

IMPACT OF ONLINE BANKING ON THE ECONOMIC GROWTH OF KENYA

(A CASE OF EQUITY BANK, THIKA BRANCH)

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ABSTRACT

The general objective of the study was to determine the impact of internet/online banking and economic growth in Kenya. The specific objectives of the study were; to determine the types of online banking platforms that are used in Kenya; to assess the level of customers' adoption rates of online banking at the effect it has on economic growth of the country; and to establish the impact of acquiring new customers through online banking and the impact it has on the entire economic growth of the country.

The study was conducted through descriptive study. The target population in this research was Equity Bank, Thika Branch where the target population was 70 employees in the bank from various levels of management with a sample size of 35 employees being selected through stratified random sampling technique. The main sources of data for this study were the primary sources. Data was collected through the use of questionnaires from the respondents and the questionnaires were close ended. Quantitative data analysis was conducted in the study for the data analysis part.

Based on the summary of major findings, the following conclusions are drawn. The adoption of internet banking in Kenya is increasing and many banks are embracing investment on ICT and the use of internet. Subsequently, internet banking affects positively the returns on assets and GDP. The investment of internet banking is very effective and efficient in several banks. However, banks should evaluate if the investment has any impact on profitability. The recommendations made were; commercial banks should enhance customer awareness of the entire suite of e-banking services as well as security measures in place. This can be achieved through comprehensive advertising that utilizes various media to reach out to customers; the government should come up with ways to make sure that banks are encouraging their customers to adopt online banking as it will go down towards making sure that the economy is growing; the Central Bank of Kenya should reassure the public of the safety of e-banking. This could be achieved through workshops and advertising; and development of more online banking platforms for banks should be encouraged.