

**CUSTOMER PERCEPTION ON MOBILE PHONE BANKING USAGE:
A CASE OF SMALL AND MEDIUM BUSINESS OWNERS IN THIKA
MUNICIPALITY**

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ABSTRACT

Mobile banking (or m-banking) describes the banking services that the user can perform via a mobile device in all places at any time and from anywhere. It is an application of mobile computing which provides customers with the support needed to be able to bank anywhere, anytime using a mobile handheld device and a mobile service such as text messaging (SMS). Despite many financial institutions incorporating the use of mobile phone based banking in the recent past targeting both the existing customers as well as a means of reaching the unbanked, there has been a slow acceptance of mobile banking as an alternative form of banking over the conventional branch banking. Specifically this project sought to assess customers' perception towards m-banking usage. The study targeted small and medium business owners within Thika municipality. This population was suitable since it comprises of a metropolitan population that cuts across a variety of banking institutions. For the purposes of this study, the researcher used descriptive research design. The study relied on primary data. The data was collected through the use of questionnaires. The questionnaire contained five sections where part B to E had a set of attitude statements. They were used to determine the level of agreement or disagreement using a five point Likert scale. Purposive sampling was used as the method of data collection. Data collected was presented by bar charts, percentages and tables and later analysed by use of descriptive statistics through statistical package for social sciences (SPSS) version 19.0.0.0. Correlation analysis was used to determine the relationship among the variables. Overall the findings of the study revealed that most customers were in favour of m-banking as compared to branch banking. The study revealed that; benefit factors, service quality and risk factors all had influence on the customers' perception. Upon measurement of the degree of relationship of these variables on the dependent variable, the correlation coefficients showed that all the variables put into consideration had a major influence on the customers' perception. The findings of the study would help financial institutions to come up with strategies of up scaling the use of m-banking among its customers since there is willingness to use the m-banking platforms.

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