

ABSTRACT

The purpose of this study was to analyze factors affecting uptake of agency banking services among customers in rural Kenya. Specifically, the study sought to examine the effect of fraud on uptake of agency banking services among customers in Kenya; To determine the extent to which skills of agents affect uptake of agency banking services among customers in Kenya; To establish the effect of location on uptake of agency banking services among customers in Kenya and to find out how confidentiality affect agency banking services uptake among rural customers in Kenya. The study was informed by agency theory, delegated monitoring theory, transaction cost theory, financial intermediation theory and property right theory. The targeted population comprised of approximately 14 bank branch managers, 81 bank agents and 12,000 customers from four Cooperative Bank of Kenya, Kenya commercial Bank, Post bank and Equity Bank in Narok County, Kenya. The study sample size therefore comprised of 371 customers from the rural community, 81 bank agents and 14 branch managers in Narok County. Questionnaires were used in this study since they gather data over a large and diverse sample. A multivariate regression model was applied to determine the relative importance of each of the four variables. The research indicated that bank agent skills, location and confidentiality were found to be statistically significant in explaining uptake of agency banking services. It was recommends that agents should to always inform the bank in case there is a robbery. Banks should create awareness to the public that the bank agent's premises adheres to standard security measures and should also hire security services from security firms to transport cash to and from the agents where necessary. Banks should also train the agency banking agents on how to detect fake money and fraud. The study revealed that agents' skills affected uptake of agency banking services by rural community in Narok County. The study recommends banks to offer training to agents before they start providing specific services on behalf of the banks to improve their customer handling skills and increase the uptake of the agency banking services.