MOSHI CO-OPERATIVE UNIVERSITY

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BY

MWITA S MOHERE

A DISSERTATION SUBMITTED IN PARTIAL FULFILMENT OF THE
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AND
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I, **MWITA S MOHERE** declare that this dissertation is my own original work and that it has not been presented and will not be presented to any other higher learning Institution for a similar or any other academic award.

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CERTIFICATION

The undersigned certify that he has read and hereby recommends for acceptance by the Moshi Co-operative University a Dissertation titled "Effects of Service Quality delivery on Agency Banking Performance: A case of Equity Agency Banking in Arusha municipal.

DR. RASHID CHIKOYD

(Supervisor's Name)

(Supervisor's Signature)

Date 22/11/2023

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This dissertation was created by a person. Since perfect accuracy is unachievable, any shortcomings my dissertation reveals should continue to be my responsibility.

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LIST OF ABBREVIATIONS

AML	Anti Money Laundering
ATM	Automated Teller Machine
BOT	Bank of Tanzania
CGAP	Consultative Group Assists poor
CRDB	Cooperative rural development Bank
CFT	Counter Financing Terrorism
DCB	Dar es salaam commercial bank
FIS	Financial institutions
GDP	Growth Domestic Product
KCB	Kenya commercial Bank
KYC	Know your customer
NMB	National microfinance Bank
POS	Point of sale
TCB	Tanzania commercial Bank
UK	United Kingdom
VIFs	Variance inflation factors

ABSTRACT

The issue of set saving hours is one that consumers of financial services must deal with. Even though Equity Bank has 188 agent shops at Arusha Municipal, there were significant lines in the banking hall. Due to the fact that many clients travel great distances to visit an agent outlet that offers the same services and that agency banking transaction volume has lately decreased, the researcher was compelled to evaluate the impact of high-quality agency service delivery on agency banking performance. Assessing the impact of providing high-quality services on agency banking performance at Equity agency banking in Arusha Municipality was the primary goal of the study. In particular, this study sought to ascertain the degree of customer confidence in agency banking services in equity agency banking outlets, the dependability of agency banking on agency performance in equity agency banking outlets, the impact of agency banking service location on agency performance in equity agency banking outlets, and the convenience of agency banking services on agency performance in equity agency banking outlets. Cross-sectional research approach was adopted in this study. The study employed a sample size of 373 respondents, selected through a combination of convenience and purposive sampling techniques. Purposive sampling was employed to identify the key informant from the Equity Bank Arusha branch, as they possess crucial information regarding the delivery of quality services that impact agency banking performance. With the help of the statistical package for social sciences, data was analyzed using regression analysis and descriptive statistics. High reliance on agency banking increases agency performance, according to the data. The study demonstrated that greater customer confidence in agency banking services leads to improved agency banking performance. It also demonstrated that convenient agency banking services enhance agency banking performance, with strategic agency banking service locations contributing to improved agency banking performance. The study comes to the conclusion that agents have a significant impact on the bank's performance and financial inclusion; as a result, agents should give high-quality services to customers in order to boost the effectiveness of both the bank and agent banking. According to the report, bank management should regularly train agents to better prepare them to offer consumers high-quality services. Additionally, connection between the provision of high-quality services and agency performance to identify any gaps and, it is advised that Tanzanian banks conduct regular audits and studies on the difficulties in order to optimize the procedures and systems and promote efficiency.

CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

Because banks work in a dynamic, fiercely competitive industry, adopting a customer-focused strategy has become essential to drawing in new business, fostering relationships, and maintaining agency performance (Minh and Huu, 2016).

Performance in agency banking is one of the most crucial aspects of company worldwide. The agency banking performance level is what sets one agency bank apart from another; hence gauging agency banking performance is crucial (Zopounidis, 2012). Banks pay attention to the needs and grievances of their customers for this reason. Numerous companies use agency banking performance as a means of refining and setting themselves apart from rival offerings, as well as a means of creating a competitive edge (Narteh and Kuada, 2014). The practice of offering banking services to bank clients or financial institutions on their behalf through a legitimate agency arrangement in accordance with BOT criteria is known as agent banking. BOT two. In many nations, agent banking is rapidly becoming acknowledged as a workable plan for bringing formal financial services to underserved and rural communities.

According to current Mexican principles, creating savings accounts has greatly influenced financial inclusion and improved agency banking performance in Mexico. More sorts of financial institutions are also operating through bank agents (Celina, 2012). Currently, several developing nations, especially in Latin America, have accepted and implemented agent banking with differing degrees of success. Brazil is widely acknowledged as a global leader in this field due to its early adoption of the concept and its development of a sophisticated network of agent banks that serves more than 99% of the municipalities in the nation.

It is utilized in Sub-Saharan African nations to significantly improve performance throughout the continent; South Africa is cited as one example (Beck, 2011). Other African nations like Ghana also employed non-bank retail agents (McKay, 2011). Sub-Saharan Africa has very little access to basic financial services compared to other emerging nations. According to Kendall et al. (2015), the percentage of bank

accounts per adult in developing nations is just 28%, while the figure in Sub-Saharan Africa is even lower at only 16%. In rural parts of Kenya, Malawi, and Uganda, respectively, just 15% to 21% of households are banked, according to representative household survey data obtained between 2009 and 2011. This indicates that access to banking is very limited in these areas.

Agency banking was established in May 2010 in East Africa, mostly in Kenya, with the goal of bringing banking closer to the general public, especially those living in rural regions. The undeveloped road and network connectivity in Kenya's rural areas makes it difficult to obtain banking services. Long trips were required in the past to obtain banking services. The financial inclusion of unbanked and underbanked communities is enhanced via agency banking. Banking services that are not available at typical bank branches are becoming more readily available in Kenya thanks to the development of agency banking. Since February 2011, the Central Bank of Kenya has granted licenses to banks so they can hire agents, and it has also released guidelines and regulations to control interactions between banks, agents, and clients. These agents are able to work at retail locations all throughout the nation, including stores, gas stations, and supermarkets (Mwende et al., 2015).

In Tanzania agency banking is a common phenomenon in 11 banks including CRDB Bank, Equity Bank, KCB Bank, Access Bank, NMB Bank, DCB Bank, TCB Bank, Advance Bank, Amana Bank, Efatha Bank and Finca. The BOT (2018) report identifies 3,431agency banks countrywide with CRDB Bank's Fahari Huduma controlling slightly over 50% of the total available bank agents which basically located in urban centers. According the report, as of March 2016, most available bank agents (about 35%) are in Dar es Salaam followed by Arusha with market share of 8.5% and then Mwanza 8.39 %. On the other hand, BOT (2019) shows that, bank deposits and withdrawals, through bank agents, have been increasing since 2014. According to the report, deposits and withdrawals have increased by over 200% and 400% respectively between January 2018 and end of January 2016(Ezeh, *et al.,* 2015). Therefore, it is on that basis, this study intended to assess the services quality delivery and agency banking performance.

1.2 Statement of the Problems.

The main problems faced by customers when it comes to banking is the issue of the banking fixed working hours without considering customers life diversity. Equity Bank adopted agency banking as strategies to avoid long travel of their customers from remote areas to town looking for bank services.

Equity bank in Arusha branch has experienced long ques in the banking hall though the bank has 188 agent outlet at Arusha municipal but most of customer has been travelling long distance from where there is agent outlet providing the same services they can get at the bank and come at banking hall, also, transaction volume at agent outlet has been decreasing three years consecutively from 2018 to 2021 compared to transaction volume at the bank hall, services available at equity agents outlet are cash deposit, cash withdraw, balance enquiries and payment of bills. It has noted that most of the customer prefer to bank at the banking hall compared to the agent outlet this lead to decrease of agent commissions which affects both agent owner and the bank.

However, Equity bank make its efforts for improving the agent model where by the bank put effort on rollout and manage agents through its own branches instead of using a third-party agent network management company. Every activity necessary for agent management recruitment, training, branding, marketing, liquidity management, operations support and monitoring is run through the bank's branches with high level support from the head office and a centralised contact center but stills most of customers not prefer to transact at agency outlet and transaction volume at agency outlet are rapidly decreasing.

Therefore, there is a dare need to assess the effects of quality service delivery toward agency banking performance at Arusha municipal.

1.3 Objective of the Study

1.3.1 General objective

The general objective of this study is to assess the effect of quality services delivery toward agency banking performance at equity agency banking in Arusha Municipal.

1.3.2 Specific objectives

The study specifically intended to;

  i.   Determine the reliability of agency banking on agency performance in equity agency banking outlet

  ii.   Determine the level of customer confidence on agency banking services in equity agency banking outlet

  iii.   Examine effects of convenience of agency banking services on agency performance in equity agency banking outlet

  iv.   Examine the effects of agency banking service location on agency performance in equity agency banking outlet.

1.4 Hypotheses

  i) H_{A1}: Reliability of agency banking has positive and significant effect on agency banking performance in equity agency banking outlet.

  ii) H_{A2}: Level of customer confidence has positive and significant effect on agency banking services in equity agency banking outlet.

  iii) H_{A3}: Convenience of agency banking services has positive and significant effect on agency banking performance in equity agency banking outlet.

  iv) H_{A4}: Agency banking service location has positive and significant effect on agency banking performance in equity agency banking outlet.

1.6 Significance of the Study

The research has importance for Equity Bank Tanzania since it provides a foundation for developing customer engagement and performance agency strategies and outreach. Moreover, banks have the option to implement suggestions in order to improve agency banking effectiveness. The study will aid in the analysis of the significance of providing customer service at agency banking locations. It will also provide justification for the banks' ability to keep their clientele, so mitigating the issue of the unbanked people turning to agency banking. Several population cohorts

will benefit from the study's conclusions. Additionally, the financial institution may utilize the study's results to enhance or broaden its offerings in a way that promotes agency banking performance and economic empowerment. Additionally, the government and other policy makers can profit from the findings about the role agency banking plays in reaching out to underbanked areas, particularly rural areas. Finally, the findings may be used as secondary data for other studies and significant to researchers and academicians.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Definition of Key Terms

2.1.1 Agency banking

Agency banking, according to Tindi and Bogonko (2017), is the process of conducting business through banking services contingent on the existence of the primary financial institution with the aim of streamlining service availability to clients.

According to the research, agency banking is the practice of offering financial services to a bank's or financial institution's clients on that specific bank's or financial institution's behalf through a legitimate agency agreement as specified in these Guidelines; "approved financial institution or bank"

2.1.2 Service quality

According to Ouyung (2010), enhancing the method in which services are provided to clients by including values in order to draw them in is known as service quality. This research defines it as the practice of honestly servicing clients by valuing them in relation to other establishments.

2.1.3 Service reliability

This refers to the service provider's capacity to deliver the clients with the promised services at the specified times and standards (Mwenda and Ngahu, 2016). According to Omar et al. (2015), it is the guarantee that clients anticipate the service provider will take the required actions to fulfill their commitment to assist.

This research defines reliability as the likelihood that a system, product, or service will function as intended for a certain amount of time or will function flawlessly in a given environment.

2.1.4 Service delivery

Service delivery is a term used to describe the part of business that organizations utilize to build relationships and interactions with their clients. In this instance, the

company provides a service via a channel or medium, and the client sees value in the provided service (Wruuck, 2013).

The act of providing a service to consumers is referred to in the research as "service delivery." It is intended that all departments will demonstrate improvement in reaching service delivery objectives. Components of service delivery include customer experience, service quality, staff engagement, and service culture.

2.1.5 Agency performance

Agency performance is the process of comparing each agency's actual expenditures, income, and major final outputs to the targets and budgets for the same period of time in order to assess how well it performed in producing and delivering goods and services to the public (Mwenda and Ngahu, 2016). The research uses this definition.

2.2 Theoretical Literature Review

2.2.1 Bank-Led Theory

The bank-led hypothesis, which was proposed by Lyman et al. (2006), is predicated on the idea that financial services are provided by a licensed financial institution via a retail agent. According to the idea, which backs the agency banking model, a bank's job is to provide financial goods and services, but it distributes them through retail agents who deal with all or most of the client contact.

According to the bank-led hypothesis, which is the basis of this study, financial services are provided by a financial institution via a retail agent. Retail agents engage in consumer interactions and carry out tasks identical to those of a banker in a branch. Since the consumer uses retail agents rather than bank branches to complete financial transactions, the bank-led model presents a clear alternative to traditional branch-based banking. By utilizing various delivery methods, which may be much less expensive than bank-based channels, this strategy has the potential to greatly enhance the financial services outreach.

The bank is the establishment where clients keep their accounts and where they get financial services. A retail agent might be someone working in an establishment that accepts cash and is close to clients. In many nations, retail agents manage the entire account opening process and occasionally, they even discover and assist loan borrowers. Every retail agent employed by this organization is equipped to interact

electronically with the bank that it represents. A mobile phone or an electronic point-of-sale (POS) terminal that can read cards might be the equipment (Lyman et al., 2006).

The strength of this theory is that it has clearly explained the banks roles that is to develop financial products and services and retail agents distribute those products and services to the customer since retail agents interact face to face with customer. In the context of this study, the theory is used to relate the agency banking services and customers' satisfaction levels.

2.2.2 Nonbank-led theory

In this theory customers do not deal with a bank, nor do they maintain a bank account. Instead, customers deal with a non-bank firm either a mobile network operator or prepaid card issuer and retail agents serve as the point of customer contact. Customers exchange their cash for e-money stored in a virtual e-money account on the non-bank's server, which is not linked to a bank account in the individual's name (Kumar *et al.,* 2006). This model is riskier as the regulatory environment in which these non-banks operate might not give much importance to issues related to customer identification, which may lead to significant Anti-Money Laundering and Counter-Terrorism Financing (AML/CFT) risks. Bringing in a culture of Know Your Customer (KYC) to this segment is a major challenge. Further the 14 non-banks are not much regulated in areas of transparent documentation and record keeping which is a prerequisite for a safe financial system. Regulators also lack experience in the realm. For these reasons, allowing nonbank-led model to operate is an unnecessarily big leap and an unjustifiably risky proposition. However, this model becomes viable after regulators have gained sufficient experience in mitigating agent related risks using bank led model and need to think about mitigating only e-money related risks (Kumar, *et al.*, 2006). It starts by bringing non-banks under financial regulatory net by giving these entities special status of some sort of quasi-bank or remittance agent. Grant of this status depends upon meeting pre-specified standards of transparency, financial strength and liquidity. There should be clear, well-defined limits on nature, type and volume of transactions that such entities can undertake. The Nonbank-led Theory is found relevant to the study as it explains how agent deals with customers on behalf of the bank.

2.2.3 Bank-focused theory

The bank-focused theory emerges when a traditional bank uses non-traditional low-cost delivery channels to provide banking services to its existing customers. Examples range from use of automatic teller machines (ATMs) to internet banking or mobile phone banking to provide certain limited banking services to banks customers. This model is additive in nature and may be seen as a modest extension of conventional branch-based banking. Although the bank-focused model offers advantages such as more control and branding visibility to the 15 financial institutions concerned, it is not without its challenges. Customers primary concerns are to do with the quality of experience, security of identity and transactions, reliability and accessibility of service and extent of personalisation allowed. Banks address these issues by providing a branchless banking service with an easy-to-use interface, made secure with the help of multi-factor authentication and other technology, capable of running uninterrupted 365 days a year (Kapoor, 2010).

2.2.2 SERVIQUAL MODEL

SERVIQUAL model is the widely used tools in measuring services quality (Sureshchander *et al.,*2001) and its application continues to increase in different services settings, such as banks (Jabnoun and Al- Tamimi, 2003). The service quality model examines the discrepancy between expectations and perceptions and is often referred to as a disconfirmation model. The SERVQUAL model has five dimensions such as tangible (physical facilities, equipment, and appearance of personnel), Reliability (ability to perform the promised service dependably and accurately), Responsiveness (willingness to help customers and provide prompt services), Assurance (knowledge and courtesy of employees and their ability to inspire trust and confidence) and Empathy (caring, individualise attention the firm provides its customers).

SERVIQUAL model for measuring service quality has been subjected to the number of criticisms. Researcher have criticised the SERVIQUAL model with the argument that the model change with the type of service. However (Parasuman *et al*., 2001) contend that the model has much richer approach in measuring service quality.

2.3. Empirical Literature Review

In order to further the discussion on the factors related to service quality that may be utilized to examine the link between service quality and customer satisfaction empirically, Maddernet al. (2007) conducted a research in the United Kingdom (UK). In order to determine the influence of functional and technical service quality, the study examined the factors that influence customer satisfaction. The study's main focus was on a big UK bank's customer happiness. There was debate about whether there was a linear link between service quality and profitability, despite research confirming the importance of both. The findings, which covered five years, showed that technical service quality influenced customer satisfaction, and that business processes management was a significant driver of technical service quality.

Islam and Niaz (2014) analyzed whether Bangladeshi clients find bank services offered by the institutions satisfactory, particularly in terms of service categories, and they also evaluated customer satisfaction with regard to the quality of the services. The factors that determine service quality in Bangladesh were empirically evaluated in this study. The foundation of this study was the investigation of five aspects of service quality, including the grievance management process, relationship and atmosphere, delivery service condition, service experience, and starting experience. A purposive sample of 300 bank clients was employed in the study. The study's findings demonstrated a favorable relationship between customer satisfaction and the aspects of service quality. The results of the multiple regression analysis showed that in Bangladesh, total customer happiness is positively impacted by excellent service.

In 2015, Kitali et al. looked at the impact of agency banking on customer satisfaction in Kenya. The investigator aimed to ascertain the correlation between agency banking and punctual service delivery, banking service use, service quality control, expense minimization, and meeting client expectations about satisfaction. A sample of 250 agent banking clients was employed in the study. The findings demonstrated a favorable correlation between customer satisfaction and time delivery.

Tindi and Bogonko (2017) looked into how agency banking affected client satisfaction in the banking sector, concentrating on nine Eldoret institutions. The influence of agent quality, convenience, and dependability on customer happiness was one of the particular goals, suggesting that the agency baking procedures increase customer satisfaction.

Rastogi (2013) evaluated the elements that consumers take into account when choosing between a private label and a national brand and examined how addressing these elements might help a business boost sales of its private labels. The study demonstrates how retailers' brand equity boosts sales of their private labels by elevating the store to the status of a brand in and of itself while simultaneously emphasizing the need for consumers to view private labels as brands. Finally, it was concluded that, knowledge about brand can increase the reliability factors for customers by reducing their perceived risks about a product.

In order to support the financial services that are rendered inoperable, agency banking services have proliferated, as shown by Mongi and Mokaya (2018). Questionnaires were utilized to gather data from a stratified random sample of sixty respondents for the study. Regression analysis was used in the study to determine that customer satisfaction is favorably impacted by agency banking services' ease and service dependability.

Owino (2015) examined how Kenya Commercial Bank in Ongata Rongai, Kenya's agency banking services affected client satisfaction. A sample of 381 respondents was chosen by means of a stratified random sampling. The results revealed that 31.8 percent of respondents thought convenience was fantastic, 57% said the service value was decent, while 20.6% thought responsiveness was excellent and 32.8% thought the quality of the product (or service) was satisfactory.

Simboley (2017) looked into how agency banking affected Kenyan commercial banks' financial results. The precise goals were to increase the number of customers, deposits, and the impact of cost-cutting measures. A descriptive research approach was employed in the study, with a sample of 120 agents selected from 12 bank middle managers. According to the regression analysis, agency banking has significantly increased the number of clients. In addition, agents established a sizable number of accounts every day. The rise in bank deposits was also facilitated

by agent banking. The study found a favorable relationship between cost reduction, transaction costs, and infrastructure expenses.

Mungai (2017) looked into how four Kenyan commercial banks' performance was affected by issues related to the use of agency banking. For the study, 44 respondents were chosen as a purposive sample. The results of the study showed that while operational and dependability issues were shown to have a substantial impact on bank performance, administrative issues did not significantly affect bank performance. This demonstrates that the dependability of agents as a banking model influences both the banks' performance and their choice to implement the technology.

Agency banking, according to Ndungu and Njeru (2014), has significantly increased access to consumer account information outside of traditional bank branches. Without having to visit the branch, the consumer can ask the representative general account questions. They can reply to general inquiries and view the small statements of their consumers. The transaction date, location, amount, depositor name, and kind of transaction (cash deposit, withdrawal, or bank fee) are among the general account details that may be obtained from the agent. However, the agents do not provide full customer statement.

Technology improvements, according to Peter and Olson (2009), have resulted in a significant shift in client demands. Contemporary clients want services that are ageless, in the most convenient location, and from the most reliable source. One tool used by contemporary banks to cut down on client wait times is agency banking. When properly handled, can be utilized to shorten wait times and expedite the delivery of services. In order to satisfy customers, service speed is essential. Long wait times for service are not what customers desire. The licensed bills may be paid by properly trained agents much more quickly than a client would at a bank office. Customer satisfaction increases as a result of the agents' ability to provide prompt service thanks to the user-friendly agency platform. In order to prevent delays at the agent sites, banks have also set up a support center where agents may contact and receive prompt assistance. Additionally, the agents are given fast-operating equipment, which enables them to perform prompt services at their locations. Another important factor is the length of time spent with the service provider. Clients expect the service in the shortest amount of time.

As per the CGAP report of 2010, policymakers worldwide aim to promote the provision of financial services to the impoverished who lack access to banks. They accomplish this by enacting regulatory frameworks that facilitate the growth of affordable branchless banking while simultaneously safeguarding consumers from fraudulent activities. Achieving this balance can be challenging, especially with regard to regulating agents who are usually essential in accepting and disbursing funds on behalf of the financial service provider.

According to a World Bank study from 2010, only financial organizations with a license to accept deposits—both banks and non-banks—or their representatives are permitted to conduct branchless banking. In addition, every client of financial institutions (FIs) engaged in branchless banking operations needs to have a 16-digit unique identification. Every transaction must be credited to the real customer account, and the customer account connection must always be maintained with a FI. The Anti-Money Laundering Act of 2008 and the global guidelines established by the Financial Action Task Force are mandatory for all financial institutions and their representatives.

Mwangi (2017) states that it is mandatory by law to do sufficient customer due diligence, in line with KYC, for all new accounts as well as for one-time cash transactions above certain criteria. To do this, the client must be identified and their identity must be confirmed: Financial institutions must quickly report suspicious transactions to the AML/CFT authorities, and financial service providers must maintain comprehensive transaction records for at least five years.

According to a Bold (2019) research conducted in Brazil, several nations impose geographical limits on agents; nevertheless, these restrictions are occasionally lifted when authorities acknowledge that the laws impede the attainment of financial inclusion. For instance, Brazilian law initially only permitted agents in areas without bank branches because of worries that agents may endanger bank branches (Bold, 2019). Likewise, it was noted that Indian authorities originally mandated that agents be situated within 15 kilometers of a bank's "base branch" in rural regions and within 5 kilometers in urban areas when assigning banks. This regulation restricted the use of agents by banks with a small number of branches in an effort to guarantee sufficient bank oversight of its agents. Excessively stringent location

criteria have been demonstrated to impede financial inclusion objectives by making it more difficult to provide a convincing business case for agent-based banking. Furthermore, as the majority of 17 agent services are real-time, remote supervision is now possible, eliminating one of the main justifications for geographical limitations.

According to Ngando (2017), fit and appropriate standards are frequently imposed by legislation. These requirements mandate a type of agent due diligence in which financial institutions confirm that potential agents have a clean background, are not convicted of any crimes, and have never had financial difficulties or insolvency. Providers and agents have occasionally claimed that compliance with certain specifics might impose substantial expense, particularly with respect to obtaining paperwork, even though fit-and-proper standards mentioned in regulations are frequently not troublesome. Central banks regulations on agency banking hamper the growth of agency banking; these regulations slow down the penetration of the agency banking which negatively affect the performance of commercial banks. Central Bank has stringent regulations on agency banking which slow down the growth of agency banking in Kenya thus affecting the performance of commercial banks.

According to Ngando (2017), fit and appropriate standards are frequently imposed by legislation. These requirements mandate a type of agent due diligence in which financial institutions confirm that potential agents have a clean background, are not convicted of any crimes, and have never had financial difficulties or insolvency. Providers and agents have occasionally claimed that compliance with certain specifics might impose substantial expense, particularly with respect to obtaining paperwork, even though fit-and-proper standards mentioned in regulations are frequently not troublesome.

2.4 Research Gap

Although many researchers have studied the effects of agency banking services delivery on agency banking performance in the banking sub-sector (Owino, 2015), (Mongi and Mokaya,2018), (Ndungu and Njeru,2014) but little has been done in the analysis of agent user, customer confidence with agency banking and services

quality on agency banking performance where this current study did to fill the available knowledge gape.

Thus, this study was undertaken to generate empirical data on the effects of agency banking services delivery on agency banking performance in Equity bank Arusha branch at selected agency outlet in Arusha Municipality.

This study intends to determine what do customer feel, belief and intent on the agency banking product so that challenges facing the product could be evaluated and improved for the continuity of the product in the market.

2.5 Conceptual Framework

The method utilized to link all of the elements that will be included in the study is described in the conceptual framework. It offers a path that should guide the researcher throughout the investigation. The agency banking (Independent variable) is thought to have a significant impact on the agency performance (Dependent variable). Influencing aspects include the agency's dependability, client confidence, agency convenience, and service location. Customer satisfaction as measured by customer retention, customer increase, and customer royalties.

Reliability of agency banking is the ability of the service provider to offer the promised service at the promised times and standards to the customers (Mwenda and Ngahu, 2016), this will be measured by staff competent, sufficiency service delivery, perfumed promised service and staff dependability and accuracy this will influence the dependent variables agency banking performance with the variables of increase in commission, increase in customer and customer retention. Confident level of the customer is the credibility and trust of the customers on agency banking products which will be considered through professional services, excellent technical knowledge, attitude courtesy and good communication skills this will influence the agency banking performance variables. Convenience of agency outlet such easy access of agency banking products this measured with absence of long que at agency outlet, efficient system and network. Service location strategy is the geographical positioning of an operation on this study will be measured with accessibility, potential growth, utility infrastructure, the quality of store location selection model depends upon the ability to predict performance goals that are often set in the form of dollar sales volume or demand (Kapoor, 2010).

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┌─────────────────────────────┐          ┌─────────────────────────────┐
│ Independent variables       │          │ Dependent variable          │
│                             │          │ Agency banking services     │
│ Quality agency banking      │          │                             │
│ services                    │          │                             │
└─────────────────────────────┘          └─────────────────────────────┘
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Agency banking reliability

- Staff competent
- Sufficient service delivery
- Perform
- promised service
- Dependability and accuracy

Confidence level

- Customer attitude
- Banking intension
- Customer referral

Agency Performance

- Number of customers
- Agency commission rates
- Customer retention

Convenience of the agency

- Easy access
- Avoid long queues
- Efficient system and network

Service location strategy

- Accessibility
- security
- growth potential
- utilities and infrastructure

Figure 1 : Conceptual Framework on service quality delivery agency banking performance

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Research Design

This study employed a cross-sectional research design using a quantitative methodology. Because it enables the researcher to get data on the study subject once, this approach was chosen. In a similar vein, the architecture was chosen because it permits the simultaneous collecting of data from several variables for simultaneous analysis. Additionally, Bhattacherjee (2012) pointed out that this approach allows for simultaneous measurement of the independent and dependent variables.

3.2 Description of the Study Area

This study was conducted at Arusha Municipality which is surrounded by Arusha Rural District to the south, west and north by and to east by Meru District. It has an area of 267.0 km² with an average elevation of 1,331 m (4,367 ft). The unit of study was agent users and agents in Arusha municipal. The reason for selecting above area is because although equity bank has agency outlet in this area but most of clients travel long distance to bank at the banking hall. Since January 2021 Equity bank Arusha branch has 188 agency banking outlets in Arusha municipal where different services are obtained at equity agency outlet, namely; account opening, cash deposit, cash withdraw and cash balance enquiries, although all this services available at agency outlet there has been some of client travelling long distance where there is agency outlet to bank at banking hall. The issue of service quality delivery on agency banking performance at Arusha municipal is questionable.

3.3 Population, Sample and Sampling Technique

3.3.1 Population

The targeted population for this study was 5,556 agent user and agents at equity bank agency outlet in Arusha municipal.

3.3.2 Sample

The sample size was 373 agent users and agents at equity bank agency outlet in Arusha municipal. The study sample size was calculated based on Yamane's formula because the population is known.

Yamane's formula n = N/ 1+N e^2

n = 5556/1+5556*0.05^2

n = 373.3703703704~373

Where: **n** = Sample size **N** = Population size **e** = (5% at 95% confidence level)

3.3.3 Sampling techniques

Convenience sampling was employed in the sample selection process because, according to Bryman and Bell (2011), it permits data collection in situations when the population list is not genuinely known or cannot be located, as every consumer has a potential to be included in the research population. The equity bank Arusha branch's relationship manager, customer services, branch manager, agency supervisors, customer onboarding, branch accountant, business manager, and alternative channel officer were specifically chosen because they possess crucial knowledge about the agency banking performance and quality of services.

3.4 Types and Sources of Data

Both primary and secondary data were employed in the investigation. Primary data included information about customer confidence in the agency's outlet, dependability, agency convenience, and service location; secondary data included all recorded information about the agency's banking performance, customer service reports, correspondence with the agency, and complaints filed within the study area. The Equity Bank management provided secondary data, whereas agent users provided primary data.

3.5 Data Collection Methods

3.5.1 Survey

A questionnaire instrument was used in the survey to conduct this investigation. The survey method was used for the study because it facilitates easy and quick data collecting. There were both open-ended and closed-ended questions. Since closed-ended questions are more precise and are therefore more likely to convey meanings that are comparable, they were employed (Burns and Burns, 2012). Since respondents were free to use their own words, open-ended questions were employed to get more details.

Questionnaires made it possible for the information to be gathered in a short period of time as the population is relatively large. Copies of questionnaire were hand administered to participants of Equity customers to get information needed.

3.5.2 Key informant interview

Interviews were conducted specifically from seven bank officers, branch manager relationship manager customer services, business manager, agency banking supervisor, customer on boarding, branch accountant, and alternative business channel officer. A total of seven (7) interviews were conducted as the part of methodological triangulations for data validity.

3.6 Data Analysis

Data was analysed using descriptive statistics where mean and median were used. The study used Ordinal logistic Regression Model. Objective 1-4 were analysed using Ordinal logistic Regression Model. P-value was used to test hypotheses at 5% level of significant. If p-value is less than 0.05, alternative hypothesis was accepted and reject the null hypothesis. To ensure an accurate understanding and analysis of the regression model, it was critical to test for, homoscedasticity, multi-co linearity and linearity. The qualitative data was analysed using thematic analysis.

Ordinal Logistic Regression Model:

The ordered logistic regression has used because the dependant variables agency performance has meaningful order and more than two categories also the model is easy to implement, interpret and very efficient.

$$Y_i = \frac{e^{\beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \cdots\ldots + \beta_p x_p}}{1 + e^{\beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \cdots\ldots + \beta_p x_p}} \text{Equation (2)}$$

Where;

Y= dependent variable in this case (performance of agency)

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6, \beta_7$ = Regression constants

e=Error term

X_1 = Reliability of agency banking

X_2 = Customer confidence on agency banking

X_3 =Convenience of agency banking services

X_4= Agency banking service location strategy

3.7 Result of Pilot Test

Twenty Arusha municipal respondents participated in the pretest of the questionnaire. Pre-testing of the data collecting instruments was done to make sure respondents could understand the questions and validate the validity of the instrument. Although the responders were not included in the research group, their suggestions and edits helped with the reconstruction of the questionnaire and interview schedule. Pre-testing the questionnaire helped to reset questions to improve study outcomes, which had a favorable effect on the research. The questionnaire and interview guide were pre-tested to ensure that they accurately measured the variables they were intended to evaluate. The validity of the data obtained was assessed based on the consistency of the responses provided by the 20 respondents who were chosen for the study. By computing the Cronbach's Alpha, a measure of internal consistency that indicates how closely connected a set of items is as a group, the dependability of the data was ascertained. Because the ideal value in this situation spans from 0.65 to 0.80 and the reliability coefficient achieved is within the acceptable range ≥ 0.7, the reliability coefficient in this case is 0.719, indicating that the information gathered was reliable (Mallery and George, 2003).

3.8 Data Reliability and Validity

3.8.1 Data reliability

According to Saunders (2009), reliability mostly refers to the method via which the study produced consistent results. In order to ensure correctness, internal consistency was assessed using Cronbach's Alpha, and a score of 0.7 or above indicated that the study's data results were dependable (Mugenda & Mugenda, 2008). Using Cronbach's Alpha, a pilot test with 20 participants was performed to assess the questionnaire tool's reliability. To check if respondents gave the same answer, the identical set of questions were posed to them. As seen in Table 1, the calculated Cronbach's Alpha value of 0.735 reveals items under each variable that were consistent.

Table 1 : Reliability test

Cronbach's Alpha	N of Items
0.735	29

3.8.2 Data validity

The pilot test was used to verify the validity of the data. Twenty printed questionnaires were given to twenty participants who were not included in the research population. The purpose of the test was to determine whether the questionnaire was appropriate for the goals of the study. The test-retest technique was employed to ascertain whether the questionnaire provided a comparable response, whereby the identical questions were asked in a different way. Furthermore, the research tool's validity was assessed by specialists from designated supervisors and peers to adjust the questionnaire's questions to better align with the study's goals.

3.9 Test of Assumption of Study Variables

3.9.1 Test of multicollinearity

Daoud and Jamal, (2017) argued that multicollinearity the logistic regression is sensitive to significant correlations among the predictors. Ideally the predator variables should strongly correlate with the responses but not strongly related to each other.

The correlation and degree of the connection between independent variables are determined by the variance inflation factor, or VIF. For each independent variable, VIS is calculated using statistical software; it has no upper bound and starts at 1. There is no association between these independent variables and any other variables when the value is 1. When the VIFS falls between 1 and 5, it indicates a modest correlation that does not call for remedial action. When the VIFS is larger than 5, it indicates a critical degree of multicollinearity where the p-values are dubious and the coefficients are poorly assessed.

Table 2 revealed that VIFs for all independent variable were found to be equivalent to 1 (VIFs = 1), indicating that there is little or no correlation among the independent variables.

Table 2 : Testing of Multicollinearity

Variable	Tolerance	VIF
Agency banking reliability	0.935	1.070
Confidence level	0.957	1.045
Conveniency of the agency	0.855	1.170
Service location	0.870	1.150
Mean VIF	**0.904**	**1.109**

3.9.2. Test for Heteroscedasticity

Testing of heteroscedasticity determines whether the regression model can predict the dependent variables consistently across all values of explanatory variables. Levene's test was conducted to test for heteroscedasticity. Levene's test assumes for homoscedasticity which implies that variances of error (Var (Ut) = s^2) of the dependent variable are equal at $P > 0.05$. Table 3 shows the Levene statistics values which was $P = 0.355 > 0.05$. Therefore, variances are equal across all independent variables.

Table 3 : Levene's Test of Equality of Error Variances

Dependent Variable: agency performance			
Levene Statistic	df1	df2	Sig.
1.136	8	52	0.355

a. Design: Intercept + Agency banking reliability+ Confidence level+ Convenience of the agency+ Service locations strategy

CHAPTER FOUR

4.0 FINDINGS AND DISCUSSION

4.1 Overview

This chapter presents the analysis and discussions of the findings basing to the specific objectives. Inferential statistics were also provide as well as participants demographic characteristics were explained accordingly.

4.2 Response Rate

The study's intended audience consisted of Arusha Municipality agents and agency banking customers. A self-administered approach was used to create copies of questionnaires and deliver them to 373 target respondents at their places of employment. 299 of the 373 surveys that were given to the intended respondents were completed and returned, representing 80.8% of the respondents who replied and 19.2% of the respondents who did not. Over 50% of responses is considered sufficient, while 75% is excellent. This implies that the information acquired for this investigation was representative of the needed population.

4.3 Socio-Demographic Characteristics.

The study sought to establish brief background information about the respondents. They were asked to state their gender, age, level of education, street name, marital status and occupation.

4.3.1 Sex of respondents

To ascertain the proportionate ratio of gender among respondents who took part in this study, the sex of the respondents was analyzed. A total of 299 respondents participated in the study; 201 of them, or 67.2% of the total, were male, and 98 of them, or 32.8% of the total, were female (Table 5). This result suggests that men make up the bulk of agency bankers in Arusha Municipality, and as such, they dominated the survey. The study's male respondents outnumbered female respondents, but both genders' perspectives were given equal weight when analyzing the connection between agency banking performance and the provision of high-quality services.

4.3.2 Age of the respondents

The respondents' ages were gathered, examined, and the findings were shown in table 5 as frequencies and percentages. The age of the respondents was categorized every 10 years, resulting in five categories. These categories serve as the foundation for the analysis and reporting of the age distribution of the respondents. It was discovered that 49.5% of respondents were between the ages of 31 and 40, 33.8% of respondents, or 101 respondents, were between the ages of 21 and 30; 7.7% of respondents were between the ages of 41 and 50; and 9.03% of respondents were under the age of 20. In general, this distribution shows that a significant portion of the agency users in Arusha Municipality, or 90.97% of them, were youthful, active individuals between the ages of 21 and 50. Therefore, there are effective and efficient operations in agency banking.

4.3.3 Education level of the respondents

It was mandatory for the participants to specify their present educational attainment. Respondents were shown four tiers of schooling. Table 5 shows the frequency and percentages of the results after they were analyzed. According to the data, 23% of respondents had a certificate, while 29.5% held a diploma, and the bulk of respondents, or 47.5% of all respondents, held a first degree. In essence, this suggests that the majority of research participants have a deeper understanding of their specific sector.

4.3.4 Marital status

Marital status was divided into four categories in the study: married, single, widowed, and divorced. According to Table 5's findings, 41.9% of respondents were single, followed by divorced people (24.5%), married people (23.2%), and widows (10.4%) in the sample under study. The bulk of the respondents were found to be either single or divorced. This suggests that the majority of Arusha Municipality agents and users are the heads of their households.

4.3.5 Working Experience

Respondents were also asked to mention their working experience so as to measure their understanding on the knowledge and experience on service quality delivery and agency banking performance. During the analysis, the results showed that 18.7% of the respondents had experience of less than 5 years, 63.2% had an

experience of 5 to 10 years, 12.4% had experience of 10 to 15 years, 3.7% had experience of 15 to 20 years and the rest 6 respondents equivalent to 2% had an experience of more than 20 years as presented in table 4. These findings imply that a substantial number of respondents from the agency banking had the necessary experience and understanding on service quality delivery and   agency banking performance.

Table 4 : Distribution of Respondents by Demographic Characteristics

Variable		Percentage
Age		
31 – 40		49.5%
21 – 30		33.8%
41 – 50		7.7%
Below 20		9.03%
Sex		
Female	32.8%	
Male		67.2%
Marital status		
Single		41.9%
Divorced		24.5%
Married		23.2%
Widows		10.4%
Education level		
Certificate		23%
Diploma	29.5%	
Bachelor degree		47.5%
Working Experience		
Less than 5 years		18.7%
6 – 10 years	63.2%	
11 – 15 years		12.4%
16 – 20 years		3.7%
More than 20 years	2%	

Source: Field data, (2021)

4.4 Reliability of Agency Banking on Agency Performance

Table 5 : Reliability of agency banking (n =299)

Variable	SD%	D%	N%	A%	SA%	Mean	Std. Deviation
I have enough knowledge and skills for service agency	0	0	0	80	20	4.56	0.599
I'm aware of the formalities required to operate service agency	0	0	0	91	9	4.87	0.892
I'm aware of service agency benefits to people	0	0	0	75	25	4.51	0.751
Sufficient agency service delivery influence agency performance	0	0	0	87	13	4.62	0.750
Agency performance most of the times is influenced by dependability and accuracy	0	0	0	65	35	4.78	0.864
Service agency minimize administrative costs	0	0	0	82	18	4.67	0.756

SD=Strongly Disagreed, D= Disagreed, N=Neutral, A= Agreed, SA= Strongly Agreed

Findings in Table 5 show that majority of the respondents who are 80% have accepted that they have knowledge and skills on services quality delivery on agency banking whereby 20% of the respondents strongly agreed. The study implies that agents need to be knowledgeable and skillful for the customers serving betterment. The findings concluded that agent should enhance customer experience which will satisfy their customers this will influence the performance of agent banking.

According to Modupe (2010), agency banking refers to the provision of financial goods that banks offer at locations other than regular banking facilities. According to BOT (2014), agency banking is a contractual framework wherein licensed financial institutions engage third parties to provide their consumers with financial goods. An aspect of the larger e-banking space is agency banking. For chosen agents to supply certain financial services to commercial banks, there must be a contractual arrangement inside the banking continuum. According to the completed transactions, agents are paid on a commission basis. Cash withdrawals, cash deposits, bill payment, bank balance inquiries, cordless deposits (via sim-banking), loan disbursement and repayment, mini-bank statement issuance, salary payment,

and forced pin changes are among the transactions for which agent banks are accountable (BOT, 2014).

Table 5's findings indicate that 91% of respondents, or the majority, acknowledged that they are aware of the formalities needed to run an agency bank, with 9% strongly agreeing. The study suggests that agents should be aware of the procedures necessary to run agency banking in order to deliver high-quality services. The results showed that agents needed to understand the procedures involved in running agency banking in order to perform well. Throughout the 5,600 communities in the country, financial services are offered through a massive network of 120,000 banks correspondent locations. A fifth of these communities lacked a formal financial services institution or bank branch prior to the regulation change permitting correspondents (Kithuka, 2012). Nowadays, almost all government social assistance payments sent to 13.8 million low-income families under the Bolsa Familia program are deposited into bank accounts or paid out through correspondents, cutting down on administrative expenses from 14.7% to 2.4% of the overall payment amount.

Table 5's findings demonstrate that the majority of respondents—75%—accept that they are aware of the advantages that service agencies provide to individuals, with 25% strongly agreeing. According to the survey, the majority of service quality providers and agency bankers are aware of the value and numerous advantages that agency banking offers to the public. Using bank agents to conduct business has shown to be cost-effective, particularly for those who reside in remote places far from banks. Retailers, post offices, and other agents are collaborating with banks and other financial organizations to offer financial services (Ivatury and Timothy, 2006). By providing salaries, social benefits, and welfare through agents, governments may encourage the growth of agent networks, improve the use of financial services, and provide incentives. In addition to being simpler, less expensive, and quicker for everyone, it also offers volume to support network construction and low-cost model enablement (Johnson, Scholes, and Whittington, 2006).Table 6's results demonstrate that, while 13% strongly agreed, the majority of respondents, or 87%, believed that most service agencies should supply adequate services since doing so will affect agency banking's performance. The study implies that being a banking service agency in the market with a lot of competition, they

should understand on the practices of sufficient in-service delivery as many customers will be retained and increase agency commission. The findings concluded that agents should be sufficient in-service delivery. Agency banking has only been suitable for commercial services in the earlier years, but this status has changed over the years to allow other non-bank financial institutions to open agents to better serve Brazilian people (Mckay, 2015). Commercial banks ' success is directly linked to how easy access to the financial services is for customers. Failure to serve the public effectively will portray a weak sector of banking or financial systems leading to a decline in the financial performance of those banks.

Table 5's findings indicate that 65% of respondents agreed or strongly agreed that agents should be aware of how accuracy and dependability affect agency banking performance. The results showed that agents needed to be aware of and practice accuracy and dependability in their workplace in order to perform. Agency Banking is used by many banks and financial services legislation to promote financial inclusion, financial depth, and innovation. Bank agents are obligated to provide customers with receipts for all cash deposit and withdrawal transactions. In addition, it is expected that the main agency will provide effective ways to identify agents and collect customer feedback, such as sending customer notification through mobile phones. In the adoption of agency banking, the ground breaking countries include; Brazil, Kenya, India, Philippines and South Africa (Monica, 2016).

Findings in Table 5 show that majority of the respondents who are 82% have accepted that agency banking reduces administration cost whereby 18% strongly agreed. The agency banking reduces or minimise the administration cost. The findings concluded that agency banking service agency is one of the most important services which minimise administrative cost. These could benefit from agency banking financial transactions. Indeed, early experiences have shown that branchless banking through agency's can significantly reduce set-up and delivery costs, offering cash-in/cash-out operations only or a broader range of financial services to customers who usually feel more comfortable banking at their local merchants than at traditional bank branches (Lozano and Mandrile, 2009).

> *"...agents are the backbone of banking since it enables clients to convert cash into electronic money and vice versa which can be sent over their*

banking agent Especially in remote and rural locations, where cash is still the most important way to pay. Majorities were those who used the deposit service more often and the minority had not used the service. Most customers have embraced agency banking which represents a significant opportunity to reduce transaction costs such as travelling by bringing the services closer to them………..” (Branch manager, bank A)

Table 6 : Model fitting information

Model	-2 Log Likelihood	Chi-Square	Df	Sig.
Intercept Only	406.476			
Final	312.867	90.542	19	0.000

Moreover, a study conducted ordinal logistic regression to determine the relationship between the independent variables (staff competent, sufficient service delivery, perform promised service and dependability and accuracy) and dependent variable (agency performance). The results from the ordinal logistic analysis showed that, P-value in the Chi-square statistics at 95% was 0.000 as depicted in Table 6. This indicates that the model used to analyze this objective was significant and the independent variables including, staffs competent, sufficient service delivery; perform promised service and dependability and accuracy.

Table 7 : Goodness-of-Fit

Model	Chi-Square	Df	Sig.
Pearson	284.538	21	0.297
Deviance	231.961	21	0.513

Also, Goodness – of – Fit was conducted to test whether the observed data were reliable with the fitted model. The assumption is that, when the P-value is larger than the critical value, then it is concluded that data and the model predictions are similar and therefore the model appears to be a good one. But, if P is less than 0.05, then the model used does not fit the data well. Chi-square based on Pearson and Chi – square based on the Deviance are both shown in Table 8. The results revealed that the model fits at P = 0.513.

Table 8 : Test of parallel lines

Model	-2 Log Likelihood	Chi-Square	Df	Sig.
Null Hypothesis	11.672			
General	59.670	2.822	4	0.062

A test for parallel line was also done to test for ordinal model. The assumption for this is, since the ordered logistic model estimates one equation over all response variables, thus the slope of odds ratio is equal across the response variables in the model. If the ordinal model provides a significant fit to the data in the general model that is $P > 0.05$ then we are supposed to accept the assumption of proportional odds. For our model, the proportional odds assumption appears to be at $0.062 > 0.05$, therefore the null hypothesis was accepted that the location parameters (slope coefficients) are the same across response categories (Table 9).

Table 9 : Pseudo R-Square

Cox and Snell	0.514
Nagelkerke	0.578
McFadden	0.290

The three Pseudo R-Square were computed as shown in Table 9, whereby the Nagelkerke clarifies how dependent variable (agency performance) varied with the independent variables (staff competent, sufficient service delivery, perform promised service and dependability and accuracy) Nagelkerke was found to be 0.578 meaning that the three predictor variables influenced performance at 0.578. Thus, it is appropriate to reason that, agency banking reliability in agency banking influence agency banking performance.

Table 10 : Parameters estimate

Variables	Estimate (β)	Std. Error	Wald	Df	Sig.
Knowledge and skills for service agency	2.452	0.231	10.557	1	0.000
Formalities required to operate service agency	1.873	0.299	1.986	1	0.003
Service agency benefits	0.739	0.302	5.241	1	0.004
Sufficient services delivery	3.778	0.639	15.678	1	0.002
Dependability and accuracy	1.881	0.602	2.645	1	0.001
Minimise administrative costs	1.998	0.704	3.231	1	0.001

Table 10 shows results from ordinal logistic regression. It was discovered that knowledge and skills for service agency was significant and has a positive impact on performance with a β = 2.452 and a p=0.000, formalities required to operate service agency in knowledge and skills for service agency was found significant and has a positive influence on agency performance with a β of 1.873 and a p=0.003, service agency benefit from the banking services activities with a β of 0.739 and a p=0.0004 was found to have a positive significant influence on agency performance, sufficient services delivery positively and significantly influence agency performance with a β= 3.778 and p= 0.002, dependability and accuracy from the banking services activities with a β of 1.881 and a p=0.0001 was found to have a positive significant influence on agency performance, minimise administrative costs from the banking services activities with a β of 1.998 and a p=0.0001 was found to have a positive significant influence on agency performance.

Since the study tested the contribution of agency banking reliability on agency performance at p=0.05, basing on ordinal logistic outputs (p values) the study found a significant association between agency banking reliability in performance of the agency. The study therefore rejected the null hypothesis since agency banking reliability influence the performance of the banking agency.

4.5. Level of Customer Confidence on Agency Banking Services

Table 11 : Confidence level

Variable	SD%	D%	N%	A%	SA%	Mean	Std. Deviation
We do understand the customer attitude	0	0	0	84	16	4.56	0.791
Understanding banking intention helps service agency provider to improve their performance	0	0	0	79	21	4.72	0.692
I'm aware of customer referral and how can influence in agency performance	0	0	0	88	12	4.63	0.806
We also understand the importance of understanding customer behavior and how they change	0	0	0	60	40	4.53	0.870
Confidence level of the customer to their agency is high	0	0	0	94	6	4.83	0.814

SD=Strongly Disagreed, D= Disagreed, N=Neutral, A= Agreed, SA= Strongly Agreed

Findings in Table 11 show that majority of the respondents who are 84% have accepted that they understand the customer attitude whereby 16% strongly agreed. The study implies that agents need to be aware of the customer attitude as it will help them to deal with their customer in a way that the customers to satisfied. The findings concluded that agent to treat their customers in a way they will satisfy and retain them, this influences the performance of agency banking.

Findings in Table 11 show that majority of the respondents who are 79% have accepted performance where 21% strongly agreed that customers must understand banking intention. The study implies that agent has to understand customer banking intention help agents to know their customer needs strategised good customer experience. The findings concluded that quality services delivery on agency banking influence customer intention to be serviced at agent outlet .Agency banking refers to the delivery of financial services outside conventional bank branches, often using non-bank retail outlets that rely on technologies such as point-of sale (POS) devices or mobile phones for real time transaction processing (Modupe,2010) Globally, retailers and post offices are increasingly being utilized as important distribution channels for financial institutions.

Findings in Table 11 show that 88% of the respondent accepted that customer referral increases the number of customers and influence the performance of agency banking where12% strongly agreed the fact.

Findings in Table 11 shows that 60% of respondent have accepted that agent understand customer behaviour and altitude whereby 40% strongly agreed on the fact. The study implies that agents have to understand customer altitude and behaviour and know how to service them. The goal of every organisation is to meet the needs and the requirements of its stakeholders which will not only ensure the survival of the organisation but also allow it to flourish. Customers are one of the most important stakeholders in any organisation because without them, organisations are not likely to succeed. Hence, marketers emphasize on research in the area of consumer behaviour and particularly behavioral intention. Knowledge of consumer behavior will go a long way in ensuring effective marketing policies towards the interest of customers which eventually facilitates positive customer attitude towards the organisation. Since a customer`s behavioral intention is a strong indication of his actual behavior, (Adeoye, 2017).

Findings in Table 11 show that 94% have accepted that confidence level of the customer to their agency is high while 6% strongly agreed on that fact. Agent should anticipate customer needs, be transparent about product and build trust to their customer in order to increase confident level on agency banking services. The findings concluded that it is important for agents to build confidence level to their customer and trust in order to retain them this influences their performance. Regulating agency banking, low transaction cost through agency banking, access of services related to banking by customers through the bank agents and growth in the overall in the market positively affect the performance of banks financially in the country (King'ang'ai *et al*., 2016).

> *"...the goal of every organisation is to meet the needs and the requirements of its stakeholders which will not only ensure the survival of the organisation but also allow it to flourish. Customers are one of the most important stakeholders in any organisation because without them, organisations are not likely to succeed. Hence, marketers emphasize on research in the area of consumer behaviour and particularly behavioural intention. Knowledge of consumer behaviour will go a long way in ensuring effective marketing policies towards the interest of customers which eventually facilitates positive customer attitude towards the organisation. More especially, since a customer`s behavioural intention is a strong indication of his actual behaviour………."* (Relationship business Manager, bank A)

Table 12 : Model fitting information

Model	-2 Log Likelihood	Chi-Square	Df	Sig.
Intercept Only	412.376			
Final	386.787	93.632	19	0.001

Moreover, a study conducted ordinal logistic regression to determine the relationship between independent variables (customer attitude, banking intention and customer referral) and dependent variable (agency performance). The results from the ordinal logistic analysis showed that, P-value in the Chi-square statistics at 95% was 0.001 as depicted in Table 12. This indicates that the model used to

analyze this objective was significant and the independent variables including, customer attitude, banking intention and customer referral.

Table 13 : Goodness-of-Fit

Model	Chi-Square	Df	Sig.
Pearson	252.672	21	0.564
Deviance	291.892	21	0.542

Also, Goodness – of – Fit was conducted to test whether the observed data were reliable with the fitted model. The assumption is that, when the P-value is larger than the critical value, then it is concluded that data and the model predictions are similar and therefore the model appears to be a good one. But, if P is less than 0.05, then the model used does not fit the data well. Chi-square based on Pearson and Chi – square based on the Deviance are both shown in Table 13. The results revealed that the model fits at $P = 0.542$.

Table 14 : Test of parallel lines

Model	-2 Log Likelihood	Chi-Square	Df	Sig.
Null Hypothesis	13.502			
General	57.350	2.091	4	0.057

A test for parallel line was also done to test for ordinal model. The assumption for this is, since the ordered logistic model estimates one equation over all response variables, thus the slope of odds ratio is equal across the response variables in the model. If the ordinal model provides a significant fit to the data in the general model that is $P > 0.05$ then we are supposed to accept the assumption of proportional odds. For our model, the proportional odds assumption appears to be at $0.057 > 0.05$, therefore we accept the null hypothesis that the location parameters (slope coefficients) are the same across response categories (Table 14).

Table 15 : Pseudo R-Square

Cox and Snell	0.543
Nagelkerke	0.501
McFadden	0.342

The three Pseudo R-Square were computed as shown in Table 15, whereby the Nagelkerke clarifies how dependent variable (agency performance) varied with the independent variables (customer attitude, banking intention and customer referral) Nagelkerke was found to be 0.578 meaning that the three predictor variables influenced performance at 0.501. Thus, it is appropriate to reason that, confidence level in banking agency influence it performance.

Table 16 : Parameters estimate

Variables	Estimate (β)	Std. Error	Wald	Df	Sig.
Customer attitude	2.765	0.423	11.673	1	0.003
Banking intention	1.034	0.386	1.234	1	0.000
Customer referral	0.295	0.451	5.876	1	0.004
Customer behavior	3.009	0.078	13.834	1	0.002
High confidence level	1.553	0.990	2.877	1	0.001

Table 16 shows results from ordinal logistic regression. It was discovered that banking intention for customers of agency services was significant and has a positive impact on agency performance with a $\beta = 1.034$ and a p=0.000, customer attitude was found significant and has a positive influence on agency performance with a β of 2.765 and a p=0.003, customer referral to agency banking with a β of 0.295 and a p=0.0004 was found to have a positive significant influence on agency performance, customer behavior positively and significantly influence agency performance with a $\beta=$ 3.009 and p= 0.002, high confidence level with a β of 1.553 and a p=0.0001 was found to have a positive significant influence on agency performance.

Since the study was testing the contribution of confidence level on agency performance at p=0.05, basing on ordinal logistic outputs (p values) the study found a significant association between confidence level in performance of the agency. The study therefore rejected the null hypothesis since confidence level influence the performance of the agency banking.

4.6. Convenience of Agency Banking Services on Agency Performance

Table 17 : Convenience of the agency (n = 299)

Variable	SD%	D%	N%	A%	SA%	Mean	Std. Deviation
Easy access of the service from the agency to their customer improve performance	0	0	0	86	14	4.76	0.871
Most of the customers hate to get services in the agent outlet with long ques	0	0	0	90	10	4.69	0.891
I'm aware that most of the customer prefer to save time when getting bank services	0	0	0	80	20	4.92	0.696
Most of the customers practice	0	0	0	79	21	4.95	0.841
Convenience of the agency influence their performance	0	0	0	80	20	4.78	0.871

SD=Strongly Disagreed, D= Disagreed, N=Neutral, A= Agreed, SA= Strongly Agreed

Findings in Table 17 show that 86% respondent have accepted that easy access of the service from the agency to their customer improves agency performance and the remaining 14% of the respondents have strongly agreed the fact. The study implies that easy access of agent banking services improves agent banking performance. The findings concluded that convenience agent service delivery influence agency banking performance. An agency bank is a company or organization that acts in some capacity on behalf of another bank, thus cannot accept deposits or extend loans in its own name; it acts as an agent for the parent bank (Getanga, 2010). It is a retail outlet contracted by a financial institution or a mobile network operator to process clients" transactions. Rather than a branch teller, it is the owner or an employee of the retail outlet who conducts the transaction and lets clients deposit, withdraw, and transfer funds, pay their bills, inquire about an account balance, or receive government benefits or a direct deposit from their employer (Central Bank of Kenya, 2010).

Findings in Table 17 show that majority of the respondents who is 90% have accepted that long ques at agent is a problem as customer hate to be served at

agent outlet with long ques and the remaining 10% of the respondents have strongly agreed the fact. The study implies that agent can improve their customer experience by reducing waiting time at agency outlet through widening number of staffs to service clients. The findings suggest agents should be innovative and strategize on how to reduce waiting time as this the most reliable leading service quality delivery. The use of the agency banking model by banks in Kenya has continued to improve access to banking services and has also increased financial deepening in the country since it was launched in 2010. Since the inception of agent banking, the financial sector has recorded a tremendous growth with most customers accessing finances at their convenience. This has reduced the cost of transaction and the time especially for the Kenyans in remote areas (Pickens, 2009).

Findings in Table 17 show that 80% respondent have accepted that convenience of the agency influence agent performance and the remaining 20% of the respondents have strongly agreed on that fact. The study implies that agent should provide customer experience within a reasonable standard to their customer which will attract more customers to be interested to get services at their agent outlet. The increased number and value of transactions demonstrate the increased role of agent banking in promoting financial initiatives being championed by the Central Bank (Collins *et al*., 2009). The increase is due to the fact that Banks and Financial related Institutions are increasingly deploying the use of payments using agencies to enhance the quality of their financial services and to increase accessibility of services.

> *"...Agency banking refers to the delivery of financial services outside conventional bank branches often use non-bank retail outlets that rely on technologies such as point-of sale (POS) devices or mobile phones for real time transaction processing. Retailers and post offices are increasingly being utilised as important distribution channels for financial institutions. The points of service range from post offices in the Outback of Australia where clients from all banks can conduct their transactions, to rural France where the bank Credit Agricole uses corner stores to provide financial services, to small lottery outlets in Brazil where clients receive their social payments and access their bank accounts……….."* (Agent banking supervisor officer, bank A).

Table 18 : Model fitting information

Model	-2 Log Likelihood	Chi-Square	Df	Sig.
Intercept Only	445.291			
Final	387. 675	91.542	19	0.000

Moreover, a study conducted ordinal logistic regression to determine the relationship between the independent variables (easy access, long queue) and dependent variable (agency banking performance). The results from the ordinal logistic analysis showed that, P-value in the Chi-square statistics at 95% was 0.000 as depicted in Table 18. This indicates that the model used to analyse this objective was significant and the independent variables including, easy access and long ques.

Table 19 : Goodness-of-Fit

Model	Chi-Square	Df	Sig.
Pearson	245.674	21	0.201
Deviance	226.909	21	0.501

Also, Goodness – of – Fit was conducted to test whether the observed data were reliable with the fitted model. The assumption is that, when the P-value is larger than the critical value, then it is concluded that data and the model predictions are similar and therefore the model appears to be a good one. But, if P is less than 0.05, then the model used does not fit the data well. Chi-square based on Pearson and Chi – square based on the Deviance are both shown in Table 19. The results revealed that the model fits at P = 0.501.

Table 20 : Test of parallel lines

Model	-2 Log Likelihood	Chi-Square	Df	Sig.
Null Hypothesis	13.698			
General	57.930	2.522	4	0.069

A test for parallel line was also done to test for ordinal model. The assumption for this is, since the ordered logistic model estimates one equation over all response variables, thus the slope of odds ratio is equal across the response variables in the model. If the ordinal model provides a significant fit to the data in the general model that is P > 0.05 then we are supposed to accept the assumption of

proportional odds. For our model, the proportional odds assumption appears to be at 0.069> 0.05, therefore we accept the null hypothesis that the location parameters (slope coefficients) are the same across response categories (Table 20).

Table 21 : Pseudo R-Square

Cox and Snell	0.520
Nagelkerke	0.567
McFadden	0.201

The three Pseudo R-Square were computed as shown in Table 21, whereby the Nagelkerke clarifies how dependent variable (agency performance) varied with the independent variables (easy access and long queue) Nagelkerke was found to be 0.567 meaning that the three predictor variables influenced performance at 0.567. Thus, it is appropriate to reason that, convenience of the agency influence agency banking performance.

Table 22 : Parameters estimate

Variables	Estimate (β)	Std. Error	Wald	Df	Sig.
Easy access of the service	2.654	0.326	11.675	1	0.001
Long ques	1.934	0.564	1.933	1	0.002
Save time when getting bank services	0.934	0.921	5.776	1	0.000
Convenience	1.561	0.445	2.665	1	0.003

Table 22 shows results from ordinal logistic regression. It was discovered that easy access of the service was significant and has a positive impact on performance with a $\beta = 2.654$ and a p=0.001, conjunction area in easy access of the service was found significant and has a positive influence on agency performance with a β of 1.934 and a p=0.002, save time when getting bank services from the banking services activities with a β of 0.934 and a p=0.000was found to have a positive significant influence on agency performance, online purchase positively and significantly influence agency performance with a $\beta= 3.911$ and p= 0.000, conveniency from the banking services activities with a β of 1.561 and a p=0.003 was found to have a positive significant influence on agency performance.

Since the study was testing the contribution of convenience of the agency on their performance at p=0.05, basing on ordinal logistic outputs (p values) the study found a significant association between convenience of the agency in performance of the agency. The study therefore rejected the null hypothesis since convenience of the agency influence the performance of the banking agency.

4.7. Agency Banking Service Location on Agency Performance

Table 23 : Service location (n = 299)

Variable	SD%	D%	N%	A%	SA%	Mean	Std. Deviation
Location of the agency should be branded attractiveness to the customers	0	0	0	89	11	4.82	0.961
Due to difference in location agency should be located on the area with potential growth.	0	0	0	82	18	4.82	0.762
I am aware of how customer is selective in location of their service	0	0	0	89	11	4.85	0.752
Good service provision is influenced by good service location	0	0	0	93	7	4.92	0.952
Service location of the agency influence their performance	0	0	0	81	19	4.88	0.862

SD=Strongly Disagreed, D= Disagreed, N=Neutral, A= Agreed, SA= Strongly Agreed

Findings in Table 23 show that 89% have accepted that good branded agency location attracts customers to get serves at branded outlet and remaining 11% of the respondents have strongly agreed the fact that most of the agency, are aware how good branded agent outlet attract customers to banking. The study implies good branded agent outlet create an identity, uniqueness and assure quality and customer expectation. The findings suggest that agent should brand their agents outlet to create their identity and this will positively influence their performance. This has allowed bank branches to deal with smaller pools of high net-worth clients from whom they can pick the cash-rich operations they need to roll out the agency banking model. Some banks, like Co-operative, have opted to partner with cash-rich Savings and Credit Cooperative Societies in order to roll out their products effectively. Agency banking is an emerging trend in the Banking sector where the

banking institution and management enter into contracts with selected agents to provide banking services for a commission (Kiragu, 2012). Most financial institutions have adopted agency banking to provide fundamental banking services to customers. However, owing to the short period within which the agency banking model has existed, the extent to which the model can benefit banks, their clients and the economy remains largely unstudied.

Findings in Table 23 show that 82% respondent   have accepted that potential growth is one of the factors to be considered on locating agent services outlet and the remaining 18% of the respondents have strongly agreed. The study implies that agent outlet located in the area with potential growth will flourish by increase in customers and commissions. The finding suggests that agent should select to locate their agent outlet in the area with potential growth. According to National Banking and Securities Commission of Mexico and the Alliance for Financial Inclusion (2012), the agency banking model is one in which banks provide financial services through nonbank agents, such as grocery stores, retail outlets, post offices, pharmacies, or lottery outlets. This model allows banks to expand services into areas where they do not have sufficient incentive or capacity to establish a formal branch, which is particularly true in rural and poor areas where as a result a high percentage of people are unbanked.

Findings in Table 23 show that majority of the respondents who are 93% have accepted that good service provision is influenced by good service location and the remaining 7% of the respondents have strongly agreed on the fact that most of the agency do understand that in order to provide good service to their customer they need to have good service location. The study implies that being a banking service agency in the market with a lot of competition, they should try to be creative in creating good service location to their customers in which at the end of the day it will help them to be able to provide good service to their customers. The findings concluded that for any banking service agency to perform it is important for them to create good service location for their customers which will influence good service provision. Owing to the successes of agency banking in Brazil, in Africa, agency banking is used to enhance greater performance across the continent. Agency banking was implemented in South Africa in 2005 after amendment of the Bank Act giving banks the green light to contract nonbank third parties to collect

deposits, money due to the bank or applications for loans or advances, or to make payments to such clients on the banks' behalf (Beck, 2019). In Ghana, agency banking was introduced in 2008 allowing for a bank-based model of branchless banking using nonbank retail agents (McKay, 2019).

Findings in Table 23show that 81% have accepted Service location of the agency outlet influence agency banking performance and the remaining 19% of the respondents have strongly agreed on that fact. The study implies selecting agent location is very important in agency banking because choosing high profile location can increase brand visibility and reputation and naturally your business will gain more exposure with the customers. The findings suggest that agent should locate their agent outlet in the area which customers get them easily. According to Shankar and Roy (2009), agency banking as a model has been very successful in propelling the performance of commercial banks in many developing countries. Success stories have been reported in South America and Asia. In addition, Njuki (2012) indicated that agency banking has helped to raise banks' profits and spread reach of financial services in Kenya.

Table 24 : Model fitting information

Model	-2 Log Likelihood	Chi-Square	Df	Sig.
Intercept Only	482.453			
Final	382. 822	93.765	19	0.001

Moreover, a study conducted ordinal logistic regression to determine the relationship between the independent variables (accessibility, security and utilities and infrastructure) and dependent variable (agency performance). The results from the ordinal logistic analysis showed that, P-value in the Chi-square statistics at 95% was 0.001 as depicted in Table 24. This indicates that the model used to analyze this objective was significant and the independent variables including, accessibility and security, utilities and infrastructure.

Table 25 : Goodness-of-Fit

Model	Chi-Square	Df	Sig.
Pearson	265.856	21	0.254
Deviance	213.334	21	0.521

Also, Goodness – of – Fit was conducted to test whether the observed data were reliable with the fitted model. The assumption is that, when the P-value is larger than the critical value, then it is concluded that data and the model predictions are similar and therefore the model appears to be a good one. But, if P is less than 0.05, then the model used does not fit the data well. Chi-square based on Pearson and Chi – square based on the Deviance are both shown in Table 26. The results revealed that the model fits at $P = 0.521$.

Table 26 : Test of parallel lines

Model	-2 Log Likelihood	Chi-Square	Df	Sig.
Null Hypothesis	10.744			
General	55.823	2.522	4	0.059

A test for parallel line was also done to test for ordinal model. The assumption for this is, since the ordered logistic model estimates one equation over all response variables, thus the slope of odds ratio is equal across the response variables in the model. If the ordinal model provides a significant fit to the data in the general model that is $P > 0.05$ then we are supposed to accept the assumption of proportional odds. For our model, the proportional odds assumption appears to be at $0.059 > 0.05$, therefore we accept the null hypothesis that the location parameters (slope coefficients) are the same across response categories (Table 27).

Table 27 : Pseudo R-Square

Cox and Snell	0.511
Nagelkerke	0.546
McFadden	0.199

The three Pseudo R-Square were computed as shown in Table 28, whereby the Nagelkerke clarifies how dependent variable (agency performance) varied with the independent variables (accessibility, security, utilities and infrastructure) Nagelkerke was found to be 0.546 meaning that the three predictor variables influenced performance at 0.546. Thus, it is appropriate to reason that, service location in banking agency influence it performance.

Table 28 : Parameters estimate

Variables	Estimate (β)	Std. Error	Wald	Df	Sig.
Accessibility	2.452	0.223	10.445	1	0.000
Security	1.265	0.545	1.334	1	0.001
Selective in location	0.788	0.877	5.867	1	0.000
Good service provision	3.433	0.334	13.334	1	0.003
Service location benefit	1.765	0.886	2.885	1	0.002

Table 28 shows results from ordinal logistic regression. It was discovered that agency accessibility was significant and has a positive impact on performance with a β = 1.265 and a p=0.001, security in agency location was found significant and has a positive influence on agency performance with a β of 2.452 and a p=0.000, selective in location when getting bank services from the banking services activities with a β of 0.788 and a p=0.000 was found to have a positive significant influence on agency performance, good service provision positively and significantly influence agency performance with a β= 3.433 and p= 0.003, service location benefit from the banking services activities with a β of 1.765 and a p=0.002 was found to have a positive significant influence on agency performance.

Since the study was testing the contribution of service location of the agency on agency banking performance at p=0.05, basing on ordinal logistic outputs (p values) the study found a significant association between service location of the agency in performance of the agency. The study therefore rejected the null hypothesis since service location of the agency influence the performance of the banking agency.

4.8. Agency Performance

Table 29 : Agency Performance   (n = 299)

Variable	SD%	D%	N%	A%	SA%	Mean	Std. Deviation
One of the indicators of agency performance is the increase in customer	0	0	0	86	14	4.71	0.769
Increase in agency commission.	0	0	0	80	20	4.91	0.692
For any agency to increase their performance they have to make sure they retain their customers	0	0	0	79	29	4.62	0.861

SD=Strongly Disagreed, D= Disagreed, N=Neutral, A= Agreed, SA= Strongly Agreed

Findings in Table 29 show that 86% have accepted that one of the indicators of agency banking performance is the increase in customer and the remaining 14% of the respondents have strongly agreed the fact that agency banking performance can be measured by increase in their customers. The study implies that agents should improve their service so as to increase customer royalties at their agent outlet. The findings concluded that increase of number of customers in the agency services is one of the indicators that the agents gain more volume in commission and improve of their performance. Studies indicate the bank with the highest number of customers is Equity bank group which has 8.7 million customers and 11,009 agents (As at march 2014-source Equity bank) followed by Co-operative bank with 5800 agents. This indicates that agent banking has an effect on financial deepening as the higher number of agents, the higher the number of customers (Cohen, Danielle and Julie, 2008). Despite all these no study has been done to evaluate how specifically agency banking has improved the ease of access of banking services in the financial sector.

Findings in Table 29 show that 80% respondent have accepted that increase in agency commission indicate high agency performance and the remaining 20% of the respondents have strongly agreed the fact that when agency commission increase indicate that agency is performing well in term of profitability. The study implies it is very important for agent to increase customer by providing quality service delivery so as to retain many customers and increase commission. The findings suggest that agent could enhance customer experience to increase customer which will help them to achieve high volume of transaction, commission and helped to raise banks' profits and spread reach of financial services, but one thing that agency banking has failed to do is to decongest banking halls. It was believed that majority of people will deposit cash, withdraw and open accounts, services that most people seek in banks, through agents. But this has not effectively happened since long queues of people seeking services in banks in Kenya have persisted despite the spread of agency banking models (Lyman, Pickens and Porteous, 2008).

Findings in Table 29 show that79% have accepted that for any agency to increase their performance customer retention is one of the strategies and the remaining 21% of the respondents have strongly agreed the fact. The study implies that agents have to create positive customers experience, getting feedback from their

customers, appreciating customer royalties, this will retain customer and reduce dormant level of the customers in banking. As a result of financial sector liberalisation in the 1980s, the banking sector experienced a boom. Low entry requirements by the regulatory authority and the high premiums that could be earned through foreign exchange business led to the quick entry by new players into the lucrative banking industry. Between the period of 1985 and 1993 the number of licensed banks rose astronomically from 41 to 120. And this led to the increase of the sector's contribution to GDP and employment. Given that banks are important constituents of the sector, it can therefore be argued that banks have contributed a significant percentage of the country's GDP in the recent past (Adeoye, 2017).

Table 30 : Model fitting information

Model	-2 Log Likelihood	Chi-Square	Df	Sig.
Intercept Only	434.543			
Final	372. 675	90.654	19	0.000

Moreover, a study conducted ordinal logistic regression to determine the relationship between the independent variables (increase in customers, increase in agency commission and customer retention) and dependent variable (agency performance). The results from the ordinal logistic analysis showed that, P-value in the Chi-square statistics at 95% was 0.000 as depicted in Table 30. This indicates that the model used to analyze this objective was significant and the independent variables including, increase in customers, increase in agency commission and customer retention.

Table 31 : Goodness-of-Fit

Model	Chi-Square	Df	Sig.
Pearson	245.675	21	0.213
Deviance	223.887	21	0.546

Also, Goodness – of – Fit was conducted to test whether the observed data were reliable with the fitted model. The assumption is that, when the P-value is larger than the critical value, then it is concluded that data and the model predictions are similar and therefore the model appears to be a good one. But, if P is less than 0.05, then the model used does not fit the data well. Chi-square based on Pearson and Chi

– square based on the Deviance are both shown in Table 32. The results revealed that the model fits at P = 0.546.

Table 32 : Test of parallel lines

Model	-2 Log Likelihood	Chi-Square	Df	Sig.
Null Hypothesis	12.654			
General	57.334	2.674	4	0.052

A test for parallel line was also done to test for ordinal model. The assumption for this is, since the ordered logistic model estimates one equation over all response variables, thus the slope of odds ratio is equal across the response variables in the model. If the ordinal model provides a significant fit to the data in the general model that is P > 0.05 then we are supposed to accept the assumption of proportional odds. For our model, the proportional odds assumption appears to be at 0.052> 0.05, therefore we accept the null hypothesis that the location parameters (slope coefficients) are the same across response categories (Table 33).

Table 33 : Pseudo R-Square

Cox and Snell	0.509
Nagelkerke	0.535
McFadden	0.276

The three Pseudo R-Square were computed as shown in Table 33, whereby the Nagelkerke clarifies how dependent variable (agency performance) varied with the independent variables (increase in customers, increase in agency commission and customer retention). Nagelkerke was found to be 0.535 meaning that the three predictor variables influenced performance at 0.535. Thus, it is appropriate to reason that, banking agency influence bank performance.

Table 34 : Parameters estimate

Variables	Estimate (β)	Std. Error	Wald	Df	Sig.
Increase in customer	2.445	0.267	10.654	1	0.000
Increase in agency commission	1.645	0.588	1.982	1	0.001
Customer retention	0.834	0.823	5.453	1	0.000

Table 34 shows results from ordinal logistic regression. It was discovered that increase in performance was significant and has a positive impact on performance

with a β = 1.645 and a p=0.001, increase in customer in increase in performance was found significant and has a positive influence on agency performance with a β of 2.445 and a p=0.000, customer retention from the banking services activities with a β of 0.834 and a p=0.000 was found to have a positive significant influence on agency performance.

Since the study was testing the agency banking on their performance at p=0.05, basing on ordinal logistic outputs (p values) the study found a significant association between agency in performance of the agency. The study therefore rejected the null hypothesis since agency service influence the performance of the banking agency.

CHAPTER FIVE

5.0 SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Overview

The main objective of the study was to assess the effect of services quality delivery on agency performance at equity agency banking in Arusha Municipal. This chapter therefore summarised the study findings as analysed and presented in chapter four basing on the study objective(s). This chapter also provides clear recommendations to decision maker on how services quality delivery influence agency performance. Furthermore, this chapter presents conclusion based on the study findings, recommendations and areas for further related research.

5.2 Summary of Major Findings

5.2.1 Reliability of agency banking

The study found that agents they need to be knowledgeable and skillful for them to provide a better service, they should be aware of the formalities required to operate agency banking, understand how agency banking benefit their customer or people in general, to be sufficient and effective in-service quality delivery as many customers will be retained, to be dependable and accuracy in the provision of services at their agent outlet and this will influence the performance of agency banking.

5.2.2 Customer confidence

The study found that agents have to be aware of the customer attitude as it will help them to interact and provide positive customer experience, customers when they happy with your services they will always use word of mouth to market your products and this will increase the number of customers and retaining other dormant customers.

5.2.3 Convenience of agency banking services

The study found that customers prefer to get services in the outlet where is easy for them to access, they hate long ques, now agent should strategize to improve their services which will accommodate all customer complains to enable them to get more clients and increase the performance. The bank should try to be creative and move to online service and increase other service on the point of sale (POS) such as payment of other bills such as electric bill, government bill and other bill that

customers can access multiple   service in the same POS of agency outlet. The study found that being a banking service agency tried their best to be convenience to their customers in order to influence their performance.

5.2.4 Service location

The study found that agent has brand the agents outlet strategically by attracting customers, and agent outlet to be located in the area with potential growth such as infrastructure security, privacy to the customer this will influence customers to get services in the agent outlet which is located in business strategically. The study found that services location influence agent performance because many customers will be attracted to get services at the agent outlet which is located in excellent business strategically.

5.2.5 Agency performance

The study found that increase in customers; commission and profitability is the main indicators of agency banking performance and are strongly influenced by quality services delivery on agent banking, therefore it has suggested that agents to provide positive customer experience at their agent outlet will achieve magnitude in growth and performance.

5.3 Conclusions

The study concluded that for any agency banking performance should treat their customers in a way that will satisfy and retain them therefor they need to be very knowledgeable, creative and skillful. The findings concluded that any agency banking performance should be aware of the formalities required to operate agency banking services and make sure they treat their customers in a way they will satisfy and retain them. The study implies that most of the service agency delivery is very much aware that the practice of service agency is very important and has a lot of benefit to the people and when practiced well it also influence the performance of service agency. The findings concluded that any banking service agency performance should be aware of the sufficient and effective service quality delivery. Financial performance tracks revenue generation using company assets. The findings concluded that any banking service agency performance should be aware and to practice dependability and accuracy in their daily activities.

The study concluded that for any banking service agency performance is important for them to make sure they treat their customers in a way they will satisfy and retain despite of their attitude in the market. The findings concluded that for any banking service agency performance should understand the banking intention of the customers in order to be able to work with them day to day. The findings concluded that any banking service agency performance should be aware of their customer buying behaviour. The findings concluded that for any banking service agency performance it is important for them to build confidence level to their customer and trust in order to retain them.

The study concluded that any banking service agency performance should make sure and understand that providing the service in an easily accessible way helps them in improving their performance. The findings concluded that any banking service agency performance should locate agency out in the area with potential growth in   order for them to get more customers. The study concluded that most of the service agency delivery are very much aware of their performance to be very sufficient in providing service to their customers as most of the customers hate wasting time in getting service. The findings concluded that any banking service agency performance should be aware on what customer prefers the most such as online services and the bank should be creative by adding many services in their POS so as customer can get multiple services when they bank on agency outlet such as payment of electricity bill, water bills government bills and others. The findings concluded that any banking service agency performance should be Convenience in order to retain their customers.

The study concluded that any banking service agency performance, it is important for them to make sure and understand that providing the service in an attractive location helps them in increasing agency performance. The findings concluded that for any banking service agency to perform it is important for them to provide quality services delivery in order for them to get more customers. The study concluded that most of the customers are dynamic in banking behaviour therefore it is important for the service provider to understand on how they should be able do understand their preference and be able to retain them as most of them are so selective. The findings concluded that for any banking service agency to perform, it is important for them to create good service location for their customers which will

influence good service provision. The findings concluded that for any banking service agency to perform it is important for them to create good service location in order to attract new customers.

The findings concluded that, the increase of number of customers in the agency services influence agency performance since transaction volume, and agency commission will increase. The study concluded that retaining of the customer and attracting new customer in the banking service provision will positively increase the performance of any agency in the banking services market.

5.4 Recommendations

The study identified both strengths and weakness related to services quality delivery and agency performance. Recommendations were therefore made basing on the basis of key issues, particularly those negatively impacted agency as it is indicated elsewhere in this document.

It was found that most of the banking agency have enough knowledge and skills for service agency but also, they are aware of formalities required to operate service agency therefore the study recommend that bank management should provide training regularly to the agent users so as to equip them well so as to provide quality service delivery which will influence agency performance. The findings also recommend that they are aware that service agency has benefits to the people therefore the study recommends that agency of banking services should provide services in a way that they will satisfy their customer as it has benefit to the customer. The study also found that agency performance is influenced by dependability and accuracy therefore it was recommended that agency should make sure they practice dependability and accuracy in order to increase the performance of the agency.

It was recommended that agency bank provider does understand the customers attitude an also their behaviour. They also understand when customers tend to change their behaviour therefore the study recommend that as long as the agency do understand the changing of the customer behaviour and their attitude, they should be more careful on how to deal with them in order to avoid losing their customers. The study also found that understanding customer banking intention helps to improve agency service provision which influence the agency performance

therefore the study recommends that banking agency should try their best to understand their customer banking intention in the market. But also, the study recommends that agency should try to understand customer banking behaviour as the study concluded that understanding customer banking behavior helps to improve agency performance.

The study recommend that agency banking provider should be able to provide easy access of the service in order to improve their performance as the study concluded that easy access of the service from the agency to their customer enhance agency performance. The study recommends that agency bank should also make sure that agent outlet is located in the area where customer can easy access. The study concluded that customers now days prefer to practice online purchasing therefore the study recommends that banks should be innovative in agency pos development to allow clients to experience many services such as payment of bills which currently not provided to equity agency pos, also pos features should be developed for maintaining the brand of the banks.

The study recommend that agency should be located in the area which is accessible to customer, security issues should be considered in locating agency outlet therefore the study recommend that in order for the agency to play a better part of attracting customer and retaining them they should consider those parameter since they influence the performance on agency banking .The study concluded that most of the customers are so selective in terms of location therefore it is recommended that agency should be unique in term of branding so as to attract customer which will influence the performance of agency banking. The study recommend that agency should provide good service to their customers as it was concluded that providing good service will influence performance but also it is recommended that they should consider good service location as it was also concluded that good service location helps to influence good service provision to their customers.

The study recommends that one of the indicators of agency performance is the increase in customer therefore the study recommends that agency should observe the increase in customers as it is a good indicator of agency performance. The study also concluded that increase in agency commission indicate agency performance. The study finally found that for any agency to increase their

performance they have to retain their customers therefore the study recommend that agency should retain customer by providing quality services delivery which will attract many customers to bank at their agency outlet.

The study also recommend that bank management should close monitoring and supervise these agents to unsure that they provide quality service delivery to the clients this will enhance the performance of agent banking, the bank should create more awareness on agency banking services to the agent users and agents, this can be done through television stations ,radios, fliers, also it has recommended that the Bank of Tanzania should carry out frequently audit and research in the relationship between services quality delivery and agency performance to determine any loopholes and challenges in order to streamline the systems and process to help achieve efficiency, the research gathered out of the audit and research will help the bank to keep their agent users and agent update.

5.5 Suggestion for Further Areas of Studies

This study has come up with a conclusion that, there is contribution of service quality delivery in agency performance. The study was conducted in Arusha Municipal only and the resulted were concluded therefore other districts in Arusha region were excluded. Therefore, future researcher could incorporate data from other different districts and consider the output compared to the previous studies. But also, the study was conducted and concluded with the data from equity agency banking and excluded other bank agency therefore future researchers could incorporate data from other banks in Arusha region using different formality in performing their activities.

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APPENDICES

Appendix I: Questionnaire for Equity Bank Agent Service Users

Dear participant,

This questionnaire is part of my academic work required for attainment of Master of business management at the University of Moshi Co-operative University (MOCU). I'm Mwita Mohere conducting research on ***service quality delivery on agency banking performance: a case of equity agency banking in Moshi branch Kilimanjaro region''***. To achieve this objective, you are requested to be part of this study by providing information that will enable successfully completion of the exercise.

Request

I kindly request you to fill this questionnaire with all the information required as sincerely as possible. All information will be treated with confidentiality and will be used for academic purposes only.

Section A: Demographic Information

Please tick (√) in the appropriate response

i. What is your age?

a) Bleow18 years [ ]

b) 18-35 years [ ]

c) 36-55 years [ ]

d) Above 55yrs [ ]

ii. What is your highest level of education?

a) Not gone to school [ ]

b) Primary school [ ]

c) Secondary school [ ]

d) college [ ]

e) Bachelor's Degree [ ]

f) Master Degree [ ]

g) PhD [ ]

iii. What is your marital status?

a) Single [ ]

b) Married [ ]

c) Widowed [ ]

iv. What is your service agency customers' current household gross income in Tanzania shillings per month?

a) Under 100,000   [ ]

b) 100,000-300,000   [ ]

c) 300,000- 500,000   [ ]

d) 500,000-1000, 000   [ ]

e) Above 1000,000   [ ]

v. What is your service agency customers' expenditure in Tanzanian Shillings per month?

a) Under 100,000   [ ]

b) 100,000-300,000   [ ]

c) 300,000- 500,000   [ ]

d) 500,000-1,000,000   [ ]

e) Above 1,000,000   [ ]

Section B: The services qualities delivery which improve *agency* banking performance at a selected Equity

Bank agency outlet

i. *Financial transactions Models*

Please tick (√) in the appropriate response

1. How frequently do you customers use bank agents for financial transactions?

a) Every month   [ ]

b) Three times a year   [ ]

c) Twice a year   [ ]

d) Once a year   [ ]

e) Never   [ ]

2. How frequently do your customers use Equity service agency service?

a) Every month   [ ]

b) Three times a year   [ ]

c) Twice a year   [ ]

d) Once a year   [ ]

Services quality delivery on *agency banking performance to Equity bank service agency*

3. Please read each statement carefully, use the following scale to indicate your response (level of agreement) and *tick (√) in the appropriate response*

Scale: *1=Very Unsatisfied, 2 =Unsatisfied, 3 = Undecided, 4= Satisfied, 5 = Very Satisfied*

		1	2	3	4	5
i	Agent services availability for customers					
ii	Speed of service at agent outlet					
iii	Relationship between agent user and customers					
iv	Availability of power at agent outlet					
v	Availability of enough funds all the time					
vi	The distance between agent outlet					
vii	Network availability at agent outlet					
viii	Behaviors of equity service agent users in this locality are satisfactory to encourage people					
ix	Service availability at agent outlet					
x	Agency services are available when customers are in need for the service					

4. Please read each statement carefully and indicate **the extent customers use agency services** for the following services and *tick (√) in the appropriate response* Scale: *1=Very Unsatisfied, 2 =Unsatisfied, 3 = Undecided, 4= Satisfied, 5 = Very Satisfied*

		1	2	3	4	5
i	Cash deposits					
ii	Cash withdraw					
iii	Cash balance enquiries					
iv	Cash transfers					
v	Account opening					
vi	Pay water bills					
vii	Pay electricity bills					
viii	Opening hours of agent services					
ix	Closing hour of agent services					

The customer confidence with agency banking at Equity bank agency outlet (for agent users)

Awareness of customers on service agency

5. Please read each statement carefully, use the following scale to indicate your response (level of agreement) and *tick (√) in the appropriate response* Scale: SD=Strongly Disagree, D =Disagree, UN = Undecided, A = Agree, SA = Strongly Agree

		SD	D	UN	A	SA
i	Customers have enough knowledge and skills for service agency					
ii	Customers are aware of the formalities required to transact at agent outlet					
iii	Customers are familiar with all procedures for service at agent outlet					
iv	Most customers deposit money at agent outlet rather than in bank halls					
v	Customers area ware that withdrawal of less than Tsh1, 000,000 can be done through agent outlet.					
vi	Customers are aware of agency services benefits					
vii	Customers are aware of everything about agent services but they still need time to make decision					
viii	Customers are aware that transacting through agent outlet is cost effective for people living in rural and remote areas					

Section C: The knowledge gap of agent users at selected agent outlet

This for argent users.

6. Please read each statement carefully, use the following scale to indicate your response (level of agreement) and *tick (√) in the appropriate response* Scale: SD=Strongly Disagree, D =Disagree, UN = Undecided, A = Agree, SA = Strongly Agree

		SD	D	UN	A	SA
i	I have enough knowledge and skills for service agency					
ii	I'm aware of the formalities required to operate service agency					
iii	I am familiar of all procedure for service agency					
iv	I am competent on helping service agency customers on financial transactions					
v	I have never got training on service agency					
vi	I'm aware of service agency benefits to people					
vii	I'm aware on everything about service agency but I still need time to make decision					
viii	Transacting through service is cost effective for people living in rural and remote areas					
ix	Service agency minimize administrative costs					

THANK YOU FOR YOUR TIME AND CO-OPERATION

SERVICE QUALITY DELIVERY AND AGENCY BANKING PERFORMANCE: A CASE OF EQUITY AGENCY BANKING IN ARUSHA MUNICIPAL

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ABSTRACT

The main objective of the study was to assess the effect of services quality delivery and agency banking performance at equity agency banking in Arusha Municipal. This study specifically aimed to determine the reliability of agency banking on agency performance in equity agency banking outlet, determine the level of customer confidence on agency banking services in equity agency banking outlet, examine effects of Convenience of Agency Banking Services on agency performance in equity agency banking outlet and Examine the effects of Agency Banking Service Location on agency banking performance in equity agency banking outlet. This study used cross sectional research design. Sample size of 373 respondents and convenience sampling was used for the selection of sample. Data were analyzed using descriptive statistics, regression under the aid of statistical package of social sciences computer software. The findings   revealed high reliability on agency banking increase agency performance. The study showed that the higher level of customer confidence on agency banking services increase agency banking performance, the study also showed that good convenience of agency banking services improve agency banking performance and the study showed that the proper agency banking service location improve the performance of agency banking. The study conclude that Agents perform great role in financial inclusion and performance of the bank therefore Agents should provide quality services delivery to the customer so as to increase the performance of agent banking and the bank. The study recommended that bank management should provide regular training to agents so as to equip them to provide quality services to the customers, the banks should be innovative on Pos systems and add other service such as payment of bills which will enhance customer experience on agency banking. Further the study recommends that   Bank of Tanzania to carry out frequently audit and research in the relationship between services quality delivery and agency performance to determine any loopholes and challenges in order to streamline the systems and process to help achieve efficiency.

Keywords: *Service quality delivery and agency banking performance: A case of equity bank agency banking Arusha municipal.)*

1. INTRODUCTION

Banks operate in a dynamic highly competitive environment; as a result the movement towards a customer-focused strategy has become crucial in attracting potential new customers and builds relationships, retain and agency performance (Minh and Huu, 2016).

Globally, agency banking performance is one of the most important factors in business. When it comes to agency banks, agency banking performance level differentiates one bank from another, thus measuring agency banking performance is exceedingly important (Zopounidis, 2012).This is the reason why banks listen to customer requirements and complains. Many organizations point to agency banking performance as a way of developing and differentiating their services from their competitors, and also as a tool for developing competitive advantage (Narteh and Kuada, 2014).Agent banking is the business of providing banking services to the customers of a bank or financial institution on behalf of that particular bank or financial institution under a valid agency agreement as prescribed by BOT guidelines BOT (2) Agent banking is quickly becoming recognized as a viable strategy in many countries for extending formal financial services into poor and rural areas

In Sub Saharan African countries, agency banking is used to enhance greater performance across the continent in particular implementation of Agency banking in South Africa, after amendment of the Bank Act giving banks the green light to contract nonbank third parties to collect deposits, money due to the bank or applications for loans or advances, or to make payments to clients on the banks' behalf (Beck, 2011).

In East Africa countries particularly in Kenya, agency banking was introduced in May 2010 to bring banking closer to the people, particularly those in rural areas. The remote area Kenya has had accessibility problems to banking services due to underdeveloped road networks and network connectivity. Traditionally people had to travel long distances to access banking services. Agency banking improves financial inclusion in unbanked and under banked populations. The introduction of Agency banking in Kenya has increased the availability of banking services out of traditional bank branch. The Central Bank of Kenya has licensed banks to recruit agents since February 2011 and promulgated policies and procedures to govern the relationships among banks, agents and the customers. These agents can operate at

retail outlets such as shops, petrol stations, and supermarkets across the country (Mwende*et al.,* 2015) Majority of the customers satisfied with the agency banking products and services

In Tanzania agency banking is a common phenomenon in 11 banks including CRDB Bank, Equity Bank, KCB Bank, Access Bank, NMB Bank, DCB Bank, TCB Bank, Advance Bank, Amana Bank, Efatha Bank and Finca. The BOT (2018) report identifies 3,431agency banks countrywide with CRDB Bank's Fahari Huduma controlling slightly over 50% of the total available bank agents which area basically located in urban centers. According the report, as of March 2016, most available bank agents (about 35%) are in Dar es Salaam followed by Arusha with market share of 8.5% and then Mwanza 8.39 %. On the other hand, BOT (2019) shows that, bank deposits and withdrawals, through bank agents, have been increasing since 2014. According to the report deposits and withdrawals have increased by over 200% and 400% respectively between January 2018 and end of January 2016 (Ezeh, *et al.,* 2015).Therefore, it is on that basis, this study intend to assess the services quality delivery and agency banking performance.

2. THEORETICAL REVEW

This study use three theories which are Bank led theories as main theoretical guideline, brought forward by Lyman *et al* (2006) and is based on the argument that, a licensed financial institution delivers financial services through a retail agent ". The theory supports agency banking model by stating that the work of a bank is to develop   financial products and services, but distributes them through retail agents, who handle all or most customer interaction (Lyman, *et al*, 2006). Retail agents have face-to-face interaction with customers and perform cash in/cash-out functions, much as a branch-based teller would take deposits and process withdrawals (Owens, 2006. The strength of this theory is that it has clearly explain the role bank that is to develop financial products and services and retail agents distribute those products and services to the customer since retail agents interact face to face with customer. However, the weakness of this theory is that Agents related risks arise from substantial outsourcing of customer contacts to retail agents. These retail agents may operate in hard-to reach or dangerous areas and they lack physical security systems and specially trained personnel. The lack of expert training may seem a particular problem if retail agents' functions range beyond the

cash-in/cash-out transactions of typical bank tellers to include a role in credit decisions (State Bank of Pakistan, 2011.Also Non- led theory used as supportive theories as it explain how agents deal with the customer on behalf of the banks, the study also adopt the bank focused theory as it found to be relevant in the study , theory emerges when a traditional bank uses non-traditional low-cost delivery channels to provide banking services to its existing customers.

3. METHODOLOGY

This study was undertaken in Arusha municipal Tanzania. Cross sectional research designed was adapted. Study use Agents and agent user in arusha municipal as population of studies. This study used 5556 agents and agents user as the unity of analysis. Then, the sample size of 373 was determined using the formula developed by Yamane (1967). The study used Convenience sampling was used for the selection of sample as it allows collection of data when the list of the population is not really known and cannot be found as each customer has a chance of being among the population of study (Bryman and Bell, 2011).

4. FINDINGSAND COCLUSION

4.1 Descriptive analysis

Reliability of Agency Banking on Agency Performance

Table 1 : Reliability of agency banking (n =299)

Variable	SD%	D%	N%	A%	SA%	Mean	Std. Deviation
I have enough knowledge and skills for service agency	0	0	0	80	20	4.56	0.599
I'm aware of the formalities required to operate service agency	0	0	0	91	9	4.87	0.892
I'm aware of service agency benefits to people	0	0	0	75	25	4.51	0.751
Sufficient agency service delivery influence agency performance	0	0	0	87	13	4.62	0.750
Agency performance most of the times is influenced by dependability and accuracy	0	0	0	65	35	4.78	0.864
Service agency minimize administrative costs	0	0	0	82	18	4.67	0.756

SD=Strongly Disagreed, D= Disagreed, N=Neutral, A= Agreed, SA= Strongly Agreed

Findings in Table 1 show that majority of the respondents who are 80% have accepted that they have knowledge and skills on services quality delivery on agency

banking and the remaining 20% of the respondents have strongly agreed the fact that most of the agent user and agents, they have enough knowledge and skills for service quality delivery on agency banking. The study implies that agents they need to be knowledgeable and skillful in order for them to provide a better service to the customers. The findings concluded that agent should enhance customer experience which will satisfy their customers this will influence the performance of agent banking.

> *"...agents are the backbone of banking since it enable clients to convert cash into electronic money and vice versa which can be sent over their banking agent Especially in remote and rural locations, where cash is still the most important way to pay. Majorities were those who used the deposit service more often and the minority had not used the service. Most customers have embraced agency banking which according to these clients represents a significant opportunity to reduce transaction costs such as travelling by bringing the services closer to them…………"* (6th July 2021, Branch manager Equity bank)

4.5. Level of Customer Confidence on Agency Banking Services

Table 2 : Confidence level

Variable	SD%	D%	N%	A%	SA%	Mean	Std. Deviation
We do understand the customer attitude	0	0	0	84	16	4.56	0.791
Understanding banking intention helps service agency provider to improve their performance	0	0	0	79	21	4.72	0.692
I'm aware of customer referral and how can influence in agency performance	0	0	0	88	12	4.63	0.806
We also understand the importance of understanding customer behavior and how they change	0	0	0	60	40	4.53	0.870
Confidence level of the customer to their agency is high	0	0	0	94	6	4.83	0.814

SD=Strongly Disagreed, D= Disagreed, N=Neutral, A= Agreed, SA= Strongly Agreed

Findings in Table 2 show that majority of the respondents who are 84% have accepted that they understand the customer attitude and the remaining 16% of the respondents have strongly agreed the fact that most of the agency, are aware of the attitudes that customer may have in their working environment. The study implies that agents need to be aware of the customer attitude as it will help them to deal with their customer in a way that the customers to satisfied. The findings concluded that agent to treat their customers in a way they will satisfy and retain them, this influence the performance of agency banking.

Findings in Table 11 show that 88% respondent accepted that customer referral increase the number of customer and influence the performance of agency banking and the remaining 12% of the respondents have strongly agreed the fact. The study implies that agents understand that customer sometimes advocate on behalf of their brand.

Findings in Table 11 show that 94% have accepted that confidence level of the customer to their agency is high and the remaining 6% of the respondents have strongly agreed on that fact. The study implies that agent should anticipate customer needs, be transparent about product and build trust to their customer in order to increase confident level on agency banking services. The findings concluded that it is important for agents to build confidence level to their customer and trust in order to retain them this influence their performance. Regulating agency banking, low transaction cost through agency banking, access of services related to banking by customers through the bank agents and growth in the overall in the market positively affect the performance of banks financially in the country (King'ang'ai*et al*., 2016).

> "...the goal of every organisation is to meet the needs and the requirements of its stakeholders which will not only ensure the survival of the organisation but also allow it to flourish. Customers are one of the most important stakeholders in any organisation because without them, organisations are not likely to succeed. Hence, marketers emphasize on research in the area of consumer behaviour and particularly behavioural intention. Knowledge of consumer behaviour will go a long way in ensuring effective marketing policies towards the interest of customers which eventually facilitates positive customer attitude towards the organisation.

More especially, since a customer`s behavioural intention is a strong indication of his actual behaviour……….." (10th july 2021 Relationship business Manager Equity bank Arusha Branch)

4.6. Convenience of Agency Banking Services on Agency Performance

Table 3 : Convenience of the agency (n = 299)

Variable	SD%	D%	N%	A%	SA%	Mean	Std. Deviation
Easy access of the service from the agency to their customer improve performance	0	0	0	86	14	4.76	0.871
Most of the customers hate to get services in the agent outlet with long ques	0	0	0	90	10	4.69	0.891
I'm aware that most of the customer prefer to save time when getting bank services	0	0	0	80	20	4.92	0.696
Most of the customers practice	0	0	0	79	21	4.95	0.841
Convenience of the agency influence their performance	0	0	0	80	20	4.78	0.871

SD=Strongly Disagreed, D= Disagreed, N=Neutral, A= Agreed, SA= Strongly Agreed

Findings in Table 3 show that 86% respondent have accepted that easy access of the service from the agency to their customer improves agency   performance and the remaining 14% of the respondents have strongly agreed the fact. The study implies that easy access of agent banking services improve agent banking performance .The findings concluded that convenience agent service delivery influence agency banking performance .An agency bank is a company or organization that acts in some capacity on behalf of another bank, thus cannot accept deposits or extend loans in its own name; it acts as an agent for the parent bank (Getanga, 2010). It is a retail outlet contracted by a financial institution or a mobile network operator to process clients" transactions. Rather than a branch teller, it is the owner or an employee of the retail outlet who conducts the transaction and lets clients deposit, withdraw, and transfer funds, pay their bills, inquire about an account balance, or receive government benefits or a direct deposit from their employer (Central Bank of Kenya, 2010).

."...Agency banking refers to the delivery of financial services outside conventional bank branchesoften use non-bank retail outlets that rely on

technologies such as point-of sale (POS) devices or mobile phones for real time transaction processing. Retailers and post offices are increasingly being utilized as important distribution channels for financial institutions. The points of service range from post offices in the Outback of Australia where clients from all banks can conduct their transactions, to rural France where the bank Credit Agricole uses corner stores to provide financial services, to small lottery outlets in Brazil where clients receive their social payments and access their bank accounts……….." (12th July 2021, Agent banking supervisor officer Equity bank Arusha Branch)

4.7. Agency Banking Service Location on Agency Performance

Table 4: Service location   (n = 299)

Variable	SD%	D%	N%	A%	SA%	Mean	Std. Deviation
Location of the agency should be branded attractiveness to the customers	0	0	0	89	11	4.82	0.961
Due to difference in location agency should be located on the area with potential growth.	0	0	0	82	18	4.82	0.762
I am aware of how customer are selective in location of their service	0	0	0	89	11	4.85	0.752
Good service provision is influenced by good service location	0	0	0	93	7	4.92	0.952
Service location of the agency influence their performance	0	0	0	81	19	4.88	0.862

SD=Strongly Disagreed, D= Disagreed, N=Neutral, A= Agreed, SA= Strongly Agreed

Findings in Table 23 show that   89% have accepted that good   branded agency location attract customers to get serves at branded outlet and remaining 11% of the respondents have strongly agreed the fact that most of the agency, are aware how good branded agent outlet attract customers to banking. The study implies good branded agent outlet create an identity, uniqueness and assure quality and customer expectation. The findings suggest that agent should brand their agents outlet to create their identity and this will positively influence their performance. This has allowed bank branches to deal with smaller pools of high net-worth clients from whom they can pick the cash rich operations they need to roll out the agency banking model. Some banks, like Co-operative, have opted to partner with cash-rich

Savings and Credit Cooperative Societies in order to roll out their products effectively. Agency banking is an emerging trend in the Banking sector where the banking Institution and management enter into contracts with selected agents to provide banking services for a commission (Kiragu, 2012). Most financial institutions have adopted agency banking to provide fundamental banking services to customers. However, owing to the short period within which the agency banking model has existed, the extent to which the model can benefit banks, their clients and the economy remains largely unstudied.

Findings in Table 23 show that   81% have accepted Service location of the agency outlet influence agency banking performance and the remaining 19% of the respondents have strongly agreed on that fact. The study implies selecting agent location is very important in agency banking because choosing high profile location can increase brand visibility and reputation and naturally your business will gain more exposure with the customers .The findings suggest that agent should locate their agent outlet in the area which customers get them easily. According to Shankar and Roy (2009), agency banking as a model has been very successful in propelling the performance of commercial banks in many developing countries. Success stories have been reported in South America and Asia. In addition, Njuki (2012) indicated that agency banking has helped to raise banks' profits and spread reach of financial services in Kenya.

CONCLUSION AND RECOMMENDATION

In accessing service quality delivery and agency performance finding show that there is significant relationship between quality services delivery and agency banking performance to Findings from the model found that there is statistically significant evidence that, there is positive causal relationship between service quality delivery and agency banking performance Also, The result implied that the excellent service quality delivery at agents outlet will influence the performance of agency.

Finding recommend that bank management should close monitoring and supervise these agents to unsure that they provide quality service delivery to the clients this will enhance the performance of agent banking, Bank of Tanzania should carry out frequently audit and research in the relationship between services quality delivery and agency performance to determine any loopholes and challenges in order to

streamline the systems and process to help achieve efficiency, the research gathered out of the audit and research will help the bank to keep their agent users and agent update.

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