PERCEIVED EFFECT OF SELF- SERVICE TECHNOLOGIES ON SERVICE DELIVERY AT COOPERATIVE BANK OF KENYA

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A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF THE DEGREE OF MASTERS OF BUSINESS ADMINISTRATION SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI

NOVEMBER 2017

DECLARATION

This research project is my original work and has not been presented for any academic award in any other institution.

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This research project has been submitted with my approval as university supervisor.

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DEDICATION

I dedicate my work to my parents Mr. and Mrs. Simon Ndolo, my husband Josephate Bilungi and friends for they helped me a lot in the accomplishment of this task. Without their assistance and cooperation, I would not have been able to complete my work. They encouraged me through every step and boosted my moral. I thank them all.

ACKNOWLEDGEMENT

First, I would like to thank the Almighty God for seeing me through this study. I also wish to extend my sincere gratitude to my supervisor Dr. Winnie Njeru for her tireless guidance; selfless dedication and encouragement in making this research a reality. I would also like to thank my family, friends and fellow classmates for their continuous support and encouragement throughout the course of my post graduate studies.

ABBREVIATIONS AND ACRONYMS

ATM:	Automated Teller Machine
EFT:	Electronic Fund Transfer
IT:	Information Technology
KCB:	Kenya Commercial Bank
PIN:	Personal Identification Number
POS:	Point of Sale
TAM:	Technology Acceptance Model
TRA:	Theory of Reasoned Action

ABSTRACT

The study sought to establish the perceived effect of self-service technologies on service delivery at Cooperative bank of Kenya. A case study research design was adopted. The study used primary data. Primary data was collected through an interview guide. Data collected was of qualitative in nature and the presentation of findings was of qualitative form. The study concluded that Automated teller machines, internet banking, mobile banking and agency banking enhanced service delivery at Cooperative bank of Kenya. This was realised through improved operational flexibility, cost-effectiveness, ease of access to financial services and information, improved security, transparency and accountability. The study further concludes that information provided by these channels ensured that the transfer of funds was faster as compared to manual banking system. The study concludes that Cooperative bank of Kenya faced numerous operational challenge that was experienced with the self-service channels. However, these did not supersede the satisfaction achieved by customers from the use of the self-service channels. This study recommends that Cooperative Bank should intensify the rolling out of self-service channels as this was found to enhance service delivery. The bank should invest on installation of many ATMs especially in rural areas for the purpose of attracting many customers in using self-service channels. Cooperative Bank should consider embracing electronic banking, this will help to eliminate, tedious paper work, make operations simpler, eliminate clerical errors, enhance information accessibility by customers as well as enhance the overall efficiency in operations thereby fostering quality in service delivery. Cooperative Bank should continue offering low transaction rates within their local agency points, this will lure customers to adopt the is as culture thus ensuring the future sustainability of the self-service channels system.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The modern market place emphasizes customer service as the major component in the success story of any business establishment (Hira & Susan 2013). In this endeavor, retailers are going out of their way to implement self-service technologies in order to improve the quality of service in their business establishments. Self-service technologies have allowed companies to improve their service delivery by allowing their clients to solve their own problems using a more enhanced technological approach (Saxena, 2014). In this regard, self-service technology may be defined as an interface which has been enhanced by technology to allow customer involvement in the production of services independently without the involvement of the service employee. They are taking the place of face-to-face interactions and relatively making service delivery faster, more convenient and more accurate (Ragnvald, 2014).

This study was anchored on the Technology Acceptance Model (TAM) and the Strategic Constituencies Approach theory. The technology acceptance Model (TAM) that was introduced by Davis, Bagozzi, and Warshaw (2009) and is one of the most cited models used to study underlying factors that motivate users to accept and adopt a new information system. The strategic constituencies approach theory of organisation effectiveness proposes that an effective organisation is one that satisfies the demands of those constituencies in its environment from whom it requires support for its continued existence (Pfeffer & Salanick, 1978).

The banking industry was one of the earliest in adopting the use of self - service in service delivery to the customers. The banking industry no doubt has witnessed advancement in technology just like any other sector; the adoption of self-service technology is one of these as it affects banking operations entirely (Ogare, 2013). With the adoption of self-service technology by the banks, the banks have continued to service the populace. The industry has incorporated various technologies to enable clients become tellers of their own, that is, carrying out transactions in the same way that a teller of the bank would have done. All the activities that are now carried out by the client were done by the teller before the implementation of the self-service technology. Moreover, the client has the option of using the most convenient way, either automatic teller machines or internet banking depending on their preferences (Maiyo, 2013). Self-service is therefore relevant to Cooperative bank because the bank is surrounded by a dynamic environment and a match between the organization and technology is necessary.

1.1.1 Self-Service Technologies

Self-service technologies are technological interfaces that enable customers to produce a service independent of direct service employee involvement (Hira & Susan, 2012). Self-service technologies are viable for banks and other financial intermediaries because information processing is essential to their services (Maria, 2013). The technology holds great promise of future simplification and automation. For instance, the next generation of international payment systems (e.g. electronic funds transfer networks) based on smart card technology (for use in e.g. bank cards, credit cards and electronic purses) with embedded digital IDs can be expected to simplify use of self-service and cross-border transactions by global standardization (Alan, 2014). Technology has greatly advanced playing a major role in improving the standards of service delivery in the financial institution sector. Days are long gone when customers would queue in the banking halls waiting to pay their utility bills, school fees or any other financial transactions.

The major reason why banks implement self-service technologies is to reduce the cost of service delivery and provided more convenient ways of carrying out transactions by the customer (Allen, & Hamilton, 2012). For instance, with the rapid growth in personal wealth, most people will find it convenient to access all their money located in different banks from the same point. They can now do this at their convenience by using their ATM cards, mobile phones or over the internet from the comfort of their homes. The banks have ventured into the untapped opportunity and have partnered with mobile phone network providers to offer banking services to their clients (Egland, & Robertson, 2014). Self-service technologies are now new conduits and techniques for providing banking services directly to customers. However, such services may sometimes come out as not having put into account the motivating factors for clients or even failure to harness such factors effectively may limit their effectiveness (Bello & Dogarawa, 2015).

1.1.2 Service Delivery

Service delivery has been defined as the actual production of a service to the customers which is specialized skills and knowledge that are exchanged for money rather than the physical resources (Whitaker, 1980). Depending on the kind of service being offered, each service has a primary intervention of transforming the customer and that the client himself/herself is the principal beneficiary. Self-service technologies have greatly advanced playing a major role in improving the standards of service delivery in organisations (Egland & Robertson, 2014). Service delivery has been described to be one of key performance indicators of an organization. According to Kassim and Bojei (2015) the rising character of the internet as a service channel has eliminated the locus of power from service providers to consumers, and therefore, cooperation with and learning from consumers as well as adaptation to their individual and dynamic necessitates have become crucial to service delivery.

Customer complaints are part of the business life of any corporate entity, especially those in the service sector. As a service organization, customer service and satisfaction should be the prime concern of any organisation. The organisations believes that providing prompt and efficient service is essential not only to attract new customers, but also to retain existing ones (Maria, 2016). However, organisations minimize instances of customer complaints and grievances through proper service delivery and review mechanism and to ensure prompt redress of customer complaints and grievances. Service delivery has been described to be one of key performance indicators of an organization. The extent to which customer are satisfied with the service rendered has great impact on the overall performance and must be taken seriously players in the industry (Ogare, 2013).

Continuous technology development, particularly information technology revolution has forced organisations to embrace technology as a strategy for their sustainable growth in an expanded competitive environment to enhance service delivery. The internet has changed the operations of many businesses, and has been becoming a powerful channel for service delivery (Kassim & Bojei, 2015). Self-service technologies providers have embraced the relationship marketing, to cultivate a long-term relationship so that, their customers can move along the ladder of customer relationships (Maria, 2016). To attain customer loyalty, long-term viability and profitability and consequent success, institutions are placing increasing emphasis on the customer satisfaction.

1.1.3 Cooperative Bank of Kenya

The Co-operative Bank of Kenya Limited was incorporated in Kenya under the Company Act and is also licensed to do the business of banking under the Banking Act. The Bank was initially registered under the Co-operative Societies Act at the point of founding in 1965. The Co-operative Bank of Kenya Limited provides corporate and retail banking, and investment and asset management services in Kenya. Co-operative Bank of Kenya Limited also provides motor, fire and perils, burglary, domestic, and personal accident insurance; consultancy and investment services; treasury products, fixed income and money market products, and money transfer services; and mobile banking, point of sale, Internet banking services agencies and ATMs. It has established M-banking services which facilitates seamless two-way funds transfer between the bank accounts and money transfer solutions offered by mobile telecommunication firms and has an active client base of over 769,000 customers.

The bank's internet-banking solution Coop Net has contributed to growth of its customer's base especially for Kenyans in the diaspora and already serves over 9,200 clients. Co-operative Bank of Kenya Limited products and brand propositions are designed to exceed customer expectations and respond to diversification and sophistication of customer needs as well as changes in the business environment. It's customer service program are designed around the concept of delivering enhanced customer value and experiences as well as excellence in service. It has also engaged in continuous re-engineering of business processes to make them simpler and more efficient without diminishing their integrity.

1.2 Research Problem

In a competitive market place understanding and responding to customer needs has become an important factor to their success (Ivatury & Pickens, 2016). The modern market place emphasizes customer service as the major component in the success story. In this endeavor, retailers are going out of their way to implement self-service technologies in order to improve the quality of service in their business (Ragnvald, 2014). Self-service technologies services have revolutionalized the way business is done and especially in the banking sector and service delivery is now more efficient and convenient to the customer hence organizations are saving costs on employees who could have done such services and enabled banks to improve efficiency in customer service (Young, Lang & Nolle, 2014).

The convenience of banking services derived from self-service technologies channels is well recognized. Regardless of the importance of self-service technologies channels in explaining banking performance, the effect of self-service technologies channels on service delivery, is still misunderstood; first, there is a lack of understanding about the drivers of innovation and secondly innovation’s effects on service delivery remains untested (Njuru, 2012). In Kenya service delivery in the banking sector demand that the institutions should have effective systems in place to offset unpredictable events that can maintain their operations and reduce risks (Ogare, 2013).

Globally, Kumbhar (2012) study in India on the alternative banking channels and customers' satisfaction established that self-service technologies had least impact on service delivery. In Nigeria Olorunmolu (2015) studied the influence of e-banking on customer services established that e- banking services influence customer patronage in the bank. Locally Muli (2014) studied the effect of adopting alternative channels of service delivery on the performance of commercial banks in Kenya and established adopting alternative channels of service delivery enhanced their performance. There are many dimensions of self - service technologies services in the banking sector. This study therefore seeks to fill the research gap by answering the following question: what is the perceived effect of self - service technologies on service delivery at Cooperative Bank of Kenya?

1.3 Research Objectives

The objective of this study is to establish the perceived effect of self - service technologies on service delivery at Cooperative bank of Kenya.

1.4 Value of the Study

The study will help in theory as the technology acceptance model (TAM) will help in understanding the underlying factors that motivate users to accept and adopt a new information system. The strategic constituencies approach theory of organisation effectiveness proposes that an effective organisation is one that satisfies the demands of those constituencies in its environment from whom it requires support for its continued existence. Thus the theory will assist in organisation effectiveness and also highlight insights of best practices to adopt to enhance service delivery in commercial banks.

The finding of the study will be of great importance to managers of commercial banks in Kenya as they will understand the effect of self - service technologies on service delivery of commercial banks in Kenya. This will assist them in making decision on the self - service technologies channel to adopt and implement and the expected results of self - service technologies channel. The study will be useful to management of commercial banks in implementation of decisions regarding adoption of self - service technologies in order to enhance service delivery.

The study is of value to the policy makers which include government and other relevant institutions since they will utilize the knowledge gained from this study to design relevant courses of action to manage change. The study finding will enlighten the policy makers in the banking industry on the expected effect of self - service technologies on service delivery; this will assist them in designing appropriate policy for alternative self - service technologies channel in commercial banks in Kenya.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter will discuss the literature related to perceived effect of self - service technologies on service delivery; it will cover theoretical perspectives related to the study. This review of literature establishes framework for the study and highlights the previous studies, which in turn, helps in clearly identifying the gap in the literature.

2.2 Theoretical Perspective

This study will use the Technology Acceptance Model (TAM) and Strategic Constituencies Approach theory. TAM is based on the Theory of Reasoned Action (TRA), a psychological theory that seeks to explain behavior and involve two primary predictors; perceived ease of use and perceived usefulness. The strategic constituencies approach theory of organisation effectiveness proposes that an effective organisation is one that satisfies the demands of those constituencies in its environment from whom it requires support for its continued existence.

2.2.1 Technology Acceptance Model (TAM)

According to Davis (1989) proposed the technology acceptance model (TAM) to explain the potential user ‘s behavioral intention to use a technological innovation. TAM is based on the Theory of Reasoned Action (TRA), a psychological theory that seeks to explain behavior and involve two primary predictors; perceived ease of use and perceived usefulness and the dependent variable behavioral intention, which TRA assumed to be closely linked to actual behavior. The technology acceptance theory by Davis, (1989) argues that people ‘s acceptance of new technology is determined by two perceptions of the technology: perceived usefulness and perceived ease of use. Perceived usefulness reflects the prospective user ‘s subjective probability that applying the new technology will be beneficial to his/her personal and/or the adopting organization ‘s well-being. Perceived usefulness is an important factor in determining the adaptation of innovation.

The primary goal of TAM is to provide an explanation of factors affecting self-service technologies' acceptance in general. In addition, this model helps researchers and practitioners to identify why a particular system is unacceptable (Davis, 1989). Davis (1989) suggested that using an information system is directly determined by the behavioral intention to use it, which is in turn influenced by the users' attitudes toward using the system and the perceived usefulness of the system. Attitude and perceived usefulness are also affected by the perceived ease of use. The vital role perceived ease of use plays in IT adoption makes it imperative to understand those factors that contribute to this user experience.

2.2.2 Strategic Constituencies Approach Theory

The strategic constituencies approach theory of organisation effectiveness proposes that an effective organisation is one that satisfies the demands of those constituencies in its environment from whom it requires support for its continued existence (Pfeffer & Salanick, 1978). The approach seeks to satisfy only those in the environment who can threaten the organisation's survival (Robbins, 1990). Therefore, effectiveness is defined in terms of the degree to which the needs and expectations of the strategic constituencies are met by the organisation (Keeley, 1978). Cameron (1981) states that this approach can be viewed either as a summary measure of the organisation's goals or as a series of different weighting's for specific goals for a variety of constituencies. Furthermore, it is assumed that the organisation pursues specific goals which are representations of particular interest groups that control the resources necessary for the organisation to survive.

If survival is important for an organisation, then the most important constituencies that affect the organisation's survival should be identified. It is argued by Quinn and Rohrbaugh (1983) that by implementing this approach, the impact that strategic constituents have on the organisation's operations may be minimised. The task of separating the strategic constituencies from their environment within which they operate is a difficult and problematic task. As the environment rapidly changes, what was a critical goal today may not be so tomorrow. Cameron (1981) suggests that strategic constituencies in the environment can be identified and are assumed to be relatively stable. Hitt (1988) suggests that different constituents are likely to rate an organisation in different ways. Separate constituents may develop vastly different ratings of an organisations effectiveness. These constituents may use different criteria or weight the same criteria differently (Hitt, 1988).

2.3 The Self-Service Technologies

Self-service technologies have allowed companies to improve their service delivery by allowing their clients to solve their own problems using a more enhanced technological approach. In this regard, self-service technology in retailing may be defined as an interface which has been enhanced by technology to allow customer involvement in the production of services independently without the involvement of the service employee.

They are taking the place of face-to-face interactions and relatively making service delivery faster, more convenient and more accurate (African Journal of Business & Management, 2010). Customers are participating in the delivery of service hence organizations are saving costs on employees who could have done such services (Ragnvald, 2014).

Many factors contribute to adoption or detraction by customers from adopting self-service technologies. Some of these factors affect the satisfaction derived from the technologies by the customer. They include such factors as the cost of products, quality of the services offered by the firm, the design approach of the self-service technology, the rate of failure of the specific self-service product, the available alternatives to the technology, the updating done to the self-service product, and the way advertising of the product by the firm is done (Ragnvald, 2014). Self-service technologies have revolutionized the way business is done and especially in the banking sector. Service delivery is now more efficient and convenient to the customer. The most used self-service technologies are ATMs, internet banking and mobile banking.

2.3.1 Automated Teller Machines

ATMs were the first known machines to provide electronic access to customers (Singh and Komal, 2009). However, due to advancements in technology, ATMs are able to provide a wide range of services, such as making deposits, funds transfer between two or accounts and bill payments. Khan, (2010) says the "ATM is an innovative service delivery mode that offers diversified financial services like cash withdrawals, funds transfer, cash deposits, payment of utility and credit card bills, cheque book requests and other financial enquiries”. The ATM services that are offered by banks have evolved and have become better and more advanced. These machines perform the basic deposit and withdraw tasks of tellers (Jaffee, 2009).

The advancement in Technology has played an important role in improving service delivery standards in the Banking industry (Ngari & Muiruri, 2014). In its simplest form, Automated Teller Machines (ATMs) and deposit machines now allow consumers carry out banking transactions beyond banking hours. Banks tend to utilize this electronic banking device, as all others for competitive advantage. ATMs also save customers time in service delivery as alternative to queuing in bank halls, customers can invest such timesaver into other productive activities (Hasan, Schmiedel & Song, 2013). ATMs are a cost-efficient way of yielding higher productivity as they achieve higher productivity per period of time than human tellers. Furthermore, as the ATMs continue when human tellers stop, there is continual productivity for the banks even after banking hours (Ceylan, Emre & Aslı, 2014).

2.3.2 Internet banking

Internet banking is called transactional online banking, because it involves provision of facilities such as accessing accounts, funds transfer and buying financial products or services online (Young, Lang & Nolle, 2014). The Internet also helps banks penetrate other financial markets without requiring their physical presence in those markets. The widespread availability of Internet banking is expected to affect the mixture of financial services produced by banks, the manner in which banks produce these services and the resulting financial performances of these banks (Young, Lang & Nolle, 2014). This therefore is seen by banks as a better means to serve its wide and ever-growing customer base with quality service, fast, efficient and convenient manner. It is also believed to create a good revenue to banks thus leading to profitability. Customers can access account information at any time, day or night, and this can be done from anywhere. Internet banking has improved banking efficiency in rendering services to customers (Berger & Gensler, 2013).

Adoption of internet banking leads to cost reduction and hence likely to increase banks' profitability. Introduction on internet banking has brought unprecedented speed in banking system and has been playing a major role in the globalization of banking system (Ceylan, Emre & Aslı, 2014). Financial institutions in Kenya cannot ignore information systems since they play an important role in their operations because customers are conscious of technological advancements and demand higher quality services (Jun & Cai, 2011). Ngari and Muiruri (2014) identified four roles for the Internet in a modern banking industry. First, it facilitates financial transactions between banks and their consumers. Second, it gives financial institutions permanent access to financial information. Third, the Internet connects a bank's head office to its branches. Finally, electronic banking lets customers check their account information, pay bills, transfer funds between accounts, and perform other functions. Customers will soon have access to additional services such as online stock and bond trading.

2.3.3 Mobile Banking

The use of mobile-banking contributes to improved service delivery and hence performance of firms, in terms of increased market share, customer satisfaction, expanded product range, customized products and better response to client demand. M-banking continues to be used as a strategic tool which influence banks income structure since Successful strategy in terms of customer retention or enhancement ultimately leads to the profitability (Hasan, Schmiedel & Song, 2013). Mobile banking offers banks several opportunities for increasing revenues. These include monetizing the value of customer analytics, delivering greater real-time access to products and services, and conducting targeted marketing campaigns based upon the knowledge of consumer preferences that banks collect (Ivatury & Pickens, 2016). They are consistent with the promise seen in electronic money bringing improved efficiencies and reducing transaction costs.

In Kenya, Ndung'u (2011) concurs that mobile banking has revolutionaries the money transfer business and has created further innovations that have lowered the transaction costs for both the banks and customers. This transformation of money transfer business has translated to more incomes and profits to the banks. This confirms why Kenya has appeared in the global map in the front of mobile money transfer services. Due to the potential in mobile banking, the model has been replicated in other countries and seems to be a threat to the traditional money transfers services like the EFT and cheque system. Many retail transactions in Kenya have moved to the mobile phone. Bank customers can move money from their bank accounts to their e-money accounts or from their e-money to their bank accounts. This improvement of the mobile money services has increase the velocity and circulation of money in the country and has resulted to more profits for the banks through commission incomes (Hasan, Schmiedel & Song, 2013)..

2.3.4 Agency Banking

A bank agent is a commercial entity that has been contracted by a commercial bank and approved by the Central Bank of Kenya to provide specific services on behalf of the bank. Globally, retailers and post offices are increasingly utilized as important distribution channels for financial institutions. The points of service range from post offices in the Outback of Australia where clients from all banks can conduct their transactions, to rural (Kumar *et al*, 2016). In understanding agency, there are three parties to a transaction: the customer, the agent's employee who operates the POS (Point of Sale) device and the bank. Each party should authenticate themselves before initiating any transaction, preferably with two factors of security hence; the customer and the authorized employee of the agent each have a personal card plus a secret PIN. To avoid fraudulent POS terminals, a bank could also announce a unique secret key to each of its clients through which the bank identifies itself to its clients before each transaction (Ivatury & Pickens, 2016).

In Kenya agents are equipped with the skills necessary to provide basic banking services according to standards set by the banks with commercial bank key objective of offering the full range of banking services to their customers without them having to visit a branch (Kithuka, 2012). Agency banking as a strategy of expansion depicts its concept from the branchless banking model into which the wordings are used interchangeably. Branchless banking is a distribution channel strategy used for delivering financial services without relying on banks branches (Ivatury & Pickens, 2016). It represents a cheaper alternative to conventional branch based banking. Agency banking is a type of branchless banking where third parties are involved in performing some of the activities that are traditionally performed in banking halls by bank personnel.

2.4 Service Delivery

In the off-line environments, it is common knowledge that the quality of services and products is a key determinant of customer satisfaction (Szymanski & Henard, 2011). Customer satisfaction is defined as an evaluation of perceived discrepancy between prior expectations and the actual performance of the product. Customer satisfaction is how customers evaluate the ongoing performance. Customer satisfaction is a customer's reaction to the state of satisfaction, and customer's judgment of satisfaction level. The concept of customer satisfaction and service quality is interrelated with each other, moreover satisfaction of customer depends upon service quality and service quality is increasingly offered as a strategy by marketers to position themselves more effectively in the market place Allan (2014) argues that service providers should provide customer oriented service in order to heighten up customer satisfaction. It was also found that customers get satisfied with effective service delivery if they get all they needed accumulated in that very brand.

As most people now own mobile phones, banks have also introduced mobile banking to cater for customers who are always on the move. Mobile banking allows individuals to check their account balances and make fund transfers using their mobile phones (Aladwani, 2011). Customer expectation, in terms of service delivery and other key factors have increased dramatically in recent years, as a result of the promise and delivery of the internet. The growth in the application and acceptance of internet-driven technologies means that delivering an enhanced service is more achievable than ever before. However, it is also more complex and fraught with potential costs and risk. The challenge for managers is to reconcile their business and their own personal perceptions of time with the perceived reality of internet time. The internet has decisively shifted the balance of power to the customer (Steven, 2012).

2.5 The Self-Service Technologies and Service Delivery

In an attempt to establish electronic banking service and customer satisfaction in the Nigerian banking industry Timothy (2012) used 384 customers in Tehran to investigate the effect of electronic banking on customer satisfaction finds a positive relationship between electronic banking services provided by the surveyed banks and customer satisfaction. A positive correlation between customers' income and satisfaction of electronic banking services was found. Customers' positive experience with electronic banking is positively related to electronic banking customer satisfaction. Implementation of information technology and communication networking has brought revolution in the functioning of the banks and the financial institutions (Yasuharu, 2013). Dramatic structural changes are in store for financial services industry as a result of the Internet revolution. Information and communication technology has provided self-service facilities from where prospective customers can complete their account opening documents direct online. (Yasuharu, 2013).

Internet banking provides alternatives for faster delivery of banking services to a wider range of customers. The increasing popularity of internet banking has attracted the attention of both legitimate and illegitimate online banking practices hence to alert users, many banking sites are now including Security Indicators (SI) to their sites (Oghenerukevbe, 2014). Tatu (2016) noted convenience of mobile banking affects customer satisfaction to a great. Further, the study concluded that user friendly ATMs, ease of access of ATMs and privacy of ATMs affects customer satisfaction to a great extent. Effectiveness of point of sale system affects customer satisfaction to a great extent. Banking institutions should enhance their internet banking to make it flexible, fast and easy to use.

Mwinga (2014) on the influence of electronic banking on service delivery satisfaction to customers in the Kenya Commercial Bank concluded that financial liberalization and technology revolution have allowed the developments of new and more efficient delivery and processing channels as well as more innovative products and services in banking industry. The findings showed that there was a positive perception of the respondents influenced by the establishments of electronic banking products at KCB banks in terms of usage, convenience, time saving and transportation cost as well as quickness of service delivery. Commercial banks self-service technologies have a moderate influence on the income of commercial banks in Kenya (Ngugi, Amanja & Maana. 2012). Commercial bank self-service technologies influence profitability of commercial banks in Kenya and bank innovations have a statistically significant influence on bank profitability. This means that the combined effect of the bank innovations is statistically significant in explaining the profits of commercial banks in Kenya. Banks in Kenya have achieved more than a decade of boosting their earning capability and controlling costs through adoption of innovations like the mobile banking, internet banking and recently the agency banking (Gakure & Ngumi, 2013).

2.6 Summary Literature and Knowledge Gap

Aragba-Akpore (2016) pointed out that IT is becoming the backbone of banks' services regeneration in Nigeria. The above study concentrated on the application of information technology in the banks but did not highlight how the self-service technologies led to service delivery in the banks. Aladwani (2011) found contravening findings on customers education and experience. Customers' positive experience with electronic banking was positively related to electronic banking customer satisfaction. The study however found a negative relationship between customers' education and their satisfaction of electronic banking services. Ngugi, Amanja and Maana (2012)., Wachira (2013) studies on influence of self-service technologies on income of commercial banks in Kenya focused more on financial performance but did not touch on non-financial service delivery measures. The above researchers on self-service technologies and service delivery have been done outside Kenya. There are no many studies that have been done in Kenya on self-service technologies and service delivery hence the study seeks to fill this gap by finding out perceived effect of self-service technologies on service delivery at Cooperative Bank of Kenya.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter discussed the research methodology that was used, in an attempt to achieve the objectives of the study. It focused on the research design, methods of data collection, data collection instruments and procedures and the data analysis.

3.2 Research Design

Research design is a sketch and the procedures for research that cover the decisions from broad assumptions to detailed methods of data collection and analysis (Johnson & Onwuegbuzie, 2010). A case study research design was adopted. According to Kothari, (2006) a case study design is a way of organizing data and looking at the object to be studied as a whole, a case study makes a detailed examination of a single subject or a group of phenomena. Case approach helps to narrow down a very broad field or population into an easily researchable one, and seeks to describe a unit in details (Bell, 2009).

Also, a case study allows an investigation to retain the holistic and meaningful characteristics of real life events (Bell, 2009). It involves a careful and complete observation of social units. It is a method of study in depth rather than breadth and places more emphasis on the full analysis of a limited number of events or conditions and other interrelations. The study hence considers case study design suitable since data was gathered from a single source which was the Cooperative Bank of Kenya.

3.3 Data Collection

The study used primary data, primary data was collected through an interview guide which used face to face interviews. Primary data is data that has not been previously published, that is, data derived from a new or original research study and collected at the source. It is information that will be obtained directly from first-hand sources. The researcher used the interview guide to gather information from the selected senior management staff at Cooperative Bank of Kenya. An interview guide is a set of questions that the interviewer asks when interviewing. It makes it possible to obtain qualitative data required to meet specific objectives of the study.

Interview guides are also used to standardize the interview situation so that interviewers can ask the same question in the same manner. The researcher encouraged the interviews to participate without holding back the information that they might had as the research instruments would not bear their names. The interviews are expected to yield higher response rates by using probing questions (Saunders, Lewis & Thornhill, 2009).

3.4 Data Analysis

Data collected was of qualitative in nature and the presentation of findings was of qualitative form. Before processing the responses, the completed interview guide will be edited for completeness and consistency. Qualitative implies an emphasis on the qualities of entities, processes and meanings that are not experimentally examined or measured in terms of quantity, amount, intensity, or frequency. Qualitative methods allowed detailed analysis. The study used an interview guide to collect qualitative data that was analysed through content analysis and then presented in pros form.

Content analysis is a method of analyzing written, verbal or visual communication messages. It is a technique for making inferences by systematically and objectively identifying specified characteristics of message and using the same to relate to trends (Nachmias and Nachmias, 1996). Content analysis allows the simplification of data in order to make it comprehensive (Gill & Johnson, 2006).

CHAPTER FOUR: DATA ANALYSIS, INTERPRETATIONS AND PRESENTATION

4.1 Introduction

This chapter discusses the interpretation and presentation of the findings obtained from the field. The chapter presents the background information of the respondents, findings of the analysis based on the objectives of the study.

4.2 Importance of Self Service Technologies

Interviewees were requested to explain the influence of self-service channels offered by Cooperative Bank on service delivery to the customers. From information provided, the study revealed that self-service channels performed the service at designated time, that availability of service is faster in compared to manual banking; in that response of service was very prompt and quick; and that response of service through self-service channels was very prompt and quick. This led to decongestion of banking halls this was realized through reduced withdrawals and deposits made in banking halls since the adoption of self-service channels.

The study further showed that self-service channels had reduced the waiting time to receive the service and that online transactions services was easier. Interviewees were required to explain how self-service technologies enhanced the security of the customers at Cooperative Bank. Interviewees reported that self-service technologies by customers affects customer security, adoption of self-service technologies also reduce the level of fraud. The Interviewees reported that self-service channels ensured physical safety of the transaction; increased financial security; and that privacy could be easily maintained.

Data provided showed that self-service channels had password facility which ensured security of transaction.

Interviewees were required to rate the level of reliability of the self-service channels provided by Cooperative Bank. The study revealed that adoption of self-service channels offered ease of access to financial services especially in rural areas, adoption of self-service channels has increased financial deepening. Interviewees further reported that self-service channels offer normal banking services such as cash deposits and withdrawals, disbursement and repayment of loans, salary payments, pension payouts, transfer of funds and the issuing of mini bank statements, all through shared infrastructures.

Interviewees were requested to rate the overall level of satisfaction in using the above self - service channels. The study showed that considerable numbers of customers were highly satisfied with self-service channels provided by cooperative bank. The usage of service channels has a positive impact on customer satisfaction than the traditional way of banking. There was a relationship between self-service channels such as ATMs, internet banking, mobile banking and customer satisfaction in Cooperative Bank. Self-service channels enhance reliability, responsiveness, ensured security of customer transactions and they were accessible. In addition, the self-service channels help in keeping records accurately, provides more information for the customers and provides more punctuality, transparency and accountability.

On tangibility of self-service channels, interviewees reported that self-service channels provide 24hrs, 365 days a year service to customers and that they helped in reducing the number of queues in the bank branches. The interviewees also reported that self-service channels provided more physical facilities to the customers; and that physical representation of service through plastic card, credit and debit card was easy. Interviewees further reported that self-service channels ensured more punctuality, transparency accountability. The information provided also that these channels ensured that the transfer of funds was faster as compared to manual banking system.

4.3 Effect of Self Service Technologies on Service Delivery

It was deduced from the interview that the four types of service technologies that included the ATM, internet banking, mobile banking and agency banking. The four types of service technologies enhanced service delivery through increased accessibility of services to the customers.

4.2.1 Automated Teller Machines

The study sought to reveal the extent to which ATMs enhanced service delivery at the Cooperative bank of Kenya. It was reported that ATMs enhanced service delivery through accessibility which ensures easy and efficient access of services by customers hence the customers avoid lining up in the bank halls to withdraw or deposit cash. Through ATMs routine transactions are transferred away from the teller counter, this provides the combined benefits of lower operational costs, quicker and more accurate transactions and increased product sales and revenue growth.

Interviewees also indicated ATMs increased accessibility of the bank services to the customers and that use of ATMs helped the bank attain efficiency in delivering customer services. This might be so because the use of the ATMs as customer service delivery interfaces enabled bank customers to transact banking business using a coded ATM card. It was reported that everywhere an ATM unit was located; clients could obtain their accounts for twenty-four hours a day and seven days a week.

The bank does not simply utilize the ATMs as a tactical tool for pleasing customer-oriented need, enhancing staffs' competence, and getting competitive advantage, they in addition utilize it to demonstrate their technological progression. ATMs accessibility of the bank services to the customers was adequate. Thus, ATMs enhanced service delivery through; enhancing staffs' competence, getting competitive advantage, technological progression, satisfied and retained customers, attraction of new customers and development of customer bond.

4.2.2 Internet Banking

The study sought to reveal the extent to which internet banking enhance service delivery at the Cooperative bank of Kenya. From the findings, Interviewees reported that internet banking affects service delivery at the Cooperative bank, the study further established that internet banking eliminates errors due to poor handwriting or mistaken information, internet banking enable financial institution customers, individuals or businesses, to access accounts, transact business, or obtain information on financial products and services through the internet.

E-banking offered ease of access, secure transactions and 24-hour banking options, online banking allow staff members to research transactions and resolve banking problems on their own, without interacting with bank employees, internet banking allows consumers can accomplish customary banking tasks more quickly and easily than before, e-banking leads to productivity gains, automating routine bill payments, minimizing the need to physically visit the bank and the ability to work as needed rather than on banking hours may decrease the time involved in performing routine banking activities.

4.2.3 Mobile banking

The study sought to reveal the extent to which mobile banking enhanced service delivery at the Cooperative Bank of Kenya. From the findings, Interviewees reported that mobile banking allows bank customers to check their account balances, perform credit card transaction as well as provide information on the latest transaction made by customers, mobile technologies provides an opportunity for financial providers to introduce new financial innovations, mobile phone banking has the potential to be transformational owing to various facts, locally mobile banking remains unknown to and underutilized by bank customers.

The Interviewees reported that with mobile banking, users of mobile phones can perform several financial functions conveniently and securely from their mobile. Customers could check their account balance, review recent transaction, transfer funds, pay bills, deposit and withdraw cash. This is because the mobile banking services are available round the clock 24/7/365, easy and convenient and an ideal choice for accessing financial services for most mobile phone owners in the rural areas.

4.2.4 Agency Banking

The study sought to reveal the extent to which agency banking enhance service delivery at the Cooperative bank of Kenya. From the findings, considerable numbers of interviewees were of the opinion that agency banking to have provided an advantage of cost effectiveness to both the customers and to the banks. Interviewees further reported that the adoption of agency banking has injected some desired form of operational flexibility, the opening and closing hours by agencies influence service delivery in the banking institutions adding that the bank agents open early, bank agents close late and bank agents work on weekends.

4.4 Challenges in Using Self -Service Channels

Interviewees indicated that distance from nearest branch or ATM affected customers from using service effectively. Retail outlets are forced to extend their limited sources of financing in a bid to meet legal requirements necessary to operate as banking agents, unless the tight regulations are eased, few retail outlets would be able to meet the standards required by the policy makers, without the support of the regulatory authorities, agent banking would not be facilitated. The interviewees reported that challenges faced in offering internet banking services include lack of customer awareness, poor internet speed, and lack of internet banking alerts, poor market penetration and reception of internet banking services, illiteracy among the customers, were the challenges they encounter.

The interviewees reported that few customers fear the use of extension of mobile banking services offered by the bank through mobile banking. They fear insecurity, high charges and unreliability of services. However, some customers do not use the services due to little knowledge on the services offered through mobile banking. Interviewees also reported that the extension of Cooperative mobile banking was faced by fear of customers on using the services offered by the bank through mobile banking due to little knowledge among customers on the services offered through mobile services, and network failure/error.

Interviewees were requested to indicate the challenges faced in agency banking in ensuring service delivery at the Cooperative Bank. Information provided showed that agents lacked the capacity to handle large transactions of cash fraud and money laundering and liquidity management were among the factors that affected agent banking. The Interviewees reported that agents dealing with agent banking did not have full confidence with the users of the service for at times the deposits and withdrawals made from their outlet would be as a result of money laundering or fear dealing with fraudulent cases. For the liquidity management, it was a challenge to the agents for fear of holding a lot of money that would result into breakages in their premises.

4. 5 Discussion of Findings

It was revealed that self-service channels performed the service at designated time, that availability of service is faster compared to manual banking and that response of service was very prompt and quick. This led to decongestion of banking halls this was realized through reduced withdrawals and deposits made in banking halls since the adoption of self-service channels. The findings concurred with Ragnvald (2014) who stated that self-service technologies have revolutionized the way business is done and especially in the banking sector. Service delivery is now more efficient and convenient to the customer.

Information provided further showed that self-service channels had reduced the waiting time to receive the service and that online transactions services was easier. Interviewees were required to explain how self-service technologies enhanced the security of the customers at Cooperative Bank. Self-service technologies by customers affected customer security, adoption of self-service technologies also reduced the level of fraud. The findings concur with the research by Sathye, (1999) that security was the most important attribute that could drive attitudes towards the adoption of self-service technologies.

Information provided showed that considerable numbers of customers were highly satisfied with self-service channels provided by cooperative bank. The usage of service channels had a positive impact on customer satisfaction than the traditional way of banking. There was a relationship between self-service channels such as ATMs, internet banking, mobile banking and customer satisfaction at Cooperative bank. Self-service channels have revolutionalized traditional banking systems because it has reduced the cost of transaction processing, improved the payment efficiency, financial services and improved the banker-customer relationship (Allan, 2014).

ATMs enhanced service delivery and accessibility was ranked highest. Also, ATMs ensured easy access to banking facilities by customers and offer customer's hustle free banking with no tellers and a cashless environment that offer customers a digital self-service banking experience. ATMs enhanced service delivery through; enhancing staffs' competence, getting competitive advantage, technological progression, satisfied and retained customers, attraction of new customers and development of customer bond. The challenges of distance from nearest branch or ATM affected customers from using service effectively. Scheuermann, and Babineauz (2004) noted that the use of the ATMs as customer service delivery interfaces has enabled bank customers to transact banking business using a coded ATM card.

Internet banking eliminated errors due to poor handwriting or mistaken information, internet banking enabled financial institution customers, individuals or businesses, to access accounts, transact business, or obtain information on financial products and services through the internet. E-banking offered ease of access, secure transactions and 24-hour banking options, online banking allow staff members to research transactions and resolve banking problems on their own. Internet banking offers more convenience and flexibility to customers with absolute control over their banking activities. There were however challenges faced in offering internet banking services that included lack of customer awareness, poor internet speed, lack of internet banking alerts, poor market penetration and reception of internet banking services, and illiteracy among the customers. As an alternative delivery medium of retail banking, internet banking has all the impact on productivity of telebanking and PC-Banking (Cox & Dale, 2012).

Mobile banking allows bank customers to check their account balances as well as provide information on the latest transaction made by customers, mobile technologies provides an opportunity for financial providers to introduce new financial innovations. Mobile banking, users of mobile phones can perform several financial functions conveniently and securely from their mobile. There were challenges of fear insecurity, high charges, unreliability of services and some customers do not use the services due to little knowledge on the services offered. The introduction of mobile banking has revolutionized and redefined the ways banks were operating hence technology is now considered as the main contribution for the organizations' success and as their core competences (Chogi, 2006).

Agency banking have provided an advantage of cost effectiveness to both the customers and to the banks. Adoption of agency banking has injected some desired form of operational flexibility, the opening and closing hours by agencies influence service delivery in the banking institutions adding that the bank agents open early, bank agents close late and bank agents work on weekends. The challenges were agents dealing with agent banking did not have full confidence with the users of the service for at times the deposits and withdrawals made from their outlet would be as a result of money laundering or fear dealing with fraudulent cases. Mwangi (2012) noted emergence of agency banking has resulted in increased number of transaction volumes as the banks can now access a large.

CHAPTER FIVE: SUMMARY OF FINDINGS CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

From the analysis and data collected, the following discussions, conclusion and recommendations were made. The responses were based on the objective of the study. The study sought to establish to effect of self-service technologies on service delivery at Cooperative bank of Kenya.

5.2: Summary of the Findings

It was revealed that self-service channels performed the service at designated time, that availability of service is faster in compared to manual banking; in that response of service was very prompt and quick; and that response of service through self-service channels was very prompt and quick. This led to decongestion of banking halls this was realized through reduced withdrawals and deposits made in banking halls since the adoption of self-service channels. Information provided further showed that self-service channels had reduced the waiting time to receive the service and that online transactions services was easier. Interviewees were required to explain how self-service technologies enhanced the security of the customers at Cooperative Bank.

Self-service technologies by customers affected customer security, adoption of self-service technologies also reduced the level of fraud. Information provided showed that considerable numbers of customers were highly satisfied with self-service channels provided by cooperative bank. The usage of service channels had a positive impact on customer satisfaction than the traditional way of banking. There was a relationship between self-service channels such as ATMs, internet banking, mobile banking and customer satisfaction at Cooperative bank.

ATMs enhanced service delivery and accessibility was ranked highest. Also, ATMs ensured easy access to banking facilities by customers and offer customer's hustle free banking with no tellers and a cashless environment that offer customers a digital self-service banking experience. ATMs enhanced service delivery through; enhancing staffs' competence, getting competitive advantage, technological progression, satisfied and retained customers, attraction of new customers and development of customer bond. The challenges of distance from nearest branch or ATM affected customers from using service effectively.

Internet banking eliminated errors due to poor handwriting or mistaken information, internet banking enabled financial institution customers, individuals or businesses, to access accounts, transact business, or obtain information on financial products and services through the internet. Internet banking offers more convenience and flexibility to customers with absolute control over their banking activities. There were however challenges faced in offering internet banking services that included lack of customer awareness, poor internet speed, lack of internet banking alerts, poor market penetration and reception of internet banking services, and illiteracy among the customers.

Mobile banking allows bank customers to check their account balances, perform credit card transaction as well as provide information on the latest transaction made by customers, mobile technologies provides an opportunity for financial providers to introduce new financial innovations. Mobile banking, users of mobile phones can perform several financial functions conveniently and securely from their mobile. There were challenges of fear insecurity, high charges, unreliability of services and some customers do not use the services due to little knowledge on the services offered.

Agency banking have provided an advantage of cost effectiveness to both the customers and to the banks. Adoption of agency banking has injected some desired form of operational flexibility, the opening and closing hours by agencies influence service delivery in the banking institutions adding that the bank agents open early, bank agents close late and bank agents work on weekends. The challenges were agents dealing with agent banking did not have full confidence with the users of the service for at times the deposits and withdrawals made from their outlet would be as a result of money laundering or fear dealing with fraudulent cases.

5.3 Conclusions

Based on the findings the study concluded that self-service technologies enhanced service delivery at Cooperative bank of Kenya. This was realised through improved operational flexibility, cost-effectiveness, ease of access to financial services and information, improved security, transparency and accountability. The study further concludes that information provided by these channels ensured that the transfer of funds was faster as compared to manual banking system. The study concludes that Cooperative bank of Kenya faced numerous operational challenge that was experienced with the self-service channels among them include down time period by servers which hindered the utilization of the services effectively, illiteracy among the customers, in adequate capacity by agents to handle large transactions, poor policies network failure/error, liquidity management insecurity related problems and frauds. However, these did not supersede the satisfaction achieved by customers from the use of the self-service channels.

5.4 Recommendations

This study recommends that, Cooperative Bank should intensify the rolling out of self-service channels as this was found to enhance service delivery, however the following measures should be incorporated for the process to run effectively; Cooperative Bank should make sure that its network is reliable and constant in offering mobile services. The bank should ensure security, reduce charges of using the self-service channels and increase the amount of money to be transacted daily. The bank should invest on installation of many ATMs especially in rural areas for the purpose of attracting many customers in using self-service channels.

Cooperative Bank should consider embracing electronic banking, this will help to eliminate, tedious paper work, make operations simpler, eliminate clerical errors, enhance information accessibility by customers as well as enhance the overall efficiency in operations thereby fostering quality in service delivery. Cooperative Bank should continue offering low transaction rates within their local agency points, this will lure customers to adopt the is as culture thus ensuring the future sustainability of the self-service channels system.

5.5 Limitation of the Study

The study was not without some limitations; some of the respondents approached were reluctant in giving information fearing that the information sought would be used to intimidate them or print a negative image about Cooperative Bank.

The researcher also encountered problems in eliciting information from the respondents as the information required was subject to areas of feelings, emotions, attitudes and perceptions, which cannot be accurately quantified and/or verified objectively.

The study was limited to Cooperative Bank head office in Nairobi where 8 respondents were involved in the study. The respondents' opinions could not be representative of all Cooperative Bank employees.

5.6 Suggestions for Further Research

This study the perceived effect of self-service technologies on service delivery at Cooperative bank of Kenya. The study recommends for a similar study assessing the challenges facing mobile banking services in reaching customers in Kenya other studies can also be conducted on the same issue but focusing of pure public sectors or pure private sectors to make comparisons with these study findings of this study.

The study also can be conducted on motivational factors which hinder extensive uses of various services offered by banks through mobile banking. The study can also be done in form of a survey to target all the commercial banks instead of Cooperative Bank alone.

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APPENDIX: INTERVIEW GUIDE

SECTION A: DEMOGRAPHIC INFORMATION

1. Gender of the respondent?
2. Length of service in the organization?

SECTION B: PERCEIVED EFFECTS OF SELF-SERVICE TECHNOLOGIES ON SERVICE DELIVERY AT COOPERATIVE BANK OF KENYA

3. How is your understanding of the self-service channels offered by Cooperative Bank in enhancing service delivery to the customers?
4. How have the self-service technologies enhanced the security of the customers at Cooperative Bank?
5. How would you rate the responsiveness of self-service channels at Cooperative Bank in enhancing service delivery?
6. How can you rate the level of reliability of the self-service channels provided by Cooperative Bank?
7. How can you rate the accessibility of self-service channels offered by Cooperative Bank?
8. To what extent does internet banking enhance service delivery at the Cooperative Bank of Kenya?
9. To what extent does mobile banking enhance service delivery at the Cooperative Bank of Kenya?
10. To what extent does agency banking enhance service delivery at the Cooperative Bank of Kenya?

11. How has internet banking enhanced the service delivery at the Cooperative Bank of Kenya?
12. How has mobile banking enhanced the service delivery at the Cooperative Bank of Kenya?
13. How has agency banking enhanced the service delivery at the Cooperative Bank of Kenya?
14. What are the challenges faced in internet banking in ensuring service delivery at the Cooperative Bank of Kenya?
15. What are the challenges faced in mobile banking in ensuring service delivery at the Cooperative Bank of Kenya?
16. What are the challenges faced in agency banking in ensuring service delivery at the Cooperative Bank of Kenya?
17. What would you consider as the most common operational problems encountered when using self -service channels?
18. How would you rate the overall level of satisfaction in using the above self - service channels?
19. How would you rate the tangibility of self-service channels offered by your bank are concerned?

Thank you for your time