ABSTRACT
The main purpose of this study was to establish the effects of innovation of service delivery systems on bank financial performance. The specific objectives included to determine the extent to which innovation of service delivery systems have been achieved in commercial banks; establish the level of financial performance among commercial banks and establish the effect of innovation of service delivery systems on banks financial performance in Meru Town.
This study employed a descriptive survey design to collect primary data from 19 commercial banks within Meru Town. The study used a structured questionnaire to collect data from identified respondents (credit managers, marketing managers, customer service managers,
finance managers and branch managers) from the selected banks in the study area. Data was analyzed using Statistical Package for Social Sciences Program (SPSS). Both descriptive statistics (frequencies/percentages) and inferential statistics (correlation and regression analysis) were used to analyze data. The data analysis support the following key findings: ATM banking was found to have a positive effect on financial performance, the study further reveals that mobile banking was found to be positively related to financial performance. Furthermore correlation analysis results show that Internet banking was found to be positively related to financial performance. The study findings also reveal that agency banking was found to be negatively related to financial performance. In addition, correlation analysis results show that bancassurance was found to be positively related to financial performance. The findings indicate that financial performance was generally moderate. The innovations of service delivery systems did not significantly influence financial performance among the commercial banks in the study area. The study recommends that banks have to strengthen innovation of service delivery in order to realize meaningful financial performance in the study area; effective adoption and application of innovation of service delivery especially mobile banking, internet banking, agency banking and bancassurance in order to achieve measurable improvement in the financial performance.

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