

Effect of Internet Banking on Operational Performance of Commercial Banks in Nakuru County, Kenya

Hussein Mohamed Abdullai¹ and Elyjoy Muthoni Micheni^{2*}

¹Egerton University

^{2*}Department of Management Science and Technology, The Technical University of Kenya

Abstract

The purpose of this paper was to investigate the effect of internet banking on operational performance of commercial banks in Nakuru County, Kenya. The study was guided by the research objective: to investigate the effect of internet banking on operational performance of commercial banks in Nakuru County. The study employed the following theories namely: Bank-Focused Theory and The Technology Acceptance Model (TAM). This study adopted a cross-sectional research design. A cross-sectional research design is a research approach in which the researchers investigate the state of affairs in a population at a certain point in time. Very often, the elements in the sample survey are selected at random to make inference about the population as a whole [21]. The study population comprised of 56 employees of the commercial banks. Since the banks are few, the study adopted a census survey. Data was collected using structured questionnaires. A pilot study was conducted in Uasin Gishu County to determine validity of the research instruments where Cronbach's alpha coefficient (0.7) was employed. Data was analyzed using correlation and regression analysis. The study established that internet banking has a positive significant effect on operational performance of the commercial banks. The study recommends that managements of commercial banks should invest in internet banking as it positively influences operational performance. The study suggests that further studies should be conducted to establish the effect of internet banking on operational performance in other sectors other than banking as the study focused only on commercial banks in order to establish whether internet banking does affect their operational performance.

Keywords

Internet Banking, Operational Performance, Commercial Banks

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