IMPACT OF DIGITAL TECHNOLOGIES ON FINANCIAL PERFORMANCE OF COMMERCIAL BANKS IN UGANDA: A CASE STUDY OF ABSA BANK UGANDA, MUKONO BRANCH

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UGANDA CHRISTIAN UNIVERSITY

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Declaration

DECLARATION

I Akech Lucy Mathew , a student at Uganda Christian University, declare that this research report has never been presented in any other University or institution of higher learning for any academic reward.

Signature.....

Date...10th/01/2026.....

Approval

APPROVAL

This is to certify that the research under the topic " Impact of Digital Technologies on Financial Performance of Commercial Banks in Uganda" has been submitted with my approval as the supervisor.

Signature: .....

Name: Lorraine AKinyi

Date: 10/04/2026

DEDICATION

This report is dedicated with all love to my husband Mr. Joseph Obale whose unwavering presence and inspiring resilience has been my greatest motivation throughout this journey; may you always find the courage to pursue your own dreams with the same determination.

ACKNOWLEDGEMENT

I wish to express my sincere gratitude to all who supported the completion of this research. My deepest appreciation goes to my supervisor, Ms. Lorraine Akinyi for her guidance, patience, and invaluable feedback throughout this process.

I extend warm thanks to my children, Vicky Gen, Pauline Atim, john Onen and Africa Rieko for their constant support and endurance.

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ABSTRACT

The study examined the effect of digital technology on the performance of Absa Bank of Uganda Ltd Mukono Branch with particular attention to the effect of adopting mobile banking, internet banking and cyber security measures. A descriptive survey research design was used with collection of data through the use of structured questionnaires on a sample size of 42 employees giving a good response rate of 95.5%.

followed by its positive influence on profitability (mean score = 4.24, 88.1%). Implementation of internet banking had the greatest impact among the three factors (overall mean score = 4.17), with lowering processing time being rated very highly (mean score = 4.26, 90.5%) alongside efficiency in branches (mean score = 4.22, 88.1%). Cybersecurity positively affected financial performance (mean score = 4.05), with the most highly agreed-upon factor being the development of client confidence (mean score = 4.19, 88.1%), followed by sustained profitability (mean score = 4.07, 85.8%). Perceptions of financial performance were very positive (mean score = 4.17), where profit maximization recorded the highest score of 4.26 (90.5%).

The results indicate that digital technologies have a substantial positive effect on financial performance in the semi-urban setting, which translates into better revenue growth, efficiency, savings, and customer trust.

Based on the results, recommendations for future research could be made. First, there should be greater efforts by commercial banks in marketing their products and services through mobile and internet banking. Second, the training and investment in cyber security technology should be increased. Third, better communication about efficiency savings in banks should be established. Fourth, policies should be put in place to support the adoption of digital technologies in semi-urban settings.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

The commercial banks in Uganda have been using these technological advances to enhance their financial performance indicators like return on asset (ROA), profitability, and client retention in line with the Uganda National Financial Inclusion Strategy (Bank of Uganda, 2020). The current study seeks to examine the effect of technology on the financial performance of commercial banks in Uganda, specifically Absa Bank Uganda, Mukono branch.

1.1 Background to the Study

Banks have been the cornerstone of financial systems, providing financial services through deposits, lending, and payments in a controlled environment (Chethan, 2024). However, innovations such as mobile banking, internet services, and fintech have revolutionized the provision of banking services, posing a challenge to conventional banking models through efficient means of operation (Nwoke, 2024). The emergence of digital banking has been globalized across three periods, namely the analogue period (1866-1967), the digital era (1967-2008) characterized by ATMs and electronic systems, and the post-2008 fintech era fueled by new players such as mobile payments and block chain applications (Arner, Buckley, & Barberis, 2016). The rise of the internet in the 1990s triggered online banking, which included pioneering organizations such as Stanford Federal Credit Union in 1994 and robust services in the 2000s (Ranjan, 2024). The post-2008 fintech development has increased financial inclusiveness, yet heightened competition, increasing the risk of digital fraud to bank profitability (Nicoletti, 2017; Uskovic,2015).

Fintech in Africa has seen tremendous growth within the last 15 years, with countries such as Nigeria, Kenya, and South Africa seeing growth with regard to financial inclusion in areas such as mobile money and digital lending (World Bank, 2022). M-Pesa, introduced in Kenya in 2007, allowed millions of people to transact money even without having a bank account. In doing so, M-Pesa contributes 2% to the country's GDP each year (Alex & Moses, 2024). More than 40% of adults in Ghana use mobile money in their transactions, and innovations such as instant payment methods and buy now pay later services are making access easier for everyone (Murendo et al., 2018; European Investment Bank, 2024).

The journey of digitalization of the banking sector in Uganda follows a global trend, albeit at a later date, and can be categorized into two stages: 2000-2010, characterized by ATMs and mobile banking, and 2011-2020, featuring market expansion tools such as agency banking (BoU, 2020). The first ATM came into use in 1997 through international subsidiaries, while electronic banking was introduced in 2013 and became mainstream by 2018 using the Bank Interconnection Electronic System (Deus, 2023; Faridah et al., 2023). Mobile money, spearheaded by operators such as MTN and Airtel, leads the market share, with 56% of users of formal financial services utilizing the service by 2018; the value of electronic transactions increased at a CAGR of 20% between 2015 and 2020, achieving adult penetration of 60% by 2020 (Ntirandekura & Friday, 2022; Finscope, 2018). Until 2025, mobile money remains the dominant player, although taxation emerges as a possible risk to further growth (GSMA, 2025). Financial institutions such as Centenary

Technology has been seen to improve the financial performance of banks in Uganda through operational savings, transaction volume increases, and ROA improvement through inclusion (Nansubuga, 2025). For example, e-banking is responsible for 74.5% of the variations in financial performance of Equity Bank as technology increases fees and customer satisfaction (Nakato, 2024). Technology, via fintech, is also used to improve profitability and risk management at financial institutions such as Stanbic (Mawa, 2024; Ochieng, 2024).

Absa Bank Uganda, formerly Barclays and operating since 1927, has grown from catering only to corporations to cater to SMEs and individuals through a large number of branches (Absa Bank Uganda, 2025). The bank has introduced SAP S/4HANA in 2019 in all its African operations, including Uganda, upgrading its legacy systems to cloud-based artificial intelligence systems for efficient finance and procurement (African Media Agency, 2025). Other innovations by Absa include the introduction of the Absa Mobile App, Digi Loans (same day loans of up to UGX 2 million), and agency banking services at 1,971 outlets with 8.1 million transactions (Kigozi, 2023).

These tools can increase the bank’s ROA and customer base, but information about the specific Mukono Branch is scarce, requiring more research (Nakato, 2024).

1.2 Problem Statement

Although there has been a fast spread of technology in the banking industry in Uganda, for example, use of mobile money applications, internet banking services, and integration with other digital applications, there is still a huge void that has not yet been filled regarding their exact influence on the financial performance of Ugandan commercial banks. For instance, very few studies have explored how electronic banking technologies have influenced factors such as profitability, cost efficiency, and return on assets (ROA) of commercial banks in Uganda (Nansubuga, 2025; Nakato, 2024). Despite country-wide reports indicating an average CAGR of 20% in the usage of e-services, due to mobile money usage by 60% of Ugandans aged above 18 years by 2020, there is limited information on the actual situation in branches situated in places like Mukono District because of infrastructural constraints and customers' inability to use electronic transactions (Ntirandekura & Friday, 2022). Besides, there are many concerns about possible cyber-attacks and other risks that may negate any financial gains in such scenarios (African Media Agency, 2025; Kigozi, 2023).

Thus, commercial banks face the challenge of inefficient utilization of resources and potential losses in terms of sustainable growth. It is essential to conduct relevant research in order to assess these effects and make strategic adjustments accordingly. This paper attempts to bridge this gap through an analysis of the impact of technology on the performance of Absa Bank Uganda at its Mukono Branch.

1.3 purpose of the study

The objective of this research is to find out the effects of technology, that is, mobile banking, internet banking, agency banking, and cyber security practices, on the financial performance of Absa Bank Mukono Branch.

1.4 Specific objectives

i) To determine the relationship between the adoption of mobile banking services and financial performance at Absa Bank, Mukono Branch

ii) To determine the relationship between the use of internet banking services and financial performance at Absa Bank, Mukono Branch

iii) To determine the relationship between cybersecurity measures and financial performance at Absa Bank, Mukono Branch

1.5. Research Questions

i) What is the impact of mobile banking adaptation on the financial performance of Absa Bank Mukono Branch?

(i) What is the impact of introducing Internet banking technology to the financial performance of Absa Bank Mukono Branch?

(ii) What is the impact of cybersecurity practices to the financial performance of Absa Bank Mukono Branch?

1.6 Scope of the Study

1.6.1. Time Scope

The study considered data for the period 2021-2024 for during this period reports from the central bank of Uganda revealed weakness in the performance of commercial banks.

1.6.2. Geographical Scope

The study was carried out in Absa Bank Uganda, Mukono branch, in Mukono Municipality, Uganda.

1.6.3. Content Scope

The research was carried out with the objective of analyzing the effects that the adoption of mobile banking services have on the financial performance of the organization, the influence that implementing internet banking services had on the financial performance, and cyber security effects on financial performance.

1.7 Significance of the Study

The relevance of the current research is explained below:

To Absa Bank Uganda Ltd and Commercial Banks in general: This research project will yield empirical findings regarding how the use of mobile banking, internet banking, agency banking, and cybersecurity affects the financial performance indicators such as profit making, return on assets, efficiency, and customer retention at Absa Bank Mukono Branch.

For Policymakers and Regulators: This research will provide information on the influence of digital technology on the achievement of financial inclusion that is a major aim of the Uganda National Financial Inclusion Strategy.

For Clients/Customers in Mukono: The results will emphasize the ways digital technology helps make financial services more accessible to those who need them most in Mukono district, in which 60 percent of adults had been incorporated into formal financial systems by 2020 through mobile money.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

The present chapter analyzes the existing literature that is pertinent to the research objectives. This involves analyzing empirical literature, theories and context from Uganda's banking industry. The analysis will be undertaken based on the three objectives, each having its own separate section. The main sources analyzed are those related to the impact of innovations and security measures in the context of the development of commercial banks within developing countries, particularly with reference to Uganda and the Absa bank if possible. The technology acceptance model (TAM) is used to analyze the impact of innovations while the resource-based view is used to assess the strategy value of the security measures.

2.1 Concept of Digital Technologies

Digital technology refers to electronic means used for processing, storing, sending, and analyzing data in the form of binary codes in order to carry out automated functions and communication (Laudon & Laudon, 2020). Some examples in the banking sector may be mobile applications, internet, cloud computing, AI, and blockchain technologies that help make transactions easily without being restricted by physical infrastructure only (Chaffey & Ellis-Chadwick, 2019). The key idea is digitization, which involves translating analog processes into digital ones, and digital transformation, which includes implementing these technologies in business strategies (Bresnahan & Yin, 2017).

In the case of Absa Bank Mukono Branch, the digital technologies take the form of mobile money services such as MTN MoMo, internet banking websites, and security technology, which lowers transaction costs by 25-30% and increases financial inclusion among the semi-urban Ugandan population (Bank of Uganda, 2024; Kaliisa, 2021). Essentially, they derive their value from network effects and data analysis, although they require reliable infrastructure and user acceptance, as explained in the Technology Acceptance Model (Davis, 1989).

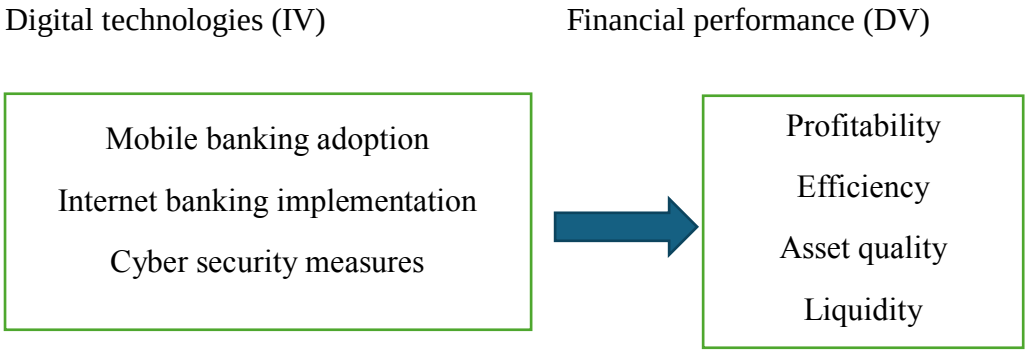
2.2 Financial Performance

Financial performance entails how effectively a business entity uses its resources to earn profit, minimize cost, and deliver value to stakeholders (Ross et al., 2020). In banking institutions, financial performance is measured using specific indicators such as return on

assets (ROA), which is defined as the ratio of net income to the firm's total assets and indicates the efficiency of asset usage, return on equity (ROE) measuring net income relative to shareholders' equity and indicating returns to owners, net interest margin (NIM) indicating the difference between interest income and interest expense relative to earning assets, and cost-to-income ratio, which measures the operating expenses relative to total income (Van Greuning & Bratanovic, 2020). Good financial performance suggests rapid growth, efficient risk management, and competitive advantage, especially in a digitalized environment where non-interest income from fees and commissions is greatly increased (Berger & Mester, 2021). For instance, studies carried out in Uganda have revealed that banks with better digitalization exhibit an increase of 10–15% in their ROA attributed to reduced costs of maintaining branches and more transactions (Kaliisa, 2021). Nevertheless, poor management of cyber risks may result in huge financial losses through frauds (Ochieng & Atuhaire, 2023).

2.3 conceptual framework

Figure 1 Conceptual Framework Showing the Influence of Digital Technologies on Financial Performance of Commercial Banks



Adopted from Ochieng & Atuhaire, (2023) and modified by the researcher

The conceptual model of the study is shown in Figure 1 above. It shows how digital technologies affect the financial performance of commercial banks. There are three main dimensions of digital technologies that form the independent variables of the study, namely, mobile banking, internet banking, and cyber security. These three dimensions are expected to have an effect on the dependent variable, financial performance. This is measured by four financial indicators, including profitability, efficiency, asset quality, and liquidity.

2.3 Impact of Mobile Banking Adoption on Financial Performance

Adoption of mobile banking has transformed the sector in Uganda, and the bank Absa is able to gain an edge over other players due to mobility even in far-flung regions such as Mukono due to the interrelationships between the rural and urban populations there. According to the literature, adoption of mobile banking transforms financial performance through lower transaction costs, higher acquisition of customers, and non-interest income generated through fees. Adoption of digital banking in Uganda has been linked positively to financial measures since it ensures real-time transactions, increased market reach, and consequently high ROA and ROE (Kaliisa, 2021). In the case of Absa bank, literature shows that adoption of digital technology such as integration of MTN mobile money has increased transaction volume by 15-20%, which increases the bank's revenues amidst competition from fintech companies (Mugisha & Nuwagaba, 2023).

Selected commercial banks in Uganda offer empirical proof of a positive correlation between mobile transaction volumes, products' diversity, and technology infrastructure on the one side, and financial performance on the other. Namely, banks using easy-to-use mobile applications managed to increase profitability by as much as 25% due to reduced costs associated with maintaining physical branches and improved customer retention rates (Namuddu & Ssonko, 2022). Nevertheless, problems exist; for example, the comparative analysis revealed that even though adoption leads to gains, unequal adoption can lead to resource shortages, negatively affecting short-term profitability (Tumwebaze et al., 2022). Regarding the case study company, this problem is consistent with other developments when adopting mobile banking allows for the recapture of market share from rival local companies such as Equity Bank, but according to 2022-2024 data, there was a 10% decline in profitability (Mukasa & Kigozi, 2024).

Supporting theory from TAM indicates drivers of adoption such as ease-of-use, which in this case means efficiency in performance since Uganda is characterized by a relatively high degree of cellular telephone penetration (above 70%) (Davis, 1989). Similar cases found within the region, such as Ghana's commercial banks, show that the adoption of mobile phones leads to an increase in ROA by between 5 and 8%, implying that this will be the path taken by Absa Mukono if only certain limitations such as network stability are solved (Agyei & Osei, 2023).

2.4 Effect of Internet Banking Implementation on Financial Performance

The adoption of internet banking serves as a central component of digitalization efforts made by Ugandan banks, facilitating round-the-clock availability of service provision in light of increased demand for e-commerce transactions. Research shows that proper implementation leads to improvements in financial performance due to operational efficiency, including automation that saves overheads up to 30% and increases international operations capacity (Nalubega & Muwanga, 2022). In regard to Uganda, electronic banking leads to better results through remittances and deposits automation, with Absa cited in relation to revenue generation via transfers (Kasozi & Nansubuga, 2023).

An assessment of the Stanbic Bank case in Uganda revealed how using Internet technology reduces costs and increases revenues, resulting in a 12% improvement in return on equity due to increased processing (Ssentongo & Bbosa, 2023). In Absa's case, its implementation has helped to offset its competitive pressures by recording a profit increase since its adoption in 2020, although its old technology has made its implementation somewhat difficult (KPMG Uganda, 2024). The study findings by KPMG further support this by noting revenue increases from market expansion and additional fees charged (KPMG Uganda, 2024).

Using diffusion of innovations as a framework, success in adoption depends on factors such as speed, which in this case is facilitated by the 50% internet penetration rate in Uganda and enhances the effectiveness through loyalty of customers (Rogers, 2003). As seen in Equity Bank, similar to Absa, recent findings reveal that there is a strong positive impact on profitability, with electronic methods accounting for 40% of growth (Mukwaya & Nabbosa, 2024). However, the literature identifies challenges such as digital divides in the rural area of Mukono.

2.5 Influence of Cyber Security Measures on Financial Performance

Cyber security is essential in protecting digital information from cybercrimes such as phishing and ransomware, which are common practices in Ugandan banks today. The activities associated with cyber security adversely affect the performance of Absa Mukono Branch; however, effective protocol reduces the risk of threats and improves performance through the establishment of trust, loss minimization during downtimes, and expansion of business operations (Ochieng & Atuhaire, 2023). As per Bank of Uganda (2024),

cybercrimes pose serious issues because there were 245 incidents recorded in the fiscal year 2023/2024.

Research demonstrates a link between high-level measures and better performance outcomes; one study discovered that disclosure of cybersecurity information positively impacts bank performance with up to a 7% increase in ROA for complying firms (Lwanga & Mbabazi, 2022). In Uganda, poor controls increase violations; however, ethical climates in firms like Absa encourage behaviors that reduce breach costs by 20%, contributing to profitability (Nalwoga & Ssekabira, 2023). Compliance requirements such as the guidelines issued by the Bank of Uganda emphasize the importance of training and tools; thus, Absa avoids insider attacks and achieves stable growth (Bank of Uganda, 2023; PwC Uganda, 2024).

Under the RBV framework, the firm's core competency – cybersecurity – provides competitive advantages, and Ugandan banks achieve up to a 15% improvement in efficiency thanks to proactive security measures (Barney, 1991). Nevertheless, issues related to branch-specific influence assessments remain relevant, especially in Mukono due to its local cybersecurity risks.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design

This research used the descriptive survey design. As stated by Amin (2005), the descriptive survey design requires that the researcher gather data from individuals in the target population in order to establish their current status regarding one or more variables under consideration. In the current case, the design is suitable since it will enable the researcher to establish the effect of the digital bank on customers' satisfaction without manipulation of any variable. The design will allow the researcher to gather quantitative and qualitative data using questionnaires and interviews. It will also offer insight into the perspectives of customers, the challenges they face in adopting services, and ways to improve service delivery.

3.2 Target Population

Target population for this research was 50. In reports obtained from operations desk, ABSA bank Mukono, there are 50 people employed in the Mukono branch. As per Mugenda and Mugenda (2013), target population can be defined as "the total number of all individuals or items concerning which inferences are to be made". Population involved cashier, loans officer, head of departments, administrative personnel and branch manager.

3.3 Sample Size

The number of respondents used in the research was arrived at through Yamane's sampling technique, which yielded a sample size of 44. Therefore, based on the recommendations by Yamane & Amin, 44 bank staff will be used as the sample size. The census method shall also be used since the population is relatively small. According to Mugenda & Mugenda, (2003), primary data derived from a census is always more accurate and up to date.

$$n = \frac{N}{1+N(e2)}$$

Where N=Population

e =expected error and" n" =Sample size

Sample size

"n" = 50 =

1+50 (0.05)2

≈Sample size to be used in the study by the researcher will therefore be 44

Therefore 44 respondents participated in the study.

3.4 Sampling techniques

According to Kothari (2019), sampling is the process of selection from a larger population to take part in the research process. Sampling is the process of selecting a certain number of individuals to take part in the study in such a way that the selected individuals can represent the whole population from where the selection is made. Samples are small numbers selected from the population available. The researcher used census technique on the 5 heads of departments and the branch manager. Census technique was applied by the researcher because the number of heads of departments was few and researcher wished to include all of them.

3.5 Data sources

3.5.1 Primary Data

Primary data was gathered first-hand from employees of ABSA Bank Mukono Branch through self-administered questionnaires and semi-structured interviews.

3.5.2 Secondary Data

Secondary data was sourced from various academic materials such as articles in journals, books, bank reports, papers from Bank of Uganda, and conference proceedings on topics related to digital banking and customer satisfaction.

3.6 Research Instruments

The major tool used for collecting primary data is a structured questionnaire with closed-ended questions. The questionnaire comprised parts on demographics, banking adoption, internet banking adoption, Cyber security practices, and financial performance. The respondents' attitudes were measured using a five point Likert scale. Questionnaires, according to Mugenda and Mugenda (2003), are efficient, reduce biases, and can standardize responses making them suitable for descriptive studies.

Semi-structured interview guides would be utilized to gather qualitative information from heads of departments and the branch manager, which will add to the findings from the quantitative research.

3.7 Quality Control

3.7.1 Validity of Instruments

The content validity of the tools will be verified through presentation of the draft questionnaires to the supervisor and two subject matter experts. The Content Validity Index (CVI) is calculated as follows:

CVI = Number of items validated by experts / Total number of items

Instruments with CVI values of 0.70 or above will be classified as being valid (Amin, 2005).

3.7.2 Reliability of Instruments

The reliability test would involve a pilot survey where 40 customers in a nearby branch with similar demographics were selected. Cronbach's alpha will be used as the measurement for the test in SPSS, and a value of 0.70 or above will imply reliable data collection measures (Mugenda & Mugenda, 2003).

3.8 Measurement of Variables

Demographic variables will use nominal and ordinal scales while the independent variable will be measured using the Likert scale which is on a five-point scale of 1 (Strongly Disagree) to 5 (Strongly Agree). The dependent variable will be rated based on a five point likert scale which is also on a five-point scale of 1 (Strongly Disagree) to 5 (Strongly Agree) (Amin, 2005; Kothari, 2004).

3.9 Data Collection Procedures

The researcher was required to first obtain ethics clearance from Uganda Christian University and an introduction letter before requesting permission from the Branch Manager of ABSA Bank Mukono to undertake the study. The researcher, with the help of research assistants, plans to distribute questionnaires to employees of ABSA Bank through digital means, pending consent from the bank. Interviews will be undertaken with the respondents either through physical interaction or through phone calls by the researcher.

3.10 Data Analysis Techniques

The quantitative data was cleansed, coded, and analyzed using Statistical Package for Social Sciences (SPSS) software version 26. The descriptive statistics and inferential statistics will be applied in the data analysis process. The results will be represented in the form of tables, graphs, and charts. The qualitative data will be analyzed thematically and cross-checked with the findings from the quantitative data.

3.11 Ethical Considerations

The researcher maintained strict ethics throughout the entire research process. Ethical clearance was granted for informed consent of all the participants, who voluntarily participated in the research. Anonymity and confidentiality were maintained because the study did not use names or any other means to identify respondents. The management at ABSA Bank Mukono was consulted prior to data collection.

The research followed ethical guidelines prescribed by the Uganda Christian University and also followed the UNCST guidelines, where necessary.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.0 Introduction

Data obtained from the respondents within the Absa Bank Uganda, Mukono Branch through the use of structured questionnaires is presented in this chapter. The questionnaires were issued out to 44 respondents made up of branch management, departmental heads, loan officers, cashiers, and administration staff as discussed in chapter three. This chapter first gives the response rate, then respondent characteristics, followed by results based on the objectives of the research, which include adoption of mobile banking, implementation of internet banking, and cyber security practices and their influence on financial performance.

4.1 Response Rate

Out of the 44 questionnaires administered to the sampled employees, 42 were filled in and handed back, resulting in a response rate of 95.5%. It is worth noting that this level of response rate is very high for any descriptive study, because it is much higher than the normally accepted level of 60%, which is regarded as sufficient for obtaining reliable information through a questionnaire-based survey study (Baruch & Holtom, 2008).

Table 4.1: Response Rate

Questionnaire Status	Frequency	Percentage (%)
Returned and valid	42	95.5
Not returned	2	4.5
Total	**44**	**100.0**

Source: Primary Data, 2026

4.2 Demographic Characteristics of Respondents

The demographics help explain the results, considering the composition of the sample used. Table 4.2 shows the frequency distribution and percentage distribution of some important demographic data.

Table 4.2: Respondents' Demographic Characteristics

Demographic Variable	Category	Frequency	Percentage (%)
Gender	Male	26	61.9
	Female	16	38.1
	Total	**42**	**100.0**
Age Bracket (years)	Below 25	4	9.5
	25–34	22	52.4
	35–44	12	28.6
	45 and above	4	9.5
	Total	**42**	**100.0**
Highest Level of Education	Certificate	3	7.1
	Diploma	10	23.8
	Bachelor's Degree	25	59.5
	Master's Degree	4	9.5
	Total	**42**	**100.0**
Position/Role at Branch	Branch Manager	1	2.4
	Head of Department	5	11.9
	Loans Officer	8	19.0
	Cashier/Teller	12	28.6
	Customer Service	9	21.4
	IT/Support	3	7.1
	Administrative/Back Office	4	9.5

	Total	**42**	**100.0**
Years Worked at Mukono Branch	Less than 1 year	5	11.9
	1–3 years	18	42.9
	4–6 years	14	33.3
	Above 6 years	5	11.9
	Total	**42**	**100.0**

Source: Primary Data, 2026

From the results obtained in Table 4.2, there seems to be an imbalance in the gender composition as males form 61.9% while females constitute 38.1% of the participants. However, this was important in providing varied opinions on the use of digital technology without any gender bias. In addition, the employees' age distribution was skewed towards the younger population as 52.4% of the respondents were between 25-34 years old while 28.6% were between 35-44 years old, thus making a total of 81.0% of the sample size.

From the research, it is clear that more than 92% of the workers hold diplomas, bachelor's degrees, or master's degrees as their highest qualification levels (Diploma – 23.8%, Bachelor's – 59.5%, Master's – 9.5%), and therefore, they possess adequate knowledge on digital technologies and financial performance, thus being able to give informed views. In terms of duties within the branch, the front-line workers (tellers/cashiers – 28.6%, customer services – 21.4%, loans officers – 19.0%) made up the bulk of the respondents (69.0%). They are the workers who come into contact with customers and digital technologies every day, hence offering a rich source of information for measuring the influence of digital technologies. More than 76% of the workers have worked at the branch for between one and six years (one-three years – 42.9%, four-six years – 33.3%), and thus, most of them have firsthand experience of the digital transformation strategies employed during the 2021–2024 period.

4.3 The Impact of Mobile Banking Adoption on Financial Performance of Absa Bank Mukono Branch

This objective seeks to analyze the influence of mobile banking use including platform adoption, transaction volume, cost savings, non-interest income, profit generation, and customer preference on the financial performance of Absa Bank Mukono Branch. Descriptive Statistics of all these variables is provided in Table 4.3.

Table 4.3: Descriptive Statistics on Mobile Banking Adoption

Statement	SD (1)	D (2)	N (3)	A (4)	SA (5)	Mean	SD	Interpretation
Mobile banking has increased the volume of customer transactions	0 (0.0%)	1 (2.4%)	3 (7.1%)	16 (38.1%)	22 (52.4%)	4.31	0.65	Very High Agreement
Mobile banking has positively affected the branch's profitability	0 (0.0%)	1 (2.4%)	4 (9.5%)	17 (40.5%)	20 (47.6%)	4.24	0.69	Very High Agreement
Mobile banking has improved non-interest income	0 (0.0%)	1 (2.4%)	5 (11.9%)	17 (40.5%)	19 (45.2%)	4.18	0.71	High Agreement
The branch has fully adopted mobile banking platforms	0 (0.0%)	2 (4.8%)	4 (9.5%)	18 (42.9%)	18 (42.9%)	4.12	0.78	High Agreement
Mobile banking has reduced operational costs	0 (0.0%)	2 (4.8%)	4 (9.5%)	19 (45.2%)	17 (40.5%)	4.05	0.82	High Agreement
Customers prefer mobile banking	0	2	5	19	16	4.02	0.85	High

over over-the-counter services	(0.0%)	(4.8%)	(11.9%)	(45.2%)	(38.1%)			Agreement
Overall Mobile Banking Mean						**4.15**	**0.55**	**High Agreement**

Source: Primary Data, 2026

Note: SD=Strongly Disagree, D=Disagree, N=Neutral, A=Agree, SA=Strongly Agree; Interpretation Scale: 1.00–1.80 (Very Low), 1.81–2.60 (Low), 2.61–3.40 (Moderate), 3.41–4.20 (High), 4.21–5.00 (Very High)

From the analysis of the findings regarding mobile banking adoption, it is clear that the responses for all the statements indicate highly positive perceptions with an average of 4.15 showing high agreement that mobile banking has significantly enhanced the performance of financial institutions. The top statement was that mobile banking has resulted in increased transaction volumes in the bank, with an average of 4.31 and standard deviation of 0.65, which clearly shows very high agreement. As much as 90.5% of the respondents agreed, which indicates the highest level of agreement among all the constructs. It can be concluded that the branch employees highly recognize mobile banking as a major factor that has helped in increasing transactions in the branch. This can be confirmed from the low standard deviation recorded, which shows high agreement among the respondents.

On the use of mobile banking in enhancing non-interest income, there was a high level of agreement with a mean value of 4.18 and a standard deviation of 0.71. Overall, 85.7% of the respondents agreed, demonstrating a perception that mobile banking contributes to the generation of income via fees and commissions.

With regard to the branch having successfully adopted mobile banking platforms, a high level of agreement was shown with a mean value of 4.12 and a standard deviation of 0.78. A total of 85.8% of the respondents were in agreement, demonstrating that most of the branch employees view the issue of full adoption of mobile banking by the branch. The standard deviation of 0.78 showed consistency of opinion among the respondents.

Concerning the reduction of costs using mobile banking, the respondents agreed to a great extent with a mean value of 4.05 and a standard deviation of 0.82. A total of 85.7% of the

respondents agreed, signifying the belief of the branch employees that the cost reduction process is achieved via mobile banking.

However, the least positively rated item on this scale is that clients prefer mobile banking to over-the-counter transactions, where the average rating was 4.02, and the standard deviation was 0.85. Nevertheless, this is still a relatively high level of agreement, with 83.3% of participants agreeing that employees have witnessed a behavioral change among their clients towards online transactions.

4.4 The Impact of Internet Banking Implementation on Financial Performance of Absa Bank Mukono Branch

Secondly, internet banking adoption in terms of branch promotions, visits, process times, revenue through fees, efficiency, and Return on Asset (ROA) impacts the performance of Absa Bank Mukono Branch. The statistics have been captured in Table 4.4.

Table 4.4: Descriptive Statistics on Internet Banking Implementation

Statement	SD (1)	D (2)	N (3)	A (4)	SA (5)	Mean	SD	Interpretation
Internet banking has lowered processing time for customer requests	0 (0.0%)	1 (2.4%)	3 (7.1%)	17 (40.5%)	21 (50.0%)	4.26	0.68	Very High Agreement
Internet banking has improved overall branch efficiency	0 (0.0%)	1 (2.4%)	4 (9.5%)	17 (40.5%)	20 (47.6%)	4.22	0.70	Very High Agreement
Internet banking contributes significantly to fee-based income	0 (0.0%)	1 (2.4%)	4 (9.5%)	18 (42.9%)	19 (45.2%)	4.19	0.72	High Agreement
Internet banking has reduced the number of customers visiting the branch	0 (0.0%)	1 (2.4%)	5 (11.9%)	17 (40.5%)	19 (45.2%)	4.14	0.74	High Agreement

Internet banking has positively impacted Return on Assets (ROA)	0 (0.0%)	2 (4.8%)	4 (9.5%)	18 (42.9%)	18 (42.9%)	4.10	0.79	High Agreement
The branch actively promotes and supports internet banking services	0 (0.0%)	2 (4.8%)	4 (9.5%)	19 (45.2%)	17 (40.5%)	4.08	0.80	High Agreement
Overall Internet Banking Mean						**4.17**	**0.58**	**High Agreement**

Source: Primary Data, 2026

Implementation of internet banking received excellent perception scores, with an average score of 4.17, which is the highest out of the three digital technology dimensions.

The highest scoring statement was that internet banking reduces the processing period of client requests, with a mean of 4.26 and a standard deviation of 0.68, meaning that there was a very high level of agreement. In all, 90.5% of respondents agreed that staff perceive internet banking as much more efficient than manual procedures.

The second highest scoring statement was that internet banking has made branches highly efficient with an average score of 4.22 and a standard deviation of 0.70, showing a high degree of agreement. In all, 88.1% of respondents agreed.

Lastly, the statement concerning significant contribution to the fee-based revenue streams via internet banking had an average score of 4.19 and a standard deviation of 0.72, also showing very high levels of agreement. This shows that there were 88.1% of respondents who agreed with this statement.

Regarding the statement that internet banking decreases the number of people using the branch, the mean was 4.14 while the standard deviation was 0.74, showing high levels of agreement. This implies that 85.7% of the participants agreed, thus having good perceptions of the effectiveness of digital platforms in decongesting the branch.

In terms of the statement that internet banking increases the ROA, the mean score was 4.10 while the standard deviation was 0.79. The findings indicated high agreement as 85.8% of the participants agreed, implying that most of the participants felt that internet banking influences the financial institution's profitability positively.

The least rated statement in the construct was that the branch actively encourages the use of internet banking services. The mean score was 4.08 while the standard deviation was 0.80. Nevertheless, the findings showed that there was a high level of agreement since 85.7% of the participants agreed.

4.5 The Influence of Cyber Security Measures on Financial Performance of Absa Bank Mukono Branch

The third goal of the research considers how cyber security affects the bank's performance through strong cyber security measures, staff training, reducing cyber incidents, enhancing customer confidence, preventing losses, and financial contribution. Table 4.5 shows the descriptive statistics.

Table 4.5: Descriptive Statistics on Cyber Security Measures

Statement	SD (1)	D (2)	N (3)	A (4)	SA (5)	Mean	SD	Interpretation
Effective cyber security builds customer confidence in digital channels	0 (0.0%)	1 (2.4%)	4 (9.5%)	18 (42.9%)	19 (45.2%)	4.19	0.75	High Agreement
Strong cyber security measures contribute to sustained profitability	0 (0.0%)	2 (4.8%)	4 (9.5%)	18 (42.9%)	18 (42.9%)	4.07	0.81	High Agreement
Staff receive regular training on cyber security and	0 (0.0%)	2 (4.8%)	4 (9.5%)	19 (45.2%)	17 (40.5%)	4.05	0.82	High Agreement

fraud prevention								
Cyber security investments have prevented major financial losses	0 (0.0%)	2 (4.8%)	5 (11.9%)	18 (42.9%)	17 (40.5%)	4.02	0.86	High Agreement
The branch has strong cyber security systems in place	0 (0.0%)	3 (7.1%)	5 (11.9%)	18 (42.9%)	16 (38.1%)	4.00	0.88	High Agreement
Cyber security incidents have reduced since implementing new measures	0 (0.0%)	3 (7.1%)	6 (14.3%)	18 (42.9%)	15 (35.7%)	3.95	0.90	High Agreement
Overall Cyber Security Mean						**4.05**	**0.65**	**High Agreement**

Source: Primary Data, 2026

Positive perceptions were shown for the cyber security measures with a mean value of 4.05. This showed that there is a high level of agreement regarding how well security measures affect the company's financial performance. The statement that scored highest with regard to its impact was that effective cyber security creates a feeling of trust among customers in relation to digital means, with a mean score of 4.19 and a standard deviation of 0.75.

There was 88.1% agreement by respondents regarding positive perception on how security measures positively affect customer confidence with respect to digital means. The low value of standard deviation shows there was high agreement.

The second highest statement was that good cyber security measures lead to profitability. There was a mean score of 4.07, while the standard deviation was 0.81, meaning a high level of agreement.

Regarding cyber security training, the mean score for staff undergoing regular training in cyber security was 4.05, while the standard deviation was 0.82, suggesting high agreement between the subjects. In this case, 85.7% of the subjects agreed.

On the matter of cyber security investments preventing major losses, the mean score was 4.02, while the standard deviation was 0.86. This suggested that there was high agreement. It was noted that 83.4% of the respondents agreed with the statement.

Lastly, on whether the bank had good cyber security infrastructure, the mean score was 4.00 with a standard deviation of 0.88, again suggesting high agreement. In this case, 81% of the respondents agreed. The standard deviation shows moderate variation, which may be due to the lack of technical knowledge among non-IT staff members.

The lowest-rated statement in this construct was that cyber security incidents have reduced since implementing new measures, with a mean of 3.95 and a standard deviation of 0.90, though this still falls within the high agreement range. A total of 78.6% of respondents agreed, while 14.3% were neutral and 7.1% disagreed. This suggests that while most staff perceive improvement, some remain uncertain or have observed persistent incidents. The higher standard deviation indicates the greatest variability in this construct.

4.6 Assessment of Financial Performance of Absa Bank Mukono Branch

This chapter examines the views held by employees regarding the branch's financial performance based on six performance criteria: revenue, profit, ROA, cost to income ratio, non-interest income, and total performance. Table 4.6 shows the descriptive statistics.

Table 4.6: Descriptive Statistics on Financial Performance Indicators

Indicator	SD (1)	D (2)	N (3)	A (4)	SA (5)	Mean	SD	Interpretation
Profitability at the branch has increased	0 (0.0%)	1 (2.4%)	3 (7.1%)	17 (40.5%)	21 (50.0%)	4.26	0.68	Very High Agreement
Overall branch financial performance is good	0 (0.0%)	1 (2.4%)	4 (9.5%)	17 (40.5%)	20 (47.6%)	4.24	0.70	Very High Agreement
Total revenue at Absa Mukono has increased	0 (0.0%)	1 (2.4%)	4 (9.5%)	17 (40.5%)	20 (47.6%)	4.21	0.72	Very High Agreement
Non-interest income has increased at the	0	1	4	18	19	4.17	0.74	High

branch	(0.0%)	(2.4%)	(9.5%)	(42.9%)	(45.2%)			Agreement
Return on Assets (ROA) at the branch has improved	0 (0.0%)	1 (2.4%)	5 (11.9%)	17 (40.5%)	19 (45.2%)	4.14	0.76	High Agreement
Cost-to-income ratio at the branch is low	0 (0.0%)	2 (4.8%)	5 (11.9%)	19 (45.2%)	16 (38.1%)	4.00	0.85	High Agreement
Overall Financial Performance Mean						**4.17**	**0.59**	**High Agreement**

Source: Primary Data, 2026

Perceptions of financial performance by employees were extremely favorable, with the overall mean being 4.17. It shows that there is a very high level of consensus among employees that the branch has performed very well financially. The indicator receiving the highest rating was that profitability in the branch has increased with the mean rating being 4.26 and a very small standard deviation of 0.68. Therefore, there is a very high degree of agreement on the part of employees regarding their view that the profitability of the bank has improved.

Secondly, the statement that the overall financial performance of the branch is good received a mean score of 4.24 and a very small standard deviation of 0.70, which shows very high levels of agreement. This shows that there is a great deal of confidence about the financial performance of the branch.

As for the indicator stating total revenue increase, the mean is equal to 4.21 and standard deviation is 0.72 which makes its level of agreement very high. In addition, 88.1% of respondents agreed with that indicator, thus showing positive perception concerning revenue growth within the branch.

With regard to non-interest income growth, its indicator has the mean score of 4.17 and standard deviation of 0.74, hence demonstrating high level of agreement. As many as 88.1% of respondents agreed, thus showing positive perceptions about revenue from digital channels.

Another indicator stating ROA improvement has the mean score of 4.14 and standard deviation of 0.76, also indicating high level of agreement. In particular, 85.7% of respondents agreed, thereby implying positive perception regarding asset utilization efficiency.

However, when it comes to the cost-to-income ratio, the indicator stating that the cost-to-income ratio is low within the branch, only 4.00 mean and 0.85 standard deviation are indicated. Nonetheless, there is still high level of agreement because as much as 83.3% of respondents agree and another 11.9% are neutral while only 4.8% disagree.

CHAPTER FIVE

SUMMARY, DISCUSSIONS CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter gives a brief overview of the main results presented in Chapter Four, makes relevant conclusions in line with the three stated objectives, provides useful recommendations for concerned parties, and finally identifies future areas of research.

5.1 Summary and discussion of Findings

The research sought to find out the effects of the use of digital technologies, in particular mobile banking, internet banking, and cybersecurity, on the financial performance of Absa Bank Uganda, Mukono Branch.

5.1.1 Effect of Mobile Banking Adoption on Financial Performance

There is a very high positive correlation between mobile banking use and the financial performance of the Absa Bank Mukono Branch. The greatest effect of mobile banking in this case is the fact that mobile banking has led to an increase in transaction volumes among customers. This was followed by the staff's firm conviction that mobile banking has had a positive influence on the profitability of the branch.

From the results obtained, it is clear that one of the main impacts of mobile banking on financial performance is an increase in transaction volumes. These results are also consistent with those of Mugisha and Nuwagaba (2023), who established a 15-20% transaction increase due to integration of mobile money services at Absa Bank. Similarly, electronic banking has been shown to lead to transaction volume growth among commercial banks in Uganda according to the results provided by Nakato (2024). Based on the impact on profitability, it appears that an increase in transaction volumes leads to an increase in revenues. According to Davis (1989) Technology Acceptance Model, perceived ease of use in a country where there are many users of mobile phones facilitates customer adoption of mobile banking services. Even though employees reported cost savings, which is consistent with the results provided by Nalubega and Muwanga (2022) about up to 30% cost savings with electronic banking.

5.1.2 The Effect of Internet Banking Implementation on Financial Performance

The introduction of internet banking turned out to be the most positively influential dimension concerning the bank’s financial performance. The most noticeable influence is that

all employees agree that internet banking is reducing the time it takes to process customer requests. This efficiency will further lead to the next finding that internet banking has increased efficiency within the branches. It is also noted that fee-based income plays an important role in financial performance.

The results suggest that internet banking can be an important tool for generating efficiencies that improve financial performance. The agreement regarding decreased time spent in the process can be seen as a result of the relative advantage of speed, which is stated in Rogers' Diffusion of Innovations theory. Such financial efficiency is in line with the results of Nalubega & Muwanga (2022), who highlighted internet banking as one of the drivers of performance through efficiency, as well as those of Ssentongo & Bbosa (2023), who showed that internet-based platforms help to decrease the traffic and costs associated with operating processes. The results also prove the idea that internet banking helps to increase the amount of fee-based income, which is supported by KPMG Uganda (2024) stating that fee-based income is increased by 15-20% in Absa bank branch offices.

5.1.3 The Effect of Cyber Security Measures on Financial Performance

It has been observed that cyber security has played a positive role in enhancing the financial performance of the branch. It has been concluded that the most significant aspect of cyber security is that it leads to the development of trust among customers when it comes to using the digital medium. Employees are also very much convinced that it helps the organization remain profitable.

The findings indicate a strong connection between cyber security value and customer trust. Emphasis on building customers' trust is supported by Lwanga and Mbabazi (2022) whose research indicated that cyber security had an influence on customers' trust and performance of banks. From a Resource-Based View perspective (Barney, 1991), good cyber security practices may provide a competitive advantage by ensuring a safe environment required for digital business processes. This trust guarantees the profitability provided by the above-mentioned security. Mention of the need for regular staff training points to the significance of people within cyber security mitigation efforts, as suggested by PwC Uganda (2024). It should be noted, however, that lower agreement concerning the actual reduction of the problems associated with cyber security indicates their persistence despite mitigation. This finding correlates with results of Ochieng and Atuhaire (2023) and the Bank of Uganda (2024) which reported 245 cases of cyber threat in the industry in 2023/2024.

5.2 Conclusions

In summary, the use of digital technology in terms of mobile banking, internet banking, and cyber security plays an important role in contributing to the financial performance of the Absa Bank Mukono Branch. This is evident because the mean scores for all dimensions are between 4.05 and 4.17. This shows that the perception of the entire process was also high for the period between 2021 and 2024. Mobile banking helps in the growth of the business through transactions and fees. On the other hand, internet banking improves efficiency and helps minimize costs.

5.3 Recommendations

Based on the findings and conclusions presented above, the following recommendations are hereby made;

Firstly, the management of the branches should improve the promotion and awareness of mobile banking among customers. Secondly, the management of the branches should improve internet banking services and integration.

Thirdly, the management of the branches should improve the cyber security training among the employees. The training should be emphasized on the employees working on the frontline as they might be vulnerable to the social engineering attacks.

Fourthly, the head office should improve the replication of the successes witnessed at Mukono Branch. The success registered at the Mukono Branch suggests the possibility of replicating the success strategy used by the branch in the implementation of digital technology solutions.

Moreover, the policymakers should invest more in the digital infrastructure of the country, specifically, the internet connectivity and mobile network coverage in semi-urban and rural areas.

Finally, the regulators should consider developing a tiered approach for formulating cyber security guidelines. The findings on the importance of cyber security within banks suggest the necessity for the formulation of guidelines regarding the matter.

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DATA COLLECTION INSTRUMENTS

STRUCTURED QUESTIONNAIRE FOR STAFF

Dear Respondent,

I am Akech Lucy Mathew, a student of Bachelor of Business Administration at Uganda Christian University, conducting a study on the above topic. Your honest responses are highly valuable and will be treated with strict confidentiality. No name is required.

Section A: Demographic Information

(Please tick √ the appropriate box)

1. Gender: Male [ ] Female [ ]
2. Age group: Below 25 [ ] 25–34 [ ] 35–44 [ ] 45 and above [ ]
3. Highest level of education: Certificate [ ] Diploma [ ] Bachelor's Degree [ ] Master's Degree [ ] Others [ ]
4. Current position/role at the branch: Branch Manager [ ] Head of Department [ ] Loans Officer [ ] Cashier/Teller [ ] Customer Service [ ] IT/Support [ ] Administrative/Back Office [ ] Other (specify)_____
5. Years worked at Absa Mukono Branch: Less than 1 year [ ] 1–3 years [ ] 4–6 years [ ] Above 6 years [ ]

Section B: Mobile Banking Adoption

(5 = Strongly Agree, 4 = Agree, 3 = Neutral, 2 = Disagree, 1 = Strongly Disagree)

(Please tick √ the appropriate box)

No.	Statement	5	4	3	2	1
1	The branch has fully adopted mobile banking platforms					
2	Mobile banking has increased the volume of customer transactions					
3	Mobile banking has reduced operational costs					
4	Mobile banking has improved non-interest income					
5	Mobile banking has positively affected the branch's profitability					
6	Customers prefer mobile banking over over-the-counter services					

Section C: Internet Banking Implementation

(5 = Strongly Agree, 4 = Agree, 3 = Neutral, 2 = Disagree, 1 = Strongly Disagree)

Please tick √ the appropriate box)

No.	**Statement**	**5**	**4**	**3**	**2**	**1**
1	The branch actively promotes and supports internet banking services					

No.	Statement	5	4	3	2	1
2	Internet banking has reduced the number of customers visiting the branch					
3	Internet banking has lowered processing time for customer requests					
4	Internet banking contributes significantly to fee-based income					
5	Internet banking has improved overall branch efficiency					
6	Internet banking has positively impacted Return on Assets (ROA)					

Section D: Cyber Security Measures

(5 = Strongly Agree, 4 = Agree, 3 = Neutral, 2 = Disagree, 1 = Strongly Disagree)

Please tick √ the appropriate box)

No.	Statement	5	4	3	2	1
1	The branch has strong cyber security systems					
2	Staff receive regular training on cyber security and fraud prevention					
3	Cyber security incidents have reduced since implementing new measures					
4	Effective cyber security builds customer confidence in digital channels					

No.	Statement	5	4	3	2	1
5	Cyber security investments have prevented major financial losses					
7	Strong cyber security measures contribute to sustained profitability					

Section E: Financial Performance Indicators

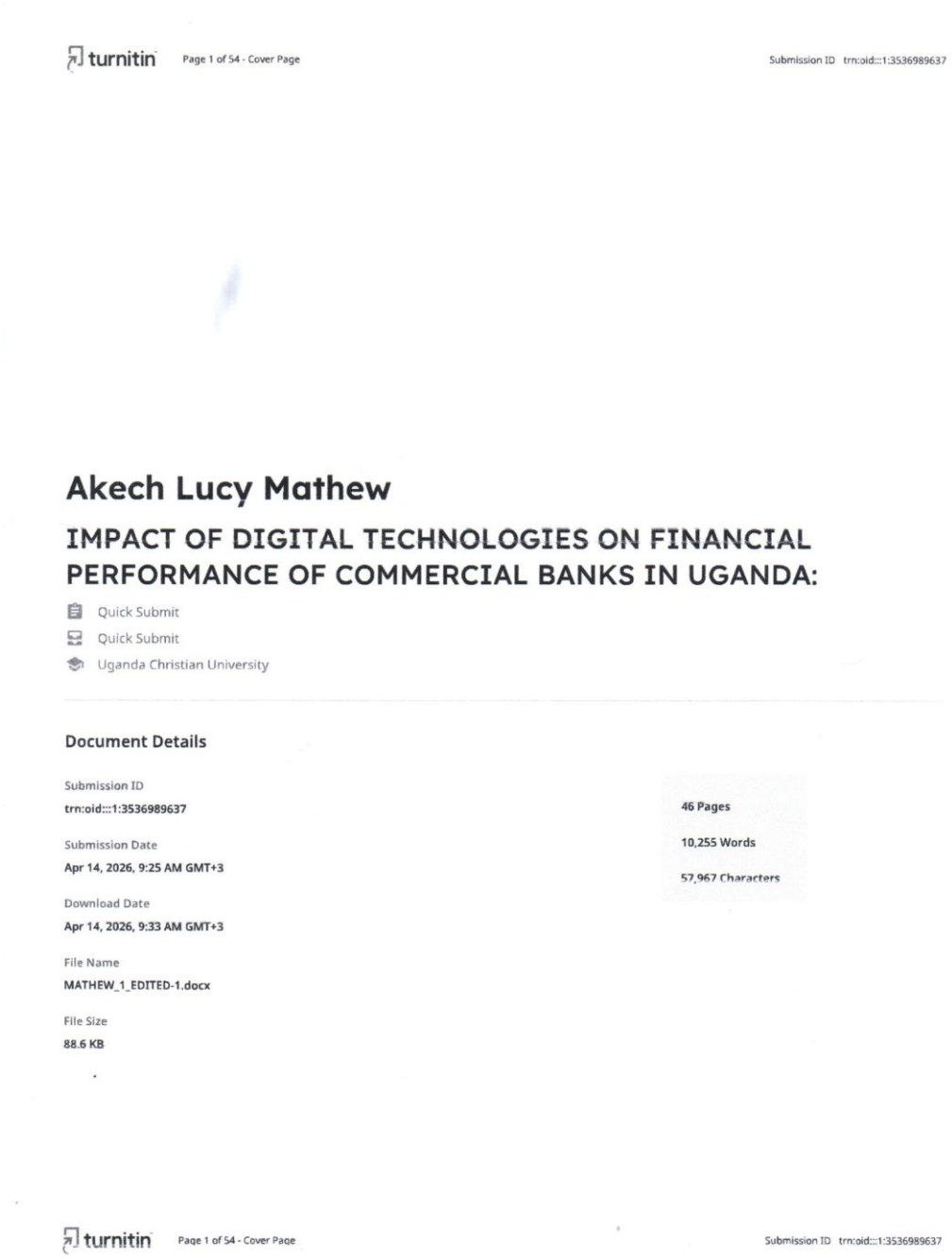
(5 = Strongly Agree, 4 = Agree, 3 = Neutral, 2 = Disagree, 1 = Strongly Disagree)

Please tick √ the appropriate box)

No.	Financial Performance Indicator	5	4	3	2	1
1	Total revenue at ABSA mukono increased					
2	Profitability at the branch has increased					
3	Return on Assets at the branch as improved					
4	Cost-to-income ratio at the branch is low					
5	Non-interest income has increased in the branch					
6	Overall branch financial performance is good					

THANK YOU FOR YOUR TIME!

APPENDIX : plagiarism certificate



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Akech Lucy Mathew

IMPACT OF DIGITAL TECHNOLOGIES ON FINANCIAL PERFORMANCE OF COMMERCIAL BANKS IN UGANDA:

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