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EFFECT OF FINANCIAL INCLUSION ON FINANCIAL PERFORMANCE OF EQUITY AGENCY BANKING BUSINESS IN SIAYA TOWN

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ABSTRACT

Agency banking has proved to be a successful model for most marginalized people as it promotes accessibility of affordable banking services which has led to development of any economy. The main objective of this study was to determine the factors influencing financial performance of equity agency banking business in Siaya Town. The specific objectives involved determination of the extent to which financial inclusion affected financial performance of equity agency banking business in Siaya Town. The study applied descriptive survey research design with a target population of 83 agent bankers; census sampling technique was used in conjunction with a structured questionnaire to select sample size and collection of data. Descriptive and inferential statistics was used to analyze data. The unstandardized regression coefficient value of financial inclusion was 0.456 and significance level of p<.001. This indicated that a unit change in financial inclusion would result to significant change in performance by 0.456. The study concluded that financial inclusion positively affected financial performance of Equity agency banking business. The study recommended that Equity bank together with other commercial banks should encourage their customers to fully embrace agency banking particularly for services such as cash deposits, cash withdrawals and account opening which can be achieved through creating awareness in market segments as this will enhance performance and collection of information to fit the needs of the customers.

Key words: *Agency Banking, Financial Inclusion, Financial performance, Equity Agency Banking*

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INTRODUCTION

In countries across the globe, banks are increasingly using agents to provide financial services to customers (Lauer, Kate, Dias & Tarazi, 2011). Agency banking started in Australia where post offices were used as bank agents. In France, corner stores were being used as agency banking outlets; Brazil used lottery outlets as agency banking to provide financial services. In Brazil, for example, banks use approximately 160,000 agents, many with multiple outlets to provide financial services to all 5,564 Brazilian municipalities (Lauer et al., 2011). In 2010, bank agents in Brazil handled 3.1 billion transactions (6 percent of all bank transactions), 2.85 billion of which involved the movement of funds.

The Central bank took extensive reviews of the agent banking. A study by Bankable associate Frontier International Consultancy Firm was commissioned to review practices in Latin America, Asia and Africa on agent banking. To get more insight, a team from Central Bank (CBK), Ministry of Finance and Kenya Bankers Association (KBA) undertook a study tour on agent banking in Brazil and Colombia (CBK website 2010). After the ground work, Kenya Government through Central Bank of Kenya (CBK) unveiled the agent banking guidelines (CBK JPG I15) to ensure safe, efficient and inclusive financial system as envisaged by vision 2030.(‘’Professor Ndungu's speech on 14 January 2010’’) .

In Kenya, agency banking was launched in 2011 and by March 2013, 11 commercial banks had contracted 18,082 active agents and were facilitating over 48.4 million transactions valued at $3 billion according to a report from the Central Bank of Kenya (Calleo Solutions, 2014).CBK has also granted approval to seventeen commercial banks to engage agents. These are Equity Bank; Co-operative Bank (Co-op Kwa Jirani); KCB Bank; Post Bank; Family Bank (Pesa Pap); Chase Bank (Chase Popote); Consolidated Bank(Conso Maskani); Diamond Trust Bank; Citibank and NIC Bank. These banks had appointed a total of 39, 871 specific agents, including telecom-related agents and individual specific agents, spread across the country (Central Bank of Kenya, 2015).

By December 2014, 16 commercial banks and 3 microfinance banks had contracted 35,789 and 58 agents respectively across the country with a concentration of 90% of the agents in 3 banks; Equity Bank with 13,767 agents, Kenya Commercial Bank with 9,687 and Cooperative Bank with 8,765.These agents had facilitated 192.4 million transactions valued at Ksh. 1.0 trillion.

The central policy objectives of the long-term strategy for the financial sector include improved access and deepening of financial services and products for a much larger proportion of Kenya’s population (Government of the Republic of Kenya, 2007). One of the goals of the financial sector is to raise savings and investment rates from 14 percent to 25–30 percent of GDP by 2030, and to increase bank deposits from 44 percent to 80 percent of GDP by 2012 (Government of the Republic of Kenya, 2008).

Equity Bank was founded as Equity Building Society in October 1984 and was originally a provider of mortgage financing for the majority of customers who fell into the low income population. The purpose of equity bank is to exist to transform the lives and livelihoods of our people socially and economically by availing them modern, inclusive financial services that maximize their opportunities.

The vision of equity bank is to be the champion of social-economic prosperity of the people of Africa. It has evolved from a Building Society, a Microfinance Institution, to now the all-inclusive Nairobi Stock Exchange and Uganda Securities Exchange public listed Commercial Bank. With 8.5 million accounts, accounting for over 57% of all bank accounts in Kenya, Equity Bank is the largest bank in the region in terms of customer base and operates in Uganda, Tanzania, South Sudan and Rwanda. By 2012, Equity Bank had more than 7.8 million customers. The company’s vision is “to be the champion of the socio-

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economic prosperity of the people of Africa". While resounding for-profit, Equity retains a passionate commitment to empowering Africa's poor to improve their livelihoods and prospects for self-sufficiency.

Undoubtedly the business model has been a huge success prompting the development of a regional diversification strategy. The model has already been replicated in Uganda, South Sudan, Rwanda and Tanzania by establishment of wholly owned subsidiaries. Agency model was very successful in Kenya and the bank decided to replicate in other countries like Rwanda and Tanzania. The bank has 152 branches in Kenya 8 in Rwanda and 5 in Tanzania the bank has over 7720 agents in Kenya and thousands of ATM around the regions.

Siaya County borders Busia County to the North, Kakamega County to the North East, Vihiga County to the East, Kisumu to the South East with Lake Victoria to the South and West. It has an area of 2530.5 sq.km. In addition to this, it has a population of 842,304 with 47% male and 53% female representing a national percentage of 2.2%.It consists of five constituencies namely Bondo, Rarieda, Ugenya, Gem and Alego Usonga being the one hosting the county government headquarters and Siaya town where the study is to be done (census, 2009) with Ugunja being established in the year 2010 by the electoral and boundary review commission. The major economic activities of the people are; subsistence farming, livestock rearing, fishing, rice farming in Yala swamp and small scale trading. The major financial institutions include; 6 commercial banks, 9 micro finance institutions and 2 village banks (census, 2009) with equity bank being one of the commercial banks and it's from this bank's agents that the study takes centre stage in Siaya town.

Statement of the Problem

Since inception agency banking has played a critical role in acquiring new customers, enabling them to transact, and keeping them satisfied. This has great potential to extend the distribution of financial services to poor people who are not reached by traditional bank branch networks; it lowers the cost of delivery, including costs both to banks of building and maintaining a delivery channel and to customers of accessing services (Ivatury & Mas, 2008). Despite its tremendous growth the unresolved issues including regulation, liquidity and security have significantly affect the pace of development and the degree of customer acceptance of branchless banking offerings (Ivatury & Mas, 2008). The question lingers, whether agents can walk the tightrope between reliability and customer convenience. In his research Ivatury (2008) pointed out that security concerns over agency banking are also bigger than for traditional Automated Teller Machines (ATM), which are more directly specified and controlled by the provider (Ivatury et al., 2008). Because the service is intangible, it is likely that customers will react negatively to (real or perceived) security risks of agent banking more quickly than to the risk of loss or theft of physical cash. Customers will not be very tolerant of security lapses, and therefore the security track record must be impeccable. Agents are also quite literally the face of the service. Customers turn to agents to show them how to use the service, provide an opinion about whether the service is worth trying, and troubleshoot problems when they arise. Agents can help bridge the gap between a high-tech service and low-literacy clients. In Kenya, over 24,000 business outlets are currently enrolled in providing financial services as bank agents, extending the reach of financial services. However, owing to the short period within which the agent banking model has existed, the effects of this business activity to agents who are engaged in it is largely unstudied. Therefore, there is need to conduct an in depth study to highlight how financial inclusion influence performance of agency banking business in Siaya Town.

Research Hypothesis

There is no statistically significant relationship between financial inclusion and financial performance of equity agency banking business in Siaya Town.

LITERATURE REVIEW

Theoretical Review

The study was guided by Bank-Led Theory. This model is composed of a sequence of three main entities; the bank, the retail agent, and the customer. This sequence starts when banks develop their financial products and services that are delivered to clients through retail agents that interact directly with clients on behalf of the banks. Basically, the bank is mainly responsible for opening and holding the account (cash in cash out transactions). The retail agent is responsible for verifying customer's ID, performing face to face transactions, processing applications, forming groups, disbursing small values to the bank , collecting loans and small deposits, vending insurance products, and dealing with small remittances (Chowdhury, 2010).

Customers are able to access the mix of financial and non-financial service available. To enable retail agents to facilitate the communication between the customer and the bank, the bank is responsible for installing electronic technology such as mobile phones or POS devices for the retail agent. But in some countries like Brazil the bank license management companies on its behalf to carry out its responsibilities such as outfitting retail agents with technology and monitoring their performances, albeit the bank is still accountable to the customer in the case of retail agent's fraud or negligence (Lyman,2006).

The model is also used in Pakistan, South Africa and India where Indian branchless regulating policy obliges the retail agent to show all transactions on the banks' books within 24 hours (RBI's circular ,2006). The bank led model has been credited for facilitating the interaction between financial institutions and customers living in distant places who can access financial and non-financial services by visiting the retail agent. Common risks associated with this model may mainly be related to lack of training to the retail agent staff, and the actual security of the system, which is not far too different from risks associated with conventional branch based banking.

Empirical Review of Literature Relevant to the Study

Ragui (2017) examined agency banking as a strategic Approach to Promote Financial Inclusion for Women Entrepreneurs. The study found that the strategic approaches banks adopted giving way to application of alternative banking channels to women entrepreneurs had significant effects on financial inclusion, where previously unbanked women entrepreneurs got a chance to own formal accounts. The findings indicate that under agency banking there were significant products which were strategically designed to attract women entrepreneurs.

Munoru (2016) sought to evaluate the effect of agency banking on financial inclusion in Kenya. From the findings, agent banking had a positive and insignificant relationship with the financial inclusion. There was no causality between the variables. It was concluded that the financial inclusion initiative had no effect to agency banking on financial inclusion in Kenya although this is not true.

Lotto (2016) assessed the leverage provided by agency banking in promoting the financial inclusion in Tanzania. The study was descriptive in nature and utilized primary data collected from bank agents 'outlets in Dar es Salaam. Overall, the study was very important as it tells how financial inclusion in Tanzania has been accelerated by use of agency banking practices. The analytical results of the study show that agency banking has helped to simplify banking service by reducing distance for customers to reach service point. The study will be interested in finding the effect of agency banking on financial inclusion an inquiry which other studies have established in Kenya. The current study went further to find out how inclusion is driving performance of agency banking in Kenya.

Ndegwa (2017) evaluated role of agent banking services in promoting financial inclusion in Kiambu County. The study adopted a cross-sectional survey design. The study targeted 38 administration managers and supervisors of the commercial banks in Kiambu. Census was adopted to include 38 managers and supervisors to participate in the study. Geographical coverage is the most important benefit and therefore the most significant driver of financial inclusion. Customers don't have to travel far and then queue in ATM and banking halls to make payments or withdrawals. The convenience of agent banking is such that customers don't mind paying a few more shillings for services at the agent.

Mbugua (2015) investigated role of Agent Banking Services in Promotion of Financial Inclusion in Nyeri Town, Kenya. Descriptive research design was used. Data was collected by use of questionnaires, which were administered to bank branch managers and appointed agents of Equity Bank, Co-operative Bank and Kenya Commercial Bank. Results: The findings of the study indicated as follows; customers were willing to forego the extra charge to procure banking services through agent banking outlets.

Conceptual Framework

Agency Banking Factors
Financial Inclusion
- Accessibility of financial services
- Usability of financial services
- Quality of products and service delivery

→

Financial Performance of Agent Businesses Profitability
- Return On Assets (ROA)
- Growth Potential
- Number of transactions/customer base

Independent variable **Dependent Variable**

Figure 1: Conceptual Framework

Source: Author (2019)

Conceptual Review

Financial Inclusion and Financial Performance

Financial inclusion is the increasing access to formal financial services including having bank accounts, using credit and savings facilitated through the banks. Over the years financial inclusion has grown beyond physical branch as ICT is revolutionizing the access and use of bank services globally (Diniz et al., 2012). Kenya has succeeded in significantly expanding the reach of financial services over the past decade since 2007 (Ngugi, 2015).

There are several factors that have contributed to this greater level of inclusion; firstly, expanding reach of the major types of financial providers, commercial banks, savings and credit co-operatives (SACCOs) and micro finance institutions(MFIs) (CBK, 2012). Secondly, is the identification of financial inclusion as a national priority in Vision 2030 and thirdly is the accessibility brought about by financial innovations. Financial inclusion in Kenya has been characterized by rapid technological change in the finance sector that has led to the development of financial innovations, new products and new forms of payment. According to the CBK 2012, the banking sector has undergone substantive transformation particularly from the year 2007. With the introduction of mobile phone payment platform M-pesa, Airtel money, Yu-cash, which dramatically changed the financial landscape by offering a simple efficient and cost-effective method to transfer money and make payments (Kenyoru,2013). Agency banking has enabled bank customers to access the basic banking services by allowing small businesses to operate as satellite branches (Musau, 2013).

In 2012, Safaricom limited in conjunction with Commercial Bank of Africa, one of the Kenya registered commercial bank, launched a service dubbed M-SHWARI that automatically opens a bank account for M-pesa registered customer and operates fully like a bank account. This has made sure that more population is included in the formal financial sector. Currently commercial banks are actively targeting groups previously targeted by MFI and referred to as unbanked (Allen et al.,2012) under a phenomenon known as downscaling (Delfiner & Peron, 2007).

Chiba (2009) observed that commercial banks have taken action to address financial inclusion by designing new services and products targeting the low-wage earners and the poor throughout the world. Financial inclusion can be measured using three dimensions, namely availability, accessibility and usage. The availability dimension is used to account for the pervasiveness of outreach of the financial sector in terms of banks' physical outlets, as physical distance to physical point of financial services deems to be an important impediment to financial inclusion (Allen et al., 2012). Availability of banking services was represented in terms of penetration of bank branches, ATMs, and Agents (Mostak & Sushanta, 2015). For the accessibility the number of bank deposit, loan and mobile accounts per 1000 adult population was used to integrate the depth of the financial access. The usage dimension included the volume of credits plus deposits relative to the GDP (Beck et al., 2014).

Determinants of financial performance

Profitability

Many developing nations have seen the agency banking model enhance economic performance and also in the increasing the financial performance of banking agents (Kingori & Gekara, 2015). Veniard (2010) outlines that compared to operating a bank branch; agency banking systems are cheaper up to three times to operate. Fixed costs are significantly reduced as there is a lot of leveraging on the existing retails outlets, an opportunity that eliminates the need for banks to fund creation of infrastructure to have the businesses running. There is also the dimension of increased revenues as bank agents are able to facilitate bill payments and person-to-person transactions that earn the bank some revenue in the end. Despite the fact that customers can as well access all these services from their respective banks, the agents enhance proximity, efficiency, and timely access as at the agent points there are no long (Veniard, 2010).

As Ndungu and Wako (2015) explain, agency banking was seen to have given another revenue generating avenue to the banks through the deposits and withdrawals by customers, which ultimately increase the profitability of the banks. Studying on how agency banking contributes to financial performance of banks, Njagi (2013) found that aspects such as low costs for the transactions, banks regulation of the agents, and quick access to financial services impacted positively on the performance of the banks on the financial dimension across the Kenyan nation. In another study on the role agency banking serves in in enhancing the deepening of financial sector in upcoming markets by Barasa and Mwirigi (2013) found that agency banking has played a pivotal role in enhancing the penetration of banking services in unbanked markets hence enhancing financial sector deepening in Kenya.

A study by Kambua (2015) examined the effect of agency banking on the performance of banks financially in Kenya. The study found that there was a positive connection between cash deposits, volume of deposits, volume of withdraws and financial performance. Kabira (2013) also studied the effect of agency banking on the performance of commercial banks with the results indicating that there is no direct correlation between the number of agents that commercial banks operate and the volume of transactions. Mimano (2014) also studied agency banking in Kenya with a view to determining its effect on the Kenya's commercial banks' profits growth and concluded that agency banking has resulted in greater uptake of financial services, which has resulted in more revenues for the banks.

Growth potential

The key measure of the growth of agency banking is the commission earned by the bank agents and banks at the end of each financial year. The research however realized that the bank agents were not at

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ease discussing the commission earned than discussing the average number of transactions done per day or per month. On the other hand, the banks were also reluctant to disclose the commissions they earn under agency banking services. This is because nobody wants to discuss their earnings with anybody.

However, number of transactions per day was easily obtained with ease from the agents' records and also banks' records. The commission earned is a factor of number of transactions done. The independent variables under investigation were likely to influence the growth of agency banking as follows; Technology infrastructure- advancement in banking technology infrastructure would affect the growth of agency banking of commercial banks in Siaya Town this is because many customer may prefer to embrace technology where they can do their transactions at the comfort of the offices any time than going to look for bank agents or bank branches. Sometimes internet banking and mobile banking is considered more convenient and cheap than visiting branches and bank agents for services. This may lower the number of transactions done by the bank agents' thus affecting the growth of agency businesses.

Physical security is a challenge with regard to security of cash and even people managing and working with bank agents. The agents may avoid holding bulk cash for the fear of loss at the premises where they are operating or when on transit. The customers should also be assured security by the banks for using bank agents by taking responsibility for all transactions carried out by the bank agents. Even though common law provides for liability of the principal for the act of the agent, the existing exceptions to this general rule may not provide the necessary confidence that a customer need when transacting with agent (CBK, 2009).

Then, if this is not clear to customers they may prefer to be served from their bank branches where security is assured leading to low transactions at the bank agent terminals hence affecting the growth of agency led business in Siaya Town. Banks-agents distance-the distance from the agent to the nearest bank branch is a challenge particularly in rural areas therefore agents have to travel long distance to deposit cash or withdrawal cash for operational services. This may be too costly for the bank agents leading to some of them abandoning agency services. The customers who are near the bank branches may prefer to get services from the bank than to visit bank agents. The customers may feel that they trust the bank officials more than agents and therefore they may prefer to be served from banking hall. These may lead to lower transactions at the bank agents' terminals thus affecting the growth of agency banking of commercial banks in Siaya Town in Kenya

METHODOLOGY

The study adopted descriptive survey design which investigated factors influencing performance of equity agency banking business in Siaya town. The target population of the study will consist of all the agent bankers operating within and outside Siaya town under the Siaya equity bank branch. The total number of Equity bank agent businesses in Siaya town as at 31st December 2017 was 83 with the agent bankers registered by their names or their business name and are solely operated by the agent owners or employees in other similar branches elsewhere but using the same business name or agent name making the target population of 83 Siaya equity agent bankers. The sampling frame consisted of a list of approved Equity bank agents who are engaged in agency banking in Siaya Town. The study used a sample size of 83 respondents from a target population of 83 Siaya equity agent bankers. According to Mugenda and Mugenda (2006), for a population of 1-100 a sample of 100% is used as a sample size. Hence, the study adopted census sampling technique to select 83 respondents from Equity Agency Banking business.

A structured questionnaire was used to collect both primary and secondary data. Primary data is the data collected directly from actual experience, free from

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processing or any other type of manipulation (Mugenda & Mugenda, 2003). The questionnaire consisted of closed ended questions. Closed ended questions reduce the possibility of collecting biased data as the respondent is limited towards making certain choices. The statements on section two up to four were structured based on likert scale from 1 to 5 where 1-is strongly disagree, 2-disagree, 3-fairly agree, 4-agree and 5 strongly agree. The study used self-administered questionnaires as a research instrument to collect data from the respondents using drop and pick technique.

The statistical analysis performed in this study was categorized into two major categories namely: descriptive statistics and inferential statistics. In light of descriptive statistics, the main statistical operations performed included frequencies, mean and standard deviation. Inferential statistics was used to make inferences on the population from the findings on the sample. The researcher applied the Pearson's two-tailed correlation analysis and multiple linear regression analysis to establish whether there was causation between the dependent and independent variables at 5% significance level with aid of SPSS version 22. The following regression model was used for quantitative procedures examining the relationship between independent and dependent variables;

$y=\alpha+\beta_1X_1+\varepsilon$

Where;

У = Financial Performance

α =constant

β_1= Regression Coefficient

X_1=Financial Inclusion

ε = the error of term.

FINDINGS

Descriptive Statistics

Financial inclusion is one of the crucial factors that affect financial performance of Agency business. To measure downsizing, a set of four statements were formulated. The respondents were asked to indicate the extent of agreement with each of the financial inclusion statements. The pertinent results are presented in Table 1.

Table 1: Descriptive Statistics for Financial Inclusion

Financial Inclusion	**1**	**2**	**3**	**4**	**5**	**Mean**	**SDV**
Number of payment of bills through agency banking has been increasing	2 (2.7)	8 (10.8)	22 (29.7)	32 (43.2)	10 (13.5)	3.54	0.95
The quality of services provided by my agency business are user friendly	2 (2.7)	4 (5.4)	5 (6.8)	15 (20.3)	48 (64.9)	4.39	1.02
The usage of agency services meets customers expectation thus leading to increase in growth potential	8 (10.8)	2 (2.7)	1 (1.4)	33 (44.6)	30 (40.5)	4.01	1.23
Overall						**3.98**	**1.07**

The respondents were asked to indicate whether the number of payment of bills through agency banking has been increasing. The results revealed 43.2% of the sampled respondents agreed that payment of bills has been increasing and 13.5% strongly agreed. A mean of 3.54 implies that the rate of bill payments through agency banking has moderately increased. On the hand, majority of the respondents strongly agreed that the quality of services provided by their agency business is user friendly as shown by 64.9% while 20.3% agreed. A mean of 4.39 suggests that quality offered by Equity agency is user friendly. The results further revealed that 44.6% and 40.5% of the respondents agreed and strongly agreed that the usage of agency services meets customers' expectation thus leading to increase in growth potential. A mean of 4.01 postulated that Equity

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agency services meet the expectation of customers which has result to growth of business.

Linear Regression Results

Regression analysis was used to tell the amount of variance accounted for by one variable in predicting another variable. Regression analysis was conducted to find the proportion in the dependent variable (financial performance) which can be predicted from the independent variable (financial inclusion).Table 2 shows the analysis results.

Table 2: Regression Results of Financial Inclusion and Financial Performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.424[a]	.180	.168	.55746

a. Predictors: (Constant), Financial Inclusion

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.896	1	4.896	15.756	.000[b]
	Residual	22.375	72	.311		
	Total	27.271	73			

a. Dependent Variable: Financial Performance

b. Predictors: (Constant), Financial Inclusion

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.361	.436		5.417	.000
	Financial Inclusion	.456	.115	.424	3.969	.000

a. Dependent Variable: Financial Performance

From the Table 2 above the value of R square was 0.180 this shows that Financial Inclusion explains 18.0% of variance in financial performance of Equity agency businesses in Siaya Town. From the ANOVA table significance of the model has a value F (1.73) =15.756, P<0.01 this shows that it's significant at 99% confidence level hence the model is feasible. This implies that financial inclusion is a useful predictor of financial performance of Equity agency businesses in Siaya Town. The unstandardized regression coefficient value of financial inclusion was 0.456 and significance level of p<.001. This indicated that a unit change in financial inclusion would result to significant change in performance by 0.456.

The simple linear regression equation is as shown below

$$Y_{pf}=2.361+0.456\ (X_1)\ \text{Financial Inclusion}$$

Therefore, the first null hypothesis was rejected since financial inclusion has significant effect on financial performance of Equity agency businesses in Siaya Town. These findings are inconsistent with a study done by Munoru (2016) which examined the effect of agency banking on financial inclusion and his finding was that there was no relationship between the study variables. However, this study is consistent with that of Lotto (2016) done in Tanzania who concluded that there exists a positive significant relationship between leverage provided by agency banking in promoting financial inclusion.

Testing Null Hypothesis

The null hypotheses were based on B Coefficient and P Values. If B coefficient is not equal to zero (B≠0) and P<0.05 then the hypothesis is rejected (Uriel, 2013).

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H_{01}: There is no statistically significant relationship between financial inclusion and financial performance of equity agency banking business in Siaya Town

H_{A1}: There is statistically significant relationship between financial inclusion and financial performance of equity agency banking business in Siaya Town

B Coefficient results: ($B = 0.456 \neq 0$; $p=0.000 < 0.05$) Table 2

Verdict: The null hypothesis H_{01} was rejected.

Results interpretation: H_{A1}: There is statistically significant relationship between financial inclusion and financial performance of equity agency banking business in Siaya Town

CONCLUSIONS AND RECOMMENDATIONS

The study concluded that there is statistically significant relationship between financial inclusion and the performance of equity agency banking business in Siaya Town. This implied that increase in financial inclusion would result to increase in financial performance. The quality of services provided by Equity agency was user friendly therefore; they meet customer expectations leading to growth of business.

The bank together with other commercial banks should encourage their customers to fully embrace agency banking particularly for services such as cash deposits, cash withdrawals and account opening which can be achieved through creating awareness in market segments as this will enhance performance and collection of information to fit the needs of the customers. To the government, through the Central Bank of Kenya, the study recommended that it should simplify its registration and capital requirements for one to operate an agency so as to realize its vision 2030 sustainable development goals.

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