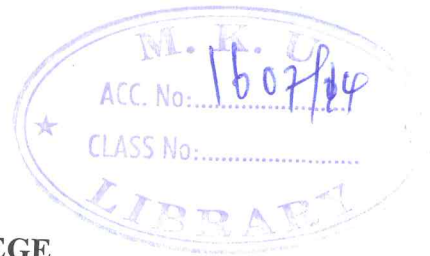


**EFFECT OF AGENCY BANKING ON FINANCIAL PERFORMANCE OF
COMMERCIAL BANKS IN KENYA:
(CASE OF EQUITY BANK LIMITED)**

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ABSTRACT

Agency banking is a concept that allows banks to engage third parties to offer products and services on their behalf. Performance is the outcome of all of the organization's operations and strategies. Measuring financial performance accurately is critical for accounting purposes and remains a central concern for most organizations. The purpose of the study was to investigate the Effect of agency banking on financial performance, specifically the study sought to assess the Effect of agency banking transactions volumes, establish the influence of agency banking deposits and assess the effect of agency banking convenience on the financial performance. A structured and semi structured, self-administered questionnaire was used to collect primary data, secondary data was sourced from the records held at the equity bank head office. The data collected was analysed and the findings were presented by pie charts, graphs and tables. The findings of the study indicated that the agency banking has an effect on the financial performance; the findings also noted that Agency banking deposits have enabled the bank to increase the overall deposit base; Customers who could not access bank services found it much easier to access those services. Banks have rolled out agency banking in the rural areas making it easy to access banking services and also carry out their transactions without going to the bank premises.. In conclusion the interactions of the three factors create an impetus for financial performance success and Equity Bank should therefore adopt strategies to enhance these three areas. The study therefore recommends that banks should explore other services other than money transfer only to improve their performance through agency banking which include: secure operating systems capable of carrying out real time transactions, generating an audit trail, and protecting data confidentiality and integrity. The output of study will help the policy makers interested in establishing measures to improve on Agency banking.