

# **FACTORS INFLUENCING THE IMPLEMENTATION OF AGENCY BANKING STRATEGIES**

**A Case of KCB Agents in Tharaka Nithi County**

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## ABSTRACT

In Kenya, a high proportion of the population is excluded from access to financial sector with the situation being grave in rural areas. For majority of Kenya's population, especially those living in rural areas, access to banking services has been almost non-existent. With the introduction of Mobile banking and Agency banking services in Kenya's financial systems, affordable and convenient banking services continue to be availed to the large unbanked masses. This study was aimed at investigating into factors influencing the implementation of agency banking strategies in Tharaka Nithi County under a case study of Kenya Commercial Bank. The research objectives were to assess to what extent managerial support, transactional security, customer service and Technological Innovation influence implementations of agency banking strategies in Tharaka Nithi County. The research design that was adopted in this research study was ex-post factor survey design with the target populations being all agent banking agents in Tharaka Nithi county of Kenya. A simple random sampling method was used to ensure that all categories were equitably represented in the sample. Both primary and secondary data was collected. Primary data was obtained using questionnaires while secondary data was from the internet, newspapers, magazines, journals, government publications, published government records and reports and KCB. Collected data was analyzed using descriptive and inferential statistics. Descriptive statistics included measures of central tendencies i.e. the mode, mean and median to describe the general characteristics of the population while the degree of significance in the relationship between the dependents and independent variables was done by use of probit model through which the hypothesis was tested. It was found that most of the agents were relatively new into the business and therefore required managerial support to grow. Furthermore transactional risks arising from interactions with customers as well as system related insecurity was a major factor in implementation of agency banking strategies. The findings also indicated that ease of system configuration and reliability of the system were critical in ensuring the strategies were implemented successfully. The research concluded that technological innovation, customer service, transactional security and managerial support were key in implementation of agency banking strategies. It was recommended that banks should adopt a risk-based approach to the supervision and regulation of agency banking while also improving on the existing technology to eliminate delays in service time. It was further recommended that banks integrate more its agency banking system on its core banking platform to ensure reliability of the system and increase ease of configuration.