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ANALYSIS OF MOBILE BANKING SERVICE ON FINANCIAL PERFORMANCE OF TELECOMMUNICATION INDUSTRY. A CASE STUDY OF SAFARICOM

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ABSTRACT

Over past years, telecommunication sector has had rapid growth due to globalization and advancement of mobile technologies. Due to various challenges: stiff competition, poor infrastructure, inflation and others, telecommunication companies have been realizing increase in revenue at declining rate even after introducing mobile banking service as per Safaricom annual report between 2018 to 2022. Financial inclusion was adopted in the telecommunication sector as a strategy to increase more service that earn more revenue due to stiff competition on voice service, internet service and short message service, though its operational efficiency has not been fully achieved by all companies. Hence, study investigated how mobile banking has affected financial performance of Safaricom Limited. The research was based on three objectives: To analyse link between mobile business payments, mobile loan and mobile saving on financial performance of Safaricom limited in Kenya. The research was founded by Permanent Income Hypothesis, Financial Intermediation Theory of Banking, and Technology Acceptance Theory. Quantitative methods were adopted in the study and nature of design was descriptive. Researcher applied census survey and target population was 126 respondents from department of finance and accounting. Researcher collected primary data from the respondent by distributing questionnaires. Research instruments tests were done where Content validity test was 0.83 and Cronbach coefficient of 0.938. The researcher used descriptive statistic and inferential statistics to analysed data collected. Hypotheses was tested by finding correlation in the study at significance of 0.05. The researcher presented findings in table and figures. Findings in objective one showed a strong positive correlation exists between mobile payment and financial performance (r=0.553, p=0.000). Research objective two demonstrates existence of strong positive correlation between mobile loans and Safaricom's financial performance (r=0.791, p=0.000). Research objective three explained existence of strong positive relationship between mobile savings and financial performance, as per researcher analysis (r=0.655, p=0.000). Researcher concluded that mobile banking service should be implemented across all telecommunication companies since it directly affects financial performance.

Key Words: *Mobile Technologies, Mobile Banking, Mobile Business Payments, Mobile Loan*

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BACKGROUND TO THE STUDY

As per CAK report between 2019 to 2022, there is stiff Competition in the telecommunication sector, market share and revenue from mobile telephone calls, data service and short message service (SMS) has been increasing at declining rate. To maintain their competitive advantage in the market, industry players has had to expand their fixed network services, but these endeavors were expensive and posed challenges for the industry. Due to these challenges, the telecommunication sector has introduced mobile banking services to add value to their services, maintain a competitive advantage and generate additional revenue. Globally, World Bank's annual report (2018) showed that mobile banking recorded 6 million monthly transactions compared to commercial banks' 2.6 million transactions. This illustrates the benefits that telecommunications have gained due to financial services. Siddiqui (2017) found that many households in India were unable to access financial services, and the telecommunications sector played a significant role in expanding financial services to remote areas. Most banks in Europe are creating mobile banking and other financial innovations items by collaborating with telecommunication sector to create a multichannel to allow clients to select the services based on their preferences. As a result, they have developed new products and offer specialized services including electronic money transfers, mobile service access for cheque and cash deposits, access balance, payment of bill, and investment (Rizzi & Taraporevala, 2019).

Regionally, there has been revolution in the telecom sector in Africa due to liberalization, the presence of advanced multinational conglomerates, and fierce competition. Telecommunication infrastructure has developed since liberalization, and African countries have allowed privatization. The mobile market in Africa has experienced high growth rates for the past five years, with more than 82 million Africans owning mobile devices. Financial services are well-established in sub-Saharan Africa, according to Bille et al. (2018), and is offered through financial service providers such banks, various mobile network operators, and authorized payment service providers. In the area, there has been an increase in tool uptake and registration for financial service. Temenos (2019) found that CBA developed credit product in collaboration with Safaricom that was afterwards replicated in other African nations. Similarly, CBA and Vodacom in Tanzania collaborated in 2014 to provide MPawa services, a rip off M-Shwari. In 2017, CBA Bank in Rwanda collaborated with MTN in Uganda to form and adapt MoKash product. As a result of these countries' rapid expansion in mobile banking services, there customers now have access to financial inclusion and deeper levels of reality.

In Kenya, the telecommunication industry has developed with several firms, including Safaricom, Airtel, Telkom Kenya, and other smaller firms. According to CAK reports, the three major service providers faced stiff competition in mobile telephone calls, data services and short message services leading to a saturated market and low revenue streams. According to the National Financial Inclusion Strategy Report (2018), mobile money had enrolled 6 million accounts, while bank accounts had 3 million registered accounts, indicating that many people prefer mobile banking due to its affordability and convenience. Njue and Mbogo (2017) discovered that many people used additional telecommunications goods and services because of mobile banking services. Customers were more likely to save money, manage their bills with ease, deposit money at local agents, manage their accounts, and transmit money to other networks like Airtel since mobile transactions were dependable and reasonable. Manali (2017) concluded that mobile banking services increased sales, decreased distribution costs, improved customer happiness, and created high revenue, making them a viable source of income. The fact that not all organizations have fully embraced financial services as highlighted by these findings as a knowledge gap in the study demonstrating the necessity to examine how mobile banking services have impacted telecommunication firms' financial results.

Statement of the Problem

According to quarterly reports from Communication Authority of Kenya between 2019 to June 2022, the market share for Safaricom's mobile subscriptions has continually declined. The reduction in market shares and continual increase of competitors share implied that some subscribers had stopped using certain products and services, directly affecting the expected returns. Based on Safaricom annual report from 2019 to 2022, it has been experiencing increased revenue, but at a declining rate as presented in appendix iv. There is stiff competition from Airtel and Telkom, and operators uses different strategies to attract more subscribers, such as reducing prices for their products and they had even planned to merge to achieve financial stability and perform better than Safaricom, but this plan failed. Regulation from Government of Kenya affects telecommunication's financial performance since increased taxes (V.A.T and excise duty), lead to price increases that directly affected prepaid and postpaid customers, resulting in fewer product purchases and less revenue. However, Safaricom's financial stability as per their annual reports was boosted by the Mpesa services, which every subscriber uses for daily business transactions. Additionally, during the Covid-19 pandemic, Kenyans were encouraged to avoid using cash and instead use Mpesa for payments. Sidney and Jackson (2022) performed research to investigate the variables affecting usage of mobile money services. The finding showed that usage of mobile banking has accelerated growth of mobile communication technologies and improved financial services.

Similarly, Njue and Mbogo (2017) on the benefits of easy access to mobile banking services and goods for SMEs in Kenya discovered that many people used additional telecommunications goods and services because of mobile banking services. Customers were more likely to save money, manage their bills with ease, deposit money at local agents, manage their accounts, and transmit money to other networks like Airtel since mobile transactions were dependable and reasonable. Siddiqui (2017) on the effect of financial inclusion in telecommunications industry in India found that many households were unable to access financial services, and the telecommunications sector played a significant role in expanding financial services to remote areas. Therefore, the research purposed to assess financial performance of the Safaricom Limited due to the annual decline in revenue. The researcher aimed to analyse contribution of Mobile banking services on Safaricom's financial performance.

Research Objectives

The researcher aimed to investigate relationship between:

- Mobile business payments and financial performance of Safaricom in Kenya.
- Mobile loans and financial performance of Safaricom in Kenya.
- Mobile savings and financial performance of Safaricom in Kenya

LITERATURE REVIEW

Theoretical Framework

Permanent Income Theory

The permanent income theory by Milton Friedman (1957) dealt with consumption and savings. It is applicable to the research since it expounds on mobile saving and what influence savings habit. It illustrated that the rate of consumption and saving are decided based on expected long-term income, not the current income. Individuals tended to smooth their consumption over a lifetime by borrowing when current income is lower and save when it is higher than expected long-term income. The permanent income hypothesis found that the consumption rate is temporarily affected by changes in an individual's current income but adjusted based on expected long-term income. The permanent income hypothesis was significant in the study as it assists policymakers in shaping economic policy. The hypothesis illustrated that people had a specific level of consumption that is expected, and they aimed to adjust their saving and borrowing habits to achieve that expected level of consumption during a given period. The permanent income hypothesis was applicable to this study as the policies developed by the telecommunication sector should align with the saving habits of customers, and the products offered should be differentiated to accommodate customers with low income.

The Financial Intermediation Theory

The Gurley and Shaw (1960) theory of financial intermediation contends that financial intermediaries are necessary to make use of savings and deposits to fund loans to individuals in need. This theory is very important in the study since it explain mobile savings and mobile loan services offered by banks as an intermediary. High transaction costs and the availability of insufficient information are just two of the challenges the theory highlights to explain the existence of financial intermediaries (Cai, 2018). The main contribution of the intermediaries is their capacity to maintain a steady flow of funds from units with shortages to those with an excess (Okello, Munene, Mpeera and Akol 2018). In financial markets, information asymmetry is widely acknowledged. The information between lenders and borrowers is also asymmetrical now. Those lending money might not be fully informed about the borrowers' honesty and the value of their collateral (Greenbaum, Thakor, & Boot, 2019). As a result, moral risks in financial markets obstruct the efficient and appropriate exchange of information among market participants, which in turn hinders the funding of appropriate initiatives (Boot, Hoffmann, Laeven & Ratnovski, 2020). According to the financial intermediary theory, banks were financial intermediaries, like non-bank financial institutions, which received deposits from surplus units and lent money to deficit units in the economy. Financial intermediation functioned as per set regulations on the creation of money, investment policy, savings, and other financial transactions. Financial innovations and financial intermediation had to aim to achieve the objective of reducing market distortion and increasing market competition, leading to favourable economies (Dharmadasa, 2021). The financial intermediation theory was important to the research as the telecommunication sector acted as an intermediary and had to implement policies required to fully carry out its duties.

Empirical Literature Review

Mobile Banking and Financial Performance

Siddiqui (2017) did research to assess the achievement of financial inclusion on the Indian telecommunications sector. The researcher found that many households were unable to access financial services, and the telecommunications sector played a significant role in expanding financial services to remote areas. Financial inclusion promoted equality in India by reducing the rate of poverty and disparity within society, and the rate of development and growth was high. The researcher explained the significant role that telecommunications had in ensuring that financial services were accessed by individuals in remote areas and how it improved their living standards. Rabiu et al (2019) studied how E-banking affected Nigerian banks' operational effectiveness. The analysis of the data revealed several key findings. First, the availability of mobile and electronic banking services round-the-clock contributed to improved operational efficiency by providing customers with easy access to financial services. Additionally, the reduced time spent on serving each customer further enhanced the banks' operational efficiency. The study highlighted various ways in which E-banking facilitated operational improvements. These include the automation of several processes, reduction of operating costs, elimination of paperwork, and the utilization of artificial intelligence and data analytics by bank branches to predict customer behavior. Furthermore, the development of products based on the client ecosystem also played a role in boosting operational efficiency. Commercial banks were found to offer low-cost mobile banking services, such as mobile payments, fund transfers, bank loans, and savings products. These services offered the potential for high commission earnings based on transaction volume. Mohammed (2019) investigated how mobile banking affected Kenyan commercial banks' financial performance. The study found mobile banking access on financial performance have significant correlation. Customers had no trouble using the services at any time, finishing transactions swiftly, and accessing them from far-off locations without encountering any physical obstacles. Mohammed also established that mobile loans and financial performance had a weak correlation, as banks increasingly lent credit to customers, implying a preference for digital loans and mobile banking risks on financial performance have negative correlation.

Mobile Saving and Financial Performance

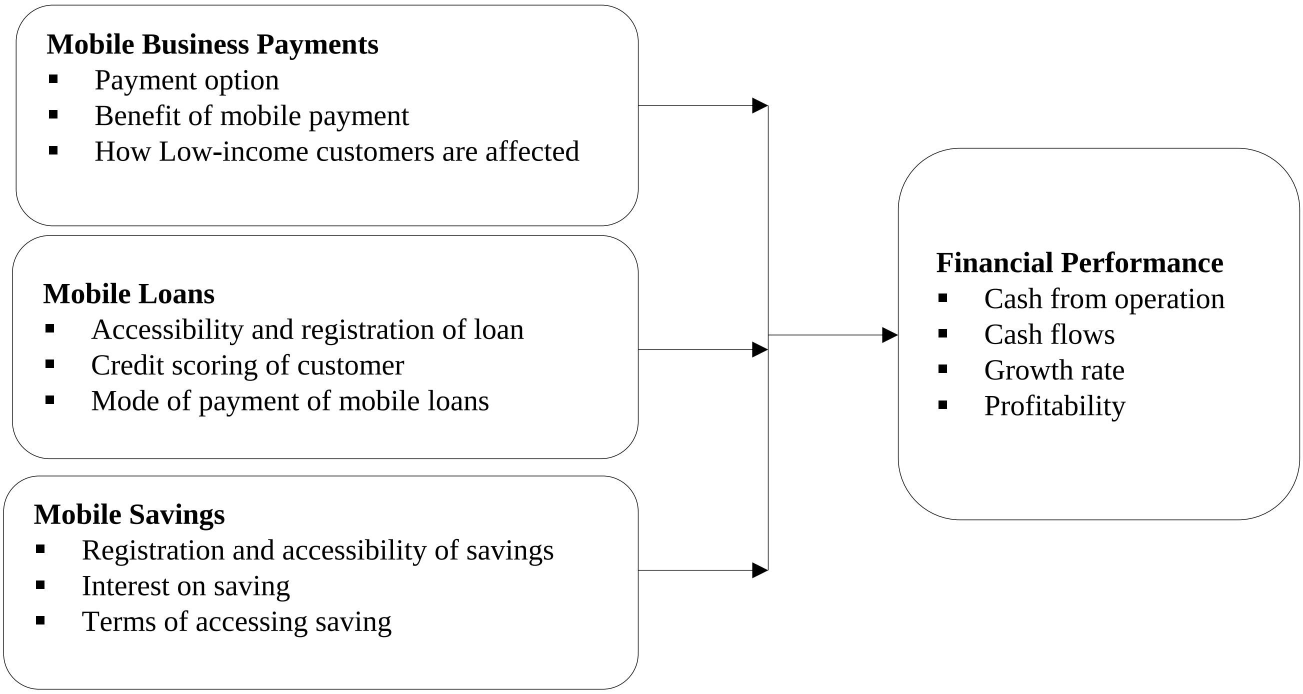
Manali (2017) did a study to distinguish strategic advantage and difficulties of mobile banking in commercial banks in Kenya. According to study's conclusions, mobile banking services increased sales, decreased distribution costs, improved customer happiness, and created high revenue, making them a viable source of income. Kamau (2017) investigated how mobile savings and money transfer affect the spending capacity of low-income Kenyans. As per analysis, researcher found that there is increased number of low-income earners who save their money in banks and Sacco and less low-income earners still hide money in house or in non-monetary form. Both the sharp shift away from savings and the growing number of low-income people saving in traditional banks and other financial cooperatives are associated with the emergence of mobile money. Mobile banking and savings services were established to facilitate ordinary people realize their financial objectives. Most subscribers have accessed opportunity to invest in profitable businesses, save for the future, and protect themselves from unexpected economic disasters. An economy's ability to generate wealth is determined by its level of investment and savings, which determines its economic viability.

Mobile Loans on Financial Performance

Ntwiga (2020) investigated how collaboration between fintech companies and banks affects operational efficiency of the banking industry. The research examined loan intensity, cost of income returns on assets, and liquidity ratios and observed a positive impact on technical efficiency. Conversely, there was a negative effect on technology efficiency due to cost of intermediation and credit risk. However, the outcome varied depending on the model used and the inputs considered. The study also highlighted that factor like mobile banking, credit, and digital account operations contributed to a bank's technological and operational efficiency in credit allocation, resulting in increased bank accounts and commission fees. Nonetheless, the study noted that partnership with banks and fintech did not remarkably influence the overall effectiveness of the banking sector. Wainaina (2017) did research to assess impact of mobile credit control strategies on the financial performance of commercial banks in Kenya. According to the study, commercial banks' financial performance is significantly impacted by the credit quality and repayment time. This research concluded that risk profiles, default rates, repayment terms and credit quality have the greatest influence on commercial banks' financial performance.

Kinyanzui et al. (2018) investigated the impact of mobile banking lending on the operational efficiency of commercial banks. The findings showed that mobile lending improves operational efficiency for commercial banks. Transferable bank loans have improved operational efficiencies in loan processing, approval and collection. They pointed out that the use of technology in commercial banks is motivated by customer needs, cost reduction and revenue maximization. The study measured the impact of mobile lending on the operating efficiency of commercial banks in terms of return on assets, non-performing loan ratio, and earnings per share. This study established a significant correlation linking mobile credit and operational efficiency of Kenyan commercial banks. Nzayisenga (2017) study purposed to assess significance of mobile loan on financial performance of commercial banks in Kenya. The research findings from the regression model demonstrated that various aspects of mobile lending, including liquidity, interest rates, and capital sufficiency, possessed beneficial significance on financial performance. Based on the study's findings, mobile lending services affected the financial performance of Kenya's commercial banks. David (2018) aimed to assess how mobile lending process has affected non-performing loans in Commercial banks in Nakuru. The study's findings revealed that the loan review process had the most significant impact on the occurrence of non-performing mobile-based loans. The research also predicted that mobile banking loan services would have a positive effect on bank profitability. By providing a convenient mobile platform for users to borrow loans, these services were expected to increase banks' revenue and overall wealth. This approach offered an attractive alternative for financial management without the reliance on physical currency.

Conceptual Framework



Independent Variables **Dependent Variables**

Figure 1: Conceptual framework

Source: Researcher (2023)

METHODOLOGY

The study adopted a descriptive research design. The study targeted 126 Safaricom employees in the accounting and finance departments. Researcher preferred to use a census survey in this study, where the researcher obtained responses from all the respondents in the target population. All 126 staff were sampled. Questionnaire was used to collect data. Data transcription and coding were carried out. SPSS Version 28 was used to analyse descriptive and inferential statistics.

FINDINGS

Table 1: Responses on Whether Mobile Banking Transfers affect Financial Performance

Response	Frequency	Percentage
Yes	82	90.1
No	9	9.9
Total	**91**	**100.0**

Source: Researcher (2023)

Findings show that 90.1% of the respondents indicated that mobile banking transfers have effect on financial performance of Safaricom. The findings imply that the income from the mobile banking transfers contributes to the financial performance of the company. These transfers include direct withdraws/deposits through Safaricom agents, bank deposits/withdraws through Safaricom, and mobile payments. The company gets commission out of these transfers improving their sources of income apart from the core business of communication.

Table 2: Effect of Mobile Banking payments on Safaricom's financial Performance

Key: SD=strongly disagree, D=Disagree, A=Agree, SA= strongly agree, M=Mean.

Mobile banking payment	SD		D		A		SA		M
	F	%	F	%	F	%	F	%	
Offer easy payment option	6	6.6	1	1.1	46	50.5	38	41.8	4.20
Mobile payment has enabled people at remote areas to access financial services easily	4	4.4	6	6.6	39	42.9	42	46.2	4.20
There is increased number of accounts accessed through mobile payments	2	2.2	22	24.2	42	46.2	25	27.5	3.73
Low-income customers have been lured to use mobile banking payments	4	4.4	2	2.2	41	45.1	44	48.4	4.31
There is increased amount of money paid using mobile phones	6	6.6	0	0	33	36.3	52	57.1	4.37
Mobile payments have increased Safaricom revenue	6	6.6	0	0	34	37.4	51	56.0	4.36
Mobile banking payment enable customers to access financial service 24/7	6	6.6	0	0	33	36.3	52	57.1	4.37

Source: Researcher (2023) **N=91**

The average mean was 4.22 implying that all the respondents strongly agreed that mobile banking payments have a great impact on financial performance of Safaricom. Findings imply that mobile banking transfers have an impact on financial performance of Safaricom. The company benefit from the commission charges on the transfer particularly to and from the individual customers' bank accounts and the charges on the payment services like he Till and paybill. Mobile payments are also accessibility since there is no time limitations like the physical banking services. They are also fast and efficient hence preferred than the traditional banking services. Findings concur with below scholars: Njue and Mbogo (2017) found that mobile transaction is exceptionally reliable and affordable hence customers are more likely to save more, manage bill easily, deposit money at nearby agent, manage their account and send money to another network.

Table 3: Responses on Whether Mobile Loans affect Financial Performance

Response	Frequency	Percentage
Yes	86	94.5
No	5	5.5
Total	**91**	**100.0**

Source: Researcher (2023)

Findings show that 94.5% `of the employees opined that mobile loans affect financial performance of Safaricom. Findings imply that the interest rates accrued from mobile loans such as Fuliza and Mshwari enhance profitability of the company. Findings agree with Wainaina (2017) that mobile loans have an impact on financial performance of commercial banks.

Table 4: Impact of Mobile Loans on Safaricom's Financial Performance

Key: SD=strongly disagree, D=Disagree, A=Agree, SA= strongly agree, M=Mean.

Mobile banking loan	SD		D		A		SA		M
	F	%	F	%	F	%	F	%	
Easy accessibility of loans	2	2.2	7	7.7	50	54.9	32	35.2	4.03
Offering of loans via mobile phone has attracted more subscribers	2	2.2	3	3.3	54	59.3	32	35.2	4.22
Easy registration of mobile loans has attracted more customer	3	3.3	1	1.1	48	52.7	39	42.9	4.31
Good credit scoring has led to increased loan limit to customer	4	4.4	6	6.6	52	57.1	29	31.9	4.05
There has been increased profit due to mobile loan accessed	5	5.5	2	2.2	60	65.9	24	26.4	4.05
Mobile loan defaulters have negatively affected financial performance	9	9.9	22	24.2	49	53.8	11	12.1	3.34
Flexible mode of payment of mobile loans has attracted more customer	5	5.5	7	7.7	56	61.5	23	25.3	3.93
Source: Researcher (2023)	**N=91**								

The average mean of 3.99 shows that all the respondents agreed that mobile loans affect financial performance of Safaricom. Findings imply that Safaricom has made it easy to apply for loans which has attracted customers. Easy registration enables both the literate and illiterate subscribers to access mobile loans. The customers are also making efforts to repay loans on time hence good credit rating and accessibility of higher loans. This means that the company make good profits from the interests on loans. However, there are customers who fail to repay their loans hence reducing the expected profits from the interests. This finding concurs with below scholars: Chakraborty (2018) found that digital lending process was extremely fast, such as registration of customer details, verification, and loan disbursement, so the customer could get a loan instantly. Digital lending boosted borrower satisfaction, and efficient organization and advanced technology processed customer needs faster, making them feel satisfied with the service provided over a brief time.

Table 5: Impact of Mobile Loans on Financial Performance

Response	Frequency	Percentage
Yes	81	89.0
No	10	11.0
Total	**91**	**100.0**

Source: Researcher (2023)

Findings show that 89% of the staff indicated that mobile savings affect financial performance of Safaricom. Findings imply that the company benefit from the high number of subscribers in mobile savings like the mobile wallets or lock savings in Mshwari.

Table 6: Impact of Mobile Savings on Safaricom's Financial Performance

Key: SD=strongly disagree, D=Disagree, A=Agree, SA= strongly agree, M=Mean.

Mobile banking saving	SD		D		A		SA		M
	F	%	F	%	F	%	F	%	
Easy registration and accessibility of savings account	3	3.3	7	7.7	53	58.2	28	30.8	4.05
High interest on saving has lured many customers to save	7	7.7	36	39.6	36	39.6	12	13.2	3.11
High saving has increased Safaricom revenue	6	6.6	25	27.5	39	42.9	21	23.1	3.48
More customer save because they trust Safaricom financial service	4	4.4	5	5.5	51	56.0	31	34.1	4.10
More customer have fixed saving account because they can access anytime without any penalties and charges	2	2.2	8	8.8	58	63.7	23	25.3	3.90

Source: Researcher (2023) **N=91**

The average mean of 3.73 shows that majority of the respondents agreed that mobile savings affects financial performance of Safaricom. Findings imply that Safaricom is a trusted company among its users. The subscribers trust the company with their money and feel safe when they safe money in their mobile wallets. The customers also have fixed accounts to gain more interest on their saved money. The savings increase the company's income and eventually return on equity. Findings agree with Njue and Mbogo (2017) that mobile transaction is reliable and affordable hence customers are more likely to save more, manage bill easily, deposit money at nearby agent, manage their account and send money to another network.

Table 7: Responses on Whether Mobile Banking Service affect Financial Performance

Response	Frequency	Percentage
Yes	79	86.8
No	12	13.2
Total	**91**	**100.0**

Source: Researcher (2023)

Findings show that 86.8% of the staff opined that financial performance of Safaricom is influenced by mobile banking service. Findings imply that apart from the core business of Safaricom which is to facilitate communication, Safaricom also provides mobile banking service which accounts for a significant percentage of its performance. Findings agree with Manali (2017) that mobile baking services led to increased sales, reduced distribution cost, customer satisfaction increased, and high revenue realized.

Table 8: Descriptive statistics of how Mobile Banking service affects Financial Performance

Key: SD=strongly disagree, D=Disagree, A=Agree, SA= strongly agree, M=Mean.

Financial performance measure	SD		D		A		SA		M
	F	%	F	%	F	%	F	%	
Cash from operation	3	3.3	10	11.0	58	63.7	20	22.0	3.90
Cash flows	4	4.4	4	4.4	64	70.3	19	20.9	3.99
Growth rate	3	3.3	0	0	65	71.4	23	25.3	4.15
Profitability	3	3.3	0	0	62	68.1	26	28.6	4.19

Source: Researcher (2023) **N=91**

Research demonstrated accumulative percentage of the respondents (85.7%) agreed that cash from operation have an impact on financial performance, (91.2%) agreed that cash flow have an influence on financial performance, (96.7%) agreed that growth rate have an impact on financial performance, and 96.7% agreed that profitability have an impact on financial performance. Findings imply that mobile banking transfer have a great impact on profitability and growth rate. Mobile banking also affects cash from operation and cash flows. This finding concurs with Wainaina (2017) that credit quality and period of repayment have a significant impact on the financial performance of commercial banks. Nzayisenga (2017) demonstrated that various aspects of mobile lending, including liquidity, interest rates, and capital sufficiency, had a beneficial impact on financial performance. Mobile lending services affected the financial performance of Kenya's commercial banks.

Table 9: Coefficient of Correlation

Variables		Financial Performance	Mobile payments	Mobile loans	Mobile savings
Financial Performance	Pearson Correlation	1			
	Sig. (2-tailed)				
Mobile payments	Pearson Correlation	.553*	1		
	Sig. (2-tailed)	.000			
Mobile loans	Pearson Correlation	.791*	.335	1	
	Sig. (2-tailed)	.000	.001		
Mobile savings	Pearson Correlation	.655*	.573	.554	1
	Sig. (2-tailed)	.000	.005	.000	

Source: Researcher (2023)

As per data analysed by researcher it demonstrates that strong positive relationship exists between mobile payments and financial performance (r=0.553, p=0.000). Since there is statistical support for the argument demonstrating a substantial relationship that exist between mobile banking and financial performance, hence the research rejects the null hypothesis. Findings approve the fact that a strong significant relation exist between mobile loans and financial performance (r=0.791, p=0.000). Since there is a substantial correlation between mobile loans and Safaricom Kenya's financial success, the analysis rejects the null hypothesis. Results further demonstrates existence of a strong significant relation between mobile saving and financial performance (r=0.655, p=0.000). Therefore, this statistical report that support the fact that a significant correlation exists between mobile savings and Safaricom's financial performance in Kenya, the researcher hence rejects the null hypothesis.

Regression Analysis

Table 10: Regression Model

Model	R	R^2	Adjusted r^2	Std. Error of the Estimate
1	0.809	0.655	0.643	.445

Predicators: (constant) payments, loans, savings

Source: Researcher (2023)

Table 11: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	32.613	3	10.871	54.951	.000[b]
	Residual	17.211	87	.198		
	Total	49.824	90			

Predicators: (constant) payments, loans, savings

Dependent variable: Financial Performance

Source: Field data (2023)

Table 11 show that the model significantly explained the linear relationship between the research variables (p-value = 0.000) at the 0.05 level. The model is effective at predicting the relationship between the independent and dependent variables, as evidenced by the F-statistic of 54. 951.The researcher's analysis demonstrates a linear regression between mobile banking services and the telecommunications industry's financial performance. The regression analysis further shows how a change in an independent variable predicts change on the dependent variable.

Table 12: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
Constant/Y Intercept	.636	.286		2.233	.029
Mobile payments	.199	.061	.251	3.259	.002
Mobile loans	.457	.068	.508	6.704	.000
Mobile savings	.179	.068	.230	2.647	.010

Source: Researcher (2023)

Based on results in Table 12, below regression equation can be written as:

$Y= \beta 0+ \beta_1 X_1+\beta_2 X_2+ \beta_3 X_3+ \varepsilon$

becomes;

Financial Performance = 0.636+ 0.199 (mobile payments) + 0.457 (mobile loans) + 0.179(mobile savings)

The regression equation shows that when mobile payments fluctuate per unit, financial performance changes per unit by a factor of 0.199, financial performance changes per unit by a factor of 0.457 when mobile loans fluctuate per unit and financial performance changes by a factor of 0.179 for every unit change in mobile savings. All three variables (mobile payments, mobile loans, and mobile savings) cause a significant influence on financial performance of the telecommunications sector sig<0.5. The calculated t-statistics demonstrates that mobile loans have greatest influence on financial performance (t=6.704), followed by mobile payments (t=3.259), and mobile savings (t=2.647) had the least effect on financial performance. The regression analysis hence shows that changes in mobile banking services would positively predict changes in financial performance of Safaricom.

CONCLUSION

Mobile banking services enhance financial performance of Safaricom. The company has realized increased amount of money paid using mobile phones. There are more customers subscribing to the Safaricom banking services which range from direct/bank deposits and withdraws, making payments through paybill or till numbers. Through the mobile banking services, customers can access financial services anytime when they need them. Mobile banking has helped the company to tap into the unbanked population in the country, hence improving financial inclusion. Tapping into this market has helped to increase revenue and more profits. The study's conclusion is that Safaricom's' operating efficiency is positively correlated with the availability of mobile loans. The operational effectiveness of Safaricom in Kenya was found to be significantly impacted by this issue. Safaricom can increase their revenue with the mobile loan by charging higher interest rates, fees, and commissions. Even though it increases the volume of loans and other revenues, it also results in an increase in nonperforming loans, which lowers the profits made by Safaricom. Loan application, access, processing, and approval have all improved because to financial innovation in mobile banking. The mobilization of mobile deposits has improved, which has an impact on Safaricom operational effectiveness. Safaricom offers various mobile loans which are easy to apply. The process for apply for the loans is easier in comparison with the bank's loans. As opposed to the banks that require collateral to apply for loans, Safaricom loans are based on customer loyalty and volume of transactions on Mpesa. Easier registration has attracted more subscribers hence more interest from the loans. The loans are also brief time meaning that the returns do not take long before they are ploughed back to the company. While some of the customers repay loans on time, others defer to pay. Therefore, the company experience both profits and loss from the mobile loans.

RECOMMENDATIONS

The Kenyan central bank, on behalf of the government, should reviews the mobile payment tariff. This will enable more subscribers and entrepreneurs to adopt mobile banking and more profits for the company. The companies should also sensitize the public on the importance of mobile banking through advertising especially in rural areas where adoption of mobile banking is still low. The company should make efforts to expand on the loan's services offered. They should also review the limits of the loans based on the customer loyalty and number of transactions. To reduce loan default, the company should make efforts to make through investigations in the credibility of the customers. This will ensure that only credit worth customers are loaned, and hence more interest and profits accrued from the interest on loan.

The company should also sensitize their customers on the available mobile savings services. This will attract more customers willing to save. The systems should also be improved to ensure that they are secure and gain more customers' trust. They should also review the interest on savings especially on lock savings account to encourage more customers to save. The company will have more money at their disposal that they can reinvest in the company since the fixed accounts have specified timelines for withdrawal. In order to fulfil the needs and challenges of clients, mobile network operators' staff and authorities should receive proper training in e-banking goods and services. To ensure greater service usage, network providers must also efficiently bundle their products. Customers are offered goods and services to fill the apparent knowledge gap on the advantages of mobile money services that appears to exist among the public. Small loans that consumers can acquire and repay within a specified period are now part of this innovation.

Both network providers and their consumers have benefited greatly from mobile money transfer services offered through their platforms. To draw and keep clients for the service, the businesses should continue to be inventive. Mobile operators should therefore keep encouraging users to adopt digital banking, for instance through mobile banking, if they haven't already. Customers who have not yet signed up for digital banking should get text and email communications encouraging them to do so. Particularly during the COVID-19 period, when this research was done, the response can be overwhelmingly large. The companies that operate mobile networks ought to keep working with commercial banks. Subscribers can check account balance via the banks' proprietary software and, occasionally, the internet via the World Wide Web (www). It is nonetheless on a smaller scale because it has majoraly been aimed at corporate clientele. To provide a better service connecting bank accounts to mobile money services, mobile carriers must collaborate with commercial banks.

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