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ABSTRACT NO. 15

Influence of Internet Banking Technology on Loan Performance of Deposit-Taking SACCOs in Nairobi City County, Kenya

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ABSTRACT

Technological advancements in the digital financial sector have enabled financial institutions to enhance operational efficiency while prioritizing customer needs. This study aimed to examine the effect of internet banking technology on loan performance among Deposit- Taking Savings and Credit Cooperative Organizations (DT SACCOs) in Nairobi City County. Specifically, the study explored how digital financial innovations influence the loan performance of DT SACCOs. Previous research underscored the importance of adopting financial innovations in the financial services industry. To establish the research gaps and theoretical foundation, the study reviewed the diffusion of innovation theory along with relevant literature. A descriptive research design was employed, targeting a sample of 70 respondents comprising members of the board of management and staff from forty DT SACCOs within Nairobi City County. Out of the 70 distributed questionnaires, 63 were completed and returned, yielding a response rate of 90%. The analysis revealed that most respondents acknowledged a significant influence of internet banking technology on loan performance in DT SACCOs, with a mean score of 4.18. Regression analysis and hypothesis testing further confirmed that the implementation of digital financial innovations in loan processes positively influences loan performance. Based on these findings, the study recommends that DT SACCOs adopt internet banking technology to enhance their loan portfolio performance, especially as the financial sector increasingly transitions toward a digital environment.

Key Words:

Digital Financial innovation, loan performance, deposit-taking SACCOs