

## ABSTRACT

The aim of the study is to investigate the impact of innovations on performance of commercial banks in Tanzania. The Aim or purpose of the study is to establish impact of financial Innovations on the performance of commercial banks in Tanzania, specifically the study sought to establish the level of innovations which have been adapted in commercial Banks in Tanzania, the effects of innovations on financial performance of commercial banks in Tanzania and the effect of innovations on banks customers satisfaction. This study is intended to make significant contribution to existing body of knowledge. This provides the interested parties with an idea of the future innovative banking services which will help commercial banks to retain customers. The research was conducted in Arusha region and the focus of the study was to assess the impact of Innovations on Commercial Bank in Tanzania. Theories from different literatures of innovations in Banks and the financial performance which assisted to develop research gap in which it has seen that earlier studies concentrated on the number of variables and not all the variables and their effect on financial performance . The researcher adopted mixed approach which involves both qualitative and quantitative data. The researcher discusses the methodology adopted by the researcher in carrying out the study. The population of study consisted of all the licensed commercial banks that were registered with Central Bank of Tanzania. The main sources of secondary data included past income statements, statements of the financial position, cash flow statements, budget records, books and other publications in relation to banking industry in Tanzania from financial year 2012 to 2018. A multiple regression model was adopted whereby; Financial Performance was the dependent variable while independent variables of financial innovations were online banking, mobile banking, ATM, EFT and agency banking. The researcher analysed the results with the help of SPSS software. The last chapters elaborate findings of the study and its discussions and finalize the study by proving the summary of key findings, conclusions and recommendations.

