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Journal of Finance & Banking Studies 6(4), 2017: 28-40

Finance & Banking Studies

IJFBS
Finance & Banking Studies

IJFBS, VOL 6 NO 4 ISSN: 2147-4486
Contents available at *www.ssbfnet.com/ojs*

https://doi.org/10.20525/ijfbs.v6i4.823

Factors Influencing the use of Agency Banking by Bank Customers in Makueni Sub-Country

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Abstract

This study focused on the factors influencing the use of agency banking by the bank customers of Makueni Sub-County, Kenya. This study was guided by four objectives; to determine the influence of agent characteristics on the use of agency banking by the bank customers of Makueni Sub-County, to determine the influence of the banking products offered by bank agents on the use of agency banking by the bank customers of Makueni Sub-County, to establish the influence of agents' operating hours on the use of agency banking by the bank customers of Makueni Sub-County and to determine the influence of the banks' location on the use of agency banking by the bank customers of Makueni Sub-County. The study used descriptive survey design and the target population was 276 bank customers in Makueni Sub-County. The respondents were selected using stratified and convenience sampling. Questionnaires were administered on 255 respondents. Data analysis was done using both descriptive and inferential statistics with the help of statistical package for social scientists (SPSS). Qualitative data was analyzed thematically according to the study objectives. The findings of the study revealed that there was a strong positive correlation and a significant relationship between the agency characteristics and use of agency banking, agency banking products and use of agency banking, operating hours and use of agency banking and location of mainstream bank and the use of agency banking. Based on the multiple regression analysis results, it was concluded that banking products had a significant prediction on the use of agency banking in Makueni Sub-County.

Key Words: *Agency characteristics, banking products, Operating hours, bank location, use of agency banking.*

Jel Classification: *G21*

Introduction

According to Macesich (2000) a bank is a financial institution and a financial intermediary that accepts deposits and channels those deposits into lending activities, either directly by loaning or indirectly through capital markets. Due to their influence within a financial system and the economy, banks are highly regulated in most countries. Most banks operate under a system known as fractional reserve banking where they hold only a small reserve of the funds deposited and lend out the rest for profit. They are generally subject to minimum capital requirements which are based on an international set of capital standards, known as the Basel Accord (Bolt, 2012).

Agency banking refers to the delivery of financial services outside conventional bank branches, often using non-bank retail outlets that rely on technologies such as Point-of-Sale (POS) devices or mobile phones for real time transaction processing (Modupe, 2010). According to the Central Bank of Kenya's guidelines on Agent Banking, a Bank "Agent" means an entity that has been contracted by an institution and approved by the Central Bank to provide the services of the institution on behalf of the institution, usually a bank. Agency banking was made legal following an amendment to the Banking Act 2010. Globally, as discussed by Venter (2004), banking service providers saw an opportunity in the non-banking rural population and went on to exploit this opportunity by creating agencies down to the village level. This gave the banking sector a chance to create new possibilities, and to offer the market a fresher, more affordable pie.

According to the Central bank of Kenya, Kenya's financial inclusion or exclusion landscape has undergone considerable transformation since 2006. This is largely due to emerging policy strategies, reforms and initiatives by the government of Kenya, the Central Bank of Kenya (CBK) as well as financial sector players' with regard to innovation. While the proportion of the financially excluded has been falling steadily from 39.3% in 2006 to 31.4% in 2009, the figure as at December 2013 still stood at 25.4%, providing tremendous opportunity for commercial banks. These are market segments of the Kenyan population that do not access financial services from formal, prudentially regulated institutions and financial services from any type of formal financial services provider (FSD, 2014).

According to (Efam, 2008), it is estimated that 2.7 billion people in developing countries have no access to financial services. Over a billion people in Africa, Latin America and Asia are currently without bank accounts but do have a mobile phone. This number was set to reach 1.7 billion by 2012. , holds that, in Africa the majority of the populations have no access to banking services, with only 20% of African families having bank Accounts. The limited access to financial services in Africa stems particularly from deficient infrastructure, physical/geographical isolation or inaccessibility, financial illiteracy, all of which culminate into exceedingly high cost of providing banking services (Ndungu and Njeru, 2014).

The CBK reported in 2013 that, Kenya has a relatively well developed financial sector which comprises 43 commercial banks, 1 mortgage finance company, 7 Deposit Taking Microfinance companies (DTMs), some 3,500 active Savings and Credit Cooperatives (SACCOs), one postal savings bank - Kenya Post Office Savings Bank (KPOSB), 125 foreign exchange bureaus, a host of unlicensed lenders, and an Association of Microfinance Institutions (AMFI) with 56 members (CBK, 2013). The banks with branches in Makueni Sub-County include Kenya Commercial Bank, Co-operative Bank, Barclays bank, K-Rep bank, Equity bank, Post Bank, Rafiki bank and several Savings and Credit Cooperative societies

(SACCOs) which include Masaku Teachers SACCO, Universal Traders SACCO and Vision SACCO.

Also, there are other SACCOs for those operating Public Service Vehicles (PSV) which include MATCO and UMOWA SACCOs. Because of the existence of all these financial institutions, the commercial banks are facing stiff competition for customers. To counteract the competition, several commercial banks in Kenya are currently operating agency banking in the Sub-County. These banks include Equity Bank, Kenya Commercial Bank and Cooperative Bank.

This study had four independent variables: agent characteristics, banking products, operating hours, and bank location and one dependent variable; use of agency banking as described in the following objectives: (1) to determine the influence of agent characteristics' on the use of Agency banking by the bank customers of Makueni Sub-County, (2) to determine the influence of banking products offered by bank agents on the use of agency banking by the bank customers of Makueni Sub-County, (3) To establish the influence of agents' operating hours on the use of agency banking by the bank customers of Makueni Sub-County and (4) To determine the influence of the banks' location on the use of agency banking by the bank customers of Makueni Sub-County.

Literature Review

This study was anchored on the **innovation theory and the diffusion of innovations theory**. The innovation theory of a trade cycle proposed by Schumpeter (1911). He regards innovations as the originating cause of trade cycles. According to Schumpeter, the term innovation should not be confused with inventions. Inventions, in ordinary parlance, are discoveries of scientific novelties. Innovation is the application of such inventions to actual production. It is innovations that are subject to cyclical fluctuations, not inventions. In economics therefore, Innovation means the commercial application of inventions like new techniques of production, new methods of organization, novel products, among others. Schumpeter regards trade cycles as the offspring of economic progress in a capitalist society.

Innovation, however, does not arise spontaneously.

It must be promoted actively by some agency in the economic system. According to Schumpeter, entrepreneurs are innovators and for him to carry out his innovative function, he needs two things; first, he must have the technical knowledge to produce new products or new services. Secondly, since the introduction of innovation presupposes the diversion of the means of production from the existing to new channels, the entrepreneur must also possess the power of disposal over the factors of production. According to Schumpeter, credit is important only in so far as the innovation is concerned in the context of a progressing economy, and only if the innovator requires credit to carry on his function, like innovative activity. In the absence of innovation, in a circular flow of money economy, where Say's Law of Market operates in total, no credit is required (Arthur, 2011).

Rogers (2003) formulated the **diffusion of innovations theory** 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. It argues that an innovation is communicated through certain channels over time among the members of a social system (Rogers, 2006). Diffusion of innovations theory determines five innovation characteristics that affect the adoption of new ideas and innovations (Rogers, 2003) like the relative advantage, complexity, compatibility, trial-ability, and observability.

Similarly, since agency banking is a new financial innovation in the country, it has not penetrated effectively in the country especially in the rural and semi-urban areas. As highlighted by Rogers, adoption of agency banking is influenced by the factors mentioned above in the diffusion theory. Makueni sub-county, is an area characterized as both rural and semi urban, and therefore, there is a need to increase awareness among the bank customers in the study area. The theory will help the researcher in understanding the possible challenges in the diffusion of agency banking in the area and approach them accordingly.

In a survey study done by Ndungu and Njeru (2014) on the assessment of factors influencing adoption of agency banking in Kajiado North Sub County, Kenya, it was established that agent characteristics can be assessed using four parameters namely amount of float, agent character, working experience of an agent in agency business and the core business of the agent. The study used descriptive methods in the data collection and analysis procedures. The findings of this study showed that there was a positive correlation between the amount of float and the use of agency banking. The study recommended that the agencies should have adequate float to meet the needs of the customers. However, one of the main weaknesses of this study was that it did not explore the other possible agency characteristics like the level of courtesy of the agent among others. Therefore, this study sought to establish the influence other agent characteristics like courtesy on the use of agency banking using similar research methods.

In another descriptive study carried out by CGAP (2011) on Building a Viable Network of Branchless Banking Agents to develop a toolkit for Agent management, it was established that that some of the top concerns among agents are low remuneration, liquidity management and network availability. The operation of the agency is such that a customer deposit at the agent means customer giving cash to the agent and is accounted by the bank by debiting the agent account at bank and crediting the customer's account at the bank. The findings of this study led to the recommendation that the main stream banks should provide liquidity management skills to the agencies to ensure sustainability and increased as well as improved agency services to the customers. This study had a weakness in that it focused on institution related agency characteristics and left out personal agency characteristics which determine the relationship between the agency and the customer. Therefore, this study sought to establish the agency characteristics which influence the agency-customer relationship which determines the use of agency banking.

In another case study done by Ombutora in 2013 on the role of agency banking on the performance of banking agent entrepreneurs, case of Co-operative Bank Co-op Jirani in Kibera, it was established that the way agents handle customers complaints can also determine whether they will come back for services or not (Ombutora, 2013). Agents have to contend with customers complaints in cases such as customer being debited with cash he did not receive because of incomplete withdrawal transactions, an agent deposit hanging somewhere else other than the beneficiary account due to system failure, where the agent has erroneously entered the wrong account number or bill account. The main weakness of this study was that it focused mainly on how the agent resolved customer complaints to determine the customer satisfaction level which would determine the future use of the agency by the customer forgetting that there are other factors at the agency level which might determine the future use of the agency by the customers.

This study sought to establish these other factors, particularly the personal characteristics of the attendant on the use of agency banking. This would be in agreement with the recommendations made by Lozano (2009) who carried out a study on a new agency model for agency banking in Colombia and established that the way agents handled customer complaints or errors could mean retention or loss of the customer for good. According to Lozano (2009), satisfied customers will tell one another about the experience but dissatisfied customers will tell a crowd. He recommended that the agents should ensure that their clients are assisted to their satisfaction whenever complaints or errors arise. This study did not however address other factors that might affect customer retention.

Lomosi also had carried a similar study on the factors influencing the use of agency banking by the bank customers of Kitui County-Kenya. The study used descriptive survey design and the target population was all the bank agents in the County. Data analysis was done quantitatively using inferential statistics with the help of SPSS while the qualitative data was analyzed thematically according to the study objectives. The findings revealed that there was a positive correlation and a significant relationship between agency characteristics and use of agency banking (Lomosi, 2015). This study also sought to establish if the same relationship existed between the two variables in Makueni Sub-County, an area which is relatively similar to Kitui County.

Agency banking regulations passed in February 2011 enable banks to offer services through third-party agents approved by the CBK. A study by (Lozano, 2009) on a new agency model for agency banking in Colombia established that agents can be telecoms outlets, small and medium enterprises (SMEs), retail chains, and even small shops among others. They must be a profit-making entity that has been in business for at least 18 months and can afford funds for a float account. The services that agents can offer include cash deposits, cash withdrawals, payment of bills, transfers (including benefits and salary payment) among others. This study recommended that bank agencies should provide almost if not all the products available in the mainstream banks. This study sought to establish if the availability of various banking services and products had any relationship with the use of agency banking by customers in the study area.

According to the Bank Supervision Annual Report of 2013, adoption of agency banking has enhanced access to banking services. Developments within the banking sector are strongly guided by the medium-term objectives of the Financial Sector Reform and development blueprint, Vision 2030. In `the year 2011, access to financial services continued to be enhanced, spurred by increased innovation in the delivery of financial products and services throughout the country (CBA, 2013). These developments have been a catalyst to fulfilling the goals of building an all-inclusive and efficient financial system. To realize this goal of an effective financial system in the country, this study needed to establish some of the factors that are likely to act as obstacles in the achievement of effective financial system especially between agency banking and its use. This study sought to establish if the availability of banking products and services at the agent’s premises influenced the use of agency banking.

A similar study was carried out by Lomosi in 2015 on the factors influencing the use of agency banking by the bank customers of Kitui County-Kenya. The study used descriptive survey design and the target population was all the bank agents in the County. Data analysis was done quantitatively using inferential statistics with the help of SPSS while the qualitative data was analyzed thematically according to the study objectives. The findings revealed that there was a strong positive correlation and a significant relationship between agency bank products and the use of agency banking (Lomosi, 2015). This study sought to establish if there was any correlation between the bank products and the use of agency banking and the strength of the relationship if any, in Makueni Sub-County, an area which is relatively similar to Kitui County in several areas, noting that they are neighboring counties.

According to a survey study that was carried out by Kitali on the impact of agency banking on customer satisfaction, a huge number of factors contribute to a customer satisfaction, the findings revealed that the customers, both consumers and businesses, are likely to take into account how well your product or service matches customer needs, the value of money you offer, your efficiency, and reliability in fulfilling orders, the professionalism, friendliness and expertise of your employees. Other factors included how well you keep your customer informed and the after sales service they provide (Kitali, 2015). This study sought to establish if the banking products and services provided by the various banks agents had any effect on the frequency of use of agency banking.

A study done by Mangatu (2013) on the assessment of factors influencing adoption of agency banking in commercial banks, established that competition for customers has pushed banks to extend their operating hours to late evening, with an increasing number of lenders now serving customers over weekends and public holidays. Standard Chartered, ABC, Diamond Trust Bank, NIC and Barclays Bank of Kenya have recently announced an extension of their operating hours to between 7 am and 8 pm, from what has been the traditional banking hours of between 9 am and 3 pm. This study explored if there was any relationship between the increased operating hours of the banking agencies and the use of agency banking.

According to the Kenya's Complete Property Guide Magazine by Pierce-Baker (2010) Standard Chartered Bank said the extension is meant to accommodate customers' busy schedules. Executive director of the Kenya Bankers Association John Wanyela said the increased banking hours point to a shift towards a 24-hour economy, adding that it will help retailers such as supermarkets that wish to operate for long hours. Some banks have also taken advantage of the introduction of the agency banking model to have their operations in outlets such as supermarkets that open for 24-hours or up to late in the night. The main weakness of this study was that it focused mainly in major towns and urban centers where 24-hour business transactions were possible. This study sought to provide information on the pattern of the operating hours (time and days) of bank agencies in semi urban areas and above all, to find out if the variability in the operating hours influenced the use of agency banking.

According to Lomosi (2015) who carried out a similar study on the factors influencing the use of agency banking by the bank customers of Kitui County-Kenya, operating hours influence the use of agency banking. The study used descriptive survey design and the target population was all the bank agents in the County. Data analysis was done quantitatively using inferential statistics with the help of SPSS while the qualitative data was analyzed thematically according to the study objectives. The findings revealed that there was a strong positive correlation and a significant relationship between long opening hours and use of agency banking (Lomosi, 2015). This study also sought to establish if the same relationship existed between the two variables in Makueni Sub-County, an area which is relatively similar to Kitui County.

According to another descriptive survey investigation on the Importance of agency banking in provision of banking services in Kenya, a case of Equity Bank in Kitui Central Sub-County, Kitui County, and the findings revealed that the banking agency had availed banking services closer to the customers. Additionally, the banking services were more readily available and accessible for more hours than at the mainstream banks leading to more convenience and accessibility hence saving the customers the transport cost, the agency banking is efficient in terms of transaction cost and time saving (Mutie et al., 2015). This study sought to establish if the increased operating hours of the agency banks had any benefitted the bank customers in any way as well as on the use of agency banking.

Since 2010, there have been significant improvements in the banking sector with the introduction of agency banking, an innovative delivery channel that seeks to bring access to financial services much closer to poor people. According to a study carried out by Sand (2012) on the problems experienced by people attempting to gain access to financial services in Nairobi slums, it was established that in the past, poor people living in Nairobi slums experienced problems when attempting to gain access to financial services. This was because banks were not near their localities and they were forced to travel significant distances in search of a bank .What this meant, for someone living in an out-of-the- way informal settlement, was that they would have to cut out a large part of their day to travel and then stand in queues.

Transport costs also had to be taken into account; more often than not, the whole endeavor would prove extremely time-consuming and costly. (Sand, 2012). One of the weaknesses of this study was that the researcher focused on the distance between the bank agents and the customers. This study sought to establish the influence of the location of the bank agency in relation to the mainstream bank and how that would affect the use of agency banking. The other weakness of the study by Sand (2012) was that it was carried out in a major city with diverse location and the transport issues hence unable to explain the same in semi urban as well as rural areas. This study sought to find out if the location of the mainstream bank and that of the bank agent influenced the use agency.

According to the Bank Supervision Annual Report (CBK, 2013), the bank with highest number of customers is Equity bank which has 5.3M customers and 2,851 agents followed by Co-operative bank with1.9M customers and 561 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‘. Agency banking is fast growing as banks spread financial services across Kenya.

According to the Bank supervision annual report by CBK (2013), in the year 2012 cash deposits through commercial bank agents stood at 13 Million transactions valued at 1.2 Billion. On the other hand, cash withdrawals were valued at Kshs. 591 Million. Agency banking in Kenya is the new way that banking in Kenya is using to take banking services to the unbanked and under-banked at a cheaper rate. Agency banking provides the opportunity for customers to access financial products and services at a location nearest to the customer, this breaking down certain barriers to financial inclusion such as cost and accessibility. This study sought to find out how distance influenced the use of agency banking in the study area.

According to a study carried out by Mamwa (2014) on the consumer attitude towards agency banking by customers of commercial banks that offer agency banking in Machakos township-Kenya. The study used descriptive research design and targeted 70 customers from the commercial banks. The findings of this study established that most banking customers were aware of existence of agency and the agency banking proximity makes them the preferred choice when the customers need banking services. This study sought to establish if there was any relationship between the locations of the bank agencies in relation to the mainstream banks on the use of agency banking.

In Another survey study carried out by Luiz Mountinho and Brownie in 1989, the researchers explored the nature and directions of the satisfactions that are delivered to customers of bank's services. It was revealed that respondents had high levels of satisfaction with regard to the location and accessibility of the bank branches and acceptance of current levels of banking of banking fees (Mountinho & Brownie, 1989). This study sought to establish if the location of the bank branches affected the use of agency banking, that is, the relationship between the location of the bank branch and use of the corresponding agency banks.

Methodology

This study used a descriptive survey research design because of the following reasons: the design was considered useful in describing the characteristics of a large population, made use of large samples hence making the results statistically reliable even when multiple variables were being analyzed. The design could also allow the use of various methods of data collection like questionnaire and it made use of standardized questions where reliability of the items was determined. The estimated number of the target population was 2760 bank customers distributed across the three main commercial banks in Makueni Sub-County; Equity Bank (910), Kenya Commercial Bank (1200) and Cooperative Bank (650) (*see the figure below*).

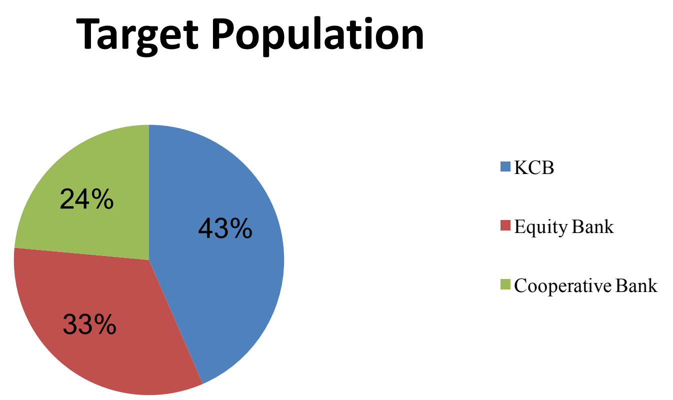

Figure 2: *Target Population*

The study used stratified and convenience sampling techniques to select 10% of the target population. According to Cooper and Schindler (2006), a sample size of between 10% and 30% is a good representation of the target population. The researcher selected 10 % of the total number of customers for each bank hence the number of respondents varied from one bank to another. The sampling procedures used in this study involved stratified sampling where the respondents were put into categories based on their banks. Then convenience sampling was also applied whereby the researcher visited the banking halls and bank agents' premises with the questionnaires and administered them to customers as they came seeking for services.

The data collected by the researcher was analyzed using both quantitative and qualitative data analysis approaches (Musau, 2013). Descriptive statistical tools such as frequencies, percentages, mean and standard deviation were used to describe the data. To establish the effect of independent variables on dependent variable, multiple regressions were also performed using SPSS. The researcher used multiple regression analysis to test the effect of change of independent variables on dependent variables.

The study also used Content Analysis technique to analyze qualitative data. The qualitative data was presented in narrative form and integrated within the quantitative data. These, along with quantitative data, formed the basis of discussion in the light of the available literature. This study was guided by the following regression model. **Regression model:** $\mathbf{Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4}$ where α was use of agency banking intercept, X_1 was agency characteristics, X_2 was banking products, X_3 was operating hours and X_4 was location of mainstream banks. β_1,β_2, β_3 & β_4 were regression coefficients.

Empirical Data and Analysis

The researcher used multiple regression analysis to test the effect of change of independent variables on dependent variables. The regression was used because it gives an equation which will help in the prediction of the dependent variable from a given independent variable and vice versa. It also shows how a unit increase or decrease in the independent variable will affect the dependent variable. Table 1 represents the model summary indicating the predictors of the dependent variable by the independent variables.

Table 1: Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.898[a]	.807	.804	.295

a. Predictors: (Constant), Location of the mainstream bank, Agency characteristics, Operating Hours, Banking Products.

Results and Discussions

In view of the results in table 1 above, the R-value of 0.898 indicates a strong positive correlation between the factors influencing the use of agency banking among bank customers of Makueni Sub-County. In view of the coefficient of determination (R-square) of 0.807, the four predictors account for 80.7% in variability in the use of agency banking by the bank customers in the study area. The table 2 below presents coefficients and p-values associated with the study variables.

Table 2: Regression Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	.160	.043		3.699	.000
	Agency Characteristics(X_1)	.123	.045	.178	2.751	.006
1	Banking Products(X_2)	.301	.083	.495	3.612	.000
	Operating Hours (X_3)	.123	.066	.190	1.860	.064
	Location of main banks (X_4)	.037	.085	.058	.429	.668

a. Dependent Variable: Frequency of using agency banking (Y)

Regression model: $Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4$

Specific Regression Model: $Y=0.160 + 0.123X_1 + 0.301X_2 + 0.123X_3 + 0.037X_4$

Use of agency banking = 0.160 + 0.123 (Agency characteristics) + 0.301(Banking products) + 0.123(Operating Hours) + 0.037(Location of main banks).

The regression analysis above shows how a unit changes in independent variable changes the dependent variable. All the betas' (β) are positive indicating that every unit increase in the independent variables would cause a positive change in the dependent variable with the following quantities; Agency characteristics (0.123), Banking products (0.301), Operating hours (0.123) and location of main banks (0.037). There was a significant prediction of the use of agency banking by the banking products. The model also shows that banking products had a higher contribution to the regression equation as compared to the other agency characteristics. The table 3 below presents results on the goodness of fit with respect to the overall model.

Table 3: ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	90.623	4	22.656	260.840	.000[b]
1	Residual	21.714	250	.087		
	Total	112.337	254			

a. Dependent Variable: Frequency of using agency banking

b. Predictors: (Constant), Agency characteristics, Banking Products, operating hours, Location of main banks.

The results in table 3 above indicate that F-statistic was 260.840 and a p-value of 0.000 (which is less than the significance level of 0.01) indicating that the overall model was statistically significant. Therefore, the agency characteristics and the agency banking products have a significant effect on the use of agency banking in the area of study.

Conclusions

This study concludes that agent characteristics and banking products offered at agencies have a significant influence the use of agency banking by the bank customers of Makueni Sub-County. This means that clients need a welcoming agency and that the speed of the agent in service delivery to the customers influences the number of clients visiting the agency. The Agency banking like any other bank offered banking products which include; Cash withdrawal, cash deposit, bill settlement, and balance enquiry. However there are limitations to the products offered because services such as credit facilities, bankers' cheques, ATM card collection, cheque book collection, foreign exchange, and cash transfer to other banks are excluded at bank agencies.

Adoption of agency banking has enhanced access to banking services for more days and longer hours thus increasing innovation in the delivery of financial products and services throughout the day and week. This helps those who are busy throughout the day and have only a short time to access the banking services. Agency banking provide the opportunity for customers to access financial products and services at a location nearest to the them, thus breaking down certain barriers to financial inclusion such as cost and accessibility. Since there was a significant influence of agency banking products and the use of agency banking by the bank customers of Makueni Sub-County, the researcher recommends that:-

i. Banks such as Equity bank, Co-operative Bank and Kenya Commercial Bank should do more advertising to sensitize the public on the availability and their banking products and services offered by their agents.

ii. Banks such as Equity bank, Co-operative Bank and Kenya Commercial Bank should diversify the products they offer to their customers at agent points to include the credit facilities.

iii. The Agencies should have adequate money so that those who want to withdraw large amounts would not be forced to go to main banks.

iv. The policy makers should have a guideline for the operating and closing time for the agency banking so as to enhance service delivery and uniformity among similar bank agents. This study investigated the factors influencing the use of agency banking by bank customers of Makueni Sub-County, Kenya.

v. There is need for more research to be carried out in other counties to find out if these findings will replicate or not. More research will also enable banks to come up with better or improved agency bank models.

Since this is an area which has not been researched a lot, researchers are encouraged to find out other factors influencing the use or the profitability of agency banking for both rural and urban areas.

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