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Effect of Selected Firm-Level Characteristics on Financial Performance of Commercial Banks in Nakuru Town, Kenya

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Abstract— **The performance of commercial banks in Kenya has been hindered by various internal and external factors. The fact that commercial banks have been facing challenges in respect of their financial performance necessitated the carrying out of this study. The general objective was to determine the influence of selected firm-level characteristics on financial performance of commercial banks in Kenya. In particular, the study examined the influence of the bank size, business scope on the financial performance of the commercial banks in Nakuru town. The study was guided by theory of firm scope and agency theory. A descriptive research design was adopted. The study used quantitative research approach. The target population included all the finance, accounts and the management staff working with the 28commercial banks in Nakuru. The 121finance, accounts and management staff working with the commercial banks in Nakuru town constituted the study population. A sample of 58 respondents was obtained using stratified random sampling technique. A structured questionnaire was employed to facilitate data collection. The collected data was analyzed by using both descriptive and inferential statistics with the aid of the Statistical Package for Social Sciences programme. Descriptive statistics encapsulated measures of distribution, measures of central tendencies, and measures of dispersion. The inferential statistics was employed Pearson's correlation coefficient and multiple regressions. The results of the analyses were presented in form of tables. The study observed and adhered to the necessary ethics over the entire duration of the study. From the results the study established that there exists a strong positive and significant relationship between bank size and financial performance of commercial banks in Nakuru town. In addition the findings indicated that there exists a strong, positive and significant relationship between business scope and financial performance of commercial banks in Nakuru town. From the findings the researcher recommends that banks should subscribe to reliable internet providers for effective and efficient service delivery. The study further recommends that customers should be enlightened on the operation of agency banking in order to enhance their confidentiality. The researcher suggested that further studies should be conducted on business process re-engineering on financial performance of other financial institutions.**

Index Terms— **Bank size, business scope, financial performance.**

I. INTRODUCTION

Firm-level characteristics are firm-specific because they are traits that characterize a given entity. The characteristics are micro in nature and are as such within the scope of individual firms. According to Agyei-Mensah (2012) the firm-level characteristics include the size of the firm, debt-equity ratio, liquidity, and profitability. Other renowned characteristics are business scope, managerial characteristics, and tangibility of the firm. According to Asien (2016), firm-level attributes encapsulates age of the firm, profitability, sales revenue, size of the firm, and also cash flow from operating activities. Commercial banks have expanded and diversified their business scope. Many other have moved from conventional brick-and-mortar institutions and have now embraced technology which encapsulates both internet and mobile banking. Business scope, however, is within the confines of the banking regulations as spelt out by the central or reserve banks (Wang, 2017).

The China Bank Regulatory Commission (CBRC) approves the business scope of banking institutions and their subsidiaries in the country. In addition, and in respect of managerial characteristics, the CBRC examines the requisite qualifications of senior managers of all banking institutions in China (CBRC, 2017). The aspect of bank business diversification is quite eminent in China. According to Wang (2017) most Chinese scholars have examined the impact of revenue diversification on the risk-taking and the performance of commercial banks in the country. In the United States, the market share of the 10 largest banks increased from about 25% in 1990 to over 60% in a period of two decades (McCord & Prescott, 2014). However, in the country, banks are dissuaded from increasing their size. These hedges on the reasoning that failure of a big bank is likely to destabilize the entire financial system. In this regard, there has been fervent debate to have in place regulations to stop banks from getting bigger (Stern & Feldman, 2004). Some of the policies that have been fronted include projects to affect direct caps on bank size and also higher capital requirements for big banking institutions (Johnson, 2016)

There are various characteristics at the firm-level associated with the banking sector in Africa. In Nigeria, it is postulated that among the listed commercial banks, the foregoing characteristics include the age and size of the bank, profit after tax, sales revenue, and cash flow from operating activities (Asien, 2016). The banks in this country are further posited to possess unique characteristics that endear them to their present and prospective customers. In Ghana, Gatsi and Gadzo (2013) noted that firm-level characteristics comprised leverage, tangibility, liquidity, risk and premium growth. According to Teimet, Ochieng and Aywa (2012), commercial banks in Kenya have been obliged by the stiff competition in the banking sector to diversify their sources of income. This is hinged on the fact that profitability, which is one parameter of financial performance, largely depend on the net income

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generating activities and expenses stemming from associated activities. In the same light, commercial banks have embraced product diversification as part of the strategies to wither off competition locally and regionally. This diversification involves such aspects as technology, information flow, new markets, and innovativeness (Otieno&Moronge, 2014). It is asserted that technology, information flow, new markets and innovativeness positively impact on financial performance of local commercial banks.

Performance of commercial banks can be measured using various parameters which include profitability, loan performance, assets quality, liquidity, mortgage performance, and deposits among other indicators. The performance of the local banking sector has been posting relatively mixed indications. Some performance parameters have returned positive results. According to the CBK, in year 2015, total net assets increased by 9.2% to Ksh 3.5 trillion (CBK, 2015). This was attributed to increased loans and advances extended by commercial banks. Gross loans increased by 11.57% which resulted from increased demand for credit by different sectors in the Kenya's economy. Over the same period of time, deposits rose by 8.73% to Ksh 2.49 trillion which was occasioned by enhanced deposits mobilization in response to rivalry from mobile money transfer firms. Average liquidity increased by 0.6% to 38.3%. Liquidity rose further by a margin of 2.2% to 40.3% (CBK, 2016).

A. problem Statement

The performance of commercial banks in Kenya has been hampered by various factors; both internal and external. It is exemplified that the non-performing loans (NPLs) increased in 2015 compared to the preceding year. The banking sector registered declined financial performance in 2015 where, the sector recorded a 5.03% decrease in profit-before-tax from Ksh 141.1 billion in December 2014 down to Ksh 134.0 billion in December 2015. The decline in profitability was attributed to expenses rising with a higher margin than income. For instance, when the expenses increased with a margin of 16.3%, income increased with a much lower margin of 9.1% over the aforestated period of time (CBK, 2015).According to the foregoing statistics, it is clear that commercial banks have been facing challenges in respect of their financial performance. The banking sector plays a leading role in the social-economic growth and development of every nation. This implies that the ramifications of poor performance of the sector are far-reaching. Given that external or macro factors are beyond the scope of individual banks, it is imperative to examine how various organizational (firm-level) characteristics influence the financial performance of commercial banks in Kenya. Various scholars have focused on the subject of financial performance of the banking sector in Kenya. However, there is very scanty empirical evidence linking firm-level characteristics to the said performance in the banking sector in Kenya. In this regard, therefore, the present study with a special focus on commercial banks in Nakuru town is necessitated. This study therefore is intended to assess examine the influence of bank size and business scope on financial performance of commercial banks in Nakuru town, Kenya. As such, therefore, the research hypotheses were;

H_{01}: There is no statistically significant influence of bank size on financial performance of commercial banks in Nakuru town, Kenya.

H_{02}: There is no statistically significant influence of business scope on financial performance of commercial banks in Nakuru town, Kenya.

II. LITERATURE REVIEW

The paper was based on the theory of firm scope and agency theory. The theory of firm scope was developed by Hart and Holmstrom (2008). The theory states that employees care about the size or scope of their firm. The foregoing could be one of the reasons why smaller firms pay their staff less remuneration when juxtaposed against larger firms (Schoar, 2002). In line with this theory, it is asserted that it may be efficient for a company to have narrow scope (Shleifer& Summers, 1988). In respect of commercial banks, the top management and directors of respective banks are mandated with determining the business scope of each bank. However, the input of the employees may be vital since they interact with customers frequently hence are more able to identify customer needs on which the business scope should be determined. Agency theory was developed by Jensen and Meckling (1976) to describe the relationship between one or more parties, known as the principal, that engages another party, known as the agent to perform some services on behalf of the principal. The theory addresses the problem of managers building empires for themselves and neglecting the interests of shareholders. This agency problem can be resolved by use of incentives between the principal and the agent and monitoring of the agents (Eisenhardt, 1989). The agency theory is important to banks because it helps in measuring managerial performance. This is usually done through implementation of efficient managerial incentives to ensure that managers conduct business while considering the interests of the bank shareholders.

B. Effects of bank size and financial performance

An empirical study conducted by Aladwan (2015) investigated the impact of bank size on profitability for Jordanian commercial banks. Data was obtained from the Amman stock exchange annual reports for the period between 2007 and 2012. The size of the bank was measured in terms of asset size, in respect to their total assets while profitability was measured by Return on Equity (ROE). The study revealed that bank size has a significant influence on the financial performance of the banks. The results of the study indicated that as the asset size decreases, the profitability of the banks increases. The study, while citing Halkos and Salamouris (2004), noted that an increase in bank assets leads to an increase in efficiency.

A study conducted by Kiragu, Gikiri and Iminza (2015) analyzed the effect of bank size on occupational fraud in commercial banks in Kenya. The study adopted multi stage sampling technique to draw a sample of 30 banks consisting of 258 respondents. The findings of the study revealed that there exists a negative significant correlation between bank size and occupational fraud risk in banks. This was attributed to the fact that large banks have put in place stronger anti-fraud controls and have invested in modern technology in comparison to small banks. In addition, the study noted that large banks have the capacity to recruit experienced staff and agencies who contribute to prevention of occupational fraud.

Another study conducted by Njoroge (2016) investigated the factors affecting profitability of commercial banks in Kenya. The study employed a descriptive research design and obtained secondary data from the financial statements of 43 banks for the period between 2011 and 2015. According to the study, the average size of commercial banks has increased tremendously over the period aforementioned. The results of the study indicated that both bank size and operational efficiency have a negative but insignificant effect on the profitability of banks. While citing Sehrish, Irshad and Khalid (2011), the study noted that bank size affects the profitability of banks such that large banks perform well compared to small banks since they have the advantage of economies of scale in their transactions, leading to high profits.

C. Effects ofBusiness Scope on Financial Performance

A study conducted by Nyangosi, Nyangau, Nyariki and Nyangau (2014) investigated the adoption and usage of internet and mobile banking in India. The study adopted a survey approach and data was collected using questionnaires from 250 respondents. The study noted that banks are now to able to reach large masses since the number of mobile phone subscribers is large. This in turn has enabled them to increase their scope since they are able to serve customers both in urban and rural and remote areas. Moreover, the study noted that the internet and mobile technologies have enabled breaking of boundaries and time hurdles even in the financial industry. The study revealed that mobile banking adoption is on the rise since customers are able to access banking services around the clock. The study recommended that banks should adopt advanced services so as to reach more masses and increase the number of services they offer through mobile banking.

A study conducted by IMF (2015) investigated the benefits and challenges of pan-African banks' expansion across African countries. The study noted that there has been rapid expansion of pan- African banks over the years with seven major banks have operational presence in 10 African banks, enabling them to offer services across countries. According to the study, this expansion has resulted in financial inclusion and deepening, improved competition and greater economies of scale. However, the study noted that lack of regulatory oversight and supervision is a major challenge, although progress has been made on cross-border supervision through cooperation.

In Kenya, Karanja (2013) analyzed the relationship between mortgage financing and the profitability of commercial banks. The study employed a descriptive research design and adopted a census survey of all the 44 commercial banks in Kenya. Questionnaires were used to obtain primary data while secondary data was obtained from annual bank reports. The study noted that mortgage financing over the past years has been an engagement reserved for mortgage financing companies, but banks have now taken mortgage financing as an aspect of their loan portfolios, hence increasing their business scope. The findings of the study revealed that mortgage financing has a positive impact on the profitability of commercial banks. Based on these findings, the study recommended that banks should put more focus on mortgage financing so as to increase their profitability.

III. METHODOLOGY

The paper adopted descriptive research design. In respect of this paper, the target population included the management staff working with 28 commercial banks in Nakuru. In this regard, the 121 management staffs working with the commercial banks in Nakuru town constituted the study population. Nassiuma's (2000) formula was adopted to get a sample size of 58 management staff. Stratified random sampling technique was adopted to get the sample size of each category of the management team. Structured questionnaire was employed to facilitate data collection. Both descriptive and inferential analysis was used with the aid of the Statistical Package for Social Sciences (SPSS). The inferential statistics employed Pearson's correlation coefficient and multiple regressions. The results of the foregoing analyses were presented in form of tables and was interpreted and discussed in tandem with the study objectives.

IV. RESULTS

Response Rate

The initial sample size for the study was 58. After issuance of the questionnaires, 55 was dully filled and collected. This gave a response rate of 94% which was seen to be adequate to provide sufficient study data.

Table 4.1: Duration the banks have been operating in Kenya

Years	Frequency	Percentage
Less than 5 Years	0	0
5-10 Years	5	9
11-15 Years	6	11
More than 15 Years	44	80
Total	55	100

From the 2% of the respondents stated that the bank have been operating in Nakuru for less than 3 years, 7% of the respondents stated that the bank have been operating in Nakuru for 3-5 years, 9% of the respondents stated that the bank have been operating in Nakuru for 6-10 years, while 82% of the respondents stated that the bank have been operating in Nakuru for more than 10 years. This implies that majority of the banks have been operating in Nakuru for more than 10 Years

Table 4.2: Bank size

Statements on bank size	SA (%)	A (%)	N (%)	D (%)	SD (%)	χ2	ρ
Our banks has vast assets.	(40)	(38)	(11)	(9)	(2)	26.45	0.00
Commercial banks in Nakuru town employ a large workforce.	(32)	(27)	(25)	(9)	(7)	11.23	0.02
Commercial banks in Nakuru town have diversified their assets.	(25)	(32)	(9)	(18)	(16)	6.68	0.15
Our bank has expanded its size in terms of branches.	(30)	(32)	(25)	(9)	(5)	13.50	0.001
Our bank has a large customer base.	(30)	(41)	(21)	(9)	(0)	9.64	0.022
Our bank has ATM outlets in every major urban area in Kenya.	(27)	(36)	(19)	(16)	(2)	14.41	0. 001

Key: SD=Strongly Disagree; D=Disagree; N=Neutral; SA=Strongly Agree; A=Agree; and %=Percentages

The findings showed that 40% of the respondents strongly agreed and 38% agreed that commercial banks have vast assets. On the contrary, 9% disagreed while 2% strongly disagreed. A few 11% was not decided in this opinion. This implies that commercial banks have vast assets. Chi-Square analysis showed $\chi 2 = 26.45$, $p = 0.00$ meaning the influence of bank size on the financial performance of commercial was statistically significant. As to whether the commercial banks in Nakuru town employ a large workforce, 32% of the respondents strongly agreed while 27% agreed. On the contrary, 9% disagreed, and 7% strongly disagreed. This implies that the proportion of respondents who were in agreement were more compared to those in disagreement, thus commercial banks in Nakuru town employ a large workforce. Chi-Square analysis showed $\chi 2 = 11.23$, $p = 0.021$ meaning the influence of bank size on the financial performance of commercial was statistically significant.

The study further asked the respondents to indicate whether commercial banks in Nakuru town have diversified their assets. According to the findings, 25% strongly agreed while 32% agreed. On the other hand, 18% disagreed and 16% strongly disagreed; meaning that the proportion of respondents who were in agreement was high compared to those in disagreement. This therefore implies that commercial banks in Nakuru town have diversified their assets. Further, Chi-Square test revealed that that the effect was significant since $\chi 2 = 6.68$ $p = 0.15$. Regarding whether banks has expanded their size in terms of branches by around 30% of the respondents strongly agreed while 32% agreed. On the other hand, 9% disagreed, and 5% strongly disagreed. This infers that bank has expanded its size in terms of branches. Chi-Square of $\chi 2 = 13.50$ $p = 0.001$. Regarding whether bank has a large customer base, 30% of the respondents strongly agreed, 41% agreed. Those who disagreed were 9% . This implies that bank has a large customer base Chi-Square of $\chi 2 = 9.64$, $p = 0.022$. Concerning whether bank has ATM outlets in every major urban area in Kenya 27% of the respondents strongly agreed while 36% agreed. On the other hand, 16% disagreed, and 2% strongly disagreed. This infers that bank has ATM outlets in every major urban area in Kenya. Chi-Square of $\chi 2 = 14.41$, $p = 0.001$. The findings are congruent to those of Halkos and Salamouris (2004) who found out that an increase in bank assets leads to an increase in efficiency. Fraker (2006), noted that there is a significant relationship between the size of the banks and productivity since there are additional funds to offer as loans, increasing the earning levels. The findings further agree with an empirical study by Kana (2017) who found out that bank size has a strong positive relationship with profitability.

Table 4.3: Business Scope

Statements on business scope	SA (%)	A (%)	N (%)	D (%)	SD (%)	χ2	ρ
Our bank has expanded its loan portfolios.	48)	(24)	(21)	(7)	(0)	15.27	0.002
Our bank offers mortgage financing.	(26)	(40)	(7)	(22)	(5)	14.64	0.006
Most commercial banks in Kenya have started extending insurance services.	(11)	(40)	(18)	(26)	(5)	11.23	0.021
Our bank has adopted mobile banking.	(23)	(65)	(6)	(4)	(2)	13.12	0.01
Our bank has adopted agency banking.	(26)	(31)	(9)	(7)	(27)	14.32	0.002
Our bank offers services through internet banking.	(26)	(19)	(11)	(27)	(17)	8.046	0.090
Our bank has opened subsidiaries in other countries.	(32)	(30)	(24)	(9)	(5)	13.50	0.00
Our bank has entered into strategic alliances with other firms in order to expand its business scope.	(31)	(42)	(20)	(7)	(0)	9.64	0.022

Key: SD=Strongly Disagree; D=Disagree; N=Neutral; SA=Strongly Agree; A=Agree; and %=Percentages

showed that 48% of the respondents strongly agreed that commercial banks have expanded their loan portfolios and 24% agreed. On the contrary, 7% disagreed while none of the respondents strongly disagreed. A few 21% were neutral in this opinion. This implies that commercial banks have expanded their loan portfolios. Chi-Square analysis showed $\chi 2$ =15.27, p = 0.002. As to whether bank offers mortgage financing, 26% of the respondents strongly agreed, 40% agreed. On the contrary, 22% disagreed while 5% strongly disagreed. A few 7% were neutral in this opinion This implies that the proportion of respondents who were in agreement were more compared to those in disagreement, thus bank offers mortgage financing. Chi-Square analysis showed $\chi 2$ = 14.64, p = 0.006.

The study further asked the respondents to indicate whether most commercial banks in Kenya have started extending insurance services. According to the findings, 11% strongly agreed while 40% agreed. On the other hand, 26% disagreed and 5% strongly disagreed. A few 18% were neutral in this opinion meaning that the proportion of respondents who were in agreement was high compared to those in disagreement. This therefore implies that commercial banks in Kenya have started extending insurance services. Further, Chi-Square test revealed that that the effect was significant since $\chi 2$ = 11.23, p = 0.021.

Regarding whether bank has adopted mobile banking 23% of the respondents strongly agreed that their bank has adopted mobile banking while 65% agreed. On the other hand, 4% disagreed, and 2% strongly disagreed. A few 6% were neutral in this opinion This infers that bank has adopted mobile banking. Chi-Square of $\chi 2$ = 13.12 p = 0.01. Regarding whether bank has adopted agency banking, 26% of the respondents strongly agreed, 31% disagreed. Those who disagreed were 7% while those who strongly disagreed were 27% This implies that bank has adopted agency banking Chi-Square of $\chi 2$ = 9.64, p = 0.022.

Concerning whether bank offers services through internet banking 26% of the respondents strongly agreed while 19% agreed. On the other hand, 27% disagreed while 17% strongly disagree. A few 11% were neutral in this opinion. This infers that bank offers services through internet banking. Chi-Square of $\chi 2$ = 8.046, p = 0.09. Regarding whether bank has opened subsidiaries in other countries 32% of the respondents strongly agreed while 30% agreed. On the other hand, 9% disagreed, 5% strongly disagree. A few 24% were neutral in this opinion. this infers that bank has opened subsidiaries in other countries. Chi-Square of $\chi 2$ = 13.50, p = 0.00.

In addition 31% of the respondents strongly agreed that bank has entered into strategic alliances with other firms in order to expand its business scope while 42% agreed. On the other hand, 7% disagreed while 20% were neutral in this opinion. This infers that bank has entered into strategic alliances with other firms in order to expand its business scope. Chi-Square of $\chi 2$ = 9.64 p = 0.022. The study agree with Nyangosi, Nyangau, Nyariki and Nyangau (2014) who found out that mobile banking adoption is on the rise since customers are able to access banking services around the clock. The study further agrees with Karanja (2013) who revealed that mortgage financing has a positive impact on the profitability of commercial banks.

Table 4.4: Financial Performance

Statements	SA (%)	A (%)	N (%)	D (%)	SD (%)	$\chi 2$	ρ
Commercial banks are presently recording declining income from interest charged on loans	(47)	(32)	(15)	(4)	(2)	14.12	0.056
The return on assets for banks is on upward trajectory.	(27)	(35)	(18)	(16)	(4)	14.41	0.006
Local banks have posted low profits compared to previous years.	(27)	(23)	(32)	(16)	(2)	11.68	0.020
Local banks enjoy increased return on investment.	(32)	(21)	(20)	(9)	(18)	5.77	0.217
Our bank is presently posting increased return on equity.	(29)	(35)	(7)	(27)	(2)	16.22	0.04
Commercial banks have recorded increased deposits in the last financial year.	(35)	(46)	(11)	(5)	(3)	11.77	0.06
Commercial banks have reduced the amount of loans they extend to their customers.	(45)	(35)	(12)	(5)	(3)	14.64	0.006
Our bank has recorded improved liquidity in the past financial year.	(44)	(36)	(11)	(5)	(4)	13.12	0.01

The findings showed that 47% of the respondents strongly agreed that commercial banks are presently recording declining income from interest charged on loans and 32% agreed. On the other hand, 4% disagreed while 2% of the respondents strongly disagreed. This implies that commercial banks are presently recording declining income from interest charged on loans. Chi-Square analysis showed $\chi 2$ =14.12, p = 0.056. As to whether the return on assets for banks is on upward trajectory, 27% of the respondents strongly agreed while 35% agreed. On the contrary 20% disagreed. This implies that the return on assets for banks is on upward trajectory. Chi-Square analysis showed $\chi 2$ = 14.41, p = 0.006. The study further asked the respondents to indicate whether the local banks have posted low profits compared to previous years. According to the findings, 27% strongly agreed while 23% agreed. On the other hand, 18% disagreed; meaning that the proportion of respondents who were in agreement was high compared to those in disagreement. This therefore implies that local banks have posted low profits compared to previous years. Further, Chi-Square test revealed that that the effect was significant since $\chi 2$ = 11.68, p = 0.020.

Regarding whether local banks enjoy increased return on investment 32% of the respondents strongly agreed while

21% agreed. On the other hand, 27% disagreed. This infers that lLocal banks enjoy increased return on investment. Chi-Square of $\chi 2 = 5.77$ $p = 0.217$. Regarding whether bank is presently posting increased return on equity 29% of the respondents strongly agreed, 35% agreed while 27% of the respondents disagreed and 2% of the respondents strongly disagreed This implies that bank is presently posting increased return on equity Chi-Square of $\chi 2 = 16.22$, $p = 0.04$. Concerning whether commercial banks have recorded increased deposits in the last financial year 35% of the respondents strongly agreed while 46% agreed. On the other hand, 8% disagreed; this infers that commercial banks have recorded increased deposits in the last financial year. Chi-Square of $\chi 2 = 11.77$, $p = 0.06$.From the findings 45% of the respondents strongly agree that commercial banks have reduced the amount of loans they extend to their customers, 35% of the respondents agreed, 5% disagreed while 3% strongly disagreed. This implies that commercial banks have reduced the amount of loans they extend to their customers. Chi-Square of $\chi 2 = 14.64$, $p = 0.006$.Finally 44% of the respondents strongly agreed that bank has recorded improved liquidity in the past financial year while 36% agreed. On the other hand, 5% of the respondents disagreed while 4% of the respondents strongly disagreed. This infers that bank has recorded improved liquidity in the past financial year. Chi-Square of $\chi 2 = 13.12$ $p = 0.01$.

V. CONCLUSION & RECOMMENDATION

From the findings the researcher concluded that bank has expanded its size in terms of branches. It was also noted that bank has a large customer base. Majority of bank has ATM outlets in every major urban area in Kenya. Regarding business scope the researcher concluded that bank has adopted mobile banking. Very few banks have adopted agency banking. Majority of bank offers services through internet banking. Majority of banks have opened subsidiaries in other countries. Majority of banks have entered into strategic alliances with other firms in order to expand its business scope. The use of recent financial systems such as mobile banking help commercial banks enable customers to access banking services around the clock.

From the findings the researcher recommended that bank should subscribe to reliable internet providers for effective and efficient service delivery. The study also recommends that the bank managers should emphasize on training their clients on use of internet banking via advertisements as this will make ease on communication. Commercial banks also need to emphasize the use of internet banking as this will enhance banks growth and customers saving on much time which they could have wasted on queues to be attended the traditional way. Banks should embark on educating and creating awareness among their customers on the benefits if electronic banking and the charges involved. The researcher suggested that further studies should be conducted on business process re-engineering on financial performance of other financial institutions.

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