

MOBILE MONEY SERVICES AND FINANCIAL PERFORMANCE OF COMMERCIAL BANKS IN UGANDA, A CASE STUDY OF STANBIC BANK CITY BRANCH KAMPALA CITY

TWINAMASIKO EMMANUEL, Dr. GEOFFREY SSEBABI MUTUMBA, KIFANTA SANDAY, LULE SIMON & ERUGU ELIJAH

Lecturer Ndejje University-Faculty Administration and Management

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ABSTRACT

The main aim of this study was to examine the influence of Mobile Money Services and Financial Performance of Commercial Banks in Uganda, A Case Study of Stanbic Bank City Branch Kampala City. The objectives of the study were to; To establish the extent to which mobile banking services influences financial performance of Stanbic Bank city Branch, Kampala, To examine the influence of mobile payment services on financial performance of Stanbic Bank city Branch, To find out the relationship between mobile transfer services and financial performance of Stanbic Bank city Branch. The study adopted both descriptive, cross-sectional survey and explanatory research designs with both qualitative and quantitative methods of data collection and was carried out at Stanbic bank city branch. The study population was 52 out of which a sample of 50 respondents was selected as study sample and it was randomly and purposively selected. Questionnaires and interviews were used as data collection methods. The results of the study revealed there is moderate positive relationship between Mobile banking services and financial performance in Stanbic bank city branch Kampala city with a correlation coefficient, $p=0.347$ and $=0.05$ since $p>0.01$, there is indeed a moderate relationship between mobile payment services and financial performance with coefficient, $p=0.26$ and $r=0.05$. Since $p>0.05$ and There is indeed a strong positive relationship between mobile transfer services and financial performance with correlation coefficient, $p=0.49$ and $p=0.05$. Since $p>0.05$. The conclusion is that mobile money services have prompted Stanbic bank city branch Kampala city to change their strategies to enable them hold their grounds by lowering interest rates, reducing minimum account balance and others even adopting no account balance thus in turn reversing the profitability, liquidity and return on equity of Stanbic bank city branch Kampala city. Therefore, M-Banking and mobile phone business contribute to economic development through creating opportunities for income generation. The objectives one was achieved and the research question where answered. The researcher recommended that is about getting banking services to the unbanked population, who do not have bank access or bank accounts and those who are at the bottom of the economic pyramid, often living in remote areas. Therefore, Stanbic bank city branch Kampala city should allow customers with busy lives to conveniently do their banking services using their phones anytime.

Keywords: Mobile Money Services, Financial Performance, profitability, liquidity, return on equity, M-Banking.

1.0 INTRODUCTION

Mobile Credit Payments and transfers in the world started with money Mobile payments which were trialed for the first time in Finland and Sweden in year 1998. The first commercial payment system to mimic banks and credit cards was launched in the Philippines in 1999 and adoption of credit payment services is increasing. In the USA, 15% of all mobile phone owners made a mobile payment in 2011 and International mobile money transfers were expected to exceed \$65 billion in 2014. The growth of mobile payment and remittance ballooned in developed First World nations. However, Third World nations lack the social, transport, telephonic and financial infrastructures necessary to build personal banking. Consequently, over 50% of the world's population does not have a bank account. An estimated 2.5 billion adults lack access to basic formal financial services simply because it is economically unattractive to deploy banking infrastructure. The growth of mobile phone networks and mobile credit remittance allows Third World peoples to purchase goods and services, without the need for an extensive banking infrastructure. (Rand cliff, Dan, NOV 2010)

In Africa the idea of mobile money started in 2002 when a department for international development (DFID), funded researcher at Gamos and the common wealth Tele communications organization, found that citizens in Uganda, Botswana and Ghana were spontaneously using airtime gas approx. for money transfer. Based on this, researchers approached MCEL in Mozambique and in 2004 MCEL introduced the first authorized airtime credit swapping which was a precursor step towards M-Pesa. The idea was discussed by the commission for Africa and DFID introduced the researcher to Vodafone who had been discussing supporting micro finance and back office banking with mobile phones which gave raise of birth to the introduction of M-Pesa in Kenya in the year 2007 which became a transformative mobile phone based platform for money transfer for money transfer and financial services. In 2009 April through a series of piloting changes were made to the initial design following student software developed a project from Kenya; Safaricom launched a new mobile phone based payment and money transfer service known as M-Pesa. The service allows users to deposit money into an account stored on their cell phones, to send balances using sms technology to other users including sellers of goods and services and services to redeem deposits for regular money. Users are charged a small fee for sending and withdrawing money using the service. M-Pesa has spread quickly and by 2010 had become the most successful mobile phone based financial service in the developing world and by 2012, a stock of about 17million m-pesa accounts had been registered in Kenya. After the success story of M-Pesa in Kenya several telecoms in Africa started adopting this into their service. (www.gsma.com and mobile money for development publications).

In Uganda, A South African telecom giant MTN launched its own mobile money in 2008. The service contribute about 15% of the total revenue of MTN Uganda and as much as a fifth of the country's economic transactions are done through MTN mobile money solutions said an MTN executive, Two years later that is to say 2010 MTN again launched another mobile money service in Cameroon the service according to international regulator and most users have brought immerse benefit to Africa as a whole the benefits include convenience savings ease of use, bringing the unbanked into a virtual banking transformation of the economy Etc. (Rand cliff, Dan, NOV 2010)

1.2 Purpose of the study

The main purpose of the study was to examine the influence of mobile money services and financial performance of Stanbic Bank city Branch- Crested Towers, Kampala.

1.3 Objectives of the study

- i. To establish the extent to which mobile banking services influences financial performance of Stanbic Bank city Branch- Crested Towers, Kampala.
- ii. To examine the influence of mobile payment services on financial performance of Stanbic Bank city Branch- Crested Towers, Kampala.
- iii. To find out the relationship between mobile transfer services and financial performance of Stanbic Bank city Branch- Crested Towers, Kampala.

2.0 LITERATURE REVIEW

2.1 Mobile money services in Uganda.

Mobile money is the process of sending and receiving money, carrying out business transactions like payment of bills, checking accounts balance, money transfer payments and tracking of the export prices. The most common form of mobile money is cell phone money transfer that is a person may use the cell phone to carry out the business transaction, sending and receiving money through his phone. It requires an individual to first register agent sometimes a financial institution or an individual, (Rand Cliff, Dan, and Nov 2010). In the case of Uganda mobile money started way back in 2009 by MTN group of company, however three years down the line various service providers have also introduced mobile money for example Airtel Money for Airtel, M-sente for UTL, mobile money for MTN.

In Uganda the major player in mobile money sector is MTN mobile money transfer which has got 890000 registered members which accounts for 16% of all MTN subscribes by the time of its launch in March 2009. However, it has also witnessed a growth in its mobile money users in that by the end of 2011, the total number of users hit 200000 and this is projected to reach 3.5 million by the end of 2012. In terms of revenue turn over MTN mobile money moved close to \$195 million by the time of its launch in 2009 with transaction worth 11.8 million being carried out in the same year. MTN mobile money employs 1005 active agents with more than 2500 direct sales representatives and more than 1600 MTN mobile money service outlets which cater for approximately 60% of transfers in rural areas and some part of Urban –unbanked population. (Azuri, 2010)

2.2 Financial Performance

Firm performance is a multidimensional construct that consists of four elements (Alam et' al., 2011). Customer-focused performance, including customer satisfaction and product service performance; Financial and market performance, including revenue, profits, market position, cash-to-cash cycle time and earnings per share; human resource performance, including employee satisfaction and organization effectiveness; including time to market, level of innovation and production and supply chain flexibility: Consistent with the theoretical foundations in the capabilities and resource-based perspectives, it is argued that organizational capabilities are rent generating assets and they enable firms to era n above –normal return returns. For example, performance management capability influence various measures of firm

performance 5 by allowing business leaders to review and take corrective actions on any potential or actual slippages proactively and in a timely manner (Athanasoglou et al., 2008).

2.3 Mobile Banking service

Mobile banking is a service provided by financial institution in cooperation with phone operations. It allows customers with busy lives to conveniently do their banking using their phones any time. It is about getting banking services to the unbanked, those who do not have bank access or bank accounts and those are at bottom of the economic pyramid, often living in remote areas. They receive the benefits of banking services such as being to save and borrow in a cost efficient and secure way. The services include opening mobile money accounts viewing account balances, via a mobile device. In recent time mobile banking is most often performed via SMS or the Mobile internet but can also use special programs downloaded to the mobile device (Salzmann, Palen & Harper, 2011).

2.4 Mobile banking services influence financial performance of commercial banks

Financial institutions and mobile network service providers have been in the process of significant transformation. The force behind the transformation of these institutions is innovation in information technology. Technology is being used by business today to enhance growth and competitiveness (Anyasi & Otubu, 2009). Firms are developing new and innovative products to be able and maintain existing customers and to attract new markets. One of the most recent technology is advancement is M-banking, a platform for the delivery of financial services via the mobile phone. The convenience of mobile banking is that the banks undertake the banking ion outside of the working hours and is accessible from anywhere and indeed has become customer preference.

The term mobile banking (M-Banking, Cente mobile) is used to denote the access to banking services and facilities offered by financial institutions such as account-based savings, payment transactions other products by use of an electronic mobile device. Mobile banking has yielded a multiple effect on the number of solutions available to clients. M-banking provides the potential of increasing efficiency of payments system and expanding access to formal financial services by who presently lack it. (Tiwari and Buse (2007) refers to mobile banking as the service offered by the banks in providing and making available banking and other financial services to their customers through mobile phones and other similar devices. Mobile Banking channel is more than a decade old now. In the initial days. Mobile usage by banking and financial world was limited to the SMS or basic banking services. However the with the advancement of technology. Mobile banking channel is offering many dynamic functionalities.

Liu and Arnett in their study identified time factor as one of the prime factor that in e-banking service quality feature for the customers. Saving time is an important factor which influences the customers' preference to use M-banking, (Beer. 2006). Using mobile schemes can ensure such transactions are timely, relatively low cost, relatively free of risk, and auditable. However, the recipient will need to convert the payments into cash. In effect, the costs and risk involved in handling cash are shifted from the employer to the employee (Mas & Kumar, 2008). The banks started M-Banking with simple functions such as real time access to information about interest rates, Checking account balances and computing loan eligibility. Then the services are extended to online bill payment, transfer of funds between accounts and cash management

services for corporate organizations (Mohammed, 2009). The fundamental advantage of the banking is the transfer of the information about the money's worth to any place at any time with a mouse clicks distance (Dube et al., 2009).

Small and micro businesses are among the greatest beneficiaries of using M-money mobile payment. As at 31st March, 2009, there were 8,650 M-money agents spread throughout the country offering the mobile payments service (Annual report, 2008/2009). The micro Muiruri. Richu & Karanja Licensed under Creative Common Page 610 business operators go to the bank less often and spend more time running their businesses. Equally, many unbanked Ugandans can now receive or send money wherever they are in the country (Omwansa, 2009). Majority of the micro business operators are familiar with the use of the mobile payment services as they are easy to use and require no formal training before use.

The mobile revolution has transformed the lives of many Africans, providing not just communications but also basic financial access in the form of phone-based money transfer and storage (Jonathan & Camilo, 2008 & Demombynes & Thegeya, 2012). The high growth and penetration rates of mobile telephony that is transforming cell phones into pocket-banks in Africa is providing opportunities for countries on the continent to increase affordable and cost effective means of bringing on board a large chunk of the population that hitherto has been excluded from formal financial services for decades. Such a transformation is of interest not only to banks and Micro Financial Institutions (MFIs) but also to governments, financial regulators as well as development partners who are providing support to improve the livelihoods of Africans through poverty reduction and sustained economic growth.

Ondiege(2010), Chief Economist of the African Development Bank looks at the mobile-finance nexus from four perspectives. Firstly, the mobile phone can serve as a virtual bank card where customer and institution information can be securely stored, thereby avoiding the cost of distributing cards to customers. In fact he postulates, the subscriber identity module (SIM) card inside most (if not all) GSM phones is in itself a smartcard (similar to the virtual bank card), therefore, the banks customer's PIN and account number can be stored on this SIM card to perform the same functions as the bank virtual card. Secondly, the mobile phone may serve as a point of sale (POS) terminal. As such a mobile phone could be used to transact and communicate with the appropriate financial institution to solicit transaction authorization. These are the same functions of a POS terminal at mails, retail or other stores.

The innovative National Industrial Corporation (NIC) mobile banking platform promises a number of "firsts" within the banking industry and Information Technology fields. Through a partnership with the leading mobile service provider in the country Safaricom and Cellulant. Banks in Uganda have further taken its one life, one bank promise to your mobile phone bringing crucial financial services at your fingertips (Wahome, 2009)

Wahome (2009) additionally cites that in setting the pace of innovation within the banking industry, NIC Bank became the first bank to work directly with the Safaricom global pioneer money transfer service, M-MONEY to enable customers to debit their existing bank account and credit their M-MONEY account directly. This greatly impacted on the convenience of these financial transactions to customers. Uganda's banking history goes back to 1896 when the national Bank of India opened a branch in the East African country. The banking system in Uganda consists of 49 commercial Banks, four building societies, two mortgage finance

companies and three non-banking financial institutions. Seventy three percent of all banking is handled by 12% of the Ugandan banks. This comprises of twelve major banks (East African discusses road ahead for Ugandan banks, 2005).

3.0 RESEARCH METHODOLOGY

In order to collect as much data as possible a combination of research design used such as descriptive, Cross-sectional and explanatory research design based on the scope of the study, line research design was used in order to ascertain and be able to describe various characteristics of variable in the study. Cross-section research design was used in the study; this is because it helped to gather the data needed from the management of MNOs mobile money and perhaps over a period of days, weeks or even a month in order to answer the research questions. Explanatory research design was also used to explain the variables by associating them with the this was used because the researcher is interested in explaining why and how the les behave the way they do.

3.1 Data collection methods and instruments

3.1.1 Questionnaire

This technique helped to collect primary data through a number of questions, which was given to a cross section of respondents. The questions were close ended with the questionnaire mainly based on predetermined and standardized. They focus on the impact of mobile money on the profitability of banks.

3.1.2 Interview Guide

Structured interviews were used to collect data from MNOs mobile money agents and staff of various banks with in Kampala. This allowed face to face interaction and to solicit pertinent information from the respondent. Self-administered questionnaires were used by the researcher because they are cheap to distribute and process are more flexible and help to save time.

3.2 Data quality control

To ensure quality management of the instruments, the researcher adopted the use of validity and reliability tests of the research instruments.

3.2.1 Validity

Validity is important in determining whether the statement in the questionnaire and interview guides were relevant to the study. According to Dawson (2005), Content validity index (CVI) is highly advised in testing for the validity of any research in controlling statements in the instruments. The researcher used the following formula to establish validity of the instruments as seen below;

CVI= Agreed items by all judges as suitable

Total numbers of items being judged

Where;	C	-	Content
	V	-	Validity
	I	-	Index

The calculated content validity Index of the instruments was considered valid, as suggested by Amin (2004).

3.2.2 Reliability

The reliability of instruments to test for the same data at different times. Therefore aims at testing how reliable the research instruments are to the study (i.e. ability of instrument to stand the test of time). The researcher used Cronbach's co-efficient Alpha (α) to further test for reliability as evidence below;

Table A. Reliability statistics

Cronbach's Alpha	N of Items
0.805	45

The calculated Cronbach's co-efficient Alpha estimated at 0.805 and the instruments was considered valid, as suggested Amine (2004). Note that a reliability co efficient of 70 or higher is considered "acceptable" in most social science Research situation "rising out of the data supplied

3.3 Data processing and analysis

3.3.1 Data processing

Data processing includes coding and editing all the responses collected from the field which was edited with the view of completeness and accuracy to ensure that data is accurate and consistent. Coding was done after editing which was done manually and by the use of computer through word processing Excel.

3.3.2 Data processing and analysis

Editing: It helped in checking errors and omission in the research instruments used for collecting data in order to ensure accuracy uniformity and completeness

Coding: This helped in classifying answers to questions to bring out essential pattern, developing coding frame and answers to be used.

Tabulation: After collecting data it was presented in a tabular form and statistical methods were used thus to say percentage (%)

Checking, data was edited and spot checked during and after each interview with the correspondents, this was to ensure that information is logical, accurate and consistent.

3.3.3 Data Analysis

Data Analysis involved both quantitative and non-qualitative technique data analysis involved the use of both descriptive and inferential statistics in the statistical package for social scientists (SPSS). Descriptive statistic entailed determination of measure of central tendency, like mean, mode and median, measure of dispersion such as range variance, standard deviation, frequency distributions and percentages. Inferential statistical included correlation analysis using a correlation coefficient and regression analysis using regression coefficient. In order to answer the research question questions. Qualitative data was analyzed by editing, coding, entered and presented in comprehensive tables showing the responses of the correspondents.

4.0 RESEARCH FINDINGS

The researcher was interested in finding out whether mobile banking services affected financial performance at Stanbic bank city branch Kampala city and their arguments were based on five Linkert scale of 1+strong agree, 2+Agree, 3+Not sure, 4=Strongly disagree, 5=Disagree as shown in the table below;

Table B. Mobile banking services Descriptive Statistics

<i>Response</i>	1		2		3		4		5		Mea n	Std. Deviation
	<i>Fr eq</i>	%	<i>Fr eq</i>	%	<i>Fr eq</i>	%	<i>Fr eq</i>	%	<i>Fr eq</i>	%		
Each week I use my phone many hours for mobile money	12	26.7	28	62.2	1	2.2	3	6.7	1	2.2	1.96	.878
I have been using mobile money for a long time now	27	60.0	12	26.7	1	2.2	4	8.9	1	2.2	1.67	1.044
I have sufficient knowledge on how to operate mobile money services	18	40.0	14	31.1	4	8.9	6	13.3	3	6.7	2.16	1.278

I wish mobile money services has never been invented	5	11.1	7	15.6	2	4.4	15	33.3	16	35.6	3.67	1.398
I really like learning new mobile money services	14	31.1	22	48.9	1	2.2	8	17.8	0	0	2.07	1.031
Generally I render mobile money services than I receive	14	31.1	25	55.6	0	0	5	11.1	1	2.2	1.98	.988
I find mobile money extremely easy to use	23	51.1	17	37.8	4	8.9	1	2.2	0	0	1.62	.747
I can operate any mobile money service with much ease	19	42.2	21	46.7	2	4.4	3	6.7	0	0	1.76	.830
I do not encounter any problem to access any mobile service	16	35.6	15	33.3	2	4.4	12	26.7	0	0	2.22	1.204
My mobile money services are	16	35.6	16	35.6	8	17.8	5	11.1	0	0	2.04	.999

the most recent												
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Source: Primary data, 2024

On the statement stated as “I use my phone many times for mobile money 28(62.2%) agreed 12(26.7%) strongly agreed and the least number of the respondents strongly disagreed. This implies that most of the respondent’s often use mobile money services and therefore, it has an effect Stanbic bank city branch Kampala city. This is in line with Salzman, Palen & Harper and 2001 who asserts that in recent time mobile banking is most often performed via SMS or mobile internet and can also special programs downloaded to mobile devices. This was supported with mean value 1.9 because most of the respondents agreed to the statement and standard deviation = 0.878 implying that there is a strong effect of mobile money services on financial performance of Stanbic Bank.

On the statement that was stated as “I have been using mobile money for a long time” Most of the respondents 27(60%) strongly agreed, 12(26.7%) agreed and the least number of the respondents 1(2.2%) were not sure. This implies that mobile money services have affected the financial performance of Stanbic bank city branch Kampala city for a long period of time. This was supported by a mean score of 1.67 because most of the respondents supported the statement, standard deviation+1.044, which also implied that errors were minimal in this particular study.

On the statement that was stated as “I have sufficient knowledge on how to operate mobile money services of the respondents 18(40%) strongly agrees, 14(#1.1%) agreed, 6(13.3%) disagreed, 4(8.9%) were not sure the least number of the respondents 3(6.7%) strongly disagreed. This implies that Stanbic bank staff members are in position to provide information concerning mobile and therefore the respondents helped in determining the effect of mobile money on financial performance of Stanbic bank City branch. This was supported with a mean score=2.16 and standard deviation =1.278 because most of the respondents strongly agreed to the statement.

On the statement that was stated as “I wish mobile money services has never been invented most of the respondents 16(35.6%) strongly disagreed, 15(33.3%) disagreed, 7(15.6%) agreed and the least number of the respondents 2(4.4%) were not sure. This implies that mobile money is of great importance and its invention has helped in carrying out daily transactions. This means that some people who used to transact in banks have now adopted the use of mobile money. Thus impacting the financial performance of Stanbic bank city branch Kampala city. This is in line with Salzman, Palen & Harper, 2001 who asserts that the users of mobile money receive the benefits of banking services such as being able to save and borrow in a cost-efficient and secure way. The services include opening mobile money accounts, viewing account balances, via a mobile device. In recent time Mobile banking is most often performed via S,S or the Mobile Internet but can also use special programs downloaded = 1.398 which means that the invention of mobile money is significant.

On the statement that was stated as “I really like learning new mobile money services”, most of the respondents 22(48.9%) agreed, 14(31.1%) strongly agreed, 8(17.8%) Disagreed and the

least number of the respondents (12.2%) were not sure. This implies that people are getting interested in the use of mobile money services like money transfer and withdraws, that help in sending and receiving money to and from abroad. This has therefore affected the performance of Stanbic bank city branch Kampala city. This is in line with Zift, 2006 who asserts that Mobile communication is progressing rapidly, extending the range of possibilities that can be achieved through mobile telephony. Today the mobile phone is not just another communication device between two parties. It is now being used in business application especially with the introduction of Third Generation (3G) mobile phones which not only transmit voice and text messaging but also video streaming infotainment, multimedia messaging, location services, on line services, on line banking and financial services, online shopping and internet browsing. This resulted to a mean score= 2.07 and standard deviation = 1.031 meaning that people are interested in the use of mobile money.

On the statement that was stated that “Generally I render mobile money services than I receive”, most of the respondents 25(55.6%) agreed, 14(31.1%), 5(11.1%) Disagreed and the least number of the respondents 1(2.2%) strongly disagreed. This implies that Stanbic bank city branch Kampala city offers mobile money services to its clients than it receivers for example payment of bills, This was supported by a mean score = 1.98 because majority respondents agreed to the statement and standard deviation = 988 meaning minimal errors occurred

On the statement stated as “I can operate any mobile money service with much ease”, 21(46.7%) of the respondents agreed, 19(42.2%) strongly agreed, 3(6.7%) Disagreed and only 2(4.4%) were not sure. This also implies that mobile money services are user friendly since most of the respondents can operate them. This makes people switch to the use mobile money hence affecting the financial performance of Stanbic bank city branch Kampala city. This was supported by a mean score = 1.76 and standard deviation = 830 because most respondents a most respondents agreed to the statement which meant that errors were minimal thus mobile money service influences the financial performance of Stanbic bank city branch Kampala city.

On the statement stated as “Monet transfer schemes evolved to the next generation of electronic payments” most of the respondents 26(57.8%), 14(31.1%) strongly agreed, 4(8.9%) disagreed and only 1(2.2%) were not sure. This implied that money transfer schemes have always evolved to the next generation of electronic payments and thus mobile money services have been adopted. This is in line with Pickens (2009) who asserts that money transfer services for both domestic and international remittances are shifting from traditional providers to wireless carriers who are able to complete for consumer market share on the basis of technology ubiquity cost services. This gave a mean score = 1.98 which implied that telecom companies have made a lot of changes as far as mobile money technology is concerned and standard deviation = 1.076 meant that errors in this study were minimal.

On the statement that was stated “Money Transfer services for both domestic and international remittances are shifting from traditional providers to wireless carriers”, most of the respondents 22(48.9%) agreed, this implies that money transfer services have adopted an advanced technology for efficient operations. 11(24.4%) strongly agreed, 10(22.2%) strongly disagreed, and only 2(4.4%) disagreed giving a mean = 2.51 and standard deviation = 1.87 which also implies that errors were minimal in this particular study.

On the statement stated as “Mobile money transfer services are experiencing rapid adoption in many markets”, most of the respondents 28(62.2%) strongly agreed, 12(26.7%) agreed. This implied that mobile money transfer services are rapidly spreading all over markets. Only 5(11.1%) strongly disagreed giving a mean score = 1.71 because most of the respondents agreed and standard deviation = 1.254 because errors were minimal. This is in line with Pickens (2004), who asserts that the growth in mobile telecommunication services availability is expanding the reach of financial services wireless networks in less developed countries, creating the potential for significant growth in mobile commerce and financial inclusion.

On the statement that was stated as “The electronic transfer is always an alternative to paper based mechanism like cash and checks” most of the respondents 17(37.8%) strongly agreed, 12(26.7%) strongly disagreed, 10(22.2%) agreed, which means that at on average like cash and cheques 5(11.1%) were not sure and only 1(2.2%) disagreed. This gave a mean score = 2.58 because most of the respondents agreed and deviation = 1.644, which meant that errors were minimal.

On the statement that was stated as “The growth in mobile telecommunication service availability is expanding the reach of financial services across wireless networks” most of the respondents 23(51.1%) strongly, 15(33.3%), 6(13.3%) strongly disagreed and only 1(2.2%) were not sure. This implied that mobile telecommunication service availability is expanding the reach of financial services across wireless networks and thus mobile money services are being adopted causing effects on financial performance of Stanbic bank city branch Kampala city. This was supported by a mean score = 1.91 because most respondents strongly agreed and standard deviation = 1.328, meaning minimal errors occurred.

On the statement that was stated “It has created the potential for significant growth in mobile commerce and financial inclusion”, most of the respondents 30(66.7%) strongly agreed, 12(26.7%) agreed, 2(4.4%) were not sure and only 1(2.2%) disagreed. This implied that mobile money services have created the potential for significant growth in mobile commerce. This is in line with Black, Lockett, Ennew, Winklhofer & McKechine, 2005 who assert that mobile phones have come to represent a new era of secure electronic mobile commerce. This was supported with a mean score = 1.42 because majority of the respondents strongly agreed and standard deviation = 690 implying minimal errors occurred.

On the statement that was stated “Money transfer services have contributed to expanded financial inclusion” most of the respondents 25(55.6%) strongly agreed, 13(28.9%) agreed, 4(8.9%) were not sure, 2(4.4%) disagreed and only 1(2.2%) strongly disagreed. This implies that money transfer services have expanded financial inclusion thus mobile money services have been adopted by many users. This gave a mean score = 1.68 and standard deviation = 973.

On the statement that was stated as “Money transfer services have extended even more financial service to unbanked people throughout the world”, 30(66.7%) of the respondents strongly agreed, 8(17.8%) were not sure and none of the respondents disagreed. This implies that money transfer services have extended more financial services to unbanked people throughout the world and there people can have their money kept without banking it in banks. This gave a mean score = 1.51 because majority of the respondents strongly agreed to the statement and standard deviation = 787, implying minimal errors occurred.

4.1 Empirical findings on correlation and regression results

In order for the researcher to determine the influence of mobile banking services o financial performance of Stanbic bank city branch Kampala city bivariate and simple regression analysis was computed basing on Pearson’s correlation, coefficients and simple regression.

Table C. Pearson correlation on mobile banking services and financial performance

	Mobile banking services	Financial Performance
Mobile banking service	1	.3476
Sig. (2-tailed)	45	.019
N		45
Financial performance	.347	1
Pearson Correlation	.019	45
Sig. (2-tailed)	45	
N		

Correlation is significant at the 0.05 level (2-tailed)

Table 4.10 above shows that there is moderate positive relationship between Mobile banking services and financial performance in Stanbic bank city branch Kampala city with a correlation coefficient, $p=0.347$ and $=0.05$ since $p>0.01$, it implies that an increase in mobile banking services does affect an increase in financial performance with in Stanbic bank city branch Kampala city.

Table D. Regression table analysis Variables Entered/Removed

Model	Variables	Variables Removed	Method
1	Mobile Banking		Enter

- a. All requested variables entered.
- b. Dependent variable: Financial Performance.

Table E. Model summary on mobile banking services on financial performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.347 ^a	.121	.100	.961

- a. Predictors : Making Banking services
- b. Predicted: Financial performance

Table 4.9 above shows that there is moderate positive relationship between Mobile banking services and financial performance in Stanbic bank city branch Kampala city with a correlation $r=0.05$ and $p=0.35$. Since $p>0.05$, It implies that an increase in mobile banking services does affect an increase in financial performance with in Stanbic bank city branch Kampala city.

For this case adjusted R square of 0.100 indicates that mobile banking services contributes 10% influences on financial performance this means that 90% of the financial performance in the bank is influenced by other factor other than financial performance in the bank is influenced by other factors would include; change in technology, company policies and government policies.

5.0 RECOMMENDATIONS OF THE FINDINGS

5.1 Mobile banking services and financial performance

According to the study findings, it was indicated that they always use internal –based performance measured by Return on Assets (ROA) 62.2% while other respondents revealed by 55.6% who mentioned that they always mitigated risk exposure to achieve profits in our bank. Therefore, the study showed that there was moderate positive relationship between Mobile banking services and financial performance in Stanbic bank city branch Kampala city with a correlation coefficient, $r=0.02$ and $p=0.35$. $0.02>0.05$, it implies that an increase in mobile banking services does affect an increase in financial performance with Stanbic bank city branch Kampala city.

The researcher recommended that is about getting banking services to the unbanked population, who do not have bank access or bank accounts and those who are at the bottom of the economic pyramid, often living in remote areas. Therefore, Stanbic bank city branch Kampala city should allow customers with busy lives to conveniently do their banking services using their phones anytime.

The researcher recommended that Banks should adopt business especially with the introduction of mobile phones which not only transit voice and text message but also video streaming infotainment, location services, on line payment and financial services online shopping and internet browsing.

The researcher recommended that Stanbic bank city branch Kampala city should adopt mobile-enabled person to person payment or mobile money transfer services to experience rapid adoption in many markets, in response to steady growth in remittances, the world ubiquity of cell phones and the need for an electronic P2P transfer alternative to paper-based mechanism like cash and checks.

6.0 CONCLUSIONS

6.1 The effect of mobile banking services on financial performance

The conclusion is that mobile money services have prompted Stanbic bank city branch Kampala city to change their strategies to enable them hold their grounds by lowering interest rates, reducing minimum account balance and others even adopting no account balance thus in

turn reversing the profitability, liquidity and return on equity of Stanbic bank city branch Kampala city. Therefore, M-Banking and mobile phone business contribute to economic development through creating opportunities for income generation. The objectives one was achieved and the research question where answered.

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