

**EFFECT OF PERCEIVED CORPORATE INNOVATION ON CUSTOMER
SATISFACTION WITH MOBILE BANKING APPLICATION AT CHASE
BANK, KENYA (IN RECEIVERSHIP).**

BY

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REGISTRATION NUMBER: D66/79397/2015

**A RESEARCH PROJECT SUBMITTED IN FULFILLMENT OF THE
REQUIREMENTS FOR THE AWARD OF MASTER OF SCIENCE IN
ENTREPRENEURSHIP AND INNOVATION MANAGEMENT, SCHOOL
OF BUSINESS THE UNIVERSITY OF NAIROBI.**

2017

DECLARATION

This research proposal is my original work and has not been presented for award in any other University.

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This research proposal has been submitted for examination with my approval as University supervisor.

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ACKNOWLEDGEMENTS

I first and foremost wish to give thanks to GOD for according this opportunity to pursue my Masters degree. HIS Blessings have been abundant and to HIM all the Glory belongs.

I thank my family for their constant support and never ending encouragement. They kept me going when the journey was long and challenging.

I give thanks to my supervisor whose guidance and supervision enabled the completion of this project.

DEDICATION

I dedicate this project to GOD who has given me the opportunity, sound mind and health to complete this project.

I dedicate this project to my daughter Kayla Jamie as a testimony of resilience and hard work from which she can draw from. I also dedicate this project to my husband James Alfred for his love, prayers, support and encouragement throughout the entire course. I further dedicate this project to my parents John and Emily Kihiu for their footprints which I now follow. I finally dedicate this project to my sister Catherine Kihiu who constantly challenges me to be a better version of myself.

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LIST OF ABBREVIATIONS AND ACRONYMS

ATM	Automatic Teller Machine
CBK	Central Bank of Kenya
KBA	Kenya Bankers Association
KCB	Kenya Commercial Bank
KDIC	Kenya Deposit Insurance Corporation
SME	Small and Micro Enterprises
USSD	Unstructured Supplementary Services Data

ABSTRACT

The study sought to determine the effect of perceived corporate innovation on customer satisfaction with mobile banking application at chase bank, Kenya. In doing so, the study aimed at examining the effects of regular usage of mfukoni services on customer satisfaction, the effects of different factors prompting the uptake of mobile banking services on customer satisfaction as well as the effects of different factors limiting the uptake of mobile banking services on customer satisfaction at Chase Bank Kenya.

The study employed both inferential and descriptive statistics in gathering, analyzing, interpreting and presenting the findings. The results of the descriptive research design showed the relationship between the different attributes of innovation and customer satisfaction. The study targeted a population of 7544 active mfukoni users. Multiple linear regression analysis was employed using the Statistical Package for Social Science (SPSS) software version 23 computer software.

The results of the study show that mobile banking application is clear and easy to use and understand. Balance inquiry, cash deposit and account statement were found to be the frequently used mfukoni application services. Findings from the study also revealed that usage of different range of mfukoni services have got a positive and significant effect on the customer's level of satisfaction. Improved efficiency of different mfukoni services increases the level of customer satisfaction. Therefore, in order to increase the customer's level of satisfaction, banks need to ensure mobile bank application interface is clear and easy to use, implement mobile banking application that is efficient in carrying out transaction and finally banks management need to initiate programs that ensure accuracy of transactions.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Damanpour and Evans (1984) posit that the act of introducing or altering existing practices with the view of improving results is innovation. It is argued that innovation is a key driver of economic growth and with ability to define the survival of competing firms in a market (Schumpeter, 1942). Customer satisfaction is a measure of the ability of the services or products of a firm to meet the expectation of its clients. It is a sign a firm's reliability and intentions to repurchase. In today's market, customer satisfaction is a significant differentiation of a firm (Beard, 2014). In Kenya, the banking sector has experienced a stiff competitive environment due to a number of perceived innovations among new entrants and key players in the financial market, notably, the mobile/online banking services (Esther, 2013). Mobile banking is a platform through which customers can access banking services with the use of their mobile phones (Porteous, 2006). The Kenyan market has responded positively to the mobile banking platform because it reduces a number of steps traditionally required to access banking services and the affordability of the transaction costs (Moazzem, 2013).

This study will use resource based view and diffusion of innovation theory to explain effect of perceived corporate innovation on customer satisfaction. Diffusion of innovation theory was proposed by Rogers in 1962 and explains the levels through which innovations are absorbed by a population. According to Rodgers, the theory outlines three key stages in social change; it divides the society into segments and understanding the needs per segment; appreciation of peer to peer conversations and peer networks; and the qualities that enable the spreading of an innovation (Les, 2009). The principle argument of the Resource based view, is the belief that a

firm has internal ability of attaining sustainable competitive advantage through effective utilization of internal resources (Grover et al, 1998).

Mobile banking is among the major innovation in the banking industry, it enables bank clients' access financial services right from their phones. Most banks in Kenya have embraced mobile banking with each bank creating one for their clients. Chase bank of Kenya has adopted a mobile banking application called '*Mfukoni*'. The application is specifically designed to aid customers solve financial needs and access bank account in a convenient and efficient manner. The mobile application can be accessed by either dialing *275# or downloading and installing the application in your mobile phone. The services provided to chase bank customers include; Cheque Deposit, Balance inquiry, Account summary, Funds Transfer, Airtime top up, Stop Cheque, Bills Payment, Insurance, Unit trust, M-Pesa, Requests and alerts. The services available for non-chase customers include; Account opening, Insurance applications, Product offerings, Unit Trust Applications Locational services and Contact banks. The motivation to undertake this study was to establish the effect of perceived corporate innovation in regard to customer satisfaction, with a focus on mobile banking application.

1.1.1 Corporate innovation

Solis (2016) states that innovation is not about showing people what to do and expecting them to do it but it is about leading people and empowering them to participate in the development of the organization and their own personal development. From the statement everyone within a corporate organization is responsible for innovation. Established organizations have to continuously innovate so that they can continue to have a competitive advantage and survive in the market. Cooper (2005) opines that for an organization to survive it must come up with new

and better ways of doing things. Schumpeter (1934) concurs and even points out the significance of innovation in the development of an economy whereas Porter (1980) suggests that the rate of development of a country is reliant on the capability of her industries to innovate and that organizations become better than their competitors through innovation.

Technology has influenced innovation significantly. The advent of cell phone technology has given rise to novel products due to the nature of its operations for instance clients can make savings using their cell phones, buy goods and even access their bank accounts directly from their cell phones (Thulani, Kosmos, Collins and Lyod 2011). According to Schofield and Kubin (2002), the telecommunication industry has strived to connect computers and mobile devices such that information can be exchanged without difficulty. Innovation is not an event but a continuous process which requires the involvement of all interested parties.

According to Avner (2016), there are critical elements that should be utilized by senior leadership to ensure that innovation projects are successful when executed regardless of the many obstacles that may arise especially within large scale businesses. The first ingredient is rewarding risk and not punishing mistakes, he states that mistakes while innovating are not failures but a source of improvement and information and corporate management should reward innovators and accommodate failure as it is the path towards effectively transforming innovative projects into novel business ideas that are long-lasting. Secondly, he advocated for corporate support and protection of the innovators from inside the organization, he also advocated for innovators to be able to access enterprise assets they may need to carry out innovation programs and lastly, leaders who are keen in innovation should work harder to attract clients whose criticism of the product and the business practices and revenue is crucial for the business.

In the banking sector, the most common measures of corporate innovation are increased revenue and increased customers base. Other top measures include greater customer satisfaction, faster time to market for new products or improvements, more products moving along the pipeline, more focused culture of innovation, improved operational efficiencies and learning about the innovation ecosystem. Innovation is a very important part of the banking sector. The most specific measure is the Innovation Sales Rate which is the most robust measure of corporate improvements.

1.1.2 Customer Satisfaction

Customer satisfaction is a measure of the ability of the services or products of a firm to meet the expectation of its clients. It is a sign a firm's reliability and intentions to repurchase. In today's market, customer satisfaction is a significant differentiation of a firm (Beard, 2014). When customers are satisfied, a firm is assured of future revenue (Fornell, 1992), and at the same time reduces chances of customers defecting in case of quality waning (Anderson and Sullivan, 1993). It also guarantees a reduction in future transaction costs (Reichheld & Sasser, 1990). Scholars (Crosby 1979, Fornell and Wernerfelt 1988, Garvin 1988, Gilly and Gelb 1982) contend that it brings down related to defective services and goods including reworking/replacing faulting goods, warranty costs, field service, and managing/ handling customer feedback. A study by John & Linda (1976) to examine the causal relations between expectations, performance and satisfaction, the study revealed that in charging the performance of a product, customers consider a set of performance outcomes in line with their expectations. The study further showed a strong correlation between customer satisfaction and intention to purchase exists.

Anderson and colleagues (1994) contend that customer's derived satisfaction is a key measure of a firm's performance because of its relationship with behavioral and economic consequences that

will benefit firms. Products that are lower than a customers' expectations dissatisfy customers, in the event that the products are to the required expectations then they are delighted (Kotler & Armstrong, 2010). When customers are satisfied, they market the products by word of mouth, this in turn lowers the cost advertising and consequently enhances a firms' overall reputation (Anderson, 1994; Fornell, 1992). Kotler (1994) posits that the essence of customer satisfaction is customer retention.

The relationship between commercial banks and the market is informed by the level of customer satisfaction (Munari et al, 2013). This satisfaction is determined by the way bank employees approach client needs (Belas, Demjan, 2014). Satisfied customers also positively communicate the services they get from an institution to potential clients (Narteh and Kuada, 2014). According to Emrah (2010), contemporary competitiveness in business has resulted in marketing leaders focusing on the expectations of their clients and continuously striving to meet or surpass the expectations of their clients such that gratification of clients is not limited to the perceived quality of product. Customer satisfaction is thus a key indicator of quality of service. In the banking industry, customer satisfaction is the key factor in success (Karim & Chowdhury, 2014).

1.1.3 Banking in Kenya

The Central Bank of Kenya (CBK) is the legal institution that licenses, oversees and polices all financial institutions in Kenya. According to CBK (2016), in total there are 43 banks and mortgage financial institutions which are divided into 40 privately owned and 3 publicly owned institutions(CBK,2016). Imbuga (2014) points out that banks in Kenya use the deposits from their clients to give loans to businesses at a high interest rate. According to the Kenya Bankers Association (KBA), Kenyan banks have grown and expanded to east African region and

transformed greatly in the last ten years, resulting in improved and competent services; living up to the global trends of convenience and alternate banking channels. KBA also performed a survey (Fin Access) that showed that access to financial services has improved since 2009 from 41% to 67% which is a significant step forward.

Competition in the banking industry has increased from both local banks and international banks, giving clients a variety of banking options, most Kenyans are now multi-banked. The competition has led to innovations within banks and vigorous advertising and client activation exercises. The industry faced a challenge after Imperial Bank, Dubai Bank and Chase Bank where put under receivership, besides other banks facing internal issues like government owned National Bank of Kenya and liquidity issues faced by Bank of Africa Kenya in 2016.

Alternate delivery channels exist to offer clients banking transaction options, Automated Teller Machines (ATMs) offer limited banking services like balance inquiry, cash withdrawal and deposit, however, this channel is prone to system downtimes, breakdowns, limited withdrawal and deposit, card skimming as well as running out of cash to dispense. Online Banking enables clients to transact using an internet enabled computer, this channel of delivery is limited to computer literate clients, limiting the older generations, and it also is prone to fraud and hacking. Mobile Banking uses both a downloaded application for enabled phones and Unstructured Supplementary Service Data (USSD), this enables clients to transact at ease of their convenience.

Mobile Banking, denoted M-banking enables bank clients to access financial services through the mobile phone as well as information regarding their accounts. Bill Gates (2015) noted that Kenya is ahead on mobile banking revolution and that is what he hopes will be for all countries. Most, if not all financial institutions have adopted the use of mobile banking for its clients. M-

banking services are linked in partnership with telecommunication companies for example for cash deposit, Mpesa which is a Safaricom, mobile banking service provides banks with pay bill and business numbers to enable clients deposit money from their phones to their bank accounts. The link with telecommunication companies also help in providing SMS alerts for any transaction to and from the account, it acts as a security feature.

1.1.4 Chase Bank Kenya Limited

Chase Bank Limited (Kenya) was formed in 1996; this was after a group of business men acquired a 60 per cent share of United Bank (Kenya) after it was placed under receivership. As of July 2016, the bank has 26 branches in various locations in Nairobi County including express branches that are located in fuel stations, 7 branches in Mombasa County and 12 upcountry branches. The bank has subsidiaries including Rafiki Microfinance, Chase Iman, Genghis Capital, Chase Assurance and a nonprofit arm Chase Group Foundation. The bank offers financial services through its various products through its branches and other alternate delivery channels. Chase Bank was voted as the Best Company to Work for in Kenya by Deloitte in both 2014 and 2015. The bank was 1st Runners Up for Fastest Growing Bank and Best Bank in SME Banking during the East Africa Banking Awards 2014 by Think Business Limited.

Chase Bank faced its greatest challenge on April 6th 2016 as the bank faced panic withdrawals caused by rumors on social media, despite the Central Bank of Kenya's governor Dr. Patrick N Njoroge assuring Kenyans that the bank was stable, the mass withdrawals couldn't save the bank, the bank was placed under receivership by the Central Bank of Kenya on 7th April 2016 becoming the third bank in 2016 to be placed under receivership after the Bank of Dubai and Imperial Bank. The cause of collapse was a whistleblowers note to investors, according to an

article on the business daily on April 2016. Fortunately, the bank reopened after three weeks, an article in the Daily Nation Newspaper on 27th April 2016, wrote on the banks reopening and a spot check on some branches found customers queuing normally in the banking halls to transact. The bank reopened under Kenya Commercial Bank (KCB) as the receiver manager. On 22nd July 2016 Kenya Deposit Insurance Corporation (KDIC) informed Members of Parliament, through the acting Chief Executive, that Chase Bank has opened 3000 new accounts and approximately Kenya Shillings 8.15billion since it reopened.

In terms of Innovation, Chase Bank continuously innovates through products offered to clients as it has a well-established innovations department. Innovation is throughout the organization as internal staff have links to send their ideas to the department on how to improve the organization dubbed “kill the stupid rule” and implemented ideas are rewarded. Mfukoni is a mobile banking application designed to help clients meet their financial needs in a convenient and efficient way, it used both USSD and a downloaded application. The application has services for both Chase Bank clients (balance inquiry, real time account summary, cash deposit, cheque deposit, pay bills, transfers; to chase accounts, local banks and international banks, MPESA services, airtime purchase for all local networks, free full statements, insurance, request for cheque books, Kenya Revenue Authority payment , access to loans and salary advances and donations to Chase Group Foundation) and non-Chase Bank clients (account opening, insurance applications, unit trust applications, product offering and contacts to the bank). Mfukoni was launched on February 20th 2014, in April 2014 Chase Bank was voted as the Best Bank in Mobile Banking (Mfukoni App) in East Africa by Think Business Limited during the East Africa Banking Awards.

1.2 Research Problem

Despite the potential benefits of perceived innovations in the banking sector, there is a debate whether the innovations have enhanced customer satisfaction. Use of investment in mobile bank innovation requires complementary investment in skills, organization and innovation and investment entails risks and costs perceived to bring potential benefits to the organization. The effect of perceived innovation on customer satisfaction are positive overall, but those perceived innovations are those panacea themselves. The banking sector in Kenya has undergone many turbulences since the introduction of mobile banking. Currently, clients of banks have efficient, convenient and fast mobile banking services. The practical and managerial problem the study sought to address emanates from observation that perceived innovations are prone to failure, increased fraud and prone to exposure in form of litigations and may therefore have a positive or negative perceived effect depending on how well they are managed.

Most studies on effect of innovations on customer satisfaction among commercial banks in Kenya conclude that perceived innovation has a positive effect on customer satisfaction. Customer satisfaction will depend on level of education and nature of innovation in regard to use to use attributes of a specific innovation. The study will specifically focus on effect of a mobile based application (Mfukoni) on customer satisfaction among Chase bank target clients.

1.3 Research objectives

The main objective for the study was to determine the effect of perceived corporate innovation on customer satisfaction at Chase Bank Kenya (IR).

1.4 Research Question

The research question for this study is; is there an effect of perceived corporate innovation on customer satisfaction?

1.5 Value of the Study

This research work will be of great value to all interested parties in the sector. To the commercial banks leadership, the study will provide more information on the impact of innovation on customer satisfaction. The outcomes of this research will make it possible for the leadership to come up with approach on how to maximize on the advantages of mobile banking to satisfy customers.

For the regulatory agents like the Central Bank of Kenya (CBK), the outcomes will provide ways through which mobile banking services in Kenya can be controlled and supervised. For the policy makers this research will be significant in informing the policy framework particularly in relation to controlling and supervising the mobile banking services in Kenya with regards to satisfying customers. To scholars of Entrepreneurship and Innovation, this research will enable the expansion of the knowledge base in the discipline by adding on the available literature on mobile banking and customer satisfaction. This study will be used as a source of reference materials and suggestion for further research.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter will present theoretical and empirical literature along the key theme of the study. It will provide a review of the available literature on corporate perceived innovation, customer satisfaction and banking in Kenya.

2.2 Theoretical Review

A generally accepted and tested explanation to a phenomenon that can aid the prediction of a phenomenon is called a theory (Greener, 2011). This study will use resource based view and diffusion of innovation theory to explain effect of corporate innovation on customer satisfaction. A review of these theories will help show the link between corporate innovation and customer satisfaction

2.2.1 Diffusion of Innovation Theory

The theory was proposed by Rogers in 1962 and explains the levels through which innovations are absorbed by a population. According to Rodgers, the theory outlines three key stages in social change; it divides the society into segments and understanding the needs per segment; appreciation of peer to peer conversations and peer networks; and the qualities that enable the spreading of an innovation (Les, 2009). According to the theory, people's rate of adoption to innovation varies. The adoption categories include the innovators who are usually the first to develop the ideas and take risks, they are the early adopters and opinion leaders, they are comfortable adopting to the new idea, and they don't require convincing. The second are the early majority who need evidence of the innovation and are the average person. The late majority are very skeptical and will only adopt to new innovation after it has been attempted by the

majority. The last category is the laggards who are very traditional and conservative. They don't like change and are the hardest to convince, the theory thus explains that this adoption is not simultaneous (Rogers, 2003).

It is worthy to understand the characteristics of the target population to fully comprehend how that impacts on the adoption of any innovation, the end results of diffusion are that people, as part of a social system, adopt a new idea, behavior, or product (Sherry and Gibson, 2002). New innovation is usually faced with stiff oppositions from within and externally. This can explain inefficiencies that are experienced over the different process, service and organizational and product innovations carried out by banks (Benjamin, 2014).

The diffusion of innovation theory is often simplified so as to solely focus on a product without considering complex cultural, societal, economic and other factors that determine how the products is adopted into the society. The focus of this theory on few selected and perceived innovations often fails to advance and give conclusive and significant recommendations on large theory. The diffusion innovation theory is relevant because it explains the reason why banks adopt technical innovations. One of the reasons why banks adopt technical innovations is relevant advantage. This means that banks that adopt technical innovations have a comparative financial advantage over those who do not.

2.2.2 Resource Based View

This view holds that competitive advantage is achievable when a firm not only acquiring but also paying attention to the development of human and organizational resources in ways that uniquely adds value and that are not easy to imitate (Barney, 1991). Penrose established the foundation of the resource based view as a theory (Roos & Ross 1997). There exists a causal relationship

between the growth rate of a firm and its resources, production capability and performance. While such a relationship exists, there is need for innovative use of a firm's resources, at the same time, the amount of resources at a firm's disposal varies and as such the performance of firms vary greatly even if they were in the same industry (Barney & Clark, 2007). The theory therefore is helpful in explaining the internal sources of a firms' competitive advantage (Kraaijenbrink, Spender and Groen, 2010).

The principle argument of the theory is the belief that a firm has internal ability of attaining sustainable competitive advantage through effective utilization of internal resources (Grover et al, 1998). Application of the theory calls for cognizance of the role played past experiences, organizational culture and competences to the success of a firm (Campbell and Luchs, 1997; Hamel and Prahalad, 1996). There is therefore need to identify the key resources, performance drivers and value addition elements in any organization. Further, the theory also appreciates the contribution of human capital to a firms' competitive advantage. The company therefore has at its discretion the ability to develop its competitive advantage by the virtue of its ownership specific assets.

Despite its popularity, resource based view theory faces several theoretical and practical challenges. The theory is static in nature and fails to meet operational validity criterion on how allocations of resources gives competitive advantage to some firms at the expense of others. However, perceived innovations in a banking environment requires allocation of resources to give banks an added advantage in form of competition.

2.3 Empirical Review

This section will thematically focus on empirical literature on corporate innovation practices, customer satisfaction measures and relationship between corporate innovation and customer satisfaction.

2.3.1 Corporate Innovation Practices

Mobile banking is a platform through which customers can access banking services with the use of their mobile phones (Porteous, 2006). The adoption of mobile banking has been beneficial to banks because it aids in the satisfaction of customers by significantly reducing transaction costs (Karjaluo, 2002). A study by Kombo (2015) to examine customer satisfaction in the Kenyan Banking Industry revealed that the most important factor to satisfaction in Kenyan banks is the availability of bank branches followed by E-banking presences while the least important factor is the quality of products and services.

Solis (2016) states that innovation is not about showing people what to do and expecting them to do it but it is about leading people and empowering them to participate in the development of the organization and their own personal development. From the statement everyone within a corporate organization is responsible for innovation. Established organizations have to continuously innovate so that they can continue to have a competitive advantage and survive in the market. Cooper (2005) opines that for an organization to survive it must come up with new and better ways of doing things. Schumpeter (1934) concurs and even points out the significance of innovation in the development of an economy whereas Porter (1980) suggests that the rate of development of a country is reliant on the capability of her industries to innovate and that organizations become better than their competitors through innovation.

According to Avner (2016), there are critical elements that should be utilized by senior leadership to ensure that innovation projects are successful when executed regardless of the many obstacles that may arise especially within large scale businesses. The first ingredient is rewarding risk and not punishing mistakes, he states that mistakes while innovating are not failures but a source of improvement and information and corporate management should reward innovators and accommodate failure as it is the path towards effectively transforming innovative projects into novel business ideas that are long-lasting. Secondly, he advocated for corporate support and protection of the innovators from inside the organization, he also advocated for innovators to be able to access enterprise assets they may need to carry out innovation programs and lastly, leaders who are keen in innovation should work harder to attract clients whose criticism of the product and the business practices and revenue is crucial for the business.

2.3.2 Customer satisfaction measures

When a firm makes an innovative product, customer satisfaction is achieved and the loyalty of the customers also increases towards their product. The value of the innovative product in the view of customers also maximizes (Naveed et al 2010). Successful corporate innovation is the creation and implementation of new processes, products, services and methods of delivery which results in significant improvement in outcomes, efficiency, effectiveness or quality (Albur, 2005), thus continued customer satisfaction. Customer satisfaction gives security of future revenue (Fornell, 1992), minimizes likelihood customers will defect if quality falters (Anderson and Sullivan, 1993).

Firms strive to achieve customer loyalty, innovation results in satisfactory products that ensure customer loyalty. At the same time, the value of the product from the customers' perspective

increases (Naveed et al 2010). Corporates whose innovations are thoughtful and focus on the improvement of the outcome, efficient and effective become successful (Albur, 2005). Anderson and colleagues (1994) contend that customer satisfaction is a key indicator of a firm's performance because of its relationship with behavioral and economic consequences that are beneficial to a firm.

Kombo (2015) did a study on corporate innovation in the banking sector. The study found out that the most common measures of corporate innovation are increased revenue and increased customers base. Other top measures include greater customer satisfaction, faster time to market for new products or improvements, more products moving along the pipeline, more focused culture of innovation, improved operational efficiencies and learning about the innovation ecosystem. Innovation is a very important part of the banking sector. The most specific measure is the Innovation Sales Rate which is the most robust measure of corporate improvements.

2.3.3 Relationship between corporate innovation and customer satisfaction

The relationship between commercial banks and the market is informed by the level of customer satisfaction (Munari et al, 2013). This satisfaction is determined by the way bank employees approach client needs (Belas, Demjan, 2014). Satisfied customers also positively communicate the services they get from an institution to potential clients (Narteh and Kuada, 2014).

Examination of the effects of corporate innovation and customer satisfaction is not a new phenomenon. A study by Ali et al (2010), to examine the relationship between innovation, customer satisfaction and brand loyalty, among Pakistani mobile phones users. The study revealed a weak positive correlation between innovation and customer satisfaction. Daisy&Deqing (2014), examined the effect of service innovation on Customer satisfaction, with

a focus on the telecommunication sector in Vietnam, from the data analyzed there was significant and positive impact of service innovation on customer satisfaction.

A related study was done by Amiri & Faghani (2012) examining the relationship between mobile banking service quality and customer satisfaction. The study revealed that there is a strong correlation between mobile banking and customer satisfaction. Abigael et al (2013), also conducted a study to find out the effect of mobile banking on customer satisfaction with specific interest on Equity bank, Eldoret branch, data was collected using questionnaires and analyzed using SPSS, the study concluded that mobile banking was reliable and efficient and also some of the respondents doubted mobile banking citing security measures and reliability.

Muhsina & Imran (2015), examined factors influencing customer satisfaction of Mobile Banking services: a study on second-generation banks, the study was conducted in Bangladesh, the study established that there is strong associative relationships between the customer satisfaction with selected factors (cost, convenience, responsiveness, system, accuracy, ineffective advertisement, ease of use, security and speed), the study concluded that security and trust factor is the most influential factor where ineffective advertisement has negative influence on customer satisfaction of mobile banking.

Hossain & Hossain (2015), tried to analyze the relationship between mobile banking and customer satisfaction, in Dhaka city, Bangladesh. The findings advocated that the determinants of customer satisfaction are reliability and responsiveness. Otu & Kwaku (2016), also conducted a study on the contribution of electronic banking to customer satisfaction: a case of GCB Bank Limited-Koforidua Ghana, the main objective of the study was to assess the contribution of

electronic banking to customer satisfaction. The study found that internet banking was very effective in its operations and transactions are made at a client's convenience.

Kei and Mei (2011) conducted a research on effects of service quality, innovation and corporate image on customer's satisfaction and loyalty of air cargo terminal. This study aimed at outlining the effects of quality of service, corporate image as well as innovation capability on customer's satisfaction levels and loyalty. They found out that service quality, innovation capability and corporate image have a positive impact on customer satisfaction. It is evident that there is little empirical research done in Kenya with regards to effect of corporate innovation on customer satisfaction. This leads to a gap that the study proposes to fill.

2.4 Conceptual Framework

The conceptual framework for this study is provided in figure 2.1. Relationship between dependent and independent variables is shown in the framework provided. Independent variables linked to customer satisfaction include: ease of use, convenience, speed of delivery, cost effectiveness, accuracy of transactions, security, system availability and responsiveness. The dependent variable is customer satisfaction, which is influenced by the independent variables.

Ease of use has been defined as the degree to which a person believes that using a particular system would be free of effort (Davies, 1989). Nadim and Noorjahan (2007) stated that perceived ease of use is the term that represents the degree to which an innovation is perceived not to be difficult to understand, learn or operate. The researcher further stated that perceived ease of use is the degree to which consumers perceive a new product or service as better than its substitutes. Langeard et al. (1981) also indicated that in choosing between different options of

service delivery, customers take into account the effort involved in using the service. Ease of use has been regarded as a factor that influences users' satisfaction (McHaney and Cronan, 1998).

Convenience has become an important product benefit for time-constrained consumers and, as such, is increasingly of interest to marketers (Farquhar & Rowley, 2009). Convenience is defined as a judgment made by consumers according to their sense of control over the management, utilization and conversion of their time and effort in achieving their goals associated with access to and use of the service (Thuy, 2011). Keaveney (1995) indicated that convenience is not a sufficient condition in order to maintain customer loyalty, but it is a necessary condition to keep customer relationships. Gehrt and Yale (1993) proposed time, space and effort when referring to the nature of the convenience.

Cost effectiveness relates to pricing of the service compared to its alternative, price is a major determinant of consumer choice (Kotler et al., 2009). The services a brand offers and the price it charges actually determine the level of satisfaction among its customers than any other measure (Turel et al. 2006). Herrmann et al. (2007), it was concluded that customer satisfaction is directly influenced by price perceptions while indirectly through the perception of price fairness. Mobile banking is an important aspect since the transaction costs of payments are greatly reduced when there is an electronically accessible store of value in most regulatory regimes (Karjaluo, 2002).

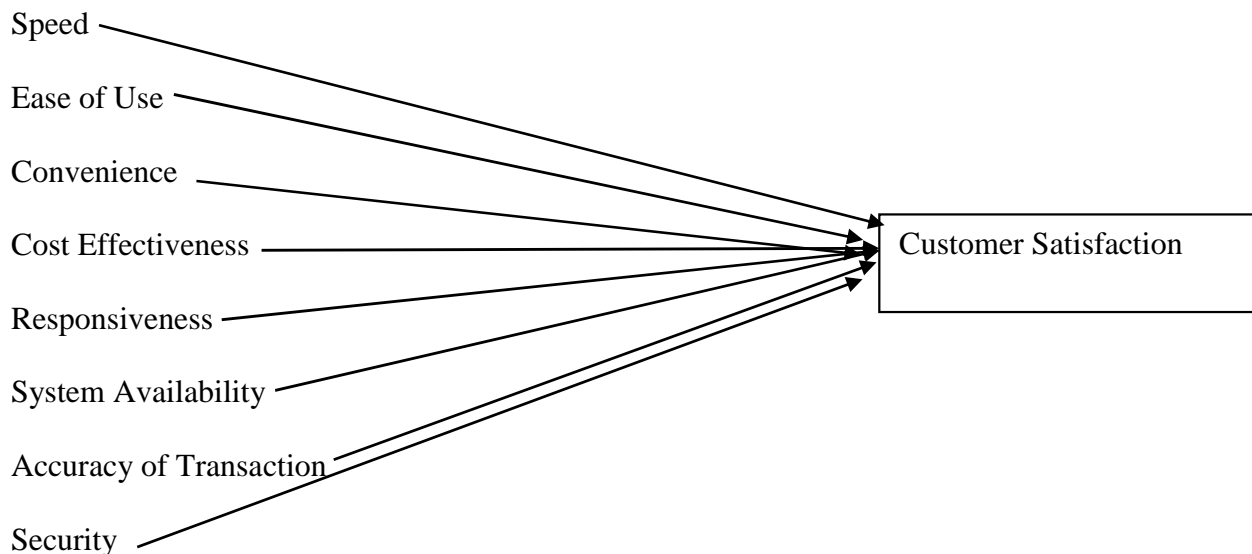
Parasuraman et al. (1985) defined responsiveness as the willingness or readiness to provide service. It involves timeliness of service and giving prompt service. This dimension is concerned with dealing with the customer's requests, questions and complaints promptly and attentively. A firm is known to be responsive when it communicates to its customers how long it would take to get answers or have their problems dealt with. To be successful, companies need to look at

responsiveness from the view point of the customer rather than the company's perspective (Zeithaml et al., 2006).

Security is the freedom from danger, risk or doubt. It involves: physical safety, financial security and confidentiality (Parasuraman et al. 1985). From the customer's point of view, a security issue includes authorization, authentication, integrity, confidentiality and also subjective security (Key, 2013). Fraudulent usage occurs because of unauthorized transactions which decreases the level of trust among mobile banking customers (Muhammad, 2011).

Parasuraman et al. (1988) defined reliability as the ability of a firm to perform the promised service dependably and accurately. Reliability relates to system availability where customers want to be able to access and transact when need be without failure from system downtime. Accuracy of transaction reflects to proper accounting for all transactions. Speed of delivery is the company's ability to deliver the products to the customer within the acceptable time window. (Lehtonen and Marttila 1996). Customers are more satisfied when a product saves time and is convenient.

Figure 2.1: Effect of Corporate Innovation on Customer Satisfaction



CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the methodology employed in data collection, analysis and presentation of the findings. It describes the research approach, the population of the study, sampling framework as well as data analysis.

3.2 Research Design

Research design is described as a blue print which facilitates the smooth sailing of different research processes, which in turn makes research as efficient as possible (Kothari, 2004). Babbie (2002) defines research design as the arrangement of conditions for data collection and analysis in a manner that aims to combine relevance to the research purpose with economy in the procedure.

A Descriptive research survey design was used for the study, the approach was settled on because it is best suited for gathering information where the researcher wants to know about people's feelings, attitude or preference concerning one or more variable through direct query, hence determining the relationship between the independent and dependent variables(Kotler,2001). Kothari (2004) proposes descriptive design as it allows the researcher to describe, record, analyze and report conditions that exist. The method is often used because many of the cause and effect relationships that the study undertakes do not permit experimental nature (Mugenda and Mugenda,1999) since data collected describes the chase bank clients' feelings. The study focused on customer satisfaction emanating from the use of *Mfukoni* mobile application. A description of customer perceptions on the mobile based application was analyzed based on the surveyed responses from Chase bank customers.

3.3 Population of the Study

The study population comprised of Chase Bank (K) Limited clients and branch staff who are internal clients. According to the Retail Fulfillment Unit at Chase Bank (K) Limited, the bank has 7544 active *Mfukoni* users. The active *Mfukoni* users were targeted as the population in this study. A request to use data collected from bank clients as the population was submitted to Chase Bank branch managers within Nairobi County.

3.4 Sampling

An ideal size of sample is described as one that is reliable, efficient, flexible and representative (Kothari, 2004). The formula below was used to determine sample size (Israel, 1992). Convenience sampling was used to select the respondents.

$$n = \frac{N}{1 + Ne^2}$$

Where;

n is the anticipated sample size

N is the population size

e allowable error (0.05)

Therefore;

$$n = \frac{7544}{1 + (7544 * 0.05^2)}$$

$$n = \frac{7544}{1 + (7544 * 0.0025)}$$

$$n = \frac{7544}{1 + (18.86)}$$

$$n = \frac{7544}{19.86}$$

n~380 customers

3.5 Data Collection

This study made use of primary data collected through a survey by the use of structured questionnaires. The questionnaires were distributed to branches within Nairobi County and issued to clients who visit the branch. Using questionnaires is cheap and easy to administer especially to a population that may need to keep anonymity. Questionnaires also give the respondent time to read and understand the questions and therefore gives them time to give a decisive retort/ feedback.

The questionnaire was segmented into different sections. Section A consisted of demographics (general information about the respondents) which includes gender, age, level of education, type of account held, years of operations and method used to access Mfukoni. Section B was divided into 5 questions relating to use of mobile banking in relation to the factors that are associated with customer satisfaction with some of the questions consisting of Likert scales. Secondary data was obtained from the internet and company records obtained from Money Transfer Services department. A request to access information was submitted to Chase Bank Kenya head office.

3.6 Data Analysis

The collected data was then checked for completeness and consistency. Data was then analyzed and conclusions drawn using statistical tools such as regression coefficient and chi square with the help of Microsoft Excel and Statistical Package for Social Scientists (SPSS) software to establish relationship between the dependent variable and independent variable and conclusions drawn. Analyzed data was presented in form of charts, tables and graphs. The below regression model

was used to show the effect of the relationship between corporate innovation and customer Satisfaction.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \beta_8 X_8 +$$

Where; Y= Customer satisfaction

β_0 = the Y intercept when x=zero, it will show the extent of adoption in the absence of any factors

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6, \beta_7$ and β_8 are the regression weights attached to the variables

X_1 =Speed

X_2 =Ease of Use

X_3 =Convenience

X_4 =Cost Effectiveness

X_5 =Responsiveness

X_6 =System Availability

X_7 =Accuracy of Transaction

X_8 =Security

= Cumulative error term, which includes as the residual effects of factors not incorporated in the model and measurement errors in the variables.

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND INTERPRETATION

4.1 Introduction

This section represents survey findings on the impact of perceived innovation on customer satisfaction among Chase bank customers using Mfukoni application. The survey involved field visits of Chase bank branches in which the survey team carried out structured interviews with the customers across Nairobi region. Descriptive results are presented in form of tables.

4.2 Type of Respondents

The population for the study comprised of Chase Bank (K) Limited clients and branch staff who are internal clients. A population of 380 respondents was targeted using convenient sampling method, out of which 211 responded. This represented a response rate of 56 per cent. The relatively low response rate is attributed to insolvency issues currently facing the bank.

Figure 4.1: Distribution by gender

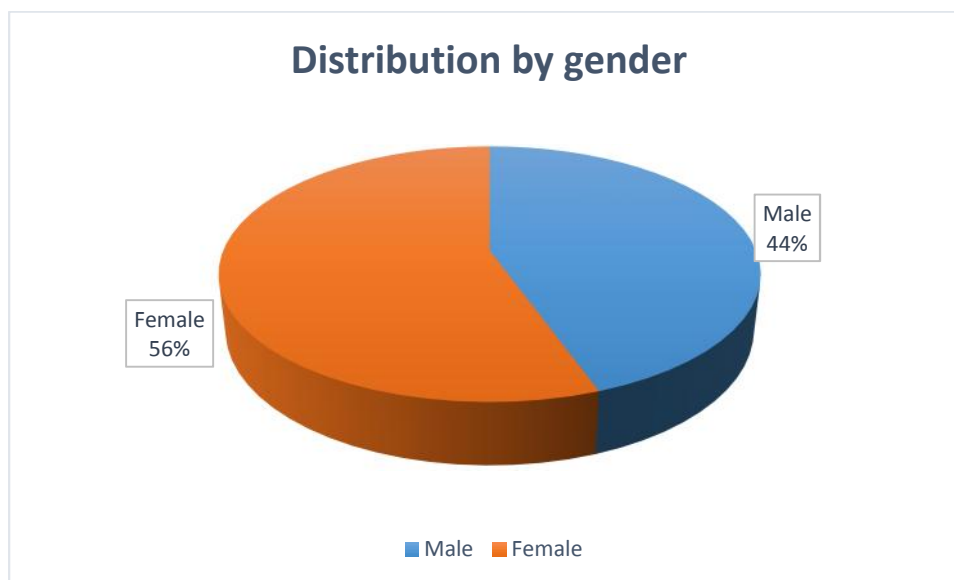


Figure 4.1 shows respondent distribution by gender. Of all the 211 respondents, 44.5% were male while 55.5% were female. This shows that uptake of mobile banking services is common among females as compared to male customers.

4.3 Background of the Respondents

Table 4.1: Respondent’s Distribution by Education level

Highest Education Level	Frequency	Percentage
Primary	9	4.3
Secondary	10	4.7
Certificate	17	8.1
Diploma	40	19.0
Bachelor’s Degree	108	51.2
Master’s degree	24	11.4
Phd	3	1.4
Total	211	100.0

Out of the 211 respondents, 51.2 per cent had a bachelor’s degree while only 1.4 per cent had doctoral degree as their highest level of education.

Table 4.2: Respondents Age Distribution

Age in Years	Frequency	Percentage
18-29 years	52	24.6
30-39 years	115	54.5
40-49 years	35	16.6
50-59 years	8	3.8
59 years and above	1	.5
Total	211	100.0
Period Customer Started banking	Frequency	Percentage
Below 3 years	36	17.1
4-7 years	103	48.8
8-11 years	67	31.8
Over 11 years	5	2.4
Total	211	100.0

From the results above, most of the respondents are aged between 30-39 years while only one respondent was 59 years and above. The higher uptake of Mfukoni mobile banking services among the young population is attributed to wide range of services accessed by the customers

from their mobile phones. The Mfukoni services include Balance inquiry, Cash deposit, Account statement, Funds Transfer, Mpesa Transaction, PayBill, Airtime Purchase and Cheque Book request.

4.4 Mfukoni and Customer Satisfaction

Out of 211 respondents, balance inquiry was the most used service with a mean of 3.26 and Pay Bill was the least used service with a mean of 2.32, this can be attributed to the highest preference of paybill to other services like M-Pesa. Airtime purchase recorded highest variation while Funds Transfer recorded least variation in usage amongst the respondents.

Table 4.3: Mfukoni Service Usage

Mfukoni services	Mean	Std. deviation
Balance Inquiry	3.26	1.327
Cash Deposit	3.06	1.352
Account Statement	3.08	1.300
Funds Transfer	2.88	1.295
Mpesa Transaction	2.77	1.397
Pay Bill	2.32	1.333
Airtime Purchase	2.48	1.444
Cheque Book Request	2.93	1.395

4.4.1 Frequency of Usage of Mfukoni services

The respondents were asked to rate how regularly they use the Mfukoni services. Seventy-three out of 204 respondents representing 37% majority of the respondents have never used PayBill service. Balance Inquiry is the mostly used service by the respondents. Out of 205 who responded, 44 people representing 22% said they always used Mfukoni service for balance inquiry. Majority of the respondents never use PayBill, Airtime purchase and Mpesa Mfukoni services. This can be explained by customer preference of other service providers in accessing

these services such as Safaricom. The services which are always used by the respondents include Balance Inquiry, Cash Deposit and Account Statement.

Table 4.4: Frequency of usage of Mfukoni service

Mfukoni services	Never		Seldom		Sometimes		Often		Always	
	N	%	N	%	N	%	N	%	N	%
Balance Inquiry	27	13	35	17	45	22	54	26	44	22
Cash Deposit	31	15	46	23	48	24	38	19	41	20
Account Statement	22	11	58	29	43	21	41	20	39	19
Funds Transfer	32	16	60	29	43	21	41	20	29	14
Mpesa Transaction	47	23	54	26	36	18	35	17	33	16
Pay Bill	75	37	52	25	38	19	18	9	22	11
Airtime Purchase	73	36	46	22	28	14	30	15	28	14
Cheque Book Request	44	22	41	20	38	19	49	24	33	16

4.5 Factors prompting uptake of mobile banking services

Respondents were asked to give their opinion based on the importance of different factors in prompting their uptake of mobile banking services. The identified factors were cost effectiveness, convenience, security, responsiveness, ease of use, speed of transaction, system availability and accuracy of the transactions. Factors prompting uptake of mobile banking services include cost effectiveness of the service, convenience, service security, responsiveness, ease of use, speed of transaction, system availability and accuracy of the transaction. The average uptake of the services is 3.044 with services such as security, speed of transaction, ease of use recording relatively high prompt to uptake mobile services. Service security prompts highest uptake while system availability prompts least uptake of mobile banking services. Responsiveness of the service recorded largest deviation from the mean while ease of use recorded the smallest deviation from mean uptake of the services. This implies that on average, most clients consider service responsiveness before uptake of the service and ease of service rarely determine uptake of services.

Table 4.5: Factors prompting uptake of mobile banking services

Factor	Mean	Std deviation
Cost effectiveness	3.00	1.194
Convenience	3.06	1.182
Security	3.18	1.181
Responsiveness	3.09	1.222
Ease of use	3.13	1.145
Speed of Transaction	3.17	1.164
System Availability	2.79	1.160
Accuracy of Transaction	3.04	1.166

Respondents were asked to rate factors which prompt uptake of Mfukoni services. 20% of the respondents rated Accuracy of Transaction as a very important factor while majority of respondents at 12% reported cost effectiveness as unimportant factor prompting uptake of mobile banking services. System availability and responsiveness were rated as of little importance at 32% and 30% respectively. The most important factors determining uptake of mobile banking services include accuracy of transaction and security of the service.

Table 4.6: Significance of factors prompting the uptake of mobile banking services

Factors	Unimportant		Of Little Importance		Moderately Important		Important		Very Important	
	N	%	N	%	N	%	N	%	N	%
Cost effectiveness	24	12	44	22	71	35	36	18	28	14
Convenience	16	8	56	28	61	30	39	19	31	15
Security	12	6	52	26	65	32	36	18	38	19
Responsiveness	16	8	60	30	45	23	47	24	32	16
Ease of use	15	7	45	22	65	32	45	22	32	16
Speed of Transaction	17	8	53	26	66	33	38	19	29	14
System Availability	16	8	65	32	53	26	38	19	31	15
Accuracy of Transaction	23	11	57	28	47	23	35	17	40	20

4.6 Factors limiting uptake of mobile banking services

Factors such as speed of service, Availability of service and restriction of service offers great hindrance to customers' uptake of mobile banking services. Speed of service is the main factor limiting uptake of Mfukoni services. Mfukoni service is considered cost effective by most clients since it records the least mean among the factors considered. The Bank need to consider increasing speed of Mfukoni service so as to delimit uptake of the service amongst its clients. Cost effectiveness recorded highest standard deviation while accuracy of service transaction recorded the smallest standard deviation.

Table 4.7: Factors limiting uptake of mobile banking services

Factor	Mean	Std deviation
Cost effectiveness	2.30	1.235
Security	2.76	1.122
Reliability of Service	2.85	1.045
Ease of Use	2.78	1.113
Substitutes Availability	2.94	1.175
Restriction of Service	2.84	1.152
Speed of Service	3.10	1.234
System Availability	2.82	1.033
Accuracy of Transaction	2.83	1.012

From the findings above, it is clear that the greatest hindrance to the uptake of mobile banking service is speed of service. Of all those who responded, 12 percent cited speed of service as the greatest hindrance and another 29 percent said it is of considerable hindrance. Most respondents did not see cost as the hindrance to the uptake of mobile banking service. For instance, out of the 205 who responded 36 percent said cost is not a hindrance while another 22 percent said it is of little hindrance to uptake of mobile banking services.

Table 4.8: Barriers to uptake of mobile banking services

Factors	No hindrance		A Little hindrance		Some hindrance		Considerable hindrance		Great hindrance	
	N	%	N	%	N	%	N	%	N	%
Cost effectiveness	72	36	45	22	48	24	24	12	12	6
Security	22	11	75	37	51	25	38	19	16	8
Reliability of service	20	10	53	26	80	40	34	17	14	7
Service usability	30	15	50	25	69	34	41	20	12	6
Availability of substitutes	28	14	42	21	65	32	48	24	19	9
Restriction of service	30	15	47	23	65	32	45	22	15	7
Speed of service	30	15	29	14	59	29	59	29	25	12
System Availability	17	8	65	32	71	35	37	18	13	6
Accuracy of Transaction	21	10	49	24	89	44	32	16	12	6

4.7 Regression Analysis

Customer satisfaction was regressed against the attributes of perceived innovation. The regression analysis was undertaken at 5% significance level. The critical value obtained from the F – table was compared with the one obtained from the regression analysis.

Table 4.9: Model Coefficients

Model	Unstandardized Coefficients			
	B	Std. Error	t	Sig.
(Constant)	.767	.129	5.966	.000
cost	-.029	.042	-.692	.490
convenience	.083	.026	3.202	.003
security	.058	.025	2.327	.022
Responsiveness	-.068	.033	-2.041	.043
Ease of use	.031	.010	2.975	.012
Transaction speed	.035	.018	1.905	.027
System availability	.024	.032	.747	.456
Transaction accuracy	.031	.014	2.285	.047

The result of the regression shows that there is a significant relationship between the customer satisfaction level and different sets of explanatory variables. However, only two variables did not

have significant effect on customer satisfaction. A unit increase in convenience of the mobile banking application increases customer satisfaction level by 0.083 units, a unit increase in the ease of use of the mobile banking application increases customer satisfaction by 3.1 percent. As transaction speed of the application increases by one unit, customer satisfaction levels increases by 0.035 units. As the level of transaction accuracy increases by one unit, customer satisfaction increases by 3.1 percent. As the security of application increases by one unit, customer satisfaction increases by 5.8 percent. On the contrary, a unit increase in applications responsiveness reduces customer satisfaction levels by 6.8 percent. These findings are in line with the findings of Muhsina & Imran (2015).

CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter gives summary of the findings, discussion of the results and conclusion. It also elucidates the policy recommendations that policy makers can implement to achieve the desired level of customer satisfaction and enhance revenue growth. Lastly the chapter presents suggestions for further research which can be useful to future researchers.

5.2 Summary of Findings, Discussion and Conclusions

The study sought to determine the effects of perceived corporate innovation on customer satisfaction at Chase Bank Kenya. In doing so, the study aimed at examining the effects of regular usage of mfukoni services on customer satisfaction, the effects of different factors prompting the uptake of mobile banking services on customer satisfaction as well as the effects of different factors limiting the uptake of mobile banking services on customer satisfaction at Chase Bank Kenya.

The study made use of both inferential statistics and descriptive statistics in gathering, analyzing, interpreting and presenting the information. The results of the descriptive research design showed the relationship between the different attributes of innovation and customer satisfaction.

The study targeted a population of 7544 active mfukoni users. Simple random sampling technique was used in the administration of the survey questionnaires. The data was analyzed using both excel software and Statistical Package for Social Sciences (SPSS). Both tables and figures were used in presenting the results of the study.

The findings from the study show that a number of factors have got significant impact on customer satisfaction levels of the mobile banking application users. The analyzed variables

were ease of use, convenience, speed of delivery, cost effectiveness, accuracy of transactions, security, system availability and responsiveness. The study established that convenience of the mobile banking application, security, ease of use, transaction speed as well as transaction accuracy have got positive and significant effects on customer satisfaction levels. However, there was no significant effect of cost effectiveness of the mobile banking application and system availability on the level of customer satisfaction. Therefore, the findings of this study seeks to answer the question as to whether there is an effect of perceived corporate innovation on customer satisfaction.

5.2.1 Effect of ease of use of the application on customer satisfaction

The findings from this variable suggest that most customers seek a simple and easy to use mobile banking applications. In choosing between different mobile banking applications to use, customers derive their maximum satisfaction when the chosen mobile application does not involve a lot of effort in using. Therefore, to raise customer satisfaction levels in the banks, there is need for collaboration between banks, software developers and mobile phone developers in order to come up with applications that are compatible thereby promoting ease of use which the findings have shown that perceived ease of use have got significance impact on customer satisfaction.

5.2.2 Effect of convenience of the mobile banking application on customer satisfaction

Convenience was found to have a positive and significant relationship with customer satisfaction. When customers feel that the mobile banking application that they use offers convenience of transacting with the bank then they are likely to adopt such an application and in turn boost their satisfaction. This finding is in line with a study conducted by Out & Kwaku (2016) to access the contribution of mobile banking on customer satisfaction. They found that

internet banking was very effective in its operations and transactions are made at a customer's convenience.

5.2.3 Effect of perceived responsiveness of mobile banking application on customer satisfaction

Perceived responsiveness of mobile banking application was found to have a significant relationship with customer satisfaction. This implies that, if customers perceive that the platform they are using is timely in offering the needed service then their adoption of the same will be high. The findings are in agreement with a study conducted by Hossain & Hossain (2015) to analyze the relationship between mobile banking and customer satisfaction in Bangladesh.

5.2.4 Effect of security of mobile banking application on customer satisfaction

In determining the factors that influences customer satisfaction, security was found to have a positive and significant impact on customer satisfaction. Mobile banking applications that offer room for user authentication, authorization as well as confidentiality when using tend to instill more confidence on the customer since they know their transactions are not at any risk. The findings is attributed to the fact that anyone would want a mobile banking service that guarantees security. In addition, customers are always cautious when it comes to the security of the mobile banking service when compared to security levels in traditional banking system. The findings are in line with the findings from a study by Muhsina & Imran (2015) while examining factors influencing customer satisfaction of mobile banking services in Bangladesh, which established security as the most important factor on customer satisfaction.

5.2.5 Effect of accuracy of transaction on customer satisfaction

Study findings points at a positive and significant relationship between transaction accuracy and customer satisfaction. This finding is attributed to the fact that, when a customer perceives the

mobile banking service to offer transaction that is free from error then they are likely to adopt such a service. With assured accuracy of transaction, more customers will tend to use the application.

5.2.6 Effect of system availability on customer satisfaction

The findings of the study revealed system availability is not a significant factor that determines customer satisfaction. This could be attributed to the high number of respondents (78.7%) who already have a mobile application installed in their phones.

5.3 Study Recommendations

Based on the study findings, it is clear that for Kenyan banks to enhance customer satisfaction, then there is need to ensure that their mobile banking application interface is clear and easy to use. In doing so, this will make it easy for customers to recognize their bank's mobile application on their phone. Since the study found clarity and usage efficiency in the mobile banking application, the study therefore, recommends that the user interface of customer's mobile banking application should be designed in a way that improves the usage of different banking application services.

Since security was found to have a significant effect on customer satisfaction, banks should ensure that aspects like user authentication are inbuilt into the mobile banking applications in order to enhance security. In this regard, banks are therefore bound to establish safe and secure systems which will then enhance the uptake of different banking innovations created to enhance service provision.

Since speed of service, availability of substitute and restriction of service were found to be the greatest hindrance to the uptake of mobile banking services. The study recommends that the

banks need to implement banking applications that are efficient in carrying out transactions to the end, this is due to the fact that the quality of service a customer draws from the use of the mobile banking application have a great impact on their satisfaction levels.

The study found out that accuracy of transaction through the mobile banking application have an effect on customer satisfaction level. The study recommends that banks management should initiate programs that ensure accuracy of transaction and free from error. In addition, bank managements should also ensure that the programs that help customers learn how to use mobile banking services is implemented. Since these applications can be used by customers with low level of technology proficiency, there is need for the banks to design the mobile applications in an easy to understand way.

5.4 Suggestions for Further Research

Since the study was only carried out among the users of mfukoni application of Chase bank, there is need for further research on other commercial banks mobile applications in order to come up with a comparative analysis. Further, researches on the effects of corporate innovation on customer satisfaction should also be carried out in other non-financial sectors like transport industry, agricultural sector, insurance sector among others.

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APPENDICES

Appendix I: Letter of Introduction to the Bank Heads

Mercy W Kihiu

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Dear Respondent,

RE: Request for Support on Msc Project

I am a Masters student at the University of Nairobi in my final year of study. As part of the requirements for attainment of the degree, I am undertaking a research on the Effect of Corporate Innovation on Customer satisfaction with a focus on Chase Bank Kenya Limited mobile banking app Mfukoni.

In this regard I am kindly requesting for your support in the form of time and response to my attached interview questions. The information you give will remain anonymous and treated with utmost confidentiality and purely for academic purpose.

Thank you for your time

Yours Faithfully

Mercy Kihiu

Appendix 2: Questionnaire

PREAMBLE

Dear respondent, the information sought in this questionnaire relates to Effect of Corporate Innovation on Customer Satisfaction; Case of Chase Bank Mobile banking application Mfukoni. This is purely for academic research and information will be used for academic purpose only, and treated with utmost confidentiality. Kindly provide as much information or opinion as possible. Your response is highly appreciated.

SECTION A: DEMOGRAPHIC DETAILS

Please respond to all the questions accurately and honestly. Tick where appropriate.

1. Age (in years):

- 18-29 ()
30-39 ()
40- 49 ()
50-59 ()
59 and above ()

2. Gender :

Male () Female ()

3. Highest education level achieved

- Primary ()
Secondary ()
Certificate ()
Diploma ()
Bachelor's Degree ()
Master's Degree ()
Other (please specify)

4. When did you started banking?

Below 3 years ()

Between 4 years and 7 years ()

Between 8 years and 11years ()

Over 11 years ()

5. Please choose the type of account held at the bank

Elite ()

Aspire Plus ()

Aspire ()

Jivunie ()

Origins Savings Plan ()

Staff Account ()

6. Do you have Mfukoni Application?

Yes () No ()

7. Do you use *275# or the installed application

Yes () No ()

SECTION B: MFUKONI AND CUSTOMER SATISFACTION

1. On a scale of 1 to 5 please show how regularly you use the services indicated below on average every month, by marking the right box, where 1-Never, 2-Seldom, 3-Sometimes, 4- Often, 5-Always

Mfukoni services	1	2	3	4	5
a) Balance Inquiry					
b) Cash Deposit					
c) Account Statement					
d) Funds Transfer					
e) Mpesa Transaction					
f) Pay Bill					
g) Airtime Purchase					
h) Cheque Book Request					
i) Other services (Please specify)					

2. Where 1- Unimportant, 2- Of little importance, 3- Moderately important, 4- Important, 5- Very Important, please rate the significance of the factors below in prompting your uptake of mobile banking services by marking the suitable box

Factors prompting uptake of mobile banking services	1	2	3	4	5
a) Cost					
b) Convenience					
c) Security					
d) Reliability of Service					
e) Comfort					
f) Ease of use					
g) Knowledge of Service					
h) Speed of Transaction					
i) System Availability					
j) Accuracy of Transaction					
k) Other (please specify)					

3. Where 1- No hindrance, 2- A little hindrance, 3-some hindrance, 4- Considerable hindrance, 5-Great hindrance, please rate how the factors below have barred your uptake of mobile banking services by marking the suitable box

a) Cost	1	2	3	4	5
b) Security					
c) Reliability of Service					
d) Ease of Use					

Appendix 3: Budget

ITEM	QTY	UNIT COST	TOTAL COST
TRAVELLING AND SWEETS COSTS	2	4500	9,000
PRINTING	5	1500	7,500
BINDING	5	120	600
TOTAL			17,100