

ABSTRACT

The current business environment is getting more competitive. In order for many companies to stay competitive, businesses have always strived to improve themselves by creating better products and services for their customers. With the recent emergence of the wireless and mobile network a new platform for business to trade their product and service known as m-banking is beginning to gather attentions from businesses. Unlike e-commerce where the connectivity is through internet, m-banking is connected wirelessly in a mobile environment using mobile devices. M-banking has much potential in developing countries as small and medium-sized companies in remote areas can use them to reach many potential customers (United Nations, 2002). Prior to the development of m-banking, e-commerce which is associated with costly infrastructure and equipments such as computers and fixed line network was depended on. M-banking offers more ubiquity and accessibility to the users when compared to e-commerce. The accessibility of m-banking is an advantage over ecommerce as e-commerce applications usually need a wired end-user device (Schwiderski-Grosche and Knospe, 2002). As mobile devices are small in size and light in weight, it is also very convenient for users to carry around the device (Schwiderski- Grosche and Knospe, 2002). Given that objectives are usually owned by individual and not shared between different users, m-banking allows the services to be catered towards the users' needs (e.g. ring tones) (Schwiderski-Grosche and Kntispe, 2002). Mobile banking provides banking services to inaccessible areas. It provides financial services to clients allowing them the flexibility of accessing their account details from anywhere in the world. According to Michael et al,(2008); in the book "Mobile Internet for Dummies, 2008" mobile banking is safer than Internet banking with fewer reported frauds. Access to mobile bank accounts requires a PIN (personal identification number) and a secure password every time a user wishes to log in. All information sent from and received by a mobile phone has 128-bit encryption that protects the information during its broadcast. Although there are lots of potentials for businesses in m-banking when compared to developed countries such as Japan and South Korea, m-banking in Kenya is still at its infancy stage (Wong and Hiew, 2005). According to Financial Sector Deepening Kenya (FSD Kenya), the most recent data available indicates that only 19% of adult Kenyans reported having access to a formal, regulated financial institution while over a third (38%) indicated no access to even the most rudimentary form of informal financial service. This leaves a percentage of more than 80% outside the bracket of the reach of mainstream banking (Njenga, 2005).