
**INFLUENCE OF MOBILE BANKING SERVICES ON FINANCIAL
PERFORMANCE OF COMMERCIAL BANKS
IN NAKURU SUB-COUNTY KENYA**

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ABSTRACT

Kenyan commercial banks have continued to make significant investments in innovation in order to cope with the challenges posed by new technologies and a rapidly changing competitive environment, including globalization, economic changes, regulatory reform, and privatization of the banking industry in the country. In this context, the researcher intended to determine the impact of mobile banking services on the financial performance of commercial banks in the Nakuru sub-county. It was decided to use a descriptive survey as the research strategy for this investigation. A total of 638 workers from all 26 commercial banks in Nakuru Sub-county were targeted by the campaign. The sample size was calculated using the Krejcie and Morgan table and consisted of 242 respondents from commercial banks in the Nakuru sub-county. Techniques such as random sampling were used to ascertain the number of responders. The data was gathered via the use of questionnaires and interview schedules. The information gathered was statistically evaluated with the use of descriptive and inferential methods. As a result, frequencies, percentages, and the chi-square test were utilized in the data analysis. The findings were provided in the form of tables, figures, graphs, and charts, among other formats. The study discovered that the usage of mobile banking banking has a positive and significant impact on the financial performance of commercial banks in Nakuru sub-county, Kenya. Use of mobile phones has increased customer access to bank services, prompted more retail clients. The incorporation of mobile banking services will aid in the achievement of government goals and objectives that are centered on the provision of financial services to the public. it is necessary to do a cost-benefit analysis of the integration of financial services and mobile phones.

Keywords: *Mobile Banking Services, Financial Performance, Commercial Banks*

INTRODUCTION

Banking has been a necessary segment of monetary movement for a few centuries. As indicated by Khrawish (2011), benefit is a definitive objective of business banks. Every one of the systems planned and exercises Performed thereof are proposed to comprehend this fabulous objective. Regardless, this doesn't infer that Commercial Banks have the same goals. Business banks could similarly have additional social and monetary objectives. According to the authorities, development has been proved to be definitively associated with solitary firm

execution in the long run (Goosen, 2002). The retail banking division is one important business where there is a desire for greater levels of growth to be prioritized over the long term. The retail banking sector is now fighting as a result of increased targeted pressure from a variety of sources. Clients are becoming more and more adamant in their demands. Banking administrations are increasingly being considered as goods in today's society (Onufrey, et al 2008). Non-banking organizations (NBOs) are increasingly making their way into the commercial core in search of customers. When these patterns are brushed aside, there seems to be a strong pushing force for more prominent degrees of development to enable distinct banks to differentiate themselves in an indisputably competitive commercial center, according to all accounts.

As exhibited by Nofie (2011), upgrades in the money part is the nearness of a different one or better thing similarly as a technique that reduces the expense of passing on existing cash related associations. Monetary movements have incited a strife in the manner the cash related business is driven as concurred by Yin and Zhengzheng (2010) who shows confirmation that Chinese business banks has shifted from the standard business activity mode; the markdown credit endeavors to the retail mode thinking about financial upgrades. In an evaluation on the money related divisions of 11 Latin American countries, Yildirim and Philippatos(2007) confirmed that banks to bank conflict pushes the banks to look at a fragment techniques for the things they supply, and can breath life into progress. In India, Pooja and Singh (2009) expect that creative banks were increasingly vital, effectively profitable, had higher piece of space, lower legitimate expenses and were constantly reasonable meandered from the banks that are not innovative. In Jordan, web banking happened to be reliably clients' needs are fulfilled and better augmented length money saving systems thusly widened high ground (Siam, 2006).

After some period in Ghana, improvement has loosened up in centrality in Ghanaian banks and has come up with a different way where banks sometimes help their client significantly increasingly well which in turn brought about increment of central focuses and forcefulness but most dominated electronic headway in Ghana and every other countries is ATM (Joshua, 2010). In Nigeria, web banking has turned out true to form to make online business better and e-Payment relationship with everything pondered decline in the level of cash open for use. From the above talks, clearly close by no assessment has been done on progress and its ramifications for cash related execution of business banks. Closer home Gardachew (2010), record that Ethiopian banks haven't had the decision to achieve advantage as a result of moderate differentiation in inventive degrees of progress. In Uganda, assignment of electronic and adaptable banking has loosened up to get to the banking affiliations affecting a wide customer base (Porteus, 2006).

Different inspectors have done evaluations on different piece of development in the money related fragment in Kenya. The budgetary business has always saved as an important piece for the accomplishment of vision 2030 (a fundamental pack procedure to achieve compelling development by year 2030) through expanded hold spares, relief of Remote Direct Investment (FDI), protecting the economy from outside bumbles correspondingly as driving Kenya to change into a significant financial obsession in Eastern and Southern Africa. In the Medium Term Plan under vision 2030, a piece of the selected place entwine progress of a verified and dependable fragments structure that will guarantee stunning exchange of things or relationship among customers and bank.

The Kenyan financial sector has encountered enormous up and down for the latest 20 years. A lot of improvements have been attempted in the part that have incited advancement of

money related things, practices and complete buildings that have improved and extended the profitability of the fiscal system. Development up and downs of financial related problems have made power of up and downs. The rising criticalness of the budgetary division in current economies, comparably as the energetic pace of movement in that part, has made investigation energy for development. Business banks are advantage making financial foundations that expect a fundamental activity in the cash related structure. Business banks offer a wide degree of corporate money related associations that address the particular needs of their customers (Goetzmann, 2009).

Statement of the Problem

Development is an arrangement that enable new needs, in articulate requirements, or old and known market's requirements. This is attained using a more advanced item, processes, services, technologies or ideas that can be assessed anytime. Progressing moves in client conduct and advances in innovation are changing what clients expect of banks, yet additionally how banks deliver financial services and grow economically. These conditions bring several implications on bank performance in relation to innovation thus for banks to be afloat in the market, strengthening their core business and coming up with new innovative ways of offering services is paramount. Studies have been carried out to help or assist of financial creation to the influenciveness of the monetary policy.

However some contemplates plan to relate advancement to budgetary execution in the financial performance in Kenya but none in Nakuru sub -county. Influences of banking enhancement for financial performance is so far misinterpreted for two focal reasons; lack of enough comprehension about the drivers of banking progression, while developments' effects on banks performance remains humble untested. Considering these investigations and the differing holes recorded as a hard copy, there is need to lead ponders on effects of enhancements for's banks performance and even more so in Nakuru sub – region, where bank progressions have been on the rising in the previous ten years. Therefore it is not because of this scenery that the investigation seeks to assess the influence of banking advancement on financial performance of commercial banks in Nakuru sub-County Kenya.

Purpose of the Study

The purpose of the study was to assess the influence of mobile banking services on financial performance of Kenya commercial banks in Nakuru sub-County Kenya.

LITERATURE REVIEW

Empirical Review

Financial performance is the measure of an association all round financial health over a specified time interval. It is essentially a well measure of how good an association can use its all-out assets to generate revenue. Financial performance refers to what best level assets from its essential to the now business and gain funds. Generally financial performance might be used to refer to association's overall financial health for a specific time interval, and can be used to differentiate comparative firms over the same business or to compare businesses or parts in collection. There is a wide extent of approaches to manage measure budgetary execution; in any case all action were to be taken into conglomeration. Things like operating income, revenue from operations and income from operations can be used, just as absolute sales units Business Dictionary (2011). According to Ahmad et al. (2011) financial performance of banks and other financial establishments has been estimated utilizing a blend of financial proportions examination, benchmarking against spending plan or a blend of these techniques. Financial performance of banks is typically communicated as a component of interior and outside determinants. In the first place,

financial balances (including both profit and loss records) are used to determine performance. These are known as smaller scale bank explicit drivers of performance since they are used to determine performance on a smaller scale. The outside determinants are elements that are not associated with the bank's board of directors, but which reflect the monetary and legal environment and have an impact on the activity and performance of financial foundations.

As showed by Al-Hussein et al (2009), financial performance is revealed as how much financial destinations are practiced or has already been practiced. It is a progressive method to surveying the inevitable results of affiliation's approaches which also endeavors in financial terms. It is usually used to gauge organization's general financial flourishing for a specific timespan and can additionally be used for seeing relative companies of same kind of business or to consider experiences or regions in accumulation. The upside of business banks relies strongly used in the internet for making payment rehearses and of the same task cost. In perspective on this case, productivity and company test in the business, commercial banks have updated their conduct of compensation sources, by intelligently isolating into payment making rehearses which are not international as opposed to the standard intermediation pay making works out. For a business bank to continuous focus there is have to make and deal with new things and innovation by progression. That kind of things join task of Islamic things, maximum use of new discovery for example internet banking and PDA banking McKay and Pickens, (2010).

Lyons, Chatman and Joyce (2007) contend that the fitting bits of innovative change intertwine progressions that diminish costs identified with the gathering, putting away, preparing and transmission of information, additionally as updates that change the systems by which clients get to the bank administrations. They referred to, mobile-phone banking, online (internet) banking and electronic-money as many of the enormous degrees of progress affecting the financial dispersion system that effect the banks financial performance in a general sense.

Kithuka (2012) endeavored to set up the segments affecting improvement of association banking in Kenya. The assessment examined 100 Equity Bank workplaces doing bank focused, bank drove and non-bank drove exchanges Kwale County. The appraisal developed that comfort of the cash move advancement despite its accessibility; cost, sponsorship and guarantor sway the utilizing of association banking. Waithanji (2012) would have liked to set up effect of administrator banking as a financial creating movement in Kenya. The exposures revealed nonappearance of relationship between master banking and financial creating. Waithanji saw that the relationship couldn't be undeniably chosen in view of the low number of banks that have executed it and effect may turn out to be all the more clear once all banks get association banking.

Mobile banking is one of banking method to which the client communicate with a bank by means of a mobile phone, for example, a mobile device or personal advanced colleague (PDA) (Barnes and Corbitt, 2003). The use of mobile banking has been necessitated by the fast change in technology. The banking business has adopted new strategies of supporting their development due to firm competition. Most banks have embraced mobile financial applications empowering clients to helpfully do their banking using their mobile gadgets whenever and anyplace (Tchouassi, 2012). As per Ginn (2011), mobile financial gives banks plausible access to outreach regions and all the while engages them to improve customer solace and advantage by preparing wealth the board things. Mobile alerts and wireless applications help examiners with taking instructed decisions and perform exchanges like

those on Internet banking. The entirety of the instruments can be accessed from the net be given to PDA customers via mobile apps.

The key determinants of cash related execution of any association join the going with, Product progression, process advancement similarly as institutional improvements. Others may consolidate movement adequacy, capital sufficiency, full scale budgetary condition, institutional components, for instance, contamination control, rule of law and duty. The three perspectives of assessing cash related execution of media interchanges associations are advantage, asset the board and capability impact. Benefit for assets (ROA) fall inside the space of advantage measures and tracks any organization's ability to make pay reliant on its points of interest (Mwangi, 2014).

As demonstrated by Owen (2008), convenient financial insinuates strategy and profiting of banking and financial assistance for flexible communication through the phone. Administrations fuse performing portions, balance checks, credit applications, account exchanges and other financial exchanges. Convenient money providers are not financial center individuals and don't grasp banking business. Regardless of what might be typical, convenient money supplements banking (Islam, 2013). Organizations with convenient money providers give a sharp method to commercial banks and microfinance foundations (MFIs) to accumulate open stores and offer credit administrations to new customers that are by and large beyond their extension. Versatile money has in addition contributed to the improvement of the impelled environment by giving a speedily open portion instrument for a couple, new organizations Muthiora, (2015). The adaptable money can support financial division incorporation that gives it its enormous potential for progression impact as it offers some motivating force to low compensation customers. According to Central Bank of Kenya, (2014), Kenya's financial section continued to create similar to thoroughness, viability and sufficiency on the view of genuine, regulatory and supervisory changes and exercises. This advancement supports the Government's undertakings for a lively and comprehensive forceful financial part in Vision 2030. One of the key progressions in the region during the year fuse extended convergence of banking and phone arranges as banks researched progressively advantageous and financially canny medium of banking.

Theoretical Framework

This study was established on dissipating of headway speculation by Rogers (2003). Dispersion of advancements is a theory that hopes to elaborate how, why, and to what interval new considerations and development increment through social orders. Rogers (2003), battles that dissipating is the strategy by which a progression is bestowed through explicit channels after some period among the people in a social framework. The hidden establishments of the dissipating of progressions speculation are moved and run different requests. The four head parts of dispersing are the headway, correspondence channels, time, and the social structure. Displacing is a spectacular kind of communication in which the messages are highlighted over the importance of a different topic. It is this apprehension over the notion that permeates the message content of communication that lends disseminating its distinctive quality.

This methodology includes a movement of activities and choices after some time through which an individual or an association surveys another idea and picks whether to intertwine the new idea into on-going practice. This lead contains fundamentally of dealing with the powerlessness that is typically connected with picking about another choice to those as of now in nearness. It is the obvious curiosity of the improvement, and the defencelessness related with this innovation, that is an undeniable piece of headway essential initiative

(Rogers, 2003). This theory is related to the examination as it shows the strategy of freshness and use of headway. Stores gathering is another model of pushing toward savers through advancing and financial thought and consider new methods which were not been used by standard banking, it is seen and passed on through channels and the social structure empowers its choice. In enactment of stores new improvement must be applied and make convincing the savers to make stores.

Conceptual Framework

The Framework Shows the connection for mobile banking on Financial Performance of commercial banks in Nakuru Sub-County as indicated by the conceptual framework Figure

Independent Variable

Dependent variable

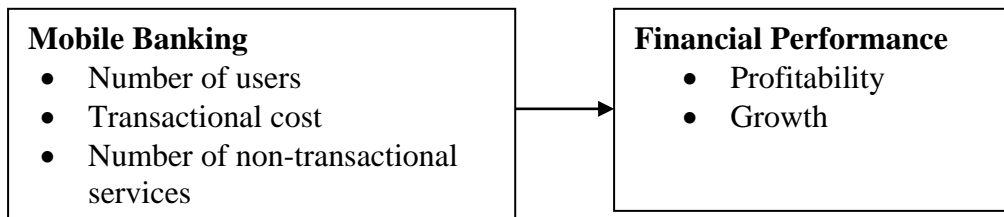


Figure 1: Conceptual Framework

Source: Researcher (2018)

METHODOLOGY

This study utilized a descriptive survey research design. Descriptive survey research design is viewed as advantageous since it does not include any control of the variable under examination however empower the researcher to set up the flow status of the marvels. The study was conducted in all licensed commercial banks within Nakuru sub –county, Nakuru County, Kenya. The target population was the 638 employees of the 26 commercial banks. The sample size was 242 determined using the Krejcie & Morgan (1970) sample table. The study used proportionate to size sampling technique to arrive at a sample size for each category. The study used questionnaires and interview schedules to get data which were used for data analysis. The study employed quantitative data analysis techniques in which descriptive statistics (percentages and measures of central tendency) and chi-square were used for data analysis. The data was outputted using charts, frequency distribution tables and graphs.

RESEARCH FINDINGS

Descriptive Statistics of the Study Variables

The researcher sought to establish the influence of mobile banking services on financial performance of Kenya commercial banks in Nakuru sub-County Kenya. The respondents were required to indicate the extent to which mobile banking services influenced financial performance. Table 1 provides a summary of the findings.

Table 1: Influence of Mobile Banking Services on Financial Performance

	S	A	U	D	S D	Total	Mean
Use of mobile phones has increased customer access to bank services	112	89	39	1	1	242	4.281
Cell phones have prompted more retail clients than corporate clients to the bank	99	70	60	9	4	242	4.037

Mobile telephony in the banks has led to more bank innovations	103	95	42	2	0	242	4.235
The use of mobile banking has improved the level of deposits for the bank	96	65	72	3	6	242	4
Use of mobile banking has added to more profitable business avenues to the bank	130	60	35	12	5	242	4.231
Pay from mobile financial finances move has high edge subsequently contributing emphatically to bank yearly benefit	92	93	43	7	7	242	4.057
Mobile financial impact decrease of operational expenses and henceforth better profit for resources for the bank	86	86	56	10	4	242	3.991

Source: Field Data (2021)

From the findings majority of the respondents (130) strongly agreed that mobile banking has added to more profitable business avenues to the bank while only (5) strongly disagreed. Similarly, majority (112) strongly agreed that mobile phones have increased customer access to bank services while only (5) strongly disagreed. Further, majority of respondents (103) strongly agreed that mobile banking has added to more profitable business avenues to the bank while only (2) disagreed. 99 of the respondents strongly agreed that cell phones have prompted more retail clients than corporate clients to the bank while only (4) strongly disagreed. Further, (96) agreed that use of mobile banking has improved the level of deposits for the bank while (6) strongly disagreed. Finally, (96) of the respondents agreed that Pay from mobile financial finances move has high edge subsequently contributing emphatically to bank yearly benefit while only (7) of the respondents strongly disagreed.

The study further analyzed the means of the findings in each of the propositions. From the findings, majority of the respondents agreed that mobile phones has increased customer access to bank services (4.281), and that Mobile financial impact decrease of operational expenses and henceforth better profit for resources for the bank (3.991).

Correlation Analysis

Product Moment correlation coefficient was utilized to illustrate the effect of mobile banking innovation on financial performance of Kenya commercial banks in Nakuru sub-County Kenya. Findings are reported in Table 2.

Table 2: Correlation Analysis

	Financial Performance	Mobile banking
Financial Performance	1	
Mobile banking	0.61	1

Source: Field Data (2021)

A favorable and statistically significant relationship was found between mobile banking and the financial performance of commercial banks in Kenya, as illustrated by Table 2: $\rho = 0.61$, p value less than 0.05. These findings are consistent with those of Kisaka et al. (2015) and Kenyoru (2013), who found a positive and significant correlation between mobile banking and financial success.

Regression Analysis

Variable	Coefficient	Robust Std. Error	t-Statistic	Prob.
C	-31.882	6.861	-4.647	0.000
Mobile banking	0.792	0.263	3.009	0.000
R-squared	0.579	Mean dependent variables		8.752
Adjusted R-squared	0.540	S.D. dependent variables		8.010
S.E. of regression	5.435	Sum squared residuals		1270.036
F-statistic	14.773	Durbin-Watson stat		2.024
Probability (F-statistic)	0.000			

Source: Field Data (2021)

According to the R squared value of 0.579, at least 57.9 percent of differences in the financial performance of commercial banks in Kenya can be explained by mobile banking with the remaining percentage explained by factors that were not included in the model. Furthermore, while the effect was positive, each unit increase in mobile banking resulted in a 0.792-unit gain in financial performance.

CONCLUSIONS

The study discovered that the usage of mobile banking banking has a positive and significant impact on the financial performance of commercial banks in Nakuru sub-county, Kenya. Use of mobile phones has increased customer access to bank services, prompted more retail clients than corporate clients to the bank, improved the level of deposits for the bank and also added to more profitable business avenues to the bank.

RECOMMENDATIONS

The incorporation of mobile banking services will aid in the achievement of government goals and objectives that are centered on the provision of financial services to the public. Because of the surge in mobile phone use, it is possible that commercial banking will be at odds with this trend. Because of the operating expenditures associated with the use of mobile phones, it is necessary to do a cost-benefit analysis of the integration of financial services and mobile phones. Additionally, awareness should be kept due to the possibility of losing one's mobile phone or being pushed to withdraw cash from a bank.

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