Effect of Internet Banking on Corporate Performance of D-T Saccos in Nairobi County

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Abstract

Purpose: The purpose of this study was to establish the effect of internet banking on corporate performance of D-T SACCOs in Nairobi County.

Methodology: This study adopted descriptive research design. The target population was the 44-deposit taking SACCOs licensed by SASRA. The specific respondents were the IT managers in the deposit taking SACCOs in Nairobi County and a census was taken for all the deposit taking SACCOs. The sample was therefore 44 respondents. Primary data was collected using structured, close-ended questionnaires while secondary data was collected from SASRA reports on performance of deposit taking SACCOs. Prior to conducting the actual data collection, the study conducted a pilot test in order to establish the validity and reliability of data collection instruments. The quantitative data was analyzed by descriptive statistics and inferential statistics using Statistical Package for Social Sciences (SPSS version 20). Descriptive statistics included the mean, percentage and standard deviation while inferential analysis included correlation and multiple linear regression. Data was then presented in tables, charts and graphs.

Results: The study findings revealed that the effect of internet banking on corporate performance was positive and significant.

Unique contribution to theory, practice and policy: The SACCOs were recommended to formulate policies that will enable them to adopt new technology in a timely manner. This will enable them to be a step ahead of their competitors and thus improve their corporate performance. SACCOs were also recommended to initiate and maintain a continuous package of SACCO staff and top management who are competent in IT skills. This could be achieved through having a well-established human resource department which constantly reetrains staff with an aim of equipping them with relevant skills.

1.0 Introduction

According to world credit union (WOCCU), (2018), savings and credit cooperatives (SACCOs) play a role in providing services to members which includes financial inclusion, financial literacy, financial sustainability and helps members in maximizing member economic benefit. Through use of information, communication and technology (ICT) WOCCU was able to improve loan administration and monitoring. The lending tool kit was developed to help in promoting efficiency when doing transactions in the credit unions.
According to African Confederations of Cooperatives Savings and Credit Association (ACCOSCA) (2018), in Africa, there has been the challenge of growing SACCOs as a strong tool to meet societal social and economic needs. Basic mandate of SACCOs is to mobilize savings and deposits, provide diversified financial products and services, maximize return saving to stakeholders, act as vehicles for investments and partner for wealth creation. Some of the challenges faced by SACCOs are technological innovations, interest rate fluctuation, poor saving culture as well as utilization of loans, low patronage for society products and services and unfair competition from other financial players. Ndunga, Njati and Rukangu (2016) propound that the introduction of online banking services in the financial institutions has forced financial institutions to adopt innovative measures to respond to internal and external opportunities available that have an immense impact on their performance. Financial institutions need to employ modern technological innovation since it contributes to the growth and development of firms. Dangolani (2011) contend that advancement of technology is a necessity of the current era. Businesses need to adopt and embrace new technologies for them to provide excellent services. Banks need to spend more on information technology and apply more technology to improve its operations. Technology has become a critical business resource since its absence would result in poor decision and ultimately business failure. It has helped to open new markets, new products, new services and efficient delivery channels for the banking industry through online electronic banking, mobile banking and internet banking. Technology has provided banks with wherewithal to deal with challenges the new economy poses. He further suggests that banks in India need to spend more on information technology since it’s a critical business resource and its absence will result in poor decisions and ultimately business failure. Cooperatives are autonomous association of persons united voluntarily to meet their social, economic and cultural aspirations through a jointly owned and democratically controlled enterprise. SACCOs are types of cooperatives and the first cooperative was formed in 1844 by a group of twenty-eight artisans in a town called Rochdale in England. Some of the principles that they applied were democracy and equal distribution of profits. They also cultivated the value of openness, honesty and respect of which some of these values have been incorporated to the modern-day cooperative (ICA, 1995). Atsiaya (2016) points out that savings and credit cooperative are operating in a dynamic business environment. Trends in the financial sector have been evolving globally and this is the environment within which SACCOs operate in. The technological changes have had a great influence on the way activities are being conducted in SACCOs. Transactional self-service has now become a norm through mobile and online banking which have become avenues of personal banking. Automated teller function and new marketing strategies have also evolved and this has given the customers new experience in the industry and has promoted digital experience at the expense of cash. Altman (2009) contends that cooperatives have significantly evolved and have
contributed to growth of economy and societies throughout the world. Benefits associated with being a member includes; share of surplus, helps in improving the living standards of members, quality products and better access to credit. There are various types of cooperatives which includes workers cooperative, consumer cooperative, multi stakeholder cooperative, marketing cooperative and credit union which is a type of consumer cooperative that specializes in money market. Cooperatives have been forced to embrace change in terms of organization and market as a result of dynamism in the environment.

Unlike the banking sector, SACCOs in Africa have continued to grow with little technological intervention, but the sector is now ripe for technological driven efficiencies and innovation to digitally transform and deploy technologies to meet the changing customer demands as well as to transform the customer experience. Traditionally SACCOs have been the places where we throw lose money but that is changing now. SACCOs compete with other financial institutions like banks. SACCOs should tap into disruptive technologies that would help them to develop and grow (Wesonga, 2019).

Chite (2017) asserts that the total asset of Deposit taking SACCOs in East Africa is shillings 442.27 billion in 2017, which reflected growth rate of 12.4%. The loans rose to 331.2 billion reflecting a hike of 11.29% from 2016. Deposits grew 305.3 billion which reflected a growth rate of 12% from 2016 unlike the banking sector which has experienced its growth with little technological innovation but the cooperative sector is now ready to digitally transform and deploy technology.

Karanja, Abalazarak and Chite (2019) point out that deposit taking SACCOs are the most important and visible typology of cooperatives that transact business of mobilization of saving and advancement of credit facility to their members. Sacco’s have operated without the attention of technological advancement that has illustrated ease of operations and consequently success to many industries. There is need for SACCOs in East Africa to harness technology for the socio-economic development and growth of SACCOs.

SACCOs form a significant segment of the wider cooperative sector. The wider SACCOs sub-sector comprises of deposit taking and non-deposit taking SACCOs. The non-deposit taking segment is composed of those SACCOs whose businesses are limited to mobilization of non-withdrawable deposits for purposes of lending to their members. These non-withdrawable deposits are not withdrawable during the subsistence of membership to the SACCOs society, but may be used as collateral for lending to members and only refunded upon cessation of membership. Deposit taking SACCOs (D-T-SACCOs) is composed of SACCOs which undertake both withdrawable and non-withdrawable deposits which can be accessed by members anytime hence they are demand deposits (SASRA, 2015).

The Kenyan SACCO movement has greatly contributed in transforming the social and economic lives of Kenyans. There are 17000 registered cooperative societies and 41% is composed of Sacco which is both deposit taking and non-deposit taking. There are 177 deposit taking Sacco’s in Kenya. SACCOs play a key role in providing an opportunity for accumulating savings, investment opportunity, sourcing funds for lending,
credit facilities and affordable financial products and services (Atsiaya, 2016). There are 44 deposit taking SACCOs in Nairobi County that greatly contribute and help in improving the livelihoods of Kenyans living in Nairobi. They form 24.8% of the total registered deposit taking SACCOs in the country. Nairobi county has the highest number of registered deposits taking SACCOs in the country that greatly contribute in accumulation of savings and acquisition of affordable financial products and services (SASRA, 2017).

Baryamureeba (2014) contends that technology enhances service delivery in SACCOs and it is integrated and deployed in the day to day operations of the SACCO. Deployment of technology reduces operational costs and improves service delivery through provision of electronic services which can be deployed by website, online banking, automated teller machine, management information system, accounting information system, customer relationship management, research and development, monitoring and evaluation, education and training and membership. The SACCO movement in Kenya has gained tremendous growth through incorporation of technology in their operations; a move that has led to improvement of SACCOs in its efficiencies. As of July 2014, SACCOs had boasted 9.4 billion Kenyan shillings loan portfolio and a rapid expansion due to use of technology in its operation.

With stiff competition in the market today especially from established commercial banks there is need for proper investment in technology by SACCOs in order to survive. This will ensure that they remain relevant in the market and attract a huge market share in terms of customers. Technology will also assist SACCOs to be efficient in terms of operation (Momyeni, Osoro, Nyagol & Odoyo, 2016). There are 44 deposit taking SACCOs in Nairobi County. The parameters for measuring growth and general aggregate performance of these SACCOs are their assets, deposits, loans, member share capital reserves and membership. The D-T SACCOs have a total asset value of above fifteen billion Kenyan shillings.

1.1 Statement of the Problem

SACCOs in Kenya are gradually responding to fast changes and adopting new approaches of: developing of loan products, strategic plans, continuous research, education and training of staff, monitoring and evaluation of employee and improved information, communication and technology (Mburu, 2009). SACCOs have embraced transactional self-service through mobile and telephone banking. The automated teller function has also evolved and it has promoted digital experience at the expense of cash. SACCOs have also shifted to banking through adoption of FOSA (Atsiaya, 2016).

Ndunga, Njati and Rukangu (2016) contend that the entry of internet money transfer and registration of micro finance institutions as deposit taking institutions has resulted to stiff competition from the non-banking players. This has led to financial institutions adopting innovative measures to respond to internal and external opportunities. With stiff competition in the market today especially from established commercial banks, there is need for SACCOs to invest in technology in order to survive. This will ensure that they remain relevant in the market and at the same time attract high demand market share in terms of customers.
and achieve efficiency in their operations (Momanyi et al., 2016). SACCOs play a vital role of providing financial services to members; however, the corporate performance of the SACCOs had been declining reflected by a decline in the number of members seeking financial services. The loss has been attributed to commercial banks that have embraced innovation which has improved access of transaction through online and mobile banking (Ngure, 2017). SACCOs are struggling to adapt to dynamic technology with others collapsing and others operating under a loss which is caused by increased transaction error and network failures. This has however lowered the customers perception on quality of service being offered and has negatively affected the performance of SACCOs (Sum & Memba, 2016).

There are studies conducted on the effect of use of ICT on corporate performance of cooperatives (Abu Bakar, Saad & Shabri, 2016). However, these studies have not given attention to the SACCOs and also have not assessed the effect of internet banking, mobile banking and online marketing on the performance of D-T SACCOs. The D-T SACCOs in Nairobi County had adopted internet banking, mobile banking and online marketing (Ngure, Kimani & Kariuki, 2018), and this motivated the need to design the current study on the effect of mobile banking on the corporate performance of D-T SACCOs in Nairobi County in order to fill the existing gap.

1.2 Objective of the Study
This study sought to examine the effect of internet banking on corporate performance of D-T SACCOs in Nairobi County.

2.0 Literature Review
2.1 Theoretical Review
The study was based on two theories; The innovation diffusion theory and Technology adoption theory.

2.1.1 Innovation Diffusion Theory
The innovation diffusion theory was developed by Everett Rogers in 2003. The innovation diffusion theory attends to deeper and resilient aspects of conceptualization of an innovative idea. The theory is composed of three perspectives: the characteristics of an individual’s ability, how the adopter perceives innovation and characteristics of the social system of the organization. Rogers (2003) conceptualizes an innovation as an idea, practice, or object perceived as new by an individual. He further suggests that technology is preceded by the diffusion of an innovation and defines diffusion as a process in which an innovation is communicated through certain channels overtime among members of a social system. Diffusion is as special type of communication in which messages being passed are majorly about a new idea. Rogers (2010) further propounds that the process of introducing a new idea or adoption of an innovative technique is usually slow and for the goal to be achieved the process must be fastened. One way to expedite the process is to identify their correlates that are the factors affecting it, which correlates can be manipulated to positively influence the diffusion and / or adoption of the innovation in question. The theory is composed of the three perspectives, namely: the characteristics of the individual potential adopter, how the adopter perceives the innovation and the characteristics of the social system or organization where the potential adopter is.
An individual’s ability to adapt to potential use or propensity to adopt or use any innovation such as ICT depends on the individual characteristics of that person. An individual characteristic to adopt includes the extent to which the person interacts with change agents of the innovation in question, the level of training offered to the person, age factor, gender, income level and if the person is either urbanely influenced or conservative. If the person has a high level of training in relation to the innovation, then that person will have a high propensity to adopt the innovation. If the person is cosmopolitan, then that person will have a high propensity to use the innovation. The older a person becomes, the less that person will be attracted to adopt innovations. In terms of the gender, the males are usually more apt to use innovations than the females (Rogers, 2003).

With respect to the perceived characteristics of the innovation an individual propensity to adopt or use any innovation, depends on the way that individual perceives the innovation in terms of such issues as its relative advantage, compatibility and user friendliness. If the individual perceives the innovation to have relative advantage over similar products or services say in terms of speed of performance, then that individual will have a high propensity to adopt the innovation. If the individual perceives the innovation to be observable, that is to have observable impact on the work of colleagues, then that individual will have a high propensity to adopt the innovation. Lastly, on the nature of the social system or organizational characteristics as correlates of innovation diffusion and/ or adoption, Rogers (2003) stipulates that an individual’s propensity to adopt or use any innovation depends on the organization where that individual is. That is whether the social system or organization is ready for change; whether the social system or organization has a good culture that facilitates change; whether the size of the social system or organization is fit for change; whether the leader of the social system or organization is for change and facilitates change. Positive the answers to these questions, the easier it will be for an individual in that organization to adopt change.

Rogers' innovation diffusion theory works on an assumption that diffusion of innovation occur as potential users become aware of the innovation, judge its relative value and make a decision based on their judgment, implement or reject the innovation, and seek confirmation of the adoption or rejection decision. The theory consists of three components: 'the innovation decision process, characteristics of an innovation and adopter characteristics innovation decision process' categorizes the steps an individual takes from awareness of an innovation, through the formulation of an attitude to the innovation, on to the decision as to whether to implement, into five viz: knowledge, persuasion, decision, implementation and confirmation. The characteristics of an innovation have an impact on the likelihood of acceptance and adoption, and also on the rate at which this process develops (Tenywa et al., 2011). Peansupap and Walker (2005), propound that innovation diffusion is defined as the process in which a new idea, concept or technology has been introduced throughout a social system over a time period (Rogers, 2003). The term ‘ICT diffusion’ is defined as the process by which an ICT application is adopted and implemented by an
organization until its expected users accept and transfer knowledge of how to use these ICT applications throughout the organization. However, this theory only explains what goes on at the macro level and it is of little use to those interested in how to facilitate innovation to make a positive and lasting impact at the work group or individual level.

Rogers’s theory of diffusion of innovation (2003) has been revised by various scholars. LaMorte (2018) propounds that the theory originated in communication and explains how over time an idea or product gains momentum and diffuses through specific population or a social system. The main aim of the diffusion is to ensure that people become part of the social system, they adapt to the new idea, behaviour and product. Adoption of the new idea does not happen simultaneously; rather it’s a step by step process (LaMorte, 2018). LaMorte (2018), assert that the main factors that influence the adoption of innovative ideas are, the relative advantage of the idea, compatibility of the idea with the values and need of potential adopters, the complexity of the innovation idea, the extent to which an innovation can be tested and extent to which an innovation idea will provide tangible results.

The theory suggests three main factors that will determine if the innovative idea brought into the organization will be accepted by the people in the organization. The factors are the individual characteristic to adopt which includes age, income level and the trainings offered. The second factor is the perceived characteristics of the idea being introduced in the organization and the last factor is the organizational characteristics in relation to the adoption of innovative idea (Rogers, 2003). All these factors play critical role in guiding the organization on how to introduce an innovative idea and how to successfully implement it.

The theory does not explain the effect of technology on the performance of the organization and what an organization needs to implement in order to enhance their performance. The short coming has paved way for adoption of technology adoption model which explains the influence of technology on the corporate performance of the organization. The theory is relevant to the study since it informs on factors to be considered when introducing a technological change and strategies of using to ensure that the innovative idea is adapted by all the parties. The ability of members of D-T SACCOs to adapt an innovative idea depends on their characteristics, perceived idea of innovation and the general characteristics of the organization.

2.1.2 Technology Adoption Theory

Technology acceptance model was brought forth by Fred D Davis in 1982. The model recognized that information technology offers the potential for substantially improving the white-collar performance. But performance gains are often obstructed by user’s unwillingness to accept and available technological systems. Because of the persistence and importance of this problem research has been constrained by shortage of high-quality measures for key determinants of user acceptance. Most research do not correlate with the kind of systems used or put in place and the size of usage greatly varies greatly (Davis, 1982).

Developments of improved measures for key theoretical construct are a research priority for information systems field. Aside from the theoretical value better measure for
predicting and explaining system use would have a great practical value for those who would like to assess user demand for the new ideas and for information system managers within user organizations who would like to evaluate the vendor offering (Davis, 1982). The theory propound that organizations should draw its major focus on the perceived usefulness and the perceived ease of use of the information technology. People tend to use or not to use an application to the extent that they believe that it will help them to do a better job. The potential users also believe that a given application is useful they may at the same time believe that the system is too hard to use and performance benefits of usage are outweighed by the effort of using an application. Usage is theorized to be influenced by perceived ease of use (Davis, 1982).

Perceived usefulness is defined by the degree to which a person believes that using a particular system would be free of effort and freedom of difficulty or great effort. An application perceived to be easier to be used than another is more likely to be accepted by users. The theory propounds that perceived usefulness is a correlate of user acceptance and should not be ignored by those attempting to design or implement a successful system (Davis, 1982).

The technology acceptance theory does not consider factors such as age and education as external variables which could influence acceptance and willingness to use the technology. Conversely it would be contended it is extremely problematic to measure behavior as a hidden personality trait which often motivate behavior. Potential users of technology may not necessarily base their acceptance of and willingness to use technology on their perceptions of usefulness of IT and how easy it is to use (Ajibade, 2019). Understanding that users may have different perceptions and interpretations of technology and reveals also other implicit assumptions in the use of TAMs that prove themselves as problematic. While different users might perceive a certain technology in different ways, it is also possible that a technology can represent multiple purposes even for a single user. In addition, the technology may be perceived in different ways in different situations. These possibilities make discovering the real antecedents of acceptance with the help of predefined questions even more difficult.

Technology acceptance model draws its major focus on two important factors that should be considered before introducing technology in the organization. The theory works on an assumption that organization should focus on two major factors which are the perceived usefulness and the perceived ease of use of the information technology (Ajibade, 2019). If the technology introduced is relatively easy to use and it is helpful to the person using it then it can be easily accepted in the organization. Theory expounds on factors to be considered when implementing technological changes in the organization. The theory was relevant to the study since it informs on the variable of corporate performance. Technological changes offer the potential for improving the performance. The changes introduced will often be affected if it is easy to use and it is considered to be beneficial.

2.2 Empirical Review
Online banking refers to the use of bank’s web site through which customers access their banking accounts, conduct financial
transactions, and obtain general information on bank products and services. It is a form of virtual channel that allows customers to interact with a bank in a convenient manner by providing them an opportunity to acquire banking services anytime and anywhere. Consequently, internet banking has experienced rapid growth in Malaysia and world over in the recent past. According to Bank Negara Malaysia (2012), the penetration of registered individual internet banking users in Malaysia has increased from 9.8% in 2005 to 42.9% in 2012 (Yu, Balaji & Khong, 2015).

Since the first online banking services based on the internet were provided by Stanford Federal Credit Union in October 1994, online banking has spread rapidly in all countries around the world. This is due to its convenience and ease in conducting transactions quickly and the access it provides customers to unique service benefits. In effect, the incorporation of the internet has transformed the distribution of banking services directly. Internet or online banking is defined as the use of internet as a remote delivery channel of banking system services via the World Wide Web. Online banking has benefited both financial entities as well as client. Moreover, online banks are replacing traditional services, thereby affecting client’s expectations. Today consumers are able to access their accounts to carry out transfers and other banking operations electronically through the banks’ website, at any time and from anywhere (Ricolf, 2016).

Asni, Nasir, Yunus and Darsano (2018), conducted a study on the analysis of online banking services in Indonesia and its impact on customer value. The respondents were three hundred seventy-one bank customers.

The method used was sampling in this study using stratified random sampling technique. IT Utilization Easiness and Internet Banking Utilitarian Customization as independent variable, Customer IT Acceptance Value and Customer Expected Utilitarian Value as intervening variable, Converting Intention to Internet Banking as dependent variable. From the results of the research, it was found that the Information Technology (IT) Based Trustworthiness and IT Utilization Easiness have influence on Customer's IT acceptance value.

Yu, Balaji and Khong (2015), conducted a study on building trust on online banking service: trustworthiness perspective. The study was based on trust theory and the purpose of the study was to examine the trust in in users’ intentions to continue using internet banking. A questionnaire survey was used to collect responses from 227 actual users of internet banking in Malaysia. The findings showed that trusting beliefs of consistency, integrity, and shared values determine the trustworthiness and trust in internet banking. Moreover, trust was found to mediate the relationship between trustworthiness and internet banking use. It was found Malaysia user’s trust and trustworthiness perceptions in internet banking. With reports indicated increase in internet banking use in Malaysia, the study findings provide d important insights into enhancing users’ trust in internet banking for future transactions.

Salem, Baidoun and Walsh (2019) conducted a study on the factors affecting Palestine customers on use of online banking. The empirical study was conducted using a questionnaire in order to test the hypotheses. The questionnaire was distributed to 500 respondents selected by
the participating banks. A total of 369 complete questionnaires were returned. The study’s independent variables included technology adoption propensity, customers’ value for online personalization, customers’ privacy concern, e-trust, technological leadership and loyalty. Palestinian customers’ usage of online banking services is the dependent variable. The findings clearly suggested that online banking was influenced by technological leadership, e-trust, e-loyalty, customers’ value for online personalization, customers’ concern for privacy and propensity of technology adoption.

Pikkarainen, Pikkarainen, Karjaluoto and Pahnila (2004), conducted a study on the adoption of online banking in Ghanaian banking industry. Surveys were conducted involving 405 clients of the six major banks in the country. Using logistical regression, the results amongst other things showed that innovation attributes such as lack of complexity, compatibility and perceived usefulness provided by financial innovation, increased the likelihood of e-banking adoption. In light of the findings, the study recommend that banks should focus on designing both useful and easy-to-use e-banking products that will attract potential and existing customers.

Tarhini, Mgbemena, Trab, and Masa’deh (2015) conducted a qualitative study on adoption of online banking services in Nigeria. The findings showed that security is the main concerning factor that influences customers’ decision to adopt online banking services. Culture and religion were also found to be influencing factors. A set of recommendations were provided on how user adoption of online banking could be increased amongst Nigerian customers. The findings concluded that the banks should better manage consumer’s experiences to enhance the use of internet banking services by including a process of adjustment and learning over time, and not just focusing on the adoption process itself.

Baryamureeba (2014) conducted a study on Using Technology to Enhance Service Delivery in a SACCOS in Kenya. He asserted that Online banking is an electronic payment system that enables customers of a financial institution to conduct financial transactions on a website operated by the institution, such as a retail bank, virtual bank, credit union, SACCOS or building society. A good online bank or SACCOS will offer customers just about every service traditionally available through a local branch, including accepting deposits which is done online or through the mail, paying interest on savings and providing an online bill payment system. Online banking allows you to manage your money without having to go into a branch of your bank or SACCOS or pick up the phone and speak to someone. Instead, you use access equipment such as a computer or smart phone to log on to the Internet and connect to a secure website belonging to your bank, SACCOS or society.

Using your bank, SACCOS or building society’s website, you can complete most of the banking transactions that people use in day-to-day life. These include checking balances, paying bills, managing direct debits and standing orders, transferring money and ordering cheque books and statements. It is also possible to apply for and manage credit cards or loans over the Internet as well as other financial such as mortgage and other financial services (Baryamureeba, 2014). Wesonga (2019)
propounds that D-T SACCOs in Kenya should tap the disruptive technological changes which includes online banking that would help them to maintain competitive advantage in the industry and will help them boost their growth. The study focused on the effect of internet banking activities such as balance enquiries, use of management information system and acquisition of bank statements and how it impacts on the corporate performance of D-T SACCOs in Nairobi County.

3.0 Methodology

This study adopted descriptive research design. The target populations were the 44 deposit taking SACCOs licensed by SASRA. The specific respondents were the IT managers in the deposit taking SACCOs in Nairobi County and a census was taken for all the deposit taking SACCOs. The sample was therefore 44 respondents. Primary data was collected using structured, close-ended questionnaires while secondary data was collected from SASRA reports on performance of deposit taking SACCOs. Prior to conducting the actual data collection, the study conducted a pilot test in order to establish the validity and reliability of data collection instruments. The quantitative data was analyzed by descriptive statistics and inferential statistics using Statistical Package for Social Sciences (SPSS version 20). Descriptive statistics included the mean, percentage and standard deviation while inferential analysis included correlation and multiple linear regression. Data was then presented in tables, charts and graphs.

4.0 Findings and Discussions

4.1 Descriptive Analysis

The study sought to examine the effect of internet banking of SACCOs on corporate performance of deposit taking SACCOs in Nairobi County. Results revealed that majority (85.0%) of the respondents agreed that the SACCOs provide online banking services, 87.5% also posted that SACCOs have installed management information systems, most (92.5%) alluded that SACCOs issue ATM cards to members while another 87.5% were in agreement that SACCOs have ensured online inquiry of balances by their members. On a five-point scale, the average mean of the responses was 4.4 which means that majority of the respondents were agreeing to the statements in the questionnaire.

The findings of the study oscillates well with other studies such as those by Tarhini, Mgbemena, Trab, and Masa’deh (2015), who indicated that adoption of internet banking has manage consumer’s experiences better and enhances the utilization of internet banking services through inclusion of a process that involves adjustment and learning on the part of the customer. These findings are also consistent with those of Pikkarainen, Pikkarainen, Karjaluoto and Pahnila (2004) who conducted a study on the adoption of online banking in Ghanaian banking industry. Surveys were conducted involving 405 clients of the six major banks in the country. Using logistical regression, the results amongst other things showed that innovation attributes such as lack of complexity, compatibility and perceived usefulness provided by financial innovation, increased the likelihood of e-banking adoption. In light of the findings, the study recommend that banks should focus on
designing both useful and easy-to-use e-banking products that will attract potential and existing customers.

Table 1: Internet Banking

<table>
<thead>
<tr>
<th>Statement</th>
<th>S D</th>
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<th>UN</th>
<th>A</th>
<th>SA</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Sacco provides online banking services</td>
<td>7.5%</td>
<td>5.0%</td>
<td>2.5%</td>
<td>22.5%</td>
<td>62.5%</td>
<td>4.3</td>
</tr>
<tr>
<td>The Sacco has installed the information management system</td>
<td>0.0%</td>
<td>7.5%</td>
<td>5.0%</td>
<td>17.5%</td>
<td>70.0%</td>
<td>4.5</td>
</tr>
<tr>
<td>The Sacco issues ATM cards to members</td>
<td>0.0%</td>
<td>5.0%</td>
<td>2.5%</td>
<td>42.5%</td>
<td>50.0%</td>
<td>4.4</td>
</tr>
<tr>
<td>Members can enquire on their balances online</td>
<td>2.5%</td>
<td>5.0%</td>
<td>5.0%</td>
<td>27.5%</td>
<td>60.0%</td>
<td>4.4</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4.4</td>
</tr>
</tbody>
</table>

4.2 Inferential Statistics

4.2.1 Correlation Analysis

The correlation analysis results depicted that internet banking is positively and significantly associated with corporate performance as shown r=0.781, p=0.000.

Table 2: Correlation Analysis

<table>
<thead>
<tr>
<th>Variable</th>
<th>Corporate Performance</th>
<th>Internet Banking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Performance</td>
<td>Pearson Correlation</td>
<td>0.781</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
</tr>
<tr>
<td>Internet Banking</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>1</td>
</tr>
</tbody>
</table>

4.2.2 Regression Analysis

Table 3 shows that internet banking was considered satisfactory in explaining corporate performance. This is proved by the R square of 0.784. This demonstrates that internet banking, explain 78.4% of the variations in corporate performance. It further implies that this model used to link variables relationships is adequate.

Table 3: Model Fitness

<table>
<thead>
<tr>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.886</td>
<td>0.784</td>
<td>0.766</td>
<td>0.38527</td>
</tr>
</tbody>
</table>

Results in Table 4 prove that the entire model was statistically significant and this is shown by F statistic of 43.636 and a p value of 0.000, this insinuated that internet banking is a good predictor of corporate performance.
Table 4: Analysis of Variance

<table>
<thead>
<tr>
<th>Indicator</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>19.431</td>
<td>3</td>
<td>6.477</td>
<td>43.636</td>
<td>0.000</td>
</tr>
<tr>
<td>Residual</td>
<td>5.344</td>
<td>36</td>
<td>0.148</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>24.775</td>
<td>39</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 5 show that internet banking is positively and significantly related with corporate performance as shown $\beta = 0.402$, $p=0.005$. This implies that a unit increase in internet banking will result to an increase in corporate performance by 0.402 units.

The t-statistic was also used to support the findings. The rule of thumb is that a t-statistic that is greater that the critical/tabulated t-statistic, which is 2.18, depicts significance at a p-value of 0.05. The t-statistic was 2.998 which was greater than 2.18 which shows that there exists a significant relationship between the independent and dependent variables. It also indicates that the beta value is not equal to zero and thus the independent variable predicts the dependent variable with the confirmation of the Beta.

Table 5: Regression of Coefficients

<table>
<thead>
<tr>
<th>Variable</th>
<th>B</th>
<th>Std. Error</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>0.764</td>
<td>0.521</td>
<td>1.467</td>
<td>0.151</td>
</tr>
<tr>
<td>Internet Banking</td>
<td>0.402</td>
<td>0.134</td>
<td>2.998</td>
<td>0.005</td>
</tr>
</tbody>
</table>

5.0 Summary, Conclusions and Recommendations

5.1 Summary
The objective of the study was to examine the effect of internet banking of SACCOs on corporate performance of deposit taking SACCOs in Nairobi County. The study revealed that the effect of internet banking on corporate performance was positive and significant. This was as reflected by the correlation results ($r=0.781$, $p=0.000$) and regression results ($\beta = 0.402$, $p=0.005$). These results were also supported by the descriptive statistics.

The descriptive results revealed that use of internet banking by DT SACCOs was beneficial to them in various ways. These benefits included enabling SACCOs to provide online banking services, enabling SACCOs to install management information systems, enabling SACCOs to issue ATM cards to members and enabling SACCOs to ensure online inquiry of balances by their members. The findings of the study oscillates well with other studies such as those by Tarhini, Mgbemena, Trab, and Masa’deh (2015), who indicated that adoption of internet banking has made consumer’s experiences better and enhanced the utilization of internet banking services through inclusion of a process that involves adjustment and learning over on the part of the customer.

5.2 Conclusions
Based on the findings above the study concluded that internet banking has
positively impacted on corporate performance D-T taking SACCOs in Nairobi County. This was as reflected by the correlation and regression results. Specifically, the study concluded that internet banking explains 78.4% of corporate performance of the D-T SACCOs as reflected by the $R^2$. The study also concluded that the effect of internet banking on corporate performance was positive and significant. This was as reflected by the regression results ($\beta = 0.402$ $p=0.005$). This implies that a unit increase in internet banking will result to an increase in corporate performance by 0.402 units.

5.3 Recommendations
5.3.1 Recommendations for Practice
The SACCOs should formulate policies that will enable adopt new technology in a timely manner. This will enable them to be a step ahead of their competitors and thus improve their corporate performance. SACCOs should continuously develop user friendly interface and provide services valued by m-banking customers. Some of the interfaces are not giving a wide range of options when carrying the transactions. SACCOs should also harness their communication models so as to ensure that customers get timely information and their queries are attended to promptly.

There is need for SACCOs to incorporate affirmative action in their recruitment processes so that more women can not only be given the career opportunity in the SACCO financial institutions also given the chances to lead in such financial sectors. By doing this, women will be empowered and encouraged to take loans and make investments for the betterment of the society. In addition, there is need for training institutions to improve access of women to technical courses, such as IT, in technical, vocational institutions and universities so that women may be incorporated in deploying their IT skills in the SACCOs financial sector.

SACCOs should initiate and maintain a continuous package of SACCO staff and top management who are competent in IT skills. This could be achieved through having a well-established human resource department which constantly retrains staff with an aim of equipping them with relevant skills. The HR department also serves the purpose of ensuring that employees are not rigid to change. By doing this, they will be able to develop tools and platforms that will improve on their customer experience.

In the light of the challenges facing SACCOs, there is need for SACCOS to subscribe to KUSCCO to increase the chances of continually capacitation them on uptake of new technological advances so that they remain competitive.

5.3.2 Recommendations for Further Research
This study recommends a study on the factors influencing the use of ICT among Sacco’s members. The researcher also recommends a further study to explore the impact of ICT on the economic performance of the members of the SACCO by considering financial indicators. The question would be, are SACCOs improving their economic well-being by adopting ICT?

The study also recommends that a similar study be conducted but focus on a different sector such as the banking sector. This would help to compare the variance of the effect of use of technology. The study also suggests that a similar study should be
conducted but focus on a different county. This will help to establish the difference in the effect of use of technology on corporate performance for D-T SACCOs in different counties.

References


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