

Agent banking as a diversification strategy by commercial banks in Kenya

Mwangi, Lillian

Date: 2012-10

Abstract:

The Kenya Banking sector has demonstrated a solid growth over the past few years. The industry continues to offer significant profit opportunities for the major participants. Kenya has attracted worldwide acclaim by expanding financial services to millions of poor households especially via mobile phones. This has compelled banks to adopt strategies so as to diversify the bank products and services. As a way of expanding market share and need to reach the unbanked in the local set ups. The banks in Kenya have adopted agent banking as one of the diversification strategies. This study was motivated by the need to evaluate use of agent banking as a diversification strategy among the Kenyan banks in Kenya. To achieve the objective of this study. The study adopted a descriptive research design. The data was collected from the banks using a semi-structured questionnaire. The quantitative data collected was checked for completeness, edited and entered into a computer for analysis. The analysis was done using descriptive statistics with an aid of a computer software SPSS version 17. The qualitative data was analyzed using content analysis. The study found that agent banking was highly useful as a diversifying strategy among banks as banks used agent banks to expand geographical coverage and promote their products and services because they save time and they are efficient. The study recommended that agent banking be implemented in all the commercial banks in Kenya and agent channels made accessible to customers and also infrastructure be improved.