EFFECT OF MOBILE BANKING ON THE FINANCIAL PERFORMANCE OF COMMERCIAL BANKS IN HOIMA DISTRICT: A CASE STUDY OF EQUITY BANK, HOIMA BRANCH.

BY

ASIIMWE EMILIANO

1163-05014-06260

RESEARCH REPORT SUBMITTED TO THE COLLEGE OF ECONOMICS AND MANAGEMENT IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF A BACHELOR OF BUSINESS ADMINISTRATION OF KAMPALA INTERNATIONAL UNIVERSITY

SEPTEMBER, 2019

DECLARATION

I, Asiimwe Emiliano, hereby declare that this research report contains my original work and has never been submitted for any other degree award to any other University before.

Signature.. Date..11../.9.../2019

APPROVAL

This is to certify that this research report has been under my supervision and is now ready for submission to the college of Economics and Management of Kampala International University, with my approval.

Signature..

Date....11ᵗʰ/09/2019

Mrs. Irau   Florence

Lecturer Kampala International University

(supervisor)

DEDICATION

This study is dedicated to my family especially my mother Mrs. Ngabirano Feredian, My father, Mr. Banyenzaki Richard And my special friend Kamukama Albert and my other friends Kizito and Denis for all the support you gave me during my academics. You have been an inspiration to me through your hard work, commitment, love and wisdom acquainted to me. Without you, I would not be what I am.

Thank you.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

ACRONYMS

M-banking	Mobile Banking
BOU	Bank of Uganda
MTN	Mobile Telephone Network
E-banking	Electronic Banking
M-transactions	Mobile Transactions
ICT	Information Communication Technology
PDA	Personal Digital Assistant
ATM	Automatic Teller Machine or Automated Teller Machine
E-commerce	Electronic Commerce
E-funds transfer	Electronic Funds Transfer
SMS	Short Message Services
CAMELS	(Capital adequacy, Asset quality, Management, Earning, Liquidity and Sensitivity analysis)
US$	United States of America Dollar
UGX	Ugandan Shilling

ABSTRACT

The main purpose of the study is to establish the effect of mobile banking on the financial performance of commercial banks in Uganda and the Specific objectives of the study were to determine the effect of fund transfer on the financial performance of Equity bank Hoima branch ,to examine effect of bill payment on the financial performance of Equity bank Hoima branch and to establish the effect of account inquiry on the performance of Equity bank Hoima branch.

The findings of the study revealed that fund transfer improves financial performance by 93% basing from the average index of 4.65. and it was revealed that the charges on fund transfer are not favourable.The findings of the study also showed that bill payment improves financial performance of financial institutions by 67% basing from the average index of 3.34. Furhermore, the findings show that inquiry improves the financial performance of by 78% basing from the average index of 3.89 except that 90.4% revealed that inquiry charges are high.

Financial institutions should reduce on the transfer charges in order to encourage customers to increase on the rate of transferring funds since 80% of the respondents revealed that fund transfer charges are not favorable and cheap, customers should be encouraged to pay their bills using mobile services as it is cheap and convenient as 80 % revealed that it is convenient for customers and the bank and that financial institutions should reduce the inquiry charges as it was revealed inquiry charges are high since 90% of the respondents revealed inquiry charges are high.

CHAPTER ONE

INTRODUCTION

This chapter covered the background of the study, statement of the problem, purpose of the study, objectives of the study, research questions, scope of the study, the significance of the study and the conceptual framework.

1.1 Background

1.1.1 Historical Perspective

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 Owen 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)(Frankwood, 2009).

Pioneered by MTN Uganda in 2009, the mobile m transfer product has been embraced by all major telecom companies including Airtel, Uganda telecom Utl, and Africell. Equity bank also offers this service under their m-cash with e-zee money being the newest entrant. So, what explains the massive uptake of mobile money services compared to banking, yet commercial banking operations in Uganda started in 1906(Nasikye (2009) .

According to Oryiek (2008) the first ATM in Uganda was brought by SCI for Equity Bank in 1997 and SCI has been an active catalyst in the rapid growth and development of electronic banking in the country hence the introduction of m-banking few years ago and this explains why Equity Bank is ranked as one of the performing banks in Uganda.

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 (Denilson, 2006).

Banks including Equity Bank (Uganda) (Buyer and lenders, 2001) have largely implemented service delivery technology as a way of augmenting the services traditionally provided by personnel, Howcraft, Bacett, (1996).

According to IDG News Service Sep, 2008 standard chartered bank pioneered the first m-banking technology in the world to reach out to the unbanked, and for championed the empowerment of ordinary people through inclusive finance. Nasikye (2009) the m-banking technology is similar to that of MTN (mobile money), Airtel money, Safaricom's MPESA (in Kenya), among others that has made banks uncomfortable given the shift of most transactions from banks to mobile phone kiosks.

In the banking sector in our world today, mobile banking is a fast growing issue. This has come to improve the level of banking system and can be described as the provision of banking or financial services with the aid of mobile telecommunication devices. M-banking has come to stay, providing its customers with an expedient way of banking. This is not however without challenges, but they are minimal and can be handled without much stress(Gashom,2014).

Financial Performance refers to the financial soundness where depositors' funds are safe in a stable banking system. (BOU, 2002) .The financial soundness of a financial institution may be strong or unsatisfactory varying from one bank to another. Mugembe (2008) external factors such as deregulation: lack of information among bank customers, homogeneity of the bank business do cause bank failure. The activities undertaken in m-banking contribute to the financial soundness of the commercial banks in Uganda. Some useful measures of financial performance are coined into what is referred to as CAMELS (Capital adequacy, Asset quality, Management, Earning, Liquidity and Sensitivity analysis) which guide the banking sector Madhyam, Stichele (2010).

The technology innovations have influenced the banking sector in one way or another. Kassim 2005 explains that the technological revolution has produced new development in the banking industry

1.1.2 Theoretical perspective

Innovation Diffusion Theory (IDT)

The study employed the innovation Diffusion theory. This theory was officially introduced by Bradley and Stewart in the year 2002 and it affirms that firms engage in the diffusion of innovation in order to gain competitive advantage, reduce costs and protect their strategic positions. The innovation diffusion theory put forward by Rogers in 1962 is a well-known theory that explains how an innovation is diffused among users over time (Liu and Li, 2009). It also helps to understand customers' behavior in the adoption or non-adoption of an innovation (Vaugh and Schavione, 2010; Lee and others, 2003).

The theory depicts that the adopters of any innovation follow a bell-shaped distribution curve which may be divided into five parts to categorize users in terms of innovativeness (Liu and Li, 2009). Rogers classified users as innovators, early adopters, early majority, late majority and laggards (Liu and Li, 2009).

The adoption and use of mobile banking has the potential to extend the limited nature and reach of the formal financial sector to the poor and rural population in Africa. Most of the existing literature is from the developmental/practitioners' arena with a few scholarly studies emerging (Mas and Morawczynski, 2009).

1.1.3 Conceptual Perspective

Conceptually, the study explained the variables of the study. Mobile banking is a system that allows customers of a financial institution to conduct a number of financial transactions through a mobile device such as a mobile phone or tablet (Darrat 1999). Porteous, 2006 classified m-banking into two ways, firstly, transformational m-banking, which the provision of banking services is using mobile phones to reach unbanked population and Secondly, additive m-banking in which mobile phone is simply an additional channel that is used to improve banking services to the already banked.

According to Hofer (2014), Financial Performance measurement is the evaluation of the outcomes of an organization as a result of management decisions on resources of an organization and execution of the decisions made by the organization's members .

1.1.4 Contextual perspective

Contextually the study was carried out at Equity bank Hoima branch located in Hoima branch in the western part of Uganda as the bank has greatly delighted in the use of mobile banking

in all the parts of the country compared to other commercial banks. Since mobile banking was established in Uganda, the number of subscribers has been steadily increasing. By the end of 2012, Uganda had over 9 million mobile banking users all over the country. Currently, according to that figures has grown to about 19.5 million, due to the fact that mobile banking services have deepened financial inclusion in Uganda where bank accounts are six million (equity bank report, 2016).

1.2 Problem Statement

Mobile banking was introduced as a competitive tool .According to Nasikye 2009 the mobile and wireless market has been one of the fastest growing markets in Uganda and is still growing at a rapid pace following the addition of few telecommunication players who have attracted dynamic number of subscriber, this is feared as a threat by banking industry (competition) and also increased level of fraud for example MTN a telecom company Lost Sh14b in Mobile Money Fraud (*New vision May 23, 2012*). Commercial banks have tried to come up with their m-banking services and also to partner with telecom companies (MTN Telecom Company and Post Bank Uganda Ltd) MTN Press Box 8/12/2010 and others like Standard Bank has bought the MTN Banking business from MTN Mobile Money South Africa. But still telecom mobile companies seem to be dominating in the m-banking services. The commercial banks are now coming up with innovation which is the answer to reduce costs and solve the tension between sustainability and reaching to the very poor (Drucker, 1985), Hence forcing banks to link with mobile telecom companies to provide better quality services given that the low income earners can now own mobile phone.

Despite the above, very few commercial banks have taken the use of mobile banking seriously as most of them are still performing poorly due to less adoption of mobile banking since most of the clients no longer want to go to the banks in person (equity bank manual, 2017).

Therefore this study sought to determine effect of mobile banking on the performance of commercial banks using a case study of Equity bank Hoima branch.

1.3 Purpose of the study

The main purpose of the study was to establish the effect of mobile banking on the financial performance of commercial banks in Uganda.

1.4 Specific objectives of the study

i To determine the effect of fund transfer on the financial performance of Equity bank Hoima branch .

ii To examine effect of bill payment on the financial performance of Equity bank Hoima branch.

iii To establish the effect of account inquiry on the performance of Equity bank Hoima branch.

1.5 Research Questions

i What is the effect of fund transfer on the financial performance of Equity bank Hoima branch ?

ii What is the effect of bill payment on the financial performance of Equity bank Hoima branch?

iii what is the effect of account inquiry on the financial performance of Equity bank Hoima branch?

1.6 Scope of the study

1.6.1 Content scope

The study was limited to mobile banking and financial performance of commercial banks using a case study of Equity bank Hoima branch. The study deeply examined the effect of fund transfer on the financial performance of Equity bank Hoima branch , effect of bill payment on the financial performance of Equity bank Hoima branch and the effect of account inquiry on the performance of Equity bank Hoima branch.

1.6.2 Geographical scope

The study was conducted around Hoima since the place was convenient in terms of; time, cost and information required which are readily available since respondents (staff members) were accessible.

1.6.3 Time scope

The study considered a commercial bank that has existed for the last five years while using mobile banking as it is expected to give the relevant data concerning the study. This reference time helped in establishing the effect of mobile banking on the financial performance of commercial banks. The study was carried out in a period of 3 months that is June to August 2019

1.7 Significance / justification of the study

i) The findings of the research/study will assist Equity Bank (Uganda) to know which m-banking service is urgent and need strategic observation.

ii) The study will improve not only researcher's scope of understanding m-banking but also entire public hence gain exposure to the m-banking technology.

iii) The findings of the study will be used as reference material by future researchers interested in further research on m-banking and its effects on financial performance of commercial bank. It's also a requirement for award of bachelor's of commerce at Hoima International University.

iii) The study will generate specific information that would help in understanding and explaining the effect of mobile banking on the financial performance of commercial banks in Uganda.

1.9 Conceptual framework

Mobile banking   **Financial performance of commercial banks**

```
┌─────────────────────┐                    ┌─────────────────────────┐
│ Fund transfer        │                   │ Return on investments   │
│ Bill payment         │ ─────────────┐    │ Profitability           │
│ Inquiry              │              │ ─► │ Asset quality           │
│                      │              ▲    │                         │
│                      │              │    │                         │
└─────────────────────┘              │    └─────────────────────────┘
                                      │
                         ┌────────────┴────────┐
                         │ Government policies  │
                         │ Technology used      │
                         │                      │
                         │                      │
                         └─────────────────────┘
```
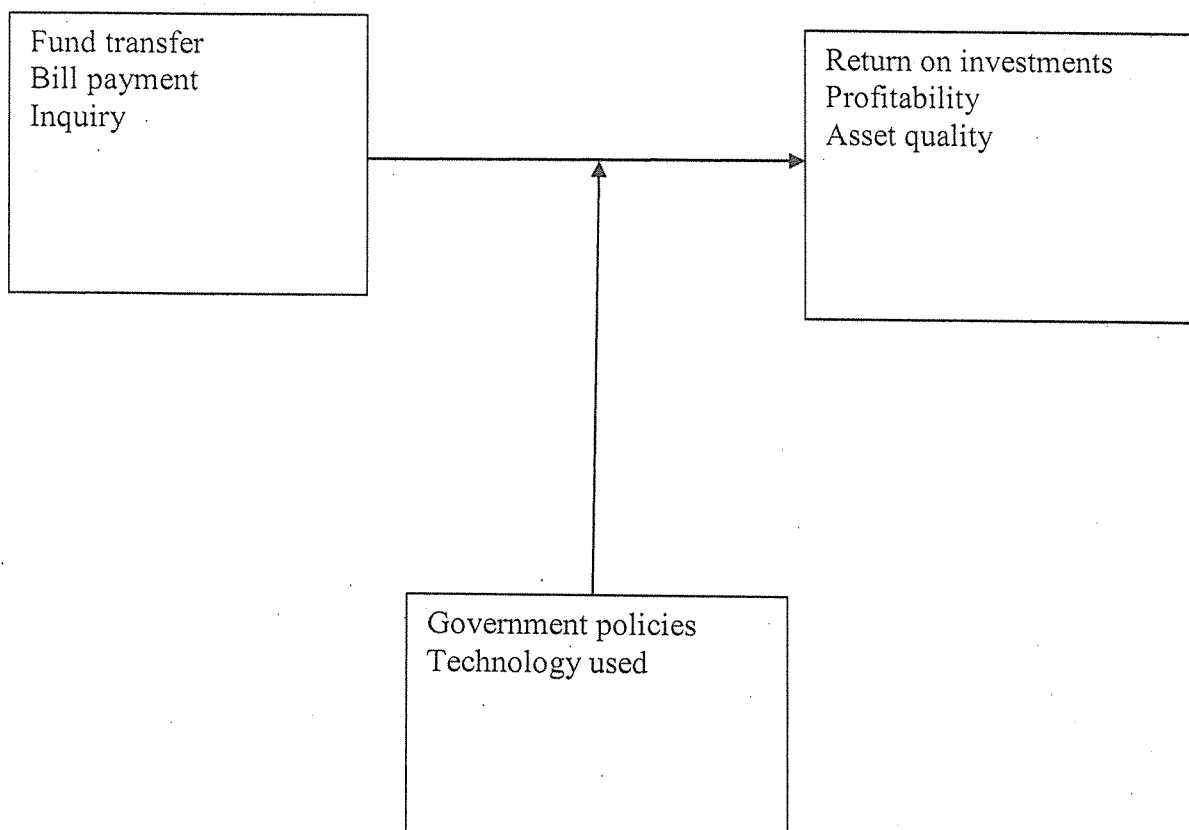
Source :Adapted and modified from Vaugh (2010)

1.9 Definition of Key terms

Performance

According to Hofer (2014), Performance measurement is the evaluation of the outcomes of an organization as a result of management decisions on resources of an organization and execution of the decisions made by the organization's members.

Profitability

According to granslav (2009), profitability refers to the a ability of a firm to attain profits from the sale of the product or extending the services to the beneficiaries

Return on Investiment

According to douglass 2009, return on investment refers to the ratio between the net investment and the cost of investment resulting from investment of some resources. A high return on investment implies an improvement in performance.

Asset quality

According to smith (2010), asset quality is a review or evaluation assessing the credit risk associated with a particular asset. These assets usually require interest payments such as loans

Mobile banking

Mobile banking is a system that allows customers of a financial institution to conduct a number of financial transactions through a mobile device such as a mobile phone or tablet (Darrat 1999).

Fund transfer

Fund transfer is an electronic method of transferring funds from one account to another using a gadget like phones, computers, iPods and many more(Mdashill 2011)

Bill payment

Bill payment is a secure electronic service that allows customers to pay bills without having customers to write checks and mail them.(Jotham,2009)

Inquiry

According to James (2004), account inquiry refers to requisition to know the past records, payments or any other entries relating to the account.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter reviewed the existing literature on the study variables that is the theoretical review, conceptual review and the empirical review about each objective.

2.1 Theoretical review

2.1.1 Innovation Diffusion Theory (IDT)

This theory was officially introduced by Bradley and Stewart in the year 2002 and it affirms that firms engage in the diffusion of innovation in order to gain competitive advantage, reduce costs and protect their strategic positions. The innovation diffusion theory put forward by Rogers in 1962 is a well -known theory that explains how an innovation is diffused among users over time (Liu and Li, 2009). It also helps to understand customers' behavior in the adoption or non-adoption of an innovation (Vaugh and Schavione, 2010; Lee and others, 2003).

The theory depicts that the adopters of any innovation follow a bell-shaped distribution curve which may be divided into five parts to categorize users in terms of innovativeness (Liu and Li, 2009). Rogers classified users as innovators, early adopters, early majority, late majority and laggards (Liu and Li, 2009).

The adoption and use of mobile banking has the potential to extend the limited nature and reach of the formal financial sector to the poor and rural population in Africa. Most of the existing literature is from the developmental/practitioners' arena with a few scholarly studies emerging (Mas and Morawczynski, 2009).

Although most of the studies from the practitioners are not peer reviewed, they provide valuable information on actual usage and contextual information on the development and use of the phenomenal. For example, Ivatury and Pickens (2006) provided valuable insight into the characteristics of the early adopters of WIZZIT, one of the first major initiatives dedicated to offering mobile banking to the poor in South Africa. Also significant are the ethnographic work of Morawczynski during 18 months stay in Kenya (Morawczynski and Krepp, 2011).

By applying the traditional technology acceptance models and frameworks to the adoption of transformational mobile banking services, this study aims to bring the discussion to the mainstream information systems literature. This theory was used to study how various new mobile banking products affects financial performance of commercial banks.

2.2 Conceptual Review

2.2.1 Mobile banking (M-banking)

According to *Dr Lennart, Soderberg,2008* M-banking, is the term we use to describe financial services delivered via mobile networks using mobile phones. Normally, such services include depositing, withdrawing, sending and saving money, as well as making payments. *According to Owen* mobile banking refers to provision and availing of banking and financial service with the help of mobile telecommunication devices as a <u>mobile phone</u> which is most used in developing countries or Personal Digital Assistant (PDA).

The scope of offered service may include facilities to conduct banking transaction, to administer accounts and to access customized information. Nasikye (2009) m-banking today can be performed through SMS. It is usually implemented through the use of special software called client that can be downloaded to the mobile phone

These services may or may not be defined as banking services by the regulator, depending on the legislation of the country in question, as well as on which services are offered. Hence, we may refer to an initiative as M-banking service even though it would not fall into the banking definitions under that particular country's regulatory regime. 2008, Dr Lennart, Soderberg.

M-banking is by Porteous (2006) separated into two categories; additive, where the model uses M-banking as an extra access channel for existing clients and transformational is where the it is categorized by a new type of services that could attract users from rural areas and poorer segments of the market, and hence can have a transformational effect. This is commonly used among retail banks.

Retail banks; by the term retail banks, we refer to conventional banks that offer services to individuals from the public Dr Lennart, Soderberg (2008). In this way customers are able to withdraw and deposit cash easily, funds are transferred electronically using ATMs to provide retail banking services allowing 24, hours a day cash withdrawal, balance verification and bill

payment at branches and remote locations away from branches (Gourlay and Pentecost 2005).

M-transactions; transactions such as remittances and payments delivered via mobile networks and are performed on a mobile phone (2008, Dr Lennart, Soderberg). The study will focus only on M-transactions.

A number of enabling technologies are being used in the delivery of m-banking service applications. According to Abunyang (2007) they include Interactive Voice Response (IVR), Short Messaging Service (SMS), wireless Access Protocol (WAP) and stand alone Mobile Application Clients (MAC) .

SMS banking uses text messaging and works in either a push or a pull mode. In pull mode, the bank sends a one-way text message to alert a mobile subscriber of a certain account situation or to promote a new bank service. In push mode, the mobile subscriber sends a text message with a predefined request code to specific number. The bank then responds with a reply SMS containing the specific information. (Dr Lennart, Soderberg 2008).

2.2.2 Financial performance

Financial soundness is a situation where depositor's funds are safe in a stable banking system. The financial soundness of financial institution may be strong or unsatisfactory varying from one bank to another (BOU, 2002). The objective of financial statement is to provide information about the financial position, performance and the changes in the financial position of an organization that is useful to a wide range of users in making decision (Nkundabayanga, 2009).

There are external factors that can cause bank failure which may include lack of information, deregulation. (Mugambe, 2008) Some useful measures of financial performance are coined into what is referred to as CAMELS (Capital adequacy, Asset quality, Management, Earnings, Liquidity and sensitivity) referring to the six components of a bank's conditions that are assessed. CAMELS' framework regulates the banking sector by giving a guide on governance. Madhyam, Stichele (2010).

Capital Adequacy: this can ultimately determine how well financial institution copes with shocks to their balance sheet of a company. Capital Adequacy in commercial banks is

11

measured in relation to the risk weight assigned to the different category of asset held both on and off the balance sheet item (Bank of Uganda 2002)

Asset quality; according to Mugambe 2008 the solvency of financial institutions typically is when their assets become impaired. So it's important to monitor indicator of quality, assets of financial institutions in Uganda in term of over exposure to specific risk trends in non-performing loan, the profitability and health of bank borrowers especially the corporate sector.

Earnings; ability to earn an adequate retain on its assets and capital is depended on the continued viability of a bank (Bank of Uganda). Good earnings performance enables a bank to fund its expansion hence remain competitive in the market and replenish and generally expand/ increase on its capital.

Liquidity; initially solvent financial institution may be driven toward closure by poor management of short-term liquidity. Indicators should cover funding sources and capture large maturity mismatches Mugambe 2008. An unmatched position potentially enhances profitability but also increase the risk of losses (the Uganda Banker, June 2001) the key dimensions of measuring financial performance in the commercial banks in Uganda are Capital adequacy, Asset quality, Earnings, Liquidity.

2.3 Related Literature

2.3.1 Effect of fund transfer on the financial performance of commercial banks

According to the Glossary of Terms Used in Payment Settlement Systems as reported by Anguelov *et al* (2004) e-funds transfer is defined as the movement of money or credits from one account to another through an electronic medium.

Although ATMs are widely used in transfer of cash, the use of mobile is slowly gaining popularity, there are positive results noted in the use of e-funds transfer. According to the Australian Bankers Association (2002) as reported by Arch and Burmeister (2003) in Australia emphasis is placed on e-banking technologies.

In this study Fund Transfer between Accounts/ E-funds transfer means the availability, accessibility and usage of e-cheques with reference to cash deposit, cash withdrawal and account balance inquiry. These have lead to increased transaction through the bank hence customer depositing heavily with the bank, leading to high liquidity of the bank which the bank uses to make profit.

Kassim (2005) explains that the technological revolution has produced new development in the banking industry. With the introduction of the first ATM in Uganda in 1997 by Standard chartered bank (Monitor reporter, 2004 August 16) other banks followed and this lead continuous progress use of technology. In 2004 BANKOM a local electronic financial transaction service company in Uganda switched to the use of ICT in which mobile phones could be used to transfer funds Namirembe (2007).

Fund transfer is one of the newest approaches to the provision of financial services through ICT Nasikye (2009). It has been made possible by the widespread adoption of mobile phone in low income countries Uganda inclusive. Majority of the banks in Uganda are introducing the m-banking service and also enter in to partnership with telecom companies to ease funder transfer as previous studies show that easy means of fund transfer increase banking thereby improving the financial performance of financial institutions.

According to Namirembe (2007), the scope of offered service may include facilities to conduct banking transaction, to administer accounts and to access customized information. Most of the m-banking Services offer by most banks in Uganda includes performing account transactions, payments, credit applications and other banking transactions such as to buy airtime. Air time can be fixed on the mobile phone electronically from the customer's account and also one can with draw and deposit money on his account using mobile banking. This has greatly attracted people to use banking services thereby improving the performance of the commercial banks.

According to (Owen, 2008) m-banking in form of fund transfer helps in provision and availing of banking and financial service with the help of mobile telecommunication device. He further emphasized that fund transfer is cheap and convenient while using mobile banking as this has improved the performance generally.

Nyaga (2013) examined the impact of fund transfer on the performance of financial institutions, and found out that use of mobile banking in form of fund transfer has made a significant contribution to the financial performance of commercial banks. First, majority of traders relies on it as opposed to the formal banking sector for their day-to-day transactions. Secondly, small business operators have a clear understanding of the basic functions of mobile banking. Fund transfer services assist both customers and businesses to settle their transactions. This has improved on the number of clients and the financial performance of commercial banks in general.

Traditional banking exposes clients to risk associated with cash transactions but use of mobile banking reduces such risk, save them time and reduce cost of transport. Since the services are accessible within the premise, clients can dedicate their time to manage the business well thus reducing operational cost and thereby increased the increased use mobile banking services and the financial performance of commercial banks ingeneral(Otiso et al., 2013).

2.3.2 Effect of bill payment on the performance of commercial banks

The use of technology in settling utility bills is taking root, saving consumers time and money. In Uganda the latest application is the partnership between utility operator, the National Water and Sewerage Corporation (NWSC) and Uganda telecom in which consumers directly pays for their bills using M-Sente mobile money platform or instruct their banks to remit money to the NWSC accounts. (New Vision Reported by David Mugabe Feb 20, 2011) NWSC is phasing out cash offices, opting for mobile money, m-banking and over the counter payments with partnering banks.

The latest application is the partnership between utility operator, the National Water and Sewerage Corporation (NWSC), UMEME and telecom companies in which consumers directly pays for their bills using mobile money platforms or instruct their banks to remit money to the NWSC and UMEME accounts. This has made things easy for customer and therefore encouraging them to bank their money with commercial banks.

Personalized mobile services can also assist banks to attract and retain customers through cheap bill payment (Dumba, 2013).

Dr Lennart, Soderberg (2008), M-banking offers financial institutions the opportunity to target and acquire new customer segments that value mobility and endure paying their bills and real-time control of their finances, leading to increased customer growth and revenue. Mobile banking solutions through bill payment also offer a full range of benefits for financial institutions, ranging from reduced customer support costs to improved customer satisfaction and retention as well as revenue growth.

According to Nasikye (2009) mobile phone offer more cost effective channel and hold greater promise for making financial services reach much lower income and remote client. It's the most cost effective service suitable for a developing country mostly in paying small bills like water, electricity, taxes and school fees (Abunyang ,2007).

According to Nyake (2007), The use of mobile banking to clear bills drastically cuts down the costs of providing service to the customers; this is the biggest advantage that m-banking

offers to banks M-banking enables 'Anywhere banking'. Customers now don't need access to a computer terminal to access their banks; they can now do so when they are traveling or when waiting for their orders to come through in a restaurant. This has greatly increased in the accessibility of the financial services thereby also improving the financial performance of the organization.

Nyaga (2013) examined the impact of mobile banking on the performance of banking institutions, and found out that use of mobile banking has made a significant contribution to the financial performance of commercial banks. Banking services assist both customers and businesses to settle their bills in form of taxes and electricity. As opposed to traditional banking services, mobile banking has greatly improved on the number of the financial transactions thereby improving financial performance of the banks generally.

According to Ngobya (2013) Mobile banking services in form of bill payment supplement traditional banking services and the frequency of use is not limited by time and locality. The services involve small, frequent transactions, which are convenient to use mobile banking services.

Otiso et al. (2013) established that the highest percentage of SMEs use mobile banking to clear their bills as opposed to traditional banking. Further, SMEs obtain both information and transactional services concerning their bill payments through their mobile phones. Micro business operators can make withdrawals within their business premise and consequently use the same to pay suppliers and utility bills. This in turn increases on the number of clients thereby improving on the financial performance of the organization.

2.3.3 Effect of account inquiry on the performance of commercial banks

Under this service, the client sends a request in plaintext format to the bank server giving instructions to the bank and the server responds with the required information. The clients can access inquiry services like bank balance and mini statements using their mobile phones Abunyang (2007).Currently in Uganda, the SMS banking service is being used and it offers clients the ability to access inquiry services like bank balance and mini statements using their mobile phones .

The clients can access inquiry services like bank balance and mini statements using their mobile phones (Joseph, 2007). This has enhanced convenience of the customer hence customer loyalty and also improving the customer base meaning that the bank expand and

also expand on its activities which also the bank uses to raise revenue leading to increased profits.

Customers receive free e-statements daily, weekly or monthly depending on your preference outlining the transactions that have taken place during the period and that have been processed by the bank by that date through their mobile phone (Jaludi, 2017).This has greatly improved convenience in banking

M-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, payments (utility bills), deposits, withdrawals, transfers, purchase airtime, request bank statements(Dr Lennart, Soderberg, 2008). He further inferred that these services improve the inquiry services greatly improve on the number of customers and financial performance in general

According to David (2009), Mobile banking assists the entire population to access banking information about their bank account inquiries and mini statement. Mobile banking also saves them time on queuing and visiting the bank premise thus concentrating on their businesses. This generally has Improved peoples' desire to use banks their by contributing to the financial performance of the commercial banks.

Higgins *et al.* (2012) investigated the level of mobile banking in Uganda. They found that majority of the elite people use mobile banking on inquiry as this has greatly increased on the number of customers thereby boosting the financial performance of the commercial banks.

According to Atieno (2009), most formal financial institutions have invested in the use of mobile banking and have confirmed that most of the services associated with mobile banking especially balance inquiry strongly boosts performance of the organization as people generally build a lot of confidence in the banking sector.

The objective of mobile financial transactions is to improve the efficiency of microfinance by using mobile technology to make transactions faster, cheaper and more secure (Guagraw, 2007).

It involves account transactions, balance checks and payments. Accordingly, Mbiti and Weil (2011) note that mobile phones technology has made it easier for SMEs to conduct their financial transactions. This is because mobile phone financial transactions saves time and

provides a safer means of handling money transfer. Additionally, mobile technology can be used to reach more customers and facilitate exchange of information and decision making.

Huang (2008) conducted a study to determine the impact of mobile banking on financial performance of commercial banks in Auckland, New Zealand. He used a questionnaire to collect primary data. The results of his study indicated that most of the clients like mobile banking sine it provides the option for inquirey and most of the banks revealed that they get many querries trough mobile banking.

Furthermore, Bangens and Soderberg (2008) assessed the role of mobile banking and its potential to provide basic banking services to the vast majority of people in Sub-Saharan Africa. The data for the study collected from both the primary and secondary sources. According to their findings, mobile banking has facilitated financial transactions and remittance of funds. Additionally, the results of their study indicated that with the use of inquiry via mobile phones most clients have been able to become convinced to join mobile banking as this has improved the financial performance of commercial banks.

CHAPTER THREE
METHODOLOGY

3.0 Introduction

This chapter presents different methods that were adopted in collecting and interpreting data related to the study by discussing choices related to: Research Design, study population, sampling strategies, data collection methods, instruments, data quality control, data analysis and procedure.

3.1 Research Design

The study employed a survey research design. The study adopted a survey research design because data was collected from respondents at a particular time. This survey research design according to Amin (2005) was helpful to the researcher to attain systematic data from a sample. Purposive sampling also was used to ensure that the respondents with the right information are selected to participate in this study. Quantitative and qualitative approaches were used because they helped to ensure that data collected was quantitatively analyzed and descriptively interpreted.

3.2 Study population

The study population comprised of 30 participants purposively selected from the management and employees of Equity bank Hoima branch who involved the top management, tellers, customer care, loans section visa and account opening and trainees.

3.3 Sample size

The sample size of the study was determined according to Slovene's formula of sample size determination. Under this, a target population of 30 was zeroed down to a sample size of 28 respondents respectively as stated by Slovene's (1978). The Slovenes formula was used to determine the minimum sample size.

$$n = \frac{N}{1 + Ne^2} = \frac{30}{1 + 30(0.05)^2} \qquad = 28 \text{ Respondents.}$$

n = 28

With   n=number of sample

                   N=total population

e=level of significance 0.05

Using the formula above, a sample of 28 respondents were obtained

Table 1: Table for determining simple size from a given population of the study.

Department	Population	Sample size	Sampling technique
Customer care	2	2	Purposive sampling
Top management	4	4	Purposive sampling
Tellers	6	6	Purposive sampling
Loans section	8	6	Purposive sampling
Visa and account opening	5	5	Purposive sampling
Trainees	5	5	Purposive sampling
Total	30	28	

3.4   Sampling Techniques and Procedures

The participants in the study were selected using purposive sampling method and simple random sampling. Purposive sampling was the best because it involves selecting participants that possess the required characteristics and qualities of the information as defined by the researcher (Gay, 2006).

3.5   Data Collection Sources

The researcher used both primary and secondary data sources.

3.5.1 Primary Data

Primary data is a source of data generated from respondents using questionnaires and interview guide to get opinions, views and suggestions of the respondents. The researcher used a self administered questionnaire to collect data.

3.5.2 Secondary Data

Secondary data sources are kind of information that the research study used which are already published in regard to the study topic. It included all written information from text books, internet, newspapers, reports, brochures and news prints, audio and visual information that was readily available on the study.

3.6 Data Collection Methods

The researcher used questionnaires as the major data collection method used to get first hand information.

3.7 Research Collection Instruments

3.7.1 Questionnaire

This is the main data collection tool. It consisted of questions that were set in relation to the research objectives so as to get the real answers to the set research questions. These were administered to the management and employees of Equity bank Hoima branch. The questionnaires were used because they are easy and convenient to use in collection of data from busy respondents.

3.8   Validity and Reliability

3.8.1   Validity

Validity is the ability of the research instrument to measure what it aims or is supposed to measure. According to Amin (2005), the research instrument must be appropriate for the study objectives to be achieved. Validity in qualitative interviews is only achieved through the relaxed conservational approach when gathering information. In contrast to strict survey interviews in which interaction is sometimes restricted, qualitative interviewing allows opportunity for both parties to clarify what is being said. To establish validity, the designed instruments were availed to the supervisor for review and she gave an approval for administration in a pilot survey. The study employed content validity whereby the researcher specified the indicators which were relevant to the concept which was measured. A representative sample of indicators was selected from the domain of indicators of the concepts of mobile banking and financial performance of commercial banks in Hoima district.

Content Validity Index(CVI) = the number of relevant questions.

Total number of questions

3.8.2 Reliability

Reliability of an instrument is the dependability or the trustworthiness of an instrument. According to Amin (2005), it is the degree to which the instrument consistently measures what it is supposed to measure. This method is picked on a single pre-test group and shows the degree to which the items in the questionnaire are inter-correlated. That is, a respondent who will have completed the questionnaire will again be politely asked to complete another fresh questionnaire (retest) after two weeks to prove the answers earlier filled for consistence or how close they will relate (Amin (2005). Internal consistence of the items in the questionnaire will be established using Cornbach's formulae to compute the alpha co-efficiency of reliability. To get the reliability, the data was entered in the computer and analyzed using the statistical package for social scientists (SPSS), which was useful for providing a Cronbach Co-efficient Alpha test for testing reliability.

3.9 Data Management

3.9.1 Data Processing

Collected data was sorted, checked for data arrangement and scrutiny for any arising inconsistencies, so as to obtain an objective and reasonable judgment, edited, entered, coded using SPSS package for analysis.

3.9.2 Data Analysis

Data analysis in this case was done quantitatively with statistical techniques such as the use of tables, frequencies and percentages in the analysis so as to ensure accuracy, adequacy and completeness of the study.

3.10 Ethical Considerations of the Study

The researcher formed a questionnaire which was approved by the supervisor and he obtained an introductory letter from the head of department which was presented to the employees of Equity bank Hoima branch during the process of data collection.

The researcher administered the research tool to the respondents while making all the necessary introductions and assuring the respondents that the data collected would be treated with utmost confidentiality and used only for academic purposes.

Finally, he collected the filled questionnaires after two days and started report compilation.

3.11 Limitations of the study

Cost of the research study: just like any other research, costs are normally unavoidable and these may include, transport costs, airtime costs, typing, printing and binding costs among others that came up unpredicted. However, as far as costs are concerned, the researcher had to acquire soft loans from friends and relatives so as to meet the costs of the research.
Uncooperative respondents: as usual, not every respondent during research is completely willing to cooperate positively towards the demands of the researcher, some are even hostile. In this case some respondents deliberately refused to answer the questionnaires.

CHAPTER FOUR

PRESENTATION, DATA ANALYSIS AND INTERPRETATION OF FINDINGS

4.0 Introduction

This Chapter presents data analysis, tables and figures, and interpretations made in accordance with the research objectives of the study. The chapter was divided into sub-chapters namely: Demographic characteristics of respondents and findings on objectives of the study.

The respondents demographic characteristics include; age, gender, level of education, level of experience and marital status

4.1.1 Age

Table 4.2: gender of respondents

Gender	frequency	Percentage
Male	18	64.3
Female	10	35.7
Total	28	100

Source primary data 2019

Figure 4.1: Column graph showing gender of respondents
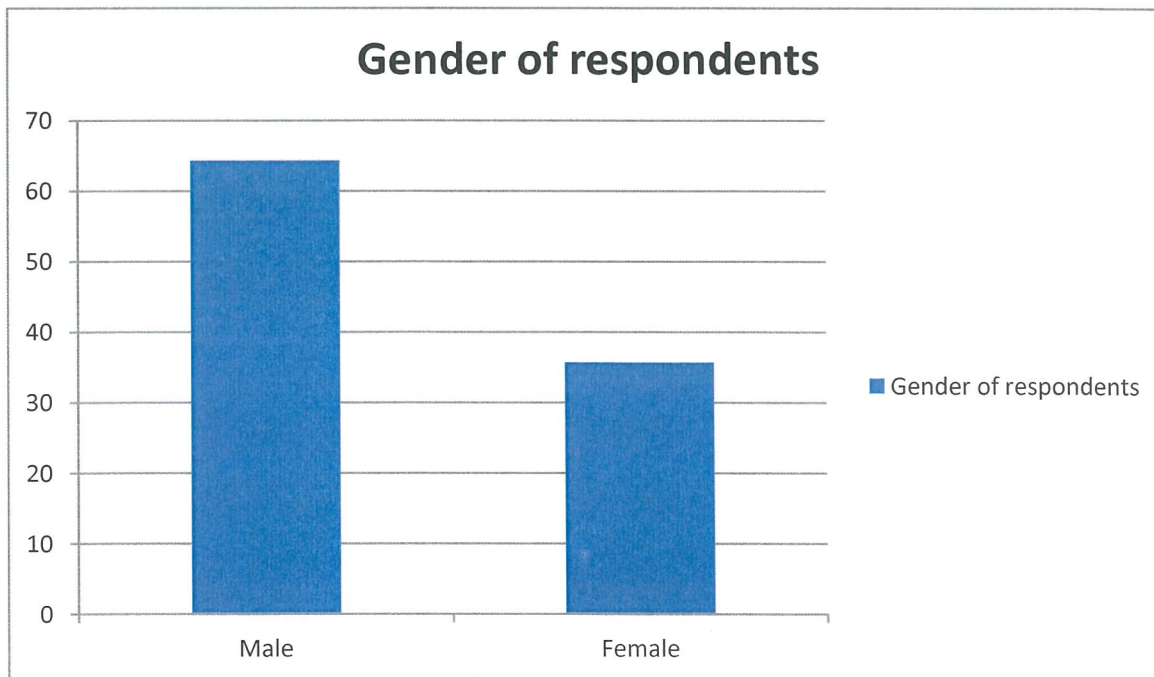
According to the results for gender of the respondents in table 4.1 and figure 4.1 above of the 28 respondents, the majority were males (18) with 64.3% while the females were 10 representing 35.7% of the entire sample.

This therefore implies that the most dominant working group of employees with equity bank were males. The imbalance in the organization is attributed to various factors existing in employment of Uganda.

4.1.2 Age of respondents

Table 4.3: Age of respondents

Age	Frequency	Percentage
25 and below	3	10.7
26-36	8	28.6
37-47	10	35.7
48-58	5	17.9
59 and above	2	7.1
Total	28	100

Source: primary data 2019

Figure 4.2: Bar graph showing age of respondents
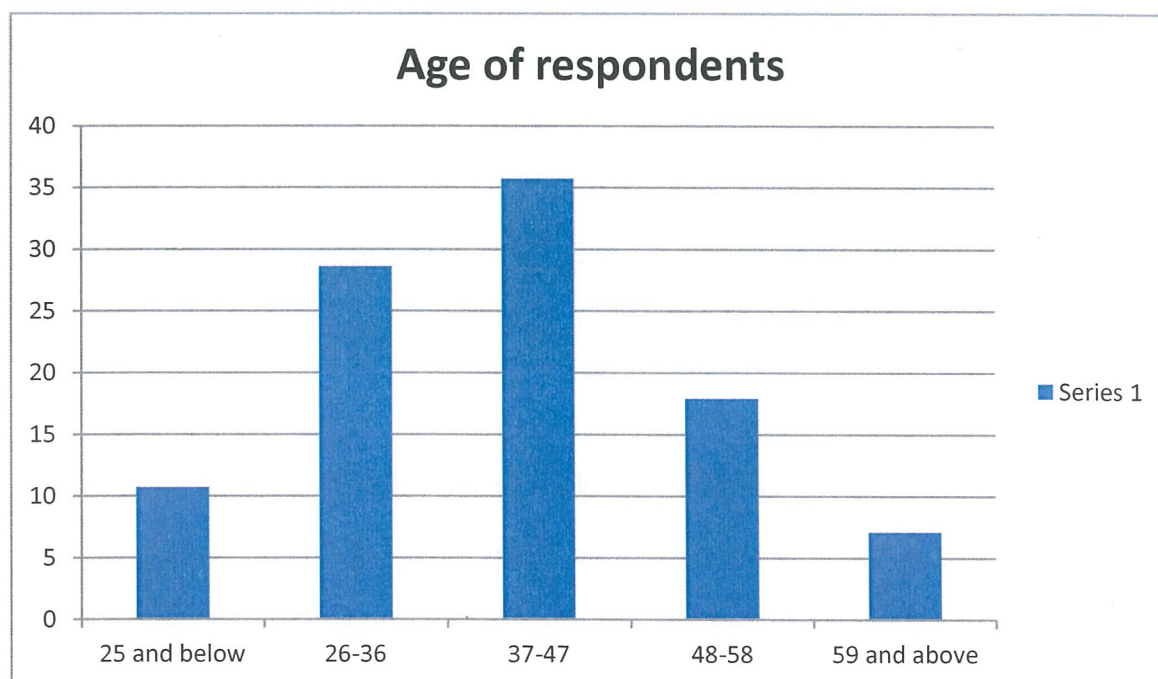
Table 4.2 and figure 4. 2 above revealed that most of the respondents were in the age group of 37-47 years (10) contributing 35.7 % and were followed by those in the age- group of 26-

36 years (8) representing 28.6% of the sample, those in the range of 48-58 were 5 contributing 17.9%.The minority were in the age-group of 25 years and below (3) and the age-group of 59 and above (2) contributing 10.7% and 7.1% respectively of the sample.

4.1.3 Marital status of the respondents

Table 4.4:Marital status of the respondents

Marital status	Frequency	Percentage
Single	8	28.6
Married	15	53.6
Widowed	0	
Separated	5	17.8
Total	28	100

Source primary data 2019

Figure 4.3: Bar Graph showing Marital Status of the respondents
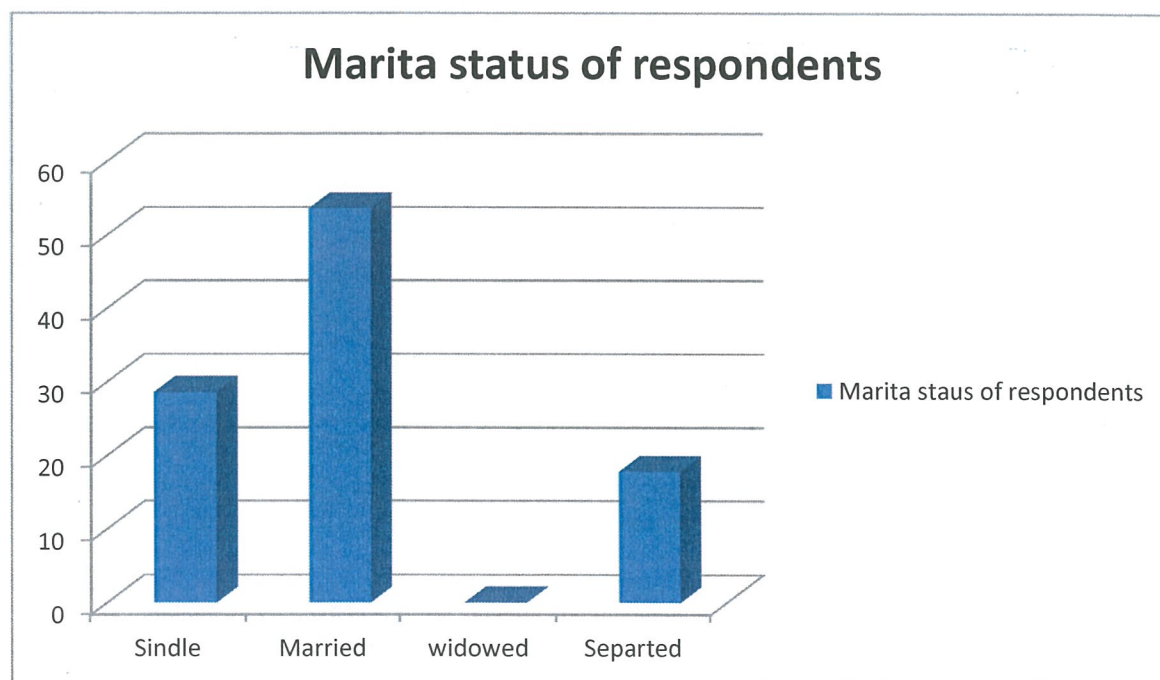
From table 4.3 and figure 4.3, majority of the respondents were married 15(53.6%), followed by the single who were 8(28.6%). Those who had separated were 5(17.8) and none of the respondents was widowed. This implies that most of the respondents at the bank are married.

4.1.4 Working Experience

Table 4.5: Working experience of respondents

Working experience	frequency	Percentage
Below 1 year	2	7
1-2 years	6	21
3 and above years	20	72
Total	28	100

Figure 4.4: Column graph showing Working experience of respondents
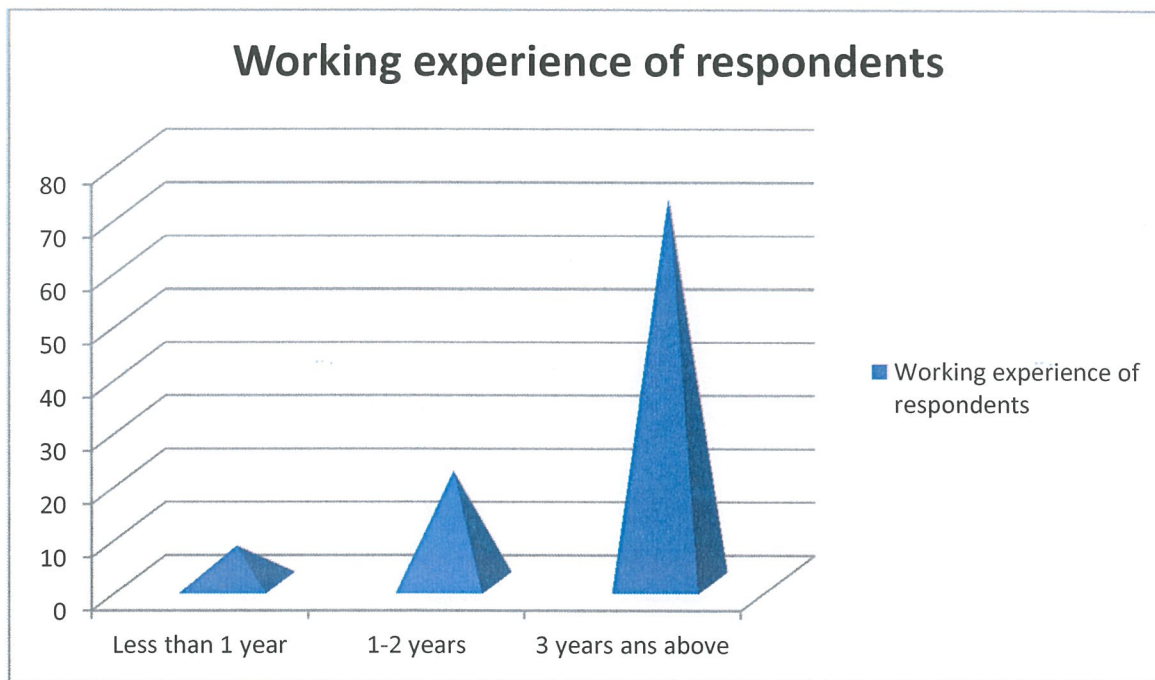
The findings in table 4.4 and figure 4.4 above indicated that out of the 28 respondents, the majority had spent 3 years and above on their current job (20)72%, they were followed by those who had spent 1-2 years on their current job (6)21and the least number of respondents had spent less than 1 year on their job and were only (2)7%.This implies that most of the respondents had relevant experience and knowledge about the variables of the study as they had spent relevant time working with this organization .

4.1.5 Level of education of respondents

Table 4.6: Level of education of respondents

Level of education	frequency	Percentage
Primary		
secondary		
Certificate	1	3.5
Diploma	4	14.3
Degree	23	82.1

Figure 4.5: Bar graph showing level of education of respondents
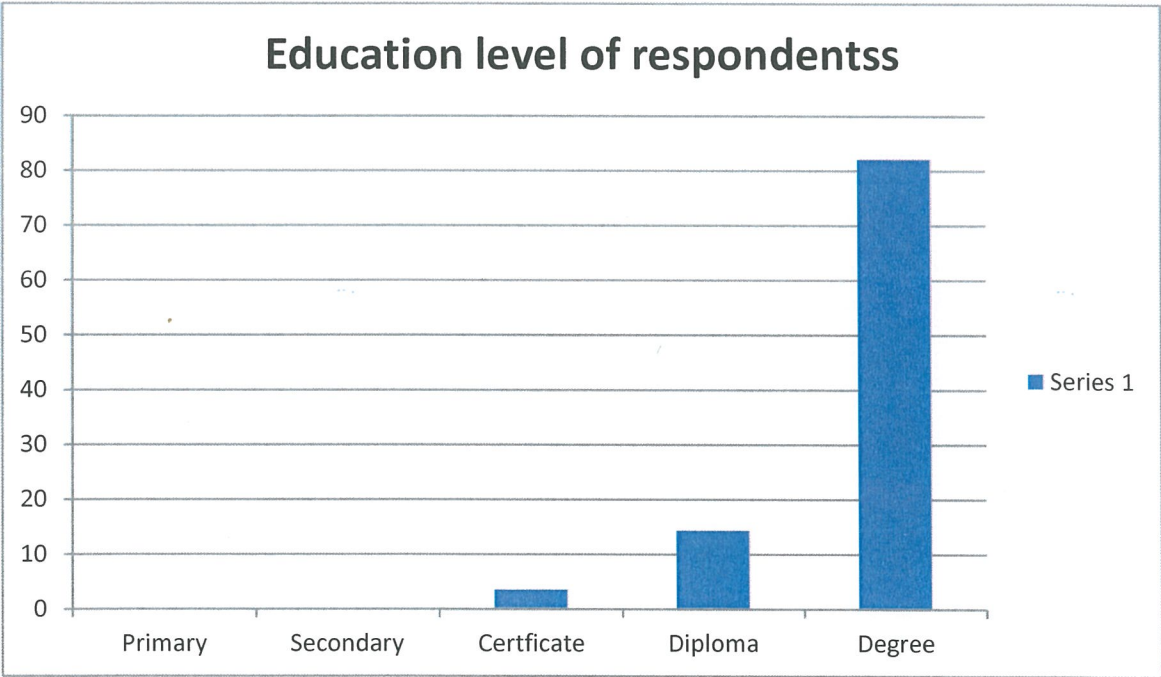
From table 4.5 and figure 4.5, the findings show that majority of the respondents had attained a degree 23(82.1) followed by those who had diploma 4 (14.3) and one respondent had a certificate representing 3.5% of the entire sample. None of the respondents had attained primary and secondary as their highest level of education. This implies that most of the respondents educated and could answer questionnaires rightly for the purposes of getting reliable results of the study.

4.2 Fund transfer and financial performance of Equity bank Hoima branch

Table 4.6: fund transfer and financial performance of Equity bank Hoima branch

tatement	F	%	F	%	F	%	F	%	F	%	F	%
	SA		A		D		SD		NS			
and transfer is cognized at this branch	7	24	11	39	4	13	4	13	3	11	28	100
is easy to transfer funds sing mobile banking	5	18	9	32	7	24			7	26	28	100
and transfer encourages ving	4	16	8	29	2	8	6	21	6	21	28	100
and transfer is onvenient for all istomers	15	53	8	29					7	18	28	100
and transfer increases e number of transitions ade by the bank	14	50	7	26	3	11			4	13	28	100
under transfer is safe for istomers	10	37	6	21			4	16	7	26	28	100
and transfer generally iproves the financial rformance of mmercial banks	10	34	7	24			7	26	4	16	28	100
ie charges are favorable id cheap	1	5	4	15	14	50	8	30				100
verage index 4.65												

Source: Primary data 2019

SA – Strongly Agree, A – Agree , NS – Not Sure, D – Disagree   SD – Strongly disagree

The findings in table 4.6 revealed that fund transfer improves financial performance by 93% basing from the average index of 4.65. This based from the fact that 18(63%) of the respondents agreed that Fund transfer is recognized at this branch, 14 (50%) agreed that It is easy to transfer funds using mobile banking,12 (45%) agreed that Fund transfer encourages saving ,23(82%) agreed that Fund transfer is convenient for all customers ,21(76%) agreed that Fund transfer increases the number of transitions made by the bank ,17(48%) agreed that Fund transfer is generally improves the financial performance of commercial banks ,16

(58%) agreed that Funder transfer is safe for customers whereas 22 (80%) of the respondents revealed that the charges are not favorable and cheap .

4.4 Bill payment and financial performance of Equity bank Hoima branch

Table 4.7: Bill payment and financial performance of Equity bank Hoima branch

Statement	F	%	F	%	F	%	F	%	F	%	F	%
	SA		A		D		SD		NS			
Customers usually pay their bills using mobile banking	18	63	3	11	2	8	1	5	4	13	28	100
Customers pay their bills in large numbers daily	7	26	18	63	13		2	6	1	5	28	100
Bill payment is recognized at this branch	17	61	7	26					4	13	28	100
Bill payment contributes greatly on the number of the financial transactions at this branch	10	37	7	24	3	11	4	13	4	16	28	100
Bill payment attracts customers to use banking	6	21	9	31	9	32	4	16			28	100
Bill payment charges are cheap	11	41	8	29	3	11	2	8	3	11	28	100
Bill payment generally improves the financial performance of the bank	8	29	6	21	4	16	4	13	6	21	28	100
Bill payment reduces the work load of employees	14	53	8	29				5	7	18	28	100
Average index 3.34												

Source: Primary data 2019

SA – Strongly Agree, A – Agree , NS – Not Sure, D – Disagree SD – Strongly disagree

The findings in table 4.7 show that bill payment improves financial performance of financial institutions by 67% basing from the average index of 3.34.This is from the fact that 21(74%) of the respondents agree that Customers usually pay their bills using mobile banking

,25(89%) agreed that Customers pay their bills in large numbers daily,21(87%) agree that Bill payment is recognized at this branch ,17(61%) agreed that Bill payment contributes greatly on the number of the financial transactions at this branch ,15(52%) agree that Bill payment attracts customers to use banking 14(50%) agreed that Bill payment generally improves the financial performance of the bank and also 22(82%) agreed that Bill payment generally improves the financial performance of the bank .

4.3 Inquiry and financial performance of Equity bank Hoima branch

Table 4.7: Inquiry and financial performance of Equity bank Hoima branch

ient	F	%	F	%	F	%	F	%	F	%	F	%
	SD		D		NS		A		SA			
ry charges are iient	17	61.6	8	28.8	3	10					28	100
ners are allowed uire about their its using mobile ;					1	5	8	27.2	19	67.8	28	100
y builds a firm nship between oank and the ier	1	5	1	3.3	4	15	45.6	13	9	31.1	28	100
y increases on ents of the bank	5	18.8	5	16.7	6	20	5	16.7	7	27.8	28	100
y enables iers to keep f their accounts					1	5	8	27.2	19	67.8	28	100
y enables iers to access account details ie					5	18.3	11	37.8	12	43.9	28	100
y enables iers to know several products oank	5	16.7	2--	6.7	3	12.2	14	49.4	4	15	28	100
y generally /es the financial nance of the	3	10.9	4	13.4	6	22	4	14.1	11	39.4	28	100
ʒe index 3.89												

SA – Strongly Agree, A – Agree , NS – Not Sure, D – Disagree SD – Strongly disagree

Table 4.8 shows that inquiry improves the financial performance of by 78% basing from the average index of 3.89.This from the fact that 27(95%) of the respondents agreed that Customers are allowed to inquire about their accounts using mobile phones,22(76.7%) agreed that Inquiry builds a firm relationship between the bank and the customer 12(44.5%) agreed that Inquiry increases on the clients of the bank,27(95%) agreed that Inquiry enables customers to keep track of their accounts ,22(81.7%) agreed that Inquiry enables customers to access their account details any time,18(64.4%) agreed that Inquiry enables customers to know about several products of the bank,15(53.5%) also agreed that Inquiry generally improves the financial performance of the bank whereas 25(90.4%)of the respondents rejected the statement that Inquiry charges are convenient.

CHAPTER FIVE

DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter presents the discussions, conclusions, and recommendations drawn from the study findings chapter four.

5.1 Discussion of the findings

5.1.1 Fund transfer and financial performance of Equity bank Hoima branch

The findings of the study revealed that fund transfer improves financial performance by 93% basing from the average index of 4.65. This based from the fact that 18(63%) of the respondents agreed that Fund transfer is recognized at this branch, 14 (50%) agreed that It is easy to transfer funds using mobile banking,12 (45%) agreed that Fund transfer encourages saving ,23(82%) agreed that Fund transfer is convenient for all customers ,21(76%) agreed that Fund transfer increases the number of transitions made by the bank ,17(48%) agreed that Fund transfer is generally improves the financial performance of commercial banks ,16 (58%) agreed that Funder transfer is safe for customers whereas 22 (80%) of the respondents revealed that the charges are not favorable and cheap .

5.1.2 Bill payment and financial performance of Equity bank Hoima branch

The findings of the study revealed that that bill payment improves financial performance of financial institutions by 67% basing from the average index of 3.34.This is from the fact that 21(74%) of the respondents agree that Customers usually pay their bills using mobile banking ,25(89%) agreed that Customers pay their bills in large numbers daily,21(87%) agree that Bill payment is recognized at this branch ,17(61%) agreed that Bill payment contributes greatly on the number of the financial transactions at this branch ,15(52%) agree that Bill payment attracts customers to use banking 14(50%) agreed that Bill payment generally improves the financial performance of the bank and also 22(82%) agreed that Bill payment generally improves the financial performance of the bank .

5.1.3 Inquiry and financial performance of Equity bank Hoima branch

The findings of the study revealed that that inquiry improves the financial performance of by 78% basing from the average index of 3.89.This from the fact that 27(95%) of the

respondents agreed that Customers are allowed to inquire about their accounts using mobile phones,22(76.7%) agreed that Inquiry builds a firm relationship between the bank and the customer 12(44.5%) agreed that Inquiry increases on the clients of the bank,27(95%) agreed that Inquiry enables customers to keep track of their accounts ,22(81.7%) agreed that Inquiry enables customers to access their account details any time,18(64.4%) agreed that Inquiry enables customers to know about several products of the bank,15(53.5%) also agreed that Inquiry generally improves the financial performance of the bank whereas 25(90.4%)of the respondents rejected the statement that Inquiry charges are convenient.

5.2 Conclusions

5.2.1 Fund transfer and financial performance of Equity bank Hoima branch

The findings of the study revealed that fund transfer improves financial performance by 93% basing from the average index of 4.65. and it was revealed by 80% of the respondents that the charges on fund transfer are not favorable.

5.2.1 Bill payment and financial performance of Equity bank Hoima branch

The findings of the study show that bill payment improves financial performance of financial institutions by 67% basing from the average index of 3.34.This was backed by the fact that respondents agreed to all the statements that were used to measure this objective

5.2.3 Inquiry and financial performance of Equity bank Hoima branch

The findings show that inquiry improves the financial performance of by 78% basing from the average index of 3.89 except that 90.4% revealed that inquiry charges are high.

5.3 Recommendations

5.3.1 Fund transfer and financial performance of Equity bank Hoima branch

Financial institutions should reduce on the transfer charges in order to encourage customers to increase on the rate of transferring funds since 80% of the respondents revealed that fund transfer charges are not favorable and cheap .

5.3.2 Bill payment and financial performance of Equity bank Hoima branch

Customers should be encouraged to pay their bills using mobile services as it is cheap and convenient.

5.3.3 Inquiry and financial performance of Equity bank Hoima branch

Financial institutions should reduce the inquiry charges as it was revealed inquiry charges are high since 90% of the respondents revealed inquiry charges are high.

REFERENCES

Abor, J .2005. technological innovation and banking in Ghana

Abunyang, E. 2007. Mobile Banking in Developing Countries: Secure Framework for Delivery of SMS-banking Services

ACCA. 2005.Preparing financial statements.london; foulks lynch.Michael Landau Demonstrates Mobile Banking in Uganda

Anguelor, C.E; Higert, M.A and Hogarth, J.M .2004. US consumer and electronic bank 1995-2003.

Arch, A.M.J and Burmeister, O.K .2003. e-banking technologies. . *ITD Journal*

Banking sector liberalization in Uganda- Kavaljit Singh (Madhyam), Myriam Vander Stichele (SOMO) .2010.

BBC News 28 May. 2010.

CGAP .2006. Mobile Phone Banking and Low-Income Customers Evidence from South Africa

CGAP .2008. Focus Note, Banking on Mobiles – Why, How, for Whom?

D. porteous . 2006. The enabling environment for mobile banking in Africa

Dr. Lennart, S. (2008) mobile banking –financial services for the unbanked?

Mugembe,D .2008. Electronic banking and effective financial performance

Nafula J. 2006 march 31) Business. Daily monitor Pg19

Namirembe.2007. influence of Ict on the banking industry: the case of kampala

Nasikye.2009.A frame work for mobile banking in Uganda

Njogu J. N. 2014.The effect of electronic banking on profitability of commercial banks in Kenya . *Unpublished MBA thesis*, University of Nairobi.

Nyaoke, W. 2008. International Finance Corporation

Okiro, K. & Ndungu, J. 2013. The Impact of Mobile and Internet Banking On Performance of Financial Institutions in Kenya. *European Scientific Journal*, 9, 13.

Oryiek E. 2008).contribution of electronic banking to the effective performance

Porteous D. 2007. Just how transformational is m-banking?, Commissioned by Finmark

Porteous D. with Wishart N. 2006. "M-banking: A knowledge map" Commissioned by infoDev and DFID

Porteous, D. 2006. The Enabling Environment for Mobile Banking in Africa, London: DFID. http://www.bankablefrontier.com/assets/ee.mobil.ban king.report.v3.1.pdf

Porteous, D. 2008. Is m-banking advancing access to basic financial services in South Africa? Commissioned by Finmark Trust and Bankable Frontier Associates

Pousttchi, K. & Schurig, M. 2004. Assessment of today's mobile banking applications from the view of customer requirements. *Proceedings of the Hawai'i International Conference on System Sciences,* January 5 –8, 2004, Big Island, Hawaii. Retrieved 14 April 2011 from http://mpra.ub.uni muenchen.de/2913/1/MPRA_paper_291

Rayhan, J.S., Sohel, S.M., Islam, A., & Mahjabin, S. 2012. Problems and prospects of mobile banking in Bangladesh. *Journal of Arts, Science & Commerce.* E-ISSN 2229-4686/ISSN 2231-4172

Rogers, E.M. 1983. *Diffusion of Innovations.* Free Press: New York. Safaricom .2008. Press Release, Feb. 10th 2008

Sehrish G., Faiza, I. and Khalid, Z. 2011. Factors Affecting bank Profitability in Pakistan. *The Romanian Economic Journal.* Year XIV, No.30.

Sharma, N. 2015. An Empirical Study on Mobile Banking Technology: *Factors Affecting its Adoption in Indian Context.* 6 , 55.

Sida.2007. The innovative use of mobile applications in the Philippines lessons for Africa

Simpson, J. 2002. The impact of internet in Banking: Observations and Evidence from Developed and Emerging Markets. Telematics and Informatics, 19: 315-330.

USA: Federal Reserve Bulletin Anguelov, C. E., Higert, M.A. and Hogarth, J. M. (2004). *US consumers and electronic bank*, 1995-2003.}.

World Wide Worx Mobility .2007.Cellphone banking grows up, (report summary)

Wright, B. October 2005. SA Computer Magazine, Cellphone banking reinvented

KAMPALA INTERNATIONAL UNIVERSITY

MOBILE BANKING NAD FINANCIAL PERFORMANCE OF COMMERCIAL

BANKS

Dear respondent,

I am Asiimwe Emiliano a final year student at Kampala International University conducting a purely academic study as a partial requirement that leads to the award of the degree of Bachelor of Business Administration.

The research is about the stated topic above. The answers provided will be treated with utmost confidentiality and only for academic purposes. I therefore kindly request you to respond appropriately to the following questions.

Thank you.

SECTION A: PERSONAL BIODATA

1. Gender

(a) Male ☐   (b) Female ☐

2. Age

(a) 25 and below ☐   (b) 26-36 ☐

(c) 37-47 ☐   (d) 48-58 ☐   (e) Above 58 ☐

3. Marital Status

Single ☐   Married ☐   Widow ☐   Separated ☐

4. How long have you been working with this organization?

(a) Below 1 year ☐   (b) 1-2 years ☐   (d) above 3 years ☐

5. Educational level

(a) Primary ☐   (b) secondary ☐   (c) Certificate ☐   (d) Diploma ☐

(e) Degree ☐

Section D: fund transfer and financial performance of Equity bank Hoima branch

In the table below, the respondent is required to tick any one option for each statement:

Apply a tick where applicable using the following key.

SA – Strongly Agree, A – Agree , NS – Not Sure, D – Disagree SD – Strongly disagree

Statement	SA	A	NS	D	SD
Fund transfer is recognized at this branch					
It is easy to transfer funds using mobile banking					
Fund transfer encourages saving					
Fund transfer is convenient for all customers					
Fund transfer increases the number of transitions made by the bank					
Funder transfer is safe for customers					
Fund transfer generally improves the financial performance of commercial banks					
The charges are favorable and cheap					

Section D: Bill payment and financial performance of Equity bank Hoima branch

In the table below, the respondent is required to tick any one option for each statement:

Apply a tick where applicable using the following key.

SA – Strongly Agree, A – Agree , NS – Not Sure, D – Disagree SD – Strongly disagree

Statement	SA	A	NS	D	SD
Customers usually pay their bills using mobile banking					
Customers pay their bills in large numbers daily					
Bill payment is recognized at this branch					
Bill payment contributes greatly on the number of the financial transactions at this branch					
Bill payment attracts customers to use banking					
Bill payment charges are cheap					
Bill payment generally improves the financial performance of the bank					
Bill payment reduces the work load of employees					

Section D: inquiry and financial performance of Equity bank Hoima branch

In the table below, the respondent is required to tick any one option for each statement:

Apply a tick where applicable using the following key.

SA – Strongly Agree, A – Agree , NS – Not Sure, D – Disagree   SD – Strongly disagree

Statement	SA	A	NS	D	SD
Customers are allowed to inquire about their accounts using mobile phones					
Inquiry charges are convenient to the customers					
Inquiry builds a firm relationship between the bank and the customer					
Inquiry increases on the clients of the bank					
Inquiry enables customers to keep track of their accounts					
Inquiry enables customers to access their account details any time					
Inquiry enables customers to know about several products of the bank					
Inquiry generally improves the financial performance of the bank					

APPENDIX II

Time Frame;

Activity	1	2	3	4	5	6	7	8	9	10	11	12
Report development												
Doing library and internet research		■	■									
Analysis				■								
Compiling data					■	■						
Submission of the report							■					
Review and editing the report									■	■	■	
Submission of the final report.												■

41

APENDIX III

Estimated budget;

Activity	Cost/amount(UGX)
Stationary, typing and printing	150,000
Internet bundles and air time	100,000
Transport	120,000
Others	50,000
Total amount	420,000

COLLEGE OF ECONOMICS AND MANAGEMENT
DEPARTMENT OF ACCOUNTING AND FINANCE

24th/07/2019

To whom it may concern

Dear Sir/Madam,

RE: **INTRODUCTORY LETTER FOR ASIIMWE EMILIANO 1163-05014-06260**

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: -   **EFFECT OF MOBILE BANKING ON THE FINANCIAL PERFORMANCE OF COMMERCIAL BANKS IN HOIMAH DISTRICT**

CASE STUDY: - **EQUITY BANK, HOIMA 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

EQUITY BANK

HOIMA BRANCH

P.O .BOX 10184

KAMPALA,UGANDA.

RE: <u>INTRODUCTORY LETTER FOR ASIIMWE EMILIANO (1163-05014-06260).</u>

We refer to your letter dated 24th July 2019 in regard to the above.

We do write to confirm our acceptance of your request to avail the above named student with the necessary information regarding his research; **Effect of Mobile banking on the financial performance of commercial banks** .We has granted him permission to undertake his research. He will be required to undertake this research from Monday to Friday, 9.00 am – 4.00 pm and on Saturdays from 10.00am to 12.00pm until it is accomplished.

We wish him the best in his endeavours.

Batamuliza Florence

OPERATIONS MANAGER