

**EFFECT OF MOBILE BANKING ON BUSINESS PERFORMANCE IN KENYA**

**(A CASE STUDY OF EQUITY BANK (KENYA) LIMITED)**

**BY**

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# CHAPTER ONE

## INTRODUCTION OF THE STUDY

### **Introduction**

This chapter dealt with introduction of the study, background of the study, statement of the problem, general objectives, and research questions, significant of the study, the scope of the study and finally the definition of key terms.

### **1.1 Background to the Study**

Mobile banking (M-banking) is a term used for performing banking transactions via mobile device such as mobile phones (Anyasi and Otubu, 2009). Tiwari, Buse and Herstatt (2006) define mobile banking as any transaction, involving the transfer of ownership or rights to use goods and services, which is initiated and/or completed by using mobile access to computer-mediated networks with the help of an electronic device. They further indicate that mobile banking refers to provision and availment of bank-related financial services with the help of mobile telecommunication devices. The scope of offered services may include facilities to conduct bank and stock market transactions, to administer accounts and to access customized information from the bank. Mobile banking is most often performed via short message services (SMS) or mobile internet, but can also be used by special programs called clients downloaded to the mobile device.

Over the past few years, advancement in information technology has changed the way organizations operate and conduct their business (Al-Jabri, 2012). Technological advancement has brought about the evolution of M-banking and Online banking in the banking industry which has revolutionized the manner in which commercial banks conduct their business. Internet and M-banking has not only made financial organization provide banking services online and via mobile, but has also provided customer with easy access to financial services and other benefits.

Model mobile banking can be said to consist of three inter-related concepts, this include mobile accounting, mobile brokerage and mobile financial information services. Most services in the categories designated accounting and brokerage are transaction-based. The non-transaction-based services of an informational nature are however essential for conducting transactions - for