

ASSESSING THE ROLE OF ELECTRONIC BANKING ON PERFORMANCE OF MICRO  
FINANCIAL INSTITUTIONS: A CASE STUDY OF PRIDE MICRO FINANCE LIMITED  
KABALE DISTRICT

BY

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A RESEARCH REPORT SUBMITTED TO THE FACULTY OF ECONOMICS AND  
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## **DECLARATION**

I, Twgirayezu Bertin declare that this is my original work and it has never been submitted to any institution for the award of diploma or a degree.

Signature •••'

Date: 07/01/22

**TWA GIRAYEZU BERTIN**

## **APPROVAL**

This research report is being done under my supervision and is now ready for submission. i

Signature



Date 27/01/2021

**DR. ABANIS TURYAHEBWA**

**SUPERVISOR**

## **DEDICATION**

I dedicate this research report to my parents, brothers and sister for their encouragement and support they rendered to me. My Almighty God rewards them abundantly.

## **ACKNOWLEDGEMENT**

First and foremost, I give my thanks to my Almighty Father whose mercy on me endures forever. I give him all the praise and adoration in Jesus' Name. There are many people that deserve heartfelt thanks for their precious contributions to this study. I am most grateful to parents, brothers, sisters and friends for their tremendous support and moral guidance during my study. I will always remain indebted to them for their invaluable support.

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**Glory to the Almighty God"**

# I TABLE OF CONTENTS

DECLARATION .....	ii
APPROVAL .....	iii
DEDICATION .....	iv
ACKNOWLEDGEMENT .....	v
ABSTRACT .....	x
CHAPTER ONE .....	1
INTRODUCTION .....	1
1.1 Introduction .....	1
1.2 Background of the Study .....	1
1.3 Statement of the Problem .....	4
1.4 Purpose of the Study .....	4
1.5 Objectives of the Study .....	4
1.6 Research Questions .....	5
1.7 Scope of the Study .....	5
1.7.1 Geographical Scope .....	5
1.7.2 Content of the Scope .....	5
1.7.3. Time Scope .....	5
1.8 Significance of the Study .....	5
1.9 Conceptual framework .....	6
CHAPTER TWO .....	7
LITERATURE REVIEW .....	7
2.0 Introduction .....	7
2.1 Importance of electronic banking methods in Microfinance Institutions .....	7
2.2 Types of electronic banking methods adopted in Microfinance institutions .....	9

2.3 Relationship between electronic banking on the performance of microfinance institutions ...	12
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CHAPTER THREE	14
METHODOLOGY	14
3.0. Introduction;	14
3.1. Research design	14
3.2 Study Population	14
3.3 Sample Size and Selection	14
3.4 Data Source	15
3.4.1 Primary Data	15
3.4.2 Secondary data	15
3.5 Data collection methods	15
3.5.1 Questionnaire	15
3.5.2 Interview	16
3.5.3 Observation	16
3.6 Data collection instruments	16
3.6.1 Structured questionnaire	16
3.6.2 Interview guide	17
3.6.3 Observation checklist	17
3.7. Data collection procedures	17
3.7.2 Ethical considerations	18
3.8 Data processing and analysis	18
3.8.1 Qualitative data analysis	18
3.8.2 Quantitative data analysis	18
3.9 Limitations of the study	19

CHAPTER FOUR .....	20
DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS .....	20
4.0 Introduction .....	20
4.1 Response rate .....	20
4.1 Demographic characteristics of Respondents .....	20
4.1.1 Age of the respondents .....	21
4.1.2 Sex of the respondents .....	21
4.1.4 Level of Educational attained by the respondent.. .....	22
4.1.3 Working experience of the respondents .....	22
4.2 Importance of Electronic Banking methods in Micro Finance Institutions .....	23
4.3 Types of electronic banking methods adopted in micro finance towards their performance..25	
4.4 Relationship between electronic banking on performance of micro financial institutions.....	26
4.5 Discussion of findings .....	27
4.5.1 Importance of electronic banking methods in micro finance institutions .....	27
4.5.2 Types of electronic banking methods adopted in micro finance towards their performance .....	29
CHAPTER FIVE .....	31
SUMMARY, CONCLUSION AND RECOMMENDATIONS .....	31
5.0 Introduction .....	31
5.1 Summary of findings .....	31
5.2 Conclusion .....	32
5.3 Recommendations .....	32
5.4 Limitations of the study and how they were handled.....	32
5.5 Areas for further research .....	33
APPENDIX I: QUESTIONNAIRE FOR THE RESPONDENTS .....	36



APPENDIX II: INTERVIEW GUIDE ..... 33

## ABSTRACT

The study was conducted to examine the role of electronic banking on performance of micro financial institution A case study of pride Micro finance limited Ka bale district the speci fie objectives were to analyze the importance of electronic banking methods in micro finance institutions, to examine the types of electronic banking methods adopted in micro finance towards their performance and to find out the relationship between electronic banking on performance of micro financial institutions. The study used a descriptive research design in which both qualitative and quantitative techniques were used to collect and analyze numerical data. The study population constituted of 65 respondents. A sample size of 56 respondents was selected using purposive and simple random sampling techniques. The study found that The study findings on the importance of electronic banking methods in micro finance institutions. the results were got from; digital signature for security. convenience way of operating banking transactions, faster transfer, reliability and time factor. the study went ahead to find the types of electronic banking methods adopted in micro finance towards their performance and the responses were obtained from: mobile/SMS banking. electronic funds transfers. self Service (PC) banking, POS Banking (Credit and Debit cards), internet banking and an automated teller machine and the study findings on relationship between electronic banking on the performance of microfinance institutions, the results revealed that there is a very high positive significant relationship between electronic banking on the performance of microfinance institutions that is 0.853 significant at 0.01 level of a two tailed test with 50 degrees of freedom. It was concluded that electronic banking is of great importance in micro finance institutions. The study recommended that there should be awareness to the Microfinance members about the information and communication infrastructure available enable them know how they are used to achieve their objectives, the systems used in banking should be in good working conditions and trustable to enable the members use them effectively and there should be constant system check up to avoid systems failures which would disrupt the use of the system in banking operations by the Microfinance clients.

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Introduction**

This chapter covered the background of the study, statement of the problem, objectives of the study, research questions, scope of the study, significance of the study and definition of key operation terms.

#### **1.2 Background of the Study**

##### **1.2.1 Historical perspective**

Before the introduction of the electronic banking, the banking transactions worldwide were done manually which slowed down the settlement of transactions (Kahinga, 2014). This involved the posting of one transaction from one ledger to another by human beings. The evolution of the technology has enabled financial institutions offer electronic banking (Kamuru, 2013). This is by the use of new technologies such as personal computer (PC) banking, mobile banking, automated teller machines (ATM), electronic funds transfer, account-to-account transfer, paying bills on line, on line statements, credit cards among others (Mwaura, 2013).

The use of technology has several advantages ranging from regulation, operational costs, accessibility of services will accrue to the institution and customers that adopt the technology that will in turn influence the firm's financial performance (Nzau, 2013). The electronic banking have enabled the Microfinance Institutions (MFIs) to automate the repetitive tasks resulting into greater efficiency and effectiveness, better time usage and enhanced controls (Nytathira, 2012). This has helped the institutions to control their overheads and operating costs hence may become more profitable in the future (Sabana, 2014). The electronic banking reduces an institution's paperwork and has proper documentation for their records as a whole (Ngumi, 2014). Banks have continued to leverage on robust ICT platforms rather than recruiting corresponding number of employees to serve the increasing number of customers hence reducing the payroll cost (Nzau, 2013).

##### **1.2.2 Theoretical perspective**

The study will be guided by innovation Diffusion Theory. Rogers (1983), explains individual's intention to adopt a technology as a modality to perform a traditional activity. The theory purports to describe the patterns of adoption, explain the mechanism, and assist in predicting

whether and how a new invention will be successful. The stages through which a technological innovation passes are: knowledge (exposure to its existence, and understanding of its functions); persuasion (the forming of a favourable attitude to it); decision (commitment to its adoption); implementation (putting it to use); and confirmation (reinforcement based on positive outcomes from it). With regard to modern banking specifically e-banking, this theory cannot be ignored. Critical factors that determine the adoption of an innovation at the general level are the following: relative advantage (the degree to which it is perceived to be better than what it supersedes); compatibility (consistency with existing values, past experiences and needs); complexity (difficulty of understanding and use); trialability (the degree to which it can be experimented with on a limited basis); observability (the visibility of its results).

### 1.2.3 Conceptual perspective

The use of the electronic banking in MFIs is of profound importance impact due to the customer demographics that the MFIs serve. In this context, Atavachi (2013) notes that E-banking has the potential to revolutionize access to financial services and there is a growing consensus that e-banking offers a unique opportunity to address mainstream bank's two major barriers to serving the *low* income market. These barriers include the need for a branch infrastructure and managing high volumes of low value transactions. The services offered through the electronic banking include opening accounts, transferring funds to different accounts, online viewing of the accounts, online inquiries and requests, and online salaries payments (Kahinga, 2014).

Adoption of e-banking by commercial banks and micro finance institutions has the potential to revolutionize access to financial services and there is a growing consensus that e-banking offers a unique opportunity to address mainstream bank's two major barriers to serving the low-income market; the need for a physical branch and managing high volumes of low value transactions. In Kenya adoption of e-banking has picked from when ATMs were introduced, and Kenya now is a leader in mobile banking (Ala & Ngugi, 2013). E-banking has a huge potential to enable microfinance institutions who deal with many low transaction clients to serve their customers.

According to (Sumra et al, 2011) the introduction of electronic banking has revolutionized and re-defined the ways banks were operating and the number of banks that offer financial services over the internet is also increasing rapidly, Technology is considered as the main contribution for the organization success and as their core competences so the banks be it domestic or foreign or investing more on providing the customers with the new technologies through electronic

banking, PC banking. ATM and electronic fund transfer, paying bills online, online statements and credit cards etc are the services provided by Banks.

#### **1.2.4 Contextual perspective**

Adoption of E-banking in Uganda is noted to be having the capacity to enable banks to enhance their performance. This is due to the ability of e-banking to provide banks with access to new horizons and scenarios for retail banking, Sumra et al. (2011). The growth of e-banking has made institutions to automate repetitive tasks which may result into greater efficiency and effectiveness, better time usage and enhanced controls. This has helped the institutions to control their overheads and operating costs hence may become more profitable. Moreover, Aduda and Kingoo (2012) observe that e-Banking has helped to reduce institution's paperwork. E-banking has enabled financial institutions to leverage on robust ICT platforms rather than recruiting corresponding number of employees to serve the increasing number of customers hence reducing the payroll cost.

E-banking can also enhance MFI performance through enhancing accessibility of their products. MFIs have a problem of accessibility. Though MFIs have reached a wider audience than traditional banks, the cost of reaching even more people can be prohibitive. MFI loan officers can only administer so many loans at a time, but these loan values are much lower than traditional loans, meaning that to cover costs of operations, the interest rates they charge clients must be higher than a traditional bank charges. The poorest potential clients may also live out of reach of an MFI branch, and therefore not have access to microloans. The automation of ebanking could increase MFI efficiency and the accessibility of loans to a broader, more poor or rural clientele (Gant, 2012).

Robinson. (2010). while e-banking has grown rapidly, there is not enough evidence of its acceptance amongst customers in most Micro finance institutions of Uganda and even half of the people that have tried electronic banking services have not become active users and this is the same with Pride Microfinance Limited Kabale branch. There is poor performance by the deposits in the Microfinance which posed a threat to sustainability of SMEs and thus also challenged the economic progress of the country. Therefore the study aimed at examining electronic banking and performance of Microfinance institutions a case study of Pride Microfinance Limited Kabale branch.

### **1.3 Statement of the Problem**

Electronic Banking was introduced in the banking industry in Uganda as early as 1997 and this was adopted by many banks including pride microfinance limited,(AlmogbiL A, 2015).Electronic banking was introduced in pride microfinance with the aim of ensuring mathematical accuracy and promptness. electronic banking has made banking transactions more speedy. easy and comfortable. deposit and withdraw money automatically. transfer money electronically from one bank to another promptly. pay bills without going to the bank and operate internal banking transactions electronically.(Jaffan A et al, 2011).Despite the growing interest and importance of electronic banking in many micro-finance institutions in Uganda. the implementations of such innovations has remained negative in a short run including pride microfinance limited in Kabale Municipality because the adoptions rates among clients and its usage has not brought significant outputs in the way services are offered. Tricking and improper uses are the main issues of e-banking. even the conservativeness of the clients as well as their ability Lo use electronic devices, system failure the network sometimes is hardly available on ATMs has been of concern and is affecting performance of microfinanee service delivery to customers, the ATMs are also saddled with consistent breakdowns and internet services to easily access it is difficult as far as the ordinary customer is concerned. These have almost hindered the introduction of the electronic banking to performance of the Microfinance services to customer in different areas including those of pride microtinance l<abale Rrnnch. Therefore. this study sought to assess electronic banking and performance of microfinance institutions a case study of pride microfinance Kabale Branch.

### **1.4 Purpose of the Study**

The purpose of the study was to assess the role of electronic banking on performance of micro financial institutions a case study of Pride Micro finance Limited l(abale District.

### **1.5 Objectives of" the Study**

The study was guided by the following objectives.

1. To analyze the importance of electronic banking methods in micro finance institutions.
11. To examine the types of electronic banking methods adopted in micro finance towards their performance.
- iv. To find out the relationship between electronic banking on performance of micro financial institutions.

## **1.6 Research Questions**

The study was guided by the following questions.

1. What is the importance of electronic Banking methods in micro financial institution?
11. What are the types of electronic Banking methods adopted in micro financial institutions?
111. What is the relationship between electronic banking on performance of micro financial institutions?

## **1.7 Scope of the Study**

The scope of the study covered the geographical scope, content scope, time scope and respondent scope.

### **1.7.1 Geographical Scope**

The study was carried out in Pride Micro finance Limited in Kabale Municipality Kabale district. Kabale District is located in South Western Uganda and is bordered by Rukungiri District to the North, Ntungamo District to the Northeast, the Republic of Rwanda to the East and South, Rubanda District to the West and to the Northwest.

### **1.7.2 Content of the Scope**

The study was limited to examining the role of electronic banking on performance of micro financial institutions a case study of Pride Micro finance Limited Kabale District.

### **1.7.3. Time Scope**

The study considered a period of twelve years from 2004 to 2016 following the role of electronic banking on performance of micro financial institutions a case study of Pride Micro finance Limited Kabale District.

## **1.8 Significance of the Study**

The findings of the study recommended the micro financial institutions to encourage the electronic banking

The findings of the study will also act as a source of literature to academic researchers who would be carrying out further researches related to the topic or the study.

The findings of the study also enabled researchers to provide knowledge and make recommendations to the government organizations, non-government organizations on what

strategies could be put in place to ensure promotion of electronic banking in micro financial institutions.

1.9 Conceptual framework

Independent variable

Electronic banking

- Mobile banking
  - ▶ Electronic funds transfers
  - ▶ Self Service (PC) Banking
  - ▶ Internet banking



Dependent variable

Performance

- Capital adequacy
- Asset quality Management
- efficiency Liquidity
- management

Intervening variables

Government policy Technology  
advancement , Internet services

Source: Researcher 2021



## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

This chapter describes and relates what other scholars have noted down about the topic. The researcher got information from different and related sources or scholars. magazines. journals. websites that all point and relate to this study. These sources of information were believed to contain confidential data that helped the researcher.

#### **2.1 Importance of electronic banking methods in Microfinance Institutions**

##### **Digital Signature for Security**

Security is rated as the most important issue of online banking. There is a dual requirement to protect customers' privacy and protect against fraud. Digital signature is a precautionary measure to prevent malpractices and tampering the information. It is a form of enhanced authentication (Shalliamson.2012).

##### **Convenience Way of Operating Banking Transactions**

Online banking is a highly profitable channel for financial institutions. *It* provides customers convenience and flexibility and can be provided at a lower cost than traditional branch banking (Beer, 2011).

##### **Faster Transfer**

The fundamental advantage of the e-banking is the transfer of the information about the money" s worth to any place at any time with a mouse click **S** distance (Dube, et. al.. 2009)

##### **Reliability**

(Kamel. 2014) identified one of the very important service quality dimensions of e-banking service quality is reliability. The online banking environment has grown tremendously over the past several years and shall continue to grow as financial institutions continue to strive to allow customers to complete money transfers, pay bills. and access critical information online. Authenticating customers logging onto their online banking service has become a crucial concern of financial institutions (Shalliamson. 2012)

### **Time Factor**

Liu and Arnett in their study identified time factor as one of the prime factor that in e-banking service quality feature for the customers. Saving time is an important factor which influences why the customers prefer to use e-banking. (Beer, 2016). Banks can make the information of products and services available on their site, which is, an advantageous proposition.

### **Real Time Access to Information**

The banks started e-banking with simple functions such as real time access to information about interest rates. checking account balances and computing loan eligibility. Then. the services are extended to online bill payment, transfer of funds between accounts and cash management services for corporate organizations (Mohammed. 2011).

### **Queue Management**

One of the important dimensions of e-banking service quality is queue management (Agboola. 2010).

### **Saving transaction cost**

Improving customer service, increasing market reach and reducing costs are now basic expectations of Internet banking services. If consumers are to use new technologies, the technologies must be reasonably priced relative to alternatives. Otherwise. the acceptance of the new technology may not be viable from the standpoint of the consumer (AI-Sukhar. 2015).

Internet banking model offers advantages for both banks and customers. The Internet provides the banks with the ability to deliver products and services to customers at a cost that is lower than any existing mode of delivery. Another factor that would stand in the way of consumer adoption of e-banking is the cost factor.

### **Easy to use and user Friendliness**

Ease of use is an important determinant for the customer preferring the internet banking (Beer, 2016). In a study conducted by (Karjaluoto, ET. al., 2012): reported that ease of use of innovative product or service as one of the three important characteristics for adoption from the customer's perspective. The user friendliness of domain names as well as the navigation tools available in the web-sites is an important determinant for ease of use.

## **24/7 banking facility**

Online banking users say that convenience is the most important factor, online banking lets them access their accounts from anywhere and at any time (Maholtra and Singh, 2011).

## **Access to current and historical transaction data**

A customer can check balance by logging into banks website through a user name and password. In this way he can enquire balance, status of cheques, perform funds transfers. order drafts. request issue of cheque books etc. (Gupta, 2013). Customers prefer to view account balances, transaction history and updates get e-statellents. credit card and debit card transaction history and updates, checking the status of their credit card accounts. viewing information regarding their account, information on their fixed deposits on line.

## **Customer attitudes towards electronic banking are driven by trust**

Which plays an important role in increasing usability within the electronic banking environment. The issue of trust is more important in on! ine as opposed to offline banking because transactions of this nature contain sensitive information and parties involved in the financial transactions are concerned about access to critical files and information transferred via the internet (Han, 2012).

## **2.2 Types of electronic banking methods adopted in Mierofinanee institutions**

### **Mobile/SMS Banking**

Mobile Banking refers to provision and availing of banking and financial services with the help of mobile telecommunication devices. The scope of offered services may include facilities to conduct bank and stock market transactions, to administer accounts and to access customized information. According to (Meute, 20 I 0), mobile Banking consists of three interrelated concepts: mobile accounting, mobile brokerage and mobile financial information services. With mobile technology banks can offer a variety of services to their customers such as doing funds transfer while traveling. receiving online updates of stock price or even performing stock trading while being stuck in traffic. Smart phones and JG connectivity provide some capabilities that older text message-only phones do not (Shon, 2009).

### **Telephone Banking**

Telephone banking is a service provided b a financial institution. which allows its customers to perform transactions over the telephone (Vila et al.. 2013). Most telephone banking services use an automated phone answering system with phone keypad response or voice recognition

capability. To guarantee security, the customer must first authenticate through a numeric or verbal password or through security questions asked by a live representative. With the obvious exception of cash withdrawals and deposits, it offers virtually all the features of an automated teller machine: account balance information and list of latest transactions, electronic bill payments, funds transfers between a customer's accounts, etc. Usually, customers can also speak to a live representative located in a call center or a branch, although this feature is not always guaranteed to be offered 24/7. In addition, telephone banking representatives are usually trained to do what was traditionally available only at the branch: loan applications, investment purchases and redemptions, checkbook orders, debit card replacements, change of address.

### **Electronic funds transfers**

Electronic funds transfer or EFT is the electronic exchange or transfer of money from one account to another, either within a single financial institution or across multiple institutions, through computer-based systems (Bahia, 2011 ). Electronic Funds Transfer (EFT) is also a system of transferring money from one bank account directly to another without any paper money changing hands. One of the most widely-used EFT programs is Direct Deposit, in which payroll is deposited straight into an employee's bank account, although EFT refers to any transfer of funds initiated through an electronic terminal, including credit card, A TM, and point-of-sale (POS) transactions. It is used for both credit transfers, such as payroll payments, and for debit transfers, such as mortgage payments. (Akoh B, 2012).

According to (Bahia, 2011), transactions are processed by the bank through the Automated Clearing House (ACH) network. The growing popularity of [FT for online bill payment is paving the way for a paperless universe where checks, stamps, envelopes, and paper bills are obsolete. The benefits of EFT include reduced administrative costs, increased efficiency, simplified bookkeeping, and greater security. However, the number of companies who send and receive bills through the Internet is still relatively small. (Thompson, 2011 ).

### **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. (Alsajjan and Dennis, 2010).

### **POS Banking (Credit and Debit cards)**

[It is a system that uses a computer terminal located at the point of sales transaction so that the data can be captured immediately by the computer system. It is also a retail payment system that substitutes an electronic transfer of funds for cash, cheques or drafts in the purchase of retail goods and services (Gerlach, 2009). In a POS system, sales and payment information are collected electronically, including the amount of the sale, the date and place of the transaction, and the consumer's account number. If the transaction is done on a bank credit or debit card, the payment information is passed on to the financial institution or payment processor, and the sales data is forwarded to the retailer's management information system for updating of sales records. According to (Gerlach, 2014), much of the actual processing volume is for credit card sales.

### **Internet banking**

Internet banking, sometimes called online banking, is an outgrowth of PC banking (Egland et al., 2014). Internet banking uses the Internet as the delivery channel by which to conduct banking activity, for example, transferring funds, paying bills, 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 bank's World Wide Web server, not on the user's PC. (Egland et al., 2015), 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.

### **ATMs**

An automated teller machine (ATM), also known as an automated banking machine (ABM) or Cash Machine 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. According to (Thompson, 2011), 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. (Singh, 2013).

### **Interactive TV Banking**

TV-Banking is about exploiting the television's existing reach into households as a viable banking service delivery channel. The commercial applications that can be further built on top of this platform could enable users to perform T-Commerce activities such as paying for teleshopping and making bill payments (Vila et al., 2013).

### **Branchless Banking**

Branchless banking is a distribution channel strategy used for delivering financial services without relying on bank branches. While the strategy may complement an existing bank branch network for giving customers a broader range of channels through which they can access financial services, branchless banking can also be used as a separate channel strategy that entirely forgoes bank branches (Thompson, 2009). Examples of branchless banking technologies are the Internet, automated teller machines (ATMs), POS devices and mobile phones. Each of these technologies serve to deliver a set of banking services and are part of distribution channels that may be used either separately or in conjunction to form the overall distribution channel strategy.

## **2.3 Relationship between electronic banking on the performance of microfinance institutions**

The banking industry has been tremendously influenced by technological advancements just like the other aspects of life. The emergence of e-banking has significantly redefined and transformed MFIs' operations (Kolodinsky, Hogarth & Hilgert, 2014). Technology is viewed as the major driving force in firms performance success. All MFIs irrespective of whether local or foreign are investing heavily on emerging technologies that assure customer satisfaction in e-banking. Technologies such as mobile banking, electronic funds transfer (EFT) PC banking, online bills payments, on line statements, account to account transfer, ATMs and credit cards, and account to account transfer are the MFIs major services.

Agboola (2016) studied Nigeria's banking industry Information and Communication Technology's (ICT) application in Nigeria. The study's findings established that modern technology was the major driver of competition in the banking sector. In the study an upsurge in the deployment of various e-banking tools was highly evident. The study indicated that the utilization of modern ICT practices significantly improves the MFIs' reputation and eventually results to foster efficient and effective service delivery. Efficient and effective service delivery in the long run results in reduction in operating costs, attraction of new clientele and this has an impact on the general financial performance of MFIs.

Numerous studies have shown that the introduction of electronic banking has brought remarkable improvement in the ways banking is conducted. For example, Alagheband (2016) in their study, the impact of electronic banking on growth of customer deposits in the Nigerian banking industry found that the introduction of electronic banking innovations opened more channels and opportunities for diverse means of increasing customer deposits. The findings further revealed that these innovations also enhanced efficiency and effectiveness in service delivery since the customers were exempted from visiting the banking hall.

According to Kolodinsky (2014) electronic banking systems has enlarged product lines and also improved delivery channels such as mobile and internet banking. This has provided an opportunity for all classes of customers to save and accumulate their money for future investments. This has boosted growth of customer deposits since these channels are convenient and efficient to access. This is in line with a study conducted by Afolabi (2015) investigated the impact of mobile banking on growth of customer deposits. The findings of this study depicted that there was a positive relationship between use of mobile banking transactions and growth of customer deposits.

The study further revealed that use of mobile banking was economical convenience and efficient according to most of the customers. Most customers revealed that they deposited their money using mobile phone. Through electronic banking, IVFTs can easily interact with their customers through information on their performance and also educating the customers about the products and services available based on their needs. This encourages customers to invest with the MFIs since they are confident about its performance and thus improves deposits since customers have a lot of trust with the MFI (Al-Gahtani, 2011).

## CHAPTER THREE

### METHODOLOGY

#### 3.0. Introduction

This chapter involved the description of how the study was carried out. It represented the research design, population of the study, sample size, source of data, methods of data collection data analysis and interpretation, limitation and delimitations of study.

#### 3.1. Research design

In order to achieve the objectives of the study on the role of electronic banking on performance of Micro financial institutions a case study of Pride Microfinance Kaba le branch, the researcher used a cross sectional descriptive design because this type of research design helps to collect data from many different individuals at a single point in time with described characteristics of the object. The study also used a correlation in order to understand the relationship between the variables. In the study. both qualitative and quantitative methods were designed for the study in

order to get valid information since it provided detailed knowledge about the organizational culture.

#### 3.2 Study Population

The researcher considered a population of 65 respondents from the study area.

#### 3.3 Sample Size and Selection

The study considered a sample of fifty six (56) respondents of Pride Microfinance Kaba le branch as in the table below.

**Table J Category of respondent**

Category of respondents	Population	Sample Size	Percentage Sampling technique (%)	
General Manager	01	01	02	Purposive sampling
Accountants	05	02	03	Purposive sampling
Loans officers	08	03	»	Purposive sampling



Clients	51	50	90	Simple random sampling
<b>Total</b>	<b>65</b>	<b>56</b>	<b>100</b>	

And the sample was got Using simple Raosoft formula

$$n = \frac{N}{1 + \frac{N \cdot e}{65}}$$

$$n = \frac{65}{1 + 65 \cdot 0.05}$$

**n = 56 respondents**

n= Desired sample size N= Population size e= Error 5%

### 3.4 Data Source 3.4.1

#### Primary Data

The primary data was gathered from the respondents were selected for the study. The researcher used questionnaires, focus group discussions and interview guide to gather data from respondents.

#### 3.4.2 Secondary data

The secondary data/information was obtained through an extensive literature review on the role of electronic banking on performance of Microfinance institutions a case study of Pride Microfinance Kabale branch. Secondary data was gathered from the information resources and reports, Newsletters, and books/publications from different libraries in Kabale district and from the websites.

### 3.5 Data collection methods

The research methods used in data collection included questionnaires and interview guides and focus group discussion

#### 3.5.1 Questionnaire

A set of questions for obtaining statistically useful or personal information from individuals or a set of questions to be asked of a number of people usually in order to gather information or opinions

According to (Kenyon, 2011). closed questions ease data collection from respondents who are literate enough to read and write. A questionnaire is essentially a structured technique for collecting primary data. It is generally a series of written questions for which the respondents has to provide the answers (Bell, 2013).

A set of questions were sent to the employees because these were believed to be key informants and well knew the information about Pride Microfinance Kabale branch, therefore this method was used because it was cheap. had high response rate and there was privacy while respondents were answering questions.

### **3.5.2 Interview**

Interviews were used to get primary data of qualitative nature for the research. The research used standardized interview guide with a list of questions and lists of respondents to get information. The method was used because it gave clear answers, as the researcher was able to ask again. In addition, it gave respondents a chance to answer questions unlimitedly and flexibly and therefore was appropriate method to use to collect data from respondents.

### **3.5.3 Observation**

The researcher applied observation method to each respondent involved in the sample to identify about the study. The observation assisted the researcher to look at both sides of the respondents and their related responses hence deriving the required information valid for the study. The method was preferred by the researcher because it avoided obtaining wrong information since it was based on what the researcher observed. in addition. it studied people's attitude which were expressed verbally and thus providing firsthand information.

## **3.6 Data collection instruments**

The research instruments used in data collection included questionnaires and interview guides, focus group discussions and observation checklist.

### **3.6.1 Structured questionnaire**

A set of questions for obtaining statistically useful or personal information from individuals or a set of questions to be asked of a number of people usually in order to gather information or options

According to (Kenyon, 2012), closed questions ease data collection from respondents who are literate enough to read and write. A questionnaire is essentially a structured technique for collecting primary data. It is generally a series of closed questions for which the respondents have to provide the answers (Bell, 2011).

A set of questions were sent to the employees because these were believed to be key informants and well knew the information about Pride Microfinance Kabale branch. Therefore, this method was used because it was cheap, had high response rate and there was privacy while respondents were answering questions.

### **3.6.2 Interview guide**

Interview guide was used to get primary data of qualitative nature for the research. The research used standardized interview guide with a list of questions and lists of respondents to get information. The method was used because it gave clear answers, as the researcher was able to ask again. In addition, it gave respondents a chance to answer questions unlimitedly and flexibly and therefore was appropriate method to use to collect data from respondents.

### **3.6.3 Observation checklist**

The researcher used observation checklist while carrying out a study. The observation check list assisted the researcher to look at both sides of the respondents and their related responses hence deriving the required information valid for the study. The tool was preferred by the researcher because it avoided obtaining wrong information since it was based on what the researcher observed, in addition, it studied people's attitude which were expressed verbally and thus provided firsthand information.

## **3. 7. Data collection procedures**

The researcher after finishing the proposal followed the following procedures/steps. The researcher obtained an introductory letter from the coordinator of research Kabale University that introduced him to the local officials and other respondents as he makes the appointments with the respondents. This was followed by the interviews and data collection. The researcher then analyzed, interpreted, presented and gave conclusions that were followed by interviews and data collection through administration by editing, coding and modifying the collected data.

### **3. 7.2 Ethical considerations**

The researcher made sure that all participants in this part of the research took part voluntarily. Individuals were informed of the purpose of the study and ensured that all the participants were involved. Contact was only to potential candidates.

The researcher made all efforts to avoid any sort of psychological and physical harm to the respondents and careless references to effective ethnic stereotypes and other statements hurtful in connection to the role of electronic banking on performance of Micro financial intuitions.

The researcher made sure not to use other people's ,vork but referee! to other dissertations to quote different important aspects.

i

### **3.8 Data processing and analysis**

The researcher used frequency counts, percentages and descriptions to highlight the processed data. The researcher coded and interpreted the research findings within parameters underlying the research methodology. The data that was collected ,vas edited to ensure that visible errors are screened and removed from the relevant information before making and submitting the report.

#### **3.8.1 Qualitative data analysis**

Qualitative research is the approach usually associated with the social constructivist paradigm which emphasises the socially constructed nature of reality. It is about recording, analysing and attempting to uncover the deeper meaning and significance of human behaviour and experience, including contradictory beliefs, behaviours and emotions. Researcher was interested in gaining a rich and complex understanding of people's experience and not in obtaining information which can be generalized to other larger groups. After the researcher had collected the required data from the respondents, the researcher organized coded and analyzed it under themes for easy interpretation.

#### **3.8.2 Quantitative data analysis**

Quantitative research is generally associated with the positivist/post positivist paradigm. It usually involved collecting and converting data into numerical form so that statistical calculations can be made and conclusions drawn. The researcher analyzed quantitative using tables, coding, frequencies and percentages.

### **3.9 Limitations of the study**

Respondent's bias: The researcher faced the problem of respondent's bias. This affected him and therefore the respondents could not reveal the information needed. The researcher overcame this by creating a rapport and ensuring confidentiality.

Insufficient funds: The research was well known to be expensive in terms of printing, typing and buying stationary. This gave the researcher many expenses however he made a budget which he considered.

The researcher found the problem of little time. The time indicated for the research was too short; therefore the researcher found the problem of respondent's failure to bring back the questionnaires in time. The researcher attended the respondents in the little time given to avoid and overcame the delay of respondents filling the questionnaires.

The researcher also found the problem of respondent's failure to bring back the questionnaires in time. The researcher however printed more copies which were distributed to compensate for the ones that were not brought back.

## CHAPTER FOUR

### DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

#### 4.0 Introduction

This chapter presents the findings and interpretations from the research study. The findings were based on the information collected from the respondents using the research instruments that were designed in the methodology section. Data was presented basing on the research objectives of the study and data was analyzed using excel, a computer software to generate descriptive statistics such as frequencies and percentages.

#### 4.1 Response rate

The responses from the interviews and questionnaires were used to analyze the data and write the report for this study.

**Table 1: Response rate**

Response	Frequency	Percentage
Response	50	89
None- response	6	11
<b>Total</b>	<b>56</b>	<b>100</b>

*Source: Primary Data, 2021*

Out of the sample size 56 respondents. 50 filled in and returned the questionnaires and gave information whereas 6 respondents never gave the required information resulting to a response rate of 89% which was enough to represent the entire population. According to Mugenda and Mugenda (2003), a response rate of 50% is adequate for analysis and reporting, a rate of 60% is good and a response rate of 70% and over is excellent. This response rate therefore was satisfactory enough to make conclusions on the study.

#### 4.1 Demographic characteristics of Respondents

A total of fifty (50) respondents were selected for the study. The researcher considered the age, sex, educational levels and working experience of the respondents. This biographic data was

very essential for the researcher and the study in order to describe the best respondents that were selected for the study as presented below.

#### 4.1.1 Age of the respondents

In a bid to record the bio data of respondents, the researcher considered the age of respondents and the results in Table 1 below were recorded:

**Table 1: Showing the age of the respondents**

Age	Frequency	Percentage
20-25	10	20%
26 and 35	15	30%
36 and 45	20	40%
Above 55,	5	10%
<b>Total</b>	<b>50</b>	<b>100</b>

Source: Primary Data, 2021

According to the results presented in table 1 above, 40% the highest numbers of the respondents had between 36 and 45 years while 10% the least numbers of respondents had Above 55 years and above. The rest of the respondents included 30% had between 26 and 35 years and the remaining 20% had between 20-25 years of age. The researcher considered the age of respondents with the view of acquiring data from respondents in relation to their lifetime experiences and understanding about the study.

#### 4.1.2 Sex of the respondents

The researcher considered the sex of respondents and the results presented below in Table 2 were recorded.

**Table 2: Sex of respondents**

Sex	Frequency	Percentage
Female	20	40%
Male	30	60%
<b>Total</b>	<b>50</b>	<b>100</b>

Source: Primary data, 2021

From the field, data collected showed that most of the respondents were males represented by 60% of the total population whereas females were represented by 40% of the respondents. This shows that the females were not engaged in microcredit services as their males were because males dominated in saving societies than females and they were the major decision makers and heads of Micro finance institutions.

#### 4.1.4 Level of Educational attained by the respondent

The researcher further considered the highest levels of education attained by respondents and the results presented below in Table 4 were recorded.

**Table 4: Showing the highest level of educational attained by the respondents**

Level of education	Frequency	Percentage
Primary education	7	14%
Secondary	11	22%
Tertiary	09	18%
College	10	20%
University	13	26%
<b>Total</b> Source: Primary data, 2021	<b>50</b>	<b>100</b>

According to the results presented in Table 4 above, 26% the highest numbers of the respondents had attained University level and they made the biggest number of the literate respondents whereas 14% the lowest number of respondents had undergone primary school education. The other respondents included 22% who had attended secondary education while and the remaining 20% of the respondents had attained college education and this indicated that the Micro finance used more of the graduates because of the skills they have to perform the activities within the Micro finance.

#### 4.1.3 Working experience of the respondents

The researcher considered the working experience of respondents and the results presented below in Table 3 were recorded.



**Table 3: Showing the working experience of the respondents**

Working experience	Frequency	Percentage
0-5 Years	7	14%
6-10 Years	24	48%
11-15 Years	09	18%
More than 15 years	10	20%
<b>Total</b>	<b>50</b>	<b>100</b>

Source: Primary Data, 2021

According to the results presented in Table 4.1.4 above, 48% the highest numbers of the respondents had worked for 6-10 years and they made the biggest number of the respondents whereas 14% the lowest number of respondents had worked for 0-5 years. The other respondents included 18% who had worked for 11-15 years while the remaining 20% of the respondents had worked for<sup>1</sup> more than 15 years. The researcher considered the respondents' working experience in order to ascertain the relevant data collection tools to be selected based on their experiences and 6-10 years had high percent because majority the conditions of work were favorable.

#### 4.2 Importance of Electronic Banking methods in Micro Finance institutions

The researcher further considered the respondent's opinions on importance of electronic banking methods in micro finance institutions and the results presented below in Table 5.

**Table 5: Respondent's opinions on the importance of electronic banking methods in micro finance institutions**

Importance of electronic banking methods in micro finance institutions	Strongly agree		Agree		Not sure		Disagree		Strongly disagree	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Digital Signature for Security	20	40%	25	50%	5	10%	-	-	-	-
Convenience way of Operating banking	31	62%	10	20%	09	18%	-	-	-	-

Transactions										
- -										
Faster Transfer	15	30%	10	20%	05	10%	20	40%	-	-
Reliability	30	60%	20	40	-	-	-	-	-	-
- - - - -	- - -				- -					
Source: Primary data, 2021 Time factor	12	24%	8	16%	13	26%	17	34%-		

### **Digital signature for security**

The study findings indicated that 40% of participants strongly agreed with digital signature for security, 50% agreed. 10% were not sure. This implies that 90% of the respondents were in agreement with the statement of digital Signature for Security.

### **Convenience way of operating banking transactions**

From the table 5 above. the study results revealed that 62% of the respondents strongly agreed with convenience way of operating banking transactions, 20% agreed and 18% were not sure. This implies that 82% of the respondents were in agreement with the statement of convenience way of operating banking transactions.

### **Faster transfer**

The study findings from table 5 above revealed that 30% of the respondents strongly agreed with faster Transfer. 20% agreed, 10% were not sure and 40% disagreed. This means that respondents 50% were in agreement with faster transfer.

### **Reliability**

From study finding 60% of the respondents strongly agree. 40% agree with reliability. This means that majority of the respondents 100 % were in agreement with reliability.

### **Time factor**

The study findings from table 5 above revealed that 24% of the respondents strongly agreed with time factor, 16% agreed. 26% were not sure and 34% disagreed. This means that respondents with 42% were in agreement with time factor.

### 4.3 Types of electronic banking methods adopted in micro finance towards their performance

The researcher considered the respondents views on the types of electronic banking methods adopted in micro finance towards their performance and the results presented below in Table 6.

**Table 6 Respondents views on the types of electronic banking methods adopted in micro finance towards their performance**

Types of electronic banking methods adopted in micro finance towards their performance	Strongly agree		Agree		Not sure		Disagree		Strongly disagree	
	Freq	%	freq	%	Freq	%	Freq	%	Freq	%
Mobile/SMS Banking	15	30%	22	44%	13	26%	-	-	-	-
Electronic funds transfers	95	50%	11	22%	5	10%	9%	18%	-	-
Self Service (PC) Banking	30	60%	14	28%	2	4%	-	-	-	-
POS Banking (Credit and Debit cards)	26	52%	24	48%	-	-	-	-	-	-
Internet banking Source: Primary data, 2021	6	12%	5	50%	9	18%	10%	20%	-	-
Automated teller machine	92	46%	7	14%	8	16%	5%	10%	7	14%

The study findings indicated that 30% of participants strongly agreed with mobile/SMS banking, 44% agreed, 26% were not sure. This implies that 74% of the respondents were in agreement with the statement of mobile/SMS banking.

#### Electronic funds transfers

From the table 6 above, the study results revealed that 50% of the respondents strongly agreed with electronic funds transfers, 22% agreed, and 10% were not sure and 18% disagree. This implies that 72% of the respondents were in agreement with the statement of electronic funds transfers.

### **Self Service (PC) Banking**

The study findings from table 6 above revealed that 60% of the respondents strongly agreed with self Service (PC) banking, 28% agreed, 4% were not sure. This means that majority of the respondents 88% were in agreement with self Service (PC) banking.

### **POS Banking (Credit and Debit cards)**

The study findings from table 6 above revealed that 52% of the respondents strongly agreed with POS Banking (Credit and Debit cards), 48% agreed. This means that majority of the respondents 100% were in agreement with POS Banking (Credit and Debit cards).

### **Internet banking**

From the table 6 above, the study results revealed that 12% of the respondents strongly agreed with internet banking, 50% agreed and 18% were not sure and 20% disagree. This implies that 68% of the respondents were in agreement with the statement of internet banking.

### **An automated teller machine**

The study findings indicated that 46% of participants strongly agreed with an automated teller machine. 14% agreed, 16% were not sure. This implies that 60% of the respondents were in agreement with the statement of an automated teller machine.

**4.4 Relationship between electronic banking on performance of micro financial institutions** The researcher considered the respondent's opinions on relationship between electronic banking on performance of micro financial institutions and results were presented in table 7 below.

**Table 7: Relationship between electronic banking on performance of micro financial institutions**

Correlations		Electronic banking	Performance of micro financial institutions
Electronic banking	Pearson Correlation	.853	
	Sig. (2-tailed)	.000	
	N	50	50
Performance of micro financial institutions	Pearson Correlation	.853	
	Sig. (2-tailed)	.000	
	N	50	50

Pearson correlation of electronic banking on performance of micro financial institutions. results revealed the significance positive responses relation between electronic banking and performance of micro financial institutions that is 0.853 significant at 0.0 I level of a two tailed test with 50 degrees of freedom.

This implies that there is a very high positive significant relationship between electronic banking and performance of micro financial institutions.

## 4.5 Discussion of findings

### 4.5.I Importance of electronic banking methods in micro finance institutions

#### Digital signature for security

The study findings indicated that 40% of participants strongly agreed with digital signature for security as in line with (Shalliamson, 2012) who argued that security is rated as the most important issue of online banking. There is a dual requirement to protect customers' privacy and protect against fraud. digital signature is a precautionary measure to prevent malpractices and

tampering the information and it is a form of enhanced authentication, 50% agreed, 10% were not sure. This implies that 90% of the respondents were in agreement with the statement of digital Signature for Security.

#### **Convenience way of operating banking transactions**

From the table 5 above, the study results revealed that 62% of the respondents strongly agreed with convenience way of operating banking transactions as agreed by (Beer, 2011) who stated that online banking is a highly profitable channel for financial institutions and it provides

customers convenience and flexibility and can be provided at a lower cost than traditional branch banking, 20% agreed and 18% were not sure. This implies that 82% of the respondents were in agreement with the statement of convenience way of operating banking transactions.

#### **Faster transfer**

The study findings from table 5 above revealed that 30% of the respondents strongly agreed with faster Transfer, 20% agreed, 10% were not sure and 40% disagreed. This means that respondents 50% were in agreement with faster transfer.

#### **Reliability**

From study finding 60% of the respondents strongly agree, 40% agree with reliability as (Dube. et. al. 2009) stated that the fundamental advantage of the e-banking is the transfer of the information about the money's worth to any place at any time with a mouse click's distance. This means that majority of the respondents 100% were in agreement with reliability.

#### **Time factor**

The study findings from table 5 above revealed that 24% of the respondents strongly agreed with time factor as stated by (Beer, 2016) who identified that time factor as one of the prime factor that in e-banking service quality feature for the customers and saving time is an important factor which influences why the customers prefer to use e-banking. 16% agreed, 26% were not sure and 34% disagreed. This means that respondents with 42% were in agreement with time factor.

#### **4.5.2 Types of electronic banking methods adopted in micro finanee towards their performance**

##### **Mobile/SMS Banking**

The study findings indicated that 30% of participants strongly agreed with rmobile/SMS banking as agreed by (Meute. 2010) who argued that mobile banking consists Of three inter-related concepts: mobile accounting, mobile brokerage and mobile financial information services. With mobile technology banks can offer a variety of services to their customers such as doing funds transfer while traveling. receiving on line updates of stock price or even performing stock trading while being stuck in traffic. 44% agreed. 26% were not sure. This implies that 74% of the respondents were in agreement with the statement of mobile/SMS banking.

##### **Electronic funds transfers**

From the table 6 above, the study results revealed that 50% of the respondents strongly agreed with electronic funds transfers as (Bahia. 2011) argued that Electronic Funds Transfer (EFT) is also a system of transferring money from one bank account directly to another without any paper money changing hands and one of the most widely-used EFT programs is Direct Deposit, in which payroll is deposited straight into an employee's bank account, 22% agreed. and 10% were not sure and 18% disagree. This implies that 72% of the respondents were in agreement with the statement of electronic funds transfers.

##### **Self Service (PC) Banking**

The study findings from table 6 above revealed that 60% of the respondents strongly agreed with self Service (PC) banking as stated by (Alsajjan and Dennis. 2010) who argued self-service banking for consumers and small business owners. enabling users to perform many routine functions at home by telephone, or cable modem connection and home banking. also called online 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. 28% agreed. 4% were not sure. This means that majority of the respondents 88% were in agreement with self Service (PC) banking.

##### **POs Banking (Credit and Debit cards)**

The study findings from table 6 above revealed that 52% of the respondents strongly agreed with POS Banking (Credit and Debit cards) as (Gerlach. 2009) stated that it is a system that uses a

computer terminal located at the point of sales transaction so that the data can be captured immediately by the computer system. It is also a retail payment system that substitutes an electronic transfer of funds for cash, cheques or drafts in the purchase of retail goods and services, 48% agreed. This means that majority of the respondents 100% were in agreement with POS Banking (Credit and Debit cards).

### **Internet banking**

From the table 6 above, the study results revealed that 12% of the respondents strongly agreed with internet banking as in line with (Egland et al., 2014) who argued that internet banking uses the Internet as the delivery channel by which to conduct banking activity. for example. transferring funds, paying bills, viewing checking and savings account balances, paying mortgages, and purchasing financial instruments and certificates of deposit and an Internet banking customer accesses his or her accounts from browser software that runs Internet banking programs resident on the bank's World Wide Web server. not on the user's PC.. 50% agreed and 18% were not sure and 20% disagree. This implies that 68% of the respondents were in agreement with the statement of internet banking.

### **An automated teller machine**

The study findings indicated that 46% of participants strongly agreed with an automated teller machine as agreed by (Singh, 2013) who argued that 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. 14% agreed, 16% were not sure. This implies that 60% of the respondents were in agreement with the statement of an automated teller machine.

### **4.5.3 Relationship between electronic banking on the performance of microfinance institutions**

This implies that there is a very high positive significant relationship between electronic banking on the performance of micro finance institutions as in line with Kolodinsky, Hogarth & Hilgert, 2014) who stated that the emergence of e-banking has significantly redefined and transformed MFIs' operations and also agreed by Agboola (2016) who stated that the study indicated that the utilization of modern ICT practices significantly improves the MFTs reputation and eventually results to foster efficient and effective service delivery.



## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.0 Introduction

This chapter contains summary, conclusions and recommendations based on analysis of the results and on the order according to the objectives of the study.

#### 5.1 Summary of findings

The study considered a total number of 50 respondents from the study area. Considering the age of respondents, the highest numbers of the respondents had between 36 and 45 years of age with 40% while the least numbers of respondents had Above 55 years of age with 10%. In relation to the sex of respondents, the study results indicated that the highest numbers of respondents were males with 60% whereas the least number of respondents were females with 40%. The highest number of the respondents had good levels of education for they were educated and can formally read and write. With regard to the working experience of the respondents the highest numbers of the respondents with 6-10 Years had 48% while the least number of respondents had 0-5 years with 14%.

The study findings on the importance of electronic banking methods in micro finance institutions, the results were got from: digital signature for security, convenience way of operating banking transactions, faster transfer, reliability and time factor.

The study went ahead to find the types of electronic banking methods adopted in micro finance towards their performance and the responses were obtained from: mobile/SMS banking, electronic funds transfers, self Service (PC) banking, POS Banking (Credit and Debit cards), internet banking and an automated teller machine.

The study findings on relationship between electronic banking on the performance of microfinance institutions, the results revealed that there is a very high positive significant relationship between electronic banking on the performance of microfinance institutions that is 0.853 significant at 0.01 level of a two tailed test with 50 degrees of freedom.

## **5.2 Conclusion**

The study findings on the importance of electronic banking methods in micro finance institutions, the highest number of respondents with 31% mentioned convenience way of operating banking transactions and the least number of respondents with 12% mentioned time factor.

The results on the types of electronic banking methods adopted in micro finance towards their performance. the highest number of respondents with 30% mentioned self Service (PC) Banking while the least number of respondents with 6% mentioned internet banking.

The researcher used Pearson's correlation coefficient to find the relationship between electronic banking on the performance of microfinance institutions. The study findings revealed a significant positive relationship between electronic banking on the performance of microfinance institutions.

## **5.3 Recommendations**

There should be awareness to the Microfinance members about the information and communication infrastructure available enable them know how they are used to achieve their objectives.

The systems used in banking should be in good working conditions and trustable to enable the members use them effectively.

There should be constant system check up to avoid systems failures which would disrupt the use of the system in banking operations by the Microfinance clients.

## **5.4 Limitations of the study and how they were handled.**

The researcher faced the problem of poor weather conditions like coldness. rain. as the study was conducted in rainy season. However, this was solved by use of water proof materials like use of rain jackets and umbrellas.

The researcher faced the problem of improper conduct of some respondents in the process of collecting data. To this, the researcher proceeded to those who were willing to provide information.

### **5.5 Areas for further research**

- i. The impact of mobile banking on the financial performance of commercial banks in  
Uganda
11. The role of information technology in financial management of public institutions

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## **APPENDIX I: QUESTIONNAIRE FOR THE RESPONDENTS**

**I Twagirayezu Bertin** a student of Kabale University doing a research study on "**the role of electronic banking on Performance of Micro Finance Institutions a case study of Pride Microfinance Kabale**". I kindly request you to fill in the necessary answers. your response shall not be for other use but shall be used for academic purposes and the information got shall be kept with utmost confidentiality.

I kindly request you to provide me with the necessary information having been chosen to be one of the respondents to enable me complete my research work successfully.

Thank you in advance for your cooperation.

### **SECTION A: BIO DATA OF RESPONDENTS**

#### **1. Age**

- a) 20 -25
- b) 26 and 35
- c) 36and 45
- ct) Above 55

#### **2.Sex**

- a) Female
- b) Male

#### **3. Highest level of Education**

- a) Primary education
- b) Secondary
- c) Tertiary
- d) College
- e) University

#### **4. Working experience**

- a) 0-5 Years
- b) 6-10 Years
- c) 11-15Years
- d) More than 15 years

## SECTION: B

### 5. Importance of electronic Banking methods in micro finance institutions

Please respond to the following statements on the scale provided Tick appropriately using SA- Strongly agree, A- Agree, N- Not sure. D- Disagree and SD- Strongly disagree the bo.-....:es that most closely fit your opinion

	SA	A	N	D	SD
<b>Importance of electronic banking methods in micro finance institutions</b>					
Digital signature for security					
Convenience way of operating banking transactions					
Faster transfer					
Reliability					
Time factor					

If there is any other importance of electronic banking methods cllt Pride Microfinance Kabnle branch, mention .

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.....

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.....

## SECTION: C

### 5. Types of electronic Banking methods adopted in Micro finance institutions

Please respond to the following statements on the scale provided Tick appropriately using SA- Strongly agree.

A- Agree, N- Not sure. D- Disagree and SD- Strongly disagree the boxes

that most closely fit your opinion

Types of electronic Banking methods adopted in Microfinance institutions	SA	A	N	D	SD
Mobile/SMS banking					
Electronic funds transfers					
Self service (PC) banking					
POS banking(credit and debit cards)					
Internet banking					
An automated teller machine					

If there are any other types of electronic banking methods adopted at Pride Microfinance. mention them.

.....

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## SECTION: D

### 6. Relationship between electronic banking on the performance of microfinance institutions

Please respond to the following statements on the scale provided Tick appropriately using SA- Strongly agree,

A- Agree, N- Not sure. D- Disagree and SD- Strongly disagree the boxes

that most closely fit your opinion



Relationship between electronic banking on the performance of microfinance institutions	SA	A	N	D	SD
E-banking has significantly redefined and transformed MFIs' operations					
Utilization of modern ICT practices significantly improves the MFI's reputation					
E-banking fosters efficient and effective service delivery					
E-banking leads to reduction in operating costs and attraction of new clients leading to performance					
E-banking has boosted growth of customer deposits as these channels are convenient and efficient to access					

If there is any other relationship between electronic banking on the performance of micro finance institutions, mention.

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**Thank you for cooperation**

## APPENDIX II: INTERVIEW GUIDE

In your view, what is electronic banking?

1. For how long have you been using the electronic banking services?
2. What is the rate of adoption of electronic banking services by your customers?
3. Has usage of electronic banking service improved your overall performance?
4. What benefits have you enjoyed ever since you adapted to using or Electronic banking services?
5. In which way has education impacted on customer's attitude towards using electronic banking?
6. What is the role of electronic banking methods in micro financial institution?
7. In which way is electronic banking by the customers of prime micro finance?
8. How has income significantly impacted on customers attitude towards using electronic banking?
9. What are the types of electronic banking methods adopted in micro financial institutions ,
10. What is the relationship between relationship between electronic banking on the performance of microfinance institutions?