



**THE IMPACT OF MOBILE MONEY SERVICES ON THE PERFORMANCE OF
THE COMMERCIAL BANKING SECTOR IN UGANDA**

(A CASE STUDY OF MTN MOBILE MONEY)

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ABSTRACT

The roll out of mobile money services by the mobile telecommunication companies in recent years, has received over whelming uptake by users of financial services. The research sought to examine the impact of mobile money services on the performance of the commercial banking institutions in Uganda. Using a sample size of 102 respondents the study used a cross sectional study design and emphasis was put on the descriptive research approach. The data was analyzed qualitatively and quantitatively using descriptive statistics together with correlation analysis. The findings indicated that Ugandan commercial banks have experienced both a decline in profitability and liquidity in recent years and this to some extent has been attributed to the growth in use of mobile money services. The findings also showed a significant increase in awareness and use of mobile money services. The study recommends that commercial banks should partner or enter into joint ventures with mobile money operators. With such partnerships, banks would have effective models to expand their physical reach into poor and rural areas. This arrangement would deliver the required level of proximity and low transaction costs, which are essential in increasing client deposits, a source of liquidity. More so, commercial banks should take advantage of the products that are not provided by mobile operators. For example, credit or loan facilities and insurance services where banks have competitive advantage over mobile operators should be conveniently provided at a low cost to clients. It is hoped that this will build a strong bond between the client and the bank which guarantees regular flow of cash in or cash out transaction.