THE EFFECTS OF PLASTIC MONEY TRANSACTIONS ON FINANCIAL PERFORMANCE OF SAVINGS AND CREDIT CO-OPERATIVE SOCIETIES IN NAIROBI COUNTY, KENYA

DOMIANNAH MAINGA, DR GLADYS ROTICH, MR. ANDREW NDEGE NDAMBIRI

The Strategic JOURNAL of Business & Change MANAGEMENT
ISSN: 2312-9492 www.strategicjournals.com
Vol. 4, Iss. 4 (31), pp 572- 586, Oct 13, 2017, www.strategicjournals.com, ©strategic Journals

THE EFFECTS OF PLASTIC MONEY TRANSACTIONS ON FINANCIAL PERFORMANCE OF SAVINGS AND CREDIT CO-OPERATIVE SOCIETIES IN NAIROBI COUNTY, KENYA

Domiannah Mainga[*1], Dr Gladys Rotich[2], Mr. Andrew Ndege Ndambiri[3]

[*1] MBA Candidate, Jomo Kenyatta University of Agriculture and Technology [JKUAT], Nairobi, Kenya
[2] Lecturer, Jomo Kenyatta University of Agriculture and Technology, [JKUAT], Nairobi, Kenya
[3] Lecturer, Jomo Kenyatta University of Agriculture and Technology, [JKUAT], Nairobi, Kenya

Accepted: October 12, 2017

ABSTRACT

This study sought to establish the effect of plastic money transactions on the financial performance of savings and credit cooperative organizations in Nairobi County, Kenya. The study variables of the study were mobile money and Visa card. The study reviewed the existing literature on effects of plastic money and financial performance and came up with the research gap. The study adopted a descriptive cross-sectional survey. The study population for this study was 486 employees of 35 Saccos in Nairobi County. Stratified random sampling was used to select 146 respondents. The research used questionnaire as the main data collection instrument. The study carried out a pilot study to pretest and validates the questionnaire. Descriptive statistics mostly frequency distribution tables were used to capture the characteristics of the dependent and independent variables in the study. Inferential statistics that included multiple linear regression and bivariate correlation was used to analyze the relationship between the dependent variable and the independent variables. The study conducted a correlation analysis to establish the strength of the relationship between the independent and the dependent variable. The study found out that mobile money and visa cards had positive relationship with performance of Sacco's. The study concluded that mobile money and visa cards were positively related to performance of Sacco's. The study recommended that the management of Sacco's should encourage their customers to use mobile money because it is very convenient and the customers are able to access the services for 24 hours. Organization would also increase revenue. The management should communicate the importance of visa cards to customers, so that to increase the number of users of visa cards. This would help improve performance of Sacco's.

Keywords: *Mobile Money, Visa Card, Financial Performance, Savings & Credit Cooperatives*

INTRODUCTION

Plastic money has its roots in the United States of America and its origins can be traced to the Second World War (SWW). The evolution of the various types of plastic money as we know them today already begun with the introduction of the vouchers system of payment that was used during the Second World War ((Rotchana, Kitumnuai & Speece, 2014). Here in Kenya the adoption by banks and subsequent use by various consumers has led to the various plastic monies becoming an integral part of the financial system in Kenya. The various forms of plastic money in Kenya today ranging from Automated Teller Machine cards to credit cards including connect cards have definitely had an impact on financial institutions (Wafula 2015).

Credit and debit card overdraft loans account for one of the highest rates of consumer debt growth. Credit card and debit card lending is based on pre-authorized lines of credit that can be taken down as the consumers take cash or make purchases from merchants who accept credit cards (Gohel, 2015). Plastic money may be held responsible for inflation, huge increase in personal indebtedness, the destruction of the basic virtues of thrift spending and the growth of the acquisitive society (Ullah &Din, 2014). Savings and credit cooperative societies in Kenya have started the use of plastic money, has this really been good for saving and Credit Cooperative Society. This study sought to establish the effect of plastic money transactions on the financial performance of savings and credit cooperative societies in Nairobi County, Kenya

Everywhere in the society, credit cards have become a fact of life for most of the consumers and a part of the consumers' culture. In USA, as of 2017, 89% of US adults owned at least one credit card and, in average, a card holder owns 8.3 credit cards (Mansfield, 2017). In 2017 the professionals are not the only credit card users but the students are also a significant stakeholders of credit cards (Mansfield & Pinto, 2014; Robb & Sharpe, 2013). From the 1960s, consumer credit cards have become a topic of academic research. In the earlier stage the research works were mainly based on evolving the descriptive characteristics like number of cards and card users (Plummer, 2011; Slocum & Mathews, 2010).

Manivannam (2013) studied on the conceptual framework of plastic money on the users and showed different factors that influence the people to hold the cards. The prospects and usability of plastic money is not same everywhere. People are reluctant to use plastic money in some countries like Pakistan, mostly because of misperceptions about the plastic money (Ullah *et al.*, 2014). Lack of education, poor banking systems, and insecurity of transactions are also the responsible factors for that reluctance. In another study Soman and Cheema (2002) explained that propensity to spend increases as a function of the credit limit, especially, as credit limit increases, subject using a credit card report a higher likelihood of making a purchase, other things remaining constant. When a consumer once has a credit card and a credit line available, sometimes unnecessary spending gets unavoidable. Sometimes, gender and educational background also play role about holding and usages of plastic money (Kaseke, 2012). Hausman (2012) showed, the tendency of young adults to seek fulfillment through hedonic activities such as shopping, hanging out, and high life styles by using credit cards. The habit of spending is largely controlled by the credit cards (Judge &Simon, 2011).

In Pakistan Bazmi, Nazir, Raza and Javed (2014) did a study on the effect of plastic money on the performance of banking sector. They argued that e-banking is recognized as to have a substantive affect banks' overall performance. ATM or maybe automatic teller machine continues to be the norm of the day time inside electronic bank. The idea helps you to save period to the customers and charge of services the results suggest so Automatic

Teller Machine is a normally used method to withdrawal of cash from the traditional bank. Digital money usually takes a number of types both on the web as well as real world, with the potential for correct a digital income pending later on. Moreover the bright future e-money is depended upon its growth and its regulation to increase its importance for the security of plastic money.

In Zimbabwe, the government in conjunction with the financial sector, as with the case in many other countries, is exploring ways to encourage the use of plastic money (Dabson, 2013). The installation of automated teller machines (ATMs) by the Standard Chartered Bank Zimbabwe Ltd and the Central African Building Society (CABS) in the early 1990s signaled the beginning of the use of plastic money in Zimbabwe (Dube, Chitura & Runyowa, 2011). However, in Zimbabwe, the use of plastic money has remained sluggish despite the convenience that it brings to the customers and the business community (Dube*et al.,* 2011). Other forms of electronic innovations that have found their way into Zimbabwean banks are Electronic Funds Transfer Systems (EFT), telephone banking, personal computer (PC) banking and recently internet banking ((Dabson, 2013).

In Kenya Wafula (2015) did a study on the effect of plastic money on the financial performance of commercial banks in Kenya. According to Wafula (2015) argued that plastic money has a strong and significant effect on the profitability of commercial banks in the Kenyan banking industry. The study established that there exists positive relationship between plastic money and bank performance. The significance test showed that the influence of plastic money on bank profitability was statistically significant meaning that the combined effect of plastic money in this research is statistically significant in explaining the profits of commercial banks in Kenya (Wafula, 2015).

According to Anyanzwa (2013) in Kenya, the usage of card payments in the country has risen by seven percent. This follows increased efforts to extend financial services to millions of Kenyans either under banked or unbanked. Data from Central Bank (CBK) shows that the number of automated teller machines (ATMs), ATM cards, prepaid cards, charge cards, credit cards, debit cards and Point of Sale (PoS) machines increased by seven percent to 11.61 million in October 2016, up from 10.86 million in January 2016.

In Kenya, SACCO comprises over 50% of all cooperatives, and as financial institutions they play a critical role of financial intermediation in the financial landscape focusing mostly on personal development (SACCOs Review, 2012). Generally, the SACCO sub-sector is on the growth regime. For instance, in December 2012, the total assets for the SACCO sub-sector stood at Ksh.216 billion, representing a growth of 11% from the Ksh.194 billion recorded in 2009. During this period, the growth in assets was funded mainly by member deposits and share capital at Ksh.164 billion comparing favorably with loans and advances which accounted for 73% (or Ksh.158 billion) of the total assets. The balance of the funds is financed by retained earnings and loans from commercial banks and other financial institutions (Muchemi, 2015).

Statement of the Problem

In the last 5 years savings and credit cooperative societies in Kenya, have been embracing the usage of credit cards, through issue to ATM, Visa cards to member and even having ATM machines where members can access their cash (SASRA, 2016). Over 80,000 credit cards and 618,000 debit cards had been issued in Kenya in the last 3 years (Ogony, 2015). Savings and credit cooperative societies have realized the need to embrace plastic money in their operations. As a result, Saccos have come up with technology that facilitated issuance of modern products like debit, credit cards and Visa cards to their members. This has in turn led to increased usage of debit and credit cards by its customers, which has enhanced their performance (Katz, 2015).

Plastic money usage is expected to increase the profitability of financial institutions (Sathye, 2014). Statistics indicated that Nacico Sacco revenue grew to Ksh 535 Million's in 2014 up from 446 Million in year 2013 representing a 9.8% increase, this was largely attributed to the introduction of ATMs. In Stima Saccos there 15% growth in members deposit from Ksh 1.91Billions in 2012 up from Ksh 1.66 Billion in the year 2013, this was largely attribute to the adoption of mobile money in 2013. In Mwalimu Saccos there was 24.4% growth in advance to member from 196 million in year 2015 to 244 million in years 2016, this was attributed to the adoption of mobile money platform which allowed members to access advance through their mobile money.

Odhiambo (2012) did a research on credit cards and performance of commercial banks portfolio in Kenya and particularly Migori town. Kyalo (2014) in her study on effect of credit card usage on financial performance of banks. Odhiambo (2013) did a study on the effect of electronic banking on financial performance of commercial banks in Kenya. From the empirical studies done in Kenya none of them has been in issue of plastic money in relations to saving and credit cooperative societies , most of the study has been done on commercial banks who operative environment is different from the of saving and credit cooperative societies, hence the research gaps. This study sought to fill the existing research by conducting a study to establish the effect of plastic money transactions on the financial performance of savings and credit cooperative societies in Nairobi County, Kenya.

Objectives of the study

The general objective of the study was to establish the effect of plastic money transactions on the financial performance of savings and credit cooperative societies in Nairobi County, Kenya. The specific objectives were:-

- To ascertain the effect of mobile money on financial performance of savings and credit cooperative organizations in Nairobi County
- To analyze the effect of visa card on financial performance of savings and credit cooperative organizations in Nairobi County

LITERATURE REVIEW

Theoretical Review

Agency Theory

According to Jensen and Meckling (1976) described the agency relationship as a contract in which a person (principal) hires a second person, the agent, to perform an action. The principal will delegate the decision making authority to the agent. Jensen and Meckling (1976) began by assuming that each party to the contract consistently chooses those actions that are likely to satisfy their own interest. Although an agent's motivation may include the desire to work hard to achieve the principal's goals, he may also be motivated by desire to maintain the prestige or perquisites associated with the job.

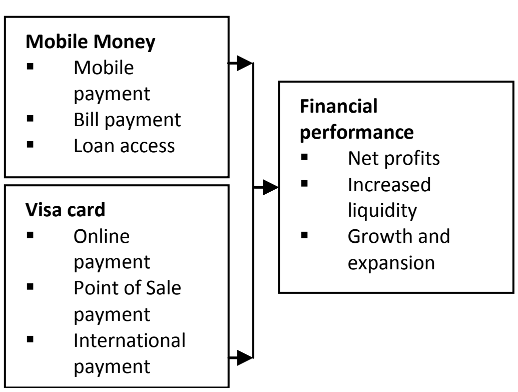
For the case of plastic money usage, the bank is the principal and the plastic cardholder is the agent. The bank expects the cardholder to make use of the card properly making purchases using the card and repaying it on time. This is because it will be the way the Saccos can increase the asset levels through the commission they are paid by the merchants and the interest the mobile money user pays at the end of the month. The study used the agency theory to ascertain the effect of mobile money on financial performance of SACCOS in Nairobi County.

The Efficiency Theory

Anthanasoglou *et .al.* (2006) came up with the efficiency hypothesis which posits that banks earn high profits because they are more efficient than others. There are two distinct approaches within the efficiency; the X- efficiency and Scale-efficiency hypothesis. According to the X-efficiency approach more efficient firms are more profitable because of their lower costs. Such firms tend to gain large market shares which may manifest in higher levels on market concentration but without any causal relationship from concentration to profitability .The scale approach emphasizes economies of scale rather than differences in management or production technology. Large firms can obtain lower unit cost and higher profits through economies of scale. This enables firms to acquire large market share which may manifest in higher concentration and then profitability.

In relation to plastic money, firms that adopt plastic money and use it appropriately will benefit greatly from the large market share which comes about as a result of higher market concentration. The study used the efficiency theory to analyze the effect of visa card on financial performance of SACCOS in Nairobi County.

Conceptual Framework



Independent Variables **Dependent Variable**

Figure 1: Conceptual Framework

Effect of Mobile Money on Financial Performance

The objective of mobile financial transactions is to improve the efficiency of microfinance by using mobile technology to make transactions faster, cheaper and more secure (Guagraw, 2016). It involves account transactions, balance checks and payments. Accordingly, Mbiti and Weil (2011) note that mobile phones technology has made it easier for SMEs to conduct their financial transactions. This is because mobile phone financial transactions saves time and provides a safer means of handling money transfer. Additionally, mobile technology can be used to reach more customers and facilitate exchange of information and decision making.

According to Jack and Suri (2010), the launch of M-PESA in Kenya by the telecommunication company Safaricom has enabled SMEs to expand and grow. This is because the service provides them with efficient and easier ways of paying and receiving payments for goods and services thereby facilitating their trading activities. Chogi (2012) observes that the M-PESA service allows users to deposit and withdrawal money in their accounts as well as to send money using SMS technology. Therefore, mobile financial transactions provide SMEs with a means through which they can reduce their operating costs as well as increase their ability to extend their business networks thus enabling them to increase their performance.

According to Bangens and Soderberg (2010), mobile financial transactions lead to increased efficiency in SMEs. This is because mobile financial transactions assist in saving time while undertaking business transactions. Haggins *at el* (2012) observes that most SMEs find mobile phone financial transactions easier than bank based financial transactions. This is due to the fact that they assist the users to avoid incurring travelling expenses when making and collecting payments. This enables them to significantly reduce their operating costs and increase their performance. Jensen (2013) emphasizes that mobile phone financial transactions assist SMEs to reduce information asymmetries and market inefficiencies hence enabling them to achieve better performance. Chogi (2012) points out those SMEs in Kenya perceive mobile phones financial transactions as tools that can mediate their activities by transforming their objectives into outcomes. This in turn has an effect on their profitability and productivity. According to Higgins *at el* (2012), SMEs are characterized by frequent financial transactions which may involve large amounts or long distances. As a result, mobile phone financial transactions provides them with a way through which they can lower their costs and save time with a cheaper and more convenient way to carry out their financial transactions.

Effect of Visa Card on Financial Performance

Visa cards have become a fact of life for the most consumers and are a part of the consumer culture. Staggering credit card statistics provide evidence of their pervasiveness. As of 2011, seventy-seven percent of the US adults owned at least one credit card, with a total of 1.4 billion cards in circulation. The average cardholder owned 7.7 cards and uses a visa card 119 times a year charging an average of $88 per transaction or $10,500 annually (FICO, 2012). By the end of 2011, with the unfolding of America's economic crisis, the average household visa card debt reached $16,420 (Federal Reserve, 2012). The visa card has evolved over the last thirty years in to one of the most accepted, convenient and profitable financial products. It is accepted by millions of consumers and merchants worldwide as a routine means of payment for all varieties of products and services. The rapid growth of the credit card industry evidences the cards value to the financial community, including consumers, merchants and issuing banks.

Visa cards have been used as a means of facilitating delayed payments purchased since early in the century. The first credit card systems were operated by retailers and service organizations in connection with the merchandising of their products. While such programs were used in local markets by departmental stores, oil companies were the first issuers to recognize the potential of credit card plans in the larger geographical areas. The efforts of the new, independent issuers were concentrated upon the solicitation of accounts, the evaluation of cardholder credit standing and the development of centralized accounting and the processing systems. Since these services are closely related to services provided by the traditional financial institutions, it is not surprising that banks undertook to create their own credit card systems (Weistart, 2012).

Financial Performance

Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. This term is also used as a general measure of a firm's overall financial health over a given period of time, and can be used to compare similar firms across the same industry or to compare industries or sectors in aggregation. Some useful measures of financial performance are coined into what is referred to as CAMEL. The acronym "CAMEL" refers to the five components of a bank's condition that are assessed: Capital adequacy, Asset quality, Management, Earnings, and Liquidity. A sixth component, a bank's sensitivity to market risk was added in 1997; hence the acronym was changed to CAMELS (Gilbert, Meyer and Vaughan, 2010).

One of the benefits banks derive from electronic banking products and service delivery for example the use of credit cards, debit cards, A.T.M cards, is improved efficiency and effectiveness of their operations so that more transactions can be processed faster and most conveniently, which will undoubtedly impact significantly on the overall performance of the banks. Despite the potential benefits of ICT and e-commerce, there is debate about whether and how their adoption improves bank performance. There are positive impacts of e-banking on bank turnover and profitability and to a lesser extent on employment, most notably when e-commerce is part of larger business strategies of bank. The use of plastic money can contribute to improved bank performance, in terms of increased market share, expanded product range, customized products and better response to client demand. It continues to influence banks activities and their income structure. Among the activities that may be subject to stronger pressures for change are those that, up to today, have remained relatively insulated from ICT developments. This applies mainly to some retail banking activities that are suitable for standardization, and also to developments in remote banking (Kariuki, 2015).

Empirical Review

Effect of Mobile Money on Financial Performance

Ngaruiya, Bosire and Kamau (2014) did a study on the effect of mobile money transactions on financial performance of small and medium enterprises in Nakuru central business district. The aim of this study was to find out the effect of mobile money transactions on financial performance of Small and Medium enterprises in Nakuru town Central business district (CBD). The study employed descriptive research design. The study sampled 120 out of 640 businesses using purposive sampling technique. Questionnaire was used as data collection instrument. The results of the study indicated that mobile money transactions have a significant effect on sales revenue.

Huang (2014) conducted a study to determine the impact of mobile phones on SMEs performance in Auckland, New Zealand. He used a questionnaire to collect primary data. The results of his study indicated that most SMEs in Auckland were using mobile technology to conduct their business activities. Additionally, the results of the study indicated that the use of mobile devices had enabled SMEs to increase their annual turnover due to additional business networking opportunities. Furthermore, Bangens and Soderberg (2010) assessed the role of mobile banking and its potential to provide basic banking services to the vast majority of people in Sub-Saharan Africa. The data for the study was collected from both the primary and secondary sources. According to their findings, mobile banking has facilitated financial transactions and remittance of funds. Additionally, the results of their study indicated that mobile banking has enhanced the operations and competitiveness of SMEs

Chogi (2012) did a study to investigate the impact of mobile phone technologies on SMEs in Nairobi. The data for the study was collected using a self-structure questionnaire. The results of the study revealed that most SMEs perceived that mobile phones had a positive impact on their revenues. Additionally, the study results indicated that the majority of SMEs perceived that mobile banking enabled them to reduce their operating costs. Similarly, Donner and Escobari (2010) assessed the use of mobile phones by SMEs in developing countries. They used questionnaires to collect data from fourteen research studies that had examined mobile use by SMEs. According to their findings, mobile phones have helped SMEs to become more productive and to improve their sales thereby improving their financial performance.

Wambari (2013) did a case study in Kenya to determine the impact of mobile banking in developing countries. He used a semi-structured questionnaire to collect data from a sample of 20 SMEs. The results of his study indicated that mobile banking had a positive impact on financial transactions of SMEs. Furthermore, the results of the study indicated that the adoption of mobile banking had enabled SMEs to increase their sales thereby leading to improved financial performance. Likewise, Higgins *at el* (2012) conducted a study to determine mobile money usage patterns of Kenyan SMEs. They used a questionnaire to collect data from 865 SMEs owners. The results of their study showed that 99.5% of the SMEs used mobile money. Moreover, the study results indicated that the use of mobile money enabled SMEs to improve their performance.

Effect of Visa Card on Financial Performance

Sultana (2016) did an investigation on consumers' perception towards usage of visa card in Bangladesh: an application of confirmatory factor analysis. Data was collected from 202 respondents using a semi-structured questionnaire covering students, government service holders, employees of private organizations, and businessman. It is found that most of the respondents are using plastic money usually for shopping and international purchases, and also for purchasing expensive products. Confirmatory factor analysis was done in order to get the degree of effect of the observed variables on the extracted factors. The study found that among the influential variables, people are mostly influenced for using visa card because they think it adds value in their lifestyle. Secure transaction is the most beneficial reason of using plastic money according to the respondents.

Subhani (2011) conducted a study on plastic money/visa cards charisma for now and then. The study was based to find out the charisma of plastic money, its usability and affordability and its impact on its preference to use. The research found that the preference to use of plastic money/ credit card has its pros and cons with its usability and affordability. According to the consumer behaviour, plastic money is a form of conditioning and acts as a stimulus which qualifies a consumer to spend. The study shows that the preference to go for plastic money has a positive association with the easy use of plastic money because the precept of credit card usability is linked with a psychological phenomenon that people are likely to spend less with credit card and spend more with the same amount of cash on hand in the same budget and this precept also linked with the consumer self-convenience, i.e. convenience and easy use which delves into spending.

Loewenstein and Hafalir (2012) conducted a study on the impact of visa cards on spending". The study focused on two types of customers, revolvers (who carry debt) and convenience users (who do not carry debt), and measured the impact of payment with credit card as compared with cash by an insurance company employees spending on lunch in a cafeteria. It was found that there was change in the diner's payment medium from cash to a credit card when an incentive to pay with a credit card was given. It was then found out that credit cards do not increase spending. However, the use of credit cards has a differential impact on spending for revolvers and convenience users. Revolvers spend less when induced to spend with a credit card, whereas convenience users display the opposite pattern. Kamal (2012) conducted a study on the electronic credit card (VISA) usage and their impact on Bank's profitability: The Rate of Return on owner's equity model. The purpose of the study was to know the effect of using the electronic credit cards which included the number of electronic credit cards, the proportion of investment in credit cards, and the operation expenses to the credit cards and explaining its effect in the net income from credit cards and showing the effect of the net income from the credit cards for the bank's profitability by using return on equity model. The study was applied on a sample of commercial banks working in Jordan, the information and data were collected from annual reports given by the banks and by returning to the credit management in commercial banks. To analyze the study data and test its hypothesis, the (SPSS) system was used. In order to answer the questions in the study, the equation a simple regression analysis was used. The study found that there is a positive effect between the number of credit cards, the net income from credit cards and the profitability of commercial banks (ROE).

RESEARCH METHODOLOGY

The study adopted a descriptive cross-sectional survey. This research design was the most appropriate since the objective of the study was to establish the effect of plastic money transactions on the financial performance of savings and credit cooperative societies in Nairobi County, Kenya. The unit of analysis was the Saccos within Nairobi County and the unit of observation was the employees of the Saccos. The study population was employees of 35 Saccos in Nairobi County at their head office in Nairobi. The study population composed of 486 selected members of staff in different managerial levels then working at different Saccos within Nairobi County.

Stratified sampling was used to select the stratum. From each stratum the study used simple random sampling to select 146 respondents; this was 30% of the entire population. The research used questionnaires. The questionnaires were used to collect mainly qualitative data. The qualitative data was collected from the open ended questions. Secondary data involved the collection and analysis of published material and information from other sources such as annual reports, published data. The study administered a questionnaire to each member of the target population. The questionnaire was designed and tested with a few members of the population for further improvements. Primary data was collected using the questionnaires. The secondary data on performance of Sacco's was also collected. Data was collected, tabulated and analyzed for purpose of clarity using the statistical program for social sciences (SPSS) software version 22.

RESULTS AND DISCUSSION

The study sampled 146 staff members in different managerial levels working at different Sacco's within Nairobi County. The researcher administered 146 questionnaires to the respondents, 140 questionnaires were filled and returned, and this formed 95.9% response rate. The respondents were requested to indicate the period they had worked in the Sacco. According to the findings, 36.4% of the employees had worked in the organization between 4 to 7 years, 30% of the staff had worked in the Sacco for 3 years and below, 20% of the staff had worked in the Sacco between 8 to 11 years and 13.6% of the staff had worked in the Sacco for 12 years and above. This showed that the employees had been in the organization for a long duration and therefore they were suitable respondents for the study. The respondents were asked to indicate their position in the organization. From the findings 44.3% of the respondents were staff in the low level management, 32.1% were staff in the middle level management and 23.6% were staff in the top level management. This showed that the respondents were well distributed in the different levels of management for the purpose of the study.

Descriptive Statistics

Mobile Money and Financial Performance

The respondents were asked to indicate their level of agreement with the statements on effects of mobile money on the Financial Performance of Sacco. The results were as shown in Table 1.

From the findings the respondents agreed that mobile money facilitated exchange of information and decision making as shown by a mean of 4.46, mobile money helped to reduce operating costs in our organization as shown by a mean of 4.44, mobile money was used to reach more customers in our organization as shown by a mean of 4.40, mobile money assisted organizations to reduce information asymmetries and market inefficiencies as shown by a mean of 4.34, mobile money provided efficient and easier ways of paying and receiving payments for goods and service as shown by a mean of 4.34, mobile money was a safer way of handling money as shown by a mean of 4.33, customers considered phone financial transactions as easier than bank based financial transactions as shown by a mean of 4.31 and mobile money was efficient and enhanced performance as shown by a mean of 4.11. These findings concurred with the findings of Bangens and Soderberg (2010) who found out that mobile banking had enhanced the operations and competitiveness of SMEs.

Table 1: Effects of Mobile Money on the Financial Performance of Sacco.

Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree	Mean	Std Dev.
Mobile money is efficient and enhance performance	5	4	10	72	49	4.11	0.99
Mobile money is a safer way of handling money.	3	4	6	58	69	4.33	1.13
Mobile money is used to reach more customers in our organization.	3	5	6	45	81	4.40	1.24
Mobile money facilitates exchange of information and decision making.	1	3	12	38	86	4.46	1.29
Mobile money provides efficient and easier ways of paying and receiving payments for goods and service	1	2	2	78	57	4.34	1.16
Mobile money helps to reduce operating costs in our organization	2	3	5	52	78	4.44	1.23
Our customers consider phone financial transactions as easier than bank based financial transactions	2	2	2	78	56	4.31	1.15
Mobile money assists our organization to reduce information asymmetries and market inefficiencies	4	4	4	57	71	4.34	1.15

Visa Card and financial Performance

The respondents were asked to indicate their level of agreement with the statements on effects of Visa CARD on financial performance of Savings and Credit Cooperative Societies. The findings were as shown in table 2.

From the findings the respondents agreed that visa cards provide a secure way of accessing money by our customers as shown by a mean of 4.07, visa cards allowed the customer to access funds anywhere in the world as shown by a mean of 4.04, use of visa cards led to minimal interaction with customers as shown by a mean of 3.99 and customers use visa card because they were convenient as shown by a mean of 3.98. These findings were agreement with the findings of Sultana (2016) who found out that among the influential variables, people were mostly influenced for using visa card because they think it adds value in their lifestyle.

Table 2: Effects of Visa CARD on Financial Performance

Statements	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	Std Dev.
Customers use visa card because they are convenient.	8	9	14	56	53	3.98	0.88
Visa cards allow the customer to access funds anywhere In the world.	6	11	15	48	60	4.04	0.91
Use of Visa cards leads to minimal interaction with customers	6	10	16	55	53	3.99	0.87
Visa cards provide a secure way of accessing money by our customers.	5	7	11	67	50	4.07	0.95

CONCLUSION AND RECOMMENDATIONS

The first objective of the study was to ascertain the effect of mobile money on financial performance of savings and credit cooperative organizations in Nairobi County, the study found out that mobile money facilitated exchange of information and decision making , mobile money helps to reduce operating costs in our organization, mobile money was used to reach more customers in our organization, mobile money assists organizations to reduce information asymmetries and market inefficiencies, mobile money provided efficient and easier ways of paying and receiving payments for goods and service, mobile money was a safer way of handling money, customers considered phone financial transactions as easier than bank based financial transactions and mobile money was efficient and enhance performance. These findings concurred with the findings of Bangens and Soderberg (2010) who found out that mobile banking had enhanced the operations and competitiveness.

The second objective was to analyze the effect of visa card on financial performance of savings and credit cooperative organizations in Nairobi County. The findings revealed that visa cards provided a secure way of accessing money by our customers, visa cards allowed the customer to access funds anywhere in the world, use of visa cards led to minimal interaction with customers and customers use visa card because they were convenient. These findings were agreement with the findings of Sultana (2016) who found out that among the influential variables, people were mostly influenced for using visa card because they thought it added value in their lifestyle.

Conclusions

The study found that mobile money was statistically significant to performance of Sacco's. This implied that a unit increase in mobile money led to increase in performance of Sacco's. The study therefore concluded that mobile money was positively related to performance of Sacco's.

The study revealed that visa card was statistically significant to performance of Sacco's. This indicated that visa card had a positive relationship with performance of Sacco's. Therefore, a unit increase in visa card led to an increase in performance of Sacco's. The study concluded that visa card was positively related to performance of Sacco's.

Recommendations

The study recommended that the management of Sacco's should encourage their customers to use mobile money because it was very convenient and the customers were able to access the services for 24 hours. The management should encourage the use of mobile money by educating the employees on how to use it hence, this would increase the number of users and therefore the performance of the organization would also increase.

The study recommended that the management should communicate the importance of visa cards to customers, so that to increase the number of users of visa cards. The customers should be told that the visa cards were secure and that they can be used all over the world to access finances, in this way more customers would be encouraged to use visa cards. This would therefore improve organization performance.

Suggestions for Further Research

The study suggested that other studies should be conducted to establish the effect of plastic money transactions on the financial performance of savings and credit cooperative societies, so that to determine other factors that affect the financial performance of savings and credit cooperative societies which the study did not cover.

REFERENCES

Anyanzwa, J. (2013). *Ease of access to ATM and credit cards in the financial system has contributed to the country's economic growth*. Retrieved from https://www.standardmedia.co.ke/business/article, on 21st March 2017.

Bangens, L., & Soderberg, B.(2010). *Mobile Banking-Financial Services for the Unbanked*. KISTA, The Swedish Program for ICT in Developing Regions.

Bazmi, N ., Nazir, M., Raza, S.A.& Javed, N (2015) Effect Of Automatic Teller Machine On The Performance Of Banking Sector Of Pakistan. *Journal of Research in Economics and International Finance* 4(1) : 22 – 26

Bist, A., Nair, P., Dubey, R., &Hajela, T. (2015). Analysis of Use of Plastic Money: A Boon or a Bane. *SIMS Journal of Management Research*, 1(2):34-51.

Blackwell, R.D., Hawes, D. K., & Talarzyk, W. W. (2015) Americans' Use of Credit Cards: A Nation-Wide Study of Female and Male Attitudes. *Bulletin of Business Research*, 50(2), 5-8

C.A., J. (2014). Effects of Automated Teller Machine on the Performance of Nigerian Banks. *American Journal of Applied Mathematics and Statistics*, *2*(1), 40-46.

Chogi, B (2012). *The Impact of Mobile Phone Technologies on Small and Medium Enterprises.* Paper Presented to Communication Policy Research South on National Regional Innovation Systems, Nairobi. 1-20

Dapo, A. A. (2014). The impact of ICT on professional practice in the Nigerian construction industry. *Electronic Journal of Information Systems in Developing Countries*. 24(2):1-19.

Donner, J., & Escobari, M.(2010). A Review of Evidence on Mobile use by Small and Micro Enterprises in Developing Countries. *Journal of International Development*, 22(1): 641-658

Dube, T., Chitura, T. & Runyowa, L., (2009). Adoption of and use of Internet Banking in Zimbabwe: An Exploratory Study, *Journal of Internet Banking and Commerce*, 14(2):56-73.

Gohel, R. (2015). *Factors behind use of plastic money*. Research Report

Goodhue, D. L & Thompson, R.L. (1995).Task-technology fit and individual performance. *MIS Quarterly*, 19(2) 213-236.

Hausman, A. (2016). A multi method investigation of consumer motivations in impulse buying behavior, *International Journal of Consumer Marketing*, 17(5):403-426.

Hausman, A. (2012). A multi method investigation of consumer motivations in impulse buying behavior, *Journal of Consumer Marketing*, 17(5):403-426.

Higgins, D., & Kendall, J., & Lyon, B.(2012). Mobile Money Usage Patterns of Kenyan Small and Medium Enterprises. Innovation*, Technology, Governance and Globalization,* 7(2):67-81.

Huang, H (2014). The Impact of Mobile Devices on SMEs in Auckland, New Zealand. *Unpublished Masters inComputing Project*, Unic New Zealand.

Jack,W., & Suri, T. (2010). *Bowen at el (2009) of M-PESA*. Nairobi, Central Bank of Kenya.

Jensen, T. (2012). The Digital Provide: Information (Technology), Market Performance and Welfare in the South Indian Fisheries Sector. *Quarterly Journal of Economics,* 122(2):879 – 924

Judge, T. A., & Simon, L. S. (2015). Does it Pay to Be Smart, Attractive, or Confident (or All Three)? Relationships Among General Mental Ability, Physical Attractiveness, Core Self-Evaluations, and Income. *Journal of Applied Psychology*, 94(3):742-755.

Judge, T. A., & Simon, L. S. (2011). Does it Pay to Be Smart, Attractive, or Confident (or All Three)? Relationships AmongGeneral Mental Ability, Physical Attractiveness, Core Self-Evaluations, and Income. *Journal of Applied Psychology*, 94(3):742-755.

Kariuki, J.W (2012) The effect of product development on the financial performance of commercial banks in Kenya.

Kaseke, N. (2012). Cash or Plastic Money-An Investigation into the Payment Mode Post Multicurrency Period in Zimbabwe *International Journal of Advanced Research in Management and Social Sciences*, 1(6):34-56

Katz, R. (2015). Electronic payment in the rise in Kenya. Financial services, Nairobi, Kenya.

Loewenstein, G & Hafalir, E. I (2012)"The Impact of Credit Cards on spending for revolvers and convenience users" with emphasis on hardly any usage of credit card among both the groups of consumers. Carnegie Mellon University, Tepper School of Business (JELcodes:C9,D1)

Manivannam, P. (2013). Plastic Money Cash Less Payment System. *International Global Research Analysis*, 2(1):15-36

Mansfield, M. P. (2012). Consumers and Credit Cards: A review of the Empirical Literature, *Journal of Management and Marketing Research.* 1(6):24-36

Mansfield, P. M., & Pinto, M. B. (2014). Consumer Vulnerability and Credit Card Knowledge among Developmentally Disabled Citizens. *The Journal of Consumer Affairs*, 42(2):425-38

Mbiti, I., & Weil, D.(2011). Mobile Banking: The Impact of M-Pesa in Kenya*. NBER Working Paper No.17129,* 1-53.

Muchemi, A (2015). Financial Practice as a Determinant of Growth of Savings and credit Co-Operative Societies, *International Journal of Business and Social Science*, 3(2): 67-80.

Ngaruiya, B., Bosire, M & Kamau, S. M (2014) Effect of Mobile Money Transactions on Financial Performance of Small and Medium Enterprises in Nakuru Central Business District. *Research Journal of Finance and Accounting,* 5(2):12-24

Ogare, H.O (2013) The effect of electronic banking on the financial performance of commercial banks in Kenya.

Ogbuji, C. N (2012). Analysis of the Negative Effects of the Automated Teller Machine (ATM) as a Channel for Delivering Banking Services in Nigeria. *International Journal of Business and Manageme*nt 7, No. 7; April 2012.

Ogony, J.E., (2011). *Factors affecting use or non-use of plastic money and attitudes towards plastic money***.** Standard chartered bank, Nairobi.

Patil, S. (2014). Impact of Plastic Money on Banking Trends in India. *International Journal of Management Research and Business Strategy*, 3, (1):34-51

Plummer, J. T. (2011). Lifestyle Patterns and Commercial Bank Credit Card Usage. *Journal of Marketing,* 35, 35-41

Pollet, I. 2009. *Cooperatives in Africa: The age of reconstruction – synthesis of a survey in nine African Countries*, Coop AFRICA Working Paper No. 7, International Labour Organization.

Republic of Kenya, 2013. Annual Report 2013. Nairobi. SACCOs Review, 2012. Ministry of Co-operative Development and Marketing, Nairobi.

Robb, C. A., & Sharpe, D. L. (2013). Effect of Personal Financial Knowledge on College Students Credit Card Behavior. *Financial Counseling and Planning*, 20(1):25-43

Rotchanakitumnuai, S. & Speece, M (2014). Corporate customer Perspectives on Business value of Thai Internet Banking. *Journal of Electronic Commerce Research*, 5(4): 270-286.

Slocum, J. W., & Mathews, H. L. (2010). Social Class and Income as Indicators of Consumer Credit Behavior. *Journal of Marketing*, 34(3):69-74.

Soman, D., & Cheema, A. (2012). The effects of credit on spending decisions. The role the credit limit and & credibility. *The journal of Marketing Science*, 21(4): 32-53

Subhani, M. I (2011) "Plastic Money/Credit Cards Charisma for Now and Then" with emphasis on affordability and preference of them by consumers because of their convenience attribute during all kind of daily transactions. *European Journal of Scientific Research*, 6(1):123-127.

Sultana, N (2016) Investigation on Consumers' Perception Towards Usage Of Visa Card In Bangladesh: An Application Of Confirmatory Factor Analysis. *South East Asia Journal of Contemporary Business, Economics and Law*, 9(2).

Sumi, R. F., and Safiulla, B. A. (2014). Problem and Prospects of Plastic Money in Bangladesh. *IOSR Journal of Business and Management*, 16(12):789-801.

Ullah,R., Din, M.S., Anjum, Z.A., & Latif,A. (2014). Issues Regarding Plastic Money in Pakistan. *City University Research Journal,* 4 (1):45-61.

Wafula, E.V. (2015*). Effect of Plastic Money on the Financial Performance of Commercial Banks in Kenya*.

Wambari, A (2009). Mobile Banking In Developing Countries-A Case Study on Kenya. *Information Technology*, University of Applied Sciences