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## **EFFECTS OF MOBILE BANKING ON THE LIQUIDITY OF COMMERCIAL BANKS IN KENYA**

Liquidity held by commercial banks depicts their ability to fund increases in assets and meet their financial obligations as and when they fall due. In 2015 and 2016, CBK placed 3 commercial banks in receivership in a record period of 9 months sparking panic in the financial market. This study sought to assess the effects of m-banking, a new platform bank customers are using to access bank services on liquidity of commercial banks. In the efforts to estimate the implications of m-banking phenomena, this study sets out to bring to light the critical changes in bank liquidity models arising from the emerging m-banking technology innovations. The study was structured to provide strategic insights into the m-banking services offered by banks and a review of emerging risks and challenges in liquidity management of commercial banks. The paper was based on a study of Effects of M-banking on Liquidity of Commercial Banks in Kenya. The study used a cross-sectional descriptive design that provided a snapshot explanatory relationship between the main independent variables of m-banking products and liquidity levels. The study covered commercial banks operating in Kenya. The target population was two officers working in finance and risk departments from the 40 commercial banks operating in Kenya as at June 2017. Data was then produced from the respondents using structured questionnaires that were administered through the drop and pick method. Data analysis was done using both descriptive and inferential statistics. Regression analysis was used to determine the relationship between variables. The study established that there is a strong relationship between the liquidity of the bank and deposit mobilized through m-banking transactions. The study recommends that commercial banks should focus on liquidity management models that incorporate m-banking deposit.

### **Keywords**

Withdrawal Services, Deposit Services, M-Banking Pay Bill Services, M-Banking Savings,

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