BISHOP STUART UNIVERSITY

AGENCY BANKING AND SERVICE ADOPTION BY CUSTOMERS IN FINANCIAL INSTITUTIONS IN MBARARA CITY; A CASE STUDY OF EQUITY BANK MBARARA BRANCH

BY

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RESEARCH DISSERTATION SUBMITTED TO THE DIRECTORATE OF GRADUATE STUDIES RESEARCH AND INNOVATIONS IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTER IN PUBLIC ADMINISTRATION AND MANAGEMENT OF BISHOP STUART UNIVERSITY

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DECLARATION

I, **Sam Kacuucu**, do hereby declare that the work contained in this dissertation titled "Agency Banking and Service Adoption by Customers in Financial Institutions in Mbarara City; A Case Study of Equity Bank Mbarara Branch" is my original work and has never been submitted to any other University or institution for any award.

Signed.. **Date**...12/01/23.......................

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APPROVAL

This dissertation by Sam Kacuucu titled "Agency Banking and Service Adoption by Customers in Financial Institutions in Mbarara City; A Case Study of Equity Bank Mbarara Branch" has been under my supervision and is now ready for submission with our approval.

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DEDICATION

This dissertation is dedicated to family members Natukunda Pheonah, Tashobya Godwin, Noowe Arthur, Mr. Jack Kacuuncu and Robinah Tukahirwa who sacrificed all family pressures and quality time for the sake of supporting my studies. May God through Jesus Christ reward them richly.

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TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF ACRONYMS

AFI	Alliance for Financial Inclusion
ATMs	Automated Teller Machines
BOU	Bank of Uganda
BSU	Bishop Stuart University
CGAP	Consultative Group to Assist the Poor
FSPs	Financial Service Providers
KCCA	Kampala Capital City Authority
KYC	Know Your Customer
MAPAM	Master of Public Administration and Management
MFIs	Micro finance Institutions
NWSC	National Water and Sewerage Corporation
SPSS	Statistical Package for the Social Sciences
UNCDF	United Nations Capital Development Fund
URA	Uganda Revenue Authority

ABSTRACT

Globally customer adoption is challenging with commercial banks introducing new products in the name of agency banking. This study covered five chapters as described below;

Chapter one: This chapter presents background of the study, statement of the problem, purpose of the study, objectives of the study, scope of the study, significance of the study, theoretical frame work and conceptual frame work.

Chapter two: This section presents the related literature on empirical studies. It begins with a theoretical review under which a number of related theories are presented. Later empirical literature is presented thematically. The literature in this study is reviewed based on empirical works and studies by other research scholars regarding; - factors contributing to the low number of agents of agent banking, the level of withdraws on agent banking, and the number of clients making payments through agent banking. The study assessed the effect of agency banking on service adoption by customers in Equity Bank in Mbarara City. It was guided by the following objectives; to examine the indicators of agency banking, to establish the level service adoption by customers and to determine relationship between agency banking and service adoption by customers.

Chapter three: This chapter presented the methodology for the study which included the research design, target population, sample size and selection, sampling techniques, data collection methods and instruments, data quality control (validity and reliability), data analysis, measurement of research variables, ethical considerations and limitations. This study adopted a case study research design. Quantitative data was collected from the respondents. A sample of 132 respondents were selected from a population of 200 respondents. Collection data relied on questionnaires. Quantitative data was expressed in quantitative terms that which deals with numbers, measures out comes in terms of figures.

Chapter four: This chapter covered the presentation, analysis, and interpretation of the findings of this study on agency banking and service adoption by customers in financial institutions in Mbarara City; A Case Study of Equity Bank. Specifically, this chapter presents background findings, descriptive and inferential results. This was presented according to study objectives; the

indicators of agency banking, the indicators of service adoption by customers, and relationship between agency banking and service adoption by customers. The data collected was edited and coded into a form usable by Statistical Package for Social Scientists (SPSS) data analysis package from which tables with variable frequencies and percentages were drawn for easy analysis. The study findings revealed that there were effective agency banking services for Equity Bank as evidenced overall mean score of 3.8. There was good service adoption by customers with overall mean score = 3.82. There was a statistically significant relationship between agency banking and service adoption by customers in financial institutions at $P = 0.006 < 0.05$.

Chapter five: This chapter presents discussion of findings, conclusions and recommendations for the study as follows; It was recommended that the management of Equity Bank should ensure that perceived trust is given utmost importance in a bid to improve adoption of agency banking. The government need to put in place regulations' that will effectively ensure customer security and confidentiality at the agent location. The Equity Bank should continue to sensitize customers and the wider public on the use of agency banking and its benefits.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter presents background of the study, statement of the problem, purpose of the study, objectives of the study, scope of the study, significance of the study, theoretical frame work and conceptual frame work.

1.1 Background of the study

1.1.1 Service Adoption by Customers in Financial Institutions

The study is about agency banking and service adoption by customers in financial institutions in Mbarara City. Agency banking is independent variable while service adoption by customers is dependent variable. Agency Banking refers to a type of branchless banking, which comes with the benefits of risk management, product availability, improving financial inclusion and ensuring a wider customer base (Santu, Mawanza & Muredzi, 2017). In this study, agency is defined as a relationship between a principal and agent in which the principal confers his/her rights on the agent to act on behalf of the principal (Geeraert, 2016). Service adoption refers to an individual's decision to make a full use of a service which in this case was agency banking service (Igi Global, 2020).

The adoption of agency banking technology is one of the key drivers in determining the level of financial participation. In Colombia, a study by Lozano and Mandrile (2010) presented a new model in which MFIs acted as agents of branchless banking services. It was established that through adoption of MFI, agency banking model would see increased accessibility to financial services. In comparison to the other countries, a relatively large proportion of the Brazilian population is 'banked' (43%). This can partly be attributed to the fact that Brazil has the largest agent network in the world and is widely cited as a country where banking agents have been successfully used to expand financial access. An extra 13 million unbanked people have been reached (Alliance for Financial Inclusion [AFI], 2011) and more than 16,000,028 retail outlets turned into correspondents since 1999.These agents can be found in all municipalities in Brazil.

Most agents are commercial establishments, such as grocery stores, post offices, notaries and lottery outlets. More than 47,000 of these outlets are authorized to handle deposits and open accounts (CGAP, 2010).

Financial inclusion is a big issue in Peru, where, as at 2007, only 26% of the adult population has a bank account. The agent network in Peru is growing rapidly: there 3 were 1,689 agents in 2006 and 9, 204 agents by December 2010. These agents are mainly pharmacies, grocery stores and other retail establishments (CGAP, 2010).

South Africa has a well-created banking framework. By 2018 there were in excess of 80 commercial banks in South Africa with in excess of 5,443 bank agents, 21,535 automated teller machines (ATMs), and no less than 109,454 agency banking outlets (South African Reserve Bank, 2018). This is intensified by Equity Bank's system of 2,300 outlets. The financial area is very thought inside the alleged 'big 4' commercial banks; ABSA Bank, First National Bank of South Africa (FNB), Ned Bank, and Standard Bank. Which, on the whole, have in excess of 90 percent of the financial market (Andrianaivo and Kpodar, 2011). The nation has a generally high rate of access to monetary services contrasted with other sub-Saharan Africa nations. By 2018, 77 percent of South African grown-ups had accounts with commercial banks (Seddon et al., 2018). Financial inclusion developed significantly from 2004, ascending from 46 percent to current 77 percent, to a great extent in view of agency banking activity which was propelled in 2004.

In Kenya, it was found out that high reliability increases the adoption of agency banking. Complaints resolution time does not affect the adoption of agency banking. Agency banking was delivering convenience in form of extended hours of banking and by bringing the banking service closer to the customers leading to increased adoption of agency banking (Ndungu and Njeru, 2014). Watiri (2013) conducted a study on the taking up of agency banking by a common Bank in Kenya (Equity Bank Kenya Limited) in its business undertakings that are across borders. From the findings, the main factors identified to be influencing the adoption of agent banking included: cost reduction, enhancement of customer service, expanded presence by banks particularly in remote areas.

Considerable progress was made to restructure and renovate Rwanda's banking system (BNR 2015). The motivation for adopting agency banking was to enable Rwandan financial institutions to take advantage of the cost saving and accessibility brought about by the branchless banking (Mwangi et al, 2016). The annual report also revealed that over 1,450,000 transactions had been performed through the Agent Banking network, with net deposits amounting to over Rwf 151.5 billion (BK, 2015). The similar report of Equity Bank Rwanda (2016) presented that over 392,000 customers spread across a network of 11 branches strategically located countrywide, supported by 1700agents 126 merchants, 15 ATMs, mobile and Internet banking services. (Equity bank, 2015).

According to Abdinoor & Mbamba (2017), factors influencing the adoption of agency banking by customers in financial services include; - individual awareness; perceived usefulness; perceived benefits; biographic factors and the cost effects. Similarly, the above factors are affecting the service adoption by customers in financial institutions. As technology develops; both financial institutions and customers are taking advantage of abilities it brings along (Rana, Luthra & Rao, 2019).

In Uganda, agency banking is relatively more recent and still undergoing changes as far as mobilizing clients to adopt it. A study by Kambugu (2016) revealed that reduction in operating costs, ability to reach remote areas that were previous unbanked, increase in revenues and overall financial inclusion are the main opportunities of Agency banking amidst of pervasive challenges including risk of customer data leakage, system failures, fraud, agents' liquidity issues and security. The study recommends enactment of Agency Banking regulations that are airtight yet flexible enough to encourage banks and agents to venture into Agency Banking so they can benefit from the available opportunities by engaging in awareness drives and establishment of effective financial data security controls to boost the operations of agency banking.

The introduction of agency banking in Uganda has increased and deepened financial inclusion, where banks can now use agency banking as an extension to services traditionally offered in bank branches (Ciprian, 2019). The level of adoption of agency banking financial services in Western Uganda is still low despite various initiatives being deployed by public and private sectors (Ndungu & Njeru, 2014). There is low adoption of agency banking by customers in financial institutions in Mbarara City, hence the need for a study on agency banking and service adoption by customers, taking Equity bank, Mbarara branch as a case study.

Globally, agency banking is considered as one of the innovative ways in which banks should provide financial services through non-bank agents for example; - grocery stores, retail outlets, post offices, pharmacies, or lottery outlets. Banks in Brazil adopted agency banking because it was seen as a viable strategy for extending formal financial services into poor and rural communities. Banks worldwide adopted agency baking as it enables clients to store, send or receive electronic money through local agents rather than travelling to bank branch (Mchembere & Jagongo, 2017). The researcher believes that agency banking in Mbarara City is an innovative technology initiated by commercial banks to improve their financial services.

Uganda is among the countries that have utilized the agency banking model to expand financial services (Paramati, Bhattacharya, Ozturk & Zakari, 2018). In relation to the above, Mbarara City financial institutions' clients are utilizing agency services. Kenya is the pioneer of agency banking in East Africa and have changed her banking laws in January 2010, to allow commercial banks offer their services through third-party businesses (Paramati et al, 2018). Commercial banks in Uganda have embarked on an important reform to expand banking services to millions of poor households by enabling third party retail agents as a low-cost distribution alternative to branches (Gitonga, 2019). The researcher suggested that banking agents are increasingly utilized as important distribution channels for financial institutions.

In Uganda, agency banking is legal and was emended to the financial institutions act of 2004 in 2016 by parliament of Uganda (Lujja, Mohammad, Hassan & Oseni, 2016). The act allowed banks to start offering agency banking services in the country hence ushering in the agency banking technology in Uganda. With regard to the transaction verification, authorization, and settlement platform, banking agents are similar to any other remote bank channel (BOU, 2018). Agency banking in Uganda minimizes fixed cost by leveraging existing retail outlets and stores hence financial service providers do not need to invest in their own physical infrastructure and also by using mobile phones rather than terminals as technology platform, financial service providers do not even have to incur equipment costs, for each new retail outlet opened.

Agent banking is considered as a third-party banking. Clients are able to carry out bank transactions at any of contracted Agents. Agents are selected and appraised by the Bank and approved by Bank of Uganda. Upon approval, the Bank signs contracts with the agents, trains them and brands their premises prior to carrying out transactions (Uwamariya, 2018). Agent can either be a sole proprietor, partnerships, limited liability companies, cooperative societies, microfinance institutions or any other entity which the central bank may deem fit. Services offered by agents in Uganda include; cash deposit, cash withdraw, account opening and loan application initiation, school fees collection, third party payments (UMEME, NWSC, URA, KCCA, Pay TV, School fees), voucher (customer to non-customer payments), balance inquires, mini/full statements.

In Mbarara City, agent banks are situated in strategic locations where customers need fund to make purchases or diverse forms of payments (Municipal Finance Officer's Report, 2019). Agency banking institutions are eligible to carry out transactions such as cash withdrawal; cash deposits; payment of bills; enquiry of bank balance; disbursement and repayment of loans; issuing of mini bank statements; salary payment; and forced pin change (CBK, 2014). Agent banks enable the customers to get access to the financial services at their convenient places which enhance access and convenience of bank operations. Agent banks are used by commercial banks as a means to improve on the financial performance and maintain effectiveness in the market. Despite the opportunities brought by Agency banking to both the customers and the commercial banks in Mbarara City there is still poor service adoption customers in financial institutions.

1.1.2 Agency relationships

Furness (2013) noted that agency relationship is a contract under which one party, the principal, engages another, the agent, to perform some service on their behalf which involves delegating some decision-making authority to the agent. An agency relationship is the fiduciary relation which results from the manifestation of consent by one person to another that the other person acts on his behalf and is subject to his control; and consent by the other to act (Allen & Kraakman, 2016). Agency by Agreement/Contract: - an agency relationship based on an express agreement that the agent acts for the principal (Schneeman, 2012). Agency by ratification:

A confirmation by the principal of an act or contract performed or entered into on his or her behalf by another, who assumed, without authority, to act as his or her agent (Allen & Kraakman, 2016).

Agency by Estoppel: If a principal (not the agent) holds out to a third party that another is authorized to act on the principal's behalf, and the third-party deals with the other person accordingly, the principal may not later deny that the other was the principal's agent for purposes of dealing with that third party (Schaller, 2013). Agency by Operation of Law: Agencies recognized by courts for example, family relationships, emergency situations in the absence of any formal agreement, confirmation, or act or omission by the principal that implied the agent's authority (Busuioc, 2013). Therefore, agency banking in financial institutions in Mbarara City is operating by agreement/contract, ratification, estoppel and operation of law.

1.1.3 Principal Agent Relationship

Principle Agency Relationship is a cooperative, collaborative context for the parties working on a project (Wang & Chen, 2017). The researcher suggested that if both parties aim to maximize their economic position, then there is good reason to believe that the agent will not always act in the best interests of the principal. Delegation of decision-making authority from a principal to the agent is therefore problematic because the interest of principal and agent will typically diverge if both are utility maximizers (Bosse & Phillips, 2016). The principal cannot perfectly and costlessly monitor the actions of the agent. The principal cannot perfectly and costlessly monitor and acquire the information available to or possessed by the agent.

Projects are transactions that are subject to the make or buy decision because they can be executed within a firm’s hierarchy or bought in the market (Argyres & Zenger, 2012). According to Couzigou (2014), the decision is based on the combined ramifications of the degree of asset specificity as the main influential factor. The degree of uncertainty arises; - from a lack of communication or conscious supply of false and misleading signals, preventing a decision-maker from finding out about the plans made by others in the transaction; and the general uncertainty in human behavior; as well as the general risk of the undertaking.

1.2 Statement of the Problem

Service adoption by customers in financial institutions is pivotal to the effectiveness of the financial performance of commercial banks, although it has been poor, uneven and relatively expensive for commercial banks (Kayugi, 2019). What the banks had previously lacked was a light-touch channel to complement the existing branches and ATMs and to enable customers to perform deposits and withdrawals conveniently and within their control, whether in terms of pricing, customer experience or service quality (UNCDF, 2019). This is precisely where agency banking came in, as a solution among a number of alternative channels available to the banks. Recognizing the importance of service adoption by customers, financial institutions renovated service delivery to clients by implementing agency banking through establishing banking agents both in rural and urban areas, training agents, and sensitizing customers. Through the strength of this channel, the banks were expected to increase their contribution to financial inclusion in the country, both by formalizing operations within the informal sector (village savings and loan associations and rotating savings and credit associations) as well as tapping into the important pool of cash transactions taking place at all levels of the Ugandan economy (UNCDF, 2019).

In an aim to maximize financial inclusion in Uganda, various banks have developed agency banking in order to take their services closer to the customers. Equity bank is one of the leaders in agency banking with the introduction of Equi Duuka (Equity Bank Uganda, Annual report, 2020). Despite this effort, service adoption by customers is still very low characterized by few agents, low volume of deposits, low profitability, low volume of withdraws and payments (Municipal Finance Officer's Report, 2019).

Currently, no studies have been done in Uganda to determine the effect of agency banking on service adoption by customers. Most of the studies have been done outside Uganda. For instance, the study by Kabira (2013) revealed that the number of agents positively influences the service adoption by customers in financial institutions. A study by Kambua (2015), found out that there was a connection between cash deposits, volume of deposits, volume of withdraws, volume of payments, and service adoption by customers in financial institutions. Agent banking however is not without its fair share of challenges. Mwangi and Mwangi (2014) study revealed that the level of liquidity that bank agents maintain influences the use of agency banks in a sense that in most cases, agents do not always maintain enough cash demanded by customers and this discourages repeat business. They also highlight that lack of security, malfunctioning equipment and errors also discourage the uptake of agent banking. Network problems also deter the use of agent banks by customers as they sometimes suffer from connectivity problems. However, the above studies were carried out in Kenya and other areas. This is added to the fact that such studies are of relatively long time and some of the issues could have been overtaken by events owing to the above, there was an empirical gap which made it necessary to carry out a study in Mbarara City. This study was thus intended to determine the relationship between agency banking and service adoption by customers taking Equity Bank, Mbarara city branch as a case.

1.3 Objectives of the Study

1.3.1 General Objective

The purpose of the study was to assess the effect of agency banking on service adoption by customers in Equity Bank in Mbarara City.

1.3.2 Objectives of the Study

(i) To establish the indicators of agency banking in Equity Bank, Mbarara City.

(ii) To determine the indicators of service adoption by customers in Equity Bank Mbarara City.

(iii) To assess the relationship between agency banking and service adoption by customers in Equity Bank, Mbarara City.

1.4 Research hypothesis

There is no statistical significant relationship between agency banking and service adoption by customers in Equity bank Mbarara City.

1.5 Scope of the Study

This covered what the researcher intended to find out (content scope), areas where the research was conducted from (geographical scope) and the period the researcher took to compile all the research (time scope)

1.5.1 Content Scope

The study was limited to agency banking and service adoption by customers in Equity Bank Mbarara City where by agency baking was the independent variable while service adoption was the dependent variable. Specifically, the study was limited to; determining the indicators of agency banking in Equity Bank, Mbarara City, establishing the indicators of service adoption by customers in Equity Bank, Mbarara City and determining the relationship between agency banking and service adoption by customers in Equity Bank, Mbarara City.

1.5.2 Geographical Scope

The study was carried out in Mbarara City. Mbarara City is 270 Kilometres by road, southwest of Kampala. Financial institutions in Mbarara City include; Equity Bank, Mbarara City is a city in the Western Region of Uganda and the second-largest city in Uganda after Kampala. The city is divided into 6 boroughs/divisions of Kakoba Division, Kamukuzi Division, Nyamitanga Division, Biharwe Division, Kakiika Division, Nyakayojo Division. It is the main commercial center of most of the southwestern districts of Uganda and the site of the district headquarters. Mbarara is an important transport hub, lying west of Masaka on the road to Kabale, near Lake Mburo National Park. This is 270 kilometers, by road, southwest of Kampala, Uganda's capital and oldest city. The coordinates of the Mbarara city are 00 36 48S, 30 39 30E (Latitude: -0.6132; Longitude: 30.6582). This area was chosen for the study because it experiences low service adoption of agency baking by customers in financial institutions yet there are many banking agents in the area.

1.5.3 Time Scope

The study mostly collected literature concerning agency banking and adoption by customers in financial institutions in a timeframe of 4 years that is 2016 to 2019. This time was chosen because this was the time when there were high complaints of agency banking and service adoption by customers in financial institutions in Mbarara City. Secondly, the study covered one month within which data was collected. This period was enough for the researcher to meet all the targeted populations in the study.

1.6 Significance of the Study

The study added to the existing knowledge of agency banking and service adoption by customers in Mbarara City and other areas in Uganda.

The study findings helped customers to easily adopt agency banking in Mbarara City after appreciating its good attributes.

The researchers and academicians have a chance of sharing new ideas obtained from the study. They would use the knowledge gained to advance in their fields of interest. Academicians and scholars' benefits from the study in that it would provide a useful basis upon which further studies on agency banking would be conducted.

The study findings contributed to the award of a master's in Public Administration and Management of Bishop Stuart University since it is a requirement.

1.7 Conceptual Framework

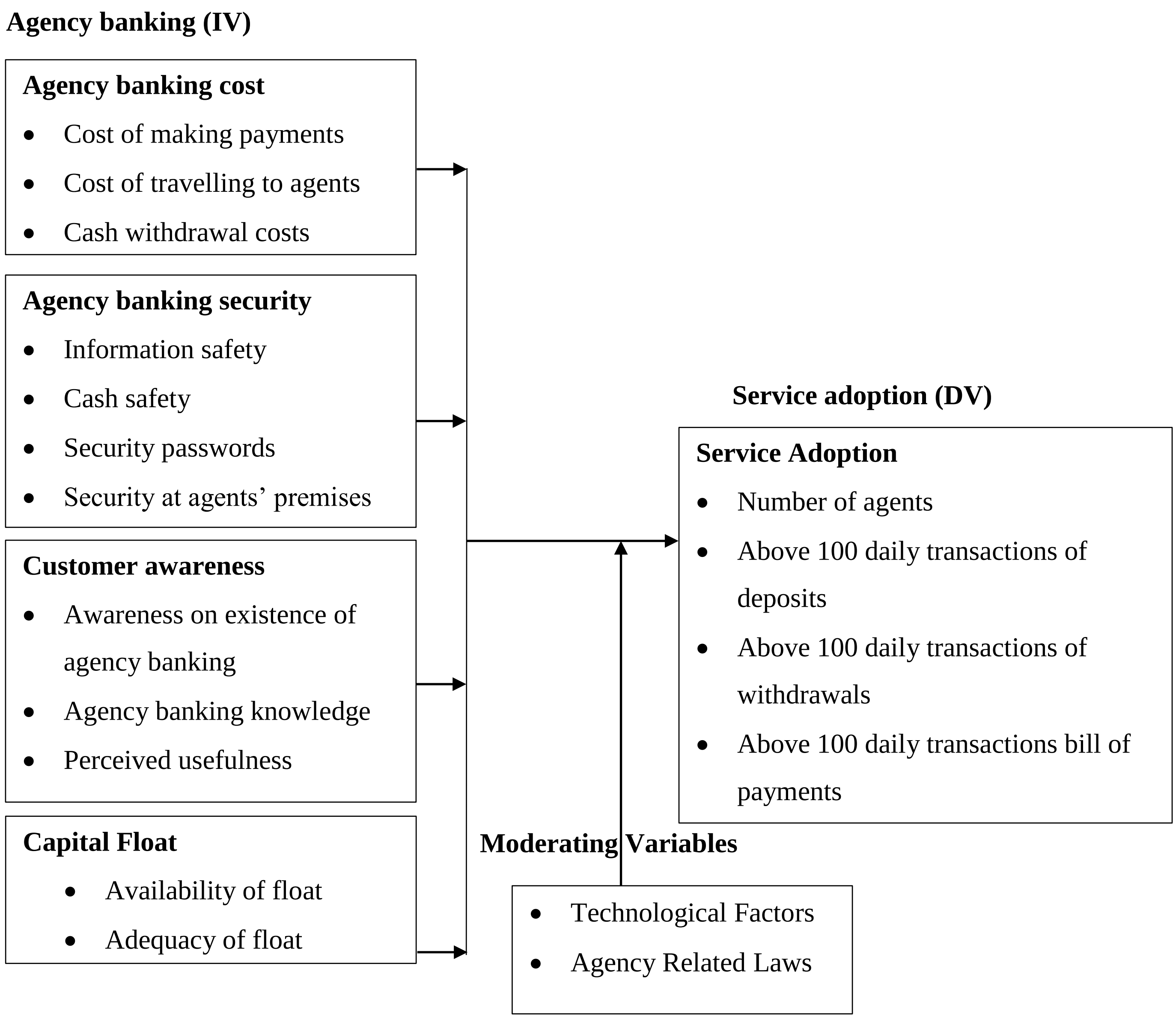

Figure 1: Conceptual Framework for agency banking and service adoption by customers in financial institutions in Mbarara City

Source: Based on Muoria & Moronge (2018) Modified by Researcher, 2019

Figure 1 above is a conceptual frame for agency banking and service adoption by customers in financial institutions in Mbarara City. It illustrates how the independent variable (agency banking) influences the dependent variable (services adoption by customers in financial institutions).

The figure indicates that independent variables include; -Capital float (availability of float and adequacy of float), customer awareness (awareness on existence of agency banking, agency banking knowledge, perceived usefulness); agency banking cost (cost of making payments, cost of traveling to agents, cash withdrawal costs); agency banking security (information safety, cash safety, security passwords, security at agents' premises).

The figure further indicates that dependent variables include; Number of agents, above 100 daily transactions of deposits, above 100 daily transactions of withdrawals, and 100 daily transactions bill of payments. The figure also illustrates moderating variables that may influence the dependent variable, these include; - technological factors and agency-related laws.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This section presents the related literature on empirical studies. It begins with a theoretical review under which a number of related theories are presented. Later empirical literature is presented thematically. The literature in this study is reviewed based on empirical works and studies by other research scholars regarding; - factors contributing to the low number of agents of agent banking, the level of withdraws on agent banking, and the number of clients making payments through agent banking.

2.1 Theoretical Framework

The study endeavored to present and review a number of theories that were thought to be relevant to the study. These included diffusion of Innovations Theory, administrative Management Theory, Theory of security, Bank-led theory and agency theory as discussed in detail below.

Diffusion of Innovations Theory

The diffusion of innovations theory was formulated by Rogers (2003) to explain the adoption rates of various types of innovations. The theory views that there are four main elements in the diffusion process of new ideas are: an innovation that is communicated through certain channels over time among the members of a social system (Dearing & Cox, 2018). Diffusion of innovations theory determines five innovation characteristics that affect the adoption of new ideas. According to Rogers (2003) these include a relative advantage, complexity, compatibility, trial ability and observability. The relevance of this theory in this study is the fact that agency banking is clearly an innovation that requires time to reach critical mass. Concerning communication channels, banks have done well to popularize the model with service names that resonate well with the target population (Berry & Berry, 2018). This theory addresses both agency banking and service adoption by customers in this study.

Administrative Management Theory

This theory focuses on the organization as a whole (Tengblad, 2012). The theory has five key functional areas which include; controlling, coordinating, planning, organising and directing (Alexander, 2013). Planning refers to the selection and sequential ordering of tasks to be performed aimed at achieving the goal of the organization. Organising refers to putting the resources into gainful use; directing is the process of leading and motivating employees so as to influence their behaviour to achieve the goals of the organization while controlling involves measuring the performance of the organization, comparing it with the set standards, identifying the deviations from the proposed plans and taking the necessary corrective actions to ensure that events conform to the plans (Brody & Nair, 2013). This theory attempts to come up with fundamental rules and principles to serve as guidelines for managers. These principles are not exhaustive but are aimed at acting as guidelines for managers towards more efficient services. This theory addresses the agency banking which is the independent variable in this study.

Theory of Security

Kurtus developed this theory in 2002 but was later revised in the year 2012. Security is the protection of a person, property or organization from attack (Campbell, 2018). People, property or organizations may be attacked by the criminally-minded. Security is necessary to protect from such attacks. Physical attacks are efforts to injure or even kill a person (Alwan, 2018). Theft is also considered a property attack. Reasons for such an attack may be for revenge, financial gain, political or religious motives, for thrills, or to avoid getting caught. This theory is related to the study in that an agent can be compromised by fraudsters in abating frauds to customers account like card skimming which have been traced to agents. This study addresses the agency banking security which is one of the independent variables in this study.

Bank-led Theory

The theory was developed by Lyman, Ivatury and Staschen in 2006. In the most basic version of the bank-led theory of branchless banking, a licensed financial institution delivers financial services through a retail agent (Mutua, 2018). Agents related risks arise from substantial outsourcing of customer contact to retail agents. These retail agents may operate in hard-to-reach or dangerous areas, yet they lack physical security systems and specially trained personnel (Mutua, 2018). The bank led theory is related to the study as it focuses on how financial institutions such as banks deliver their financial services through a retail agent, where the bank develops financial products and services, but distributes them through retail agents who handle all or most customer transactions.

Agency Theory

The agency theory which was developed by Michael Jensen and William Meckling in 1976, views the company as a link of contracts among self-interested individuals rather than a unified, profit maximizing entity (Bendickson, et al, 2016). Agents need constant supervision and management, which raises agency costs or coordination costs. Although this definition of agency theory views their associated costs as costs the company incurs, the customer also incurs agency costs in dealing with a company (Wilson, 2019). For example, the interaction with salespeople, dealing with employees in problem situations, or just looking for an employee to ask for assistance, involve agency costs for the customer. This theory addresses one of the independent variables which are agency cost.

The theory was relevant to the study because it clearly brought forward the fact that organizations particularly commercial banks must put in place measures and controls to ensure that the agents do not act in their self-interests or in a manner that jeopardizes the interests of the principal. Therefore policies, procedures and technology must be put in place to ensure the agents remain faithful to the execution of their mandates. Moreover, the more the interests between the agent and the principal align, the higher the probability that the agent will work in the principal's interest (Cuevas-Rodríguez et al., 2012). The agency theory prefers that the principal will need to use control mechanisms such as monitoring: referred to as "agency costs" (Xiang et al., 2012). In relation to this study, Agency theory aimed at establishing the benefits of the principal-agent relationship in relation to service adoption by bank customers. Equity bank, Mbarara branch is the principal and agency banking branch owners are its agents. The principal ought to monitor its agent's activities in relation to how this rallies more customers to embrace its financial services. Hence this study was mainly informed by the Agency Theory among the many theories presented above.

2.2 The indicators of agency banking in financial institutions

Wairi (2011) conducted a study on the factors influencing agent banking by commercial banks in Kenya. The findings of the study showed that technological factors such as computers affect agency banking. This implies that technological factors have a significant positive relationship with the number of agents of agent banking. Additionally, Diniz (2012) noted that banks and other financial institutions are partnering with retailers, post offices and other agents to provide financial services (Diniz, 2012). The above study concerned the factors influencing the number of agents by commercial banks in Kenya, however, this created a contextual gap making it necessary to carry out a study in Mbarara City.

The above study findings differ from Wright et al, (2013), who indicated that governments can create incentives and accelerate the development of agent networks and better uptake of financial services by distributing salary, welfare, and social payments through agents. Not only is this easier, cheaper, and faster for all, but it provides volume to help build the network and to enable low-cost models. Studies carried out in Brazil indicate that a vast network of 120,000 banking correspondent outlets provides financial services in all of the nation's 5,600 municipalities. The above study showed how government can develop agent networks for better financial services. However, the current study specifically examined how agency banking contributed to service adoption by customers in financial institutions in Mbarara City.

The study carried out by Baez & Camacho (2011) in Colombia, revealed that 99% of the country's municipalities have access to financial services. Beneficiaries receiving government social payments can collect their money more easily and closer to where they live. The agent networks are creating a platform for more services. A new law Pay Easily - Pay Digitally has been proposed to bring transactional services to more people (Kauffman, 2015). The above studies revealed Colombia's statistics on customers' access to financial services through a wide range of agent networks. According to the researcher, there was a need to examine the effect of agency banking on service adoption by customers in financial institutions in Mbarara City.

The findings are in agreement with Otieno (2012) who noted that agency cost banking is a strategy that depicts its concept from the Branchless banking model onto which the wordings are used interchangeably. Branchless banking is a distribution channel strategy used for delivering financial services without relying on bank branches. It represents a cheaper alternative to conventional branch-based banking through the use of delivery channels like retail outlets, mobile phones, the internet, automated teller machines, and Point of Sale devices. Agency cost is a type of branchless banking where third parties are involved in performing some of the activities that are traditionally performed in banking halls by bank personnel (Komen, 2014). The researcher made it necessary to study agency banking in Mbarara City.

Additionally, Anand & Saxena (2012) noted that agency cost banking comprises of elements; the use of technology such as payment cards or mobile phones to identify customers and record transactions electronically and in some cases to allow customers to initiate transactions remotely. Use of exclusive or non-exclusive third party outlets such as post offices and small retailers that act as agencies for financial service providers and that enable customers to perform functions that require their physical presence such as cash handling and customer due diligence for account opening, offer services such as basic cash deposit and withdrawal in addition to transactional or payment services and they have the backing of a government recognized deposit-taking institution such as a formally licensed bank (Kirsch, 2010). The above study indicated the elements of agency cost banking; however, the current study will assess the extent to which agency cost banking has influenced service adoption by customers. A gap emerges at the contextual level where all studies were carried out in areas outside the Ugandan context. This contextual gap made it imperative for this study in the context of Equity Bank, Mbarara City to identify indicators of agency banking.

Additionally, Aduda, Kiragu, and Ndwiga (2013) indicated that there was a significant positive relationship between confidentiality of customer's information and growth of agency banking. The more confidential customer's information is kept, the more the growth of agency banking. Since the confidentiality of customers' account information and security of the overall system are the dimensions used in the study to measure perceived trust, this implies that there is a significant positive relationship between perceived trust and growth of agency banking. Though the above study assessed the relationship between confidentiality of customers' information and growth of agency banking, the current study examined the indicators that reflected agency banking in financial institutions, taking Equity Bank in Mbarara City as a case study.

Similarly, the above study findings are in line with Nazziwa (2019) who conducted a study on factors influencing the uptake of agency banking services by customers in commercial banks in Uganda. The findings revealed that security affects the use of agency banking. Customers are worried about the security of the agency banking system as a result of advancements in technology. Most of the customers were experiencing cases of fake money as well as theft and robbery at agency banking centers. There is a negative relationship between insecurity and the adoption of agency banking. Additionally, Kamau, Osuga & Njuguna (2017) indicated that there was a significant positive relationship between security and growth of agency banking of commercial banks at a 1% level of significance. There was a positive impact of perceived trust on the actual usage of the agency banking system. The current study looked at how issues of security are catered for under agency banking in Equity Bank Mbarara city.

These are in agreement with Nyagadza (2019) who conducted a study on the factors influencing the adoption of agent banking by commercial banks. The results showed that technological factors affecting the adoption of agency banking were relative advantage or perceived usefulness. This implies that perceived usefulness has a significant positive relationship with the adoption of agency banking. This agrees with Abdulkadir (2015) who concluded that relative advantage or perceived usefulness which was one of the technological factors had a significant positive relationship with the adoption of the agency banking system.

2.3 The indicators of service adoption by customers in financial institutions

A study by Simboley (2017) showed that most clients still find it convenient to withdraw or deposit money in banks. The result is that the long queues that characterized banking halls before the advent of agency banking models continue to persist. During these hours, most of those who rush to deposit money are business persons. In the evening, most of those who visit banks go to deposit their day’s sales, in the case of businesspersons. Interestingly, outside the crowded banking halls, there are dozens of banking agents. The agents have listed services they offer top among them cash deposit and withdrawal. However, despite the convenience they offer, it is hard to see a queue of even five people waiting to be served by the agents. Agency banking has not reduced queues in banking halls. Agency banking has not diffused the problem of decongestion in banks but has not indicated the reasons as to why despite the banking services coming closer through the agency banking model the queues are still long. Therefore, the current study assessed reasons why there are still low service adoption in banks despite increasing agency banking services in Mbarara City.

These findings are in agreement with Kaburu (2014) who indicated that most agencies are also located in places where customers may perceive as “high risk” and there are issues to do with fraud, which is on the rise in Tharaka Nithi County Kenya. Besides that, charges imposed on customers for using agency services have also made people avoid them. At the geographical level, the current study was carried out in Mbarara City and compared results with the above study. Similarly, according to Tehulu (2013), growing the number of branches in Uganda has been the way of trying to reach more customers. However, because of the costs involved, access to these services has remained high. The estimation is that to open a branch of about five staff members, it could cost the bank about Shs300m, inclusive of about Shs 60 million in operational costs per month. For a larger branch, it can cost between Shs 500 million and Shs 900 million, with operational costs of about Shs 200 million. The costs for the bank are often on staff salaries, utilities, rent, cleaning services, security, and air conditioning among others. The above study specifically identified the growing number of branches in Uganda, whereas the current study was only limited to the number of banking agents in Mbarara City via avis service adoption.

Similarly, Aduda et al, (2013), asserted that agency banking is a very cost-effective way for banks and financial institutions to extend their services in the areas that have lower penetration of banks. With agency banking, banks and financial institutions don’t need to set up a physical branch thus reducing operational, infrastructure, maintenance, and other high-capital investment costs. With agency banking, the banks can save the cost required to set up a new physical branch as maintaining a physical branch on average is 25% costlier than managing the network of agents. And they can increase their profitability by driving business to the previously untapped areas. However, the current study aimed to determine the level of service adoption by customers in Equity Bank, because, without service adoption, there cannot be profitability thus the need to study service adoption levels by customers.

However, findings by Mbugua (2015) revealed challenges faced by the adoption of clients on agent banking such as; -the loss of customer assets and records, data entry errors, poor cash management by the agent resulting in the agent not being able to meet customer withdrawals, and failure by the agent to resolve or forward customer complaints to the bank. There are system or hardware failures that can cause a lack of service availability and informational loss. These challenges include but are not limited to fraud, personal security of agents arising from robberies that endanger their lives, lack of support from Network Operators, theft, and poor connectivity. The above study found out challenges faced by the adoption of clients on agent banking, whereas the current study determined the level of withdraws on agent banking.

Additionally, Wairi (2011) noted that agent banking customers complete banking services quickly whereas, 90% of the respondents agreed that agent banking reduces the cost of making transactions. Perceived usefulness had a significant positive relationship with the adoption of the agency banking system. There is a reduction in the adoption of a system by the customers when the cost of using it increases. Similarly, Mbugua & Omagwa (2017) study revealed that there is a positive significant relationship between ease of access and flexibility of working hours on service delivery hence increasing the adoption of agency banking. Additionally, the researcher found out that there is a significant negative relationship between the cost of banking services and adoption of agency banking in Equity Bank, Mbarara City.

2.4 Relationship between agency banking and service adoption by customers in financial institutions

A study by Vutsengwa & Ngugi (2013) indicated that a total of 19,649 agents in 2010 had been contracted facilitating over 58.6 million transactions valued at Ksh. 310.5 billion. This was an increase from 11 banks that had contracted 18,082 active agents facilitating over 48.4 million transactions valued at Ksh. 250.1 billion in March 2013. The number of banking transactions undertaken through agents increased from 9.7 million registered in the quarter ending March 2013 to 10.2 million transactions registered in the quarter ending June 2013. The above study showed the trend of banking transactions undertaken through agents while the current study examined the relationship between agency banking and service adoption by customers in equity bank, Mbarara City.

Similarly, Nyambariga (2013) noted that the increased number and value of transactions demonstrate the increased role of agent banking in promoting financial initiatives being championed by the Central Bank. The increase is due to the fact that Banks and Financial related Institutions are increasingly deploying the use of payments using agencies to enhance the quality of their financial services and to increase the accessibility of services by customers. The pace of transformation in the financial sector speeded up with more agency banking businesses hence realizing the potential of using the agencies in transacting payments in their service delivery. The above study demonstrated the role of agent banking in promoting financial initiatives whereas the current study demonstrated the relationship between agency banking and service adoption by customers in financial institutions in Mbarara City.

Additionally, Kalinda et al (2012) indicated that the bank with the highest number of customers is Equity bank which has 8.7 million customers and 11,009 agents followed by a Cooperative bank with 5800 agents. This indicates that agent banking has an effect on financial deepening as the higher the number of agents, the higher the number of customers. Despite all these, no study has been done to evaluate how specifically agency banking has improved the ease of access to banking services in the financial sector. The above study was carried out at Equity bank and compared the results with studies from other banks.

Furthermore Okoye & Ezejiofor (2013) showed that payments for goods, services, utilities, and school fees attract early adopters. The partnering banks' use of early adopters of agency banking revolved around the need for quick transactions for goods and services among traders who wished to avoid transportation costs and travel time. Payments for utilities and/or school fees were also highly appreciated by early adopters, allowing them to save the time spent previously queueing in banks. While these use cases offer a good starting point, additional use cases shall be explored along established value chains to increase channel adoption by new customer segments. The above study showed the services agency banking; however, the current study assessed the relationship between agency banking and service adoption by customers in financial institutions in Mbarara City.

Watiri (2013) in relation to the above also conducted a study on the factors affecting the adoption of agency banking by bank customers. The findings of the study revealed that there was a positive and significant association between capital availability and adoption of agency banking. Capital availability is one of the items used to measure system reliability as an indicator of perceived ease of use in the study. Lack of enough float frustrates customers when making a large volume of transactions hence low adoption of the agency banking system. The findings are in line with Mosoti & Mwaura (2014) who concluded that most customers had experienced a transaction failure and lack of enough float bank agents. In addition, the study found out that the agency banking centers often experienced system malfunctioning and errors when making transactions thus a positive significant relationship between liquidity availability and adoption of the agency banking system among customers.

2.4 Summary

Various studies have been conducted on agency banking and service adoption by customers in financial institutions. Very few studies however have been conducted in relation to agency banking and service adoption by customers in financial institutions in the Ugandan context; hence availability of inadequate literature. This study, therefore, sought to fill the knowledge gap by investigating the relationship between agency banking and service adoption by customers in financial institutions in Uganda's banking sector. This study supplemented the existing literature by specifically; the indicators of agency banking in financial institutions, the indicators of service adoption by customers and relationship between agency banking and service adoption by customers. This study helped customers to easily adopt agency banking in Mbarara City.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter presented the methodology for the study which included the research design, target population, sample size and selection, sampling techniques, data collection methods and instruments, data quality control (validity and reliability), data analysis, measurement of research variables, ethical considerations and limitations.

3.1 Research Design

This study adopted a case study research design and focused on studying the single case. A case study design was preferred because it was responsible for intensive study of a unit. It involved an investigation and exploration of an event thoroughly and deeply. Quantitative approach was used under this study design as supported by Zigale, (2018). Quantitative data was collected from the respondents using questionnaires.

3.2 Study Area

The area of the study refers to the geographical location where the study is carried out (Kothari, 2004). The study was based on Equity Bank Uganda, Mbarara branch located in Mbarara city. Mbarara City is located 270 kilometers, by road, southwest of Kampala, Uganda's capital and oldest city. There are more than 50 agency banking agents in the City. There are many tribes of people living in the city with Banyankole being dominant others include, Bakiga, Baganda, Basoga, Banyarwanda among others. Secondly, the area was highly accessible by the researcher which enabled easy data collection.

3.3 Study Population

According to Best & Kahn (2009), a population is a group of individuals who have one or more characteristics in common that are of interest to the researcher. Lokesh, (2008), defines a target population as a large group from which a sample population is selected. A population has been defined as the total collection of elements about which inferences are made and refers to all possible cases which are of interest for a study (Kumar, 2019). Smith (2011) view population as the large collection of all subjects from where a sample is drawn. The population of the study included customers. Customers participated in the study because they were directly responsible for service adoption in Equity Bank in Mbarara City.

3.4 Sample Size

Sample size determination is the act of choosing the number of observations or replicates to include in a statistical sample (Sapsford, 2006). On average, Equity Bank Mbarara branch receives over 200 agent banking clients daily. Based on the Krejcie & Morgan sample (1970) table for sample size determination, a sample of 132 respondents was selected from a population of 200 respondents. Therefore 132 questionnaires were given to the respondents.

3.5 Sampling Techniques

Sampling is a process of identifying the individuals (respondents) who participate in the study. A sample was used to generalize the characteristics being investigated within the entire population. The researcher used simple random sampling in selecting respondents. Simple random sampling refers to a situation where each respondent has an equal chance of being selected to participate in the study (Daniel, 2012). Simple random sampling was used to avoid bias and also to give all potential respondents an equal chance of being chosen to participate in the study.

Under simple random sampling, the researcher used 12 working days in which he selected and engaged 11 respondents on each day at the agency bank branches. The researcher did this by engaging whoever came to the branch and was willing to participate in the study upon introduction of the research. Care was taken not to engage the respondent twice by noting their names on a sheet of paper. Once the respondent that had been selected came back for the agency banking service, he or she would not be selected again, but rather new customers. This selection process was done with assistance of other research assistants within 5 days upon which the required sample was got. When the respondent was selected and consented, he or she was immediately given the questionnaire to fill after which it was withdrawn before he or she left the scene.

3.7 Data Collection Methods

Data collection in this study referred to gathering information for research purposes. The collection of data relied on both primary and secondary data collection methods.

3.7.1 Questionnaire survey

A questionnaire survey is a research method consisting of a series of questions and other prompts to gather information from respondents (Sampson, 2012). A structured questionnaire was used to collect information from customers and this was done with the help of the researcher. This method enabled the researcher to collect quantitative data.

3.8 Data Collection Tools

Data was collected using questionnaires as they were taken to be the most appropriate methods for data collection. The following research instruments were used during the research study: -

3.8.1 Questionnaire

A questionnaire is a collection of questions based on the subject of interest to the researcher and completed by respondents. A structured questionnaire was administered to customers. It included open and closed-ended questions for respondents to fill and express their views and opinions. Questionnaires were preferred because they were time-saving as one spent little time moving from one respondent to another during data collection unlike in the interview method. Besides, with the questionnaire method, the respondents freely answered sensitive but true questions and the respondent was given enough time to consult other documents for accurate and detailed information. For purposes of this study, closed ended questionnaire using 5-Point Likert scale with open spaces for comments on issues not captured in the questionnaire were used through distribution on a drop and pick method.

3.9 Research Procedure

In the field, the researcher did not do any consultations before introducing himself and secured permission from any relevant authorities. Thereafter, the researcher approached the respondents requesting them whether they could offer him any opportunity towards responding to her questions. The researcher did not force any person who was not willing to be his respondent. The researcher was also as tactful as possible to make the respondents feel comfortable as well as assuring them that the information collected would be confidential. The purpose and methods for the study were well explained to the potential participants, who provide verbal consent before participating.

3.10 Data Quality Control

3.10.1 Validity of Instruments

Validity is concerned with the extent to which an instrument measures what it is intended to measure (Cizek, 2012). Validity is the extent to which an instrument measures what it is supposed to measure and performs as it is designed to perform. To ensure the validity of the mentioned instrument, the researcher ensured that questions or items in it conform to the study’s objectives. University supervisors were requested to evaluate the relevance, wording, omissions, and clarity of questions or items in the instrument. On validity, instruments are supposed to measure accurately what they were supposed to measure. Therefore, before the questionnaires were administered, they were first examined and scrutinized by the supervisor as this ensured that the terms used in the questionnaire are precisely defined and properly understood.

3.10.2 Reliability of Instruments

The reliability of a measuring instrument is the degree of consistency with which it measures whatever it is measuring (McHugh, 2012). Reliability refers to the measure of the degree to which a research instrument yields consistent results or data after repeated trials. The reliability of the instruments was obtained by using the test-retest reliability. For most educational research, stability of scores over a period of two months was usually viewed as sufficient evidence of test-retest reliability. Therefore, the researcher pre-tested and retested the instruments on a small number of key respondents in an interval of two days.

3.11 Data Analysis

Quantitative data were expressed in quantitative terms that deal with numbers, measures outcomes in terms of figures. The data collected was edited and coded into a form usable by Statistical Package for Social Scientists (SPSS) data analysis package from which tables with variable frequencies, percentages means were drawn for easy analysis. The study also analysed the relationship between agency banking and service adoption through use of Pearson rank correlation coefficient. This helped to determine the significance of the relationship, with the significance level at 0.05. It also involved content analysis of data using themes and sub-themes derived from the objectives of the study.

3.12 Study Limitations

Some respondents were not unwilling to participate in the study, due to fact that they were too busy. However, this was solved by interviewing only respondents who volunteered in participating in the study.

Some respondents asked money to fill questionnaires. However, the researcher first explained to the respondents that the study was for study purposes and was not for profit-making, so there was no need for payment.

3.13 Ethical Considerations

The researcher emphasized confidentiality of all his research findings and he anticipated bias during data collection.

The researcher ensured that information obtained from respondents regarding agency banking and service adoption by customers in financial institutions remained confidential.

The researcher sought the consent of the respondents before administering the questionnaires. This aimed at ensuring that respondents participate in the study based on their own free will.

In addition, the researcher proved the authenticity of the research being conducted and acknowledge all sources where information was got to ensure that there is no plagiarism. The names of respondents were withheld to ensure confidentiality and anonymity.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.0 Introduction

This chapter covered the presentation, analysis, and interpretation of the findings of this study on agency banking and service adoption by customers in financial institutions in Mbarara City; A Case Study of Equity Bank. Specifically, this chapter presents background findings, descriptive and inferential results. This was presented according to study objectives; the indicators of agency banking, the indicators of service adoption by customers, and relationship between agency banking and service adoption by customers.

4.1 The indicators of agency banking in Equity Bank, Mbarara City

The questionnaire (Appendix 3) shows that Agency Banking Services was measured using 15 items. The items measuring Agency Banking Services scaled using the five-point Likert scale where strongly disagree = 1, Disagree = 2, Uncertain = 3, Agree = 4, and Strongly Agree = 5. The results were as presented in Table 4.1.

Table 4.1: Respondents responses regarding the indicators of agency banking in Equity Bank, Mbarara City

	Strongly Disagree		**Disagree**		**Uncertain**		**Agree**		**Strongly Agree**		
Responses on payroll controls	**f**	**%**	**f**	**%**	**f**	**%**	**f**	**%**	**f**	**%**	**Mean**
I know the benefits of using agency banking	5	3.8	20	15.2	15	11.4	75	56.8	17	12.9	3.60
I feel safe and secure while banking with an agent	2	1.5	5	3.8	9	6.8	90	68.2	26	19.7	4.01
Banking with an agent gives me privacy	0	0.0	0	0.0	25	18.9	37	28.0	70	53.0	4.34

I trust that agents keep my bank information confidentially	1	0.8	6	4.5	10	7.6	95	72.0	20	15.2	3.96
I trust that bank agents have safe custody of the money	6	4.5	9	6.8	16	12.1	90	68.2	11	8.3	3.69
Agents operate in secure places	3	2.3	3	2.3	6	4.5	88	66.7	32	24.2	4.08
There is accuracy in posting transactions by agents	10	7.6	19	14.4	20	15.2	66	50.0	17	12.9	3.46
Agency banking helps me do my banking better	7	5.3	9	6.8	16	12.1	80	60.6	20	15.2	3.73
I prefer banking with agents to visiting a bank branch	2	1.5	4	3.0	8	6.1	75	56.8	43	32.6	4.16
Agency banking is more convenient	19	14.4	20	15.2	25	18.9	48	36.4	20	15.2	3.23
Agency banking is cost effective	6	4.5	10	7.6	14	10.6	68	51.5	34	25.8	3.86
I enjoy extended banking hours with agents	9	6.8	10	7.6	11	8.3	50	37.9	52	39.4	3.95
Agents have better customer care	10	7.6	15	11.4	30	22.7	40	30.3	37	28.0	3.60
Bank agents provide assistance while transacting	12	9.1	14	10.6	18	13.6	60	45.5	28	21.2	3.59
The process of transacting with agents is easier than that of the bank	11	8.3	12	9.1	16	12.12	45	34.1	48	36.4	3.81
Overall Mean Score											**3.80**

Source: field data, 2021

Results in table 4.1, regarding whether customers know the benefits of using agency banking, cumulatively majority of the respondents 75 (56.8%) mentioned agree, followed by 17 (12.9%) mentioned strongly agree, 20 (15.2%) mentioned disagree and 5 (3.8%) mentioned strongly disagree. The mean score = 3.6 meant that customers know the benefits of using agency banking. Concerning whether, customers feel safe and secure while banking with an agent, cumulatively majority of the respondents 90 (68.2%) mentioned agreeing, 26 (19.7%) indicated strongly agree, then 9 (6.8%) indicated uncertainly, 5 (3.8%) disagree and 2 (1.5%) indicated strongly disagree. The mean score = 4.01 meant that customers feel safe and secure while banking with agent banking.

Concerning whether banking with an agent gives customers privacy, cumulatively majority of the respondents 70 (53.0%) indicated strongly agree, 37 (28.0%) indicated agree, and 25 (18.9%). The mean score = 4.34 implied that banking with an agent gives customers privacy. Regarding whether customers trust that agents keep their bank information confidentially, cumulatively majority of the respondents 95 (72%) indicated agree, followed by 20 (15.2%) indicated strongly agree, 10 (7.6%) mentioned uncertainly, 6 (4.5%) mentioned disagree and 1 (0.8%) indicated strongly disagree. The mean score = 3.96 meant that customers trust that agents keep their bank information confidentially.

Concerning whether customers trust that bank agents have safe custody of the money, cumulatively majority of the respondents 90 (68.2%) mentioned agree, 16 (12.1%) mentioned uncertainly, 11 (8.3%) mentioned strongly agree, 9 (6.8%) mentioned disagree and 6 (4.5%) mentioned strongly disagree. The mean score = 3.69 meant that customers trust that bank agents have safe custody of the money. Concerning whether Agents operate in secure places, cumulatively majority of the respondents 88 (66.7%) indicated agree, 32 (24.2%) indicated strongly agree, 6 (4.5%) uncertain, 3 (2.3%) disagree, and 3 (2.3%) strongly disagree. The mean score = 4.08 implied that Agents operate in secure places.

Concerning whether there is accuracy in posting transactions by agents, cumulatively majority of the respondents 66 (50.0%) indicated agree, followed by 20 (15.2%) indicated uncertainly, 17 (12.9%) indicated strongly agree, 19 (14.4%) indicated disagree and 10 (7.7%) stringy disagree.

The mean score = 3.46 meant that there is moderate accuracy in posting transactions by agents. As regards whether agency banking helps customers do their banking better, cumulatively majority of the respondents 80 (60.6%) showed agree, 20 (15.2%) showed strongly agree, 16 (12.1%) showed disagree, and 7 (5.3%) showed strongly disagree. The mean score = 3.73 meant that agency banking helps customers do their banking better.

Concerning whether customers prefer banking with agents to visiting a bank branch, cumulatively majority of the respondents 75 (56.8%) mentioned agree, 43 (32.6%) mentioned strongly agree, then 8 (6.1%) mentioned uncertainly, 4 (3%) mentioned disagree and 2 (1.5%) mentioned strongly disagree. The mean score = 4.16 indicated that customers prefer banking with agents to visiting a bank branch. Concerning whether agency banking is more convenient, cumulatively majority of the respondents indicated that 48 (36.4%) mentioned agreeing, 25 (18.9%) mentioned uncertainly, 20 (15.2%) mentioned strongly agree, 20 (15.2%) mentioned disagree and 19 (14.4%) mentioned strongly disagree. The mean score = 3.23 meant that agency banking is moderately convenient.

Concerning whether agency banking is cost-effective, cumulatively majority of the respondents 68 (51.5%) mentioned agree, followed by 34 (25.8%) who mentioned strongly agree, 14 (10.6%) mentioned uncertainly, 10 (7.6%) mentioned disagree and 6 (4.5%) mentioned strongly disagree. The mean score = 3.86 indicates that agency banking is cost-effective. Concerning whether customers enjoy extended banking hours with agents, cumulatively majority of the respondents 52 (39.4%) mentioned strongly agree, followed by 50 (37.9%) who mentioned agree, 11 (8.3%) mentioned uncertainly, 10 (7.6%) mentioned disagree, and 9 (6.8%) mentioned strongly disagree. The mean score = 3.95 meant that customers enjoy extended banking hours with agents.

Regarding whether agents have a better customer care, cumulatively majority of the respondents 40 (30.3%) mentioned agreeing, followed by 37 (28.0%) who mentioned agree, 30 (22.7%) mentioned uncertainly, 15 (11.4%) mentioned disagree and 10 (7.6%) strongly disagree. The mean score = 3.60 meant that agents have better customer care. Concerning whether bank agents assist while transacting, cumulatively majority of the respondents 60 (45.5%) mentioned agree, 28 (21.2%) mentioned strongly agree, 18 (13.6%) mentioned uncertainly and 12 (9.1%)

mentioned strongly disagree. The mean score = 3.59 implied that bank agents assist while transacting.

Concerning whether the process of transacting with agents is easier than that of the bank, cumulatively majority of the respondents 48 (36.4%) mentioned strongly agree, followed by 45 (34.1%) who indicated agree, 16 (12.1%) mentioned uncertainly, 12 (9.1%) mentioned disagree, and 11 (8.3%) mentioned strongly disagree. The mean score = 3.81 indicated that the process of transacting with agents is easier than that of the bank. The overall mean score = 3.8 implied that there were effective agency banking services for Equity Bank Mbarara City.

4.2 The indicators of service adoption by customers in Equity Bank in Mbarara City

The questionnaire (Appendix 3) shows that indicators of service adoption by customers in Equity Bank, Mbarara City were measured using 14 items. The items measuring Agency Banking Services scaled using the five-point Likert scale where strongly disagree = 1, Disagree = 2, Uncertain = 3, Agree = 4, and Strongly Agree = 5. The results were as presented in Table 4.2.

Table 4.2: Respondents' responses regarding service adoption by customers in equity bank, Mbarara City

	Strongly Disagree		**Disagree**		**Uncertain**		**Agree**		**Strongly Agree**		
Items on service adoption	**f**	**%**	**f**	**%**	**f**	**%**	**f**	**%**	**f**	**%**	**Mean**
There are many bank agents around my work area	5	3.8	10	7.6	12	9.1	80	60.6	25	18.9	3.83
Many of my colleagues use agency banking	2	1.5	8	6.1	30	22.7	52	39.4	40	30.3	3.91
Agency banking has reduced bank queues	9	6.8	10	7.6	15	11.4	60	45.5	38	28.8	3.82
I am already banking with bank agents	11	8.3	13	9.8	18	13.6	40	30.3	50	37.9	3.80

I use agency banking more frequently	1	0.8	18	13.6	30	22.7	67	50.8	16	12.1	3.60
Banks refer us to agents	2	1.5	7	5.3	16	12.1	77	58.3	30	22.7	3.95
I pay bills using agency banking	2	1.5	9	6.8	15	11.4	88	66.7	18	13.6	3.84
I always deposit money to my account using agent banking	1	0.8	2	1.5	3	2.3	110	83.3	16	12.1	4.05
I always use agency banking to make withdraws	2	1.5	5	3.8	10	7.6	30	22.7	85	64.4	4.45
There is no difference between banking with agents and going to the bank	10	7.6	12	9.1	19	14.4	32	24.2	59	44.7	3.89
I get extra benefit from banking with agents	20	15.2	25	18.9	35	26.5	30	22.7	20	15.2	2.99
Agency banking is time saving than visiting the bank	1	0.8	1	0.8	2	1.5	90	68.2	38	28.8	4.23
Agency banking offer all products same as bank	3	2.3	5	3.8	7	5.3	99	75.0	20	15.2	4.02
There are low transaction costs when using banking agents	19	14.4	20	15.2	30	22.7	43	32.6	20	15.2	3.19
Overall Mean Score											**3.82**

Source: field data, 2021

Results in Table 4.2 concerning whether there are many bank agents around Mbarara City, cumulatively majority of the respondents 80 (60.6%) mentioned agree, followed by 25 (18.9%) who mentioned strongly agree, then 12 (9.1%) mentioned uncertainly, 10 (7.6%) mentioned disagree and 5 (3.8%) mentioned strongly disagree. The mean score = 3.83 implied that concerning there are many bank agents around Mbarara City. Regarding whether there are observable long queues at agents' shops, cumulatively majority of the respondents 53 (40.2%) mentioned agree, 34 (25.8%) mentioned uncertainly, then 30 (22.7%) mentioned strongly agree, 9 (6.8%) mentioned disagree and 6 (4.5%) mentioned strongly disagree. The mean score = 3.70 meant that there are observable long queues at agents' shops.

For whether there are many of customers' colleagues using agency banking, cumulatively majority of the respondents 52 (39.4%) mentioned agree, 40 (30.3%) mentioned strongly agree, 30 (22.7%) mentioned uncertainly, 8 (6.1%) mentioned disagree and 2 (1.5%) mentioned strongly disagree. The mean score = 3.91 implied that there are many customers' colleagues using agency banking. Regarding whether agency banking has reduced bank queues, cumulatively majority of the respondents 60 (45.5%) mentioned agree, followed by 38 (28.8%) who mentioned strongly agree, then 15 (11.4%) mentioned uncertainly, 10 (7.6%) mentioned disagree and 9 (6.8%) mentioned strongly disagree. The mean score = 3.82 meant that agency banking has reduced bank queues.

Concerning whether customers are already banking with bank agents, cumulatively majority of the respondents 50 (37.9%) mentioned strongly agree, 40 (30.3%) mentioned agree, 18 (13.6%) mentioned uncertainly, 13 (9.8%) mentioned disagree and 11 (8.3%) mentioned strongly disagree. The mean score = 3.8 implied that customers are already banking with bank agents. Regarding whether customers use agency banking more frequently, cumulatively majority of the respondents 67 (50.8%) mentioned agree, 30 (22.7%) mentioned uncertainly, 18 (13.6%) mentioned disagree, 16 (12.1%) mentioned strongly agree, and 1 (0.8%) mentioned strongly disagree. The mean score = 3.6 implied that customers use agency banking more frequently.

As regards whether banks refer customers to agents, cumulatively majority of the respondents 77 (58.3%) mentioned agree, 30 (22.7%) mentioned strongly agree, 16 (12.1%) mentioned uncertainly, 7 (5.3) mentioned disagree and 2 (1.5%) mentioned strongly disagree. The mean score = 3.95 which indicated that banks refer customers to agents. Concerning whether customers pay bills using agency banking, cumulatively majority of the respondents 88 (66.7%) mentioned agree, 15 (11.4%) mentioned uncertainly, 18 (13.6%) mentioned strongly agree, 9

(6.8%) mentioned disagree and 2 (1.5%) mentioned strongly disagree. The mean score = 3.84 suggested that customers pay bills using agency banking.

Regarding whether customers always deposit money to their accounts using agent banking, cumulatively majority of the respondents 110 (83.3%) mentioned agreeing, 16 (12.1%) mentioned strongly agree, 3 (2.3%) uncertain and 1 (0.8%) mentioned strongly disagree. The mean score = 4.05 implied that customers always deposit money to their accounts using agent banking. For whether customers always use agency banking to make their withdraws, cumulatively majority of the respondents 85 (64.4%) indicated strongly agree, then 30 (22.7%) indicated agree, 10 (7.6%) indicated uncertainly, 5 (3.8%) indicated disagree and 2 (1.5%) strongly disagree. The mean score = 4.45 showed that customers always use agency banking to make withdraws.

Regarding whether there is no difference between banking with agents and going to the bank, cumulatively majority of the respondents 59 (44.7%) indicated strongly agree, 32 (24.2%) indicated agree, 19 (14.4%) indicated uncertainly, 12 (9.1%) indicated disagree and 10 (7.6%) indicated strongly disagree. The mean score = 3.89 implied that there is no difference between banking with agents and going to the bank. To whether customers get extra benefit from banking with agents, cumulatively majority of the respondents 35 (26.5%) mentioned uncertainly, 30 (22.7%) mentioned agree, 25 918.9%) mentioned disagree, 20 (15.2%) mentioned strongly agree, 20 (15.2%) mentioned strongly disagree. The mean score = 2.99 customers rarely get extra benefit from banking with agents.

To whether agency banking is time-saving than visiting the bank, cumulatively majority of the respondents 90 (68.2%) indicated agree, 38 (28.8%) indicated strongly agree, 2 (1.5%) indicated uncertainly, 1 (0.8%) indicated disagree and 1 (0.8%) indicated strongly disagree. The mean score = 4.23 implied that agency banking is more time-saving than visiting the bank. As regards whether agency banking offers all products same as bank, cumulatively majority of the respondents 99 (75.0%) indicated agree, 20 (15.2%) indicated strongly agree, 7 (5.3%) uncertain, 5 (3.8%) disagree and 3 (2.3%) strongly disagree. The mean score = 4.02 implied that agency banking offers all products the same as banks.

Concerning whether there are low transaction costs when using banking agents, cumulatively majority of the respondents 43 (32.6%) indicated agree, followed by 20 (15.2%) who mentioned strongly agree, 30 (22.7%) mentioned uncertainly, 20 (15.2%) disagree and 19 (14.4%) mentioned strongly disagree. The mean score = 3.19 showed that there are moderate transaction costs when using banking agents. The overall mean score = 3.82 meant that there is good (agree) service adoption by customers in Equity Bank, Mbarara city.

4.3 Relationship between agency banking and service adoption by customers in Equity Bank, Mbarara City.

The relationship between agency banking and service adoption by customers in financial institutions was explored by using Pearson correlation coefficient. The correlation was used to describe the strength and direction of the linear relationship between the two variables. The mean scores of independent variables (agency banking) were correlated with mean scores of dependent variables (service adoption by customers) with help of the SPSS program. At the Bivariate level, the Pearson correlation coefficient was used to determine the association between the two variables. The correlation shows several significant relationships between the two variables (Table 4.3).

Table 4.3: Correlation between agency banking and service adoption by customers in Equity Bank

Correlations			
		Agency banking	Service adoption by customers
Agency banking	Pearson Correlation	1	0.239**
	Sig. (2-tailed)		0.006
	N	132	132
Service adoption by	Pearson Correlation	0.239**	1

customers	Sig. (2-tailed)	0.006	
	N	132	132
**. Correlation is significant at the 0.01 level (2-tailed).			

The results in Table 4.3, the 2-tailed significance test shows the correlation coefficient of 0.239 at $P = 0.006 < 0.01$ which indicates that there is a weak positive statistically significant relationship between agency banking and service adoption by customers in financial institutions. The research hypothesis which stated that there is no statistically significant relationship between agency banking and service adoption by customers in Equity Bank in Mbarara City was rejected. This implies that service adoption by customers is associated with agency banking.

The new knowledge from the study was that though agency banking has positively influenced service adoption by customers, the effect has been minimal. This further implies that there could be some challenges that still hinder its effective implementation in efforts to increase service adoption that ought to be worked upon.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter presents discussion of findings, conclusions and recommendations for the study as explained in details below;

5.1 Discussion of Findings

5.1.1 The indicators of agency banking in Equity Bank, Mbarara City

The study findings revealed that customers know the benefits of using agency banking with a mean score of 3.6; customers feel safe and secure while banking with an agent with a mean score = 4.01; banking with an agent gives customers privacy with the mean score = 4.34; customers trust that agents keep their bank information confidentially with a mean score = 3.96; customers trust that bank agents have safe custody of the money with a mean score = 3.69; Agents operate in secure places with a mean score= 4.08; there is moderate accuracy in posting transactions by agents with a mean score = 3.46; agency banking help customers do their banking better with a mean score = 3.73; customers prefer banking with agents to visiting a bank branch with a mean score = 4.16; agency banking is moderately convenient with a mean score = 3.23; agency banking is cost effective with a mean score = 3.86; customers enjoy extended banking hours with agents mean score = 3.95; agents have better customer care with a mean score = 3.60; bank agents provide assistance while transacting with a mean score = 3.59; the process of transacting with agents is easier than that of the bank with a mean score = 3.81.

The above study findings are in agreement with Wairi (2011) who showed that technological factors have a significant positive relationship with the number of agents of agent banking. Transacting through bank agents has proven to be cost-effective especially to people who live in rural areas that are far away from banks. Banks and other financial institutions are partnering with retailers, post offices, and other agents to provide financial services. The study findings also agree with Nazziwa (2019) who noted that security affects the use of agency banking. Customers are worried about the security of the agency banking system as a result of advancements in technology. Most of the customers were experiencing cases of fake money as well as theft and robbery at agency banking centers. The above study findings also agree with Abdulkadir (2015) who asserted that technological factors affecting the adoption of agency banking were relative advantage or perceived usefulness. Therefore, technology relative advantage had a significant effect on behavioral intention to adopt the agency banking system.

5.1.2 The indicators of service adoption by customers in Equity Bank, Mbarara City

The study findings revealed that there was good service adoption by customers with overall mean score = 3.82; that is; there are many bank agents around Mbarara City with a mean score = 3.83; there are observable long queues at agents shops with a mean score = 3.70; there are many of customers' colleagues using agency banking with a mean score = 3.91; agency banking has reduced bank queues with a mean score = 3.82; customers are already banking with bank agents with a mean score = 3.8; customers use agency banking more frequently with a mean score = 3.6; banks refer customers to agents with a mean score = 3.95; customers pay bills using agency banking with a mean score = 3.84; customers always deposit money to their accounts using agent banking with a mean score = 4.05; customers always use agency banking to make withdraws with a mean score = 4.45; there is no difference between banking with agents and going to the bank with a mean score = 3.89; customers rarely get extra benefit from banking with agents with a mean score = 2.99; agency banking is time saving than visiting the bank with a mean score = . The mean score = 4.23; agency banking offers all products the same as the bank with a mean score = 4.02 and there are moderate transaction costs when using banking agents with a mean score = 3.19.

The above study findings are in agreement with Okoye & Ezejiofor (2013) who indicated that payments for goods, services, utilities, and school fees attract early agent banking adopters. Payments for utilities and/or school fees were also highly appreciated by early adopters, allowing them to save the time spent previously queuing in banks. While these use cases offer a good starting point, additional use cases shall be explored along established value chains to increase channel adoption by new customer segments.

However, the above study findings differ from Anand & Saxena (2012) who indicated that agency cost banking comprises elements; use of technology such as payment cards or mobile phones to identify customers and record transactions electronically and in some cases to allow customers to initiate transactions remotely. Use of exclusive or non-exclusive third party outlets such as post offices and small retailers that act as agencies for financial service providers and that enable customers to perform functions that require their physical presence such as cash handling and customer due diligence for account opening, offer services such as basic cash deposit and withdrawal in addition to transactional or payment services and they have the backing of a government recognized deposit-taking institution such as a formally licensed bank (Kirsch, 2010).

Similarly, the above study findings are in line with Simboley (2017) who concluded that most clients still find it convenient to withdraw or deposit money in banks. During hours, most of those who rush to deposit money are businesspersons. In the evening, most of those who visit banks go to deposit their day's sales, in the case of businesspersons. Interestingly, outside the crowded banking halls, there are dozens of banking agents. The agents have listed services they offer top among them cash deposit and withdrawal. Agency banking has not reduced queues in banking halls. Agency banking has not diffused the problem of decongestion in banks but has not indicated the reasons as to why despite the banking services coming closer through the agency banking model the queues are still long.

The above findings also agree with Mwangi and Mwangi (2016) who reported that the level of liquidity that bank agents maintain influence the use of agency banks in a sense that in most cases agents do not always maintain enough cash demanded by customers and this discourages repeat business. They highlight that lack of security, malfunctioning equipment, and errors also discourage the uptake of agent banking. Network problems also deter the use of agent banks by customers as they sometimes suffer from connectivity problems.

Additionally, Mosoti & Mwaura (2014) asserted that most customers had experienced a transaction failure and lack of enough float bank agents. In addition, the study found out that the agency banking centers often experienced system malfunctioning and errors when making transactions thus a positive significant relationship between liquidity availability and adoption of the agency banking system among customers.

5.1.3 Relationship between agency banking and service adoption by customers in Equity Bank, Mbarara City

The study findings showed that there is a statistically significant relationship between agency banking and service adoption by customers in financial institutions at $P = 0.006 < 0.05$; These findings are in agreement with Mwariri and Awuor (2020) showed that there is a significant negative relationship between the cost of banking services and adoption of agency banking. When the cost of using the system increases, a reduction in the adoption of that system by the customers. In this study, perceived usefulness will be measured in terms of cost-saving, convenience as well as efficiency, and effectiveness, this implies that there is a positive relationship between perceived usefulness and adoption of agency banking.

The above study findings also agree with Nyambariga (2013) who demonstrated that the increased number and value of transactions demonstrate the increased role of agent banking in promoting financial initiatives being championed by the Central Bank. The increase is because Banks and Financial related Institutions are increasingly deploying the use of payments using agencies to enhance the quality of their financial services and to increase the accessibility of services. The pace of transformation in the financial sector speeded up with more agency banking businesses realizing the potential of using the agencies in transacting payments in their service delivery.

The above findings also agree with Mbugua & Omagwa (2017) that there is a positive significant relationship between ease of access and flexibility of working hours on service delivery hence increasing the adoption of agency banking.

5.2 Conclusions

5.2.1 The indicators of agency banking in Equity Bank, Mbarara City

It was concluded that there were effective agency banking services, that is; clients were aware of the benefits of using agency banking, trust that agents keep their bank information confidentially, trust that bank agents have safe custody of the money, there was accuracy in posting transactions by agents.

5.2.2 The indicators of service adoption by customers in Equity Bank, Mbarara City

Concerning objective two, it was concluded that there was good service adoption by customers. Therefore, there were many bank agents in Mbarara City, there were observable long queues at agents' shops, clients use agency banking more frequently, clients always use banking agents to pay bills, deposit money, make withdraws, among other services.

5.2.3 Relationship between agency banking and service adoption by customers in Equity Bank, Mbarara City

With objective three, it was concluded that there was a weak positive statistically significant relationship between agency banking and service adoption by customers in financial institutions.

5.3 Recommendations

5.3.1 The indicators of agency banking in Equity Bank, Mbarara City

The management of Equity Bank should ensure that perceived trust is given utmost importance in a bid to improve the adoption of agency banking.

5.3.2 The indicators of adoption by customers in Equity Bank, Mbarara City

The management of Equity Bank should leverage technology to augment efficiency and convenience to their customers since agency banking in itself uses technology that is up to date to enable the customers to transact and the transaction updated in real-time.

5.3.3 Relationship between agency banking and service adoption by customers in Equity Bank, Mbarara City

The government needs to put in place regulations that will effectively ensure customer security and confidentiality at the agent location.

The Equity Bank management should continue to sensitize customers and the wider public on the use of agency banking and its benefits.

Regular inspection should be initiated and sustained by the Equity Bank supervisors in which feedback should be obtained and acted upon for further improvements in agency banking adoption by customers.

5.4 Areas for further researcher

This study focused on agency banking and service adoption by customers in financial institutions in Mbarara City. However, there is a need to conduct additional research concerning; the effect of agency banking adoption on the financial performance of commercial banks and the effect of agency banking adoption on boosting customer satisfaction.

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APPENDICES

APPENDIX 1: INTRODUCTION LETTER

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DIRECTORATE OF GRADUATE STUDIES, RESERCH & INNOVATIONS

14th JULY 2021

To Whom It May Concern,

Dear Sir/ Madam,

RE: INTRODUCTORY LETTER FOR MR. SAM KACUUCU

This is to introduce to you Mr. Kacuucu Sam a student of Masters of Public Administration and Management under Reg. No; 18/BSU/MAPAM /004 who is conducting his research study in Mbarara city.

His research topic is; Agency banking and service adoption by customers in Financial institutions in Mbarara city.

Any assistance rendered to him is highly appreciated.

Yours faithfully,

GRADUATE SCHOOL
14 JUL 2021
BISHOP STUART UNIVERSITY

Assoc. Prof. Atukunda Gershom
Director, Graduate Studies and Research
BISHOP STUART UNIVERSITY

APPENDIX 2: QUESTIONAIRE

BISHOP STUART UNIVERSITY

Questionnaire for the Research Study on **“Agency Banking and service adoption by customers in financial institutions”**

Dear Respondent,

I am Sam Kacuucu, a postgraduate student of Bishop Stuart University conducting a research on **“Agency Banking and service Adoption by customers”.** Kindly answer these questions as objectively as possible so that the results of the data analysis are fairly accurate. All responses received will be treated with utmost confidentiality, and will only be for the purposes of this research work.

Section A: The indicators of agency banking services in Equity Bank

This section contains questions about indicators of agency banking services in Equity Bank, . In the tables below, the numbers 1-5 represent levels of agreement from strongly disagree to strongly agree. Please mark the given statements in the table below according to your level of agreement.

Levels of Agreement

Strongly Disagree	Disagree	Uncertain	Agree	Strongly Agree
1	2	3	4	5

Items		1	2	3	4	5
B.1	I know the benefits of using agency banking					
B.2	I feel safe and secure while banking with an agent					
B.3	Banking with an agent gives me privacy					

B.4	I trust that agents keep my bank information confidentially					
B.5	I trust that bank agents have safe custody of the money					
B.6	Agents operate in secure places					
B.7	There is accuracy in posting transactions by agents					
B.8	Agency banking helps me do my banking better					
B.9	I prefer banking with agents to visiting a bank branch					
B.10	Agency banking is more convenient					
B.11	Agency banking is cost effective					
B.12	I enjoy extended banking hours with agents					
B.13	Agents have better customer care					
B.14	Bank agents provide assistance while transacting					
B.15	The process of transacting with agents is easier than that of the bank					

Section B: The indicators of service adoption by customers in Equity Bank,

This section contains questions about the indicators of service adoption by customers in Equity Bank, . In the tables below, the numbers 1-5 represent levels of agreement from strongly disagree to strongly agree. Please mark the given statements in the table below according to your level of agreement.

Levels of Agreement

Strongly Disagree	Disagree	Uncertain	Agree	Strongly Agree
1	2	3	4	5

Items		1	2	3	4	5
C.1	There are many bank agents around my work area					
C.2	There are observable long queues at agents shops					
C.3	Many of my colleagues use agency banking					
C.4	Agency banking has reduced bank queues					
C.5	I am already banking with bank agents					
C.6	I use agency banking more frequently					
C.7	Banks refer us to agents					
C.8	I pay bills using agency banking					
C.9	I always deposit money to my account using agent banking					
C.10	I always use agency banking to make withdraws					
C.11	There is no difference between banking with agents and going to the bank					
C.12	I get extra benefit from banking with agents					
C.13	Agency banking is time saving than visiting the bank					

C.14	Agency banking offer all products same as bank					
C.15	There are low transaction costs when using banking agents					

Thank you very much for your precious time and responses.

APPENDIX 3: MAP SHOWING LOCATION OF MBARARA CITY