

Agent Banking and Financial Performance of Local Banks in Uganda

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Abstract

This paper investigates the effect of agent banking on financial performance of local banks in Uganda. This study uses a correlational research design. Results reveal a significant positive relationship between financial service accessibility and financial performance of local banks. Furthermore, it reveals a strong positive relationship between intermediary banking transactions and financial performance of local banks, lastly, a significant positive and weak relationship between account opening services and financial performance of local banks. In conclusion, the study highlights that respondents consistently access bank services and find it easier to reach an agent in various locations compared to visiting a bank branch. The widespread availability and ease of access to banking agents facilitate greater customer engagement and transaction frequency, ultimately enhancing the banks' financial outcomes. The study also demonstrates that agent banking significantly benefits local banks by making transactions accessible to individuals without prior banking experience and by consistently reducing transactional costs. It recommends expanding the agent banking network to cover more locations, particularly in underserved areas, will ensure broader accessibility. Secondly, investing in comprehensive training for agents to handle transactions effectively and provide quality customer service is crucial. Thirdly, launching targeted awareness campaigns about the benefits of agent banking.

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INTRODUCTION

Financial performance of commercial banks is a prominent issue for contemporary research on a global scale. In the developing world in general, particularly with Kenya's M-Pesa, which enabled mobile financial transactions (Mwaiwa et al., 2022). Similarly, in Bangladesh, agent banking bridges the gap between unbanked rural populations and formal banking services (Ahmed & Ahmed, 2018). Regulatory frameworks are crucial for governing agent banking, ensuring consumer protection, liquidity management for agents, and interoperability among providers (Siddique, 2014). However, challenges such as inadequate technical infrastructure, unreliable equipment, and insufficient technical support persist, necessitating robust investments in technology (Gupta & Singh, 2019).

Agent banking, which has evolved significantly, it has gained popularity due to its potential to reduce operational costs for banks (Gupta & Singh, 2019), however, the impact agent banking on financial performance, is not fully studied. In Uganda 13% of adults are under banked, highlighting a significant gap in access to financial services (World Bank, 2021). Despite the potential benefits of agent banking in promoting financial inclusion, its impact on the financial performance of local banks in Uganda remains insufficiently explored. A key challenge facing these banks is the prevalence of non-performing loans (NPLs), which require them to allocate substantial provisions, thereby reducing

net income (Karadima & Louri, 2021; Nabella et al., 2023). High operating expenses further exacerbate the situation, straining profit margins and limiting the ability of local banks to achieve economies of scale and access low-cost capital (Nzibonera & Waggumbulizi, 2020; Jefferis et al., 2023).

Moreover, while agent banking has made strides in enhancing financial inclusion, current penetration levels remain modest at only 33% (Njuki, 2018). This limited penetration raises questions about the effectiveness of agent banking in addressing the financial needs of underserved populations (Ndyamuhaki, 2020; Nabatanzi, 2021).

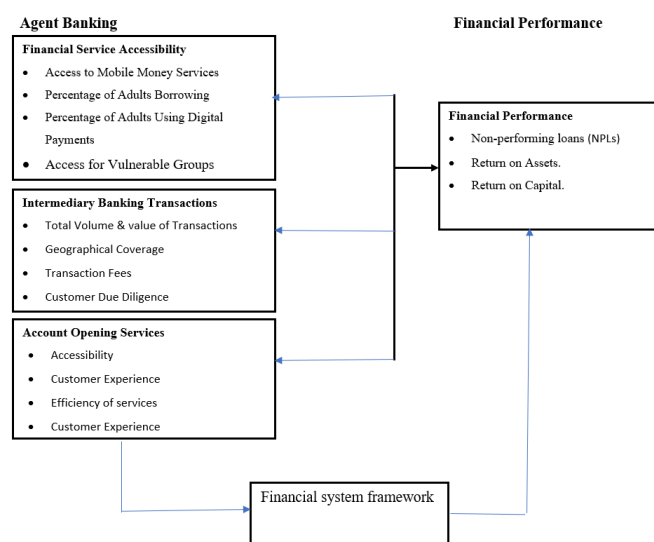
Literature selection and quality assessment

The purpose of the study was to examine the effect of agent banking on financial performance of local banks in Uganda; a case of Centenary bank. But more specifically:

- i. To assess the relationship between financial service accessibility and financial performance of local banks in Uganda.
- ii. To establish the relationship between intermediary banking transactions and financial performance of local banks in Uganda.
- iii. To determine the relationship between account opening services and financial performance of local banks in Uganda.

Agent banking significantly enhances financial service accessibility by providing banking services to underserved and remote areas. This improved accessibility has several impacts on financial performance. Agents act as intermediaries for various banking transactions such as deposits, withdrawals, transfers, and bill payments (Nyambura, 2022). The ease and efficiency of opening accounts through agents influence financial performance. Agent banking significantly enhances financial service accessibility, facilitates intermediary banking transactions, and streamlines account opening services, all of which positively impact a bank's financial performance. These elements work together to increase customer base and transaction volumes, reduce operational costs, and generate new revenue streams, ultimately driving profitability and sustainable growth for financial institutions (Anyumba & Makori, 2018).

Figure 1: Conceptualisation of Agent banking and financial performance



Source: Adapted and Modified by the researcher from Anyumba & Makori 2018; Nyambura, 2022)

LITERATURE REVIEW

This section discusses the theoretical framework, the conceptual perspectives, the existing empirical studies and the identified research gaps that this study aimed to address.

Theoretical Review

Agency Theory

According to Jensen and Meckling (1976), agency theory explains the challenges associated with agency relationships. Agency relationships include firm owners engage managers to run their businesses on their behalf and in their best interests. The agents are thus tasked solely to protect, pursue and maximize the owners' interests. However, agents may often pursue other interests that contravene with the shareholder interests. The linkage between bank agents and banks present such situations when agents' interest conflicts the principals' (Laeven, 2001).

The concept of agency seeks to reinforce mechanisms for better financial services. In this paper, the agency theory demonstrates how modern payment systems has changed the technology of banking and improved the strategy and traditional structures of financial services organizations. By studying firm capabilities, competencies, and resources, the approach is extended to services in general and linked to the ability of firms to compete and promote their financial performance (Cetorelli & Goldberg, 2012). This theory has relevance on how agency banking impacts commercial banks by streamlining the relationship between banks and bank agents.

Financial Intermediary Theory

Financial intermediary theory developed by Akerlof (1970), Spence (1973) and Rothschild and Stiglitz (1976) is based on the economic aspects of information imperfection. Intermediation reduces the cost of completing transactions that are associated with banking operations. Gurley and Shaw (1990) argue that transaction expenses provide an edge to intermediaries who are more exposed to diversification.

According to Scholtens and van Wensveen (2003), the role of the financial intermediary is essentially seen as that of creating specialized financial commodities. Financial institutions are important in allocating resources efficiently and hence no need for intermediaries. According to the Modigliani and Miller theorem, households can modify their own portfolios and therefore financial intermediaries are not needed. However, due to emerging development of option pricing model in the market, financial intermediaries are needed for implementation of trading strategies. This theory supports intermediary banking transaction on financial performance, since it considers banks as financial intermediaries both individually and collectively, rendering them indistinguishable from other non-banking financial institutions in their behavior, especially concerning the deposit and lending businesses, being unable to create money individually.

Review of Empirical Literature on Agent Banking and Financial Performance

Agent banking plays a crucial role in enhancing financial service accessibility by extending banking services to underserved and remote areas. This improved accessibility has significant implications for financial performance, for instance, Nyaga (2017) examined the impact of mobile money services on small and medium enterprises in an urban setting in Kenya, while Okello and Ntayi (2020) studied mobile money adoption and usage in the context of financial inclusion. These studies highlight different aspects of mobile money's influence but do not specifically address its impact on financial service accessibility and subsequent financial performance. Increased access to mobile money services can enhance financial performance in several ways. Firstly, it promotes financial inclusion by expanding the customer base of financial institutions (Nabatanzi, 2021).

By enabling adults in underserved areas to access financial services, mobile money services attract more customers and increase deposits, thereby broadening the customer base and enhancing financial stability. Secondly, mobile money services facilitate savings mobilization (Vogel, 2021; Ankrah, 2020). Easy access to mobile money encourages individuals to save and manage money effectively, leading to higher deposit accumulation within financial institutions. This, in turn, strengthens the financial base of banks and enhances their ability to offer competitive financial products. Furthermore, mobile money services improve access to credit for individuals previously excluded from traditional banking systems. This accessibility increases the credit portfolio of financial institutions, contributing to overall financial performance. Additionally, higher transaction volumes resulting from improved accessibility indicate increased customer engagement and utilization of banking services for various financial needs. While existing research has explored different aspects of mobile money's impact, there remains a gap in understanding how enhanced financial service accessibility directly influences the financial performance of financial institutions. This study aims to address this gap by examining the specific mechanisms through which improved accessibility through agent banking impacts financial performance in Uganda.

Financial Service Accessibility enhanced transaction volumes, Mobile money services typically result in higher transaction frequencies as users conduct more frequent, smaller transactions compared to traditional banking. The study by Srivastava and Gopalkrishnan (2015) show the

impact of big data analytics on banking sector, Mobile money services facilitate business transactions for small and medium-sized enterprises (SMEs), enhancing their operational efficiency and financial stability and the study by Cortet, et al (2016) show how digital transformation accelerates banks. This implies that its ease of conducting payments via mobile money boosts the volume of transactions, such as bill payments, remittances, and purchases, generating fee-based income for financial institutions. Iqbal, et al (2019) shown the effect of social costs on financial efficiency, financial institutions can reduce the costs associated with maintaining physical branches and handling cash transactions by leveraging mobile money platforms. It also indicated that Mobile money services allow financial institutions to scale their operations more efficiently by reaching a larger number of customers without proportionate increases in costs (Uckar & Petrovic, 2021).

According to Claessens, (2016) when customers with disabilities are able to manage their money, economic vulnerability declines and overall economic health improves. Theoreticians have argued that lack of access to finance generates persistent income inequality or poverty traps and limits financial performance of small firms. Without inclusive financial systems, small enterprises need to rely on their personal wealth or internal resources to invest in their education, become entrepreneurs, or take advantage of promising growth opportunities (Nwanna, 2009). Financial market imperfections, such as information asymmetries and transactions costs, are likely to be especially binding on the talented poor and the micro and small enterprises that lack collateral, credit histories, and connections, thus limiting their opportunities and leading to persistent inequality and slower growth. The inability of the formal financial sector to satisfy the demand for credit leads to the reliance on the informal and semiformal financial units for credit (Bouman, 2011).

There is consensus in theory that a well-developed financial sector can contribute to improved performance of small and micro-enterprises. Access to financial services provides firms with the opportunity to manage their risks, broaden their menu of choices and smooth their consumption patterns. This promotes development, thereby contributing to poverty reduction. Credit is an important instrument for improving the performance of firms directly and for enhancing productive capacity through financing investment (Nwanna 1995). Some of the factors that have been fronted as determinants of improved access include financial innovations such as introduction of microfinance units in mainstream financial institutions, technological advances and improved standards of living and less regulations of the banking sector. However, it has also been observed that these innovations in the formal financial sectors do not necessarily decrease the reliance on the informal and semiformal financial sectors of an economy (Udell, 1992). Access to financial services by small business is normally seen as one of the constraints limiting their benefits from credit facilities, in most cases the access problem, especially among formal financial institutions, is one created by the institutions mainly through their lending policies. This is displayed in the form of the prescribed minimum loan amounts, complicated application procedure and restrictions on credit for specific purposes. Small businesses lack access to capital and money markets. Investors are unwilling to invest in proprietorships, partnerships or unlisted companies. As risk perception about small businesses is high. So is the cost of capital, institution credit, when available, requires collateral which in turn makes owner of the business unable to access financing (Kamweru, 2011).

METHODOLOGY

Research Design

This study used a correlational research design (Creswell & Creswell, 2018; Saunders et al., 2019). It can guide in collected data to identify patterns and differences among institutions with varying levels of agent banking activity. A descriptive correlational research design was used to examine due to its potency in determining if a change in one variable is causally associated with a change in another (Devi, Lepcha, & Basnet, 2022).

Sampling Procedure and Size

This study used purposive sampling to group the respondents in their specific categories. The researcher employed purposive sampling where the respondents were selected basing on knowledge and acquaintance on the benefits of agent banking and convenience sampling respondents was selected because of their availability and proximity to the researcher.

Sampling Procedure

The sampling procedure involves defining the target population, which could include banks of various sizes that implement agent banking. A stratified sampling technique can be employed to ensure representation across different bank categories and bank agents of centenary bank.

Sample Size

The sample size was determined using the table as Appended III from a study by Morgan and Krejcie (1970), as cited in Amin, (2005). The sample size was depicted in table 1 below.

Table 1: Sample Size of Respondents and Sampling Technique

Population	Population	Sample Size	Sampling Technique
Bank Officers	40	36	Stratified sampling & purposive sampling
Bank agent	40	36	Stratified sampling & purposive sampling
Customers	40	36	Purposive sampling
Total	120	108	

Source: Primary Data 2024

Data Sources

Both primary and secondary sources of data were used because none of them could generate sufficient data when used singularly.

Primary Data Source

Primary data was used to give firsthand information from the field using self-administered questionnaires and interviews, this source was important because it enabled the researcher to focus on specific issues and enabled the researcher to have a higher level of control over how the information is collected (Tull and Hawkins, 1993).

Secondary data source

Secondary data was obtained from literature reviewed related to the study variables and objectives from journals, newspapers, any statistical information that reflects the number of people engaging in agency banking. This additional information was very important because, it validated and complemented the primary data from the study (Ghuri, 2005).

Data Collection Methods

The study used two data collection methods including survey and interviews. The study used the **survey** to collect primary data from bank agents and bank staff in centenary banks Uganda. The questionnaire that was administered, was designed clearly and relevant to the questions, and a representative sample. It was distributed to get information from the large population. It was used because it provides

clear instructions to respondents on how to complete the questionnaire; was distributed on the selected sample.

The self-administered questionnaire included both closed and open-ended questions relevant to the study. It also measured responses using the likert scale as seen above. It was simple and conscious where all the required information.

Interviews were also used, the study, first, defined research objectives and developed a set of open-ended questions that align with objectives. The study selected a representative sample of participants relevant to the study. There was a schedule for conducting interviews, to ensure a comfortable and private setting to encourage open and honest responses. The interviewers consented before giving the information and permission, from responsible people. After the interviews, results were recorded and analyzed the responses to identify patterns and insights related to your research questions. Interviews were used to provide in-depth insight concerning the study. The interviews were used to get in depth information relevant to the study and also, to get more information concerning the study. Through the interview guide, the interview was known to be an effective technique for getting in depth information from key respondents who in this case were staff from the bank and agents.

Measurement of Variables

Mugenda and Mugenda (2003) support the use of nominal, ordinal, and likert type rating scales during questionnaire design and measurement of variables. The nominal scale was used to measure such variables as gender and terms of employment, among others. The ordinal scale was also employed to measure such variables as age, level of education, years of experience, among others. The five-point Likert type scale (1- strongly disagree, 2-disagree, 3-not sure, 4- agree and 5-Strongly agree) was used to measure the independent variable (agent banking) and the dependent variable (financial performance). The choice of this scale of measurement is that each point on the scale carried a numerical score which was used to measure the respondent's attitude and it was the most frequently used summated scale in the study of social attitude. According to Mugenda (2003) and Amin (2005), the Likert scale is able to measure perceptions, attitudes, values and behaviours of individuals towards a given phenomenon.

After data collection and editing, data cleaning process followed. This was done by coding to ensure consistency, completeness, accuracy and comprehensibility. Data editing was carried out to ensure that the data from the respondents was accurate, reliable and consistent. After data editing, responses were translated into numerical terms and finally tabulated in form of frequencies, pie-charts and graphs for easier analysis (Zikmund et al. 2010).

RESULTS AND DISCUSSION

Respondents' Response Rate

A summary of the category of respondents' response is provided in the table 2 were generated in order to find out how respondents participated in this study and find out whether their responses were valid.

Table 2: Respondents' Response Rate

Response Rate	Targeted Sample	No. of Responses	Response (%)
Bank Financial Officers	36	28	78%
Bank agents	36	30	83%
Customers	36	32	89%
Total	108	90	83%

Source: Primary Data

From table 2, the overall response rate was 90% (92 out of 102) respondents. The study got a good response rate above 90%, despite this percentage, the sample was not affected, and this represented a good representative of the sample as stated by Mugenda and Mugenda (2003).

Demographic Characteristics of Respondents

The study intended to gain a detailed understanding of the key characteristics of the respondents in the study area which to a great extent influenced financial performance local banks in Uganda. Different characteristics of the respondents are discussed below using fractionous tabulations.

Table 3: Gender of Respondents

Gender of Respondents	Frequency	Percent
Male	42	45.7%
Female	50	54.3%
Total	92	100

Source: Primary Data (2022)

The study noted that, 42(45.7%) were male while 50(54.3%) were female. Gender was considered in this study because the study was not doubted on grounds of gender bias. The foregoing findings indicate that local banks in Uganda are probably gender sensitive in terms of balance, since there was no big difference between the two categories.

Table 4: Age Bracket of Respondents

Age Bracket of Respondents	Frequency	Percent
21-30 years	14	15.2%
31-40 years	22	23.9%
41-50years	37	40.2%
51 years and above	12	13.1%
Others	7	7.6%
Total	92	100

Source: Primary Data (2022)

The study observed that, 37(40.2%) were between 41-50years, 14(15.2%) were between 21–30years, 22(23.9%) were between 31–40years, 12(13.1%) were between 51years and above 7(7.6%) were of other categories like below 20 years. The study considered different age brackets and they all provided relevant responses as regarding the study. It can be stated that most people who constituted part of this study were of mature age groups to give dependable information for the study. Results on age, further suggest that, maturity signifies a potential/expertise in market activities as well as agent banking to financial wellbeing for business sustainability, which take the center stage in driving the economy.

Table 5: Education Level of Respondents

Education Level of Respondents	Frequency	Percent
Certificate	21	22.8%
Diploma	30	32.6%
Degree	35	38%
Others	6	6.5%
Total	92	100

Source: Primary Data (2022)

The study disclosed that, 35(88.3%) attained a degree, followed by diplomas and 30(32.6%), those with a certificate 21(22%) and other 6(6.5%). This implies that most of the people are knowledgeable on the study and can interpret clearly and give relevant answers.

Table 6: *Respondents' Years spent working in the area*

Respondents' Years spent working in area	Frequency	Percent
Below 2 years	25	27.2%
2-4 Years	31	33.7%
5-6 Years	22	23.9%
7 Years and above	9	9.8%
Others	5	5.4%
Total	92	100

Source: Primary Data (2022)

The study demonstrates that, 25(27.2%) of the respondents had a work duration of below 2 years, 31(33.7%) worked for the period between 2-4years and 22(23.9%) 5 – 6years, while 9(9.8%) worked for the duration between above 7years and 5(5.4%) for others. This revealed the fact that majority of respondents have offered their effort to earn a living, signifying that the majority of respondents have enough experience concerning market business/activities including financial service accessibility and account opening services in order to respond to questions that were raised during data collection.

Descriptive results on agent banking and financial performance.

In this section, findings on objective one was analyzed using a five-point likert scale and the results were presented in descriptive tables, showing the percentages, means and standard deviations. Results were rated using a five-point liker type scale (1- Strongly Disagree, 2-Disagree, 3-Not Sure, 4- Agree and 5-Strongly Agree) as follows;

Descriptive statistics on Financial Service Accessibility of Local banks in Uganda.

The table 7 below presents the mean and standard deviation results as follows;

Table 7: *Descriptive Statistics on Financial Service Accessibility*

	Statements	Strongly disagree	Disagree	Not sure	Agree	Strongly agree	Mean	Std. Dev
1	I always access the bank services all the time	-	-	19.3%	6.0%	74.7%	4.55	0.8
2	I find it easy to access an agent in all locations as compared to going to bank	2.4%	1.2%	8.4%	33.7%	54.2%	4.36	0.8
3	All the customers can access our services via the banks agents 24 hours	6.0%	15.7%	18.1%	34.9%	25.3%	3.58	1.2
4	It's always cost effective to use a bank agent	15.7%	25.3%	12.0%	-	47.0%	3.37	1.6
5	The agents have all the bank provisions that a client can access to.	24.1%	20.5%	-	31.3%	24.1%	3.11	1.6
6	The agent banking is flexible and easy for us	-	43.4%		21.7%	34.9%	3.48	1.4
	Overall Mean & Std. Dev						3.71	1.2

Source: Primary Data (2024)

The results show that a significant majority of respondents (74.7%) agree that they have consistent access to bank services, on the average rating for access to these services is 4.55 on a scale (presumably out of 5), indicating a high level of strongly agreement with the availability of bank services. The standard deviation of 0.8 indicates that while most respondents rate their access to bank services highly, there is some variation in the responses, but it is not too wide, suggesting relative consistency in their experiences. Results agree with Danchev, et al (2020) who noted that the penetration of digital payments easy service delivery. Results also found put that, on average mean (4.36) find it easy to access an agent in all locations as compared to going to bank with the standard deviation of 0.8. This indicates that, generally, respondents find it relatively easy to access an agent compared to going to a bank.

The standard deviation of 0.8 suggests that there is some variability in the responses, but not excessively so, implying that most respondents' experiences are fairly consistent with the average rating of 4.36. The implication is that, for the bank, this high level of satisfaction implies that their current service accessibility strategies are successful, which could lead to increased customer loyalty and positive word-of-mouth. However, the variability indicated by the standard deviation suggests that there may still be areas for improvement to achieve even greater consistency in customer experience. The bank could investigate the sources of this variability to identify and address any specific issues or barriers that some customers might be facing.

The study further found out that on average, the customers can access the banks services via banks agents 24 hours mean 3.58 and standard deviation was 1.2. The standard deviation of 1.2 suggests a significant amount of variability in the responses, indicating that customers' experiences with 24-hour access to bank services via agents vary widely. However, the moderate average score of 3.58 implies that there is room for improvement in ensuring that all customers can reliably access these services at all times. Results indicate that, respondents were not sure whether it was cost effective to use a bank agent (mean 3.37 and standard deviation of 1.6, and also found out that majority of respondents were also not sure whether the bank has provisions that a client can access to. During the interview they however, noted out some provisions given by the ban to encourage their customers and agents. The average rating of 3.48 indicates that customers generally agree that agent banking is flexible and easy to use, though the level of agreement is moderate rather than strong. The high standard deviation of 1.4 suggests a wide range of opinions, indicating that while some customers find agent banking very flexible and easy, others do not. The implication is that there is no consensus that agent banking is flexible and easy to use, this therefore require some improvements. Its however requires a need to investigate the causes of these differing experiences to identify and address issues, potentially improving the overall perception of agent banking's flexibility and ease of use. Lastly results indicate that on average they agreed that agent banking is flexible and easy for us (3.48) but the standard deviation was 1.4.

One of the respondents gave the following statement;

"Agency banking provides a variety of benefits to the customers for enhanced service delivery; lower transaction cost (closer to client's home), longer opening hours, shorter lines than in branches which are more accessible for illiterates and the very poor who might feel intimidated in branches".

As added by a certain interviewee that;

"Agency banking is a big revolution, as it increases the accessibility of bank services for the customers, within their comfort area. People today still feel they need to take a shower and get dressed when they go the bank; with agents, they can jump straight from the garden, do the transaction and go back to work."

Correlations between Financial Service Accessibility and Financial Performance

This section describes whether there is a relationship between financial service accessibility and financial performance. A Pearson correlation coefficient and linear regression was used in this case.

Table 8: Correlations between Financial Service Accessibility and Financial Performance

		Financial Service Accessibility	Financial Performance
Financial Service Accessibility	Pearson Correlation	1	.614**
	Sig. (2-tailed)		.000
	N	92	92
Financial Performance	Pearson Correlation	.614**	1
	Sig. (2-tailed)	.000	
	N	92	92

** Correlation is significant at the 0.01 level (2-tailed).

The above results show that there is a significant positive relationship between financial service accessibility on the financial performance of local banks in Uganda ($r = .614$, $\text{Sig} = 0.000$). The positive associative relationship, if predictive, means that a small increase in financial service accessibility will lead to a small increase in financial performance of local banks in Uganda. Results are in agreement with Claessens, (2016) who stated that increasing the accessibility of financial services is good for business and economic growth. The results imply that banks which make their services more accessible to customers through measures like increasing the number of bank agents, extending service hours, enhancing digital banking platforms, or simplifying account opening procedures tend to see better financial outcomes. These outcomes could include higher profitability, increased customer base, improved loan recovery rates, and overall enhanced operational efficiency.

Regression Results on Financial Service Accessibility and Financial Performance

Table 9: Financial Service Accessibility and Financial Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.614 ^a	.377	.370	.635

a. Predictors: (Constant), Financial Service Accessibility

The findings show that the independent variables significantly influenced the dependent variable as shown by an Adjusted R Square of 0.370. The output indicates that the strength of association between the variables are very low (Adjusted R Square = 0.370). The first indicator of independent variable (financial service accessibility) explained only 37.0% of the financial performance of local banks as represented by the Adjusted R Square. This therefore means that other factors not studied in this research contribute 63.0% of the financial performance of local banks in Uganda.

Table 10: ANOVA^b for Financial Service Accessibility and Financial Performance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	19.812	6	19.812	49.086	.000 ^b
	Residual	32.694	86	.404		
	Total	52.506	92			

Based on the results presented in table above, several key findings can be interpreted regarding the relationship between financial service accessibility and the financial performance of market vendors in Uganda: The significance level (P-value) of 0.000, which is less than 0.05, indicates that the overall regression model is statistically significant in predicting how financial service accessibility influences the financial performance of market vendors in Uganda. This means that the independent variable (financial service accessibility) has a significant impact on the dependent variable (financial performance). The F-value of 49.086, which is also larger than the significance level (P-value) of 0.000, further confirms the statistical significance of the

model. The F-value assesses the overall fit of the regression model by comparing the variability explained by the model to the variability not explained. A higher F-value suggests that the model is more likely to be reliable in predicting the relationship between financial service accessibility and financial performance. However, it's noted that the residual value (32.694) is greater than the regression value ($R = 19.812$). This indicates that, while financial service accessibility is critical in determining the financial performance of market vendors in Uganda, there are other factors not included in this study that also have a substantial influence on financial performance. These factors could include market conditions, economic factors, management practices, competitive dynamics, and individual characteristics of vendors.

Table 11: Coefficients^a for Financial Service Accessibility and Financial Performance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.111	.356		5.938	.000
	Financial Service Accessibility	.560	.080	.614	7.006	.000

The results in table 11 show that, the standardized Beta coefficients of .614 implied that one-unit increase in financial service accessibility used by market vendors' in Uganda is caused by 0.614 units on financial performance basing on the equation $Y = \beta X + C$, where Y = financial performance (Dependent variable), X = financial service accessibility (Independent variable), $\beta = 0.614$ and C is the constant. Therefore, the equation is financial service accessibility = 0.614 financial performance + Constant. The t-values test the supposition that the coefficient is different from 0. To reject this, requires a t-value to be greater than 1.96 for 95% confidence. The t-value for financial service accessibility in the model is 5.938; which is greater than 1.96.

The findings were supported by the literature according to Claessens, (2016) who stated that increasing the accessibility of financial services is good for business and economic growth. Access to finance can be defined as the availability of a supply of reasonable quality financial services at reasonable costs, where reasonable quality and reasonable cost have to be defined relative to some objective standard, with costs reflecting all pecuniary and non-pecuniary costs. When customers with disabilities are able to manage their money, economic vulnerability declines and overall economic health improves.

Descriptive statistics on Intermediary Banking Transactions of Local banks in Uganda.

In this section, findings on objective two; which is to establish the effect of intermediary banking transactions on financial performance of local banks in Uganda were presented. The variable was analyzed using a five-point likert scale and the results were presented in descriptive tables and figures, showing the percentages, means and standard deviations as follows; -

Table 12: Descriptive Statistics on Intermediary Banking Transactions of banks

	Statements	Strongly disagree	disagree	Not sure	agree	Strongly agree	Mean	Std. Dev
1	It's always less costly to transact using agency banking	10%	12%	16%	35%	28%	3.6	1.28
2	It's always less costly to set up the agency banking	17%	23%	11%	1%	48%	3.4	1.65
3	I always take less time to make a transaction using Agency banking	15%	15%		2%	69%	4.0	1.61
4	I always spend less time transacting in agent banking	17%	24%		12%	47%	3.5	1.65
5	Anyone without experience can transact using agent banking	1%	1%	10%	35%	53%	4.4	0.81
6	Agency banking always reduces transactional costs	1%	1%	10%	35%	53%	4.4	0.84
	Overall Mean & Std. Dev						3.9	1.29

Source: Primary Data (2022)

Results found out that majority of the respondents on average agreed that it's less costly to transact using agency banking mean 3.6 and the standard deviation is 1.28. The average rating of 3.6 suggests that, on the whole, respondents believe that using agency banking is relatively cost-effective. However, this agreement is moderate rather than strong, indicating that while many respondents find agency banking less costly, there may still be some who do not fully agree. The standard deviation of 1.28 indicates a considerable amount of variability in the responses, meaning that opinions on the cost-effectiveness of agency banking vary significantly among respondents.

The results also indicate that a majority of respondents generally agree that setting up agency banking is less costly, with an average rating of 3.4, though there is considerable variability in responses as indicated by a high standard deviation of 1.65. Additionally, the findings reveal that respondents, on average, agree that transactions via agency banking take less time, with a higher mean rating of 4 out of 5 and a similarly high standard deviation of 1.61. This suggests that while there is a moderate consensus on the cost-effectiveness of setting up agency banking, there is strong agreement on the time efficiency of transactions, although both aspects show substantial differences in individual experiences. Results concur with Aduda, et al (2017) who showed the relationship between agency banking and financial performance though the study was carried in commercial banks in Kenya

Further results indicate that the majority of the respondents, on average, agreed that they spend less time transacting in agent banking, with a mean of 3.5, results are however in support with Uckar and Petrovic (2021) but the standard deviation of 1.65," suggests that respondents generally perceive agent banking as time-efficient. The mean score of 3.5 on a scale of 5 indicates a moderate level of agreement, meaning that while many respondents find agent banking to save time, the consensus is not overwhelmingly strong. The high standard deviation of 1.65 implies significant variability in the responses, indicating that individual experiences with the time efficiency of agent banking differ widely among respondents. Some may find it very time-saving, while others may not perceive it as significantly time efficient. The results indicate that a significant majority of respondents, on average, agree that anyone without prior experience can effectively transact using agent banking, with a high mean rating of 4.4 out of 5 and a low standard deviation of 0.81. This suggests a strong consensus among respondents that agent banking is user-friendly and accessible even to those without prior knowledge or experience. The high mean score reflects a high level of confidence in the ease of use and simplicity of agent banking services, while the low standard deviation indicates that there is minimal variability in this perception among respondents, reinforcing the notion that most respondents share a positive view of the accessibility of agent banking for inexperienced users.

The results indicate that a most of respondents, on average, strongly agree that agency banking consistently reduces transactional costs, with a high mean rating of 4.4 out of 5 and a low standard deviation of 0.84. This suggests a robust consensus among respondents that using agency banking leads to cost savings in transactions. The high mean score reflects a strong belief in the cost-effectiveness of agency banking services, while the low standard deviation indicates minimal variability in this perception among respondents, reinforcing the widespread agreement that agency banking reliably reduces transactional costs across the surveyed population.

During an interview, respondents noted that;

"Technology has therefore created greater opportunities to service providers to offer great flexibility to the customers. The adoption of agency banking is mainly geared to improve on market share by attracting and retaining their customers, improving their financial performance and create variety of services."

Which could imply that Intermediary Banking Transactions has much role to play on Financial Performance, hence other test were undertaken to get the relationship.

Correlations between Intermediary Banking Transactions and Financial Performance

This section describes whether there is a relationship between intermediary banking transactions and financial performance. A Pearson correlation coefficient and linear regression was used in this case.

Table 13: Correlations between Intermediary Banking Transactions and Financial Performance

		Intermediary Banking Transactions	Financial Performance
Intermediary Banking Transactions	Pearson Correlation	1	.654**
	Sig. (2-tailed)		.000
	N	92	92
Financial Performance	Pearson Correlation	.654**	1
	Sig. (2-tailed)	.000	
	N	92	92

** . Correlation is significant at the 0.01 level (2-tailed).

The statement suggests that there is a moderate positive relationship between intermediary banking transactions on the financial performance of local banks in Uganda. This relationship is supported by a correlation coefficient (r) of 0.654, which indicates a strong positive association between these two variables. The significance level (Sig = 0.000) means that this relationship is statistically significant, indicating that it is highly unlikely to have occurred by random chance. The strong positive relationship implies that as intermediary banking transactions increase, there is a corresponding increase in the financial performance of local banks in Uganda. Financial performance can encompass various metrics such as profitability, efficiency, asset management effectiveness, and overall operational success. Therefore, banks that engage more in intermediary banking activities tend to experience better financial outcomes.

Regression Results on Intermediary Banking Transactions and Financial Performance

Table 14: Model Summary on Intermediary Banking Transactions and Financial Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.654 ^a	.428	.421	.973

a. Predictors: (Constant), Intermediary Banking Transactions

The findings indicate that the second indicator of the independent variable, intermediary banking transactions, significantly influences the dependent variable, financial performance of local banks, as evidenced by an Adjusted R Square of 0.421. Adjusted R Square measures the proportion of variance in the dependent variable that is explained by the independent variables, with a value of 0.421 suggesting a moderately strong association between intermediary banking transactions and financial performance. Specifically, intermediary banking transactions account for 42.1% of the variance in financial performance among local banks in Uganda. This means that while intermediary banking transactions play a significant role, other factors not examined in this study contribute the remaining 57.9% to the overall financial performance. Therefore, future research could explore these additional factors to gain a comprehensive understanding of the determinants of financial performance in the local banking sector.

Table 15: ANOVA^b for Intermediary Banking Transactions and Financial Performance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	57.426	6	57.426	60.687	.000 ^b
	Residual	76.647	86	.946		
	Total	134.072	92			

The regression results in table 15 indicate that intermediary banking transactions collectively explain the variation in the financial performance of local banks in Uganda, as evidenced by a significant F-value of 60.426 (Sig = 0.000). This suggests that the set of independent variables, which likely include intermediary banking transactions among others, jointly have a statistically significant impact on financial performance. The regression coefficient (R) of 57.426 indicates the strength and direction of this relationship. However, it's important to note that the residual value (76.647) is greater than the regression value (57.426), suggesting that while intermediary banking transactions are indeed critical in determining financial performance, there are additional factors beyond those included in the regression model that also influence financial outcomes. These unaccounted factors could range from economic conditions and regulatory environment to management practices and market dynamics. Therefore, while intermediary banking transactions play a significant role, future research may need to explore and incorporate these other influential factors to provide a more comprehensive understanding of financial performance in Uganda's local banking sector.

Table 16: Coefficients^a for Intermediary Banking Transactions and Financial Performance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.856	.247		7.521	.000
	Intermediary Banking Transactions	.509	.065	.654	7.790	.000

The significance level (P-value) of 0.000, which is less than 0.05, indicates that the overall regression model is statistically significant in predicting how financial service accessibility influences the financial performance of market vendors in Uganda. This means that the independent variable (financial service accessibility) has a significant impact on the dependent variable (financial performance). The F-value of 49.086, which is also larger than the significance level (P-value) of 0.000, further confirms the statistical significance of the model. The F-value assesses the overall fit of the regression model by comparing the variability explained by the model to the variability not explained. A higher F-value suggests that the model is more likely to be reliable in predicting the relationship between financial service

accessibility and financial performance. However, it's noted that the residual value (32.694) is greater than the regression value (R = 19.812). This indicates that, while financial service accessibility is critical in determining the financial performance of market vendors in Uganda, there are other factors not included in this study that also have a substantial influence on financial performance. These factors could include market conditions, economic factors, management practices, competitive dynamics, and individual characteristics of vendors.

Descriptive statistics of Account Opening Services of local banks in Uganda

In this section, findings on objective three were analyzed using a five-point likert scale and the results were presented in descriptive tables, showing the percentages, means and standard deviations. They are then further explained using correlations in order to show relationship between the variable followed by regression analysis to determine the relationship between account opening services and financial performance of local banks in Uganda. An attempt was also made to present a comparison of the qualitative and quantitative findings of all the variables, using a scale from a minimum of one (1) to a maximum of five (5) as follows;

Table 17: Descriptive Statistics on Account Opening Services of banks

	Statements	Strongly disagree	disagree	Not sure	Agree	Strongly disagree	Mean	Std. Dev
1	Agent banking is effective in opening of accounts	23%	25%	1%	8%	42%	3.2	1.71
2	We always use our accounts to buy goods and services	8%	13%		17%	61%	4.1	1.39
3	I always check all account transactions using my phone.	15%	15%		17%	54%	3.8	1.56
4	I always handle money transfers from my account with agents	24%	21%	2%	10%	43%	3.3	1.72
5	I always get all my account information via agents	1%	10%	12%	35%	42%	4.1	1.02
6	I can transfer money from one account to another	2%	23%	12%		63%	4.0	1.38
	Overall Mean & Std. Dev						3.7	1.46

Source: Primary Data (2024)

The table 17 above shows that on average, respondents perceive agent banking as somewhat effective in opening accounts, with a mean rating of 3.2 out of 5 and a standard deviation of 1.71. This indicates a moderate level of agreement among respondents regarding the effectiveness of agent banking for account opening. The higher standard deviation suggests a wide range of opinions, implying that while some respondents find agent banking highly effective in this regard, others may not share the same perception. Therefore, while agent banking is generally seen as a viable option for opening accounts, there is variability in how it is perceived among the respondents surveyed. This variability could stem from differences in individual experiences, service quality, accessibility of agents, or other factors influencing customer satisfaction with agent banking services. The results are in agreement with Okello et al (2020) who emphasized mobile money adoption and usage and financial inclusion in the protection of the consumer.

An interviewee asserted that;

"I spend less time to open up accounts and when i compared the time I spent opening an account in the bank, it was so hectic and therefore prefer using agent banking other than going to the bank."

The results indicate that a significant majority of respondents noted that they always use their accounts to buy goods and services, with an average rating of 4.1 out of 5 and a standard deviation of 1.39. This high mean score suggests a strong consensus among respondents that they frequently utilize their accounts for transactions involving purchases of goods and services. The relatively low standard deviation indicates that there is relatively little variability in this perception among the respondents, implying a widespread agreement on the use of accounts

for such transactions. This finding underscores the integral role that bank accounts play in facilitating everyday financial transactions among the surveyed population, highlighting the importance of banking services in supporting economic activities and consumer spending patterns.

The results indicate that a majority of respondents noted that they always check all account transactions using their phone, with an average rating of 3.8 out of 5 and a standard deviation of 1.56. This suggests that there is a significant level of agreement among respondents regarding the frequency with which they monitor their account transactions via mobile phones. The mean score of 3.8 indicates a moderate to strong consensus that using mobile devices for checking account transactions is a common practice among the surveyed population. The standard deviation of 1.56 suggests some variability in responses, indicating that while many respondents frequently check their transactions on their phones, there are also others who may do so less frequently or not at all.

The results indicate that a majority of respondents noted that they always handle money transfers from their accounts with agents, with an average rating of 3.3 out of 5 and a standard deviation of 1.72. This suggests a moderate level of agreement among respondents regarding the frequency with which they use agents for money transfers from their accounts. The mean score of 3.3 indicates that while there is some agreement on this practice, opinions vary among the surveyed population. The relatively high standard deviation of 1.72 suggests a wide range of responses, implying that while many respondents use agents for money transfers, there are also those who do not or do so less frequently. This variability in responses may reflect differences in accessibility of agents, preferences for transaction methods, or other factors influencing the use of agents for financial transactions.

The results indicate that a significant majority of respondents noted that they always get all their account information via agents, with an average rating of 4.1 out of 5 and a standard deviation of 1.02. This high mean score suggests a strong consensus among respondents that they frequently rely on agents to obtain comprehensive account information. The low standard deviation of 1.02 indicates minimal variability in responses, implying a high degree of consistency in this practice among the surveyed population. This finding underscores the importance and convenience of agent services in providing access to account-related information, reflecting a reliance on agents as a preferred channel for managing and monitoring financial accounts effectively. Results agree with Nyaga (2017) though her arguments were on small and medium enterprises. The results further indicate that a majority of respondents noted that they can transfer money from one account to another, with an average rating of 4 out of 5 and a standard deviation of 1.38. This suggests a strong consensus among respondents that they possess the ability to perform inter-account money transfers. The high mean score of 4 indicates a robust agreement that this capability is commonly available and utilized among the surveyed population. The standard deviation of 1.38 suggests some variability in responses, indicating that while many respondents feel confident in their ability to transfer money between accounts, there may be variation in the frequency or ease with which they do so. Overall, this finding highlights the widespread adoption and perceived capability of inter-account money transfers among the respondents.

The interviewee asserted that;

I always get all the information concerning my account without going to the bank, and I can access it all the time without any inconvenience 24 hour. I can also buy and sale items using my account unlike the bank which requires you to present a credit card.

This therefore makes the people to manage their finances efficiently and conveniently through your account without needing to physically visit a bank. The services include accessing account information at any time without inconvenience, which is likely facilitated through online banking or mobile apps. Additionally, being able to buy and sell items using your account contrasts with traditional banking methods that may require a

physical credit card for transactions. This flexibility and accessibility provided by modern banking technologies such as mobile banking apps or digital wallets allow for seamless financial transactions and account management, enhancing convenience and efficiency in everyday financial activities.

Correlations between Account Opening Services and Financial Performance

This section describes whether there is a relationship between account opening services and financial performance. A Pearson correlation coefficient and linear regression was used in this case.

Table 18: Correlations on Account Opening Services and Financial Performance

		Account Opening Services	Financial Performance
Account Opening Services	Pearson Correlation	1	.338**
	Sig. (2-tailed)		.002
	N	92	92
Financial Performance	Pearson Correlation	.338**	1
	Sig. (2-tailed)	.002	
	N	92	92

** Correlation is significant at the 0.01 level (2-tailed).

The correlation results in table 18 indicate that there is a statistically significant positive and weak relationship between account opening services on the financial performance of local banks in Uganda, as evidenced by a correlation coefficient (r) of 0.338 and a significance level (Sig) of 0.000. This suggests that as account opening services increase, there tends to be a corresponding increase in financial performance, albeit the relationship is weak. The positive association implies that a small incremental improvement in account opening services could potentially lead to a small increase in financial performance among local banks in Uganda. To further investigate the predictive nature of this relationship, a simple regression analysis was conducted.

Regression Results on Account Opening Services and Financial Performance

Table 19: Model Summary on Account Opening Services and Financial Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.338 ^a	.114	.103	1.472

a. Predictors: (Constant), Account Opening Services

The findings indicate that the second indicator of the independent variable (account opening services) has a statistically significant but fairly low influence on the dependent variable (financial performance of local banks), as indicated by an Adjusted R Square of 0.103. Adjusted R Square measures the proportion of variance in the dependent variable that is explained by the independent variables included in the model. In this case, account opening services explain only 10.3% of the variation in financial performance among local banks in Uganda. This suggests that while account opening services play a role in influencing financial performance, the relationship is not very strong. The remaining 89.7% of the variation in financial performance is attributed to other factors not studied in this research. These factors could include macroeconomic conditions, regulatory environment, competitive pressures, management practices, customer preferences, and technological advancements, among others.

Table 20: ANOVA^a for Account Opening Services and Financial Performance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	22.665	1	22.665	10.454	.002 ^b
	Residual	175.624	91	2.168		
	Total	198.289	92			

a. Dependent Variable: Financial Performance

b. Predictors: (Constant), Account Opening Services

The regression results indicate that collectively, all aspects of account opening services are significant explanatory variables for the financial performance of local banks in Uganda, as evidenced by a significant F-value of 10.454 (Sig = 0.000). This implies that the set of independent variables related to account opening services, when considered together, have a statistically significant impact on financial performance. However, the comparison between the regression value (R = 22.665) and the residual value (175.624) reveals an important insight. The residual value being larger than the regression value suggests that while aspects of account opening services play a critical role in determining financial performance, there are other influential factors that have not been included in the model. These unaccounted factors likely contribute significantly to financial performance variation among local banks in Uganda. This discrepancy underscores the complexity of factors influencing financial performance beyond just account opening services. Other potential factors could include market conditions, economic policies, customer satisfaction levels, operational efficiencies, regulatory environments, and competitive dynamics among banks. Understanding these additional factors is crucial for developing more comprehensive strategies to improve financial performance in the local banking sector.

Financial Performance

In this section, findings on financial performance of Local banks in Uganda were analyzed using a five-point likert scale and the results were presented in descriptive tables, showing the percentages, means and standard deviations. An attempt was also made to present a comparison of the qualitative and quantitative findings of all the variables. Financial Performance was conceptualized in terms of profitability, return on asset (ROA) and return on capital, each item scaled; 1-Strongly disagree, 2-Disagree, 3-Not sure, 4-Agree, 5-Strongly agree. The researcher was to find out whether all the indicators can influence financial performance of Local banks in Uganda. The findings can be seen in table 22 below.

Table 22: Descriptive Statistics on Financial Performance

	Statements	Strongly disagree	Disagree	Not sure	Agree	Strongly agree	Mean	Std. Dev
1	We always make enough profits	21%	22%	4%	8%	46%	3.37	1.69
2	The revenue is enough to cater for all operating expenses	18%	18%		7%	57%	3.66	1.68
3	The assets are adequate in bringing better returns	22%	19%	2%	2%	54%	3.48	1.75
4	All our assets are actively generating income	2%	11%	6%	40%	41%	4.06	1.06
5	All the investments generate positive returns	4%	12%	8%	22%	54%	4.11	1.20
6	We always invest is less risky investments.	12%	12%	11%	43%	22%	3.51	1.29
	Overall Mean & Std. Dev						3.79	1.41

Source: Authors' own Primary Data

The results indicate that a majority of respondents noted that they always make enough profits, with an average rating of 3.37 out of 5 and a standard deviation of 1.69. This suggests that there is a mixed perception among respondents regarding their consistent profitability. The mean score of 3.37 indicates a moderate level of agreement that they are able to achieve satisfactory profits. However, the relatively high standard deviation of 1.69 implies a wide range of responses,

indicating variability in the experiences and perceptions of profitability among the surveyed population. Some respondents may consistently achieve satisfactory profits, while others may not, contributing to the dispersion in responses. Finding reflects the diversity of financial outcomes and perspectives on profitability among the respondents. Results concur with Nyaga (2017), who embraced the role of mobile banking in boosting financial performance.

Just as one interviewee asserted in addition that;

"...the company makes enough profits and it has enhanced its internal revenue generation, strategies such as establishment of a dependable data base which is accessible is required, eliminating all sources of revenue leakages through the automation of revenue collection system, tracking the underground market for more revenue generation ..."

The results indicate that a majority of respondents noted that the revenue is enough to cater for all operating expenses, with an average rating of 3.66 out of 5 and a standard deviation of 1.68. This suggests a moderate level of agreement among respondents regarding the adequacy of revenue to cover operating expenses. The mean score of 3.66 indicates that, on average, respondents believe their revenue sufficiently meets their operating costs. However, the relatively high standard deviation of 1.68 suggests variability in opinions among the surveyed population. This variability could stem from differences in business size, industry sector, economic conditions, or management practices, influencing perceptions of financial sufficiency.

The results indicate that a majority of respondents noted that the assets are adequate in bringing better returns, with an average rating of 3.48 out of 5 and a standard deviation of 1.75. This suggests that there is a moderate level of agreement among respondents regarding the adequacy of assets to generate better returns. The mean score of 3.48 indicates that, on average, respondents believe their assets are capable of yielding satisfactory returns. However, the relatively high standard deviation of 1.75 suggests variability in opinions among the surveyed population. This variability could stem from differences in asset types, investment strategies, market conditions, or industry-specific factors influencing perceptions of asset performance. While a majority perceives their assets as adequate for generating better returns, the variability in responses underscores differing perspectives and experiences regarding asset effectiveness and financial outcomes among the respondents. The results indicate that a significant majority of respondents noted that all their assets are actively generating income, with an average rating of 4.06 out of 5 and a standard deviation of 1.06. This high mean score suggests a strong consensus among respondents that their assets are effectively contributing to income generation. The mean score of 4.06 indicates a robust agreement that all assets are actively utilized to generate income. The low standard deviation of 1.06 suggests minimal variability in responses, implying a high degree of consistency in this perception among the surveyed population. This finding underscores the importance placed by respondents on asset utilization and income generation. It suggests that respondents feel confident that their assets are actively contributing to financial performance, which is crucial for sustaining and enhancing business operations or personal financial stability.

The results indicate that a majority of respondents noted that all their investments generate positive returns, with an average rating of 4.11 out of 5 and a standard deviation of 1.2. This suggests a strong consensus among respondents regarding the profitability of their investments. The mean score of 4.11 indicates a robust agreement that all investments yield positive returns. The relatively low standard deviation of 1.2 suggests minimal variability in responses, indicating a high level of confidence among the surveyed population regarding the profitability of their investments. This finding highlights the positive perception and satisfaction among respondents regarding the financial outcomes of

their investments. It suggests that respondents generally believe their investment decisions are effective in generating returns, which is crucial for achieving financial goals and maintaining financial health. The results indicate that a majority of respondents noted that they always invest in less risky investments, with an average rating of 3.51 out of 5 and a standard deviation of 1.29. This suggests a moderate level of agreement among respondents regarding their preference for less risky investments. The mean score of 3.51 indicates that, on average, respondents believe they consistently opt for investments perceived to have lower risk. The standard deviation of 1.29 implies some variability in responses, suggesting that while many respondents prioritize less risky investments, there are variations in risk tolerance and investment strategies among the surveyed population. Overall, while a majority perceives their investment approach as favoring less risk, the variability in responses reflects differing attitudes and practices regarding risk management and investment decisions among respondents. This diversity in perception underscores the nuanced approach individuals take in managing their investment portfolios based on their financial goals and risk preferences.

CONCLUSION AND RECOMMENDATIONS

The study revealed a significant positive relationship between the accessibility of financial services and the financial performance of local banks in Uganda. This positive correlation is attributed to respondents' agreement that bank services are consistently accessible and that it is easier to access a bank agent in various locations compared to physically visiting a bank branch. The positive associative relationship indicates that even a minor increase in the accessibility of financial services can lead to a corresponding small increase in the financial performance of local banks in Uganda. The findings underscore the critical role that financial service accessibility plays in enhancing the financial performance of banks in Uganda. Improved accessibility enables more customers to utilize banking services conveniently, thus increasing transaction volumes and customer engagement, which in turn boosts the banks' financial performance. However, financial service accessibility is just one of many factors influencing the financial performance of banks. Future research should consider exploring and integrating other influential factors such as the quality of customer service, technological advancements, regulatory environment, competitive landscape, and economic conditions. By examining these additional variables, researchers can provide a more comprehensive understanding of the dynamics affecting the financial performance of banks in Uganda. This holistic approach would help in formulating more effective strategies for improving the financial health and competitive edge of local banks in the region.

The results indicated a moderate positive relationship between intermediary banking transactions and the financial performance of local banks in Uganda. Respondents highlighted that agent banking is user-friendly, allowing individuals without prior banking experience to conduct transactions easily. Furthermore, they noted that agency banking significantly reduces transactional costs. This ease of use and cost efficiency contributes to the observed positive impact on the financial performance of local banks. These findings suggest that intermediary banking transactions, particularly through agent banking, play an important role in enhancing the financial performance of local banks. By making banking services more accessible and cost-effective, banks can attract a larger customer base and increase transaction volumes, leading to improved financial outcomes. To build on these insights, future research could investigate other dimensions of intermediary banking that may affect financial performance, such as the quality of agent training, the reliability of banking infrastructure, and customer satisfaction. Additionally, examining the long-term effects of intermediary banking on customer loyalty and retention could provide a more comprehensive understanding of its impact on financial performance. This broader perspective would help banks in Uganda develop more effective strategies to leverage intermediary banking for

sustained financial growth.

The results regarding the last objective show a statistically significant but weak positive relationship between account opening services and the financial performance of local banks in Uganda. Respondents rated highly the use of accounts for purchasing goods and services, obtaining account information through agents, and transferring money between accounts. This weak yet positive relationship suggests that while account opening services do contribute to the financial performance of local banks, their impact is relatively modest. The convenience of using accounts for various financial activities, facilitated by agent banking, likely encourages more individuals to open accounts, thereby increasing the customer base and transaction volumes to some extent. Despite these positive aspects, the relatively weak relationship suggests that account opening services alone are not a major driver of financial performance. Other factors, such as loan services, customer service quality, digital banking adoption, and economic conditions, likely play more substantial roles.

The study highlights that respondents consistently access bank services and find it easier to reach an agent in various locations compared to visiting a bank branch. This accessibility and convenience are key factors contributing to the positive relationship between financial service accessibility and the financial performance of local banks in Uganda. The widespread availability and ease of access to banking agents facilitate greater customer engagement and transaction frequency, ultimately enhancing the banks' financial outcomes. The implication is that agent banking reduces transactional costs, increases customer convenience, and boosts engagement by enabling easy transactions, account information access, and money transfers. This leads to higher transaction volumes and customer loyalty, contributing to improved financial performance. Therefore, prioritizing agent banking is essential for local banks to achieve sustainable growth, operational efficiency, and economic impact.

The study demonstrates that agent banking significantly benefits local banks in Uganda by making transactions accessible to individuals without prior banking experience and by consistently reducing transactional costs. This user-friendly and cost-effective approach to banking increases customer participation and transaction volumes, which in turn positively impacts the financial performance of these banks. The findings underscore the importance of agent banking as a strategic tool for enhancing financial inclusion and operational efficiency. Therefore, continued focus on expanding and optimizing agent banking networks is essential for sustaining and improving the financial health of local banks in Uganda. This dual benefit of increased accessibility and cost efficiency fosters greater financial inclusion, enhances customer engagement, and boosts transaction volumes, all of which contribute positively to the financial performance of local banks. Therefore, prioritizing agent banking is essential for achieving sustainable growth and operational efficiency in the banking sector.

The study reveals that the ability to use accounts to buy goods and services, obtain account information through agents, and transfer money between accounts are significant factors contributing to the financial performance of local banks in Uganda. These services enhance the convenience and utility of having a bank account, encouraging more customers to engage actively with their banks. This active engagement drives transaction volumes and improves customer satisfaction, which positively impacts the banks' financial performance. Therefore, continuing to enhance and promote these account services through agent banking can be a vital strategy for local banks to boost their financial growth and customer base. By facilitating the use of accounts for buying goods and services, providing access to account information through agents, and enabling easy money transfers between accounts, agent banking significantly enhances customer convenience and engagement. This increased utility and accessibility encourage more

active use of banking services, boosting transaction volumes and customer satisfaction. Consequently, these factors positively impact the financial performance of local banks. Therefore, prioritizing agent banking is essential for achieving sustainable growth, operational efficiency, and greater financial inclusion in the banking sector.

Recommendations

The study proposes the following measures which, if implemented, can boost-up the financial performance of market vendors, below are the recommendations: -

The study recommends to optimize the accessibility and convenience highlighted by respondents who find it easy to access banking services through agents compared to visiting bank branches, local banks in Uganda should prioritize several strategies. Firstly, expanding the agent banking network to cover more locations, particularly in underserved areas, will ensure broader accessibility. Secondly, investing in comprehensive training for agents to handle transactions effectively and provide quality customer service is crucial. Thirdly, launching targeted awareness campaigns to educate customers about the benefits of agent banking and the ease of access to services can increase adoption rates. Additionally, leveraging technology to enhance operational efficiency and implementing robust feedback mechanisms to continuously improve service quality are essential. Lastly, fostering supportive regulatory environments and forming strategic partnerships to expand service offerings can further strengthen the agent banking ecosystem, thereby supporting the financial growth and customer satisfaction of local banks in Uganda.

It's based from the above that the study recommends to enable individuals without prior banking experience to conduct transactions easily and consistently reducing transactional costs. To capitalize on these advantages, local banks should prioritize expanding their agent networks to enhance accessibility across diverse demographics. Investing in agent training programs to ensure proficient service delivery and implementing technological solutions to streamline transactions are also crucial steps. Additionally, promoting the cost-effectiveness of agent banking through targeted campaigns can attract more customers and drive higher transaction volumes. Finally, advocating for supportive regulatory frameworks that foster innovation and scalability in agent banking will be pivotal for sustained financial inclusion and operational efficiency in Uganda's banking sector.

The findings highlight the significant role of agent banking in facilitating diverse financial transactions for customers in Uganda, including using accounts for purchasing goods and services, accessing account information via agents, and transferring funds between accounts. To capitalize on these benefits, local banks should focus on several recommendations. Firstly, expanding the availability of agent banking services to more locations, particularly in rural and underserved areas, will enhance convenience and accessibility for customers. Secondly, ensuring agents are well-trained to efficiently handle transactions and provide reliable customer service is crucial. Thirdly, leveraging technology to improve the efficiency and security of transactions, such as through mobile banking platforms, will further enhance the customer experience. Additionally, continuous education and awareness campaigns about the capabilities of agent banking can encourage more widespread adoption and utilization among the population. Finally, collaborating with regulatory bodies to develop supportive policies that promote the expansion and innovation of agent banking will be essential for sustainable growth and financial inclusion in Uganda.

Findings indicate that a significant number of clients have continuous access to banking services and find it more convenient to interact with agents across various locations than visiting traditional bank branches.

This underscores the need for further exploration and dissemination of these insights among financial institutions. The study highlights that agent banking allows even inexperienced individuals to conduct transactions seamlessly, consistently lowering transactional costs. Clients frequently utilize their accounts for purchasing goods, accessing account information via agents, and transferring funds between accounts. These findings represent valuable new knowledge that can inform strategies aimed at enhancing financial service accessibility and efficiency, benefiting both banks and their clientele in Uganda and potentially in similar contexts worldwide.

Areas for further Research

Building upon the study's findings, it has been revealed that there is uncertainty among respondents regarding the effectiveness of agent banking in facilitating the opening of accounts. This suggests that there is underutilization of agent banking services for account opening purposes. Therefore, a further study could be conducted to investigate and assess the effectiveness of agent banking specifically in the context of opening accounts. This study could explore factors such as customer perceptions, barriers to adoption, the efficiency of account opening processes through agents, and the impact of agent banking on overall financial inclusion. Insights gained from such research could provide valuable guidance to financial institutions and policymakers aiming to enhance the role of agent banking in expanding access to banking services and increasing account ownership rates among underserved populations.

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