THE EFFECT OF MOBILE BANKING ON FINANCIAL PERFORMANCE OF BANKING INSTITUTIONS

A CASE STUDY OF EQUITY BANK (U) LIMITED JINJA BRANCH

BY
KIWANUKA SHARIF
REG. NO. 1153-05014-02256

A DISSERTATION SUBMITTED TO THE SCHOOL OF BUSINESS AND MANAGEMENT STUDIES IN PARTIAL FULFILLMENT FOR THE REQUIREMENTS FOR THE AWARD OF A BACHELOR’S DEGREE IN BUSINESS ADMINISTRATION OF KAMPALA INTERNATIONAL UNIVERSITY

SEPTEMBER 2019
DECLARATION

KIWANUKA SHARIF, hereby declare that this dissertation on the effect of mobile banking on financial performance of banking institutions in reference to Equity Bank (U) Limited, Jinja branch is original and to the best of my knowledge has never been submitted to any University or institution of higher learning for any award. Any source of information used in this work is duly acknowledged.

KIWANUKA SHARIF

REG. NO. 1153-05014-02256

Signed........................................... Date............................................
APPROVAL

I certify that this dissertation on the effect of mobile banking on financial performance of banking institutions in reference to Equity Bank (U) Limited, Jinja branch has been supervised and is now submitted with my approval as a University supervisor.

SIGN

......................................................

NAME...........................................

RESEARCH SUPERVISOR

Date.............................................
DEDICATION

I dedicate this dissertation to my dear parents who are my greatest supporters in what I do, you are the greatest and the most credible true father and mother on this planet.
ACKNOWLEDGEMENT

I am extremely indebted and sincerely very grateful to my dear parents for funding and providing other assistance in carrying out this dissertation. Special thanks also go to my lecturers and more especially my research supervisor for her valuable guidance and constructive criticisms which have made this dissertation a reality.

I further extend thanks to the staff of Equity Bank Jinja branch for accepting me to carry out a research in their bank.

May the almighty God reward them abundantly for their contribution towards my studies.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>DECLARATION</td>
<td>i</td>
</tr>
<tr>
<td>APPROVAL</td>
<td>ii</td>
</tr>
<tr>
<td>DEDICATION</td>
<td>iii</td>
</tr>
<tr>
<td>ACKNOWLEDGEMENT</td>
<td>iv</td>
</tr>
<tr>
<td>LIST OF TABLES</td>
<td>ix</td>
</tr>
<tr>
<td>LIST OF FIGURES</td>
<td>x</td>
</tr>
<tr>
<td>LIST OF ABBREVIATIONS</td>
<td>xi</td>
</tr>
<tr>
<td>ABSTRACT</td>
<td>xii</td>
</tr>
<tr>
<td><strong>CHAPTER ONE: INTRODUCTION</strong></td>
<td>1</td>
</tr>
<tr>
<td>1.0 Introduction</td>
<td>1</td>
</tr>
<tr>
<td>1.1 Background of the study</td>
<td>1</td>
</tr>
<tr>
<td>1.2 Statement of the problem</td>
<td>4</td>
</tr>
<tr>
<td>1.3 Purpose of the study</td>
<td>4</td>
</tr>
<tr>
<td>1.4 Objectives of the study</td>
<td>5</td>
</tr>
<tr>
<td>1.4.1 General objective</td>
<td>5</td>
</tr>
<tr>
<td>1.4.2 Specific objectives</td>
<td>5</td>
</tr>
<tr>
<td>1.5 Research questions</td>
<td>5</td>
</tr>
<tr>
<td>1.6 Scope of the Study</td>
<td>5</td>
</tr>
<tr>
<td>1.6.1 Geographical scope</td>
<td>5</td>
</tr>
<tr>
<td>1.6.2 Time scope</td>
<td>6</td>
</tr>
<tr>
<td>1.6.3 Contextual scope</td>
<td>6</td>
</tr>
<tr>
<td>1.7 Significance of the Study</td>
<td>6</td>
</tr>
<tr>
<td>1.8 Conceptual framework</td>
<td>7</td>
</tr>
</tbody>
</table>
CHAPTER THREE: DATA COLLECTION INSTRUMENTS AND PROCEDURES

3.5 Data Collection instruments ........................................................................................................ 23
3.5.1 Questionnaire .......................................................................................................................... 23
3.6 Data collection procedure ............................................................................................................ 24
3.7 Validity and Reliability of Instruments ....................................................................................... 24
3.7.1 Validity ..................................................................................................................................... 24
3.7.2 Reliability ............................................................................................................................... 24
3.8 Data Analysis and presentation .................................................................................................... 25
3.9 Ethical considerations ................................................................................................................. 25
3.10 Limitations to the study ............................................................................................................. 25

CHAPTER FOUR: PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS ........................................... 27

4.1 Introduction .................................................................................................................................. 27
4.2 Demographic information of the respondents ............................................................................. 27
4.2.1 Gender of the Respondents .................................................................................................... 27
Figure 4.1: Gender Distribution of the respondents ........................................................................... 27
4.2.2 Age of the respondents .......................................................................................................... 28
4.2.3 Respondents’ Marital status .................................................................................................. 29
4.2.4 Department of service ............................................................................................................ 30
4.2.5 The Level of Education Attained by the Respondents ............................................................ 30
4.2.6 Number of years worked ....................................................................................................... 31
4.2.7 Extent customers have adopted mobile banking services ..................................................... 32
4.3 The mobile banking services adopted by Equity Bank (U) Limited Jinja branch ....................... 33
4.4 The effect of mobile banking on financial performance of Equity Bank (U) Limited Jinja branch .................................................................................................................................................. 34
4.5 The Relationship between mobile banking and financial performance of Equity Bank ............ 36
LIST OF TABLES

Table 3.1 Sample size selection ................................................................. 23
Table 4.1 Department of service ................................................................. 30
Table 4.2 Education level ........................................................................... 30
Table 4.3 Number of years worked ............................................................... 31
Table 4.4 Extent customers have adopted mobile banking services .................. 32
Table 4.5: The mobile banking services adopted by Equity Bank (U) Limited Jinja branch...... 33
Table 4.6: The effect of mobile banking on financial performance .................... 34
Table 4.7 Relationship between mobile banking and Returns on Equity ............. 36
Table 4.8 Relationship between mobile banking and Returns on Assets ............. 37
LIST OF FIGURES

Figure 1.1 Conceptual framework ................................................................. 8
Figure 4.1: Gender Distribution of the respondents........................................ 27
Figure 4.2: Age Groups of Respondents.......................................................... 28
Figure 4.3: Marital Status of the Respondents.................................................. 29
# LIST OF ABBREVIATIONS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ATMs</td>
<td>Automated Teller Machines</td>
</tr>
<tr>
<td>BoU</td>
<td>Bank of Uganda</td>
</tr>
<tr>
<td>CRBs</td>
<td>Credit Reference Bureaus</td>
</tr>
<tr>
<td>E-banking</td>
<td>Electronic Banking</td>
</tr>
<tr>
<td>ES</td>
<td>Efficiency Structure</td>
</tr>
<tr>
<td>ICT</td>
<td>Information Communication and Technology</td>
</tr>
<tr>
<td>KCB</td>
<td>Kenya Commercial Bank Limited</td>
</tr>
<tr>
<td>M-banking</td>
<td>Mobile banking</td>
</tr>
<tr>
<td>MFC</td>
<td>Mortgage Finance Company</td>
</tr>
<tr>
<td>PDA</td>
<td>Personal Digital Assistant</td>
</tr>
<tr>
<td>NIM</td>
<td>Net Interest Margin</td>
</tr>
<tr>
<td>PEX</td>
<td>Palestine Securities Exchange</td>
</tr>
<tr>
<td>ROA</td>
<td>Return on Assets</td>
</tr>
<tr>
<td>ROE</td>
<td>Return on Equity</td>
</tr>
<tr>
<td>SMEs</td>
<td>Small Medium Enterprises</td>
</tr>
<tr>
<td>SMS</td>
<td>Short message services</td>
</tr>
<tr>
<td>SSA</td>
<td>Sub-Saharan Africa</td>
</tr>
<tr>
<td>TAM</td>
<td>Technology Acceptance Model</td>
</tr>
<tr>
<td>U.K.</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>CAMELS</td>
<td>Capital adequacy, Asset quality, and Management, Earning, Liquidity, and Sensitivity analysis</td>
</tr>
</tbody>
</table>
ABSTRACT

This study focused on establishing the effect of mobile banking on financial performance of banking institutions in reference to Equity Bank (U) Limited, Jinja branch. This study specifically seeks to establish the mobile banking systems adopted by Equity Bank, to examine the extent to which mobile banking influence the financial performance of Equity Bank and to analyze the relationship between mobile banking and financial performance of Equity Bank, Jinja branch. This study used a descriptive research design. The target population for this study comprised of 40 employees in the finance, loans, Administration and Operations department. A sample size of 36 respondents was selected by purposive sampling based on Krejcie and Morgan’s sample table. Questionnaires were the main data collection instrument used. The collected data were processed manually. The processing stage involved editing, classification, coding, transcription and tabulation. These results were presented in frequency tables, bar graphs and charts. The findings indicated that the bank the following mobile banking services; Funds transfer from bank account to Mobile Money Accounts, payment of bills using mobile phone, Cash deposits and withdrawals, Bank statement request, checking cheque deposit status, ordering cheque book and balance enquiry as evidenced by the majority of the respondents. The finding also revealed that mobile banking services provide crucial banking services to bank clients thus increasing the bank’s sales revenue, the bank has been able to increase on its profitability because of adaptation of mobile banking services, mobile banking service help the bank management to reduce unnecessary cost associated with paper work. The study also revealed that mobile banking has a positively relationship with the bank’s Returns on Equity and Returns on Assets. The study concluded that mobile banking services have a significant effect on financial performance of Equity Bank Jinja branch. The study recommends that the policy makers take mobile banking awareness creation into consideration when drafting policies on the operations of banks in Uganda. The study also recommends that policy makers keep a keen eye on the developments of mobile banking as it is a new platform for competition among commercial banks as the world moves into a digital age to ensure it does not lose its regulatory role.

Key words: Mobile banking and financial performance
CHAPTER ONE
INTRODUCTION

1.0 Introduction
This chapter presented the background of the study, the statement of the problem, the purpose of the study, research objectives, the research questions, scope of the study, the significance of the study, the conceptual framework of variables and definition of key terms and variables.

1.1 Background of the study

In recent years banks have developed innovative products and offered a wide range of services in an effort to increase efficiency which is the ultimate goal of banks. Mobile banking refers to the access of banking services and facilities using electronic mobile devices such as mobile phones and PDAs (Olweny & Shipho, 2014). Although various, and at times competing, labels, and definitions have been used when discussing the provision of financial services through mobile phone networks, this study uses the increasingly popular term “mobile money” to refer to the convergence of mobile telephone and financial services.

According to Kigen (2013), Mobile banking (m-banking) involves the use of a mobile phone or another mobile device to undertake financial transaction linked to a client account. According to Kingoo (2014) m-banking refers to provision and availing of banking and financial service with the help of mobile telecommunication device. Services include performing balance checks, account transactions, payments, credit applications and other banking transactions through a mobile device such as a mobile phone which is most used in developing countries or Personal Digital Assistant (PDA).

In both the developed and developing countries, mobile phones have become the primary form of telecommunication (Bhavnani, Chiu, Janakiram & Silarszky, 2014). The northern European countries are among the most advanced ones in adoption of different new mobile technologies. In 2014, M-Banking in Finland enabled services such as checking account balances, funds transfer, payment of bills, share dealings, portfolio management and purchase of insurance. Mari, Rafael and Francisco (2015) established that product and service delivery innovations contribute
positively to regional Gross Domestic Product (GDP), investment and gross savings growth. These sentiments are shared by Hendrickson and Nichols (2014), while studying the performance of small banks in the United State with regards to interstate branching and found out that banks perform better when they adopt innovations across their branches.

Mobile banking has transformed the way people in the developing world transfer money and now it is poised to offer more sophisticated banking services which could make a real difference to people's lives. This type of banking can offer a wide variety of services ranging from account information, which has to do with alerting the customers on the updates and transactions on their account through their mobile phones. People receive short messages on their phones informing them of their immediate transactions in their bank accounts. Also, they help in payments (utility bills), deposits, withdrawals, transfers, purchase airtime, request bank statements and perform 13 other crucial banking tasks, all in real time over their mobile phones (Mutua, 2013).

Financial performance refers to the financial soundness where depositors’ funds are safe in a stable banking system (BOU, 2015). The financial soundness of a financial institution may be strong or unsatisfactory varying from one bank to another. According to Mugembe (2014), external factors such as: deregulation, lack of information among bank customers and homogeneity of the services bank offer do cause bank failure. The activities undertaken in m-banking contribute to the financial soundness of the commercial banks in Kenya. Some useful measures of financial performance are coined into what is referred to as CAMELS (Capital adequacy, Asset quality, and Management, Earning, Liquidity and Sensitivity analysis) which guide the banking sector (Madhyam and Stichele, 2013).

External parties normally evaluate a firm’s ability based on its performance (Bonn, 2016). This implies why performance is like a mirror to a firm. The level of goal accomplishment generally defines a firm’s performance (Achrol and Etzel, 2014). Firm performance is the outcomes achieved in meeting internal and external goals of a firm (Lin et al., 2014). As a multidimensional construct, performance has several names, including growth, survival, success and competitiveness. The concept of firm growth was introduced in the early 1930s known as the “Law of Proportionate Effect” (sometimes called Gibrat’s rule of proportionate growth). The
Law of Proportionate Effect is frequently used as a benchmark for many studies to determine business growth.

Mobile banking offers millions of people a potential solution in emerging markets that have access to a cell phone, yet remain excluded from the financial mainstream. It can make basic financial services more accessible by minimizing time and distance to the nearest retail bank branches (CGAP, 2016) as well as reducing the bank’s own overheads and transaction-related costs. Mobile banking presents an opportunity for financial institutions to extend banking services to new customers thereby increasing their market (Lee, Lee and Kim, 2015). Simpson (2015) suggests that e-banking is driven largely by the prospects of operating costs minimization and operating revenues maximization.

Equity Bank Uganda Limited is a commercial bank in Uganda. It is licensed by the Bank of Uganda, the central bank and national banking regulator. The bank provides banking services to individuals and to small and medium business enterprises. As of December 2013, the bank was the fourteenth largest commercial bank in Uganda with assets of approximately US$146.3 million (UGX:370 billion), or approximately 2 percent of all bank assets in the country at that time. Equity Bank Uganda Limited has its headquarters in Uganda’s capital city, Kampala.

The banking sector in Uganda has had to adopt technological change to remain competitive. In search of competitive advantages in the technological financial service industry, banks have acknowledged value of differentiate themselves from others financial institution through new service distribution channels (Daniel 2014). Banks bureaucratic process of account opening cut out many rural poor as they could not qualify to own accounts. With competition banks had to simplify the process and had to come up with innovative ways of doing so. Quite a number of banks have innovatively come up with various M-banking products for example Equity Bank M-Cash and Equi duuka, KCB Mobi-bank, Centenary bank Cente mobile. Therefore, it was upon this background that influenced the researcher to conduct a study to investigate the effect of mobile banking on financial performance of banking institutions in reference to Equity Bank (U) Limited Jinja branch.
1.2 Statement of the problem

The introduction of a myriad of mobile money services (MMS) by various mobile money service providers to customers has become common in the recent years as a way of gaining competitive advantage (Tchouassi, 2012). The roll out of these services in developing countries has generated a lot of interest among various players in the financial sector of the economy. In Uganda, commercial banks are entering into partnership with companies that provide utility service, mobile service operators with the aim of providing M-banking services. These Services have seen an unprecedented development and growth during the last few years and it is becoming a major catalyst for economic and social development in many countries Uganda inclusive (Anyango, 2015).

A search for empirical literature on the influence of mobile banking on the financial performance of commercial banks reveals a number of studies, some international and others local. Ching, et al. (2014) evaluated the factors that influence the adoption of mobile banking in Malaysia. The study revealed that one of the factors is improved efficiency and thus performance. Some of the local studies in Uganda more especially in Jinja that have attempted to investigate the influence of mobile banking on the financial performance of commercial banks include Wamala (2014), Nsubuga (2015) and Anyango (2015). However, a gap remains in addressing the overall implications of mobile phone banking, in relation to traditional banking transactions. This is evidenced by studies that reveal unresolved issues on mobile phone banking and little or no examination on how the technology is affecting banking transactions. Further, the effects of new developments such as the introduction of Equi-duuka, Equitel, a mobile money transfer service by Equity bank on the financial performance have not been evaluated. The study therefore sought to fill this gap by investigating the effect of mobile banking on financial performance of banking institutions in reference to Equity Bank (U) Limited Jinja branch.

1.3 Purpose of the study

The main purpose of this study was to establish the effect of mobile banking on financial performance of banking institutions in reference to Equity Bank (U) Limited, Jinja branch.
1.4 Objectives of the study

This study was guided by the following general and specific objectives;

1.4.1 General objective

The general objective of this study was to establish the effect of mobile banking on financial performance of Equity Bank (U) Limited, Jinja branch.

1.4.2 Specific objectives

i. To establish the mobile banking systems adopted by Equity Bank (U) Limited Jinja branch.

ii. To examine the extent to which mobile banking influence the financial performance of Equity Bank (U) Limited Jinja branch.

iii. To analyze the relationship between mobile banking and financial performance of Equity Bank (U) Limited Jinja branch.

1.5 Research questions

This study was guided by the following research questions;

i. What are the mobile banking systems adopted by Equity Bank (U) Limited Jinja branch?

ii. To what extent does mobile banking influence the financial performance of Equity Bank (U) Limited Jinja branch?

iii. What is the relationship between mobile banking and financial performance of Equity Bank (U) Limited Jinja branch?

1.6 Scope of the Study

1.6.1 Geographical scope

This study will be conducted at Equity Bank (U) Limited Jinja branch. Equity Bank Uganda Limited Jinja branch is located in Jinja Main Street on Nabirye plaza opposite Housing Finance
Bank Jinja branch, this commercial bank was selected because it has adopted various mobile banking systems to ease its service delivery to its customers.

1.6.2 Time scope

This study on the effect of mobile banking on financial performance of Equity Bank (U) Limited, Jinja branch was carried out in 5 months period from May – September in the year 2019. Data was obtained via a comprehensive coverage of the study unit in order to test the knowledge available from the participants of the study regarding mobile banking and financial performance of banking institutions.

1.6.3 Contextual scope

This study focused on establishing the effect of mobile banking on financial performance of banking institutions in reference to Equity Bank (U) Limited, Jinja branch. This study specifically seeks to establish the mobile banking systems adopted by Equity Bank (U) Limited Jinja branch, to examine the extent to which mobile banking influence the financial performance of Equity Bank (U) Limited Jinja branch and to analyze the relationship between mobile banking and financial performance of Equity Bank (U) Limited Jinja branch.

Mobile banking was considered as the independent variable for the study while financial performance was considered as dependent variable.

1.7 Significance of the Study

This study will be of value to different stakeholders in the field.

To the management in commercial banks

This study will inform them on the financial effect of mobile banking on the performance of their institutions. Through the findings of this study, the management will be able to strategize on how to realize maximum benefits from mobile banking.
To the policy makers and agencies like the Central Bank of Uganda

The findings of this study will be important in informing the policy formulation especially with regard to regulating the mobile banking services in Uganda.

The research findings add dimension that may help improve policy direction with regard to regulation of mobile banking as well as factors that spur economic growth.

To the academicians

This study will help build the knowledge base in the discipline by adding on the existing literature on mobile banking and financial performance.

The study will be used as a source of reference material besides suggesting areas where future research may be conducted.

1.8 Conceptual framework

A conceptual framework refers to how a researcher conceptualizes the relationships between variables in the study by presenting them graphically or diagrammatically. Mugenda and Mugenda (2014). The conceptual framework is found significant for it assists the researcher to quickly perceive the relationship established. The study’s conceptual framework is depicted in figure 1.1.
1.9 Definition of key terms

Mobile banking: Mobile banking (also known as M-banking) is a term used for performing balance checks, account transactions, payments, credit applications and other banking transactions through a mobile device such as a mobile phone or Personal Digital Assistant (PDA).
CHAPTER TWO
LITERATURE REVIEW

2.0 Introduction
This chapter presented empirical review of different scholars who conducted studies in relation to the effect of mobile banking and financial performance of banking institutions. Therefore, this chapter presented empirical review on the concept of mobile banking, the mobile banking systems adopted by banking institutions, the effect of mobile banking on financial performance, the relationship between mobile banking and financial performance of banking institutions, the bank performance indicators and conclusion.

2.1 The concept of mobile banking

Mobile banking (M-banking) is one of the latest developments in e-banking and is also referred to as wireless internet applications of banking (Choi et al. 2016, Scornavacca & Hoehle, 2015). M-banking introduces a new channel for banking services, especially for remote areas where the internet is still unavailable. Strategic implications and customer perception of M-banking services are explored with a focus on the consumer value creation and a better understanding about the customer-perceived value of M-banking services (Laukkanen & Lauronen. 2014).

M-banking presents numerous benefits for both customers and banks (Leow, 2013). To the customer it provides expanded access, significant time saving and ultimate convenience. Similarly from a banks point of view, the cost of delivering services is significantly lower in a mobile based service setup compared to branch based service setup. M-banking has almost all the benefits achieved by ATMs on service delivery; however, the channel does not have the capability to dispense cash like ATMs do. The channel enables customer to conduct business even after the traditional bank hours, as a result accruing continual productivity for the bank. Additionally the delivery channel offers banking services to customers at the convenience of their offices or homes. Hence M-banking provides an alternative to going to the bank branch/ATM which saves customers’ time.
2.2 The Mobile Banking services adopted by Banking Institutions

According to Tiwari R, (2015) mobile banking is a term used for performing balance checks, account transactions, payments, credit applications and other banking transactions through a mobile device such as a mobile phone or Personal Digital Assistant (PDA). The earliest mobile banking services were offered over SMS, a service known as SMS banking. Mobile banking is used in many parts of the world with little or no infrastructure, especially remote and rural areas. This aspect of mobile commerce is also popular in countries where most of their population is un-banked. In most of these places, banks can only be found in big cities, and customers have to travel hundreds of miles to the nearest bank. The scope of offered services may include facilities to conduct bank and stock market transactions, to administer accounts and to access customized information (Tiwari R, Buse S, 2015).

Pousttchi and Schurig (2014) assert that one of the most thriving business-to-consumer applications in electronic commerce is mobile banking. Several researchers such as Filotto et al. (2014); Moutinho and Smith (2016) have carried expansive research in mobile banking focusing on a variety of delivery options, measuring the attitude of consumers towards mobile banking and automated teller machines. Others such as (Barnes and Corbitt (2014), Black et al. (2015), Enders et al. (2016), Gerrard and Cunningham (2014) and Yu (2012) have also focused on issues on adoption and quality of services of internet banking. With a rapid increase in usage of smart mobile phones in most countries around the globe and diffusion of WAP-enabled phones, the transformation of banking applications to mobile devices has been a significant development in mobile banking. Mobile banking has emerged as a potential wireless service delivery channel providing increased value for customer banking transaction (Pousttchi & Schurig, 2014).

A survey carried out by Mathew et al. (2013) in the United States of America supports that the most common mobile banking activities that are prevalent among users include checking financial account balances or transaction inquiries where 87 percent of mobile banking users were found to have performed this function in a duration of 12 months. The use of mobile banking to transfer money between accounts was also found to be one of the activities that are rapidly increasing among the users of mobile banking service. There are also a number of mobile banking users who prefer to receive text message alerts from a bank whenever there was a
However, the users of this service seem to be declining as more activities can be performed in real time. The other activity that most mobile banking service users use frequently is making online bill payments from a bank account using a mobile phone. The mobile banking service users also prefer using the system to locate an ATM whenever they are not sure of the location. The mobile banking function that has seen the greatest increase in use by far is depositing a check by phone, known as remote deposit capture.

A study conducted by Sohail and Shanmughum (2014) assert that the rapid improvements that have been experienced in the area of information communications (ICT) have fueled the technological revolution that is being experienced in many banks across the entire globe today. There is credible evidence that the way financial services are delivered has greatly changed due to advancements that have been made in the ICT sector. The environmental complexity and high level of competition that is experienced in the global banking environment has necessitated the adoption of various types of technologies in order to remain competitive. The technological advancements have so far assisted banks to effectively respond to the business environmental challenges by adopting new strategies that shift focus to building customer satisfaction through offering better products and services and at the same time to minimize operation costs. Mobile banking services adoption has been broadly utilized by a number of banks around the globe and has proved to be a better competitive tool (Sohail & Shanmughum, 2014).

2.3 The effect of mobile banking on financial performance

Several studies have been conducted on the effects of mobile banking and the performance of commercial banks. Tchouassi (2012) sought to find out whether mobile phones really work to extend banking services to the unbanked using empirical Lessons from Selected Sub-Saharan Africa Countries. This study sought to discuss how mobile phones could be used to extend banking services to the unbanked, poor and vulnerable population. The study noted that poor, vulnerable and low-income households in Sub-Saharan Africa (SSA) countries often lacked access to bank accounts and faced high costs for conducting basic financial transactions. The mobile phone presented a great opportunity for the provision of financial services to the unbanked. In addition to technological and economic innovation, policy and regulatory innovation was needed to make these services a reality.
Donner and Tellez (2014) did a study on mobile banking and economic development where they sought to link adoption, impact, and use. The study established that through offering a way to lower the costs of moving money from place to place and offering a way to bring more users into contact with formal financial systems, m-banking/m-payments systems could prove to be an important innovation for the developing world. However, the true measure of that importance required multiple studies using multiple methodologies and multiple theoretical perspectives before answering the questions about adoption and impact.

Tiwari, Buse and Herstatt (2016) studied mobile banking as business strategy: impact of mobile technologies on customer behaviour and its implications for banks. The study sought to examine the opportunities for banks to generate revenues by offering value added, innovative mobile financial services while retaining and even extending their base of technology-savvy customers.

Wambari (2013) studied mobile banking in developing countries using a case of Kenya. This study sought to establish the importance of mobile banking in the day to- day running of small businesses in Kenya and to understand the challenges involved in using m-banking as a business tool and appreciate the advantages and disadvantages therein. This study elaborated that the adoption and use of mobile phones is product of a social process, embedded in social practices such as SMEs Practices which leads to some economic benefits.

Al-Jabri (2012) studied mobile banking adoption by looking at the application of diffusion of innovation theory. This study sought to investigate a set of technical attributes and how they influence mobile banking adoption in a developing nation, like Saudi Arabia. The study used diffusion of innovation as a base-line theory to investigate factors that may influence mobile banking adoption and use. More specifically, the objective of this research was to examine the potential facilitators and inhibitors of mobile banking adoption. The study was guided by six hypothesis including: relative advantage having a positive effect on mobile banking adoption; Complexity having a negative effect on mobile banking adoption; Compatibility having a positive effect on mobile banking adoption; Observability having a positive effect on mobile banking adoption; Trial ability having a positive effect on mobile banking adoption; and perceived risk having a negative effect on mobile banking adoption.
According to Koivu (2015) uptake of mobile phone in Kenya has been unprecedented. Mobile banking in Kenya affects performance of organization, behavior and decision making of the entire economy. The trend of continued reliance on mobile devices to execute monetary transaction is steadily gaining momentum. Mobile banking is one innovation which has progressively rendered itself in pervasive ways of cutting across numerous sectors of economy and industry.

Kigen (2013) studied the impact of mobile banking on transaction costs of microfinance institutions where he found out that by then, mobile banking had reduced transaction costs considerably though they were not directly felt by the banks because of the then small mobile banking customer base. Kigen (2013) sought to determine the impact that mobile banking bore on transactional costs of microfinance institutions.

According to Siam (2016) examined the impact of m-banking on Jordanian banks and concluded that majority of the banks are providing services on internet through their websites and his findings show that the attention is more to achieving e-banking as satisfying and fulfilling customers' needs. He also concluded that there should be a well-articulated strategy to achieve success and profits in the long run.

Munaye (2013) studied the application of mobile banking as a strategic response by equity bank Kenya limited to the challenge in the external environment. Munaye (2013) reviewed the concept of mobile banking as a strategic response where its effects on financial performance were not considered.

2.4 The Relationship between mobile banking and financial performance in banking institutions

According to Ching et al (2014) studied the factors affecting Malaysian mobile banking adoption from the point of an empirical analysis. This study aimed at extending the Technology Acceptance Model (TAM) to investigate mobile banking acceptance in Malaysia. More specifically, the objective of this study was to examine the relationships between constructs of perceived usefulness, perceived ease of use, social norms, perceived risks, perceived innovativeness, and perceived relative advantages towards behavioural intention in adopting
mobile banking. The findings of this study revealed that perceived usefulness, perceived ease of use, relative advantages, perceived risks and personal innovativeness were the factors affecting the behavioral intention of mobile users to adopt mobile banking services in Malaysia. Meanwhile, the social norms were the only factor found to be insignificant in this study.

Several studies have been conducted on the effects of mobile banking and the performance of commercial banks. Agboola (2016) in his study on Information and Communication Technology (ICT) in Banking operations in Nigeria found out that technology was the main driving force of competition in the banking industry. During his study he witnessed increase in the adoption of ATMs, EFT, smart cards, electronic home and office banking and telephone banking. He indicates that adoption of ICT improves the banks’ image and leads to a wider, faster and more efficient market. He asserts that it is imperative for bank management to intensify investment in ICT products to facilitate speed, convenience, and accurate services, or otherwise lose out to their competitors.

Tchouassi (2012) sought to find out whether mobile phones really work to extend banking services to the unbanked using empirical Lessons from Selected Sub-Saharan Africa Countries. This study sought to discuss how mobile phones could be used to extend banking services to the unbanked, poor and vulnerable population. The study noted that poor, vulnerable and low-income households in Sub-Saharan Africa (SSA) countries often lacked access to bank accounts and faced high costs for conducting basic financial transactions. The mobile phone presented a great opportunity for the provision of financial services to the unbanked. In addition to technological and economic innovation, policy and regulatory innovation was needed to make these services a reality.

Kingoo (2014) studied the relationship between electronic banking and financial performance of commercial banks in Kenya where he paid keen attention on the microfinance Institutions in Nairobi. Kingoo (2014) looked at the wider electronic banking whereas this study will only concentrate on mobile banking. Munaye (2013) studied the application of mobile banking as a strategic response by equity bank Kenya limited to the challenge in the external environment. Munaye (2013) reviewed the concept of mobile banking as a strategic response where its effects on financial performance were not considered.
A study conducted by Wilson et al (2016), in their research on Turkish banks concluded that m-banking has a positive relationship on the profits of banks. According to their study, "Internet has changed the dimensions of competition in the retail banking sector. It has also provided opportunities for emerging countries to build up their financial intermediation infrastructure. Investment in e-banking is a gradual process. The internet banking variable has had a positive effect on the performance of the banking system in Turkey."

Kithaka (2014) also evaluated the effects of mobile banking on the financial performance of commercial banks in Kenya. Cross sectional descriptive survey was employed in this case. This informed who, how and what about the mobile banking in commercial banks in Kenya and as a one-time event. The study adopted a census method where all the commercial banks practicing mobile banking in Kenya were studied. The study found out that there were mobile banking variables influencing the financial performance of commercial banks in Kenya, which are annual amount of money moved through mobile banking, number of users of mobile banking, capital adequacy, asset quality, bank liquidity and management efficiency. They influenced it positively. The study found out that the intercept was 1.076 for all years. The six independent variables that were studied (annual amount of money moved through mobile banking, number of users of mobile banking, capital adequacy, asset quality, bank liquidity and management efficiency) explain a substantial 75.1% of financial performance of commercial banks in Kenya as represented by adjusted R2 (0.751).

Muisyo,Alala & Musiega (2014) also evaluated the effect of mobile money services on banking institutions in Kenya. The study focused on commercial banks operating in Kakamega County. The study reveals that the introduction of a myriad of mobile money services (MMS) by various mobile money service providers to customers has become common in the recent years as a way of gaining competitive advantage through diversification, maintaining customer loyalty and increasing market share in order to grow their profitability and improve their financial position. The roll out of these services in developing countries has generated a lot of interest among various players in the financial sector of the economy. Such services include person to person (P2P) mobile money transfer (MMT), pay bill services, loan to customers and access to a wide range of banking services e.g. a/c balances, mini statements, transfer of money from one’s
mobile line a/c to one’s own bank a/c. This provides both an opportunity and a challenge to the banking industry, one of the leading industries in the financial sector.

Kathuo, Rotich and Anyango (2015) also evaluated the effect of mobile banking on the financial institutions of banking institutions in Kenya. The study established that the number of mobile banking transactions has tremendously increased in the last five years since the introduction of M-banking. The study thus concludes that, banks that have adopted M-banking services have to a large extent increased their customer outreach, and hence have improved their financial performance. The findings revealed that many mobile banking products are being offered by banks such as Fund Transfer between Accounts/ E-funds transfer, Bill Payment, order for cheque books and bank statements and therefore concluded that the financial performance of the banks that provide these mobile banking products has improved because they ensure efficiency of the banking services.

Zimmerman (2013) discovered that mobile banking in developing world was an object of skepticism among financial insiders while proponents argued that cell phones could revolutionize personal finance in poorer country, regulators warned of money laundering and most bankers worried that low customer balances wouldn’t be worth transaction costs. From the above discussion of empirical literature, this study hypothesizes that mobile banking supports the delivery of mobile banking services in an economy.

2.5 The Bank performance indicators

Profit is the ultimate goal of commercial banks hence all the strategies designed and activities performed thereof are meant to realize this grand objective. To measure the profitability of commercial banks, there are variety of ratios used of which Return on Asset, Return on Equity and Net Interest Margin are the major ones (Murthy and Sree, 2014).

Alkhatib (2016) studying the financial performance of Palestinian commercial banks listed on Palestine securities exchange (PEX) measured financial performance using three indicators: Internal–based performance measured by Return on Assets (ROA), Market based performance measured by Tobin’s Q model (Price / Book value of Equity) and Economic–based performance measured by Economic Value add. The study employed the correlation and multiple regression
analysis of annual time series data from 2014-2015 to capture the impact of bank size, credit risk, operational efficiency and asset management on financial performance measured by the three indicators, and to create a good-fit regression model to predict the future financial performance of these banks. The study rejected the hypothesis claiming that "there existed statistically insignificant impact of bank size, credit risk, operational efficiency and asset management on financial performance of Palestinian commercial banks".

2.5.1 Return on Equity (ROE)

ROE is a financial ratio that refers to how much profit a company earned compared to the total amount of shareholder equity invested or found on the balance sheet. ROE is what the shareholders look in return for their investment. A business that has a high return on equity is more likely to be one that is capable of generating cash internally. Thus, the higher the ROE the better the company is in terms of profit generation. It is further explained by Khrawish (2014) that ROE is the ratio of Net Income after Taxes divided by Total Equity Capital. It represents the rate of return earned on the funds invested in the bank by its stockholders. ROE reflects how effectively a bank management is using shareholders' funds. Thus, it can be deduced from the above statement that the better the ROE the more effective the management in utilizing the shareholders capital.

2.5.2 Return on Asset

ROA is also another major ratio that indicates the profitability of a bank. It is a ratio of Income to its total asset (Khrawish, 2014). It measures the ability of the bank management to generate income by utilizing company assets at their disposal. In other words, it shows how efficiently the resources of the company are used to generate the income. It further indicates the efficiency of the management of a company in generating net income from all the resources of the institution. Wong (2014) stated that a higher ROA shows that the company is more efficient in using its resources.
2.5.3 Net Interest Margin

NIM is a measure of the difference between the interest income generated by banks and the amount of interest paid out to their lenders for example, deposits, relative to the amount of their interest-earning assets. It is usually expressed as a percentage of what the financial institution earns on loans in a specific time period and other assets minus the interest paid on borrowed funds divided by the average amount of the assets on which it earned income in that time period i.e. the average earning assets. The NIM variable is defined as the net interest income divided by total earnings assets (Gul et al., 2014). Net interest margin measures the gap between the interest income the bank receives on loans and securities and interest cost of its borrowed funds. It reflects the cost of bank intermediation services and the efficiency of the bank. The higher the net interest margin, the higher the bank’s profit and the more stable the bank is. Thus, it is one of the key measures of bank profitability. However, a higher net interest margin could reflect riskier lending practices associated with substantial loan loss provisions (Khrawish, 2014).

2.5.4 CAMEL rating system

CAMEL is an acronym for five components of bank safety and soundness: Capital adequacy, Asset quality, Management quality, Earning ability and Liquidity. These are discussed below:

2.5.4.1 Capital Adequacy

Karlyn (2014) defines the capital adequacy in term of capital-deposit ratio because the primary risk is depository risk derived from the sudden and considerably large scale of deposit withdrawals. Capital adequacy is the capital expected to maintain balance with the risks exposure of the financial institution such as credit risk, market risk and operational risk, in order to absorb the potential losses and protect the financial institution’s debt holder. “Meeting statutory minimum capital requirement is the key factor in deciding the capital adequacy, and maintaining an adequate level of capital is a critical element”. The capital adequacy is estimated based upon the following key financial ratios.
2.5.4.2 Asset quality

Frost (2014) stresses that the asset quality indicators highlight the use of nonperforming loans ratios (NPLs) which are the proxy of asset quality, and the allowance or provision to loan losses reserve. According to Grier (2015), “poor asset quality is the major cause of most bank failures”. A most important asset category is the loan portfolio; the greatest risk facing the bank is the risk of loan losses derived from the delinquent loans. The credit analyst should carry out the asset quality assessment by performing the credit risk management and evaluating the quality of loan portfolio using trend analysis and peer comparison. Measuring the asset quality is difficult because it is mostly derived from the analyst’s subjectivity.

2.5.4.3 Management Quality

Grier (2015) suggests that management is considered to be the single most important element in the CAMEL rating system because it plays a substantial role in a bank’s success; however, it is subject to measure as the asset quality examination. Management quality refers to the capability of the board of directors and management, to identify, measure, and control the risks of an institution ‘s activities and to ensure the safe, sound, and efficient operation in compliance with applicable laws and regulations (Uniform Financial Institutions Rating System 1997).

2.5.4.4 Earning ability

In accordance with Grier (2015)'s opinion, a consistent profit not only builds the public confidence in the bank but absorbs loan losses and provides sufficient provisions. It is also necessary for a balanced financial structure and helps provide shareholder reward. Thus consistently healthy earnings are essential to the sustainability of banking institutions. Profitability ratios measure the ability of a company to generate profits from revenue and assets.

2.5.4.5 Liquidity

Grier (2015) emphasizes that “the liquidity expresses the degree to which a bank is capable of fulfilling its respective obligations”. Banks makes money by mobilizing short term deposits at lower interest rate, and lending or investing these funds in long term at higher rates, so it is
hazardous for banks mismatching their lending interest rate. The profitability is estimated based
upon the following key financial ratios. There should be adequacy of liquidity sources compared
to present and future needs, and availability of assets readily convertible to cash without undue
loss. The fund management practices should ensure an institution is able to maintain a level of
liquidity sufficient to meet its financial obligations in a timely manner; and capable of quickly
liquidating assets with minimal loss (Uniform Financial Institutions Rating System, 2012).

2.6 Conclusion and Research gap

The above empirical studies discussed the effect of mobile banking on financial performance of
banking institutions but such past studies did not clearly identify the mobile banking systems
adopted by commercial banks and how they relate with the financial performance of Ugandan
commercial banks more especially in Jinja. Therefore, this study intended to fill this knowledge
gap by identifying the mobile banking systems and how they affect the financial performance of
Ugandan commercial banks in reference to Equity Bank (U) Limited Jinja branch as a case study.
CHAPTER THREE
RESEARCH METHODOLOGY

3.0 Introduction

This chapter presented the research design, population of the study, sample size, sampling technique, data collection instruments, validity and reliability of research instruments, data collection procedures, ethical considerations, data analysis and presentation and study limitations.

3.1 Research Design

This study used a descriptive research design to investigate the effect of mobile banking on financial performance of Equity Bank Jinja branch. According to Cooper & Schindler (2016) in a descriptive design, either the entire population, or a subset thereof is selected, and from these individuals, data are collected to help answer research questions and describe the current situation of the variables at the time of data collection. This was therefore considered to be the appropriate research design in this study.

3.2 Target Population

According to patterned (2013) target population consists of the people where a sample can be drawn. Cooper and Schindler (2013) define a population as the total collection of elements about which the researcher wishes to make some inferences. The population can have the observable characteristics from which the researcher intends to draw generalizations. Therefore, the target population for this study comprised of 40 employees in all financial management departments at Equity Bank Jinja Branch.

3.3 Sample Size

Kothari, (2014) defines a sample as a small group of respondents drawn from a population about which a researcher is interested in getting the information so as to arrive at a conclusion. The sample consisted of the employees working at Equity Bank Jinja Branch. A sample size of 36 respondents was selected by purposive sampling based on Krejcie and Morgan’s (1970) sample
The categories of respondents included: Finance staff, Loans staff, Operations staff and the Administration staff.

Table 3.1 Sample size selection

<table>
<thead>
<tr>
<th>Category</th>
<th>Population (N)</th>
<th>Sample size (n)</th>
<th>Sampling Technique</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans Department</td>
<td>16</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>Finance Department</td>
<td>12</td>
<td>11</td>
<td>Purposive Sampling</td>
</tr>
<tr>
<td>Operations Department</td>
<td>05</td>
<td>04</td>
<td></td>
</tr>
<tr>
<td>Administration Department</td>
<td>07</td>
<td>06</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>36</td>
<td></td>
</tr>
</tbody>
</table>

Source: Employees’ Diary, 2019 at Equity Bank Jinja branch

3.4 Sampling Technique

Purposive sampling was employed in this study to sample the respondents from only the four departments i.e. Loans department, Finance department, Administration and Operations department since they were familiar with the financial performance of the branch. Purposive sampling was used to select key respondents whom the researcher thought that should not be left out in the study. This method is very economical, offers accurate results and a high degree of representativeness and is very useful (Sotirios Sarantakos 2014).

3.5 Data Collection instruments

3.5.1 Questionnaire

A questionnaire is a research instrument consisting of a series of questions and other prompts for the purpose of gathering information from respondents (Foddy, 2014). Questionnaires are useful in gathering data, which is descriptive of current events, conditions, or attributes of a population at a particular point in time. Questionnaire method was preferred because it covers a wider area and also it reaches many respondents at a cheaper cost. The questionnaires were administered to
the selected bank employees in request to fill in their responses. The questionnaire questions were designed in lieu of the research objectives by use of Likert scale questions.

3.6 Data collection procedure

A letter of introduction from Kampala International University was obtained to seek permission from the Bank management to collect data from the intended respondents. The questionnaires were self-administered to the respondents by the researcher by hand delivery and offered enough time to fill them and later were collected after a few days. The advantage of this method was that the researcher had the opportunity to personally introduce the study to the respondents and explain to them the intentions of the study, as he also clarified anything regarding doubts that could arise during the study.

3.7 Validity and Reliability of Instruments

3.7.1 Validity

According to Mugenda (2013), validity is a measure of the degree to which data collected using a particular instrument represents a specific domain of indicators or content of a particular concept. Validity of research instrument was determined by the researcher through seeking opinions of experts in the field of study especially the researcher’s supervisor in the faculty of Business and management studies at Kampala International University. This was facilitated by the necessary revision of the research instrument.

3.7.2 Reliability

Reliability is the degree to which an assessment tool produces stable and consistent results. (Mugenda 2013). Reliability of the research instrument was enhanced through a pilot study that was done with the Branch Manager of Equity Bank Jinja branch. The pilot study enabled the researcher to be familiar with the research and its administration procedure as well as identifying items that required modification.
3.8 Data Analysis and presentation
The collected data were processed manually. The processing stage involved editing, classification, coding, transcription and tabulation. In the analysis of data, descriptive analysis was employed to determine the currently the mobile banking systems adopted by Equity Bank Jinja Branch. These results were presented in frequency tables, bar graphs and charts.

3.9 Ethical considerations
The study observed the ethical issues which were supposed to be followed in scientific research. The study observed honesty where it reported the data collected, results obtained, methods and procedures used without misrepresenting. The study also strived to avoid bias in data analysis, interpretation, and experimental design through objectivity as an ethical issue. Integrity was employed for consistency, carefulness where careless errors and negligence was avoided. The data collected in this study was of confidential nature. The study thus protected the confidential information and did not share it other than use it purposely for academic purposes. The respondent’s names were not written on the questionnaires and their consent was sought before administering the questionnaires.

3.10 Limitations of the study
According to Mugenda and Mugenda (2013), limitations are some aspects of the study that the researcher knows may negatively impact on the research that he/she has no control over. The limitation of this research was that, the researcher was not able to control the attitudes of the respondents as they were responding to the questionnaires. Personal and sensitive information of the respondents could affect the data gathering process since some respondents feared to give honest answers due to fear of victimization in the bank, however the researcher provided assurance that this information is for academic purposes only.

This study had a challenge of limited information access as well as the unwillingness to fill in the questionnaires. This is because it sought to engage even the top management personnel of the selected bank and it was not easy to find them and the researcher had to visit the bank several times in order to collect back the answered questionnaires.
Limited resources: The researcher encountered insufficient resources especially time and financial resources required for a complete research. However, the researcher had to set a proper work schedule and time for conducting research and on the other hand the researcher had to finance herself in order to facilitate the smooth running of the study.
CHAPTER FOUR
PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS

4.1 Introduction
This chapter discusses the interpretation and presentation of the findings obtained from the field on the effect of mobile banking on financial performance of Equity Bank Jinja branch. Descriptive statistics were used to discuss the findings of the study. The study targeted a sample size of 36 respondents of which all the 36 filled in and returned the questionnaires making a response rate of 100%. This response rate was satisfactory enough to make conclusions for the study.

4.2 Demographic information of the respondents
This section presented the demographic information of the respondents and their responses are presented in tables and figures below;

4.2.1 Gender of the Respondents
The respondents were requested to indicate their gender and the responses are indicated in the figure below;

Figure 4.1: Gender Distribution of the respondents

Source: Research Findings, (2019)
Figure 4.1 revealed respondents’ gender. According to the analysis of the findings 65% were males who were the majority while 35% were females and comprised the minority of the respondents. This implies that the gender is not biased and is reasonably representative to provide response to the research problem.

4.2.2 Age of the respondents

The study obtained the details about the age groups of the respondents for the purposes of understanding their age and possibly the experience they possess in their respective positions. Details of their findings were shown in figure 4.2 below;

Figure 4.2: Age Groups of Respondents

From the description above it was clearly evident that the majority of the respondents were in the age bracket of 36 years and above (61%), followed by age group of 26-35 years (25%) and between 18-25 years were 14%. It can therefore be concluded that the majority of the respondents were in the most productive age brackets of their life and are reasonably experienced. These results generally imply that majority of employees at Equity Bank Jinja
branch are still in their working age and therefore were capable of providing the required information about mobile banking and financial performance of the branch.

4.2.3 Respondents’ Marital status

The study obtained the details about the marital status of the respondents for the purposes of understanding their marital status and the details of their findings were shown in figure 4.3 below;

**Figure 4.3: Marital Status of the Respondents**

According to the figure 4.3 above, 70% were married, 22% were single while 8% were for other marital status. The married dominated the respondents’ base indicating that married people are free to get involved in concentrating bank duties more than single showing that married people have more responsibilities driving them to get involved and concentrated to bank duties than single people. This implies that married people take more responsibility of managing banking risks effectively because of their responsibility held at work and at home.
4.2.4 Department of service

The respondents were requested to indicate the department of service at Equity Bank Jinja and their responses are indicated in the table below;

**Table 4.1 Department of service**

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans Department</td>
<td>15</td>
<td>41.7</td>
</tr>
<tr>
<td>Finance Department</td>
<td>11</td>
<td>30.6</td>
</tr>
<tr>
<td>Operations Department</td>
<td>04</td>
<td>11.1</td>
</tr>
<tr>
<td>Administration Department</td>
<td>06</td>
<td>16.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>36</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Source: Research Findings (2019)*

The findings according to table 4.1 indicated that 41.7% of the respondents were working in the Loans department at Equity Bank Jinja branch, 30.6% were employed in the Finance department, 16.7% of the respondents were working in the Administration and only 11.1% of the respondents were working in the Administration department. This implies that the branch has got adequate human resource team employed to safe guard the bank’s financial resources.

4.2.5 The Level of Education Attained by the Respondents

The respondents were asked about their level of education in order to determine whether they understood mobile banking and its effect on financial performance of the bank.

**Table 4.2 Education level**

<table>
<thead>
<tr>
<th>Education level</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diploma level</td>
<td>8</td>
<td>22</td>
</tr>
<tr>
<td>Degree level</td>
<td>20</td>
<td>56</td>
</tr>
<tr>
<td>Masters level</td>
<td>5</td>
<td>14</td>
</tr>
<tr>
<td>Others</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>36</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Source: Research Findings (2019)*
From the findings in table 4.2 above, the results showed that most of the employees were degree holders at 56%, 22% of the respondents had attained diploma level, 14% of the respondents had attained masters and only 8% of the respondents had attained other qualifications. This clearly shows that most of the employees at Equity Bank Jinja branch were degree holders at the managerial level. This implies that employees at Equity Jinja branch had attained a good qualification and therefore they are capable of managing mobile banking services in order to safeguard the bank’s financial resources.

4.2.6 Number of years worked

The study sought to determine the number of years worked at Equity Bank Jinja branch of the respondents. This was to enable the researcher to establish accumulated experience with regard of mobile banking on financial performance of Equity Bank Jinja branch and the results are shown in the table 4.3 below.

<table>
<thead>
<tr>
<th>Number of years worked</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 1 year</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>2-4 years</td>
<td>25</td>
<td>69</td>
</tr>
<tr>
<td>5 years &amp; above</td>
<td>9</td>
<td>25</td>
</tr>
<tr>
<td>Total</td>
<td>36</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Research Findings (2019)

The study sought to determine the number of years worked at Equity Bank of the respondents. This was to enable the researcher to establish accumulated experience with regard of mobile banking as a tool of financial performance. Based on the analysis of the findings it can be depicted that the majority of the respondents (69%) had worked for 2-4 years, and this indicated that most respondents had accumulated experience to discharge their mobile banking systems effectively and efficiently as a tool for financial performance of Equity Bank Jinja branch while 25% indicated that have worked for 5 years and above and the remaining 06% had worked below 1 year.
4.2.7 Extent customers have adopted mobile banking services

This section aimed at establishing the extent from the bank employees about how bank clients have adopted the use of mobile banking services and their responses are indicated as below;

Table 4.4 Extent customers have adopted mobile banking services

<table>
<thead>
<tr>
<th>Extent of adaptation of mobile banking services</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very High Extent</td>
<td>10</td>
<td>27.8</td>
</tr>
<tr>
<td>High Extent</td>
<td>18</td>
<td>50</td>
</tr>
<tr>
<td>Small Extent</td>
<td>08</td>
<td>22.2</td>
</tr>
<tr>
<td>No Extent</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Do not know</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>36</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Research Findings (2019)

The bank employees were asked the extent to how bank clients have adopted the use of mobile banking services and their responses indicated that 50% of the respondents indicated that bank clients use mobile banking at a high extent, 27.8% indicated that bank clients use mobile banking services at a very high extent and only 22.2% of the bank employees indicated that bank clients use mobile banking services at a small extent. The above results implied that most of the bank clients have adopted the use of mobile banking services to ease their transaction with the bank and because of its convenience.
4.3 The mobile banking services adopted by Equity Bank (U) Limited Jinja branch.

This first objective sought to establish the mobile banking services adopted by Equity Bank Jinja branch to ease its service delivery to the bank clients and the bank staff responded as seen in the table;

Table 4.5: The mobile banking services adopted by Equity Bank (U) Limited Jinja branch

<table>
<thead>
<tr>
<th>Mobile banking services</th>
<th>Available</th>
<th>Not available</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funds transfer from bank account to Mobile Money Accounts</td>
<td>36 100</td>
<td>0 0</td>
<td>36 100</td>
</tr>
<tr>
<td>Payment of bills using mobile phone</td>
<td>36 100</td>
<td>0 0</td>
<td>36 100</td>
</tr>
<tr>
<td>Cash deposits and withdrawals</td>
<td>36 100</td>
<td>0 0</td>
<td>36 100</td>
</tr>
<tr>
<td>Bank statement request</td>
<td>30 83.3</td>
<td>06 16.7</td>
<td>36 100</td>
</tr>
<tr>
<td>Checking cheque deposit status</td>
<td>20 55.6</td>
<td>16 44.4</td>
<td>36 100</td>
</tr>
<tr>
<td>Ordering cheque book</td>
<td>36 100</td>
<td>0 0</td>
<td>36 100</td>
</tr>
<tr>
<td>Balance enquiry</td>
<td>36 100</td>
<td>0 0</td>
<td>36 100</td>
</tr>
</tbody>
</table>

Source: Field Findings (2019)

The findings in table 4.5 above revealed that; all the bank employees indicated that Equity Bank Jinja branch have funds transfer from bank account to mobile money accounts, payment of bills using mobile phone, cash deposits and withdrawals, ordering cheque books and balance enquiry. Some of the bank clients 83.3% indicated that the bank has bank statement request and 55.6% indicated that the bank offers cheque deposit status to their clients. However, only 16.7% of the bank staff indicated that the bank has no bank statement request service and 44.4% of the bank staff also indicated that the branch does not offer cheque deposit status. The above results
implied that Equity Bank has adopted various mobile banking services to ease its service delivery to its clients.

The above findings are in line with the previous survey carried out by Mathew et al. (2013) in the United States of America who supported that the most common mobile banking activities that are prevalent among users include checking financial account balances or transaction inquiries where 87 percent of mobile banking users were found to have performed this function in a duration of 12 months. The use of mobile banking to transfer money between accounts was also found to be one of the activities that are rapidly increasing among the users of mobile banking service. There are also a number of mobile banking users who prefer to receive text message alerts from a bank whenever there was a transaction.

4.4 The effect of mobile banking on financial performance of Equity Bank (U) Limited Jinja branch.

This second objective aimed at examining the extent to which mobile banking influence the financial performance of Equity Bank (U) Limited Jinja branch and the respondents’ responses are indicated as below;

Table 4.6: The effect of mobile banking on financial performance

<table>
<thead>
<tr>
<th>Mobile banking and financial performance</th>
<th>Agree</th>
<th>Disagree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>F</td>
<td>%</td>
<td>F</td>
</tr>
<tr>
<td>Mobile banking services provide crucial banking services to bank clients thus increasing the bank’s sales revenue.</td>
<td>20</td>
<td>55.6</td>
<td>16</td>
</tr>
<tr>
<td>The bank has been able to increase on its profitability because of adaptation of mobile banking services.</td>
<td>19</td>
<td>52.8</td>
<td>17</td>
</tr>
<tr>
<td>Mobile banking service help the bank management to reduce unnecessary cost</td>
<td>36</td>
<td>100</td>
<td>0</td>
</tr>
</tbody>
</table>
Mobile banking improves on financial Operations and financial efficiency of the bank.

<table>
<thead>
<tr>
<th>Mobile banking improves on financial Operations and financial efficiency of the bank.</th>
<th>21</th>
<th>58.3</th>
<th>15</th>
<th>41.7</th>
<th>36</th>
<th>100</th>
</tr>
</thead>
</table>

The mobile phones present a great opportunity for the provision of financial services to the unbanked.

<table>
<thead>
<tr>
<th>The mobile phones present a great opportunity for the provision of financial services to the unbanked.</th>
<th>36</th>
<th>100</th>
<th>0</th>
<th>0</th>
<th>36</th>
<th>100</th>
</tr>
</thead>
</table>

Source: Field Findings (2019)

According to the findings in table 4.6, it was revealed that the majority of the respondents 55.6% agreed that mobile banking services provide crucial banking services to bank clients thus increasing the bank’s sales revenue. However, only 44.4% of the respondents disagreed that mobile banking services do not provide crucial banking services to bank clients thus increasing the bank’s sales revenue.

Secondly, the majority of the respondents 52.8% agreed that the bank has been able to increase on its profitability because of adaptation of mobile banking services and only 47.2% of the bank staff disagreed that the bank has not been able to increase on its profitability because of adaptation of mobile banking services.

Thirdly, all the respondents 100% at Equity Bank Jinja branch agreed that mobile banking service help the bank management to reduce unnecessary cost associated with paper work.

Fourthly, the majority of the respondents 58.3% agreed that mobile banking has improved on financial Operations and financial efficiency of the bank. However, only 41.7% of the bank clients disagreed that mobile banking has not improved on financial Operations and financial efficiency of the bank.

Fifthly, all the respondents 100% at Equity Bank Jinja branch agreed that mobile phones present a great opportunity for the provision of financial services to the unbanked.
The above findings are in line with the previous study conducted by Kithaka (2014) who evaluated the effects of mobile banking on the financial performance of commercial banks in Kenya. Cross sectional descriptive survey was employed in this case. This informed who, how and what about the mobile banking in commercial banks in Kenya and as a one-time event. The study adopted a census method where all the commercial banks practicing mobile banking in Kenya were studied. The study found out that there were mobile banking variables influencing the financial performance of commercial banks in Kenya, which are annual amount of money moved through mobile banking, number of users of mobile banking, capital adequacy, asset quality, bank liquidity and management efficiency.

4.5 The Relationship between mobile banking and financial performance of Equity Bank Jinja branch

This third objective sought to examine the relationship between mobile banking services and financial performance of Equity Bank Jinja branch and the respondents’ responses are indicated as below;

4.5.1 Relationship between mobile banking and Returns on Equity

This section aimed at establishing the level of the bank’s Returns on Equity (ROE) as a result of adaptation of mobile banking services and the respondents’ responses are indicated in the table below;

Table 4.7 Relationship between mobile banking and Returns on Equity

<table>
<thead>
<tr>
<th>Mobile banking and Returns on Equity</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very High</td>
<td>10</td>
<td>27.8</td>
</tr>
<tr>
<td>High</td>
<td>13</td>
<td>36.1</td>
</tr>
<tr>
<td>Low</td>
<td>06</td>
<td>16.7</td>
</tr>
<tr>
<td>Very low</td>
<td>02</td>
<td>5.6</td>
</tr>
<tr>
<td>Do not know</td>
<td>05</td>
<td>13.9</td>
</tr>
<tr>
<td>Total</td>
<td>36</td>
<td>100</td>
</tr>
</tbody>
</table>

*Source: Field Findings (2019)*
According to the findings in table 4.7, it was revealed that the majority of the respondents 36.1% indicated that Bank’s Returns on Equity is high after adaptation of mobile banking services, 27.8% indicated that the ROE is very high. However, 16.7% of the bank staff indicated the bank’s Return on Equity is low and 5.6% also indicated that the bank’s ROE is very low despite the adaptation of mobile banking services. Only 13.9% of the respondents did not know the current bank’s Returns on Equity. However, the above results implied that Equity Bank Jinja branch has improved on its Returns on Equity as a result of adaptation of mobile banking services.

4.5.2 Relationship between mobile banking and Returns on Assets

This section aimed at establishing the level of the bank’s Returns on Assets (ROA) as a result of adaptation of mobile banking services and the respondents’ responses are indicated in the table below;

<table>
<thead>
<tr>
<th>Mobile banking and Returns on Assets</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very High</td>
<td>08</td>
<td>22.2</td>
</tr>
<tr>
<td>High</td>
<td>13</td>
<td>36.1</td>
</tr>
<tr>
<td>Low</td>
<td>06</td>
<td>16.7</td>
</tr>
<tr>
<td>Very low</td>
<td>02</td>
<td>5.6</td>
</tr>
<tr>
<td>Do not know</td>
<td>07</td>
<td>19.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>36</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Source: Field Findings (2019)*

According to the findings in table 4.8, it was revealed that the majority of the respondents 36.1% indicated that Bank’s Returns on Assets is high after adaptation of mobile banking services, 22.2% indicated that the ROA is very high. However, 16.7% of the bank staff indicated the bank’s Return on Equity is low and 5.6% also indicated that the bank’s ROA is very low despite the adaptation of mobile banking services. Only 19.4% of the respondents did not know the current bank’s Returns on Assets. However, the above results implied that Equity Bank Jinja
branch has improved on its Returns on Assets as a result of adaptation of mobile banking services.

The above findings are in line with a previous study conducted by Nolle. (2015) who found out that federally chartered US banks had higher ROE by using the click-and-mortar business model. Furst et al (2015) also examine the determinants of internet banking adoption and observe that more profitable banks adopt internet banking after 2000 but yet they are not the first movers. Jayawardhena and Foley (2016) show that internet banking results in cost and efficiency gains for banks yet very few banks are using it and only a little more than half a million customers are online in U.K.
CHAPTER FIVE
SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

From the analysis and data collected, the following discussions, conclusion and recommendations were made. The responses were based on the objectives of the study. The study had intended to establish the effect of mobile banking on financial performance of Equity Bank (U) Limited, Jinja branch.

5.2 Summary and discussion of findings

The general objective of the study was to establish the effect of mobile banking on financial performance of Equity Bank (U) Limited, Jinja branch. Secondary Data was collected from the Bank employees.

5.2.1 Mobile banking services adopted by Equity Bank Jinja branch

According to the findings in this first objective sought to establish the mobile banking services adopted by Equity Bank Jinja branch to ease its service delivery to the bank clients and the bank staff agreed and responded Equity Bank has the following mobile banking services; Funds transfer from bank account to Mobile Money Accounts, payment of bills using mobile phone, Cash deposits and withdrawals, Bank statement request, Checking cheque deposit status, Ordering cheque book and balance enquiry as evidenced by the majority of the respondents.

This was supported by Mathew et al. (2013) in the United States of America who supported that the most common mobile banking activities that are prevalent among users include checking financial account balances or transaction inquiries where 87 percent of mobile banking users were found to have performed this function in a duration of 12 months. The use of mobile banking to transfer money between accounts was also found to be one of the activities that are rapidly increasing among the users of mobile banking service. There are also a number of mobile banking users who prefer to receive text message alerts from a bank whenever there was a transaction.
5.2.2 The Effect of mobile banking on Financial Performance of Equity Bank Jinja Branch

This second objective aimed at examining the extent to which mobile banking influence the financial performance of Equity Bank (U) Limited Jinja branch. According to the findings, it was revealed that the majority of the respondents 55.6% agreed that mobile banking services provide crucial banking services to bank clients thus increasing the bank’s sales revenue. However, only 44.4% of the respondents disagreed that mobile banking services do not provide crucial banking services to bank clients thus increasing the bank’s sales revenue. Secondly, the majority of the respondents 52.8% agreed that the bank has been able to increase on its profitability because of adaptation of mobile banking services and only 47.2% of the bank staff disagreed that the bank has not been able to increase on its profitability because of adaptation of mobile banking services. Thirdly, all the respondents 100% at Equity Bank Jinja branch agreed that mobile banking service help the bank management to reduce unnecessary cost associated with paper work.Fourthly, the majority of the respondents 58.3% agreed that mobile banking has improved on financial Operations and financial efficiency of the bank. However, only 41.7% of the bank clients disagreed that mobile banking has not improved on financial Operations and financial efficiency of the bank. Finally, all the respondents 100% at Equity Bank Jinja branch agreed that mobile phones present a great opportunity for the provision of financial services to the unbanked.

This was supported by Kithaka (2014) who evaluated the effects of mobile banking on the financial performance of commercial banks in Kenya. Cross sectional descriptive survey was employed in this case. This informed who, how and what about the mobile banking in commercial banks in Kenya and as a one-time event. The study adopted a census method where all the commercial banks practicing mobile banking in Kenya were studied. The study found out that there were mobile banking variables influencing the financial performance of commercial banks in Kenya, which are annual amount of money moved through mobile banking, number of users of mobile banking, capital adequacy, asset quality, bank liquidity and management efficiency.
5.2.3 The relationship between mobile banking and financial performance of Equity Bank Jinja branch.

This third objective sought to examine the relationship between mobile banking services and financial performance of Equity Bank Jinja branch. According to the findings, it was revealed that the majority of the respondents 36.1% indicated that Bank’s Returns on Equity is high after adaptation of mobile banking services, 27.8% indicated that the ROE is very high. However, 16.7% of the bank staff indicated the bank’s Return on Equity is low and 5.6% also indicated that the bank’s ROE is very low despite the adaptation of mobile banking services. Only 13.9% of the respondents did not know the current bank’s Returns on Equity. However, the above results implied that Equity Bank Jinja branch has improved on its Returns on Equity as a result of adaptation of mobile banking services.

Secondly, it was revealed that the majority of the respondents 36.1% indicated that Bank’s Returns on Assets is high after adaptation of mobile banking services, 22.2% indicated that the ROA is very high. However, 16.7% of the bank staff indicated the bank’s Return on Equity is low and 5.6% also indicated that the bank’s ROA is very low despite the adaptation of mobile banking services. Only 19.4% of the respondents did not know the current bank’s Returns on Assets. However, the above results implied that Equity Bank Jinja branch has improved on its Returns on Assets as a result of adaptation of mobile banking services.

This was supported by Nolle. (2015) who found out that federally chartered US banks had higher ROE by using the click-and-mortar business model. Furst et al (2015) also examine the determinants of internet banking adoption and observe that more profitable banks adopt internet banking after 2000 but yet they are not the first movers.

5.3 Conclusion

From the findings the study concludes that mobile banking services adopted by Equity Bank Jinja branch such as funds transfer from bank account to Mobile Money Accounts, payment of bills using mobile phone, Cash deposits and withdrawals, Bank statement request, Checking cheque deposit status, Ordering cheque book and balance enquiry positively affects the financial performance of Equity Bank Jinja branch, as it was found that there was a strong positive

5.4 Recommendations

From the above conclusion, the study recommends that policy makers consider mobile banking in their formulation of policies because of the technological developments and the expected switch from physical branch networks to technologically supported banking services. This is because despite negligible relationship between mobile banking and financial performance of commercial banks in Uganda, the impact could be pronounced if much change is recorded in technological developments and more customers adopt mobile banking services. This is because the relationship may not be direct but an indirect one resulting from the convenience that the mobile banking services offers to commercial banks.

Mobile banking is being used to improve financial operations in commercial banks. The banks have put in place measures to become more competitive by training its staff, investing in research and development of technology. In the long run, mobile banking is likely to have major impacts on the profitability of commercial banks as it smoothens business operations.

The study further recommends that commercial banks should keep adopting and using mobile banking in their operations because the number of people with access to a mobile hand set is increasing every day. In addition, the convergence of mobile phones and commercial banks have revolutionized the banking operations. For example, Equity Bank recently launched Equity Bank App in Uganda to ease its service delivery to its Ugandan clients. This has introduced another perspective that is likely to revolutionize the banking operations for increased profitability.

5.5 Areas for Further Research

The study suggests that further research be conducted on the relationship between mobile banking and financial performance in microfinance institutions like Opportunity Bank Uganda Limited. This will help to compare the financial performance of commercial banks and microfinance institutions as a result of adopting mobile banking services.
The study further recommends that another study be conducted in Uganda on the relationship between mobile banking and economic growth to establish the contributions of mobile banking on the growth of the economy.
REFERENCES


http://en.wikipedia.org/wiki/Banking_in_Uganda


Research Studies, College of Banking & Financial Studies, Sultanate of Oman.


APPENDICES

APPENDIX II: Questionnaire

A QUESTIONNAIRE TO ADMINISTER TO THE EMPLOYEES

AT EQUITY BANK JINJA BRANCH

Dear respondent,

I am KIWANUKA SHARIF, a student of Kampala International University pursuing a Bachelor’s degree in Business Administration, currently conducting a study on the effect of mobile banking on financial performance of a commercial bank in reference to Equity Bank Jinja Branch as a case study, I request you to fill this questionnaire and the responses you give will be kept confidentially and sealed for academic purposes only.

Thank you.

Signed:

............................

KIWANUKA SHARIF

SECTION A

BACKGROUND INFORMATION

Instruction: Please tick or mark where applicable.

1. What is your gender?
   - Male [ ]
   - Female [ ]

2. What is your Age?
   - (a) 18-25 years [ ]
   - (c) 26-35 years [ ]
   - (e) 36 years & above [ ]

3. What is your Marital Status?
   - Single [ ]
   - Married [ ]
   - others [ ]
4. Which Department are you employed in?

<table>
<thead>
<tr>
<th>DEPARTMENT</th>
<th>TICK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance Department</td>
<td></td>
</tr>
<tr>
<td>Operations Department</td>
<td></td>
</tr>
<tr>
<td>Administration Department</td>
<td></td>
</tr>
<tr>
<td>Loans Department</td>
<td></td>
</tr>
</tbody>
</table>

5. What is level of qualification?

(a) Diploma [ ]
(b) Degree [ ]
(c) Masters [ ]
(d) Others (please specify) .................................................................

6. How many Year(s) have you spent in this bank?

(a) Below 1 year [ ]
(b) 2 – 4 years [ ]
(c) 5 & above years [ ]

7. To what extent have bank clients adopted mobile banking services?

- Very High Extent [ ]
- High Extent [ ]
- Small Extent [ ]
- No Extent [ ]
- Do not know [ ]
SPECIFIC INFORMATION

8. What are the mobile banking services adopted by Equity Bank (U) Limited Jinja branch.

<table>
<thead>
<tr>
<th>Mobile banking services</th>
<th>Available</th>
<th>Not Available</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funds transfer from bank account to Mobile Money Accounts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payment of bills using mobile phone</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash deposits and withdrawals</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank statement request</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Checking cheque deposit status</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ordering cheque book</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance enquiry</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

9. What effect does mobile banking have on financial performance of Equity Bank (U) Limited Jinja branch.

<table>
<thead>
<tr>
<th>Mobile banking and financial performance</th>
<th>Agree</th>
<th>Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile banking services provide crucial banking services to bank clients thus increasing the bank's sales revenue.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The bank has been able to increase on its profitability because of adaptation of mobile banking services.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mobile banking service help the bank management to reduce unnecessary cost associated with paper work.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mobile banking improves on financial Operations and</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
financial efficiency of the bank.

The mobile phones present a great opportunity for the provision of financial services to the unbanked.

9. What is the relationship between mobile banking and financial performance of Equity Bank Jinja branch?

9.1 What is the level of Bank's Returns on Equity after adaptation of mobile banking services?

- Very High
- High
- Low
- very low
- Do not know

9.2 What is the level of Bank's Returns on Asset after adaptation of mobile banking services?

- Very High
- High
- Low
- very low
- Do not know

END

THANKS FOR YOUR RESPONSE
APPENDIX II

Krejcie and Morgan, 1970 Sample table

Required sample size, Given $A = $ Finite population, where $N =$ population size and $n =$sample size.

<table>
<thead>
<tr>
<th>N-n</th>
<th>N-n</th>
<th>N-n</th>
<th>N-n</th>
<th>N-n</th>
</tr>
</thead>
<tbody>
<tr>
<td>10-10</td>
<td>100-80</td>
<td>280-162</td>
<td>800-260</td>
<td>2800-338</td>
</tr>
<tr>
<td>15-14</td>
<td>110-86</td>
<td>290-165</td>
<td>850-265</td>
<td>3000-341</td>
</tr>
<tr>
<td>20-19</td>
<td>120-92</td>
<td>300-169</td>
<td>900-269</td>
<td>3500-346</td>
</tr>
<tr>
<td>25-24</td>
<td>130-97</td>
<td>320-175</td>
<td>950-274</td>
<td>4000-351</td>
</tr>
<tr>
<td>30-28</td>
<td>140-103</td>
<td>340-181</td>
<td>1000-278</td>
<td>4500-354</td>
</tr>
<tr>
<td>35-32</td>
<td>150-108</td>
<td>360-186</td>
<td>1100-285</td>
<td>5000-357</td>
</tr>
<tr>
<td>40-36</td>
<td>160-113</td>
<td>380-191</td>
<td>1200-291</td>
<td>6000-361</td>
</tr>
<tr>
<td>45-40</td>
<td>170-118</td>
<td>400-196</td>
<td>1300-297</td>
<td>7000-364</td>
</tr>
<tr>
<td>50-44</td>
<td>180-123</td>
<td>420-201</td>
<td>1400-302</td>
<td>8000-367</td>
</tr>
<tr>
<td>55-48</td>
<td>190-127</td>
<td>440-205</td>
<td>1500-306</td>
<td>9000-368</td>
</tr>
<tr>
<td>60-52</td>
<td>200-132</td>
<td>460-210</td>
<td>1600-310</td>
<td>10000-370</td>
</tr>
<tr>
<td>65-56</td>
<td>210-136</td>
<td>480-214</td>
<td>1700-313</td>
<td>15000-375</td>
</tr>
<tr>
<td>70-59</td>
<td>220-140</td>
<td>500-217</td>
<td>1800-317</td>
<td>21000-377</td>
</tr>
<tr>
<td>75-63</td>
<td>230-144</td>
<td>550-226</td>
<td>1900-320</td>
<td>30000-379</td>
</tr>
<tr>
<td>80-66</td>
<td>240-148</td>
<td>600-234</td>
<td>2013-322</td>
<td>40000-380</td>
</tr>
<tr>
<td>85-70</td>
<td>250-152</td>
<td>650-242</td>
<td>2200-327</td>
<td>50000-381</td>
</tr>
<tr>
<td>90-73</td>
<td>260-155</td>
<td>700-248</td>
<td>2400-331</td>
<td>75000-382</td>
</tr>
<tr>
<td>95-76</td>
<td>270-159</td>
<td>750-254</td>
<td>2600-335</td>
<td>100000-384</td>
</tr>
</tbody>
</table>

*(Adopted from Krejcie and Morgan, 1970, P.608)*
04/09/2019

To whom it may concern

Dear Sir/Madam,

**RE: INTRODUCTORY LETTER FOR KIWANUKA SHARIF 1153-05014-02256**

This is to introduce to you the above named student, who is a bonafide student of Kampala International University pursuing a Bachelor’s Degree in Business Administration Accounting and Finance, Third year Second semester.

The purpose of this letter is to request you avail him with all the necessary assistance regarding his research.

**TOPIC:** - THE EFFECT OF MOBILE BANKING ON FINANCIAL PERFORMANCE OF BANKING INSTITUTIONS

**CASE STUDY:** - EQUITY BANK JINJA BRANCH

Any information shared with him from your organization shall be treated with utmost confidentiality.

We shall be grateful for your positive response.

Yours truly,

DR. JOSEPH B.K. KIRABO
HOD - ACCOUNTING AND FINANCE
0772323344
Ref No. EBUL/120/19

Date: 09th/09/2019

Kiwanuka Sharif
Reg. No. 1153-05014
Kampala International University,
P. O. Box 20000 Kampala – Uganda
Ggaba Road, Kasanga

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on "The effect of mobile banking on financial performance of banking institutions: a case study of equity bank Jinja branch." I am pleased to inform you that you have been authorized to undertake research in this branch for a period ending 30th September 2019.

You are advised to report to the Branch Manager before embarking on the research project.

On completion of the research, you are expected to submit one hard copy of the research report/dissertation to our office.

Francis Mills – Robertson
Branch Manager
Equity Bank Jinja Branch