

# **MOBILE BANKING AND FINANCIAL PERFORMANCE OF COMMERCIAL BANKS IN KENYA**

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## Abstract

*Commercial banks today face challenges that range from debt crises to extremely tight competition in the market. Customers are more knowledgeable than ever before and their impatience has considerably increased given tight the schedules that they operate in. They are always looking out for better and more convenient services in all aspects of life. With introduction of mobile services in the banking industry, the commercial banks are faced with the challenge of embracing the new technological advances in the industry or lose business. Mobile banking in Kenya has completely transformed the banking industry and any commercial bank operating in Kenya can only ignore that fact at its own peril. This study, therefore, aims to investigate the mobile banking effects on Commercial Banks financial performance in Kenya. The study took a descriptive survey design and it is driven by four objectives namely; determining the influence of m-banking services' cost on financial performance of commercial banks, assessing the effect m-banking system security on financial performance of commercial banks, establishing the relationship between speed of m-banking service and financial performance of commercial banks, and finding out the influence of skills required to use m-banking services on financial performance of commercial banks in Kenya. The population of the study was the 43 commercial banks in Kenya targeting all information technology managers/Directors of the commercial banks in their headquarters in Nairobi. Questionnaires were used for data collection in a drop and pick system. The collected data was analyzed using descriptive method with the help of a computer package; SPSS. Lastly, the analyzed data was presented using statistical methods such as pie charts and bar graphs. From the findings and summary the study concludes that the prices of M-banking services had a high positive influence on the financial performance of commercial banks in Kenya. M-Banking helped to promote efficiency and confidence in the financial system thus winning public trust. The study also concludes that Security and Speed through M-banking had a positive impact on the financial performance of commercial banks in Kenya with many of the baking institution recording high amount of deposits and thus creation enough pool of for willing investors to borrow thus increased profits.*

Keywords: Mobile banking, financial performance, M-Pesa

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