The Impact of Mobile Banking Adoption on Financial Performance of Georgian Commercial Banks

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ABSTRACT

This dissertation explores whether higher-quality qualitative depth of mobile banking engagement by active Georgian commercial bank customers leads to quantifiable improvements in institutional financial performance. Despite the rapid digitisation of the Georgian banking sector, rigorous country-specific empirical evidence linking mobile banking engagement quality to financial outcomes has been lacking until now. This study fills that gap with a dual-stream empirical design comprising a cross-sectional survey of 200 active mobile banking users measuring perceived UX quality, digital awareness and proficiency, and user satisfaction with brand loyalty; and a secondary analysis of audited financial statements of TBC Bank and Bank of Georgia for 2023–2025 focusing on ROA, ROE, cost-to-income ratio, and net interest margin. Three hypotheses were built: that UX quality is a predictor of high-value transaction frequency with increasing ROA (H1), that digital literacy leads to branch-to-digital migration and lowers the cost-to-income ratio (H2), and that user satisfaction predicts diversification of digital products with increasing ROE (H3). The results result in a differentiated support profile. H1 wasn't supported — the association between UX quality and transaction frequency was insignificant ($r = +0.011$, $p = 0.882$) — primarily due to severe ceiling effects seen in this highly-experienced respondents. While the above-mentioned outcome did confirm that UX quality was a driving factor of customer advocacy—it did strongly predict the Net Promoter Score proxy ($r = +0.508$, $p < 0.001$). H2 was somewhat supported- (Digital awareness robustly predicted branch migration: $r = +0.344$, $p < 0.001$; $R^2 = 0.118$); TBC Bank's cost-to-income ratio rose by only 110 basis points over the study period compared with Bank of Georgia's 570 basis point increase (in line with BoG's broader-based expansion of investment stages). H3 showed the greatest support: the satisfaction significantly predicted the product diversification ($r = +0.332$, $p < 0.001$; $R^2 = 0.110$) and the full model explained 15.9% of the variance, although digital awareness was the most significant predictor ($\beta = +1.528$, $p = 0.003$). This also shows theoretically that Resource-Based View offers a fuller analysis compared to Technology Acceptance Model for grasping how the adoption of mobile banking affects institutional financial performance. On one hand it confirms strategic

imitation mechanisms in the Georgian banking duopoly and on the other hand adding nuanced emerging-market evidence that financial performance benefits are most readily achieved through product diversification and the NIM channel, not through the logic of cost or transactional frequency. Implication The results shift focus in strategy for practitioners to place greater strategic investment in customer digital literacy as a lever to achieve operations and revenue deepening. For the National Bank of Georgia, they suggest the importance of innovation-supportive macroprudential policy that recognizes the evolution of digital investment costs. Limitations include: cross-sectional design, purposive sampling, and a two institution secondary dataset. Longitudinal panel designs, even broader cross-institutional samples, and comparative studies across the South Caucasus region would be the focus of future research programs.