance. This integration makes it easier for foreign banks to enter the national banking industry (Fajarini, 2017).

Internet banking

In Internet banking services are provided over the World Wide Web. It is considered cost saving since the customer only requires internet access. Users and businesses can deposit cash, withdraw and transfer money to other accounts conveniently without geographical limitations.

Using internet banking to serve its customers has become a strategic tool for banks to gain competitive advantage in the industry (Agarwal et al., 2009; Mann and Sahni, 2012).

Internet banking comes along with many benefits. To the banks it offers low transaction costs, extended coverage and efficiency (Xue et al., 2011; Shanbaug, 2013). To the consumers it provides convenience, unlimited access to the banking services and minimal transaction costs. (Marakarkandy, et al., 2017).

A study by Rahim et al. (2019) recommended that banking institutions especially managers and technology experts should invest and focus on technology and developing and maintaining websites which the platforms in which internet banking services are accessed.

Mobile banking

Chiu et al (2019) suggests that mobile banking refers to the use of a mobile device to carry out financial transactions. Currently, mobile banking's become easier with the development of cellular mobile applications. Clients are now able to check their balances, view their bank statements online, make transfers, and even carry out prepaid service purchases.

Mobile banking can also help you avoid taking on in-person risks. the mobile banking application should be designed in a way that it allows customers to confirm transactions as they use mobile banking services (Aldiabat et al, 2019)

Advantages to mobile banking include the ability to bank anywhere and at any time. Disadvantages include security concerns and a limited range of capabilities when compared to banking in person or on a computer. While users may still use a username and password to log in to a mobile banking app, financial institution may let users enroll in added safety features (Hayikader et al., 2016).

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

Introduction

This chapter is concerned with research design and methodology. The focus is on the methods and approaches to collecting data. Cohen, Manion and Morrison (2000:44) state that methodology in research refers to a systematic way of gathering data from a given population so as to understand a phenomenon and to generalize facts obtained from a larger population.

Research design

Research design describes the methods and approaches and techniques used in data collection. The purpose of this is to obtain as much evidence. The design allows researchers to hone in on research methods that are suitable for the subject matter and set up their studies up for success (McLeod, 2019). Research design is a plan to answer research questions.

Descriptive research seeks to describe the current status of an identified variable. The analysis and synthesis of the data provide the test of the hypothesis.

The research design refers to the overall strategy that you choose to integrate the different components of the study in a coherent and logical way, thereby, ensuring you will effectively address the research problem (Creswell & Creswell, 2018).

Target Population

Target population represents the entire population which the study desires to examine and must be specified in terms of numbers and size (McLeod, 2019)

Sileyew (2019) suggests that there are a number of choices of approaches to research methodologies. Research methodology is the process of collecting data and presenting them in a favorable format. It involves three process; research process, research design and research methodology.

Glen (2019) considers that the sampled population and targeted population in this scenario are likely to be quite different based on the fact that individuals from a different background.

Geographical Area

The research was based on the Nairobi South geographical area which boasts of a middle-class population in fairly well-to-do business owners

Total Population Distribution

The total population was a total of 47 respondents drawn from small business enterprises small and medium business owners and individuals.

Profession	**Population**
Business owners - SME	17
Shopkeepers - SME	9
Professionals - White collar jobs	14
Manual laborers - Manual work	11
Total	**51**

Table 1: Target Population

Sample and sampling technique

Sampling is the process of selecting a representative group from the population under study. It is more or less impossible to study every single person in a target population so psychologists select a sample or sub-group of the population that is likely to be representative of the target population we are interested in (McLeod, 2019).

Qualitative data was analyzed using statistical data analysis. Mugenda and Mugenda (2009)

Sample Respondents

Profession	Population
Business owners - SME	17
Shopkeepers - SME	9
Professionals - White collar jobs	14
Manual laborers - Manual work	11
Total	**51**

Table 2: Sample Respondents

Instruments

The term research instrument refers to any tool that may be used to collect or obtain data, measure data and analyze data that is relevant to the subject of a research (Mugenda & Mugenda, 2013).

Choosing a Research Instrument is done after conceptualization and the units of analysis have been chosen, and before operationalizing concepts construct instruments (Yaya, 2014).

Based on this, the researcher used questionnaires as a data collection instrument. The major reason is because of confidentiality and it gave short and concise answers to issues affecting the study.

Pilot Study

Pilot studies are small-scale, preliminary studies which aim to investigate whether crucial components of a main study – usually a randomized controlled trial (RCT). they may be used in attempt to predict an appropriate sample size for the full-scale project and/or to improve upon various aspects of the study design.

It can refer to so-called feasibility studies which are "small scale version[s], or trial run[s], done in preparation for the major study" (Polit et al., 2001: 467)

Data Collection Procedure and methods

According to Creswell (2003) data collection can be defined as means by which information is acquired from the selected subjects of a study.

Data collection is the gathering of data and information from identified sources. Data collection may defer from one research to another and is dependent on the source of data or the sample population and size (Fraley, 2000).

According to Cohen (2013) a 'questionnaire' is the instrument for collecting the primary data.

The researcher used questionnaire with a drop and pick convenience.

Data Analysis and Presentation

Data analysis is a process that helps determine the trends and relationship of the relationships and variables.

'Data analysis consists of examining, categorizing, tabulating or otherwise re-combining the evidence, to address the initial propositions of a study.' (Yin, 1984: 99)

The basic steps in the analytic process consist of identifying issues, determining the availability of suitable data, deciding on which methods are appropriate for answering the questions of interest, applying the methods and evaluating, summarizing and communicating the results (Roberts, 2009).

Ethical Considerations

Data collection is central part of improvement efforts. Yet, there should be considerations on the privacy and confidentiality of data in the research. Ethical issues include protection of subjects and careful thought in publishing of collected data (Ellis, 1995).

Banking institutions emphasize making profits through offering financial services to consumers and businesses without sacrificing privacy and confidentiality.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

Introduction

The chapter discusses the findings from questionnaires received from 51 respondents in the Nairobi South in the study to find out the effects of mobile banking in the banking industry.

Age

Age category	Respondents	% total
10-20	3	5.9
21-30	16	31.4
31-40	22	43.1
40-50	5	9.8
50-60	3	5.9
60-70	2	3.9
71-80	1	2.0

Table 3: Age of respondents

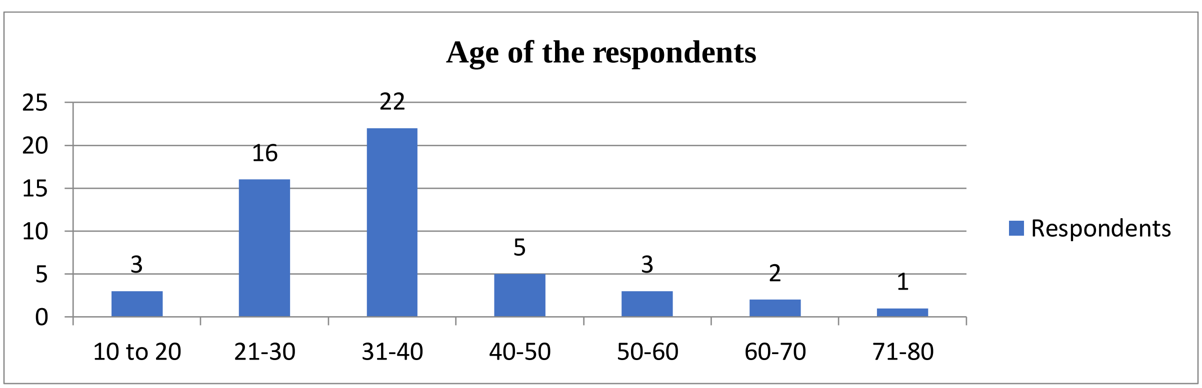

Figure 1: age of respondents

Statistically, men, women, and young adults have exhibited varying adoption rates over the last seven years. According to FinAccess Data collected in 2009 and 2016, men were the most active users. But women and young adults (both men and women aged 15-25) also exhibited revealing adoption trends (Fraley, 2000)..

Technology is growing daily at a very fast rate, and being a fairly measurable time of existence, age is a factor in the research. A huge percentage of the sample the ages of 20 and 40 years of age, 31.4% and 43.1% respectively.

Essentially, this population is active and are at the productive age and more importantly under the category of working population

Language

Language	Understands English	%
Yes	51	100
No	0	0

Table 4: Language

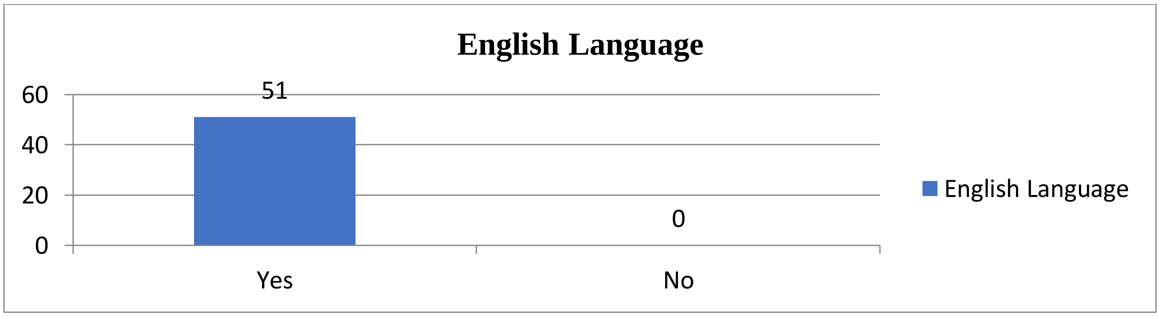

Figure 2:understanding the English language by the respondents

Language is an important aspect since it is used in communication; it is the determinant in understanding the language. The predominant language used in Kenya and especially in the banking industry is English. Furthermore, most of services are provided in English.

The researcher found out that all of the respondents understood English language without any problem.

Level of education

Education	**Respondents**	% total
Postgraduate	3	5.9
Undergraduate	11	21.6
Diploma	17	33.3
Certificate	13	25.5
A-levels	5	9.8
O-levels	1	2.0
No education	1	2.0

Table 5: Level of education

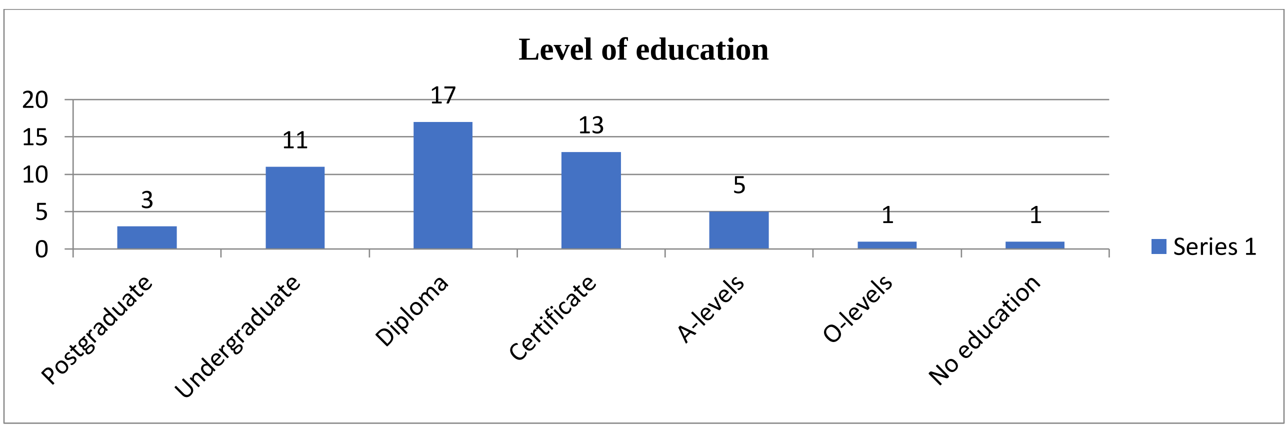

Figure 3: Level of education

Education is essential in a modern world of technology. It determines the ease of grasping the basic procedures of operations in the banking industry.

Generally, the respondents had a level of education majorly undergraduate, diploma and certificate. And 2% of the sampled population reported to have no form of formal education.

Income

Income – Kshs.	Respondents	% total
0-10,000	4	7.8
10,000-30,000	11	21.6
30,000-50,000	17	33.3
50,000-80,000	14	27.5
80,000-100,000	5	9.8

Table 6:Level of Income

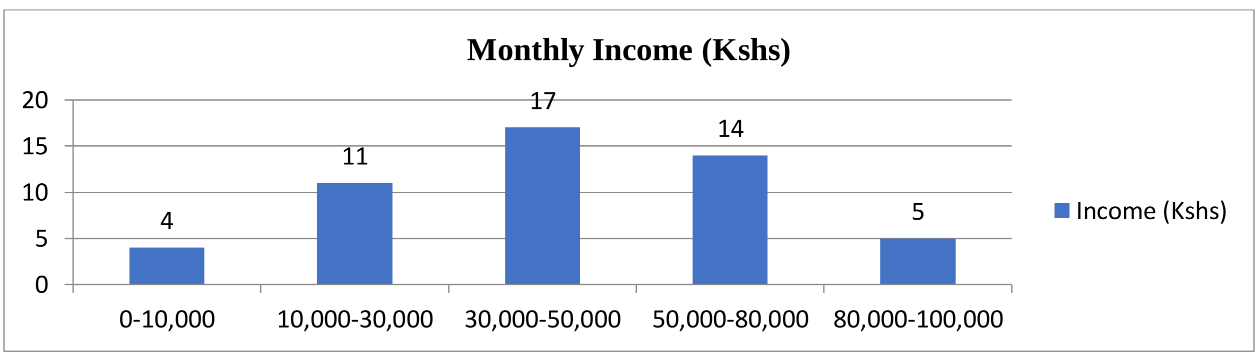

Figure 4: Monthly Income

Level of income refers to an individual's state of earning with reference to money measured either per month or year (Munisi, 2015). The level of income has a high propensity of changing the withdrawal and deposits in the banks.

The survey shows that the respondents fall largely under the Kshs. 30,000 – 50,000 A month earnings which represents 33.3% of the population. 7.8% had the lowest income of between

Kshs. 0-10000 per month, and 9.8% represented the highest income of 80,000-100,000 per month.

Cell phone access

Cell phone	Respondents	% total
Yes	51	100
No	0	0

Table 7: respondents who own a cell phone

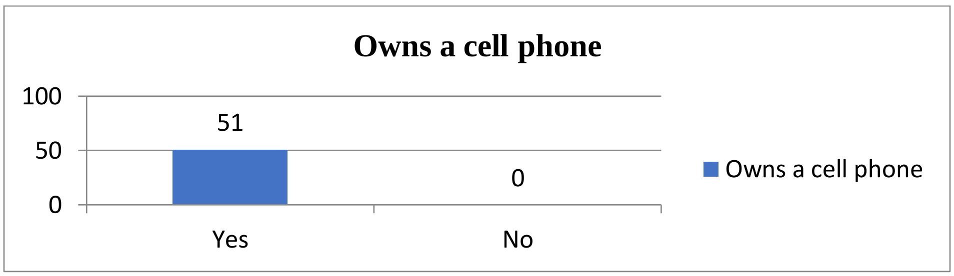

Figure 5: Owns a cell phone

Sarker and Wells (2003) assert that the only single access requirement or barrier to the resultant mobile banking will be the mobile phone. The survey found out that all the respondents own a mobile phone

Bank account holder

Bank account	Respondents	% total
Yes	49	96.1
No	3	5.9

Table 8: Bank account holders

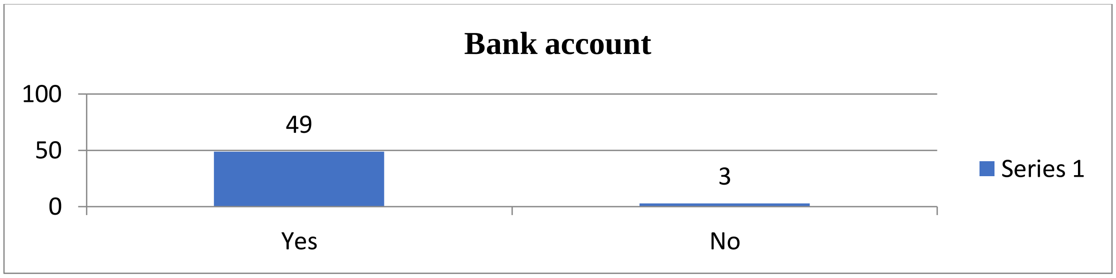

Figure 6: Bank account holders

A bank account is the formal relationship established between the depositor and the bank depicting a statement summarizing credit and debit transactions with the account. Individuals generally open transaction accounts like Savings accounts or Current accounts (Pritchard, 2021)

The survey sought to find out the number of respondents who had a bank account. 96.1% reported that they had a bank account and 5.9% did not own one

Mobile Banking

Has an account	Respondents	% total
Yes	46	90.2
No	5	9.8

Table 9: account bank holder

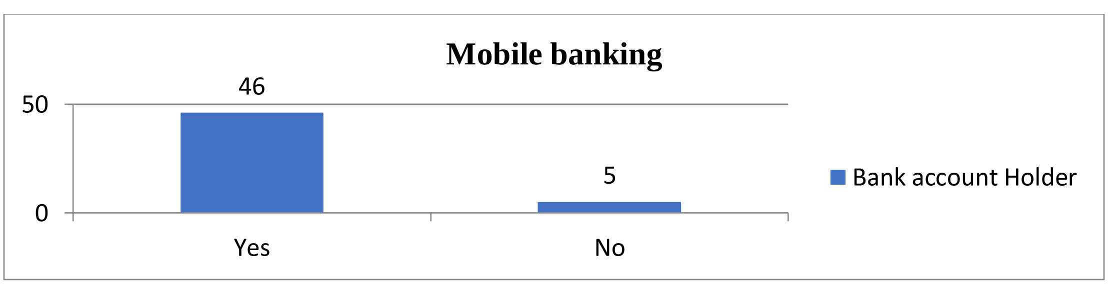

Figure 7: Bank account holder

Today, mobile money has managed to penetrate over 70% of the Kenyan population, with more people claiming access to services than ever before (Piper, 2020).

The research sought to verify the number of users who had an account for mobile banking. An account holder is anyone who has a profile with banking institutions and is responsible for credit and debit to their profile and any transactions that is ongoing. 90.2% of the respondents had accounts and 9.8% did not own any account for mobile banking.

Preferred banking option

Banking options	Respondents	%
Over the counter	7	15.2
ATM	18	39.1
Mobile banking	20	43.5
Internet banking	1	2.2

Table 10: Preferred Banking Option

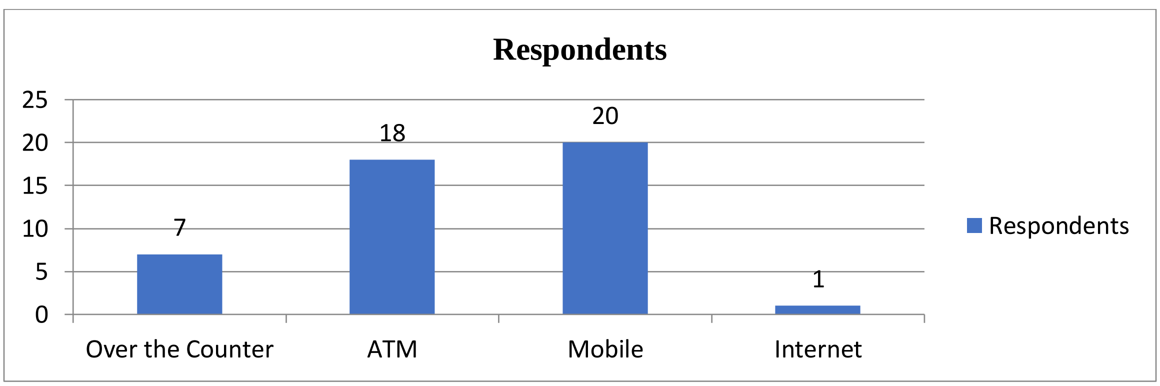

Figure 8:Prefered Banking Option

The researcher sought to know the most popular banking options among the respondents. The greatest percentage reported to prefer mobile banking option with 43.5%, ATM was highly regarded representing 39.1%. Over the counter withdrawals reported 15.2% respondents.

Mobile Banking Services frequency of use

Frequency	Respondents	% total
Always	1	5.0
Often	9	45.0
Sometimes	6	30.0
Rarely	3	15.0
Never	1	5.0

Table 11: M-banking frequency of use

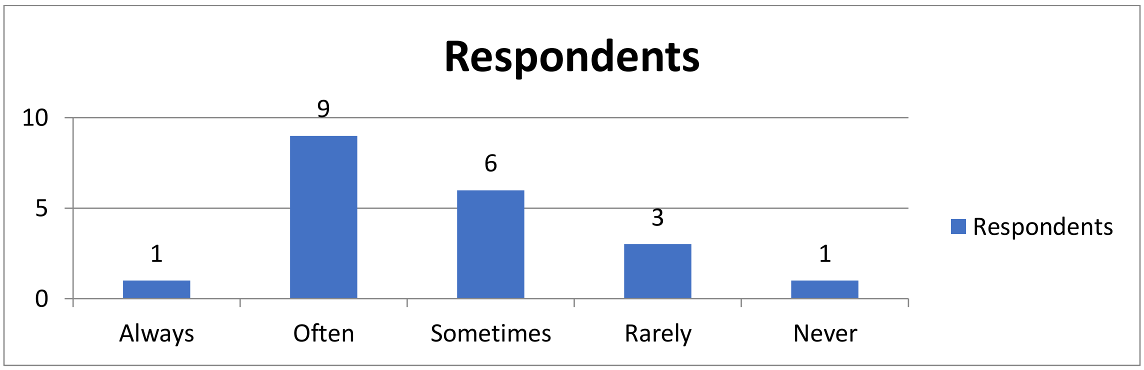

Figure 9: M-banking frequency of use

Part of the questions was to inquire about how usual the respondents made transactions through their mobile phones. (Cagliyan et al., 2016). Today, technology the gradually increasing competitive conditions trigger and play role in its development is of course intensively used in banking sector as well. By means of technology, quickly, easily, and cheaply presentation of banking services to consumer provides competitive advantages to the banks.

The results shows that m-banking is often used by most of the respondents and also sometimes by 45% and 30% respectively. 5% of the respondents replied that they had never used m-banking and another 5% always used the platform.

Mobile Banking Transactions mode

Transaction's platform	Respondents	% total
App	1	5.0
SSD	13	65.0
SMS	6	30.0

Table 12:Mobile transactions Platforms

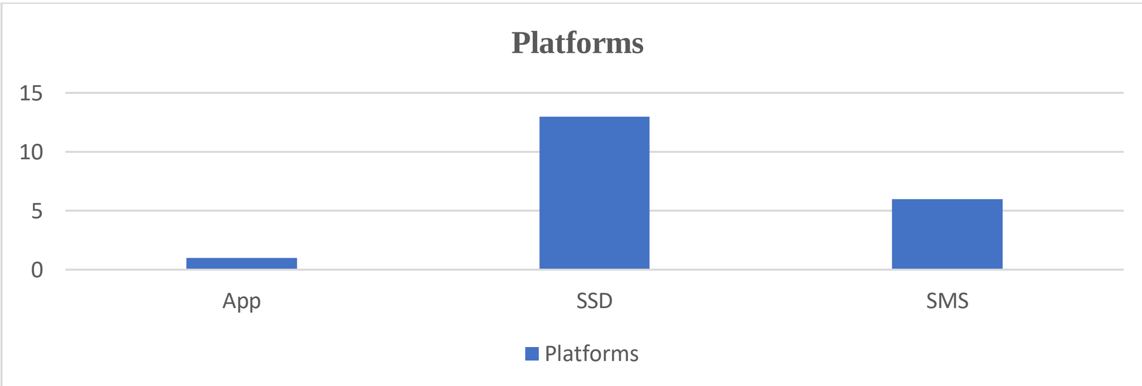

Figure 10: Mobile transactions platform

Besides mobile banking offered by banks, there are a number of mobile payment solutions and services present providing the mobile payment interface, performing money transfers, and managing consumers' bank accounts.

A subset of financial institutions enables customer transactions through M-PESA in the other direction (i.e., withdrawals) using a bank-run USSD menu and SMS formats.

Ease of use of Mobile Banking

Ease of use	Respondents	% total
Strongly agree	2	10.0
Agree	8	40.0
Neutral	6	30.0
Disagree	3	15.0
Strongly disagree	1	5.0

Table 13: Ease of use of mobile banking

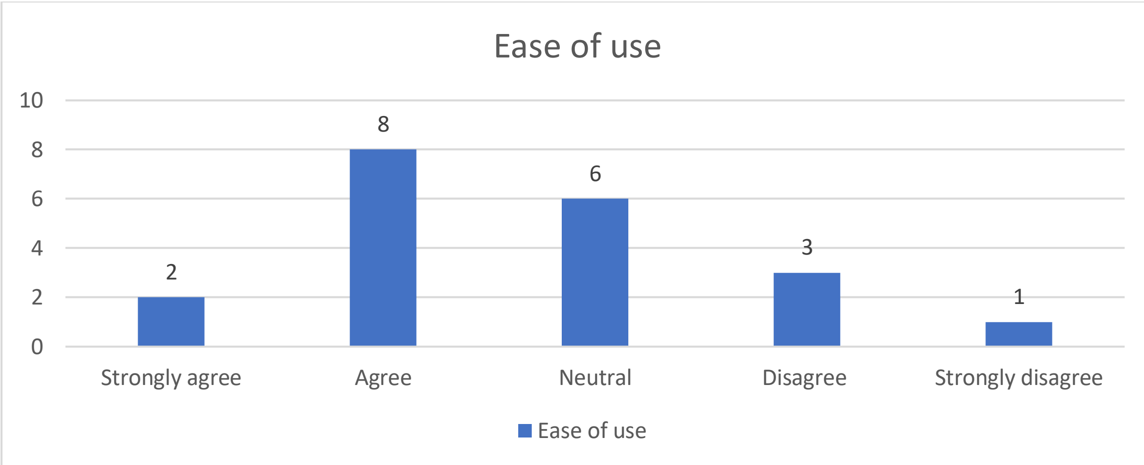

Figure 11: Ease of use of mobile banking

The respondents were requested to give their views on their experience on the ease of use of m-banking. A great number of the population reported ease of use. 15% reported difficulty in processing through mobile banking.

Mobile banking location convenience

Location's convenience	Respondents	% total
Strongly Agree	14	70.0
Agree	4	20.0
Neutral	1	5.0
Disagree	1	5.0
Strongly Disagree	0	-

Table 14: Location convenience

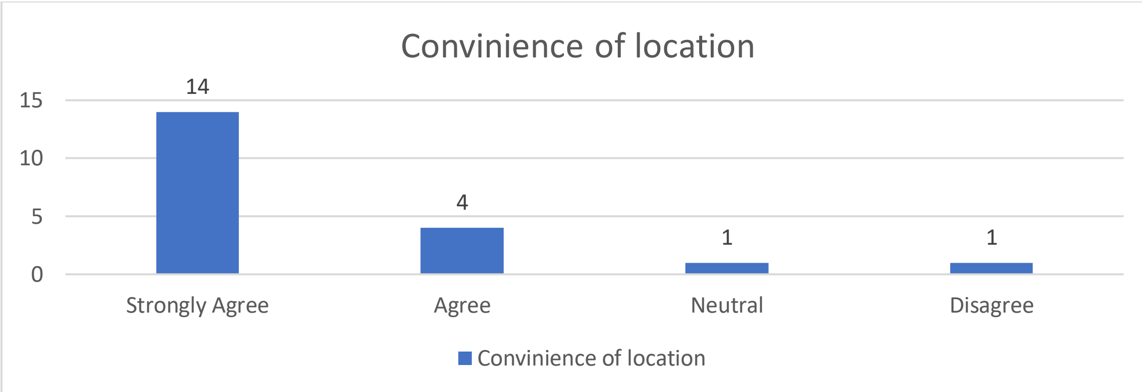

Figure 12: Location convenience

Speed of Mobile Banking transactions

Speed	Respondents	
Strongly Agree	11	55.0
Agree	7	35.0
Neutral	1	5.0
Disagree	1	5.0
Strongly Disagree	0	0.0

Table 15: Mobile Transactions speed

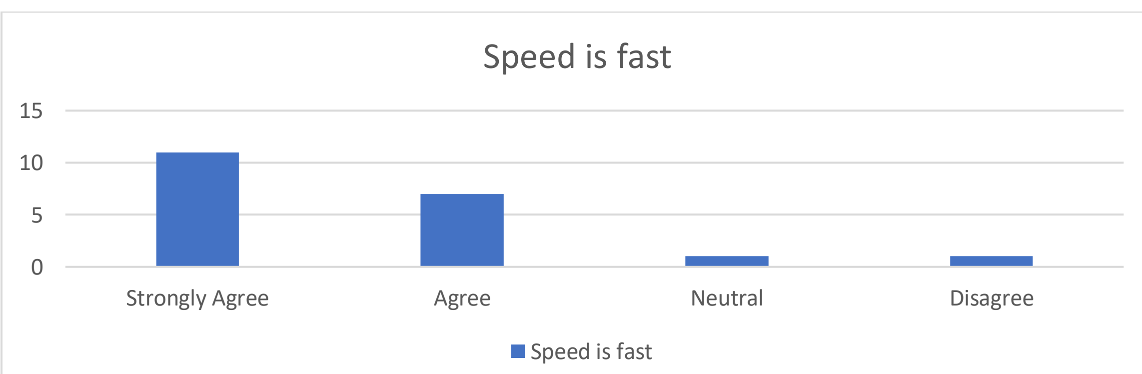

Figure 13: Mobile Transactions speed

Mobile banking a cheaper way of making banking transactions

Cost	Respondents	% total
Strongly Agree	13	65.0
Agree	5	25.0
Neutral	1	5.0
Disagree	1	5.0
Strongly Disagree	0	0.0

Table 16: Mobile banking cost of transactions

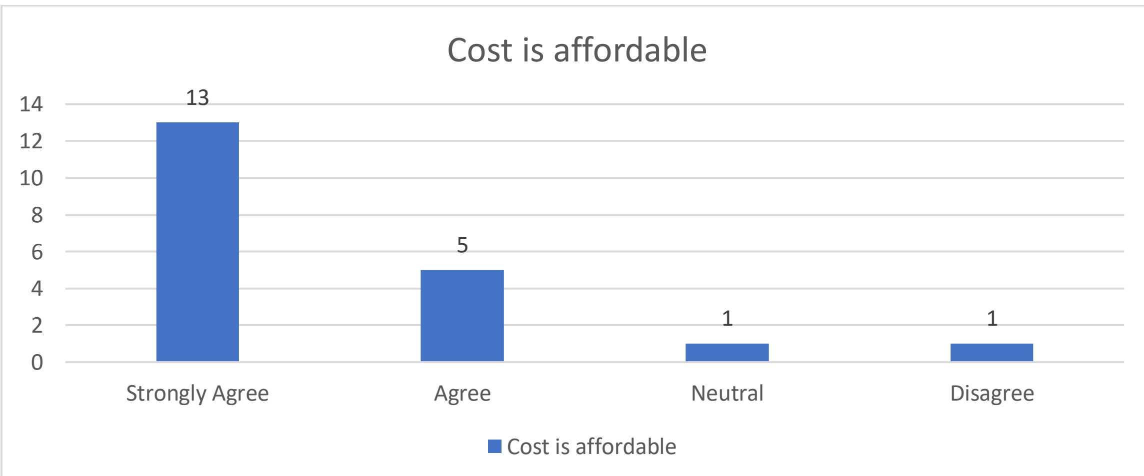

Figure 14: Mobile banking cost of transactions

One of the advantages cited by respondents was reduce branch and ATM costs Increase branchless outreach, decrease customer service costs. The cost of running an account, including making withdrawals, deposits, transfers and paying for account maintenance (ledger fees, balance enquiries, etc.) is diverse across banks.

A huge section of the population agreed that the cost of transaction has greatly reduced as a result of m-banking. 90% agreed that it is quite affordable and a lot cheaper as opposed to other means of transaction.

Advantages of Mobile Banking

Benefits	Respondents	
Strongly Agree	9	45.0
Agree	5	25.0
Neutral	3	15.0
Disagree	2	10.0
Strongly Disagree	1	5.0

Table 17 Mobile Banking Advantages

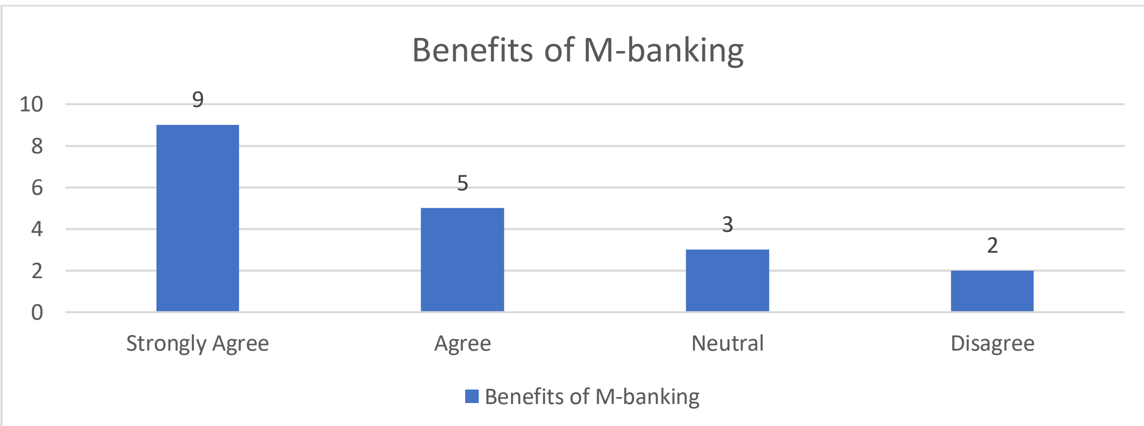

Figure 15: Mobile banking advantages

Over the last decade, Kenya has witnessed a remarkable expansion in the access to financial services.

Satisfaction on the use Mobile Banking

Satisfaction	Respondents	% total
Very satisfied	6	30.0
Somewhat satisfied	7	35.0
Neither satisfied nor dissatisfied	4	20.0
Somewhat dissatisfied	2	10.0
Very dissatisfied	1	5.0

Table 18: Satisfaction on the use Mobile Banking

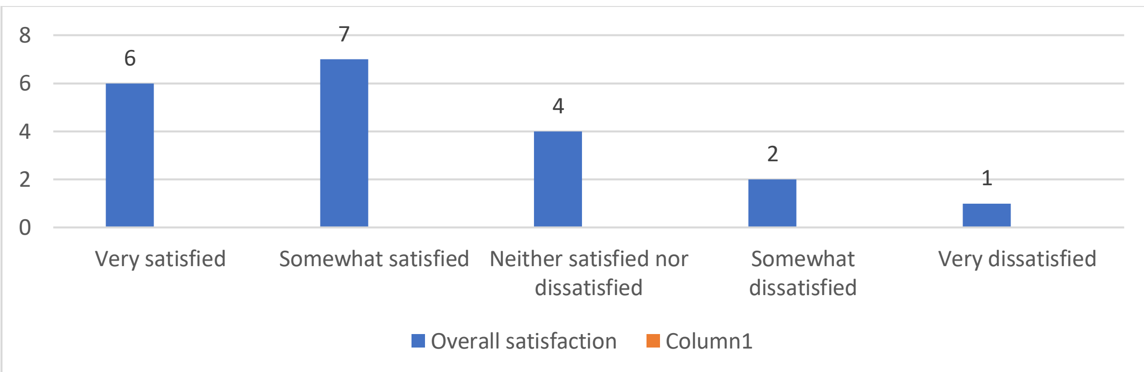

Figure 16: Satisfaction on the use Mobile Banking

Presentation of Research Findings

Even though, according to Shaikh and Karjaluoto (2014), technologies and applications in recent times have focused more on mobile computing, the wireless Web, and mobile commerce subsequently mobile banking has emerged as an important distribution channel.

Customers use mobile banking platforms to conduct transactions, transfer money, and leverage any mobile payment capabilities to make purchases. Banks use mobile banking applications as the infrastructure for their mobile applications, which typically contain access to the majority of traditional banking products (Riza & Hafizi, 2020).

Bank the way you want, when you want, from any of your mobile devices using our Absa Kenya mobile banking app

Limitations of the Study

Price et al. (2004) defines limitations of the study as the factors and characteristics of the methodology that influenced the research findings. This ranges from constraints of several determinants that affected the generalized view of the conclusion of the search.

Time

Due to the limited and strict timelines and the need to answer to the problem statement and meet the specified objectives, the research was done hastily which has led to leaving out most of the obvious research paths and topics.

Geographical sample size

The sample size could have been expanded to represent the overall general population to include the remotest parts of the country to bring out aspects of internet and network access of mobile phone networks

Limited access to data

This is majorly due to confidentiality and anonymity issues. Confidentiality is described as where the researcher knows the subject but does not disclose the identity. On the other hand anonymity is a situation where the researcher does not know the respondent but has access to general details (Ellis, 1995).

The researcher faced a challenge as most of respondents were not willing to divulge more than necessary information especially on their financial details.

CHAPTER FIVE

SUMMARY, RECOMMENDATIONS AND CONCLUSIONS

INTRODUCTION

The chapter discusses the findings from the collected data from the send questionnaires

Summary of Findings

In addition to the sheer convenience of being able to bank anytime, anywhere, digital banking solutions offer their financial services providers significant cost reductions because they don't have to fund expensive physical infrastructure or workforces and can get to more clients (Sadiku et al., 2017).

Integration of technology especially mobile in banking witnessed arrival of new customers in the data base and has impact on banking revenue (Schlich, 2014).

Financial institutions have been in the process of significant transformation, issues regarding mobile money and mobile banking have gained center stage in the recent couple of years

Awareness:

Stephanie (2019) observed that bank branches appear on high streets in most towns and cities, but most banking customers hardly step into one of these branches to manage their finances. The internet allows you to do most of your banking on a computer or laptop from the comfort of your home. Mobile banking, however, takes this convenience a step further. You can now log in to your account from your phone and access it wherever and – more importantly – whenever you need to. One of the most significant benefits of mobile banking is that it is never closed.

More than 70 percent of Africa's population live in rural areas and experience high incidence of poverty. The World Bank (2009) for instance identifies rural finance as crucial factor in achieving pro-poor growth and poverty reduction goals

Value additions:

An effective solution should meet the needs of a particular institution in a cost-effective manner. Financial institutions should look for flexible deployment options such as ASP or out-of-the- box options when cost management is a priority (Tan et al, 2018).

Like automated teller machines "ATMs" and online banking services, smartphones are giving consumers more options. By being able to access account information and perform transactions without requiring access to bank branches, ATMs, or computers, consumers are able to "bank" wherever and whenever they want — and they are learning to expect such convenience (Stuart & Brian, 2003).

Singal (2012) the regular set of services offered by most of the banks include fund transfer within and outside the bank, interbank mobile payment service, enquiry service, cheque book request, demat enquiry service, bill payments (including utility bills, credit card, insurance premium), mobile top up and other online transactions

User Friendliness:

Mobile Banking is an environmentally friendly way of banking. It does away with the use of paper as every notification as the transaction is electronically controlled. This contributes to a better environment, helping you do your bit in maintaining the balance (Rose, 2020).

Online and mobile banking allow you to handle your finances from the comfort of home (Scheithe, 2020). Banking online or through a mobile device is secure, as long as the user follows best practices for keeping the information on the mobile device safe.

A benefit to using mobile banking is that it can actually help deter some fraud because it gives a customer an easy way to check their accounts on a regular basis and notify the bank quickly if they see suspicious activity

Security:

Online mobile banking app security is of the most talked-about concerns that need to be addressed in order to achieve the expected number of mobile banking app users (Rose, 2020)

Mobile banking is both convenient and safe, say cybersecurity experts, but consumers need to take certain precautions. Laukkanen (2007) argues that consumers' perceived value on security can be observed at different levels of abstraction.

Client, application server and database are the major components of basic architecture of online banking system

Banks should ensure that mobile apps and their security framework remains future-proof and requires fewer resources to manage long-term (Hayikader et al, 2016)

According to Edmondson (2021) overall, mobile banking has a strong safety record and the number of users continues increasing.

Accessibility:

Mobile banking is a fast and convenient way to effectively manage your money – i.e., check your balance, transfer money, pay bills online, and more. Enjoy Convenience with the ability to access money from your account any time whether the bank is open or not. This will help you save on time and the cost of travelling to your branch plus the hustle of queuing (Neuman, 2017).

Unlike a bank branch, mobile banking lets you determine the hours of when you access your account — with some exceptions, such as planned maintenance updates and unexpected outages. An effective solution should support customers regardless of their preferred mobile device, mobile network or access mode — text messaging (SMS), mobile browser or downloadable application. A solution also should incorporate a variety of services designed to appeal to different customer segments, including fraud alerts, account balance threshold alerts, bill payment reminders, ATM and branch locators, money transfers and mobile deposits.

Users do not have to wait for the bank to reopen the following day to transfer money to another account. Users can easily access your account 24x7 and transfer funds whenever needed. Transactions done at the branch are the most expensive: For some banks, this is a strategy to push their customers towards digital channels

Recommendations

It's no surprise that the mobile economy has witnessed steady rise over the last few years. a majority of the population is making use of online mobile banking apps for various things (Rose, 2020)

- ✓ On the consumer side, many banks are moving towards one agreement that includes both general terms for online and mobile banking and specific terms for certain services such as bill pay, person–to-person, and account-to-account transactions (Neuman, 2017)
- ✓ Aithal (2017) advices that the customer should be able to trust the privacy of his personal sphere. In this regard therefore, mobile banking should offer accountability and transparency. This ensures that there is privacy and confidentiality of personal and financial information (Aithal, 2017).
- ✓ Mobile banking requires transparent and clear policy and regulations in order to provide privacy and safety on personal data and about the precision of the transmitted data and its potential misuse while carrying out mobile electronic financial transactions.
- ✓ advertising of mobile banking should be wider of higher frequency. Advertising may cause more people to be interested in using mobile banking, be aware of its availability and to consider the advantages and disadvantages of mobile banking. Banks should therefore distribute more information to demonstrate the features of mobile banking services, their benefits and how easy it is to use.
- ✓ Banks should continue to innovate and invest in mobile banking services to add functions in order to allow users to have more alternatives and get value from the mobile banking service.
- ✓ Multiple services could be added into the mobile banking system by banks. Customers prefer to perform multiple services instead of a simple task/transaction. Banks should also build links between bank services and other related financial

- ✓ Elements of the quality of mobile banking services (m-banking) are speed, security, accuracy, and trust.

Conclusion

Mobile banking is becoming more and more popular in countries of the Third World. While in developed countries almost all people have bank accounts, only a small part of the population in underdeveloped countries has access to banks.

Financial institutions in Kenya have adopted mobile services to provide crucial banking services to customers in Kenya.

Omonowo et al (2017) alludes that banking plays a key role in our economy and has become an integral part of our lives; Mobile banking is still underused despite its advantages (such as ubiquity and immediacy) and the substantial investments in it

Mobile banking is a global trend, and it is currently in full swing and Mobile banking has changed the financial industry beyond expectation.

Today, banks and financial institutions can offer a bouquet of services through the collective use of various mediums mentioned above. Mobile banking facilitates customers to leverage services beyond basic financial transactions like sending and receiving money. Now you can make all types of financial investments from term deposits to mutual funds, equity and even purchase insurance plans.

Innovations in technology and the ways of conducting business have become a vital tool for organizations across industries, not only to better their financial standing but also to stay afloat in the competitive market. Bapat (2017).

Mobile banking is the way of the future for the financial industry, and this is only the beginning of what is likely to be a very profitable, very positive transition. While most of the population has gratefully embraced mobile banking after the initial concerns over privacy and security simmered out, the younger generations are the ones that jumped on the bandwagon first, and they are the ones that speak for the future generations to come

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APPENDICES

APPENDIX I:

Introduction Letter

To whom it may concern,

I am currently a student at the Management University of Africa. THE EFFECTS OF MOBILE BANKING ON PERFORMANCE OF COOPERATIVE BANKS IN NAIROBI COUNTY

The aim of this letter is to ask for a request for your assistance in providing information by filling the below questionnaire. Your information alongside others will assist me collect the required data for the research.

I would also wish to reiterate that any information provided shall and will be treated with utmost confidentiality available, and, any information provided shall be used for academic purposes only.

APPENDIX II:

Questionnaire

a) Bio Data

1. **Gender**:

Male [ ] Female [ ]

2. **Age**:

10-20 [ ] 20-30 [ ] 31-40 [ ] 41-50 [ ] 51-60 [ ] 61-70 [ ] 70+ [ ]

3. **Highest level of education**:

Primary [ ] Secondary [ ] Tertiary/college [ ] undergraduate [ ]

postgraduate [ ] no education [ ]

4. **Sector of employment:**

Public sector [ ] Private sector [ ] Self-employed [ ] business [ ]
Semi-government agency [ ] Unemployed [ ]

5. Language

Do you understand spoken and written English language?

YES [ ] NO [ ]

6. Indicate your range monthly Income from the following:

[ ] 0-10,000
[ ] 10,000-30,000
[ ] 30,000-50,000
[ ] 50,000-80,000

[ ] 80,000-100,000

7. **Do you own a cell phone?**

YES [ ] NO [ ]

8. **Do you have a bank account with any of the cooperative banks?**

YES [ ] NO [ ]

9. **Kindly indicate whether you have registered yourself a mobile banking account**

YES [ ] NO [ ]

10. **Of the three options provided tick the appropriate Preferred mobile Banking Option**

App [ ] SSD [ ] SMS [ ]

11. **What is your M-banking frequency of use?**

Always [ ] Often [ ] Sometimes [ ]
Rarely [ ] Never [ ]

12. **Ease of use of mobile banking**

Strongly agree [ ] Agree [ ] Neutral [ ] Disagree [ ] Strongly disagree [ ]

13. **Do you agree that mobile banking offers location convenience?**

Strongly agree [ ] Agree [ ] Neutral [ ] Disagree [ ] Strongly disagree [ ]

14. **Do you agree that mobile banking transactions are fast?**

Strongly agree [ ] Agree [ ] Neutral [ ] Disagree [ ] Strongly disagree [ ]

15. **Do you agree that Mobile banking cost of transactions is affordable?**

Strongly agree [ ] Agree [ ] Neutral [ ] Disagree [ ] Strongly disagree [ ]

16. Mobile Banking offers more benefits than any other mode of transactions

Strongly agree [ ]   Agree [ ]   Neutral [ ]   Disagree [ ]   Strongly disagree [ ]

17. How satisfied were you with your experience with us? Rank your satisfaction based on the

Very satisfied [ ]   Somewhat satisfied [ ]   Neither satisfied nor dissatisfied [ ]
Somewhat dissatisfied [ ]   Very dissatisfied [ ]

Thank you for your co-operation.