

**ANALYSIS OF THE EFFECT OF MOBILE BANKING
ON THE FINANCIAL PERFORMANCE OF
COMMERCIAL BANKS IN KENYA**

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ABSTRACT

Kenyan commercial banks have continued to use huge investments in technology based innovations and training of manpower to handle new technologies. The relationship between the growing investment in technology based bank innovations and bank financial performance in Kenya needs to be studied and establish whether innovations have contributed to the financial performance of commercial banks in Kenya. This research studied innovations in the area of automated teller machines, debit and credit cards, internet banking, mobile banking, electronic funds transfer and point of sale terminals. These innovations were studied in relation to their effect on commercial banks' financial performance indicators namely: total income, profit before tax, return on assets and deposits. The main objective of this study was to establish the effect of bank innovations on financial performance of commercial banks in Kenya. The specific objectives were: to establish the effect of bank innovations on income, return on total assets, profitability and customer deposits of commercial bank in Kenya. A descriptive survey design was used while a questionnaire was used to gather primary data. Secondary data was also used to validate the communicative and pragmatic validity of primary data. The target study units for this research were 20 conveniently selected commercial banks. They comprised of 10 listed banks, 2 government owned and 8 private owned commercial banks. The study sample in terms of the respondents covered the senior management only and a sample of 325 was administered with the questionnaire and a 62% response rate was achieved. Statistical analysis was done with the aid of Statistical