



**THE RELATIONSHIP BETWEEN ELECTRONIC BANKING AND FINANCIAL
PERFORMANCE OF KENYA COMMERCIAL BANK – UGANDA**

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ABSTRACT

This study investigates the relationship between electronic Banking and the financial performance of Kenya Commercial Bank Uganda. The focus of the study is to find out the relationship between ATM transactions, electronic money transfers, e-bill payments and Return on Asset as a measure of financial performance. The study methodology involved testing hypotheses using quantitative techniques such as regressions and correlations. Return on Assets was computed using statements of comprehensive income and statement of financial position for six consecutive years from 2008 to 2013 were obtained. Also records of internet banking for the respective years indicating commission income and expenses earned from automated teller machines transactions, electronic money transfers and electronic Bill payments were obtained. The data was analyzed using STATA. Return on Asset was regressed and correlated with the net income automated teller machines transactions, electronic money transfers and electronic bill payments. Results obtained from the study showed that automated teller machines net income is positively correlated with the Return on Assets with relatively high magnitudes. In a similar manner, Money Transfer Transactions' income is positively correlated to performance of the bank. However, Electronic Bills income seems to be negatively related to the performance of the bank. Based on the results, Kenya Commercial Bank should invest more in internet banking and carries out more research on which e-products would boost financial performance.

Key Words: *Automatic Teller Machine, Electronic Bills Payments, Electronic Money Transfers and Return on Assets*