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Electronic Funds Transfer Practices and Performance Own Source Revenue Collection in County Government's Western Region, Kenya

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ABSTRACT

Purpose: To examine the effect of e-funds transfer practices on performance of own source revenue collection in county government's western region, Kenya

Design/Methodology/Approach: This study embraced descriptive survey research design. This study focused on 215 participants selected from the primary county revenue agency. The study utilized a stratified random sampling technique to sample 140 participants. Data was collected by surveys featuring closed-ended questions utilizing a five-point Likert scale. The data was examined using descriptive and inferential statistics. Descriptive statistics included means, standard deviations, frequencies, and percentages, and inferential statistics encompassed the coefficient of determination and analysis of variance.

Findings: A correlation value of 0.897 indicates a robust positive linear relationship between E-funds transfer and the performance of county own source revenue.

Implications/Originality/Value: The report advised that counties adopt electronic fund transfers for their operations to facilitate queue management and assist citizens in saving money on their everyday business transactions. Counties ought to automate their payment processes to enhance transparency and accountability, while also ensuring efficiency in service delivery, and facilitate direct payments for services via mobile banking.

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Introduction

Electronic funds transfer means converting cash is converted into virtual money that can be transmitted from one user to another through an electronic medium via the service provider. In this study electronic transfer was measured by use of Payment of Taxes and Fees Transfers between Accounts Paying Contractors and Service Providers, System security.

Electronic accounting procedures are anticipated to enhance the efficiency of money transfer, payments, reporting, invoicing, and receipting, hence improving organizational performance (Chau & Lai, 2015). In Europe, Covid-19 profoundly impacted revenue collection, particularly in eurozone countries, with tax revenues plummeting in 2021 compared to 2020 for the majority of EU member states. The EU recommended the automation of revenue collection to enhance and stabilize tax revenue collection (Țibulca, 2022).

In Botswana, the national Government allocates 62% to urban councils and 92% to rural councils. Nevertheless, the local authorities in South Africa are approaching a state of financial autonomy from the national government; for example, in 2007, local governments on average succeeded in generating 89% of resources within their respective jurisdictions. In numerous African nations, including Ghana and Uganda, local governments rely heavily on funding provided by their respective national governments.

In Kenya according to Koskei, Cheruiyot, and Naibei (2019), the county governments in Kenya emerged in 2013, which led to the increased belief that they would be able to define the needs of the local population and offer them the wider range of the provided services and needs to address. Poor revenue collection is one of the major problems experienced by the county governments in Kenya. The Kiambu County stands as one of the memorable cases of revenue collection during the financial year 2023/2024 (Kamau, 2024). The county distribution was Ksh 3.5 million indicating positive growth by 12 percent as compared to the previous year. The increase can be attributed toward the efforts made by the county to improve its taxation practices which include the automation of revenue collection mechanisms, improvement in awareness programs, and cooperation with different stakeholders. Makau (2024) explains that one of the alternative counties that has recorded high revenue collection is Nairobi County. In the financial year 2023/2024, county collected Ksh 17.3 billion which is an improvement of 3 percent increase year on year. The increase can be attributed to the efforts of the county to digitalize the reason of the collection as there was much more efficiency and reduced losses.

The creation of County Governments in 2013 was expected to see increased capacity of county governments to assess community requirements and preventively provide public services nearer to the population. Therefore, every county like Kakamega, Bungoma, Busia and Vihiga is expected to identify the local means of revenue and raise funding by imposing property tax, levies, parking fee, fines, and business permits to boost the sources of finance to the County Government. Moreover, County Governments must be active in taking the initiative to come up with and establish programs aimed at reducing poverty in their localities.

Statement of the Problem

The consistent inability of Kenyan counties to achieve revenue collection targets presents significant obstacles to effective budget implementation. The excessive dependence on equity share from the national government poses significant drawbacks. A report by the Controller of Budget (2024) indicates that merely 16 of the 47 counties succeeded in achieving their revenue targets. This trend is concerning and necessitates immediate intervention by county governments to enhance their tax practices. The own source revenue significantly lags behind the budgets set for 2023/2024 within the framework of the Western Region Counties. ICPAK (2024) has indicated that suboptimal revenue collection impacting financial performance is attributable to inefficient collection practices within the counties. The KRA (2023) report indicates a persistent trend of underachievement, as revenue collection targets have been unmet annually since 2016, leading to the implementation of I tax. The own source revenue for Kakamega County in the fiscal year 2023/24 amounted to a modest 1.36 billion, representing 8.1% of the total county budget. Vihiga County generated 52.47 million, which is 0.8%, while Bungoma's revenue stood at 19.85 million, accounting for 0.9%. Busia County reported a revenue of 252.22 million, constituting 2.5% of its overall budget (OCOB, 2024). In the pursuit of the Ksh. 590 million goal set for Kakamega, the County Government has managed to secure only Ksh. 103.69 million in the initial quarter. Specifically, Bugoma has contributed Ksh. 92 million towards a target of Ksh. 510 million, while Busia has raised Ksh. 69 million of the Ksh. 450 million aimed for, and another segment of Busia has achieved Ksh. 67 million out of a Ksh. 500 million target. Should prevailing trends continue, it is probable that the County governments will fall short of their revenue collection objectives for the ongoing financial years. The excessive dependence on the national government significantly impacts project execution and budgetary oversight for the residents, thereby obstructing development within the Counties. Furthermore, research gaps identified from previous studies on own source revenues performance and electronic accounting calls for further examination into the matter. It is against this backdrop that a study on the effect of electronic fund transfer on performance of own source revenue collection in county government's western region, Kenya.

Objectives of the Study

To examine the effect of electronic funds, transfer practices on performance of own source revenue collection in county government's western region, Kenya.

Research Hypothesis

Electronic funds transfers have no statistically significant effect on performance of own source revenue collection in county government's western region, Kenya

Theoretical Framework

Technology Acceptance Model (TAM)

Fred David developed the TAM in 1989. The model has the premises of the Theory of Reasoned Action as its premises. TAM model is respected as a central and highly used model to explain individual acceptance of information systems (Lee, 2015). The original model had four variables, which included: perceived utility, perceived ease of use, attitude toward usage, and actual system utilization. Later, two components were added to the model; the external variables and behavioral intent (Eramus et al., 2015). The theory argues that the variables can also influence the perception of utility and simplicity to use externally (Alharbi & Drew, 2014). The model states that perceived utility is an important determinant of the acceptance of the technology. The counties can look forward to reduced management economy, more powerful internal efficacy, and cooperation with businesses, as well as increased competition, quality of information, and access to County accounts, funds transfers, and a bill payment (Riyadh, 2014). The model assumes that the attitude of the user towards the usability of the system is primary criteria to determine whether the system is accepted or rejected. He or she feels that an easy to use system would make him perform better at the workplace. Making such use perceived to be simple determines the utility perception and the attitude that the subject has towards how they would utilize the system. The TAM assumes the perception of the users towards the use of the electronic accounting systems as being a factor of perceived utility as well as perceived ease of use. People are likely to build a favorable attitude toward the services because of their usefulness and accessibility (Fethena et al., 2015). This study looks at how counties governments have progressed in terms of the use of electronic accounting systems. According to Venkatesh and Davis (2014), an expansion to the original TAM model was introduced, the researchers found

other aspects known as external variables that could affect the views of a system by an individual. Such characteristics entail the aspects of the system, the preparedness of users, involvement in the designing process, and the core implementation process itself (Chullur, 2014). It will institute a TAM to clarify and extrapolate specific utilization of IT. Numerous scholars have used the model to study how different information system technologies are devised and distributed (Riyadh et al., 2014).
The theory is quite significant in this research because it assumes that the perceived utility and ease of use predict attitude towards adoption of electronic accounting system. Moreover, it has been found that perceived usefulness is an important determinant of users of behavioral intentions (BI) to use these systems and most importantly that the behavioral intentions of using such a system often serves as a predicator of actual usage, in this case electronic accounting systems.

Empirical Review

One study by Foya (2022) pertains to the effects of the Electronic Cargo Tracking System (ECTS) integration on the effectiveness of the Zimbabwe Revenue Authority in detecting transit fraud, revenue collection. This was to determine how drivers perceive the systems thus the research design used in the study was descriptive. Purposive sampling was used in the selection of the study participants, and information collected through interviews. The report showed significant reduction in the instances of corruption, improving the legitimacy of the institutions. The use of the system was associated with the growth of revenues and other aspects that improved cargo management that reduced smuggling of illegal goods. The report proposed greater investment in order to provide a common system to check out on and identify taxpayers. The scope of this study has been focused on cargo border whereas the current study has expanded to cover county administrations as well.

In their paper, Fredrick and Thuo (2019) carried out the analysis to understand how the performance of the National Registration Bureau could be affected by automation of the financial accounting process. Using descriptive and cross-sectional research design, the research looked into the impact of automating the revenue collection, payment, budgeting, and reporting processes on revenue agencies performance. The study also focused on ascertaining the views of personnel working in different departments to achieve an overall view concerning the effects of automation on the different parts of the organization. The analyses cleared that automation is significantly boosting the production, streamlining of resources consumed, accuracy of the financial reports and reducing the time taken in obtaining, analyzing and utilizing financial reports to communicate and make any decisions. In this study, the researcher looked at the automation of accounting procedures in counties.

Nyaga *et al*. (2019) conducted an experiment aimed at finding out the connection between face-to-face revenue-raising approaches and financial outcomes in certain Kenyan counties. The authors found out that face-to-face collection mechanisms led to increased taxpayer compliance, improving substantially on the levels of revenue collection. However, they noted that expenditure was higher on administrative expenses compared to digital collection systems posing a challenge in financial efficiency improvement.

A study was conducted by McCluskey, Franzsen, Kabinga, and Kasese (2018) on the Arusha, Kitwe, Ndila, and Kiambu local governments to assess the benefits and drawbacks of using information and communication technology (ICT) to generate income and other forms of revenue. The report highlighted the increasingly greater volumes of data handled by governments locally in developing countries. It was observed that ICT has presented the municipal governments with the chance to adapt cashless payment systems using electronic and mobile payment technology. The collected data through the survey showed that the integration of ICT has improved the collection of revenue within these urban areas. Moreover, the use of ICT allows city councils to introduce cashless form of payment. The research has demonstrated the potential difficulties that municipal councils would face without timely resolving technical issues and the fact that it is necessary to engage with the banks to facilitate electronic and mobile payments. The paper has pointed out that IT systems designed and operated by different countries internationally can be problematic as observed in the case of Ndola City. This study was undertaken in four cities in Africa leaving a gap in context since the study makes conclusions relating to the whole of Africa, yet it was carried out in four cities.

In the study by Orwa (2019), the determinant of the revenue collection in the county governments was explored with an emphasis on Kirinyaga County. The purpose of the study was to determine what influence computerized systems, internal controls, and competency of personnel have on collection of tax in the county. The results imply that computerization, internal controls and personnel competencies equally have notable influence on revenue collection trends at the county governance level that leads to stable GDPs and economic stabilization. In addition, it helped workers in the county governments to develop sufficient expertise to adopt suitable solutions in managing their income. Future researchers, scholars, and academicians who have interest in tax administration or any related topic will also benefit through the study. A descriptive design was used in the research.

Kipkurui and Makori (2023) also carried out a study of the effectiveness of revenue collection in county government of Kericho in Kenya, including its internal control systems. The study applied an explanatory study design, which primarily covered a target population of 62 people or employees under various departments of the County Government of Kericho all of who are directly involved in revenue management activities. Tables and visuals illustrate the findings from data analysis performed using the Statistical Package for the Social Sciences. The results demonstrated a robust and statistically significant correlation between control actions and the success of revenue collection. The study found that the County Government of Kericho's revenue collection performance was much improved by the implementation of internal control systems. It is well-established that all variables, including control activities, monitoring, risk assessment, communication, and control environment, significantly impact overall performance.

Conceptual Framework

Independent Variable **Dependent Variable**

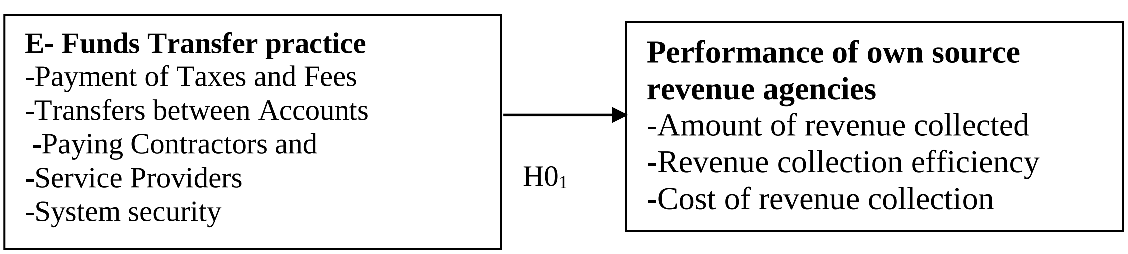

Figure 1: Conceptual framework

Methodology

Research design: A study design is a blueprint for how data was collected, analyzed, and interpreted during an inquiry (Cresswell, 2014). This study applied a causal-comparative research design. A causal-comparative design, also known as ex post facto research, seeks to explore cause-and-effect relationships by comparing groups with pre-existing differences, without manipulating the independent variable; however, it is limited in establishing definitive causation due to confounding variables (Creswell & Creswell, 2018)..

Population: The target population consisted of 215 personnel drawn from the mainstream county governments focusing on revenue department that partakes roles on electronic accounting practices.

Table 1 Target Population

Department	Position	Kakamega	Bungoma	Busia	Vihiga	Total
Accounting & Finance	Revenue Director	1	1	1	1	4
Accounting & Finance	Revenue Officers	11	9	8	7	35
Accounting & Finance	Revenue Support Staff	49	46	42	39	176
Total		**61**	**56**	**51**	**47**	**215**

Source: Western Region Counties Revenue and ICT employee Data (2024)

The research used a random sampling of revenue staffs. Based on what is known to be a scientifically acceptable degree of accuracy in the social sciences, a sample size of 95% was determined for the study (Yamane, 1967).

$$\mathrm{Sn} = \frac{\mathrm{N}}{1 + \mathrm{N(e)}^2}$$

Where: N = Target population size
Sn = Sample size
(e) = The level of precision or sampling error = 0.05

$$\frac{215}{1 + 215(0.05)^2}$$

The sample size was 140

Table 2 Sampling frame

County	Revenue Director	Sample (purposive)	Revenue Officers	Sample n/Nx sample size	Revenue Support Staff	Sample n/Nx sample size	Total Target	Total sample n/Nx sample size
Kakamega	1	1	11	7	49	32	61	40
Bungoma	1	1	9	6	46	30	56	36
Busia	1	0	8	5	42	27	51	33
Vihiga	1	0	7	5	39	26	47	31
Total	**4**	**2**	**35**	**23**	**176**	**115**	**215**	**140**

Source: Western Region Counties Revenue employee Data (2024)

Data collection: To collect research data from the respondents, the study used structured questionnaires. Since it has considerable logistical advantages, the questionnaire was used to gather data. It also provides a consistent stimulus to a large number of people at once, enabling the investigation to gather data easily. According to Gay (1992), questionnaires enable respondents to share their thoughts and opinions as well as make suggestions. It is additionally completely private. The questionnaire included closed-ended questions. The researcher employed four research assistants one per county to administer the questionnaires on predetermined days.

Data Analysis: The gathered information was gleaned through descriptive and inferential statistics in SPSS 24, which is the abbreviation of the Statistical Package of the social sciences. Descriptive research was based on percentages and frequencies, where one collected the information related to the demographics of the respondents. Also, both the independent and the dependent variables were used with means and standard deviations.

Inferential statistics involved correlation and multiple regressions. The hypotheses were tested utilizing the t-test at a level of confidence level (= 0.05) 95 percent. The coefficient of determination was also used to gain further discussion as to the amount of effect of each of the independent variables on the dependent variables. The findings on the research were presented through statistical tables

Results and Discussion

This research employed questionnaires as a method for data collection. A mere 121 of the 140 distributed surveys were returned. The outcome yielded a response rate of 86.4 percent, a figure that significantly exceeds the recommended threshold of 75 percent, as indicated by Nachimias & Nachimias (2005), for ensuring the precision of the measures required for the study.

Table 3: E-Funds Transfer Practices

E-funds Transfer Practice	5	4	3	2	1	Mean	St.Dev.
Electronic cash transfer has facilitated time management.	70.2%	27.3%	2.5%	0.0%	0.0%	4.68	.481
Electronic money transfer enables customers to safeguard funds from their normal business transactions.	78.5%	20.7%	0.8%	0.0%	0.0%	4.78	.438
Theft of money caused by having a big sum of money in the drawers has been averted thanks to computerized cash transfers.	80.2%	19.0%	0.8%	0.0%	0.0%	4.79	.427
Access to electronic cash transfer has enabled us to quickly respond to county safety requests.	81.8%	15.7%	2.5%	0.0%	0.0%	4.79	.464
Electronic financial transfers have helped to cut travel expenditures.	19.8%	57.0%	19.0%	4.1%	0.0%	3.93	.743
Electronic payments transfer has reduced the insecurity of cash money.	47.1%	43.0%	8.3%	1.7%	0.0%	4.36	.705
Electronic financial transfers have improved our county's own source revenue performance.	64.5%	35.5%	0.0%	0.0%	0.0%	4.64	.481
Average						**4.567**	**.534**

Source: Field Data (2025)

The respondents were asked to give their views concerning whether the use of electronic currency exchange had enabled the staff members to take control over their time. As table 4.6 indicates, none strongly disagreed (0.00% or 0) and none disagreed (0.00% or 0) but there were 2.5% (3) ambivalent in their responses, 27.3% (33) agreed, and 70.2% (85) strongly agreed. Therefore, most of the respondents (85-70.2%) were in concurrence that electronic cash transfer had helped in managing time among the employees.

The paper also intended to test whether money transfer through electronic means helps the clients to save money in their routine business activities. As it was observed, 0.0% (0) strongly disagreed, 0.0% (0) disagreed, 0.8% (1) were in two minds, 20.7% (25) agreed, and 78.5 % (95) highly agreed. There was a leading agreement among the 99.2 percent of the respondents, who agreed that electronic money transfer enhances their daily savings among clients (120). Still no disagreement was voiced using the range 0.0% (0).

The third issue of this topic was to determine whether computerized cash transfers have served as a mitigator by eliminating theft by lessening the number of cash densities in the drawers. 0.0 percent (0) strongly disagreed, 0.0 percent (0) disagreed, 0.8 percent (1) were ambivalent, 19.0 percent (23) concurred, and 80.2 percent (97) strongly concurred as shown in Table 4.6. A majority 99.2 percent of the respondents claimed that the e-cash transfer has eliminated loose of money that occurs when dealing with large amounts of cash stored in drawers. 0.0 percent (0) had a contrary view.

And the fourth question that we had in this theme was to determine whether we had accessed the electronic transfer of funds that had enabled us to respond swiftly to the safety of the county residents. Table 4.6 shows that 0.0% (0) strongly disagreed, 0.0% (0) were neutral, 2.5% (3)

agreed, 15.7% (19) strongly agreed, and 81.8% (99) talked a lot. In general, it could be seen that 97.5 percent (118) of the respondents agreed that the availability to the electronic fund transfers has enabled speedy response to the county safety needs.

The objective of the research was to determine whether electronic cash transfer has contributed to the reduction of travel expenses for the majority of our clients. The employee responses are presented in Table 3, where 0.0% (0) strongly disagreed, 4.1% (5) disagreed, 19.0% (23) were neutral, 57.0% (69) agreed, and 19.8% (24) strongly agreed. Consequently, all respondents (121) unanimously concluded that electronic cash transfer has significantly decreased travel costs for most of our customers.

When it comes to evaluating the effects of electronic funds transfer on insecurity of cash money, it was found that 0.0 percent (0) said they strongly disagreed, 1.7 percent (2) disagreed, 8.3 percent (10) were indifferent, 43.0 percent (52) agreed, and 47.0 percent (57) strongly agreed as seen in Table 4.6. Greater number of respondents, 87.0% (109), claimed that electronic funds transfer has alleviated the risk associated with cash based transactions.

The seventh theme on the theme list was to determine whether electronic funds transfers have helped increase the collection of own source funds in the County. 0.0 percent (0) strongly disagreed, 0.0 percent (0) declined, and 0.0 percent (0) were undecided as it is shown in Table 4.6. On the other hand, 35.5 percent (43) slightly agreed with 64.5 percent (78) strongly agreeing. The sum of 100.0 percent (121) of the respondents substantiated the position that electronic money transfer has enhanced the collection of own source revenue in the County. The average of 4.567 and the standard of 0.534 indicates positive view of the respondents.

Table 4: Performance of Own Source Revenue

Statement	5	4	3	2	1	Mean	St.Dev
Electronic accounting practices have increased amount of revenue collected	76.0%	19.8%	2.5%	0.8%	0.0%	4.70	.601
Electronic accounting practices have improved efficiency of revenue collection	91.7%	5.8%	1.7%	0.0%	0.0%	4.88	.432
Electronic accounting practices have reduced cost of revenue collection	95.0%	3.3%	0.0%	0.0%	0.0%	4.93	.309
Electronic accounting practices have improved customer satisfaction rate on services	87.6%	12.4%	0.0%	0.0%	0.0%	4.88	.331
Electronic accounting practices have improved number of clients served in the county	94.2%	5.0%	0.8%	0.0%	0.0%	4.93	.281
Electronic accounting practices have improved trust from customers	90.1%	9.9%	0.0%	0.0%	0.0%	4.90	.300
Electronic accounting practices have increased amount of revenue collected	89.3%	9.1%	1.7%	0.0%	0.0%	4.88	.378
Average						4.87	.376

Source: Field Data (2025)

The study sought to find out how far the practice of electronic accounting has increased the revenue collection. After analyzing table 4, it was found that 0.0% (0) of the participants strongly disagreed, 1.7% (2) were vehemently against, 2.5% (3) ended in the middle, 19.8% (24) answered as were in agreement, and most of the individuals, which were 76.0% (92) said that they strongly agreed. It is apparent that there is a resounding 95.8 percent (116) of respondents that show that electronic accounting practices has greatly boosted revenue collected. Still, 1.7 (2)

of the majority disagreed or were in a state of indecision.
The next issue under this theme was to determine whether the practice of electronic accounting has made the process of collection of revenue efficient. As indicated by Table 4.10, 0.0 percent, (0) of the respondents strongly disagreed, 0.8 percent (1) disagreed, 1.7 percent (2) were undecided, 5.8 percent (7) agreed, and notable 91.7 percent (111) strongly agreed. It remains clear that there was a large proportion, to be precise 97.5 percent (118) of respondents who agreed that the adoption of electronic accounting practice has significantly increased the effectiveness of revenue realization.

The third one under this theme was to determine whether the practice of electronic accounting has contributed towards the decline in the cost of revenue collection. Table 4.10 demonstrates that the proportion of respondents who strongly disagreed was 0.0% (0), disagreed 0.0% (0), were undecided 1.7 % (2), agreed 3.3% (4) and was strong 95.0 % (115). It was clear that a considerable percentage that is 98.3 percent (119) of the respondents agreed that the introduction of the electronic accounting practice has resulted in the reduction of the cost excluding revenue collection.

The study sought to identify the measures in which electronic accounting practice has boosted the degree of customer satisfaction on the services. The data that included the responses given by the employees is presented in table 4.10 in the following way: 0.0 (0) strongly disagreed, 0.0% (0) disagreed, 0.0% (0) undecided, 12.4% (15) agreed, and 87.6% (106) strongly agreed. As a result, an astonishing number of the respondents (100.0, 121) gave a feeling of unity on the idea that electronic accounting practice has improved the customer satisfaction rate on services.

The respondents were requested to state whether the adoption of the electronic accounting in the practices has increased the number of served clients in the county. The Table 4.10 data shows that 0.8 percent (1) of the respondents were split between undecided, 5.0 percent (6) agreed and a large 94.2 percent (114) strongly agreed. This means that 99.2 per cent (120) of the respondents had general agreement on whether the practice of electronic accounting has led to an increase in the number of clients served in the County which is quite high. However, 0.8 percent (1) tended to always be indecisive.

The study also sought to explore how far the electronic accounting practices have been able to achieve an increase in customer trust. Analysis in Table 4.10 shows that none (0) disagreed and strongly disagreed, none (0) disagreed, were not sure, and agreed with 9.9 percent (12); whereas, 90.1 percent (109) strongly agreed. The respondents in the data have shown that there is bigger percentage of 100.0%, (121) who agreed with the fact that the use of electronic accounting has increased the level of customer trust.

The last aspect in this theme was to determine whether the revenue collected has increased through the use of electronic accounting practices. The results are shown in Table 4.10- indicating that none (0) of the respondents strongly disagreed, none (0) disagreed, 1.7% (2) was undecided, 9.1% (11) agreed and phenomenal 89.3 percent (108) strongly agreed. The statistics indicates that an overwhelming number, 98.4 percent (119), of the respondents agreed that the adoption of electronic accounting practices has seen an increment in the money realized. This is seen through the average value of 4.87 with a standard deviation of 0.376, which implies high degree of affirmation among the respondents to the questions asked.

Table 5 Correlation Statistics

	E-funds transfer practice	Own source Revenue performance

E-funds transfer practice	Pearson Correlation	1	
	Sig. (2-tailed)		
Y:Own source Revenue performance	Pearson Correlation	.897**	1
	Sig. (2-tailed)	.000	

Source: Researcher (2025)

The correlation coefficient serves as a statistical metric that quantifies the degree of co-variation, or the interrelationship between two variables, illustrating both the strength and orientation of their linear association (Coopers & Schindler, 2014). A correlation coefficient below 0.3 signifies a weak correlation, while a range of 0.3 to 0.5 denotes a moderate correlation, and values exceeding 0.5 reflect a strong correlation. The presence of multicollinearity within the data set is indicated by a correlation coefficient of r 0.9 (Henson & Roberts, 2006). Laban and Muthinja (2023) conducted an analysis of the impact of automating revenue collection on the efficacy of own source revenue in Nyandarua County, Kenya. Quantitative data were thoroughly analyzed using indicative and descriptive statistics and qualitative data were analyzed using content analysis.

Table 6: Regression results for e-funds transfer and own source revenue performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics R Square Change	F Change	df1	df2	Sig. F Change
1	.897[a]	.805	.804	.292	.805	491.810	1	119	.000

a. Predictors: (Constant), E-funds transfer

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	41.936	1	41.936	491.810	.000[b]
	Residual	10.147	119	.085		
	Total	52.083	120			

a. Dependent Variable: own source revenue performance
b. Predictors: (Constant), E-funds transfer

Coefficient of Determination

Coefficients[a]

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.	95.0% Confidence Interval for B Lower Bound	Upper Bound	Correlations Zero-order	Partial	Part
1	(Constant)	1.228	.152		8.105	.000	.928	1.528			
	E-funds transfer	.743	.033	.897	22.177	.000	.676	.809	.897	.897	.897

a. Dependent Variable: own source revenue performance

Source: Researcher (2025)

Evidence demonstrates a linear correlation between electronic funds transfer and the County's own-source revenue performance; the correlation coefficient (R) of 0.897 suggests a strong positive linear relationship. This demonstrated that E-funds transfer exhibited a significant and strong association with the County's own-source revenue performance.

E-funds transfer accounts for 80.5 percent of the variability in own source income performance in counties, as evidenced by a coefficient of determination (R-squared) of 0.805. The model demonstrates statistical significance in predicting the effect of E-funds transfer on the performance of own source income in counties, with a significance value of 0.000, which is below the threshold of 0.05.

The E-funds transfer demonstrated an unstandardized regression coefficient (β) of 0.743, a correlation coefficient (β) of 0.897, a t-test value of 22.177, and a significance level of p = 0.000, signifying a substantial and strong positive linear association with own source income performance. E-funds transfer is essential for predicting the magnitude of own-source income performance in counties at a 5% significance level and a 95% confidence level.

The regression equation utilized to assess the relationship between E-funds transfer and the County's own-source revenue performance was:

Own source revenue performance = 1.228 + 0.743X_1

The regression equation implies that when the performance of e-fund transfer changes by 0.743, by one unit, it will affect the performance of Own Source Revenue by 1.228. This is positive correlation between the two variables. Such a result is in line with Owino, Senaji, and Ntara (2017), who found out that innovation concerning the tax collection process is very influential in Nairobi County performance. This is identical to the data collected by Nyaga et al. (2019), who investigated the relationship between the offline practices of receiving revenue and financial performance in various Kenyan counties. According to the study conducted by Efriyana et al. (2022) there was a trivial effect of the electronic fund transfer on the practice of the individual tax reporting technique, both e-billing and e-filing within the Kenya Revenue Authority. The inequality can be attributed to the KRA sections and administration at the county level.

Conclusions

The main objective was to determine the impact of E-funds transfer on own-source income performance level among county governments in the Western Region of Kenya. The first research null hypothesis was H01: E-funds transfer does not influence significantly the performance of own source revenue by county government in Western Region, Kenya. It therefore follows that based on the significant and strong positive linear relationship between the performance of E-funds transfer and own source income by county governments in the Western Region of Kenya, the null hypothesis was rejected and this implied that the model was significant. The research established that E-Funds Transfer has an impact on the performance of own-source revenue among governments in the counties in the Western Region of Kenya.

Recommendations

The research indicated that in order to control the queues and help the citizens save money in their daily business-related transactions, counties should shift in using electronic funds transfer in their operations.

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