

INFLUENCE OF ONLINE BANKING ON FINANCIAL PERFORMANCE OF BANKS

IN KENYA: A CASE OF KENYA COMMERCIAL BANK

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DECLARATION

DECLARATION

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

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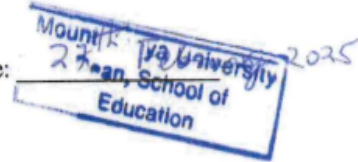
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ABSTRACT

Customers of banks and other financial institutions can conduct a range of financial activities using web-based technologies through online banking, commonly referred to as virtual banking. The primary goal of this study is to evaluate the effect of online banking on Kenyan commercial banks' financial performance using the Kenya Commercial Bank as the case study. The specific goals of the study include, evaluating the influence of online cash management; Online payment of bills; Online account management and international funds transfer on financial returns of KCB Bank in Kenya. The target population will comprise of 126 management staff across different cadres at KCB bank. Sample size of 95 respondents will be used representing the targeted staff of the bank. Questionnaire are used to collect data and the data is cleaned, processed and analyzed using statistical analysis software of (SPSS) version 26. The survey had a good response rate of 93.7% of the 95 questionnaires that were distributed. The majority of the staff who participated in the survey were male (55.06%) while the minority were female (44.97%). The study also showed that age bracket 36-44yrs are majority (39.33%) while age bracket 18-26yrs are the minority. Employees with Bachelor's Degree are the majority (49.44) and middle management job description had the greatest (43.84%) number of employees. Normality test is done and all the variables are normally distributed. Regression analysis is done and the results show that Online banking has a positive influence on the financial performance of Kenya Commercial Bank. The survey established that Online banking accounts for 14% of the financial performance of KCB. However, including the mediating variable; Economic performance, online banking accounts for 32% on the financial performance. The research recommends that local and foreign commercial banks concentrate on using evolving technologies designed to facilitate online banking in order to fulfill their objectives. The Kenya Commercial Bank should improve strategies that boost economic performance such as creating adequate and equal job opportunities, generating revenue for the country, looking for international investors and supporting the government agendas. Implementing these strategies would help the bank improve its financial performance.

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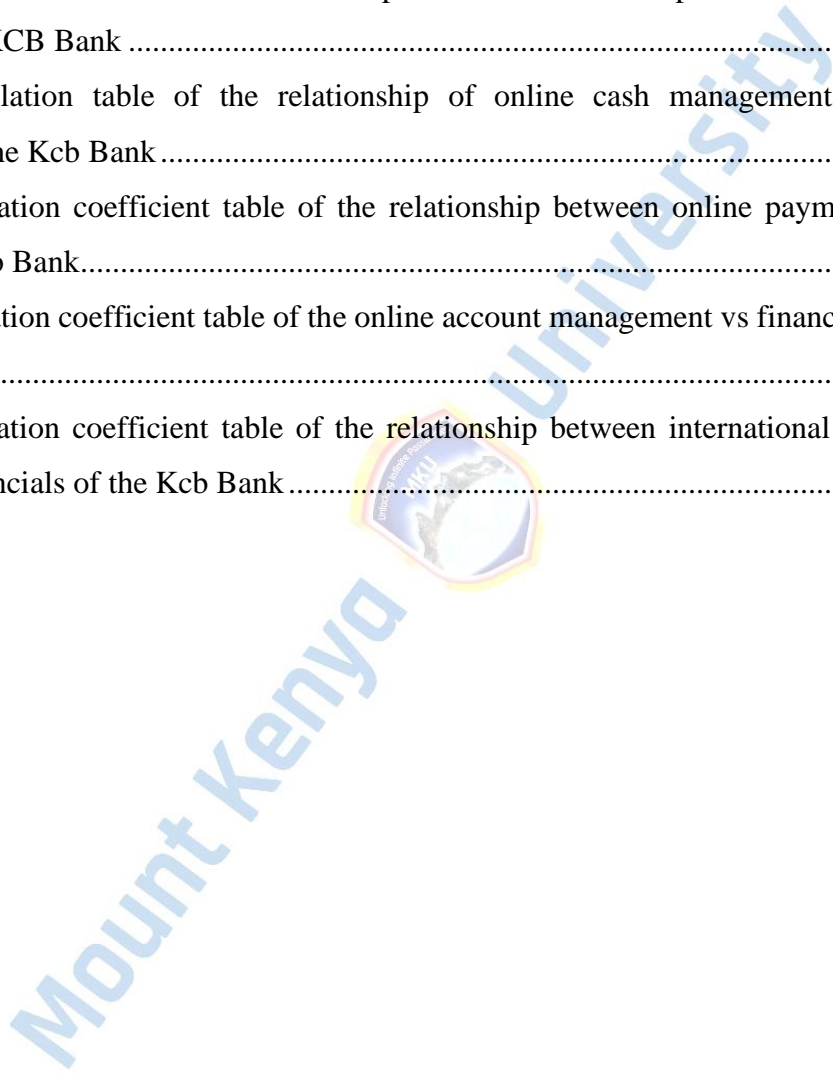
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ABBREVIATIONS AND ACRONYMS

ATM	:	Automatic Teller Machine
CCK	:	Communication Commission of Kenya
CRA	:	Community Reinvestment Act
DTA	:	Debt-to-Asset
KBA	:	Kenya Bankers Association
MNO	:	Mobile Network Operators
MFI	:	Micro Finance Institution
MMT	:	Mobile Money Transfer
RTC	:	Rural Transaction Center
ROA	:	Return on Assets
ROE	:	Return on Equity
KCB	:	Kenya Commercial Bank
SWIFT	:	Society for Worldwide Interbank Financial Teleconnection
KENEX	:	Kenya Commerce Exchange Service Bureau Limited
OPM	:	Operation profit Margin
EA	:	Executive Assistant
SACCOs	:	Saving and Credit Cooperative
CAMEL	:	Capital Adequacy Asset Quality Management Earning Liquidity
ANOVA	:	Analysis of Variance

CHAPTER ONE

INTRODUCTION

This chapter introduces the problem by contextualizing the problem, highlighting the background, spelling out the study scope, stating the study assumptions and the study structure.

1.1 Background of the study

Commercial Banks are operating in very complex environment due to technological advancements, and the increased need to offer services electronically. Online banking has been appreciated and adopted by many countries including the United States and Europe. Developing countries are also in the forefront in adopting Online banking.

According to Ekart et al. (2021), promoting economic empowerment for excluded populations through increased access to and use of formal financial services is an effective means for achieving equitable development ICT is at the heart of Kenya's worldwide transition model in the electronic banking system. Managers in Kenya's banking sector cannot disregard information systems because they have a significant effect on the current banking systems with most banks entire cash flow depending on. Geographical, demographic, and institutional barriers to financial inclusion have shown considerable promise to be overcome by the delivery of these services via internet platforms, particularly in Africa and spearheaded by Kenya's mobile banking revolution. Technological application to businesses to help them succeed has been around for a while. Online trading has several benefits, including lower operating costs, more sales opportunities, shorter lead times, and more personalized customer service (Khang, 2025).

As an e-commerce tool, online banking has extensively been accepted in modern banking sector. A successful online bank can offer its customers almost any service offered in a brick and mortar

branch set up, which include but not limited to deposits, interest payments on savings, and online bill payment system.

The distinction between online and electronic banking is explained by Sarma and Gupta (2023). Online banking, she says, is restricted to internet use, where electronic banking gives users an option to navigate through their accounts via automated teller machines. Customers may now use a telecommunication network or the internet to request information and conduct banking transactions which include but not limited to account balance checks, funds transfers between accounts and utility payments among other, without physically going to a branch set up. Internet banking is attracting the attention of players in the financial sector and other industry stakeholders. Belief that internet banking and payments will expand exponentially, comparatively in lockstep with the proliferation of internet commerce; industry predictions that online banking will result in banks cost reduction and increased revenues, and lead to customers appreciating online banking, these are just but a few of the reasons for Internet banking's popularity (Muinde Victor Mwendwa et al., 2024).

It's simple for customers to do their daily banking because of online banking. Banks that offer online banking have experienced substantial cost savings. Customers had to physically deposit cheques, make cash transactions, and withdraw cash at their branches. All this work was being performed by Bank tellers resulting to duplication of work and wastage of man hours. Due to the usage of online banking, all this has been eliminated (Ho et al., 2021). There are over 10,000 e-banking sites online right now. With the increasing rate of usage in developing countries like Kenya, developed countries have seen an increasing trend of online banking as well. Online banking has been the mainlined to Europe. However, on the other hand, the Kenyan e-commerce infrastructure is only just beginning to be developed. Thus, banking online is still in the early

phases of acceptance. Thus, the emphasis of the researcher is to explore the influence of online banking in banking sector.

1.1.1 Online Banking

Online banking is a process by which customers of financial institutions can initiate most of their financial transactions through the organization's website Irfan et al. (2024). A few decades ago, customers could only access banking services by physically visiting the bank's branch network. Customer access the online platform by registering and creating a unique password among other security credentials provided by the issuing bank. Typically, online banking authorizations are not the same as mobile banking credentials. Even if the customer doesn't want to use online banking, financial institutions routinely assign customer numbers regardless of that (Singh et al., 2024).

Although it may seem like client's unique numbers are the same as account numbers, this is not always the case. For example, one customer number can be associated with multiple customer accounts. Although financial institutions might restrict certain types of accounts, such as cheques, savings, loans, credit cards, and so on, customers can always link their accounts to their customer numbers. The customer navigates to the financial institution's secure website and logs using their previously created customer number and password. The activities that a customer may undertake on the online platform are determined by the respective bank, but they include and not limited to checking balances, mini statements, paying bills, and transferring funds between own and another's accounts. Additionally, there are banks that allow clients to download statements directly to their accounting software. Moreover, clients can order for cheque books, report credit card theft, cancel payments, advice for address change, and perform other day to day transactions (Singh et al., 2024).

The concept of online banking in its current form dates all the way back to 1980s. The emergence of online banking has completely changed how banks and companies throughout the world conduct business and offer their services. For the customer, it offered several advancements in services. (Sabi, 2014). Bank of America became the world's first bank to hit the three million customer mark for online banking. Online banking grew exponentially over the next decade, to the point where some banks existed solely online! The said financial institutions could offer lower interests, additional features, and additional services because they did not have to maintain brick and mortar bank buildings.

According to Wachira et al. (2021), online banking in Kenya started around year 2008 with I&M bank being the first to offer some of its services on an online platform when it was granted permission to adopt E-Commerce Internet system banking within EA. Since then, most banks have adopted the platform, with a particular emphasis on people living and working abroad. Currently, Kenya as a country has approximately over 30 banks that offer these services, all these are both SWIFT and KENEX members.

1.1.2 Financial Performance

Return On Assets is a company's ability to produce profits by using its primary business methodologies. This theory is frequently used to gauge the company's financial health, it is best deployed when associating companies in the same area of operation or by comparing a company to its own prior performance. To identify a group of useful financial performance metrics, the acronym CAMEL was coined. Capital Adequacy, Management, Earnings, Asset Quality, and Liquidity are the five components of financial situation that are assessed. The vulnerability of a

bank to market risk was added as a sixth factor in 1997. As a result, the acronym has been changed to CAMELS.

Financial performance metrics are used to assess how well and efficiently a company's financial and physical resources are used to generate value for its shareholders (Gkoutzinis,2019). The balanced scorecard, as proposed by some authors, is a system that combines four viewpoints: financial, internal business processes, customers and learning and development, to promote usage of financial and non-financial performance metrics. Three of the most important financial analysis indicators include: liquidity, solvency and profitability. Profitability refers to what a company is able to make by properly utilizing the factors of production namely capital, management and labor. This is the subjective measure of the company's capability to generate revenue from its primary operation mode. Profitability analysis is a function of revenues and expenses, and it can be employed to compare related companies in the same company or compare sectors or companies in aggregate (Wewege, 2019).

Four useful profitability ratios as well as steps are Return on Assets (ROA), Return on Equity (ROE), gross profit margin, as well as net income. ROA is commonly employed metric to determine profitability; when the figure is high the company is said to be more profitable. The ROE determines what owners will earn from their investments in the company. The two should be compared in order to understand if the company's profits are attributed to borrowed funds. The OPM denotes Performance ratio indicating markup profit a company generates from its operations before netting off taxes and interest charges. Net income is calculated by subtracting expenses incurred from total revenues generated, plus the net received on the sale of capital assets, which is taken directly from the income statement (Piotr Łasak, 2023)

The capability of a company to settle its monetary requirements when they become due with little or no strain on its day-to-day operations is referred to as liquidity and can be investigated both structurally as well as operationally. Moreover, structural liquidity is the balance sheet (liabilities and assets), whereas operating liquidity is the cash flow metrics. According to Quach, the ratio of borrowed capital used by a company to the owner's equity invested capital into the business is defined as solvency (2021). Solvency tests determine company's ability to meet all obligations if its assets were sold. Solvency measures also indicate how its long-term debt obligations and or commitments can be covered with its current earnings. With this a company or any other interested party is able to foresee the likelihood of the company defaulting on its loan obligations.

Current ratio and working capital are two recommended liquidity measures. The higher the value, the more cash available at the disposal of the company. Working capital measures the available funds to buy inputs as well as inventory pieces after all existing assets have been sold and all current liabilities have been settled (Zenios and colleagues, 2020). Three commonly financial ratios used to assess solvency include the equity ratio, debt to equity ratio, interest coverage ratio and debt to assets ratio. Total organization's liabilities are expressed as percentage of total company assets in DTA ratio. When the ratio is high, this means the business is more vulnerable. Equity to asset ratio shows amount of the company's assets funded internally. Debt-to-equity ratio indicates firm's capital structure and the degree to which debt and equity capital are merged.

1.1.3 Kenya Commercial Bank

KCB started operations in Mombasa in 1896, when its antecedent, National Bank of India, opened a branch. With the future expansion of the line to Uganda's head-quarter city, Nairobi, in mind, the bank decided to open a branch in that town in the year 1904. The Grindlays Bank amalgamated

with National Bank of UK during the course of the Kenyan independence, the government obtained control of a 60% stake in the National Bank in order to help provide financial services to the masses. At the beginning of the 1970s, the government owned 100% of the shares of the largest Kenyan commercial bank.

Because of Grindlays' elimination, Nairobi bank replaced the Royal Bank of Scotland. C&L established in 1972 as a federally chartered savings and loan institution to serve only the mortgage market. Later in 1997, Dar-Salah Abta, an offshoot, KCB (Tanzania) Limited, was established to serve the banking and cross-border trading needs of the Dar-es-Salaam market. May 2006 saw the introduction of traditional banking services into KCB's operations in southern Sudan, followed by Uganda in 2007, and then 2008. At its core, this organization's vision is Africa's only international financial solutions provider with a broad base of operations.

The federal government has gradually reduced its stake in the bank over the years. 26.2% of the share capital was converted into equity in year 2004, which added Ksh. 2.45 billion to bank's funds. Second Rights Issue had a further negative effect on the government stake, requiring it to sell 5 billion Kenya shillings. Co shares to regain control at a lower price. This most recent share offering further diluted the government's interest in the Bank. Latest rights issue has made a total of \$12.5 billion revenue, making a significant injection of capital into Ksh. 38.6 billion, and thus enabling it to borrow more substantially.

Corporate Banking, Credit, Retail Banking, Mortgage Centers, Human Resources, Treasury, Public Communications, Strategy and Innovation, Research, Marketing, IT, Finance, Risk, and Operations make up the current organizational structure. Furthermore, each subsidiary has its own Managing Director. The bank is concentrating on expanding its regional footprint in order to

provide customers with greater reach and convenience. As a result, the bank has ventured on a consolidation strategy based on seven pillars that will guide the bank's vision and mission. Customers, people, risk management, financials, technology and processes, social relevance and regional business are the seven pillars.

KCB Group has been providing services that are of good quality and customer-friendly to meet evolving customer needs since its inception. Customers can now make easy and safe transactions from anywhere, at any time, this has been made possible by the introduction of online banking. The platform is reliable, and clients can access funds from their office, home, or while on vacation. Easy financial transactions, such as checking balances, bank to mobile wallets transfers, and account -to-account transfers, do not require a visit to a branch.

However, the customers need to have an operational bank account and register for Internet banking to enjoy the online platform. There is no fee charged to access services such as balance enquiry, mini statements request, however there is fees charged for services such as fund transfers depending on the amount and inter-bank charges among others. The bank leads in terms of asset base in Kenya and it is a tier one category commercial bank. According to the annual report for 2022/2023 financial year, due to the rise of online and internet banking and the resulting decline in the number of clients visiting bank branches, the bank experienced a significant reduction in staff. Thus, the purpose of this study is to evaluate the impact of online banking on the financial performance of Kenyan Commercial Banks.

1.2 Statement of the Problem

The financial sector in Kenya is undergoing rapid transformation resulting from adoption of technologies to carry out its primary functions. Banks have been pioneers in mainstream banking

service adoption of technology. However, increased competition from other stake holders such as MFIs, SACCOs, and other informal lenders, as well as unfavorable government policies such as interest rate capping and client information disclosure, have had an adverse effect on banks' market share, profitability, and competitiveness.

The breadth and depth of online banking products as well as services may have direct bearing on a bank's performance (Shah,2018). Electronic fund transfers between accounts, utility bill payments, airtime top-ups, applications for loan, balance inquiries, as well as requests for cheque book are just a few of the e-banking services available from financial institutions. While rapid advances in information technology have increased the productivity and efficiency of certain banking activities, bank resources are being consumed by technological investments at an increasing rate. Technology is currently the most expensive and fastest-growing component of a bank's budget, aside from personnel costs. Card fraud, specifically lost and stolen cards and duplicate card fraud is another issue associated with this financial innovation. Despite the potential benefits of ICT and e-Commerce, little is known about how the use of online banking affects banks' bottom lines. This is the present study's primary focus. Therefore, the goal of the study is to evaluate how online banking has affected Kenya's commercial banks' financial performance, namely the KCB Bank. It was chosen to be Kenya's oldest bank.

1.3 Purpose of the Study

To assess the influence of online banking on commercial Banks' financial performance in Kenya.

1.4 Objectives of the Study

The study will be guided by the following:

- (i) To assess the influence of online cash management on financial performance of Kenya Commercial Bank.
- (ii) To determine the influence of online payment of bills on financial performance of Kenya Commercial Bank.
- (iii) To assess the influence of online account management on financial performance of Kenya Commercial Bank.
- (iv) To evaluate the influence of international funds transfer on financial performance of Kenya Commercial Bank.

1.5 Research Questions

The research aims at responding to the below queries:

- (i) To what extent does cash management influence financial performance of Kenya Commercial Bank?
- (ii) How does online payment of bills influence financial returns of Kenya commercial Bank?
- (iii) To what extent does online account management influence financial performance of Kenya Commercial Bank?
- (iv) How does international funds transfer influence financial performance of Kenya Commercial Bank?

1.6 Significance of the Study

The research will reveal further about what is required for the bank customers to embrace in the new technology, to banks to develop strategies for attracting future electronic banking systems. (Mahmood Shah, 2019) Researchers, development practitioners, academicians, policy makers, planners, and programmers would benefit from the research knowledge, which would help them

track and assess current electronic banking and financial performance capability, as well as develop new strategies as well as policies to ensure that electronic cum financial management remains competitive. Among the advantages would be knowledge and information generation about electronic banking as well as financial performance capability. This would serve as a catalyst for policy development, influencing electronic banking decision making process and financial planning, as well as serving as a research reference point.

1.7 Scope and Limitation of the study

1.7.1 Scope of the study

The study will focus exclusively on Kenya Commercial Bank's online banking. Since KCB group is the largest bank in terms of geographical coverage with 603 branches in the region in 2022 the sample representative will adequately represent the Kenyan banking sector. Geographically the research will focus on the KCB headquarters based in upper hill Nairobi. Focus on sample size of 126 management staff spread over various cadres. This will be considered as a representation of the entire bank. The research will be conducted within a defined budget and time frame as outlined in the annexure attached with the necessary resources applied. The members will be presented with questionnaires which will be filled, and the information analyzed with appropriate tools and output presented in the approved format.

The study will assess the influence of online banking on cash management, bill payment, international money transfers, and online account management. This study will focus on a single area of effect, namely the financial impact as demonstrated by an increase in profitability. The study will contribute valuable insights for policymakers and banking executives, offering recommendations to enhance digital banking adoption and effectiveness.

1.7.2 Limitations of the study

Only KCB will be studied as a representation of all licensed banks by the licensing authority CBK. The research will be limited to the KCB headquarters in Nairobi. This may or may not imply policy uniformity and continuity across all bank branches, but the study will presume that with online banking, operations are centralized, with head office being accountable and answerable. Only KCB will be studied as a representation of all licensed banks by the licensing authority CBK. The research will be limited to the KCB headquarters in Nairobi. This may or may not imply policy uniformity and continuity across all bank branches, but the study will presume that with online banking, operations are centralized, with head office being accountable and answerable.

1.8 Assumptions of the study

Assumptions that respondents in the target group will cooperate and supply correct data will serve as the foundation for the study. The majority of Kenya Commercial Bank's clients and customers use its well-designed online banking platform. Adopting the internet banking platform, banks and other financial organizations can enhance their financial performance.

1.9 Operational Definition of key Terms

Cash management

Process of managing finances by bank clients through the bank website like checking balances, depositing, withdraws, querying and feedback.

Electronic Funds Transfer

Process by which funds are moved from one customers account to another within the same or different financial institution by use of computer systems.

Online banking

A bank platform which allows users to perform various transactions and access personal account information without visiting the physical branch set up.

Financial Intermediation

The process in which commercial banks bridge the gap between those who have through their deposits and those who don't have through providing loan facilities using the deposits.



CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter will investigate and ultimately evaluate prior literatures on online banking systems and bank results. The chapter will also go over the influence of online cash management, online

bill payment, online account management, and international funds transfer services on commercial banks' financial performance.

2.2 Empirical Review

2.2.1 Online Cash Management and commercial banks financial performance

The practice of dealing with cash has become an immense challenge for deposit money institutions because of its importance in making cash available for social usage. The success of any business venture is determined on how the management plans and manages its cash flow.

Effective cash management means that, Firms are able to meet their cash obligations where and when necessary for its operation. Marus *et al* (2019) hypothesizes that because of the scarcity of financial resources for most of the institutions, cash management decisions have become the most important decisions to make. He further noted that, in conduction day to day operations businesses need to maintain a balance between cash in hand and profitability. Firms measure financial performance in order to get information on the flow of funds, its uses and efficiency.

(Mahmood Shah, 2018) Shows research in the United States on online cash management and commercial bank financial performance. Descriptive research approach was deployed during the study. It sampled 12 major banks in the United States. The banks' management staff served as the study's units. There is no logical proof of an advantage of online banking in physical banks set ups in the USA, according to the study.

Studies conducted in the USA to assess whether online banking has a direct relationship to bank's profitability proved not to be true. It concluded that the physical branch set up for banks resulted to higher returns for the federally chartered USA banks.

Albeit In Saudi Arabian banks, the study was different as evidenced by Nader (2011) in his research, where he looked into the profit efficiency. According to the findings, mobile banking, channels distribution and the number of branches all had positive impact on Saudi banks' profitability.

2.2.2 Online Payment of Bills and Financial Performance of Commercial Banks

Various research has demonstrated that with a revamped ICT platform, commercial banks are bound to register high returns, this involves high investments on but not limited to online bill payments. Other extras include intensified market penetration, more product varieties, and personalized products as well as prompt actions to clients' queries. Such investments will in most cases bring high returns in the long run and banks have to persevere in short run because of the high costs incurred to lay the ICT infrastructure.

Bahaaeddin Alareeni et al. (2021) in his study concluded that while creation of new product had influenced commercial banks' financial performance positively this impact was not significant. A study by found that the association between ICT investments and KCB Group Limited organizational performance was not very strong. The study concentrated on KCB Bank's active ICT investment in banking, particularly in its online banking system. The study discovered that the majority of customers did not use the online platform, but rather the mobile and traditional banking systems. As a result, the correlation was insignificant Muinde Victor Mwendwa et al. (2024)

2.2.3 Influence of online account management on commercial banks financial performance

Nicoletti (2021) Research on the impact information technology on banking sector, they examined how IT and its associated products, like online banking, security investments, electronic payments and information exchanges affect banks performance both theoretically and empirically. According to the bank, online banking enables banks to manage their accounts and make payments online.

Wewege,(2019) investigated the way bank expenditure affects bank revenues by increasing rivalry in financial services. They discovered that while IT may result in cost savings, increased IT spending can result in the effect of the network hence reducing profits. Additionally, they assert that connection between information technology expenditures and financial growth of commercial banks is dependent on degree of network effects. They assert that if effect of the network is insufficient, IT overheads will almost certainly result in lower payroll costs, and increased revenue and overall returns.

In their study to ascertain whether internet conveyance channels have any relation with bank performance, Hernando & Nieto, (2012) concluded that use of the online platform as a mode of transacting led to a steady decrease in overheads which in turn results to high profits. According to the study, the mode is just an appendage rather than a replacement for the brick and motor setup. This outcome is felt over time and picks fully two and a half years later. According to the findings, multichannel banks demonstrate prove of competence gains, that is, a drop in typical overheads for every unit of output. Financial institutions can benefit even more on overheads savings if the Internet distribution channel could be used in place of traditional channels of distribution. Their

study indicate that the effect differs with time and describes the main drivers of better output in terms of overheads and returns structure.

Jain et al. (2023), investigated the effect of two categories of financial innovations that is product and process innovation. In their study they looked at two types of adoption behaviors: first mover and imitator of first movers in financial innovation adoption. They discovered that having first mover advantage in product innovation increases profitability, whereas having first mover advantage in process innovation increases profitability and efficiency. First movers are more profitable as well as efficient than imitated banks. Mehmet Fatih DĞLEKOĐLU and KILIĐER (2024), study on customer acceptance discovered two primary reasons underlying the development and diffusion of online banking. To begin with, providing online banking services saves money for banks. It evident beyond doubt that banking on the internet is the most cost-effective mode of offering banking products once it has been appreciated. Second, banks have redefined their mode of operation by cutting down on branches thus paving the way for online interface channels after many clients raised concerns on time spent to receive services at the branches. As a result, the major reason behind massive acceptance of online banking has been manpower and overheads savings not forgetting autonomy from physical branch setups.

2.2.4 International Funds Transfer and Financial Performance of Commercial Banks

Financial institutions which have adopted online banking have a wider operating platform which in turn leads to higher returns. Banks can employ the approaches in measurement of online performance to evaluate their internet banking performance. The variables of asset-liability found that in Internet group, the institutions were larger on average, had greater turnovers, and were less reliant on retail deposits (saving deposits and demand) than non-Internet group.

In Spain, (Goel et al., 2024) assessed multichannel banks' performance between 1994 and 2002. The study discovered that multichannel banks performed better based on profitability resulting from higher commission incomes, increased brokerage fees and in the long run reduced staffing costs.

Cheruiyot (2018) researched on how commercial banks financial performance was impacted by internet banking. He calculated internet variable based on banking intensity, which he obtained from web data gathered from websites. Moreover, he used ROA as well as ROE variables to assess performance. He discovered, based on multiple regression findings, that profitability as well as availability of Internet banking all have small but significant relationship. This research aims at evaluating performance by employing four variables; the ratios of profitability before taxes, cost to income, value of average shareholder equity, and return on an average amount of assets

Furthermore, the study will examine investment in internet banking by financial institutions in relation to the internet banking products offered by commercial banks. As a result, no single research has been done to evaluate whether online banking influences financial performance.

2.3 Theoretical Review

This research will be founded on TAM, diffusion innovation theory and perceived characteristics theory and how they are linked.

2.3.1 Technology Acceptance Model

This is a commonly employed model when it comes to understanding individual technology adoption. TAM proposed that individuals' awareness of the utility and ease of using a new

technology will often influence their intentions to adopt and promote it. When customers are presented with new technology, according to the model, several aspects are at play and determine how and when they utilize it.

The Unified Theory of Acceptance and the Use of Technology (Venkatesh, 2014) and the TAM 2 Venkatesh et al. (2021) are the most recent contributions to the TAM, which has been revised and enhanced over time. TAM 3 addresses the gap of minimal research in treatments that can lead to more acceptability and affective utilization of information technology and managerial decision making. The technology acceptance model 3 has important ramifications for managerial decision-making on the adoption of information technology in businesses, as highlighted by Isaac (2012).

According to Davis, perceived utility is the extent to which individuals believe that following a particular sequence will significantly improve job performance. Users will only accept a certain order if they trust it will save on time by not visiting a physical branch for such transactions and thus increase productivity. Marus *et al* (2019) Carried out systematic study on forecasters of technology adoption by individuals and organizations published in the year ranging from 1992 to 2003.

Despite the fact that TAM was first implemented in 1989, it is still commonly used to date. However, several studies say that the model alone is inadequate to describe users' desire to implement technologies; thus, the model is used as a starting point and then applies other variables depending on the kind of technologies they are researching. For instance, in his analysis of shoppers accepting internet shopping, Kamarul zaman (2007) used the model and factored in individual and perceptive factors. Various extensions to the model were used in online banking

study like those carried out by Pikkarainen et al. (2004), which deployed the model as a base and also included factors like enjoyment, protection and confidentiality and extent of knowledge.

2.3.2 Diffusion of Innovation theory

This comes as one of the ancient theories created in 1962. It was originally used to illustrate the way an impression or invention becomes accepted and moves over time via a certain system. The result being that people accept an invention, way of life or product as part of their social system. Acceptance is when people start doing things differently from what they are used to. Diffusion is when people accept an idea, product and or behavior as innovative.

In a social system, innovation does not occur synonymously but in a process whereby others are bound to accept the innovation than others. According to research, people portray different characteristics depending on how and when they accept the innovation. It is essential to appreciate the selves of a given population to help or prevent adoption when promoting innovation for a target population. While bulk of the population is within the five established adopter categories, we cannot overlook to appreciate the attributes of the said target population.

Rogers' (1962) work on innovation acceptance paved the way for the Diffusion of Inventions theory to be introduced. According to this theory, affiliates of a social system's expectations of five basic features of innovation in question influence decision to implement it. This include; relative advantage, or how much better the upgraded version is perceived to be compared to what it replaces; usability, or the extent to which upgrade is viewed to be coherent with past experience, present values, as well as future expectations.

2.3.3 Perceived Characteristics theory

Orlikowski and Iacono (2018) portrayed a few hypothetical builds (TAM included) as "dark boxed" as well as preoccupied from viewpoints instead of specialized ones of every new appraisal of the situation with structures set up inside the IS area, which might be the critical worry for the Cap's medium prescient limit. Ongoing exploration expects to address this overemphasis on the ease-of-use measurements of innovation acceptance by bearing in mind societal and mental factors, which have been proven to be huge indicators of whether to or not receive/acknowledge an innovatively based development (Konana and Balasubramanian, 2019).

The Perceived Characteristics of Innovation (PCI) paradigm is a thrilling and analytically tested structure that focuses on more than just the serviceability aspects of technologically driven innovation (Issac,2014). After considering TAM and DoI frameworks, writers discovered several issues that needed to be reconsidered and improved. For example, relative advantage and complexity are related.

The theory considers not just the aspects of technology adoption usability but also the social and psychological. While PCI is clearly not a revolutionary outline for interpreting decision to implement innovation, it does make significant contribution to related literature by boosting precursors of acceptance decision in a way that consents for a larger, non-technical understanding of the subject under research.

Diffusion is the process by which a concept traction over time and permeates a particular community or social structure. As a result, individuals within a social system embrace novel concepts, behaviors, or goods. When someone accepts an invention, they do certain actions, such as realizing its necessity, selecting whether to accept it or reject it, utilizing it initially for testing,

and subsequently utilizing it constantly. Deployment of a novel idea is determined by five important factors: relative advantage, compatibility, complexity, triability, and observability.

Ease of use, relative advantage, and compatibility are the most pertinent paradigms to espousal research, which will be included in our study. Relative advantage represents superiority of an innovation compared to others; compatibility is how an innovation can easily merge with present values, experiences, beliefs, and adopters needs; and alleged ease of use is the way a person believes employing a specific mode of operation would be easy and user friendly. We will include image in our model because of the attention that Web-based systems have gained in mainstream press. The extent in which an invention is seen as improving a person's image or social status is referred to as image (Slyke *et al.* 2019).

2.4 Research Gaps

The whole banking industry is being turned upside down by online banking, which has significant ramifications for bank relationships and performance. According to the review of literature mentioned previously, the connection between online banking and commercial banks' financial performance has not been extensively studied. Peterson, (2017). The Kenya's banking industry in guidelines provided by the Central Bank of Kenya Act. Growth in many industries and organizations has been catapulted by growth and appreciation of technology. In the financial sector standards of service delivery have been greatly improved by the appreciation and adoption of technology. Several studies have also discovered the effect of technology on the banking sector, Kariuki (2015) did a study in electronic money banking which showed that there is a clear correlation between ICT adoption and banks financial performance. The research showed that banks will experience high returns in the long term due to high costs involved in adoption of

ICT.Kingoo (2014) in his research confirmed that adoption of e banking increased banks financial performance and in his recommendation suggested that banks must focus in adopting technology in order to improve their performance. Shuqair. (2013) in his research noted the high initial costs involved in acquisition electronic infrastructure and employee training and as such online banking in the short run will negatively influence the financial performance and as a result reduced profitability. According to the research done by Marus *et al* (2019), other research done have also asserted that the relationship between online banking and financial performance is not that strong. From the above we note that there is mixed evidence on subject matter.

The proposed research will therefore address this knowledge vacuum by examining how online banking influences commercial banks financial performance across the following dimensions: reduced operating costs, online cash management, user friendliness, increased revenues and customer fulfilment. Furthermore, the banks financial reporting, as well as customer fulfilment will be used to assess the business performance of the banks.

2.5 Conceptual Framework

Researchers' synthesis of the literature will serve as the framework in this section regarding how to describe a phenomenon. It will outline actions that must be taken during the study based on prior information of other researchers' viewpoints and their opinions and findings on the area of study. (Mahmood Shah, 2018)

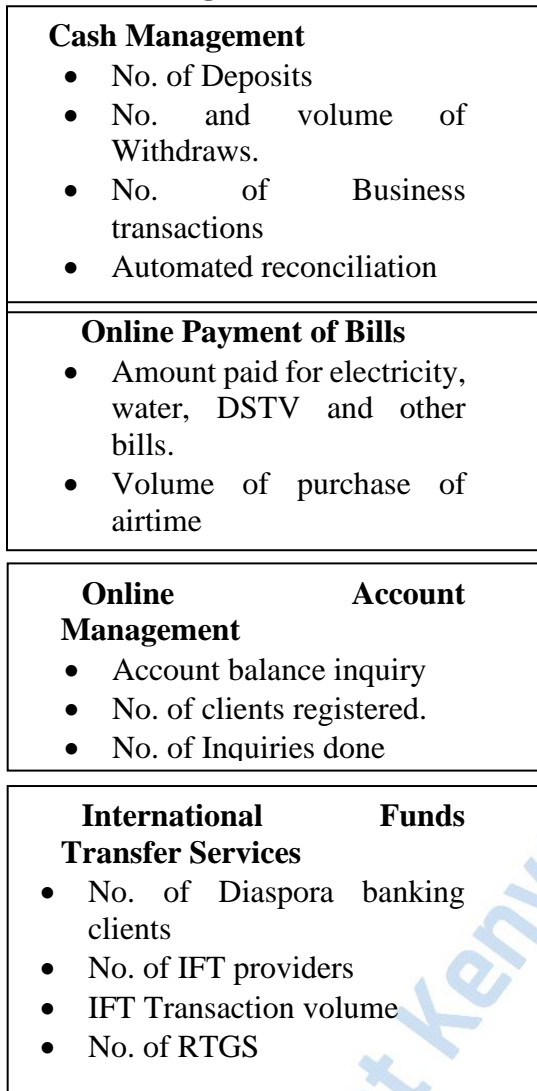
The independent variables of the study in this case will be cash management, online payment of bills, online account management, and internal funds transfer while the dependent variables will be financial performance of KCB Bank. The intervening variables will be government policies,

Organization structure and Economic factors. These variables are linked together as shown in below figure (i).



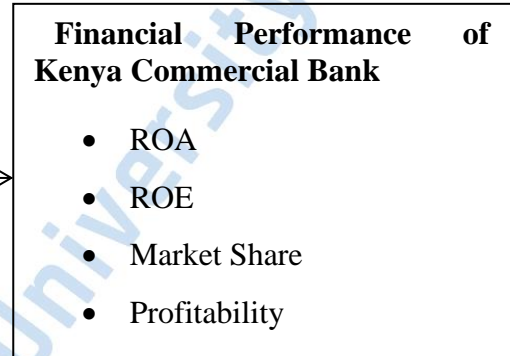
Independent variables

Online Banking



Dependent Variable
Financial Performance

Dependent variable



Intervening Variables

- Government policy
- Organizational structure
- Economic factors

Figure 1: Conceptual Framework (Source: Kcb ,2021)

Independent variables include cash management, online payment of bills, online account management and international funds transfer. The variables include services like deposits, volume of withdrawals, amounts paid for various services under online payments, account balance inquiries done, number of diaspora banking clients and number of RTGS done.

These variables will determine the outcome of the dependent variable, which is financial performance of KCB measured by ROA, ROE Market share and finally overall profitability. In addition, the intervening variables like government policies will also play part in the overall performance of KCB.

2.6 Chapter Summary

While reviewing the literature, it was discovered that the use of internet banking to promote, market, expand and improve service quality is effective. Therefore, the types and amounts of bank products and services provided online will significantly influence the overall performance of the bank. Despite the fact that nearly everyone still believes that online banking is a fictitious concept, in fact it's quite real. People prefer to use cash for everyday transactions because of fraud cases in the country's basic electronic banking system, such as ATM cards.

Research conducted by (Gkoutzini, 2019) established that online banking was such a tiny element to impact bank performance. No logical proof that banks were supported or hurt by providing an Internet platform for use by their customers.

Based on these consistent findings, the tenacity of researcher will focus on evaluating how commercial banks profitability is affected by online banking.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter indicates research approach deployed, census targeted, sampling process as well as sample size, tools for data collection, soundness and dependability of instruments of research, procedure of analyzing data and its presentation.

3.1 Research Design

The research shall employ descriptive survey approach. Collection of data is done in a controlled manner when using this design. According to Pallant (2020) the aim of descriptive study is to explain features of a specific sensation, and it entails data collection devoid of variable interference. The goal is merely to give accurate as well as dependable representation of relevant factors to the research question. Moreover, this survey will be important in pointing out drifts in attitudes and behaviors, as well as allowing generalization of research study's findings (Morgan 2020). This research will benefit from this design as it will increase the quality of data.

3.2 Target Population

The study will be a case study of KCB Bank as representatives of the banking industry in Kenya. It will all target 126 staffs in management rank at the bank headquarters in Nairobi. The employees are classified into top, middle and lower-level management employees. The population targeted is restricted in size time and is available. For the selected study population to be basically defined, it is necessary to clearly outline properties that researcher antedates to assess using working definition (Field, 2018). The table below indicates the distribution of the population targeted.

Table 1: Target Population

	<i>f</i>
Level of Management	
Top Management	18
Middle Management	36
Lower management	72
Total	126

Source: KCB, 2021

3.3 Sampling Technique and Sample Size.

The research will employ Stratified random sampling procedure to develop the sample. The researcher employs elements with necessary information in line with study objectives and that specification should be done on the criteria for choosing these elements.

The formula provided by according to Kothari (2004) is used to calculate the required sample size for the targeted staff to respond at the Kenya Commercial Bank at Kcb Towers. It ensures that the sample accurately represents the population, balancing between the desired confidence level and margin of error.

$$n = \frac{z^2 \cdot p \cdot q \cdot N}{e^2 \cdot (N - 1) + z^2 \cdot p \cdot q}$$

Where:

$z = 1.96$ (95% significance level)

$p = 0.5$ (sample proportion of the population at the Kenya Commercial Bank)

$q = 0.5$ ($1 - p$)

$e = 0.05$ (error margin)

$n =$ sample population

$N =$ (Employees population at Kenya Commercial Bank Kcb Towers)

This will form sample size of 95 respondents spread across all cadres of management. Management staff will be of main focus given that they are responsible for strategy formulation, its implementation and all other administrative duties. The following table illustrates the sample size.

Table 2: Sample Grid

Level of Management	N	Sample Size
Top management	18	17
Middle Management	36	33
Lower management	72	45
Total	126	95

3.4 Research Instruments

Questionnaires would be administered as the primary technique of data collection. Questionnaires will be distributed to Kenya Commercial Bank's management staff, who will check the necessary boxes. The surveys will be organized into four sections: general information, online banking, financial performance, and economic performance. The questionnaires include open and closed-ended questions to address all aspects of online banking and bank performance. The desired outcome is to obtain employee input on whether or not online banking affects the organization's financial performance. The research also included secondary data. For the purpose of this study the secondary data will have data from the Central Bank financial reports and respective ratios on commercial banks for period between 2022 to 2023. Financial performance

and the ratios will be obtained from the banks audited financial reports while data on services offered and quality will be obtained from CBK period reports.

3.5 Reliability and Validity of Research Instruments

3.5.1 Validity of Research Instruments

Accuracy and significance of inferences drawn from researcher’s findings are referred to as validity. The legitimacy of the instruments will be defined in this study as the extent to which they cover the objectives. The researcher interviewed the staff in research methodology at Mount Kenya University's Department of Accounting and Finance to determine the research instrument's content validity.

3.5.2 Reliability of Research Instruments.

The instrument's dependability is defined as its ability to produce consistent results after a number of trials. It will be improved through the application of the instrument triangulation method, which is a valid technique in qualitative research because it leads to the study's findings credibility. A Cronbach value of 0.7 and above will be considered a valid (Horowitz, 2023).

Variable	Cronbach’s Alpha	Conclusion
Online banking	0.751	Reliable
Economic performance	0.811	Reliable
Financial performance	0.786	Reliable

Source: IBM SPSS Statistics (Version 27)

3.6 Data Collection Procedure

The researcher will employ both primary and secondary data. We shall use Kenya Commercial Bank financial record from June 2015 to June 2017 to obtain secondary data. Semi structured questionnaire will be deployed to obtain primary data from employees at KCB. The questionnaire

will be dropped and later picked after they have been executed. Both open and close ended questions will be incorporated in the questionnaires where close-ended questions will yield structured answers to encourage definite recommendations while open ended questions will give the respondents liberty to explore their opinions on issues raised (Wagner, 2011).

3.7 Data Analysis Techniques

The study will use SPSS for purposes of analyzing data. This will be done in stages namely, coding, cleaning, entering and finally analyzing (McCormick et al., 2019). Further, quantitative data will be edited to eradicate inconsistencies, then summarized and also coded to ease classification, enable interpretation and tabulation. Additionally, descriptive statistics will be employed in describing sample data to show typical participants and reveal response pattern. Moreover, analyzed data will then be portrayed in percentages, standard deviations, means, as well as frequencies.

3.7.1 Normality test

The Shapiro-Wilk test is a commonly applied technique for determining the normality of the response of the data from a study. This test is run immediately before doing regression analysis. It particularly assesses whether a sample is chosen from a normally distributed population. The researcher will look at the normality of the independent variable (online banking), the dependent variable (financial performance), and the mediating variable (economic performance). If the test's p-value is less than 0.05, the data does not have a normal distribution (Razali & Wah, 2011). Thus, the Shapiro-Wilk test is an important tool for confirming the validity of statistical analyses in research.

3.7.2 Regression analysis

A regression analysis is a collection of statistical procedures used to determine the correlations between one or more independent variables and a dependent variable. It can be used to simulate the future relationship between variables and also assess the strength of the link between variables. Hadi and Chatterjee (2015).

Montgomery et al. (2012) state that the direction and strength of these associations are determined by the regression equation's coefficients. Online banking is the independent variable, financial performance is the dependent variable, and economic performance is the mediating variable in this study.

The primary objective of this study is to evaluate the effect of internet banking on commercial banks' financial returns in Kenya. This is established by doing multiple regression analyses with the SPSS program. The very first regression method in this study is to do simple linear regression by regressing the dependent variable on the study's independent variable. Therefore, the researcher should regress the Financial Performance variable on the Online Banking variable.

$$\text{Model: Financial Performance} = \beta_0 + \beta_1 * (\text{Online Banking}) + \varepsilon$$

This regression process helps determine if there exists a direct relationship between the Online Banking variable and the Financials variable of the study.

The second step of this regression process is to perform the mediation analysis by regressing the mediator on the Independent Variable. This analysis is achieved by regressing the Economic Performance variable on the Online Banking variable.

$$\text{Model: Economic Performance} = \beta_0 + \beta_1 * (\text{Online Banking}) + \varepsilon$$

This regression model checks whether the independent variable, Online banking significantly predicts the mediating variable Economic Performance.

Further regression analysis is conducted to access the specific goals of the research which include; determining the influence of online payment of bills on financial performance of KCB Bank, examining the influence of online account management on financial performance of KCB Bank, establishing the influence of online cash management on the financial performance of Kenya Commercial Bank. Lastly, to analyze the influence of international funds transfer on financial returns of Kenya Commercial Bank. The regression is achieved by running simple linear regression on the four variables (Online payment of bills, Online account management, Online Cash management and international funds transfers) against the dependent variable of Financial Performance of KCB Bank.

The multiple regression model in this study will be:

$$\text{Financial performance of the Bank} = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Whereby;

Y = Financial performance of Banks;

β_0 = Constant; β_1 - β_4 = Coefficients of determination;

X_1 = Online Cash Management; X_2 = Online Payment of Bills; X_3 = Online Account Management;

X_4 = International Funds Transfer;

ε = Error term

Open-ended questions which will produce qualitative data will be analyzed in accordance to the themes based on research questions, objectives and inferences as well as conclusions made after that.

3.7.3 Interpretation of the results analysis.

Interpreting the obtained results from the multiple regression of the influence of online banking to the financial performance of KCB Bank with a mediating variable (Economic performance) involves examining the direct outcome of the study, indirect effect and total effects of the independent variable (Online banking) on the dependent variable (Financial returns of Kenya Commercial bank) through the mediator variable (Economic Performance). Rendering the result from the multiple linear regression is as follows; the direct effect (Online Banking → Financial Performance) is regressed first.

$$\text{Model: Financial Performance} = \beta_0 + \beta_1 * (\text{Online Banking}) + \varepsilon$$

The output from the regression model is interpreted by reading the coefficients on the ANOVA table and the coefficients table. The coefficient β_1 represents the direct effect of the study (Online Banking on Financial Performance). On studying the coefficients, if β_1 is significant ($\alpha < 0.05$), it indicates that Online Banking directly influences Financial Performance of the Commercial Bank of Kenya. The sign of β_1 being (+ or -) indicates whether the effect is of Online Banking is positive or negative to the financial performance.

The other regression process equally important to the study is the indirect effect (Online Banking → Economic Performance → Financial Performance). This model has Economic performance as the mediating variable in accessing the relationship between Online banking vs financial performance at the Kenya Commercial Bank.

$$\text{Model: Economic Performance} = \beta_0 + \beta_1 * (\text{Online Banking}) + \varepsilon$$

$$\text{Model: Financial Performance} = \beta_0 + \beta_2 * (\text{Economic Performance}) + \varepsilon$$

On interpreting the results of the indirect effect regression model the following are taken into account; the indirect effect of the study is the product of the coefficients from the two regression models:

Indirect Effect = (β_1 from Economic Performance regression) * (β_2 from Financial Performance regression).

Therefore, if both β_1 (from Economic Performance) and β_2 (from Financial Performance) are significant, it indicates that Economic Performance has mediation effect in the relationship between Online Banking vs financial returns of the Kenya Commercial Bank. The sign of the beta coefficient of the indirect effect (positive or negative) shows the nature of the mediation effect to the dependent and the independent variable.

The total effect of this survey defines the summation of the direct effect and the indirect effect of the influence of Online banking on financial performance.

Model: Financial Performance = β_0 + (Direct Effect) + (Indirect Effect)

This reflects the overall impact of Online Banking on Financial Performance both directly and indirectly through the Economic Performance. The mediation effect can be interpreted as partial mediation, full mediation or no mediation at all. Partial mediation refers to the significant relationship between the mediating variable and the dependent variable, considering the direct relationship between the independent and dependent variable. Therefore, in this study if Online Banking is statistically significant after adding Economic Performance to the model, but its effect is reduced in percentage, it suggests that the mediation is partial. This means that Online Banking affects Financial Performance both directly and indirectly through Economic Performance. On the other side full mediation refer to the model that predicts the direct effect of the independent to the

dependent variable will be statistically significant only if the mediating variable is absent. Therefore, if Online Banking becomes statistically non-significant when Economic Performance is added to the regression model, it suggests that the relationship is full mediation. This means that Online Banking affects Financial Performance only through Economic Performance. The model has no mediation effect if the Economic Performance variable is not statistically significant in the final model, this suggests that there is no mediation and Online Banking affects Financial Performance directly.

The significance testing of the p-value from the ANOVA tables is key regression analysis. This guides the researcher to establish whether relationship is statistically significant or not. In this study we check the p-values for the coefficients from the ANOVA table. A p-value less than 0.05 typically indicates that the effect is statistically significant. It is also advisable to review the confidence intervals for the beta coefficients. If the confidence interval does not contain zero, then effect is considered as statistically significant.

3.8 Correlation analysis

According to Hadd and Joseph Lee Rodgers (2020) Correlation analysis is a measure of coefficient that varies from +1 to -1 and analyzes the strength and direction of the relationship between two variables. The purpose of this study was to establish a connection between Financial Performance versus Online banking, Economic performance, Online cash management, Online payment of bills, Online account management and International Funds transfer services. According to the research done by (Field, 2020), there exist four different sorts of correlations. Positive linear correlations occur when the x-axis variable rises in parallel with the y-axis variable. When one variable rises while the other falls, there is a negative linear correlation. Non-linear correlation occurs when there is a correlation between variables but not a linear (straight) correlation; on the other hand, there is

no correlation when no pattern between the variables is identified. The research done by Wherry (2014) shows that the strength of the correlations measure is said to be strong when it's close to +1 and its weak when it's close to -1. The relationship is referred as perfect linear relationship when the Pearson correlation coefficient (r) is (± 1). The correlation can be termed as strong if the r coefficient is ± 0.8 or higher, moderate relationship if the value is between (± 0.5 and ± 0.8), weak linear correlation if the value is between (± 0.1 and ± 0.5) and zero correlation when the relationship has no correlation.

3.9 Ethical considerations

A research authorization from Mount Kenya University's Graduate School did the pilot study before the actual study. To validate the research, a research permit was obtained from NACOSTI. Permission to collect data which will also be used by Kenya Commercial Bank management was obtained. The respondents in this study were informed on the reason of carrying out the study to help them understand how they will participate and how the data will be used. This will lead to willing participation without fear or suspicion. The participants were also informed that this will be voluntary. All information gathered from the population targeted for this study will be kept strictly confidential. The collected data will only be employed for learning purposes.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

4.0 Introduction

This chapter presents and interprets the results and findings of the Influence of Online banking on the Financial Performance of the commercial banks in Kenya; a case study of Kenya Commercial Bank. It entails a thorough examination of the findings, their ramifications, and how they help to answer the research questions and the objectives. To provide a comprehension of the study outcomes, the results are presented using various data visualization approaches such as charts, tables and graphs. Furthermore, the interpretations seek to shed light on the relevance of the observed patterns so as to provide an understanding of the study's wider context.

4.1 Response Rate

The survey had a 93.7% response rate, with 89 fully responded questionnaires and 6 blank questionnaires returned. According to (Mugenda & Mugenda, 2003), a response rate of 50% was adequate, 60% was good, and 70% or more was very good.

Table 3: Response rate

	Response Rate			Cumulative Percent
	Frequency	Percent	Valid Percent	
Responded Questionnaire	89	93.7	93.7	93.7
Not Responded Questionnaire	6	6.3	6.3	100.0
Total	95	100.0	100.0	

Source: IBM SPSS Statistics (Version 27)

4.2 Demographic Information

4.2.1 Distribution of the respondents by Gender

The study analyzed the Distribution of the respondents by gender. The findings are presented in figure 2.

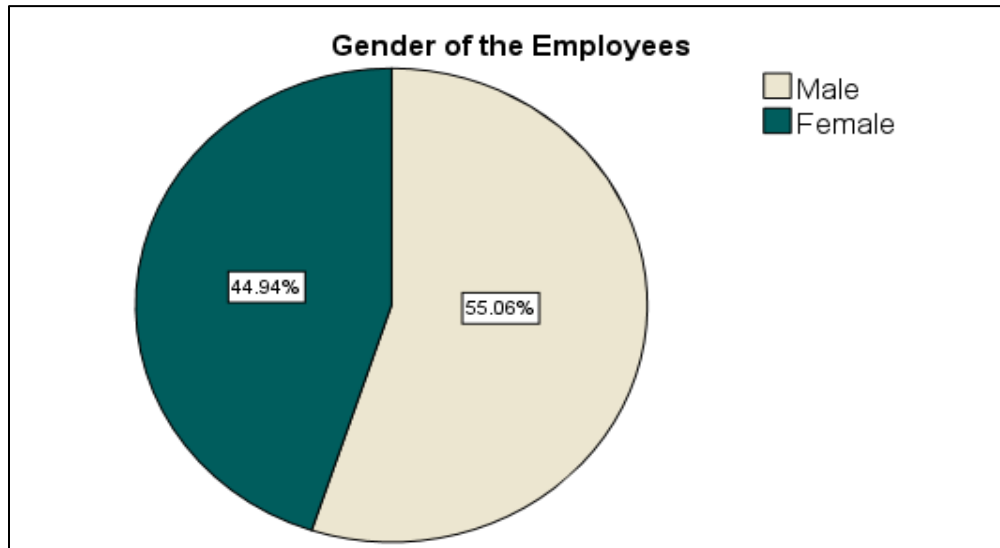


Figure 2: Distribution of the respondents by Gender (Source: IBM SPSS (Version 27))

Figure 2 shows that 55.1 % of respondents were male while 44.9% were females.

4.2.2 Distribution of the respondents by age

The study analyzed the distribution of the respondents by age. The findings are presented in figure 3.

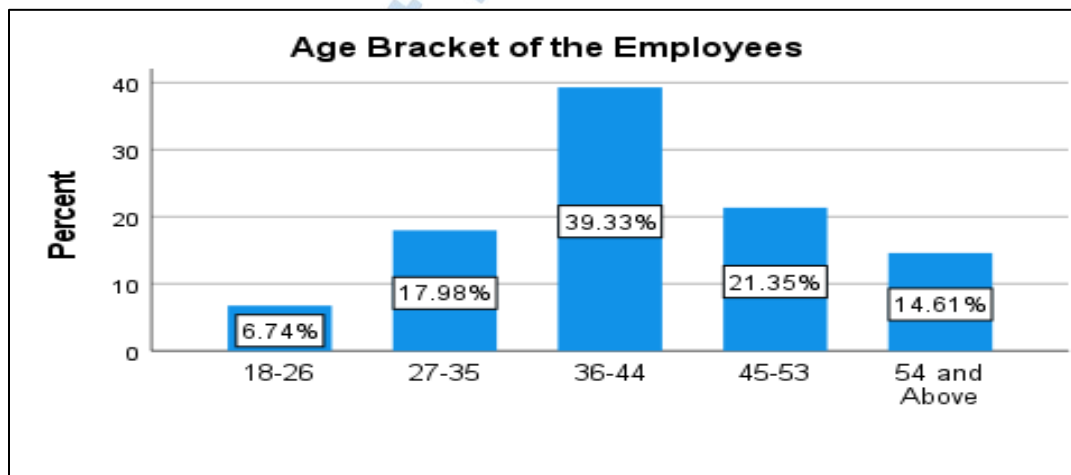


Figure 3: Distribution of the respondents by age (Source: IBM SPSS (Version 27))

Figure 3 shows that the age category 36-44 years was the majority (39.33%) and age bracket 18-26 years was the minority (6.74%). The age brackets 27-35 years, 45-53 years, 54 years and above follow; respectively with a percentage of 17.98%, 21.35% and 14.61%.

4.2. Distribution of the respondents by length of service

The study analyzed the distribution of the respondents by length of service. The findings are presented in figure 4.

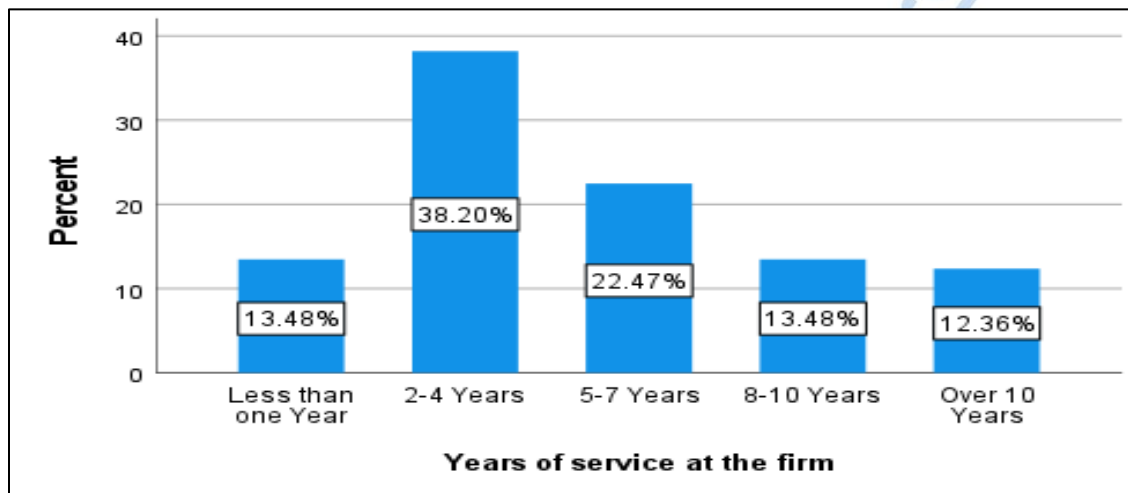


Figure 4: Distribution of the respondents by length of service (Source: IBM SPSS (Version 27))

Figure 4 shows that majority of the respondents, 38.20% had a work experience of 2-4 years in the bank, while those who worked more than 10 years are the minority at (12.36%), years 5-7 years at (22.47%), 8-10 years at (13.48%) and Less than One year 13.48%.

4.2.3 Highest Level of Education

The study analyzed the distribution of the respondents by age. The findings are presented in figure 5.

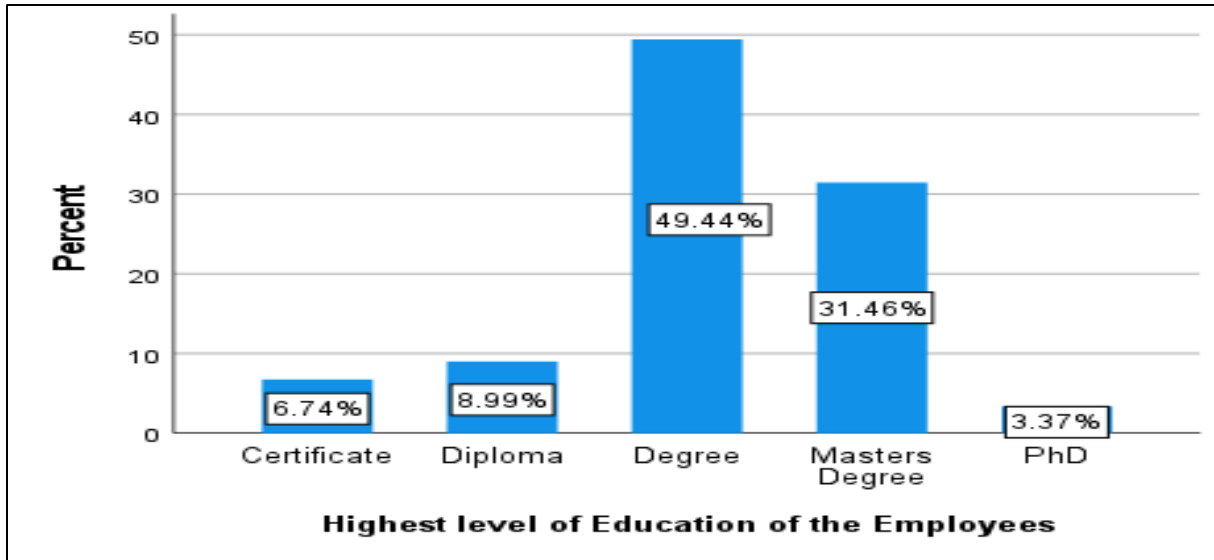


Figure 5: Distribution of the respondents by highest Level of Education(Source: IBM SPSS (Version27))

Figure 5 show that majority of the respondents, 49.44% had a bachelor's degree, 31.46% had a master's degree while 3.37% had a PhD. Respondents with diplomas and certificates comprised 8.99% and 6.74%, respectively.

4.2.4 Distribution of the respondents by Level of Management

The study also analyzed the distribution of the respondents by job position they hold at KCB Ltd. The findings are presented in Figure 6.

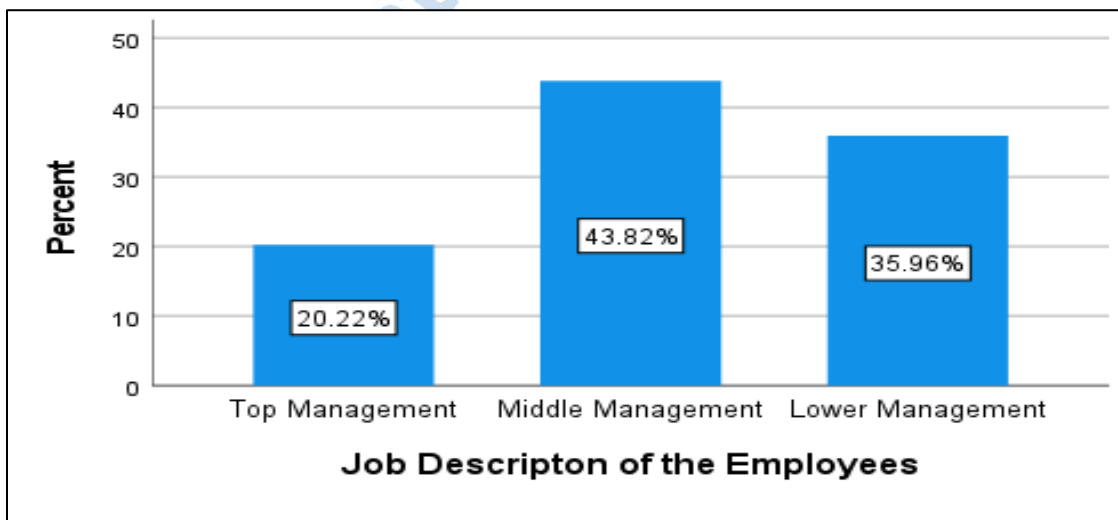


Figure 5: Distribution of the respondents by Job position(Source: IBM SPSS (Version27))

Figure 6 shows that the majority, 43.8% are in middle management, 36% of the lower management level and while 20.2% are in the top management.

4.3 Data Treatment

4.3.1 Normality Test

The data were tested for normality. The findings are presented in Table 7.

Table 4: Normality test.

	Tests of Normality		
	Statistic	df	Sig.
Online Banking.	.564	89	.000
Financial Performance of Kenya Commercial Bank.	.824	89	.000
Economic Performance	.829	89	.000

a. Lilliefors Significance Correction
(Source: IBM SPSS (Version27))

Table 7 shows that all the data were normally distributed and parametric analysis can be performed on the data.

4.3 Research Findings

4.3.1 Online banking and financial performance of Kenya Commercial Bank

The study was designed to establish the influence of online banking on financial performance of KCB. The findings are presented in Table 8.

Table 5: Managers’ Perception of impact of Online Banking on performance of KCB

Managers’ Perception	f	%
Disagree	1	1.1
Undecided	14	15.7
Agree	72	80.9
Strongly Agree	2	2.2
Total	89	100.0

(Source: IBM SPSS (Version27))

Figure 6: Managers’ Perception of impact of Online Banking on performance of KCB

The findings show that the majority (80.9%) agree that Online banking was effective, 15.7% of the respondents were undecided, 2.2% strongly agree while 1.1% disagreed.

4.3.2 Financial Performance of Kenya Commercial Bank

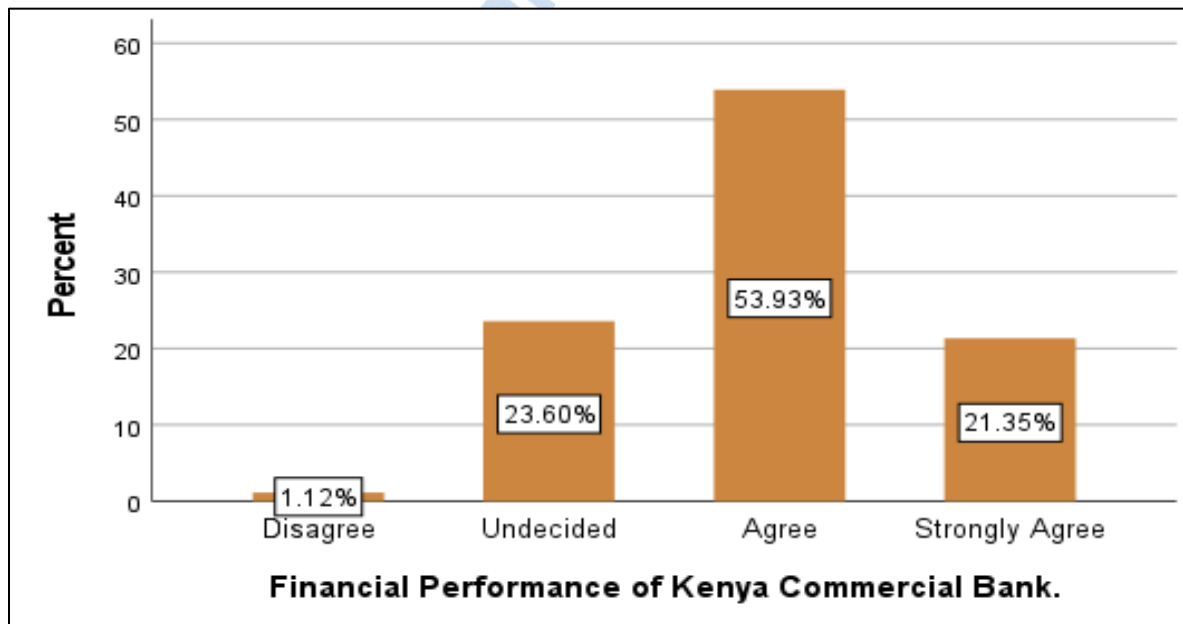
The study analyzed the financial performance on KCB’s profitability, Return on Assets (ROA), Return on Equity (ROE), market share, interest rate affordability and growth consistency. The findings are presented in Table 9.

Table 6 : Financial Performance of KCB Bank

Manager’s Perception	f	%
Disagree	1	1.1
Undecided	21	23.6
Agree	48	53.9
Strongly Agree	19	21.3
Total	89	100.0

(Source: IBM SPSS (Version27))

Figure 7: Financial Performance of KCB Bank



(Source: IBM SPSS (Version27))

The findings shows that majority (53.9%) agree that Kenya Commercial Bank was financially healthy, 23.6% were undecided, followed by 21.3% who strongly agreed while 1.1% disagreed.

4.3.3 Financial Performance KCB Bank on Economy

The study sought to assess the influence of the Kenya Commercial Bank on Kenyan economy. This included adhering to government policies, creating enough and equal employment opportunities and generation of revenue for the country's economy. The findings are presented in Table 10.

Table 7: Perception on KCB bank on contribution to the Economy

Manager's Perception	F	%
Undecided	18	20.2
Agree	48	53.9
Strongly Agree	21	23.6
Total	89	100.0

(Source: IBM SPSS (Version27))

Table 10 shows that majority (53.9%) of the respondents agree attributes to the economy of the country while the minority (2.2%) disagree. The survey also shows 20.2 % of the respondents are undecided and 23.6% strongly agreed.

4.4. Correlational Analysis

In this section, correlation analysis was computed to establish the influence of online banking and its components on financial performance of KCB bank. The results of the correlation analysis are shown on Table 8,9,10,11 and 12.

4.4.4 Online Banking and financial returns of Kenya Commercial Bank (Direct Effect)

A correlational analysis was performed to establish the relationship between Online Banking and financial returns of Kenya Commercial Bank (Direct Effect).

Table 8: Relationship between online banking and financial performance of KCB Bank

Correlations			
		Online Banking.	Financial returns of Kenya Commercial Bank.
Online Banking.	Pearson (r)	1	.371**
	Sigi. (2-tail)		.000
	N	89	89
Financial Performance of Kenya Commercial Bank.	Pearson (r)	.371**	1
	Sig. (2-tailed)	.000	
	N	89	89

(Source: IBM SPSS (Version27))

Table 8 shows the correlation relationship between Online banking vs financial performance of the bank is positively statistically significant $r(89) = .371, p < .05$. This implies that on increase in the Online banking sector at the Kenya Commercial bank would lead to an increase in the financial performance. In terms of magnitude, the Pearson coefficient is .371 which indicates that the correlation relationship is weak.

4.4.5 Online Banking and financial performance of KCB Bank (Indirect Effect)

A correlational analysis was performed to establish the relationship between Online Banking and financial performance of KCB Bank (Indirect Effect).

Table 9: Relationship between Economic performance and financial performance of KCB Bank

Correlations			
		Economic Performance.	Financials of Kenya Commercial Bank.
Economic Performance.	Pearson (r)	1	.506**
	Sig. (2-tailed)		.000
	N..	89	89
Financial Performance of Kenya Commercial Bank.	Pearson (r)	.506**	1
	Sig. (2-tailed)	.000	
	N	89	89

(Source: IBM SPSS (Version27))

Table 9 illustrates a statistically significant positive relationship ($r(89) = .506, p < .05$) of Online banking and the financial performance of Kenya Commercial Bank. This means that growth in the Economic performance sector will result to an increase in financial performance. In terms of magnitude, the Pearson coefficient is .506, indicating a moderate correlation relationship between the two variables.

4.4.6 Online cash management and financial performance of Kenya Commercial Bank

A correlational analysis was performed to establish the relationship between Online cash management and financial performance of Kenya Commercial Bank.

Table 10: Correlation table of the relationship of online cash management VS financial performance of the KCB Bank

Correlations			
		Online Cash Management	Financial Performance of Kenya Commercial Bank.
Online Cash Management on Commercial Banks	Pearson (r)	1	.475**
	Sig. (2- tailed)		.000
	N	89	89
Financial Performance of Kenya Commercial Bank.	Pearson (r)	.475**	1
	Sig. (2-tailed)	.000	
	N	89	89

(Source: IBM SPSS (Version27))

Table 10 shows that the relationship between Online Cash management and financial performance of the bank. The correlation is positively statistically significant $r(89) = .475, p < .05$. This implies that on increase in the Online cash management at the Kenya Commercial bank would lead to an increase in the financial returns. In terms of magnitude, the Pearson coefficient is .475 which indicates that the correlation relationship is weak even though it is positive.

4.4.7 Online payment of bills vs financial performance of Kenya Commercial Bank

The established the correlation relationship of online payment of bills and the financials of KCB bank.

Table 11: Correlation coefficient table of the relationship between online payment of bills vs financials of KCB Bank

Correlations			
		Online Payment of Bills	Financial Performance of Kenya Commercial Bank.
Online Payment of Bills	Pearson (r)	1	.508**
	Sig. (2-tail)		.000
	N	89	89
Financial Performance of Kenya Commercial Bank.	Pearson (r)	.508**	1
	Sig. (2-tail)	.000	
	N	89	89

(Source: IBM SPSS (Version27))

Table 11 shows that the relationship between Online Payment of bills vs the financials of KCB bank is positively statistically significant $r(89) = .508, p < .05$. Therefore, if more bank customers practice the use of online payment of bills, it leads to an increase in the financial performance of Kenya Commercial bank. Referring to the magnitude, the relationship is termed to be moderately strong since it has a Pearson coefficient of .508.

4.4.8 Online account management vs financial returns of KCB Bank

A correlational analysis was performed to establish the relationship between Online account management and financial performance of Kenya Commercial Bank.

Table 12 : Correlation coefficient table of the online account management vs financials of the KCB

Correlations		
	Online Account Management	Financial Performance of Kenya Commercial Bank.

Online Account Management	Pearson (r.)	1	.242*
	Sig. (2-tailed)		.022
	N	89	89
Financial Performance of Kenya Commercial Bank.	Pearson (r.)	.242*	1
	Sig. (2-tailed)	.022	
	N	89	89

(Source: IBM SPSS (Version27))

Table 12 shows that the relationship of Online account management vs the financial returns of KCB Bank is statistically significant with positive correlation ($r(89) = .242, p < .02$). This means that a rise in the Online account management will result to an increase in financial performance of the bank. In terms of magnitude, the Pearson coefficient is .242, indicating a slightly weak correlation relationship between the two variables.

4.4.9 International funds transfer vs financial returns of Kenya Commercial Bank

The study assessed the relationship between international funds transfer and the financial returns of KCB Bank. The findings are presented in Table 16.

Table 13: Correlation coefficient table of the relationship between international funds transfer services and financials of the KCB Bank

Correlations			
		International Fund Transfer Services	Financial Performance of Kenya Commercial Bank.
International Fund Transfer Services	Pearson (r)	1	.467**
	Sig. (2-tail)		.000
	N	89	89
Financial Performance of Kenya Commercial Bank.	Pearson (r)	.467**	1
	Sig. (2-tailed)	.000	
	N	89	89

(Source: IBM SPSS (Version27))

Table 13 shows that the relationship between international funds transfer services vs the financial performance of KCB bank is positively statistically significant $r(89) = .508, p < .05$. Therefore, if more bank customers practice the use of online payment of bills, it leads to an increase in the financial performance of Kenya Commercial bank. Referring to the magnitude, the relationship is termed to be moderately strong since it has a Pearson coefficient of .508.

4.5 Inferential statistics

In this section, regression analysis was computed to establish the influence of online banking on financial performance of KCB bank. Regression analysis is a statistical technique that examines the connection between one or more distinct variables and a dependent variable. It can also be used to determine the size of the link between variables.

4.5.1 Influence of Online Banking on the Financials of KCB (Direct Effect)

The study established the influence of online banking on the financial performance of KCB. The results of the regression analysis are shown in Table 14, 15 and 16.

Table 14: Model Summary of Online Banking on the Financials of Kenya Commercial Bank. (Direct Effect)

Model Sum.				
Model	R.	R_Sq.	Adjusted_R Sq	Std. Error_of the Estimate
1	.371 ^a	.138	.128	.659

a. Predictors: (Constant), Online Banking.
(Source: IBM SPSS (Version27))

Table 17 shows that coefficient of determination, $R^2 = .138$ This illustrates that 13.8 % of the variation in financial performance of KCB bank can be accounted by online banking given that economic performance is the mediating variable.

Table 15: ANOVA table for Online Banking vs Financials of KCB Bank. (Direct Effect)

ANOVA ^a						
Model		S. of_SQ	df	M._Sq	F	Sig.
1	Regression	6.043	1	6.043	13.917	.000 ^b
	Residual	37.777	87	.434		
	Total	43.820	88			

a. Dependent Variable: Financial Performance of Kenya Commercial Bank.

b. Predictors: (Constant), Online Banking.

(Source: IBM SPSS (Version27))

Table 15 shows the model is statistically significant, $F = 13.919$, $p = .000$ at $\alpha = .05$. This indicates there is a statistically significant relationship between online banking and financial performance of Kenya Commercial Bank.

Table 16: Coefficients table for Online Banking vs Financials of KCB Bank. (Direct Effect)

Coefficients ^a						
Model		Unstandard. Coefficients		Standardized	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.716	.604		2.840	.006
	Online Banking.	.583	.156	.371	3.731	.000

a. Dependent Variable: Financial Performance of Kenya Commercial Bank.

(Source: IBM SPSS (Version27))

Table 16 shows that the model is statistically significant, $t = 2.840$, $p > .001$ at $\alpha = .05$. The regression equation;

$$Y = a + bx \text{ translates to } Y = 1.716 + 0.583X;$$

where $x =$ Online Banking and $Y =$ Financial Performance of KCB bank.

Table 31 shows that for every 0.583 unit increase in online banking results in one unit increase financial performance of Kenya Commercial Bank.

4.5.2 Influence of Online Banking and the Financial returns with Economic Performance as the mediating factor of Kenya Commercial Bank. (Indirect Effect)

The survey investigated the impact of online banking on the financial performance with economic performance as the mediating variable at the Kenya Commercial Bank. The results of the regression analysis are shown in tables 17,18 and 19.

Table 17: Model Summary of Online Banking vs financial returns with Economic Performance as the mediating factor of Kenya Commercial Bank. (Indirect Effect)

Model Sum				
Model	R	R Sq.	Adjusted_R Sq.	Std. Error of Estimate
1	.568 ^a	.323	.307	.587

a. Predictors: (Constant), Economic Performance., Online Banking.

(Source: IBM SPSS (Version27))

Table 17 shows that coefficient of determination, $R^2 = .323$ This shows that 32.3 % of the variation in financial performance of KCB bank can be accounted by online banking given that economic performance is the mediating variable.

Table 18: ANOVA table of Online Banking on the Financial Performance with Economic Performance as the mediating factor of Kenya Commercial Bank. (Indirect Effect)

ANOVA ^a						
	Model	S. of Sq.	df	M. Sq	F	Sig.
1	Regression	14.154	2	7.077	20.515	.000 ^b
	Residual	29.666	86	.345		
	Total	43.820	88			

(Source: IBM SPSS (Version27))

Table 18 illustrates that the model connecting to online banking with economic performance as the mediating variable and financial performance is statistically significant, $F = 24.286$, $\rho > .001$ at $\alpha = .05$

Table 19: Coefficients table of Online Banking vs Financial Performance with Economic Performance as the mediating factor of KCB Bank. (Indirect Effect)

Coefficient table						
Model		Unstandardized Coefficients		Standardized Coefficients		Sig.
		B	Std. Error	Beta	t	
1	(Constant)	.642	.582		1.102	.273
	Online Banking.	.418	.143	.267	2.919	.004
	Economic Performance.	.428	.088	.443	4.849	.000

(Source: IBM SPSS (Version27))

Table 19 shows that the model is statistically significant, $t = 1.102$, $\rho > .001$ at $\alpha = .05$. The regression equation;

$$Y = a + bx \text{ translates to } Y = 2.155 + 0.491X;$$

where x = Online Cash Management and Y = Financial Performance of KCB bank.

Table 31 shows that for every 0.491 unit increase in online cash management results in one unit increase financial performance of Kenya Commercial Bank.

4.5.3 The Influence of online cash management vs financial performance of KCB Bank

The survey studied the influence of online cash management on financial performance of Kenya Commercial Bank. A regression analysis was computed and the findings are presented in Table 20, 21 and 22.

Table 20: Model Summary of Online cash management vs financial performance of Kenya Commercial Bank

Model Sum				
Model	R	R Sq.	Adjusted R Sq.	Std. Error of the Estimate
1	.475 ^a	.226	.217	.624

a. Predictors: (Constant), Online Cash Management on Commercial Banks

Table 20 shows that coefficient of determination, $R^2 = .226$ This shows that 22.6 % of the variation in financial performance of KCB bank can be accounted by online cash management.

Table 21: ANOVA of online cash management and financial performance of KCB Bank

ANOVA^a						
	Model	S of Sq.	df	M. Sq	F	Sig.
1	Regression	9.900	1	9.900	25.393	.000 ^b
	Residual	33.920	87	.390		
	Total	43.820	88			

(Source: IBM SPSS (Version27))

Table 21 shows the model is statistically significant, $F = 25.393$, $p = .000$ at $\alpha = .05$. This indicate there is a statistically significant relationship between online cash management and financial performance of Kenya Commercial Bank.

Table 22: Coefficients table of online cash management VS financials of Kcb Bank

Coefficients^a						
	Model	Unstandardized Coefficients		Standardized Coefficients		Sig.
		B	Std. Error	Beta	t	
1	(Constant)	2.155	.363		5.929	.000

Online Cash Management on Commercial Banks	.491	.097	.475	5.039	.000
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a. Dependent Variable: Financial Performance of Kenya Commercial Bank.

(Source: IBM SPSS (Version27))

Table 22 shows that the model is statistically significant, $t = 5.929$, $p > .001$ at $\alpha = .05$. The regression equation;

$$Y = a + bx \text{ translates to } Y = 2.155 + 0.491X;$$

where x = Online Cash Management and Y = Financial Performance of KCB bank.

Table 31 shows that for every 0.491 unit increase in online cash management results in one unit increase financial performance of Kenya Commercial Bank.

4.5.4 The influence of online payment of bills VS financial performance of Kenya Commercial Bank.

The study assessed the influence of online payment of bills on financial performance of Kenya Commercial Bank. A regression analysis was computed and the findings are presented in Table 23, 24 and 24.

Table 23: Model summary of online payment of bills on financials of Kcb Bank.

Model Summary				
Model	R	R Sq.	Adjusted R Sq.	Std. Error of the Estimate
1	.508 ^a	.258	.250	.611

a. Predictors: (Constant), Online Payment of Bills

(Source: IBM SPSS (Version27))

Table 23 shows that coefficient of determination, $R^2 = .258$ This shows that 25.3% of the variation in financial performance of the Kenya Commercial Bank is accounted by online payment bills.

Table 24: ANOVA of online payment of bills vs financial performance of Kenya Commercial Bank.

ANOVA ^a						
	Model	S of Sq.	Df	M. Sq	F	Sig.
1	Regression	11.326	1	11.326	30.323	.000 ^b
	Residual	32.495	87	.374		
	Total	43.820	88			

(Source: IBM SPSS (Version27))

Table 24 shows that the model relating to online payment of bills and financial performance is statistically significant, $F = 30.323$, $p > .001$ at $\alpha = .05$

Table 25: Coefficient table of online payment of bills on financials of KCB Bank

Coefficients ^a						
	Model	Unstandardized Coefficients		Standardized Coefficients		Sig.
		B	Std. Error	Beta	t	
1	(Constant)	.989	.543		1.823	.072
	Online Payment of Bills	.741	.134	.508	5.507	.000

a. Dependent Variable: Financial Performance of Kenya Commercial Bank.

(Source: IBM SPSS (Version27))

Table 25 shows that the model is statistically significant, $t = 1.823$, $p > .001$ at $\alpha = .05$. The regression equation;

$$Y = a + bx \text{ translates to } Y = 0.989 + 0.741X;$$

where $x =$ Online Payment of Bills and $Y =$ Financial Performance of KCB bank.

Table 31 shows that for every 0.741 unit increase in online payment of bills results in one unit increase financial performance of Kenya Commercial Bank.

4.5.5 The influence of online account management VS financial performance of Kenya Commercial Bank

The survey investigated the influence of online account management on financial performance of Kenya Commercial Bank. A regression analysis was performed and the findings are presented in Table 26, 27 and 28.

Table 26: Model summary table of online account management vs financials of Kcb Bank

Model Summary				
Model	R	R Sq	Adjusted R Sq	Std. Error of the Estimate
1	.242 ^a	.059	.048	.689

a. Predictors: (Constant), Online Account Management
(Source: IBM SPSS (Version27))

Table 26 shows that coefficient of determination, $R^2 = 5.9$. This shows that 5.9 % of the variation in financial performance of KCB bank can be accounted by online account management.

Table 27: ANOVA of online account management and financial performance of KCB Bank

ANOVA ^a						
	Model	S of Sq	df	Mean Square	F	Sig.
1	Regression	2.576	1	2.576	5.433	.022 ^b
	Residual	41.245	87	.474		
	Total	43.820	88			

(Source: IBM SPSS (Version27))

Table 21 shows the model is statistically significant, $F= 5.4333$, $p = .022$ at $\alpha = .05$. This indicate there is a statistically significant relationship between online account management and financial performance of Kenya Commercial Bank.

Table 28: Coefficients table of online account management vs financials Of KCB Bank

		Coefficients^a				
		Unstandardized Coefficients		Standardized Coefficients		
	Model	B	Std. Error	Beta	t	Sig.
1	(Constant)	2.801	.501		5.596	.000
	Online Account Management	.292	.125	.242	2.331	.022

a. Dependent Variable: Financial Performance of Kenya Commercial Bank.

Table 28 shows that the model is statistically significant, $t = 5.596$, $p > .001$ at $\alpha = .05$. The regression equation,

$$Y = a + bx \text{ translates to } Y = 2.801 + 0.292 X;$$

where $x =$ Online Account Management and $Y =$ Financial Performance of KCB bank.

Table 31 shows that for every 0.292 unit increase in online account management results in one unit increase financial performance of Kenya Commercial Bank.

4.5.6 Influence of international funds transfers on financial performance of Kenya Commercial Bank

The study assessed the influence of international funds transfers on financial performance of Kenya Commercial Bank. A regression analysis was computed and the findings are presented in Table 29, 30 and 31.

Table 29: Model summary of international funds transfer on financials of KCB Bank.

Model Summary				
Model	R	R Sq.	Adjusted R Sq.	Std. Error of the Estimate
1	.467 ^a	.218	.209	.628

a. Predictors: (Constant), International Fund Transfer Services

(Source: IBM SPSS (Version27))

Table 29 shows that international funds transfer accounts for 22% ($R^2 = 0.218$) of the variance of the financial performance of KCB bank

Table 30: ANOVA of international funds transfer and financial performance of Kenya Commercial Bank.

ANOVA ^a						
Model		S of SQ	Df	M. Sq.	F	Sig.
1	Regression	9.563	1	9.563	24.286	.000 ^b
	Residual	34.257	87	.394		
	Total	43.820	88			

(Source: IBM SPSS (Version27))

Table 30 shows that the model relating international funds transfer and financial performance is statistically significant, $F = 24.286$, $p > .001$ at $\alpha = .05$

Table 31: The coefficient table of international funds transfer vs financial performance of Kenya Commercial Bank.

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	2.287	.345		6.628	.000
	International Fund Transfer Services	.423	.086	.467	4.928	.000

a. Dependent Variable: Financial Performance of Kenya Commercial Bank.

(Source: IBM SPSS (Version27))

Table 31 shows that the model is statistically significant, $t = 6.628$, $p > .001$ at $\alpha = .05$. The regression equation,

$$Y = a + bx \text{ translates to } Y = 2.287 + 0.424 X;$$

where x = International funds transfer services and Y = Financial Performance of KCB bank.

Table 31 shows that for every 0.424 unit increase in international funds transfer services results in one unit increase financial performance of Kenya Commercial Bank.

Finally, multiple regression analysis was computed. The findings are presented in tables 15 and 18 show that Online Banking has a statistically significant relationship with financial performance of Kenya Commercial Bank. The findings from table 14 show that Online Banking accounts for 13.8% of the financial performance at Kenya Commercial bank (Direct effect) while table 17 show that given economic performance as the mediating variable (Indirect effect) Online banking accounts for 32.3% of the financial performance of Kenya commercial bank. Therefore, the relationship between Online banking and financial performance has a greater impact when economic performance is factored.

4.7 Summary of the findings

The research had a very good response rate of 93.7% with 89 fully responded questionnaires and 6 blank questionnaires returned. The survey was dominated by male gender 55.06% of the respondents while the female was 44.94% of the total staff respondents. The study also identified that the majority of the respondents are between the ages of 36 and 44 (39.33%), while the minority are between the ages of 18 and 26 (6.74%). The age categories 27-35 years, 45-53 years, and 54 years and up follow, with percentages of 17.98%, 21.35%, and 14.61%. Length of service key in this study since employees who have been on the firm for a longer period are likely to give credible information relevant to the study. The finds show that those with 2-4 years of experience at the bank were the majority at (38.20%), while those who worked more than 10 years are the minority at (12.36%), years 5-7 years at (22.47%), 8-10 years at (13.48%), and Less than One year 13.48%. The respondents' effectiveness is impacted by their highest educational level. The majority of the staff have a bachelor's degree (49.44%) and master's degree (31.46%) while the minority have PhDs (3.37%). Respondents with diplomas and certificates comprised 8.99% and 6.74%, respectively. The survey was also designed to study the ranks involved in the implementation and

supervision of bank activities. The findings revealed that the majority (43.82%) are in middle management, a minority (20.22%) in top management and a lower management was at 35.96%.

Data of the three variables is collected using Likert scale range of 1 to 5. (1= Strongly disagree, 2= Disagree, 3= Undecided, 4= Agree, 5= Strongly Agree). The first section of the study was testing effectiveness of the online banking system in terms of online cash management, online bill payment, online account management and international fund transfer services. The findings show that the majority (80.9%) agree that Online banking is effective while the minority (1.1%) disagreed. The study also shows that 15.7% of the respondents are undecided while 2.2% strongly agree. The second section of the survey was to access the state of the financials at the Kenya Commercial Bank in terms of KCB's profitability, Return on Assets (ROA), Return on Equity (ROE), market share, interest rate affordability and growth consistency. The results show that majority (53.9%) agree that Kenya Commercial Bank is performing financially while the minority (1.1%) disagreed. The response also shows that 23.6% are undecided while 21.3% strongly agree. The third section of the research wanted to establish the influence of the organization on the economic performance of the country. This section targeted the key areas that affect the economy of the country such as has the organization created enough and equal employment opportunities, has the firm generated revenue for the country's economy. The study also wanted to establish if KCB has worldwide investors and supports the government's agendas. The find show that the majority (53.9%) of the respondents agree attributes to the economy of the country while the minority (2.2%) disagree. The survey also shows 20.2 % of the respondents are undecided and 23.6% strongly agree.

Normality test is performed on the dependent variable, independent variable and the mediating variable. The finds from Shapiro wilks test show that all the three variables; Online banking, financial performance and Economic Performance are statistically significant since ($\alpha = .05$, $p > .00$). Therefore, all the variables are normally distributed. This concurs with the statistic value given that Online Banking, financial performance and economic performance are 0.564, 0.824 and 0.829 respectively. According to (Harmon, 2011), when the statistic value is close to 1 it shows that the variables at test s normally distributed.

To determine the relation of dependent variable vs one or more independent variables, regression analysis is utilized. It can be applied to estimate the future relationship between variables and assess the degree of link between them. Two regressions are performed on this survey: the first examines the direct impact of online banking on Kenya Commercial Bank's financial performance, and the second examines the indirect impact of the mediating variable on the study. There is a statistically significant ($\alpha = .05$, $p > .01$) association between Kenya Commercial Bank's financial performance and online banking (direct effect). The regression model further illustrates that Online Banking accounts for 14% ($R^2=0.138$) of the variance in the Financials of KCB Bank. The regression analysis further revealed that online banking has a positive effect on financial performance ($\beta = 0.371$, $SE = 0.156$, $p < 0.01$).

The indirect effect of the study shows that the relationship between Online banking and the financial performance of Kenya Commercial bank is statistically significant ($\alpha = .05$, $p > .01$) in the presence of Economic performance as the mediating variable. The analysis also shows that Online Banking accounts for 32% ($R^2=0.323$) of the variance in the Financial Performance of Kenya Commercial Bank when Economic Performance is used as the mediating variable. The regression

model also shows that Online banking has a positive effect on the financial performance since the coefficients of Online banking and Economic Performance are ($\beta = 0.267$, $SE = 0.143$, $p < 0.01$) and ($\beta = 0.443$, $SE = 0.088$, $p < 0.01$) respectively.

The survey additionally performed regression analysis on the components of Online banking which include Online cash management, Online account management, Online payment of bills and International Funds transfer services. The Online banking components are regressed against the financial performance of Kenya Commercial Bank to establish the individual relationship of the variables. The linear regression model shows that the relation of Online account management vs financial performance is statistically significant ($\alpha = .05$, $p > .01$). Additionally, the analysis shows that online cash management constitutes 23% ($R^2 = 0.226$) of the variance in financial performance of the Kenya Commercial Bank. Online cash management has a positive impact on financial performance of Kenya Commercial Bank ($\beta = 0.475$, $SE = 0.097$, $p < 0.01$).

Online Payment of Bills has an R-Sq value of (0.258). This suggests that 26% of the variance in the financial performance can be accounted by Online payment of bills. The relationship between Online payment of bills vs the financial performance of Kenya Commercial Bank is statistically significant ($\alpha = .05$, $p > .01$). The regression model additionally highlights that Online payment of bills has a positive influence of the financial performance of Kenya Commercial Bank ($\beta = 0.508$, $SE = 0.134$, $p < 0.01$). On the contrary, Online account management provides the least accountability of its variance. The linear regression model shows that Online account management accounts 6% ($R^2 = 0.59$) of the variance in financial performance of the Kenya Commercial Bank. The relationship between Online account management and financial performance is statistically significant ($\alpha = .05$, $p > .022$). Online account management has a coefficient of ($\beta = 0.242$, $SE =$

0.125, $p < 0.01$) showing that Online account management has a positive influence on the online account management.

International funds transfer services are statistically significant to the financial performance of the Kenya Commercial Bank ($\alpha = .05$, $p > .01$). The regression model shows that international funds transfer services accounts for 22% ($R^2 = 0.218$) of the variance of the financial performance of Kenya Commercial Bank. The model further illustrated that the relationship has a positive beta coefficient ($\beta = 0.467$, $SE = 0.086$, $p < 0.01$) indicating that changes in international funds transfer have a positive impact on Kenya Commercial Bank's financial performance.

In conclusion, Online banking services at the Kenya Commercial Bank has a positive influence in the financial returns. This was shown by the positive coefficient of 14% ($R^2=0.138$) from the regression analysis. The survey further indicates that regressing the independent variable (Online banking) against the dependent variable (Financials of KCB) attains better results of 32% ($R^2=0.323$) factoring in the mediating variable of Economic performance. Therefore, the bank should consider creating adequate jobs opportunities, creating wealth for the country's economy, look for more international investors and support government agendas. Refining these sectors would result in the boost in the economic performance of the bank thus improving the financial performance of the Kenya Commercial Bank.

CHAPTER FIVE

SUMMARY OF THE FINDINGS, CONCLUSION AND RECOMMENDATION

5.1 Introduction

The final chapter highlights the study's key data findings, draws conclusions and provides recommendations. It summarizes the important results and insights based on the collected data and analysis. It also extends beyond summarizing to make thoughtful recommendations for future use. The primary purpose of the study was to assess the influence of online banking on the financial performance of Kenya Commercial Bank.

5.2 Summary

This survey sought to assess the Influence of online banking on the financial returns of commercial banks in Kenya; a case study of Kenya Commercial Bank. The study focused on the influence of online cash management, online payment of bills, online account management, international fund transfer services, financial returns of Kcb Bank and the economic performance. It aimed to determine how these elements impact on the financial performance of the of Kenya Commercial Bank. To examine, analyse and report the data, the study employed descriptive correlational research. The goals of the study were successfully served by this methodology. Ninety-five KCB Bank workers completed the questionnaires that were used to collect data; six of them returned them blank. The analysis was carried out with the statistical program SPSS 26, tables and charts were used to visually portray the results of the descriptive statistics, regression analysis and the correlation analysis of the study.

5.2.1 Direct Effect (Online Banking vs Financial Performance)

The purpose of the study was to determine how KCB Bank's finances were impacted by online banking. The Pearson correlation analysis indicates that there is a favorable statistically significant association between the financial success of the bank and online banking ($r(89) = .371, p < .05$). This suggests that a growth in Kenya Commercial Bank's online banking segment would boost its financial performance. The poor correlation relationship is indicated by the Pearson coefficient of .371, which is a measure of magnitude.

Based on the regression analysis, the study demonstrates that there is a statistically significant connection ($\alpha = .05, p > .01$) between online banking and financial performance. The association is deemed statistically significant if the p-value is less than 0.05, per (Stehlik-Barry & Babinec, 2017). The study also found that 14% of the variations in online banking might be linked to changes in Kenya Commercial Bank's financial performance. Regression analysis also showed that there is a favorable correlation between financial performance and online banking ($\beta = 0.371, SE = 0.156, p < 0.01$). Consequently, Kenya Commercial Banks' financial performance would increase by 0.371 for every unit increase in online banking.

These findings concur with the report by (KCB Group Plc, 2022) which show that it is evident that online banking has led to 15% growth in the volumes in transactions. This influenced the Kenya Commercial Bank to gain 12% increase in net profit in fiscal year 2022 and the bank also reduced their expenditure from 50% to 45% cost of operation at branch level.

5.2.2 Indirect Effect (Online Banking → Economic Performance → Financial Performance)

The survey wanted establish the influence of Online banking on the financial returns in the presence of a mediating variable (Economic Performance). The ANOVA statistics indicating a

statistical significance of Online banking vs financial return given that Economic Performance is the mediating variable at the KCB Bank. At 95% confidence interval the p-value of 0.000. The survey also shows that 32% of change in online banking accounts for change in the financial performance of the KCB Bank with Economic Performance as the mediating factor. The regression model also shows that Online banking with a positive effect on the financial performance since the coefficients of Online banking and Economic Performance are ($\beta = 0.267$, $SE = 0.143$, $p < 0.01$) and ($\beta = 0.443$, $SE = 0.088$, $p < 0.01$) respectively. This means that an increase in one unit of Online banking in and an increase of one unit in Economic Performance increases the financial performance by 0.267 and 0.443 respectively. Correlation analysis is also tested on these variables and the results show a statistically significant positive association ($r(89) = .506$, $p < .05$) between Online banking and the financial performance of Kenya Commercial Bank. This means that growth in the Economic performance sector will result to an increase in financial performance. In terms of magnitude, the Pearson coefficient is .506, indicating a moderate correlation relationship between the two variables.

According to Stehlik-Barry and Babinec (2017) there is a strong significant relationship between Economic performance of a country and the financial performance of institutions good economic performance encourages investors to start businesses in a country, increasing the demand and supply of goods and services. This boosts the demand for banking services, hence improving the bank's profitability and revenue.

5.2.3 Online cash management vs financial performance of Kenya Commercial Bank

The relation of Online cash management versus the financial performance is statistically significant ($\alpha = .05$, $p > .01$). The study also shows that Online cash management accounts for 23% of the changes that occur at the financial performance of KCB Bank. The study further reveals that

an increase in one unit of online cash management increases the financial performance by 0.475. The correlation relationship of the two variables is also tested by Pearson coefficient. The results show the correlation is positively statistically significant $r(89) = .475, p < .05$. This implies that an increase in the Online cash management at the Kenya Commercial bank would lead to an increase in the financial performance. In terms of magnitude, the Pearson coefficient is $r = .475$ which indicates that the correlation relationship is weak even though it is positive.

According to the research by (Maino & International Monetary Fund, 2019) that examined the relationship between cash management vs financial returns in Nigerian commercial banks. The researchers discovered that cash flows from financial activities have a statistically significant favorable impact on the financial performance of Nigerian banks in the financial year 2017/2018.

5.2.4 Online payment of bills versus financial performance of KCB Bank.

The research wanted to access the relationship between online payment of bills and financial performance and it was found to be statistically significant ($\alpha = .05, p > .01$). Additionally, the analysis demonstrates that 26% of the variations of the financial performance is attributed by Online payment of bills. The regression model additionally highlights that Online payment of bills has a positive influence on the financial returns of KCB Bank ($\beta = 0.508, SE = 0.134, p < 0.01$). On the correlation analysis the output shows that the correlations relationship between Online Payment of bills and the financial performance is positively statistically significant $r(89) = .508, p < .05$. Therefore, if more bank customers practice the use of online payment of bills, it leads to an increase in the financial performance of Kenya Commercial bank. In regards to the magnitude, the relationship is termed to be moderately strong since it has a Pearson coefficient of .508.

This study concurs with research done by Khiaonarong, T., and Humphrey, D. B. (2019) which established that online payment of bills is efficient since it minimizes human error, saves time since one doesn't need to go to the branches physically and it also lowers the processing cost. The study also established that the banks are able to generate extra revenue boasting the financial performance of the institution.

5.2.5 Online account management verses financial performance of Kenya Commercial Bank

The survey shows that Online Account Management accounts for 6% of the changes on financials of the Kenya Commercial Bank. The relationship between Online account management and financial performance is statistically significant ($\alpha = .05$, $p > .022$). The survey further stated increasing Online account management by one unit increase the level of financials by 0.242 units. This output concurs with the correlation analysis that illustrates relation of Online account management and the financial performance of KCB Bank is statistically significant with positive correlation ($r(89) = .242$, $p < .02$). This means that an increase in the Online account management will result to an increase in financial performance of the bank. In terms of magnitude, the Pearson(r.) coefficient is .242, indicating a slightly weak correlation relationship between the two variables.

Research done by (Shaikh & Karjaluo, 2015) shows that's bank services like balance enquiry, generation of bank statement, funds transfer can be done online hence reducing the need to have physical branch locations which leads to the bank saving operational cost. The survey also established that reliable online account management system improves the satisfaction of customers hence leads to retention of customers.

5.2.6 International funds transfer vs financial performance of KCB Bank

The research sought to establish the impact of international funds transfer on the financial returns of the KCB Bank. The findings show that international funds transfer account for 22% change in the financial performance in KCB Bank. The relation of international funds transfers vs financial performance was found to be statistically significant ($\alpha = .05, p > .01$). The study further established that's an increase of one unit in the international funds transfer increases financial performance by 0.467 units. The correlation between these two variables is examined and the results show that the relationship between International Funds transfer services and the financial performance of Kenya commercial Bank is statistically significant with positive correlation ($r(89) = .467, p < .05$). Therefore, an increase in the international funds transfer services will result to an increase in the financial performance of the bank. In terms of magnitude, the Pearson coefficient is .467, indicating a slightly weak correlation relationship between the variables.

This result agrees with the study by Engsted et al. (2012) that illustrates how international bank transfer services generate revenue for that bank. Banks generate revenue through exchange rates by covering rates margins for international transfers. This boosts the financial performance of the bank.

5.3 Conclusion

The survey targeted to examine the Influence of online banking on the financials of KCB Bank. Results show that online banking has significant relationship with financial performance of the bank, it is also shown that the degree of influence varies across different online banking services.

Online banking as a whole account for 14% of the changes the financial performance. This indicates a strong correlation between the use of online banking services vs the financial performance of KCB Bank. This indicates that the banking sector need to normalize the adoption of the new emerging digital trends. Moreover, the study further highlights that economic performance plays an important mediating role in this relationship, online banking account for 32% change in financial performance when mediated by economic performance. This suggests that the effectiveness of online banking in enhancing financial performance is significantly influenced by the wider economic performance.

On the other hand, specific online banking services such as online cash management and online payment of bills also have a significant relationship financial performance. Online cash management and online payment of bills accounts for 23% and 26% of the variations, respectively. These findings suggest that the Kenya Commercial Bank should prioritize to develop these services to maintain a positive impact on their financial performance. The study also established that the international funds transfer services accounts for 22% of the change in financial performance. Online account management is accounted by a smaller percentage of 6% though still significant. It remains an essential component of the overall online banking system that contributes to customer satisfaction growth of the bank.

In conclusion, the findings of this study confirm the positive influence of online banking on the financial performance of Kenya Commercial Bank. However, the success of these initiatives will also depend on the context of the economic performance and the bank's ability to adapt to emerging trends in the online banking landscape.

5.4 Recommendations

5.4.1 Recommendation for practice

The survey established that the Kenya Commercial Bank has better financial returns when more people utilize online banking. The research proposes that local and foreign commercial banks concentrate on using evolving technologies designed to facilitate online banking in order to fulfill their objectives. It is important for banks to embrace the digital future and strive towards a purpose and vision that aligns with the emerging trends in ICT. The Kenya Commercial Bank should continue in investing in online banking services since the research has proved that online banking impacts positively on the financial performance of the bank.

The findings from the research have determined that economic performance is a key implement of the financials of KCB Bank. The study shows that economic performance impacts positively to the financial performance. Therefore, KCB should improve strategies that boost economic performance such as creating adequate and equal job opportunities, generating revenue for the country, looking for international investors and supporting the government agendas. Implementing these strategies would help the bank improve its financial performance.

Result from the study clearly stated that online payment of bills is statistically significant to the financial performance of the Kenya Commercial Bank. Therefore, the bank should invest in marketing and improving its online bill payment services. This will make them more user-friendly to accommodate all the customers in the country. The bank should also advance online cash management system by introducing modern advanced features that would make their customers feel reliable and safe to bank with them. Moreover, given that international funds transfer services

have a huge impact the financial performance, the bank should enhance these services to allow the Kenya Commercial Bank to capture a larger share of the international market.

5.4.2 Recommendations for Further Study

The Kenya Commercial Bank should implement Artificial intelligence (AI) in their operation. AI has become increasingly important in risk management and revenue growth for businesses worldwide. The inconveniences caused by the COVID-19 pandemic has limited the relying on the traditional sources of information. Use of Artificial Intelligence is one of the most effect methods to run a business in the modern era. In advanced countries, the use of AI has been embraced in Banking and financial institutions (FIs) are expanding on their existing solutions to transform their firms. The Kenya Commercial Bank should implement the use of AI to smoothen their operations to maximize the financial performance.

Banks must find a way to embrace this technology and view it as a friend rather than a challenge to use. Cryptocurrency adoption has the ability to streamline and modernize financial services. The Kenya Commercial bank should consider adopting these services to boast their financial performance. Adopting the use of cryptocurrencies, the bank customers can conduct transactions from one customer to another without the need for a regulated middleman, this will facilitate fast and cost-free transfer of funds. The transactions of funds are basically connected to the transaction ID on the blockchain rather than being identified by a specific bank account through a financial institution. The Kenya Commercial Bank should consider the use of cryptocurrencies to maximize the number of transactions they make this would lead in maximizing the financial performance of the institution.

Data privacy and cybersecurity is key element in the for the success of an institution. It is advised that the Kenya Commercial bank should adopt the use of more economical measures and dependable technology that do not offer opportunity for criminal operations to occur. The banks spend a lot of money for operation and to build their investments, they ought to provider proper security measures to protect their investments.



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APPENDIX I: RESERCH TOOLS

INFORMED CONSENT FORM

Dear Participant,

I kindly invite you to be part of this survey am conducting regarding the Influence of online banking on the financial performance of banks: A case of Kenya Commercial Bank. Am enrolled in the (Master of Business Administration (MBA) at Mount Kenya University and am in the process of writing my Master's project.

The enclosed questionnaire has been structured to be able to collect information on: Influence of online banking on financial performance of banks.

Your participation in this study is entirely voluntary. You can decline to respond completely or leave blank any questions you do not want to answer. You can be assured that your responses will remain confidential and anonymous even after the study is completed. This study's data will be kept confidential and it will only be submitted as one combined report. Only the researchers will be aware of your specific responses to this questionnaire. There are no immediate benefits associated with taking part in this study. But it could be intriguing to talk about the challenges the study brought up, since this could help the industry and those who have similar worries or potential clients.

You are requested to kindly provide the most accurate response you can to the questionnaire during this data collection process if you accept to take part in this experiment. This process is approximately to take 20 minutes. Kindly ensure that the questionnaire is returned as soon as you finish filling in the responses that I may finish the project report.

For any inquiries regarding this project, please do not hesitate to reach out to my supervisor, Dr. Benson Njoroge, at 0722993026, or the investigator, Danvas Omwansa, at 0721245536. Please contact the Chairman of the Mount Kenya University Ethical Review Committee at P.O. Box 342-01000, Thika, if you have any queries concerning your rights as a study participant.

Thank you for your assistance in this important endeavor.

CONSENT

I've had time to review the material provided, understand it, and formulate inquiries. I understand

that my participation is entirely optional and that I can stop at any time, for any reason, and without incurring any fees. I understand that I will receive a copy of this permission form. I voluntarily agree to take part in this study.

Participant's signature _____ Date _____

Investigator's signature _____ Date _____

QUESTIONNAIRE

Dear Respondent,

My name is Danvas Nyaundi Omwansa, a Masters Student at Mount Kenya University. I am conducting research entitled **“Influence of online banking on financial performance of commercial banks in Kenya: a case of Kenya Commercial Bank in Kenya”** The purpose of the questionnaire is to collect data on the above-mentioned topic. You are kindly requested to tick (✓) in the appropriate bracket. Your honesty and co- operation in responding to these questions will be highly appreciated and will be treated with utmost confidentiality.

SECTION I: GENERAL INFORMATION.

BACKGROUND INFORMATION	CHOICES
Gender	Male () Female ()
Age bracket:	[] 18-26 Years [] 27-35 Years [] 36-44 Years [] 45-53 Years [] 54 and Above
Years of service at the firm:	[] Less than 1 year [] 2-4 years [] 5-7 years [] 8-10 years [] Over 10 years

Highest level of Education:	<input type="checkbox"/> Certificate	<input type="checkbox"/> Diploma
	<input type="checkbox"/> Bachelor's Degree	<input type="checkbox"/> Master's Degree
	<input type="checkbox"/> PhD	
Job description:	<input type="checkbox"/> Top Management.	<input type="checkbox"/> Middle Management
	<input type="checkbox"/> Lower Management.	

SECTION II: ONLINE BANKING.

a) Online cash management on commercial banks.

	Online cash management	Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
1	Online cash management has enhanced the cash flow banking process					
2	Online cash management has minimized the returns from cash balances.					
3	Online cash management has made it effective in control of disbursement.					
4	Efficiency in banking arrangement.					
5	Online bank management made the process of debtors' management easy.					
6	The cost of financing and borrowing has reduced.					
7	Online bank management has enhanced the process of tracking returns.					
8	Efficient process of choosing assets to invest.					

b) Online payment of bills.

	Online payment of bills.	Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
1	Online payment of bills process is fast and efficient.					
2	Online payment of bills is the most reliable most mode of payment in the modern day era.					
3	Online payment of bills is the cheapest and the most reliable mode of payment.					
4	Online payment has maximized the consumption of goods and services.					
5	Online payment of bills offers the best customers satisfaction services to the consumer.					
6	Online payment of bills is safe it protects both the merchant and the consumer.					
7	Payments can be made effectively both locally and internationally.					
8.	Online payments saves time.					
9	The need of carrying cheques and cash has been reduced.					
10	Online payment has improved the flow of money between the consumers.					
11	Instant confirmation of recipient's details.					

c) Online account management.

	Online account management.	Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
1	Customers can effectively access their banking details from devices i.e. computers at any time.					
2	Registration of accounts can be done online effectively.					

3	Customers can enquire about their banking details online					
4	The bank can connect with its customers and nurture their business relationship for profitability.					
5	The banks can control and manage many accounts effectively					
6	Online account management has made it easier to transactions when issues erupt.					
7	Online account managements has improves the general performance of the organization.					

d) International fund transfer services.

	International fund transfer services.	Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
1	Our firm has international clients.					
2	Our firm performs transactions internationally.					
3	Our firm provides an effective Immediate fund transfer (IFT) system.					
4	Our firm provides effective Real Time Gross Settlement (RTGS) services.					
5	The charges to perform international transactions are affordable for our customers.					
6	Transactions made internationally are well secured.					

SECTION III: FINANCIAL PERFORMANCE OF KENYA COMMERCIAL BANK.

	Financial performance of Kenya commercial bank.	Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
1	Our firm has a high Return on asset.(ROA)					
2	Our firm has a high Return on Equity. (ROE)					
3	Our firm has a large market share.					
4	Our firm record high profits over the years.					
5	Our firm has affordable interest rates.					
6	Our firm has consistent growth.					

SECTION IV: ECONOMIC PERFORMANCE.

	Economic performance.	Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
1	Our firm adheres to government policies.					
2	Our firm has been able to create adequate and equal job opportunities					
3	Our firm has been able to create wealth for the country's economy					
4	Our firm has international investors.					
5	Our firm supports the government agendas					



APPENDIX II: ERC CERTIFICATE



REF: MKU/ISERC/3991

Date: 30 July 2024

TO: DANVAS NYAUNDI OMWANSA

REG: MBA/2015/24154

Dear Sir/Madam,

RE: INFLUENCE OF ONLINE BANKING ON FINANCIAL PERFORMANCE OF BANKS IN KENYA: A CASE OF KENYA COMMERCIAL BANK

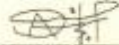
This is to inform you that **Mount Kenya University** has reviewed and approved your above research proposal. Your application approval number is **2935**. The approval period is **30/07/2024 - 29/07/2025**.

This approval is subject to compliance with the following requirements;

- i. Only approved documents including informed consents, study instruments, MTA will be used
- ii. All changes including amendments, deviations and violations are submitted for review and approval by **Mount Kenya University**
- iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to **Mount Kenya University** within 72 hours of notification
- iv. Any changes, anticipated or otherwise that may increase the risks or affect the safety or welfare of study participants and others or affect the integrity of the research must be reported to **Mount Kenya University** within 72 hours
- v. Clearance for export of biological specimens must be obtained from relevant institutions
- vi. Submission of a request for renewal of approval at least 60 days prior to expiry of the approval period. Attach a comprehensive progress report to support the renewal
- vii. Submission of an executive summary report within 90 days upon completion of the study to **Mount Kenya University**

Prior to commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology and Innovation (NACOSTI) <https://research-portal.nacosti.go.ke> and also obtain other clearances needed.

Yours sincerely,



Dr. Alfred Owino, PhD
Chairman, Mount Kenya University ISERC



Main Campus, General Kago Road, P.O. Box 342-01000 Thika.

Cell: +254 709 153 000 | +254 709 153 200

Email: info@mku.ac.ke, Web: www.mku.ac.ke

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APPENDIX III: INTORUCTION LETTER FROM MKU



DIRECTORATE OF GRADUATE STUDIES

MBA/2015/24154

31st July, 2024

*National Commission for Science Technology & Innovation (NACOSTI)
Off Waiyaki Way, Upper Kabete,
P.O Box 30623- 00100
NAIROBI, KENYA*

Dear Sir/Madam,


RE: DANVAS NYAUNDI OMWANSA - REGISTRATION NO. MBA/2015/24154

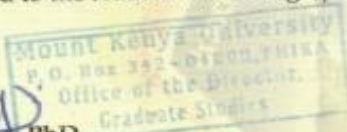
The purpose of this letter is to introduce the above named student who is pursuing **Master of Business Administration** in the department of **Accounting and Finance** in the school of **Business and Economics**.

The title of the research is **"Influence of Online Banking on Financial Performance of Banks in Kenya: A Case of Kenya Commercial Bank."** It has been cleared by the University's Ethics Review Committee (Certificate attached) and now has to proceed to the field to collect data between **August, 2024 and October, 2024**.


Any assistance accorded to the student will be highly appreciated.


Thank you.


Dr. Samuel M. Karenga, PhD
Director, Graduate Studies
Enc.



APPENDIX IV: RESEARCH LICENSE


REPUBLIC OF KENYA
 NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION


NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

RefNo: 828912 **Date of Issue: 09/August/2024**


RESEARCH LICENSE



This is to Certify that Mr. Danvas Nyaundi Omwansa of Mount Kenya University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Nairobi on the topic: INFLUENCE OF ONLINE BANKING ON FINANCIAL PERFORMANCE OF BANKS IN KENYA: A CASE OF KENYA COMMERCIAL BANK for the period ending : 09/August/2025.

License No: NACOSTI/P/24/38972

828912
Applicant Identification Number


Director General
NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

Verification QR Code



APPENDIX V: FIELD ENTRY LETTER

The CEO
Kenya commercial Bank Group
Po Box 48400-00100
Upper hill
Nairobi

Dear Sir

Re: Seeking permission to collect data at Kenya Commercial Bank Headquarters Upper hill Nairobi

My name is Danvas Nyaundi Omwansa, a Masters Student at Mount Kenya University. I am conducting a survey entitled **“Influence of online banking on financial performance of commercial banks in Kenya: a case of Kenya Commercial Bank in Kenya** I am seeking permission to do collect data at Kenya commercial Bank headquarters upper hill.

I shall extend an invitation to members of your organization to take part in this research. Individuals in management at various levels will be among the group. If they consent, they will be interviewed and asked to complete surveys. It will take about 30 minutes for each response, and the interview will take place at the office.

The employees who will be answering the survey will be requested to give their verbal or written agreement at the outset of the survey. Unless otherwise specified, their response—which includes both their names and the name of the organization—will be kept confidential. Every written and publicized piece of study data will respect people's privacy.

I respectfully ask for written authorization to carry out this research at your company. Please include my information in the letter of authorization along with your organization's official letterhead, signed, dated, and with accurate references to both my name and the subject of my research.

Please let me know if you require any further information. I look forward to your response as soon as is convenient.


Yours sincerely,

Danvas Omwansa

0721245536




Danvas.omwansa@gmail.com

APPENDIX VI: TURNITIN REPORT

 Page 1 of 119 - Cover Page Submission ID trn:old::1:3036318095


Danvas Omwansa

FINAL PROJECT- INFLUENCE OF ONLINE BANKING ON FINANCIAL PERFORMANCE (1) (4).docx

 PG 2021
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Document Details

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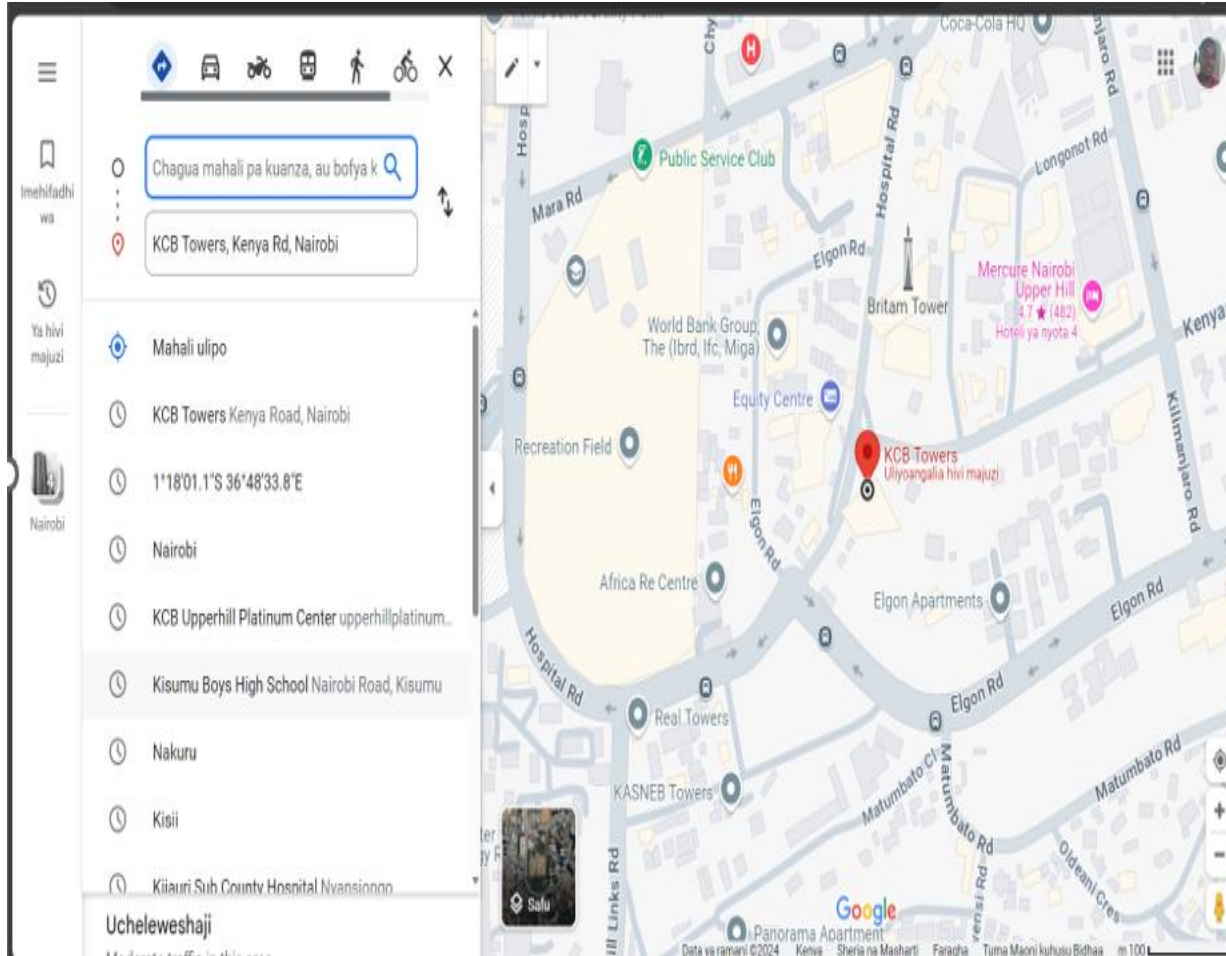
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APPENDIX VII: RESEARCH MAP SITE.

<https://maps.app.goo.gl/ERhjcddmgqSpUkPp8>



KCB Towers Upper hill Nairobi