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Influence of Informational Internet Banking on Performance of Copedu PLC Microfinance

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Abstract

Purpose: This study investigates the influence of informational internet banking on the performance of COPEDU PLC Microfinance in Rwanda. It explores how access to online banking information affects customer satisfaction, retention, and overall financial performance. By focusing on non-transactional digital services, the study evaluates the extent to which informational internet banking impacts transparency, customer engagement, and financial literacy among clients.

Methodology: The researcher employed a descriptive case study research design that integrated both qualitative and quantitative approaches. The study population comprised 74 individuals, and therefore, a census sampling technique was employed to select all 74 respondents. The researcher employed the SPSS software application to analyze the data. Mean, standard deviation, and percentages are utilized for data analysis. Pearson correlations were employed to establish the relationships among the variables.

Findings: The regression analysis results demonstrated a significant correlation between the predictors (Informational internet banking, Transactional internet banking, and Communicative internet banking) and the dependent variable, Financial Performance, with a R value of 0.720, indicating a high degree of correlation. The R Square value of 0.519 signifies that around 51.9% of the variance in financial performance is elucidated by these predictors. The adjusted R Square of 0.497 provides a more precise estimate by considering the number of predictors in the model. A substantial majority of respondents (57.1%) agree that internet banking provides easy access to account information, reflected in a high mean score of 4.57. Additionally, 68.6% believe that the availability of internet banking services has improved customer satisfaction, with a mean of 4.64. The data suggests that informational internet banking has effectively reduced the need for in-person visits (61.4% agreement, mean 4.50) and has enhanced transparency in financial transactions (55.7% agreement, mean 4.56). Furthermore, respondents acknowledge that internet banking has positively impacted COPEDU's operational efficiency (57.1% agreement, mean 4.53) and improved the speed and convenience of accessing financial information (57.1% agreement, mean 4.49). Lastly, the provision of timely financial updates through internet banking was seen to contribute to better decision-making, with 50% of respondents agreeing (mean 4.44). Overall, the findings underscore the critical role of informational internet banking in enhancing customer satisfaction, operational efficiency, and informed decision-making at COPEDU PLC. In conclusion, the study demonstrates that informational internet banking significantly enhances customer satisfaction and operational efficiency at COPEDU PLC Microfinance, indicating its essential role in modern financial services.

Unique Contribution to Theory, Practice and Policy: The research was underpinned by agency theory, contingency theory, behavioral theory, and information theory. It is recommended that COPEDU continues to invest in and promote its digital banking services, ensuring that clients are aware of the benefits and features available to them. For future research, it would be valuable to explore the long-term effects of digital banking on client retention and financial performance, as well as to examine the challenges and barriers faced by customers in utilizing these services effectively.

Keywords: *Informational Internet Banking, Microfinance Performance, Customer Satisfaction, Digital Banking Adoption, Financial Literacy*

INTRODUCTION

Worldwide, Internet banking, referred to as online banking or e-banking, has profoundly altered the operations and efficacy of microfinance institutions internationally. The emergence of internet banking has transformed customer interactions with banks, financial transactions, and access to banking services. This digital innovation has improved client convenience and significantly altered the operational efficiency, cost structure, and competitive environment of microfinance institutions globally (Berger, 2018).

Brunnermeier and Sannikov (2016) assert that globally, a major effect of internet banking on the performance of microfinance banks is the improved convenience and accessibility for customers. Internet banking services enable clients to conduct many financial operations, including checking account balances, moving funds, paying bills, and applying for loans, from the convenience of their homes or offices. This convenience has resulted in enhanced client happiness and loyalty, hence augmenting the overall performance and profitability of microfinance banks.

Global Perspective

In recent years, internet banking has played a pivotal role in Europe, as an increasing number of financial institutions provide online banking services to their clientele. This document outlines essential aspects of online banking's function in Europe (Baset, 2019). Internet banking has transformed the manner in which individuals oversee their finances throughout Europe. Customers can access account information, pay bills, transfer funds, and invest in various financial products with a single click. Internet banking has facilitated customer access to financial information and enabled financial transactions from the convenience of their residences. This has resulted in enhanced convenience, rapidity, and efficacy in financial transactions. Furthermore, internet banking has allowed financial institutions to expand their consumer reach, particularly in rural regions of Europe where conventional banking services may be scarce (Diamond, 2019).

The importance of online banking in Asia has evolved and expanded dramatically during the past few decades. Internet banking, or online banking, denotes the delivery of banking services and transactions via the internet. It enables users to access their bank accounts, execute transactions, and utilize numerous financial services without the necessity of visiting a bank branch in person. Internet banking has transformed financial management by offering convenience, accessibility, and efficiency. In Asia, characterized by strong internet penetration and the adoption of technical innovations, internet banking has become essential to the banking sector (Garcia, 2018).

Graham (2018) asserts that a primary function of online banking in Asia is to augment customer convenience. Conventional banking necessitated customer visits to physical branches within restricted hours, sometimes resulting in time inefficiency and inconvenience. Internet banking enables consumers to access their accounts around the clock from any location with internet connectivity. Users can verify account balances, examine transaction history, move funds between accounts, settle payments, and apply for loans or credit cards online. This convenience has markedly enhanced client happiness and loyalty. Another significant function of online banking in Asia is advancing financial inclusion. Numerous Asian countries possess substantial populations that are either underbanked or unbanked, especially in rural regions, as noted by Graham (2018). Internet banking facilitates access to basic banking services for underprivileged people through low-cost internet-enabled or mobile devices. This facilitates access to standard banking services for individuals lacking convenient proximity to physical branches. Internet banking facilitates economic growth and alleviates poverty in Asia by enhancing accessibility to financial services (Graham, 2018).

Regional Perspective

In Africa, Internet banking has revolutionized the financial industry in Africa, providing customers with convenient and secure access to financial services. The internet banking, customers can access their accounts and perform financial transactions from anywhere, at any time, as long as they have an internet connection. This has increased accessibility for individuals living in remote areas where traditional banking services may not be readily available. Internet banking has streamlined many financial processes, such as bill payments, fund transfers, and account management. This has led to improved efficiency and reduced wait times for customers. Online banking platforms use advanced security measures, such as encryption and two-factor authentication, to protect customer data and prevent fraud (Lucky, 2016). Internet banking has helped to increase financial inclusion in Africa, particularly in rural areas where traditional banking infrastructure may be limited. Mobile money services, which are often linked to internet banking platforms, have also played a significant role in expanding financial access (Neelameghan, 2018).

According to Sanders, (2018) states that internet banking has revolutionized the banking industry in East Africa, providing customers with convenient and accessible financial services. In Rwanda, internet banking has gained significant traction, with several banks offering online banking services in East Africa, with a focus on Rwanda. Internet banking has made banking services more accessible to the public, especially in rural areas where traditional banking infrastructure is limited. Customers can access their accounts, pay bills, and transfer funds from the comfort of their homes or on the go, (Tromp, 2019). Internet banking provides a more personalized and user-friendly experience, allowing customers to access a range of financial services and products tailored to their needs. Internet banking has contributed to financial inclusion in East Africa, particularly in Rwanda, by providing access to financial services for the unbanked and underbanked population, (Balunywa, 2019).

National Perspective

Especially in the past ten years, internet banking has become rather important in Rwanda's financial scene. With most of its banks providing online banking services to their clients, the nation has seen a fast increase in the acceptance of digital banking solutions. Conveniency is one of the main advantages of internet banking for Rwanda. Using their mobile devices, clients may access their bank accounts, pay bills, and move money from the comfort of their own homes or on the road. For people living in rural locations, who might not have had access to conventional financial services prior, this has especially helped. Access to a wide spectrum of less expensive financial services is another benefit of online banking for Rwanda. Particularly for those living in rural locations, traditional banking services often include substantial fees (Baset, 2018). As a difficult consideration for microfinance banks, users can access a range of financial services—including bill payments, fund transfers, and account management—at a reduced cost via internet banking.

Statement of the Problem

More than 70% of microfinance institutions currently offer online banking services, contributing to the substantial growth in the number of internet banking customers in the country during the previous several years. As a result, banks have seen lower transaction costs

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and happier customers. Also, banks can reach more people and provide more services thanks to online banking, which is especially helpful in rural areas without a physical branch. As a result, Rwanda's banking sector has grown, which in turn has helped alleviate poverty and inequality (Balunywa, 2019).

There is a reasonable perception of failure in Rwanda's microfinance sector because, out of 460 institutions, 45% are not delivering as expected (scheduled), 55% are not delivering at the cost expected (annual budget), 35 are not delivering all the functionality that is expected (scope), 5% did not continue after withdrawing their work permit, and 55% are not delivering the functionality with the expected quality. Ineffective projective microfinance leaders, lower-level leadership approaches, poor internet, a lack of leadership experience and training in internet control, a poor application of technology style, and a lack of day-to-day tracking of activity progress are all factors contributing to microfinance's failure to achieve its target (MINECOFIN, 2023).

Internet banking's potential to enhance the efficiency of Zambia's microfinance institutions has lately piqued the curiosity of researchers. The impact of online banking on many aspects of microfinance institutions' performance in Zambia has been the subject of multiple studies. In this study, specialists from Zambia looked at how online banking affected the bottom lines of several microfinance companies in the country. Online banking was associated with improved profitability and efficiency, two indicators of financial performance (Haabazoka, 2022).

Copedu Plc's new online banking service A relatively new innovation, microfinance in Rwanda has increased customer satisfaction. Despite its widespread use, online banking has not been without its critics, and customers still have to wait in long lines to make deposits and withdrawals (Balunywa, 2019). Therefore, it is necessary to conduct an inquiry to see if the internet banking system has met its objectives, and if so, whether it provides greater customer satisfaction than the manual service (New Times, Saturday, May 21, 2022).

There is a lack of evidence about digital banking's impact on financial performance, customer happiness, and long-term sustainability, even though numerous studies have shown that it improves operational efficiency and client outreach (Habimana & Uwitonze, 2021; Mwai, 2022). Clients' low levels of digital literacy, high cybersecurity threats, and the high expenses of creating and maintaining online banking platforms are additional obstacles that microfinance institutions must overcome (Nkurunziza & Mukarugwiza, 2020). Given these obstacles, one would wonder if the widespread use of online banking is actually improving efficiency or introducing new operational dangers. A critical gap in understanding the effectiveness of these digital initiatives is left by the lack of a comprehensive assessment of how internet banking influences the performance metrics of microfinance institutions in Rwanda, specifically in the case of COPEDU PLC, in the current literature (Kamanzi & Uwase, 2023). Because of this, the researcher feels compelled to examine how microfinance institutions in Rwanda fared after implementing online banking.

LITERATURE REVIEW

Empirical Review

Informational Internet Banking on Performance

In their 2019 study, Smith and Johnson explored the correlation between informational internet banking performance and customer satisfaction. The researchers adopted a mixed-methods approach, combining quantitative surveys and qualitative interviews with bank customers to gather comprehensive data. Their findings revealed a positive relationship between high-quality internet banking services and increased customer satisfaction and loyalty. Banks that focused on improving customer experience reported higher retention rates and more profitable customer relationships. The study concluded that prioritizing customer satisfaction in internet banking is crucial for maintaining competitive advantage. Smith and Johnson recommended that banks invest in enhancing their digital platforms to provide better information and support to customers, thereby fostering loyalty.

Quayyum (2020) examined how digital channels and technology adoption can influence retail banking performance. Utilizing a quantitative methodology, the study analyzed performance metrics from various banks that implemented digital banking solutions. The findings indicated that banks investing in technology significantly reduced operational costs while enhancing efficiency and customer experience. Quayyum concluded that the integration of digital technologies is essential for banks aiming to improve their performance in a competitive environment. The recommendation was for banks to continually adapt to technological advancements and explore innovative digital solutions to meet customer expectations.

In another significant study, Goyal and Kumar (2019) investigated how data analytics and customer segmentation can enhance informational internet banking performance. They employed a case study approach, focusing on several banks that implemented data-driven strategies to personalize services. Their findings highlighted that bank leveraging customer data to tailor products and services achieved higher levels of customer satisfaction and loyalty, which in turn improved overall banking performance. The authors concluded that effective use of data analytics is crucial for banks looking to enhance customer engagement. They recommended that banks develop robust data analytics capabilities to understand customer preferences better and optimize service delivery.

Daske (2022) analyzed the impact of universally perceived norms on the cost of capital for firms applying these financial reporting standards. Employing a quantitative analysis of a sample of German firms, Daske's findings indicated that the cost of equity capital was higher for firms adopting non-local standards during the transition period. This outcome was attributed to challenges in evaluating the cost of capital and the complexities involved in adopting international financial reporting norms. Daske concluded that the adoption of universally accepted standards may not always yield immediate financial benefits and recommended that firms carefully assess the implications of such standards on their cost of capital.

Lee (2018) examined the impact of mandatory IFRS adoption on the cost of capital in Europe, employing a quantitative research design to analyze financial data from multiple firms. The research indicated that although the adoption of IFRS was anticipated to reduce the cost of capital, this outcome was not consistently evident in all countries. In nations such as the UK, characterized by high-quality local GAAP, evidence indicated a decrease in the cost of capital, which contrasts with the anticipated outcomes for countries with lower-quality GAAP. Lee concluded that regulatory environments significantly influence the effectiveness of IFRS adoption, advocating for enhanced legal frameworks and enforcement to achieve the expected benefits of international standards.

Lastly, Kumar (2019) highlighted the importance of information quality in online banking. Using a combination of qualitative interviews and quantitative surveys, the study demonstrated that customers prioritize accurate and timely information when making financial decisions. The findings suggested that higher information quality in online banking services leads to increased user engagement and satisfaction. Kumar emphasized that banks must focus on delivering high-quality, reliable information to attract and retain customers, recommending investments in systems that ensure the accuracy and timeliness of financial information provided online.

Internet Banking

Internet banking refers to utilizing the internet as a medium for executing financial transactions and overseeing personal money. It enables users to access and execute a range of banking services online, including checking account balances, moving funds, paying bills, and applying for loans, all from the convenience of their homes or while using mobile devices. In a theoretical framework, internet banking is regarded as a type of electronic banking that employs the internet as a conduit for communication between the bank and its clientele. It allows consumers to access a diverse array of financial services and products, including online savings accounts, online checking accounts, and online investment products, all of which may be controlled and accessed via the internet (Akhavein 2020).

Curtis and Verschoor (2020) assert that internet banking provides a convenient and secure method for businesses to manage their financial activities and accounts online. It enables enterprises to access account information, settle bills, transfer payments, and execute other banking operations from any location with internet connectivity. This can conserve time and diminish the necessity for in-person trips to a bank branch, rendering it an appealing alternative for enterprises of all scales.

Internet banking refers to the provision of banking services via the internet. It enables consumers to retrieve account information, execute financial operations, and settle bills online. This encompasses services like bill payment, financial transfers, and account monitoring, all of which can be executed via a secure online platform. David (2015) asserts that the evolution of the banking industry in the digital era encompasses the emergence of internet banking and its ramifications for individuals, businesses, and the wider economy (Drucker, 2019).

Bank Performance

Diamond (2018) asserts that bank performance refers to a bank's capacity to attain its financial and operational objectives while ensuring optimal customer satisfaction and mitigating risks. It includes several key performance indicators (KPIs) that assess the bank's efficiency, effectiveness, and profitability. Bank performance refers to a bank's capacity to attain its financial goals and fulfill the expectations of its stakeholders. It includes multiple facets of a bank's operations, such as profitability, efficiency, asset quality, capital sufficiency, liquidity, and risk management.

Pang (2019) asserts that financial performance is a theoretical measure of a firm's efficacy in utilizing resources derived from its core business plan to achieve positive net income. The phrase is also employed to denote the overall financial health of an organization over a specified duration. Financial execution is a comprehensive assessment of an organization's entire standing in categories such as assets, liabilities, equity, expenses, revenue, and overall financial performance. It is evaluated through diverse business strategies that enable clients to document specific insights regarding an organization's potential efficacy, while financial report analysis is a process conducted by internal and external parties to attain a comprehensive understanding of an organization's performance (Pang, 2019).

According to Mountinho (2019) suggested that monetary execution of an association is consistently fundamental for associations. Checking affiliation money related execution thus makes more conviction and confidence in choosing both short and long stretch decisions. This along these lines prompts a superior business and speedier improvement rate. It furthermore allows you to beat and outmaneuver competitors who flop in such way. By getting data and genuinely looking at their presentation, business have a solid and amazing stage for choosing; something rivals don't have. The board would then have the option to use this business information to investigate the business through both fun events similarly as the more questionable and flighty periods. Catching information and checking business activities is indispensable to further developing execution and keeping a sound productive business (White, 2020).

Theoretical Review

The Agency Theory

Agency theory, which explores the relationship between principals (owners) and agents (managers), presents several strengths and weaknesses in the context of corporate governance. One of its primary strengths is the identification of conflicts of interest that can arise when agents prioritize their personal goals over those of the principals, which can lead to inefficiencies and a misalignment of incentives (Jensen & Meckling, 1976; as cited in Newell, 2020). This framework provides a clear basis for developing governance mechanisms, such as performance-based compensation and monitoring systems (Harris & Raviv, 2021). However, agency theory has notable weaknesses, including its assumption of rational behavior and the neglect of relational dynamics between agents and principals. Critics argue that it oversimplifies the complexities of human behavior and the impact of external factors on decision-making (Henderson et al., 2022). Furthermore, reliance on financial metrics as performance indicators can lead to short-termism, potentially compromising long-term organizational sustainability (Harris & Raviv, 2021).

In Agency Theory, corporations are seen as main strategies for keeping track of agreements. By utilizing firms, one can practice control, which in turn reduces the direct guidance of experts. Ebaid (2019) correctly states that in order to combine the interests of the knowledgeable expert and the leader, a thoughtful agreement was crafted to fulfill the needs of both parties. They go on to say that the relationship is boosted when the head consults an expert to vet the certified expert. In support of this view, Seow (2018) maintains that the agreement allows for a compromise between the expert and the head, with the head deciding on the task and the specialist trying their hand at it. Meanwhile, he implies that the chief keeps avoiding, which prevents the individual in issue from benefiting from the specialist's craftsmanship.

It just so happens that the notion portrays the absence of details regarding the expert's relationship, interests, or work execution as a frightening guarantee of impending doom. According to Ferguson (2018), there are two ways in which moral risk and hostile decisions affect the expert's yield: first, the expert may not carry out their assignment precisely, and second, they may lack the necessary core facts to determine what should be done. The relationship's overall performance and the head's financial gain are both affected by this. One such review is the Sarbanes-Oxley Act of 2015 (SOX), which, among other things, requires businesses to disclose how well their accounting information system is going to handle financial reporting. This is all part of a larger effort to curb financial fraud and bring dignity back to the accounting process.

Morris (2018) confirms that vendors selling enterprise resource planning (ERP) systems have capitalized on the recent emphasis on internal controls by stressing that ERP systems rely on "worked in" controls that mirror an organization's core values. In their promotional materials, they stress these requirements, stating that these systems help businesses improve the efficiency of their integrated accounting systems in response to SOX requirements.

Businesses used a variety of tools, including coordinated accounting frameworks, to solve the office problem. Financial planning, review panels, and external reviews were among the others (Diamond, 2018). Researchers found that reduced accounting framework office costs (Garcia, 2018), and some even go so far as to say that companies have an economic incentive to disclose information about accounting frameworks, even if SOX isn't required (Stolowy & Wang, 2019). According to their argument, the cost of value capital reduced, data divergence decreased, and financial backer risk decreased after providing the head (investor) with this additional information on the board's behavior. Lack of proper accounting systems is associated with higher executive salaries, according to other research. Accounting frameworks played a major role in guiding the office issue in partnerships for a long time; nonetheless, the issue of income for executives was the organization's primary motivation for enacting SOX.

The Baltimore and Ohio Railroad began using a few of accounting structural approaches as early as 1831, according to Cooke (2020). The Committee of Sponsoring Organizations of the Treadway Commission (COSO) was established in the 1980s in response to two high-profile audit dissatisfactions; its purpose was to reevaluate internal control and the principles for selecting adequate accounting systems (Mohammad, 2018). After giving some thought to the factors that can trigger complex financial investigations, they offered suggestions to groups including government agencies, independent auditors, informational institutions, the SEC, and other regulatory bodies (COSO, 2015). According to Gerry and Kevan (2019), the COSO Internal Control Integrated Framework is the end result of their efforts. "Worked in controls support quality and reinforcing drives, avoid futile costs and engage quick response to advancing conditions," the construction emphasizes, adding that controls are most effective when they are "joined into" the component's structure. Among other things, the Sarbanes-Oxley Act of 2002 (SOX) mandates a valid report on the feasibility of financial specifying structure and was enacted by another assembly of corporate shames at the turn of the new century.

Since Section 404 of the Act requires organizations to include an alternate organization report on the association's accounting system over financial declaring and an affirmation report given by an enrolled public accounting firm in their annual report, the COSO structure takes an important role in consistency. Accounting is separated into two types by John (2019): express controls at the account level and general controls that apply to all components. Regardless of the practicality of the specific (account-level) controls, he admits that the organization was abusing its control features for its own gain. Therefore, it is important to identify accounting system shortcomings pertaining to general controls.

The review interaction is the right place to unearth this type of behavior, as it falls under the purview of Auditing Standard No. 5, Paragraph 24, which states that "element level controls incorporate powers over administration supersede." But a more reasonable argument could be that, with broad controls in place and functioning, one would expect to find less accounting framework. General controls revealed weaknesses. Whittington and Pany (2021) make an effort to define bookkeeping frameworks, their functions, and their significance in their distribution. Since Internet banking allows users to manage many accounts from one platform, this theory further supports the need for regulations to affect the performance of microfinance institutions. Customers may conveniently check their balances, move money across accounts, and see transaction history without having to visit several branches.

Conceptual Framework

A conceptual framework provides a structured approach to understanding the relationships between various elements of a study, guiding the research process and analysis. It serves as a foundation for identifying key variables, outlining their interactions, and framing the research questions within the context of existing literature. In the context of communicative internet banking, the conceptual framework may include factors such as customer satisfaction, perceived usefulness, technological adoption, and security concerns, which influence the overall performance of banking services. For instance, Alalwan et al. (2020) emphasize that the integration of technology in banking enhances customer experiences and satisfaction, which can lead to increased loyalty and retention. Furthermore, Ayo et al. (2021) highlight the significance of user experience and security perceptions in shaping customer engagement with digital banking platforms. The framework helps in understanding how these variables interact and the implications for banking performance, as noted by Raza et al. (2023), who argue that a robust conceptual framework can guide empirical research and inform strategic decision-making in the banking sector. Figure 1 shows the conceptual framework.

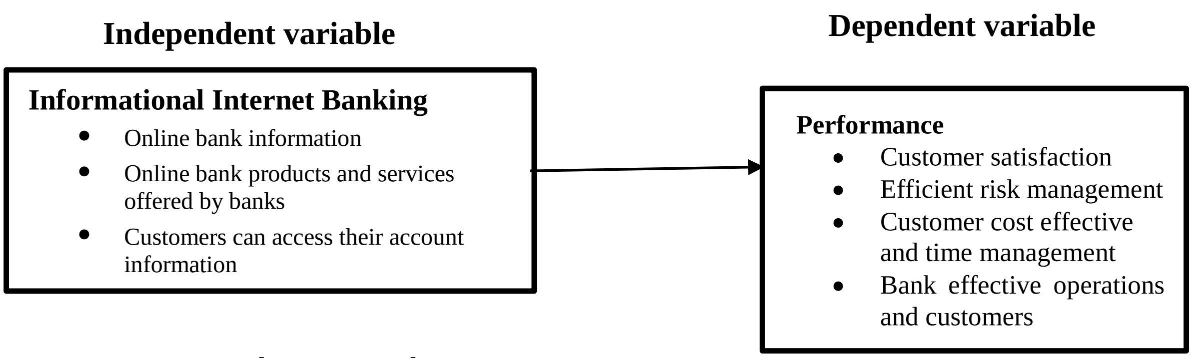

Figure 1: Conceptual Framework

Source: Researcher, 2024

Based on the above framework, it is evident that internet banking acts as an independent variable that influences performance as a dependent variable. Performance is measured by customer satisfaction, efficient risk management, customer cost effective & time management, and bank effective operations and customers. The three types of internet banking are informational, transactional, and communicative. On the other hand, there are moderating variables such as the regulations set out by the International Accounting Standards (IAS) Board and the International Financial Reporting Standards (IFRS) Board, which are guidelines for international financial reporting (Sarens & De Beelde, 2016).

METHODOLOGY

Research Design

The study employed a descriptive and explanatory case study research design. Furthermore, both qualitative and quantitative methods were employed in data collection and analysis. The analysis employed both descriptive and inferential statistical methods. Pearson The correlation approach was employed to evaluate the relationship between the variables, while a regression model was utilized to assess the impact of internet banking on bank performance. The descriptive design is appropriate as it effectively addresses the primary objectives and research questions outlined in the study (Madeyski, 2019).

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The research utilized a descriptive design to thoroughly examine the effects of internet banking on COPEDU PLC's performance, facilitating the collection of quantitative data that accurately represents the current situation of the phenomenon being studied. Descriptive research is essential for analyzing the characteristics, behaviors, and perceptions of stakeholders in the microfinance sector, facilitating the identification of patterns and trends that can guide strategic decision-making (Kothari, 2020). By employing this method, the study aims to paint a detailed picture of how internet banking influences operational efficiency and customer satisfaction, facilitating insights that are critical for enhancing the performance of microfinance institutions in Rwanda (Chibunda & Masamba, 2021; Muriuki *et al.*, 2022).

Target Population

Fraenkel and Warren (2022) state that when researchers talk about a population, they're referring to the whole group of people (either subjects or events) that share the traits that intrigued them. In any area of study, the "universe" or "population" consists of all the possible responses. Since every possible respondent is included in such an investigation, it stands to reason that the greatest degree of precision is achieved (Kothari, 2014). A total of seventy-four employees from Copedu Plc Microfinance, who are both consumers and developers of the bank, make up the research population in this instance.

Table 1: Distribution of the Population

Strata	Frequency	Percentage%
Top Management	03	04.00
Bank Managers	10	14.00
Technical Team	28	38.00
Information Technology	05	07.00
Tellers Department	15	20.00
Legal Team	03	04.00
Auditors	05	07.00
Advisors	05	07.00
Total	**74**	**100.00**

Source: Copedu Plc Microfinance, Human Resource (2024)

Sampling Design

The study primarily focused on top management and employees of the bank, as they are the key stakeholders in internet banking operations. All management heads were identified as respondents, with a particular focus on capturing insights from top management. The researcher employed sampling techniques to select interviewees, allowing for the replacement of those who did not respond to the researcher's request. The researcher intentionally selected custodians of internet banking for inclusion in the sample and study target. It was ensured that only individuals with pertinent information were sampled.

The study adopted a census sampling technique due to its ability to ensure comprehensive data collection from all members of the target population, which in this case includes the entire customer base of COPEDU PLC microfinance bank. This approach enhances the accuracy and reliability of the findings, as every individual's response contributes to a holistic understanding of the impact of internet banking on the institution's performance. Moreover, a census allows for the examination of subgroups within the population, facilitating nuanced insights that can inform strategic decisions (Hussein et al., 2021; Kumar et al., 2020). By employing this method, the study aims to mitigate sampling bias and capture the diversity of experiences among customers, thereby improving the validity of the results (Mugenda & Mugenda, 2022).

Data Collection Methods

Slater (2022) identifies the primary methods for gathering both fresh and secondary data as questionnaires, interviews, and documentation. In this study, questionnaires and interviews were employed to gather primary data, while existing documents were reviewed to obtain secondary data. Thus, this study utilized the following data collection instruments.

The primary data comprised original information that was specifically gathered for the issue being examined. The data was gathered through questionnaires, observations, interviews, and survey research methods. The collection of secondary data primarily involved external sources such as periodicals, textbooks, research reports, and online resources. These sources provided the essential data required for the success of the study. An online database is a type of database that can be accessed via a local network or the internet, in contrast to databases that are stored locally on a single computer or its connected storage devices, like a CD. Online databases are provided through websites, offered as a software as a service product that can be accessed using a web browser.

Data Collection Instruments

This represents a significant approach to gathering data. Curwin and Slater (2022) stated that a questionnaire is justifiable in data collection primarily because it allows for the collection of a large amount of data in a short time frame, and it also offers respondents the chance to provide candid, anonymous responses. A set of questionnaires was developed for the staff of Copedu Plc Microfinance, featuring both open-ended and closed-ended questions that were completed. The questionnaires were crafted using straightforward and clear language to ensure that respondents felt comfortable while providing their answers. The use of a questionnaire was deemed essential for the study, as it supplied precise information relevant to the research.

This study examined literature gathered from the case study organization. This body of work encompassed annual reports and various other documents. This method was selected due to its importance in delivering essential background information and facts regarding internet banking and performance prior to the collection of primary data. Prior to the collection of field data, an extensive array of data was gathered and utilized to validate the primary data that will be acquired from the field.

Structured interviews were conducted in person or via video conferencing, depending on availability and preference, to facilitate in-depth discussions with key personnel while allowing for clarification of responses and follow-up questions (Yegidis, Weinberg, & Myers, 2018). Survey questionnaires were distributed electronically to employees using secure survey platforms to enhance response rates and ensure anonymity, thus reducing potential biases (Dillman, Smyth, & Christian, 2018). To maintain consistency, pre-tests of the survey instruments was carried out with a small sample of respondents to refine questions and address any issues before full deployment (Sekaran & Bougie, 2016). Both methods were monitored closely to ensure adherence to ethical standards and to address any technical or logistical challenges that may arise during the data collection process.

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Pilot Study

A pilot study is defined as a "minimal investigation to evaluate research shows, data variety instruments, test enrollment techniques, and other investigation strategies with the expectation of a more comprehensive report" (Patton, 2018). This study used a survey questionnaire that involved both categorical and scales measures. A strong support was achieved for the instrument with reliability alpha levels above the 0.70 threshold (Nunnally, 2017). The data was extracted from the questionnaires and input into SPSS 25.0. To guarantee the reliability and internal validity. The Cronbach's alphas exceeded 80%. This suggested that the questionnaire passed the reliability test, as the majority of items in the questionnaire exhibited high squared multiple correlations. Cronbach's alpha values exceeding 0.70 are considered adequate and acceptable (George & Mallery, 2020).

The instrument's degree of consistency is referred to as reliability. In this survey research, two conditions were employed to evaluate the reliability and validity of research instruments: reliability and validity. The questionnaire was edited with the assistance of an expert (Researcher's Supervisor) to ensure the validity of the data collection instruments (Wilson, 2022). The structural questionnaire was forwarded to the researcher's supervisor, who is an expert in the subject matter, for revision and review. To guarantee the reliability of the data, all questionnaires utilized in the research were uniformly administered to all respondents. In order to assess the reliability of the instruments employed in primary data collection, a pilot study was implemented. Responses were received from 21 respondents out of a possible 70, which represented at least 30% of the sample and was selected randomly.

Validity of the Instrument

An inference, proposition, or conclusion is considered valid if it is as close as possible to being true or false, according to Cook and Campbell (2014). In order to validate his questionnaire tool for gathering information used to grasp the research problem, the researcher called two research professionals after creating it. Therefore, the researcher used the expert judgment approach to construct the instruments' validity. Advice from professionals was used to fine-tune the instrument. The validity index was tested using the following formula.

$$CVI = \frac{\text{No. of items regarded relevant by judges}}{\text{Total No. of items}}$$

According to Thornhill, (2014) stated that factor loadings are evaluated as 0.22 and less is considered poor, 0.23 to 0.37 is considered as fair, 0.38 to 0.52 is good, 0.53 to 0.65 is very good and above 0.78 is excellent.

Table 2: Content Validity Index

Rater	Total items	Valid items	Validity index
1	45	38	0.8444
2	41	38	0.9268
3	40	38	0.9500
4	39	38	0.9744
Average			**0.9239**

Source: Pilot Data Results, 2024.

Table 2 presents the Content Validity Index (CVI) findings from four raters evaluating the validity of items within a specific measurement tool. The total number of items assessed varied

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Vol.9 Issue 5, No.3. pp. 20 - 40, 2024
www.iprjb.org

among the raters, with Rater 1 evaluating 45 items and achieving 38 valid items, resulting in a validity index of 0.8444. Rater 2 assessed 41 items, also validating 38, leading to a higher validity index of 0.9268. Rater 3, evaluating 40 items, maintained a similar count of valid items, resulting in a validity index of 0.9500. Finally, Rater 4 assessed 39 items with the same 38 valid items, yielding the highest validity index of 0.9744. The overall average CVI across all raters is 0.9239, indicating a strong level of content validity for the instrument used in the study (Polit & Beck, 2021; Lynn, 2020). This high average suggests that the items in the tool are relevant and adequately represent the construct being measured, which is crucial for ensuring reliable and valid research outcomes.

Reliability of the measurement instrument

Wilson (2022) states that the test-retest reliability method is commonly used to evaluate dependability, which is defined as the consistency of measurement. By utilizing consistent testing methodologies, testing a diverse sample of persons, and adding numerous homogeneous things on a measure, reliability was increased. A reliability analysis was conducted using SPSS 25.0 on the replies in order to calculate Cronbach's Alpha. Sekaran (2018) states that in order for the statements made by the instruments to be considered reliable, the alpha values for all of the variables in the study must be more than or equal to 0.7. This means that the instrument adequately measured the interplay between informative, transactional, and communicative aspects of online banking.

Table 3: Reliability Statistics

Variable	Alpha (α)	Comments
Informational internet banking	0.739	Reliable
Financial Performance	0.853	Reliable

Source: Pilot Results, (2024).

Table 3 summarizes the reliability statistics for various variables assessed in the study, indicated by their Cronbach's alpha (α) coefficients. The reliability of "Informational internet banking" is measured at 0.739, suggesting that this variable demonstrates acceptable internal consistency. "Financial Performance" has a reliability coefficient of 0.853, also categorized as reliable, suggesting that the measurement items effectively assess the financial outcomes associated with the banking services evaluated. Overall, the reliability coefficients reflect the robustness of the instruments used to measure the constructs in this study, reinforcing the credibility of the findings (George & Mallery, 2020).

Data Analysis

The top executives of the bank can be targeted by the study. The information that was gathered was entered into several computer programs, including the statistical package for social scientists, with the assistance of a specialist, in order to facilitate simplified analysis and interpretation of the findings. Both descriptive and inferential statistical methods were utilized in the conduct of the analysis of the data. A. Pearson A strategy known as correlation was utilized in order to evaluate the link between the variables, whereas a regression model was utilized in order to evaluate the impact that internet banking has on performance. In order to provide an explanation for the qualitative findings of the survey, statistical analysis was utilized. The following is the type of algebraic expression that was used to represent the regression model:

International Journal of Finance and Accounting
ISSN 2518-4113 (online)
Vol.9 Issue 5, No.3. pp. 20 - 40, 2024
www.iprjb.org

$Y = \alpha + \beta_1 X_1 + e$ ……………………………………………………………………(I)

Where

Y = Financial Performance

α = Model Constant

β_1 = Model Coefficients

e = Error Term (unknown random error assumed as normally distributed)

X_1 = Informational Internet Banking

RESULTS

Informational Internet Banking and Financial Performance

The relationship between informational internet banking and financial performance is increasingly recognized as a crucial area of study, particularly for microfinance institutions seeking to enhance their operational effectiveness. Table 4.11 presents descriptive statistics for various statements regarding informational internet banking, highlighting respondents' perceptions of its impact on financial performance. The table categorizes responses into five levels: Strongly Disagree (SD), Disagree (D), Neutral (N), Agree (A), and Strongly Agree (SA), along with the corresponding mean and standard deviation for each statement. This quantitative analysis aims to provide insights into how informational internet banking influences the financial outcomes of microfinance banks, emphasizing the importance of digital tools in improving service delivery and customer engagement.

Table 4: Descriptive Statistics for Informational Internet Banking

Statements on Informational internet banking	SD	D	N	A	SA	Mean	Std Dev.
Internet banking provides customers with easy access to information about their accounts.	0.0%	0.0%	0.0%	42.9%	57.1%	4.57	.498
The availability of internet banking services has improved customer satisfaction at COPEDU.	0.0%	0.0%	4.3%	27.1%	68.6%	4.64	.566
Informational internet banking has reduced the number of in-person visits required by customers.	0.0%	0.0%	11.4%	27.1%	61.4%	4.50	.697
Internet banking enhances transparency in financial transactions for customers.	0.0%	0.0%	0.0%	44.3%	55.7%	4.56	.500
The use of internet banking has positively impacted COPEDU's operational efficiency.	0.0%	0.0%	4.3%	38.6%	57.1%	4.53	.583
Internet banking improves the speed and convenience of accessing financial information.	0.0%	0.0%	8.6%	34.3%	57.1%	4.49	.654
Internet banking contributes to better decision-making by providing timely financial updates.	0.0%	0.0%	5.7%	44.3%	50.0%	4.44	.605

Source: Researcher Data, (2024).

Table 4 provides a detailed breakdown of respondents' perceptions of informational internet banking at COPEDU PLC. The results indicate that respondents predominantly expressed agreement or strong agreement with favorable statements regarding the advantages of internet banking. All respondents (42.9% agreed, 57.1% strongly agreed) acknowledged that internet banking facilitates easy access to account information, reflected by a high mean of 4.57 and a low standard deviation (SD) of 0.498, demonstrating a strong consensus regarding this advantage. In a similar vein, 95.7% of respondents either agreed or strongly agreed that internet banking has enhanced customer satisfaction, resulting in the highest mean of 4.64 and a moderate standard deviation of 0.566. Another notable result is that 88.5% agreed that informational internet banking has reduced in-person visits, with a mean of 4.50 and a relatively higher SD of 0.697, suggesting some variability in responses. These results align with studies emphasizing the growing importance of digital banking in enhancing customer experience and operational efficiency (Salim *et al.,* 2022).

The table also highlights the perception that internet banking enhances transparency and operational efficiency, with 100% of respondents agreeing or strongly agreeing with both statements, resulting in means of 4.56 (SD = 0.500) and 4.53 (SD = 0.583), respectively. The convenience and speed of accessing financial information through internet banking also received high ratings, with 91.4% agreement and a mean of 4.49 (SD = 0.654). Lastly, 94.3% of respondents agreed that internet banking contributes to better decision-making by providing timely financial updates, reflected in a mean of 4.44 (SD = 0.605). These findings suggest that informational internet banking plays a crucial role in enhancing both customer satisfaction and operational efficiency at COPEDU PLC. The overall composite mean across all statements is high, reinforcing the idea that respondents view informational internet banking as a critical tool for improving service delivery and decision-making (Kimani *et al.,* 2021; Mahdavi *et al.,* 2023).

Financial Performance

In evaluating the financial performance of COPEDU PLC Microfinance, Table 4.14 presents descriptive statistics that summarize respondents' perceptions regarding various financial performance statements. The table categorizes responses into five distinct levels. By calculating the mean and standard deviation for each statement, the analysis offers insights into the overall sentiment toward financial performance, highlighting areas of strength and potential improvement within the organization. This quantitative assessment serves as a foundation for understanding the microfinance institution's effectiveness in achieving its financial goals and meeting stakeholder expectations.

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Vol.9 Issue 5, No.3. pp. 20 - 40, 2024

Table 5: Descriptive Statistics for Financial Performance

Statements on Financial Performance	SD	D	N	A	SA	Mean	Std Dev.
COPEDU PLC has shown consistent growth in its financial performance.	0.0%	0.0%	10.0%	54.3%	35.7%	4.26	.630
Customer satisfaction is reflected in the financial performance of COPEDU PLC.	0.0%	0.0%	2.9%	35.7%	61.4%	4.59	.551
The financial performance of COPEDU PLC has improved due to better access to services.	0.0%	0.0%	7.1%	42.9%	50.0%	4.43	.627
COPEDU PLC has successfully increased its customer base in the last year.	0.0%	0.0%	5.7%	31.4%	62.9%	4.57	.604
Internet banking services have led to increased revenue generation for COPEDU PLC.	0.0%	0.0%	4.3%	44.3%	51.4%	4.47	.583
The financial reporting practices at COPEDU PLC are transparent and reliable.	0.0%	0.0%	5.7%	45.7%	48.6%	4.43	.604

Source: Researcher Data, (2024).

Table 5 presents a detailed analysis of respondents' perceptions regarding the financial performance of COPEDU PLC. A significant majority of respondents, 90.0%, expressed agreement or strong agreement that COPEDU PLC has demonstrated consistent growth in financial performance, reflected by a mean score of 4.26 and a standard deviation (SD) of 0.630. This finding suggests a strong consensus among respondents regarding the bank’s financial stability, which aligns with research indicating that consistent financial growth is crucial for maintaining customer trust and loyalty (Muda *et al.*, 2021). Furthermore, 97.1% of respondents agreed that customer satisfaction is directly reflected in the bank’s financial performance, yielding a mean of 4.59 with a lower SD of 0.551, indicating that financial success is closely linked to the satisfaction levels of the bank's clientele. This relationship between customer satisfaction and financial outcomes has been supported by recent studies emphasizing that enhanced customer experiences translate into improved financial metrics (Yarovaya *et al.*, 2022).

Additionally, respondents perceived a positive impact of improved service access on COPEDU PLC’s financial performance, with a mean of 4.43 and SD of 0.627, where 92.9% acknowledged the correlation between better access to services and financial success. This is consistent with findings from contemporary literature, which suggest that accessibility plays a significant role in customer retention and revenue growth (Rahman & Al-Zyoud, 2023). Furthermore, 94.3% of participants affirmed that COPEDU PLC has successfully increased its customer base in the past year, demonstrated by a mean of 4.57 and SD of 0.604. The relationship between increased customer acquisition and revenue generation is reinforced by the mean score of 4.47 (SD = 0.583) indicating that internet banking services have contributed positively to COPEDU PLC's revenue generation. Finally, 94.3% of respondents agreed that the financial reporting practices at COPEDU PLC are transparent and reliable, reflected by a mean score of 4.43 and SD of 0.604, supporting the idea that transparency in financial practices is vital for sustaining investor and customer confidence (Ong *et al.*, 2023).

CONCLUSION AND RECOMMENDATIONS

Conclusion

The findings highlight that informational internet banking significantly contributes to the financial performance of COPEDU PLC. The strong positive correlation suggests that when clients receive clear, relevant, and timely information about banking services, their overall satisfaction and engagement with the bank increase, leading to improved financial outcomes. This underscores the necessity for financial institutions to prioritize the enhancement of informational services to bolster customer trust and loyalty, which in turn can drive profitability and sustainable growth.

Recommendations

To enhance financial performance through informational internet banking, it is recommended that COPEDU PLC invests in developing a robust digital information platform that provides customers with timely, clear, and relevant updates about services and financial products. This could include personalized notifications, educational resources, and interactive tools that allow users to better understand their financial options. Additionally, ongoing training for staff to assist customers in navigating these resources effectively can further enhance user experience and satisfaction. Regular feedback loops should also be established to continuously improve information delivery based on customer needs and preferences.

Suggestions for Further Studies

Future research could explore the long-term impact of various forms of internet banking—informational, transactional, and communicative—on financial performance metrics across different sectors and financial institutions. A comparative analysis of different banks or financial service providers could offer valuable insights into best practices and highlight unique strategies that lead to enhanced customer engagement and financial outcomes. Additionally, incorporating qualitative methods, such as interviews or focus groups with customers, could provide deeper insights into user experiences and satisfaction levels, enriching the quantitative data with personal narratives and specific pain points in the internet banking process.

Another avenue for further study is the exploration of emerging technologies and their potential to revolutionize internet banking services. Research could focus on the implementation of artificial intelligence, machine learning, and blockchain technologies in enhancing customer experiences and operational efficiencies within banking environments. Furthermore, examining how demographic factors, such as age, income, and education level, influence customers' perceptions and usage of internet banking services could yield critical insights for tailoring services to meet diverse customer needs. By addressing these areas, future studies could significantly contribute to the understanding of the evolving landscape of internet banking and its implications for financial performance.

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