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Influence of Start Up Capital on Operational Performance of Individual Bank Agents In Kenya

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Abstract:*Agency banking is a phenomenon in which non-banking entities offer financial products and services. Though the market for agency banking in Kenya is growing and unsaturated, existing disparities between growth of agencies and the growth of their transactions across the country hints at operational challenges. This study aimed at determining how structure of start-up capital influences operational performance of individual bank agents in Kenya. This study was grounded on agency theory and stewardship. It adopted a descriptive survey design and sampled 86 individual bank agents. A structured questionnaire that was tested through a pilot study was used to collect primary data. Descriptive and Quantitative data analysis were carried out.Descriptive data analysis involved frequency, percentage tables and mean scores. In quantitative data analysis, correlation, regression and ANOVA analysis were done. A strong positive correlation of 0.752 exists between structure of start-up capital and operational performance. Structure of start capital explains 56.6% of the variations in operational performance of the individual bank agents and 43.4% can be explained by other facts that are not in the model. The ANOVA results indicated that the overall model can predict the operational performance of individual bank agents. Therefore, the study rejected the null hypothesis that the structure of start-up capital cannot statistically significantly be used to predict the operational performance of individual bank agents in Kenya.This study is of benefit to banks and potential business people through insight obtained into issues affecting agency banking. It is also of benefit to students, researchers and academicians interested in the issue of agency banking in Kenya. This study recommends that bank agency should be well spaced from one another but far away from the parent bank. The bank agents should be located away from other competing money transfer services outlets.*

Keywords*: (Agency Banking, Money Transfer, Operational Performance, Startup Capital)*

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I. Introduction

Agency banking is a recent phenomenon in which non-banking financial institutions are offering financial products and services (Finacle, 2012). Under agency banking arrangement, a corresponding bank makes arrangement with non-banks entities to provide distribution outlets for financial services(Anjali, Ajai, Adam, & Urdapilleta, 2006) with an aim of financially including the unbanked and under banked populations (Veniard, 2010). Financial inclusion is an integral part to Kenya's achieving vision 2030 development agenda (Nyaoma, 2010). Consequently, the Government has instituted branchless banking through agency banking regulated by the Central Bank of Kenya. By partnering with agents, banks can participate in transactions of a non-financial nature that involves dealing with money.

Agency banking is handy in providing banking infrastructure and services to low value accounts since costs are relatively low. For example, in the USA studies have shown that agent banking systems are up to three times cheaper to operate than branches (Veniard, 2010). Agency banking has also been a key face of channel innovation. With developments in technology and the sophistication of a modern consumer, agency banking gives penetration in underrepresented areas helping the banks to tap into other customer segments (Armstrong, 2012). Agency banking enables banks to spread their services to far flung areas and effectively brings their services closer to people where the branch spread is wide (Finacle, 2012). They minimize fixed costs by leveraging existing retail outlets and reducing the need for financial service providers to invest in their own infrastructure. For example, Setting up an agent costs 2 percent to 4 percent of the cost of a branch cashier. When functioning at maximum capacity, a branch cashier incurs more than 78 cents in fixed costs per transaction, compared to 11 cents for a Point of Sale (POS)-enabled agent and 4 cents or less for a mobile enabled agent or mobile wallet (Veniard, 2010).

In Colombia, the Oxford Policy Management Africa (2011) paper shows that the regulatory framework in financial management has given a good climate for the development of agency banking. This includes the

creation of a relatively open regulatory framework for financial institutions to use agents and the use of financial incentives for banks to offer low-value savings accounts. In Peru policies on agency banking were first developed in 2005 through Circular No. B 2147 of 2005 and then superseded by a new resolution in 2008 (Resolution SBS Nº 775, 2008). Agents operate on their own premises or the premises of a third party outside the financial system (Felipe, 2008).

In India, the Reserve Bank of India (RBI) issued a circular in 2006 (Financial Inclusion by Extension of Banking Services 2006) which allowed banks to use agents which were invariably called business correspondents (BCs). However, non-bank based agent banking in India has not yet taken off due to certain regulatory restrictions (Center for Financial Inclusion, 2011). In Nigeria, the Regulatory Framework for Mobile Payments Services was issued in June 2009. It is relatively progressive and permits both bank-based and nonbank-based models (Obaigbona, 2010). It specifically prohibits Mobile Network Operator (MNOs) from being the lead actor in mobile financial services, effectively reducing them to the role of providing the network infrastructure or being the junior partner in a bank based model (Nigerian Central Bank, 2009).

In Kenya lack of access to financial services is more widespread amongst lower income and rural households and small-scale enterprises (Chesseto, 2013). The country however, has an experience with both bank-based and nonbank-based agent banking models. With respect to the bank based model, an approval for banking legislation to be amended was given by parliament in June 2009.The Central Bank of Kenya published the regulations for agent banking in May 20 2010 (Oxford Policy Management Africa, 2011). Progress in the legal framework, that has enabled the advancement of the agency banking agenda in Kenya, includes the year 2008 regulation allowing microfinance deposit taking institutions to use agents. An year 2009 amendment to the banking act allows banks to appoint agents to take deposits and perform other activities and a 2009 Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) bill which applies to both bank and non-bank institutions (Nyaoma, 2010, CBK, 2010).

According to the CBK's bank annual supervision reports (2014), there were 43 licensed commercial banks, 8 deposit taking micro finance institutions and 1 non-bank financial institution in the country. There has also been a recent explosion of different forms of remote financial access. This has come in different forms and through a variety of channels. These alternative channels to the traditional banking hall setup includes but is not limited to Mobile phones, Automatic Teller Machines (ATMs), point-of-sale (POS) devices and agent bankers.

Despite the growth, agency banking faces potential challenges such as lack of real control of agent behavior and the risk of bank's reputation if things go wrong. In addition, partnership management is key to agency banking. To succeed agency banking requires a "partnership management" program and requires careful management of float or collection accounts (Armstrong, 2012). This is evident in a study on factors influencing agency banking in Kajiado, which found that quality of banks agents was a factor contributing to adoption of agency banking (Ndungu & Njeru, 2014).

The other challenge to agency banking is related to structure of the startup capital which in practical terms determines the business structure. Just as in other businesses, the startup finance structure determines how a banking agency is operated. The diverse finance source option comes with their own pros and cons, and each is more suited to certain types of businesses than others (Holfstrand, 2013). There is need to establish which is the most suitable type of finance structure for agency banking. Furthermore, the supporting commercial activity has an important bearing on performance of the agency banking business. The structure of agency banking business is complimentary in which other services are run alongside the service. A complementary Business is one that does not offer the same services and products as the core business (Hughes, 2015). However, whether or not an individual or corporate entity can be co-opted by a bank to operate as an agent is normally determined by the laws and regulations that exist in the country in question.

Characteristics of the supporting financial institutions could also influence performance of a banking agency. Customers have a number of unique characteristics which includes demographics such as whether a client is male or female; age; individuals or couple: a local area, wider town or city; or other social, cultural and religious predispositions (Mutie, Bichanga, & Mosoti, 2015; Bosch Tait & Venter, 2011). Another unique characteristic is their service access requirements in terms of timings for example weekdays/weekends, seasonal/holidays, before 9.00 am/mornings/lunchtime/evening Mas and Siedek (2008) as well as their income bracket, occupation and spending power (Aleksyeyenko, 2010).

A study on agency banking in Kisumu City concluded that control policies and procedures from the Government, technological advancement, and regulations put in place by the commercial banks have an influence on agent banking operations (Weldon, 2013). Challenges faced by commercial banks in operating agent banking operations include reputational risk, anti money laundering, consumer protection and legal risk (Chiteli, 2013). Studies in Karatina and Likuyani Sub Counties identified main challenges as adoption of mobile and agency banking technology to be cost related, compatibility, lack of institutional pressure, competition between adopters, culture related, inadequate resource, inadequate relevant training, skills, knowledge and attitudinal which are categorized as internal and external factors to the SME (Nganga & Mwachofi, 2013).

According to CBK entities that can act as agents are limited liability companies, sole proprietorships, partnerships, societies, co-operative societies, state corporations, trusts, public entities and any other entity that the CBK may prescribe. Entities that are not allowed by the CBK to run agency banking are Faith based organizations, not-for profit Organizations, Non-governmental organizations, Educational institutions and Forex bureaus (Central Bank of Kenya, 2010). According to Equity Bank, to operate an agency banking service, requirements include having an existing business that has been operating successfully in the same location for a minimum of two years prior to application: valid business permits for the existing business; and a strategic business location that is accessible, visible and secure (Equity Bank, 2016).

The development of bank agencies in Kenya can be traced back to June 2009 when proposals were made to amend Banking Legislation to enable use of agents. Central bank of Kenya proceeded to issue Banking Guidelines in April 2010 and the same became effective from 1st May 2010. According to the CBK 2014 report, 16 commercial banks and 3 microfinance banks have contracted a total of 35,789 agents across the country, an increase from 13 commercial banks with a total of 23,477 agents by Dec 2013. This is a 52.4 % increase in the number of approved agents. Ninety percent of these agents are concentrated in 3 banks-Equity bank 13,767, KCB 9,687 and Co-operative bank 8,765 bank agents. In a country whose economic growth rate is below 10% a growth of 52.4% is astronomical. Despite this remarkable growth, according to Central Bank, individual bank agents' annual transactions reduced from an average of 1,792 transactions to 1,618 transactions. This means that a 52.7% increase in the number of agents only yielded a 37.9% increase in transaction numbers, an inverse relationship of 14.8%.In normal production setup input output ratios are positively correlated up to a point of diminishing returns, yet agency banking is still in its growth phase. This scenario therefore depicts an abnormal growth of agency banking. This is scenario was the motivation of this study. Therefore, the hypothesis of this study was gives as;H_{01}: Structure of start-up capital has no statistically significant influence on the operational performance of individual bank agents in Kenya.

II. Literature Review

Agency banking is a formal arrangement between licensed and regulated financial institutions and other third parties whose primary activities are of either financial or non-financial nature to offer certain banking services on their behalf. This is regulated by guideline issued by the central Bank of Kenya and operationalized in the year 2010 under section 33(4) of the banking Act. The primary objective of Agency banking is to enhance financial inclusion to the unbanked and under banked population, without risking the safety and security of the banking system and also to reduce the cost of financial services (Central Bank of Kenya, 2014). This entails the convergence of various financial institutions and other non-bank players to avail financial services cheaply, to a bigger population and at more convenience to the end users.

There has also been a recent explosion of different forms of remote financial access. This has come in different forms and through a variety of channels. This alternative channels to the traditional banking hall setup includes but is not limited to Mobile phones, Automatic Teller Machines(ATMs),point-of-sale (POS) devices and agent bankers also referred to as banking correspondents in some countries. Agency banking enables banks to spread their distribution wings to far flung areas where they do not have branch representation. It also brings their services closer to people where the branch spread is wide. Agency banking has been touted as bringing banking to the doorstep of the users (Finacle, 2012). Agency banking has also been a key face of channel innovation. With developments in technology and the sophistication of the current consumer, agency banking gives penetration in underrepresented areas helping the banks to tap into other customer segments by becoming part of an integrated multi-channel banking (Arrunima, 2011).

In addition in the USA studies have shown that agent banking systems are up to three times cheaper to operate than branches (Veniard, 2010). They minimize fixed costs by leveraging existing retail outlets and reducing the need for financial service providers to invest in their own infrastructure. The fixed costs per transaction for branches are significantly higher. Setting up an agent costs 2 percent to 4 percent of the cost of a branch cashier. When functioning at maximum capacity, a branch cashier incurs more than 78 cents in fixed costs per transaction, compared to 11 cents for a Point of Sale (POS)-enabled agent and 4 cents or less for a mobile enabled agent or mobile wallet (Veniard, 2010). This study looked at the cost of starting up agency banking and its influence on operational performance of bang agents.

Agent banking increases financial inclusion as evidenced in Colombia. According to the Oxford Policy Management Africa (2011) paper, the regulatory framework in the Colombia's financial management has given a good climate for the development of agency banking. This includes the creation of a relatively open regulatory framework for financial institutions to use agents, the use of financial incentives for banks to offer low-value savings accounts, the regulation of electronic and mobile bank accounts, the exemptions from financial transaction tax imposed on bank customers and improvements to the regulatory definition of micro credit. In Colombia, agents are called 'non-bank correspondents'. These are commercial businesses that can provide financial services on behalf of formal financial institutions. Any type of legal entity or individual can become an

agent, but individuals must conduct some business activity in a fixed establishment and approved by the regulator.

In Brazil Government policy for financial inclusion has two main delivery mechanisms: microfinance and retail agents. Regulations related to agent banking in Brazil were originally developed in 1979, but agent banking did not really take off until 1999-2000, when the Central Bank of Brazil's (CBB) regulations were relaxed to allow a wider variety of services to be offered by individual agents, notably receiving account opening applications, performing deposits and withdrawals, and effecting bill payments (Oxford Policy Management Africa, 2011).

Agent banking regulations in Peru were first developed in 2005 through Circular No. B 2147 of 2005(Oxford Policy Management, 2011) and then superseded by a new resolution in 2008 (Resolution SBS Nº 775, 2008). Agents are known as 'cajeroscorresponsales' and can be legal entities or individuals that offer certain permitted services under an agreement with and on behalf of a licensed financial institution. They either operate on their own premises or the premises of a third party outside the financial system. This means that a financial institution may not act as an agent of another financial institution (Felipe, 2008).

In India, the Reserve Bank of India (RBI) issued a circular in 2006 (Financial Inclusion by Extension of Banking Services2006) which allowed banks to use agents which were invariably called business correspondents (BCs). However, non-bank based agent banking in India has not yet taken off due to certain regulatory restrictions. Specifically, these are nonbanks' inability to accept funds from the public and the prohibition on electronic money (e-money) issuance and transfer by nonbanks (Center for Financial Inclusion, 2011).

In Nigeria, the Regulatory Framework for Mobile Payments Services was issued in June 2009. It is relatively progressive and permits both bank-based and nonbank-based models (Obaigbona, 2010). It specifically prohibits Mobile Network Operator (MNOs) from being the lead actor in mobile financial services, effectively reducing them to the role of providing the network infrastructure or being the junior partner in a bank based model. One of the main incentives for banks to invest in establishing an agent banking network is to reach previously unbanked clients. In Nigeria, there is a lack of interest amongst Deposit Money Banks (DMBs) in taking financial services down market so this constitutes a challenge to creating an effective agent banking model in Nigeria(Nigerian Central Bank, 2009).

However, establishment of agency banking is not without its barriers, as Atandi (2013) explains. In order to be recruited as an agent one needs to have capital so as to put in place operating capital, which is held in his/her account with the principal institution. This cash is used as the agents float which must be replenished all the time as he receives deposits and also withdrawals from the client (Atandi, 2013).

A study on the role of Agency banking in Kenya found that the agency banking model has not only helped to demystify banking among low income populations but it has also placed beneficiaries on sure path towards becoming financially secure. The study also found that banking agents double up as the backbone of electronic money banking since they perform transactions over a bank device, to enable clients to convert cash into electronic money and vice versa(Barasa & Mwirigi, 2013).

A study of the effects of agency banking on financial performance of commercial banks in Kenya indicated these regulations have had positive impacts on the performance of bank agent and commercial banks as a whole in Kenya. This study found that the move by the central bank to regulate agency banking had a positive influence on the financial performance of commercial banks in Kenya. The study also found that low transaction cost through agency banking had a positive impact on the financial performance of commercial banks in Kenya. The study found that financial services accessibility by customers through banking agencies had a positive impact on financial performance of commercial banks in Kenya. The study also found that increased market share had a positive effect on the financial performance of commercial banks with many banking institutions indicating that increased market share allowed a company to achieve greater scale in its operations which generally improved its profitability (Mwando, 2013).

Entities that operate agency banking are enterprises established by owners for the purpose of profit making. However, in retrospect, financial performance of banking agents is influenced by different factors and challenges that are unique to them (Mwando, 2013;Githemo, 2014; Kambua, 2015). One such factor is the structure of equity. Alterations to capital structure can impact the cost of capital, the net income, the leverage ratios and the liabilities of firms (Investopedia, 2015). This implies that the claim and interest that owners got on an entity have a bearing on financial performance of business. Another factor that is unique to agency banking is the nature of the original supporting actitivity (Kenya Business Ideas, 2016). As shown by the Central bank, entities allowed to run an agency banking include are limited liability companies, sole proprietorships, partnerships, societies, co-operative societies. There virtually limitless number of business that can add agency banking to their core business.

The sources from which businesses tap for capital vary from angel investors and venture capital firms to family members. However, each option comes with its own pros and cons, and each is more suited to certain

types of businesses than others. The financial needs of a business will vary according to the type and size of the business (Holfstrand, 2013). However, the lowest risk option for raising capital is to simply find what you need from your own savings or assets because securing investment from an investor will probably require you to relinquish equity (shares) in your business and a degree of control also, while borrowing money from a lender will see you charged interest – which is essentially money down the drain as far as your business is concerned. Grants and incentives, business lenders (reputable banks and business lending institutions) offer debt financing charged with interest. Instead of ceding any control or share of your business, as you would to an investor, a lender will negotiate a timetable of repayments for your business to pay off the debt plus a percentage of interest that accrues annually.

While different banks and lenders offer various incentives and fee structures for business loans, it is the interest on the loans you should compare most keenly because that is the area where you can make the most savings. Under the tradeoff theory of capital structure, firms determine their preferred leverage ratio by calculating the tax advantages, costs of financial distress, mispricing, and incentive effects of debt versus equity (Faulkender & Petersen, 2004). Borrowing capital or accepting investment from a family member or friend is often the easiest option for a banking agent. They're more likely to place trust in you and be more accepting of your business case than other types of lenders or investors. However, tapping family and friends for capital is not always the best option (Holfstrand, 2013). Introducing money into a personal relationship can strain ties and damage trust, while the critical business acumen provided by a professional investor will also be missing.

An angel investor is by definition a successful entrepreneur in their own right who is looking to invest funds in an innovative start-up business they can also contribute their skills to. Angel investors typically pick investment opportunities in their fields of expertise so they can apply their experience to helping the business succeed. They also tend to look for investment opportunities at earlier stages in the life of a business than other types of investors or lenders. If they can see the potential of an idea, they are more likely to invest in a young start-up business they can nurture. In return for capital investment and their expertise, angel investors typically take equity in the business and expect a healthy short-term ROI (Harroch, 2015).

Ndungu and Njeru (2014) argue that CBK continues to report very impressive agency regulation performance. In spite of this impressive performance, banks have not managed to convince large retail chains in the country to be their agents. This is in spite of the researchers' belief that they would have been the ideal outlet because of the large footprint they command, convenient hours of business, ability to generate cash which is the raw material for agency banking and their more secure environments. In the study, it was observed that agents operating within same geographical locations have huge disparities in commissions earned and that some of the bank agents that used to dot trading centers had disappeared for some reasons. It was further noted that daily number of transactions and their growth trend, average monthly commissions, agency expansion number of new accounts generated from the agency business grew since inception.

III. Methodology

The study adopted descriptive survey design with a sample of 86 respondents who constituted individual bank agents of Co-operative bank of Kenya. Stratified random sampling technique was used to constitute the sample. A structured close-ended questionnaire was used to collect data from the respondents. However, before the data collection, a pilot survey was carried out. a small-scale rehearsal from a population with the same characteristics as the main study. The research was repeated to the same respondents after two weeks. The findings helped to improve the research instruments but they were not included in the main study. The data collection tool was also tested for reliability and validity. Data collected was analyzed in two levels; descriptive data analysis and quantitative data analysis. In descriptive data analysis, frequencies, percentages and mean scores were calculated. The quantitative data analysis involved correlation, regression and ANOVA analysis.

IV. Results and Discussion

The first step one was descriptive data analysis. In the descriptive analysis, frequency table, percentages and likert means were computed. The first question sought to find out whether it was reasonable to raise capital for the bank agency. The respondents agreed that it is reasonably affordable to raise capital for the agencies by themselves. This question had a mean of2.4 which indicates that raising capital for agency banking is not a big hindrance to starting up of agency banking.This study supports the study carried out by Gartner, Frid and Alexander (2012)in most new businesses raising capital, a big amount of the initial capital comes from the individual contributions of the founders.

A majority of the respondents (56.1%) indicated that it is reasonably easy to convince external lenders like banks to assist start up business with seed capital. The lenders are willing to finance the start-up agency banking business. This construct had a mean of ( ). Any start up business requires a lot of money as stated by

Mann and Sanyal (2011)and noted that businesses which require more physical assets or those whose entrepreneurs have other similar businesses are more likely to use external borrowings in the financial structure since these assets have a high liquidation value. This implies that access to capital may not be a major hindrance in the starting of agency banking.

The study sought to establish whether the respondents had unlimited sources of capital before starting the business. The results are shown as in Table 4:7 below. It shows that 54.9% of respondents agreed that unlimited sources of capital, while 45.27% disagreed (29.27% disagreed and 15.85% strongly disagreed). This shows that majority had unlimited sources of capital for their agency banking business. It further implies that sourcing of capital is not a major hindrance to starting up. Bivell (2008) found that the market for venture capital in Australia and in other parts of the world has experienced rapid growth both in terms of capital that is already in the business and the number of venture capital firms in which finance can be sourced from.

The study sought data on whether the interest charged on the loan interest charged on the loan was favorable. The results are presented in the Table 4:7 below. The table shows that 68.1 % agreed of respondent (30.5% strongly agreed, 37.8% agreed) while 30.39% disagreed (10.98% disagreed while 19.51% strongly disagreed) that their loan interest was favorable. This implies that to most of respondents interest loans were favorable while some were not favorable. A study by Ndung'u, Okibo and Nyang'au (2015) that examined the factors affecting performance of banking agents Kisii County Kenya concluded that, the cost of operationalizing banking agents is expensive; this leads to late deployment of tools that are used by the agents such as point-of-sale (POS) gadgets; - this in turn leads to high dormancy of agents already approved by CBK as well as making the agency model not profitable.

The respondents' family willingness to assist him raise the startup capital is presented in Table 4:7. This helped in understanding whether the respondents had problems in raising fund from the family. The study found that 79.2% of the respondents agreed (39.0% strongly agreed, 40.2% agreed) while 19.6% disagreed (3.7% disagreed while 15.85% strongly disagreed) that the family members were willing to assist the respondent raise the startup capital. This means that most of the respondents' families were willing to assist them raise startup capital and few they were not willing. However, research done by Robb and Robinson (2014) found that firms heavily rely on external sources of debt, such as bank financing, and less extensively on friends and family members funding sources.

Table 1 Influence of Structure of Startup Capital

Key: 1. Strongly Agree, 2. Agree, 3. Not Sure 4. Disagree 5. Strongly Disagree

Influence of Structure of Startup Capital	**1 %**	**2 %**	**3. %**	**4 %**	**5 %**	**Likert Mean**
Reasonably affordable to raise the capital alone	30.5	29.3	14.6	15.9	9.7	2.45
Ease of Convincing Lenders to advance Seed capital for the Agency	42.7	13.4	15.9	26.8	1.2	2.304
Unlimited sources of capital for my agency banking business	11.0	43.9	-	29.3	15.9	2.955
Cost of borrowed seed money on agency banking	37.8	30.5	1.2	11.0	19.5	2.439
Financial assistance received from family on seed capital	39.0	40.2	1.2	3.7	15.9	2.178

In the second step quantitative analysis was used. In the quantitative analysis, the study looked at the inferential statistics. Correlation, regression and ANOVA analysis were done. In the correlation analysis, the strength of the relationship between structure of startup capital and operational efficiency was done. The results are presented in Table 2. The results indicate a strong positive correlation of 0.752 between the two variables. On regression analysis, R square was found to be 0.566 indicating that structure of startup capital can explain 56.6% of variation in the operational performance of individual bank agents. The rest 43.4% can be explain by other factors not in the model. The results of both the correlation and regression are as indicated in table 2 below

Table 2: Correlation and Regression Data

Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	.752[a]	.566	0.525	0.858
a. Predictors: (Constant), Structure of Start-up Capital				

The study further sought to find out whether the structure of startup capital could predict the operational performance of individual bank agents. ANOVA analysis yielded the results in Table 3.Table 3 provides the information needed to predict performance of individual bank agents from structure of startup capital. Both the constant and structure of startup capital contribute significantly to the model. Both the constant and Structure of Startup Capital contribute significantly to the model. The regression equation is presented as follows; $Y = 2.478 + 0.203X$, where X structure of startup capital and Y is the operational performance. The results are as shown in table 3below;

Table 3: Coefficients[a] Determination of Structure of Start-up Capital and Performance

Model 1	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.478	.600		1.825	0.00
Structure of Start-up Capital	.203	.126	.221	1.616	.011
a. Dependent Variable: performance of individual bank agents					

ANOVA results in Table 4 indicate that the regression model predicts the outcome variable significantly. This indicates the statistical significance of the regression model that was applied. An F statistic of 13.77 indicated that the model was significant. This was supported by a probability value of 0.000. This is below 0.05indicating that on overall, the model applied can statistically significantly predict the outcome variable. Therefore, based on these findings, the null hypotheses; H_{01}:-structure of start-up capital has no statistically significant influence on the operational performance of individual banking agents in Kenya, is rejected. The alternative hypothesis H_{11}: - that structure of start-up capital has a significant influence on the operational performance of individual banking agents in Kenya is accepted. The ANOVA results are shown in table 4 below

Table 4: ANOVA of Structure of Startup Capital and Operational Performance

Model 1	Sum of Squaresdf		Mean Square	F	Sig.
Regression	71.010	7	10.144	13.770	0.000
Residual	54.515	74	0.737		
Total	125.524	81			
a. Dependent Variable: Performance of Individual Bank Agents b. Predictors: (Constant), Structure of Start Up Capital					

V. Conclusion and Recommendations

The study concludes that most people who start up banking agency use loans from banks while others uses their accumulated saving and loans from friends and family members. In addition it concludes that a good number of respondents are reasonably able to raise capital by themselves but to some it is not reasonable. The study further concludes that it is reasonably easy to convince the source of external capital (banks, partners, relatives, though it was hard to convince few. It further concludes that majority had unlimited sources while others had limited sources of capital. The study concludes that most of respondents interest loans were favorable and that respondents' families were willing to assist them raise startup capital and few were not willing. The study further concludes that there is an association between Structure of Startup Capital that can predict the performance of individual bank agents and indicates that the model used was statistically significant. Therefore, it can be hypothezed that structure of start-up capital has no significant influence on the operational performance of individual banking agents in Kenya.

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