

MAKERERE



UNIVERSITY

COLLEGE OF BUSINESS AND MANAGEMENT SCIENCES

**THE THREAT OF MOBILE MONEY SERVICES TO THE FINANCIAL
PERFORMANCE OF COMMERCIAL BANKS IN UGANDA: A CASE OF STANBIC
BANK**

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ABSTRACT

Stanbic Bank is one of the banks that is affected by the advent of mobile money services. Since the advent of mobile money services in Uganda, the financial performance of the bank seems to have come under threat. Thus the purpose of the study was to investigate the threat of mobile money services/operations to the financial performance of commercial banks in Uganda using a case study of Stanbic Bank. Specifically the current study sought to: establish the mobile money services/operations that are in direct competition with the services offered by commercial banks in Uganda; investigate the mobile money services/operations that pose a direct threat to the financial performance of Stanbic Bank and to assess the strategies used by Stanbic Bank to cope with the competition from mobile money services and operations. The research followed a cross sectional design. Primary data were collected using self-administered questionnaires and interviews issued to 83 respondents from the Accounting and Finance Department of Stanbic Bank.

The study findings indicate that the mobile money services that are in direct competition with the services offered by Stanbic Bank are money transfer, payment of utility bills, making corporate bulk payments like salaries, school fees payments, saving money and taking deposits. The study further found that mobile money services/operations pose a direct threat to the financial performance of the bank by impacting negatively on: sales growth, customer base, market expansion, market share, liquidity and profitability. Mobile money services and operations pose a direct threat to the services of the bank because they are more accessible, available, cheap and easy to use.

The study concluded that mobile money services pose a great threat to the financial performance of commercial banks in Uganda and as such, there is need for the bank to establish more ATMs, open more branches, reduce bank charges, and advertise in a way that appeals to the masses. The study further recommended that there is also need for the bank to introduce mobile banking technology if it is to survive in the face of the competition offered by the advent of mobile money services. The implication for management of commercial banks in Uganda is that there is need to adopt mobile banking services and operations in order to cope with competition from mobile money services.