

**THE IMPACT OF MOBILE BANKING IN THE PERFORMANCE OF  
COMMERCIAL BANKS**

**A CASE OF EQUITY BANK LIMITED**

**BCOM/09/213/1413**

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**A Research project Submitted to the school of business and  
economics in partial fulfillment of the award of degree in  
bachelor of commerce of Mt. Kenya University.**

**OCTOBER 2015**

## ABSTRACT

Commercial banks have been steadily introducing a host of modern customer friendly services including mobile banking and internet banking. As a result, banks stand the chance to gain from improved competitive advantage and maintenance of customer loyalty, as well as increasing market share as a result of introduction of such facilities.

The main objective of the study was to determine the effect of internet and mobile banking on the financial performance of commercial banks in Kenya. The study was backed by literature review on mobile and internet banking and the commercial banking sector in Kenya. It used secondary data collected from the audited financial statements of the sample of forty (43) commercial banks. The data collected was analyzed qualitatively and quantitatively. The study found out that there is a significant relationship between financial performance of the commercial banks and internet and mobile banking income. This may have been as a result of increased internet and mobile banking transactions following the increased development of internet and mobile banking products by the local commercial banks and the increase in the number of people using the technology.

The study may be used by banks that are yet to implement mobile and information technology in their activities and to banks who are already involved but do not provide all the digital delivery channels for banking products and services. It will also be of importance to policy makers and government regulators as it would provide an opportunity to understand the issues and constraints that might affect the development of the internet and mobile banking sector in Kenya.

The evidence established by this study shows that mobile and internet banking impacts positively on the profitability of commercial banks and the study recommends that banks invest heavily in technological innovations that would enhance their customers continuously use mobile and internet banking. The study also recommends that policy makers observe and control developments of internet and mobile banking to ensure that policy makers do not lose their important and significant regulatory role in their development.