



Contribution ID: 32

Type: Abstract for Research Paper

## CONTRIBUTIONS OF ELECTRONIC BANKING TO FINANCIAL PERFORMANCE OF BANKS IN KENYA: A CASE STUDY OF ELEVEN LISTED BANKS AT THE NAIROBI SECURITIES EXCHANGE.

### ABSTRACT

Financial institutions have been in the process of significant transformation. Despite this, there is a richness of information on the nature and scope of electronic banking, a scarcity of evidence about its contribution among banks that have adopted it compared to those that have not. The emerging events in banks' performance is no longer solely dependent on sales. The adoption of electronic banking by commercial banks is expected to have an effect on their financial performance. The objective of this research was to evaluate the effect of ATM on financial performance of listed commercial banks in Kenya: a case study of eleven listed commercial banks. The study was grounded on the theory of information production and contemporary banking theory, Innovation diffusion theory. The study adopted descriptive research design utilizing panel data covering the period from 2009-2019. The population comprised of all the eleven listed commercial banks in Kenya. This study primarily adopted the use of secondary data to collect information from published annual financial statements of the said banks. Data analysis was done using SPSS and analyzed using descriptive and inferential statistics obtained from panel linear regression analysis. Regression statistics was used to determine the significance of the relationship between the independent and the dependent variables. The result established coefficient of determination of  $R^2 0.422$  between ATM and financial performance of the said banks. The findings also indicate that when all the factors are held constant the ROE would increase by 5.486 units thus one-unit use of ATM increases the ROE by 0.631 units. This study is useful to policy makers who pass regulations on electronic banking products. This study also recommends that commercial banks should expand their electronic services in a planned and well-articulated strategy for the long run to have customer satisfaction and increase in banks profitability.

**Primary author:** NDHINE, Tom

**Track Classification:** Accounting and Finance