E-BANKING AND FINANCIAL PERFORMANCE IN COMMERCIAL BANKS IN UGANDA: A CASE STUDY OF SELECTED BRANCHES IN STANBIC BANK EASTERN REGION

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DECLARATION

I **Otim Jorem** do declare that this research, **"**E-banking and financial performance in commercial banks in Uganda: a case study of selected branches in Stanbic Bank Eastern Region," is my own original work and has never been submitted for any academic award in any institution of higher learning.

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APPROVAL

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DATE: 05/08/2024

DEDICATION

I dedicate this report to my wife and children, for being the “wind beneath my wings” and encouraging me throughout this course, from one week to the next. I could not have made it this far without your support. Thank you, May almighty God enlarge their territories, reward and give them long life on earth in abundance.

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LIST OF ACRONYMS

ATM	–	Automated Teller Machines
DC	–	Dynamic Capabilities
E-Banking	–	Electronic Banking
E-commerce	–	Electronic Commerce
NPM	–	Net profit Margin
POS	–	Point of Sales
ROA	–	Return on asset
ROE	–	Return on equity
SMS	–	Short Message Administration
TAM	–	Technological Acceptance Model

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ABSTRACT

This research report was carried out to present the factual findings concerning the effect of E-banking on financial performance of selected Stanbic banks in Eastern Uganda and finds out possible solutions to the financial challenges facing the selected banks, the objectives were to determine the effect of internet banking on financial performance of selected Stanbic Banks in Eastern Uganda, to establish the effect of ATM banking on financial performance of selected Stanbic Banks in Eastern Uganda, to determine the effect of mobile banking on the financial performance of selected Stanbic Banks in Eastern Uganda The research design used in this study was descriptive research design. Both quantitative and qualitative approaches were used in this study. The population of the study constituted of 80 respondents from whom a sample size of 66 was selected. The researcher use random sampling and purposive sampling techniques. The finding shows that internet banking has a positive and significant effect on financial performance. The findings also reveal that ATM banking is the second contributor to financial performance with a Beta value of 0.450 at 0.007 level of significance The findings further reveal a moderate positive and significant effect of Mobile banking and financial performance as the least contributor to financial performance with a Beta value of 0.021 at 0.929 level of significance. Therefore the researcher recommends that the management of Stanbic Bank should continue promoting internet banking through introducing internet enabled soft wares and programmes that enable the clients to access their account transactions. This shall ensure convenience among the client's thus increasing customer transaction frequencies and processing time and costs.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter consists of the background to the study, historical background, theoretical perspective, conceptual perspective, contextual perspective, the problem statement, the purpose of the study, the general objective, specific objectives, and research questions, scope of the study, justification, significance, conceptual framework and definition of the key concepts and chapter summary.

1.1 Background to the study

The new era of modern banking has been introduced by the implementation and practice of e-banking. This modern banking trend is rapidly increasing in Uganda. Twenty years back in the banking sector, services offered by banks were fully analogous where handwritten forms were used. By introducing technological advancement banks have developed a lot. Contingent upon the conveyance stations, e-banking can be arranged in various gatherings for example, web banking, phone banking, cell phone or short message administration (SMS) banking, Automated teller Machine (ATM) banking, and on the quick development of the use of the web and the declining cost of Web transfer speed have arisen the web banking the most mainstream and promising method of e-banking. These information technologies have made the e-commerce, e-business, and financial services sector more and more important components of competitive corporate strategy and a powerful engine for global economic growth. Among other mechanisms, e-banking is the most prominent and popular one (Salehi, Alipour 2014).

The development of technology in the financial services industry has been accelerating in recent years and swiftly becoming the norm rather than the exception (Khera et al., 2022). The adoption of technological innovation over the last two decades is drastically altering the way

businesses are operated by eliminating geographical, regulatory, and industrial barriers (Zafar et al., 2011). The majority of banks, if not all, adopted the use of electronic banking for transactions as the winds of change started to blow (Chauhan et al., 2022; This technological innovation has also brought a level playing field in the banking industry by creating value for both banks and customers, that it enables customers to perform banking transactions without having to visit a physical bank (Khan, 2017). These innovations include internet banking, mobile banking, automated teller machines (ATMs), POS terminals (point of sales) and any online banking services popularly referred to as e-Banking (Khan, 2017). According to (Shamsuddoha, 2008), electronic banking (e-Banking) is transforming the financial services industry by supporting growth, promoting innovation and enhancing competitiveness. E-Banking has enabled banking institutions to compete more effectively in the global environment by extending their products and services beyond the restriction of time and space (Turban et al., 2004)

For Timothy (2012), e-Banking refers to using a remote conveyance used by customers to access a bank account, transfer funds and make payments. Awara and Anyadighibe (2014), describe e-Banking as the provision of retail banking services via electronic channels as well as a large value electronic payment and other wholesale banking services delivered electronically.

E-banking, according to Mohamud (2017), e-banking , is a type of distance banking that handles not only the flow of information between customers' "living spaces" and the bank's physical facilities, but also solicitation, sales, distribution, and service access, all without requiring the customer and the financial institution representative to be in the same physical location at the same time. Most electronic business experts agree that E-banking provides access to all types of financial transactions 24 h a day, 7 days a week, through any advanced information system (Automated Teller Machines, Personal Computers, Internet, mobile

phones, etc.) and for all types of financial transactions (Mohamud, 2017). E-Banking, to Daniela and Dosoinescu (2004), is the access of the customers to bank services by secure intermediaries without any physical presence

1.1.2 Historical background

The concept of agency banking dates back since 1999. However, it became more prominent in 2000 after the system was adopted by a number of states in Latin America (Watiri, 2013). The agency banking system has been adopted by the different states with varying success rate (Tindi & Bogonko, 2017).

The Banking industry has traditionally operated in a relatively stable environment for decades. However, with the advent of Internet banking, the industry is characterized by dramatically aggressive competition. The shift from traditional branch banking to Internet banking has meant that new strategies to attract new customers and retain existing ones have become critical (Wong, 2005). Electronic Banking allows customers to access banking services 24 hours a day, 7 days a week. Like ATMs, electronic banking empowers customers to choose when and where they conduct their banking transactions ((Mohamud, 2017)

In the year 2000 agency banking usage became highly prominent when the system was embraced by a number of states in Latin America (Watiri, 2013). Since then agency banking system has been adopted by the different states with varying success rate (Tindi & Bogonko, 2017).

Brazil was the global pioneer to adopt agency banking in 2000 where it developed a network of bank agents covering over 99% of its municipalities (Mckay, 2011). By 2010, the country had approximately 151,958 bank agents functioning (The national treasury, 2012)

In the year 2005 Peru, Colombia 2006, Ecuador in 2008, Mexico and Venezuela in also in Latin America followed suit in adopting agency banking system (Mckay, 2011). In Colombia,

the original agent banking regulation was passed in 2006 and specified that any commercial bank, commercial finance company, or regulated savings and credit cooperative could use the agent banking model (The national treasury, 2012).

In Asia, Pakistan wasn't exceptional by adopting agency banking with approximately 17500 bank agents (Anwar, 2012). Around September of 2011, the country had made over 15.88 million transactions amounting to Rupees, 58,710 million with an average transaction of Rupees 2700 (Mungai, 2016).

Following the success of agency banking in Latin America and Brazil and Asia a number of African countries like, South Africa, Nigeria, Kenya and Uganda embraced the system (Watiri, 2013). Agency banking was implemented in South Africa in 2005 after the amendment of Bank Act giving banks the green light to contract nonbank third parties to collect deposits, money due to the bank or applications for loans or advances, or to make payments to such clients on banks' behalf (Bold, 2011). The adoption levels were boosted by the South African regulatory framework which gave a broad discretion to banks to use nonbank third parties to offer banking services beyond their traditional branch network, either as agents or through outsourcing arrangements (Muoria & Moronge, 2018).

In Ghana, agency banking was introduced in 2008 by allowing bank-based model of branchless banking using nonbank retail agents. Though the potential for agency banking was recognized in 2008 in Ghana and guidelines set to support it, a complicated regulatory relationship between the Telco's and banks inhibited its adoption to full potential. With this in mind, the Bank of Ghana embarked in the process of updating the regulatory guidelines (Mckay, 2011).

In addition, agency banking in Kenya was unveiled in 2011 following the enactment of agency banking regulations in 2010 by the Central Bank of Kenya. Kenya commercial bank (KCB) was the first bank to rollout agency banking in 2011, it further expanded it to its branches in

Rwanda (2014), Burundi (2015), Tanzania (2015) and Uganda in 2017 (KCB, 2017). This was followed by Equity Bank Kenya and Cooperative Bank of Kenya. According to the Central Bank of Kenya statistics on the distribution of agents, 87% are within 3 banks that's to say; Equity Bank with the highest number of agents (28,663) constituting 47%, followed by KCB (14,466) totaling to 23.6% and lastly Cooperative bank with 11203 agents constituting 18.3% (Central Bank of Kenya Supervision Report, 2017).

Uganda's banking sector has evolved over time from a period of financial repression during the 1970s and 1980s to a period of liberalization that started in the late 1980s. The reforms were initiated with a view to addressing major misalignments in the financial sector that were believed to impede economic growth through inefficient performance of the banking sector (Gottsehalk. 2017).

In Uganda, the amendment of the financial institutions Act of 2004 by parliament paved way for the introduction of agency banking system in Uganda in 2016 with the aim of increasing financial inclusion (Bank of Uganda and the Ministry of Finance Report, 2017).

After the amendment of the Act, banks embraced the system as a strategic decision following the direct competition from mobile money services. Mobile money operations had posed a direct threat to the financial performance of the banks by negatively affecting the sales growth, customer base, market expansion, market share, liquidity and profitability (Bank of Uganda Annual report, 2017).

1.1.3 Theoretical background

The study; was supported by two theories namely; Dynamic Capability Theory (DC) and Technological Acceptance Model (TAM)

1.1.3 a) The Dynamic Capability Theory

The study utilized the dynamic capabilities (DC) theory to explain the effect of electronic banking on performance of selected stanbic banks in Eastern Uganda. The DC theory has been used in past studies (Al-Dmour, Saad, Basheer Amin, Al-Dmour, & Al-Dmour, 2023). The DC theory (Eisenhardt & Martin, 2000; Teece, Pisano, &Shuen, 1990) is an expansion of the resource-based theory (Solem, Fredriksen, &Sørebø, 2023). The DC theory suggests that a firm's capacity to integrate, develop, and reconfigure internal and external skills to address and adapt with changes in the business environment constitutes dynamic capabilities (Aghimien, Aigbavboa, &Matabane, 2023)

The relationship between dynamic capabilities and organizational performance has indicated a positive relationship based on empirical studies (Hung et al., 2010). For example, Danneels (2002) conducted a study on five high-tech firms and found that product innovation capabilities increase the firm competencies and performance. Apart from that, Zott (2003) identified how the different dynamic capabilities of the firm can influence the performance and the study further identified that even in small different of dynamic capabilities between the firm, it can create significant divergence in firm performance. From international business perspective, Luo (2000) discovered that the exploitation of dynamic capabilities can increase the firm expansion in international market and simultaneously increase firm performance.

Early proposition of dynamic capabilities stated that it has a direct relationship with firm's performance (Teece et al., 1997). Additionally, Zollo and Winter (2002) define the direct relationship between firm performance and dynamic capabilities and emphasized that if the firm has no dynamic capability in the changing environment, the superiority and the survival of the firm will remain temporary. This has been supported by Teece (2007) whereby the development of dynamic capabilities is to identify the sources of firm's competitive advantage at the enterprise-level and it is determined by the firm success or failure.

On the contrary, Eisenhardt and Martin (2000) argue that dynamic capabilities alone does not guarantee the firm's competitive advantage, but the arrangement and the positioning of the firm's resources created by dynamic capabilities is more skillful than competition. Rather, modification and the alteration of the firm's resources through dynamic capabilities influence the firm performance and not the dynamic capabilities standing alone. (Zott 2003)

it is also important to know that dynamic capabilities is not the same as specific capabilities such as supply chain, R&D and marketing (Gnizy et al., 2014), in fact this dynamic capabilities serves as a medium to explore resources and capabilities that required to remain competitive especially in the changing market environment (Wilden et al., 2013). Additionally, in the turbulence and fast growing market, the firm resources must be dynamic and the managers need to know how to adjust the strategy with the environment in order to create new skills that can meet the dynamics of the market (Monteiro, Soares, & Rua, 2017).

The DC theory proposes that a firm's dynamic capabilities consist of certain activities including new product creation, industry alliance formation, and strategic decision-making that enable businesses to compete in quickly changing environments (Ramos, Patrucco, & Chavez, 2023). The dynamic capabilities can help the commercial banks to combine and transform static resources, knowledge and skills into innovative services in form of the electronic banking services. Therefore, the DC theory is appropriate in explaining the effect of automated teller machine banking, mobile banking and internet banking on financial performance of commercial banks in Eastern Uganda.

1.1.3.b) Technology acceptance model

The technology acceptance model proposed by Fred Davis in 1989 to explain information system usage in organizations (Davis, 1989b). Davis suggested that the willingness of a user to adopt or not to adopt a new technology is determined by his/her attitude towards using the innovation (Davis, 1989b). Since the introduction of the technology acceptance model, many studies have applied it to explain and predict the user acceptance and usage of information technology. Technology Acceptance Model explains that users' adoption of any new information system is determined by their intention to use that system, which is in turn determined by the users' beliefs and attitudes about the system (Chuttur, 2009).

According to Al-Fahim (2013), number of studies have utilized the technology acceptance model (TAM) to understand the users' attitudes and beliefs in regards to the adoption of agency banking which include; Irura and Munjiru (2013) ; Mungai (2016) ; Mamwa (2014) ; Kariuki and Namusonge (2016) ; Zigale (2018).

Relying on the works by Ajzen and Fishbein (2012) who formulated the theory of reasoned action and other related research studies. Davis (1989a) suggested that user's motivation can be explained by three factors: Perceived ease of use, perceived usefulness and attitude towards using the system. Perceived usefulness refers to the degree to which a person believes that using a particular system would enhance his/her job performance" Davis (1989b). He further defined perceived ease of use as "the degree to which a person believes that using a particular system would be free from stress" (Davis, 1989a). Consumers will adopt the agency banking system if they believe the system offers more value in regards to assessing banking services than the conventional banking system. The continued usage of the agency banking system will depend on the perceived benefits and success stories of customers who have adopted the system hence increasing the adoption rate and usage of the system (Zigale, 2018).

Several writers and researchers have criticized the model (Zahid, Ashraf et al. 2013, and Bashange 2015). In her thesis of 2015, Bashange suggests that a great deal of the relevant available literature which refers to the TAM tends to regard it as a dependent variable, rather than a means of determining the factors which influence behavior. The criticism which is advanced by Zahid et al. (2013) suggests that the TAM does not consider factors such as age and education as external variables which could influence acceptance of and willingness to use technology. Conversely, it could be contended that it is extremely problematic to measure behavior, as hidden personality traits often motivate behavior. Accordingly, potential users of technology may not necessarily base their acceptance of and willingness to use new technology on their perceptions of the usefulness of IT and how easy it is to use, although the model does suggest that there may be other external factors which could be responsible for their acceptance of the technology

However, since perceived ease of use and perceived usefulness might not conclusively explain the user's intention and attitude towards the adoption of agency banking systems, additional variables such perceived trust will be embedded in the model (Davis, 1989b).

The relevance of this theory in this study is the fact that agency banking is a new innovation for which the customers have to prove its relative advantage (perceived usefulness) as well as ease in operation (perceived ease of use) when compared to other already existing banking alternatives. However, when the perceived benefits of using the system outweigh the ease in use, customers will still adopt the system thus perceived usefulness being the strongest predictor for the intention to use the agency banking system.

1.1.3 E-banking and Financial Performance

E-banking appeal as well its product development is rapidly growing, and the global acceptance has strongly encouraged its penetration. The success of e-banking is contingent upon reliable and adequate data communication infrastructure. Similarly, Hoffman and Birnbirch (2012) suggest that it is efficient for banks to invest in online transactions through the creation of networks. Most banks today have electronic systems to handle their daily voluminous tasks of information retrieval, storage and processing (Gruber, 2011). Irrespective of whether they are automated or not, banks by their nature are continually involved in all forms of information management on a continuous basis.

There are five basic services associated with e-banking: view account balances and transaction histories; paying bills; transferring funds between accounts; requesting credit card advances; and ordering cheques for faster services that can be provided by domestic and foreign banking reaps benefits for both banks and its customers.

Windrum and De-Berranger (2003) suggest that the commercial benefits of e-banking lie in five areas. Firstly, firms are able to expand their geographical reach. Secondly, important cost benefits lie in improved efficiency in procurement, production and logistics processes. Thirdly, there is enormous scope for gaining through improved customer communications and management. Fourthly, the Internet reduces barriers to entry for new market entrants and provides an opportunity for small firms to reorient their supply chain relationships to forge new strategic partnerships. And finally, e-banking technology facilitates the development of new types of products and new business models for generating revenues in different ways.

From the banks' perspective, e-banking has enabled banks to lower operational costs through the reduction of physical facilities and staffing resources required, reduced waiting times in branches resulting in potential increase in sales performance and a larger global reach (Ihejiahi, 2009).

From the customers 'perspective, e-banking allows customers to perform a wide range of banking transactions electronically via the bank's website anytime and anywhere. In addition, customers are no longer confined to the opening hours of banks; travel and waiting times are no longer necessary, and access of information regarding banking services is now easily available (Mudiri, 2014). In addition, E-banking has provided bank customers with the ability to pay bills, manage accounts, and shop all from the convenience of their homes. This alternative has also reduced cost for the banking institutions that offer the service, an online transaction costs the bank much less than a face-to-face interaction with a bank's teller (Akindele, 2010).

Technology has been viewed as one of the major factors that act as driving forces for a firm's financial performance success (Mugodo, 2016). E-banking brings about improvement in the financial performance of firms as it comes about with a reduction in the transaction costs and improvement of the efficiency of payment, and other financial services as well as improving on the bank customer relationship (Ogare, 2013). Electronic banking works as a financial intermediation between savers and borrowers thus leading to improved financial performance of banks. Electronic banking also encourages banking culture and also reduces cash intensity as it offers services and products that accelerate settlement of transactions in the financial sector (Al- Gahtani,2001).

Research done by Ogare (2013), Asia (2015), Kiragu (2017), and Ogutu and Fatoki (2019) established that E-banking and the performance of a bank relate significantly. According to Siddik et al. (2016) e-banking begins to give positive contributions to. According to Okombo (2015), access to the bank account at client's comfort, accessing the bank account during non-working hours, various interlinking products with electronic banking, access without the physical branch, and decrease of banking costs are some of the ways through which the financial performance is positively impacted by e-banking.

The implementation of electronic banking like the Internet banking, mobile banking, and ATM directly impacts financial institutions' financial Performance (Gitau, 2011). These platforms have low costs which increase the number of customers subscribing to the channels and the financial institutes as customers (Mwangi, 2014). This affects the financial institutions having a big client base that use their revenue through the monthly account conservation fees and growing customer payments hence lower prices when attracting capital for loaning purposes (Ngugi, 2012).

1.1.4 Conceptual background

The banking industry is thought to be the most important source of economic growth for a country. As time goes on, bank branches are becoming less and less integrated with the banking sector. Due to the widespread use of the internet and information technology, several banks are developing cutting-edge solutions that could eventually result in branchless and cashless banking. The use of mobile banking and e-banking are two examples (Deloitte, 2022)

E-banking is a form of banking where funds are transferred through the exchange of electronic signals between financial institutions, rather than the exchange of cash, cheques, or other negotiable instruments (Saidul, Azizul, Kamil & Parveen, 2010). In this study, electronic banking was considered as the independent variable. E-banking was studied basing on the specific services under e-banking such as: Mobile Banking, Internet banking, Automated Teller Machines (ATMs) Performance of financial of commercial banks was considered as a dependent variable and was evaluated on the basis of profit margin , net profit and return on equity, return on investment (Profitability) and quality of Bank management.

Mobile banking is an e-banking service provided by a bank or other financial institution that allows its customers to conduct financial transactions remotely using a mobile device such as a smartphone or tablet (Pradhan et al., 2021). In this regard, mobile banking is the provision of

banking and financial services with the help of mobile telecommunication devices (Gbanador, 2023). Additionally, mobile banking is an innovative online banking channel enabling customers to carry out financial transactions using mobile devices, smartphones, or personal digital assistants (Hassan &Farmanesh, 2022). Therefore, mobile banking is the provision of banking and financial services with the help of mobile telecommunication devices. Mobile banking involves the use of mobile devices in the provision of banking services (Ndirangu& Kimani, 2022). Existent literature posits that mobile banking involves carrying out financial activities related to a customer account using a mobile phone or tablet (Kimere, 2022). Some of the mobile banking services provided include transfer of money, payment of bills, mini statement requests, among others (Pradhan et al., 2021). In this regard, mobile banking applications allow customers to conduct banking transactions using mobile terminals, regardless of the nature of the network used to access such services (Obbo, 2022).Therefore, mobile banking facilitates client withdrawals, airtime purchases, utility payments, and other financial services (Hassan &Farmanesh, 2022).

A growing body of literature posits that mobile banking has a positive and significant effect on financial performance (Kimere, 2022; Obbo, 2022).Some empirical studies suggest that mobile banking has a positive and significant effect on firm performance (Ajanni & Addisu, 2021; Gbanador, 2023; Harelimana, 2021).However, other empirical studies suggest that mobile banking, e-payment and internet banking have had insignificant effect to confirm performance (Bosco, 2021).

1.1.4.1. Internet Banking

Internet banking is the operation of accounts through internet. Extant literature posits that internet banking or online banking is a financial service that involves conducting banking transactions through the internet (Ghose & Maji, 2022). Internet banking is the banking applications that allow customers to access and conduct their financial transactions using the

World Wide Web, Wi-Fi technologies and the internet, at a time and place of their choosing (Hassan &Farmanesh, 2022).Additionally, internet banking is the use of an electronic payment system that enables customers of a bank or other financial institution to conduct a range of financial transactions through the financial institution's website (Pradhan et al., 2021).The main types of e-banking include PC-home banking, telephone, and the internet (Nasri, 2011)

Internet banking is becoming more popular in the fields of corporate and retail banking as the growth of fintech has stimulated customer acceptance towards internet banking services (Kwon, Yu, & Ahn, 2022).To enhance their competitiveness, commercial banks offer internet banking services as the online banking reduces operating costs and enables banks to charge lower fees (Hassan &Farmanesh, 2022). Internet banking allows bank customers to conduct online banking activities, such as invoices payment, online transfers, account data inquiries, financial investments, currency exchange, simple transaction verification, and global connectivity via the internet (Tahtamouni, 2022). In this regard, internet banking has become a valuable strategic tool for increasing levels of productivity in terms of controlling costs and managing operations (Malhotra & Singh, 2021).

1.1.4.2 Automated Teller Machine Banking (ATM)

Automated Teller Machine (ATM) is a computerized telecommunications system that provides clients without the need for a human clerk or bank teller to access financial transactions in a public location. ATM services can be performed 24hours a day, 7 days a week and on most modern ATMs the customer is identified by inserting a plastic ATM card with a magnetic stripe or chip or a smartcard with a chip that contains a unique card number and some security information, such as an expiration date and serial number (Khan, 2010).

Automated Teller Machine is also a revolutionary service delivery mode that provides diversified financial services such as cash withdrawal, transfer of money, cash deposits,

payment of utility and credit card bills, requests for checkbooks and other financial inquiries (Amoah-Mensah, 2010).

The development of Automated teller machine (ATM) banking has been facilitated by the growth of information technology. Existent literature posits that the introduction of ATMs and their deployment across city centers have facilitated greater access to financial services for urban dwellers around the world (Mwatsika, 2021). An ATM system is an inter-organizational system that links bank and financial institutions to retail banking customer for several types of routine banking transactions such as inquires, deposits, cash withdrawals, cash transfer and payments (Pradhan et al., 2021). An ATM banking is the process whereby customers use ATMs to effect various financial transactions by inserting designated credit/debit cards into the ATM machines (Ibrahim, 2022).In this regard, ATM banking is the initiation and execution of financial transactions through an ATM that enables customers to perform cash withdrawals, cash deposits, funds transfer, or accounts information enquiry, at any time without the need for direct interactions with bank staff (Pradhanet al. (2021).

The ATM banking enables customers have access to money, check their account balance, effect cash transfers and pay utility bills conveniently at any point in time without having to visit one's particular bank (Ajanni & Addisu, 2021). Existent literature posits that ATM banking makes it easier and faster for bank customers to perform a wide range of banking and financial transactions, including cash withdrawals, cash transfers and utility bills payment. Therefore, ATM banking makes it easier and faster for bank customers to perform a wide range of banking and financial transactions, including cash withdrawals, cash transfers and utility bills payment (Mutiso, 2021). A growing body of literature posits that that ATM banking could significantly enhance bank customers' access to financial services (Pradhanet al. (2021).

They face many obstacles in the attempts by banks to meet customer needs, some of which include accessibility of accounts when customers are not close to their mother banks and long

waiting times in the banking hall (Islam, Kumar & Biswa (2007). ATMs are placed not only near or inside the premises of banks, but also in locations such as shopping malls, fuel station, supermarkets, restaurants where large number of people gather (Steve, 2002). Ogbuji,Onuoha and Izogo (2012) observed the ATM as one of the existing replacement of cascading labor-intensive transaction system effected through what is popularly referred to as paper based payment instruments. The researcher in this study observes that ATM channels are now becoming critically important as a self-service technology that influences financial performance of banks/institutions

The central aspect of management is to enable companies to identify and boost strategies that provide a competitive advantage in the target markets. In the assessment of performance, usable methodologies comprise the evaluation of financial records, management strategies, and market share. Some of the important indicators of the organizational financial performance are income per share (EPS), profitability, returns on equity (ROE), and return on assets (ROA) (Ilyukhin, 2015). Moreover, operational activities and market share are other factors that can determine the performance of organizations (Chowdhury, Rana, Akter, & Hoque, 2018). Hence, organizational performance incorporates other measures such as stock turnover, debt ratios, turnover, and normal accumulation period.

1.1.5 Contextual background

The Stanbic bank was founded in Uganda as the National Bank of India in 1906. After several name changes, it became Grind lays Bank. In 1991, Standard Bank Group ("the Group") bought the Grind lays Bank network in Africa. The new owners renamed the Ugandan subsidiary Stanbic Bank (Uganda) Limited. In February 2002, The Group acquired 90% shareholding in Uganda Commercial Bank, a government-owned retail banking operation with sixty five branches. The Group merged their new acquisition with the existing Stanbic Bank (Uganda) Limited to form Uganda's largest commercial bank by assets and branch network. In November

2007, the Government of Uganda divested its ownership in Stanbic Bank (Uganda) by listing its shares on the Uganda Securities Exchange. The Group also floated 10% of its shareholding at the same time, reducing their ownership to 80%. Although Stanbic bank is among the leading microfinance, there is still more high degree of risks like credit risk that leads to non-performing loans of about 52% compared to other business. Such risks are capable of adversely affecting the bank's profitability in Stanbic bank.

1.2. Problem statement

Uganda's financial system stability faced moderate risks through the year ended June 2019. Better domestic economic growth, stable domestic financing conditions and foreign exchange rate stability, in spite of a sluggish global economic performance, fostered balance sheet growth and improvement in asset quality for the banking sector.

A continuing trend of the rising role of technology enabled innovations in the provision of financial services was observed during the year to June 2019. Overall, there are foreseen potential benefits for the financial sector from technological innovations in the financial space including improved efficiency and financial inclusion. Evidently, the technological innovations are being driven by mobile money payments technology enabling greater financial access and use, facilitation of remittances, and trade. As banks benefit from the increased access and use of financial services through access to more retail deposits, funding concentration pressures should ease enabling greater intermediation. Financial technology (Fintech) also promises solutions for improvements in financial system supervision towards improved retrieval of real-time granular data and speedy reporting in order to improve financial stability of the banks. Despite the measures in place to ensure financial performance is realized, in Uganda specifically, the economy shrank to GDP growth rate of 2.9% compared to 6.8% in FY2018/19, spurred by the impact of lockdown measures to prevent the spread of COVID-19. (Financial

Stability Report, June 2019, Bank of Uganda) According to the annual report of bank of Uganda, the profitability of the banking sector reduced in the year to June 2019

Regardless of the challenges, Stanbic bank financial Performance in 2022 demonstrated its resilience by delivering a solid financial performance driven by a strong focus on stanbic strategic value drivers. However profitability in 2020 dropped slightly by 6.9% to UGX 242 billion, while the Return on Equity and total capital ratio remained strong at 20.5% and 18%, respectively. (Annual report and financial statements 2020, stanbic holdings, Uganda)

This study will therefore establish the effect of E-banking on financial performance of selected branches of Stanbic banks in eastern Uganda.

1.3 The General Objective of the study

To analyze the effect of E-banking on financial performance of selected Stanbic banks in Eastern Uganda and finds out possible solutions to the financial challenges facing the selected banks

1.4 Specific objectives

To determine the effect of internet banking on financial performance of selected Stanbic banks in Eastern Uganda

To establish the effect of ATM banking on financial performance of selected stanbic banks in Eastern Uganda

To determine the effect of mobile banking on the financial performance of selected stanbic banks in Eastern Uganda

1.5 Research questions

What is the effect of internet banking on financial performance of selected stanbic banks in Eastern Uganda?

What is the effect of ATM banking on financial performance of selected stanbic banks in Eastern Uganda?

What is the effect of mobile banking on the financial performance of selected stanbic banks in Eastern Uganda?

1.6 .0 Scope of the study

1.6.1 Content scope

The study focused on E-banking and financial performance of selected Stanbic banks in Eastern part of Uganda

1.6.2 Geographical scope

The study was conducted in selected branches of selected Stanbic banks of Eastern part of Uganda which consists of 3 branches and each branch has 10 staff average.

1.6.3 Time scope

The research based on the period of five years ranging from the year 2019 to 2023 because this is the period when information concerning performance trends is documented through reports and financial performance was at the lowest.

1.7 Justification

Many researchers had conducted on this research study in different regions of the world, but few had written about it in Uganda particularly in eastern region of Stanbic bank. Therefore, the researcher needs to fill this information gap.

1.8 Significance of the study

Although the study was conducted in eastern region on selected Stanbic banks, it may be of great importance to the scholars, regulators and policy makers and employees of commercial banks in the following ways.

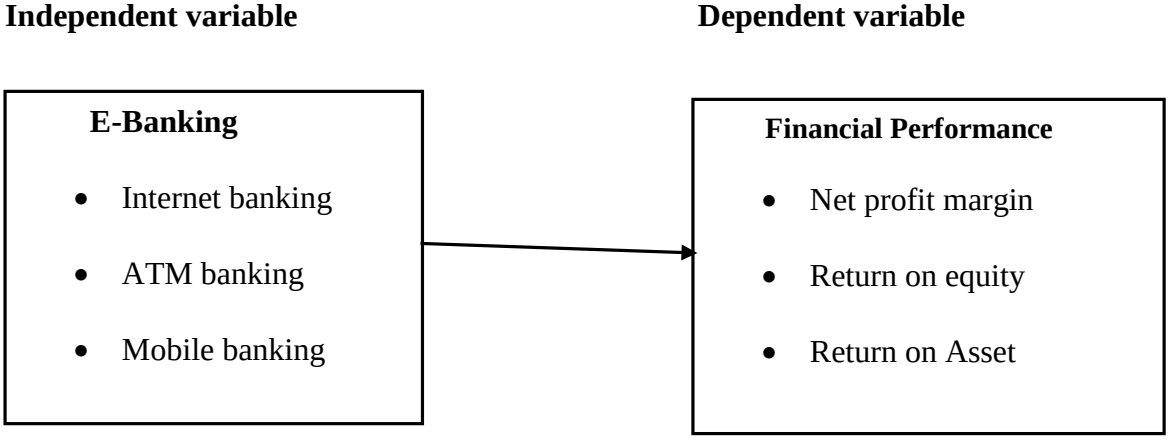
To scholars, the research helped the future researchers who may prompt to carry out the related studies with knowledge and contribute to relevant information.

To regulators and policy makers, the research provided the basis for regulatory policy framework to mitigate the financial system from financial crises and to better appreciate and quantify on the performance

To the employees, the research helped them to identify the cause of low profits in the business in order to improve the banks' performance.

1.9 Conceptual framework

Figure 1.1: Showing the Conceptual Frame Work



Source: Adopted from Dona M. A. Obongo (2016) and Modified by the researcher 2022

The above figure illustrates the relationship between independent variable and dependent variable.

In this conceptual framework, the independent variables were internet banking, mobile banking, and ATMs which will influence the performance in terms of return on equity, return on asset and net profit of selected banks in Easter Uganda.

1.10. Definitions of key words

E-Banking; in this study this referred to the ATM (Automatic teller machine).
Electronic funds (EFT) transfer and mobile banking. It is the use of computers and the Internet in undertaking banking transactions such as deposits, withdrawals, and transfers using various devices

Automated Teller Machine (ATM): Automated Teller Machine (ATM) is a computerized telecommunications system that provides clients without the need for a human clerk or bank teller to access financial transactions such as withdrawals, deposits, statements, on behalf of tellers in 24 hours period a day in a public location

Mobile banking: Mobile banking is the use of a mobile phone or another mobile device to perform a financial transaction linking to a customer's account

Internet banking; It is a banking service that enables customers to access their accounts and perform financial transactions through the Internet

Financial performance; It is the financial growth in the aspects of return on assets, profitability, the market share, and returns in relation to the number of employees, customers, and branches.

Return on Equity (ROE); is the net income divided by shareholder equity. It's a measure of profitability. The measure is often calculated using average equity over a period due to the mismatch in the income statement and balance sheet.

Return on Assets (ROA); is the net income divided by total assets. It's an efficiency measure of how well a company is using its assets.

Net Profit margin; the net profit margin, or simply net margin, measures how much net income or profit is generated as a percentage of revenue

1.11 Chapter summary

This chapter covers the background of the study, historical background, theoretical perspective, conceptual perspective, contextual perspective, statement of the problem, general and specific objectives of the study, research questions, scope of the study, significance and justification of the study, operational definitions of terms and concepts and chapter summary

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter reviews research done by many scholars and it was reviewed according to objectives of the study. That's to say, to determine the effect of agency banking on performance and to establish the effect of ATM banking on performance in Stanbic bank.

2.1. Theoretical perspective

Technology Acceptance Model Technology Acceptance Model (TAM) was established by Davis in 1986, with an aim of predicating the possibilities and level of acceptance of a given technological information system by a user. This model posits that for an information system to be acceptable, two factors namely perceived ease of use and usefulness come into play (Davis, 1989). Perceived usefulness is the extent to which a user believes that by virtue of an information system, his or her performance will improve to a significant level. On the other hand, perceived ease of use is the perception on how using an information system will turn out to be effortless. Mwangi, (2013) noted that an individual's attitude is not necessarily a factor in isolation determining a system usage and the attitude stems from the impact the system may create on performance. Automated teller machine is a simple device to manage and it allows individuals to carry out banking transactions without being helped by the bank tellers. This perceived ease of use has made the banks to reduce queues on the banks. Moreover, when a tool is perceived to be easy for use the user is motivated by the sense that he or she is in control over what they are doing (Lepper, 1985). This theory is relevant to this study being that automated banking machine has allowed the population to perform quick and convenient transactions.

2.2 Empirical Literature Review

2.2.1The effect of E-Banking on financial performance

Commercial banks assaulted by the pressure of globalization and competition from nonbanking functions must find new ways to add value to the services. The question "what drives performance?" is at the top in understanding superior performance and hence striving for it. Substantial research efforts have gone into addressing this question, starting from the strategic level and going down to operational details.

Oyewole et al. (2013) investigated evidence from Nigeria with regard to e-banking and bank performance. The objective was to find out the effect of electronic banking on the performance of Nigerian banks. Panel data of the yearly account of eight banks that have fully used e-banking was applied covering the period 2000–2010. Return on assets (ROA), return on equity (ROE) and net interest margin (NIM) were used to measure performance. The findings indicated a positive relationship between e-banking and financial performance, so the study recommended that investment decisions on e-banking should be rational to justify the cost and revenue implications for bank performance.

Banking is no longer regarded as a business dealing with money transaction alone, but it also seem as a business related to information on financial transaction (Padwal, 1995). Several innovative IT based services such as Automated Teller Machines (ATM), Internet banking, Mobile and POS banking, Anywhere and anytime banking have provided a number of convenient services to the customer so as the service quality improves, the probability of customer satisfaction increases as the result the performance of the bank will also increase.

E-banking is an improvement over traditional banking system because it has reduced the cost of transaction processing, improved the payment efficiency, financial services and the banker-customer relationship.

2.2.1 E-Banking

E-banking provide a variety of services that eases the life of people by enabling customers to carry out financial services through technology devices (Pradhan, 2019). Despite this, awareness among the citizens is still low. (Daily Express, 2021) stated that a customer spent two and a half hours performing financial service at banking institutions

Existing forms of e-banking in Uganda, for example, take mainly Internet banking, online banking, Automated Teller Machines and mobile banking Among these forms of e-banking, Automated Teller machines and mobile banking are the most popular (Siddik, 2015)

Electronic banking strategy comprises the delivery and accessibility of financial services through electronic devices, such as credit cards, automated teller machines, and computers. Hammoud, Bizri, and Baba (2018) expound that e-banking entails banking business performed through the Internet, which contrast the traditional way of delivery through physical offices. By using e-banking strategy, customers can easily monitor their accounts in real-time, pay their bills, acquire loans, transfer money, and perform other financial transactions Among other benefits, e-banking saves time, customers need not to visit the bank branch and banks have the opportunity to enhance their customer base thereby experience improved profits (Okibo and Wario 2014).

2.2.2 Financial Performance

The concept of "performance" is a pluralistic and demonstrates the ability to migrate from one semantic register to another. The fact that this concept is a mobile one is also suggested by the new quantitative dimensions assigned by literature and practice. At a simple etymological analyze of this term we can find that this is a term with a large use, in a variety of areas (sports, mechanical, and economics) which over time turned into a polysemantic

term on a basis of the field activity covered. Yet regardless of domain, the term performance leads us to success, competitiveness, action, effort, progress. (Mirela, 2013)

Furthermore performance will refer to the capacity of the subject (individual) to register progress as a result of the efforts aiming to achieve and even overcome the established goals. If we want to give performance a universal definition we must perceive it as a system of complementary parameters, sometimes even contradictory, with draw the results obtained by the analyzed subject and the process of obtaining those results (Mirela, 2013)

Return on equity (ROE)

According to Abebe (2014) Return on equity is the return to shareholders on their equity. This means that return on equity reflects the capability of a bank in utilizing its equity to generate profits. And it states that banks with a lower leverage ratio (higher equity) report a higher ROA, but a lower ROE. However, the ROE disregards the higher risk that is associated with a higher leverage. Even if ROE is commonly used in different studies, it is not the best measure of profitability.

Mustafa (2014) also affirms that return of equity (ROE) measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested. The higher such ratio, the more efficient is the financial performance of profitability of a bank. Such profitability ratios measure the financial performance and the managerial efficiency of bank.

Return on asset (ROA)

Abebe (2014) argues that return on asset reflects the ability of a bank's management to generate profits from the bank's assets. It shows the profits earned per birr of assets and indicates how effectively the bank's assets are managed to generate revenues, although it might be biased due to off-balance-sheet activities. This is probably the most important single ratio in comparing the efficiency and operating performance of banks as it indicates the returns generated from the assets that bank owns.

2.2 Internet banking and financial performance

Internet banking is becoming more popular in the fields of corporate and retail banking as the growth of fintech has stimulated customer acceptance towards internet banking services (Kwon, Yu, & Ahn, 2022). To enhance their competitiveness, commercial banks offer internet banking services as the online banking reduces operating costs and enables banks to charge lower fees (Hassan & Farmanesh, 2022). Internet banking allows bank customers to conduct online banking activities, such as invoices payment, online transfers, account data inquiries, financial investments, currency exchange, simple transaction verification, and global connectivity via the internet (Tahtamouni, 2022). In this regard, internet banking has become a valuable strategic tool for increasing levels of productivity in terms of controlling costs and managing operations (Malhotra & Singh, 2021).

Internet banking, sometimes called online banking, is an outgrowth of PC banking (Babbel et al.2017). Internet banking uses the Internet as the delivery channel by which to conduct banking activity for example., transferring funds, paying hills, viewing checking and savings account balances, paying mortgages and purchasing financial instruments and certificates of deposit. An Internet banking customer accesses his or her accounts from browser software that runs Internet banking programs resident on the hank’s World Wide Web server, not on the

user's PC. Babbel et al., (2017). Define a "true Internet bank" as one that provides account balances and some transactional capabilities to retail customers over the World Wide Web. Internet banks are also known as virtual, cyber, net, interactive, or web banks.

Santomeror (2017) classified Internet banking adoption into two categories which includes access technology and infrastructure related factors and sector specific retail banking factors. The first class include internet penetration rates, skill of consumers in using internet and related technologies, attitude towards technology, security and privacy concerns. The second class involves trust in banking institution, banking culture, c-banking culture and Internet banking push

2.3 Automated Teller Machines and financial performance

The development of Automated teller machine (ATM) banking has been facilitated by the growth of information technology. Existent literature posits that the introduction of ATMs and their deployment across city centers have facilitated greater access to financial services for urban dwellers around the world (Mwatsika, 2021). An ATM system is an inter-organizational system that links bank and financial institutions to retail banking customer for several types of routine banking transactions such as inquires, deposits, cash withdrawals, cash transfer and payments (Pradhan *et al.,* 2021). An ATM banking is the process whereby customers use ATMs to effect various financial transactions by inserting designated credit/debit cards into the ATM machines (Ibrahim, 2022).In this regard, ATM banking is the initiation and execution of financial transactions through an ATM that enables customers to perform cash withdrawals, cash deposits, funds transfer, or accounts information enquiry, at any time without the need for direct interactions with bank staff (Pradhan*et al.* (2021).

On most modern ATMs, the customer is identified by inserting a plastic ATM card with a magnetic stripe or a plastic smart card with a chip that contains a unique card number and some security information such as an expiry\ date or C'VV among others. Authentication is

provided by the customer entering a personal identification number (PIN). Using an ATM, customers can access their bank accounts in order to make cash withdrawals, credit card cash advances and check their account balances as well as purchase prepaid cell phone credit (Kromschroder & Luck, 2015)

The number of bank branches is an indicator of access to finance (Kumar et al. 2021). This variable is suggested to positively and significantly influence bank profitability (Kumar et al. 2021) and CSR activities (Ramzan et al. 2021). Goel and Sharma (2017) argued that ignoring the absence of nearby branches or a dearth of items fit the weaker part's requirements. Bank branches are critical for underserved segments of society, and eliminating branches limits the amount of credit available to small businesses. It should be noted that increased branch presence results in a rise in client base, boosting deposit and loan portfolios and diversifying risk.

Banks grow their customers via branch locations, ATMs, point-of-sale (POS) locations, and other electronic terminals (Shihadeh and Liu 2019). This expansion is expected to enhance the performance of banks as it leads to more customers, although point-of-sale terminals might increase the capital expenditure and profit might not be significantly high as a result of cost increment (Shihadeh et al. 2018), banks use branches, ATMs, and POS locations to increase customer reach, attract deposits, and offer services (Shihadeh et al. 2018).

Regarding the number of ATMs, Ramzan et al. (2021) suggested that the more a bank invests in CSR activities, the greater its inclusion in the form of additional banks. Banks must create extensive branch and ATM networks in order to reach and service a greater number of consumers and to consequently increase their performance (Shihadeh 2021). Byukusenge (2021) argued that adding ATMs is a critical and very successful strategy since they enable clients to access their accounts to withdraw or deposit money, just as digital banking, debit

cards, and smart cards do. However, the authors of some studies have reported that ATMs do not influence bank performance (Kumar et al. 2021), suggesting that transaction and direct expenses may be sufficient to counterbalance the increased revenue from extra loan accounts

Kamau and Oluoch (2016) did a study on correlation in 43 commercial banks in Kenya and established that ATM had the highest impact on the financial performance of commercial banks in Kenya relative to agency banking, internet banking, and mobile banking. In this view, this study predicts that ATM has a positive effect on the banks' performance in Kenya. According to another correlational study done in 11 commercial banks, Mutiso (2017) found out that ATM accounts for 76% of the variation in return on assets (ROA). These findings show that ATM plays a substantial role in the performance of banks. Unfortunately the studies were done in Kenya and may not be applicable to Uganda and particularly Stanbic banks in Eastern Uganda.

The Automated Teller Machine (ATMs) is one of the several electronic banking channels used in the banking industry. An ATM is a computerized telecommunication device that provides the customer of a financial institution with access to financial transactions in a public space without the need for a human cahier, clerk or bank teller. (Harelimana, 2018)

(Mwatsika, 2016).conducted a study in Malawi on ATM banking and customer satisfaction and the findings indicated that the variations in customer satisfaction was at 40% which is a key attribute to the performance of commercial banks. Similar study conducted in in Pakistan employees of banks revealed that the quality of ATM services predicts the customer satisfaction because of their price, security, reliability, and convenience (Akhtar et al., 2016). This finding means that the quality of ATM services influences the performance of commercial banks.

Ahaiwe (2011) argues that information technology, of which Automated Teller Machines are part of, has been the core tool of competitive strategies used by successful organizations for

gaining competitive advantage over others. The rapid development in the banking sector has encouraged the accommodation of technology providers. This can be testified by the presence of ATM of all sorts, spread all over our bank premises. This paper addresses the issue of collaboration amongst banks and other service providers in the provision of cheap and efficient ATM services. It also addresses the issue of consumer behaviors with respect to quality services and has come to the conclusion that ATM deployment by banks saves time, encourages competition, and reduces bank risks. The low level of literacy, awareness, poverty and lack of trust are reasons for low adaptation of ATM

An automatic teller machine (ATM) is a computerized telecommunications device and real-time system that provides the clients of a financial institution with access to their bank accounts in a public space without intervention administration of financial institution. These machines can now be found at most supermarkets, convenience stores and travel centers .To use an automatic teller machine, clients must have a plastic ATM card with a plastic smartcard with a chip or a magnetic stripe, which contains a unique card number and some security information about the client. (Khalifa &Kamarudin, 2013)

Yazeed, Ustarz1, & Yakubu (2014) say that an ATM combines a computer terminal, record keeping system and cash vault in one unit, permitting customers to enter the bank's record keeping system with a plastic card containing a Personal Identification Number (PIN) or by punching a specific code into the computer terminal linked to the bank's computerized records 24-hours a day. A customer can access an ATM machine by using an ATM card. An ATM card is a plastic card that allows the bank account holder to do the same things at an ATM as he or she would do at a bank. ATM as a type of innovation that can mechanically accept deposits, issue withdrawals, transfer funds between accounts, collect bills and make small loans. A well-functioning ATM is a sure way of improving service quality in the banking industry.

Automated Teller Machine (ATM), also known as a automated banking machine (ABM) or Cash Machine and by several other names, is a computerized telecommunications device that provides the clients of a financial institution with access to financial transactions in a public space without the need for a cashier, human clerk or bank teller. On most modern ATMs, the customer is identified by inserting a plastic ATM card with a magnetic stripe or a plastic smart card with a chip, that contains a unique card number and some security information such as an expiration date. Authentication is provided by the customer entering a personal identification number (PIN). Using an ATM, customers can access their bank accounts in order to make cash withdrawals, credit card cash advances, and check their account balances as well as purchase prepaid cell phone credit. (Jegede, 2014).

Ekanem & Kabir (2017) state that the automated teller machine (ATM), also regarded as automated banking machine (ABM) or cash machine (CM) and by several other names, is a computerized technology infrastructure that provides clients of financial institutions with access to financial transactions in a public space without the need for human personnel. Characteristically, a user inserts into the device a special plastic card that is encoded with information on a magnetic strip. The strip contains an identification code that is transmitted to the bank's central computer by modem.

Other authors like Mosabber & Razwanul (2006) say that Automated Teller Machine (ATM) is also an embedded system. Because it does the same work again and again like deposit money, withdraw money etc. For that it gives output very fast. Most importantly it has all the features of an embedded system like processor, RAM etc and also software for user interaction. ATM card is also like magnetic strip card. It is also a data carrier which electronically reads and writes data. ATM card mainly a debit card.

2.4 Mobile banking and financial performance

The term ‘mobility’ refers to the higher degree of independence from space and time achieved in ICT processes by the employment of mobile devices. The drive behind investments toward mobility can be justified by the desirability of iniquitousness or efficiency of business processes, or even just cost savings.

Mobile banking involves the use of mobile devices in the provision of banking services (Ndirangu& Kimani, 2022). Existent literature posits that mobile banking involves carrying out financial activities related to a customer account using a mobile phone or tablet (Kimere, 2022).Mobile banking is one of the e-banking channels for expanding and cutting costs in the banking sector (Gbanador, 2023). Some of the mobile banking services provided include transfer of money, payment of bills, mini statement requests, among others (Pradhan *et al.*, 2021). In this regard, mobile banking applications allow customers to conduct banking transactions using mobile terminals, regardless of the nature of the network used to access such services (Obbo, 2022).Therefore, mobile banking facilitates client withdrawals, airtime purchases, utility payments, and other financial services (Hassan &Farmanesh, 2022).

Kathuo et al. (2015) examined the effect of mobile banking on the financial performance of Kenya’s banking sector. The study utilized the descriptive research design and employed ROA and ROE as measures of financial performance, while fund transfers between accounts/e-fund transfers, bill payments, order for check books and bank statements were used for M-banking. The data was primarily gathered through questionnaires with a population of 42 commercial banks up to December 2014. The study concluded that the financial performance of banks providing these mobile banking products improved as they ensure the efficiency of banking services using mobile banking. The variations here is that the study was conducted in Kenya and at different time horizons which may not be applicable to Stanbic banks in Eastern Uganda.

Mobile banking can be seen as a response to the needs of a number of customers as they change their habits, using their mobile devices progressively more often, at the expense of their personal computers. (Gianni & Paua, 2015) Donner and Tellez (2008) conducted a study on mobile banking and economic development where they sought to link adoption, impact, and use. The study established that through offering a way to lower the costs of moving money from place to place and offering a way to bring more users into contact with formal financial systems, Mobile banking could prove to be an important innovation for the developing world. However, the true measure of that importance required multiple studies using multiple methodologies and multiple theoretical perspectives before answering the questions about adoption and impact. This research intends to be part of the multiple studies to establish the effect of mobile banking of financial performance of stanbic selected banks in Eastern Uganda

Zahra *etal* (2012) states that Mobile banking has emerged as a wireless communication channel for creating value by customers in banking transactions. Today, the main focus has been the field of modern methods of banking services, Supply of banking and financial services using mobile phones, it is a few years the use of mobile phones for banking and financial affairs, but in the short term, significant progress has been made in this field. It could be a lot of promise in this new way of banking future. Another definition is a service that will enable customers Information, such as your bank account balance and be informed of through your cell phone offered through the mobile network. The fact that the bank has focused heavily on the issue; could unique mobile services at reduce cost banking services? The research intends to answer this question.

The term mobile banking (M-Banking) is used to denote the access to banking services and facilities offered by financial institutions such as account-based savings, payment transactions and other products by use of an electronic mobile device. Mobile banking has yielded a multiple

effect on the number of solutions available to clients. M-banking provides the potential of increasing efficiency of payments system and expanding access to formal financial services by those who presently lack it. Mobile banking as the service offered by the banks in providing and making available banking and other financial services to their customers through mobile phones and other similar devices. Mobile Banking channel is more than a decade old now. In the initial days, Mobile usage by banking and financial world was limited to the SMS or basic banking services. However, the with the advent of technology, Mobile banking channel is offering many dynamic functionalities. (Muiruri *etal* 2015)

Self Service (PC) Banking Self-service banking for consumers and small business owners, enabling users to perform many routine functions at home by telephone or cable modem connection. Home banking, also called on-line banking or PC banking gives consumers an array of convenient services: they can move money between accounts, pay bills, check balances, and buy and sell mutual funds and securities. They can also look up loan rates and see if they qualify for a credit card or mortgage (Berger, 2016).

Payne (2016) noted that SMS banking uses short text messages sent through the client's mobile phone, SMS text messages can be used for both passive and active operations similarly as with classic telephone banking. A client can automatically receive information about his account balance: an SMS is sent to the client immediately after a certain operation is performed, or on request: a client sends the bank a correctly formatted message which processes it and answers the client's request by SMS.

Renju (2014) states that Mobile Banking refers to provision of banking and financial services with the help of mobile telecommunication devices. The scope of offered services may include facilities to conduct bank transactions, to administer accounts and to access customized information.

In Uganda, Mireal (2018) in his study on the factors affecting mobile banking in Commercial Banks concluded that the use of Mobile Banking has bridged the gap between customers and the bank as distance used to be a barrier. Therefore, while Electronic Banking has positive impacts on the banking industry, banks should develop strategic plans to address the challenges associated with Electronic Banking to further enhance profitability and reduce costs. Training should be provided to educate conservative customers on Electronic Banking and its benefits while taking steps to address cybercrime. The above study addressed itself to factors affecting mobile banking in commercial banks in Uganda while this study is addressing effect mobile banking on financial performance of selected Stanbic banks in Eastern Uganda

Research gaps

Generally, from almost all surveys reviewed in the literature, it is evident that electronic banking is essential in optimizing the performance of financial banks. The studies provided under the researcher set in the empirical literature demonstrate the geographical, contextual and time gaps given that basically several studies were conducted in the areas outside Uganda and in the time before and after 2016 hence presenting a theoretical and empirical gap that the researcher intended to address for example, Kamau and Oluoch (2016) did a study on correlation in 43 commercial banks in Kenya and established that ATM had the highest impact on the financial performance of commercial banks in Kenya while , the study by Kathuo et al. (2015) examined the effect of mobile banking on the financial performance of Kenya's banking sector. This presents the geographical gaps. The research conducted on Benedikt, lan, Judit, & Wolf (2015) studied the electronic banking policies for ten banks in the United States and found that advance electronic banking techniques (proxies by at least one collateralized loan) help permanent to achieve their target in loan level. The findings of conbank the general efficiency— enhancing implications of new electronic banking techniques in a world with

frictions suggested in the theoretical literature. The study conducted by Macaulay (2016) in the United States and found electronic banking is best practice in hank and above 90% of the hank in country have adopted the best practice are all a testimony of the geographical gaps and time horizon hence the need to carry out a similar study on selected Stanbic Banks in Uganda particularly Eastern Uganda.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter presents the research design, scope of study, and population of study, sample size, sampling technique, data collection methods, data collection procedures, data analysis and presentation, reliability and validity and ethical consideration.

3.1 Research design

Research design was well understood as a logic plan of how to conduct research (Kothari, 2004). The study will use descriptive research design because it may help the researcher to obtain an in depth understanding of the effect of digitization on financial performance.

3.2 Population of study

Population of the study was a group of individuals' persons, objects, or items from which samples are taken for measurement (Mugo, 2011). The target population constituted of 80 employees from selected Stanbic banks in Eastern region of Uganda and this included; the managers, accountants, loan officers, banking officer and personal bankers.

Table 3. 1 shows the target population as illustrated below;

S/N	Category of respondents	Target population
	Universal bankers Managers	21 09
	Personal bankers	15
	Sales acquisition Business bankers	23 12
	Total	**80**

3.3 Sample size

Sample size refers to exact numbers of items (respondents) selected from a population to constitute a sample (Kamuzora & Adam, 2008). The selecting of the sample will be based on purposive and simple random technique. The sample size of 66 respondents were selected using Krejcie and Morgan (1970). This technique shows the target population, sample size and the sampling methods as illustrated in the table 3.2 below.

Table 3. 2 shows the sample size for the study

Respondents	**Study population**	**Sample size**	**Sampling technique**
Universal bankers	21	21	Purposive random
Managers	9	09	Simple random
Personal bankers	15	12	simple random
Sales acquisition	23	15	purposive random
Business bankers	12	09	Simple random
Total	**80**	**66**	

Primary source, 2022

3.4 Sampling methods

3.4.1 Purposive sampling

Purposive sampling is the deliberate choice of a participant due to the qualities the participant possesses. It is typically used in qualitative research to identify and select the information-rich cases for the most proper utilization of available resources, and it involves identification and selection of individuals or groups of individuals that are proficient and well-informed with a phenomenon of interest. This sampling will therefore be used by the researcher in the selection of the heads of departments like managers because they posse adequate knowledge on the variables of the study.

3.4.2 Simple random sampling

Simple random sampling is the estimation of mean and the variance of a variable of interest in a finite population by collecting a random sample from it (Banerjee, 2012). This sampling will help the researcher in the selection of other staffs.

3.5 Data collection methods

3.5.1 Interviewing method

The interviewing refers to the supplement and extend of knowledge about individual(s) thoughts, feelings and behaviors, meanings, interpretations (Woods, 2011). The researcher will therefore use a questionnaire as a tool in collecting data.

3.6 Data collection Instruments/tools

3.6.1 Questionnaires

A questionnaire is a data collection instrument consistent of a series of questions and other prompts for the purpose of gathering information from respondents (Abawi, 2013). The researcher involved the use of written down document items to which the respondents individually responds in writing. And the questions will be closed ended.

3.7 Pilot Study

A pilot study is a means of checking whether the study can be undertaken and provide data that is accurate (Cargan, 2007). Pilot studies pretest the research instrument such as the questionnaire (Gumbo, 2014). A pilot survey is intended to get rid of, in advance, some of the problems that are expected to be encountered during the ultimate study (Cooper & Schindler, 2006). Korb (2012) asserts that split test is the most important reliability type of evidence for questionnaires. The Pilot was done on 13 respondents who were not part of the sample. This study carried out a pilot study in split test method whereby questionnaires was divided into two

halves of even and odd question numbers. Data from each half was separately analyzed and the two results correlated to determine the reliability of the study instrument in consistently measuring the variables. A correlation coefficient of 0.7 indicated that the instrument was reliable.

3.7.1 Reliability and Validity of Instruments

3.7.2 Reliability of Instruments

Reliability refers to the extent to which instrument produced consistent scores when the same group of individuals repeated the same measure under the same conditions (Ahuja 2001). A survey conducted by the researcher indicated that the respondents will be available and willing to participate in the exercise.

3.7.3 Validity of Instruments

Validity refers to the extent to which an instrument measures what it is supposed to measure (Ahuja, 2001). To ensure validity of the research instruments, the draft instrument will be subjected to scrutiny by experts who included lecturers in the areas of knowledge and post graduate students. The instruments and data collected will be measured by establishing a logical link between the objectives and the tools used for data collection.

3.8 Data analysis and presentation

Data was analyzed by SPSS in accordance to the objectives of the study. After collecting the data from the field, editing will be done after getting the questionnaires from the respondents: - it will involve correcting errors that might have happened during the whole process, coding will also be done and this will involve classifying were the response categories are appropriately classified. After all that has happened the data will be presented in tabulation with respected frequencies, percentages, and table

3.9 Data collection procedures

The researcher acquired an introductory letter from the Department of business at Uganda Christian University, which is addressed to department of branch manager seeking permission to conduct research in the areas and then present my credentials to different department explaining the purpose of the study and pass out questionnaires to the respondents.

3.10 Ethical consideration

When carrying out research, the researcher was in position to keep time incase agreed by the respondents to avoid inconveniences. The information given by the respondents shall be maximally confidential and nobody will be forced to respond to the questions.

CHAPTER FOUR

PRESENTATION AND ANALYSIS OF THE FINDINGS

4.0 Introduction

This chapter presents the results and an analysis of the findings of date collected according to the research objectives and research questions. The interpretation follows the finding for each of the study objectives.

4.1 Response rate

Table 4. 1: Response rate

Questionnaires distributed	Questionnaires fully filled and returned	Response rate
66	**63**	**95.5%**

Source: field data (2023)

Sixty-six questionnaires were distributed to the respondents. Out of the 66 questionnaires that were distributed, only 63 were filled and returned. This indicates that the return rate was 95.5%. This response rate can be explained by the fact that questionnaires were self-administered. Response rates are considered statistics for judging the quality of results obtained from the field. It's a standard measure of how successfully the respondents were motivated to participate in a given study. According to Amin (2005), any response rate over and above 50% is deemed well enough for a given study.

4.2 Electronic Banking and Financial Performance

4.2.2 Descriptive Analysis for Financial Performance

The study sought to establish the status of financial performance at selected Stanbic banks in Uganda, Eastern region and the findings were as explained inthe following table;

Table 4. 2 Showing the Status of Financial Performance

		SA	A	NS	D	SD	Mean	Std Dev	COMMENT
Increased Profit	Freq	33	8	8	7	7	2.16	1.450	Moderate
	%	52.4	12.7	12.7	11.1	11.1			
Increased customer satisfaction and access to accounts	Freq	35	28	0	0	0	1.44	.501	Low
	%	55.6	44.4	0.00	0.00	0.00			
Increased Customer deposits	Freq	52	11	0	0	0	1.17	.383	Low
	%	82.5	17.5	0.00	0.00	0.00			
Improved management quality	Freq	0	55	0	8	0	2.25	.671	Moderate
	%	0.00	87.3	0.00	12.7	0.00			
Reduced Cost	Freq	25	38	0	0	0	1.60	.493	Low
	%	39.7	60.3	0.00	0.00	0.00			
High profit margin	Freq	0	44	9	10	0	2.46	.758	Moderate
	%	0.00	69.8	14.3	15.9	0.00			
Average							**1.846**	**.7093**	**Low**

Source: Primary Data 2023

Findings presented above show that 33(52.4%) and 8(12.7%) of the respondents Strongly agreed and agreed with the statement ‘there are increased Profits in Stanbic bank.’ 8(12.7%) of the respondents were not sure while 7(11.1%) and 7(11.1%) disagreed and strongly disagreed

respectively. The mean value of 2.16 indicates low agreement among majority of the respondents and the standard deviation of 1.450 indicates that there was a wide variance in the responses among the respondents. The findings imply that there is a slight increase in the profits in Stanbic Bank.

On whether there is increased customer satisfaction and access to accounts, findings show that 35(55.6%) and 28(44.4%) of the respondents Strongly agreed and agreed respectively with mean value of 1.44 and the standard deviation of .501 which indicates a low variance in the responses among the respondents. The findings imply that there is increased customer satisfaction and access to accounts in Stanbic Bank as a result of electronic banking.

On whether there are increased customer deposits, findings show also that 52(82.5%) and 11(17.5%) of the respondents Strongly agreed and agreed respectively with mean value of 1.17 and the standard deviation of 0.383 which indicates a wide variance in the responses among the respondents. The findings imply that there are increased customer deposits as a result of electronic banking due convenience.

Findings also show that 55(87.3%) of the respondents agreed with the statement about 'improved management quality.' 8(12.7%) of the respondents disagreed. The mean value of 2.25 indicates moderate agreement among majority of the respondents and the standard deviation of 0.671 indicates that there was a low variance in the responses among the respondents. The findings imply that there is improved management quality in Stanbic Bank.

On whether costs have reduced, findings show also that 25(39.7%) and 38(60.3%) of the respondents Strongly agreed and agreed respectively with mean value of 1.60 and the standard deviation of 0.493 which indicates low variance in the responses among the respondents. The findings imply that there are reduced costs as a result of electronic banking.

Findings also show that 44(69.8%) of the respondents agreed with the statement about 'High profit margin.' 9(14.3%) of the respondents were not sure while 10(15.9) disagreed. The mean value of 2.46 indicates moderate agreement among majority of the respondents and the standard deviation of 0.758 indicates that there was a low variance in the responses among the respondents. The findings imply that there is high profit margin in Stanbic Bank.

Descriptive statistic shows the overall average mean of 1.846 which shows low agreement on parameters of financial performance in Stanbic bank, taking into consideration all the inter-relations among the study variables. This implies that low financial performance in Stanbic bank. However Standard deviation of 0.7093 shows a low variation on the responses.

4.2.3 Internet Banking

Table 4. 3 Showing Internet Banking

		SA	A	NS	D	SD	Mean	Std Dev	Comment
Internet banking services improve customer satisfaction	Freq	26	25	10	2	0	1.81	.820	Low
	%	41.3	39.7	15.9	3.2	0.00			
Internet Banking reduces transaction processing time	Freq	28	24	4	4	3	1.89	1.094	Low
	%	44.4	38.1	6.3	6.3	4.8			
Internet Banking leads to increased profitability	Freq	30	22	7	4	2	1.76	.893	Low
	%	47.6	34.9	5.9	6.3	3.2			
Internet Banking increases customer deposits	Freq	24	35	4			1.68	.591	Low
	%	38.1	55.6	6.3					
Internet banking service helps to reduce transaction costs	Freq	41	11	5	4	2	1.65	1.080	Low
	%	65.1	17.5	7.9	6.3	3.2			
Internet banking increases banking convenience	Freq	8	19	6	21	9	3.06	1.318	Moderate
	%	12.7	30.2	9.5	33.3	14.3			
Average							**1.975**	**.966**	**Low**

Source: Primary Data 2023

Findings presented above show that 26(41.3%) and 25(39.7%) of the respondents Strongly agreed and agreed with the statement ‘internet banking services improve customer satisfaction.’ 10(15.9%) of the respondents were not sure while 2(2.1%) disagreed with mean value of 1.81 indicates and the standard deviation of 0.820 indicates that there was a low variance in the responses among the respondents. The findings imply that internet banking services improve customer satisfaction in Stanbic Bank.

On whether internet Banking reduces transaction processing time, findings show that 28(44.4%) and 24(38.1%) of the respondents Strongly agreed and agreed respectively, 4(6.3%) were not sure, 4(6.3%) and 3(4.8%) disagreed and strongly disagreed respectively with mean value of 1.89 and the standard deviation of 1.094 which indicates a wide variance in the responses among the respondents.

On whether internet Banking leads to increased profitability, findings show also that 30(47.6%) and 22(34.9%) of the respondents Strongly agreed and agreed respectively. 7(5.9%) of the respondents were not sure, 4(6.3%) and 2(3.2%) disagreed and strongly disagreed with mean value of 1.76 and the standard deviation of 0.893 which indicates a low variance in the responses among the respondents. The findings imply that internet Banking leads to increased profitability.

Findings also show that 24(38.1%) and 35(55.6%) of the respondents strongly agreed and agreed with the statement about ‘internet Banking increases customer deposits.’ 4(6.3%) of the respondents were not sure. The mean value of 1.68 indicates low agreement to a smaller extent and the standard deviation of 0.591 indicates that there was a low variance in the responses among the respondents.

On whether internet banking service helps to reduce transaction costs, findings show also that 41(65.1%) and 11(17.5%) of the respondents Strongly agreed and agreed respectively, 5(7.9%) were not sure while 4(6.3%) and 2(3.2%) disagreed and strongly disagreed with mean value of 1.65 and the standard deviation of 1.080 which indicates a wide variance in the responses among the respondents. The findings imply that internet banking service does not help to reduce transaction costs.

Findings also show that 8(12.7%) and 19(30.2%) of the respondents strongly agreed and agreed with the statement about 'internet banking increases banking convenience.' 6(9.5%) of the respondents were not sure while 21(33.3) and 9(14.3) disagreed and strongly disagreed. The mean value of 3.06 indicates high agreement among majority of the respondents and the standard deviation of 1.318 indicates that there was a wide variance in the responses among the respondents. The findings imply that internet banking increases banking convenience in Stanbic Bank.

Descriptive statistic shows the overall average mean of 1.975 which shows low agreement on parameters of internet banking in Stanbic bank, taking into consideration all the inter-relations among the study variables. This implies that internet banking is relatively low in Stanbic bank. However Standard deviation of 0.966 shows a low variation on the responses.

4.2.4 ATM Banking

Table 4. 4 showing ATM Banking

		SA	A	NS	D	SD	Mean	Std Dev	Comment
Electronic card improves	Freq	22	23	5	10	3	2.21	1.220	Moderate
customer satisfaction and	%	34.9	36.5	7.9	15.9	4.8			
access to financial Services									
Electronic Card improve	Freq	18	15	23	7	0	2.30	1.010	Moderate
loan administration	%	28.6	23.8	36.5	11.1	0.00			
Electronic Card lead to	Freq	20	19	9	15	0	2.30	1.159	Moderate
profitability of the financial	%	31.7	30.2	14.3	23.8	0.0			
institutions									
Electronic Card are	Freq	21	26	3	13	0	2.13	1.100	Moderate
associated with increase in	%	33.3	41.3	4.8	20.6	0.0			
customer deposits									
With Electronic cards	Freq	21	26	3	6	7	2.24	1.316	Moderate
transaction costs are	%	33.3	41.3	4.8	9.5	11.1			
cheaper than traditional									
cheque processing									
Electronic Card improve	Freq	26	12	18	7	0	2.10	1.073	Moderate
management quality by	%	41.3	19.0	28.6	11.1	0.00			
reducing transaction,									
auditing risks									
Average							**2.213**	**1.146**	**Moderate**

Source: Primary Data 2023

Findings presented above show that 22(34.9%) and 23(36.5%) of the respondents Strongly agreed and agreed with the statement ‘electronic card improves customer satisfaction and access to financial Services.’ 5(7.9%) of the respondents were not sure while 10(15.9%) and 3(4.8%) disagreed and strongly disagreed with mean value of 2.21 indicates and the standard deviation of 1.220 indicates that there was a wide variance in the responses among the respondents. The findings imply that electronic card improves customer satisfaction and access to financial Services in Stanbic Bank.

On whether Electronic Card improve loan administration, findings show that 18(28.6%) and 15(23.8%) of the respondents Strongly agreed and agreed respectively, 23(36.5%) were not sure while 7(11.1%) disagreed with mean value of 2.30 and the standard deviation of 1.010 which indicates a wide variance in the responses among the respondents.

On whether Electronic Card lead to profitability of the financial institutions, findings show also that 20(31.7%) and 19(30.2%) of the respondents Strongly agreed and agreed respectively. 9(14.3%) of the respondents were not sure, 15(23.8%) disagreed with mean value of 2.30 and the standard deviation of 1.159 which indicates a wide variance in the responses among the respondents. The findings imply that Electronic Card lead to profitability of the financial institutions.

Findings also show that 21(33.3%) and 26(41.3%) of the respondents strongly agreed and agreed with the statement about ‘Electronic Card are associated with increase in customer deposits.’ 3(4.8%) of the respondents were not sure while 13(20.6%). The mean value of 2.13 indicates moderate agreement and the standard deviation of 1.100 indicates that there was a wide variance in the responses among the respondents.

On whether with Electronic cards transaction costs are cheaper than traditional cheque processing, findings show also that 21(33.3%) and 26(41.3%) of the respondents Strongly agreed and agreed respectively, 3(4.8%) were not sure while 6(9.5%) and 7(11.1%) disagreed and strongly disagreed with mean value of 2.24 and the standard deviation of 1.316 which indicates a wide variance in the responses among the respondents. The findings imply that with Electronic cards transaction costs are cheaper than traditional cheque processing.

Findings also show that 26(41.3%) and 12(19.0%) of the respondents strongly agreed and agreed with the statement about 'Electronic Card improve management quality by reducing transaction auditing risks.' 18(28.6%) of the respondents were not sure while 7(11.1) disagreed. The mean value of 2.10 indicates moderate agreement among majority of the respondents and the standard deviation of 1.073 indicates that there was a wide variance in the responses among the respondents. The findings imply that Electronic Card improve management quality by reducing transaction, auditing risks in Stanbic Bank.

Descriptive statistic shows the overall average mean of 2.213 which shows moderate agreement on parameters of internet banking in Stanbic bank, taking into consideration all the inter-relations among the study variables. This implies that ATM banking is moderate in Stanbic bank. However Standard deviation of 1.146 shows a wide variation on the responses.

4.2.5 Mobile Banking

Table 4. 5 Showing Mobile Banking

		SA	A	NS	D	SD	Mean	Std Dev	Comment
Mobile banking service helps to reduce transaction costs	Freq	29	6	5	13	10	2.51	1.605	Moderate
	%	46.0	9.5	7.9	20.6	15.9			
Mobile Banking service improves access to banking services	Freq	20	21	18	4	0	2.10	.928	Low
	%	31.7	33.3	28.6	6.3	0.00			
Mobile Banking reduces transaction risk	Freq	15	9	32	7	0	2.49	.982	Moderate
	%	23.8	14.3	50.8	11.1	0.00			
Mobile Banking lead to increased return on investment to Bank	Freq	27	23	2	11	0	1.95	1.084	Low
	%	42.9	36.5	3.2	17.5	0.00			
Mobile Banking increases customer deposits	Freq	33	24	0	6	0	1.67	.898	Low
	%	52.4	38.1	0.00	9.5	0.00			
Average							**2.142**	**1.0994**	**Moderate**

Source: Primary Data 2023

Findings presented above show that 29(46.0%) and 6(9.5%) of the respondents Strongly agreed and agreed with the statement 'Mobile banking service helps to reduce transaction costs.' 5(7.9%) of the respondents were not sure while 13(20.6%) and 10(15.9%) disagreed and strongly disagreed with mean value of 2.51 indicates and the standard deviation of 1.605 indicates that there was a wide variance in the responses among the respondents. The findings imply that Mobile banking service helps to reduce transaction costs in Stanbic Bank.

On whether Mobile Banking service improves access to banking services, findings show that 20(31.7%) and 21(33.3%) of the respondents Strongly agreed and agreed respectively, 18(28.6%) were not sure while 4(6.3%) disagreed with mean value of 2.10 and the standard deviation of 0.928 which indicates a low variance in the responses among the respondents.

On whether Mobile Banking reduces transaction risk, findings show also that 15(23.8%) and 9(14.3%) of the respondents Strongly agreed and agreed respectively. 32(50.8%) of the respondents were not sure, 7(11.1%) disagreed with mean value of 2.49 and the standard deviation of 0.982 which indicates a low variance in the responses among the respondents. The findings imply that most respondents were not sure whether mobile Banking reduces transaction risk management.

Findings also show that 27(42.9%) and 23(36.5%) of the respondents strongly agreed and agreed with the statement about 'Mobile Banking lead to increased return on investment to Bank.' 2(3.2%) of the respondents were not sure while 11(17.5%). The mean value of 1.95 and the standard deviation of 1.084 indicates that there was a wide variance in the responses among the respondents.

On whether Mobile Banking increases customer deposits, findings show also that 33(52.4%) and 24(38.1%) of the respondents Strongly agreed and agreed respectively while 6(9.5%) disagreed with mean value of 1.67 and the standard deviation of 0.898 which indicates a low variance in the responses among the respondents.

Descriptive statistic shows the overall average mean of 2.142 which shows moderate agreement on parameters of internet banking in Stanbic bank, taking into consideration all the inter-relations among the study variables. This implies that mobile banking is moderate in Stanbic bank. However Standard deviation of 1.0994 shows a wide variation on the responses.

4.3 Inferential

Table 4. 6 showing the effect of Internet Banking on financial performance

In a bid to establish the effect of internet banking on financial performance, a linear regression model was run and the results were presented in table below.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.961[a]	.923	.922	.17464

a. Predictors: (Constant), Internet Banking

Analysis in the table above reveals a coefficient of determination, R Square = 0.923 (0.923*100 = 92.3%) which indicates a strong positive effect of internet banking on financial performance of Stanbic bank. Hence the coefficient of determination (R Square) indicates a good financial performance as a result of internet banking. In order to explain the percentage of variation in the dependent variable (financial performance) as explained by the independent variables, the researcher established that the independent variables (internet banking) contributed to 92.3% of the variation in the financial performance as explained by R Square of 0.923 which shows that the model is a good predictor. It reveals that internet banking explains 0.923 or 92.3 percent of the financial performance while 7.7 percent is explained by other factors beyond internet banking.

Table 4. 7 explaining other factors beyond banking

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	22.346	1	22.346	732.644	.000[b]
	Residual	1.861	61	.031		
	Total	24.206	62			

a. Dependent Variable: Financial performance

b. Predictors: (Constant), Internet Banking

An ANOVA was conducted at 5% level of significance. From the findings, F-value is 732.644 and the p value p=0.000[b] is less than 0.05. This indicates the overall regression was significant for the study. This implies that internet banking significantly affected financial performance.

Table 4. 8 showing that internet banking significantly affected financial

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.544	.053		10.260	.000
	Internet Banking	.661	.024	.961	27.067	.000

a. Dependent Variable: Financial performance

The significance of internet banking had p value (p=0.000) which is less than 0.05. The Beta coefficient of 0.961 is positive. Based on this finding, it can be deduced that internet banking significantly affected financial performance. This showed that internet banking is a good predictor of financial performance. It can further be deduced that internet banking had positive

and significant effect on financial performance of Stanbic bank thus answering the first research question; ‘what is the effect of internet banking on financial performance of Stanbic bank?’.

4.4 The effect of ATM Banking on financial performance

In a bid to address the second objective, a linear regression model was run to establish the effect of ATM banking on financial performance and the results were presented in tables below.

Table 4. 9 showing the effect of ATM Banking on financial performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.958[a]	.918	.917	.18016

a. Predictors: (Constant), ATM Banking

Analysis in the table above reveals a coefficient of determination, R Square = 0.918 (0.918*100 = 91.8%) which shows a strong positive effect of ATM banking on financial performance of Stanbic bank. Hence the coefficient of determination (R Square) indicates a good financial performance as a result of ATM banking. In order to explain the percentage of variation in the dependent variable (financial performance) as explained by the independent variables, the researcher established that the independent variables (ATM banking) contributed to 91.8% of the variation in the financial performance as explained by R Square of 0.918 which shows that the model is the good prediction. It reveals that ATM banking explains 0.918 or 91.8 percent of the financial performance while 8.2 percent is explained by other factors beyond ATM banking not covered in this study.

Table 4. 10 explaining the factors beyond ATM banking not covered in this study.

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	22.226	1	22.226	684.807	.000[b]
	Residual	1.980	61	.032		
	Total	24.206	62			

a. Dependent Variable: Financial performance

b. Predictors: (Constant), ATM Banking

An ANOVA was conducted at 5% level of significance. From the findings, F-value is 684.807 and the p value p=0.000[b] is less than 0.05. This indicates the overall regression was significant for the study. This implies that ATM banking significantly affected financial performance.

Table 4. 11 showing that ATM banking significantly affected financial performance.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.650	.051		12.704	.000
	ATM Banking	.542	.021	.958	26.169	.000

a. Dependent Variable: Financial performance

The significance of ATM banking had p value (p=0.000) which is less than 0.05. The Beta coefficient of 0.958 is positive. Based on this finding, it can be deduced that ATM banking significantly affected financial performance. This showed that ATM banking is a good predictor of financial performance. It can further be deduced that ATM banking had positive

and significant effect on financial performance of Stanbic bank thus answering the second research question; ‘what is the effect of ATM banking on financial performance of Stanbic bank?’.

4.5 The effect of Mobile banking on financial performance

In a bid to establish the effect of mobile on financial performance, a linear regression model was run and the results were presented in tables below.

Table 4. 12 showing effect of Mobile Banking on Financial Performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.962[a]	.925	.924	.17277

a. Predictors: (Constant), Mobile Banking

Analysis in the table above reveals a coefficient of determination, R Square = 0.925 (0.925*100 = 92.5%) which reveals a strong positive effect of mobile banking on financial performance of Stanbic bank. Hence the coefficient of determination (R Square) indicates a good financial performance as a result of mobile banking. In order to explain the percentage of variation in the dependent variable (financial performance) as explained by the independent variables, the researcher established that the independent variables (Mobile banking) contributed to 92.5% of the variation in the financial performance as explained by R square of 0.925 which shows that the model is the good prediction. It reveals that mobile banking explain 0.925 or 92.5 percent of the financial performance while 7.5 percent is explained by other factors not covered in this study.

Table 4. 13 explaining other factors not covered in this study

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	22.386	1	22.386	749.942	.000[b]
	Residual	1.821	61	.030		
	Total	24.206	62			

a. Dependent Variable: Financial performance

b. Predictors: (Constant), Mobile Banking

An ANOVA was conducted at 5% level of significance. From the findings, F-value is 749.942 and the p value p=0.000[b] is less than 0.05. This indicates the overall regression was significant for the study. This implies that mobile banking significantly affected financial performance.

Table 4. 14 showing that mobile banking significantly affected financial performance.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.593	.051		11.684	.000
	Mobile Banking	.586	.021	.962	27.385	.000

a. Dependent Variable: Financial performance

The significance of mobile banking had p value (p=0.000) which is less than 0.05. The Beta coefficient of 0.962 is positive. Based on this finding, it can be deduced that mobile banking significantly affected financial performance. This showed that mobile banking is a good predictor of financial performance. It can further be deduced that mobile banking had positive

and significant effect on financial performance of Stanbic bank thus answering the second research question; ‘what is the effect of mobile banking on financial performance of Stanbic bank?’.

4.6 The effect of E-banking on financial performance

The bid to determine the effect of E-banking on financial performance, a multiple regression was used and all construct of E-banking considered in this study were all regressed with financial performance.

Table 4. 15 showing the findings are presented in tables below

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.970[a]	.941	.938	.15565

a. Predictors: (Constant), Mobile Banking, ATM Banking, Internet Banking

To respond to the general objective of the study, findings in the table above reveal a coefficient of determination, R Square value = 0.941 (0.941*100 = 94.1%). The study shows that E-banking has a strong positive effect on financial performance of Stanbic Bank. In order to explain the percentage of variation in the dependent variable (financial performance) as explained by the independent variables, the researcher established that the independent variables (mobile banking, ATM banking and Internet banking) contributed to 94.1% of the variation in the financial performance as explained by R square of 0.941 which shows that the model is the good prediction. It reveals that E-banking explains 0.941 or 94.1 percent of the financial performance while 5.9 percent is explained by other factors not covered in this study.

Table 4. 16 shows the factors that not covered in this study.

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	22.777	3	7.592	313.397	.000[b]
	Residual	1.429	59	.024		
	Total	24.206	62			

a. Dependent Variable: Financial performance

b. Predictors: (Constant), Mobile Banking, ATM Banking, Internet Banking

An ANOVA was conducted at 5% level of significance. From the findings, F-value is 313.397 and the p value p=0.000[b] is less than 0.05. This indicates the overall regression was significant for the study. This implies that E- banking significantly affected financial performance.

Table 4. 17 implies that E- banking significantly affected financial performance

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.566	.048		11.910	.000
	Internet Banking	.350	.112	.509	3.136	.003
	ATM Banking	.255	.090	.450	2.818	.007
	Mobile Banking	.013	.144	.021	.090	.929

a. Dependent Variable: Financial performance

Coefficients of regression were used in the study to determine the direction and extent of effect of independent variable on the dependent variable using β (Beta values).

The analysis in the table above reveals that internet banking is the greatest contributor to financial performance with a Beta value of 0.509 at 0.003 level of significance. This implies that internet banking has a positive and significant effect on financial performance.

Analysis in the table above reveals that ATM banking is the second contributor to financial performance with a Beta value of 0.450 at 0.007 level of significance. This means that ATM banking is the second contributor to financial performance. The findings further reveal a moderate positive and significant effect of ATM banking on financial performance.

Analysis in the table above reveals that Mobile banking is the least contributor to financial performance with a Beta value of 0.021 at 0.929 level of significance. This implies that mobile banking has a positive and insignificant effect on financial performance.

CHAPTER FIVE

SUMMARY AND DISCUSSION OF FINDINGS

5.0 Introduction

This chapter presents the summary and discussion of the study guided by the study objectives. The discussion of this study finding was done by reviewing related literature, and comparing and contrasting with other previous studies.

5.1 Summary of findings

The effect of Internet Banking on financial performance

Analysis reveal that internet banking had a strong positive effect on financial performance of Stanbic bank with R Square = 0.923. Hence an indication of a good financial performance as a result of internet banking. This means that when internet banking is emphasized, financial performance is enhanced. Therefore, the management of Stanbic bank should emphasize internet banking to improve on financial performance

However, it can be further deduced from regression analysis that is the greatest contributor to financial performance with a Beta value of 0.509 at 0.003 level of significance. This implies that internet banking has a positive and significant effect on financial performance.

This is in agreement with study carried out by Mudiri (2014) who maintains that the introduction of mobile money services has greatly changed the dynamics of the industry, bringing financial services closer to the public meaning that Financial institutions such as commercial banks and microfinance institutions are also investing in the provision of mobile financial services to reap from these benefits.

The effect of ATM Banking on financial performance

Analysis reveal that ATM banking had a strong positive effect on financial performance of Stanbic bank with R Square = 0.918. Hence an indication of a good financial performance as a result of internet banking. This means that when ATM banking is emphasized, financial performance is enhanced. Therefore, Stanbic bank should emphasize ATM banking to improve on financial performance by installing more ATM machine points.

However, it can be further deduced from regression analysis that ATM banking is the second contributor to financial performance with a Beta value of 0.450 at 0.007 level of significance. This means that ATM banking is the second contributor to financial performance. The findings further reveal a moderate positive and significant effect of ATM banking on financial performance.

The effect of Mobile Banking on financial performance

Analysis reveal that ATM banking had a strong positive effect on financial performance of Stanbic bank with R Square = 0.925. Hence an indication of a good financial performance as a result of internet banking. This means that when mobile banking is emphasized, financial performance is enhanced. Therefore, Stanbic bank should emphasize mobile banking to improve on financial performance by installing online banking systems.

However, it can be further deduced from regression analysis that Mobile banking is the least contributor to financial performance with a Beta value of 0.021 at 0.929 level of significance. This implies that mobile banking has a positive and insignificant effect on financial performance.

This is in agreement with (Al-Jabri & Sohail, 2012), whose study reported that the growth and advancements of innovations have resulted in the emergence and dominance of mobile phones as cheap and usable electronic gadgets. Findings link mobile banking to the banks'

performance due to the advent of financial applications that connect mobile users to their bank accounts. The study also points out that the acceptance of mobile banking has been affirmative and experienced significant growth in the past five years

5.2 Discussion of the Findings

Internet banking and Financial performance

The study revealed that internet banking has a significant effect on financial performance. This was attributed to the fact that customer accesses his or her accounts from browser software that runs internet banking programs thus they are able to transfer funds, paying hills, viewing checking and savings account balances, paying mortgages and purchasing financial instruments and certificates of deposit wherever they access internet. These findings coincide with the study by Babbel et al. (2017), whose finding showed internet banking as one that provides account balances and some transactional capabilities to retail customers over the World Wide Web.

However, Santomeror (2017) classified Internet banking adoption into two categories which includes access technology and infrastructure related factors and sector specific retail banking factors. The first class include internet penetration rates, skill of consumers in using internet and related technologies, attitude towards technology, security and privacy concerns. The second class involves trust in banking institution, banking culture, c-banking culture and Internet banking push.

ATM banking and Financial performance

The study revealed that ATM banking has a significant effect on financial performance. This was attributed to the fact that customers can access their bank accounts in order to make cash withdrawals, credit card cash advances and check their account balances as well as purchase prepaid cell phone credit Using an ATM. These findings agree with the study by Kromschroder & Luck, 2015.

Similarly, this study findings get a backing from Byukusenge (2021) who argued that adding ATMs is a critical and very successful strategy since they enable clients to access their accounts to withdraw or deposit money, just as digital banking, debit cards, and smart cards do.

The findings also agree with Kamau and Oluoch (2016) who in their correlation study in 43 commercial banks in Kenya established that ATM had the highest impact on the financial performance of commercial banks in Kenya relative to agency banking, internet banking, and mobile banking. In this view, this study predicts that ATM has a positive effect on the banks' performance in Kenya. Similarly, according to another correlational study done in 11 commercial banks, Mutiso (2017) found out that ATM accounts for 76% of the variation in return on assets (ROA). These findings show that ATM plays a substantial role in the performance of banks.

Mobile banking and financial performance

The study revealed that Mobile banking has a significant effect on financial performance although it was the least contributor. This was attributed to the fact that mobile banking ensures the efficiency of banking services. This study findings are consistent with findings of Kathuo et al. (2015) who examined the effect of mobile banking on the financial performance of Kenya's banking sector. The study concluded that the financial performance of banks providing these mobile banking products improved as they ensure the efficiency of banking services using mobile banking.

Similarly, the study findings agree with Mireal (2018) who in his study on the factors affecting mobile banking in Commercial Banks in Uganda concluded that the use of Mobile Banking has bridged the gap between customers and the bank as distance used to be a barrier. However, he noted that while Electronic Banking has positive impacts on the banking industry, banks should develop strategic plans to address the challenges associated with Electronic Banking to further enhance profitability and reduce costs. He also added that training should be provided to educate conservative customers on Electronic Banking and its benefits while taking steps to address cybercrime.

CHAPTER SIX

CONCLUSION AND RECOMMENDATIONS

6.0 Introduction

This chapter presents conclusions and recommendations of the study based on the study objectives

6.1.0 Conclusions

6.1.1 Internet banking and financial performance

The analysis in the table above reveals that internet banking is the greatest contributor to financial performance with a Beta value of 0.509 at 0.003 level of significance. This implies that internet banking has a positive and significant effect on financial performance.

6.1.2 ATM banking and financial performance

Analysis in the table above reveals that ATM banking is the second contributor to financial performance with a Beta value of 0.450 at 0.007 level of significance. This means that ATM banking is the second contributor to financial performance. The findings further reveal a moderate positive and significant effect of ATM banking on financial performance.

6.1.3 Mobile banking and financial performance

Analysis in the table above reveals that Mobile banking is the least contributor to financial performance with a Beta value of 0.021 at 0.929 level of significance. This implies that mobile banking has a positive and insignificant effect on financial performance.

6.2.0 Recommendations

6.2.1 Internet banking and financial performance

The management of Stanbic bank should continue promoting internet banking through introducing internet enabled soft wares and programmes that enable the clients to access their account transactions. This shall ensure convenience among the clients thus increasing customer transaction frequencies and processing time and costs.

6.2.2 ATM banking and Financial performance

The management of Stanbic bank should continue to promote ATM by installing more ATMs, point-of-sale (POS), other electronic terminals embedded system like processor, RAM in various branch locations for user interaction. This expansion is expected to enhance the performance of banks as it leads to more customer reach, attract deposits, and offer services. This shall assist banks to create ATM networks in order to reach and service a greater number of consumers and to consequently increase their performance. It also gives output very fast.

6.2.3 Mobile banking and financial performance

Management should put much more mobile banking through use of services like e-fund transfers, bill payments, order for check books and bank statements. Providing these mobile banking products improves ensure the efficiency of banking services since it is a wireless communication channel for creating value by customers in banking transactions.

6.3 Limitations and Delimitation of the study

First, the researcher analyzed only three Limitations and Delimitations of the study; only three variables that are believed to have significant influence on financial performance. Other variables not covered in this study which could be influential but in a more or less significant manner were not analyzed because of the limited finances and time frame of the study.

Secondly, whereas the response rate seemed to be good there was a great delay in returning of the responded on questionnaires from the respondents which also led to the delay in carrying out the data analysis.. The researcher overcame this by organizing scheduled visits by research assistant with the respondents such that all the questionnaires are collected.

Thirdly, the response rate for the interview guide was poor because the respondents feared the researcher could go against the ethical principal of anonymity. The researcher explained to the respondents that the research was purely for academic purposes

Lastly, the researcher anticipated a problem of collecting reliable data from respondent since the topic seems to be more confidential. However, the researcher tried to convince respondents that the information given was to be treated confidentially

6.4 Areas for further studies

1. The study recommends a further analysis of other E-Banking variables and how they affect financial performance of commercial banks.

2. This research recommends a similar study to be done but concentrate on the micro-financial institutions.

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APPENDICES

APPENDIX I: QUESTIONNAIRE

I **Otim Jorem a** student of Uganda Christian University is carrying out research on **"E-Banking and Financial performance in commercial banks**": A Case of Stanbic Bank, Mbale branch". This questionnaire is to collect data for purely academic purposes. All information will be treated with utmost confidentiality. Do not put any name or identification on this questionnaire. Answer all questions as indicated by either filling in the blank or ticking the option that applies. There is no right or wrong answer that the researcher is looking for.

SECTION A: Preliminary Information

1. Age Bracket

Under 20years	[ ]	21-30 years	[ ]
31-40 years	[ ]	41-50 years	[ ]
51-60 years	[ ]	Over 60 years	[ ]

2. Gender

Male	[ ]	Female	[ ]

3 Years of service at Stanbic bank, Mbale

. Branch

Below 5 years	[ ]	6-10 years	[ ]
11-15 years	[ ]	16-20 years	[ ]
21-25 years	[ ]	26-30 years	[ ]
Above 30 years	[ ]		

SECTION B

FINANCIAL PERFORMANCE

To what extent do you agree with the following aspects of Financial Performance in stanbic bank, Mbale branch? (Where: 5=strongly agree, 4=Agree, 3=Neutral, 2=Disagree, 1=strongly disagree)

APPENDIX I - QUESTIONNAIRES

Financial Performance

		SA	A	NS	D	SD
Increased Profit						
Increased customer satisfaction and access to accounts						
Increased Customer deposits						
Improved management quality						
Reduced Cost						
High profit margin						

INTERNET BANKING

To what extent do you agree with the following aspects of internet banking in stanbic bank, Mbale branch? (Where: 5=strongly agree, 4=Agree, 3=Neutral, 2=Disagree, 1=strongly disagree)

		SA	**A**	**NS**	**D**	**SD**
Internet banking services improve customer satisfaction						
Internet Banking reduces transaction processing time						
Internet Banking leads to increased profitability						
Internet Banking increases customer deposits						
Internet banking service helps to reduce transaction costs						
Internet banking increases banking convenience						

ATM BANKING

To what extent do you agree with the following aspects of ATM in stanbic bank, Mbale branch? (Where: 5=strongly agree, 4=Agree, 3=Neutral, 2=Disagree, 1=strongly disagree)

		SA	**A**	**NS**	**D**	**SD**
Electronic card improves customer satisfaction and access to financial Services						
Electronic Card improve loan administration						
Electronic Card lead to profitability of the financial institutions						
Electronic Card are associated with increase in customer deposits						
With Electronic cards transaction costs are cheaper than traditional cheque processing						
Electronic Card improve management quality by reducing transaction, auditing risks						

MOBILE BANKING

To what extent do you agree with the following aspects of Mobile Banking in stanbic bank, Mbale branch? (Where: 5=strongly agree, 4=Agree, 3=Neutral, 2=Disagree, 1=strongly disagree)

		SA	**A**	**NS**	**D**	**SD**
Mobile banking service helps to reduce transaction costs						
Mobile Banking service improves access to banking services						
Mobile Banking reduces transaction risk						
Mobile Banking lead to increased return on investment to Bank						
Mobile Banking increases customer deposits						

APPENDIX II: BUDGET ESTIMATES

NO	ITEM	UNIT	TOTAL AMOUNT
1	Printing of thesis	80 pages	40,000
2	Printing of questionnaires	50 copies	150000
3	Photo copying of the thesis	240 pages	120000
4	Binding of books	3 books	9000
5	Transport and airtime	Lumpsum	200,000
	Total		**519,000**

APPENDIX III: CORRECTION METRICS

UGANDA CHRISTIAN UNIVERSITY
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UGANDA CHRISTIAN UNIVERSITY

SCHOOL OF RESEARCH & POSTGRADUATE STUDIES

DISSERTATION CORRECTION COMPLIANCE REPORT BY THE CANDIDATE (POST VIVA FORM)

Date:**07/08/2024**

Name of Candidate: **OTIM JOREM** **Reg. No: M16/BUW/MBA/002**

Title of Dissertation: E-banking and financial performance in commercial banks in Uganda: a case study of selected branches of stanbic bank eastern Uganda

SN	COMMENTS BY EXTERNAL EXAMINER	ACTION TAKEN	INDICATOR
1	Improve the abstract	Improved as per guidance	Page XII
2	Write short sentences especially in the problem statement	Amended as per guide	Page 17-18

3	Take some aspects of the background to literature review	This is improved as per guidance	Page 23-36
4	State the content scope and justify it	Content scope adjusted as per guidance	Page 19
5	Give a better explanation of the conceptual framework	Adjusted as per guidance	Page 20-22
6	Discuss the reviewed literature	Literature reviewed as per guidance	Page 23-36
7	Explain correctly the research design used by the study.	Explanation done as per guidance	Page 38-40
8	Remove the legend from ethical considerations	Removed	Page 42
9	State and explain the validity and reliability scores of the study.	Validity and reliability of scores done	Page 38-42
10	Improve the discussion of the study findings	Improved as per guidance	Page 43-62
12	Generate logical conclusions	Amendments done	Page 63-70
13	Include all citations in the final reference list	Done	Page 71-75
14	Introduce and conclude every chapter	Done	Page 1-70
15	Edit all the English mistakes in the dissertation	Done	Whole document
16	Consistently follow the University guidelines on presenting the references	Done	Whole document

SN	COMMENTS BY INTERNAL EXAMINER	ACTION TAKEN	INDICATOR
1	**Preliminary Pages** The title page indicates department school of business instead of school of Business. This needs to be amended.	Amendment has been done from department to school of business	Cover page
2	**General Introduction to the study** The candidate provided a general introduction to this study which was clearly segmented into historical, theoretical, conceptual and contextual. This is commendable because it gives the reader sufficient background to appreciate the basis of the study. However, most of the literature cited here is outdated.	Additional current literature was cited for example (Khera et al., 2022), (Chauhan et al., 2022	Page 1-5
3	**Literature review.** Candidate is commended for presenting relevant theories and models that support the study. The literature review flows well in a logical manner. However, most of the	Additional current literature was cited for example (Pradhanet al. (2021). , (Ajanni & Addisu, 2021)., (Mutiso, 2021),(Daily Express, 2021)	Page 23-36

	literature cited is outdated, the majority being more than ten to fifteen years old. There needs to be a policy delimiting the age of literature to be reviewed by studies of such a nature, especially if they are not classical literature sources being cited.		
4	**Methods:** The research design used is appropriate and adequate for this kind of study. However, the data collection methods and instruments have not been justified. Additionally, the scores for validity and reliability were omitted. Finally, the legend is hanging.	The researcher used as a data collection tool questionnaire is a data collection instrument consistent of a series of questions and other prompts for the purpose of gathering information from respondents (Abawi, 2013). The researcher involved the use of written down document items to which the respondents individually responds in writing. And the questions will be closed ended.	Page 38-42
5	**Data analysis and presentation of findings** The research findings have been logically presented based on the themes of the study objectives. However, I have noted that qualitative findings are missing.	**e-banking** **Source: Primary Data 2023** Findings presented above show that 33(52.4%) and 8(12.7%) of the respondents Strongly agreed and agreed with the statement 'there are increased Profits in Stanbic bank.' 8(12.7%) of the respondents were not sure while 7(11.1%) and 7(11.1%) disagreed and strongly disagreed respectively. The mean value of 2.16	Page 43-62

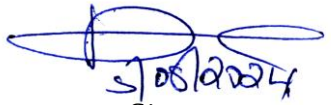
		indicates low agreement among majority of the respondents and the standard deviation of 1.450 indicates that there was a wide variance in the responses among the respondents. The findings imply that there is a slight increase in the profits in Stanbic Bank. **Internet banking** Findings presented above show that 26(41.3%) and 25(39.7%) of the respondents Strongly agreed and agreed with the statement 'internet banking services improve customer satisfaction.' 10(15.9%) of the respondents were not sure while 2(2.1%) disagreed with mean value of 1.81 indicates and the standard deviation of 0.820 indicates that there was a low variance in the responses among the respondents. The findings imply that internet banking services improve customer satisfaction in Stanbic Bank. **ATM banking** Findings presented above show that 22(34.9%) and 23(36.5%) of the respondents Strongly agreed and agreed with the statement 'electronic card improves customer satisfaction and access to financial Services.' 5(7.9%) of the respondents were not sure while 10(15.9%) and 3(4.8%) disagreed and strongly disagreed with mean value of 2.21 indicates and the standard deviation of 1.220 indicates that there was a wide variance in the responses among the respondents. The findings imply that electronic card improves customer satisfaction and access to financial Services in Stanbic Bank.	

6	**Discussion of results** The candidate made a good summary of findings and how they compared with findings from other studies. However, descriptive statistics were omitted.	Descriptive statistic shows the overall average mean of 2.142 which shows moderate agreement on parameters of internet banking in Stanbic bank, taking into consideration all the inter-relations among the study variables. This implies that mobile banking is moderate in Stanbic bank. However Standard deviation of 1.0994 shows a wide variation on the responses.	Page 43-62
7	**Conclusions and recommendations** This should be in line with the current study findings or shortcomings.	**Internet banking and financial performance** The management of Stanbic bank should continue promoting internet banking through introducing internet enabled soft wares and programmes that enable the clients to access their account transactions. This shall ensure convenience among the clients thus increasing customer transaction frequencies and processing time and costs. **ATM banking and Financial performance** The management of Stanbic bank should continue to promote ATM by installing more ATMs, point-of-sale (POS), other electronic terminals embedded system like processor, RAM in various branch locations for user interaction. This expansion is expected to enhance the performance of banks as it leads to more customer reach, attract deposits, and offer services. This shall assist banks to create ATM networks in order to reach and service a greater number of	Page 63-70

		consumers and to consequently increase their performance. It also gives output very fast. **Mobile banking and financial performance** Management should put much more mobile banking through use of services like e-fund transfers, bill payments, order for check books and bank statements. Providing these mobile banking products improves ensure the efficiency of banking services since it is a wireless communication channel for creating value by customers in banking transactions.	

SN	COMMENTS BY VIVA VOCE PANNEL	ACTION TAKEN	INDICATOR
1	**Preliminary Pages** The title page indicates department school of business instead of school of Business. This needs to be amended.	Amendment done as per guidance	Cover page
2	**Problem statement** Should be supported by trending and current data of the bank	Amendment done as per guidance	Pages17-18
3	**Conceptual framework** Conceptual framework should not have the quality of management under the independent variables	The adjustment has been made from the final book for final submission	Page 20-22
4	**Methods:** The research design used is appropriate and adequate for this kind of study. However, the data collection methods and instruments have not been justified. Additionally, the scores for validity and reliability were omitted. Finally, the legend is hanging	The researcher used as a data collection tool questionnaire is a data collection instrument consistent of a series of questions and other prompts for the purpose of gathering information from respondents (Abawi, 2013). The researcher involved the use of written down document items to which the respondents individually responds in writing. And the questions will be closed ended.	Page 38-42
5	**Conclusion and recommendation** Submit recommendations as per objective so as to give a clear understanding of the study	Amendment done as per guidance	63-70

JOREM OTIM  **CHRIS MASAKALA** (PhD candidate, Kisii University, Kenya)



Candidate's Name Signature Supervisor's Name Signature

APPENDIX IV: DATA COLLECTION LETTER

UGANDA CHRISTIAN UNIVERSITY, MBALE UNIVERSITY COLLEGE.

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BUSINESS DEPARTMENT

To MANAGER OF STANBIC BANK

Dear Sir/Madam,

Re: Academic Research

Christian greetings!

We are honored to introduce to you Mr. Mrs. /Miss. TOREM OTIM

Of Registration Number; M16/BUO/MBA/002 pursuing a Masters' Degree/Postgraduate Diploma / Bachelor's Degree MBA

He/ she is required to carry out an academic research on the topic E-BANKING AND FINANCIAL PERFORMANCE IN COMMERCIAL BANKS IN UGANDA. A CASE STUDY OF SELECTED BRANCHES OF STANBIC BANK EASTERN REGION.

and thereafter produce a well bound hard cover research report (MAROON) in color for undergraduate and three (BLACK) copies for Postgraduate students as a University requirement for the award of a degree/diploma in the academic discipline that he / she is pursuing.

We shall be grateful for the help you may offer to him or her accordingly.
Thank you.
Yours faithfully,

HEAD OF DEPRTMENT BUSINESS UCU-MUC
Henry Omache Ogachi

UGANDA CHRISTIAN UNIVERSITY HEAD OF DEPARTMENT 05 NOV 2023 BUSINESS MBALE UNIVERSITY COLLEGE

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