

**E-BANKING STRATEGY AND PERFORMANCE OF COMMERCIAL BANKS IN
KENYA**

BY

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DECLARATION

This research proposal is my original work and has not been submitted for a degree course or any other award in any other University.

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DEDICATION

This study is particularly dedicated to my family and friends who supported and encouraged me in the completion of this project.

ACKNOWLEDGEMENT

I would like to take this opportunity to give thanks to the Almighty God who makes all things possible. God has blessed me and has seen me through the completion of this project.

My sincere thanks go to my entire family for their unwavering support and sacrifice during the hours of absence during the course.

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ABBREVIATIONS AND ACRONYMS

ATMs: Automated Teller Machines

CBK: Central Bank of Kenya

EDI: Electronic Data Interchange

ICT: Information and Communication Technologies

ITV: Interactive Television

SMS: Short Message Service

WAP/WI: Wireless Internet Gate Wireless Application Protocol

WWW: World Wide Web

KCB: Kenya Commercial Bank

ABSTRACT

The research objective of this study was to determine the influence of E-banking strategy on performance of Commercial Banks in Kenya. The study adopted a descriptive research survey design. The population of the study was composed of 43 Kenya commercial banks. Data for this study was collected using structured questionnaires. For this study, descriptive statistics was used to analyze data which was presented using frequencies tables and percentage distribution tables, and mean. Inferential statistics included correlation, regression analysis, ANOVA and Chi Square. The study found that e- banking infrastructure strategy had a strong positive relationship with banks performance, $r (0.577)$; $p \leq (0.05)$. The relationship was statistically significant. Similarly, the study also found that e-banking efficiency strategy had a strong positive relationship with the banks performance, $r (0.759)$, $p \leq (0.05)$. The relationship was statistically significant. The study also found that e-banking quality strategy had a weak positive relationship with banks performance, $r (0.397)$, $p \leq (0.05)$. The study concluded that the relationship e- banking infrastructure, e-banking efficiency strategies, and e-banking quality do enhance Kenya commercial banks performance. The study recommends that banks should enhance mechanisms for more e-banking strategies that address the needs of clients in a timely and relevant manner. E-Banking strategies should be more than ICT infrastructures, efficiency and quality, but also client value addition through the e-banking strategies. Banks should also explore other strategies not covered in this study that can enhance banks performance.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The fast advancing global information infrastructures (including information technology and computer networks such as the Internet and telecommunications systems) enable the development of electronic commerce at a global level (Amato & McCoy, 2006). The nearly universal connectivity which the Internet offers has made it an invaluable business tool (Babcock, 2005). These developments have created a new type of economy, which many call the 'digital economy'. This fast emerging economy is bringing with it rapidly changing technologies, increasing knowledge intensity in all areas of business, and creating virtual supply chains and new forms of businesses and service delivery channels such as e-banking (Ayadi 2006).

Today's business organizations have to contend with the dynamics of a changing competitive environment (Blau, 2007). The modern trend has shifted from external environmental analysis to more sophisticated internal organizational analysis. All forms of businesses, including those in the banking industry, regardless of their size or level of development have embraced strategies to survive. Due to stiff competition and changing consumer needs in the banking industry, organizations have to formulate and implement strategies that will enable them minimize customer service breakdown thus attract and retain them Brown, Cajee, Davies & Stroebel, 2003).

This study is anchored on the industrial organization economies theory and contingency theory. According to Amato and McCoy, (2006) industrial organization economies theory

relates to the environment, strategy and performance of an organization. Environmental factors that affect the organization include political, economic, social and technological factors. Commercial banks therefore must constantly align themselves to the frequently changing environment in order to compete effectively environment that influences its operations. Contingency theory on the other hand deals the “goodness of fit” between organizational internal structure, systems and processes to external environment in which the business operates. The organizational structure has to fit the contingencies (Daft 2001). For this study, contingency theory is used to represents effects of organizational theory such as the approaches to organizational decision making and the resultant impact on organizational performance (Donaldson, 2001).

Commercial Banks in Kenya are adopting new strategies respond to the vast changes in the banking world. They have developed the concept of agency banking that enables customers transact from the nearest location without having to go to the bank hence cost and time effectiveness. The establishment of the credit reference bureaus e.g. Metropol have enabled banks perform more due diligence on their customers for lending purposes. Banks are also networking with the telecommunication industry to increase their client base, an example is the collaboration between KCB and Safaricom where clients can get loans through Mpesa

1.1.1 The concept of strategy

Strategy is defined as a method or plan chosen to bring about a desired future, such as achievement of a goal or solution to a problem. Strategy is the direction and scope of an organization over the long-term: which achieves advantage for the organization through its configuration of resources within a challenging environment, to meet the needs

of markets and to fulfill stakeholder expectations (Johnson and Scholes,1999).It defines the direction the business will take in the long run, the markets scope, the resources required to compete, the environmental factors that will influence it and the values and expectations of the stakeholders.

Strategies exist at several levels in any organization, Corporate Strategy is concerned with the overall purpose and scope of the business to meet stakeholder expectations, business unit Strategy is concerned more with how a business competes successfully in a particular market while operational Strategy is concerned with how each part of the business is organized to deliver the corporate and business-unit level strategic direction, organizations should therefore manage their strategy through strategic Analysis, Strategic Choice and Strategy Implementation.

1.1.2 The Concept of E-banking

Internet Banking means that banking services such as services introduction, loan application, account balance inquiry, fund transfer and so forth are provided by a bank through the Internet (Owens & Robertson, 2000). Internet banking has evolved into a “one step service and information unit” that promises great benefits to both banks and consumers. E-banking relies heavily on information and communication technologies (ICT) to achieve its promise of 24 hours availability, low error rates, and quicker delivery of financial services (Papazoglou & Georgakopoulos, 2003). When considering e-banking, bank websites usually come to mind first, but e-banking requires much more than just a

good website It needs back end applications such as account systems, support applications such as Customer Relationship Management (CRM systems), communication technologies to link e-banking to the payment systems such as LINK, and middleware to integrate all these often different type of systems (Owens & Robertson, 2000).

E-banking came into being mainly due to advances in information and communication technologies, but other factors such as globalization, increasingly demanding customers, and de-regulation of the industry also played an important part (Papazoglou & Georgakopoulos, 2003). Slower than expected adoption, and its failure to meet most of our early hopes has been the main source of threats, but the benefits it offers mean that this channel is growing in prominence every day and it is here to stay (Phifer, 2004). Whether this growing prominence could mean the end of traditional banking channels such as branches remains to be seen. At present, it is helping to re-define the role of branch banking and moving branches away from transactional banking to become customer service centres (Papazoglou & Georgakopoulos, 2003).

Overall, e-banking seems to serve as a complementary means of interacting with customers rather than a substitute for other channels such as physical branches. Despite the large investment in the Internet as a distribution channel, the branch network remains an important channel for retail banking products (Hernando & Neito, 2007). The profitability gains associated with the adoption of e-banking are generally explained by a significant reduction in overhead expenses but this effect is slow in becoming noticeable.

The future of e-banking seems secure due the ever increasing adoption and arrival of new technologies to address existing limitations (York, & Pendharkar, 2004). Major innovations are expected in the area of e-banking using mobile phones, in security provision and customer services. Technologies such as biometrics would, if they make expected progress, help resolve many existing problems. E-banking raises many complicated issues for banks and regulators alike. Much more work is need at both national and international level, to identify and remove any unnecessary barriers to e-banking (Perry, Hara, Selen, Brown & Harper, 2001).

1.1.3 Performance in Organizations

Organizational performance is a measure of the results of the organization compared to its intended goals and objectives (Goi, 2007). It involves the ability of an organization to fulfill its mission through sound management, strong governance and a persistent rededication to achieving results (Laforet & Li, 2005). Organizational performance is defined as the accomplishment of a given task measured against preset known standards (Hudson & Bourne, 2000). The primary outcomes of the organization include financial performance, market performance and shareholder value performance

Organizations are said to have high organizational performance when all the parts of an organization work together to achieve great results with results being measured in terms of the value they deliver to customers. The various parts of the organization would include strategic objectives, business performance measures, effective allocation of resources and processes and reward structures. These parts are inter-related and a change to one will

impact on the others all of these parts, they have to work in harmony in order to achieve the desired results

1.1.4 Overview of Kenya's Banking Industry

The Companies Act, the Banking Act, the Central Bank of Kenya Act and the various prudential guidelines issued by the Central Bank of Kenya (CBK, 2012), governs the Banking industry in Kenya. The banking sector was liberalized in 1995 and exchange controls lifted. The CBK, which falls under the Minister for Finance's docket, is responsible for formulating and implementing monetary policy and fostering the liquidity, solvency and proper functioning of the financial system. The CBK publishes information on Kenya's commercial banks and non-banking financial institutions, interest rates and other publications and guidelines.

E-banking is fast becoming a norm in the developed world, and is being implemented by many banks in developing economies around the globe. The main reason behind this success is the numerous benefits it can provide, both to the banks and to customers of financial services (Kipkech, 2009). For banks, it can provide a cost effective way of conducting business and enriching relationship with customers by offering superior services, and innovative products which may be customized to individual needs. For customers it can provide a greater choice in terms of the channels they can use to conduct their business, and convenience in terms of when and where they can use e-banking (Kiyeng, 2003).

Despite the efforts of adoption of e-banking strategies by Commercial Banks in Kenya, it is evident that none has been done in regards to the adoption of e-banking strategy and performance of commercial banks in Kenya depicting the existence of a knowledge gap. A study carried out by Wambui (2012) indicated that most Commercial Banks in Kenya face challenges in adopting new technologies as a strategic response to customer service delivery in the changing business environment. Anyim and Munyoki (2010) clearly indicated that banks experience various challenges when trying to adopt strategies to manage service quality. Among the challenges identified included inadequate management support, lack of technology, inadequate employee training on E-banking and the banks changing business environment.

Commercial banks therefore have a key role in the financial sector and to the whole economy. The number of banks offering financial services over the internet is increasing rapidly in Kenya. By using transactional websites customers can check account balances, transfer funds, pay/ receive bills, apply for loans, and perform a variety of other financial transactions without leaving their home or place of business. In other markets internet-only banks have struggled for profitability.

1.1.5 Commercial Banks in Kenya

There has been tremendous growth in the Kenyan banking industry. Changes in the Kenyan economy and commercial banks have not been spared from the impact of these changes. According to the Central Bank of Kenya, there are 43 licensed commercial banks in Kenya.

Three of the banks are public financial institutions with majority shareholding being the Government and state corporations. Twenty seven (27) are local commercial banks while 13 are foreign commercial banks. Commercial banks in Kenya play a major role in Kenya.

Banks contribute to economic growth of the country by making funds available for investors to borrow as well as financial deepening in the country. There are various banking laws in Kenya that govern and regulate the way banks are formed, operate and are managed in the country. Some of these laws include but not limited to the appropriation act, banking act, bankruptcy act, Barclays of Kenya limited act, capital markets, central bank of Kenya act, central depositories act, cheques act, general loans and stock act among other laws. The laws are divided and partitioned to cover the different aspects in the banking industry.

1.2 Research Problem

The strategies that are undertaken by organizations depend on the changes in the environment. The environmental changes are changes in technology, competition, regulation, globalization and changing consumer needs and wants. The strategic responses may include joint venture, new product development, and adoption of new technology, entry into foreign markets, price adjustments, product differentiation and a variety of actions that can result in competitive advantage (Lehaney, Clarke, Coakes, & Jack, 2004). Organizations operating in the dynamic business environment have to adopt effective strategies for their survival. Competitive organizations have to adopt e-banking strategies to fit in the dynamic changing competitive environment (Blau, 2007). The modern trend

has shifted from external environmental analysis to more sophisticated internal organizational analysis. All forms of businesses, including those in the banking industry, regardless of their size or level of development have embraced strategies to survive. Due to stiff competition and changing consumer needs in the e-banking industry, organizations have to formulate and implement strategies that will enable them minimize customer service breakdown thus attract and retain them (Brown, Cajee, Davies & Stroebel, 2003).

Commercial banks in Kenya have equally embraced E banking strategies to improve performance. Many Commercial banks choose e-banking as a strategic option to achieve their long term goals in the dynamic market. Some of these major benefits include; choice and convenience for customers, attracting high value, and enhanced image increased revenues easier expansion load reduction on other channels cost reduction and organizational efficiency (Clarke, 2000). Many banks in Kenya are modifying their strategies to reach customers worldwide more easily and cheaply. Therefore, banks have to develop the technologies that will help them deliver banking products and services by the most cost-effective channels and one of such channel is the Internet banking. Internet banking is a way to keep existing customers and attract new ones to the bank. The transaction costs of providing these services on the net are lower than the traditional approach (Kendler, 2005).

A study by Anyim and Munyoki (2010) equally indicated that commercial banks in Kenya continue to experience various challenges trying to adopt and implement E-Banking strategies to manage service quality. Kenya has 43 commercial banks at close of July 2015. Most of them are faced with challenges of inadequate technology integration into e-

banking, quality of service, efficiency and balanced score card. This study therefore will look at e-banking strategies and how they influence commercial banks performance.

A study carried out by Kipkech (2009) on evaluation of e-commerce application by microfinance institutions in Kenya identified that Commercial banks operating in the banking industry in Kenya experience challenges which include during adoption of e-commerce practices. Some of the challenges identified include; lack of clear communication, long procedures, intrusive documentation, and lack of flexibility, inadequate technology and consumer attitudes.

With respect of understanding E-Banking strategy and performance for Kenya Commercial banks, the following empirical studies were reviewed. Kamau (2014) undertook a study to determine the effect of E-Banking on financial performance of Kenya Commercial bank. The study findings indicated that there was a significant relationship between KCB E-Banking strategy and the banks performance. Equally, study conducted by Nyakundi, et al. (2014); on the Effect of internal control systems on financial performance of Co-operative bank of Kenya concluded that internal control systems significantly influence the financial performance of the bank. However, the study also discovered that there were challenges in the implementation of internal controls especially considering that the internal audit function which is the backbone of internal controls was not adequately equipped by integrated technological systems, making internal control mechanistic, time wasting and costly to the banks performance.

The findings of the studies carried out were too general and did not focus specifically on e-banking strategies and performance of Commercial Banks in Kenya. Arising from the findings of the above studies, it is clear that, there are many areas about e-banking and performance of commercial Banks in Kenya that have not yet been fully addressed. This includes the relationship between the banking strategies a bank adopts and how it influences performance.

What is the influence of E-banking strategy on performance of Commercial Banks in Kenya?

1.3 Research Objective

The research objective of this study was to determine the influence of E-banking strategy on performance of Commercial Banks in Kenya.

1.4 Value of the Study

The study enhances the fact that organizations are influenced by the environment in which they operate and have to formulate strategies that improve performance. Scholars and researchers who would like to carry out more studies on E-banking strategies used by Commercial Banks to improve performance. The study will form a basis upon which further research on the same will be based

The study will assist in policy development that will support organizations that rely on e-banking. This may include policies that encourage use of technology through price reduction of technological equipment

Top management will find the study useful in practice to allocate implement strategies that will attract and retain customers. New product development and quality service delivery will promote customer loyalty and long term relations thus mutual trust between the bank and customers. The findings of the study will be of value to the government since it will be able to understand how financial institutions use E-banking strategies to gain competitive edge due to intense competition from local and foreign financial institutions and hence their sustainability. It will be in a position to formulate policies that are aimed at increasing productivity and safeguarding their interests based on quality checks.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter discusses literature on e- banking theories and empirical findings on the effect of e- banking strategies on the financial performance of commercial banks. The chapter outlines the theoretical framework, e-banking strategy, organizational performance and the relationship between e-banking strategy and organizational performance.

2.2 Theoretical Foundation

This section comprises of theories that are relevant to E-Banking strategy and Commercial banks performance, and which informs the theoretical background of this study. All organizations operate within an Organization strategies which are anchored on various theories. These include industrial organization economics theory, contingency theory and systems theory. The theories indicate that organizations interact with the environment both internal and external and this affects both decision making and practices of the organization in order to remain relevant in the industry in which it operates. These environmental factors keep changing with time and the organization needs to keep up with the changes.

2.2.1 Contingency Theory

Pugh (2008), defines contingency theory as a state in which in terms of processes and outcomes, depends on other things, and for organizational effective. In contingency theory, there must be a “goodness of fit” between organizational internal structure, systems and processes to external environment in which the business operates. The organizational structure has to fit the contingencies (Daft 2001). For this study, contingency theory is used to represents effects of organizational theory such as the approaches to organizational decision making and the resultant impact on organizational performance (Donaldson, 2001). Pugh (2008) argues that for an organization to have good performance, constituent contingencies like culture, values and norms, which characterize organizational effectiveness, have to be in perfect fit within the organizational structural design.

Equally, Donaldson (2001), and Lawrence and Lorsch, (2004), agree with Pugh (2008), assertion that there exists a strong relationship between organizational goodness of fit for its contingencies and organizational strong performance. Therefore in the banking sector, when implementing E-Banking strategies, managers have to be cognizant of the fact that the E-Banking structures have to be layered in such a way that enhances organizational contingencies for a solid performance (Daft, 2001).

According to Batenburg, and Versendaal (2006), contingency theory does not have a perfect measure for enhancing performance for all organizational circumstances. Lorsch, (2004), contends that organizational performance at times will depend on specific circumstances organizations finds themselves into. For instance paradigm shifts in the laws

regulating E-Banking can have a positive or negative impact on a bank's performance, whereas all contingencies still possess goodness of fit with the banks structures and internal processes. For this study, contingency theory offers a conceptual approach for looking at the relationship between E-Banking "contingency" variables and bank structural designs, and how this enhances organizational performance. This study will explore how E-banking systems design, structures, accounting information and systems, technology, culture and strategy commercial banks performance.

2.2.2 Industrial Organization Economics Theory

According to Scherer (1980), industrial organization economics theory deals with organizational characteristics to compete in a given industry, organizational position relative to its competitors; the quantity or quality of the organizational resources that are of strategic important to organizational performance. According to Benston (1985), organizations do use industrial economic theory to influence the market structure in favor of their organization strategy and performance. Bain (1956) argues that organizational properties within and industry helps organization to produce an above average performance in profitability. For organizations, variables include growth strategies, capital intensity for the organization, and advertising intensity among others. A study Schmalensee (1985) indicates that performances between industries are measured by a return on assets.

According to Boulding, (1956); Katz and Kahn, (1978) organizational specific variables can enhance competitive advantage over competitors. In the banking industry, e-banking strategies that are specific to particular commercial banks can enhance competitive advantage that enables a bank to perform at higher levels compared to those who don't

have. Technology, quality of work, or service, efficiency in delivery of services is part of industrial economies that organizations do use to enhance performance (Batenburg & Versendaal, 2006).

2.2.3 Systems Theory

Bertalanffy (1972) defines system theory as the intertwined interdisciplinary study of organizational systems, with the goal of enhancing organizational cohesion, connectedness, and performance. However, Bertalanffy further argues that system theory does not have a well-established that applies to organizational performance setting other than the scientific approach to organizational systems interrelatedness. Building on general systems theory model, open system theory, viable system model and viable system approach have emerged in a quest to solidify organizational operational efficiencies using organizations systems. For instance the open system theory (OST) looks at how an organizational relationship interacts with the environment in which they are involved.

OST's focus is on organizations' ability and dynamism to adapt to changes in environmental conditions (Boulding, 1956; Katz and Kahn, 1978). For this study, system theory will focus on how the E-Banking system built to address socio-technical systems, and human systems that is social component (people), and a technical component (technology and machines), and how banks are utilizing the same to enhance performance.

2.3 E-Banking Strategy

E-banking strategy has become an alternative if modern financial institution in Kenya. E-banking strategy that considers factors such as customer demand, competition, expertise, implementation expense, maintenance costs, and capital support has become a competitive edge of modern successful financial institutions (Riivari, 2005). Some institutions may choose not to provide e-banking services or to limit e-banking services to an informational website. Financial institutions should periodically re-evaluate this decision to ensure it remains appropriate for the institution's overall business strategy. Institutions may define success in many ways including growth in market share, expanding customer relationships, expense reduction, or new revenue generation (Tan & Teo, 2000).

A large number of organizations from within and outside the financial sector are currently offering e-banking which include delivering services using Wireless Application Protocol (WAP) phones and Interactive Television (ITV) (Knorr & Rist, 2005). Many people see the development of e-Banking as a revolutionary development, but, broadly speaking, e-banking could be seen as another step in banking evolution (Goi, 2007). Just like ATMs, it gives consumers another medium for conducting their banking. The fears that this channel will completely replace existing channels may not be realistic, and experience so far shows that the future is a mixture of “clicks (e-banking) and mortar (branches). Although start up costs for an internet banking channel can be high, it can quickly become profitable once a critical mass is achieved (King, 2005).

Understanding e-banking is important for several stakeholders, not least of which is management of banking related organizations, since it helps them to derive benefits from it (Gaech, 2007). The Internet as a channel for services delivery is different from other channels such as branch networks, telephone banking or Automated Teller Machines (ATMs). Therefore, it brings up unique types of challenges and requires innovative solutions. Many banks and other organizations have already implemented or are planning to implement e-banking because of the numerous potential benefits associated with it

Internet Banking means that banking services such as services introduction, loan application, account balance inquiry, fund transfer and so forth are provided by a bank through the Internet (Owens & Robertson, 2000). Internet banking has evolved into a “one step service and information unit” that promises great benefits to both banks and consumers. E-banking relies heavily on information and communication technologies (ICT) to achieve its promise of 24 hours availability, low error rates, and quicker delivery of financial services (Papazoglou & Georgeakopoulos, 2003).

When considering e-banking, bank websites usually come to mind first, but e-banking requires much more than just a good website. It needs back end applications such as account systems, support applications such as Customer Relationship Management (CRM systems), communication technologies to link e-banking to the payment systems such as LINK, and middleware to integrate all these often different type of systems (Owens & Robertson, 2000). In recent years, the adoption of electronic banking (e-banking) began to occur quite extensively as a channel of distribution for financial services due to rapid advances in

information technology (IT) and intensive competitive banking markets (Chaffey, & Wood, 2004). E-banking strategy has transformed financial institutions in their ways of operations both in the domestic and international markets (Clarke, 2002). E-banking came into being mainly due to advances in information and communication technologies, but other factors such as globalization, increasingly demanding customers, and de-regulation of the industry also played an important part (Papazoglou & Georgeakopoulos, 2003).

Slower than expected adoption, and its failure to meet most of our early hopes has been the main source of threats, but the benefits it offers mean that this channel is growing in prominence every day and it is here to stay (Phifer, 2004). Whether this growing prominence could mean the end of traditional banking channels such as branches remains to be seen. At present, it is helping to re-define the role of branch banking and moving branches away from transactional banking to become customer service centres (Papazoglou & Georgakopoulos, 2003). Overall, e-banking seems to serve as a complementary means of interacting with customers rather than a substitute for other channels such as physical branches. Despite the large investment in the Internet as a distribution channel, the branch network remains an important channel for retail banking products (Hernando & Neito, 2007). The profitability gains associated with the adoption of e-banking are generally explained by a significant reduction in overhead expenses but this effect is slow in becoming noticeable.

The future of e-banking seems secure due the ever increasing adoption and arrival of new technologies to address existing limitations (York, & Pendharkar, 2004). Major innovations

are expected in the area of e-banking using mobile phones, in security provision and customer services. Technologies such as biometrics would, if they make expected progress, help resolve many existing problems. E-banking raises many complicated issues for banks and regulators alike. Much more work is need at both national and international level, to identify and remove any unnecessary barriers to e-banking (Perry, Hara, Sellen, Brown & Harper, 2001).

2.4 Measures of organizational performance

Performance measures also include both financial and non-financial; financial measures include profitability, market share, profitability and liquidity. Non-financial measures include efficiency, customer satisfaction and quality of decisions. Performance measurement tools developed to incorporate aspects in measuring performance include; the balance score card, economic value add, triple bottom line approach, cleaner production etc.

The balanced score card proposed by (Kaplan & Norton, 1992) is a framework that is used to measure organizational performance. The model identifies and integrates four different ways of looking at performance; financial, customer, internal business processes and innovation and learning perspectives. A balanced scorecard is generally used to clarify and update the business strategy, link the objectives of the organization to the annual budgets, allow organizational change, and increase the understanding of the company vision and mission statements across the organization. A balanced scorecard can be used to translate a firm's mission and vision statements into a broad set of objectives and performance

measures that can be quantified and appraised, and measures whether management is achieving desired results (Laforet & Li, 2005).

The triple bottom line is another frame work used to measure the performance of an organization. It integrates that are used to measure performance three pillars namely people, profit and natural capital. People relate to the fair and beneficial business practices toward labor and the community in which the organization operates, this is mostly achieved by organizations through corporate social responsibility. Profit is the economic Value created by the organization after deducting the cost of all profits including the tied up capital, it is the real economic impact the organization has on its economic environment Natural resources refers to sustainable environmental practices, an organization seeks to benefit the natural order as much as possible or at the least do no harm and minimize environmental impact. The triple bottom line approach therefore interprets the accounting profit of an organization plus social and environmental impacts. To measure commercial banks performance, this study will utilize asset quality assessments, measure of liquidity, profitability (Earning ability), and management efficiency

Profit is considered as an important factor in a bank's financial statement and it has been widely used to determine the banks financial performance. Different measurements have been used in order to measure performance depending on the accounting policies adopted by the different commercial banks (Amidu, 2007). Kapoor et al (2010) used Earnings before Interest and Tax (EBIT) /Total assets to measure profit, which is interpreted as organizational performance. Another method used to measure performance that is adopted by this study is the return on equity (ROE). An Al- Shubiri (2011) state that ROE is one of

the best measurements of a company's profit since it reveals the capacity of a firm to generate cash internally. Benartzi et al., (2007) on the other hand pointed out that commercial banks current year's earning affects the dividend payment pattern of the firms. Shareholders use dividends payments to establish the performance of commercial banks in Kenya.

Amidu (2007) on the other hand discovered that E-Banking strategies like online payments, internet banking, and mobile banking significantly affects firm performance especially the profitability measured, return on assets (ROA). The results showed a positive and significant relationship between return on assets, return on equity and E-Banking strategies by commercial banks. This clearly indicated that when a commercial bank has a policy to invest in E-Banking, it influences profitability and overall organizational performance. Similarly, Zakaria and Tan (2007) argue that investments made by firms' influence the future earnings and future dividends potential, which is a measure of organizational performance.

Earnings Ability refers to the profitability of the bank. Most commonly used ratios to proxy its measurement include; ROA, ROE, NIM (Net Interest Margin), Net profit Margin (NPM), Return on Capital Employed (ROCE) and Earnings per Share (EPS). Liquidity refers to the ability of the bank to fulfill its financial obligations as they fall due (Dong, 2011; Rudolf, 2009). A bank should be able to quickly liquidate assets with minimal losses. Excess liquidity retards earnings and inadequate liquidity damages a bank's reputation. From available literature, Banks profitability is positively related to its liquidity. However,

studies in China and Malaysia found that there is no relationship between liquidity levels and bank performance. Liquidity ratios used to measure it include Customer deposit to total assets ratio, loan to customer to customer deposit (LTD), cash to deposit ratio and others.

Management efficiency's quantitative measure is complex to capture though the following ratios are used to represent it; operational ratios (such as operating expenses to Total assets, operating income to total income , Expenditure to Income (EIR)), earnings growth rate, loan growth rate among others. Qualitatively it is measured by operational efficiency, subjective evaluation of management systems, organizational systems, quality of staff and others.

2.5 E-Banking Strategy and Organizational Performance

Many banks and other organizations choose e-banking as a strategic option to achieve their long term goals in the dynamic market. They plan to implement e-banking because of the numerous potential benefits associated with it (Chaffey, & Wood, 2004). Understanding e-banking is important for several stakeholders, not least of which is management of banking related organizations, since it helps them to derive benefits from it. The Internet as a channel for services delivery is fundamentally different from other channels such as branch networks, telephone banking or Automated Teller Machines (ATMs) (Clarke, 2002). Therefore, it brings up unique types of challenges and requires innovative solutions. Some of these major benefits include; choice and convenience for customers, attracting high value, and enhanced image increased revenues easier expansion load reduction on other channels cost reduction and organizational efficiency (Clarke, 2000).

Internet technology holds the potential to fundamentally change banks and the banking industry. An extreme view speculates that the Internet will destroy old models of how bank services are developed and delivered (DeYoung, 2001). The widespread availability of Internet banking is expected to affect the mixture of financial services produced by banks, the manner in which banks produce these services and the resulting financial performances of these banks (Lehaney, Clarke, Coakes, & Jack, 2004). Whether or not this extreme view proves correct and whether banks take advantage of this new technology will depend on their assessment of the profitability of such a delivery system for their services.

However, despite the benefits of E-Banking, there is debate about how their adoption improves bank performance. Several attempts have been made to investigate the impact of electronic banking on bank performance. For instance, studies by Kariuki (2005) indicated a positive impact of ICT banking performance particularly on bank turnover, profits and performance. Kariuki established that banks which have a high profit growth rate were more likely to be using E-Banking platforms. Kariuki concluded that e-banking there is a significant relationship between E-Banking and performance of banks.

Davenport (2003), Oshikoya (2007) and Jean-Azam (2006) on the other hand argues that E-banking platforms and strategies do requires complementary skills in human capital, ICT training, organizational structure integration, and innovation. Since E-Banking innovations are costly in the short term, some commercial banks have been slow in assimilating the changes, or transforming their operations so as to gain longer term performance benefits. In addition, industry analysis outlining the potential impact of Internet banking on cost

savings, revenue growth and risk profile of the banks have also generated considerable interest and speculation about the impact of the Internet on the banking industry (Berger, 2003). Banking through internet has emerged as a strategic resource for achieving higher efficiency, control of operations and reduction of cost by replacing paper based and labour intensive methods with automated processes thus leading to higher productivity and profitability (Lehaney, Clarke, Coakes, & Jack, 2004).

Some of the E-banking strategies adopted by banks include online banking, ATM infrastructure and Mobile banking. These are the independent variables that can be used to formulating the regression model. A performance of commercial bank is the independent variable and measures of Performance include return on equity, return on assets, and net profit margin.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter will focus on the researcher's scope of methodological procedures to be employed in the study. These include; research design, target population, data collection instruments, and data analysis technique.

3.2 Research Design

According to Saunders, Lewis and Thornhill (2012) research design refers to a framework for the collection and analysis of data. According to Chandran, (2006) research design refers to how data collection and analysis is conducted order to meet the study objectives through empirical evidence. According to Cooper and Schindler (2007) research design is the plan and structure of investigation that is created as to obtain information and answers to research questions.

Descriptive research survey design was adopted for this study. Descriptive research design was adopted because of its ability to assimilate both qualitative and quantitative data from respondents. According to Cox and Hassard (2005) a survey is a method of carrying out research using structured questionnaire that are given to a sample of a population and designed to elicit specific information from the respondents.

3.3 Target Population

According to Cooper and Schindler (2007) a population is defined as the total collection of elements in a study upon which a researcher wishes to draw a conclusion. On the other hand, a population a statistics that is usually specific to the population upon which a researcher wishes to draw information from (Cooper and Schindler, 2007). Cooper and Schindler (2014) further add that a population is the total sum of collected units from which the researcher draws conclusions of the study.

The population for this study was 43 commercial banks in Kenya that are licensed by Central Bank of Kenya. The commercial banks are split into foreign owned commercial banks, locally owned and those that have government. They are divided into lower, middle and upper tiers depending on the amount of resources they control. Commercial banks surveyed for this study were 38.

3.4 Data Collection

The study will rely on both primary and secondary data sources. Primary data were collected using semi-structured questionnaire with both close-ended questions. The respondents included Commercial Banks heads of internet banking, operation managers, customer service managers and general managers. The questionnaire was administered at Commercial Banks premises. Secondary data was obtained from commercial banks annual reports, organizations websites and Central bank of Kenya website. Drop and pick later method was applied where respondents had no time to respond immediately.

3.5 Data Analysis

The data collected in the research was edited, coded, classified on the basis of similarity and then tabulated. To permit quantitative analysis, data was converted into numerical codes representing attributes or measurement of variables. Descriptive statistics such as frequency distributions, percentages and frequency tables were used to summarize and relate variables which will be attained from the study. The study adopted regression and correlation analysis. Regression analysis was used to come up with the model expressing the hypothesized relationship between the independent variables and the dependent variable.

The regression model is of the form;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Y = Performance of commercial banks, β_0 = E banking strategy, ε = Error term

X_1 = Online banking, X_2 = ATM infrastructure, X_3 = Mobile banking

Correlation analysis was used to check on the overall strength of the established regression model (coefficient of determination- r^2) and also the individual significance of the independent variables (P-Values or t-test).

CHAPTER FOUR

DATA ANALYSIS

4.1 Introduction

This chapter presents study findings in accordance with research objectives. Demographic data is presented first, then descriptive data, and finally correlations and regressions of the study. Out the 43 research questionnaires that were given out, 38 fully filled questionnaires were received back making a response rate of 88%.

4.2 Demographic Data

This section presents the study findings on demographic data. Demographic data was collected to determine who were making the e-banking strategies at Kenya commercial banks, the number of years they had stayed with the bank, and their education levels. All these parameters helped determine competency, ability to make key decisions and great understanding of the banking sector and their performance. Demographics on when the banks started operations and the number of years they have been in operation helped in understanding why the levels of E banking strategies differ. Performance data for the banks helped to show the growth in performance by banks as they continue to embrace E banking strategies

4.2.1 Respondents Position at the Bank

Respondents were requested to indicate their position at the bank they were working . According to the study findings, are indicated in Table 4.1.

Table 4.1: Respondents Position

Position	Frequency	Percent
General Managers	10	26%
Customer service Managers	20	52%
Operations Managers	8	22%
Total	38	100%

Source: Field data (2015)

The findings in Table 4.1 indicates that majority of respondents were customer service managers. These are the managers that have frequent interaction with customers and have great knowledge of the customer satisfaction from adoption E banking strategies and the level of adoption by customers.

4.2.2 Respondents Highest Level of Education

Study respondents were asked to indicate their highest level of education. The findings are indicated in Figure 4.1.

Table 4.2: Highest Level of Education

Statements	Frequency	Percent
University Level	22	58%
Post Graduate Level	11	29%
College level	5	13%
Total	38	100.0

Source: Field data (2015)

Figure 4.1: Respondents Highest Level of Education

The study findings indicates that majority of respondents had university degrees. Since

banking strategies are developed and executed by management teams, it is expected that bank employees should have at least college level education to enable them understand, articulate, formulate and execute E-banking strategies.

4.2.3 Respondents Number of Years with the Bank

The study respondents were asked to indicate the number of years they had spent working at the bank. The findings are indicated in Figure 4.3.

Table 4.3: Respondents Number of Years

Number of Years	Frequency	Percent	Valid Percent	Cumulative Percent
Less than 1 Year	3	8	8	8
1 to 2 Years	9	24	24	32
3 to 5 Years	10	26	26	58
More than 5 Years	16	42	42	100
Total	38	100	100	

Source: Field data (2015)

The study findings in Figure 4.2 show that majority of respondents had spent more than 5 years working at the bank. This means that they understand the banking sector and have knowledge of the factors that have contributed to growth in the sector.

4.2.4 Respondents on Existence of E-Banking Platforms

The study respondents were asked to indicate whether the bank they were currently working for. The findings are indicated in Table 4.2.

Table 4: 4: Respondents on Existence of E-Banking Platforms

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	36	94.7	94.7	94.7
No	2	5.3	5.3	100.0
Total	38	100.0	100.0	

Source: Field data (2015)

According to Table 4.4, majority of the respondents indicated that e-banking platforms existed at their banks. This shows the level of adoption of the e-banking strategies is high.

4.2.5 When Banks Started Operating E-Banking Platforms

Respondents of this study were asked to indicate when their respective bank started operating e-banking platforms. The findings are indicated in figure 4.5.

Table 4.5: When Banks Started Operating E-Banking Platforms

Number of Years	Frequency	Percent	Valid Percent	Cumulative Percent
Less than 1 Year	3	8	8	8
1 to 2 Years	9	24	24	32
3 to 5 Years	10	26	26	58
More than 5 Years	16	42	42	100
Total	38	100	100	

Source: Field data (2015)

According to the study findings, most of respondents indicated that their respective banks offering e-banking platform more than 5 years ago. The findings of the study does indicate

that majority of Kenyan commercial banks have instituted e-banking platforms of some kind. It could be possible that the banks which instituted these platforms less than a year ago might be microfinance institutions that just converted to banks, and are still revamping their infrastructure to be in line with other mainstream commercial banks.

4.3 E-Banking Strategies Used by Banks

Respondents of this study were asked to indicate the kind of e-banking strategies their respective banks used to conduct banking business. The findings are indicated in Table 4.6 below

Table 4.6: E-Banking Strategies used by banks

Strategies	Frequency	Percent	Valid Percent	Cumulative Percent
Secured online Banking none reusable passwords	5	13.2%	13.2%	13.2%
Partnerships with Point of sales for online transactions	13	34.2%	34.2%	47.4%
Use of Tokens for online withdrawals/transfers	3	7.9%	7.9%	55.3%
One stop shop for EFT/SWIFT/RTGs internal at no cost	1	2.6%	2.6%	57.9%
Interactive Chats with clients	2	5.3%	5.3%	63.2%
Enhancing ICT infrastructure	14	36.8%	36.8%	100.0
Total	38	100.0	100.0	

Source: Field data (2015)

According to study findings, majority of respondents indicated that enhancing ICT infrastructure for nationwide transactions was the major strategy used by their respective

banks. This is through availing ATM machines. Point of sale transaction gadgets for withdraws and deposits, most banks utilize point of sale gadgets with supermarkets and other goods and service stores where clients can use their debit cards and credit cards to conduct transactions that are debited electronically to their bank accounts. On the other hand, secured online banking non- reusable passwords has enhanced e-banking interaction with the bank. Use of tokens for online withdrawals/transfers as a way of ensuring that online transactions are safe, and access to any of their clients' accounts is verified securely before any transactional approvals are granted. Some of the other e-banking strategies indicated by respondents were the utilization of interactive chats with clients on provision of financial services. Some respondents indicated the strategy to make e-banking a one stop shop for EFT/SWIFT/RTGs internal at no additional cost was in place at their respective bank; however, this was the least strategy in place among Kenya commercial banks.

4.4 Measures of Banks Performance

Measure of banks performance for this study included return on equity, return on assets, and net profit margin. The summarized findings for forty one Kenya commercial banks for periods 2012, 2013, and 2014 are shown in the Table 4.7

Table 4. 7: Kenya Commercial Banks Performance 2012-2014 average

	BANK/YEAR	ROE	NPM	ROA
1	Bank of Africa (K) Ltd	10.33	34.18%	2.63%
2	African Banking Corporation Ltd	20.70	26.16%	1.97%
3	Bank of Baroda	29.77	30.67%	2.22%
4	Bank of India	20.20	30.72%	2.99%
5	Barclays Bank of Kenya Ltd	37.70	46.81%	3.67%
6	CfC Stanbic Bank (K) Ltd	28.27	46.29%	4.02%
7	Chase Bank Ltd	28.57	22.80%	1.84%
8	Citibank N.A. Kenya	31.83	23.33%	1.65%
9	Commercial Bank of Africa Ltd	30.70	9.14%	0.77%
10	Consolidated Bank of Kenya Ltd	-5.93	10.07%	0.98%
11	Co - operative Bank of Kenya Ltd	30.87	31.13%	3.67%
12	Credit Bank Ltd	1.67	28.70%	3.09%
13	Development Bank of Kenya Ltd	10.93	13.05%	1.09%
14	Diamond Trust Bank (K) Ltd	28.63	9.26%	0.87%
15	Dubai Bank Ltd	-0.37	18.76%	0.54%
16	Eco bank Kenya Ltd	-39.80	23.81%	0.94%
17	Equatorial Commercial Bank Ltd	-39.87	-4.18%	-0.89%
18	Equity Bank Ltd.	41.00	4.46%	0.61%
19	Family Bank Ltd	23.87	10.16%	3.42%
20	Fidelity Commercial Bank Ltd	16.10	9.72%	0.56%
21	Guaranty Trust Bank	10.10	34.50%	5.10%
22	First Community Bank Ltd	16.87	38.38%	5.52%
23	Giro Commercial Bank	16.53	11.53%	1.75%
24	Guardian Bank Ltd	21.83	9.42%	1.36%
25	Gulf African Bank Ltd	19.83	14.10%	0.76%
26	Habib Bank Ltd	30.40	26.13%	1.83%
27	Habib Bank A.G. Zurich	27.07	30.91%	1.69%
28	I&M Bank Ltd	31.17	30.80%	2.11%
29	Imperial Bank Ltd	40.53	34.16%	1.84%
30	Jamii Bora Bank Ltd	6.53	42.76%	2.54%
31	Kenya Commercial Bank Ltd	29.90	24.15%	1.31%
32	K - Rep Bank Ltd	26.63	18.57%	1.32%
33	Middle East Bank (K) Ltd	5.77	35.48%	4.06%
34	National Bank of Kenya Ltd	15.23	35.12%	4.67%
35	NIC Bank Ltd	28.37	15.34%	1.50%
36	Oriental Commercial Bank Ltd	8.40	-25.89%	-1.83%
37	Paramount Universal Bank Ltd	8.63	28.85%	3.65%
38	Prime Bank Ltd	30.00	29.09%	3.48%

Source: Central Bank of Kenya, (2014) Bank Supervision Annual Report. CBK, Nairobi.

4.4.1 Banks Net Profit Margin

Data on commercial banks net profit margin was collected from commercial banks annual financial returns. For 2012 to 2014, data for 41 banks were available. According to the study findings, the bank with highest net profit margin was Barclays (46.8%).

4.4.2 Return on Assets.

Data on commercial banks return on assets was collected from commercial banks annual financial returns. For 2012 to 2014, data for 41 banks were available as indicated in averages shown in Table 4.8. First Community bank had the highest return on assets (5.52%).

4.4.3 Return on Equity.

Data on commercial banks return on equity was collected from commercial banks annual financial returns. According to the findings, Imperial bank had the highest return on equity for 2012-2014 periods (40.53%).

4.4 Correlation Analysis

To determine the e-banking strategies had significant relationship with banks performance, a correlation analysis was conducted. The findings are indicated in Table 4.9 below.

Table 4.8: Correlation Analysis

Correlation Variables		1	2	3	4
Financial performance	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	41			
Online Banking	Pearson Correlation	.562**	1		
	Sig. (2-tailed)	.000			
	N	41	41		
ATM Infrastructure	Pearson Correlation	.522**	.616*	1	
	Sig. (2-tailed)	.000	.010		
	N	41	41	41	
Mobile Banking	Pearson Correlation	.610*	.589*	.106	1
	Sig. (2-tailed)	.010	.000	.000	
	N	41	41	41	41

Source: Field data (2015)

According to the results in table 4.5, there exists a strong positive relationship between e-banking strategies and measure of performance. Online banking strategy had a strong positive relationship with performance, $r (0.562)$; $p \leq 0.05$. ATM infrastructure strategy also had a strong positive relationship with performance, $r (0.522)$; $p \leq 0.05$, while Mobile banking strategy also had a positive relationship with performance, $r (0.610)$; $p \leq 0.05$, therefore all the three variables are statistically significant.

4.5 Regression Analysis

This section presents study findings on regression analysis between e-banking strategy and bank's performance. Since all this variables indicated a positive relationship, regression

analysis was done to determine the level of significance. The findings are presented in Table 4.5 and 4.6. The regression model used was $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$

Where $X_1 =$ Online Banking

$X_2 =$ ATM Infrastructure

$X_3 =$ Mobile banking

Table 4.9: Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.958 ^a	.920	.712	1.28054
a. Predictors: (Constant), Online Banking, ATM Infrastructure, Mobile banking				

Source: Field data (2015)

R adjusted in Table 4.9 of 0.7126 indicates that 71.2% of variability in performance are attributable to variability in Online Banking, ATM Infrastructure, Mobile banking. For this study, 28.8% of variability in commercial banks performance is contributed by other factors not covered in this study.

The model predicting the effect of e-banking strategies on Financial Performance had a regression value of (0.607), while residual value of (0.324). The F- Test, $F(5, 35) = 13.143$; $p \geq 0.05$, therefore significant.

Table 4.10 ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.607	5	.121	13.143	.000
	Residual	.324	35	.009		
	Total	.931	40			

Source: Field data (2015)

Table 4.11: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
	(Constant)	14.107	25.943	.801	.020
	Online Banking	.205	.816	.119	.249
1	ATM Infrastructure,	.964	.843	.223	1.257
	Mobile banking	-1.515	.763	.082	1.113

a. Dependent Variable: e-banking strategy

Source: Field data (2015)

According to the findings in Table 4.11, a strong positive relationship was found to exist with e-banking strategy and performance. The relationship between e-banking strategy and Online Banking had a beta coefficient of (0.119); $p \leq 0.050$; ATM Infrastructure had a beta coefficient of (0.233); $p \leq 0.050$; Mobile banking had a beta coefficient of (0.254); $p \leq 0.050$. Therefore there is significant relationship for all variables. The formula used to compute the relationship was;

$$\text{Banks performance} = 14.107 + 0.119X_1 + 0.223 X_2 + 0.82 X_3$$

Where X_1 = Online Banking

X_2 = ATM Infrastructure

X_3 = Mobile Banking

4.6 Discussions of Findings

According to the study findings, e-banking strategies are important to commercial banks performance; there exists a strong positive relationship between e-banking strategy and performance, where 71.2% of variability in performance are attributable to variability in Online Banking, ATM Infrastructure, Mobile banking. The study findings equally imply that 28.8% of variations in banks performance are covered by other factors not considered in this study. Gaech (2007) had argued that e-banking strategies were important because they offer banks opportunities to enhance performance. This was in line with the study finding that e- banking infrastructure strategy had a strong positive relationship with banks

performance, $r(0.577)$; $p \leq (0.05)$. For instance e-banking infrastructure strategies includes the internet channels for services delivery, banking debit cards, Automated Teller Machines (ATMs) and even telephone banking. Therefore, it is necessary that these channels of distribution are innovative enough to enhance client's assimilation. Many banks have already implemented e-banking because of the numerous potential benefits associated with it.

Internet Banking means that banking services such as services introduction, loan application, account balance inquiry, fund transfer and so forth are provided by a bank through the Internet. Kenya commercial banks, internet banking has evolved into a "one stop service and information unit" that promises great benefits to both banks and consumers. E-banking relies heavily on information and communication technologies (ICT) to achieve its promise of 24 hours availability, low error rates, and quicker delivery of financial services which is in line with the findings of this study. According to the study findings the question on whether quality of e-banking services enhanced performance respondents indicated that e-banking had made respective banks performance competitive ($M = 3.58$, $SD = 0.919$). Respondents equally believed that quality e-banking had enhanced banks performance ($M = 3.84$, $SD = 0.945$). Many banks e-banking as a strategic option to achieve their long term goals in the dynamic market. Most commercial banks similarly implemented e-banking because of the numerous potential benefits associated with it. Understanding e-banking is important for several stakeholders, not least of which is management of banking related organizations, since it helps them to derive benefits from it. The Internet as a channel for services delivery is fundamentally different from other

channels such as branch networks, telephone banking or Automated Teller Machines (ATMs), therefore, it banks are able to use e banking strategies to address challenges that requires innovative solutions. Some of these major benefits include; choice and convenience for customers, attracting high value, and enhanced image increased revenues easier expansion load reduction on other channels cost reduction and organizational efficiency. Internet technology holds the potential to fundamentally change banks and the banking industry. Some banks were slow to implement e-banking strategies because of the view that it would destroy the traditional ways of banking customers were accustomed too.

However, this study findings indicates the centrally, that e-banking strategies actually enhances performance since customers have the ability to adjust to e-banking innovations that enhances efficiency, quality and service delivery. As a result, the growing availability of internet banking is expected to affect the mixture of financial services produced by banks, the manner in which banks produce these services and the resulting financial performances of these banks. Whether view proves correct and whether banks take advantage of this new technology will depend on their assessment of the profitability of such a delivery system for their services.

However, despite the benefits of E-Banking, there is debate about how their adoption improves bank performance. Several attempts have been made to investigate the impact of electronic banking on bank performance. This study that there exists a strong positive relationship between e-banking infrastructure, e-banking efficiency, e-banking quality and banks performance, $R (0.795)$; $P \leq 0.50$. According to the study findings, 60% of variation

in bank performance of Kenya commercial banks is attributable to e-banking infrastructure, e-banking efficiency, and e-banking quality.

E-banking platforms and strategies require complementary skills in human capital, ICT training, organizational structure integration, and innovation. Since E-Banking innovations were costly in the short term, some commercial banks had been slow in assimilating the changes, or transforming their operations so as to gain longer term performance benefits. In addition, industry analysis outlining the potential impact of e-banking strategies on cost savings, revenue growth and risk profile of the banks should generated considerable interest in the growth and implementation of diverse kinds of strategies. For Kenya commercial banks, banking through internet has emerged as a strategic resource for achieving higher efficiency both for clients and the banks, control of operations and reduction of cost by replacing paper based or even the labor intensive methods with are usually associated with the automation processes that enhance higher productivity and profitability .

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter provides the study summary, conclusions, and recommendations based on the research study objectives

5.2 Summary

The research objective of this study was to determine the influence of E-banking strategy on performance of Commercial Banks in Kenya. The study adopted a descriptive research survey design. The population of the study was composed of 43 Kenya commercial banks. Data for this study was collected using structured questionnaires. For this study, descriptive statistics was used to analyze data which was presented using frequencies tables and percentage distribution tables, and mean. Inferential statistics included correlation, regression analysis and ANOVA.

The study found that e- banking infrastructure strategy had a strong positive relationship with banks performance, $r (0.577); p \leq (0.05)$. The relationship was statistically significant. Similarly, the study also found that e-banking efficiency strategy had a strong positive relationship with the banks performance, $r (0.759), p \leq (0.05)$. The relationship was statistically significant. The study also found that e- banking quality strategy had a weak positive relationship with banks performance, $r (0.397), p \leq (0.05)$. Finally, the findings of this study have revealed that e-banking strategies are extremely important to commercial

banks performance. The study has demonstrated that 71.2% of variability in e-banking strategies (Online Banking, ATM Infrastructure, Mobile banking) is attributable to Kenya Commercial banks performance.

5.3 Conclusion

This study concludes that there exists a strong positive relationship between e-banking strategies and banks performance, $R (0.795); P \leq 0.50$. All the variables for the study were statistically significant. Gaech (2007) had argued that e-banking strategies were important because they offer banks opportunities to enhance performance; this study confirms Gaels assertion and concludes that commercial banks should ensure that e-banking infrastructure strategies which includes internet channels for services delivery, banking debit cards, Automated Teller Machines (ATMs) and even telephone banking are in place to enhance performance. It is necessary that these channels of distribution are innovative enough to enhance client's assimilation.

Davenport (2003), Oshikoya (2007) and Jean-Azam (2006) on the other hand argue that E-banking platforms and strategies required complementary skills in human capital, ICT training, organizational structure integration, and innovation. Since, this study has found that e-banking strategies are significant to banking performance, the study concludes that commercial banks should enhance complementary skills in human capital, ICT training, organizational structure integration, and innovation so as to enable the banks to draw maximum output and utility out of the strategies.

Further, the study concludes that since e-banking innovations can be costly in the short term, commercial banks should develop long term holistic organizational strategies that deal with cost implications of e-banking. This will ensure that integration is seamless and doesn't affect other operational aspects of the bank as a result of e-banking costings. Therefore banks should seek to gain transformative long lasting e-banking strategies, rather than short term industry technologies. This will ensure commercial banks have competitive advantage over other players in the market. Finally the study concludes that electronic banking has made banking transaction to be easier by bringing services closer to its customers hence improving banking industry performance

5.4 Recommendations for policy and practice

This study found that e-banking infrastructure strategy had a strong positive relationship with banks performance, $r (0.577)$; $p \leq (0.05)$. For commercial bank managers, the study recommends that management should invest more in e-banking infrastructure like ATMs in areas that are easily accessible to clients. Equally, Management should invest in e-banking delivery channels like telephone banking, internet banking, WhatsApp application banking through mobile phones, short code passwords for instant access to bank accounts via mobile phones among others.

Stakeholder main concern is the profitability therefore investors should invest more funds towards the development of a more robust e-banking infrastructure, particularly high bandwidth internet or fiber link internet connections that will aid the wide spread of e-banking services from towns to rural communities in Kenya. Just as M-Pesa has had a great

success in reaching even the rural communities, structured, and accessible e-banking platforms powered by good internet connection will fast track this process.

On policy front, the study recommends that Central bank of Kenya, who is the regulator and enforcer of banking policy to expand the scope of e-banking strategies so as to ensure that innovative ideas and strategies are not locked out of the banking sector as the study has proved that e-banking strategies actually enhances performance. For instance the e-banking efficiency strategy had a strong positive relationship with the banks performance, $r(0.759)$, $p \leq (0.05)$. This means that should the policy on e-banking be made more innovating, there is more possibility for enhanced performance. The Companies Act, the Banking Act, the Central Bank of Kenya Act (2012) should be reviewed in the light of charging, and highly technologized finance system so as to allow banks to develop more e-banking products and strategies that enhance performance.

5.5 Implication for Theory

On Contingency Theory used in this study was based on the premise that organizational processes and outcomes, depends on a “goodness of fit” between organizational internal structure, systems and processes to external environment in which the business operates. The organizational structure has to fit the contingencies that enable decisions like selection of e-banking strategy and how it fits within the banks financial performance model. This study has confirmed that that internal goodness of fit between overall strategy, e-banking infrastructure, e-banking effectiveness, all contributed to commercial banks performance. Therefore banks should make concerted efforts to ensure that organizational contingencies fit in with performance strategies for e-banking.

According to Industrial Organization Economics Theory, organizational characteristics to compete in a given industry where there are competitors; organizations should develop strategies that influence the market structure in their favor. This helps organizations to perform above average. This study confirm that Industrial Organization Economics Theory should be taken seriously by management by ensuring that e-banking strategies are not done in isolation but in line with overall market growth strategies, human capital strategies and organizational specific variables can enhance competitive advantage over competitors. In the banking industry, e-banking strategies that are specific to particular commercial banks can enhance competitive advantage that enables a bank to perform at higher levels compared to those who don't have. Therefore commercial bank management should ensure they have enhanced technology, quality of work, efficiency in delivery of services as part enhancing industrial economies that will enhance their performance

On Systems Theory, the intertwined and interdisciplinary nature of organizational systems, makes it impossible for e-banking strategies to operate in isolation. Bank managers should develop goals for enhancing organizational cohesion, connectedness, and so as to enhance performance. Equally, banks should utilize open system theory as a viable system model to solidify organizational operational efficiencies, since they will be able to understand changes in their environment that necessitates a change in e-banking strategies, or shift in banking strategies as a whole.

5.6 Limitations of the Study

The study was limited only to the 43 registered commercial banks operating in Kenya according to Central banks data as at 30th July 2015 and each had only one questionnaire filled. More questionnaires could have been administered to more than one employee in the various departments to get more detailed data. Only headquarters for the 43 banks situated in Nairobi were utilized due to lack of recourses and limited time while most banks had more than 5 branches located in various parts of the country. This study is also limited to the views, opinions and insights of the managers and departmental heads within the 43 commercial banks operating in Kenya, other employees may have different views from what was stated. The study was limited to financial performance based on ROA, ROE, and NPM. These are not the only measures that are used in determining the performance of an organization.

5.7 Suggestions for Further Research

To ensure that the future studies are more comprehensive when focusing on e-banking strategies, researchers and academicians should incorporate a more holistic measure of performance rather than just financial measures of ROA, ROE and NPM. Performance can be measured also in terms of employee satisfaction, number of new clients to the banks, the new market share the banks have acquired among others. Therefore it is important that successive studies should consider non finance measures in addition to finance measures. Secondly, since this study was based on the views and opinions of managers within the 43 commercial banks, the findings might be biased based on management views. To ensure this bias is eliminated, further study should ensure that other stakeholders like employees,

board of directors, and other investors take part in the study. This will give a more solid and comprehensive findings on the impact of e-banking strategies on banks performance.

This study had limitation in times of time and financial resources, and therefore was limited to Nairobi regional offices only. Future studies should consider conducting a more representative survey that ensures that all commercial banks branches have an equal chance of being sampled. That way, regional balance is enhanced, and findings will be more applicable even to marginalized areas. This is also to ensure that stakeholders accept the findings, since they were adequately represented.

Finally, only 71.2% of variability in e-banking strategies (Online Banking, ATM Infrastructure, Mobile banking) for this study was attributable to performance of Commercial banks in Kenya. About twenty eight percent (28.8%) of factors that contribute to e-banking strategies and banks performance were not covered in this study. Future researchers should consider expanding their study beyond factors considered in this study. This will ensure that comprehensive data and information is available to banks for strategic planning and for enhancing performance.

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and profitability: A study of commercial bank of Ceylon LTD Srilanka*. Annals of
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APPENDICES

Appendix I: Introductory Letter

**KINOTI FAITH KAGENDO
C/O University of Nairobi,
P.O Box 30197-00100,
Nairobi.
Kenya.**

TO WHOM IT MAY CONCERN

Dear Respondent,

REF: MBA RESEARCH STUDY

I am a student pursuing a Masters degree in Business Administration at the University of Nairobi. In partial fulfillment of the requirements to the award of the Masters degree, I am required to carry out a study on “Electronic banking strategy and Performance of Commercial Banks in Kenya”

The choice is based on your strategic importance in the achievement of organizational goals hence improved performance of the company in terms of efficiency and effectiveness. I kindly request your assistance by availing time to respond to the questionnaire. A copy of the final report will be made available to you at your request. The information given will be treated with utmost confidentiality for the purpose of this study only. Your assistance will be highly appreciated.

Thank you in advance.

KINOTI FAITH KAGENDO

Appendix: II Questionnaire

E-BANKING STRATEGIES ON PERFORMANCE OF COMMERCIAL BANKS IN KENYA

Appendix II: Questionnaire

SECTION A: Organizational Demographics

Please supply the required data by filling in the blanks where space is provided or by ticking [√] against the most appropriate answer.

I respondents name..... [Optional]

SECTION 1: BACKGROUND INFORMATION

1. Position held at the bank.....

2. Highest level of education

- a) Secondary level
- b) College level
- c) University level
- d) Post graduate level

3. Number of years in current employment at the bank

- a) Less than one year
- b). 1 to 2 year
- c). 3 to 5 years
- d). More than 5 years

4. Does your Bank have E-banking Platforms? If yes which ones?

5. When did your bank start operation E-Banking Platforms?

- a). Less than one year
- b). 1 to 2 year
- c). 5 year
- d). More than 5 years

SECTION B: E-BANKING STRATEGIES

6. What are the types of E-Banking strategies your bank uses?

- a) Secured online Banking none reusable passwords
- b) Partnerships with Point of sales for online transactions
- c) Use of Tokens for online withdrawals/transfers
- d) One stop shop for EFT/SWIFT/RTGs internal at no cost
- e) Interactive Chats with clients on financial services
- f) Enhancing ICT infrastructure for Nationwide Transactions
- g) Online Customer care centers 24/7

SECTION C: PERFORMANCE

Kindly fill in the following table with necessary data.

Statements	Not at all	Less	Moderate	Large	Very large extent
7. All clients use internet banking					
8. You offer quick online Support					
9. You have enough infrastructure to support e banking services					
10. E-banking has enhanced banks performance					
11. Overall e-banking services are efficient to client use					
12. Your bank offers quality services					
13. You offer constant online customer services					
14. Your response time to clients queries is instant					
15. Quality services have made your bank highly competitive					
16. Quality in e-banking has enhanced banks performance					
17. Has use of E banking improved the bank processes					

Appendix: III List of commercial banks in Kenya

LIST OF COMMERCIAL BANKS IN KENYA

African Banking Corporation Ltd. Postal Address: P.O Box 46452-00100, Nairobi Telephone: +254-20- 4263000, 2223922, 22251540/1, 217856/7/8. Fax: +254-20-2222437 Email: headoffice@abcthebank.com

Website: <http://www.abcthebank.com> Physical Address: ABC Bank House, Mezzanine Floor, Koinange Street. Date Licensed: 5/1/1984 Peer Group: Small Branches: 10
Bank of Africa Kenya Ltd.

Postal Address: P. O. Box 69562-00400 Nairobi Telephone: +254-20- 3275000, 2211175, 3275200 Fax: +254-20-2211477 Email: headoffice@boakenya.com
Website: www.boakenya.com Physical Address: Re-Insurance Plaza, Ground Floor, Taifa Rd.
Date Licenced: 1980 Peer Group: Medium Branches: 18

Bank of Baroda (K) Ltd. Postal Address: P. O Box 30033 – 00100 Nairobi Telephone: +254-20-2248402/12, 2226416, 2220575, 2227869 Fax: +254-20-316070 Email: ho.kenya@bankofbaroda.com
Website: www.bankofbarodakenya.com Physical Address: Baroda House, Koinange Street
Date Licenced: 7/1/1953 Peer Group: Medium Branches: 11

Bank of India Postal Address: P. O. Box 30246 - 00100 Nairobi Telephone: +254-20-2221414 /5 /6 /7, 0734636737, 0720306707 Fax: +254-20-2221417 Email: cekenya@boikenya.com
Website: www.bankofindia.com Physical Address: Bank of India Building, Kenyatta Avenue.
Date Licenced: 6/5/1953 Peer Group: Medium Branches: 5

Barclays Bank of Kenya Ltd. Postal Address: P. O. Box 30120 – 00100, Nairobi Telephone: +254-20- 3267000, 313365/9, 2241264-9, 313405, Fax: +254-20-2213915 Email: barclays.kenya@barclays.com

Website: www.barclayskenya.co.ke Physical Address: Barclays Plaza, Loita Street. Date Licenced: 6/5/1953 Peer Group: Large Branches: 103 , Sales Centers - 12

CFC Stanbic Bank Ltd. Postal Address: P. O. Box 72833 - 00200 Nairobi Telephone: +254-20-3638000. /11 /17 /18 /20 /21, 3268000, 0711-0688000 Fax: +254-20-3752901/7 Email: cfcstanbic@stanbic.com

Website: <http://www.cfcstanbicbank.co.ke> Physical Address: CFC Centre, Chiromo Road, Westlands Date Licensed: 5/14/1955 Peer Group: Large Branches: 20

Charterhouse Bank Ltd UNDER - STATUTORY MANAGEMENT Postal Address: P. O. Box 43252 Nairobi Telephone: +254-20-2242246 /7 /8 /53 Fax: +254-20-2219058, 2223060, 2242248 Email: info@charterhouse-bank.com Website: Physical Address: Longonot Place, 6th Floor, Kijabe Street. Date Licensed: 11/11/1996 Peer Group: Small Branches: 10

Chase Bank (K) Ltd. Postal Address: P. O. Box 66015-00800 Nairobi Telephone: +254-20-2774000, 2244035, 2245611, 2252783, 0727-531175, 0736-432025 Fax: +254-20-4454816/4454800-10 Email: info@chasebank.co.ke

Website: <http://www.chasebankkenya.co.ke> Physical Address: Riverside Mews, Riverside Drive. Date Licenced: 4/1/1991 Peer Group: Medium Branches: 18

Citibank N.A Kenya Postal Address: P. O. Box 30711 - 00100 Nairobi

Telephone: +254-20- 2754000. 2711221 Fax: +254-20-2714810/1 Email: Kenya.citiservice@citi.com

Website: <http://www.citibank.co.ke> Physical Address: Citibank House, Upper Hill Road. Date Licenced: 7/1/1974 Peer Group: Medium Branches: 4

Commercial Bank of Africa Ltd. Postal Address: P.O. Box 30437– 00100, Nairobi Telephone: +254-20-2884000, 2734555, 0711056222-15 Fax: +254-20-2734599 Email: iquiries@cba.co.ke

Website: www.cba.co.ke Physical Address: CBA Building, Mara/Ragati Road, Upper Hill Date Licenced: 1/1/1967 Peer Group: Medium Branches: 20

Consolidated Bank of Kenya Ltd. Postal Address: P. O. Box 51133 - 00200, Nairobi
Telephone: +254-20-340208/340836,340551, 340298, 340747,340298,211950,0722-999177
Fax: +254-20-340213 Email: headoffice@consolidated-bank.com
Website: www.consolidated-bank.com Physical Address: Consolidated Bank House, 6th
Floor, Koinange Street. Date Licenced: 12/18/1989 Peer Group: Small Branches: 14

Co-operative Bank of Kenya Ltd. Postal Address: P. O. Box 48231 - 00100 Nairobi
Telephone: +254-20-3276000, 0711-049000 Fax: +254-20-2245506 Email: md@co-
opbank.co.ke
Website: www.co-opbank.co.ke Physical Address: Co-operative House, 4th Floor Annex,
Haile Selassie Avenue. Date Licenced: 1/1/1965 Peer Group: Large Branches: 87

Credit Bank Ltd. Postal Address: P. O. Box 61064-00200 Nairobi Telephone: +254-20-
2222300/ 2220789/ 2220789/ 2222317, 0728607701, 0738222300 Fax: +254-20-2216700
Email: info@creditbankltd.co.ke
Website: www.ceditbank.co.ke Physical Address: Mercantile House, Ground Floor, Koinange
Street Date Licenced: 5/14/1986 Peer Group: Small Branches: 7

Development Bank of Kenya Ltd. Postal Address: P. O. Box 30483 - 00100, Nairobi
Telephone: +254-20-340401 /2 /3, 340416, 2251082, 340198 Fax: +254-20-2250399 Email:
dbk@devbank.com
Website: www.devbank.com Physical Address: Finance House, 16th Floor, Loita Street. Date
Licenced: 1/1/1973 Peer Group: Small Branches: 3

Diamond Trust Bank Kenya Ltd. Postal Address: P. O. Box 61711 – 00200, Nairobi
Telephone: +254-20-2849000, 2210988/9 Fax: +254-20-2245495
Website: <http://www.diamondtrust-bank.com> Physical Address: Nation Centre, 8th Floor,
Kimathi Street. Date Licenced: 1/1/1946 Peer Group: Medium Branches: 36

Dubai Bank Kenya Ltd. Postal Address: P. O. Box 11129 – 00400, Nairobi Telephone: +254-20-311109 /14 /23 /24 /32 Fax: +254-20-2245242 Email: info@dubaibank-kenya.co.ke Website: www.dubaibank.co.ke Physical Address: I.C.E.A. Building, Ground Floor, Kenyatta Avenue. Date Licenced: 1/1/1982 Peer Group: Small Branches: 5

Ecobank Kenya Ltd Postal Address: P. O Box 49584- 00100 Nairobi Telephone: +254-20-2883000, 2249633 /4, 0722-204863 Fax: +254-20-2883304 Email: info@ecobank.com

Website: www.ecobank.com

Physical Address: Ecobank Towers, Muindi Mbingu Street.

Date Licenced: 01/11/2005 Peer Group: Medium Branches: 20

Equatorial Commercial Bank Ltd. Postal Address: P. O. Box 52467-00200 Nairobi Telephone: +254-20- 4981000, 4981202, 4981301, 4981405, 0713600724, 0733333780 Fax: +254-20-2712625 Email: customerservice@ecb.co.ke

Website: www.equatorialbank.co.ke Physical Address: Equatorial Commercial Bank Centre, Nyerere Road. Date Licenced: 12/20/1995 Peer Group: Small Branches: 12

Equity Bank Ltd. Postal Address: P. O. Box 75104-00200, Nairobi Telephone: +254-20-2262000 Fax: +254-20-2711439 Email: info@equitybank.co.ke Website: http://www.equitybank.co.ke Physical Address: Equity Centre,9th Floor, Hospital Road, Upper Hill Date Licenced: 28/12/2004 Peer Group: Large Branches: 123

Family Bank Limited

Postal Address: P. O. Box 74145-00200 Nairobi Telephone: +254-020- 318173, 318940/2/7, 2244166, 2240601, 0736-698300, 0720-098309 Fax: +254-020- 318174 Email: info@familybank.co.ke

Website: www.familybank.co.ke Physical Address: Four Ways Towers. 6th Floor, Muindi Mbingu Street Date Licenced: 1984 Peer Group: Medium Branches: 52

Fidelity Commercial Bank Ltd

Postal Address: P. O. Box 34886-00100 Nairobi Telephone: +254-20-2242348, 2244187, 2245369,2220845,Fax:+254-20-2243389/224537Email: customerservice@fidelitybank.co.ke

Physical Address: I.P.S Building, 7th Floor, Kimathi Street. Date Licenced: 6/1/1992 Peer Group: Small, Branches: 7

Fina Bank Ltd Postal Address: P. O. Box 20613 – 00200, Nairobi Telephone: +254-20-3284000, 2246943, 2253153, 2247113, 2253040, 0722-202929 Fax: +254-20-2247164/2229696, 342024 Email: banking@finabank.com

Website: www.finabank.com Physical Address: Fina House. Kimathi Street. Date Licenced: 1/1/1986 Peer Group: Small Branches: 15

First community Bank Limited Postal Address: P. O. Box 26219-00100., Nairobi Telephone: +254-20-2843000 -3, 0726-736833, 0738-407521 Fax: +254-20-344101 Email: info@fcb.co.ke

Website: www.firstcommunitybak.co.ke Physical Address: Prudential Assurance Building, 1st Floor, Wabera Street Date Licenced: 29.04.2008 Peer Group: Small Branches: 18

Giro Commercial Bank Ltd. Postal Address: P.O. Box 46739 – 00200, Nairobi Telephone: +254-20-340537, 310350, 2216005, 2217777 /6, 340544, 0722823684, 0733999044 , Fax: +254-20-2210679 Email: girobank@girobankltd.com Website: Physical Address: Giro House, Kimathi Street. Date Licenced: 12/17/1992 Peer Group: Small Branches: 7

Guardian Bank Ltd Postal Address: P. O. Box 67681 – 00200, Nairobi Telephone: +254-020-2226771, 2226774, 2226341, 222483, 0722-282213, 0722938629, 0733-888060 Fax: +254-020 -2216633 Email: biashara@guardian-bank.com, headoffice@guardian-bank.com

Website: www.guardian-bank.com Physical Address: Guardian Centre, Biashara Street Date Licenced: 12/17/1992 Peer Group: Medium Branches: 7

Gulf African Bank Limited Postal Address: P. O. Box 43683 – 00100, Nairobi Telephone: +254-20-2740000, 2718608/9, 2740111 Fax: +254-20-2715655 Email: info@gulfafricanbank.com

Website: www.gulfafricanbank.com Physical Address: Gemina Insurance Plaza, Kilimanjaro Avenue, Upper Hill Date Licenced: 1/11/2007 Peer Group: Small Branches: 15

Habib Bank A.G Zurich Postal Address: P. O. Box 30584 - 00100 Nairobi Telephone: +254-20-341172/76/77, 340835, 310694 Fax: +254-20-2217004 /2218699 Email: habibbank@wananchi.com Website: Physical Address: Habib House, Koinange Street. Date Licenced: 1/7/1978 Peer Group: Small Branches: 5

Habib Bank Ltd. Postal Address: P. O. Box 43157 – 00100, Nairobi Telephone: +254-20-2226433, 2222786, 2226406/7, 2218176 Fax: +254-20-2214636 /2214636 Email: hblro@hblafrika.com Website: www.hbl.com Physical Address: Exchange Building, Koinange Street. Date Licenced: 2/3/1956 Peer Group: Small Branches : 4

Imperial Bank Ltd Postal Address: P. O. Box 44905 – 00100, Nairobi Telephone: +254-20-2874000, 343416 /12/17/18/19/94, 342373, 2719617 /8 /9 Fax: +254-20-2719705/2719652, 342374, 2719498 Email: info@imperialbank.co.ke Website: www.imperialbank.co.ke Physical Address: Imperial Bank House, Bunyala Road, Upper Hill Date Licenced: 1/11/1992 Peer Group: Medium Branches: 16

I & M Bank Ltd

Postal Address: P.O. Box 30238 – 00100, Nairobi Telephone: +254-20-310105, 2711994-8, 3221200/2 Fax: +254-20-2713757/ 2716372 Email: invest@imbank.co.ke Website: <http://www.imbank.com> Physical Address: I & M Bank House, 2nd Ngong Avenue. Date Licenced: 1/1/1974 Peer Group: Medium Branches: 19

Jamii Bora Bank Limited. Postal Address: P. O. Box 22741 – 00400, Nairobi Telephone: +254-20- 2224238/9, 2214976, 2219626, 2210338/9, 0722-201112 Fax: +254-20-341825/2245223/2214534 Email: info@jamiiborabank.co.ke Website: <http://www.jamiiborabank.co.ke> Physical Address: Jamii Bora House, Koinange Street. Date Licenced: 9/10/1984 Peer Group: Small Branches: 1

Kenya Commercial Bank Ltd Postal Address: P. O. Box 48400 – 00100, Nairobi Telephone: +254-20-3270000, 2851000, 2852000, 250802 Fax: +254-20-2242408 Email: kcbhq@kcb.co.ke

Website: www.kcbbankgroup.com Physical Address: Kencom House, 8th Floor, Moi Avenue. Date Licenced: 1/1/1896 Peer Group: Large Branches: 165

K-Rep Bank Ltd Postal Address: P. O. Box 25363 – 00603, Nairobi Telephone: +254-20-3906000-7, 3873169, 3568996/7, 0711058000-7, 0732-058000-7 Fax: +254-20-3568995 Email: registry@k-repbank.com

Website: www.k-repbank.com Physical Address: K-Rep Centre, Wood Avenue, Kilimani Date Licenced: 3/25/1999 Peer Group: Small Branches: 31

Middle East Bank (K) Ltd Postal Address: P. O. Box 47387 - 0100 Nairobi Telephone: +254-20-2723120/24, 2722879, 2723124, 2723130, 0722-205903' 0733-333441 Fax: +254-20-343776 / 2256901

Email: ho@mebkenya.com

Website: www.mebkenya.com Physical Address: Mebank Tower, Milimani Road. Date Licenced: 10/1/1980 Peer Group: Small Branches: 3

National Bank of Kenya Ltd Postal Address: P. O. Box 72866 - 00200 Nairobi Telephone: +254-20-2828000, 2226471, 0711-038000, 0735-995050-4 Fax: +254-20-311444/2223044 Email: info@nationalbank.co.ke

Website: www.nationalbank.co.ke Physical Address: National Bank Building, 2nd Floor, Harambee Avenue. Date Licenced: 1/1/1968 Peer Group: Medium Branches: 54

NIC Bank Ltd Postal Address: P. O. Box 44599 - 00100 Nairobi Telephone: +254-20-2888000, 2888600, 4849000, 0722203885 /6 /7, 0711041000 Fax: +254-20-2888505/13 Email: info@nic-bank.com

Website: <http://www.nic-bank.com> Physical Address: N.I.C House, Masaba Road, Upper Hill Date Licenced: 9/17/1959 Peer Group: Medium Branches: 16

Oriental Commercial Bank Ltd Postal Address: P.O BOX 14357-00800, Nairobi Telephone: +254-20-3743278/87, 3743289/98, 0714611466, 0733610410 Fax: +254-20-3743270 Email: info@orientalbank.co.ke

Website: www.orientalbank.co.ke Physical Address: Apollo Centre, 2nd Floor, Ring Road, Westlands. Date Licenced: 8/2/1991 Peer Group: Small Branches: 6

Paramount Universal Bank Ltd Postal Address: P. O. Box 14001 -00800 Nairobi Telephone: +254-20-4449266/7/8, 446106 /7, 4443896, 445722,4446507, 4445722, 4441528 Fax: +254-20-449265 Email: info@paramountbank.co.ke

Website: www.paramountbank.co.ke Physical Address: Sound Plaza Building, 4th Floor, Woodvale Grove, Westlands Date Licenced: 10/1/1993 Peer Group: Small Branches: 6

Prime Bank Ltd Postal Address: P. O. Box 43825 – 00100, Nairobi Telephone: +254-20-4203000 Fax: +254-20-4451247 Email: headoffice@primebank.co.ke

Website: www.primebankkenya.com Physical Address: Prime Bank Building, Chiromo Lane/Riverside Drive Junction, Westlands Date Licenced: 3/1/1992 Peer Group: Medium Branches: 14

Standard Chartered Bank Kenya Ltd Postal Address: P. O. Box 30003 - 00100 Nairobi Telephone: +254-20-3293000, 3293900 Fax: +254-20-3747880 Email: Talk-Us@sc.com

Website: www.standardchartered.com Physical Address: Standard Chartered Building, Westlands Road, Chiromo Lane, Westlands Date Licenced: 10/1/1910 Peer Group: Large Branches: 33

Trans-National Bank Ltd Postal Address: P. O. Box 34353 - 00100 Nairobi Telephone: +254-20-2252216/19, 2224234-6, 2210335, 2252188/90/91, 0720081772, 0733505656 Fax: +254-20-2252225 Email: info@tnbl.co.ke

Website: www.tnbl.co.ke Physical Address: Transnational Plaza, City Hall Way. Date Licenced: 8/1/1985 Peer Group: Small Branches: 18

UBA Kenya Bank Limited Postal Address: P. O. Box 34154 - 00100 Nairobi Telephone: +254-020- 3612000 /1 / 2, 3740814 Fax: +: +254-020-3612049 Email: muyiwa.akinyemi@ubagroup.com

Website: www.ubagroup.com Physical Address: Apollo Centre, 1st Floor, Ring Road/Vale Close, Westlands Date Licenced: 24/09/2009 Peer Group: Small Branches: 4

Victoria Commercial Bank Ltd Postal Address: P. O. Box 41114 - 00100 Nairobi Telephone: +254-20-2719499, 2719815, 2710271, 2716108, 2719814 Fax: +254-20-2713778/2715857 Email: victoria@vicbank.com

Website: www.victoriabank.co.ke Physical Address: Victoria Towers, Mezzanine Floor, Kilimanjaro Avenue, Upper Hill Date Licenced: 6/1/1987 Peer Group: Small Branches: 3