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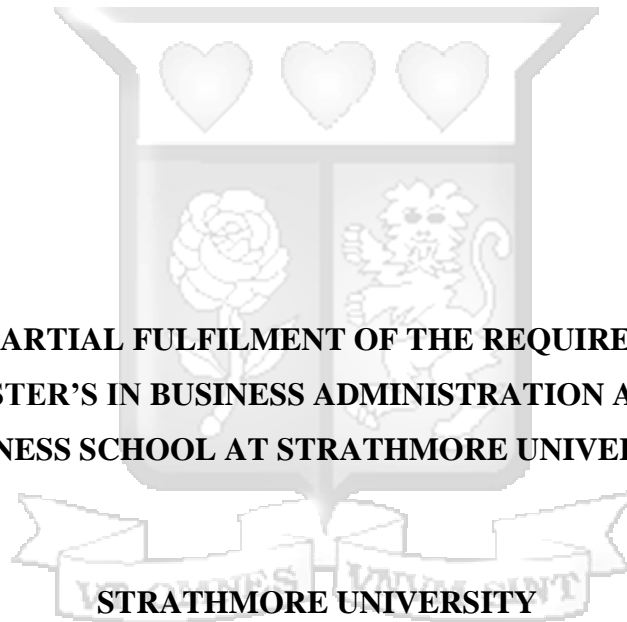
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**AN EVALUATION OF FACTORS AFFECTING THE PERFORMANCE OF  
MOBILE LENDING FINTECH COMPANIES IN KENYA**

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**SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE  
DEGREE OF MASTER'S IN BUSINESS ADMINISTRATION AT STRATHMORE  
BUSINESS SCHOOL AT STRATHMORE UNIVERSITY**



**NAIROBI, KENYA**

**MAY 2024**

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Jackline Wamahiu

Approval

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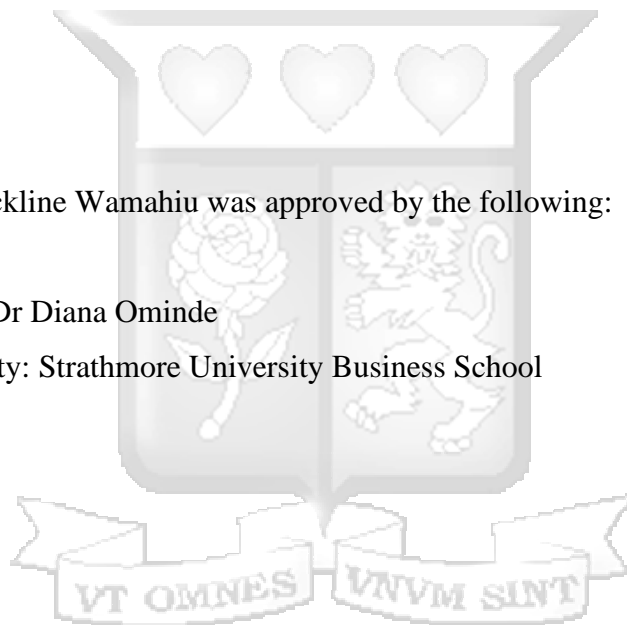
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## ABSTRACT

The FinTech sector experienced unprecedented growth over the past decade, marked by escalating investments that underscored its disruptive potential and critical role in reshaping the global financial landscape. This growth was especially significant in Africa, where FinTech acted as a pivotal conduit for the unbanked population, providing innovative alternatives to conventional banking challenges. In Kenya, a key player in the African FinTech arena, mobile lending companies formed an essential segment of this burgeoning industry. This study undertook a detailed examination of the factors influencing the performance of mobile lending FinTech companies in Kenya, motivated by a need to elucidate the complex interplay of internal and external elements that determined their success. The primary aim of this research was to dissect and understand the determinants of performance within this sector, with specific focus on: Assessing the impact of internal operations and strategy factors on the performance of mobile lending FinTech companies in Kenya. Evaluating the influence of regulatory and compliance factors on their performance.

Investigating how market presence and outreach affected their performance. The findings of the study revealed that performance was significantly influenced by three principal factor groupings: Regulatory and Compliance, Internal Operations and Strategy, and Market Presence and Outreach. Regulatory and Compliance factors were critical, as they encompassed the challenges and opportunities presented by evolving legal frameworks, which necessitated a delicate balance between fostering innovation and adhering to regulatory mandates. Internal Operations and Strategy factors highlighted the crucial role of effective management practices, ongoing innovation, and strategic alignment in propelling organizational success. Meanwhile, Market Presence and Outreach underscored the importance of robust marketing strategies and active customer engagement in securing a competitive advantage. This research further explored the implications of these findings for FinTech companies, regulatory bodies, and policymakers, offering targeted recommendations to cultivate an environment conducive to the sustainable growth and innovation of the FinTech sector. Future research directions suggested included examining the adoption of emerging technologies, understanding customer behaviors and trust dynamics, and analyzing the nuanced impacts of regulatory changes on innovation. By detailing the dynamic factors that affected mobile lending FinTech companies in Kenya, this study enriched the understanding of the sector's challenges and opportunities. It provided invaluable insights for stakeholders aiming to navigate the complexities of the digital finance ecosystem, emphasizing the necessity for a strategic, regulatory, and market-focused approach to enhance the performance and innovative capacity of FinTech enterprises.

## TABLE OF CONTENTS

Declaration.....	i
Abstract.....	i
Table of Contents.....	iii
List of Tables.....	vi
List of Figures.....	vii
List of Acronyms.....	viii
Chapter One: Introduction.....	1
1.1 Introduction of the study.....	1
1.2 Problem Statement.....	5
1.3 Research objectives.....	6
1.3.1 Specific research objectives.....	6
1.4 Research Questions.....	6
1.6 Scope of the Study.....	6
1.7 Significance of the Study.....	7
1.8 Chapter Summary.....	7
Chapter Two: Literature Review.....	9
2.1 Introduction.....	9
2.2 Theoretical Foundation of the Study.....	9
2.2.1 The Contingency Theory.....	9
2.3 Empirical Review.....	11
2.3.1 Internal operations and strategy factors and performance of firms.....	11
2.3.2 Regulatory and compliance factors and performance of firms.....	13
2.3.3 Market presence and outreach factors and performance of firms.....	17
2.4 Summary of Research Gaps.....	18
2.5 Operationalization of variables.....	20
2.6 Conceptual framework.....	22
2.6 Chapter Summary.....	23
Chapter Three: Research Methodology.....	24

3.1 Introduction.....	24
3.2 Research philosophy .....	24
3.3 Research design .....	24
3.4 Population .....	25
3.5 Sampling .....	25
3.6 Data Collection methods.....	26
3.6 Data Analysis .....	27
3.7 Research Quality .....	28
3.7.1 Validity .....	28
3.7.2 Reliability.....	28
3.8 Ethical Considerations .....	29
3.9 Chapter Summary .....	29
Chapter Four: Analysis and Presentation of Findings .....	30
4.1 Introduction.....	30
4.2 Response rate .....	30
4.3 Descriptive statistics .....	30
4.4 Objectives of the study.....	31
4.4.1 Objective one: To determine the factors that impact on the performance of mobile lending FinTech companies in Kenya.....	31
4.4.2: Objective two: The grouping of factors that impact on the performance of mobile lending FinTech companies in Kenya.....	35
4.4.3 Objective Three: To determine the impact of factors that influence the performance of mobile lending FinTech companies in Kenya. ....	40
4.7 Chapter summary .....	46
Chapter Five: Discussion conclusion and recommendations.....	47
5.1 Introduction.....	47
5.2 Discussion of findings.....	47
5.3 Conclusion .....	50
5.4 Recommendations of the study .....	51

5.5 Limitations and suggestions for further studies .....52

References.....54

Appendices.....59

Appendix A: Research questionnaire.....59

Appendix B: Correlation Matrix .....63

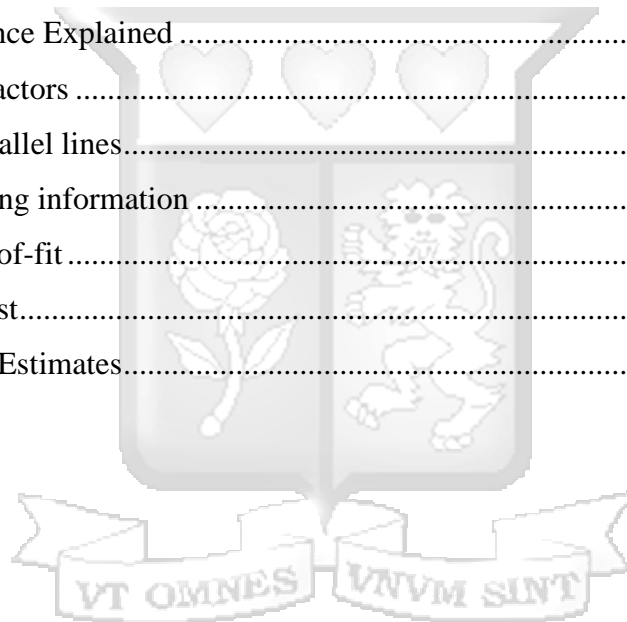
Appendix C: NACOSTI Approval.....75

Appendix D: Ethical Approval Letter.....76



## LIST OF TABLES

Table 2.1 Gaps in literature.....	19
Table 2.2 Operationalization of variables.....	21
Table 4.1 Response rate.....	30
Table 4.2 Position in organization.....	31
Table 4.3 Organizational performance.....	32
Table 4.4 Regulatory factors.....	33
Table 4.5 Business internal factors.....	34
Table 4.6 Government support factors.....	35
Table 4.7 KMO and Bartlett's Test.....	37
Table 4.8 Total Variance Explained.....	37
Table 4.9 Extracted Factors.....	40
Table 4.10 Test of parallel lines.....	41
Table 4.11 Model fitting information.....	42
Table 4.12 Goodness-of-fit.....	42
Tale 4.13 Pseudo R test.....	43
Table 4.14 Parameter Estimates.....	44



## LIST OF FIGURES

<i>Figure 2.1 Conceptual Framework</i> .....	22
<i>Figure 4.1 Scree plot</i> .....	39



## LIST OF ACRONYMS

BSC – Balanced Scorecard

CBK – Central Bank of Kenya

DCP – Digital Credit Providers

SU-IERC - Strathmore University Institutional Ethics Review Committee

NACOSTI - Commission for Science, Technology, and Innovation



## CHAPTER ONE: INTRODUCTION

### 1.1 Introduction of the study

An accurate understanding of mobile lending FinTech companies in Kenya requires a broader understanding of FinTech and its entails. Fintech, as defined by Schueffel (2016) refers to a new financial industry that applies technology to improve financial activities. As implied by the definition, FinTech is a broad phenomenon. Narrowing down of the concept as applicable to specific technologies and their use is thus necessary to gain deeper understanding of the utility of technology in specific fields. The current study focuses on FinTech as relates to the banking industry but aside from mainstream bank establishments. Fintech, in the current study, therefore, relates to mobile lending companies, which following from Schueffel (2016), apply technology to improve lending services. The performance of the firms is assessed through the Balanced Scorecard in a bid to gain understanding of the multidimensionality outcomes deemed of importance to the firm (Kaplan, 1992).

Global investment in FinTech has grown steadily from USD 1.8 billion in 2011 to USD 30.8 billion over the period 2011 to 2018 (Galvin *et al*, 2018). This steady growth matches a proliferation in the applicability of FinTech. Gavin (2018) points out that the traditional view of FinTech companies as new entrants looking to supplant and attack incumbent banking institution is limiting. Other implementations of FinTech that attract substantial investment include – FinTech as incumbent financial institution complements, FinTech large-tech company ecosystems, and FinTech as infrastructure providers (Gavin, 2018). The United Arab Emirates, in a move to diversify portfolios has further emerged as a leading incubator of FinTech technologies gunning for increased expenditure in disruptive technologies (Zarrouk *et al.*, 2021). This far-reaching investment trend is perhaps most impactfully experienced in Africa where FinTech companies compete in a market rife with opportunity.

McKinsey (2022) in a review of FinTech in Africa report that the period 2020 to 2021 saw the tripling of technology companies in Africa with the number reaching about 5,200 new companies. Of these, just under half were FinTech companies targeting specific banking services. The apparent situation, therefore, is one of intended substitution of incumbents in the

banking industry through the leveraging of technology solutions implemented by companies (McKinsey, 2022).

The growth of FinTech in the region is however projected to be uneven with some countries seeing greater advancements, in the space, than others. McKinsey (2022) notes that up to 40% of value in banking FinTech is concentrated in the South African economy. Evidence of this postulation is presented by Coetzee (2018) who observes that an ensuing FinTech revolution in South Africa has incumbent financial institutions to reorganize their operations. Technology-based skills are now mandatory not only for bank employees but for regulators. The projected future of finance in the Nation is viewed to shift away from brick and mortar establishment to the online space. McKinsey (2022) however note that services are not provided by online resources; human resource is responsible for the services with other resources supplementing and facilitating the delivery of services. It is hence apparent that factors impacting on the performance of firms in the mobile lending FinTech space will feature an intertwining of different factor groups.

M-Pesa, bitcoin and blockchain, amongst other technologies, have recently contributed to the FinTech fever that warranted the crafting of regulation to curb the unchecked proliferation of mobile lending services in Kenya (Knight & Wojcik, 2020). Mobile money transactions in Kenya amount to up to 40% of GDP thus emphasizing the need for examination of the sub-sector and its impact on the macroeconomic and socioeconomic status of the nation and its populace, respectively (Markus & Nan, 2020). Mobile lending platforms can therefore be considered as FinTech companies operating in Kenya's banking industry with their novelty qualified by the fact that the Central Bank of Kenya, in appreciation of the disruptive capabilities of such establishments, issued the Central Bank of Kenya (Amendment) Act, 2021, effective December 23, 2021. The Act dubbed the Digital Credit Providers Regulations is aimed at mandating the CBK with the powers to license and oversight the previously unregulated digital credit providers.

### **1.1.1 Internal operations and Strategy factors**

Internal Operations and Strategy encompass the strategic actions and internal mechanisms by which a firm orchestrates its resources to achieve competitive advantage. Porter (1985) emphasizes the importance of strategic positioning and resource management in achieving and

maintaining competitive market status. Mobile lending Fintech companies, as highlighted by Kiilu (2018) and Lee (2017), must navigate strategic, project, management, innovation, and value proposition concerns effectively to capitalize on market opportunities and drive growth. In this study, internal operations and strategy factors will be examined through the lens of strategy alignment with market demands, effectiveness of project and service offerings in meeting customer needs, efficiency of management structures, integration of innovations, and clarity of the firm's value propositions. These elements are crucial for understanding how Fintech companies manage their internal capabilities to respond to external market challenges.

### **1.1.2 Regulatory and compliance factors**

Regulatory and compliance factors pertain to the adherence of a firm to the legal and regulatory frameworks governing its operations. Ndungu & Moturi (2020) detail the significant impact of regulatory environments on business operations, while Perkins (2018) discusses the specific requirements for licensure and legal compliance that affect firm performance. This study will assess how reporting of transactions, licensure, and the broader legal framework impact mobile lending Fintech companies. The focus will be on how these regulatory and compliance challenges affect the operational capabilities and strategic decisions of these firms in the Kenyan market.

### **1.1.3 Market presence and outreach factors**

Market presence and outreach reflect a firm's effectiveness in implementing marketing, advertising, and financing strategies to enhance visibility and market penetration. According to McKinsey (2022), these strategies are pivotal for building brand equity and expanding the customer base. Gustaitė and Miečinskienė (2022) emphasize the impact of targeted, data-driven advertising strategies in enhancing customer acquisition and firm performance. The current study will explore how marketing strategies, advertising effectiveness, and financial management contribute to the market presence and outreach of mobile lending Fintech firms in Kenya. The analysis will provide insights into how these companies leverage market presence to influence their competitive advantage and market growth.

#### **1.1.4 Performance of mobile lending fintech companies**

The performance of mobile lending Fintech companies is measured through a multidimensional approach that includes financial metrics, customer satisfaction, innovation capability, and efficiency of internal processes, as advocated by Kaplan & Norton (1992) in the Balanced Scorecard methodology. Performance will be assessed across four key dimensions: customer satisfaction, innovation and learning, financial performance, and internal processes. This comprehensive approach allows for a detailed analysis of how well these firms are meeting their strategic objectives and fulfilling customer needs, thereby achieving sustainable growth. Performance measurement will utilize quantitative data from financial reports and customer feedback, alongside qualitative insights from internal audits and operational reviews. This multidimensional analysis will provide a thorough understanding of the operational health and market success of these Fintech firms.

#### **1.1.5 Mobile lending fintech companies in Kenya**

As of September 2022, the Central Bank of Kenya (CBK, 2022) has registered ten mobile lending FinTech companies, which have become crucial in addressing the financial needs of various demographics within Nairobi County. These companies include Ceres Tech Limited, Getcash Capital Limited, Giando Africa Limited (trading as Flash Credit Africa), Jijenge Credit Limited, Kweli Smart Solutions Limited, Mwanzo Credit Limited, MyWagepay Limited, Rewot Ciro Limited, Sevi Innovation Limited, and Sokohela Limited. Each of these firms operates within Nairobi, delineating the geographical scope of this study.

The performance of these mobile lending companies is significantly influenced by various factors. Regulatory and compliance issues are pivotal, particularly with the recent legislative updates that mandate these firms to adhere to strict guidelines set by the Central Bank of Kenya to foster responsible lending and ensure the sustainability of their business models (Adewumi & Jolaosho, 2022). Internally, the operational strategies of these companies, including management efficiency, strategic planning, and innovation, play critical roles in their ability to compete and thrive in the FinTech sector (Porter, 1985; Lee, 2017). Additionally, the effectiveness of their market presence and outreach initiatives, which involve robust marketing strategies and customer engagement, is essential for expanding their customer base and maintaining competitive advantage in the market (McKinsey, 2022).

By examining these dynamics, the study aims to provide a comprehensive understanding of the factors that drive the success and challenges faced by Ceres Tech Limited, Getcash Capital Limited, and other registered firms, thereby offering insights that could help shape policies and strategies to enhance the growth and sustainability of the mobile lending FinTech ecosystem in Nairobi.

## 1.2 Problem Statement

The emergence and proliferation of mobile lending platforms in Kenya have prompted significant regulatory changes, highlighted by the enactment of Section 59(2) of the Central Bank of Kenya Act. This regulation mandates all unregulated digital credit providers to secure licensing from the Central Bank of Kenya within six months following the publication of the Central Bank of Kenya (Digital Credit Providers) Regulations, 2022 (Adewumi & Jolaosho, 2022). Non-compliance with this directive by the stipulated deadline of September 17, 2022, would result in a breach of the law, underscoring the evolving regulatory landscape in which these companies operate. The recent nature of these regulations points to a previously insufficient legislative framework for the FinTech sector, emphasizing the need for a thorough examination of the factors influencing the performance of firms within this rapidly changing industry (Didenko, 2017).

Existing literature reveals a significant disparity in the frameworks used to analyze the determinants of company performance within the FinTech sector. For instance, McKinsey (2022) presents a classification of influencing factors that differ substantially from those identified by Fadhul & Hamdan (2020) and Hornuf *et al.*, (2021). Such inconsistencies highlight the necessity for further research into potential latent factors that could serve as underlying determinants of performance for mobile lending FinTech firms. Additionally, the varying emphasis on the impact and prioritization of these factors, as noted by Iman (2019) and Didenko (2018), underscores the requirement for a context-specific investigation into how these determinants affect mobile lending FinTech firms in Kenya.

The significance of this study is further underscored by the role of FinTech in enhancing financial inclusion among marginalized populations, a persistent challenge in Kenya (Sahay *et al.*, 2020). The potential success of novel initiatives like the Hustler Fund and other mobile

lending platforms could be significantly influenced by a deeper understanding of the factors that shape the performance of such FinTech companies.

### **1.3 Research objectives**

Contained in this section are the main and specific objectives of the study.

#### **1.3.1 Main objective.**

The main objective of the study is to evaluate the factors affecting the performance of mobile lending FinTech companies in Kenya.

#### **1.3.1 Specific research objectives**

The specific objectives are as follows:

- i. To determine the effect of internal operations and strategy factors on the performance of mobile lending fintech companies in Kenya
- ii. To determine the effect of regulatory and compliance factors on the performance of mobile lending fintech companies in Kenya
- iii. To determine the impact of market presence and outreach factors on the performance of mobile lending fintech companies in Kenya

### **1.4 Research Questions**

The research questions of the study are as below:

- i. What is the effect of internal operations and strategy factors on the performance of mobile lending fintech companies in Kenya?
- ii. What is the effect of regulatory and compliance factors on the performance of mobile lending fintech companies in Kenya?
- iii. What is the effect of internal operations and strategy factors on the performance of mobile lending fintech companies in Kenya?

### **1.6 Scope of the Study**

This section delineates the boundaries of the study. The study focuses on the financial sector, and in particular, mobile lending FinTech in Kenya. There are, as of September 2022, 10 registered mobile lending FinTech companies in Kenya; these are - Ceres Tech Limited, Getcash Capital Limited, Giando Africa Limited (Trading and Flash Credit Africa), Jijenge

Credit limited, Kweli Smart Solutions Limited, Mwanzo Credit Limited, MyWagepay Limited, Rewot Ciro Limited, Sevi Innovation Limited, and Sokohela Limited (CBK, 2022). All are domiciled in Nairobi hence dictating the geographical span of the study as Nairobi County. The study is estimated to take up to four months, beginning in December 2022 and ending in March 2023.

### **1.7 Significance of the Study**

The current study stands to offer useful information to be leveraged by policy makers, mobile lending FinTech companies, and academicians. The reactionist nature of Section 59(2) of the Central Bank of Kenya Act (CBK, 2022) indicates that policy makers are significantly behind the pace of the industry. Empirical findings to aid with the understanding of the sector will be useful in creating a well-structured industry. Mobile lending FinTech companies can benefit from the current study through the outlining of factors deemed impactful to performance, their grouping, and their relative importance vis performance. Finally, to academicians, the current study provides context specific information on the constitution and structuring of factors that impact on the performance of mobile lending FinTech companies in Kenya. These insights can be used to create a context-specific conceptual framework to guide future research in the field of study.

### **1.8 Chapter Summary**

The chapter introduces the study on the factors affecting the performance of mobile lending FinTech companies in Kenya. It begins by defining FinTech as the application of technology to improve financial activities and focuses on mobile lending companies in the banking industry. The background of the study highlights the global growth of investment in FinTech and the proliferation of FinTech companies in Africa, particularly in Kenya. The problem statement identifies the lack of a legislative framework in the FinTech space and the need to understand the factors shaping the performance of mobile lending FinTech firms. The research objectives aim to evaluate the factors impacting performance and determine their grouping and impact. The scope of the study focuses on the financial sector and mobile lending FinTech in Nairobi County. The significance of the study lies in providing valuable information for policymakers, mobile lending FinTech companies, and academicians to enhance the

understanding and development of the industry. The subsequent chapter provides a discussion of the theories and extant literature that anchors the current study.



## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This section serves as the backbone of the research as it places the current study amongst prior findings on the topic of interest. The chapter discuss the theories shaping the study, pertinent empirical literature prior conducted, gaps forthcoming from the review, and the conceptual framework adopted for the current study.

### **2.2 Theoretical Foundation of the Study**

This section details the basis of the study as guided by the contingency theory which focuses on the need for firms to consider their environment in the quest to remain relevant and competitive Van de Ven and Drazin (1985). The entails of the theory and its relation to the current study are subsequently discussed.

#### **2.2.1 The Contingency Theory**

The contingency theory was put forth by Van de Ven and Drazin (1985). The theory derives from Fiedler's seminal work on the contingency model of leadership effectiveness, a theory prominently used in organizational leadership studies. The firm, as depicted in the theory, is an open system interacting with factors occasioned by the industry. The factors vary in level of controllability as viewed from the firm's perspective. The theory therefore grounds a firm's performance on its ability to decipher its business environment and situate itself in a manner to benefit from the whims of the market. From a managerial perspective, the theory suggests that setting out strategies to study and understand market factors and crafting fitting strategies would result in the formulation of tactics that would eventually result in the gaining of competitive advantage. This view of the firm is supported by Hofer (1990) who further notes that in firms, the theory has been leveraged far more in the process of strategy creation than it has in the assessment of the constitution of actionable strategies.

The contingency theory of a firm is of pertinence to the current study as it presents regulation as a market force that shapes the functioning of organizations forming the industry. As noted by Van de Ven and Drazin (1985), firms operate as shaped by the vicissitudes of the market with some factors being more influenceable than others; regulation therefore presents as a

factor that can or cannot be shaped, depending on the nature of interaction between the regulator and the industry players. Regulations are further viewed as one among many other factors that can shape the performance of a firm (Niemand et al, 2021).

The contingency theory of firm performance has attracted criticism; Tosi and Slocum Jr (1984) in a notable critique posit that the theory is too simplified to capture the intricacies of firm performance. Tosi and Slocum Jr (1984) argue that the various factors that impact on the firm are in themselves intricately associated such that the assertion that accurate deciphering of the various isolated factors as the main determinant of firm performance falls short in accurately predicting actual performance. Instead, the authors advocate for a more nuanced consideration of factors, over and above the statutory structure, people, technology, strategy, and culture, proposed in the theory. This criticism is possibly supported by the fact that although firms exert themselves in strategy creation, the effort of such exertion is often not evident in actual performance. This concern is addressed in the current study by consideration of factors that emerge from the respondents as opposed to solely relying on those proposed in the contingency model.

### **2.2.1 Diffusion innovation theory**

The Diffusion of Innovations Theory, formulated by Everett Rogers in 1962, offers a comprehensive lens through which the adoption of new technologies and ideas can be examined across different cultures and societies. Rogers' theory is particularly applicable to the FinTech sector, as it elucidates the mechanisms by which innovative financial services, such as mobile lending platforms, gain acceptance among underserved populations (Rogers, 1962). This theory identifies several factors that influence the rate and success of an innovation's adoption, including the innovation's relative advantage, compatibility with existing values and practices, simplicity, trialability, and observable results.

In the context of Nairobi's burgeoning FinTech industry, these attributes help explain why mobile lending solutions like those offered by companies such as Ceres Tech Limited and Getcash Capital Limited have seen rapid uptake. These platforms provide clear advantages over traditional banks, including accessibility, lower costs, and user-friendly interfaces, aligning well with the widespread use of mobile technology in Kenya (Tornatzky & Klein, 1982). However, the theory has faced criticism for oversimplifying the adoption process by

focusing too much on the attributes of innovations and not enough on the social context or the change agents involved (Barnett, 2004). Critics argue that this perspective underestimates the complexities of human behavior and societal structures that can facilitate or impede the adoption process.

Addressing these critiques, the current study expands the application of the Diffusion of Innovations Theory by considering the regulatory environment and the role of FinTech companies as change agents within the Kenyan context. Regulatory actions by the Central Bank of Kenya, which shape the legal and operational landscape for these firms, are examined as part of the social system that affects the diffusion process. Furthermore, by analyzing how these companies engage with and influence their user base and broader stakeholder groups, this study acknowledges the active role of FinTechs in promoting financial innovation (Greenhalgh et al., 2005).

## **2.3 Empirical Review**

The purpose of this section is to explore literature that is of relevance to the objectives of the study. The section is therefore constituted in keeping with the study objectives with gaps fleshed out from the most noteworthy observations following the exposition of the chosen literature.

### **2.3.1 Internal operations and strategy factors and performance of firms**

Hornuf et al., (2021) in an elaborate assessment of the niche that banks occupy in the financial industry of Canada, France, Germany, and the United Kingdom posit that the idea of FinTech companies as exclusively focused on uprooting incumbent banks is not accurate. Fintech companies, depending on the structuring of different markets, may benefit more for aligning with rather than competing with traditional firms in the space. Hornuf *et al* (2021) group investment factors and product related factors as among shaping considerations for FinTech companies operating in a market dominated by incumbents. The study therefore illustrates the importance of industry-specific determinants of factors that are of importance to a FinTech company. A novel categorization approach results from context-specific information and intention of the FinTech in question. Findings from this study therefore justify the consideration of factor groupings that are of relevance in Kenya's FinTech space.

Kiilu (2018) investigates the impact of Fintech firms on the financial performance of the Kenyan banking sector. While not directly focused on mobile lending Fintechs, the study sheds light on the competitive environment these companies operate in. The pressure exerted by Fintechs on traditional banks likely compels strategic adjustments from both parties (Kiilu, 2018). This highlights the importance of strategic decision-making for mobile lending Fintechs within the Kenyan financial landscape.

Ashta and Biot-Paquerot (2018) explore the challenges and opportunities of strategic value management in the dynamic Fintech industry. They emphasize the need for Fintech companies to adapt their strategies to keep pace with market changes (Ashta & Biot-Paquerot, 2018). This emphasizes the relevance of strategic management for the performance of mobile lending Fintechs, but the study doesn't delve into specific strategies employed by these companies in Kenya. Ng and Pan (2022) analyze competitive strategies for ensuring Fintech platform performance. While not limited to mobile lending, their findings offer valuable insights into strategies that can enhance performance. Their focus on competitive strategies within Fintech platforms aligns with understanding how mobile lending companies position themselves in the market, impacting their performance (Ng & Pan, 2022).

Lee (2017) evaluates mobile lending applications from a user's perspective, focusing on Peer-to-Peer (P2P) lending platforms within the Fintech industry. While not directly investigating mobile lending companies in Kenya, the study highlights the importance of user experience in the design and functionality of mobile lending applications (Lee, 2017). This user-centric approach to service offerings can be a crucial factor influencing the performance of mobile lending Fintechs in Kenya.

Suryono, Budi, and Purwandari (2021) identify issues plaguing P2P lending Fintech platforms in Indonesia. While the geographical context differs, their findings can offer insights into potential challenges faced by mobile lending Fintechs in Kenya. Issues like fraudulent activities and borrower delinquency can significantly impact the performance of these companies (Suryono et al., 2021). Understanding and mitigating such risks through robust project design and service offerings is essential for success.

Soriano (2017) explores factors driving financial inclusion and financial performance in Fintech ventures. While not limited to mobile lending, the study emphasizes the importance of a well-defined value proposition for Fintech companies' success (Soriano, 2017). This value

proposition is essentially the service or product offered and how it benefits the target audience. Aligning project design and service offerings with a clear value proposition can significantly impact the performance of mobile lending Fintechs in Kenya.

A gap exists in the current literature regarding in-depth examinations of project design and service offerings specific to mobile lending Fintechs in Kenya. Lee (2017) sheds light on user experience, and Suryono et al. (2021) highlight potential risks, but a comprehensive understanding of how these companies design and deliver their services is lacking. Additionally, Soriano's (2017) emphasis on value proposition necessitates further research on how mobile lending Fintechs in Kenya tailor their services to meet user needs and achieve financial inclusion. A gap further presents in the current literature regarding the specific strategies employed by mobile lending Fintechs in Kenya. While the studies by Kiilu (2018), Ashta and Biot-Paquerot (2018), and Ng and Pan (2022) highlight the significance of strategy for performance, further research is needed to explore the unique strategic approaches adopted by mobile lending Fintechs within the Kenyan context.

### **2.3.2 Regulatory and compliance factors and performance of firms**

Fadhul and Hamda (2020) in a study conducted in Bahrain employ the use of secondary data and a qualitative analysis approach to infer the determinants of performance of FinTech companies. Data used in the study was from secondary sources. The authors posit that the financial technology (Fintech) industry has many dimensions, and that the industry is changing the way people think about money. Governments are racing to be leaders in this field because they understand that Fintech will determine who leads in the next century (Fadhul & Hamdan, 2020). Bahrain raised over \$100 million in financing for Fintech development, representing a vast sum compared to the country's gross domestic product (GDP) in 2018.

Fadhul & Hamdan (2020) postulate that managers made provisions for free space for shareholders and inventors to test their products before using them in the actual market; this gave shareholders an indication of how much it would cost them to operate in Bahrain's Fintech industry and what profit they might make from doing so. The eventual outcome was the gaining of investors' trust. The study details the factor - government involvement with such sub constructs as funding, investor attraction, marketing, and orchestration (Fadhul & Hamdan, 2020). The study can therefore be used as a guide in improving the performance of financial

technology companies through innovation management strategies. In Kenya, the adoption of FinTech by the country's largest banks and many small- and medium-sized enterprises can leverage FinTech's vast potential for growth and innovation.

Njathi (2019) in an assessment of the non-bank mobile lending applications subsector notes that the industry is characterized by predatory lending approaches that offer loans to financially overburdened or lacking citizens. The approach therefore results in limitation of such persons from accessing future loans through mainstream banking services on account of listing on the Credit Reference Bureau (CRB) (Njathi, 2019). The trend has however been addressed through the creation of such legislature as that requiring mandated registration of such entities have been put in place as a pushback to practices in the field (Njathi, 2019). Regulation, viewed considering the objectives of the current study, therefore presents as a significant factor affecting the current and future performance of such entities.

Through a qualitative study featuring ordered logistic regression with data sourced from 32 FinTech firms, Zarrouk *et al.*, (2021) sought to delineate the main factors affecting the performance of FinTech companies in the United Arab Emirates. Findings revealed that availability of resources, in particular, venture capital prove limiting to firms. Additionally, regulatory policies and legal provisions, were found to impact significantly on the outcome of firms in the FinTech space. Business model dimensions including product and service offerings, and value proposition were also found to constitute internal business factors that have significant bearing on the outcomes of the firm. The finding therefore suggests a meshwork of internal and external business factors that may prove shaping to the performance of a mobile lending FinTech firm.

Didenko (2018) in a general study of FinTech regulation in Africa notes that the issue presents as a pressing matter. Didenko (2018) notes that the emergence of Kenya and South Africa as leaders in Africa's FinTech space can be attributed to favourable regulatory environments in the two regions. This therefore places innovation, as posited by Iman (2019) as a by-product of well-structured regulations and not a forerunner of the same. The difference in inference of the impact of the two factors suggests a practical conundrum for a firm looking to action strategies to ensure successful competition in a market. If going by Iman (2019) a firm may be convinced to invest heavily on innovation while monitoring regulatory frameworks.

Contrastingly, going by Didenko (2018) the same firm may be convinced to invest in regulatory scanning and policy lobbying as the main point of focus to gain a competitive advantage in the market. The conflict necessitates further context specific findings on the varied impact of different factors found impactful to the performance of FinTech companies in Kenya.

Suryono et al. (2021) examine issues plaguing P2P lending Fintech platforms in Indonesia. While the geographical context differs, their findings can offer insights into potential challenges faced by mobile lending Fintechs in Kenya. One such challenge is ensuring transparent and accurate transaction reporting (Suryono et al., 2021). Robust reporting systems are crucial for regulatory compliance and maintaining user trust, which can significantly impact performance. Agarwal and Zhang (2020) further provide a review of Fintech innovation in lending and payments. While not specific to Kenya, they highlight the importance of regulatory frameworks in shaping the development of Fintech solutions (Agarwal & Zhang, 2020). Reporting requirements mandated by regulations can influence how mobile lending Fintechs design their platforms and processes, impacting their performance.

Perkins (2018) explores the concept of marketplace lending, a core function of mobile lending Fintechs. While not specific to Kenya, the study highlights the role of licensing requirements in regulating these platforms (Perkins, 2018). The ease of obtaining and complying with licensing regulations can significantly impact the operational efficiency and, consequently, the performance of mobile lending Fintechs in Kenya. Additionally, Ndungu and Moturi (2020) investigate the factors influencing mobile Fintech uptake in the Kenyan microfinance sector. While their focus is not on licensing specifically, the study suggests that a complex regulatory environment can hinder the adoption of Fintech solutions (Ndungu & Moturi, 2020). Understanding how licensing requirements interact with other regulatory factors to impact performance is crucial for mobile lending Fintechs in Kenya.

Mahalle et al. (2021) explore the regulatory challenges faced by Fintech companies offering accounting services. While not limited to mobile lending, their study highlights the challenges associated with navigating a rapidly evolving legal framework (Mahalle et al., 2021). This can be particularly relevant for mobile lending Fintechs in Kenya, where the regulatory landscape surrounding Fintech is still developing. In keeping with the approach of exposition of factors deemed pivotal to the performance for firms, Ediagbonya and Tioluwani (2023) discuss the role of Fintech in driving financial inclusion in developing economies. While their focus is

broader, they acknowledge the importance of a supportive legal framework for Fintech innovation (Ediagbonya & Tioluwani, 2023). A clear and supportive legal framework can foster an environment conducive to the growth and performance of mobile lending Fintechs in Kenya. Kapsis (2020) argues for a future-oriented legal framework for Fintech in the European Union. While geographically distant, the study emphasizes the need for regulations that can adapt to the dynamic nature of Fintech (Kapsis, 2020). This adaptability is crucial for fostering the performance of mobile lending Fintechs in Kenya, where the industry is constantly evolving.

Perkins (2018) offers a general overview of licensing in marketplace lending, and Ndungu and Moturi (2020) acknowledge the potential challenges of complex regulatory environments. However, a more nuanced understanding is required. In-depth research is needed to explore how specific licensing requirements and the overall licensing process in Kenya influence the performance of mobile lending Fintechs. This should examine the impact on factors like operational efficiency and time-to-market. Suryono et al. (2021) further emphasize the importance of transparent reporting, and Agarwal and Zhang (2020) discuss the role of regulations in shaping reporting requirements. However, a gap exists in understanding how these reporting requirements and transaction transparency practices directly interact with the performance of mobile lending Fintechs in Kenya. Further research is needed to explore how these factors influence user trust, operational efficiency, and ultimately, the performance of these companies.

The current literature provides valuable insights into the influence of regulatory and compliance factors on mobile lending Fintechs in Kenya. However, several key gaps exist that hinder a comprehensive understanding of this critical relationship: Limited Analysis of the Kenyan Legal Framework; Need for Nuanced Understanding of Licensing Impact; Missing Link Between Reporting and Performance. While studies by Mahalle et al. (2021), Ediagbonya and Tioluwani (2023), and Kapsis (2020) highlight the importance of a clear, supportive, and adaptable legal framework for Fintech, a deeper examination specific to Kenya is lacking. We need research that analyzes how the clarity, supportiveness, and adaptability of the Kenyan legal framework directly impact the performance of mobile lending Fintechs operating within the country.

### **2.3.3 Market presence and outreach factors and performance of firms**

The McKinsey group (2022) in an assessment of overarching factors impacting the FinTech space in Africa point to four factors – scarcity management, corporate governance, scale and profitability, and uncertain regulatory environments (McKinsey, 2022). The grouping of these factors is such that sub-constructs overlap. As an example, regulatory factors are discussed alongside exchange rates and licensure. Fadhul & Hamdan (2020) appear to isolate macroeconomic factors from regulatory factors hence contradicting the approach taken by McKinsey (2022). The conflict is of relevance to the current study as it highlights the need for empirically and statistically justified grouping of findings.

Iman (2019) through a qualitative and descriptive analysis of the interplay between traditional banks and FinTech companies in Indonesia notes that technological concerns present as the most shaping factor to the performance of FinTech firms. Such companies as Go-Jek, Grab, Traveloka, focusing on payment infrastructure have proven successful on account of their innovation (Iman, 2019). The role of authority, noted by Iman (2019) as maintaining a close link with authorities in the space is noted as a fringe concern therefore suggesting that the impact of the factor is quite secondary to that of technological advancement in the space.

In their 2022 study, Gustaitė and Miečinskienė (2022) investigate the utilization of Advertising Technology (AdTech) within the FinTech sector. The authors aim to delineate the impact of sophisticated advertising technologies on enhancing market presence and customer engagement for FinTech firms. Employing a combination of qualitative and quantitative research methods, their analysis reveals that targeted, data-driven advertising strategies significantly elevate customer acquisition rates and bolster the financial performance of these companies. Despite these insights, the study does not delve into specific market segments or provide a regional analysis, which could be pivotal for understanding distinct dynamics within the Kenyan market.

In a study, conducted by Le et al. (2021), investigate the impact of mobile banking applications on the performance of banks within the Vietnamese context. Employing a quantitative approach involving statistical analysis, the authors examine the relationship between mobile banking adoption and various performance metrics for banks. While not directly applicable to the Kenyan mobile lending fintech sector, this study highlights the potential for mobile

financial services to exert a significant influence on the performance of financial institutions. However, due to the distinct geographical and regulatory environments, the findings may not be readily generalizable to the Kenyan context.

Thomas and Hedrick-Wong's (2019) publication explores the role of digital finance and fintech in advancing financial inclusion across emerging markets, with implications for Kenya. The authors employ a theoretical approach, bolstered by case studies from various emerging economies, to argue that fintech initiatives are crucial for enhancing the socio-economic status of marginalized communities. Their findings suggest that fintech is a pivotal tool for broadening financial access. However, the study falls short in providing detailed empirical data specific to the Kenyan market, thereby lacking localized insights that are essential for a nuanced understanding of the Kenyan fintech landscape.

Wachira et al (2021) examine the transformative effects of digital financial services on the banking industry in Kenya, offering pertinent implications for mobile lending fintech companies. The methodology integrates customer surveys with an analysis of bank performance data over several years, providing a robust framework for evaluating the impact of digital innovations. Key findings indicate that such innovations have significantly enhanced market penetration and financial inclusivity, thereby driving competitive performance among commercial banks. Notably, the paper presents specific performance metrics such as the return on investment from digital services. However, it lacks a discussion on the specific challenges encountered by smaller fintech firms within the Kenyan context.

In summary, the reviewed literature underscores the significant role of digital innovations and targeted marketing in enhancing the performance of fintech companies. However, there remains a notable gap in focused empirical research specifically addressing mobile lending scenarios and customer behaviors in Kenya. This gap highlights the need for further localized studies that examine these aspects in depth to better understand and optimize fintech performance in the Kenyan market.

## **2.4 Summary of Research Gaps**

Three main gaps motivate the current study – the need for a conceptual framework applicable for environmental scanning for mobile lending FinTech companies: conflicts in finding, and scarcity in context specific determinants of FinTech performance in Kenya. The first gap stems

from the contingency theory discussed in the theoretical framework. The theory necessitates consideration of external and internal factors by firms looking to stay abreast of developments in their industry. Whereas Van de Ven and Drazin (1985) propose focus on structure, people, technology, strategy, and culture as potential determinants of a company's performance, the constructs, as evidence by the foregoing review of literature of factors may not be sufficient. A more robust model that includes novel and far-reaching constructs is warranted. The current study addresses this gap.

McKinsey's (2022) grouping of factors that impact on the industry differs from that proposed by Fadhul & Hamdan (2020) and Hornuf *et al.*, (2021). The lack of consistency in consideration of factors necessitates additional research on potential latent factors serving as underlying determinants of the performance of firms in the space. Finally, the difference in prioritization of factors and their impact, by Iman (2019) and Didenko (2018) points to a need for context specific investigation of the relative impact of determinants of mobile lending FinTech firms in Kenya. Table 2.1 provides a summation of the gap's forthcoming from the foregoing exposition of literature.

Table 2.1 Gaps in literature

<b>Type of Gap</b>	<b>Actual Gap</b>	<b>Source</b>	<b>Contribution of Current Study</b>
<b>Strategic Management</b>	Lack of in-depth examination of specific strategies employed by mobile lending Fintechs in Kenya.	Kiilu (2018), Ashta & Biot-Paquerot (2018)	The study will explore unique strategic approaches adopted by mobile lending Fintechs within the Kenyan context.
<b>Project Design and Service</b>	Comprehensive understanding of project design and service offerings specific to mobile lending Fintechs is missing.	Lee (2017), Suryono et al. (2021)	Investigate and detail how mobile lending Fintechs in Kenya design and deliver their services to meet user needs.

<b>Regulatory and Compliance</b>	Detailed analysis of how specific licensing requirements and the overall licensing process in Kenya influence Fintech performance.	Perkins (2018), Ndungu & Moturi (2020)	Examine the impact of licensing on operational efficiency and time-to-market for mobile lending Fintechs in Kenya.
<b>Reporting and Transparency</b>	Understanding of how reporting requirements and transaction transparency practices interact with the performance of Fintechs in Kenya.	Suryono et al. (2021), Agarwal & Zhang (2020)	Explore how transparent reporting influences user trust and operational efficiency in mobile lending Fintechs.
<b>Market Presence and Outreach</b>	Contradictions in factor groupings affecting market presence and regulatory impacts, specifically how they apply to Kenya.	McKinsey (2022), Fadhul & Hamdan (2020)	Provide empirically and statistically justified groupings of factors affecting Fintech performance in Kenya.
<b>User Experience and Inclusion</b>	Limited empirical data on how digital finance and fintech initiatives enhance financial inclusion specifically in Kenya.	Thomas & Hedrick-Wong (2019)	Offer localized insights and empirical data on the impact of fintech on financial inclusion in Kenya.

## 2.5 Operationalization of variables

The assessment of literature as conducted in the foregoing factors yielded an understanding of the variable and their impact on the performance of firms. This understanding is captured in a sublimated manner in table 2.2 which captures the understanding and conceptualization of these variables as used in the current study.

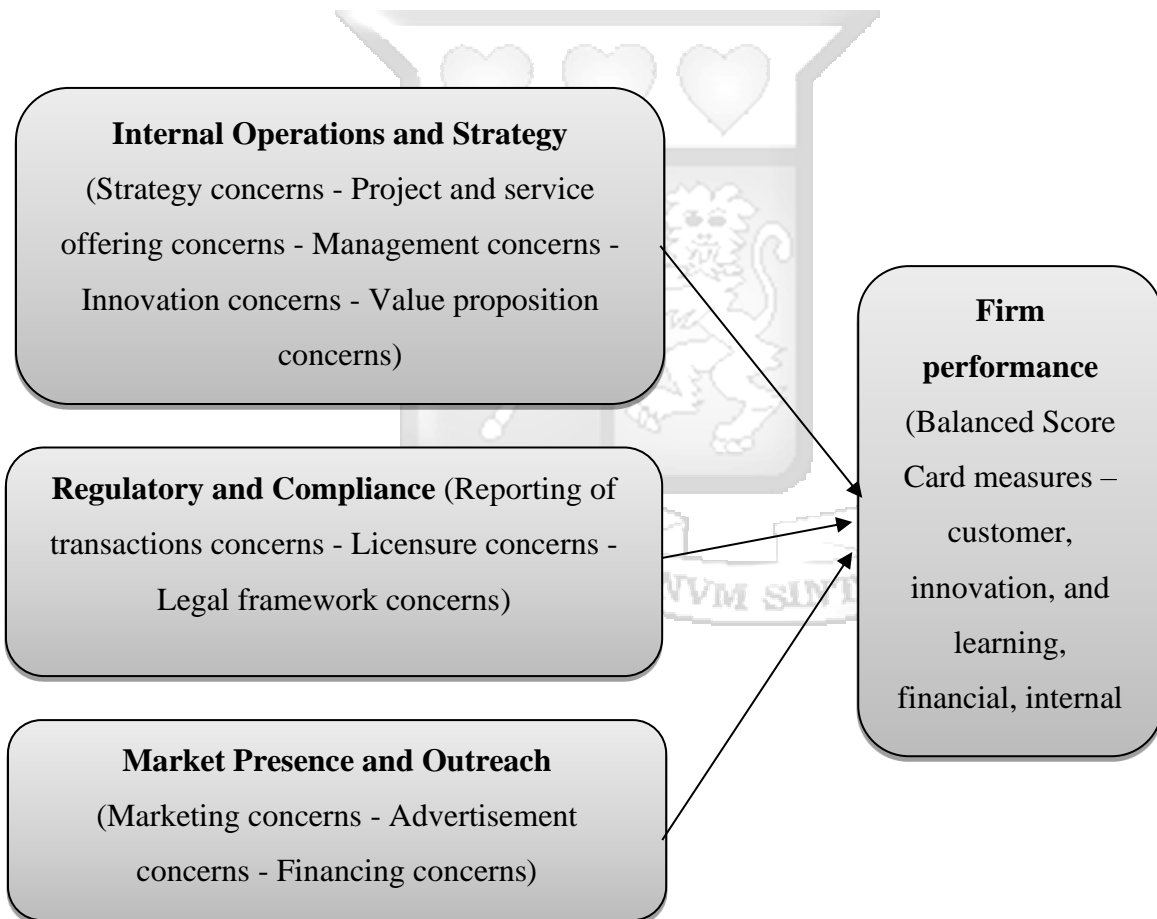
Table 2.2 Operationalization of variables

Variable Type	Variable	Sub-Variables	Source	Measurement
<b>Dependent</b>	Firm Performance	- Customer Satisfaction - Innovation and Learning - Financial Performance - Internal Processes	Kaplan & Norton (1992)	Balanced Score Card: Measured through customer feedback, rate of innovation adoption, financial metrics (revenue, profitability), and efficiency of internal processes.
<b>Independent</b>	Internal Operations and Strategy	- Strategy Concerns - Project and Service Offering Concerns - Management Concerns - Innovation Concerns - Value Proposition Concerns	Lee (2017), Suryono et al. (2021), Kiilu (2018)	Likert Scale (1 – 5)
<b>Independent</b>	Regulatory and Compliance	- Reporting of Transactions Concerns - Licensure Concerns - Legal Framework Concerns	Perkins (2018), Ndungu & Moturi (2020), Agarwal & Zhang (2020)	Likert Scale (1 – 5)
<b>Independent</b>	Market Presence and Outreach	- Marketing Concerns - Advertisement	McKinsey (2022), Gustaité and	Likert Scale (1 – 5)

		Concerns - Financing Concerns	Miečinskienė (2022)	
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## 2.6 Conceptual framework

The conceptual framework provides insights on the interrelation of variables proposed in the study vis-à-vis the objectives of the study (Saunders et al, 2003). The model proposed in this section is therefore provisional as the second objective of the study aim to arrive at a robust grouping of factors deemed influential to the performance of firms. The current model derives from a generalist grouping of factors emerging from the foregoing review of literature.

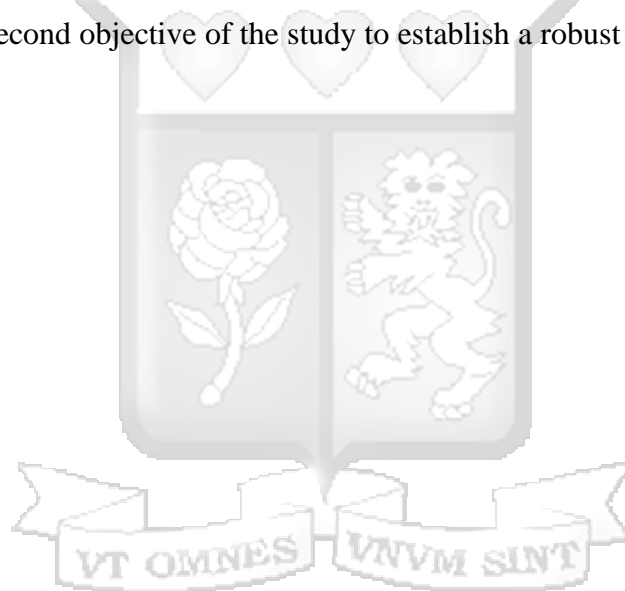


*Figure 2.1 Conceptual Framework*

Source: Researcher (2024)

## 2.6 Chapter Summary

The foregoing chapter provided an introduction, which established the context and significance of the current research by examining prior literature on the topic. It highlights the theories that shape the study, existing empirical research, gaps identified from the literature review, and the conceptual framework adopted for the study. The theoretical foundation of the study is built upon the contingency theory, which emphasizes the importance of firms considering their environment to remain competitive. The theory views firms as open systems that interact with various factors influenced by the industry. The chapter explains the contingency theory, its relation to the current study, and critiques of the theory's oversimplification of firm performance determinants. The empirical review section explores relevant literature that aligns with the study's objectives. A provisional conceptual framework is presented, which will be refined based on the second objective of the study to establish a robust grouping of influential factors.



## CHAPTER THREE: RESEARCH METHODOLOGY

### 3.1 Introduction

A detailing of the methodology used in a research project allows for understanding of the manner through which the inferences, forthcoming from the study, were arrived at and the rationalisation of the same (Kothari, 2004). This chapter aims to detail the methodology of the study by presenting discussions on the research philosophy utilized, the research design, population and sampling approaches, data collection methods used, analysis approach, research quality provisions, and finally, ethical concerns addressed in the study.

### 3.2 Research philosophy

The research philosophy of a study, as observed by Williams (2021) aims to communicate the researcher's understanding of the basis of knowledge generation and the pursuit of knowledge about a research object. Two main philosophies of study are positivist and interpretivist (Williams, 2021). The positivist school of thought holds that reality of objective and to be understood as such. The role of the research is therefore to detail objective observations of the world and communicate findings of phenomena of interest. The interpretivism paradigm, in contrast, holds that the nature of reality is subjective and significantly dependent on the subjectivity involved in its interpretation (Williams, 2021). The researcher is therefore viewed as substantially affected by biases and preferences and that these biases and preferences shape their understanding of the subjective reality of phenomena under study (Alharahsheh & Pius, 2020).

The current study was based on the positivist understanding of research and the purposes of research. The constructs under observation are considered stable and objective and the accompanying analysis approaches similarly so. Findings are therefore considered indicative of the reality of the situation involving the interrelationship between the phenomena studied.

### 3.3 Research design

The research design of a study refers to the strategy employed to integrate the different components of the study in a manner allowing for thorough investigation of a research problem (Headly & Plano-Clark, 2020). The current study applied a correlational design. The correlational design, as noted by Headly & Plano-Clark, 2020) enables a researcher to

investigate relationships between variables without the control or manipulation of the variables under assessment. In the current study, the variables of focus, informed by the literature, are considered valid on account of their sourcing from peer-reviewed sources and are therefore useful in inferring interrelationships between them in keeping with the study objectives. The correlational research design is thus considered fitting unto the needs of the study and keeping with the positivist philosophy depicting variables as objectively understandable.

### 3.4 Population

The Central Bank of Kenya (2022) following passage of The Central Bank of Kenya (Amendment) Act, 2021, effective December 23, 2021, required that all Digital Credit Providers (DCP) register, with the CBK, by March 18, 2022. The call for registration was followed by publishing of the total number of firms allowed to operate as mobile lending Fintech companies. There are 10 such firms listed in the central bank of Kenya directory of licenced digital credit providers as of September 17, 2022; these are the population of the current study. These are Ceres Tech Limited, Getcash Capital Limited, Giando Africa Limited (Trading and Flash Credit Africa), Jijenge Credit limited, Kweli Smart Solutions Limited, Mwanzo Credit Limited, MyWagepay Limited, Rewot Ciro Limited, Sevi Innovation Limited, and Sokohela Limited. Employees involved in lending activities via respective platforms form the population of the current study. Direct contact with the companies placed the total population at an estimated total of 600 employees directly involved in lending services.

### 3.5 Sampling

The sample for the study was thus computed from this population using Cochran's modified formula for small sample sizes. The forthcoming calculations are indicated below:

Sample size formula.

$$z^2 * p(1 - p) / (1 + ((z^2 * p(1 - p)) / e^2 N))$$

z is the z-value set at 1.96 for the current study, p is the proportion set at 0.5 for unknown proportion of participants with the anticipated assessed qualities. e is the margin of error – 0.05. N is the population size. The substitution of values into the equation results in the following concluding calculation of the numerator and denominator.

$$384.16 / 1.640267$$

The sample size for the study is therefore 234.2 hence 235 respondents.

The sample is however lower than 1000 thus necessitating adjustment. This is indicated below.

Sample Size Adjustor

$$n = \frac{n_0}{1 + \frac{(n_0 - 1)}{N}}$$

Where  $n_0$  is the prior generated sample size and  $N$  the population size.

The resulting calculation yields 184.51 hence a sample size of 185 is deemed sufficient for the study.

### 3.6 Data Collection methods

Structured questionnaires, as noted by Pattern (2016) are advantageous because they allow for high response rates on account of their ease of filling out. The need for well-suited but effective collection tools is thus addressed satisfactorily using structured questionnaires. The questionnaires will be distributed through Google Forms to allow for ease of distribution and collection of response. The collected data was checked for consistency and accuracy and all partial fills revisited to request for complete filling. This measure was taken to avoid biased inferences on account of partially filled forms that may serve to skew findings (Bowling, 2005).

The questionnaire designed for this study was structured to comprehensively capture the multifaceted factors affecting the performance of mobile lending FinTech companies in Kenya. It is divided into several sections, each aimed at exploring different dimensions relevant to the study's objectives. Demographic Information: This initial section collects basic demographic data from respondents such as age, gender, position, and tenure at the company. This data helps in understanding the background of the respondents and in performing subgroup analyses. Internal Operations and Strategy: Questions in this section are designed to assess the respondents' perceptions of their company's strategic alignment, innovation practices, and operational effectiveness. Regulatory and Compliance: This part focuses on the employees' views on how regulatory frameworks impact their daily operations and overall company performance. Market Presence and Outreach: This section gauges the effectiveness of the companies' marketing and outreach strategies from the perspective of the employees directly involved in these areas. Each section is intended to provide insights into the respective factors that influence the performance of FinTech firms, aligning closely with the study's broader

objectives. The questionnaire's design ensures a balanced approach to gathering both quantitative and qualitative data, facilitating a comprehensive analysis of the sector.

### 3.6 Data Analysis

The objectives of the study necessitated investigation of relationship between the variables under consideration. The first objective involves identification of the factors deemed most impactful to the performance of mobile lending FinTech companies. This objective will be addressed through descriptive statistics capturing the modal responses for each factor. The mode is preferred for the study as the data will be collected through Likert scales hence will be ordinal in nature; ordinal data is appropriately summarily represented by the mode (Jacques & Biernacki, 2018). The second objective of the study involves grouping of factors considered impactful to the performance of mobile lending FinTech companies. A factor analysis is therefore proposed. Factor analysis allows for identification of potential latent factors that shape interrelated constructs (Kline, 2014).

A regression analysis was conducted to address the final objective of the study. An Ordinal regression model was run. This was used to match the ordinal scale used for the dependent variable. Saunders et al (2009), posit that ordinal logistic regression is a type of regression analysis that can be used when the dependent variable is ordinal, meaning that it has a natural order but no fixed intervals between the categories. For example, a customer satisfaction survey might use an ordinal scale from 1 (very dissatisfied) to 5 (very satisfied). Ordinal logistic regression can model the relationship between the ordinal dependent variable and one or more independent variables, which can be either categorical or continuous. The ordinal regression model proposed for the study is detailed below:

$$\log(P(Y \leq j)/(1-P(Y \leq j))) = \alpha_j - (\beta_1 x_1 + \dots + \beta_i x_i), j=1, \dots, J-1$$

Where:

J - number of levels in the categorical response variable

j - one of the ordered categories the response variable

P - number of explanatory variables

Y – outcome of interest

A – Intercept coefficient

$\beta_1$  – First Factor coefficient

$\beta_i$  – Additional factor coefficients

$x_1$  – First factor

$x_i$  – Additional factors

### **3.7 Research Quality**

Information forthcoming for a research initiative should be accurate to ensure its utility. The current study aims to ensure the accuracy of the data and resulting inferences by addressing potential validity and reliability concerns. The provisions put in place are addressed below.

#### **3.7.1 Validity**

Internal validity refers to the consistency between the variables under assessment and the data collected to represent them (Saunders et al, 2009). Internal validity, in the current study, is addressed through sourcing research questions from the literature review and the conducting of a pilot study. Twenty potential respondents will be approached as required to provide insights on the understandability of the questions populating the study questionnaire. Responses from this stage will be used to reshape the questions to ensure better understandability.

External validity refers to the extent to which findings can be generalized to a population (Saunders, et al, 2009). External validity will be achieved through random sampling of the study respondents. The use of a probabilistic tool in arriving at study respondents improves the generalizability of findings (Heale & Twycross, 2015). The statistical means applied in making inferences are further targeted at ensuring that the findings are accurate and therefore sufficiently stable to be used to infer the state of the variables as presenting in the population of study. Bolster

#### **3.7.2 Reliability**

Reliability addresses the consistency with which a construct is measured (Roberts & Priest, 2006). Questions populating the questionnaire were sourced from extant literature to ensure that they are, on account of rigour of the peer-reviewed sources, sufficiently reliable. Subsequently, Cronbach's alpha was used to assess the consistency of the scales employed in the study. A score of 0.7 will be required for each scale to ensure sufficient reliability; none of

the tables indicated scores lower than 0.7 (Bujang et al, 2018). This score was calculated from pilot data.

### **3.8 Ethical Considerations**

To research sought to protect the confidentiality of all respondents. To achieve this, all data will be collected through online questionnaires thus allowing respondents to fill out questions privately at their convenience. None of the respondents was required to provide personal identifying details, hence protecting their identity. The nature of the questions was assessed through The Strathmore University Institutional Ethics Review Committee (SU-IERC) and subsequently by the National Commission for Science, Technology, and Innovation (NACOSTI) to ensure that they are fitting for collection of data. Finally, all study responses were kept under lock and key, accessible only to the researcher and the assessor assigned to the project.

### **3.9 Chapter Summary**

This chapter focused on the methodology employed in the study, The chapter covers various aspects of the methodology, including research philosophy, research design, population and sampling, data collection methods, data analysis, research quality provisions, and ethical considerations. The research philosophy is discussed, distinguishing between positivist and interpretivist approaches. The study adopts a positivist perspective, considering the constructs under investigation as stable and objective, and employing statistical analysis to derive objective findings. In summation the chapter provides a comprehensive overview of the methodology employed in the study, detailing the research philosophy, design, population and sampling, data collection and analysis methods, research quality provisions, and ethical considerations.

## CHAPTER FOUR: ANALYSIS AND PRESENTATION OF FINDINGS

### 4.1 Introduction

This chapter attends to the study questions by using the data from the study to assess the interrelationships of the constructs proposed in the objectives of the study. This section presents discussion on the response rate, descriptive statistics, and inferential insights forthcoming from the analyses.

### 4.2 Response rate

A field assessment, in the pilot stage of the study, revealed that the earlier reported population size was higher than that on the ground. Research assistance was tasked with finding the total number of employees across the organizations with the total number, as indicated in the table below, placed at 243 employees; this number excluded respondents from Kweli Smart Solutions Limited as no response, despite application of different outreach approaches, was apparent from the organization. The recalculated sample size was therefore 149 respondents. A total number of 128 respondents were reached across the organizations placing the response rate at 85%.

Table 4.1 Response rate

Description	Value
Total Number of Employees (Excluding Kweli Smart Solutions Limited)	243
Recalculated Sample Size	149
Total Number of Respondents Reached	128
Response Rate	85%

### 4.3 Descriptive statistics

Respondents were required to provide information on their positions within the organization. The data reveals a significant skew towards non-managerial staff, who constitute 92.969% of the respondents. This indicates that the perspectives captured in the study are largely from employees without managerial or decision-making roles. The implication for analysis is that the insights primarily reflect operational or front-line experiences and views on the factors

affecting the performance of mobile lending FinTech companies in Kenya. This demographic detail is crucial as it might influence the perceived importance of various factors affecting company performance, potentially highlighting operational challenges over strategic or policy-related issues.

Table 4.2 Position in organization

Variable/Statistic	Nbr. of observations	Nbr. of missing values	Sum of weights	Nbr. of categories	Mode	Mode frequency	Categories	Frequency per category	Rel. frequency per category (%)	Proportion per category
Position	128	0	128	2	Non-Manager	119	Manager	9.000	7.031	0.070
							Non-Manager	119.000	92.969	0.930

#### 4.4 Objectives of the study

##### 4.4.1 Objective one: To determine the factors that impact on the performance of mobile lending FinTech companies in Kenya.

The determination of factors that were deemed impactful on performance commenced with an exposition of literature which yielded the three factors operationalized as ab initio independent variables in the current study – regulatory factors, business-internal factors, and government support factors. This section presents descriptive findings on the variables assessed.

##### 4.4.1.1 Organizational performance

Responses on the organizational performance of the organization was further computed. Focusing on the median values for organizational performance indicators, as presented in table 4.2, reveals employees experience moderate financial performance and growth, with both indicators at a median of 3. This suggests a balanced view among respondents. Information accessibility and role clarity are notably positive, with medians of 4, indicating that most employees feel adequately informed and clear about their objectives. Innovativeness and

customer service also stand out, with medians of 4 across the board, reflecting a consistent commitment to service improvement and customer satisfaction. Strategic understanding within companies is similarly high, with a median of 4, showcasing effective internal alignment.

Table 4.3 Organizational performance

Statistic	[Our revenue postings have been sufficiently high]	[We have experienced growth in our financial income]	[I get the information I need to be productive in my job]	[I have a clear understanding of my objectives in the company]	[We constantly look for better ways to serve our clients]	[We constantly deliver a high level of customer service]	[I clearly understand the strategic direction of our company]	[I constantly find new ways of improving our services]
<b>Median</b>	3.000	3.000	4.000	4.000	4.000	4.000	4.000	4.000
<b>Mean</b>	3.445	3.461	3.953	4.208	4.232	4.214	4.164	4.195
<b>Standard deviation (n-1)</b>	0.979	0.963	0.700	0.722	0.674	0.765	0.685	0.653

#### 4.4.1.2 Regulatory Factors

Regulatory factors were assessed based on four questions. As presented in table 4.5, the analysis indicates a nuanced understanding of how licensure, transaction reporting, legal frameworks, and exchange rates impact operations. Licensure and transaction reporting have median impacts of 4 and 3, respectively, suggesting moderate to high concern levels among respondents. Legal framework concerns also show a median impact of 3, indicating a significant but manageable effect on operations. Exchange rate concerns stand out with a median of 5, highlighting this as a major area of impact. The mean scores align with these findings, especially noting the highest mean of 4.346 for exchange rate concerns, suggesting currency fluctuations are a critical regulatory challenge for FinTech companies in Kenya.

Table 4.4 Regulatory factors

<b>Statistic</b>	<b>[Licensure concerns significantly affect our operations]</b>	<b>[Reporting of transactions concerns significantly affect our operations]</b>	<b>[Legal framework concerns significantly affect our operations]</b>	<b>[Exchange rate concerns significantly affect our operations]</b>
<b>Nbr. of observations</b>	128	128	128	128
<b>Nbr. of missing values</b>	0	0	0	1
<b>Minimum</b>	1.000	1.000	1.000	1.000
<b>Maximum</b>	5.000	5.000	5.000	5.000
<b>1st Quartile</b>	2.000	2.000	3.000	4.000
<b>Median</b>	4.000	3.000	3.000	5.000
<b>3rd Quartile</b>	4.000	4.000	4.000	5.000
<b>Mean</b>	3.141	3.359	3.297	4.346
<b>Variance (n-1)</b>	2.201	1.618	1.029	0.752
<b>Standard deviation (n-1)</b>	1.483	1.272	1.015	0.867

#### 4.4.1.3 Business internal factors

The analysis of business internal factors affecting operations in mobile lending FinTech companies reveals a consensus among respondents on the significant impact of these factors, with median scores uniformly at 4 (table 4.4). This indicates a strong agreement on the substantial influence of strategy, management, innovation, project and service offerings, and value proposition concerns. Consistency across these areas suggests that internal operational dynamics are crucial in shaping company performance. The data points to a balanced view on the importance of internal management and innovation efforts, with particular emphasis on ensuring a compelling value proposition, as reflected by a higher mean score (3.883) for value proposition concerns.

Table 4.5 Business internal factors

<b>Statistic</b>	<b>[Strategy concerns significantly affect our operations]</b>	<b>[Management concerns significantly affect our operations]</b>	<b>[Innovation concerns significantly affect our operations]</b>	<b>[Project and service offering concerns significantly affect our operations]</b>	<b>[Value proposition concerns significantly affect our operations]</b>
<b>Nbr. of observations</b>	128	128	128	128	128
<b>Nbr. of missing values</b>	1	2	2	1	0
<b>Minimum</b>	1.000	1.000	1.000	1.000	2.000
<b>Maximum</b>	5.000	5.000	5.000	5.000	5.000
<b>1st Quartile</b>	3.000	3.000	3.000	3.000	3.000
<b>Median</b>	4.000	4.000	4.000	4.000	4.000
<b>3rd Quartile</b>	4.000	4.000	4.000	4.000	5.000
<b>Meaappendn</b>	3.780	3.746	3.587	3.717	3.883
<b>Variance (n-1)</b>	0.935	0.751	0.532	0.840	0.734
<b>Standard deviation (n-1)</b>	0.967	0.867	0.730	0.916	0.857

#### 4.4.1.4 Government support factors

The findings presented in table 4.5 show that the median responses for advertisement and marketing concerns affecting operations are at the maximum of 5. This indicates that at least half of the respondents believe these factors have a very high impact on the performance of mobile lending fintech companies in Kenya. For financing concerns, the median is slightly lower at 4, suggesting that while still important, it's seen as less impactful than the other two factors. The mean scores echo this finding but with less severity; financing concerns have a mean of 4.219, advertisement concerns 4.425, and marketing concerns 4.523. Although all above the neutral midpoint of 3, this progression in mean scores indicates a nuanced view among respondents that marketing and advertisement are slightly more critical concerns than financing. The consistency between the medians and means suggests a general agreement among the respondents on the significance of these concerns. The data implies that while all

three factors are important, there's a perceived slightly greater impact of advertising and marketing on company performance.

Table 4.6 Government support factors

<b>Statistic</b>	<b>[Financing concerns significantly affect our operations]</b>	<b>[Advertisement concerns significantly affect our operations]</b>	<b>[Marketing concerns significantly affect our operations]</b>
<b>Nbr. of observations</b>	128	128	128
<b>Nbr. of missing values</b>	0	1	0
<b>Minimum</b>	2.000	3.000	3.000
<b>Maximum</b>	5.000	5.000	5.000
<b>1st Quartile</b>	4.000	4.000	4.000
<b>Median</b>	4.000	5.000	5.000
<b>3rd Quartile</b>	5.000	5.000	5.000
<b>Mean</b>	4.219	4.425	4.523
<b>Variance (n-1)</b>	0.471	0.405	0.330
<b>Standard deviation (n-1)</b>	0.687	0.636	0.575

#### **4.4.2: Objective two: The grouping of factors that impact on the performance of mobile lending FinTech companies in Kenya**

The second objective required that the factors be scrutinized to assess their grouping; this was achieved through exploratory factor analysis. Findings from the factor analysis are subsequently presented.

##### **4.4.2.1 Correlation matrix**

The correlation matrix, presented in appendix B, indicates that there's a very strong positive correlation between 'Licensure concerns' and 'Reporting of transactions concerns' ( $r = .936$ ,  $p < .001$ ), suggesting that in the context of mobile lending FinTech companies, these two regulatory factors are perceived to affect operations in a very similar way. This could mean that any actions or changes in policy affecting one are likely to affect the other. 'Legal framework concerns' show moderate positive correlations with both 'Licensure concerns' ( $r = .633$ ) and 'Reporting of transactions concerns' ( $r = .691$ ), but a weaker relationship with 'Exchange rate concerns' ( $r = .371$ ). This could indicate that while legal frameworks are a

significant factor for operational impact, exchange rate concerns might be influenced by a separate set of external economic factors.

Furthermore, there is a strong positive correlation between 'Strategy concerns' and 'Management concerns' ( $r = .718, p < .001$ ), which suggests that the effectiveness of strategies is closely tied to management quality in these firms. Additionally, a strong positive correlation exists between 'Innovation concerns' and both 'Project and service offering' ( $r = .620$ ) and 'Value proposition' ( $r = .447$ ), implying that innovation within companies strongly affects how projects and services are offered as well as the value proposition to customers. This was similarly the case, albeit to a lesser extent, between 'Financing concerns' and 'Advertisement concerns' ( $r = .446$ ), as well as 'Marketing concerns' ( $r = .497, p < .001$ ), indicating that financial aspects are closely related to how a company markets itself and advertises its products.

It's notable that 'Strategy concerns' are negatively correlated with all regulatory factors, suggesting that as regulatory concerns increase, confidence in strategy decreases, or that these firms see regulatory issues as a hindrance to strategic implementation. The significance levels indicate that most correlations are statistically significant ( $p < .05$ ), particularly the strong correlations, which provides confidence in the robustness of these relationships.

The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy was run with finding presented in table 4.6. The researcher conducted a Kaiser-Meyer-Olkin (KMO) test which resulted in a measure of sampling adequacy of 0.672. This value falls within the acceptable range, suggesting that factor analysis is appropriate for the dataset. While a KMO value closer to 1.0 is preferable, the obtained value above the acceptable threshold of 0.5 justifies the use of factor analysis.

Subsequently, the researcher administered Bartlett's Test of Sphericity, yielding a chi-square statistic of approximately 894.294 with 66 degrees of freedom and a highly significant level of less than 0.001 (table 4.6). The significance of this result allows the researcher to reject the null hypothesis positing that the correlation matrix is an identity matrix. This finding confirms that there are substantial relationships among the variables under study, which are appropriate for exploration through factor analysis. The outcomes of the KMO and Bartlett's tests collectively confirm the suitability of factor analysis for the current dataset. The identified significant relationships among the variables corroborate the feasibility of proceeding with factor analysis.

Table 4.7 KMO and Bartlett's Test

<b>KMO and Bartlett's Test</b>		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.672
Bartlett's Test of Sphericity	Approx. Chi-Square	894.294
	df	66
	Sig.	.000

Three variables were extracted from the data (table 4.7). The Total Variance Explained table illustrates the outcome of the factor analysis through initial eigenvalues, extraction sums of squared loadings, and rotation sums of squared loadings. In the context of this study, which aims to understand the factors influencing the performance of mobile lending FinTech companies in Kenya, these statistics are crucial.

The initial eigenvalues indicate the amount of variance each factor accounts for before any extraction. The first factor explains a substantial 29.129% of the variance, and the second factor accounts for 23.810%. Together, the first three factors cumulatively account for 68.922% of the variance. This substantial percentage suggested by the initial eigenvalues underscores the importance of these factors. Upon extraction, using the Principal Axis Factoring method, the three factors together explain 60.821% of the variance. This reduction in explained variance post-extraction is expected, as only the significant factors are retained. The focus would be on these three factors as they are the most influential in explaining the variance within the dataset, and they relate directly to the study's aim of determining the primary factors that impact the performance of FinTech companies.

Table 4.8 Total Variance Explained  
**Total Variance Explained**

Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.496	29.129	29.129	3.150	26.251	26.251	2.782	23.182	23.182
2	2.857	23.810	52.940	2.528	21.070	47.321	2.572	21.431	44.614
3	1.918	15.982	68.922	1.620	13.500	60.821	1.945	16.207	60.821
4	.885	7.371	76.294						

5	.732	6.100	82.393						
6	.655	5.461	87.854						
7	.476	3.970	91.824						
8	.335	2.790	94.615						
9	.280	2.332	96.946						
10	.177	1.472	98.418						
11	.133	1.108	99.526						
12	.057	.474	100.000						

Extraction Method: Principal Axis Factoring.

The extracted scree plot, based on the eigenvalue of 1 presented three viable variables. These are indicated in figure 4.1 (figure 4.1). The scree plot visualizes the eigenvalues of the factors, helping to determine the number of factors to retain. It shows a clear break or 'elbow' after the third factor, indicating that the first three factors are significant, while the subsequent factors contribute less to the explanation of the variance and might represent noise.

The 'elbow' in the scree plot occurring after the third factor reaffirms the results of the Total Variance Explained table, supporting the decision to retain only the first three factors for further analysis. This decision aligns with the study objectives as it aids in clearly identifying and focusing on the most significant groupings of factors affecting the performance of mobile lending FinTech companies in Kenya. Both the Total Variance Explained and the scree plot inform the research on the number of meaningful factors to consider. They collectively suggest that concentrating on the first three factors would likely provide the most valuable insights into the determinants of performance within the Kenyan mobile lending FinTech sector. The subsequent analysis would then involve interpreting these factors to understand what specific attributes they represent and how they can be addressed to enhance company performance.

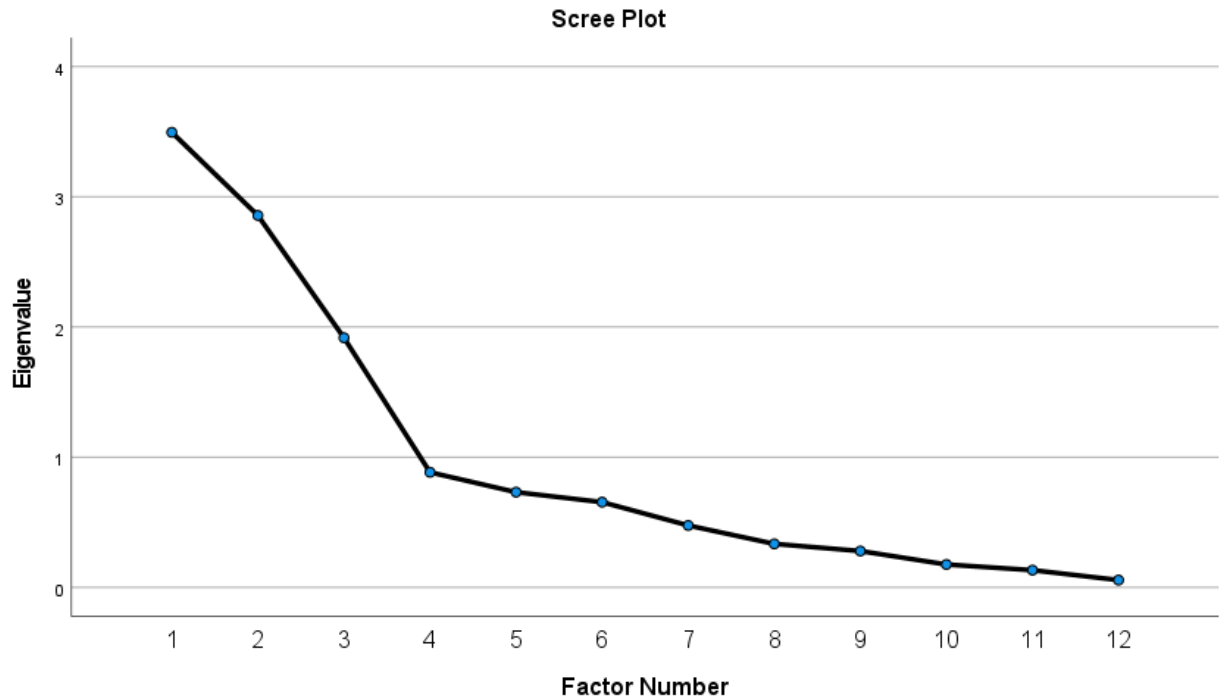


Figure 4.1 Scree plot

Given the orthogonal rotation approach – varimax rotation – used for the study the rotated factor matrix was considered. Findings are presented in table 4.8. Factor 1 is most strongly associated with operational concerns internal to the company. It includes high loadings from strategy (.785), project and service offering (.778), management (.739), and innovation (.709). The presence of value proposition concerns (.629) also suggests that this factor captures elements related to the core competencies and competitive positioning of these companies. This factor can be interpreted as 'Internal Operations and Strategy' since it encompasses core aspects that the company can control and direct for performance improvement.

Factor 2 encapsulates regulatory and compliance-related concerns, with reporting of transactions concerns (.961) and licensure concerns (.912) showing the strongest loadings. Additionally, legal framework concerns have a substantial loading (.725) under this factor, reinforcing the regulatory theme. This factor might be aptly termed 'Regulatory and Compliance', emphasizing the external constraints and requirements that FinTech companies must navigate within the Kenyan market.

Factor 3 is closely related to market outreach and visibility with marketing concerns (.913) and advertisement concerns (.855) showing the highest loadings. This factor could be labelled

'Market Presence and Outreach', indicating the importance of how these companies' market and advertise themselves to maintain and grow their customer base.

The factor loadings for each variable on their respective factors are all above the generally accepted significant threshold of .5 (except for 'Financing concerns', which is slightly lower at .542, but can still be considered meaningful due to context). Negative loadings observed in the matrix (such as -.207 for 'Reporting of transactions concerns' on Factor 1) are typically disregarded, as the rotation aims to simplify the structure and enhance interpretability.

It is noteworthy that 'Exchange rate concerns' has a more dispersed loading across all three factors, though not significantly high on any, which could suggest it has a multifaceted impact on operations that isn't captured by a single underlying construct in this context.

Overall, the rotated factor matrix provides a clearer picture of the distinct groupings of factors affecting mobile lending FinTech companies in Kenya. The results can guide these companies in focusing their strategies and resources on areas that are most influential for their performance—be it enhancing internal operations, adhering to regulatory requirements, or strengthening market presence. This information is pivotal for strategic decision-making and prioritizing actions that can lead to improved performance outcomes in the competitive FinTech landscape.

Table 4.9 Extracted Factors

<b>Factor</b>	<b>Monikered Label</b>	<b>Subfactors</b>
<b>1</b>	Internal Operations and Strategy	- Strategy concerns - Project and service offering concerns - Management concerns - Innovation concerns - Value proposition concerns
<b>2</b>	Regulatory and Compliance	- Reporting of transactions concerns - Licensure concerns - Legal framework concerns
<b>3</b>	Market Presence and Outreach	- Marketing concerns - Advertisement concerns - Financing concerns.

#### **4.4.3 Objective Three: To determine the impact of factors that influence the performance of mobile lending FinTech companies in Kenya.**

Following evaluation of descriptive insights from the data, inferential analysis was performed in keeping with the third objective of the study: to determine the impact of factors that influence

the performance of mobile lending FinTech companies in Kenya. Ordinal logistic regression was performed with findings subsequently presented.

The Test of Parallel Lines results (table 4.9), with a Chi-Square of 621.485 and a significance level (Sig.) of .885, suggest that the null hypothesis cannot be rejected. This implies that the assumption of proportional odds—or parallel lines—is not violated in the model. Essentially, it indicates that the relationship between the predictors and the log odds of the outcomes is consistent across different levels of the outcome variable, supporting the validity of using ordinal logistic regression for analyzing the data in this study.

Table 4.10 Test of parallel lines  
**Test of Parallel Lines<sup>a</sup>**

Model	-2 Log Likelihood	Chi-Square	df	Sig.
Null Hypothesis	621.485			
General	.000 <sup>b</sup>	621.485	665	.885

The null hypothesis states that the location parameters (slope coefficients) are the same across response categories.

- a. Link function: Logit.
- b. The log-likelihood value is practically zero. There may be a complete separation in the data. The maximum likelihood estimates do not exist.

The Intercept Only model serves as a baseline model that includes no predictors, and it has a -2 Log Likelihood of 655.622. This model only predicts the outcome based on the overall proportions of the categories of the dependent variable. The Final model, which includes predictors (in this case, the extracted factors), has a -2 Log Likelihood of 621.485. When comparing it to the Intercept Only model, the Chi-Square statistic is 34.137 with 35 degrees of freedom, and the significance (Sig.) is .510.

As indicated in table 4.10, the Chi-Square test compares the Intercept Only model with the Final model to determine if the predictors significantly improve the model fit. A significant Chi-Square (typically  $p < .05$ ) would suggest that the Final model with the predictors is a significantly better fit than the Intercept Only model. In this case, the p-value of .510 indicates that the Final model does not significantly improve the fit over the Intercept Only model based on the Chi-Square test. This could mean that the predictors included in the model do not significantly explain the variance in the dependent variable beyond what is expected by chance.

The results therefore suggest that the extracted factors may not be strong predictors of performance, or there may be other variables not included in the model that could explain more of the variance in organizational performance.

Table 4.11 Model fitting information

<b>Model Fitting Information</b>				
Model	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	655.622			
Final	621.485	34.137	35	.510
Link function: Logit.				

The Pearson Chi-Square test has a value of 2157.193 (table 4.11) with 2005 degrees of freedom and a significance level of .009. A non-significant chi-square ( $p > .05$ ) would indicate a good fit; hence, the p-value of .009 suggests that the model does not fit the data well according to the Pearson criterion. It is important to note, however, that the Pearson Chi-Square test can be sensitive to large sample sizes, which might lead to significant results even when discrepancies between observed and expected values are not practically important. The Deviance test has a value of 595.565 with 2005 degrees of freedom and a significance level of 1.000. This result indicates a good fit, as a non-significant value ( $p > .05$ ) suggests that the model adequately describes the data. A perfect significance level of 1.000 is unusual and may require a review of the data and model to ensure that it is correctly specified.

For the current study, the conflicting results from the Pearson and Deviance tests might suggest different interpretations regarding model fit. While the Deviance test indicates a good fit, the Pearson test suggests otherwise. Given that the Pearson test can be affected by sample size, reliance on the Deviance test is considered more appropriate in this context, particularly if the sample size is large.

Table 4.12 Goodness-of-fit

<b>Goodness-of-Fit</b>			
	Chi-Square	df	Sig.
Pearson	2157.193	2005	.009
Deviance	595.565	2005	1.000

Link function: Logit.

As presented in table 4.12 the pseudo-R-squared values from the ordinal logistic regression model—Cox and Snell (.234), Nagelkerke (.235), and McFadden (.050)—indicate the model's explanatory power. Although these values suggest that the model explains a moderate portion of the variance in the dependent variable, they highlight room for improvement. McFadden's lower value points to a relatively modest fit, which is typical for social science data. These metrics provide a quantitative measure to assess how well the model captures the complexities of factors affecting the performance of mobile lending FinTech companies in Kenya.

Tale 4.13 Pseudo R test

<b>Pseudo R-Square</b>	
Cox and Snell	.234
Nagelkerke	.235
McFadden	.050
Link function: Logit.	

Findings forthcoming from the original regression, as pertains to the three extracted factors are presented in table 4.13. The estimates for 'Regulatory and Compliance' factor indicate varying effects on performance. While some are positive (e.g., .708 for a score of 1.33), others are negative (e.g., -1.017 for a score of 3.00), and some are non-significant, with wide confidence intervals. This variability could suggest that different aspects of regulatory and compliance have different directional influences on organizational performance, and not all are equally impactful. Similarly, the 'Internal Operations and Strategy' factor shows a mix of positive and negative estimates across different levels of performance. The wide confidence intervals and varying significance levels (some non-significant and others, like -3.481 for a score of 3.20, are significant at  $p < .05$ ) suggest that the impact of internal operations and strategy is not consistent across all levels of performance. For example, a highly negative estimate with significant p-value (-3.481) suggests that as internal operations and strategy improve (or are rated higher), the likelihood of being in a lower performance category increase. The 'Market Presence and Outreach' factor presents a negative estimate (e.g., -1.386 for a score of 3.67) that is significant at the .076 level, which is near the conventional .05 threshold. This indicates that

higher scores in market presence may correspond with lower performance categories, albeit this relationship is not as strong as in other factors.

Table 4.14 Parameter Estimates

	Estimate	Std. Error	Wald	df	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Threshold [OrganizationalPerformance = 3.00]	-5.645	1.395	16.380	1	.000	-8.379	-2.911
[OrganizationalPerformance = 3.13]	-5.438	1.382	15.487	1	.000	-8.146	-2.729
[OrganizationalPerformance = 3.25]	-4.809	1.353	12.631	1	.000	-7.461	-2.157
[OrganizationalPerformance = 3.29]	-4.687	1.349	12.070	1	.001	-7.330	-2.043
[OrganizationalPerformance = 3.38]	-4.572	1.345	11.546	1	.001	-7.209	-1.935
[OrganizationalPerformance = 3.43]	-4.361	1.340	10.598	1	.001	-6.987	-1.736
[OrganizationalPerformance = 3.50]	-3.927	1.330	8.712	1	.003	-6.534	-1.319
[OrganizationalPerformance = 3.63]	-3.186	1.319	5.831	1	.016	-5.771	-.600
[OrganizationalPerformance = 3.71]	-3.087	1.318	5.484	1	.019	-5.670	-.503
[OrganizationalPerformance = 3.75]	-2.679	1.314	4.158	1	.041	-5.254	-.104
[OrganizationalPerformance = 3.86]	-2.637	1.313	4.030	1	.045	-5.211	-.062
[OrganizationalPerformance = 3.88]	-2.014	1.308	2.371	1	.124	-4.578	.550
[OrganizationalPerformance = 4.00]	-1.190	1.302	.835	1	.361	-3.741	1.362
[OrganizationalPerformance = 4.13]	-.855	1.300	.433	1	.511	-3.402	1.692
[OrganizationalPerformance = 4.25]	-.439	1.297	.115	1	.735	-2.982	2.103
[OrganizationalPerformance = 4.38]	-.058	1.296	.002	1	.964	-2.597	2.481
[OrganizationalPerformance = 4.50]	.570	1.297	.193	1	.660	-1.972	3.112
[OrganizationalPerformance = 4.57]	.653	1.298	.253	1	.615	-1.891	3.196
[OrganizationalPerformance = 4.63]	1.483	1.321	1.260	1	.262	-1.106	4.071
[OrganizationalPerformance = 4.75]	1.905	1.347	1.999	1	.157	-.736	4.546
Location [RegulatoryandCompliance=1.00]	.485	1.531	.100	1	.752	-2.516	3.486

[RegulatoryandCompliance=1.33]	.708	1.466	.233	1	.629	-2.166	3.581
[RegulatoryandCompliance=1.67]	-.089	1.037	.007	1	.931	-2.122	1.944
[RegulatoryandCompliance=2.00]	.112	.766	.021	1	.884	-1.389	1.613
[RegulatoryandCompliance=2.33]	.766	.806	.902	1	.342	-.814	2.345
[RegulatoryandCompliance=2.67]	.589	1.251	.222	1	.638	-1.863	3.041
[RegulatoryandCompliance=3.00]	-1.017	.779	1.706	1	.191	-2.543	.509
[RegulatoryandCompliance=3.33]	-1.420	1.162	1.492	1	.222	-3.698	.858
[RegulatoryandCompliance=3.67]	-.351	.767	.210	1	.647	-1.855	1.152
[RegulatoryandCompliance=4.00]	-.084	.662	.016	1	.899	-1.382	1.215
[RegulatoryandCompliance=4.33]	.126	1.122	.013	1	.911	-2.073	2.326
[RegulatoryandCompliance=4.67]	-.278	.808	.119	1	.730	-1.861	1.304
[RegulatoryandCompliance=5.00]	0 <sup>a</sup>	.	.	0	.	.	.
[InternalOperationsandStrategy=1.40]	-1.788	2.092	.731	1	.393	-5.887	2.312
[InternalOperationsandStrategy=2.20]	-2.441	1.528	2.551	1	.110	-5.437	.554
[InternalOperationsandStrategy=2.40]	1.175	1.686	.486	1	.486	-2.130	4.480
[InternalOperationsandStrategy=2.50]	-.229	2.651	.007	1	.931	-5.424	4.967
[InternalOperationsandStrategy=2.60]	-1.012	2.526	.161	1	.689	-5.963	3.939
[InternalOperationsandStrategy=2.80]	-1.423	1.523	.873	1	.350	-4.408	1.563
[InternalOperationsandStrategy=3.00]	-1.720	1.252	1.889	1	.169	-4.173	.733
[InternalOperationsandStrategy=3.20]	-3.481	1.425	5.963	1	.015	-6.275	-.687
[InternalOperationsandStrategy=3.40]	-.843	1.302	.419	1	.517	-3.394	1.709
[InternalOperationsandStrategy=3.50]	-3.866	2.267	2.908	1	.088	-8.309	.577
[InternalOperationsandStrategy=3.60]	-1.679	1.251	1.802	1	.180	-4.131	.773
[InternalOperationsandStrategy=3.80]	-1.162	1.238	.880	1	.348	-3.589	1.266
[InternalOperationsandStrategy=4.00]	-1.514	1.244	1.481	1	.224	-3.951	.924
[InternalOperationsandStrategy=4.20]	-2.285	1.327	2.963	1	.085	-4.886	.317
[InternalOperationsandStrategy=4.40]	-1.249	1.387	.811	1	.368	-3.968	1.470
[InternalOperationsandStrategy=4.60]	-1.498	1.287	1.355	1	.244	-4.019	1.024
[InternalOperationsandStrategy=4.80]	-.536	1.918	.078	1	.780	-4.295	3.222

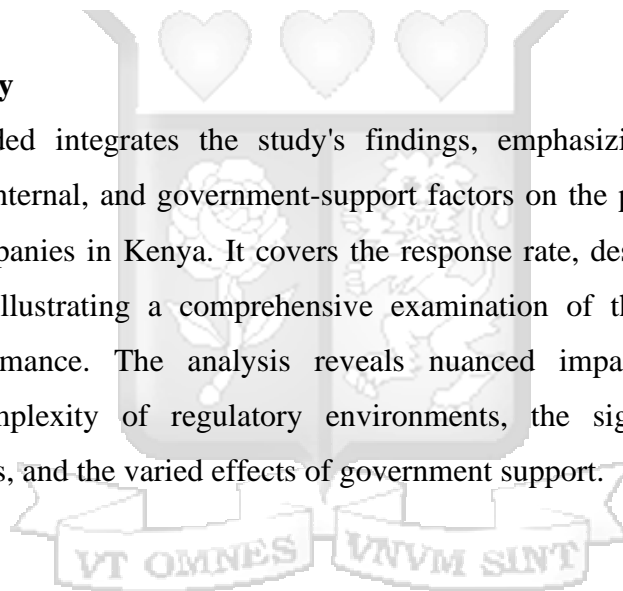
[InternalOperationsandStrategy=5.00]	0 <sup>a</sup>	.	.	0	.	.	.
[MarketPresenceandOutreach=3.00]	-1.104	1.000	1.220	1	.269	-3.063	.855
[MarketPresenceandOutreach=3.33]	.427	1.447	.087	1	.768	-2.408	3.263
[MarketPresenceandOutreach=3.67]	-1.386	.780	3.156	1	.076	-2.915	.143
[MarketPresenceandOutreach=4.00]	-.661	.495	1.784	1	.182	-1.631	.309
[MarketPresenceandOutreach=4.33]	.309	.898	.118	1	.731	-1.451	2.069
[MarketPresenceandOutreach=4.67]	-.327	.557	.345	1	.557	-1.419	.764
[MarketPresenceandOutreach=5.00]	0 <sup>a</sup>	.	.	0	.	.	.

Link function: Logit.

a. This parameter is set to zero because it is redundant.

#### 4.7 Chapter summary

The summary provided integrates the study's findings, emphasizing the evaluation of regulatory, business-internal, and government-support factors on the performance of mobile lending FinTech companies in Kenya. It covers the response rate, descriptive statistics, and inferential analysis, illustrating a comprehensive examination of the factors influencing organizational performance. The analysis reveals nuanced impacts of these factors, highlighting the complexity of regulatory environments, the significance of internal management strategies, and the varied effects of government support.



## **CHAPTER FIVE: DISCUSSION CONCLUSION AND RECOMMENDATIONS**

### **5.1 Introduction**

This final chapter synthesizes the findings of the study on the factors affecting the performance of mobile lending FinTech companies in Kenya, drawing on the empirical data collected and analyzed in the preceding chapters. The discussion provides insights into how these factors impact the operational realities of these companies, their strategic responses, and the broader implications for the FinTech sector in Kenya. It culminates in a set of conclusions and recommendations aimed at various stakeholders, including FinTech companies, regulatory bodies, and future researchers.

### **5.2 Discussion of findings**

The research objectives set out at the beginning of this study aimed to explore various aspects of performance factors for mobile lending FinTech companies in Kenya. The findings have illuminated several critical areas, as discussed below.

#### **5.2.1 Factors impacting performance.**

Based on descriptive findings, it was apparent that regulatory factors, including licensing requirements, reporting obligations, and legal frameworks, significantly impact the performance of mobile lending FinTech companies. Regulatory compliance demands substantial resources and shapes strategic decisions, often necessitating adjustments to business models to align with regulatory expectations. Internal factors such as strategy formulation, management quality, innovation capabilities, product and service offerings, and value propositions play a pivotal role in determining organizational performance. Companies that excel in these areas tend to perform better, underscoring the importance of robust internal management and a culture of continuous improvement. The research further highlighted the importance of government support, including financing, marketing, and advertisement initiatives, in facilitating the growth and sustainability of FinTech companies. Policies that encourage innovation and provide financial incentives can significantly enhance the performance and scalability of these enterprises.

## **5.2.2 Grouping of factors**

The study's segmentation of factors impacting the performance of mobile lending FinTech companies in Kenya into three broad categories—Regulatory and Compliance, Internal Operations and Strategy, and Market Presence and Outreach—offers a nuanced understanding of the multifaceted challenges and opportunities within the FinTech sector. This section elaborates on each grouping, integrating insights from existing literature to contextualize and deepen the discussion.

### **5.2.2.1 Regulatory and Compliance**

Regulatory and compliance factors include licensure, reporting requirements, and adherence to legal frameworks. In the rapidly evolving FinTech landscape, regulatory environments can significantly influence the agility and innovation capacity of companies. A study by Arner, Barberis, and Buckley (2016) underscores the dual role of regulation in both enabling and constraining FinTech innovation. Regulatory clarity and supportive policies can foster an environment conducive to growth by reducing uncertainties and barriers to entry. However, overly stringent regulations may stifle innovation and limit companies' ability to adapt to market changes. The balance between these two outcomes shapes the strategic responses of FinTech firms, with successful companies often those that navigate regulatory complexities most effectively.

### **5.2.2.2 Internal Operations and Strategy**

This category encompasses factors related to strategy development, management quality, innovation, product and service offerings, and value proposition. Kaplan and Norton's Balanced Scorecard framework (1992) highlights the importance of aligning internal operations with strategic objectives to achieve superior performance. In the context of FinTech, companies that excel in innovation, effectively manage their resources, and align their product offerings with market needs tend to outperform their peers. The dynamic nature of the FinTech sector demands continuous innovation and adaptability, with a strong emphasis on technology-driven solutions and customer-centric approaches (Osterwalder and Pigneur, 2010). By integrating strategic planning with operational excellence, FinTech firms can create a sustainable competitive advantage.

### **5.2.2.3 Market Presence and Outreach**

The third category focuses on marketing, advertisement, and financing concerns, emphasizing the importance of building a strong market presence and engaging effectively with customers. Studies on consumer behavior in digital finance suggest that trust and brand recognition are critical determinants of customer acquisition and retention (Kim, Mirusmonov, and Lee, 2010). Effective marketing strategies and a clear value proposition can enhance visibility and attract customers in a crowded marketplace. Moreover, leveraging digital platforms for outreach and engagement can facilitate deeper connections with customers, fostering loyalty and driving growth (Chaffey and Ellis-Chadwick, 2019).

The grouping of factors impacting performance in the FinTech sector underscores the complexity of navigating the digital finance ecosystem. Successful companies are those that effectively manage regulatory and compliance requirements, excel in internal operations and strategy, and build a strong market presence. Comparative analyses within the literature reinforce the importance of a holistic approach that balances these elements, with targeted interventions in each area offering pathways to enhanced performance and sustained growth in the dynamic FinTech landscape.

### **5.2.3 Impact of factors on organizational performance**

The impact of the three grouped factors—Regulatory and Compliance, Internal Operations and Strategy, and Market Presence and Outreach—on the performance of mobile lending FinTech companies in Kenya, as elucidated through ordinal regression findings, presents a complex picture of interrelated influences. These findings, juxtaposed with insights from the literature review, afford a deeper understanding of how each factor correlates with organizational success in the FinTech domain.

#### **5.2.3.1 Regulatory and Compliance**

The ordinal regression analysis suggested a nuanced impact of Regulatory and Compliance factors on performance. While compliance with stringent regulatory frameworks is imperative, it can impose significant operational burdens on FinTech firms. Studies like those by Zetsche, Buckley, Arner, and Barberis (2017) have highlighted the "regulatory sandbox" approach as a means of fostering innovation while ensuring compliance. This approach allows FinTech

startups to test their innovations in a controlled environment, mitigating the risk of non-compliance. However, our findings indicate that overemphasis on regulatory compliance might divert resources from innovation and customer engagement, potentially stifling growth—a sentiment echoed in the literature, where regulatory challenges are seen both as barriers and enablers of FinTech innovation.

### **5.2.3.2 Internal Operations and Strategy**

Findings related to Internal Operations and Strategy underscore the critical role of internal management practices, innovation, and strategic alignment in driving FinTech performance. The positive impact of these factors aligns with Kaplan and Norton's (1992) assertion on the significance of aligning internal processes with strategic objectives. In the FinTech sector, innovation is not just a strategic advantage but a necessity, given the rapid pace of technological advancement and changing consumer expectations. Literature supports the idea that FinTech companies must continually evolve their business models and product offerings to stay competitive (Osterwalder & Pigneur, 2010). The ordinal regression results highlight the importance of agile and innovative internal operations that can quickly adapt to market changes, reflecting a broader industry trend towards prioritizing adaptability and customer-focused innovation.

### **5.2.3.3 Market Presence and Outreach**

The impact of Market Presence and Outreach on performance, as indicated by the ordinal regression, suggests that marketing strategies, customer engagement, and brand visibility play a significant role in determining success. This finding is in line with research by Kim, Mirusmonov, and Lee (2010), which emphasizes the importance of trust and brand recognition in the digital finance market. Effective marketing and outreach efforts can significantly enhance a FinTech company's ability to attract and retain customers, thereby improving its market share and financial performance. The literature suggests that in the increasingly competitive FinTech landscape, companies that invest in understanding customer needs and effectively communicate their value propositions are more likely to achieve sustained growth.

## **5.3 Conclusion**

The ordinal regression findings, when compared with existing literature, reinforce the multifaceted nature of factors influencing FinTech performance. Regulatory and Compliance

factors, while essential, must be navigated carefully to avoid stifling innovation. This delicate balance is a recurring theme in FinTech research, underscoring the need for regulatory frameworks that support growth without compromising consumer protection or system integrity. Internal Operations and Strategy emerge as foundational to achieving competitive advantage, echoing the literature's emphasis on innovation and strategic agility. Finally, the significance of Market Presence and Outreach highlights the pivotal role of customer engagement and brand building in the FinTech ecosystem, resonating with studies that prioritize consumer trust and loyalty.

In conclusion, the study's findings, enriched by comparisons with extant literature, illustrate the complex interplay of regulatory, operational, and market-related factors in shaping the performance of FinTech companies. Navigating these factors effectively requires a nuanced understanding of both the challenges and opportunities they present, guiding strategic decisions that drive sustainable growth and innovation in the dynamic FinTech sector.

## **5.4 Recommendations of the study**

### **5.4.1 Policy Recommendations**

Given the significant influence of regulatory compliance on the performance of mobile lending FinTech companies, it is recommended that policymakers and regulatory bodies consider the development of more adaptive regulatory frameworks. These frameworks should both safeguard consumer interests and support the innovative potential of FinTech companies. Enhanced regulatory guidelines can help maintain the balance between innovation and consumer protection, encouraging sustainable growth in the FinTech sector. Additionally, fostering a regulatory environment that encourages transparency and fairness can contribute to the stability and credibility of FinTech operations, which is essential for long-term consumer trust and sector health.

### **5.4.2 Management Recommendations**

For FinTech management teams, the study underscores the importance of refining internal operations and strategic alignments. It is recommended that companies invest in advanced analytics to continuously monitor and optimize their operational strategies. Enhancing customer relationship management systems can also be pivotal. By integrating technologies such as artificial intelligence and machine learning, FinTech companies can improve decision-

making processes and customer service efficiency, leading to better customer retention and satisfaction rates. Management should also focus on developing robust marketing strategies that effectively communicate the value proposition of their services to expand their market presence and attract a broader customer base.

### **5.4.3 Theoretical Contributions**

The findings from this study open new avenues for academic inquiry into the dynamics of digital finance ecosystems. Future research should consider conducting comparative studies across different geographic regions to explore how diverse regulatory environments impact FinTech innovation and growth. Longitudinal studies are also recommended to assess the evolving nature of these factors and their long-term impacts on the sustainability of FinTech operations and financial inclusion. Such studies could enrich the theoretical understanding of how technological advancements, like artificial intelligence, play a role in shaping the operational efficiencies and customer experiences in the FinTech industry.

### **5.5 Limitations and suggestions for further studies**

This study, while providing valuable insights, is not without its limitations. First, the focus on mobile lending FinTech companies in Kenya means that the findings may not be directly applicable to other FinTech services or geographical contexts without careful consideration of local differences. Second, the rapidly changing FinTech landscape and regulatory environment may mean that findings become dated, necessitating ongoing research to remain relevant. Additionally, the reliance on ordinal regression and the specific groupings of factors may oversimplify the complex interrelationships between various determinants of performance. Lastly, the study's scope did not encompass all potential factors, such as international market dynamics or the impact of global economic trends on local FinTech ecosystems, which could influence the performance of mobile lending FinTech companies.

Given the study's findings and the dynamic nature of the FinTech industry, several areas warrant further investigation: Technology Adoption and Innovation: Future research could explore how FinTech companies adopt and implement emerging technologies (e.g., blockchain, artificial intelligence) and the impact on their operational efficiency, customer satisfaction, and competitive positioning.

Customer Behavior and Trust: With the significance of market presence and outreach highlighted, further studies could examine the determinants of customer trust in FinTech services, including the role of social media and other digital marketing strategies in building brand loyalty.

Regulatory Impact Analysis: Given the nuanced effects of regulatory factors, additional research could assess the specific aspects of regulation that most significantly affect FinTech performance, possibly identifying best practices for regulatory frameworks that balance innovation encouragement with risk management. Cross-Cultural and Global Comparisons: Comparative studies across different geopolitical contexts could shed light on how cultural, economic, and regulatory differences influence FinTech adoption and performance, offering insights into global best practices.



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## APPENDICES

### Appendix A: Research questionnaire

#### SECTION A: RESPONDENTS' PROFILE

1. Kindly indicate your position within the organization.

Manager

Non-manager

#### SECTION B: REGULATORY FACTORS

2. This section addresses the impact of regulatory factors on the performance of your organization.

Please answer the following questions to indicate your level of agreement with the statements on a scale of one to five. Kindly use the following guide:  
 (1 – strongly disagree; 2 – disagree; 3 – Neutral; 4 – agree  
 5 – Strongly)

	1	2	3	4	5
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Licensure concerns significantly affect our operations.					
Reporting of transactions concerns significantly affect our operations.					

Legal framework concerns significantly affect our operations.					
Exchange rate concerns significantly affect our operations.					

### SECTION C: BUSINESS-INTERNAL FACTORS

- This section addresses the impact of business internal factors on the performance of your organization.

Please answer the following questions to indicate your level of agreement with the statements

on a scale of one to five. Kindly use the following guide:

(1 – strongly disagree; 2 – disagree; 3 – Neutral; 4 – agree

5 – Strongly)

	1	2	3	4	5
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Strategy concerns significantly affect our operations.					
Management concerns significantly affect our operations.					
Innovation concerns significantly affect our operations.					

Project and service offering concerns significantly affect our operations.					
Value proposition concerns significantly affect our operations.					

### SECTION D: GOVERNMENT SUPPORT FACTORS

1. This section addresses the impact of business internal factors on the performance of your organization.

Please answer the following questions to indicate your level of agreement with the statements

on a scale of one to five. Kindly use the following guide:

(1 – strongly disagree; 2 – disagree; 3 – Neutral; 4 – agree

5 – Strongly)

	1	2	3	4	5
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Financing concerns significantly affect our operations.					
Advertisement concerns significantly affect our operations.					
Marketing concerns significantly affect our operations.					

**SECTION D: ORGANIZATIONAL PERFORMANCE.**

1. This section addresses the general performance of your organization. Kindly comment on the performance of the organization in relation to the various indicators.

Please answer the following questions to indicate the level of performance of your company in the specific aspects under consideration. Kindly use the following guide:

(1 – very bad; 2 – bad; 3 – Neutral; 4 – good  
5 – very good)

	1	2	3	4	5
	Very bad	Bad	Neutral	Good	Very good
Our revenue postings have been sufficiently high					
We have experienced growth in our financial income.					
I get the information I need to be productive in my job.					
I have a clear understanding of my objectives in the company.					
We constantly look for better ways to serve our clients					
We constantly deliver a high level of customer service.					
I clearly understand the strategic direction of our company.					
I constantly find new ways of improving our services.					

**THANK YOU**

## Appendix B: Correlation Matrix

		Correlation Matrix <sup>a</sup>									
		[Licensure concerns significantly affect our operations]	[Reporting of transactions concerns significantly affect our operations]	[Legal framework concerns significantly affect our operations]	[Exchange rate concerns significantly affect our operations]	[Strategy concerns significantly affect our operations]	[Management concerns significantly affect our operations]	[Innovation concerns significantly affect our operations]	[Project and service offering concerns significantly affect our operations]	[Value proposition concerns significantly affect our operations]	[Financing concerns significantly affect our operations]
Correlation	[Licensure concerns significantly affect our operations]	1.000	.936	.633	.280	-.228	.064	-.172	-.178	-.414	.075
	[Reporting of transactions concerns significantly affect our operations]	.936	1.000	.691	.287	-.235	.074	-.188	-.200	-.377	.124
	[Legal framework concerns significantly affect our operations]	.633	.691	1.000	.371	-.088	.176	-.071	.048	-.104	.182

[Exchange rate concerns significantly affect our operations]	.280	.287	.371	1.000	.056	.183	-.005	.139	.078	.220
[Strategy concerns significantly affect our operations]	-.228	-.235	-.088	.056	1.000	.718	.573	.553	.396	-.040
[Management concerns significantly affect our operations]	.064	.074	.176	.183	.718	1.000	.481	.455	.396	.201
[Innovation concerns significantly affect our operations]	-.172	-.188	-.071	-.005	.573	.481	1.000	.620	.447	-.013
[Project and service offering concerns significantly affect our operations]	-.178	-.200	.048	.139	.553	.455	.620	1.000	.641	-.013
[Value proposition concerns significantly affect our operations]	-.414	-.377	-.104	.078	.396	.396	.447	.641	1.000	.173

	[Financing concerns significantly affect our operations]	.075	.124	.182	.220	-.040	.201	-.013	-.013	.173	1.000
	[Advertisement concerns significantly affect our operations]	-.043	-.027	.095	.130	.115	.036	.160	.074	.154	.446
	[Marketing concerns significantly affect our operations]	.049	.062	.172	.148	.109	.124	.049	.119	.171	.497
Sig. (1-tailed)	[Licensure concerns significantly affect our operations]		.000	.000	.001	.006	.241	.029	.024	.000	.206
	[Reporting of transactions concerns significantly affect our operations]	.000		.000	.001	.005	.208	.019	.013	.000	.086
	[Legal framework concerns significantly affect our operations]	.000	.000		.000	.166	.026	.217	.298	.127	.022

[Exchange rate concerns significantly affect our operations]	.001	.001	.000		.268	.022	.480	.063	.194	.007
[Strategy concerns significantly affect our operations]	.006	.005	.166	.268		.000	.000	.000	.000	.329
[Management concerns significantly affect our operations]	.241	.208	.026	.022	.000		.000	.000	.000	.013
[Innovation concerns significantly affect our operations]	.029	.019	.217	.480	.000	.000		.000	.000	.443
[Project and service offering concerns significantly affect our operations]	.024	.013	.298	.063	.000	.000	.000		.000	.444
[Value proposition concerns significantly affect our operations]	.000	.000	.127	.194	.000	.000	.000	.000		.028

[Financing concerns significantly affect our operations]	.206	.086	.022	.007	.329	.013	.443	.444	.028	
[Advertisement concerns significantly affect our operations]	.317	.384	.149	.076	.102	.347	.039	.208	.045	.000
[Marketing concerns significantly affect our operations]	.295	.246	.028	.051	.114	.086	.295	.095	.029	.000



**Correlation Matrix<sup>a</sup>**

	[Licensur e concerns significan tly affect our operations ]	[Reportin g of transactio ns concerns significan tly affect our operations ]	[Legal framewor k concerns significan tly affect our operations ]	[Exchang e rate concerns significan tly affect our operations ]	[Strategy concerns significan tly affect our operations ]	[Managem ent concerns significan tly affect our operations]	[Innovatio n concerns significan tly affect our operations ]	[Project and service offering concerns significan tly affect our operations ]	[Value propositio n concerns significan tly affect our operations ]	[Financin g concerns significan tly affect our operations ]
Correlati on	1.000	.936	.633	.280	-.228	.064	-.172	-.178	-.414	.075
[Reporting of transactions concerns significan tly affect our operations]	.936	1.000	.691	.287	-.235	.074	-.188	-.200	-.377	.124

[Legal framework concerns significantly affect our operations]	.633	.691	1.000	.371	-.088	.176	-.071	.048	-.104	.182
[Exchange rate concerns significantly affect our operations]	.280	.287	.371	1.000	.056	.183	-.005	.139	.078	.220
[Strategy concerns significantly affect our operations]	-.228	-.235	-.088	.056	1.000	.718	.573	.553	.396	-.040
[Management concerns significantly affect our operations]	.064	.074	.176	.183	.718	1.000	.481	.455	.396	.201
[Innovation concerns significantly affect our operations]	-.172	-.188	-.071	-.005	.573	.481	1.000	.620	.447	-.013

[Project and service offering concerns significantly affect our operations]	-0.178	-0.200	0.048	0.139	0.553	0.455	0.620	1.000	0.641	-0.013
[Value proposition concerns significantly affect our operations]	-0.414	-0.377	-0.104	0.078	0.396	0.396	0.447	0.641	1.000	0.173
[Financing concerns significantly affect our operations]	0.075	0.124	0.182	0.220	-0.040	0.201	-0.013	-0.013	0.173	1.000
[Advertisement concerns significantly affect our operations]	-0.043	-0.027	0.095	0.130	0.115	0.036	0.160	0.074	0.154	0.446

	[Marketing concerns significantly affect our operations]	.049	.062	.172	.148	.109	.124	.049	.119	.171	.497
Sig. (1-tailed)	[Licensure concerns significantly affect our operations]		.000	.000	.001	.006	.241	.029	.024	.000	.206
	[Reporting of transactions concerns significantly affect our operations]	.000		.000	.001	.005	.208	.019	.013	.000	.086
	[Legal framework concerns significantly affect our operations]	.000	.000		.000	.166	.026	.217	.298	.127	.022

[Exchange rate concerns significantly affect our operations]	.001	.001	.000		.268	.022	.480	.063	.194	.007
[Strategy concerns significantly affect our operations]	.006	.005	.166	.268		.000	.000	.000	.000	.329
[Management concerns significantly affect our operations]	.241	.208	.026	.022	.000		.000	.000	.000	.013
[Innovation concerns significantly affect our operations]	.029	.019	.217	.480	.000	.000		.000	.000	.443

[Project and service offering concerns significantly affect our operations]	.024	.013	.298	.063	.000	.000	.000		.000	.444
[Value proposition concerns significantly affect our operations]	.000	.000	.127	.194	.000	.000	.000	.000		.028
[Financing concerns significantly affect our operations]	.206	.086	.022	.007	.329	.013	.443	.444	.028	
[Advertisement concerns significantly affect our operations]	.317	.384	.149	.076	.102	.347	.039	.208	.045	.000

[Marketing concerns significantly affect our operations]	.295	.246	.028	.051	.114	.086	.295	.095	.029	.000
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## Appendix D: Ethical Approval Letter



23<sup>rd</sup> January 2024

Ms Wamahiu Jackline,  
jackline.wamahiu@strathmore.edu

Dear Ms Wamahiu,

**RE: An Evaluation of Factors Affecting the Performance of Mobile Lending Fintech Companies in Kenya**

This is to inform you that SU-ISERC has reviewed and approved your above SU-masters research proposal. Your application reference number is SU-ISERC1945/23. The approval period is from 23<sup>rd</sup> January 2024 to 22<sup>nd</sup> January 2025.

This approval is subject to compliance with the following requirements:

- i. Only approved documents including (informed consents, study instruments, MTA) will be used.
- ii. All changes including (amendments, deviations, and violations) are submitted for review and approval by SU-ISERC.
- iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to SU-ISERC within 72 hours of notification.
- iv. Any changes anticipated or otherwise that may increase the risks or affected safety or welfare of study participants and others or affect the integrity of the research must be reported to SU-ISERC within 72 hours.
- v. Clearance for the export of biological specimens must be obtained from relevant institutions.
- vi. Submission of a request for renewal of approval at least 60 days prior to the expiry of the approval period. Attach a comprehensive progress report to support the renewal.
- vii. Submission of an executive summary report within 90 days of completion of the study to SU-ISERC.

Before commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology, and Innovation (NACOSTI) <https://research-portal.nacosti.go.ke/> and obtain other clearances needed.

Yours sincerely,

Mr Ambrose Rachier,  
Chairperson; SU-ISERC

