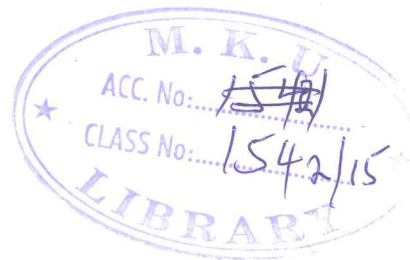


**THE IMPACT OF E-BANKING ON THE PROFITABILITY OF  
BANKS  
(A CASE OF EQUITY BANK LIMITED)**



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## ABSTRACT

The penetration of internet has opened new horizons and scenarios for the retail banking industry. The retail banks are now providing their products and services through the electronic medium; e-banking. E-banking is considered to have a substantial impact on banks' performance. This study examined the impact of e-banking on the profitability of equity bank, in particular. The study was qualitative in nature and examined different objectives which determine the performance of banks mainly in terms of profitability. It also discussed the basic motive of banks to adopt e-banking services. The paper determined the impact of electronic banking on banks' profitability; whether it enables the banks to meet their costs and earn profits even in the short span of time. The illiteracy of customers was not regarded as a major impediment in provision of their products and services.

The study used case study research design, where the target population of 100 respondents was divided into strata. The population of the study was the managers, corporate level personnel and business clerks in Equity Bank Limited, Upper hill. Stratified random sampling technique was used to sample the population. From each stratum the researcher drew 60% respondents to form the sample of 60 respondents from which the data was collected. Questionnaires were used to collect the data, which was analyzed quantitatively and qualitatively. The data was presented in graphs and charts.

The findings of the study showed that use of Electronic Banking mediums i.e. bank cards, point of sale, internet banking & mobile banking has greatly improved bank's performance in terms of profitability. However, the importance of service delivery & its impact on customer satisfaction customer retention, sales or revenue, market share, profit and corporate image of the bank should not be overlooked.

The study recommends that banks should organize public exhibitions and talk shows and make products accessible to all customers. Banks should also use right technology in order to achieve their goals. Regulatory authorities like Central Bank of Kenya must stipulate standards for the banks to follow to avoid making Kenyan banking sector a dumping ground for the outdated technological infrastructure.