

**INFLUENCE OF FINANCIAL STRATEGIES ON IMPLEMENTATION OF AGENCY BANKING  
IN KENYA (A CASE STUDY OF BANK AGENTS IN MACHAKOS TOWN)**

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**CITATION:** Mutua, E. W. & Dennis, J. Influence of Financial Strategies on Implementation of Agency Banking in Kenya (A Case Study of Bank Agents in Machakos Town). *International Journal of Human Arts and Entrepreneurship* 4 (11), 46-59.

**ABSTRACT**

*The purpose of the study was to examine the financial strategies influencing implementation of agency banking in Kenya. The specific objectives included; to establish the influence of financial system on the implementation of agency banking, to establish the influence of agent's security on the implementation of agency banking, to determine the influence of agent's financial knowledge on the implementation of agency banking and to establish if bank financial regulation influences the implementation of agency banking. In this study bank financial system, financial regulation, system security and agent financial training were the independent variables while implementation success of agency banking was the dependent variable. The study review was based on three theories; that is the security theory, agency theory and diffusion of innovation theories which are relevant to this study. Several researchers have discussed the agency banking on different aspects. Waithanji (2012) did a study to identify the impact of agent banking as a financial deepening initiative in Kenya and Kithuka (2012) conducted a study on factors influencing growth of agency banking in Kenya: the case of Equity bank, Kwale County. However, their study did not focus on the four variables: bank financial system, financial regulation, system security and agent financial training. Further, Musau (2013) did an analysis of the utilization of agency banking on performance of selected banks in Nairobi County. His study variables included policies and procedures, agency costs, agency liquidity and security. However, none of these studies focused on the success of strategy implementation of agency banking in commercial banks in Kenya. The study used census design and was based in Machakos Town. A census methodology of 20 respondents was used comprising the entire population of agents of Commercial Banks within Machakos Town. Questionnaire was the main instrument of data collection.*

*The questionnaire combined the features of both open ended and closed questions used for primary data collection. After data collection, data gathered was analyzed using Statistical Package for Social Sciences (SPSS) computer software for making findings recommendations and suggesting areas of further research. Data was presented into Tables. The study revealed that commercial banks' financial regulations and financial systems affect financial strategy implementation of agency banking sector in Kenya. The study established that agency banking staff financial skills, knowledge and competencies positively affect successful implementation of agency banking in Kenya. The study also found that financial strategies used in agency banking will have an impact on the adoption and growth of agency banking. The findings of this study will help other financial institutions to understand the influence of financial strategies in implementation of agency banking in Kenya; the findings will provide a new dimension on how financial institutions can achieve the goal of financial inclusion.*

**Key words:** *Financial Strategies Agency Banking, Financial System, Financial Regulations*

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