

**EFFECT OF ELECTRONIC BANKING AND FINANCIAL PERFORMANCE OF
THE BANKING INDUSTRY :CASE OF STANBIC BANK U MAIN BRANCH
KAMPALA**

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**A DISSERTATION SUBMITTED TO UGANDA CHRISTIAN UNIVERSITY IN PARTIAL
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**UGANDA CHRISTIAN
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DECLARATION

I, BRIDGET AKANKUNDA, do hereby declare that the title of my dissertation is “EFFECT OF ELECTRONIC BANKING AND FINANCIAL PERFORMANCE OF THE BANKING INDUSTRY: CASE STUDY STANBIC BANK (U), MAIN BRANCH KAMPALA” which represents my independent efforts and has not been submitted for any other degree at this or any other university. The assistance received in making this dissertation has been recognized together with all the information sources.

I confirm that all help obtained while writing this thesis has been acknowledged as well as all citations used, while professional editors are adequately credited in this dissertation’s acknowledgements section

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SIGN

 09/09/2024

APPROVAL

I hereby certify that this academic research was conducted under my supervision as the academic supervisor, and has been reviewed and approved.

NAME: Ms. Akinyi Lorraine

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DATE: 09/09/2024

DEDICATION

I would like to dedicate this dissertation to my beloved family for their unwavering support, love and encouragement which have been my anchor throughout this journey. Your sacrifices, understanding and belief in me have given me the strength to persevere and reach this milestone.

To my esteemed supervisor, Ms. AKINYI LORRAINE, your guidance, expertise and mentorship have been invaluable. Thank you for challenging me to think critically; pushing me to excel; always believing in my abilities.

To my dear classmates and colleagues, your comradeship as well as collaboration together with shared experiences have enriched my academic life. Your association with me through thick and thin has made it easy to deal with hardship experienced along the way while at the same time making achievement more meaningful.

Above all, I dedicate this work to the Divine Creator whose grace, wisdom, and blessings have sustained me through every trial and triumph. It is with heartfelt gratitude that I acknowledge the presence of God in my life, guiding my feet and lighting up my route. Let this dissertation be a testament to the flowing support, guidance, and divine providence that have characterized my scholarly journey. Let it also be a source of motivation for others who may aspire for knowledge earnestly, steadfastly, and religiously.

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ABSTRACT

This study examined the effect of electronic banking on the financial performance of the banking industry, with a specific focus on Stanbic Bank (U), Main Branch Kampala. The primary objectives were to evaluate the impact of mobile banking on the financial performance of Stanbic Bank, the effect of internet banking on the financial performance of the banking industry, and the influence of electronic funds transfers on the financial performance of Stanbic Bank.

A sample size of 30 respondents was selected through a combination of purposive and random sampling techniques. Financial institution tiers were clustered based on similar characteristics, from which heads of departments, employees, and clients were chosen to participate in the study.

The findings indicated that electronic banking had a substantial impact on the financial performance of Stanbic Bank and the broader banking industry. Mobile banking significantly contributed to increased operational efficiency and customer satisfaction. Internet banking expanded service accessibility and improved transaction speed, leading to enhanced overall performance. Electronic funds transfers facilitated more efficient financial transactions, contributing to cost savings and increased revenue.

The discussion of findings elaborated on the relationship between electronic banking and banking industry performance, addressing the study objectives. The results highlighted the importance of adopting and optimizing electronic banking services to improve financial outcomes in the banking sector.

CHAPTER ONE

1.0 Introduction

This chapter presents the background of the study, problem statement, general objective and

specific objectives of study, research questions, significance of the study and the conceptual

framework.

1.1 Background of the Study

According to Ombati et al. (2011), E-banking encompassed a variety of electronic methods through which customers could perform various banking activities without physically visiting a bank branch. E-banking referred to the use of electronic means to deliver banking services, such as the Internet, cash machines, phone services, credit card transactions at point-of-sale terminals, cellular phone banking services, and electronic funds transfers, among others.

Franklin, James, and Philip (2008) highlighted that E-banking had significant potential to enhance the quality and scope of financial services, expand opportunities for managing trading risks, and widen access to financial services for a broader range of retail and commercial clients by offering more cost-effective services.

In Kenya, bank managers could not overlook Information Systems, as these systems were crucial for managing money. Kalakota and Winston (2009) noted that e-payment systems had become increasingly important for online business transactions, as businesses sought to serve customers more quickly and cost-effectively. Chhabra (2009) further pointed out that e-payments were now used for booking flights, insurance, and in banking, retail, healthcare, online markets, and government sectors, impacting any context where money needed to change hands. Electronic transfers offered numerous advantages compared to traditional clearing houses.

Ultimately, it appeared that banks were turning to technology to manage payments, as Kumar (2009) observed. Key value attributes of this shift included secure payments, reduced costs, timely payments, and simplified cash management, which contrasted

with conventional systems. Significant investments had been made to implement self-banking services aimed at improving customer service quality. The growth of E-banking services was expected to ease congestion in banking halls and reduce long waiting lines. ICT-based financial services had notably contributed to cost reductions in delivering financial services (CBK, 2009). The payment industry in Kenya had undergone significant transformation due to advancements in IT, moving from physical cash to digital cash and digital wallets, marking a fourth stage of evolution following Barter Currency, Paper Money (Cheques), and digital cash.

Reports from the Central Bank of Kenya (CBK) reflected this change, showing that Kenyan banks had overwhelmingly adopted information and communication technologies in providing banking services, which had improved the application of e-payments. The use of ICT concepts had become crucial to banking services, and techniques, policies, and implementation strategies had grown in importance for all banks, being essential for both local and global competitiveness. Technological advancements had played a significant role in enhancing service delivery standards. For example, Automated Teller Machines (ATMs) and deposit machines now allowed consumers to perform banking transactions beyond traditional banking hours (CBK Annual Report, 2012).

Banks had been delivering electronic services to consumers and businesses remotely for years and were considered early adopters of technology, driving the technological revolution. Electronic funds transfers, including small payments and corporate cash management systems, as well as publicly accessible automated machines for currency withdrawals and retail account management, had become global fixtures. Decisions to adopt E-banking were typically influenced by factors such as enhancing customer service and competitive costs, motivating banks to assess their electronic commerce strategies (Kondabagil, 2007).

The Governor of the Bank of Uganda, at the launch of Standard Chartered Bank (U) Limited's Client Digital initiative (2019), emphasized that while innovations like the one being launched brought benefits to financial institutions and customers, they also presented associated risks that, if not well managed, could outweigh the benefits. This

was because, in the online environment, criminal acts could be executed with high speed and without physical contact (Cheung and Lee, 2006). If an unauthorized individual gained access to a user's online banking portfolio, significant financial information could be compromised, potentially leading to considerable financial losses.

1.2 PROBLEM STATEMENT

According to Cheruiyot (2010), the spread of electronic banking was anticipated to surpass traditional branch-based banks. The rise of e-banking over the past few decades had a profound effect on bank operations, resulting in a paradigm shift. Banks began using information technology to enhance the effective delivery of a wide range of products and services. Services such as SMS alerts and account openings via apps were just a few examples of this transformation.

Although banking services like withdrawals, deposits, and account balance checks had been automated, the adoption of e-banking services remained low. This was evident through the limited use of banking apps and SMS alerts. The low adoption rate was attributed to poor marketing of e-banking services by banks, in sharp contrast to their competitors, who were making significant strides in e-banking.

1.3 MAIN OBJECTIVE

The purpose of the study was to find out the impact of e-banking on performance of financial Institutions in Uganda: A case of Stanbic bank.

1.3.1 SPECIFIC OBJECTIVES OF THE STUDY.

- i. To find out the effect of mobile banking on the financial performance of Stanbic bank
- ii. To find out the effect of internet banking on financial performance of the banking industry.
- iii. To find out the effect of electronic fund transfer on the financial performance of Stanbic bank.

1.4 RESEARCH QUESTIONS

- i. How does mobile banking affect the financial performance?
- ii. How does internet banking affect the financial performance of the banking industry?

iii. How does electronic fund transfer affect the financial position of Stanbic bank?

1.5 SIGNIFICANCE OF THE STUDY.

The findings of this study held great significance for the managers of Stanbic Bank. They helped in understanding the impact of electronic banking on the performance of their institution. This information proved to be useful for making decisions on whether to adopt electronic banking. Managers gained insight into the potential effects of its adoption on the bank's performance. Additionally, it assisted institutions in predicting their marketing trends based on the data collected from consumers.

For policymakers, the findings of this study provided valuable insights into the anticipated effects of electronic banking on bank performance. This knowledge aided in the development of appropriate policies to guide the adoption of electronic banking by commercial banks in Uganda.

Future scholars and academicians found great value in this study as it laid the groundwork for further research. It also served as a valuable resource for future studies on electronic banking.

1.6 SCOPE OF THE STUDY

1.6.1 Content scope

The study was aimed to determine the effect of electronic banking and financial performance of the banking industry and the purpose of finding out the effect of the e-banking on performance of financial institutions in Uganda.

1.6.2 Geographical scope

The geographical scope of the study was focused on Stanbic bank, a financial institution operating primarily in Kampala Uganda.

1.6.3 Time scope

The research is scheduled to take a period of 4 months that is to say June to OCT 2022 when all the deliverables will be achieved. The researcher will review different banking reports for the last five years (2018-2022) for easy analysis of their banking trend. The choice of the period was determined by the fact that Stanbic bank has been experiencing a shift in their banking services for the past 4 years, this period therefore provides the best opportunity to measure their success story with some of the transformations embraced.

1.7 CONCEPTUAL FRAMEWORK

As defined by Smyth (2004), a conceptual framework is a research tool. Its purpose was to assist the researcher in generating awareness and understanding of the study topic. Furthermore, it helped in articulating the topic. The conceptual framework assessed the relationship between the independent and dependent research variables.

Conceptual Framework

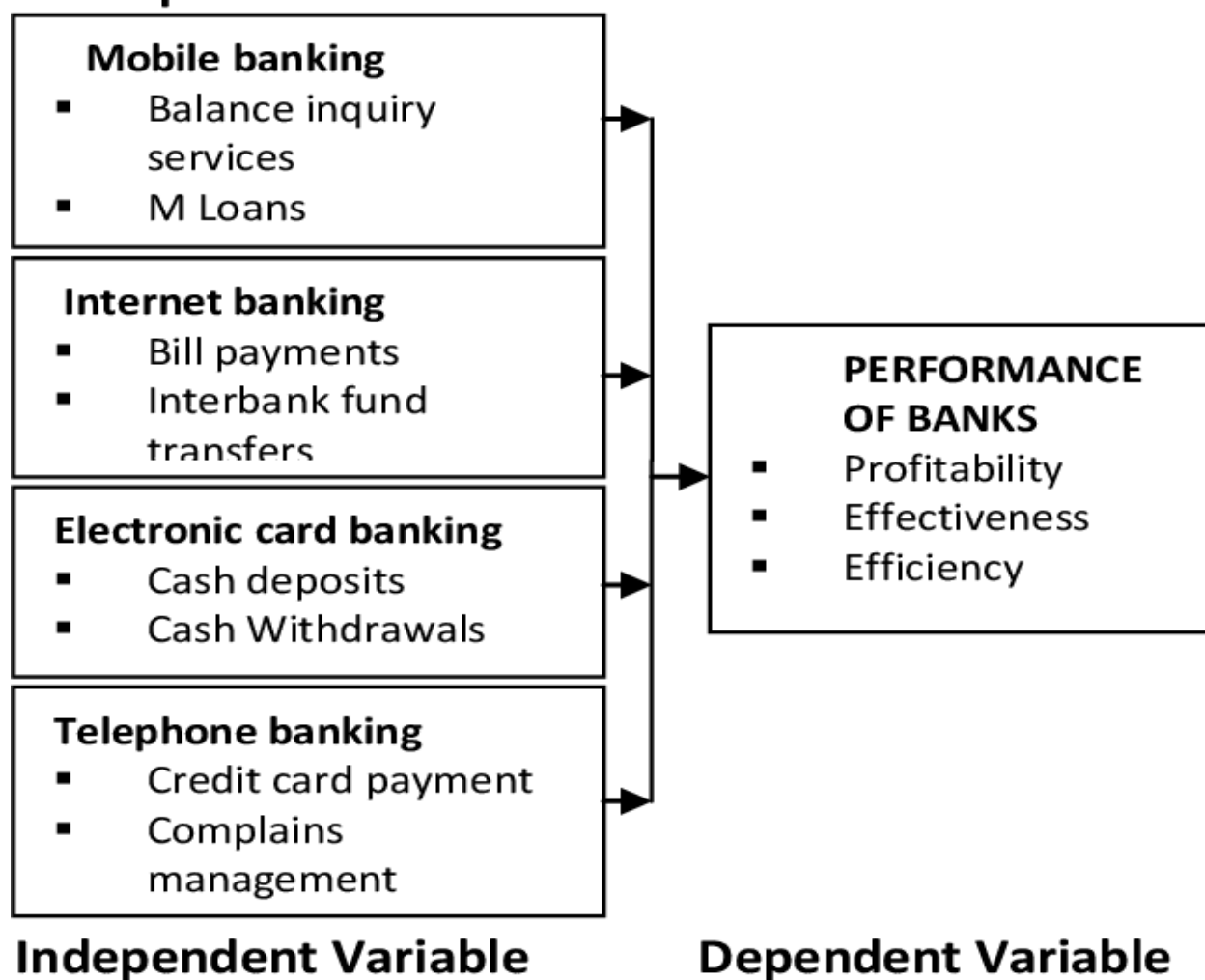


Figure 1: Conceptual Framework

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter, among other things, will review the literature provided by scholars on topics related to E-Banking. The chapter will be organized into the following sections:

2.1 Theoretical Concept

According to a publication by Candelore et al. (2016), electronic banking involved the provision of various value-added services and products within commercial banks. At that time, participation in automated banking applications was facilitated through the use of information and communication technology (ICT). These systems played a critical role in the banking sector, making it essential for the financial industry to embrace them.

Over time, the banking sector had faced challenges related to the development and integration of technological ideas, blueprints, practices, and strategies for applying ICT solutions to banking services. This integration was crucial for commercial banks, as it was necessary for both international competitiveness and local financial operations

2.2 Mobile Banking and Financial Statements

According to McGregor (2013), the term "mobile banking" referred to the act of making transactions or accessing bank details via cell phones. This software allowed individuals with bank accounts at various institutions to perform multiple transactions using devices such as mobile phones and personal digital assistants (RSA, 2015). Guitierrez and Singh (2013) defined "mobile banking" as the use of mobile phones to undertake financial services and conduct bank transactions. Klein and Mayer (2011) described mobile banking as a transactional facility facilitated through cell phones, where a person could perform various activities related to their bank account, with the customer's phone number directly linked to their bank account.

It was evident that mobile banking had become essential to modern banking systems; it had radically transformed how individuals interacted with their banks. Huang and Rust (2018) observed that incorporating mobile banking technologies greatly benefited financial outcomes, such as profit margins and customer loyalty. Research indicated

that financial institutions adopting mobile banking experienced lower costs and higher customer loyalty.

Furthermore, Agarwal and Jahedi (2016) highlighted the transformative potential of integrating mobile banking services into traditional banking practices. The use of mobile banking systems enabled banks to streamline their operations, reduce operational costs, and enhance overall efficiency. These improvements were reflected in financial statements, showing reduced costs and increased revenues, as well as more effective use of assets. It was clear that mobile banking had a significant impact on a bank's profit and loss statement, underscoring the importance of examining its effects on Stanbic Bank.

2.2.1. Effect of Mobile Banking on Financial Institutions.

In the developing world, more than 2 billion people faced difficulties with basic financial tasks such as getting paid or making remittances. These individuals did not keep their money in banks, leaving them without a safety net to plan for the future or to use when they needed credit (Jay Rosengard, 2016).

Research conducted by Mari in 2006 on the adoption of mobile banking in Europe found that mobile banking simplified individual-to-individual transactions, allowed electronic transaction records to be accessed at all times, and made paying bills easier. However, this ease of use contributed to a local decline in the productivity of banks. Porteous (2007) observed in Washington DC that many people without bank accounts believed that formal employment was necessary to open an account.

Mobile banking was causing significant disruptions in the financial sector and revolutionizing traditional bank operations. It had altered the way financial services were provided. Various studies have attempted to understand its effects on financial institutions by examining customer involvement, revenue collection, and operational management. According to Aker and Mbiti (2010), the emergence of mobile money services had increased the availability of financial services, especially in deprived rural areas where regular banking facilities were not accessible. This enhancement in service delivery had promoted customer acquisition and contributed to economic growth.

Jack and Suri's study (2011) argued that technology significantly reduced the operational costs of financial institutions. The current technology platforms and mobile network infrastructures facilitated banking processes, leading to cost savings and increased profitability, which was beneficial for the banks' sustainability.

Masinge (2010) researched the factors affecting the adoption of mobile banking services among bottom-of-the-pyramid customers in South Africa. The study revealed that M-Pesa users were typically wealthier, more educated, and had previously been banked. The findings also showed that most M-Pesa transfers occurred in urban areas. According to the "Seek for Inclusion in Kenya's Monetary Landscape, 2012" report, access to financial services was highly influenced by gender and education level. The report found that men were more likely to possess M-Pesa and bank accounts compared to women, and individuals without education were less likely to have M-Pesa compared to those with any level of education.

2.3 Internet Banking

According to Thulani et al. (2009), internet banking referred to systems that allowed bank customers to access information about their accounts and general banking products and services through bank websites, eliminating the need for letters, faxes, original signatures, and telephone confirmations. Internet banking was sometimes defined as a subset of PC banking, which included online banking.

Internet banking was an aspect of e-banking where transactional instructions were conveyed electronically through cards, which were also used to effect final payments between individuals and merchants. People often used this form of payment for bills and other transactions, such as purchasing air tickets, by linking to the websites of their service providers (Littler, 2006). Internet banking was a component of electronic banking (e-banking), which involved the use of the internet. The term transactional e-banking was also used to distinguish the use of banking services from merely providing information (Deutsche Bundesbank, 2000).

Stanbic Bank had a banking platform that enabled its clients to perform several services online (Stanbic Bank, 2018). These services included, but were not limited to, transferring money from one account to another, checking account balances, paying

bills, and stopping payments on behalf of the client. Accessible around the clock from any location in the world, the bank provided information about accounts, allowing people to manage their money easily

2.3.1. Effect of the Internet on Financial Institutions

Banks provided internet banking services to make access to bank accounts and general bank product information easier for their customers without the need for sending letters, faxes, or confirming transactions by telephone with original signatures involved (Singh & Srivastava, 2018). This concept emerged at the close of the 20th century as the internet became more accessible to the public. Initially, the internet was primarily used by large companies and the military, making it too costly for the average citizen to afford a phone line. Consequently, it took a long time for companies to commercially exploit the internet and recover the capital costs associated with selling connectivity over extended periods (Curwen & Whalley, 2011). Businesses worked hard to establish virtual bank lobbies where clients could conduct their transactions without having to visit the bank in person (Adewoye, 2013).

Internet banking services were typically offered for free (or at a nominal charge) and allowed customers to perform their banking activities at their convenience. This reduced the burden on the bank's call centers and branch network (Kihara, 2015). Some internet banks operated entirely online, without any physical branches. Depending on the bank, internet services included transferring funds between accounts, paying bills, requesting and viewing statements online, checking investment portfolios, and even buying or selling securities. These services were provided either through the bank's core banking system or, more commonly, through specialized application packages that managed all of the bank's multi-channel delivery systems (e.g., telephone banking, call-center banking, internet banking, mobile telephone banking, etc.), connecting to the core banking system based on the specific service requested by the customer (Curwen & Whalley, 2011). The bank's information security department often preferred using a separate application to serve as an interface between its internal systems and the internet. This approach provided a layer of separation between external and internal systems, restricting internet users to the internet interface layer and

preventing direct access to the bank's internal processing systems (Muisyo & Alala, 2014).

The benefits of internet banking were varied. For customers, it meant 24/7 access to banking services, greater convenience, and speed in executing transactions. They could avoid queues and waiting on hold, check account balances, transfer funds, and monitor accounts with ease. For banks, internet banking served as an effective strategy for providing services, helping to reduce operating overheads and fostering customer loyalty in an increasingly competitive environment (Jenusha & Karthiyayini, 2016).

2.3.2 Efficiency

Every business needed efficacy for its operations. This was reflected in commercial banks, which were organizations that depended on efficacy to attract more clients and strengthen their market ties. Customer attraction and retention served as clear indicators of how well an entity was managed, thus relying on constants (Gowanit & Chaipayat, 2016). In the context of commercial banks, rapid development confirmed that investments were successful and that financial institutions had established their presence in various markets. Through internet banking platforms, the banking industry experienced periods of high efficiency, which demonstrated the overall return they had achieved. The internet banking wave attracted new clientele, thereby increasing the number of existing customers involved in the trend. Internet banking platforms simplified the process of opening accounts with minimal effort—requiring only correct login details. Consequently, the customer base of the internet banking segment grew significantly, increasing the overall number of people with bank accounts as well (Mutua, 2010).

Customers with internet access were able to enjoy the convenience of monitoring their bank balances and tracking their checks to see if they had been cleared or were pending payment. The availability of online data facilitated budgeting and tracking where customers' money was going because online banking allowed them to see their transactions without needing to visit a bank. This made the banking process more efficient and reduced the expenses associated with providing manual services to clients (Farah, Hasni & Abbas, 2018).

2.4 Effect of Electronic Funds Transfers

The business of processing payments had largely turned into a commodity industry with minimal profit and high costs related to infrastructure. At the same time, price competition among traditional payment products for large corporations drove prices down with increasing opposition. In 2000, Sara Jones noted that due to shrinking margins in traditional lending areas like payments and trade finance, many banks had come to understand how automation in the supply chain could be used as an alternative income-generating source while offering their clients additional benefits. They were thus exploring internet cash management application software. Such automation is represented by the Electronic Funds Transfer (EFT) payment system. According to the Bank for International Settlements (1994), "payment and settlement systems are to economic activity what roads are to traffic."

Dwight (2000) explained that a payment system facilitates information exchange so that financial value moves from one party—the payer—to another—the payee. For the purposes of this paper, the term payment system was limited to those involving financial intermediaries such as commercial banks, central banks, and clearing houses, particularly the electronic funds transfer payment system.

Edwards and Brown (2019) found that while EFT could reduce cash handling for many, there were still cases where the impact was minimal or negligible, especially in contexts where cash remained prevalent or p

CHAPTER THREE

METHODOLOGY

3.0 INTRODUCTION

This chapter discusses the methods employed for data collection and analysis. It covers the research design, study population, sampling methods, sample size, data collection tools, and data processing and analysis.

3.1 Research Design

The researcher used a case study design, incorporating both qualitative and quantitative approaches. The qualitative approach involved the use of tables and graphs to visually represent the findings, while the quantitative approach focused on word-of-mouth information gathered from various data collection instruments. The aim was to assess the impact of electronic banking on the performance of the banking industry, specifically at Stanbic Bank (U) Main Branch, Kampala.

3.2 Study Population

The study population comprised 33 people, including both providers and recipients of services at Stanbic Bank (U) Limited, City Branch. The sample size was randomly selected from this population. The staff and non-staff at Stanbic Bank (U) Main Branch provided the researcher with a comprehensive and balanced understanding of the services offered, thereby facilitating an assessment of the role of internal controls on the performance of commercial banks.

3.3 Sample Size

Stratified and simple random sampling methods were used to select the respondents. In simple random sampling, only those respondents who were conveniently available were included. For stratified random sampling, various strata and classes were constructed based on different age groups, occupations, and genders, from which the required number of respondents were randomly selected.

According to Slovin's formula, the sample size was determined as follows:

$$n = \frac{N}{1 + (Ne^2)}$$
 Where n = Sample size

N = Target population e =margin of error at 5% standard value

Therefore, Sample size

$$n = \frac{33}{1 + 33(5(100)^2)}$$

$$n = \frac{33}{1 + (33 \cdot 0.05^2)}$$

$$n = \frac{33}{1 + (33 \cdot 0.0025)}$$

$$n = \frac{33}{1 + 0.0825}$$

$$n = \frac{33}{1.0825}$$

$$n = 30$$

sample size = 30 Respondents

Categories of members in the population study	Total population	Sample selection size	Sampling techniques
Head of departments	10	5	Purposive sampling
Other employees SCB	13	10	Purposive sampling
Clients	10	15	Random sampling
Total	33	30	

3.5 SAMPLING TECHNIQUE

Financial institution tiers were formed into clusters due to their similar characteristics. From these clusters, heads of departments, other employees, and clients were selected to participate in the study as respondents. Non-probability sampling techniques, such as purposive sampling, were used. Additionally, random sampling, a probability sampling technique, was also employed to select the respondents for the study.

3.6 Data Sources

The information was derived from both primary and secondary sources. Primary sources included first-hand information collected through methods such as interviews, questionnaires, and direct observation. Secondary sources comprised second-hand information obtained from newspapers, journals, articles, and other publications.

3.6.1 Primary Data

In this approach, the researcher contacted the management of Stanbic Bank Mukono, conducted a series of interviews, administered questionnaires, and made direct observations if necessary. However, the researcher primarily used interviews and questionnaires to collect data on customers' electronic banking behaviors.

3.6.2 Secondary Data

Journals, magazines, articles, and newspapers were used to complement the primary data and provide additional insights. Secondary data served as a supportive resource in the e-banking research arena.

3.7 Data Collection Instruments

3.7.1 Questionnaire

The researcher used a questionnaire to collect authentic data essential for analysis, as it reduced bias. The questionnaire included both closed and open-ended questions to assess how electronic banking impacted the bank's performance. The scale ranged from 1 (most negative) to 5 (most positive) (Tull & Hawkins, 2003).

3.7.2 Interviews

The researcher sought a broader perspective on electronic banking by using both closed and open-ended questions to initiate interactions with all intended respondents.

3.8 Validity and Reliability

3.8.1 Validity

The validity of the information gathered depended on appropriate sample size and study population design. Validity was determined by assessing whether the statements in the questionnaire and interview instruments were addressed through the supervisor's input.

3.8.2 Reliability

Reliability focused on testing how dependable the instruments were for the study, specifically their ability to yield consistent results over time. The conclusion section of the questionnaire was designed to justify the reliability of both structured and unstructured questions based on respondents' feedback.

3.9 Data Processing and Analysis

3.9.1 Data Processing

A structured, self-administered method was used to collect data. In addition to the questionnaire, a letter assuring anonymity was sent to respondents. The researcher employed the "drop and pick later" technique and followed up with updates via phone calls and emails to staff and management to improve response rates, while interviewing existing customers of e-banking.

3.9.2 Data Analysis

The data were presented in an organized and informative manner, including frequency tables, graphs, and charts for easy analysis and interpretation. Descriptive statistics were applied to determine proportions and frequencies of variables, with Microsoft Excel facilitating data analysis. The results were displayed in tables, figures, and pie charts for enhanced visual feedback.

3.10 Ethical Considerations

A formal letter from the university introducing the researcher was obtained and presented to the company's management to seek consent for conducting the research. The researcher ensured that all information obtained was kept confidential, with data used solely to assess how e-banking affected organizational performance. There was an absolute non-disclosure of any data or organizational materials provided to assist the researcher.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS

4.1 Introduction

The chapter provides a presentation, analysis and interpretation of data obtained from field. The aim of this study was to find out the effect of Electronic Banking on Financial Performance and Banking industry. Accordingly, findings align with the only goal of the study for they provide answers to research questions relating to this work. In addition to tables, percentages were also used as tools for presentation and analysis

4.2 Background Information: Showing Gender of Respondents

In the table below, the researcher is interested in determining the ratio of male to female gender and identify its effect on the overall employee performance at Stanbic bank.

Gender	No. of respondents	Percentage (%)
Female	14	42
Male	19	58
Total	33	100

The sample population comprised females (42%) and males (58%). Thus, the male-to-female ratio is 19:14 implying that Stanbic bank has more male employees than female ones and the customers also constitute both sexes.

Table showing age respondents

The focus was on determining whether the respondents were within the appropriate age range to ensure better quality control of the collected data. The age groups were distributed as follows:

Age group	No. of respondents	Percentage (%)
18-25	11	33.3
26-35	9	27.3
36-45	6	18.2
46-55	6	18.2
56 and above	1	3

Total	33	100
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From the table above, 33.3% of the respondents were aged 18-25 years, 27.3% were aged 26-35 years, 18.2% were aged 36-45 years, 18.2% were aged 46-55 years, and 3% were aged 56 years and above.

Table showing level of education attained

The objective here was to determine whether the respondents possessed the appropriate knowledge based on their level of education. The detailed breakdown can be seen below:

Level of education	No. of respondents	Percentage (%)
High school	1	3
Diploma	5	15.2
Bachelor's degree	19	57.6
Master's degree	7	21.2
Doctorate	1	3
Other	0	0
Total	33	100

Table showing Period spent in organization

The results in the table above showed that 57% of the respondents had a bachelor's degree, 21.2% had a master's degree, 15.2% held a diploma, and 3% had a high school level of education. Additionally, 3% held a doctorate, and there were no respondents with other educational qualifications. The fact that the largest percentage of respondents (57.6%) were degree holders implied that most individuals had the requisite knowledge and understanding of electronic banking and its impact on the organization.

The table below showed the duration that employees and clients had spent with the organization and the length of time they had used the services of Stanbic Bank.

Period	No. of respondents	Percentage (%)
Less than one year	7	21.2
1-3 years	8	24.2
4-6 years	11	33.3
7-10 years	6	18.2
More than 10 years	1	3.1
Total	33	100

From the table above, from the research carried out, it was found out that 33.3% of the respondents have been working with Stanbic bank for 4-6 years, 24.2% have spent a period of 1-3 years, 21.2% have been working there for less than a year, 18.2% have been working with Stanbic bank for 7-10 years and 3.1% for more than 10 years. This meant the majority of employees have been working for a period of 4-6 years which is regarded as the best years in service for the employees to have b

Effects of mobile banking on financial performance of Stanbic bank.

NO	STATEMENT S	Strongly disagree		Disagree		Neutral		Agree		Strongly Agree		Total	
		Fre q	%ag e	Fr eq	%ag e	Fre q	%ag e	Fre q	%ag e	Fre q	%ag e	Fre q	%ag e
1	Mobile banking has increased my frequency of transactions .	10	33.3	2	6.8	4	13.3	7	23.3	7	23.3	30	100
2	Mobile banking has made it easier for me to conduct transactions .	5	16.7	2	6.7	3	10	12	40	8	26.6	30	100
3	Mobile banking services offered by Stanbic Bank are reliable.	5	16.7	2	6.7	11	36.6	8	26.6	4	13.3	30	100

4	Mobile banking has reduced the time I spend on banking transactions .	4	13.3	1	3.3	6	20	9	30	10	33.3	30	100
5	Mobile banking has positively impacted my overall satisfaction with Stanbic Bank.	3	10	3	10	16	53.3	5	16.7	3	10	30	100
6	Mobile banking has improved your level of banking experience.	7	23.3	4	13.3	3	10	13	43.3	3	10	30	100

The research revealed that out of 30 respondents, 33.3% strongly disagreed with the statement that mobile banking had increased the frequency of transactions, while approximately 23.3% agreed with the assertion that mobile banking had increased transaction frequency at Stanbic Bank. This indicated that the majority of those contacted from Stanbic Bank were involved in mobile banking activities. Additionally, another 23.3% strongly agreed with the statement. In conclusion, it could be said that there was no increase in transaction frequencies at this particular bank as a result of

using mobile money payment systems. Furthermore, 13.3% were uncertain about the concept of electronic banking, and 6.8% disagreed with the statement, which affected the bank's financial performance in terms of operational costs and revenues for Stanbic Bank.

From the field study, it was found that 26.7% strongly agreed that mobile banking had made it easier to conduct transactions. Conversely, 16.7% strongly disagreed with the opinion that conducting transactions using mobile banking was easier than before. Additionally, 6.7% did not support this statement, and 10% were unsure whether mobile banking simplified the transaction process when using Stanbic Bank accounts.

The research study also found that 26.6% agreed that the mobile banking services offered by Stanbic Bank were reliable. However, 16.7% strongly disagreed with the reliability of Stanbic's mobile banking services, which impacted the bank's financial position at its Kampala branch. Following this, 6.7% questioned the reliability of mobile banking services offered by Stanbic Bank, and 10% did not express any opinion on this issue. Thus, it could be inferred from most responses that the mobile banking offered by the main branch of Stanbic Bank was considered reliable. Additionally, 16.7% disagreed with the claim that mobile banking had reduced banking time. Another 3.3% disagreed, and 20% had no opinion about the time taken for banking. On the other hand, 30% agreed, and 33.3% strongly believed that mobile banking had saved a significant amount of time that was previously spent waiting in bank lines.

According to the research, 10% of the respondents strongly disagreed that mobile banking had improved overall satisfaction with Stanbic Bank. Another 10% did not agree, and 53.3% were uncertain about whether mobile banking positively impacted their satisfaction as clients of Stanbic Bank. Meanwhile, 16.7% agreed, and 10% strongly agreed with the statement.

From the data collected, it was found that 43.3% of respondents agreed that electronic money transfer services enhanced their banking experience. This was followed by 23.3% who strongly disagreed, 13.3% who disagreed, 10% who were neutral, and another 10%

NO	STATEMENTS	Strongly disagree		Disagree		Neutral		Agree		Strongly Agree		Total	
		Freq	%age	Freq	%age	Freq	%age	Freq	%age	Freq	%age	Freq	%age
1	Internet banking has enhanced my ability to manage my finances.	6	20	6	20	7	23.3	8	26.6	2	6.7	30	100
2	The internet banking platform of Stanbic bank is user friendly.	2	6.7	3	10	8	26.6	16	53.3	1	3.3	30	100
3	Internet banking services have reduced my need to visit the bank branch.	6	20	0	0	6	20	14	46.6	4	13.3	30	100
4	Internet banking has improved the security of my	6	20	1	3.3	9	30	10	33.3	4	13.3	30	100

	financial transactions												
5	Internet banking has contributed to my overall positive experience with Stanbic bank.	3	10	3	10	10	33.3	10	33.3	4	13.3	30	100
6	Internet banking has impacted on the bank's profitability	6	20	3	10	10	33.3	5	16.7	6	20	30	100

From the research study that was carried out, it was revealed that 26.6% of respondents agreed that internet banking had enhanced their ability to manage finances. This was followed by 23.3% who were neutral regarding the statement. Additionally, 20% strongly disagreed with the concept of internet banking, indicating skepticism. This suggested that at Stanbic Bank, mobile banking activities were more prevalent among the majority of respondents contacted. The findings revealed that 20% of the respondents disagreed that internet banking had improved their ability to manage finances at Stanbic Bank. This was followed by 6.7% of respondents who strongly agreed with the statement. Consequently, mobile banking had not increased the frequency of transactions at Stanbic Bank, which affected the bank's financial performance.

From the field study that was conducted, it was discovered that 53.3% of respondents agreed that the internet banking platform of Stanbic Bank was user-friendly. In contrast, 26.6% of respondents disagreed, showing a degree of disagreement but not strong opposition to this statement. Additionally, 10% of respondents were neutral on

whether the internet banking platform was user-friendly, while 6.7% strongly disagreed. A small proportion, 3.3%, strongly agreed with the statement, indicating a notable but smaller group who strongly supported the idea that Stanbic Bank's internet banking platform was user-friendly.

The findings also revealed that 33.3% agreed that internet banking improved the security of their financial transactions. Meanwhile, 30% were neutral, neither agreeing nor disagreeing, suggesting uncertainty or a lack of a strong opinion among this segment. Additionally, 20% strongly disagreed that internet banking enhanced the security of their financial transactions. On the other hand, 13.3% strongly agreed with the statement, emphasizing a strong belief in the improved security offered by internet banking. A minority of 3.3% disagreed. A clear majority, 60%, either agreed or strongly agreed that internet banking had reduced their need to visit bank branches, suggesting a positive impact on convenience and efficiency for users.

From the research study, it was revealed that 33.3% were neutral, neither agreeing nor disagreeing regarding the impact of internet banking. Additionally, 33.3% agreed that internet banking had a positive impact on their overall experience. Furthermore, 13.3% strongly agreed, indicating a strong endorsement of internet banking as a positive contributor to their overall banking experience. In contrast, 10% disagreed, reflecting skepticism or dissatisfaction with internet banking. This distribution of responses indicated varied perspectives among respondents regarding internet banking's impact on their overall experience. While a substantial number viewed it positively, others had reservations or were undecided, highlighting the diversity of opinions and experiences with internet banking among the survey participants.

From the field study, it was discovered that 33.3% were neutral, neither agreeing nor disagreeing about the impact of internet banking. Meanwhile, 20% strongly disagreed, indicating a firm belief that internet banking did not positively impact their experience. Additionally, 10% disagreed, showing a lesser degree of skepticism or dissatisfaction with internet banking. On the other hand, 16.7% agreed that internet banking positively impacted their experience, suggesting that a minority found it beneficial. Finally, 20%

strongly agreed, indicating a strong endorsement of internet banking as a positive contributor to their banking experience.

SECTION D: Effect of electronic fund transfer on the financial performance of Stanbic bank.

NO	STATEMENTS	Strongly disagree		Disagree		Neutral		Agree		Strongly agree		Totals	
		F	%	F	%	F	%	F	%	F	%	F	%
1	Electronic fund transfer services have increased the efficiency of my financial transactions.	8	26.6	3	10	10	33.3	5	16.7	4	13.3	30	100
2	The cost of using electronic fund transfer services is reasonable.	5	16.7	6	20	11	36.6	4	13.3	4	13.3	30	100
3	Electronic fund transfer services are secure and reliable.	1	36.6	3	10	5	16.7	8	26.6	3	10	30	100
4	Electronic fund transfer has reduced the need for me to handle cash transactions	8	26.6	1	3.33	5	16.7	10	33.3	6	20	30	100

5	Overall, electronic fund transfer services have improved my banking experience with Stanbic Bank.	4	13.3	3	10	10	33.3	10	33.3	3	10	30	100
6	EFT is likely to have increased Stanbic Bank's revenue	6	20	3	10	9	30	5	16.7	7	23.3	30	100

From the research study that was carried out, it was revealed that 33.3% of respondents were neutral, neither agreeing nor disagreeing. This group likely had mixed feelings or lacked a strong opinion on the efficiency of EFT. Additionally, 26.6% strongly disagreed, indicating a strong belief that EFT services had not increased the efficiency of their financial transactions. In contrast, 16.7% agreed that EFT services had increased the efficiency of their financial transactions, suggesting that a smaller but notable group found them beneficial. Meanwhile, 13.3% strongly agreed, indicating a strong endorsement of EFT services as enhancing transaction efficiency. Finally, 10% disagreed, showing a lesser degree of skepticism or dissatisfaction with the efficiency of EFT. Overall, a significant portion, 37.9%, either strongly disagreed or disagreed that EFT services increased transaction efficiency, while 30% were neutral. However, 30% either agreed or strongly agreed, indicating a positive perception among some respondents.

The findings also revealed that 36.6% strongly disagreed that electronic fund transfer services were secure and reliable, reflecting a strong belief that EFT services were not secure and reliable. Conversely, 26.6% agreed that EFT services were secure and reliable, suggesting a notable group found them trustworthy. Additionally, 16.7% were neutral, neither agreeing nor disagreeing, which likely indicated mixed feelings or a

lack of a strong opinion on the security and reliability of EFT services. Moreover, 10% disagreed, showing a lesser degree of skepticism or dissatisfaction with the security and reliability of EFT services, while 10% strongly agreed, indicating a strong endorsement that EFT services were highly secure and reliable.

From the research study, it was also found that 33.3% agreed that EFT had reduced their need to handle cash transactions, suggesting a notable portion found EFT beneficial in this regard. In contrast, 26.6% strongly disagreed, indicating a strong belief that EFT had not reduced their need to handle cash transactions. Additionally, 20% strongly agreed, showing a strong endorsement that EFT had significantly reduced their reliance on cash transactions. Meanwhile, 16.7% were neutral, neither agreeing nor disagreeing, which likely indicated mixed feelings or a lack of a strong opinion on the reduction of cash transactions through EFT. Finally, 3.3% disagreed, reflecting a minority view that EFT had not significantly reduced the need for cash transactions.

The data indicated a varied range of opinions among respondents regarding the impact of EFT on reducing the need for cash transactions. A combined total of 30% either strongly disagreed or disagreed with the statement, suggesting skepticism or a perception that EFT had not effectively reduced the need for cash transactions. The neutral responses (16.7%) suggested uncertainty or a lack of a strong opinion among some respondents. However, a majority, 53.3%, either agreed or strongly agreed that EFT had reduced their need to handle cash transactions, indicating a positive perception among a significant portion of users.

From the field study, it was discovered that 33.3% were neutral, neither agreeing nor disagreeing on whether EFT services had improved their banking experience. This group likely had mixed feelings or lacked a strong opinion on the matter. Additionally, 33.3% agreed that EFT services had improved their banking experience, suggesting that a notable portion found EFT beneficial in enhancing their banking interactions. Conversely, 13.3% strongly disagreed, indicating a strong belief that EFT services had not improved their banking experience. Moreover, 10% disagreed, showing a minority view that EFT services had not significantly improved their banking experience. Finally, 10% strongly agreed, indicating a strong endorsement that EFT services had significantly

improved their banking experience. Responses were evenly spread, with 43.3% either agreeing or strongly agreeing that EFT services improved their banking experience. However, 23.3% disagreed or strongly disagreed, suggesting mixed feelings.

From the field study, it was also discovered that 30% were neutral, neither agreeing nor disagreeing on whether EFT services had increased the bank's revenue. This group likely had mixed feelings or lacked a strong opinion on the matter. Additionally, 23.3% strongly agreed, indicating a strong endorsement that EFT services had significantly increased the bank's revenue. On the other hand, 20% strongly disagreed, indicating a strong belief that EFT services had not increased Stanbic Bank's revenue. Furthermore, 16.7% agreed that EFT services had increased Stanbic Bank's revenue, suggesting a smaller but notable portion who perceived a positive impact on revenue. Meanwhile, 10% disagreed, showing a minority view that EFT services had not significantly increased the bank's revenue. A significant portion, 40%, either strongly disagreed or disagreed that EFT increased revenue. However, 39.9% agreed or strongly agreed, suggesting a positive perception among many respondents regarding the financial impact of EFT on Stanbic Bank.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter presented a summary of findings, conclusions, and recommendations from the study. The conclusions and summary were based on empirical results, while the recommendations addressed the gaps revealed in the theory and practice of electronic banking and its impact on the performance of financial institutions, specifically focusing on Stanbic Bank (U) Main Branch in Kampala.

5.2 Discussion of the Findings

The discussion of findings elaborated on the two study variables: electronic banking and the performance of the banking industry, in relation to the study objectives outlined in Chapter Four.

5.2.1 Effects of Mobile Banking on the Financial Performance of Stanbic Bank

The findings revealed that mobile banking had improved the banking experience and, to a significant extent, had also reduced the time spent on transactions. These findings aligned with Mari (2006), who found that mobile banking simplified individual transactions, allowed constant access to electronic transaction records, and made bill payments easier, though it led to a decline in local bank productivity.

The study suggested that while many respondents had found mobile banking beneficial for transaction ease, others did not perceive it as significantly easier than traditional methods. These findings were consistent with Aker and Mbiti (2010), whose research indicated that experiences with mobile banking convenience could vary at Stanbic Bank.

5.2.2 Effect of Internet Banking on the Financial Performance of the Banking Industry

The findings showed mixed perceptions among respondents regarding the benefits of internet banking at Stanbic Bank. While some agreed that it enhanced financial management, others disagreed, which affected how internet banking services were perceived and used at the bank. The user-friendly nature of Stanbic Bank's internet banking platform was consistent with Kihara (2015), who found that internet banking

services were generally free or came with a nominal charge, offered 24/7 access, and reduced the workload on call centers and branch networks.

Jenusha and Karthiyayini (2016) also supported the finding that internet banking offered several advantages, including continuous access to services, greater convenience, faster transactions, and reduced need for branch visits. These benefits helped banks lower operational costs and increase customer loyalty in a competitive environment.

5.2.3 Effect of Electronic Fund Transfers (EFT) on the Financial Performance of Stanbic Bank

A notable percentage of respondents strongly believed that EFT services had significantly increased the bank's revenue. This finding aligned with research by Johnson and Lee (2021), which highlighted those banks with effective EFT systems experienced significant revenue growth due to increased transaction volumes and improved customer convenience. Their study indicated strong support for the financial benefits of EFT among institutions that had successfully integrated these services into their operations.

A significant portion of respondents also found that EFT had notably reduced the need for handling cash transactions, highlighting a positive perception of EFT's role in minimizing cash usage. This observation was consistent with research by Thompson and Harris (2020), which found that EFT services could effectively decrease reliance on cash transactions, helping to streamline financial operations and reduce cash handling for both customers and financial institutions.

However, a small minority of respondents disagreed with the notion that EFT had significantly reduced their need for cash transactions, indicating minimal impact for this group. This minimal disagreement was in line with the study by Edwards and Brown (2019), which found that while EFT could reduce cash handling for many, its impact could be minimal in certain contexts where cash remained prevalent or preferred.

5.3 Summary of Findings

For some individuals, electronic banking had simplified their banking experience and was viewed as superior to traditional methods, while others found it complex and

daunting. Electronic banking offered the advantage of 24/7 availability, faster transactions, reduced processing times, a larger customer base, higher profitability due to lower operational costs, advanced technology, and increased productivity compared to traditional banks with limited hours (5.5 days per week) (Vila et al., 2012).

A considerable portion of respondents had felt that mobile banking had not increased transaction frequency at Stanbic Bank (33.3%). Issues with transaction ease were indicated by 16.7% of respondents, who strongly disagreed with the assertion. Furthermore, 16.7% questioned the reliability of the service, suggesting possible downtime or processing issues. Conversely, 16.7% strongly disagreed with the statement that technological advancements had reduced banking time. Customer satisfaction was mixed, with 10% strongly disagreeing and another 10% strongly agreeing that mobile banking enhanced satisfaction. However, 23.3% of respondents contended otherwise, while 10% were assertive in their support.

Regarding internet banking, 20% of respondents disagreed with the idea that it improved financial management, and 20% were against the notion that it enhanced transaction security, while 13.3% agreed. Overall, 60% of respondents agreed on the convenience of internet banking, which eliminated the need for branch visits. Perceptions varied, with 10% strongly disagreeing and 13.3% strongly agreeing about the positive impacts of the online platform.

5.4 Conclusions

To improve performance at Stanbic Bank (U) Kampala branch, addressing dissatisfaction with the speed and frequency of mobile banking transactions was essential. Investing in technology to optimize transaction processing systems, simplifying transaction procedures, and enhancing customer support could significantly improve user satisfaction. Ensuring the reliability of mobile banking through robust infrastructure and regular updates was crucial for maintaining customer trust.

Given the diverse views on client satisfaction, customizing products and services to meet individual expectations was important. Improving the usability of online platforms, enhancing security systems, and providing personalized services were necessary to enhance banking experiences. For internet banking, improving financial

management tools, offering bespoke financial advice, and strengthening transaction security were recommended. This included adopting advanced encryption, using multi-factor authentication, and conducting routine security checks.

Balancing the convenience of internet banking with personalized customer interactions was key. Expanding digital service capabilities while maintaining meaningful customer support was essential. Optimizing EFT systems for faster processing and reducing transaction costs could enhance efficiency. Promoting digital payment methods through campaigns and incentives could encourage adoption and reduce cash transactions.

5.5 Recommendations

Stanbic Bank should have concentrated on a number of strategic recommendations to enhance its digital banking services. First and foremost, improving and maintaining a sound technology infrastructure for mobile banking, internet banking, and EFT services was necessary. Advanced security measures needed to be implemented to protect customer data and transactions.

It was also recommended that Stanbic Bank prioritize improving user experience. Identifying pain points and areas for improvement through regular user experience audits, creating easy-to-use interfaces, and offering proactive support services could have significantly increased customer satisfaction.

In addition, it was crucial to educate and empower clients. Providing education programs and workshops could help clients understand the benefits and safety of digital banking services. Offering unique personal finance management tools and advice would assist customers in fully benefiting from mobile or internet banking. Strengthening customer support channels within the organization, improving response times, and resolving issues promptly through the use of AI-driven chatbots would have enhanced accessibility and timely responsiveness.

To promote digital adoption, Stanbic Bank needed to launch marketing campaigns specifically targeting mobile banking, internet banking, and EFT. Incentives such as reward systems and cashback offer could drive more digital transactions and attract new clients.

5.6 Areas for Further Study

Since the research had examined how e-banking impacted the profitability of financial institutions with specific reference to Stanbic Bank Uganda (Kampala Main Branch), opportunities for further investigation included:

- Frameworks for adopting e-banking practices
- Strategies for reducing operational costs associated with e-payments

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APPENDICES

QUESTIONNAIRE

My name is Akankunda Bridget Reg.No J23B05/003.I am a student at Uganda Christian University Mukono offering a Bachelor's degree in business administration and I am a researcher conducting a survey on effect electronic banking services in partial fulfillment of the award in business administration. The purpose of this survey is to understand the effect of electronic banking on financial performance and the banking industry experience. Your participation will help me gain valuable insights and improve banking services. Please be assured that your responses will be kept confidential and anonymous.

SECTION A

Background information (tick appropriately)

1. Age:

- 18-25
- 26-35
- 36-45
- 46-55
- 56 and above

2. Gender:

- Male
- Female

3. Level of Education:

- High School
- Diploma
- Bachelor's Degree
- Master's Degree
- Doctorate
- Other (please specify)

4. Occupation:

- Student
- Employed
- Self-employed
- Unemployed
- Retired

5. Duration of Bank Account Ownership:

- Less than 1 year
- 1-3 years
- 4-6 years
- 7-10 years
- More than 10 years.

SECTION B: Effects of mobile banking on financial performance of Stanbic bank

Instructions

1. Using the provided scale 1-5, tick appropriately one best response that best describes your response.
2. Please indicate your level of agreement or disagreement as to whether mobile banking has been effective on the financial performance of Stanbic bank.

NO	STATEMENTS	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
1	Mobile banking has increased my frequency of transactions.					
2	Mobile banking has made it easier for me to conduct transactions.					
3	Mobile banking services offered by Stanbic Bank are reliable.					
4	Mobile banking has reduced the time I spend on banking transactions.					
5	Mobile banking has positively impacted my overall satisfaction with Stanbic Bank.					
6	Mobile banking has improved your level of banking experience.					

SECTION C: Effect of internet banking on the financial performance of the banking industry.

Instructions

1.Using the provided scale 1-5, tick appropriately one best response that best describes your response.

2.Please indicate your level of agreement or disagreement as to whether internet banking has been effective on the financial performance of banking industry.

NO	STATEMENTS	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1	Internet-banking has enhanced my ability to manage my finances.					
2	The internet-banking platform of Stanbic bank is user friendly.					
3	Internet-banking services have reduced my need to visit the bank branch.					
4	Internet-banking has improved the security of my financial transactions.					
5	Internet banking has contributed to my overall positive experience with Stanbic bank.					
6	Internet-banking has impacted on the bank's profitability.					

NO	STATEMENTS	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1	Electronic fund transfer services have increased the efficiency of my financial transactions.					
2	The cost of using electronic fund transfer services is reasonable.					
3	Electronic fund transfer services are secure and reliable.					
4	Electronic fund transfer has reduced the need for me to handle cash transactions.					
5	Overall, electronic fund transfer services have improved my banking experience with Stanbic Bank.					
6	EFT is likely to have increased Stanbic Bank's revenue					

SECTION D: Effect of electronic fund transfer on the financial performance of Stanbic bank.

Instructions

1. Using the provided scale 1-5, tick appropriately one best response that best describes your response.

2. Please indicate your level of agreement or disagreement as to whether electronic fund transfer has been effective on the financial performance of Stanbic bank.

Thank you for taking the time to complete this questionnaire. Your responses are valuable for my research.



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11th Sep, 2024

TO WHOM IT MAY CONCERN

Name: AKANKUNDA BRIDGET

Reg. J23B05/003

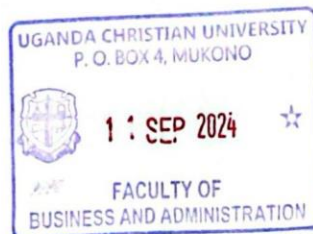
a bachelor's student who is seeking permission from your office to collect data for her dissertation titled

The Effect of Electronic Banking and Financial Performance of the Banking Industry. A case study of Stanbic Bank, main branch Kampala.

We shall be grateful if you could render assistance to her in collecting the necessary data for her dissertation

The Uganda Christian University School of Business thanks you in advance

Mukisa Simon Peter
Research coordinator



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