FACTORS AFFECTING MOBILE BANKING ADOPTION:
A CASE OF KCB BANK KENYA

BY

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UNITED STATES INTERNATIONAL UNIVERSITY
AFRICA

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FACTORS AFFECTING MOBILE BANKING ADOPTION:
A CASE OF KENYA COMMERCIAL BANK

BY

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A Research Project Report Submitted to the Chandaria School of Business in Partial Fulfillment of the Requirement for the Degree of Masters in Business Administration (MBA)

UNITED STATES INTERNATIONAL UNIVERSITY
AFRICA

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STUDENT’S DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution, or university other than the United States International University in Nairobi for academic credit.

Signed: ________________________ Date: ______________________

Albertina Sachombe (ID No: 646290)

This project has been presented for examination with my approval as the appointed supervisor.

Signed: ________________________ Date: ______________________

Mr. Kepha Oyaro

Signed: ________________________ Date: ______________________

Dean, Chandaria School of Business
ACKNOWLEDGEMENT

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My special thanks go to the marketing department KCB Sarit for their assistance in data collection. I also would like to thank the entire USIU community for providing a good environment and facilities to enable me to complete this project report.
DEDICATION

I dedicate my project work to my lovely family and friends who have encouraged and supported me throughout the process. I will always appreciate.
ABSTRACT

The general purpose of this study is to determine the factors affecting mobile banking adoption and usage at Kenya commercial bank Kenya. The research was guided by the following research questions: How does social cultural factors affect mobile banking adoption and usage at KCB bank? How does economic factors affect mobile banking adoption and usage at KCB bank? How does technological factors affect mobile banking adoption and usage at KCB bank?

The study utilized a descriptive research design and a quantitative and qualitative research technique was applied to obtain the required information. The target population for this study was 1040 account holders at the KCB Sarit Centre branch. From the initial target population of using the sample size formula at 95% confidence interval a sample size of 138 respondents was obtained. Primary data was collected by administering open and close-ended questionnaire to the respondents. Microsoft excel and the descriptive statistical tool, Statistical Package for Social Sciences (SPSS) was used to help the researcher describe the data and acquire the results through descriptive analysis of means, standard deviations, and Inferential statistics through regression analysis the information was displayed by use of tables where necessary.

For the analysis of the first objective it was established that most of the respondents strongly agreed that they have the knowledge to use electronic banking services, ability to use electronic banking service and they would embrace electronic banking services their banking needs. For the analysis of the second objective it was established that most respondents strongly agreed that they are able to access to funds any time they want, and they considered M-banking a cost-effective way to provide banking services to the unbanked. For the analysis of the third objective it was established the governments can organize and create good plans to support the development of civilian technology innovation and also do its part to improve the economic growth and development. Most of the respondents affirmed that they would use the electronic banking services for handling banking transactions.

For the analysis, it can be concluded that most of the account holders possess the knowledge of how to use electronic banking services, and most of them are willing to embrace electronic banking services for their banking needs. Among the services mostly
preferred is payment of utility bills. The study also conclude that the uptake of the service is dependent on the group influences. In regard to the second objective it can be concluded that use of mobile banking has enabled customers to access to funds any time they want, and they also consider it a cost-effective way to provide banking services to the unbanked. It also enables the users to save on transaction cost. The study concludes that governments has a role to play and most of the respondents affirmed that they would use the electronic banking services for handling banking transactions although losses from fraud must be borne by the bank.

The study recommended that firstly, banks should strive to educate the account holders on the benefits that they would incur from taking up the services. The bank also need to offer the best services to the current users in order for them to convince their peers, friends and family members to take up the service. Secondly, customers need to be encouraged to use of mobile banking as it is a cost-effective way to provide banking services to the unbanked. The bank needs to ensure that the transaction costs are lower than over the counter cost so as to convince more clients to take up the service. Lastly, the study recommends that the governments needs to do its part to improve the economic growth and development. On issues of security the bank needs to seek ways to minimize fraud, system failures and guaranteeing the users that electronic banking services can handle their banking transactions. The study recommends that for future studies, similar studies be undertaken in other banks so as to be able to compare the findings and make generalized conclusions. Also, there is a need to do a research to establish the impact that mobile adoption has had on the profitability of financial institutions.
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**ACRONYMS AND ABBREVIATIONS**

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<td>Analysis of Variances</td>
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<td>FSD-</td>
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

According to Swickert, Hittner, Harris and Herring (2012) the term mobile banking (M-Banking) as the name recommend is the access to banking services and facilities offered by some monetary establishments by use of an electronic mobile device. Among the services are operation of account and payment of transactions and alternative merchandise. KPMG mobile report (2015), across Europe adoption of mobile banking services is averaged at 38%, with a modest annual growth with United Kingdom, U.S.A. and Australia being the leaders within the region. Despite this there are discrepancies within the adoption and Great Britain is considered the most mature zone for on-line and mobile banking, having launched the services in the year 2011. Out of the ten Association of South-east Asian Nations (ASEAN), Thailand and Vietnam have continued to experience fast economic growth with the region having a young population of voters beneath the age of thirty.

Technology trends within the money sector are influencing all of ASEAN states in a similar way (KPMG, 2015). The report further superimposed that across ASEAN multiplied usage in mobile commerce has had a significant impact within the banking sector owing to external competitive forces. In America PayPal, has emerged to be the main leader in on-line and mobile payments. The establishment begun in 1998 as a (person-to-person) electronic payment system that has steady matured after its buy out by eBay to push its customer’s payments. PayPal is calculable to possess over a hundred and twenty million users across the globe and with a quarterly revenue of over one billion dollars. Similarly, Square; a platform supported by Jack Dorsey in 2009, provides an attachment for tablets and mobile phones that may be utilized to process credit cards by merchants (Gupta, 2013).

By November 2015, nearly ninety percent of the population above eighteen years had a daily access to a mobile phone. In addition, whereas the amount has been constant an increased proportion of the adults currently own a smartphone. Rates of portable usage was also rumored to remain high and consistent across socioeconomic groups and
demographics, however, it declines for persons above sixty years of age (Anderson, 2015).

Smartphone adoption has been high among younger generations, with the differences being more pronounced among age groups of 18 to 29 who represent eighty eight percent mobile phone users, and in line with the 2015 survey ownership varies by race and ethnicity. In addition, households with an income less than $25,000 yearly, seventy six percent of adults possess a mobile phone, in those earning over $100,000 each year, ninety six percent have a phone (Anderson, 2015). Whereas that's the case Shaikh and Karjaluoto (2015) highlight that mobile banking and payment services have become progressively widespread over the past years. These they attributed to the provision of technology.

Wang, Chen, & Wang (2015) deduce that within the 2011 survey, over sixty percent of mobile phone users had used mobile banking and this figure has gone up to ninety six percent in line with a 2015 survey. Despite this variation, a challenge to adoption of mobile banking has been customers as they have a perception that by using plastic money their desires were already being met and so they thus lack interest for the services. Among mobile banking users, there's variation in frequency of use mobile banking services, and what forms of activities they have interaction in. A comparatively little share of mobile banking users (9 percent) indicated that they'd used mobile banking within the previous year however had not used it within the previous month. These low-intensity users have a lower probability of partaking in all forms of mobile banking activities, relative to mobile banking users overall (Board Federal Reserve, 2015). Like all mobile banking users, the foremost common task for low-intensity users is checking account balances or recent transactions (71 percent).

According to the KPMG (2015), 44 % of the low-intensity users have their bank’s mobile banking app on their phone, however way below the eighty two percent of all mobile banking users who have installed their bank’s app in their mobile. Further, a bigger proportion of low-intensity mobile banking users are ages 45 or older (43 percent), relative to all mobile banking users (32 percent). In line with Ondiege (2010), across the world sub-Saharan Africa had the least deposit organization penetration standing at an average of 16.6% with Guinea-Bissau having the smallest amount within the class at 0.6% whereas Mauritius with over 210% penetration. Most of those deposits are in
industrial banks, with few exceptions where some countries have a lot of deposits in micro-finance establishments (MFIs) and cooperatives and credit unions. Mwaura (2009) highlights that rising access to money services is important to any economy that aims to cut back financial condition although in several developing nations however, just one out of ten is in a position to access to basic monetary services and banking product through mobile phones is the most suitable choice for these establishments to reach the poor folks as several of them have already got access to mobile phones.

The 2014 statistics report by the Communications Authority of Kenya (CA), indicate that ICT sector has fully grown exponentially, with mobile penetration rate hitting a high of 80.5 per cent, as mobile subscriptions accrued in range from 32.2 million to 33.8 million denoting a 1.6 per cent growth (CA, 2014). Ondiege (2010) conjointly highlights that customers typically face high charges once moving their money due to the high transactions costs involved intrinsically fostering the adoption of mobile banking within the financial sector. Kamotho (2009) highlights that mobile banking in Kenya begun with the creation of services that may well be simply accessed via the mobile phone, however, these facilities haven't solely enabled customers to access information regarding their accounts however has conjointly seen innovations that currently represent a new channel for monetary services beyond the banks’ premises.

Odera (2013) conjointly noted that with the urge for Kenyan banks to extend or maintain the market share there has been witnessed an accrued competition to create new product and services. Such continuous innovation promotes potency in performance of the establishments’ activities. Thus, the price for these new services introduced are set to reduce systematically. There’s still a slow uptake of mobile banking and consistent with Yu (2013) mobile banking users hasn’t increased to the levels anticipated. Jeong and Yoon (2013) add that the shortage of trust in m-banking services reduces adoption of mobile banking despite African economies trying to adopt technology to market economic growth.

1.2 problem Statement

An appropriate banking atmosphere is considered a key pillar likewise as an enabler of economic process (Koivu 2002). With the endlessly rising wave of data driven economy, the banking system in Kenya has inevitably found itself unable to resist technological indulgence. Banking has continuously been a highly data intensive activity that depends
heavily on information technology (IT) to amass, process, and deliver the data to any or all relevant users. Banks realize that they need to perpetually pioneer and update to retain their exigent and discerning customers and to offer convenient, reliable, and expedient services. Driven by the challenge to expand and capture a bigger share of the banking market, some banks invest a lot in additional bricks and mortar to enlarge their geographical and market coverage whereas others have thought-about a more revolutionary approach to deliver their banking services via a brand-new medium (Yu, 2013).

The rise of the web has bestowed a new host of opportunities likewise as threats to business. Today, the web is well on its way to become a full-fledged delivery and distribution channel and among the consumer-oriented applications riding at the forefront of this evolution is electronic money product and services. With the fast diffusion of the technology, banking in cyberspace is quickly changing into an alternate channel to provide banking services and product. Mobile banking is currently being thought-about as a strategic weapon and can revolutionize the method banks operate, deliver, and vie against each other, particularly when competitive benefits of ancient branch networks are wearing away speedily (Baraghani, 2007).

The need for convenient avenues of accessing monetary resources beyond the standard norms has seen the continual growth and modernization of banking patterns. And given the massive demand for finance related services, establishments beside the historical banks have joined the fray in a trial to grab a bit of the perceived cake of chance inside the banking system. According to financial Sector Deepening Kenya (FSD Kenya), the foremost recent information in on the market indicates that solely nineteen percent of adult Kenyans reported having access to a proper, regulated establishment whereas over a third (38%) indicated no access to even the foremost rudimentary type of informal monetary service. This leaves a share of more than 60% outside the bracket of the reach of regular banking.

The confined-up demand for a reasonable and reliable method of holding funds that guarantee that risk levels are consigned to a minimum is systematically evolving. A system with the potential to obliterate the historical hurdles of value and free access, which have for an extended time stood in the way of willing partakers of banking services, evokes immediate attention and interest. Unprecedented uptake of mobile phone
banking services in the country could be a testament to the present reality. whereas M-pesa could be a growing development the mobile banking services in the banks still lags behind, this paper thus seeks to determine the explanations for this.

1.3 Purpose of the Study
The purpose of this study is to determine the factors affecting mobile banking adoption and usage at Kenya commercial bank Kenya.

1.4 Research Questions
1.4.1 How do social cultural factors affect mobile banking adoption and usage at KCB bank?
1.4.2 How does economic factors affect mobile banking adoption and usage at KCB bank?
1.4.3 How does technological factors affect mobile banking adoption and usage at KCB bank?

1.5 Significance of the Study
1.5.1 KCB Bank
This research will assist the bank better analyze the consumer needs as well as establish the issues facing mobile banking adoption among its customers. This study will also be important in determining the strategies that the bank will adopt in facilitating mobile banking usage in the institution.

1.5.2 Other Banks
To other banks these findings will offer an insight into the issue-facing uptake of mobile banking by the customers in the sector. Apart from that, the findings will also be utilized in creating an effective strategy to reach all the customers without mobile banking services.

1.5.3 Scholars
To other scholars the findings of this research will help in adding knowledge to mobile banking in Kenya. In addition, the research was a reference for future studies.
1.6 Scope of the Study

The study was conducted within KCB bank branches in Nairobi. The research will focus on customers of KCB branches. The population was customers in Sarit centre branch and the data for the study was collected using questionnaires through personally administration or by email. The main limitation anticipated is the few account holders having limited time to fill the questionnaires at the banking halls hence some were sent by mail to the respondents.

1.7 Definition of Terms

1.7.1 Mobile Banking

This is the access to banking services and facilities offered by financial institutions by use of an electronic mobile device (Gupta, 2013).

1.7.2 Social Cultural Factors

Social cultural factors are customs, lifestyles, and values that characterize a society or group. Cultural aspects include politics, concepts of beauty, education, technology and material culture, values and attitudes language, law, religion, social organizations (Shaikh & Karjaluoto, 2015).

1.7.3 Economic Factors

Economic factors comprise the information that influences the value of an investment or business (Baraghani, 2007).

1.7.4 Technological Factors

These are the influences that have an impact on how an organization operates that are related to the equipment used within the organization's environment (Jeong & Yoon, 2013).

1.8 Chapter Summary

This chapter presents the background factors affecting mobile banking adoption and usage in Kenya commercial bank Kenya. The chapter is divided into sections and gives a
detailed background of the study topic, the problem statement in the context of other studies, outlines the research questions and provides the significance of the study. Chapter two will present an overview of the literature reviewed according to the research questions.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction
This chapter presents a literature review by various academician’s to determine the factors affecting mobile banking adoption and usage at Kenya commercial bank Kenya. The research was guided by the research questions, which are: Does social factors affect mobile banking adoption and usage at KCB bank? Does economic affect mobile banking adoption and usage at KCB bank? Does a Technological factor affect mobile banking adoption and usage at KCB bank?

2.2 Effects of Social Cultural Factors on Mobile Banking Adoption and Usage
To analyse the effects of social cultural factors on mobile banking adoption and usage, this section aims to review how personal behavior, group influence, and cultural factors affect mobile banking adoption.

2.2.1 Personal Behavior
Consumer behavior is ever-changing the manner banks run their businesses with many concentrate on satisfying client wants as a means of driving business growth. This includes communication and feedback between the customers and businesses in real time over the web (Ngari, 2014). The rise in present computing devices that have web property has disrupted the standard aspects of client behavior through redefining the data reach and rich. Client behavior is referred as how persons, groups, or organizations selected, purchased, used, and disposed of merchandise, services, concepts, or experiences that met their wants and needs (Kotler et al., 2014). This behavior was attributed to society, cultural, and individual factors. Consumer behavior whether or not spontaneous or rational plays a major role on whether or not he/she buys a product or service (Schiff
man, Hansen, & Kanuk, 2008). Customers price convenience in their buying experience on-line, that is denoted by varied factors such as; privacy and security (Metzger, 2015); pricing, on-line search attributes and brand (Degeratu, Rangaswamy, & Wu, 2000); trust and factual data (Zhou, 2012) promotional and evaluation data (Njuguna, 2014).

Most technology adoption analysis on individual level centered on analyzing the impact of the preceding constructs on totally different innovations. However, as discovered by Wejnert (2012), comparatively very little analysis had investigated the impact of individual characteristics on innovation adoption. However, it appears that such characteristics may be relevant to an individual’s adoption call. As one of the few studies, Menzel (2010) showed that certainty and risk-taking characteristic of individual actors affected their acceptance to novel data and applications. Similarly, multiple researchers argued that non-public innovativeness and openness absolutely influenced an individual’s adoption of recent technologies. With the wide adoption of the web, additional researchers tried to research the impact of the large five temperament traits on general web adoption and use. For example, extraverts like face-to-face interaction thereby utilize less time on the web (Landers & Lounsbury 2006), particularly for on-line social activities like chat rooms (Hamburger and Ben-Artizi 2004).

Nonetheless, they use the web as a tool to amass data and share with others (Amiel and John Singer Sargent 2014). Conscientiousness individuals are less likely to utilize time on-line in interests as they see them as unproductive activities. Nevertheless, they like to use longer time on-line to participate in educational activities (Landers & Lounsbury 2006). folks that are higher in neuroticism tend to limit their on-line time on enjoying games (Swickert et al. 2012) however pay intensive time on the web to achieve a form of happiness (Amiel & John Singer Sargent 2014). Agreeable individuals use emails less often than others (Swickert et al. 2012) however they on the average use loner times on-line since they're additional persistent in on-line investigations (Landers & Lounsbury 2006). Open-to-experience individuals are generally interested in on-line activities they are curious and often look for new adventures (Tuten & Bosnjak 2011).

McElroy et al. (2007) concluded that individual’s temperament traits explained additional variances in her use of web and on-line selling behavior than her cognitive behaviour. Additionally to general web use, the authors called future analysis to concentrate on examining the impact of temperament on specific kinds of technology adoption and use.
Following the trend of proliferation of Smartphone apps, researchers began to investigate the correlation between temperament traits and adoption of specific apps. As an example, Ryan and Xenos (2011) claimed that extraverts are additional likely to become “Facebook” users than conscientious people. Chittaranjan et al. (2013) found correlations between temperament and use of apps like “Office”, “YouTube”, “Calendar”, “Mail”, etc. Similarly, Chorley et al. (2015) discovered that the large five temperament traits contributed to clarify individual variations in utilization of location-based social network like “Foursquare”. The authors found vital correlation between conscientiousness, openness, neuroticism and internet usage.

2.2.2. Group Influence

Groups that have an immediate influence and to which an individual belongs are referred to as membership teams. In contrast, reference teams function as direct (face-to-face) or indirect points of comparison or reference in forming a person’s perspective or behavior. Marketers attempt to determine the reference groups of their target markets. Reference teams expose an individual to new behaviors and lifestyles, influence the person’s attitudes and self-concept, and make pressures to adapt, this has an effect on the person’s product and brand decisions (Kotler, 2010). The importance of group influence tends to be strongest once the item is visible to others whom the customer respects. Manufacturers of merchandise and brands subjected to robust group influence should work out the way to reach opinion leaders inside a reference group who, owing to special skills, knowledge, temperament, or alternative characteristics, exert influence on others.

Consumers typically are influenced by reference teams to which they do not belong. As an example, an inspirational cluster is one to that the individual desires to belong (Riquelme & Rios, 2010). Relations will powerfully influence customer behavior. The family is the most significant client shopping for organization in society. Marketers have an interest within the roles and influence of the husband, wife, and youngsters on the acquisition of various merchandise. Husband-wife involvement varies wide by product class and by stage within the purchasing process. Kids may have sturdy influence on family shopping for choices. As an example, kids as young as six years could influence the family motor vehicle purchase decision (Riquelme & Rios, 2010). An individual belongs to several teams – family, clubs, and organizations. The person’s position in every cluster are often outlined in terms of each role and position. A job consists of the
activities individuals are expected to perform consistent with the persons around them. Every role carries a status reflective of the general esteem given by society.

Consumer behavior literature conjointly suggests that reference teams, like a social reference cluster, could have an effect on person's behavior. Two competitive influences have been acknowledged on the connection between subjective norm and behavior: conformity and dissension (Simonson and Nowlis, 2011). Conformity is that the results of individuals attempting to adapt to a subjective norm, thereby avoiding criticism and rejection. Dissension measures consumer's independence of the subjective norm, and may be a reflection of sturdy self-JIBC respect and autonomy. A dissentient client is therefore a personal, unique, special, and divisible from the rest.

The central role of the subjective norm in consumers' behavior has been through empirical observation verified from many angles. Bagozzi (2010) has shown that once the subjective norm is measured by social factors and focus, it's a powerful determinant of client behavior. On the opposite hand, Taylor (1991) argues that the majority individuals try and surround themselves with individuals and things that are according to their own identities. The consumption of banking services is also influenced by many reference teams of the client like the personnel of the bank and ancient ones like friends and family. We have a tendency to anticipate that reference teams do influence the adoption of web banking, and modify the hypothesis with the statement that even though web banking usage is also initiated by a definite reference group like banking personnel, the continuance of the utilization of online banking depends a lot on alternative factors, mainly customer's perception concerning technology.

2.2.3. Cultural Factors

Previous studies stressed the importance of culture toward a more robust understanding of knowledge system adoption Al-Gahtani, Hubona, and Wang (2011) stress the role of culture when transferring information technology applications across culture, before any technology transfer, it's necessary to check user necessities and desires. Those desires and demand are heavily influenced by culture. Hence, there's a necessity to explore the role of national culture as one of the factors most likely to influence the acceptance or resistance of electronic banking services. There’s no accepted definition for culture. Hofstede (1997) defines culture as a collective programming of the mind, which distinguishes the member of one human cluster from another. Culture may denote the variation between values,
beliefs, and motivation of a diverse cluster (Mohamed, 2015). Shore and Venkatachalam (1996) expressed that culture reflects individual core values and beliefs. These values and beliefs are created through childhood and strengthened throughout their life (Leidner & Kayworth, 2010).

Cultural factors embrace the following: Culture is the simplest explanation for a person’s needs and behavior. Human behavior is basically learned. Each cluster or society incorporates a culture, and cultural influences on purchasing behavior might vary from one client to another based on his/her culture. Failure to regulate to those variations may result in ineffective promotion or embarrassing mistakes. Marketers are continually making an attempt to identify cultural shifts so as to find new product that may be needed (Kotler, 2010). Every culture contains smaller subcultures, or teams of individuals with shared worthy systems based on common life experiences and things. Subcultures embrace nationalities, religions, racial groups, and geographic regions. Several subcultures conjure necessary market segments, and marketers within the banking system have to be compelled to create product and promoting programs tailored to their wants (Kotler, 2006).

Social categories are society’s comparatively permanent and ordered divisions whose members share similar values, interests, and behaviors. Socio-economic class isn't only determined by financial gain however additionally measured as a mixture of occupation, income, education, wealth and alternative variables. Marketers have an interest in people because individuals within a given socio-economic class tend to exhibit similar purchases behavior (Armstrong, 2014). In keeping with Riquelme and Rios (2010), social scientists have known the seven American social categories as higher uppers, lower uppers, higher middles, middle class, working class, higher lowers, and also the lower lowers.

The higher uppers category includes the social elite who continue to exist on inherited possessions. They furnish massive sums to charity, own more than one home, and send their youngsters to the best colleges. The lower uppers category includes those that have attained high financial gain or wealth through exceptional ability. They are active in social and civic affairs and purchase expensive homes, education, and cars. The higher middles category includes professionals, freelance business persons, and company managers who possess neither family standing nor uncommon wealth. They believe education, are joiners and extremely civic minded, and need the higher things in life. The
middle category constitutes the average-pay white-and blue-collar employees who go on the higher facet of city. They get standard product to stay up with trends.

The working class includes people who lead a working-class fashion. They rely heavily on relatives for economic and emotional support, for recommendation on purchases, and for help in times of hassle. Riquelme and Rios (2010) indicate that the higher lowers category consists of the operating poor. Though their living standard is simply on top of poorness, they strive toward a better status. However, they typically lack education and are poorly remunerated unskilled work. The lower lowers category is composed of people that are visibly poor, typically poorly educated unskilled laborers. They’re typically out of labor and a few depend upon public help.

2.3 Effects of Economic Factors on Mobile Banking Adoption and Usage

2.3.1 Cost of Mobile Banking

Cost can be taken a gander at as far as the price of the service and moderateness, progressing costs and in addition cost of the handset. This alludes to how much the client brings about to get to the service and to do the genuine transactions. As per Rosenberg (2010), client use of portable saving money is impacted by supreme costs as well as incidentally, a service is valued. For instance, so as to energize trial of cash transactions, a few services offer free stores, which make branchless banking a moderate approach to spare. A portion of the banks mobile arrangements may furnish free services with the main charge being that of the telecoms specialist co-op. For example, while getting to the service a client was charged a little expense in type of broadcast appointment and perform account request and exchange subsidizes between records in a similar bank for nothing out of pocket. Subsequently, contingent upon how much cost the client acquires in playing out all the required transactions it might figure out if that client can bear the cost of it or whether he will pay that much for it, in this way influencing reception of the services.

Mobile saving money is a critical viewpoint since the exchange expenses of installments are significantly diminished when there is an electronically available store of significant worth in most administrative services (Karjaluoto, 2012). The topic of who may hold the store adjust ends up being a pivotal issue influencing the advancement of these models (Salim, 2011). Regardless of the possibility that the attention is on the more extensive
viewpoints required in m saving money, the spread of m-managing an account depends to a great extent on improvements in the innovation and direction of m-installment. In Kenya, m-managing an account and m-installments initially started creating huge consideration in 2005, however industry premium and speculation capital wound down with the consequent web bust. In the previous two years, in any case, organizations, speculators, and industry spectators, energized by full-scale usage abroad and restricted yet effective local pilots, have at the end of the day started to treat the different types of smaller scale budgetary services (MFS) as a convincing business opportunity. This is on the grounds that the saving money process and method in the Kenyan managing an account establishments is extremely dull particularly with the expanding number of brokers in the business. The clients are required to take after a pre-decided procedure to get the services offered by the bank.

For example, services like storing, withdrawals, checking proclamations, adjust request and transactions inside and outside the nation requires confirmation, verification, lastly exchange (InfoDEV, 2006). A cell phone based managing an account arrangement could cover no less than 60% of those at present with financial balances. Such aservice would be utilized for putting away money safely and for profiting transactions – individuals presently convey money, utilize the mail station services, and make utilization of broadcast appointment transactions through a cell phone (Porteous, 2011).

Different activities utilize cell phones to give money related services to the unbanked. These services take an assortment of frame including long-remove settlements, micropayments, and casual broadcast appointment bargaining plans and pass by different names, including mobile saving money, portable transactions, and portable installments. Taken together, they are no longer only pilots; in the Philippines, South Africa, Kenya, and somewhere else, these services are comprehensively accessible and progressively prevalent. Mobilebanking is without a doubt compelling on cost and administers services to the unbanked in light of the fact that there is no requirement for branches physical foundation to help the clients. It is just a branchless bank display that has the capacities of taking care of restricted bank dealings through the cell phone (infoDEV, 2006).

M-managing an account is a financially savvy approach to give saving money services to the unbanked in light of the fact that there is no compelling reason to set up physical branches to encourage clients it called as it is branchless banking'. It is branchless bank
show incorporates improved capacity to do restricted banking transactions by means of cell phone (Porteous 2011). Banks ought to build up their m-managing an account framework and enroll their clients electronically for m-saving money. It is noticed that, underlying expense for foundation of m-banking framework might be high yet negligible cost for augmentations of new clients in m-managing an account wills decays constantly until full usage of existing introduced limit. Availability for cell phone is not the piece of managing an account benefit it is obligation and some portion of business of media transmission office and cell specialist co-ops. Thus, banks ought to just rent the media transmission lines gave by media transmission office to give access to the clients (Vaughan, 2007).

2.3.2 Financial Services offered

Mobile Financial Services (MFS) envelops a wide scope of money related exercises that customers take part in or get to utilize their cell phones. MFS can be separated into two unmistakable classes: portable managing an account (m-saving money) and mobile banking (m-banking) (Boyd and Jacob, 2011). Mobilebanking is characterized as "a channel whereby the client collaborates with a bank by means of a cell phone, for example, a cell phone or individual advanced right hand (PDA)" (Barnes and Corbitt, 2013). Portable managing an account can likewise be considered as the joining of mobile innovation and monetary administrations (Chung &Kwon, 2009). M-banking is a subset of saving money as it permits everybody simple access to their managing an account exercises by means of mobile handsets (Yu &Fang, 2009).

With the change of portable innovations and gadgets, mobilebanking has been considered as a notable framework due to such characteristics of mobile advances as universality, comfort and intuitiveness. Mobile installments then again are characterized as the utilization of a cell phone to lead an installment exchange in which cash or subsidizes are exchanged from a payer to a collector by means of a middle person, or specifically without a delegate (Niina Mallat, 2011). Cell phones can be utilized as a part of an assortment of installment situations, for example, installment for advanced substance (e.g., ring tones, news, music, or amusements), tickets, stopping expenses and transport admissions, or to get to electronic installment administrations to pay bills and solicitations. Installments for physical merchandise are additionally conceivable, both at
distributing and ticketing machines, and at kept an eye on purpose of offer (POS) terminals (Mallat et al., 2008).

Clark (2008) recommended that as a channel the cell phone can increase the quantity of channels accessible to customers, accordingly giving buyers all the more ease self-benefit choices by which to get to assets, managing an account data and make installments. Mobile as a channel conveys accommodation, promptness, and decision to buyers. In any case, there are an expansive number of various cell phone gadgets and it is a major test for banks to offer Mobile saving money arrangement on a gadget. Some of these gadgets bolster Java2Micro Edition (J2ME) and others bolster Wireless Application Protocol (WAP) program or just SMS. Barnes and Corbitt (2003); Scornavacca and Barnes (2004) propose that current advancements in media communications have empowered the dispatch of new get to strategies for saving money administrations, one of these is portable managing an account; whereby a client collaborates with a bank by means of a cell phone, for example, a cell phone or individual computerized associate.

Vyas (2009) expressed that Indian banks will target non web based banking clients who may need standard access to desktop web however are probably going to possess a cell phone, in this manner detailing incredible capability of Mobile managing an account in India. Karjaluoto (2002); Rugimbana (1995) found that there is endless market potential for mobile managing an account because of its dependably on usefulness and the alternative to do saving money practically whenever and anyplace. Unnithan and Swatman (2001) concentrated the drivers for change in the advancement of the saving money segment, and the move towards electronic saving money including portable managing an account by concentrating on two economies, Australia and India and proposed solid development capability of new banking direct in India. Vyas (2009); Rao et al. (2003) propose banks should extend their reasoning about portable managing an account past web based saving money and ought to begin to view versatility as its own intense and convincing conveyance channel that can help them convey to end clients new esteem, for example, quick get to and extra control of individual funds.

2.3.3 Money Supply

Bank conduct is one vital determinant of cash and credit advancements, both of a repeating and of a more relentless nature. Dismissing this part is much the same as relegating budgetary go-betweens just an aloof part in the economy (Bruno and Shin,
As of late, against the foundation of the monetary emergency, it has turned out to be progressively apparent that such an aloof perspective of banks is ridiculous. The volume of wide cash in the economy is the consequence of the cooperation of the saving money area (counting the national bank) with the cash holding division, comprising of family units, nonfinancial organizations, the general government other than focal government, and additionally non-fiscal budgetary delegates (Schularick, and Taylor, 2012). Wide cash includes money available for use and close substitutes, for example, bank stores, and is instructive for total spending and expansion. It along these lines goes past those advantages that are by and large acknowledged method for installment to incorporate instruments that capacity fundamentally as a store of significant worth (Schmiedel, Kostova and Ruttenberg, 2012).

Financial strategy impacts the supply of cash through the impacts it has on banks' intermediation movement. Nonetheless, most of the adjustments in cash supply happening in the economy result from improvements in the way that banks lead their business (Borio, and Zhu, 2012). All the more particularly, a bank is a foundation, the center operations of which comprise of conceding advances and providing stores to people in general. Through the duality of loaning and store issuance, banks satisfy various capacities: they offer liquidity and installment administrations, embrace the screening and observing of borrowers' reliability, redistribute hazards and change resource attributes (Greenbaum, Thakor, and Boot, 2015). These capacities will regularly cooperate inside a bank's intermediation procedure. Banks may middle of the road amongst savers and borrowers by issuing securities and loaning the receipts forward. Such loaning action will require the handling of point by point and regularly restrictive data on borrowers and the checking of the activities that have been financed (Agénor and Canuto, 2014).

As indicated by Agresti (2016) such credit is, be that as it may, likewise gave by various non-money related monetary mediators, for example, protection partnerships, and benefits and venture finances, and is not particular to banks. Banks may likewise loan to borrowers, yet in this manner make stores. The stores constitute guarantees on the bank that are capital-sure and demandable, that is redeemable at a known ostensible esteem. These stores have as a key element the arrangement of liquidity administrations to their proprietor and, now and again, for example, overnight stores, can likewise be utilized for
installment administrations. As portrayed by Diamond and Dybvig, this change of illiquid cases into fluid cases is a key characterizing component of a bank. Non-fiscal money related go-betweens don't give their clients fluid stores. Banks' fluid store liabilities constitute the center of expansive fiscal totals, and banks therefore assume a main part in the supply of wide cash. Changes in banks' conduct will adjust the cash supply (Keister, 2016).

2.4 Effects of Technological Factors on Mobile Banking Adoption and Usage

Headway in innovation has brought many changes and rivalry among banks and nonbank money related foundations, which raises worry with respect to why a few people receive one distributional channel, and others don't. Sonja (2010) investigated on the impacts of computerization on sparing, credit cooperatives in Uganda, and discovered that Technology is probably going to build the effectiveness, effort, and maintainability of microfinance establishments. ICT's has been found to advance the double goals of miniaturized scale fund maintainability and effort to the destitute individuals and noticed that Management data frameworks are basic all together for a microfinance foundation to work proficiently.

2.4.1 Government Intervention

The part of government is more critical in the benefit arranged associations that have constrained access to monetary assets, for example, SMEs, which ingest a noteworthy number of the work compel around the nation (Baum and Szivas, 2008). Besides, some applicable support from government for SMEs can fluctuate from making arrangements and operational heading and urging aptitude change to giving access to the top of the line skill (Baum and Szivas, 2008). Bozeman (2000) proposed a few commitments that can be created by governments to empower the effective selection of ICT developments. Firstly, governments can include college innovative work offices in the program of urging people and associations to embrace ICT advancements.

Also, governments can compose and make great arrangements to bolster the improvement of non-military personnel innovation advancements. (2000) suggests concentrated and nonstop projects from both government and college research centers to create innovation based financial matters. Examine execution, providing connected research and innovation to industry and creating arrangements, are exercises that can be produced by government
to bolster little and medium endeavors (Bozeman, 2000). By creating solid and satisfactory learning of the determinants of ICT developments selection, governments are additionally anticipated that would settle on fitting choices that empower benefit arranged associations to receive ICT advancements (Bayo-Moriones and Lera Lopez, 2007).

Governments can have a key influence in helping SMEs enhance the monetary development and improvement of the nation (Baum and Szivas, 2008). Arrangements that are acquainted by government have with suit the interests of the influenced parties. A review by Baliamoune-Lutz (2003) found that ICT advancements selection is fundamentally controlled by the arrangements that are presented by government. Because of the significance of ICT advancements in the present period, all legislatures around the globe ought to be more dynamic in their support of firms and reception of ICT developments to create new and imaginative ICT-based activities (Fernandez-Villavicencio, 2010). Along these lines, the present needs to bolster SMEs, for example, creating pertinent establishments (Smallbone and Welter, 2001) and inciting appropriation of ICT developments (Oh et al., 2009) must be actualized quickly. Besides, specific impedance to spur and help SMEs to embrace ICT developments and to help SMEs to accomplish incredible exhibitions is additionally encouraged (Smallbone and Welter, 2001).

Thomas, Wolf, Allan and Nadra (2008) specified risk as a key lawful issue. Obligation must be resolved when money related misfortunes happen in Internet exchanges, and misfortunes must be borne by the bank, the client, or even other related gatherings in the Internet banking framework, for example, the Internet specialist organization. By and by, banks ordinarily issue Internet managing an account contracts or concurrences with constraints of their obligation, taking note of that the bank is not in charge of any misfortune brought about by the Internet saving money administration or client utilization of the administration (Sir Luck et al, 2007).

As indicated by Farhoomand, Liao, Cheng and Lee (2009) another issue of legitimate support for utilizing the Internet in business exchanges is the locale of the courts and question determination techniques. Question can emerge from many issues for example, the Web website is not a branch of the bank, which makes it an entangled assignment for courts to characterize the area of the bank and choose whether they have purview. Furthermore, online exchange records are not acknowledged by a few clients inferable
from the troubles in giving verification of electronic transmissions. Numerous organizations are still careful about making broad exchanges over the Web as a result of the absence of supporting law about electronic archives as lawful proof. Habitually it is hazy whether electronic reports and records are worthy as adequate proof of exchanges (Larpsiri et al., 2008)

2.4.2 Security Issues

According to Hutchinson (2007) E-trade security is an inside issue that forestalls allotment of web dealing with a record in many sparing cash establishments. Hutchinson (2007) battled that while it is perceived that Australian banks have an amazing record concerning security of customer information, examines show that Internet customers are drained about insurance issues including straightforwardness, gathering, use and disclosure of their own information. This stress basically relates to approval. The dealing with a record and back endeavors report the most vital rate of mishandle being 57 percent, which is clearly related to these ventures having a standout amongst the most vital conditions on PCs in the workplace (Hutchinson, 2007).

A standout amongst the latest security perils is a PC program known as "Nmap" which is a framework examination mechanical assembly and security scanner. On execution it causes a bank's intrusion area system to deceptively believe it is being struck by numerous software engineers over the globe, when it is very one individual (Shu-Hsun and Ying-Yin, 2008). As showed by Chellappa (2008) the security affirmations offered by banks and which customers predict should include: Careful reference to their endorsed Web goals in their creations; check by method for the use of a mechanized statement; on-screen and mouse-worked keypads for tricky information; disease protection; no under 128-piece encryption; firewall use and communicated cutoff focuses to customer hazard for unapproved use of get to codes.

From a client perspective, the issue of trust can be ensured by having the going with trust parts embedded inside the trust appear. Protection which is the method through which customers are satisfied that their own particular information is sufficiently spared by the component assembling the information (Shu-Hsun and Ying-Yin, 2008). According to Chellappa (2008), the lion's share of electronic exchange trades are brought out through Web programs that are related with shipper goals that along these lines interface with
some kind of budgetary association. Like any strong information structure, the move when driving such a trade should be reliable and direct for the customer yet feedback ought to be demonstrated remembering the true objective to make an opinion control.

Some affirmation of security is appeared in projects and Web goals as pictures for clients driving trades that conform to some degree to these frameworks. Generally, an unbroken hook is used to exhibit a protected session empowering genuineness and mystery by method for encryption, decrees about data security and firewalls addressing protection, surely understood and irrefutable space names for affirmation and propelled supports ensuring check from put stock in pariahs (Chellappa, 2008). With no unmistakable way for a standard customer to affirm the veritable security of Internet Banking structures, there is little affirmation to support that these pictures have not been made. This framework gives the preface of perceiving the imperative security requirements and mapping them to sensible security building for the relating condition.

2.4.3 Ease of Use
Dependability of an administration is distinguished as a standout amongst the most critical variables inside each objective client section when choosing the utilization of a banking benefit conveyance channel. Some concurred that "utilizing cell phone in banking is dependable" (Mattila, 2002). To be one of the best worries in reception of portable saving money administrations people may stress over security issues amid versatile banking benefit exchanges, for example, information and yield systems (Laukkanen and Lauronen, 2005), loss of association hazard and individual execution botches (Kuisma et al., 2007). Thus, many individuals may choose not to utilize this administration and disregard the additional advantages of utilizing versatile saving money. Be that as it may, some past reviews have contended that, despite what might be expected, security issues were not significant snags for customers in embracing portable managing an account (Laukkanen and Lauronen, 2005).

The record adjust administration is a standout amongst the most encouraging portable banking benefits, and is intended to help clients check their record adjust and most recent exchanges promptly at whatever time/anyplace (Laukkanen, 2007). It was likewise found that area free get to made comfort in asking for record parities. Moreover, openness and versatility are delegated measurements of comfort in the purchaser conduct writings.
Thusly the spatial and worldly separation between need acknowledgment and need fulfillment can be viewed as imperative for doing saving money through cell phone (Mattila, 2002,).

The capacity to permit purchasers to have more control over their budgetary circumstance is one fascination of portable banking administrations (Laukkanen and Lauronen, 2005), as the buyer likes to represent himself/herself when managing his/her own financial exchanges through the cell phone. Luakkanen (2005) found that the adaptability of having the capacity to utilize the administration wherever and at whatever point the clients need empowers prompt finish of managing an account errands (exchanging cash or paying a bill). This would spare time and be seen as advantageous and proficient. The bank gives a few administrations through versatile media, data based, transaction–based and individual administrations (Laudon, and Laudon, 2002). The SMS administration is the simplest approach to check account parities and most recent exchanges by means of cell phone (Laukkanen, 2007). Laukkanen et al (2007) found that speed of information transmission and the UI weakened the additional estimation of portable administrations. In this way, the qualities of the administration as saw by the client and gave by the managing an account foundation and specialist organization are critical elements affecting the use of portable banking.

2.5 Chapter Summary

This chapter analyzed the various works of past scholars regarding the topic and this was discussed with regard to the variables affecting the various objectives of the study. The next chapter will look into the research methodology applied in the study while chapter four will look at the data analysis.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction
This chapter discusses research procedures that was used in the study. It also establishes the research design, population, and sample size, data collection methods, research procedures and data analysis and the presentation methods to be utilized in this research.

3.2 Research Design
According to Kothari (2004), research design is a plan, a roadmap, and blueprint strategy. That is used by researchers to collect and analyze data so as to obtain answers to research questions. It is a conceptual framework. It is “a blueprint that is used to conduct a study with maximum control over factors that may interfere with the validity of the findings” (Burns & Grove 2003). It is the conceptual structure within which research is conducted; it outlines the objectives of a study, specifies the sources of data to be collected, and identifies possible constraints that may affect the study (Saunders, 2003).

The research used descriptive design, according to Kombo and Tromp (2006), descriptive survey is used to describe state of the affairs as they exist. It helps a researcher investigate variables without manipulating them, and also report various aspects that define competency (Patton, 2000). Both quantitative and qualitative research was used to be able to gain better knowledge and understanding of the results. Quantitative research relies on deductive reasoning or deduction (Sekaran & Bougie, 2010).


3.3 Population and Sampling Design

3.3.1 Population

Burns and Grove (2003), states that a population is all the elements that meet the criteria for inclusion in a study. Population can be defined as the total collection of individuals whom researchers seek to make inference on (Cooper & Schindler, 2014). The target population was customers at KCB bank Sarit Centre Branch.

Table 3.1: Population

<table>
<thead>
<tr>
<th>Account</th>
<th>Total Population</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bankika Personal account</td>
<td>360</td>
<td>37%</td>
</tr>
<tr>
<td>Bankika business account</td>
<td>140</td>
<td>12%</td>
</tr>
<tr>
<td>Current account</td>
<td>100</td>
<td>10%</td>
</tr>
<tr>
<td>Jiinue account</td>
<td>320</td>
<td>30%</td>
</tr>
<tr>
<td>Simba Savings account</td>
<td>120</td>
<td>11%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1040</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: KCB branch Sarit (2016)

3.3.2 Sampling Design

3.3.2.1 Sampling Frame

Cooper and Schindler (2014) define a sampling frame as the listing of the entire population from which a sample size is selected. It represents a complete and correct list of population members. A sampling frame should be a complete and correct list of population members only. It is a record of all the sample units available for selection at a given stage in the sampling process (Ngechu, 2004). The sample frame for this study came from customers at KCB bank Sarit Centre branch.

3.3.2.2 Sampling Technique

The research will use a stratified random sampling technique. Stratified random sampling is a technique that divides a population into subgroups. Stratified random sampling is the
process of stratification (different strata are made on the bases of different factors such as life stages, income levels, management levels, etc.) and a random sample is then drawn from each stratum (Sekaran & Bougie, 2016). The use of stratified random sampling helped the researcher reduce error and bias.

### 3.3.2.3 Sample Size

According to Polit (2001), sample is a proportion of a population. According to Lind (2008), a sample is a subgroup of the population. The use of a sample enables a researcher save a lot of time and money, and get more detailed information (Bluman, 2009). A sample reflects the population as a whole i.e. it a true representative of the population. Out of the whole population, a sample was selected to be a true representative of the population.

The sample size in a research was the number of observations or replicates to include in a statistical sample. The sample size is important in achieving the objective of making an inference about a population from a given sample. Holloway and Wheeler (2002) assert that sample size does not influence the importance or quality of the study and note that there are no guidelines in determining the size.

According to Mugenda and Mugenda (2008), a sample should comprise between 10-30% of the population, and a good population sample should be at least 10% and not more than 30% of the entire population. According to Cooper and Schindler (2014), a sample is equivalent to the sample size that would be reliable and since the population is large the sample size was drawn using the following formula.

\[
\text{Sample size} = \frac{(Z_{\alpha/2})^2 \times P(1-P)}{E^2}
\]

Where: \(Z_{\alpha/2}\) = Z value (2.58=99%; 1.96=95%; 1.645=90% confidence level)

In this case 1.96 used.

\(P = \) percentage proportion of choice (10% used for sample size needed)

\(E = \) margin of error (5%)

Going as per the stated assumptions the sample size will therefore be:

24
Sample size = \((1.96)^2 \times 0.1 \times (1 - 0.1)\)

\[= \frac{3.8416 \times 0.09}{0.0025}\]

Sample size = 138.2976 = 138 Respondents

Table 3.2: Sample Distribution

<table>
<thead>
<tr>
<th>Account</th>
<th>Sample size</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bankika Personal account</td>
<td>51</td>
<td>37%</td>
</tr>
<tr>
<td>Bankika Business account</td>
<td>17</td>
<td>12%</td>
</tr>
<tr>
<td>Current account</td>
<td>14</td>
<td>10%</td>
</tr>
<tr>
<td>Jiinue account</td>
<td>41</td>
<td>30%</td>
</tr>
<tr>
<td>Simba savings account</td>
<td>15</td>
<td>11%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>138</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

3.4 Data Collection Methods

Structured questionnaires were used to collect primary data. Structured questionnaire is a questionnaire in which the questions asked are precisely decided in advance. The questionnaires were in line with the research objectives and was delivered to the customers. The questionnaire was self-administered. They were delivered to bank customers and picked immediately they are done answering the questions hence reducing bias. Likert scale type of questions were used to determine respondent’s attitudes or feelings about a given subject. In most cases, it is used to measure the level of the respondents’ satisfaction or consent rate (Cooper & Schindler, 2014). The questionnaire was pre-tested with a few members of the population for further improvements. This was done in order to enhance its validity and accuracy of data collected for the study.
3.5 Research Procedures

Five questionnaires were pre-tested and reviewed for precision, completeness, accuracy and clarity of interview questions. Findings received from the pretest was incorporated into the questionnaire before administering the final copy. Questions were standardized to minimize interference from interpersonal factors. The study used a five-point Likert scale to ask all respondents to express their opinion on given statements, and they were expected to agree, strongly agree, remain neutral, disagree or strongly disagree. Before issuing the questionnaire, the researcher sought permission from supervisors within the branch, and this was done via an official communication by a letter from United States International University. Ample time was allowed for respondents to fill in the questionnaires, and the information received was treated confidentially for academic purpose only. The researcher will communicate to the organization about the results of the research findings.

3.6 Data Analysis Methods

The process of analyzing, cleaning, transforming, and modeling data collected is called data analysis (Wagner, Halley & Zaino 2011). Both qualitative and quantitative data was used. Data collected was coded to different variables of the study for ease of data entry and interpretation. The quantitative data collected was analyzed by the use of descriptive statistics using Statistical Package for Social Sciences (SPSS) and presented through means and standard deviations. This was done by tallying, computing percentages as well as describing and interpreting the data in regard to the study objectives and assumptions through use of SPSS.

The study also undertook a regression and correlation analysis of the various variables to determine how the various variables relate to each other. The information was displayed by use of tables. Tables are very appropriate when presenting the data collected for ease of comprehension and analysis.

3.7 Summary

This chapter discusses the research methodology that was used in the study. It has highlighted research design, population, sampling frame, sampling technique, Sample
size, data collection, and data analysis. Chapter four will cover data analysis and presentation of the findings of the research.

CHAPTER FOUR

4.0 DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter offers the findings established from the study and the interpretations. The chapter also shows the results on demographics of the respondents. The chapter further gives findings on the various factors affecting mobile banking adoption: a case of KCB bank Kenya.

4.1.1 Response Rate

The response rate determines the statistical power of a research and a higher rate is considered better. In this study, a total of 138 questionnaires were distributed and only 95 were filled and returned. This represents a response rate of 69 % and this was sufficient as shown in table 4.1.

Table 4.1: Response Rate

<table>
<thead>
<tr>
<th>Questionnaires</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Filled and collected</td>
<td>95</td>
<td>69</td>
</tr>
</tbody>
</table>
4.2 Demographic Information

This section of the analysis shows the results on the demographic factors of participants in this research study.

4.2.1 Age

To investigate the age of the respondents the age group 30-39 were the majority with 45 respondents accounting for 47.37% of the population; this was followed by those between 25-30, with 25 respondents accounting for 26.32% of the total. Those above 40 years were 20 and this was 21.05% of the total. Those below 25 were five and represented 5.26% as shown in table 4.2. Most of the account holders are either employed or run their own firms and this explains the huge numbers of respondents above 25 as shown in table 4.3.

Table 4.2: Age Range

<table>
<thead>
<tr>
<th>Variable</th>
<th>Distribution</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 25</td>
<td></td>
<td>5</td>
<td>5.26</td>
</tr>
<tr>
<td>25-30 years</td>
<td></td>
<td>25</td>
<td>26.32</td>
</tr>
<tr>
<td>30-39 years</td>
<td></td>
<td>45</td>
<td>47.37</td>
</tr>
<tr>
<td>40 years and above</td>
<td></td>
<td>20</td>
<td>21.05</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>95</td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

4.2.2 Gender

From the study, the variable gender had a majority of the respondents being male accounting for 57.9% of the population while the female accounted for 42.1% as shown in table 4.4. This was attributed to the fact that male’s respondents are more approachable hence they were able to fill in more questionnaire than the female respondents.
4.2.3 Level of Education

To investigate the education level of the respondents, Bachelor degree holders were the majority with 55 respondents accounting for 57.9% of the population; Diploma holders followed with 20 respondents accounting for 21.1% of the total. Certificate holders were 15 accounting for 15.8% while Masters Holders were 5 and this was 5.3% of the total as shown in table 4.5. As it is in Kenya there are many degree holders in the various industries and this explains the high number of bachelor degree holders from the respondents.

### Table 4.4: Education

<table>
<thead>
<tr>
<th>Variable</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
</tr>
<tr>
<td>Certificate</td>
<td>15</td>
</tr>
<tr>
<td>Diploma</td>
<td>20</td>
</tr>
<tr>
<td>Bachelor</td>
<td>55</td>
</tr>
<tr>
<td>Masters</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>95</strong></td>
</tr>
</tbody>
</table>

4.2.4 Duration as a Customer

To analyze the duration served as a customer from the finding 50 of the respondents had held accounts for 2-4 years, those above 10 years were 35 and accounted for 36.8%, those of less than 1 year and 5-9 years were 5 and represented 5.3%. It was also established that those above 10 years were 35 and accounted for 36.8% as shown in Table 4.5.
Table 4.5: Duration as a Customer

<table>
<thead>
<tr>
<th>Variable</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>less than 1 year</td>
<td>5</td>
<td>5.3</td>
</tr>
<tr>
<td>2-4 years</td>
<td>50</td>
<td>52.6</td>
</tr>
<tr>
<td>5-9 years</td>
<td>5</td>
<td>5.3</td>
</tr>
<tr>
<td>above 10 years</td>
<td>35</td>
<td>36.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>95</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

4.3 Social Cultural Factors Affect Mobile Banking

The first objective of this study was set to sought to establish the effects of social cultural factors on mobile banking and the respondents were asked several questions that they were rating with the best being Strongly agree (1) and the worst being Strongly Disagree (5).

4.3.1 Descriptive of Social Cultural Factors

The findings established that most of the respondents strongly agreed that they have the knowledge to use electronic banking services (1.42), ability to use electronic banking service (1.74) and they would embrace electronic banking services their banking needs (1.79), as well as use mobile banking to pay my utility bills (1.95). The respondents also agreed that people whose opinion they value thought they should use electronic banking services (2.37) while people who are important and in support of the service (2.79), those who influence respondent’s decisions and in support of the service (2.84).

There was uncertainty on time taken to learn electronic banking services (3.47), and use of electronic banking services because other people may be able to access respondents accounts (3.63), Most disagreed on whether they had the resources to use electronic banking services (4.02) and whether it would take me lots of time to learn how to use electronic banking services (4.21). This means that most of the respondents agree that adoption of the service is dependent on the user as well as the surrounding individuals. However, there is uncertainty about time taken to learn electronic banking services other people accessing respondent’s accounts.

On analysis of the standard deviation having the resources to use electronic banking services had the highest deviation of 1.631. This means that there was a big deviation between those who agreed, disagreed and neutral. The least standard deviation was for the...
respondents using electronic banking services for own banking needs (0.898) and thus implies that little variation was exhibited between those who agreed, disagreed and neutral.

Table 4.6: Social Cultural Factors

<table>
<thead>
<tr>
<th>VARIABLE</th>
<th>MEAN</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>I have the resources to use electronic banking services</td>
<td>4.02</td>
<td>1.631</td>
</tr>
<tr>
<td>I have the knowledge to use electronic banking services</td>
<td>1.42</td>
<td>.941</td>
</tr>
<tr>
<td>I have the ability to use electronic banking services</td>
<td>1.74</td>
<td>1.213</td>
</tr>
<tr>
<td>It would take me lots of time to learn electronic banking services.</td>
<td>3.47</td>
<td>1.610</td>
</tr>
<tr>
<td>I am worried to use electronic banking services because other people may be able to access my account</td>
<td>3.63</td>
<td>1.092</td>
</tr>
<tr>
<td>People who are important to make think that I should use electronic banking services</td>
<td>2.79</td>
<td>1.245</td>
</tr>
<tr>
<td>I value people opinions to use electronic banking services.</td>
<td>2.37</td>
<td>.990</td>
</tr>
<tr>
<td>People who influence my decisions think that I should use electronic banking services</td>
<td>2.84</td>
<td>1.142</td>
</tr>
<tr>
<td>It would take me lots of time to learn how to use electronic banking services</td>
<td>4.21</td>
<td>1.245</td>
</tr>
<tr>
<td>I would use electronic banking services for my banking needs.</td>
<td>1.79</td>
<td>.898</td>
</tr>
<tr>
<td>I would use mobile banking to pay my utility bills</td>
<td>1.95</td>
<td>1.283</td>
</tr>
</tbody>
</table>

4.3.2 Regression between Social Cultural Factors and Mobile Banking Adoption

Table 4.7: Model Summary on Social Cultural Factors

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adj R Square</th>
<th>Std. Error of Estimate</th>
<th>Change Statistics</th>
<th>Sig. F Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>R Square Change</td>
<td>F Change</td>
</tr>
<tr>
<td>1</td>
<td>.897a</td>
<td>.804</td>
<td>.778</td>
<td>.363</td>
<td>.804</td>
<td>30.950</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), resources to use services, knowledge to use electronic services, ability to use services, lots of time, other people may be able to access my account, people who are important to make think that I should use electronic banking services, People whose opinion I value think I should use service, people who influence my decisions think that I should use services, lots of time to learn how to use services, use electronic banking services for my banking needs, use mobile banking to pay my utility bills

A regression analysis done between variables of social cultural factors and mobile banking adoption. On analysis, the R square value was 0.804 and a p-value of (0.000) was
significant as indicated in Table 4.7. This means that 80.4% of the variation in mobile banking adoption was caused by the variation in the social cultural factors.

Table 4.8: ANOVA on Social Cultural Factors and Mobile Banking Adoption

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>11</td>
<td>4.087</td>
<td>30.950</td>
<td>.000b</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>83</td>
<td>.132</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>94</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Mobile Banking Adoption

b. Predictors: (Constant), resources to use services, knowledge to use electronic services, ability to use services, lots of time, other people may be able to access my account, people who are important to make think that I should use electronic banking services, People whose opinion I value think I should use service, people who influence my decisions think that I should use services, lots of time to learn how to use services, use electronic banking services for my banking needs, use mobile banking to pay my utility bills

An ANOVA analysis was done between social cultural factors and mobile banking adoption at 95% confidence level, the F critical was 30.950 and the P value was (0.000) therefore significant the results are shown in Table 4.8. This result indicates a statistically significant difference in the mean between the variables of social cultural factors that affect mobile banking

4.3.3 Coefficient of Social Cultural Factors and Mobile Banking Adoption

A Pearson correlation was done between mobile banking adoption (dependent variable) against other social cultural factors. The results of the regression coefficients, t-statistics, standard errors of the estimates and p values are shown in Table 4.9.

When social cultural factors were predicted against mobile banking adoption (Constant) (p value =.000), have the resources to use electronic banking service (Beta=.807, p value=.000), have the knowledge to use electronic banking service (Beta=.281, p value=.010), have the ability to use electronic banking services (Beta= -.514, p value=.000), It takes lots of time to learn electronic banking services (Beta=.254, p value=.000), I am worried to use electronic banking services because other people may be able to access my account (Beta=.453, p value=.000), People who are important to make think
that I should use electronic banking services (Beta=.071, p value=.621), People whose opinion I value think I should use electronic banking services Beta=.136, p value=.116), People who influence my decisions think that I would use electronic banking services (Beta=.165, p value .072), It would take me lots of time to learn how to use electronic banking services. Beta=-.168, p value .102), I would use electronic banking services for my banking needs. (Beta=.155, p value .247), I would use mobile banking to pay my utility bills (Beta=.048, p value=.826)

From the analysis, only the variables; have the resources to use electronic banking service, have the knowledge to use electronic banking service, it takes lots of time to learn electronic banking services, and am worried to use electronic banking services because other people may be able to access my account were significant (pvalue < 0.05), however, the variable have the ability to use electronic banking services was significant but had a negative Beta (-0.514).

This implies that for KCB Bank to be able to have many people adopt mobile banking there is a need for the customers to have the resources to use electronic banking service, have the knowledge to use electronic banking service, it takes lots of time to learn electronic banking services, and increase security towards access their account. However, other areas need to be analysed to improve the adoption include the encouraging customers who have the ability to use electronic banking services to take the service.

<table>
<thead>
<tr>
<th>Model</th>
<th>Coefficients of Social Cultural Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unstandardized Coefficients</td>
</tr>
<tr>
<td></td>
<td>B</td>
</tr>
<tr>
<td>1</td>
<td>(Constant) Performance</td>
</tr>
<tr>
<td></td>
<td>I have the resources to use electronic banking services</td>
</tr>
<tr>
<td></td>
<td>I have the knowledge to use electronic banking services</td>
</tr>
<tr>
<td></td>
<td>I have the ability to use electronic banking services</td>
</tr>
</tbody>
</table>
It would take me lots of time to learn electronic banking services.

|                       | 0.122 | 0.033 | 0.254 | 3.707 | 0.000 |

I am worried to use electronic banking services because other people may be able to access my account.

|                       | 0.320 | 0.054 | 0.453 | 5.922 | 0.000 |

People who are important to make think that I should use electronic banking services.

|                       | 0.044 | 0.089 | 0.071 | 0.496 | 0.621 |

People whose opinion I value think I should use electronic banking services.

|                       | 0.106 | 0.067 | 0.136 | 1.589 | 0.116 |

People who influence my decisions think that I should use electronic banking services.

|                       | 0.111 | 0.061 | 0.165 | 1.824 | 0.072 |

It would take me lots of time to learn how to use electronic banking services.

|                       | -0.104 | 0.063 | -0.168 | -1.652 | 0.102 |

I would use electronic banking services for my banking needs.

|                       | 0.133 | 0.114 | 0.155 | 1.166 | 0.247 |

I would use mobile banking to pay my utility bills

|                       | 0.029 | 0.131 | 0.048 | 0.221 | 0.826 |

4.4 Effect Economic Factors on Mobile Banking Adoption

The study sought to establish the effects of differentiation on performance and the respondents were asked a few questions that they rated with Strongly agree being (1) and the Strongly disagree (5).

4.4.1 Descriptive of Economic Factors

Most respondents strongly agreed that they are able to access to funds any time they want (1.63), also majority agreed that M-banking is a costeffective way to provide banking services to the unbanked because there (2.16), various initiatives use mobile phones to provide financial services to the unbanked (2.26), mobile banking could save me transaction cost (2.58), mobile banking reduced transaction costs of payments (2.58), mobile banking affect rate of money supply in the economy (2.84).

There was however uncertainty on how the customer usage of mobile banking is influenced by how a service is priced (3.00), customer usage of mobile banking is
influenced by absolute prices (3.11) and worry for lack of compensating from bank when transaction error occurs (3.37) as shown in table 4.10.

**Table 4.10: Descriptive of Economic Factors**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>worry that I cannot get compensating from bank in case of error</td>
<td>3.37</td>
<td>1.430</td>
</tr>
<tr>
<td>Mobile banking could save me transaction cost</td>
<td>2.58</td>
<td>1.234</td>
</tr>
<tr>
<td>customer usage of mobile banking is influenced by absolute prices</td>
<td>3.11</td>
<td>1.293</td>
</tr>
<tr>
<td>Customer usage of mobile banking is influenced by how a service is priced.</td>
<td>3.00</td>
<td>1.345</td>
</tr>
<tr>
<td>Mobile banking reduced transaction costs of payments</td>
<td>2.58</td>
<td>1.357</td>
</tr>
<tr>
<td>Various initiatives use mobile phones to provide financial services to the unbanked.</td>
<td>2.26</td>
<td>1.339</td>
</tr>
<tr>
<td>M-banking is a cost-effective way to provide banking services to the unbanked because there</td>
<td>2.16</td>
<td>1.315</td>
</tr>
<tr>
<td>Mobile banking affect rate of money supply in the economy</td>
<td>2.84</td>
<td>1.394</td>
</tr>
<tr>
<td>I am able to access my funds any time I want to</td>
<td>1.63</td>
<td>1.185</td>
</tr>
</tbody>
</table>

**4.4.2 Regression Between Economic Factors and Mobile Banking Adoption**

A regression analysis was done between variables of economic factors and mobile banking adoption. On analysis, the R square value was 0.839 and a p-value of (0.000) was significant as indicated in Table 4.11. This means that 83.9% of the variation in mobile banking adoption was explained by variances in economic factors.

**Table 4.11: Regression between Economic Factors and Mobile Banking Adoption**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>R Square Change</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>F Change df1 df2</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Sig. F Change</td>
</tr>
<tr>
<td>1</td>
<td>.916a</td>
<td>.839</td>
<td>.821</td>
<td>.334</td>
<td>.839 46.407 9a 80</td>
</tr>
</tbody>
</table>
a. Dependent Variable: Adoption of Mobile banking

b. Predictors: (Constant), worry for compensating in case of error, save transaction cost, mobile banking is influenced by absolute prices, usage influenced by prices, reduced transaction costs of payments, provide financial services to the unbanked, cost-effective way to provide banking services to the unbanked, affect rate of money supply in the economy, able to access funds any time.

Table 4.12: ANOVA of Economic Factors and Mobile Banking Adoption

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>46.683</td>
<td>9</td>
<td>5.187</td>
<td>46.407</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>8.942</td>
<td>80</td>
<td>.112</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>55.625</td>
<td>89</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

An ANOVA analysis between economic factors and mobile banking adoption at 95% confidence level revealed that the F critical was 46.407 and the P value was (0.000) therefore significant; the results are shown in table 4.12. This result therefore shows that there was a statistically significant difference in the mean between the various variables of economic factors that influence mobile banking adoption.

4.4.3 Coefficient of Economic Factors and Mobile Banking Adoption

A Pearson correlation was done between mobile banking adoptions (dependent variable) against other economic factors. The results of the regression coefficients, t-statistics, standard errors of the estimates and p values are shown in table 4.13.

Table 4.13: Coefficient of Economic Factors and Mobile Banking Adoption

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
</table>
When mobile banking adoption was predicted on economic factors (Constant p value=0.087). Worry on compensating from bank in case of error (Beta=.397, p value =.000), save transaction cost (Beta=-.084, p value=.301), influenced by absolute prices (Beta=-.507, p value=.000), influenced by how a service is priced (Beta=.248, p value =.017), reduced transaction costs of payments (Beta=-.181, p value=.125), provide financial services to the unbanked (Beta=.129, p value=.170), cost-effective way to provide banking services to the unbanked because there (Beta=.446, p value=.001), affect rate of money supply (Beta=.107, p value=.199), access funds any time (Beta=.697, p value=.000).

From the analysis above, influenced by absolute prices, influenced by how a service is priced, cost-effective way to provide banking services to the unbanked because there, and access funds any time were significant (P value < 0.05) except the variables; save
transaction cost, reduced transaction costs of payments, provide financial services to the unbanked, and affect rate of money supply.

This result implies that among the economic factors that has resulted in improved mobile banking uptake at KCB include: absolute prices of the service, influence by how a service is priced, cost-effectiveness of the services to the unbanked, and access of funds any time. On the other side, there are areas that the firm need to adjust to improve mobile banking uptake and this include; save transaction cost, reduced transaction costs of payments, provide financial services to the unbanked, and affect rate of money supply.

4.5 Effects of Technological Factors on Mobile Banking Adoption

The study sought to establish the effect of technological factors on mobile banking adoption and the respondents were asked a number of questions that they rated with Strongly agree being (1) and Strongly Disagree (5).

4.5.1 Descriptive on Technological Factors

To analyze the descriptive statistic most respondents strongly agree that governments can organize and create good plans to support the development of civilian technology innovation (1.74), governments play part to improve the economic growth and development (1.79), respondents would use the electronic banking services for handling my banking transactions (1.95). Respondents also agree that responsibility must be determined when financial losses occur in Internet transactions (2.00), losses must be borne by the bank (2.61). There was uncertainty that electronic banking services may not perform well and process payment incorrectly (3.21), when transaction error occurs, I worry that I cannot get compensating from bank (3.37), when bank account incurs fraud or the hacker invade, I would have potential loss of status in one's social group (3.37) in Table 4.14.

Table 4.14: Descriptive of Technological Factors on Mobile Banking Adoption

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
</table>

38
Governments play part to improve the economic growth and development | 1.79 | 1.110
Governments can organize and create good plans to support the development of civilian technology innovations | 1.74 | .788
Responsibility must be determined when financial losses occur in Internet transactions | 2.00 | 1.082
Losses must be borne by the bank | 2.61 | 1.347
When transaction error occurs, I worry that I cannot get compensating from bank | 3.37 | 1.313
When bank account incurs fraud or the hacker invades, I would have potential loss of status in one's social group | 3.37 | 1.313
Electronic banking services may not perform well and process payment incorrectly. | 3.21 | 1.480
I would see myself using the electronic banking services for handling my banking transactions. | 1.95 | .949

4.5.2 Regression analysis of Technological Factors on Mobile Banking Adoption
A regression analysis was done between variables of focus strategy and performance as shown in table 4.15. On analysis, the R square value was 0.863 and a p-value of (0.000) was significant. Therefore, 86.3% of the variation in mobile phone adoption was caused by the variation in technological factors as highlighted in table 4.15

Table 4.15: Model Summary on Technological Factors on Mobile Banking Adoption

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of Estimate</th>
<th>Change Statistics</th>
<th>Sig F change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R Square</td>
<td>Change</td>
<td>F</td>
<td>Change</td>
<td>df1</td>
<td>df2</td>
</tr>
<tr>
<td>1</td>
<td>.929a</td>
<td>.863</td>
<td>.849</td>
<td>.307</td>
<td>.863</td>
<td>63.726</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Mobile Banking Adoption
b. Predictors: (Constant), economic growth and development, Govt support technology innovations, Responsibility when financial losses occur, Losses borne by the bank, I cannot get compensating, When hacker invades loss of status, Electronic banking services failure, using the electronic banking services

Table 4.16: ANOVA on Technological Factors on Mobile Banking Adoption

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>47.999</td>
<td>8</td>
<td>6.000</td>
<td>63.726</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>7.626</td>
<td>81</td>
<td>.094</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
An ANOVA analysis between technological factors and mobile banking adoption at 95% confidence level revealed that the F critical was 63.726 and the P value was (0.000) therefore significant, the results are shown in table 4.16. This result therefore show that there was a statistically significant difference in the mean between the various variables of technological factors that influence mobile banking adoption.

4.5.3 Coefficients of variables of Technological Factors on Mobile Banking Adoption

A Pearson correlation was done between mobile banking adoptions (dependent variable) against other factors of technology. The results of the regression coefficients, t-statistics, standard errors of the estimates and p values are shown in table 4.17. When mobile adoption was predicted on technological factors (p value =.004); Government improve the economic growth and development (Beta =.607, p value =000); Governments support the development of civilian technology innovations (Beta =-.202, p value =006); Responsibility when financial losses occur in Internet transactions (Beta =.526, p value =000); Losses must be borne by the bank (Beta =-.283, p value =000); when transaction error occurs I cannot get compensating from bank (Beta =.199, p value =000); when bank account incurs fraud I would have potential loss of status (Beta =-.031, p value =638); electronic banking services may not perform well (Beta =.083, p value =092); using the electronic banking services for handling my banking transactions (Beta =-.014, p value =775) as shown by table 4.17.

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>Total</td>
<td>55.625</td>
<td>89</td>
</tr>
</tbody>
</table>

Table 4.17: Coefficients of Technological Factors on Mobile Banking Adoption
From the analysis, majority of the variables had a significant positive effect on mobile banking adoption except the variable; when bank account incurs fraud I would have potential loss of status (p value=.638), electronic banking services may not perform well (p value=.092) and I would see myself using the electronic banking services for handling my banking transactions (p value=.775).

From the findings it is clear that KCB has experienced improved mobile banking adoption as a result of government improve the economic growth and development, the bank taking responsibility when financial losses occur in Internet transactions and low worry that when transaction error occurs clients cannot get compensating from bank. However, there are areas that needs improvement to fully achieve better performance. This include minimizing fraud, system failures and guaranteeing the users that electronic banking services is capable of handling their banking transactions.
4.6 Chapter Summary

This chapter has presented the interpreted results and findings. The first section provided an analysis of the various demographic data on the respondents. The second section analysed the findings how cost strategy affect performance. The third section provided findings on how differentiation strategy affect performance. The fourth section presented the effects of focus strategy on performance. The next chapter discusses the findings, conclusions and recommendations.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSION AND RECOMMENDATION

5.1 Introduction

In this chapter, the findings of this study are discussed with regard to the reviewed literature and conclusions are drawn with recommendations being made at the end. The chapter has subsections divided into discussion, conclusions, and recommendations. In addition, recommendations for further studies are also highlighted.

5.2 Summary of Findings

The purpose of this study was to determine the factors affecting mobile banking adoption and usage at Kenya commercial bank Kenya and sought to answer the following research questions: How does social cultural factors affect mobile banking adoption and usage at KCB bank? How does economic factors affect mobile banking adoption and usage at KCB bank? How does technological factors affect mobile banking adoption and usage at KCB bank? The study utilized a descriptive research design and questionnaires were used as data collection tool. The target population for the study was 1040 customers at KCB bank Sarit Centre Branch. Using the sample formula, a sample of 138 respondents was drawn out of which only 95 responded giving a rate of 69% which was sufficient. The data was then analyzed using both descriptive and inferential statistics by the aid of SPSS and the results were presented in tables.

For the analysis of the first objective it was established that most of the respondents strongly agreed that they have the knowledge to use electronic banking services, ability to use electronic banking service and they would embrace electronic banking services their banking needs. In addition, the findings also revealed that the respondents would use mobile banking to pay utility bills and that the respondents valued others opinion in order to use electronic banking services. It was also established that learn how to use electronic banking services did not take time.

For the analysis of the second objective it was established that most respondents strongly agreed that they are able to access to funds any time they want, and considered M-banking a cost effective way to provide banking services to the unbanked. In addition, the findings revealed that various initiatives use mobile phones to provide financial services
to the unbanked, it saves transaction cost, reduced transaction costs of payments, and affected rate of money supply in the economy. There was however uncertainty on influence of pricing on mobile service usage.

For the analysis of the third objective it was established the governments can organize and create good plans to support the development of civilian technology innovation and also do its part to improve the economic growth and development. Most of the respondents affirmed that they would use the electronic banking services for handling banking transactions and that responsibility must be determined when financial losses occur in Internet transactions, while losses must be borne by the bank in case of fraud.

5.3 Discussions

5.3.1 Social Cultural Factors and Mobile banking adoption

The study established that most of the respondents had the knowledge to use electronic and ability to use electronic banking services. This has been attributed to the individual character of the adopters. Wejnert (2012) established that characteristics may be relevant to an individual’s adoption capability. As one of the few studies, Menzel (2010) showed that certainty and risk-taking characteristic of individual actors affected their acceptance to novel data and applications. Wejnert (2012), comparatively very little analysis had investigated the impact of individual characteristics on innovation adoption. However, it appears that such characteristics may be relevant to an individual’s adoption call. As one of the few studies, Menzel (2010) showed that certainty and risk-taking characteristic of individual actors affected their acceptance to novel data and applications. Similarly, multiple researchers argued that non-public innovativeness and openness absolutely influenced an individual’s adoption of recent technologies. With the wide adoption of the web, additional researchers tried to research the impact of the large five temperament traits on general web adoption and use. For example, extraverts like face-to-face interaction thereby utilize less time on the web (Landers & Lounsbury 2006), particularly for on-line social activities like chat rooms (Hamburger and Ben-Artizi 2004).

The findings also revealed that the respondents value people opinions to use electronic banking services. Riquelme and Rios (2010) established that onsumers typically are influenced by reference teams to which they do not belong. as an example, an inspirational cluster is one to that the individual desires to belong relations will
powerfully influence customer behavior. The family is the most significant client shopping for organization in society. Marketers have an interest within the roles and influence of the husband, wife, and youngsters on the acquisition of various merchandise. Husband-wife involvement varies wide by product class and by stage within the purchasing process. Kids may have sturdy influence on family shopping for choices. As an example, kids as young as six years could influence the family motor vehicle purchase decision (Riquelme & Rios, 2010).

The findings also revealed that people who are important to the respondents made them think about using electronic banking services. Simonson and Nowlis, (2011) in their study noted that individual belongs to several teams –family, clubs, and organizations. The person’s position in every cluster are often outlined in terms of each role and position. A job consists of the activities individuals are expected to perform consistent with the persons around them. Every role carries a status reflective of the general esteem given by society.

In addition, the research also established that people who influence the account holder’s decisions thought they should use electronic banking services. Simonson and Nowlis, (2011) also established that same and they explained that reference teams, like a social reference cluster, could have an effect on person's behavior. Two competitive influences have been acknowledged on the connection between subjective norm and behavior: conformity and dissension. Conformity is that the results of individuals attempting to adapt to a subjective norm, thereby avoiding criticism and rejection.

There was uncertainty on time taken to learn electronic banking services and fear that other people may be able to access personal account, this could be attributed to the general culture. Previous studies stressed the importance of culture toward a more robust understanding of knowledge system adoption Al-Gahtani, Hubona, and Wang (2011) stress the role of culture when transferring information technology applications across culture, before any technology transfer, it’s necessary to check user necessities and desires. Those desires and demand are heavily influenced by culture. According to Mohamed (2015) culture may denote the variation between values, beliefs, and motivation of a diverse cluster Shore and Venkatachalam (1996) expressed that culture reflects individual core values and beliefs. These values and beliefs are created through childhood and strengthened throughout their life (Leidner & Kayworth, 2010).
5.3.2 Economic Factors and Mobile Banking Adoption

The study revealed that most of the respondents were able to access funds any time they wanted to (1.63). This was similar to what Clark (2008) study recommended that as a channel the cell phone can increase the quantity of channels accessible to customers, accordingly giving buyers all the more ease self-benefit choices by which to get to assets, managing an account data and make installments. Mobile as a channel conveys accommodation, promptness, and decision to buyers. Indeed, Barnes and Corbitt (2003); Scornavacca and Barnes (2004) established that the current advancements in media communications have empowered the dispatch of new get to strategies for saving money administrations, one of these is portable managing an account; whereby a client collaborates with a bank by means of a cell phone, for example, a cell phone or individual computerized associate. Additionally, Borio, and Zhu (2012) established that financial strategy impacted the supply of cash through the impacts it has on banks’ intermediation movement. Nonetheless, most of the adjustments in cash supply happening in the economy result from improvements in the way that banks lead their business.

With the change of portable innovations and gadgets, mobile banking has been considered as a notable framework due to such characteristics of mobile advances as universality, comfort, and intuitiveness. Mobile installments then again are characterized as the utilization of a cell phone to lead an installment exchange in which cash or subsidizes are exchanged from a payer to a collector by means of a middle person, or specifically without a delegate (Niina Mallat, 2011). Cell phones can be utilized as a part of an assortment of installment situations, for example, installment for advanced substance (e.g., ring tones, news, music, or amusements), tickets, stopping expenses and transport admissions, or to get to electronic installment administrations to pay bills and solicitations. Installments for physical merchandise are additionally conceivable, both at distributing and ticketing machines, and at kept an eye on purpose of offer (POS) terminals (Mallat et al., 2008).

Clark (2008) recommended that as a channel the cell phone can increase the quantity of channels accessible to customers, accordingly giving buyers all the more ease self-benefit choices by which to get to assets, managing an account data and make installments.
Mobile as a channel conveys accommodation, promptness, and decision to buyers. In any case, there are an expansive number of various cell phone gadgets and it is a major test for banks to offer Mobile saving money arrangement on a gadget.

The study established that M-banking is a cost-effective way to provide banking services to the unbanked (2.16) through provision of financial services (2.26). Similarly, Porteous, (2011) established that mobile banking is without a doubt compelling on cost and administers services to the unbanked in light of the fact there is no requirement for branches physical foundation to help the clients. InfoDEV (2006) research established that it is just a branchless bank display that has the capacities of taking care of restricted bank dealings through the cell phone. Financial strategy impacts the supply of cash through the impacts it has on banks' intermediation movement. Nonetheless, most of the adjustments in cash supply happening in the economy result from improvements in the way that banks lead their business (Borio, &Zhu, 2012). All the more particularly, a bank is a foundation, the center operations of which comprise of conceding advances and providing stores to people in general. Through the duality of loaning and store issuance, banks satisfy various capacities: they offer liquidity and installment administrations, embrace the screening, and observing of borrowers' reliability, redistribute hazards and change resource attributes (Greenbaum, Thakor, & Boot, 2015).

The respondents agreed that mobile banking could save me transaction cost (2.58), and Karjaluoto (2012) established that Mobile banking is a critical viewpoint since the exchange expenses of installments are significantly diminished when there is an electronically available store of significant worth in most administrative services. On the other hand, Karjaluoto (2002); Rugimbana (1995) found that there is endless market potential for mobile managing an account because of its dependably on usefulness and the alternative to do saving money practically whenever and anyplace. The study established that mobile banking affect rate of money supply in the economy (2.84) and Bruno and Shin (2013) illustrated that bank transaction is one vital determinant of cash and credit advancements, both of a repeating and of a more relentless nature.

5.3.3 Effects of Technology on Mobile Banking Adoption

The study established that the Governments can organize and create good plans to support the development of civilian technology innovations (1.74), as well as improve the economic growth and development (1.79). Bozeman (2000) in his study proposed a few
commitments that can be created by governments to empower the effective selection of ICT developments. Firstly, governments can include college innovative work offices in the program of urging people and associations to embrace ICT advancements. Also, governments can compose and make great arrangements to bolster the improvement of nonmilitary personnel innovation advancements. Bozeman (2000) suggests concentrated and nonstop projects from both government and college research centers to create innovation based financial matters. Examine execution, providing connected research and innovation to industry and creating arrangements, are exercises that can be produced by government to bolster little and medium endeavors.

The findings revealed that most respondents thought that responsibility must be determined when financial losses occur in internet transactions (2.00) and losses must be borne by the bank (2.61). Thomas, Wolf, Allan and Nadra (2008) established that specified risk is a key lawful issue. Obligation must be resolved when money related misfortunes happen in Internet exchanges, and misfortunes must be borne by the bank, the client, or even other related gatherings in the Internet banking framework, for example, the Internet specialist organization. However, Sir luck et al, (2007) noted that banks ordinarily use internet managing an account contracts or concurrences with constraints of their obligation, taking note of that the bank is not in charge of any misfortune brought about by the Internet saving money administration or client utilization of the administration.

There was uncertainty on whether electronic banking services may not perform well and process payment incorrectly (3.21) therefore there is a need for the bank to guarantee that as showed by Chellappa (2008) the security affirmations offered by banks and which customers predict should include: Careful reference to their endorsed Web goals in their creations; check by method for the use of a mechanized statement; on-screen and mouse-worked keypads for tricky information; virus protection; firewall use and communicated cutoff focuses to customer hazard for unapproved use of access to codes.

There was also uncertainty on the customer side on whether when transaction error occurs, they would get compensating from bank (3.37). Shu-Hsun and Ying-Yin (2008) agree with the statement and in their findings they established that from a client perspective, the issue of trust can be ensured by having the going with trust parts embedded inside the trust appear. Protection which is the method through which
customers are satisfied that their own particular information is sufficiently spared by the component assembling the information). According to Chellappa (2008), the lion's share of electronic exchange trades are brought out through Web programs that are related with shipper goals that along these lines interface with some kind of budgetary association. Like any strong information structure, the move when driving such a trade should be reliable and direct for the customer yet feedback ought to be demonstrated remembering the true objective to make an opinion control.

5.4 Conclusion

5.4.1 Social Cultural Factors Affect Mobile Banking Adoption

For the analysis, it can be concluded that most of the account holders possess the knowledge of how to use electronic banking services, and most of them are willing to embrace electronic banking services for their banking needs. Among the services mostly preferred is payment of utility bills. The study also conclude that the uptake of the service is dependent on the group influences.

5.4.2 Economic Factors Affect Mobile Banking Adoption

For the data analysis done with regard to the this objective it can be concluded that use of mobile banking has enabled customers to access to funds any time they want, and they also consider it a cost effective way to provide banking services to the unbanked. It also enables the users to save on transaction cost.

5.4.3 Technological Factors Affect Mobile Banking Adoption

The study concludes that governments can organize and create good plans to support the development of civilian technology innovation and also do its part to improve the economic growth and development. Most of the respondents affirmed that they would use the electronic banking services for handling banking transactions and that responsibility must be determined when financial losses occur in Internet transactions, while losses must be borne by the bank in case of fraud.

5.5 Recommendation

5.5.1 Recommendations for improvement
5.5.1.1 Social Cultural Factors and Mobile Banking Adoption

Since most of the account holders possess the knowledge of how to use electronic banking services, banks should strive to educate the account holders on the benefits that they would incur from taking up the services. The bank also need to offer the best services to the current users in order for them to convince their peers, friends and family members to take up the service.

5.5.1.2 Economic Factors Affect Mobile Banking Adoption

Customers need to be encouraged to use mobile banking as it would have enabled them to access their funds any time they want, and it is also a cost-effective way to provide banking services to the unbanked. The bank needs to ensure that the transaction costs are lower than over the counter cost so as to convince more clients to take up the service.

5.4.3 Technological Factors Affect Mobile Banking Adoption

The study recommends that the governments needs to organize and create good plans to support the development of civilian technology innovation and also do its part to improve the economic growth and development. On issues of security the bank needs to seek ways to minimize fraud, system failures and guaranteeing the users that electronic banking services can handle their banking transactions.

5.5.2 Recommendations for Further Studies

This study looked at the factors affecting mobile banking adoption and usage at KCB. The study recommends that similar studies be undertaken in other banks so as to be able to compare the findings and make generalized conclusions. Also, there is a need to do a research to establish the impact that mobile adoption has had on the profitability of financial institutions.
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APPENDIX I: INTRODUCTION LETTER
Albertina Sachombe
P.O. BOX 14634 - 00800
Nairobi, Kenya
Email: sachombe@gmail.com
December 9th, 2016

Dear Respondent,

RE: REQUEST FOR PARTICIPATION IN RESEARCH WORK

I am a Masters student at United States International University pursuing an (MBA) with a concentration in Finance. In partial fulfilment of the requirement for the degree, I am conducting a research on “factors affecting adoption of mobile banking At KCB”

I shall be grateful if you kindly complete the enclosed questionnaire to be used to collect the data applicable to my research. Any contributions are essential for the achievement of this research. The results will be used only for academic purposes. In case of any queries during completing the enclosed questionnaire, contact me at any time via my contact furnished at the top of this letter

Thank you in advance,

Yours Sincerely,
APPENDIXII: QUESTIONNAIRE

To determine the factors affecting mobile banking adoption and usage: a case of KCB Bank Kenya

This questionnaire aids to assists in data collection for academic purpose. The research intends to give an analysis of impact of social cultural factors, economic factors and technological factors on mobile banking adoption and usage at KCB bank. All information obtained, was handled with high level of confidentiality. Do not incorporate identification or names in the questionnaire.

*Please answer every question as in outlined by using either a cross(x) or (ticking) in the option that applies.*

SECTION A: DEMOGRAPHIC FACTORS

Please tick the most appropriate answer (√)

1. Age
   - Below 25 yrs
   - 25-30yrs
   - 30-39yrs
   - 30-39yrs
2. Gender  Male  Female

3. What is your highest education level?
Certificate  Diploma  Degree  Masters  PHD

5. How long have you been a customer in this organization?
Less than 1 year  2-4 years  5-9 years  above 10 years

SECTION B: SOCIAL CULTURAL EFFECT OF MOBILE BANKING ADOPTION AND USAGE AT KCB BANK

Please indicate your opinion as per the level of disagreement or agreement with the outline statement using 1 to 5 scale guideline. 1= Strongly Agree 2- Agree, 3= Neutral, 4 =Disagree, 5= Strongly Disagree

<table>
<thead>
<tr>
<th>PERSONAL BEHAVIOR</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 I have the resources to use electronic banking services</td>
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<tr>
<td>2 I have the knowledge to use electronic banking services</td>
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<tr>
<td>3 I have the ability to use electronic banking services</td>
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<tr>
<td>4 It would take me lots of time to learn how to use electronic banking services.</td>
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<tr>
<th>GROUP INFLUENCE</th>
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<tbody>
<tr>
<td>5 I am worried to use electronic banking services because other people may be able to access my account</td>
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<td>People who are important to make think that I should use electronic banking services.</td>
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<td>7</td>
<td>People whose opinion I value think I should use electronic banking services.</td>
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<tr>
<td>8</td>
<td>People who influence my decisions think that I should use electronic banking services</td>
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**CULTURAL FACTORS**

<table>
<thead>
<tr>
<th></th>
<th>It would take me lots of time to learn how to use electronic banking services.</th>
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<tbody>
<tr>
<td>9</td>
<td>I would use electronic banking services for my banking needs.</td>
</tr>
<tr>
<td>10</td>
<td>I would use mobile banking to pay my utility bills</td>
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</table>

12. What other social cultural factors affect mobile banking adoption

**SECTION C: ECONOMIC FACTORS AFFECT MOBILE BANKING ADOPTION AND USAGE AT KCB BANK**

<table>
<thead>
<tr>
<th>COST OF MOBILE BANKING</th>
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<tbody>
<tr>
<td>When transaction error occurs, I worry that I cannot get compensating from bank.</td>
</tr>
<tr>
<td>Mobile banking could save me transaction cost</td>
</tr>
<tr>
<td>Customer usage of mobile banking is influenced by absolute prices</td>
</tr>
<tr>
<td>Customer usage of mobile banking is influenced by how a service is priced.</td>
</tr>
<tr>
<td>Mobile banking is an important aspect since the transaction costs of payments are greatly reduced when there is an electronically accessible</td>
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</table>
**FINANCIAL SERVICES OFFERED**

<table>
<thead>
<tr>
<th>Services</th>
</tr>
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<tbody>
<tr>
<td>Various initiatives use mobile phones to provide financial services to the unbanked.</td>
</tr>
<tr>
<td>M-banking is a cost effective way to provide banking services to the unbanked because there</td>
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</table>

**MONEY SUPPLY**

<table>
<thead>
<tr>
<th>Impact</th>
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<tbody>
<tr>
<td>Mobile banking affect rate of money supply in the economy</td>
</tr>
<tr>
<td>I am able to access my funds any time I want to</td>
</tr>
</tbody>
</table>

20. Are there any that economic factors affect mobile banking

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**SECTION D: TECHNOLOGICAL FACTORS AFFECT MOBILE BANKING ADOPTION AND USAGE AT KCB BANK**

**GOVERNMENT INTERVENTION**

<table>
<thead>
<tr>
<th>Intervention</th>
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<tbody>
<tr>
<td>Governments can play a key part in assisting to improve the economic growth and development of the country</td>
</tr>
<tr>
<td>governments can organize and create good plans to support the development of civilian technology innovations</td>
</tr>
<tr>
<td>Responsibility must be determined when financial losses occur in Internet transactions and losses must be borne by the bank</td>
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</table>

**SECURITY ISSUES**

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<tr>
<th>Issue</th>
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<tbody>
<tr>
<td>When transaction error occurs, I worry that I cannot get compensating from bank</td>
</tr>
<tr>
<td>When bank account incurs fraud or the hacker invades, I</td>
</tr>
<tr>
<td>would have potential loss of status in one's social group</td>
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<td>---------------------------------------------------------</td>
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</table>

**EASE OF USE**

<table>
<thead>
<tr>
<th>Electronic banking services may not perform well and process payment incorrectly.</th>
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<tbody>
<tr>
<td>I would see myself using the electronic banking services for handling my banking transactions.</td>
</tr>
</tbody>
</table>

17. What should be done to make the process better?