ALTERNATIVE BANKING CHANNELS AND PERFORMANCE OF COMMERCIAL BANKS IN NAIROBI CITY COUNTY, KENYA

BY

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DECLARATION

This research project is my original work and is submitted to the school of business in partial fulfillment of the requirements for the award of the degree of Master of Business Administration.

Sign...…   Date...

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As the university supervisor, I have given my approval for this research project to be examined.

Sign... Date...

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DEDICATION

Dedicated to my wife, Sylvia and my children Rodney and Rewell. Because of your prayers, passionate cheering, unending love, encouraging words and comforting thoughts, the real work has been accomplished.

To Mum Salome and Dad Motondi Snr, the backbones of my existence. You will never be forgotten.

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ABSTRACT

Commercial banks have employed alternative banking channels to reach out to more clients and lower operational costs. However, these channels have encountered a variety of challenges raising questions on the influence they have on performance. Persistent system downtimes, network failures, transaction errors, security concerns and lack of customer confidence have driven customers into seeking services in bank branches resulting to congested banking halls. The objective of this study therefore was to assess the influence of alternative banking channels on the performance of commercial banks in Nairobi City County, Kenya. The specific objectives of the study were to examine the influence of agency, mobile, internet and ATM banking on performance of commercial banks in Nairobi City County, Kenya. The theories that guided the study were; Bank Led Theory, Innovation diffusion theory, Agency theory, financial intermediation theory and the Resource based theory on performance. This study used descriptive survey research design. 188 respondents from all commercial banks operating in Nairobi City County was the target population of this study out of which a sample size of 94 respondents was selected through simple random sampling. Primary data was collected using a questionnaire. The supervisor helped ascertain validity of the instruments, whereas piloting was conducted to improve on instruments reliability. Quantitative data collected was classified, analyzed and coded. The expected parameters were calculated using the SPSS program as the main statistical tool. Descriptive statistics presented using charts, graphs and frequency percentages were used in measuring the central tendencies such as mean and standard deviation and reporting the data collected from the findings. Qualitative primary data was analyzed via thematic analysis. Apart from the inferential statistics like regression analysis, other forms of analysis such as ANOVA and correlation were used to determine the relationship between the study variables. The study found out that agency, mobile, internet and ATM banking have a positive influence on performance of commercial banks in Nairobi City county, Kenya. The study concluded that; agency banking investments and incomes favorably effect overall performance of banks. Mobile banking alerts assist customers to make informed choices benefitting banks on decreased cost of service delivery and enhanced consumer convenience. The payback duration of internet bank investments is lower than ten years and incomes gained favorably affect bank’s performance. The use of ATMs has replaced labor intensive and paper-based banking methods leading to quicker access to services, convenience. This study recommended that Commercial banks continue offering alternative banking channels for improved efficiency and increased accessibility. The commercial banks need to review and have a variety of products and services available across the alternative banking channels to mirror those offered at branches. The study recommended that Commercial Banks should review the pricing models adopted to enable customers’ access products and service on alternative banking channels affordably. In addition, more security features be adopted to ensure that the system is up to date with most current technology to avoid loss of funds for clients through illegal system accesses.

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ABBREVIATIONS AND ACRONYMS

ABA	American Bankers Association
ABC	Alternative Banking Channels
ALLL	Allowance for Loan and Lease Losses
ATM	Automated Teller Machine
BB	Branchless Banking
CAMELS	Capital adequacy, Asset quality, Management quality, Earnings potential, Liquidity and Sensitivity
CBK	Central Bank of Kenya
CBS	Core banking Solution
EFT	Electronic Fund Transfer
GNPA	Gross Non-Performing Assets
ICT	Information and Communication Technology
POS	Point-of-Sale
RBT	Resource Based Theory
SPSS	Statistical package for Social Sciences

OPERATIONAL DEFINITION OF TERMS

Agency banking	Refers to contracting of approved third-party entities by commercial banks to offer specified services to clients
Alternative banking channel	These are strategies used by banks to give their customers banking services in a direct manner.
ATM Banking	This refers to a banking method that allows customers to initiate funds transfer through devices such as codes or cards that allows access to accounts technologically. The ATM cards use chip and magnetic strip technology to access security data on a card
Internet Banking	This is a banking method that uses the electronic or online means to allow for banking transactions to take place.
Mobile Banking	This banking method is characterized by use of smart phones or other cellular devices to do electronic banking especially when one can't access their banking details through a computer. Customers often use mobile banking to send money, check the details of their bank accounts, pay bills and find Automated teller machines.
Organizational Performance	It is a reflection of how well a given commercial bank is doing with regards to profit margins, growth of assets and liabilities, market share, reduction of operating costs and customer satisfaction.
Social Media	These are social apps or websites that enable the creation and sharing of online content and also enables users to interact with others through online means.

CHAPTER ONE: INTRODUCTION

1.1 Background to the Study

Notable and drastic changes in the global economic set up have happened lately. Contextualized in the financial industry, the financial crises that occurred in 2008 have seen many changes being made in this sector. Financial institutions have at this time continued to evolve and prosper while sustaining their operations for the long run. They have tried keeping up with the changes in a dynamic business world especially those that impact on business productivity and performance (Adetunji, 2013). This has been in an effort to address strategic, regulatory and operational based challenges as asserted by Deloitte (2016). In this case, the world banking industry have at least transformed in the past 3 to 4 decades by increased use of notable systems including changes that allow for the effective use of these technologies. For the developed countries, their banking industry has been able to successfully reassess and realign their operating models through regulatory reforms, improving on their competitive dynamics to be in tandem with the dynamic markets and the needs of the stakeholders (Edet, 2008).

Many banks especially in developing economies have also taken a strategic approach and followed suit by adopting distribution channels, changing from the traditional front service to selling and marking their products electronically through mobile and online methods. The result is that, value has been created through the change of strategy to both customers and the banks (Guinaliu, 2013). Large successful banks have moved from the management of banking locations and channels to the management of services distributions through different channels. Most of these banks have more than one banking model used for services provision to customers. However, some models work better in one bank than the other. Further, most of the banks use the models that best work as for their target customers and ones that meet their objectives. Banker, Chen, Liu and Ou (2009) points out that the use of different models to provide services to banking customers can bring great benefits to the customers and the financial institutions if they are well executed.

Looking at the use of alternative banking strategies from the global view, many banks have adopted these strategies due to changes in technology and customer expectations. Since early years of 1990s many banks resulted to using alternative banking challenges.

As noted by Aladwani (2011), the start of the use of alternative banking strategies started in Assyria, Egypt and Babylon. Christopher Thorton was the first banker to introduce and advertise ATMs in 1730 who in return for weekly payments, he would offer his furniture. During the 18th to 20th century tallymen would sell clothes in order to get weekly payments. One side of the stick was the debts that their customers owned, and the other side had the payments made. In the U.S around the 1920s there was the introduction of a buy now pay later method for shoppers.

United states (U.S) was the country that came up with alternative banking methods. In the 1920s different private firms started using these methods for their customers in the country. In 1938, other European companies started using the alternative methods of banking to transact amongst themselves. In modern day, alternative banking methods allow for customers to make banking transactions away from the banking halls. In the 1990s the number of ATMs increased by 50% in the European countries. In the past ATMs were used for cash withdraw but they have changed allowing for customers to transact other financial services through them such and making deposits and getting to know the status and details of their accounts. Since they are often regarded as holes in the wall some companies such as the Spanish Bank BBVA have come up with future ATMs that has an interface that has shortcuts on the screens in line with the needs of the different customers (Edet, 2011).

According to past research there were 5.5 million online banking customers from the Middle East in 2010 and 30% of the banking transactions were done online (Fanera, 2012). In a survey done in 2011, 62% of the participants confessed that internet banking was their banking method of choice. The survey further noted that of the respondents surveyed 20% preferred banking at branches. This was a 20% decline from another survey done in 2007 where 40% of the respondents confessed to prefer branch banking to other forms of banking methods. In a report provided by State Bank (2015), Branchless Banking (BB) transactions decreased from 71.2m to 66.8m a 6% decline in the July-September quarter from the previous quarter (Akinuli, 2010).

In the African context, the banks have constantly changed with the times trying to keep up with the dynamic business environment. In an attempt to meet the demands of modern-day business and customer’s needs, the banks have changed from the old operation models to new ones in order to maximize their returns while keeping their operations afloat. The banks have embraced technology in a bid to keep up with the changes in the banking business sector (San-Jose, Ituralde, and Maseda, 2009). Since usage of alternative banking methods while trying to reduce operational costs and optimize the services they offer, there has been increased adoption of the 24-7 provision of banking services allowing customers to enjoy convenience and freedom that comes with such methods. Further, customers’ demands have changed with most seeking for convenience and availability of simple ways to access loans, instant deposits and knowledge of their account’s status (Kohali, 2016). In Africa, online banking started in the 1990s and there has been slow adoption of this method in subsequent years. There are customers in some countries who would prefer to have instant banking services offered by online banking services to the conventional methods of banking as stated by a survey done by American Bankers Association in 2009 (ABA) (Adetunji, 2013).

Looking at the local scene, the Kenyan banking industry has also had to change with the times. The change has been driven greatly by technology and the changing economic times. There has been increased use of alternative banking methods and the use of modern delivery channels in the country. Some of the common methods used include internet banking, the use of ATMs, EFT, POS devices and mobile phones for delivery of banking services to customers. Other distribution channels combined with the mentioned above include mobile banking branches, traditional stationery bank branches, bank agents, ATMs, agent banking, mobile banking and online banking (Mwangi, 2007). Every one of the mentioned banking distribution channels can be used on their own or combined with others to come up with the overall banking channel used in delivery of banking services to clients. Mobile branchless banking has so far been successful in Kenya. The country has seven million customers and the other countries that follow are South Africa and the Philippines.

Banks use a combination of modern and traditional banking methods. In Kenya, mobile banking started recently but its growth has been on the rise (Chebii, 2013). Mobile phones were often used in the past to send, receive messages and calls. However, today the mobile phone is used by banks to provide their customers with banking services that include access to personal banking account, withdrawal and deposit of funds and in the future, it is said to provide customers with digital wallet services. Mobile banking came about due to the use of smart phones in the mobile industry in 2007. The Kenya M-PESA is an e-banking platform that uses mobile phones to allow customers to access banking services. This method has been taken up by all banks in Kenya which makes it the highest growing banking network in the country. Further, Kenyan banks have also embraced agency banking where businesses who have established businesses are contracted to provide banking services to customers at the local levels. For example, Kenya Commercial bank and cooperative bank have adopted KCB mtaani and Coop kwa jirani respectively. Equity banks agency banking is called Equity agents. The use of alternative banking channels has been successful and different banks have used them hence the need to find the effect they have on performance (Liu & Mithika, 2009). With almost every bank in Kenya enrolling the mobile banking method, mobile banking has been well received and implemented in Kenya (Musiega, 2014).

1.1.1 Alternative Banking Channels

IBM Global Services point out that alternative channels are banking delivery channels used by banks to deliver client services. They are characterized by accessing banking services electronically without the need to physically interact with a physical banking hall or employees. The name alternative banking channels comes from the fact that these methods are not the traditional banking methods but are more modern. These modern methods of banking are also called branchless banking which means that they often rely on other delivery channels other than the use of physical bank branches (Scott & Davis, 2014). While in most instances this form of banking is combined with the branch banking method, there are instances where they are used on their own and in this case the bank does not include a physical branch as an option for provision of their services (Chebii, 2013).

Other scholars refer to them as high-tech banking, virtual banking, direct banking, e-banking and online banking (Kimball & Gregor, 1995). The growth of technology has enabled customers to make banking transaction from their convenient locations. Further those clients too busy to queue at the banking halls have benefited from these channels.

Chebii (2013) notes that the most popular forms of alternative banking methods are mobile banking, internet banking, and agency banking. Further, Ogilvie (2008) explains that alternative banking methods as modern ways of banking. The alternative methods allow for customers to transact without the need to go to a physical bank location (Kumbhar 2009). In addition, Kumbhar (2009) explains that the alternative banking methods reduce costs for banks and enhance their competitiveness.

Christopher, Mike, Visit and Amy (2005) notes that some of the mostly used alternative banking methods include Mobile banking, debit and credit cards, core banking, bank automation, ATMs and internet banking. Kumbhar (2011) notes that the India banking sector uses different alternative banking channels including mobile banking, debit cards, internet banking, credit cards, POS terminals, and ATMs. Kohali and Sheleg (2011) note that global banks use social media banking, mobile banking, online banking, ATMs and tele-banking.

Agency banking is a contractual collaboration between the bank and businesses persons who have shops, construction material stores, pharmacies and other retail outlets. These retail outlets come in partnership with the commercial banks to provide banking services on behalf of banks in addition to what they sell (Kumar *et al.*, 2006). As noted by Mwangi (2011), the selection of the agents is based on different factors including the products they sell, their network connectivity, financial records of the business and their ethics. Agency banking is a more convenient and affordable ways for banking customers to access banking services as they don't have to go to a physical bank (Lyman, Ivatury & Staschen, 2006). This banking method also improves access which results to a greater market for the bank and ultimately to a rise in profits.

Mobile banking method is where a client uses their mobile phone or a personal digital assistant (PDA) to get banking services (Barnes & Corbitt, 2003). M-banking can be used to access different banking services, but it must be done with the help of a mobile phone. The growth of ICT has enabled the use of Mobile banking in different banks. At the same time, increased use of cell phones across all nations has also been linked to the growth of Mobile banking.

Internet banking is characterized by the use online means to access banking services through the bank’s website (Essinger, 1999). It is characterized by usage of networks and devices for provision of banking products and to widen the reach to customers who might be too busy to walk into a physical bank.

Essinger (1999) notes that an ATM is an automated electronic device that aids financial businesses to provide services to their customers allowing these customers access their bank accounts, make withdrawals and deposits, transfer funds and get their account data24-7 without the need to communicate with a banking teller or employee. Some other names given to ATMs include automated banking machine or AB M in Canada and ATMs in Australia, the US, Malaysia, Singapore, South Africa, India, Sri Lanka, Philippines, Maldivian and in the Hiberno English.

1.1.2 Performance of Banks

Richard (2009) notes that performance in a firm is made up of shareholders returns which are quantified in terms of the returns to the investors and the value of the organization; product market performance measurement is reflected in sales and market share; and financial performance is reflected by profits, return on investment and assets. Performance depicts a situation where a goal has been met. It involves acting, execution, accomplishment and fulfillment of the objectives. The accomplishment of the goal is compared to the provided and pre-determined standards of completeness, speed, cost and accuracy. An organization’s success and compliance are quantified through performance.

Galor and Zeira (2000) noted that there are four performance measures for a firm including organizational results shown in terms of service, productivity and quality; firm outcomes shown in terms of job satisfaction levels, absenteeism and turnover rates; capital market results that can be seen in terms of returns, firm growth and the price of the firm stock and financial accounting results provided in terms of profits and return on assets. However, recent academicians have come up with non-financial measuring methods to include the production of new products, customer satisfaction levels and market share.

Measures used for financial analysis of an organizations financial performance include liquidity, financial efficiency, repayment capacity, solvency and profitability measurers (Crane, 2010).

CAMELS which is an acronym standing for Capital Adequacy, Asset Quality, Management Quality, Earnings Potential, Liquidity, and Sensitivity to Market Risk has been used for the longest time to establish the competitive advantage. The reason CAMELS is preferred even by banking supervisory authority as a measure of performance is because it uses financial soundness or credit risk measurers and market risk measurers (King et al., 2006) plus agencies' rating to determine the stability of commercial banks (Rawcliffe et al., 2008).

1.1.3 Commercial banks in Kenya

The Kenyan banks operations are governed by the Companies Act (Cap 486), the Banking Act (Cap 488), the Central Bank of Kenya Act (Cap 491), among other CBK guidelines. In 1995 the country's bank industry was revised and the controllers that existed at the time were upgraded. The CBK is under Kenyan Ministry of Finance and is mandated with the formulation and implementation of monetary policy, ensuring the banks have the right levels of liquidity and solvency and ensuring the financial system is functioning properly. The Central bank in the country is also tasked with the publishing of information relating to the banks interest rates among other guidelines. The registered commercial banks in the country are 47 in number (Omondi, 2014).

1.2 Statement of the Problem

Commercial banks serve as financial intermediaries as they are the link between customers and banking services. The banking sector is critical to the economy of Kenya and other global nations (Drigă, 2012). However, ICT advancements, changing social trends, Competition and globalization, have caused the banking sector to undergo persistent changes. Increased cost of operation has impacted commercial banks affecting their profitability (Loonam & O'Loughlin, 2008). Commercial Banks being profit oriented, have therefore embraced alternative banking channels as a key way of lowering operational costs.

The adoption of alternative banking channels has faced various challenges which include persistent system downtimes and network failures, transaction errors, security concerns and lack of confidence by customers. These raises concerns on the impact these channels have on the performance. Wisdom (2012) also points out that although many banks have adopted alternative banking channels, the physical banking halls still experience high numbers of customers. For instance, the Equity bank has doubled over the counter withdrawal charges and still customers still go in large numbers to deposit and withdrawal their funds via the counter (Maungu, 2015).

Although there are alternative banking channels, customers still visit bank branches. The argument given by Nedelescu and Stănescu (2012) is that if the alternative channels used by banks are not reliable, customers get the perception that the quality of service offered is low which lowers the banks credibility and profitability. The study therefore sought to deduce if alternative banking channels such as agency, internet and mobile banking affects the performance of commercial banks in Kenya.

There are many studies done on alternative banking methods and their effects. However, most of them were done in western countries. For instance, Musiime and Malinga (2011) study looked into the internet banking method, customer adoption and satisfaction levels of this methods. According to the findings, a positive relationship exists between internet banking and the satisfaction levels of customers. Locally, Okun (2012) study looked at the impact deposits level had on the performance of Kenyan commercial banks. According to the study outcome there exists a favorable relationship between Deposits Ratio and ROE. Kamau (2014) research was on the impact of innovations in the financial industry on the performance of local commercial banks. The results indicated a significant effect of innovations on the performance of banks in Kenya. Okiro and Ndungu (2013) study covered the impact of mobile and internet banking on performance of financial institutions in Kenya and found out that mobile banking faces various challenges. The researcher was aware that there have been no extensive studies done on how alternative banking methods affects the performance of Kenyan banks which means a research gap exists in this area. This study therefore aimed at assessing the influence of alternative banking channels adoption on the performance of commercial banks in Kenya, specifically those operating in Nairobi City County.

1.3 Objectives of the study

1.3.1 General Objective

The general objective of this study was to assess the influence of alternative banking channels on the Performance of Commercial banks in Nairobi City County, Kenya.

1.3.2 Specific Objectives

This study was guided by the following research specific objectives:

i. To assess the effect of Agency banking on the performance of commercial banks in Nairobi city County, Kenya

ii. To establish the effect of mobile/ phone banking on the performance of commercial banks in Nairobi city County, Kenya.

iii. To determine the effect of internet banking on the performance of commercial banks in Nairobi city County, Kenya.

iv. To establish the effect of ATM banking on the performance of commercial banks in Nairobi city County, Kenya.

1.4 Research Questions

This study was guided by the following research questions;

i. To what extent does agency banking influence the performance of commercial banks in Nairobi city County, Kenya?

ii. How does mobile banking influence the performance of commercial banks in Nairobi city County, Kenya?

iii. What is the extent to which internet banking influence the performance of commercial banks in Nairobi city County, Kenya?

iv. What is the extent to which ATM banking influence the performance of commercial banks in Nairobi city County, Kenya?

1.5 Significance of the Study

The research was done to establish the effects of alternative banking channels on the performance of studied registered banks; the research will create awareness and help Commercial banks put in place technologies needed for them to be successful in increasing their performance levels. The banks will also be ably judge which channels are working for or against increasing the performance levels and therefore worth their investments.

The study will also be helpful to bankers. The recommendations of this research will help in analysis of the performance of commercial banks which in turn will impact in analyzing the growth of the economy with regards to the performance of the commercial banks. The study will also be significant to investors in understanding which alternative banking channels are increasing the performance of institutions (commercial banks) studied. As a result, they will thereby learn which areas they can invest and expect maximum results.

This research will be useful to bankers, scholars, researchers and policy makers. The researcher will gain knowledge on the study subject. The banker will get useful data on the study area and allow them to know the best alternative channels to use to maximize profitability of their banks. The study outcomes will help shape the future alternative banking methods of the future. The policy makers will use the study's findings, recommendations and data to come up with policies that will be of great help and that will be suited to the modern-day banking industry.

1.6 Scope of the Study

The scope of this study covered the commercial banks operating in Kenya. Specifically, the study targeted the commercial banks operating in Nairobi City County. This is because Nairobi being the Capital City of Kenya, it hosts the head offices of all the registered 47 commercial banks in Kenya (See Appendix 5). These was a representative since their operations determines the operations of their branches elsewhere. The target population was CEOs, Business, Functional and corporate levels respondents from each 47 banks. The study was undertaken between 2018 -2019.

1.7 Limitation of the Study

This study faced various challenges. There was hesitation from some respondents due to fear to disclose relevant information for the study which they deemed sensitive. However, the researcher overcame this by assuring the respondents of utmost confidentiality of the feedback provided meant for academics only. Some senior managers could not disclose sensitive information especially on challenges faced by their channels because of fear of competition and confidentiality concerns. The researcher overcame this by providing assurances on confidentiality of their feedback meant strictly for academics. Available resources at researcher's disposal limited the study locale to Nairobi City County which created sample bias.

1.8 Organization of the study

Chapter one handles the study background, objectives, study importance and the scope of the study. Chapter two handles the research variables and the conceptual framework. Chapter three captures the research design employed, the methodology employed and the study results. Chapter four contains research findings and interpretation of the results while chapter five has the summary, conclusions and recommendations of the study.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presented the literature associated with the subject matter. It covered the empirical literature review, theoretical review of literature and the conceptual framework. The chapter also presented the critiques of existing literature, the summary and the research gaps. Generally, this section also attempted to critically review the available literature on the study subject.

2.2 Theoretical Review of Literature

The part below reflects various theories employed in the study. In this case, the Resource Based Theory, Bank Led Theory, Innovation Diffusion Theory, Agency Theory and Financial Intermediation Theories were used.

2.2.1 Resource Based Theory

Wernerfelt (1984) is known for the development of the theory and other researchers expanded the theory. The theory points out to the essential need of resources and how they impact on the overall strength of an organization. The theory further purports that organizations can get a competitive advantage if they use their resources effectively, they embrace innovation and provide a higher value than their rivals to their customers. This is possible if the resources available to the firm are used effectively and efficiently (Barney, 2011). The theory further elaborates that the firm resources are also the inputs used in the production process (Crook, 2008). According to Currie (2009), different firms have different resources, but these resources can be a source of unique competencies. The ability of the company to perform is dependent on the resources at its disposal. In the competitive world businesses are in, organizations need to keep changing their resources and how they use them if they are to sustain their operations in the future. The firm performance is this affected by the resources at its disposal (Crook, 2008). This theory helps explain how an organization can achieve more success using the resources at disposal.

The theory was relevant to the study due to its suggestion that organizations with more resources can use them to create innovative ways to use more alternative banking channels for improved performance. This is the theory that is critically anchored on this study because it emphasizes on the need to enhance the performance of a firm by manipulating on the inputs which in this case are the alternative banking channels. The efficiency of the channels adoption and implementation would lead to the efficiency in commercial banks overall performance and vice-versa.

2.2.2 Bank Led Theory

The theory was postulated by Lyman, Ivatury and Stachen (2006) and emphasizes the role of contracted agent as a bridge between banks and the customers (Akhisar, Tunay & Tunay, 2015). The bank agents deal and provide identified services to customers such as deposits and withdrawals as per the agreement with contracting banks (Owens, 2006). Records and transactions done by agents are remitted to the banks electronically through means such as phones or internet. As noted by Lyman (2006), bank-led theory is a different form of providing banking services to customers compared to the conventional methods of banking. In the latter method, the client uses retail agents to access banking services instead of interacting with banking staff. The bank provides financial services and ensures the accounts of its customers are accessible to them and secure. The retail agents often offer basic services just like a bank teller would. The retail agent can be any shop that can virtually handle customer fund and is located in close proximity to the customers.

According to Staschen (2006), an Electronic POS terminal can be used to read card details and help customers apply for loans. Once the loan is approved, the bank communicates with the customer and bank details are developed, the customer can then walk into the retail agent to collect their bank card details, collect their loan and perform other transactions. Once the customer arrives at the retail agent location, the agent has to confirm the customer’s details and documentation before they can process the transaction; the customer’s bank account is debited or credited with funds as per the transaction done by the client. The customer is able to withdrawal or deposit funds on the 16 agent’s drawer counter. The bank gets an electronic record of the transaction or another payment processing agent gets the details of the customer and retail agent that handled the transaction (Barney, 2011).

The bank led theory was useful for this study as it looks at the use of retail agents by banks to deliver financial services to customers. This method if used efficiently can increase the rate of cash mobilization from customers and enhance financial inclusion especially in locations where physical banks are very far from the customers. Further, the result is that the bank gets more cash deposits which in the end lead to increased performance on the banks end (Barney, 2011). In this study the theory points out that, financial institutions are intermediaries between the banking services and customers which reduce the costs of accessing financial services. However, the retail agency model raises concern on security of the banking customers as the nonbanks outlets operate outside the banks regulatory guidelines and the regulatory guidelines provided for them may not emphasize on the agents doing a due diligence on the customers which can result to Counter-Terrorism Financing (AML/CFT) and money laundering risks.

2.2.3 Innovation Diffusion Theory

Mahajan (2010) explains that an innovation is any object, practice or idea seen as new by the parties of a social environment. The diffusion of innovation is said to be the communication of innovation to the different parties of a social system using various methods. This theory attempts to explain the way innovations in our case alternative banking methods are used and successfully utilized in a system. Sevcik (2004) explains that adoption of an innovation takes a long time. In other cases, not all innovations are adopted. Some of the hindrances to the adoption of innovations may be resistance to change which although may not stop the adoption it can be a factor that slows the innovation adoption. The adoption rate is affected by five notable factors including complexity, observability, trainability, compatibility and relative advantage (Clarke, 2005). If a banking firm considers the benefits that accrue from the use of alternative banking methods, they would adopt this innovation after considering factors such as availability of funds and tools to ease the adoption process. Such innovations can be easily adopted if the firm has internet and has advanced technology wise (Rogers, 2005).

The theory related to the study in assisting elaborate how aspects of innovation can be put in place to improve the performance of commercial institutions. If a banking firm considers the benefits that accrue from the use of alternative banking channels, they would adopt this innovation after considering factors such as availability of funds and tools to ease the adoption process.

2.2.4 Agency Theory

Jensen (1976) developed this theory. The theory looks at the relationship that exists between an enterprise and its agents. The main emphasis of the theory is a look at whether there is enough market mechanism that allows the agents to perform as expected by firm owners so as to maximize their returns. In this theory the principle (P) passes the control to an agent (A) to make firm decisions and do transactions that relate to the business on behalf of the principle. The agent is expected to work in the interests of the principle and maximize their returns. However, in this relationship agency problems do exist especially if the objectives of P and A are different, if there are disparate competencies between P and A when it comes to evaluation of A's performance, the risk aversion extent differs between P and A and if the information available to P and A related to the market. There has been a decrease in the dominance of private shareholders in this industry. This may be a concern as this may mean agency problems exist in the sector. (Meckling, 1976).

The theory was important as it reflects that there should be increased agencies for commercial banks to enhance performance. The theory looks at whether there is enough market mechanism that allows the agents to perform towards the goal and vision of the firm owners so as to maximize their returns. The theory explains that there may be challenges if there is no coordination between the banks and their alternative distribution channels. The bank vs agency relationship only needs to be monitored especially on the actions of the agency to retain the best consumers.

2.2.5 Financial Intermediation Theory

Mises (1912) came up with this theory. According to the theory, banks are financial intermediaries. The mobilize funds from clients who have excess money and loan this money to customers who are in need of extra funds. The bank benefits by getting interest from the loans. This allows the bank to take cash from customers who have deposited their funds for the short-term maturity period and loan the funds to customers who want money for the long term and this increases liquidity in the country (Dewatripont, Rochet &

Tirole, 2010). Banks also work towards convincing the depositors to deposit their money with them and they give this money to lenders who would have found it hard to negotiate for money from the depositors.

Therefore, the bank acts as a financial intermediary and also as a provider of credit. If these financial institutions only act as intermediaries, they wouldn't be able to create money and if they do not embrace the intermediary role, they would not make it to create funds for their customers (Mises, 1912). Critics of this theory include Allen and Santomero (2001) who argue that the model only focuses on the participation costs concept while looking at the risk management challenge as a recent problem in the business sector.

The theory was helpful in providing insights on how banks can improve their performance by creation of channels for clients to deposit money or even access loans easily. In turn, this makes it easier for customers to provide the bank with deposits and access loans improving the performance of the financial institution. This theory's strong points come from the fact that it gives us valid predictions on the contracts used by banks as intermediaries and therefore lays a foundation from which we can look at policy issues affecting the banks as an intermediary.

2.3 Empirical Literature Review

The review below deals with literature sourced from various studies related to the research variables.

2.3.1 Agency Banking and Performance

Various studies have been done on this area. As noted by Porteous (2005) agency banking decreases the coast of operations for banks and also allows for ease of access to services in areas where it would be too costly or impossible to set up banking branches. Regulation on agent banking should provide incentives for the banks and the agents to improve the use of this method to reach different areas and customers through this distribution channels (Melzer, 2006). Agent banking is a method that can see the distribution of banking services to a large number of customer and a wide reach especially in places where there are underserved customers or in hard to reach local locations.

Ivatury and Lyman (2006) explain that the use of agency banking has seen many customers' access different banking services such as bank balance inquiry, bank deposits, cash withdrawal among others. They can access such services conveniently as the retail agents are found near their homes. The customers find that the agent banking channel offers easy accessibility and extend their business hours allowing the customers to transact even at night.

Kiragu, Aduda and Ndwiga (2013) point out that the use of agents allows for the ease of congestion in banking halls as the agents are able to serve some customers at the local levels. Further agents are able to reach the unreached who are often found in hard to reach geographical locations. Banks often find it hard to reach the customers found in the rural areas especially the poor ones. They often have to incur high costs to set up branches in these areas as the number of customers and their frequency of transactions is very minimal making it impossible to cover the expenditure of operating a branch. However, agency banking uses existing businesses which reduces the setting up and operational costs and also ensures that most of the low-income earners are offered the banking services they need. Further, the low-income earners are more comfortable when they transact from their locality with people they know, compared to going to a commercial bank where they are not familiar with the banking rules and the people serving them. This leads to improved profits for the banks.

Kandie (2013) studied the impact agency outlets have on overall performance of institutions in Kenya. The results indicated a favorable association between agency banking and financial inclusion. The use of agency banking ensures that bank customers access banking services such as cash deposits and withdrawal of funds from the retail agents. Kithuka (2012) looked at the influencers of agency banking in Kenya. According to the outcome, the factors examined included management support, technology, charges and accessibility and were shown to influence usage of agency banking. Another study done by Waithanji (2012) examined how agency banking affected financial inclusivity in Kenya. The findings showed no relationship between agent banking concept and financial deepening. Kirimi (2011) examined the level to which agent banking has been adopted by

Kenyan commercial banks. The results indicated that various banks have taken up this distribution channel but there lacked enough training on the agency banking.

From the reviewed studies, there is certainly a research gap on the area of agency banking especially when it comes to the effects it has had on the rural banking and the overall effect on the performance of banks (Waithanji, 2012; Kithuka, 2012; Lyman, Ivatury & Staschen, 2006). The research done provides data showing that agency banking allows banks to reach the underserved more so those found in the rural areas. However, this finding is still in dispute. The customers who use agency banking prefer them due to the extension of their business hours and convenience they offer.

2.3.2 Mobile Banking and Performance

Phones utilization has seen tremendous growth in the last few years which has increased communication and access of mobile services globally. Liu (2009) asserts that banks that offer mobile banking services enable client's convenient access to their accounts, transfer funds, get credit and debit alerts, order cheque books, pay bills, receive alerts on their minimum balance and get data on interest and exchange rates.

Al-Jabri (2012) reviewed use of mobile banking using diffusion of innovation theory and the findings showed that banks that offer mobile support and provide a variety of services through mobile banking improve the perception of the quality of their services among customers and this leads to improved adoption. The research pointed out that to reduce customer information security risks, banks should provide guarantees to their customers on how they will protect their data. Further, they should carefully look into the customer complaints and deal with them urgently.

Gathoni (2007) study on the impact mobile banking had on the quality of services provision by Kenyan banking institutions found out that most banks had embraced mobile banking by using different forms of this distribution channel to provide services such as ordering of cheque books, provision of bank statements, cash withdrawals and deposits, funds transfer from the customers banks account to their Mpesa accounts, paying of fund from and within banks transfers. Mobile banking use has advanced provision of better customer service as it is a method that does away with banking hall queues, it provides faster and convenient 24-7 accessibility to banking services.

Porteus (2006) noted that going forward, mobile banking is going to be adopted extensively by financial and banking firms in the globe. This is because this distribution channel poses very minimal operations costs that are incurred by banks, but also allows a wider reach. Its demand is accelerated by the increased use of mobile phones and the demand for convenient ways of accessing banking services. Another research done by Mburu (2013) indicated that mobile banking benefits do not only accrue to customers but to the banks too. The customers are able to save on time and access the banking services at their convenience. The banks benefit from the reduced operational costs and doing away with location barriers that hinder accessibility to services

The assumption denotes a future where mobile banking is going to be an important aspect of banking as many customers have a mobile phone and most of these phones are connected to the internet (Laukkanen & Lauronen, 2005). Past studies done in this area suggest that the reason mobile banking is embraced by many customers is because it offers convenience, savings in the customers' time and effort, privacy and easy accessibility of the service at any location. Additionally, other studies suggest that use of mobile banking enhances the customers' self-esteem (Lee et al., 2003).

Banks use mobile banking to increase their reach to many customers and also in a bid to offer convenience to customers while improving their profitability by offering a variety of banking and wealth management services (Ginn, 2011). Application founds in smart phones and the alerts offered by banks to their mobile banking customers allow the customers make informed decisions and also enable the customers transact just like internet banking customers do. The online banking tools can be accessed by customers who use smart phones for their mobile banking services.

Although the reviewed studies point to the benefits that come with mobile banking both to the customers and the banks including the increase in convenience and the savings on costs and time. However, as recorded in a research study done by Mburu (2013) customers of mobile banking are still facing numerous challenges related to this distribution channel.

The banks do benefit from the decreased operational costs and the increased reach of customers in hard to reach locations. However, there is still more to be studied as research does not provide the extent to which each bank performance benefits from the use of this channel which was the intent of this study.

2.3.3 Internet Banking and Performance

This usually refers to use of internet on computer or laptop to conduct a variety of banking services. The use of the World Wide Web is combined with other internet tools such as a computer or a smart phone for the banking transaction to be successful. Internet banking has seen the growth of e-commerce since it is used to make payments for online purchases. Internet banking also buses electronic cards to authorize online payments and to allow for a seamless transaction between the online seller and customer. Today, the most commonly use of internet-connections is the payment of bills, ecommerce payments and the buying of air tickets through the airline website (Littler, 2006).

Ngubia (2017) study showed that online banking improves profitability of banks as measured by return on equity. Further, internet banking increases the market share of a bank as it attracts new customers and improves the service quality of the bank. The data from past studies shows that internet banking significantly affects banks performance. More attention has been put on internet banking by policy makers, regulators, law makers, bankers and participants of the financial services sector.

Munyoki (2013) points out that internet banking helps to attract and retain customers. This is because it provides numerous benefits including reducing operational costs, increased profits for banks and flexibility for banking customers. There some researchers that have studied internet banking and its relationship with policies made. However, despite the past studies done, there is still a gap when it comes internet banking which has led to the use of circumstantial evidence by bank managers and policy makers when it comes to internet banking matters (Karen *et al*, 2010). Internet banking reduces the costs of banks, the employees of banks, increases the commission income given to bank field employees and customer convenience in accessing bank services which in the ends leads to increased profitability. Compared to other banking methods, internet banking offers more customer convenience and flexibility (Essinger, 1999).

Internet banking allows customers to access banking services and makes it easier for customers to transact online (Essinger, 1999). But it is not yet been clarified on the ease of usage for certain features for this has not well elaborated in the research as that was the case of this study.

2.3.4 ATM Banking and Performance

An ATM is specifically an electronic card with information and security details of the holder and used to effect bank transactions. Automated Teller Machine just like in a PoS system is used to authorize transactions. Examples of common electronic cards include credit and debit cards. If the card is releasable then the owner will have to visit their bank for the card to be replenished with funds. A debit card is attached to the owner's bank account and will provide immediate funds on request and also confirm the withdrawal or use of these funds to the bank and the customer. Credit cards link the owner to credit lines and are used to access local and global financial channels and these cards can be used in different countries. The rules and operational infrastructure are given by trusted global networks such as master card and visa and also by local regulators (James, 2009). Electronic banking can enable a customer access banking services through the use of an ATM for 24 hours. Customers can also deposit paychecks and check the details of their accounts. However electronic banking is characterized by many responsibilities, customer rights, fees and transactions.

ATMs are electronic devices that allow the bank accounts holders to access their funds and make deposits without the need to interact with bank employees. This alternative means of banking has been in existence for the longest time especially in developed nations. This makes it more acceptable and widely used alternative banking channel (Hans & Kamath, 2013). An ATM card allows clients to reach their bank accounts and also transact. The method offers convenience and flexibility to the customer as they do not have to travel to a physical bank location. ATMs were a replacement of the labor-intensive and time-consuming paper banking used in the past (Ogbuji.*et al.*, 2012).

As Nyangosiet.al *(*2009) notes, e-banking is also referred to as electronic fund transfer (EFT). It makes use of online and electronic means replacing the use of paper base banking and cheque books. EFT is made possible due to the use of cards or codes that enable the customer to authorize their access to their accounts. For most financial institutions debit cards, Personal Identifications Number (PINs) and ATMs allow for this access. There are some whose debit cards require a customer signature or a scan to authorize them to transact. For instance, there are some that make use of radio frequency identification (RFID) that can detect and scan the customer's data without necessary coming into contact with the customer. The transaction related to the use of this technology is covered by the federal Electronic Fund Transfer Act (EFT Act).

Although there is a lot of literature on the use of ATMs in developed nations, very little information is available on its use in developing nations. A study done by Nyangosiet al. (2009) showed that the use of ATMs was one of the earliest means of alternative banking methods used in Kenya. However, data from CBK, 2008 show that ATMs usage has been suppressed by mobile banking since most of the customers including those in the rural areas are able to have a mobile phone which is not the case for AYTMs as most of them are found in cities. This has led to more mobile banking use even in rural areas compared to the use of ATMs.

2.4 Summary of Reviewed Literature and Research Gap

The current chapter looked at the models and theories that give insight on the use of alternative banking channels and the affect these have on the performance of banks. The financial intermediation model provides us with powerful knowledge on how intermediaries such as banks ensure that there are enough funds in the economy by acting as the middleman between those with surplus and those with deficit funds. The agency theory looks at the existing market mechanisms that allow the agents to work for better performance as expected by shareholders. All the theories used in this study help to give information on alternative banking and firm performance.

Banks have been under immense pressure from globalization and competition which has led them to use alternative means of providing banking services uplift profitability and enhance the value provided to their clients. The question on what exactly drives banks performance is important for anyone who wants to gain an understanding on banks performance. There have been past studies done to deduce this study question. A notable study was done to bench mark the strategies used by commercial banks in a bid to establish the effect they had on performance of these banks (Vander, 2012). The study which also sampled the opinions of these banks' managers showed a connection between operations, marketing and banks excellence. This is what resulted to the development of the service management strategy that is part of operational competencies of a firm that allow them to improve the quality of service they offer and their overall performance (Foth and Jackson, 2005). In all these studies carried, there is no enough evidence supporting the impact of customer convenience to a differentiated financial performance in regard to the specific alternative banking channels in the current financial environment (Kohali 2011; Musiega, 2014).

In the modern time and in the current financial environment, alternative banking is of much importance and convenience and has become a necessity for every bank user rather than a luxury only for the few. In as much as bank customers continue to look for convenient banking services, the banks also need to keep themselves in check and ensure that they not only offer alternative banking channels that are beneficial to their customers but also alternative banking channels that grow their financial performance (Chebii, 2013). The Table 2.1 below depicts more research established by the researcher.

Table 2. 1: Summary of related Literature and research Gap

Author	**Topic**	**Results**	**Research gaps**
Ngubia, P. (2017)	Relationship between alternative channels and performance of Commercial Banks	Alternative banking accelerates performance by assisting banks to better their potential as reflected with the aid of return on equity	Did not Explicitly use inferential statistics to show extent of the effect of the alternative banking channels studied
Al-Jabri (2012)	Mobile banking adoption by Indian banks	Found out that availability of better mobile banking support improved the perceived quality of services which accelerated the adoption levels	The study failed to explain on aspects that lead to mobile banking adoption that would eventually ensure consumer satisfaction
Gathoni E.K (2007)	The impact of Smartphone banking on service provision in commercial local	The study found out that the adoption of different mobile banking services has enhanced improvements and	Did not discuss more on which aspects of which mobile banking influenced service quality.

	Kenyan bank	profitability in the banks	
Nyangosiet.al (2009)	Adoption and use of technology in the banking industry	There was notable increase of electronic fund transfer (EFT) to replace cheques and paper-based options.	The study failed to explain how EFT or use of electronic cards was an alternative banking channel.
Saluja and Wadhe (2015)	Impact of E-banking on profitability of Indian commercial banks the period 2006 –2014.	The study found a favorable connection between electronic banking and banks profitability of financial institutions.	The study failed to explain on the level of adoption of Electronic banking and especially which e-banking aspects that were measured.
Kithuka (2012)	Factors affecting growth of agency banking in Kenya.	The outcome showed that money transfer technology factors such as convenience, security, reduced costs, and support affected the use of agency banking.	The study failed to look at other alternative banking channels and how they influence the performance of commercial banks in Kenya
Ndungu (2015)	Effects of alternative banking channels on how financial institutions performed financially in Kenya	The study indicated a decline in the use of mobile banking since 2012.	This study would have conducted inferential statistics to elaborate the extent of the impact of which this study intends to do.
Hans & Kamath (2013)	Benefits associated with use of ATM as an alternative banking channel.	ATM cards make it easier for clients to access their bank accounts and carry out transactions	Failed to undertake inferential statistics to elaborate the extent of use of ATM
Karen et al (2010)	Effects of internet banking as an alternative channel in the commercial industry	Using internet banking reduced the banks operational costs, reduced the banks employees, increased the commission given to banking staff and made customers enjoy convenience.	The study failed to investigate the extent of adoption of internet banking
Munyoki (2013)	Role of internet banking in Kenya	Internet banking method is often used to attract new clients while	Only reported a likelihood stating that 'internet banking

		retaining the old ones	platform is likely to have a significant effect on the banks performance.’
Ginn (2011)	Effects of mobile banking utilization on performance of profit making and banking institutions.	Mobile banking allows banks to provide services to the unreached and underserved customers while also allowing customers to enjoy convenience and also improves the profitability of banks	The research failed to differentiate whether mobile banking was an alternative banking channel

Source: Researcher (2020)

The review of literature done in the chapter indicates that alternative banking channels affects the commercial banks performance. From the above summary, many studies have been reviewed investigating aspects closer to the effect of alternative banking channels on performance of commercial banks. These studies like Ndungu (2015, Ngubia (2017) and Kithuka (2012) give important knowledge on banking channels used by different banks. Nonetheless, there is little research done on the area of alternative banking channels use in the Kenyan perspective and Nairobi City County. Additionally, some studies focused solely on financial performance leaving strategic aspects behind.

2.5 Conceptual Framework

This is a figure representation which shows the direction of the influence of the predictor independent variables on the dependent variables.

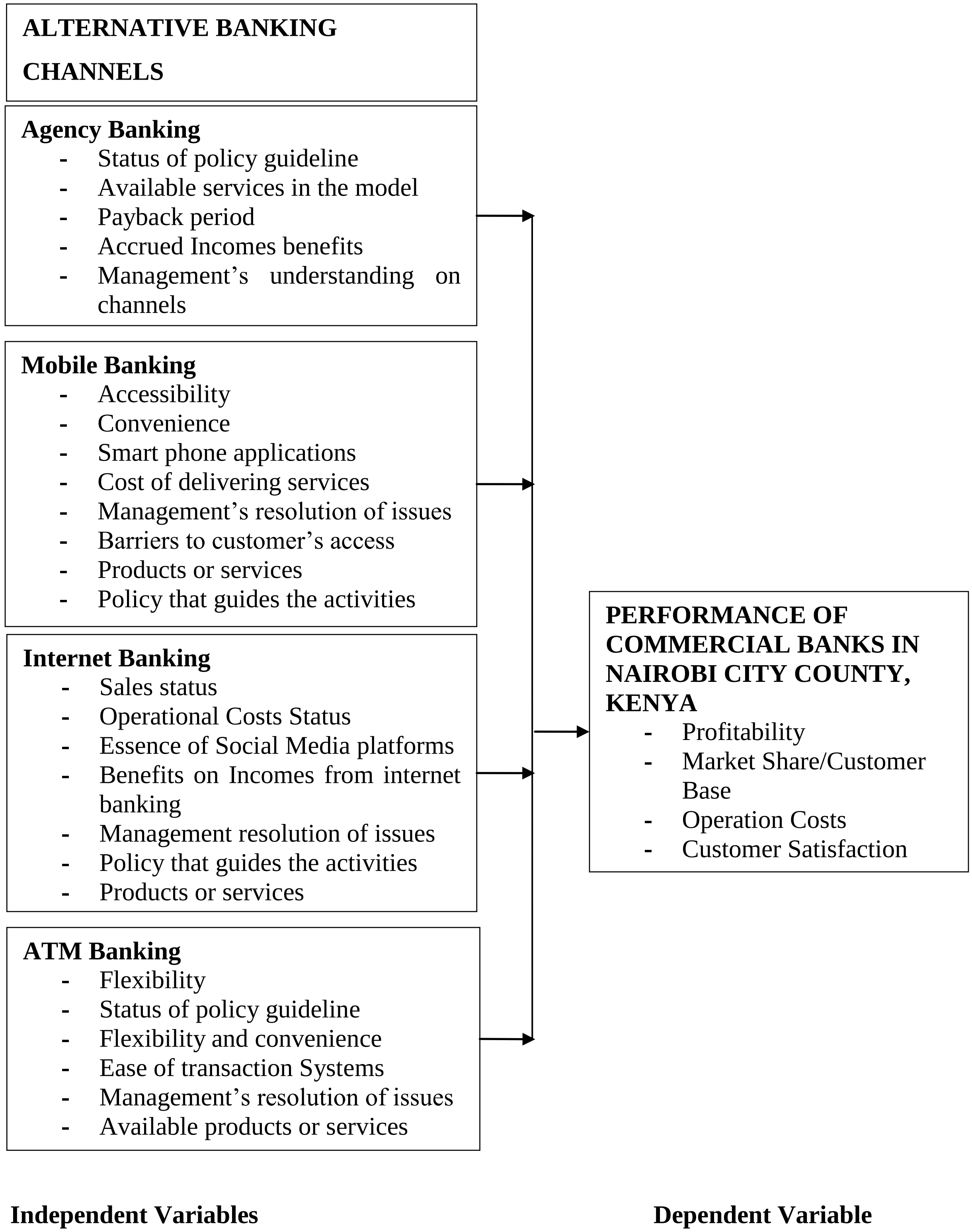

Figure 2. 1: Conceptual Framework

Source: Researcher (2020)

The above conceptual framework depicted that the existence of a relationship which could either be positive, negative or no relationship between the independent variable; alternative banking channels and the dependent variable which is performance of Commercial Banks in Nairobi County, Kenya. The conceptual framework laid emphasis on aspects of each of the independent variables and these were measured by checking the influence of each with the dependent variable.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The chapter looked at specific methods, styles and techniques applied in data gathering, processing and analysis. This chapter was also comprised of the research design, the study population and methods applied in collection of data and its analysis.

3.2 Research Design

A research design reflects the steps applied when collecting and analyzing data aimed at achieving the already set study objectives (Dul and Hak, 2008). Mugenda (2010) also points out that a research design is the framework used geared towards achievement of the research objective. Mugenda and Mugenda (2003) notes that descriptive research includes surveys and fact-finding enquiries and is used where the study is applying comparative variables in the field of study and the case at hand lacks control over the variables and the researcher can only report on what has happened or what is happening. A descriptive survey is useful in describing the elements of the study variables (Churchill, 2009). Descriptive research provides information as to when, where, who, what and how they are linked to specific research questions. This research design assisted provide data about the influence of alternative banking channels on performance of commercial banks in Nairobi City County, Kenya.

3.3 Target Population

A target population is the total number of study objects or people having all the required characteristics as study samples. By the end of December 2018, there were 47 commercial banks in Kenya (Kenya Bankers Association, 2019). All these banks have their head offices in Nairobi City County. (See Appendix, 5). The study therefore sought to reach out to each of them. The study reached out to one respondent from different levels of employees in each of the 47 commercial banks targeting CEO, and a respondent from corporate, functional, and business levels who were given the research instruments. The total target population was 188 respondents as reflected in Table 3.1:

Table 3. 1: Target Population

Category	Target population
CEOs	47
Corporate staff	47
Functional level staff	47
Business level staff	47
Total	188

Source: Researcher (2020)

3.4 Sample Size and Sampling Technique

According to Siegel (2013), a sample is a set of respondents who are part of from a targeted population aimed at identification of certain features. Sampling helps have proper representation of the whole population. 50% of respondents from each of the stated categories, were selected using simple random sampling technique. Foe an academic research, a sample size of 20% or above is appropriate (Cooper and Schindler, 2014). As explained by Creswell (2013), a sampling frame is provided in form of a list made up of the population of interest used for the study. It also has a set of individuals or elements used in the choosing of the sample of the study. The study therefore used 94 respondents as the sample size using simple random sampling technique.

Table 3. 2: Sampling Frame

Category	Target Population	Sample size (50%)
CEOs	47	24
Corporate staff	47	24
Functional level staff	47	24
Business level staff	47	24
Total	188	94

Source: Researcher (2020)

3.5 Data Collection Instruments

Data collection is vital in a research study as this is where the researcher gets the information, he or she needs to make reliable conclusions (Kombo & Tromp, 2006). The research tool for this research was a questionnaire that helped get primary data.

A questionnaire is a vital data collection tool since at helps collect data within a large scope (Saunders and Thornhill, 2009). Further, participants were able to give their answers in a truer and anonymous manner without feeling pressurized. The tool had mixed type ended questions. The questionnaire used was simple and to the point to ensure that the participants had an easy time answering them. Further a questionnaire gives accurate data to a research study making it a reliable tool.

This study collected secondary data on performance measures for the listed commercial banks based on profitability in the audited financial outcomes, market share/customer base, customer satisfaction ratings, Assets growth and reduction in cost. These were obtained by downloading from the CBK's website as well as from the individual bank's website in the last five-year period from 2013-2018.

3.6 Piloting of the Instruments

According to Crowther and Lancaster (2012) a pilot study is a distinct preliminary investigation done aimed at improvement of the study design and also identify different expectations before effecting the main study. Such a study done aims at reviewing and advancing the methodology techniques, like the instruments and data collection processes (Saunders, Lewis & Thornhill, 2009). Respondents constituted of 20 staff from Equity and Co-operative bank branches in Machakos town.

3.6.1 Instrument Validity

Mugenda (2010) explains validity as the level of accuracy the instruments exhibit in measuring outcomes. The supervisors took a key role in helping ascertain validity of the instruments applied through reviewing of the questionnaire with the researcher and provision of feedback based on their expertise. To ascertain for validity, the researcher consulted supervisors and lecturers in school of business Kenyatta University to properly align the researcher in development of valid instruments especially in achieving face, construct and content validity. Content validity helped ascertain clarity and simplicity. Face validity helped show the look and feel of the instruments

3.6.2 Instrument Reliability

Crowther and Lancaster (2012) explain reliability measures the level the research instrument provide the same results after more than one trial. The test-retest technique was used to test reliability which uses same scale to the same participants at different times.

The re-test was done after one week from the first test. Respondents constituted of 20 staff from Equity bank and Co-operative bank branches in Machakos town. The choice was because the two sets of staff shared similar experiences with those in the head office. After administration of the instruments to the respondents, a repeat was done after 7 days. The Correlation Co-efficient (r) between the scores was calculated. Cronbach's alpha quantifies internal consistency or how related different elements in a group are. It best quantifies scale reliability. Locharoenrat (2017) recommends that an acceptable coefficient of 0.7 and above. All values obtained were above 0.7. The Table 3.3 below depicts the reliability analysis of the studied variables.

Table 3. 3: Reliability analysis results

Variable	**Cronbach's alpha value**
Agency Banking	.81
Mobile Banking	.79
Internet Banking	.77
ATM Banking	.74

Source: Researcher (2020)

3.7 Data Collection Procedures

The researcher sought a research permit letter from the (NACOSTI) before administering the questionnaires. Other relevant university permitting documents like a covering letter was provided by the School of Business, Kenyatta University (KU) offices, to allow the researcher to proceed with the study. The questionnaire was administered to individual participant procedurally and appropriately. Each respondent was allowed enough timelines to fill up the questionnaire appropriately after which they were collected for analysis.

3.8 Data Analysis

Quantitative and qualitative methods were used to analyse the data collected in this study and put together to reflect the final findings and interpretations. Quantitative data collected was categorised and further coded (Creswell, 2009). Calculation of expected parameters was done using the SPSS program Version 20.0 as the main statistical tool. Descriptive statistics were projected using charts and graphs. The frequency percentages were equally applied to measure the central tendencies as well as providing a report on data collected. Qualitative primary data was analysed via thematic analysis. Apart from the inferential statistics like regression analysis, other forms of analysis such as ANOVA and correlation were used to identify the relationship between the dependent and the independent variables.

3.8.1 Correlation Analysis

Correlation analysis is applied while determining the degree of linkage between two variables (Cooper & Schindler, 2014). This analysis has been regarded as the initial step while developing statistical models that are aimed at establishing the associations or relationships among various dependent and independent variables. Upon developing the correlation matrix to analyze the relationship of independent variables as well as helping in developing predictable multiple models, the researcher carried out a multiple regression analysis. Correlation analysis helped to identify any possibility of Multi-Collinearity. A correlation value of 0 illustrates that there is no possibility of any association between the applied dependent and independent variables. Further, if the correlation index is ±1.0 it shows that there is a perfect negative or a positive association among the variables (Hair *et al*, 2010). The values were interpreted between negative 1 and positive 1, where –ve 1 represents a negative perfect relationship, 0 represents lack of relationship among the variables while +1 will illustrate a perfect positive relationship. The association will be regarded as weak when r ranges between ±0.1 to ±0.29, medium when r ranges between ±0.3 to ±0.49, and strong when r is ±0.5 and above.

3.8.2 Multiple Regression Analysis

Multiple regression analysis was done to deduce if there is a major association between the study variables. (Lategan, 2010). This study employed a multiple linear regression analysis using agency banking, mobile banking, Internet banking and ATM banking as the independent variables and performance of commercial banks as the independent variable respectively.

$\mathbf{Y = m_0 + m_1V_1 + m_2V_2 + m_3V_3 + m_4V_4 + \varepsilon}$, where,

$\mathbf{Y}$= Performance of Commercial Banks

$\mathbf{m_0}$= Intercept

$\mathbf{V_1}$= AG Agency Banking

$\mathbf{V_2}$= MB Mobile Banking

$\mathbf{V_3}$= IB (Internet Banking)

$\mathbf{V_4}$=ATM ATM (Banking)

$\mathbf{m_1}$, $\mathbf{m_2}$, $\mathbf{m_3}$ and $\mathbf{m_4}$ are the coefficients of the regression

ε= the error Term

3.9 Ethical Considerations

According to Neumann (2013) 'ethical' are behaviours that are seen as correct and acceptable in a profession. Ethics refer to a branch of philosophy which deals with the persons conduct or behavior. The researcher took into account three research considerations; ethical issues related to the individual researcher, ethical issues that has to do with the participants and the way the research was done.

An approval from the National Commission for Science, Technology and Innovation (NACOSTI) was sought to ensure there is authorization for the research to be done. The researcher also sought permission from all the sampled commercial banks and an introduction letter from the Kenyatta University which accompanied the questionnaires.

The researchers upheld high ethical and integrity standards especially when dealing with human subjects. Participants were made aware of the purpose of the study, the data that the researcher needed from them, why this data was important, how they were part of the study and how the study affected them. In this study, the researcher did not misuse any power over the subjects; whether intellectual, legal, expertise or authority to ask the research subjects to perform activities that could put them in trouble or stigmatize them.

Participants were also made aware of the academic reasons for the sought data, and that their anonymity was guaranteed. The identities of the individuals were not disclosed and any identifying information other than their pseudo names. The researcher used other ways to code the instruments without asking for the respondents' names or other identifying information.

The researcher avoided physical or psychological harm by not asking embarrassing questions, expressing shock or disgust while collecting data, using threatening statements or compelling people to say something that they did not believe in thus causing fear and anxiety among respondents. The supervisor's advice was sought to differentiate the right questions to the respondents. In addition, respondents were not forced to remember any unpleasant occurrences against their will that could cause resentment or discomfort.

CHAPTER FOUR: RESEARCH FINDINGS AND DISCUSSIONS

4.1 Introduction

The chapter below reflects Research findings and discussions on the influence of alternative banking channels on the performance of commercial banks in Nairobi City County, Kenya. The analysis is embedded on the research's variables studied on the performance of the target organizations in Nairobi city County, Kenya. The SPSS program was used to compute the measures of central tendency.

4.2 Response Rate

The study targeted 94 possible respondents who constituted staff from different levels which included CEOs, Corporate, functional and the business levels. Out of the targeted 94, 76 questionnaires were returned fully filled up with responses whereas 18 questionnaires were returned in a faulty mode or never got responses for one reason or another thereby giving the study a response rate of 81%. This was adequate according to Mugenda and Mugenda (2010) who advocates that a response rate of 75% or higher is enough for an academic research.

Table 4. 1: Response rate

Status	Frequency	Response Rate
Responded	76	81
Not Responded	18	19
Total	94	100

Source: Researcher (2020)

4.3 Background Information of the Respondents

4.3.1 Gender of the Respondents

The respondents were required to indicate their gender and their responses are as shown in figure 4.2

Table 4. 2: Gender

Gender	**Frequency**	**Percentage**
Male	54	71
Female	22	29
Total	76	100

Source: Researcher (2020)

As per the displayed findings above, 71% of respondents were male whereas the rest were female. This implied that the respondent tried as much as possible to embrace both gender opinions on the raised research questions.

4.3.2 Age of Respondents

The figure below depicts findings on respondent's age bracket. As indicated, 51% of the respondents were aged between 31-40 years, 21% were aged between 41-50 years, 17% were aged between 21-30 years whereas 11% were aged over 50 years respectively. This is an implication that most of the respondents who constituted the staff working in the various commercial banks targeted were middle aged. Similar information is as shown in the Figure 4.1 below;

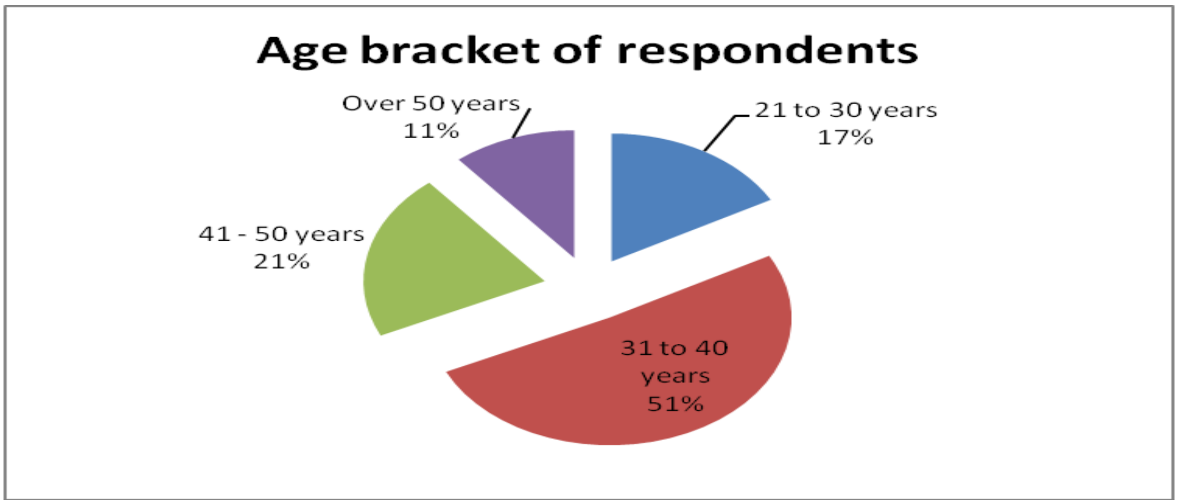

Figure 4.1: Respondents' Age Bracket

Source: Researcher (2020)

4.3.3 Respondents' Working Duration

The Figure 4.2 below depicts findings on duration respondents had worked for their specific banks. On this question, majority of the respondents as represented by 47% said that they had worked for their bank for a duration of 3-4 years, 30% said 2-3 years, 14% said 5 years and above whereas a few as shown by 8% said they had worked for the respective commercial banks for a duration of 1-2 years respectively. This is an implication that most staffs had worked for their respective commercial banks for an adequate time (3-4 yrs) warranting them to understand and answer well on the raised research questions.

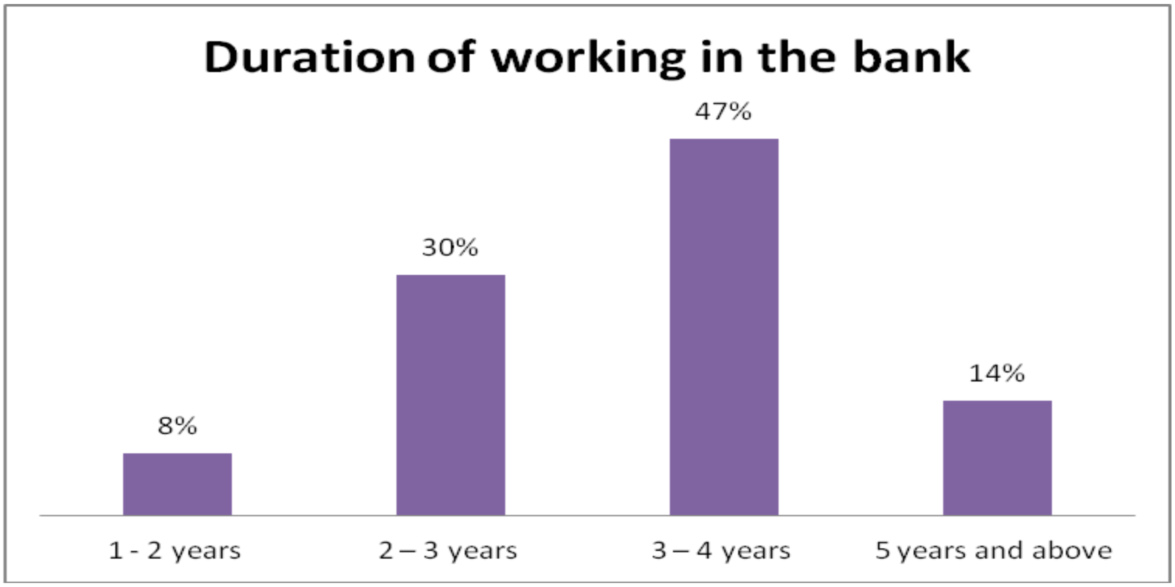

Figure 4.2: Working Duration in the Commercial Bank
Source: Researcher (2020)

4.3.4 Respondents' Level of Education

The respondents were tasked to indicate their level of education. According to their feedback shown in Table 4.3 below, 54% of the participants said that they had reached university level, 38% said that they had college level education whereas 8% said that they had secondary level education. The fact that majority of the staff had university and college level education implied that, most had adequate understanding to adequately respond to the raised research questions on influence of alternative banking channels on performance of commercial banks sampled.

Table 4. 3: Respondents' Level of Education

Education Level	Frequency	Percentage
Secondary level	6	8
College level	29	38
University level	41	54
Total	76	100

Source: Researcher (2020)

4.4 Descriptive Statistics

Different Descriptive statistics like standard deviations and Means were applied to present quantitative data with aid of Statistical Package for Social Sciences (SPSS) version 20.0. These were presented as per the study objectives as follows.

4.4.1 Descriptive statistics on Agency Banking

The first objective aimed at determining the influence of agency banking on performance of Commercial banks in Nairobi City County, Kenya. The respondents were given various statements concerning Agency Banking to indicate their extent of satisfaction and level of agreement. Their responses are reflected in Table 4.4 below

Table 4. 4: Satisfaction level with the agency banking adopted by Commercial Banks

Extent	Frequency	Percentage
Very satisfied	9	12
Satisfied	46	61
Undecided	7	9
Dissatisfied	12	16
Very dissatisfied	2	3
Total	76	100

Source: Researcher (2020)

Majority of the respondents as shown by 61% were satisfied that with their agency banking adopted by the commercial banks, 16% were dissatisfied, 12% were very satisfied whereas others as shown by 9% were undecided respectively. This was an implication that according to the staffs understanding, agency banking and associated aspects were being done in the right way.

4.4.2 Agreement level on the influence of Agency banking on performance of the commercial banks

The respondents were required to indicate their level of agreement with provided statements on the influence of agency banking. As displayed in Table 4.5, majority of the respondents were in agreement that; agency banking investments payback duration is lower than 3 years and hence improved performance for the bank as shown by a mean score of 4.27, the employed agency model has a well-structured and detailed list of services and products offered as shown by a mean score of 4.07, agency banking incomes have positively contributed towards the overall growth in the bank performance as shown by a mean score of 4.05, the management has a deep understanding and focus in resolution of agency banking issues in the organizations as shown by a mean score of 4.05, the agency banking adopted involves selling more products or services to prioritized customers at a faster rate as shown by a mean score of 4.05, there is a policy guideline related to agency banking activities adopted by the organizations which improves the overall performance reflected by a mean score of 4.01 and that; agency banking leads to lower operational costs and improved bank performance as reflected by a mean score of 3.9 respectively. The findings concur with those by Kiragu, Aduda and Ndwiga (2013) who pointed out that the use of agents allows for the ease of congestion in banking halls as the agents are able to serve some customers at the local levels. Further agents are able to reach the unreached who are often found in hard to reach geographical locations.

Table 4. 5: Agreement level on the influence of Agency banking on performance of the commercial banks

Statements	**Strongly agree**	**Agree**	**Moderately agree**	**Disagree**	**Strongly disagree**	**Mean score**	**Std. dev**
Agency banking investments payback duration is lower than 3 years and hence improved performance for the bank	29	70	0	1	0	4.27	0.0347
The bank's Agency banking model employed has a well-structured and detailed list of services and products offered	10	88	1	1	0	4.07	0.0331
Agency banking incomes have positively contributed towards the overall growth in the bank performance	8	90	1	1	0	4.05	0.0329
The management has visibility and a deep understanding of all Agency banking related issues in the bank and is in the forefront in ensuring timely resolutions	11	86	1	1	1	4.05	0.0329

The Agency banking approach put in place is centered on targeted cross selling of more products and services to identified and prioritized customers at a quicker rate	24	66	4	3	3	4.05	0.0329
There is a policy in place guiding the Agency banking activities adopted and ensuring the overall growth in performance	16	69	15	0	0	4.01	0.0326
Agency banking leads to lower operational costs and improved bank performance	10	76	10	2	2	3.9	0.0317

Source: Researcher (2020)

4.5 Descriptive statistics on Mobile Banking

The second objective aimed at identifying the influence of Mobile banking on performance of Commercial banks in Nairobi City County, Kenya. Respondents were given various statements concerning Mobile Banking adopted by Commercial banks to indicate their extent of satisfaction and level of agreement.

4.5.1 Agreement levels on the mobile banking adopted by respective commercial banks in Kenya

Respondents were asked to provide their level of agreement with the mobile banking adopted. According to the question, majority as reflected by 58% were satisfied about the mobile banking adopted by their respective commercial banks in Kenya, 14% were very satisfied, 11% were undecided, 14% were dissatisfied, whereas 3% were very dissatisfied. This was an implication that the staffs understanding with relation to mobile banking and associated aspects were being done in the right way. The outcome is displayed in the Figure 4.3 below;

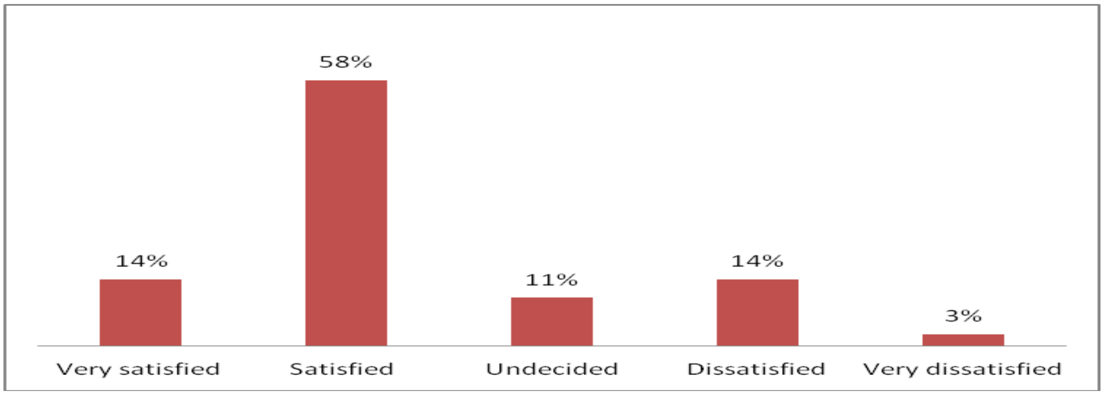

Figure 4.3: Agreement level on the mobile banking adopted by respective commercial banks in Kenya

Source: Researcher (2020)

4.5.2 Agreement level on influence of Mobile banking on performance of the commercial banks

The researcher sought respondents' level of agreement on the influence of Mobile Banking as depicted by the results in the table below. Majority of the respondents agreed that; Alerts given by mobile phones and smart phone apps assist customers to make informed choices as shown by a mean score of 4.14, there is a guiding policy in place for mobile banking related activities ensuring the overall growth indicated by a mean score of 4.14, through use of mobile banking, this commercial bank has benefited from the decreased cost of delivery of services to their clients as shown by a mean score of 4.08, mobile banking has enhanced consumer convenience for one can access the services and products anywhere in Kenya as shown by a mean score of 3.85, mobile banking gives banks access to hard to reach locations while at the same time enabling in improving customer convenience as shown by a mean score of 3.83, the management understands and resolves well on mobile banking as reflected by a mean score of 3.83, mobile banking has enabled elimination of location related challenges to enable accessibility to banking services as shown by a mean score of 3.76, and that; the mobile banking approach adopted is centered on cross selling more products or services to identified and prioritized customers at a faster rate as shown by a mean score of 3.7 respectively. According to the literature reviewed and despite the positive responses on benefits of the mobile banking alternative banking channel use, Mburu (2013) still reported that customers of mobile banking are still facing numerous challenges related to this distribution channel. The banks do benefit from the decreased operational costs and the increased reach of customers in hard to reach locations.

Table 4. 6: Agreement level on influence of Mobile banking on performance of the commercial banks

Statements	Strongly agree	Agree	Moderately agree	Disagree	Strongly disagree	Mean score	Std deviation
Alerts given by mobile phones and smart phone apps assist customers to make informed choices	15	85	0	0	0	4.14	0.0337
There is a policy in place guiding the Mobile banking activities adopted and ensuring the overall growth in performance	15	84	1	0	0	4.14	0.0337
Through use of mobile banking, this commercial bank has benefited from the decreased cost of delivery of services to their clients	24	66	4	6	0	4.08	0.0332
Mobile banking has enhanced consumer convenience for one can access the services and products anywhere in Kenya	7	77	12	2	2	3.85	0.0313
Mobile banking gives banks access to hard to reach locations while at the same time enabling in improving customer convenience	13	60	25	1	1	3.83	0.0311
The management has visibility and a deep understanding of all Mobile banking related issues in the bank and is in the forefront in ensuring timely resolutions	15	55	29	0	1	3.83	0.0311
Mobile banking has accelerated accessibility to banking services by elimination of location barriers	13	47	40	1	1	3.76	0.0306
The Mobile banking approach put in place is centered on targeted cross selling of more products and services to identified and prioritized customers at a quicker rate	13	47	38	1	1	3.7	0.0301

Source: Researcher (2020)

4.6 Descriptive statistics on Internet Banking

The third objective aimed at identifying the influence of Internet banking on performance of Commercial banks in Nairobi City County, Kenya. Various statements concerning Internet Banking adopted by Commercial banks were given to respondents to indicate their extent of satisfaction and level of agreement.

4.6.1 Agreement level on the internet banking adopted by the commercial banks

The researcher sought to determine the respondents' levels of agreements with the internet banking adopted. As found out, 51% of the respondents were satisfied with the with the internet banking adoption by their commercial banks, 14% were dissatisfied, 14% were undecided, 17% said they were very satisfied whereas 3% were very dissatisfied Respondents with the internet banking adopted by the commercial banks. This was an implication that the staffs understanding, internet banking and associated aspects were being done in the right way as reflected Figure 4.4 below;

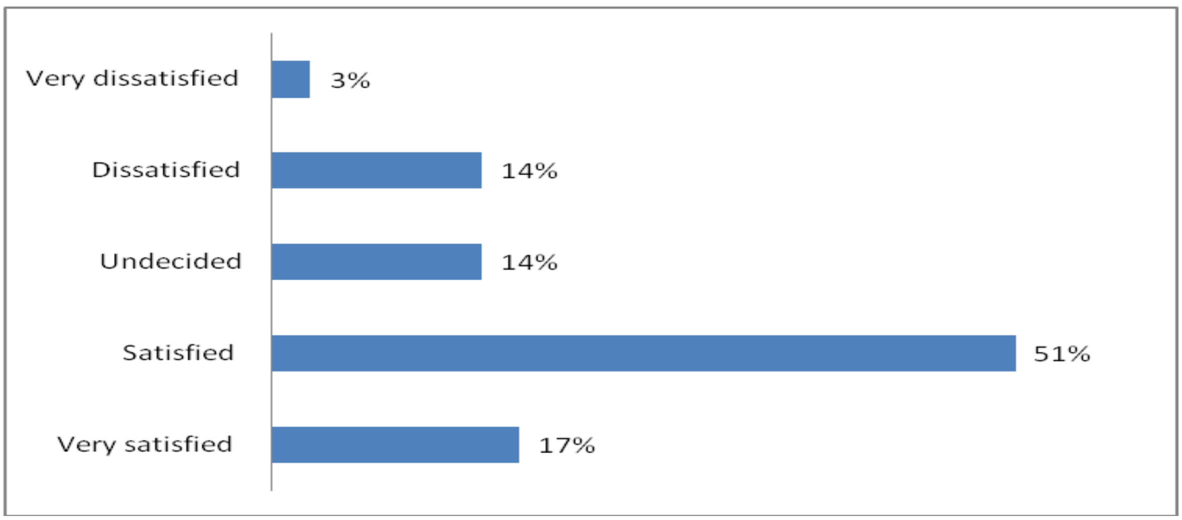

Figure 4.4: Agreement level with the internet banking adopted by the commercial banks
Source: Researcher (2020)

4.6.2 Agreement level on influence of internet banking on performance of the Commercial Banks

The researcher sought respondents' level of agreement on influence of internet banking on performance of Commercial Banks. As per the displayed results on Table 4.7 below, majority were in agreement that; the staff believe that sales by the bank are driven by the essence of internet and social media platforms as shown by a mean score of 4.1, there is a in policy in place guiding internet banking activities adopted and ensuring overall performance growth reflected by a mean score of 4.1, internet banking reduce the costs of operations and improves the banks performance as reflected by a mean score of 4.07, the payback duration of internet bank investments is lower than ten years hence improved the performance for the bank as shown by a mean score of 4.06, incomes deduced from internet banking favorably affects bank's performance as shown by a mean score of 4.05, The management has visibility and a deep understanding of all Internet banking related issues in the bank and is in the forefront in ensuring timely resolutions as reflected by a mean score of 4.04 and that; the Internet banking approach put in place is centered on targeted cross selling of more products and services to identified and prioritized customers at a quicker rate as reflected by a mean score of 4.03 respectively. The results concur with the projections that the use of internet banking reduces the costs of banks, the employees of banks, increases the commission income given to bank field employees and customers' convenience in accessing services which in the end leads to increased profitability. Compared to other banking methods, internet banking is more flexible and convenient for the customer (Karen *et al,* 2010).

Table 4. 7: Agreement level on influence of internet banking on performance of the Commercial Banks

Statements	Strongly agree	Agree	Moderately agree	Disagree	Strongly disagree	Mean score	Std dev.
I believe that sales by this bank are driven by the essence of internet and social media platforms	23	69	4	3	1	4.1	0.0021
There is a policy in place guiding the internet banking activities adopted and ensuring the overall growth in performance	24	68	4	3	1	4.1	0.0011
Internet banking reduce the costs of operations and improves the banks performance	24	64	7	5	0	4.07	0.0331
The payback duration of internet banking investments is lower than ten years hence improved the performance for the bank	18	70	12	0	0	4.06	0.0330
Incomes deduced from internet banking favorably affects bank's performance	15	79	2	4	0	4.05	0.0329
The management has visibility and a deep understanding of all Internet banking related issues in the bank and is in the forefront in ensuring timely resolutions	19	71	6	3	1	4.04	0.0020
The Internet banking approach put in place is centered on targeted cross selling of more products and services to identified and prioritized customers at a quicker rate	19	68	11	1	1	4.03	0.0020

Source: Researcher (2020)

4.7 Descriptive Statistics on Automated Teller Machine (ATM) Banking

The fourth objective aimed at finding the influence of ATM banking on performance of Commercial banks in Nairobi City County, Kenya. Respondents were given various statements concerning ATM Banking adopted by Commercial banks to indicate their extent of satisfaction and level of agreement.

4.7.1 Satisfaction level on the ATM banking adopted by their respective Commercial Banks

The Figure 4.6 below depicts findings on respondent's level of satisfaction with the ATM banking adopted by their respective commercial banks. As per the results, majority of the respondents 54% were satisfied with the ATM banking adopted, 22% said very satisfied, 11% were undecided or equally dissatisfied at 11% whereas 3% were very dissatisfied respectively. This was an implication that the staffs understanding with relation to Automated Teller Machine banking and associated aspects were being done in the right way. The information is in Figure 4.5 below;

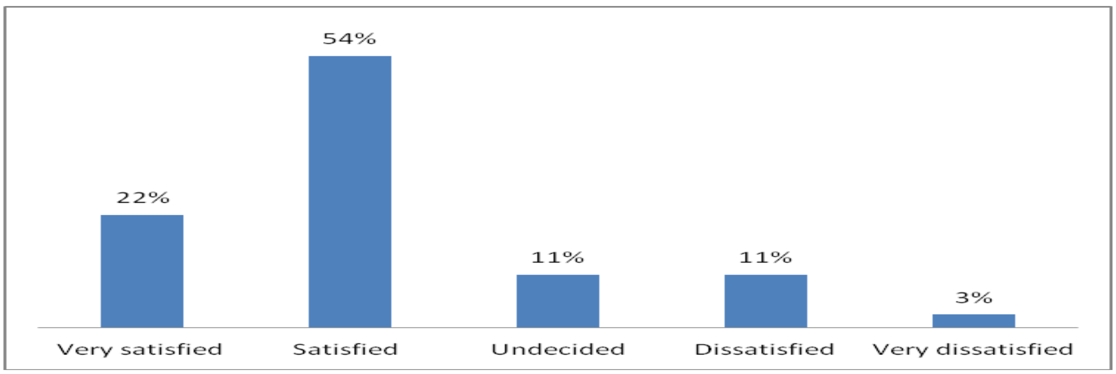

Figure 4.5: Satisfaction level on the ATM banking adopted by respective commercial banks

Source: Researcher (2020)

4.7.2 Agreement level on effect of Automatic banking on performance of the commercial banks

The Table 4.8 below depicts the results on respondents' level of agreement with the given statements that had to do with the influence of ATM banking on performance of the commercial banks. As per the findings, majority of the respondents were in agreement that; the management has visibility and a deep understanding of all Electronic banking related issues in the bank and is in the forefront in ensuring timely resolutions as reflected by a mean score of 3.27, the use of ATMs by our customers replaced labor intensive and paper-based banking methods leading to quicker services access as shown by a mean score of 3.22, the Electronic banking approach put in place is centered on targeted cross selling of more products and services to identified and prioritized customers at a quicker rate as reflected by a mean score of 3.05, there is a policy in place guiding the electronic banking activities adopted and ensuring the overall growth in performance as reflected by a mean score of 3.00 and that ATM banking allows customer flexibility and convenience thereby increasing their satisfaction levels as reflected by a mean score of 2.95 respectively. The results agree with the literature reviewed by Hans and Kamath (2013) that ATMs are electronic devices that allow the bank accounts holders to access their funds and make deposits without the need to interact with bank employees. This alternative means of banking has been in existence for the longest time especially in developed nations. This makes it more acceptable and widely used alternative banking channel.

Table 4. 8: Agreement level on effect of Automatic banking on performance of the commercial banks

Statements	**Very great extent**	**Great extent**	**Moderate extent**	**Little extent**	**No extent**	**Mean score**	**Std dev.**
The management has visibility and a deep understanding of all Electronic banking related issues in the bank and is in the forefront in ensuring timely resolutions	11	49	38	1	1	3.27	.2033
The use of ATMs by our customers replaced labor intensive and paper-based banking methods leading to quicker services access	13	50	35	1	1	3.22	.1023
The Electronic banking approach put in place is centered on targeted cross selling of more products and services to identified and prioritized customers at a quicker rate	7	77	12	2	2	3.05	.1110
There is a policy in place guiding the electronic banking activities adopted and ensuring the overall growth in performance	10	76	10	2	2	3.00	.0022
ATM banking allows customer flexibility and convenience thereby increasing their satisfaction levels	8	90	1	1	0	2.95	.0120

Source: Researcher (2020)

4.8 Descriptive Statistics on Performance

4.8.1 Whether alternative banking channels have promoted the overall performance of the commercial bank

The study wanted to establish whether respondents think that alternative banking channels have promoted the overall performance of the commercial bank they work for. As per the findings, majority of the respondents 88% agreed that alternative banking channels have promoted the overall performance of the commercial bank they work for whereas only a few 12% who stated that alternative banking channels have not promoted the overall performance of the commercial bank they work for. The information is presented as below;

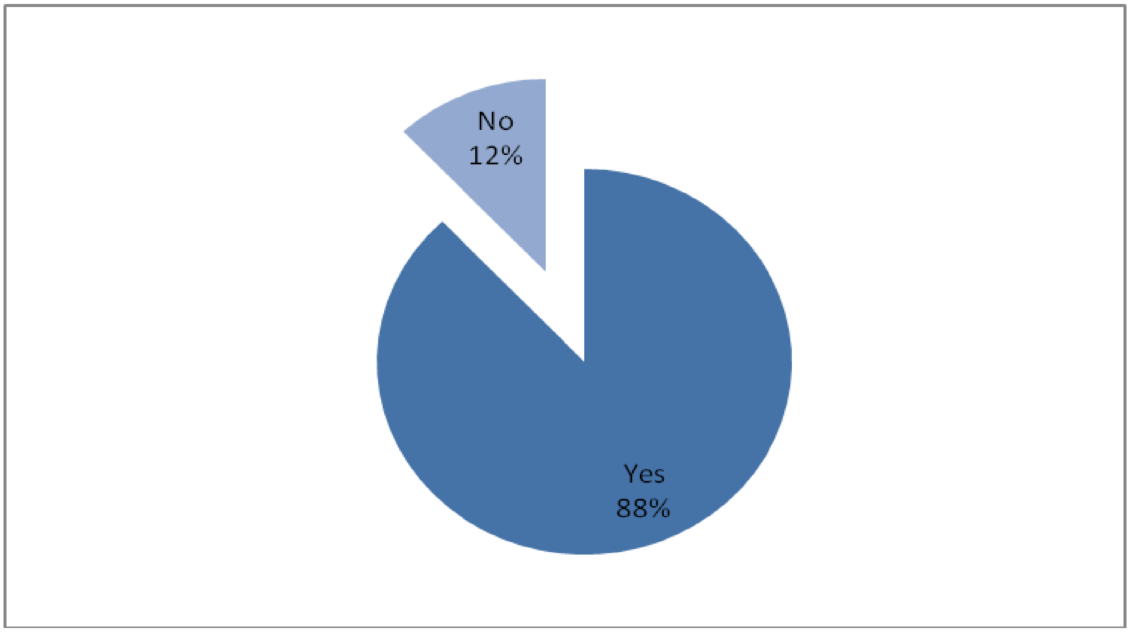

Figure 4.6: Whether alternative banking channels have promoted the overall performance of the commercial bank

Source: Researcher (2020)

4.8.2 The extent performance measures have been enhanced by the adoption and use of alternative banking channels by the commercial banks

Finally, the researcher wanted to find out the level to which performance measures had been enhanced by the adoption and use of alternative banking channels in the commercial banks. As per the results in the Table 4.9 below, majority of the respondents said that the adoption and use of alternative banking channels in the commercial banks had led to; increased profitability reflected by a mean score of 4.04, reduced cost indicated by a mean score of 3.97, increased bank's assets reflected by a mean score of 3.97, increased market share/ customer base reflected by a mean score of 3.93 and increased customers' satisfaction indicated by a mean score of 3.85 respectively.

Table 4. 9: The extent performance measures have been enhanced by the adoption and use of alternative banking channels by the commercial banks

Performance Measures	Very great extent	Great extent	Moderate extent	Little extent	No extent	Mean score	Std dev.
Increased Profitability	19	71	6	3	1	4.04	0.0016
Reduced Cost	15	70	13	1	1	3.97	0.0012
Increased bank's Assets	14	71	13	1	1	3.97	0.0120
Increased Market Share/ Customer Base	17	68	8	6	1	3.93	0.0620
Increased Customers Satisfaction	18	67	8	6	1	3.85	0.0020

Source: Researcher (2020)

4.9 Inferential Statistics

The researcher conducted a Multiple regression analysis so as to test relationship between independent variables (Agency, Mobile, Internet and ATM banking) and dependent variable (Performance of Commercial banks in Nairobi City county, Kenya). SPSS version 20.0 was used to code, enter and compute the measurements of the multiple regressions for the study.

4.9.1 Results Based On Model of Estimation

The Table 4.10 below presents the model of estimation on the relationship between the studied variables.

Table 4. 10: Model of Estimation

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	F Change	Df	Sig. F Change
1	.897[a]	.805	.803	.08978	430.1	3	.000

a. Predictors: (Constant), Agency Banking, Mobile Banking, Internet Banking and ATM banking

b. Dependent Variable: Performance of Commercial Banks

Source: Researcher (2020)

Adjusted R squared is coefficient of determination that shows the changes in the dependent variable due to variations in the independent variables. As reflected in the above Table 4.10, the adjusted R value was at 0.803, showing a change of 80.3% on dependent variable. This shows that the model was a good fit in; Agency Banking, Mobile Banking, Internet Banking and ATM banking. In addition, the adjusted multiple coefficient of determination of 0.803 indicates the high joint impact of the explanatory variables. It means that 80.3% of changes in Performance of Commercial Banks are explained by the changes in Agency Banking, Mobile Banking, Internet Banking and ATM banking whereas 19.7% of changes in Performance of Commercial Banks are explained by other factors such as location and demographic factors among others. This can be confirmed by the high figure of F value of 430.1 which implies a high joint explanatory ability. Alternative banking methods now exist for this purpose. The results therefore display a clear picture that in an effort to also reach new customers, banks have embraced alternative banking methods which have also seen a rise in new payment methods. Alternative banking methods are characterized by modern banking strategies including core banking, mobile banking, both credit and debit cards, bank automation, e-banking and ATMs (Chris et.al, 2005).

4.9.2 Results based on ANOVA test

The section below presents the Analysis of Variance (ANOVA)

Table 4. 11: Analysis of Variance (ANOVA)

ANOVA[a] **Model**		**Sum of Squares**	**Df**	**Mean Square**	**F**	**Sig.**
1	Regression	166.214	3	27.702	3437.147	.000[b]
	Residual	1.072	133	.008		
	Total	167.286	136			

a. Dependent Variable: Performance of Commercial Banks
b. Predictors:(Constant), Agency Banking, Mobile Banking, Internet Banking and ATM banking

Source: Researcher (2020)

The findings of the ANOVA are as reflected in the above Table 4.11. The p-value was at 0.000 which is lower than 0.05. from the regression analysis findings, the model was significant in predicting the Performance of Commercial Banks at 95% confidence level based on predictor variables Agency Banking, Mobile Banking, Internet Banking and ATM banking.

4.9.3 Correlations among the various factors influencing Performance of Commercial Banks

The Table 4.12 below presents the correlations among the various factors influencing Performance of Commercial Banks.

Table 4. 12: Pearson Coefficient Correlations

		Agency Banking	Mobile Banking	Internet Banking	ATM banking
Agency Banking	Spearman's Correlations	1	.241**	.386**	.359**
	Sig. (2-tailed)		.004	.000	.000
	N	173	173	173	173
Mobile banking	Spearman's Correlations	.241**	1	.486**	.441**
	Sig. (2-tailed)	.004		.000	.000
	N	173	173	173	173
Internet banking	Spearman's Correlations	.386**	.486**	1	.927**
	Sig. (2-tailed)	.000	.000		.000
	N	173	173	173	173
ATM banking	Spearman's Correlations	.359**	.441**	.927**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	173	173	173	173

** Significance level at 95% Level of Confidence

Source: Researcher (2020)

The researcher used Pearson's correlation coefficient test at alpha level 0.05 to find the relationship between each of the independent variables. Table 4.12 indicates a significant association among the study's independent variables Agency Banking, Mobile Banking, Internet Banking and ATM banking (r=0.750, p=0.000). Correlation analysis done also indicates a significant association at the 0.05 level (2-tailed).

4.9.4 Regression Model Output

The Table 4.13 below presents the combined regression model on output on studied variables.

Table 4. 13: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	3.752	.024		154.661	.010
Agency Banking	0.899	.009	1.226	99.883	.000
Mobile Banking	0.002	.003	.006	.708	.040
Internet banking	0.580	.032	3.489	81.314	.012
ATM Banking	0.108	.032	4.688	7.736	.030

a. Dependent Variable: Performance of Commercial Banks

Source: Researcher (2020)

As shown above, the regression equation model used was of the form; $\mathbf{Y = m_0+m_1V_1+ m_2V_2+ m_3V_3+ m_4V_4+ \varepsilon)}$ where Y = Dependent variable (Performance of Commercial Banks), β_0 = Constant (The intercept of the model), β= Coefficient of the X variables (independent variables), V_1= Agency Banking, V_2= mobile banking, V_3= Internet banking and V_4= ATM banking. The figures in the above table were generated through the use of SPSS data analysis and established the following regression equation; $\mathbf{Y = 3.752+0.899V_1 + 0.002V_2 + 0.580V_3 +.108V_4.}$ The study found that when independent variables (V_1= Agency Banking, V_2= Mobile Banking, V_3= Internet Banking, V_4= ATM banking) were kept constant at zero, Performance of Commercial Banks will be at 3.752. A rise by a unit in agency banking will result to a rise in Performance of Commercial Banks by a factor of 0.899; a rise by a unit in mobile banking will result to a rise in Performance of Commercial Banks by a factor of 0.002, a rise by a unit in internet banking will result to a rise in Performance of Commercial Banks by a factor of 0.580, while a rise by a unit in ATM banking will lead to increase in Performance of Commercial Banks by a factor of 1.108. The Table 4.13 also shows that the V variables (independent variables), V_1= Agency Banking, V_2= Mobile banking, V_3= Internet Banking, V_4= ATM banking with Y= Performance of Commercial Banks were significant at 5% level of significance and 95% level of confidence at .000, .040, .012 and .030 respectively. The results being positive clearly indicates and confirms with the literature that alternative banking strategies are used to give banking services to clients. These methods are often known as branchless methods of banking as they offer convenience such that the customer doesn't have to go to a physical banking hall to access the banking services. Other scholars refer to them as high-tech banking, virtual banking, direct banking, e-banking and online banking (Kimball & Gregor, 1995).

Alternative channels like the Internet banking and Automatic Teller System (ATM) greatly help banks to reach a wider customer base (Mwangi, 2007). Alternative banking channels offer alternatives to traditional banking with technological advancements (Guinaliu, 2013). Alternative banking channels are not see as being most effective for lowering costs and improving competitiveness. (Kimball and Gregor, 2010)

According to Munyoki (2013), Saluja and Wadhe (2015), Ndungu (2015) and Kambua (2015) alternative banking channels affects the banks performance positively. The studies established that mobile banking, ATM banking, agency banking and internet banking affects performance of commercial banks positively. Kumbhar (2011) asserts that alternative banking minimizes transactions' cost, saves time, increases convenience, provides latest information, improves operational efficiency, enhances quick feedback, improves service quality and reduces the risks associated with liquid cash

4.10 Qualitative Data Analysis and Presentation

4.10.1 Agency Banking

It was found out that Agency banking has greatly helped banks reach out to previously unbanked customers by offering convenience. Customers receive banking services conveniently and closer to them. The customers are largely satisfied with agency banking model adopted by the commercial banks. It was also established that agency banking investments payback duration is lower than 3 years which has improved performance of the banks. Agency banking incomes have positively contributed towards the growth in the performance of banks. Agency banking has considerably led to lower operational costs hence helping accelerate the performance of banks.

4.10.2 Mobile Banking

It was found out that through use of mobile banking, commercial banks have benefited from the decreased cost of delivering services to their clients. The alerts given by mobile phones and smart phone apps assist customers to make informed choices. In addition, the Mobile banking approach put in place by banks targets cross selling of more products and services to identified and prioritized customers at a quicker rate ensuring growth. Mobile banking has enhanced consumer convenience for one can access the services and products anywhere in Kenya. Further, mobile banking gives banks access to hard to reach locations while at the same time enabling in improving customer convenience. Mobile banking has enabled elimination of location barriers. Banks use mobile banking to increase their reach to many customers and also in a bid to offer convenience to customers while improving their profitability by offering a variety of banking services.

4.10.3 Internet Banking

It was established that banks have greatly benefited from the current development of the Internet. internet banking sales are greatly driven by internet and social media platforms. It was established that Banks have put in place policies that guide activities related to internet banking adopted which ensures growth in the overall performance. Internet banking reduces the costs of operations and improves the banks performance. Incomes deduced from internet banking favorably affects the banks' performance. The internet banking model and approaches adopted by commercial banks involves selling more products or services to established customers at a faster rate hence improving efficiency and convenience.

4.10.3 ATM Banking

It was found out that usage of ATMs by customers conveniently replaced labor intensive and paper-based banking methods leading to quick access to services. ATMs have enabled banks to reduce the unnecessary traffic in the banking halls and made customers have a quick access to their money conveniently. It was established that electronic banking model and approaches adopted by commercial banks and the policies put in place to guide the activities related to electronic banking have ensured the overall growth in performance. ATM banking allows customer flexibility and convenience thereby increasing their satisfaction levels

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary, conclusions and recommendations on the influence of alternative banking channels on the performance of commercial banks in Nairobi City County, Kenya. The summary has been presented in the order of the objectives.

5.2 Summary of the Findings

5.2.1 Agency Banking and Performance of Commercial Banks

Majority of the respondents were satisfied with agency banking adopted by the commercial banks as found out by the study. Majority of the respondents were in agreement that; agency banking investments payback duration is lower than 3 years and hence improved performance for the banks. The agency model in the banks has well-structured and detailed list of services and products and as a result, incomes from agency banking have had a favorable effect on bank’s overall performance.

The study equally established that the banks’ management has visibility and a deep understanding of all Agency banking related challenges and is on the forefront in ensuring timely resolution. The Agency banking approach put in place targeted cross selling of more products and services to identified and prioritized customers at a faster rate. Further, banks have put policies in place guiding the Agency banking activities adopted and ensuring performance growth. Agency banking leads to lower operational costs and improved bank performance. The use of agency banking ensures that bank customers access banking services especially those that are cash related from the retail agents

5.2.2 Mobile Banking and Performance of Commercial Banks

The study found out that majority were very satisfied about the mobile banking adopted by their respective commercial banks. Alerts given by cell phones and smart phone apps assist customers to make informed choices as reflected by majority. The Mobile banking approach put in place is centered on targeted cross selling of more products and services to identified and prioritized customers at a faster rate. Through mobile banking, commercial banks have benefited from the decreased cost of service delivery to their clients. Mobile banking has enhanced consumer convenience for one can access the services and products anywhere in Kenya. Further, mobile banking gives banks access to hard to reach locations while at the same time enabling in improving customer convenience. The study also found out that bank's management have visibility and deeper understanding of all Mobile banking related issues facing customers and are at the forefront in ensuring timely resolutions. Mobile banking has led to quicker access to banking services by removing location challenges, and that; banks use mobile banking to increase their reach to many customers and also in a bid to offer convenience to customers while improving their profitability by offering a variety of banking and wealth management services.

5.2.3 Internet Banking and Performance of Commercial Banks

The study found out that majority of the respondents were satisfied with the internet banking adoption by their commercial banks. Majority were in agreement that; the internet banking sales are driven by the essence of internet and social media platforms. Banks have policies in place guiding the internet banking activities as well as ensuring growth. The study further found out that internet banking reduces the costs of operations as well as accelerates the banks performance. The payback duration of internet banking investments is less than ten years hence improves the performance for the banks. Incomes deduced from internet banking favorably affects bank's performance. The study also found out that the banks' management has a deep understanding of internet banking issues affecting customers and has focus on timely resolution. The Internet banking approach put in place is targeted cross selling of more products and services to identified and prioritized customers at an accelerated rate.

5.2.4 ATM Banking and Performance of Commercial Banks

The study found out that majority of the respondents were satisfied with the ATM banking adopted by banks. The study established that majority of the respondents agreed that; the banks' management has visibility and a deep understand of electronic banking issues facing customers and they are in the forefront in ensuring timely resolutions. The use of ATMs by customers replaced labor intensive and paper-based banking methods leading to access to quicker services. The study further found out that electronic banking approach put in place targets cross selling of more products and services to identified and prioritized customers at a faster rate. The banks have policies in place providing direction the electronic banking activities and ensuring sustained growth in performance. ATM banking allows customer flexibility and convenience thereby increasing their satisfaction levels.

Finally, the study wanted to establish the extent to which performance measures had been enhanced by the adoption and use of alternative banking channels in the commercial banks. According to the results, majority of the respondents said that the adoption and use of alternative banking channels in the commercial banks had led to; increased Profitability, reduced Cost, increased bank's Assets, increased Market Share/ Customer Base and also increased Customers Satisfaction. The study found out that a rise in performance of each independent variable; Agency Banking, Mobile Banking, Internet Banking and ATM banking will result to a rise in overall Performance of Commercial Banks.

5.3 Conclusions

5.3.1 Agency Banking and Performance of Commercial Banks

The study concluded that agency banking influences performance of Commercial banks. Most employees were satisfied with the agency banking adopted by the banks and that agency banking investments payback duration is lower than 3 years and hence improved performance for the banks. The Agency banking model employed by banks has an easy to understand, well-structured and detailed list of services and products offered and incomes from agency banking have had had favorable effects. The Banks' management have visibility and a deep understanding of agency banking related issues and have taken a leading role in ensuring timely resolutions. The agency banking approach put in place is targets cross selling of more products and services to identified and prioritized customers at a faster rate. Banks have policies in place leading the Agency banking activities adopted and ensuring sustained growth in performance. Agency banking leads to lower operational costs and improved bank performance.

5.3.2 Mobile Banking and Performance of Commercial Banks

The study concluded that Mobile banking influences performance of Commercial Banks. Most employees were very satisfied with the mobile banking adopted by their respective banks. From the study, it was concluded that; alerts given by mobile phones and smart phone apps assist customers to make informed choices. There are policies in place supporting the Mobile banking activities and ensuring the sustained growth in performance. Mobile banking has benefitted commercial banks from the decreased cost of delivery of services to their clients, mobile banking has enhanced consumer convenience for one can access the services and products anywhere in Kenya. Mobile banking gives banks access to hard to reach locations while at the same time enabling in improving customer convenience. The banks' management has visibility and understanding of Mobile banking related issues and lead in ensuring provision of timely resolution. Mobile banking has led to convenience in accessing services through elimination of location barriers. The mobile banking approaches adopted by commercial bank involves selling more products or services to prioritized customers at a faster rate.

5.3.3 Internet Banking and Performance of Commercial Banks

The study concluded that internet banking influences performance of Commercial Banks. Most staffs were satisfied with the internet banking adoption by their respective commercial banks. It was concluded from the study that; the bank sales are driven by the essence of internet and social media platforms. Banks have in place policies driving the internet banking activities adopted as well as ensuring growth in performance. Internet banking reduces the costs of operations and improves the banks performance, the payback duration of internet bank investments is lower than ten years hence improved the banks' performance. Incomes deduced from internet banking favorably affects bank's performance. The banks' management has visibility and an understanding of all Internet banking related issues affecting clients hence lead in ensuring timely resolutions; The Internet banking approach put in place by banks targets cross selling of more products and services to identified and prioritized customers at a faster rate

5.3.4 Automated Teller Machine Banking and Performance of Commercial Banks

On the influence of ATM Banking on Performance of Commercial Banks, the study concluded that most staff were satisfied that with the ATM banking adopted by their respective organizations. The researcher found out that that; the has visibility and understanding of Electronic banking related issues in the bank and take a leading role in ensuring timely resolutions. The use of ATMs by customers replaced labor intensive and paper-based banking methods leading to quicker access to services. The electronic banking approaches employed by the banks targets cross selling more products or services to prioritized customers at a faster rate. There is a policy in place guiding the electronic banking activities adopted and sustaining growth in performance. ATM banking allows customer flexibility and convenience thereby increasing their satisfaction levels.

5.4 Recommendations

The researcher recommends that the leaders of the studied organizations accelerate the focus on expansion and establishment of more agency banking outlets in Nairobi city to improve accessibility of services and efficiency. The study recommends that more security features be adopted to ensure that the system is up to date upcoming technology to avoid loss of funds for clients or system hacking.

The study recommends that the managers and stakeholders responsible for internet banking and mobile banking take it as an initiative to educate their esteemed customers on the usage of their mobile phones and computers in accessing banking services while at the same time enlightening them on occasional problems they might experience due to making poor entries or applications which could lead to losses of their funds. In this case, training programs should be prepared and hire best IT teams to ensure that the strategy for alternative banking does its best.

The study recommends increased number of products and services offered across the alternative banking channels to mirror the services and products that customers access when they visit the physical banking halls. This will help customers access more products and services at their convenience which will lead to increased transactions and revenues.

The study further recommends a review of the pricing models adopted by the banks to enable customers' access products and service on alternative banking channels affordably. A downward review of pricing of specific services offered on alternative banking channels will encourage customers to transact more and eventually lead to increased utilization which will positively impact on the revenue that banks gain

The study recommends for accelerated interoperability of the alternative banking channels across all commercial banks. This in the long run will help banks reduce cost of investing in technology individually by jointly developing and sharing the available technological platforms and resources to offer products and services to their clients seamlessly.

5.5 Recommendations for Further Studies

This study recommends that further studies be done to establish other effects of alternative banking channels besides the performance of commercial banks studied. On the same end, further studies should be done to establish whether the same efficiency on the alternative banking channels is being experienced by the commercial banks outside Nairobi County. In this case, similar study should be done which should include banks from outside Nairobi County.

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APPENDICES

Appendix I: Letter of Introduction

Felix Motondi

P.O Box 100986 - 00101

NAIROBI

Dear Respondent,

RE: DATA COLLECTION

I am a master's student at Kenyatta University pursuing Master of Business Administration (MBA) in strategic management. I am doing a research project on "**The alternative banking channels and performance of registered Commercial Banks in Nairobi City, Kenya".** I am visiting your organization seeking your indulgence in completing the questionnaires attached herein with an intention of gathering information pertaining to the study. The questionnaire will take less than 10 minutes to fully complete Be assured that the outcomes and findings will be used for academic purposes only and will be treated with utmost confidentiality and integrity

Your support will be highly appreciated.

Yours faithfully,

……………………………….

Felix Motondi

Appendix II: Questionnaire

Section A: General

1. Gender

Male [ ]

Female [ ]

2. Highest level of education

a) Secondary level [ ]
b) College level [ ]
c) University level [ ]
d) Others specify ……………………………………………….

3. Kindly indicate your age bracket

21 to 30 years [ ]
31 to 40 years [ ]
41 - 50 years [ ]
Over 50 years [ ]

4. Kindly indicate how long you have been working in a bank

1 - 2 years [ ]
2 – 3 years [ ]
3 – 4 years [ ]
5 years and above [ ]

5. Kindly indicate the extent to which this bank uses the following types of alternative banking channels to enhance their performance. Rate as follows: 1=very great extent, 2= great extent, 3= moderate extent, 4= little extent and 5=no extent

Type of alternative banking channel	1	2	3	4	5
Agency banking					
Mobile banking					
Internet Banking					
ATM Banking					

Section B: Alternative Banking Channels Used by Banks in Kenya

A) Agency Banking & Performance of Commercial Banks

6. How satisfied are you with the agency banking adopted by this commercial bank?

   Very satisfied [ ]
   Satisfied [ ]
   Undecided [ ]
   Dissatisfied [ ]
   Very dissatisfied [ ]

7. Kindly indicate your agreement level with the given statements about the influence of Agency banking on performance of this commercial bank. Rate as follows: 1= Strongly Agree, 2 Agree, 3 Moderately Agree, 4 Disagree and 5 = Strongly Disagree

Statements	1	2	3	4	5
The bank's Agency banking model employed has a well-structured and detailed list of services and products offered					
Agency banking leads to lower operational costs and improved bank performance					
Agency banking investments payback duration is lower than 3 years and hence improved performance for the bank					
Agency banking incomes have positively contributed towards the overall growth in the bank performance					
The management has visibility and a deep understanding of all Agency banking related issues in the bank and is on the forefront in ensuring timely resolution					
The Agency banking approach put in place is centered on targeted cross selling of more products and services to identified and prioritized customers at a quicker rate					
There is a policy in place guiding the Agency banking activities adopted and ensuring the overall growth in performance					
Any other					

B) Mobile Banking & Performance of Commercial Banks

8. How satisfied are you with the mobile banking adopted by this commercial bank?

   Very satisfied [ ]
   Satisfied [ ]
   Undecided [ ]
   Dissatisfied [ ]
   Very dissatisfied [ ]

9. Kindly indicate your agreement level with the given statements about the influence of mobile banking on performance of this commercial bank. Rate as follows: 1=

Strongly Agree, 2 Agree, 3 Moderately Agree, 4 Disagree and 5 = Strongly Disagree

Statements	1	2	3	4	5
Mobile banking has enhanced consumer convenience for one can access the services and products anywhere in Kenya					
Mobile banking gives banks access to hard to reach locations while at the same time enabling in improving customer convenience					
Alerts given by mobile phones and smart phone apps assist customers to make informed choices					
Through use of mobile banking, this commercial bank has benefited from the decreased cost of delivery of services to their clients					
The management has visibility and a deep understanding of all Mobile banking related issues in the bank and is in the forefront in ensuring timely resolution					
Mobile banking has accelerated accessibility to banking services by elimination of location barriers					
The Mobile banking approach put in place is centered on targeted cross selling of more products and services to identified and prioritized customers at a quicker rate					
There is a policy in place guiding the Mobile banking activities adopted and ensuring the overall growth in performance					
Any other					

C) Internet Banking and Performance of Commercial Banks

10. How satisfied are you with the internet banking adopted by this commercial bank?

Very satisfied [ ]
Satisfied [ ]
Undecided [ ]
Dissatisfied [ ]
Very dissatisfied [ ]

11. Kindly indicate your agreement level with the given statements about the influence of internet banking on performance of this commercial bank. Rate as follows: 1= Strongly Agree, 2 Agree, 3 Moderately Agree, 4 Disagree and 5 = Strongly Disagree

Statements	**1**	**2**	**3**	**4**	**5**
I believe that sales by this bank are driven by the essence of internet and social media platforms					
Internet banking reduce the costs of operations and improves the banks performance					

The payback duration of internet bank investments is lower than ten years hence improved the performance for the bank					
Incomes deduced from internet banking favorably affects bank's performance					
The management has visibility and a deep understanding of all Internet banking related issues in the bank and is in the forefront in ensuring timely resolutions					
The Internet banking approach put in place is centered on targeted cross selling of more products and services to identified and prioritized customers at a quicker rate					
There is a policy in place guiding the internet banking activities adopted and ensuring the overall growth in performance					
Any other					

C) ATM Banking & Performance of Commercial Banks

12. How satisfied are you with the ATM banking adopted by this commercial bank?

    Very satisfied [ ]
    Satisfied [ ]
    Undecided [ ]
    Dissatisfied [ ]
    Very dissatisfied [ ]

13. Kindly indicate your agreement level with the given statements that have to do with the influence of ATM banking on performance of this commercial bank. Rate as follows 1= Strongly Agree, 2 Agree, 3 Moderately Agree, 4 Disagree and 5 = Strongly Disagree

Statements	**1**	**2**	**3**	**4**	**5**
ATM banking allows customer flexibility and convenience thereby increasing their satisfaction levels					
The use of ATMs by our customers replaced labor intensive and paper-based banking methods leading to quicker services access					
The management has visibility and a deep understanding of all Electronic banking related issues in the bank and is in the forefront in ensuring timely resolutions					
The Electronic banking approach put in place is centered on targeted cross selling of more products and services to identified and prioritized customers at a quicker rate					
There is a policy in place guiding the electronic banking activities adopted and ensuring the overall growth in performance					
Any other					

D) Performance of Banks in Kenya

14. Do you think alternative banking channels have promoted the overall performance of the commercial bank you work for? Yes [ ] No [ ]
    Elaborate
    ……………………………………………………………………………………………
    ……………………………………………………………………………………………
    ……………………………………………………………………………………………
15. To what extent has the following performance measures been enhanced by the adoption and use of alternative banking channels in your organization (1 = very great extent, 2= great extent, 3= moderate extent, 4= little extent, 5= no extent)

Performance measures	**1**	**2**	**3**	**4**	**5**
Increased Profitability					
Reduced Cost					
Increased Customers Satisfaction					
Increased bank's Assets					
Increased Market Share/ Customer Base					

Thanks, and much appreciated

Appendix III: Approval Of Research From Graduate School

KENYATTA UNIVERSITY
GRADUATE SCHOOL

E-mail: dean-graduate@ku.ac.ke
Website: www.ku.ac.ke

P.O. Box 43844, 00100
NAIROBI, KENYA
Tel. 810901 Ext. 4150

Internal Memo

FROM: Dean, Graduate School

DATE: 19th August, 2019

TO: Felix Omweri Motondi
C/o Business Administration Dept.

REF: D53/CTY/PT/23239/2011

SUBJECT: APPROVAL OF RESEARCH PROJECT PROPOSAL

This is to inform you that Graduate School Board at its meeting of 7th August, 2019 approved your Research Project Proposal for the M.B.A Degree Entitled, **"Alternative Banking Channels and Performance of Commercial Banks in Nairobi City County, Kenya"**

You may now proceed with your Data Collection, Subject to Clearance with Director General, National Commission for Science, Technology and Innovation and Kenyatta University Management.

As you embark on your data collection, please note that you will be required to submit to Graduate School completed Supervision Tracking Forms per semester. The form has been developed to replace the Progress Report Forms. The Supervision Tracking Forms are available at the University's Website under Graduate School webpage downloads.

Thank you.

HARRIET ISABOKE
FOR: DEAN, GRADUATE SCHOOL

c.c. Chairman, Business Administration Department.

Supervisors:

1. Dr. Hannah Bula
C/o Department of Business Administration
Kenyatta University

HI/lnn

Appendix IV: NACOSTI Permit Letter

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: 337010

Date of Issue: 09/September/2019

RESEARCH LICENSE

This is to Certify that Mr.. FELIX MOTONDI of Kenyatta University, has been licensed to conduct research in Nairobi on the topic: Alternative Banking Channels and Performance of Commercial Banks in Nairobi City County, Kenya for the period ending : 09/September/2020.

License No: NACOSTI/P/19/1170

337010

Applicant Identification Number

Director General
NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Verification QR Code

NOTE: This is a computer generated License. To verify the authenticity of this document, Scan the QR Code using QR scanner application.

Appendix V: Registered Commercial Banks in Kenya (2020)

1. African Banking Corp. Ltd
2. Bank of Africa Kenya Ltd
3. Bank of India
4. Bank of Baroda (K) Ltd
5. Barclays Bank of Kenya Ltd
6. CfC Stanbic Bank Ltd
7. Chase Bank (K) Ltd
8. Citibank N.A.
9. Commercial Bank of Africa Ltd
10. Consolidated Bank of Kenya Ltd
11. Co-operative Bank of Kenya Ltd
12. Credit Bank Ltd
13. Development Bank (K) Ltd
14. Diamond Trust Bank (K)Ltd
15. Dubai Bank Ltd
16. Ecobank Limited
17. Equatorial Commercial Bank Ltd
18. Equity Bank Ltd
19. Family Bank Ltd
20. Faulu Bank
21. Fidelity Commercial Bank Ltd
22. Fina Bank Ltd
23. First Community Bank Ltd
24. Giro Commercial Bank Ltd
25. Guardian Bank Ltd
26. Gulf African Bank Ltd
27. Habib Bank A.G. Zurich
28. Habib Bank Ltd
29. Housing Finance Company of Kenya Ltd.
30. Imperial Bank Ltd
31. I & M Bank Ltd
32. Jamii Bora Bank Ltd
33. K-Rep Bank Ltd
34. Kenya Commercial Bank Ltd
35. Kenya Women Microfinance Bank
36. Middle East Bank (K)
37. National Bank of Kenya
38. NIC Bank
39. Oriental Bank
40. Paramount
41. Universal Bank Ltd
42. Prime Bank Ltd
43. Postbank
44. Standard Chartered Bank (K) Ltd
45. Transnational Bank Ltd
46. UBA Kenya Bank Ltd
47. Victoria Commercial bank Ltd

Source: Kenya Bankers Association (2020)