

**INFLUENCE OF INFORMATION
TECHNOLOGY (IT) ON MARKETING: THE
CASE OF COMMERCIAL BANKS IN KENYA?**

BY

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NAIROBI.**


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DECLARATION

This project is my original work and has not been submitted for a degree in any other university.

Signed..........Date.....23/10/2003.....2003.
JOHN MBOTE KAMAU

This project has been submitted for examination with my approval as the university supervisor.

Signed..........Date.....23/10/2003.....2003.
Dr. R.M. Musyoka

DEDICATION

I would like to thank my family and friends for their support and encouragement throughout my journey. My family has been my rock, and my friends have been my cheerleaders. I am grateful for their love and support, which has helped me overcome all my challenges. I dedicate this book to my family and friends, who have been my inspiration and motivation.

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To Patricia, Ian and Chloe

Your support, understanding and encouragement made it possible.

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To my children Ian and Chloe, your patience in my absence cannot be forgotten. Thank you very much.

However the errors in this study are my sole responsibility and should not be attributed to any of the persons named above.

Proceeding from the assumption that IT influences marketing, the study sought to determine the influence of information technology (IT) on marketing looking at all commercial banks in Kenya.

Data was collected using questionnaires and it showed that IT has had some influence on commercial banks in Kenya. However in many areas, marketers have not fully and aggressively utilized this powerful tool to do marketing. Though investment costs could be an issue, there are relatively inexpensive IT based marketing tools like Internet and electronic mail, which are not much utilized. The results showed that majority of Kenyans are not within the IT market bracket because they do not access computers. Most of the IT influence is on marketing with corporate clients rather than individuals. Where IT is used on the general public like ATMs, there are shortcomings like long queues because people are not at home with the technology and that many Kenyans use ATMs at particular period like the end of the month or lunch time. Consequently, even if you increase the ATMs the queues will remain.

The greatest Influence of IT found in the physical element of the marketing mix and the process. The least influence was on promotion where it is handily utilized overall. The Kenyan banks are picking up in IT and the potential is very great. Big strides are being made everyday on IT and the influence is being felt as every awakening brings about a different opening on how to use IT in marketing. The Kenyan banks have showed a lot of interest and IT is being utilized by many banks as a competitive tool rather than as a support tool. There is an appreciation that IT is the key to the future in remaining competitive and relevant in business hence its influence for the banks to change their way of doing business. It is the secret to surviving in a very competitive world if properly exploited and used.

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INTRODUCTION

1.0 Background

Revolutionary advances in information technology reinforce economic and social changes. There is a widely held belief that the take-up of information communication technologies will eventually assume the shape and penetration patterns of other technologies that have become ubiquitous (Mansell and Steinmueller 2002). These include interactive and multimedia communications, Internet and World Wide Web, video conferencing, virtual realities. Computer-aided design, the information superhighway and the technologies of electronic surveillance and consumer profiling. IT tools are available for all aspects of office activities, ranging from word processing to production of invoices or electronic mail and messaging systems (Brady 1991). A new kind of economy – information economy – is emerging where trade and investment are global and firms compete with knowledge, networking and agility on a global basis (Talero and Gaudette 1995).

Globalisation refers to the process of making “global” meaning being present worldwide, at the world stage or at the global arena. This brings in the sense of visibility, immediacy and availability (Karanja 2001). Old ways of doing business will be challenged and sometimes defeated. The world of technology and business is exploding. With the continued growth of the Internet and the evolving electronic business (regarded [IT] as the impetus for radical change –Woolgar 2002), most people today have never experienced this amount of change and opportunity. We shall see huge, seemingly untouchable organisations crumble while small innovative companies will flourish and control the market (Bissell 2000). At one

extreme, sceptics have dismissed it as a passing fad or US-only phenomenon, while at the other; it is being viewed as an epoch-making idea that is rapidly becoming a reality. The survival and growth of organizations in an increasingly turbulent environment would depend upon effective utilization of information technology (IT) for aligning the organizational structure with environmental preferences and for creating symbolic inter-organizational structures (Malhotra, 1993). Some authors believe we are nearing a breakthrough where computers and humans will communicate freely (Edward et al 1978).

Industries are using IT to create solid relationships with their customers and it becomes hard to break that loyalty which becomes a big barrier to entry in that particular business. Never has the world been more hospitable to industry revolutionaries and more hostile to industry incumbents (Hamel 1996). The early winners have already figured out that tomorrow's opportunities for competitive advantage will be driven by information and the ability to use it, in real time across an increasingly complex global landscape. " There is a compelling dynamic at work here: as power shifts to the customer, products take on the characteristics of commodities. When that happens, the information associated with a transaction becomes more valuable than the product itself. Information is the vital lever to managing relationships with individuals, and the inability to market to a segment-of- one will diminish a firms financial performance in the Internet environment." (Kurt and Cradock 2000)

Information technology has had a great impact and influence in today's business world. It has revolutionised our ways of doing business and marketing. It has had a far-reaching influence in the marketing tools with more emphasise on the marketing mix variables, which every modern business uses to remain competitive

or seek a competitive edge. All businesses should therefore be alert on what influence IT is having on ones marketing plans in order to remain competitive and to plan on IT investments. This is more emphasised in the service industry where information age is making service a much larger and more important part of every advanced economy (Rust et al 1996).

Information technology (IT) has brought numerous changes in the consumer's behaviour due the readily available information. From a customers point of view, companies that consistently offer the best value are able to keep track of their customers individual preferences, keep up with market trends, supply products, services and information anytime anywhere and provide customer services tailored to individual needs. Increasingly businesses are serving many of their customers and prospective customers via Internet. Many information society enthusiasts claim that the Internet will improve access to information and entertainment and lead to greater social justice. Dissident voices suggest it will exacerbate social inequalities through the creation of information haves and have-nots (Woolgar 2002).

Rust et al (1996) referred to technology as the skeleton of the economy around which marketing institution form like a muscle. If the technology changes, then marketing inevitably changes as well. Due to information technology (IT) marketing will meet customer needs quicker and more accurately. Consumers will gain power as they obtain more access to large amounts of information (a customer who has complete knowledge about prices will never overpay). Knowledge translates to economic power. The new prevailing paradigm of marketing will be "adaptive marketing" in which products (very often information services) will be customized to suit individual customers and will be continually updated (Kurt at el 2000). Studies done have shown that many organizations don't adapt fast enough

to IT and wait for others to pioneer in the field. The banks in Kenya are no exception and many are skeptical on the amount of investment to allocate in using IT in their marketing strategies. Competitive pressure has forced the banks to adopt IT marketing strategies while others find themselves at the mercy of IT (as the rapid changes outdo them). This lead us to the question of whether the acquisition of IT is an end in itself like some seem to believe.

The rise of Internet and accompanying e-economy is resulting in companies having to rethink the relevance of their existing business models. The Kenyan banks are also victims since the days when banks had monopoly on certain activities are gone. During the monopoly period there wasn't much pressure to perform and branches proliferated. Now that anybody can be a bank for most purposes and can do so cheaply by using ATM's and the Internet the way the banks operate must change. Products aren't what they used to be. Customers are eagerly accepting the individualized goods that modern production technology allows and are rejecting mass-marketed goods-one size no longer fits all (Metes et al 1998).

Communication technology and especially the Internet have created new customer contacts and distribution channels undreamed of in the past. Internet now delivers information products regardless of geography.

There has been three developments in the world i.e. globalization, technological advances and deregulation which spell endless opportunities. The creation of "information superhighway" is revolutionizing commerce. Electronic business is the general term for buyers and sellers using electronic means to research, communicate and potentially transact with one another. IT has encouraged direct marketing, which can be defined as " an interactive marketing system that uses one or more advertising media to effect a measurable response and or transaction at any

location (Kotler 2000). This has allowed electronic markets which are sponsored web sites that

- (1) Describe the product and services offered by sellers and
- (2) allow buyers to search for information, identify what they need or want and place orders using a credit card. The product is then delivered physically while some products like software can be delivered electronically (downloading).

Information technology has opened new channels for direct marketing in the form of electronic channels. Electronic commerce (e-commerce) describes a wide variety of electronic platforms, such as the sending of purchase orders to suppliers via electronic data interchange (EDI); the use of fax or e-mail to conduct transactions, the use of automated teller machines (ATMs) and smart cards to facilitate payment and obtain digital cash and use the internet and on line services. It involves doing business in a “market space” as compared to a physical “marketplace”.

Information Technology which has greatly influenced the world of doing business in the last two decades has had a very great impact on marketing.

Keegan (1996) notes, “The process of marketing decision making is changing. This is due largely to the changing role of information from a support tool to information as a wealth – generating asset. The greater the Information intensity in a firm, the more it’s management tends to define it’s industry (and hence its competitors) in terms of market or customer characteristics, as opposed to product characteristics. This trend is forcing businesses to invest in IT since managers can no longer easily avoid the process of making decisions about information technology (IT). It affects the entire business from organizational structure to product marketing strategies. In view of this it is in our own interest that we

should seek to find how much this influence has had in business operations and what corporate managers are doing to benchmark with competitors in their industry.

Kenya has been relatively left behind in IT development and it's important to know what effort is being put especially in the commercial banks where we expect innovations to start. The Internet poses significant opportunities and risks to pioneers and major threat to laggards. As King and Clift (1999) noted "many business leaders believe that they can ignore e-business until it becomes more fully developed. But, by the time e-business is commonplace, in years rather than decades, it will be too late for non-adopters."

Major strides in technology have considerably shortened time and distance. In the midst of these changes, busy consumers are changing their ways. To save time they are shopping with catalogues the telephone and the computer. Businesses are finding that they have to adjust their strategies to be in line with the changing times. It's well accepted that technological advances are double-edged swords. They create opportunities and destroy opportunities (We have banks closing branches). Due to this customers will continuously shift toward suppliers who can deliver greater value. As buyers adopt new shopping routines companies that have heavy investments in the older ways of providing value have only two courses of action. They can pursue "maintenance marketing" effort to convince customers that they still offer the most value, or they can pursue "transformation marketing", an effort to reorganise to deliver greater value. We are changing from a competitive environment in which mass market products and services were standardised, long lived, information poor and exchange in one time transaction to an environment in which companies compete globally with niche markets

products and service that are individualised, short lived, information rich and exchange on an ongoing basis with the customers (Goldman et al 1995)

1.1.0 Commercial Banks in Kenya

The Banking industry in Kenya is governed by the companies Act, the Banking Act, the central Bank of Kenya Act and various prudential guidelines issued by the Central Bank of Kenya (CBK). The repeal of the foreign exchange act in 1992 and deregulation of interest controls (1995) liberated the banking industry. Many were optimistic that this was for the good of the economy and as the weekly review (August 24,1990) reported "at the onset, liberalisation causes ripples in the economy but this is often a transient phenomenon that dissipates as the affected sectors adjust towards the equilibrium." the equilibrium seems not to have been met as banks pitched their rates so high that they become virtually inaccessible to the ordinary borrower. By the year 2003 there were 43 commercial banks, 2 Financial Institutions, 4 Building Societies and 2 Mortgage Finance Companies in Kenya. Some of these institutions, which were not in the business of offering financial services, started competing with the traditional players.

The 2003 budget set out to control some of the banking activities since the liberation had seen the banks pursue individual interests with the majority of Kenyans left out. The liberation and controls especially of the minimum statutory required deposits saw small banks fall on the way side as foreign banks dominated the industry. With the reduction of these statutory requirements, we expect to see small banks with specific clients entering the market. It's an area where information technology investment will give a competitive advantage if properly

utilised as a competitive tool. However initial investments on technology made charges to go up. Barclays and Standard Chartered, confronted with sentiments that customers had suffered excessive charges said "Charges are determined by quality service, level of efficiency and technology"(Daily Nation July 2003) As the CEO of Solace Software put it in an interview with Business week (1998), investment in IT "is important today in banks that are determined to offer meaningful and expeditious service". However the banking industry felt that the government should not introduce controls. As Adan Mohamed (CEO Barclays) said in an interview with Business Week "The market forces, increased levels of productivity, new products, technology and efficiency should determine prices"(Daily Nation July 15, 2003 page 10). Key issues according to PricewaterhouseCoopers (C. Muchene 2003) affecting the banking industry in Kenya are:

- Changes in the regulatory framework, where liberalisation exists but market still continues to be restrictive;
- declining interest margins due to customer pressure, leading to mergers and reorganisations;
- increased demand for non-traditional services including the automation of a large number of services and a move towards emphasis on the customer rather than the product; and
- Introduction of non-traditional players, who now offer financial service products.

1.2 Statement of the problem

Most companies are coming to realise that business as usual is a path to disaster. The old ways of marketing, developing new products, dealing with distribution channels, pricing, promotions, managing the people and business processes are becoming obsolete. The great defining characteristic the period since 1900 has been change, impermanence, disruption, newness and obsolescence and a sense of acceleration (Albrecht (1979). This engine of change has been driven by innovations fuelled by information technology. Firms seek to match their strengths with opportunities using IT as a tool of creating wealth other than a support tool.

Among the strides in information technology is the development of the Internet, which have reduced congestion in banking areas especially introduction of ATMs. It has lead to an entire overhaul of marketing using IT. Banking functions are executed in our bedrooms, kitchens and the whole concept of trading has changed. Today when you talk of going to the bank you could be heading to a petrol station unlike the traditional bank, which was a hall in a physical location.

Most of the 7 Ps as outlined earlier have been reengineered to take advantage of IT. It has been adopted as a way of improving the way of doing business more efficiently and effectively. This has been adopted in Kenya and one of the sectors spearheading this is the banking sector. However despite the growing use of information technology not much is known about how the Kenyan banks are influenced by IT, how they have responded to IT and the challenges they are facing in implementing their IT programs.

Different studies have been done in Kenya on information technology. Ochieng (1980) study concluded that most banks plan for IT in advance and therefore don't adopt the "wait and watch approach and top management was involved in the planning. Nyambura (2000) study concluded that telecommunications infrastructure, lack of information and communication policy and customer training and awareness are still very low showing that we have a long way to go in Kenya. Nyambati (2001) study concluded that most banks plan for IT in advance and do not adopt the "wait and watch approach" and top management were involved in the planning process. Onduso (2000) study concluded that there were many constrains associated with information technology in Kenya but the banks were aware of them and were proactive.

None of the researchers has addressed the influence of information technology on marketing. We need to know how banks have been influenced by IT, how they have responded and challenges they are facing as they reengineering themselves. and package technology in their marketing programs especially in the marketing mix variables. Commercial banks were selected for this study because they spearhead most innovations and are most dependent on IT for providing better quality and competitive services and products. The question the research wishes to answer is: *How has IT influenced marketing in the banking sector in Kenya?* — —

1.3 Objectives of the study.

The research objectives are:

- (i) To determine the extent to which IT has influenced marketing in the commercial banks in Kenya.
- (ii) To establish how commercial banks in Kenya have responded to IT in their marketing programs.
- (iii) To determine some of the challenges that the banks are facing in the implementation of their IT programs.

1.4 Importance of the study:

Researchers

It will be a stimulant for more research in the area.

Banks

Help bank managers understand the direction the influence of IT is taking on this industry so as to use it as a competitive tool.

Businessmen

Guide those in the software industry on the trend in IT in Kenya for them to make better products geared to satisfy these needs.

Policymakers

By studying the trend in IT they will formulate policies that are inline with it. They will also assist in putting up the right infrastructure ideal for the growth of IT for optimum business and economy development.

2.0. LITERATURE REVIEW

2.1 GENERAL LITERATURE REVIEW

2.2 INTRODUCTION

Information technology has been described as - major concepts, developments and management issues in information technology – that is hardware, software, networks, data resource management and many internet – based technologies (O'Brien 2001). IT is computer based information systems that use computer hardware and software telecommunications networks, computer based data management techniques and other forms of information technology (IT) to transform data resources into a variety of information products. Information technology is the physical devices and the software that links the various pieces of hardware and transfer data from one physical location to another. Computers and communication equipment can be connected in networks for sharing data, images, sound or even video.

Marketing is often presented as a highly rational process, with the emphasis on being logical, orderly and systematic. Kotler and Armstrong (1991) defined marketing management process as an essentially rational process: Organizing the marketing process, Analyzing market opportunities, and Selecting target markets, Developing the marketing mix, Managing the marketing effort. However Marketing has been defined from both a societal and management perspective.

According to Drucker (1973) the aim of marketing is to know and understand the customer so well that the product or service fits him and sells itself. Ideally marketing should result in a customer who is ready to buy. All that we need then is

to make the product or service available. "Marketing is a societal process by which individuals and groups obtain what they need and want through creating, offering, and freely exchanging products and services of value with others (Kotler 2002)."

From a managerial definition, marketing has often been described as "the art of selling products (Kotler 2002). Drucker (1973) says, " the aim of marketing is to make selling superfluous."The American Marketing Association (1995) defines marketing as "Marketing (management) is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods, services to create exchanges that satisfy individual and organizational goals. This research proposal will adopt the American Marketing Association definition.

2.3 Marketing Mix elements

Marketing involves numerous tools that marketers use to pursue their marketing objectives in the target market referred to as the marketing mix variables.

Marketing Mix is the set of marketing tools that the firm uses to pursue its marketing objectives in the target market (Kotler 2002).

McCarthy (1996) classified these tools into four broad groups that he called the four Ps of marketing: Product, Price, Place, and Promotion.

Service marketing managers have found that the traditional four P's of marketing are inadequate to describe the key aspects of the service marketer's job. Some marketers suggest that the unique requirements of selling services require the manager attend to three additional P, s (Rust et al 1996). These are people, physical evidence and process.

The Product is anything that can be offered to the market to satisfy a want or need. It includes *physical goods, services, experiences, events, persons, places, properties, organizations, information and ideas.*

The Price is the consideration given in exchange of a product. It's the only marketing – mix element that produces revenue; the others produce costs. Price is also one the most flexible elements: it can be changed quickly, unlike product feature and channel elements.

The Place: This is the marketing channel, which is a set of interdependent organizations involved in the process of making a product or service available for use or consumption. They include wholesalers, retailers, merchants, brokers, manufacture representatives, sales agent's etc.

The Promotion: This involves advertising, sales promotion and public relations. Advertising is any paid form of nonpersonal presentation and promotion of ideas, goods, or services by an identified sponsor. Sales promotion consists of diverse collection of incentive tools, mostly short term, designed to stimulate quicker or greater purchase of particular products or service by consumers or the trade. Public relations (PR) involve a variety of programs designated to promote or protect a company's image or its individual products.

People: Personal interactions are required by many services between customers and staff. These interactions strongly influence the customer's perception of service quality. This makes the management face the challenge in selecting and training all of the people to do their jobs well and perhaps even more important in motivating them to take care about doing their jobs and to make an extra effort to serve their

customers. The employees must believe in what they are doing and enjoy their work before they can in turn provide good services to customers. The term “internal marketing has been coined to characterize the sets of activities a firm must undertake to woo and win over the hearts and minds of its employees to achieve service excellence.

Physical Evidence: This addresses the “tangible” components of the service experience and firmness’ image. Physical surroundings and other visible cues can have a profound effect on the impression customers’ form about the quality of the service they receive. The “servicescape” – that is, the ambience, the background music, and the comfort of the seating and the physical layout of a service facility can greatly affect a customer’s satisfaction with a service experience. The appearance of staff, including clothes and grooming may be used as important clues. Promotional materials and written correspondence provide tangible evidence of the firm’s professionalism. All physical evidence must be designed to be consistent with the “personality” that the firm wishes to project in the marketplace.

Process: Since customers are often involved in the production of services, the flow and progress of the production process is more important for services than it is for goods. The pace of the process and the skill of the providers are both apparent to the customer and fundamental to his or her satisfaction with the purchase. This is particular evident in the banking industry because a person applying for a loan looks at the whole process in totality and not just the loan received and interest paid. The speed and sensitivity of the approval process, the interaction with bank officers, the accuracy of the bank statements and the ease of getting redress if mistakes are found all affect the person’s attitude about doing further business with the bank and his her willingness to recommend it to others. It means when

designing service production process, attention must be paid to the customer's perceptions of that process.

2.4 Service marketing

Services are relatively intangible, produced and consumed simultaneously and often less standardized than goods. Kotler (1994) defined service as "any act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product." The American Marketing Association defined services as "Service products such as bank loan or home security that are intangible, or at least substantially so. Service as a term is also used to describe activities performed by sellers and others which accompany the sale of a product, and aid in its exchange or its utilization"

2.5 Challenges in marketing services

The characteristics of services that make them different from good are intangibility, inseparability, variability and perishability. These unique characteristics of service present special challenges and strategic marketing opportunities to the service marketer Leonard L. Berry (1980).

In the marketing discipline, great stress is placed on distributing goods where and when customers-prospects desire them to be distributed that is, to the "right place" and at the "right time". With services, it often is important to distribute them in the "right way" as well. How automobile mechanics, physicians, lawyers, teachers and bank tellers conduct themselves in the presence of the customer can influence future patronage decisions. The simultaneous production and consumption characteristic of service frequently provides opportunities to "customize" the

service. This is an area where information technology has enabled the banks to take full and unlimited advantage to create a competitive edge over competitors and to customize their services.

Managing service quality is a major part of service marketing. "Service reliability has been found to be the most important dimension of quality to consumers, so to improve quality means improving the reliability of service outcomes (Valarie1990). The service challenge is the quest to; constantly develop new services that will better meet customer needs; improve upon the quality and variety of existing services; and to provide and distribute these services in a manner that best serves the customer (Peter 1992).

2.6 Characteristics of services

In looking at the influence of information technology (IT) on marketing in commercial banks, one needs to look at the unique characteristics of services which is what most of the banking activities involve. However according to Rust et al (1996) the distinction between goods and services is somewhat artificial since the success of goods manufactures is vitally dependent on the services they provide. The four commonly cited characteristics of services that distinguish them and makes them different to market from goods include compromise the following

2.7 Intangibility

Services cannot be seen or touched. They are ephemeral performances that can be experienced only as they are delivered. Intangible services cannot be produced and displayed ahead of time. These make them harder to communicate to prospective customers. Marketers try to communicate to prospective customers by stressing tangible cues that convey reassurance and quality. The tangible cues range from

the firm's physical facilities to the appearance and demeanor of its staff to the letterhead on its stationery to its logo. Strong visual symbols are used to compensate on this intangibility aspect. Other methods include stressing the professionalism of the firm's staff, with its implications for successful service outcomes. Developing a strong corporate image helps in overcoming customer resistance. Personal selling, word of mouth and post purchase follow up programs are used for marketing services. Intangibility makes services impossible to protect through patents. It also makes it difficult to determine actual production costs making them harder to price than goods.

2.8 Inseparability

Despite their existing different interpretations on this characteristic, the inseparability of customers from service delivery process is clear. These are unlike goods, which are often produced in a location far, removed from the customer and under the control of the manufacturing firm. Service production often requires the presence and active participation of the customer and other customers. Depending upon the skill, attitude, cooperation and so on that the customers bring to the service encounter, the results can be good or bad, but in any event they are hard to standardize. Among the characteristic of service is that in some service industries the service delivered is inextricably tied to particular individual service providers. This creates a capacity problem since one individual can be stretched only so far. Capacity can be stretched by training assistants who can free the star performer for all but essential tasks or expand indefinitely by standardizing the service and training other experts to provide it. Information technology (IT) is playing a big role of helping where standardization is possible.

2.9 Variability

Services vary differently as different personnel have different abilities. Even the same service provider has good and bad days or may be less focused at different times of the day. Services are performances, often involving the cooperation and skill of several individuals and therefore unlikely to be the same every time. Ways have to be found to reduce the perceived risk due to variability. Among the methods is to design services to be as uniform as possible by training personnel to follow closely defined procedures, or by automating as many aspects of the service as possible. The danger of too much standardization is that these attributes may be designed right out of the service, therefore reducing much of their appeal. The perceived risk is also handled by providing satisfaction guarantees or other assurances that the customer will not be stuck with a bad result. Advertising may be able to reassure prospective customers that the organization is capable of and committed to doing an excellent job. Information technology (IT) in banks has a major part to play in aiding to overcome variability and we have seen the automated teller machines (ATM's) doing exactly that among others.

2.10 Perishability

A fourth characteristic distinguishing services from goods is their time dependence. They cannot be inventoried since they are performed in real time. The time periods during which service delivery capacity sits idle represent revenue-earning potential that is lost forever. Periods of peak demand cannot be prepared in advance by producing and storing services nor can they be made up for after the fact. It's difficult to predict demand and in the banking industry we have cashiers who are called and can arrive on short notice to reduce the cues or surges in demand or personnel who are cross trained to assist with customer service during busy periods.

2.11 Information technology (IT) and marketing

Information technology is important to marketing especially its relationship with new or modified products. The impact of IT on marketing goes beyond new products decisions because it fundamentally alters the social and economic environment of doing business. It also directly affects companies through new methods and techniques for use by marketing management such as marketing decision areas. The decisions include new products, pricing, distribution channels, promotion, process, people and physical evidence. Marketing and IT must be bridged by customer orientation dictated by the marketing concept. Given that the role of marketing is to channel want- satisfying products and service to customers, management must continually engage in “creative destruction” of existing products by seeking new and better ways to meet market demands (Levitt 1960).

Most technological innovations (potential products) are visible long before their use becomes widespread. This means that management should place attention on monitoring developing competitive technology rather than on totally new ones (Cravens 1996). IT has touched on the marketing variables, which are key to any business success. It has made new products possible as products life cycles become shorter in recent times. Channels of distribution have been controlled through computers making logistics work more efficient and faster. IT has helped reduce prices like the synthetic fabrics; price comparisons on the airlines information systems or the coded price scanning that uses computerized laser readers. Promotions are done through communication satellites, management science models emails, websites and the Internet. Business processes have been made shorter by computers. People have become more productive and efficient as they

concentrate on their real jobs other than paper work. Technological advancements will continue to present opportunities as well as competitive treats to marketing managers. They must therefore be aware of the breakthroughs in information technology and use it to create wealth and be more competitive as the innovations in the world become more rapid and unpredictable.

Many researchers have shown that IT has the capability of changing the industry structure, which is the aggregation of the changes in five competitive forces (existing competitors, new entrants; customers; suppliers; and substitutes). IT enables a company to establish a competitive position of low cost leadership; differentiation and focus Porter (1985). Companies successful at adopting new technology recognize that the key to capturing real business benefits is the role that business managers take in leading the introduction of information systems (Reynolds 1995). The information society of the 1990s requires that organizations not only continue to use IT wherever they can to reduce costs, but also to package technology into the products and services they offer customers.

Technology has transformed the way of doing business and according to Earl (1988) several forces prompted this transformation. They are:

- Technological change was significant – the convergence of data processing, communication, and automation opened up possibilities of integration, of inter- organisational information processing and changing ways of doing business;
- The continuous cost reduction in hardware;
- Improvement in data storage capabilities, and

- Advances in software rendered computing more accessible, easier to use and more exciting to develop.

As a result, the nature of business also underwent a change:

- Companies started to look towards technology to drive down costs, improve performance and revolutionise traditional systems of production;
- Companies facing global competition and restructured market places hoped that IT could help them differentiate, be more flexible and create niches;

Sectors undergoing deregulation saw telecommunications as a means of overcoming time and space constraints, and data and knowledge bases as means of developing new services and customer sets.

The strategic role of information technology in marketing involves using information technology to develop products, services and capabilities that give a company major advantage over the competitive forces it faces in the global market place. It extends a company reach significantly enabling it to do business with a new audience that was previously unreachable. As Shaw and Stone (1998) pointed out, computerized systems enable the organization to stay close to the customer “by recording and keeping an electronic database memory of customer, prospect and all communication and commercial contacts, to help improve all future contracts and to ensure more realistic planning of all marketing.”

Technology is no longer an afterthought in forming marketing strategies but actual cause and driver. Information systems should be viewed strategically that is as vital competitive networks as a means of organizational renewal and as a necessary investment in technologies that help a company adopt strategies and business processes that enable it to re-engineer or re – invent itself in order to survive and

succeed in today's dynamic e – business environment (Daily Nation July 22, 2003). Re-engineering is fundamental rethinking and radical redesign of business to achieve dramatic improvements in cost, quality, speed and service. Information technology plays a major role in reengineering marketing activities.

Agility in business performance is the ability of a company to prosper in rapidly changing continually fragmenting global market for high quality, high performance, customer-configured products and services. It supports mass customization by offering individual products while maintaining high volumes of production. It depends on IT to integrate and manage business processes while providing the information processing power to treat masses of customers as individuals. The importance of IT is aptly summed by Callahan and Nemeec (1999) when they State” Too often, Chief Executive Officers (CEO's) are forced to make IT decisions on conventional wisdom that is largely rooted in the “improving ongoing operations” rationale. But the swift that we are seeing to an “IT as capability builder” mindset is being driven by the realization on the part of CEOs that IT must be an increasingly important part of their agendas- not only to keep the corporation competitive, but also to position it properly for the future.

2.13 Challenges in IT and marketing in Kenya

Kenya has not formulated integrated national informatics policies. Their policy activities in recent years indicate an eager awareness of the potential of IT in development of its' economy. The lack of integrated policies is probably due to the political, legal and technical difficulties of formulating and implementing them. As it was reported in the Daily Nation (June 25, 2002 page 10) “Convergence of technology has resulted in matters to do with telecommunications, computing, the

Internet, broadcasting and information technology being considered as different sides of the same coin.” The government is in the process of formulating and implementing IT sectoral policies, which would evidently bring about increased use of IT in the country.

The Science and Technology Act (Chapter 250) established the National Council for Science and Technology (NCST) on July 1st 1997. It is a statutory institution with the main focus being science and technology policies. Its’ function is to advise the Government on all aspects of science and technology, and most important on how to utilize technology to enhance the economy. The Kenya National Council for Science and Technology is directly engaged in formulation and implementing sub-sectoral policies in informatics.

Technological infrastructure is very poor and inordinately high priced. We are still on the copper technology, which is expensive and slow in transmitting data. Among the challenges is the issue of domain names and addresses. The domains are insufficient to service the emerging requirements. Several well-known brand names have been registered as domain names by people who are not entitled to such names.

There is also a growing need for bandwidth. The emerging use of the Internet has created a huge demand for bandwidth. Bandwidth is the telecommunication, radio-communications channel capacity. These difficulties represent a critical challenge to the development of Internet capacity and connectivity. A particular challenge is the access to bandwidth. For instance there is a struggle for the Kenyan Internet service provider to get 64 Kbps bandwidths even at the cost of US\$ 8,400 per month on the KP&TC side and US\$ 2,400 per month on the US

side plus the loyalty of 1% of revenues to KP&TC and licensing costs of about US\$ 8,300. Even when a line has been secured it rarely performs at full capacity or continuously. Because of the inability of the Kenya ISP to secure digital downlink communications, this line when obtained cannot be accessed even partially by end users who have to content at 9.6 to 14.4 kps.

Brow outs are a major challenge to IT and marketing in Kenya. The designs and connectivity equipment is outdated. This creates severe long jams; gridlocks and brow-outs where router simply gives up and let the messages drift in cyber space. This demolishes the design parameter of reliability on which the Internet was originally created.

There is also a un- favorable business environment. This is seen on the area of integrity and crime in Kenya. To operate the ATMs and other electronic transactions requires trust and honesty on the community. Although the new government is addressing this the past has seen a culture of dishonesty on many Kenyans and even open checks are rejected in many outlets. People have been using credit cards and not paying. If they can avoid this how about virtual transactions. This makes the cost of doing IT business very expensive compared to developed countries.

2.14 Empirical studies on commercial banks in Kenya

Limited research has been carried out in IT influence on banking industry in Kenya except a few related areas.

Nyambati (2001) – Study found that majority of organizations reported that they have IT in place. Out of 28 banks studied, 25 had established plans for IT that act as a guide to the acquisition and use of information technology. He therefore concluded that most banks plan for IT in advance and therefore don't adopt the "wait and watch approach". His results also indicated that IT plans are updated regularly to take advantage of emerging technologies. The IT planning was found to be business focussed as opposed to technical oriented one. He also noted that top management was involved in the planning process.

Koros (2001) – Study recognised that technology was playing a big role in Kenyan banks. Multi million investments especially by the large and financially sound banking multinationals have been put into the acquisition of the state of the art computer systems that have revolutionised the way banking is conducted. The government heavy controls however at that time were a major constraint. There was also lack of modernization in the telecommunication sector which was still under government monopoly.

Onduso (2001) study found that information technology has it's own constraints which cause customers to complain. They include systems crashing due to hardware and software problems and viruses. However the banks keep on devising counter measures as the problems occur. His conclusion included that many bank

operations can be automated and this makes it attractive for banks to make huge investments in IT.

Nyambura (2000) found that Internet was introduced in Africa in the early 1990's and its growth has been rapid. However in Kenya it has found many challenges among them: Telecommunication infrastructure, lack of Information and Communication policy and Customer training and awareness is still very low which shows we have a long way to go. This could be related to the reason why banks have been slow in utilising Internet in Kenya.

3.0 RESEARCH METHODOLOGY

3.1 Introduction

A research design is simply the framework or plan for a study used to guide in collecting and analysing data. It ensures that the study will be relevant to the problem and that it will use economical procedures. There is never a single, standard, correct method of carrying out research. Rather, there are many research designs frameworks which can be classified into some basic types. One useful classification is in terms of the fundamental objective of the research: exploratory, descriptive or causal.

3.2 Research design

This is a descriptive study with the aim of finding out the influence of information technology (IT) on marketing in the commercial banks in Kenya. Descriptive research was chosen because we are seeking to find relationships between variables. The research seeks to find the proportion of banks that have been influenced by IT and their marketing programs characteristics. It was considered to be the best technique to gather facts about the influence of IT on marketing.

3.3 Population

These consist of 43 commercial banks operating in Kenya as at 31st march 2003 (the data is from the list of institutions operating in Kenya obtained from the Central bank as at 31st march 2003. – see Appendix 3).

Banks under statutory management were not considered because of their legal status and the uncertainty surrounding them. Banks were selected because they are spearheading the utilisation of Information technology and related innovations.

Given the size of the population a census was chosen, as it is not difficult to collect the data. Sampling the population did not appear representative when a census was possible.

3.4 Data collection

The primary data was collected using a structured close ended and open-ended questionnaire administered in person by the researcher (see Appendix 2 for sample questionnaire). This is a structured-non-disguised questionnaire. The respondents were marketing managers or any senior officer in the marketing department. The questions are derived from the objectives of the study and literature review.

The questionnaire is in three parts. Part A contains general questions about the banks to get their backgrounds. Part B covers how commercial banks have responded to IT in their marketing programs. Part C looks at the challenges the banks are facing in implementing IT programs.

The study covered the Banks head offices in Nairobi and the branches were considered to be part of the same.

The drop-off, call back method was utilised. This allowed the respondent to complete the questionnaire on his or her own time and allowed the researcher to build up initial commitment and “check up” on the responses. An introduction letter explaining the purpose of the study accompanied the questionnaire (Appendix 1).

4.0. ANALYSIS AND INTERPRETATION OF DATA

4.1 Introduction

The purpose of analysis is to obtain meaning from the collected data. The search for meaning can take many forms. However, the preliminary analytical steps of editing, coding and tabulation are used in this study .

4.2 Data analysis and interpretation

The data was analysed using computer software. This is the Statistical Package for social Sciences (SPSS 8.0 for windows). Frequency table, Bar charts and Pie charts were the result. The software also assisted in cross- tabulating various variables to see the correlation using the Chi Square. The information was edited to remove errors like, Illegal codes, Omissions, logical inconsistencies and Improbabilities. The analysis included measures of central tendency like the mode to measure the most frequently used media. The median was used to measure the typical characteristic of the industry. Descriptive analysis was done on open-ended questions.

A total number of 41 questionnaires were circulated. The total number of questionnaires received back was 22. This is approximately 54%. It was considered adequate for the study because many banks were sensitive and reluctant to respond sitting confidentiality of their information.

4.3 Characteristics of respondents on general questions

Table 1.1 Years in operation

		Years in operation			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	10 & below	7	31.8	31.8	31.8
	11-20	5	22.7	22.7	54.5
	21-30	3	13.6	13.6	68.2
	31-40	2	9.1	9.1	77.3
	>40	5	22.7	22.7	100.0
	Total	22	100.0	100.0	

The results showed that 31.8% of the banks have been in operation for the less than ten years. This could be attributed to the liberalization of the economy where many found opportunities to invest in banking.

Table 1.2 Ownership

		Ownership			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	foriegn	1	4.5	4.5	4.5
	local	12	54.5	54.5	59.1
	partlylocal/foreign	9	40.9	40.9	100.0
	Total	22	100.0	100.0	

Majority of the banks (54.5%) are locally owned. This could be due to government encouraging locals to own the banks. It is also crucial to note that 40.9% are partly local/foreign owned. This could be attributed to the same government policy of encouraging locals to be involved. Only 4.5% are purely foreign owned.

Table 1.3 Number of branches**number of branches**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-5	12	54.5	54.5	54.5
	6-10	4	18.2	18.2	72.7
	11-15	1	4.5	4.5	77.3
	15 & Above	5	22.7	22.7	100.0
	Total	22	100.0	100.0	

54% of the banks were found to have less than five branches. This could be due to the banks efforts to reduce costs and the low demand for loans from the public. Few branches can be able to handle the volume of business. It is significant that only 22% have more than fifteen branches which means majority have not spread to the rural area

Table 1.4 Number of people**Number of People**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-50	2	9.1	11.1	11.1
	51-100	10	45.5	55.6	66.7
	101-150	1	4.5	5.6	72.2
	>200	5	22.7	27.8	100.0
	Total	18	81.8	100.0	
Missing	System	4	18.2		
Total		22	100.0		

Majority of the banks 45.5% employed between 51- 100 people This could be attributed to IT that has lend to the automation of many services. Again many of the banks have few branches requiring few people to manage them.

Table 1.5 Customer service policies**Customer Service Policy**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-yes	19	86.4	86.4	86.4
	2	3	13.6	13.6	100.0
	Total	22	100.0	100.0	

It is vital to note that majority 86.4% of the respondents had a customer service policy. This could be explained by the fact that most businesses are market driven where the customer is the focus. In the service industry competition is done through the services offered hence the 86.4% having the policy.

Table 1.6 Installation of computers**Installation of computers**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1<5	5	22.7	38.5	38.5
	6-10	1	4.5	7.7	46.2
	11-15	4	18.2	30.8	76.9
	16-20	2	9.1	15.4	92.3
	>20	1	4.5	7.7	100.0
	Total	13	59.1	100.0	
Missing	System	9	40.9		
Total		22	100.0		

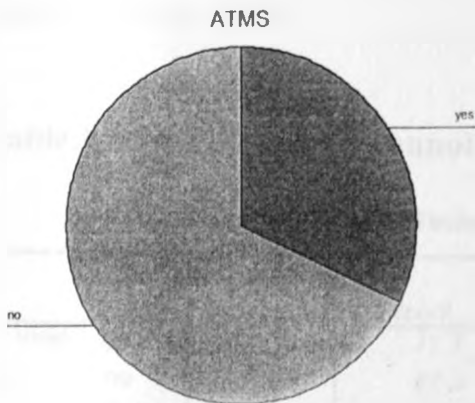
22.7%, which is the majority, had computers installed in the last 10 years. It is only 4.5% that have had computers installed over 20-years. 9.1% are between 16 to 20 years. This could be explained by the fact that computers are relatively new in the Kenyan market. Those who installed them earlier did not see them as competitive

tools but support tools. However in the last five years nearly every bank is computerized somehow. Majority joined in the last ten years, which is the same period that they installed them.

The importance of IT is emphasized by the fact that all banks had an IT department 100%. It could be attributed to the fact that in today's business you cannot operate without IT if you are to be competitive. It is no longer a support tool but a competitive tool.

Table 1.8 Atms

ATMS				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid yes	7	31.8	31.8	31.8
no	15	68.2	68.2	100.0
Total	22	100.0	100.0	



Majority of the banks (68.2%) in Kenya don't have ATMs. This could be explained by the costs involved and that most banks are very small banks specializing on special clients handling most of their businesses. The transactions

are individualized and personal. It is also true that the concept of ATMs is still picking up.

Table 1.9 Number of people accessing ATMs

Number of people accessing ATMs

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1<100	2	9.1	50.0	50.0
	>401	2	9.1	50.0	100.0
	Total	4	18.2	100.0	
Missing	System	18	81.8		
Total		22	100.0		

Majority of the banks (68%) don't have ATMs. On those who have them many choose not to answer the question. Only 2 banks (9.1%) responded. This could be attributed to the fact that the question was seen as sensitive although it is useful information for the researcher to get an idea of how popular the ATMs are and the population accessing them per day. It would show a cause for the banks to invest on more ATMs or not to.

Table 1.10 Packaging of technology

Packaging of Technology

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	16	72.7	72.7	72.7
	no	6	27.3	27.3	100.0
	Total	22	100.0	100.0	

Most banks package technology on new products 72.7%. Only a small group 27.3% who responded that they don't. The majority appreciate that IT drives new

products hence its consideration. Even the few who said they don't, the researcher still found their products packaged with technology.

Table 1.11 Customers access accounts on line

Customer access accts on line				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid yes	9	40.9	40.9	40.9
no	12	54.5	54.5	95.5
4	1	4.5	4.5	100.0
Total	22	100.0	100.0	

Majority of the banks said their customers couldn't access their accounts on line (54.5%). This could be explained by the fact that on line banking is still picking up in Kenya especially with the individuals. However the fact that 40.9% said their customers can access on line shows how fast it is picking up.

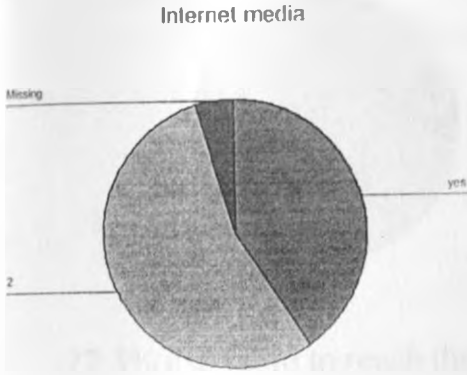
A cross tabulation on number of years in operation and accessing accounts on line showed that banks operating less than 10 years were the majority. It shows that most of the new banks have IT in mind and allow their customers to access accounts on line.

Table 1.11.1

Years in operation * Customer access accts on line Crosstabulation

Count		Customer access accts on line			Total
		yes	no	4	
Years in operation	10 & below	5	1	1	7
	11-20		5		5
	21-30	1	2		3
	31-40	1	1		2
	>40	2	3		5
Total		9	12	1	22

Chart 2.3 Internet media



40.9% of the respondents use the Internet to communicate with their customers. 54.5% don't. This could be explained in that corporate clients use emails for inquiry while many of the customers so called small depositors don't have computers.

Television media



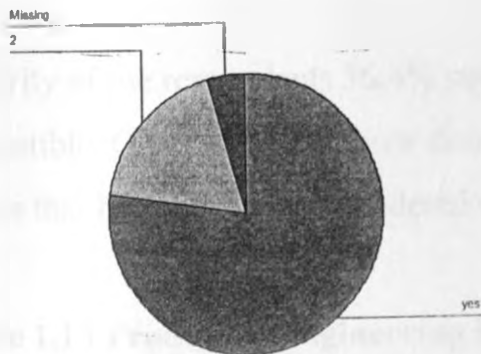
Only 27.3 of the respondents said they use television as a media to reach their customers. 68.2% said they don't. Banking is personal and you can only use television to advertise.

Radio



27.3% use radio to reach their customers. 68.2% don't. Again as with the television radio can be used to advertise and nothing much.

Newspapers media



77.3% use newspapers to communicate with their customers. 18.2% don't. The possible reason for the newspaper is that it has the highest reach and balance sheets are posted here for limited companies. Those that are quoted in the stock exchange use newspapers.

Other channels that we quoted included direct written and verbal correspondence, journals and pr activities, word of mouth, cocktails, business magazines and direct link to e-business.

4.4 Results on establishing how the banks have responded to IT in their marketing programs

4.5 Respondents on product

Table 1.12 New products are IT compatible

New products are IT compatible

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Somehow Disagree	2	9.1	9.1	9.1
	Indifferent	5	22.7	22.7	31.8
	Somewhat agree	8	36.4	36.4	68.2
	Strongly agree	7	31.8	31.8	100.0
	Total	22	100.0	100.0	

Majority of the respondents 36.4% somewhat agreed that new products were IT compatible. Only 9.1% somehow disagreed while 31.8% strongly agreed. This shows that IT is seriously considered on all new products.

Table 1.13 Products reengineering is due to IT

Products reengineering is due to IT

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	9.1	9.1	9.1
	Somehow Disagree	4	18.2	18.2	27.3
	Indifferent	4	18.2	18.2	45.5
	Somehow agree	7	31.8	31.8	77.3
	Strongly agree	5	22.7	22.7	100.0
	Total	22	100.0	100.0	

Product reengineering is due to IT was supported by 31.8% who somehow agreed while 22.7% strongly agreed while 18.2% somehow disagreed and 9.1% strongly disagreed. The fact that majority agreed confirms that reengineering of products is

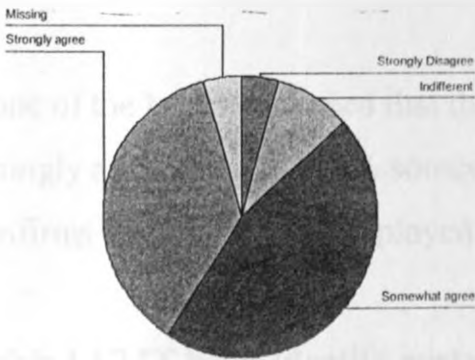
due to IT as it has lead to the revolution in the banking sector where technology is the driving force for most new products.

Table 1.14 Product delivered using IT

Product delivered using IT

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	4.5	4.8	4.8
	Indifferent	2	9.1	9.5	14.3
	Somewhat agree	10	45.5	47.6	61.9
	Strongly agree	8	36.4	38.1	100.0
	Total	21	95.5	100.0	
Missing	System	1	4.5		
Total		22	100.0		

Product delivered using IT



45.5% somewhat agreed that products are delivered using IT. 36.4% strongly agreed and a small number of 4.5% strongly disagreed. This shows that delivery of products is highly reliant on IT.

Table 1.15 Product delivery is easier

Product delivery is easier

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Somehow agree	5	22.7	22.7	22.7
	Strongly agree	17	77.3	77.3	100.0
Total		22	100.0	100.0	

We had the majority 77.3% agreed that IT has made product delivery easier while 22.7% somehow agreed. Since nobody disagreed or was indifferent is a strong indicator that it has been made easier.

Table 1.16 Costs have come down

Costs have come down

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Indifferent	3	13.6	13.6	13.6
Somewhat agree	8	36.4	36.4	50.0
Strongly agree	11	50.0	50.0	100.0
Total	22	100.0	100.0	

None of the banks disagreed that the costs have come down due to IT. 50% strongly agreed while 36.4% somewhat agreed. Only 13.5% was indifferent. This confirms the big role IT has played in bringing costs down.

Table 1.17 IT helps identify customer needs

Help Identifying customer needs

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Somehow Disagree	1	4.5	4.5	4.5
Indifferent	8	36.4	36.4	40.9
Somewhat agree	8	36.4	36.4	77.3
Strongly agree	5	22.7	22.7	100.0
Total	22	100.0	100.0	

As banks become market-oriented majority agreed that technology is being used to identify customer needs. We had only a small percentage of 4.5% somehow

disagreeing while no bank strongly disagreed. It could be attributed to the modern way of doing business using information technology.

Table 1.18 Complaints have been reduced

Complaints have been reduced

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Somehow Disagree	1	4.5	4.8	4.8
	Indifferent	4	18.2	19.0	23.8
	Somewhat agree	12	54.5	57.1	81.0
	Strongly agree	4	18.2	19.0	100.0
	Total	21	95.5	100.0	
Missing	System	1	4.5		
Total		22	100.0		



Majority of the respondents agreed 72.7% that the complaints have been reduced. This explains the big role IT has played in reducing errors and delivering services faster which was the cause of the complaints.

Other new developments on products due to IT included communication is made easier, convenience of customers is enhanced, flexible products ATM based

accounts, on line banking. enabling customers to pay easily and faster delivery of services.

4.6 Respondents on Price

Table 1.19 Setting of rates

Setting of Rates

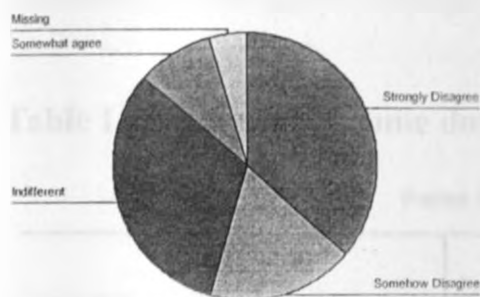
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	4.5	4.8	4.8
	Somehow Disagree	4	18.2	19.0	23.8
	Indifferent	1	4.5	4.8	28.6
	Somewhat agree	11	50.0	52.4	81.0
	Strongly agree	4	18.2	19.0	100.0
	Total	21	95.5	100.0	
Missing	System	1	4.5		
	Total	22	100.0		

68.2% agreed that the setting of rates is IT related. This could be attributed to the fact that the rates are electronically generated and communicated saving a lot of manual work. Customer accounts are automatically updated as their respective rates fall due. Only a small number of 4.5% were indifferent or strongly disagreed.

Table 1.20 Trading through the Internet

Trading through Internet

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	8	36.4	38.1	38.1
	Somehow Disagree	4	18.2	19.0	57.1
	Indifferent	7	31.8	33.3	90.5
	Somewhat agree	2	9.1	9.5	100.0
	Total	21	95.5	100.0	
Missing	System	1	4.5		
	Total	22	100.0		



Majority 36.4% strongly disagreed that lot of trading is done through the Internet. 31.8% were indifferent while 9.1% somewhat agreed. None strongly agreed. This could be explained in that the Internet is yet to take root in Kenya as a way of trading. People are still hesitant on the type of information they give through the Internet on confidential matters citing security reasons.

Table 1.21 Negotiation through email

		Negotiate through email			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	8	36.4	38.1	38.1
	Somewhat Disagree	2	9.1	9.5	47.6
	Indifferent	6	27.3	28.6	76.2
	Somewhat agree	5	22.7	23.8	100.0
	Total	21	95.5	100.0	
Missing	System	1	4.5		
Total		22	100.0		

Majority of the respondents 36.4% strongly disagreed that customers negotiate through email. But we still had 27.3% indifferent while 23.8% somewhat agreed. The fact that majority 45.5% disagreed shows that very few negotiate through

emails. Again it can be explained by the confidence people have in sending confidential information through the Internet due to security issues.

Table 1.22 Rates have come down

		Rates have come down			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	13.6	14.3	14.3
	Somehow Disagree	1	4.5	4.8	19.0
	Indifferent	12	54.5	57.1	76.2
	Somewhat agree	5	22.7	23.8	100.0
	Total	21	95.5	100.0	
Missing	System	1	4.5		
Total		22	100.0		

As to whether the rates have come down due to IT majority 54.5% were indifferent. It can be explained in that you cannot really single out one factor as the cause of the changes in rates as it is a combination of many variables. However there was an incline towards it not being a real factor in bringing down rates. This is because none of the banks strongly agreed and we had 18.1% disagreeing.

Table 1.24 Rates are electronically generated

		Rates electronically generated			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	13.6	14.3	14.3
	Somehow Disagree	5	22.7	23.8	38.1
	Indifferent	5	22.7	23.8	61.9
	Somewhat agree	6	27.3	28.6	90.5
	Strongly agree	2	9.1	9.5	100.0
	Total	21	95.5	100.0	
Missing	System	1	4.5		
Total		22	100.0		

Majority of the respondents somewhat agreed that rates are electronically generated. However we had 36.3% disagreeing while 22.7% were indifferent. This shows that the electronic generation of rates is not fully automated, as many negotiations have to be done with different customers before some rates are settled on.

Table 1.25 Individual rates calculation

Individual rates calculation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	18.2	19.0	19.0
	Indifferent	2	9.1	9.5	28.6
	Somewhat agree	8	36.4	38.1	66.7
	Strongly agree	7	31.8	33.3	100.0
	Total	21	95.5	100.0	
Missing	System	1	4.5		
Total		22	100.0		

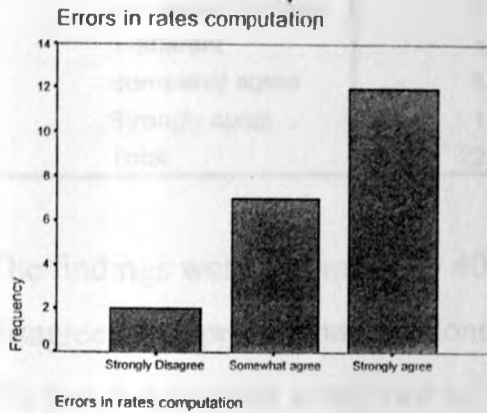
Majority 68.2% agreed that individual rates calculation are hooked to IT. This could be that after the negotiations future rates and calculations are automatically produces electronically. We had 18.2% strongly disagreeing that again is explained by the fact that many times individual rates keeps on being renegotiated.

Table 1.26 Errors in rates computation

Errors in rates computation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	9.1	9.5	9.5
	Somewhat agree	7	31.8	33.3	42.9
	Strongly agree	12	54.5	57.1	100.0
	Total	21	95.5	100.0	
Missing	System	1	4.5		
Total		22	100.0		

86.3% (Somewhat 31.8% and strongly agree 54.5%) agreed that there are fewer errors in rates computation since computers were introduced. Only 9.1% strongly disagreed which again explains the crucial role the computers have played as many manual tasks were eliminated.



4.7 Respondents on Promotion

Table 1.27 Public relations department and IT

Public relations dept and IT

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	4	18.2	18.2	18.2
Somehow Disagree	1	4.5	4.5	22.7
Indifferent	8	36.4	36.4	59.1
Somewhat agree	4	18.2	18.2	77.3
Strongly agree	5	22.7	22.7	100.0
Total	22	100.0	100.0	

The majority were indifferent 36.4% about the public relations department and IT. However 22.7% strongly agreed while 18.2% somewhat agreed. This shows that the public relations department to some extent relies on IT in its communications.

Table 1.28 Promotion through Internet**Promotions through Internet**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	9	40.9	40.9	40.9
Somehow Disagree	5	22.7	22.7	63.6
Indifferent	4	18.2	18.2	81.8
Somewhat agree	3	13.6	13.6	95.5
Strongly agree	1	4.5	4.5	100.0
Total	22	100.0	100.0	

The findings were that majority 40.9% strongly disagreed and 22.7% somehow disagreed that promotions are done through the Internet. This can be attributed to the fact that Internet is still not fully utilized as few Kenyans have personal computers and the organizations that have them rarely use the media for promotion purposes. Only a small percentage 4.5% strongly agreed on promotion through the Internet.

Table 1.29 Promotion materials are IT related**Promotion Materials are IT related**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	4	18.2	18.2	18.2
Somehow Disagree	2	9.1	9.1	27.3
Indifferent	12	54.5	54.5	81.8
Somewhat agree	2	9.1	9.1	90.9
Strongly agree	2	9.1	9.1	100.0
Total	22	100.0	100.0	

54.5 were indifferent on promotional materials being IT related. 18.2% strongly disagreed while 9.1% strongly agreed. There was an inclination that promotional materials may not be strongly IT related. This could be attributed to the fact that

most of the promotions are manual in Kenya as that is the only way to reach majority of the people.

Table 1.30 E-mails are used to advertise

E-mails are used to advertise

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	5	22.7	22.7	22.7
	Somehow Disagree	5	22.7	22.7	45.5
	Indifferent	1	4.5	4.5	50.0
	Somewhat agree	9	40.9	40.9	90.9
	Strongly agree	2	9.1	9.1	100.0
	Total	22	100.0	100.0	

It was surprisingly found that 40.9% somehow agreed that emails are used to advertise. However 22.7% strongly disagreed. This could be explained by the fact that as cyber cafes grow in urban areas banks can be able to advertise various products through this avenue

Table 1.31 Emails used for inquiry

Emails used for inquiry

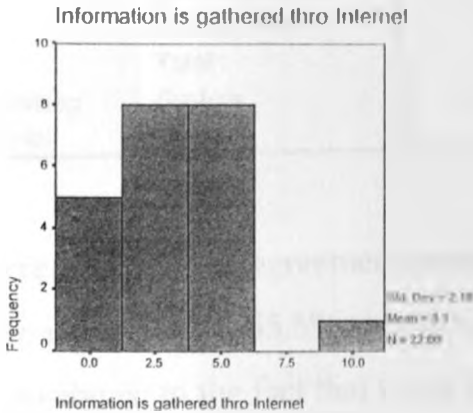
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Dis agree	3	13.6	13.6	13.6
	Somehow Disagree	8	36.4	36.4	50.0
	Indifferent	4	18.2	18.2	68.2
	Somewhat agree	5	22.7	22.7	90.9
	Strongly agree	2	9.1	9.1	100.0
	Total	22	100.0	100.0	

The findings were that emails are not used by customers to inquire about their accounts.36.4%. Again this could be explained by the sensitivity of the information and people are reluctant to use emails to correspond on their accounts.

Table 1.32 Information is gathered through Internet

Information is gathered through Internet

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	5	22.7	22.7	22.7
	Somewhat agree	5	22.7	22.7	45.5
	Indifferent	3	13.6	13.6	59.1
	Somewhat agree	7	31.8	31.8	90.9
	Strongly agree	1	4.5	4.5	95.5
	11	1	4.5	4.5	100.0
	Total	22	100.0	100.0	



31.8% somewhat agreed that information is gathered through the Internet. However 45.4% disagreed on this. The possible reason is that not many banks have used this media to pass on the information to their customers since few have access to it in Kenya. However a few do.

4.8 Respondents on Place

Table 1.33 Outlets designed with IT in mind

Outlets designed with IT in mind

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	9.1	9.5	9.5
	Somehow Disagree	3	13.6	14.3	23.8
	Indifferent	1	4.5	4.8	28.6
	Somewhat agree	5	22.7	23.8	52.4
	Strongly agree	10	45.5	47.6	100.0
	Total	21	95.5	100.0	
Missing	System	1	4.5		
Total		22	100.0		

There was a strong agreement among the respondents that outlets are designed with IT in mind 68.2% (45.5% strongly agreed and 22.7 somewhat agreed). This could be attributed to the fact that today banks are strongly IT related so in designing their outlets this becomes a strong factor. Only 9.1% disagreed.

Table 1.34 IT has reduced operational areas

IT has reduced operational areas

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	9.1	11.1	11.1
	Indifferent	2	9.1	11.1	22.2
	Somewhat agree	7	31.8	38.9	61.1
	Strongly agree	7	31.8	38.9	100.0
	Total	18	81.8	100.0	
Missing	System	4	18.2		
Total		22	100.0		

63.6% agreed that IT has reduced operational costs (31.8% strongly agree and 31.8% somewhat agree). This could be attributed to the fact that by automating most of the processes, the costs come down as less people are required and less space. As paper work is reduced the staff are enabled to concentrate on doing what they are employed to do i.e. serve the customers.

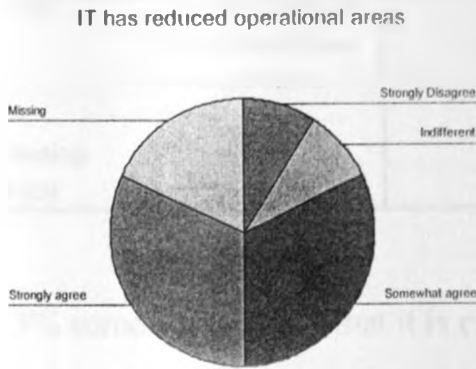


Table 1.35 IT has made banking friendly

IT has made banking friendly

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	4.5	4.8	4.8
	Indifferent	3	13.6	14.3	19.0
	Somewhat agree	8	36.4	38.1	57.1
	Strongly agree	9	40.9	42.9	100.0
	Total	21	95.5	100.0	
Missing	System	1	4.5		
Total		22	100.0		

40.9% strongly agreed that IT has made banking friendlier. 36.4% somewhat agreed and 13.6% were indifferent. Only a small percentage of 4.5% strongly disagreed. This can be explained by that by adopting IT most products are user friendly and services are promptly given. ATMs allows less queuing and you can

get a lot of information through them. A lot of time is saved in banking transactions.

Table 1.36 Easier to operate outlets

Easier to operate outlets

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	4.5	5.3	5.3
	Somewhat agree	10	45.5	52.6	57.9
	Strongly agree	8	36.4	42.1	100.0
	Total	19	86.4	100.0	
Missing	System	3	13.6		
Total		22	100.0		

45.5% somewhat agreed that it is easier and less costly to operate outlets due to IT, 36.4% strongly agreed while only 4.5% strongly disagreed. Because of IT, it is easier to operate less outlets and at the same time serve more customers. With the use of ATMs it becomes even easier for we even find outlets in supermarkets and petrol stations. You only need very few people to operate them.

Table 1.37 Encouraged opening of outlets

Encouraged opening of outlets

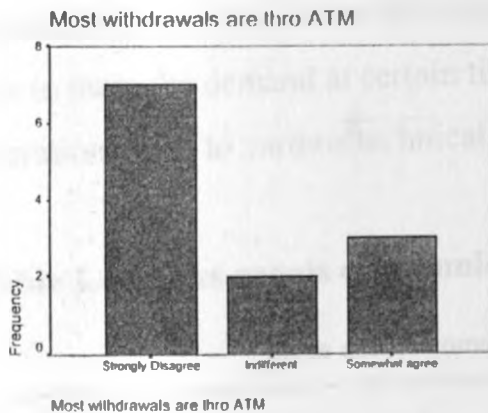
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	9.1	11.1	11.1
	Somehow Disagree	5	22.7	27.8	38.9
	Indifferent	7	31.8	38.9	77.8
	Somewhat agree	4	18.2	22.2	100.0
	Total	18	81.8	100.0	
Missing	System	4	18.2		
Total		22	100.0		

Majorities were indifferent on whether IT has encouraged the opening of more outlets (31.8%). 22.7% somehow disagree while 9.1% strongly disagree. This can be attributed to the fact that majority of the banks are urban based with very few outlets. This could be explained in that very few of them are interested in opening branches in the rural areas and the environment to do business in these areas might not be encouraging.

Table 1.38 Most withdrawals are through ATM

Most withdrawals are through ATM

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	7	31.8	58.3	58.3
	Indifferent	2	9.1	16.7	75.0
	Somewhat agree	3	13.6	25.0	100.0
	Total	12	54.5	100.0	
Missing	System	10	45.5		
Total		22	100.0		



Since majority of the banks don't have ATMs it follows that majority strongly disagreed that most withdraws are through ATMs. 31.8% strongly disagreed while only 13.6% somewhat agreed. Even majority of those with ATMs didn't agree that most of the withdrawals are through ATMS. It could be attributed also to the fact

that most of the banks clients are cooperate clients whose business is not transactions through ATMs.

Table 1.39 ATMS have reduced queuing

ATMS have reduced Queuing

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	18.2	40.0	40.0
	Indifferent	2	9.1	20.0	60.0
	Somewhat agree	2	9.1	20.0	80.0
	Strongly agree	2	9.1	20.0	100.0
	Total	10	45.5	100.0	
Missing	System	12	54.5		
Total		22	100.0		

Again many banks didn't have ATMs and there was 18.2% strongly disagreeing that ATMs have reduced queuing. Even those who have ATMs they did not fully agree that ATMs have reduce queuing. We still find queuing even to the ATM machines themselves. It can be explained that where the ATMs exist they are too few to meet the demand at certain times of the day or month. Again many are none operational due to various technicalities that still dog our infrastructure.

Table 1.40 Sales agents communicate through email

Sales agents communicate through email

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	8	36.4	47.1	47.1
	Somehow Disagree	2	9.1	11.8	58.9
	Indifferent	1	4.5	5.9	64.7
	Somewhat agree	5	22.7	29.4	94.1
	Strongly agree	1	4.5	5.9	100.0
	Total	17	77.3	100.0	
Missing	System	5	22.7		
Total		22	100.0		

36.4% strongly disagreed that sales agents communicate through emails.22.7% somewhat agree while 9.1% somehow disagreed and 4.5% strongly agreed. It can be attributed to the fact that many of the banks don't have field salesmen. The majority of the banks are small and little communication is done using emails. Salesmen serve particular clients who want personal attention.

Table 1.41 Branches are connected through IT

Branches are connected through IT

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	9.1	10.5	10.5
	Indifferent	2	9.1	10.5	21.1
	Somewhat agree	2	9.1	10.5	31.6
	Strongly agree	13	59.1	68.4	100.0
	Total	19	86.4	100.0	
Missing	System	3	13.6		
Total		22	100.0		

Majority agreed that branches are connected through IT (59.1%) However 9.1% strongly disagreed, were indifferent and somehow agreed. This could be attributed to that for all those banks with branches they are connected somehow through email hence the 59.1%.

4.9 Respondents on People

Table 1.42 Most of the staff is computer literate

Most of the staff is computer literate

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Indifferent	2	9.1	9.1	9.1
	Somewhat agree	7	31.8	31.8	40.9
	Strongly agree	13	59.1	59.1	100.0
	Total	22	100.0	100.0	

From the results it is quite clear that most of the staff are computer literate. 59.1% strongly agreed while 31.8% somewhat agreed and 9.1% were indifferent. It is significant to note that no bank disagreed. The reason could be that in this era all bank employees must use computers in one way or another in their normal duties signifying the trend in IT. You must use it somehow.

Table 1.43 Computers have contributed to staff motivation

Computers have contributed to staff motivation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Indifferent	3	13.6	13.6	13.6
	Somewhat agree	14	63.6	63.6	77.3
	Strongly agree	5	22.7	22.7	100.0
	Total	22	100.0	100.0	

63% somewhat agreed that computers have contributed to staff motivation. 22.7% strongly agreed while 13.6% were indifferent. This can be explained in that staffs have been motivated as their work is less tedious and computers are more users friendly. No respondent disagreed which emphasizes their importance.

Table 1.44 Retrenchment has been done due to IT**Retrenchment has been done due to IT**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	7	31.8	31.8	31.8
	Somehow Disagree	2	9.1	9.1	40.9
	Indifferent	7	31.8	31.8	72.7
	Somewhat agree	6	27.3	27.3	100.0
	Total	22	100.0	100.0	

The results on retrenchment due to computers showed that 31.8% strongly disagreed and 9.1% somehow disagreed while 31.8% were indifferent. Only 27.3% somewhat agreed. The possible explanation is that not much retrenchment was done due to IT. Most banks choose to train their staff and in many situations the staff took the initiative to remain competent by private training. However the 27.3% of those who somewhat agreed could be part of those who had to be retrenched because they were untrainable. The banks have a history of having many school dropouts who joined the institutions in the 70s and have been with them for many years rising through the ranks out of experience. However IT is a new experience that many of those lacked.

Table 1.45 Productivity of the people has been enhanced by IT**Productivity of the people has been enhanced by IT**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Indifferent	2	9.1	9.1	9.1
	Somewhat agree	10	45.5	45.5	54.5
	Strongly agree	10	45.5	45.5	100.0
	Total	22	100.0	100.0	

91% agreed that productivity has been enhanced by IT. No respondent disagreed and only 9.1% were indifferent. The possible explanation is that IT has made repetitive tasks easier and eliminated a lot of paper work. People are able to concentrate on the core business or duties hence the enhanced productivity

4.10 Respondents on Physical evidence

Table 1.46 Security has improved due to IT

Security has improved due to IT

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Indifferent	3	13.6	14.3	14.3
	Somewhat agree	6	27.3	28.6	42.9
	Strongly agree	12	54.5	57.1	100.0
	Total	21	95.5	100.0	
Missing	System	1	4.5		
Total		22	100.0		

Majority 54.5% strongly agreed that security has improved due to IT. 27.3% somewhat agreed while 13.6% were indifferent. None disagreed. We can therefore say that it has improved due to IT. It can be explained in that fraud is easy to detect due to IT. Camera surveillance has improved security and electronic locks. Access to many places is IT controlled and security breach is instantly detected.

Table 1.47 Hall layout improved by computers

Hall layout improved by computers

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Indifferent	5	22.7	25.0	25.0
	Somewhat agree	11	50.0	55.0	80.0
	Strongly agree	4	18.2	20.0	100.0
	Total	20	90.9	100.0	
Missing	System	2	9.1		
Total		22	100.0		

50% somewhat agreed that hall layout has been improved by computers.18.2% strongly agreed while 22.7% were indifferent. None disagreed. This can be attributed to the fact that by having ATMs outside, overcrowding in the banking hall is reduced. On the same few cashiers can handle very many people within a given period since there is less paper work and manual approvals. Managers can approve transactions without leaving their offices or clerks manually going to their offices.

Table 1.48 Staff location is IT related

Staff location is IT related

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	4.5	5.0	5.0
	Indifferent	3	13.6	15.0	20.0
	Somehow agree	14	63.6	70.0	90.0
	Strongly agree	2	9.1	10.0	100.0
	Total	20	90.9	100.0	
Missing	System	2	9.1		
Total		22	100.0		

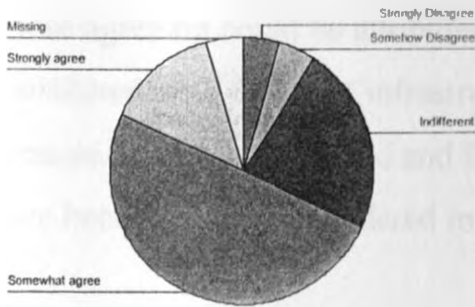
63.6% somewhat agreed that staff location is IT related.9.1% strongly agreed while 13.6 were indifferent. Only 4.5% strongly disagreed. Location is IT related because the serving points are computer related in the banking hall. You also cannot place computers where the information is not secure.

Table 1.49 Courteous service

Courteous service

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	4.5	4.8	4.8
	Somehow Disagree	1	4.5	4.8	9.5
	Indifferent	5	22.7	23.8	33.3
	Somewhat agree	11	50.0	52.4	85.7
	Strongly agree	3	13.6	14.3	100.0
	Total	21	95.5	100.0	
Missing	System	1	4.5		
Total		22	100.0		

Courteous service



50% somewhat agreed that the courteous service is IT related. 13.6% disagreed while 23.8% were indifferent. Only 9% disagreed. It can be attributed to the fact that IT has helped speed up transactions. Customers appreciate this speed of service that gives the staff a chance to individualize operations. You can access all details required for a transaction within a split of a second and you can standardize many operations leaving room to attend to individual customers problem.

Table 1.50 Convenient bank location

		Convenient bank location			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	13.6	14.3	14.3
	Somehow agree	5	22.7	23.8	38.1
	Indifferent	5	22.7	23.8	61.9
	Somewhat agree	8	36.4	38.1	100.0
	Total	21	95.5	100.0	
Missing	System	1	4.5		
Total		22	100.0		

36% somewhat agreed that that the convenient bank location was done with IT in mind. 22.7% were both indifferent and somehow agreed. 13.6% strongly disagreed. Those agreeing could be attributed to that since many banks are relatively new they considered availability of infrastructure to trade using IT. There is a disagreement because many banks are old and IT is flexible. However some security issues could have been seriously considered in location and IT usage especially ATMs.

4.11 Respondents on Process

Table 1.51 Complaints are received through email

		Complaints are received through email			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	13.6	15.0	15.0
	Somehow Disagree	6	27.3	30.0	45.0
	Indifferent	2	9.1	10.0	55.0
	Somewhat agree	7	31.8	35.0	90.0
	41	2	9.1	10.0	100.0
	Total	20	90.9	100.0	
Missing	System	2	9.1		
Total		22	100.0		

31% somewhat agreed that complaints are received through email. However many are those who disagreed with 27.3% somehow disagreeing and 13.6% strongly disagreeing and 9.1% being indifferent. This could be because many people don't have access to personal computers and those who use email are corporations and businesses.

Table 1.52 Cheque clearing is faster

Cheque clearing is faster

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Somewhat agree	4	18.2	19.0	19.0
	Strongly agree	17	77.3	81.0	100.0
	Total	21	95.5	100.0	
Missing	System	1	4.5		
Total		22	100.0		

All respondents agreed that cheque clearing has been made faster by IT. This was 77.3% who strongly agreed and 18.2% who somewhat agreed. It is true that clearing of cheques is faster because there is less paper work and banks can communicate electronically.

Table 1.53 Loan processing is faster

Loan processing is faster

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	1	4.5	4.8	4.8
	Somehow Disagree	1	4.5	4.8	9.6
	Indifferent	6	27.3	28.6	38.1
	Somewhat agree	7	31.8	33.3	71.4
	Strongly agree	6	27.3	28.6	100.0
	Total	21	95.5	100.0	
Missing	System	1	4.5		
Total		22	100.0		

31.8% somewhat agreed that loan processing has been made faster due to IT.27.3% strongly agreed while the same percentage was indifferent. Only 9% disagreed. The process has been made faster because communication is faster and information is electronically available. At a glance the authorizing officers can get all key details.

Table 1.54 Services are computer related

Services are computer related

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	4.5	4.8	4.8
	Indifferent	2	9.1	9.5	14.3
	Somewhat agree	5	22.7	23.8	38.1
	Strongly agree	13	59.1	61.9	100.0
	Total	21	95.5	100.0	
Missing	System	1	4.5		
Total		22	100.0		

Majority agreed that the services offered are computer related. We had 59.1% strongly agreeing, 22.7% somewhat agreeing, 9.1% indifferent while 4.5% strongly disagreed. We had majority agreeing because most banks are computerized and majority of the tasks are computer derived.

Table 1.55 Interaction between staff and customers using IT**Interaction between staff and customers using IT**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	4.5	4.8	4.8
	Indifferent	6	27.3	28.6	33.3
	Somewhat agree	7	31.8	33.3	66.7
	Strongly agree	7	31.8	33.3	100.0
	Total	21	95.5	100.0	
Missing	System	1	4.5		
Total		22	100.0		

We had the majority of the respondents agreeing that there is a lot of interaction between staff and customers using IT. 31.8% strongly agreed and the same percentage somewhat agreed. 27.3% were indifferent while 4.5% strongly disagreed. The possible explanation of the big number that agreed is that since most transactions are computer related we expect there to be interaction using IT.

4.12 Characteristics of respondents on challenges in implementing IT programs

Table 1.56 Government has not supported IT**Government has not supported IT**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	18.2	20.0	20.0
	Somehow Disagree	3	13.6	15.0	35.0
	Indifferent	5	22.7	25.0	60.0
	Somewhat agree	7	31.8	35.0	95.0
	Strongly agree	1	4.5	5.0	100.0
	Total	20	90.9	100.0	
Missing	System	2	9.1		
Total		22	100.0		

It was found that majority thought the government has not supported IT in Kenya. We had 31.8% somewhat agreeing and 22.7% being indifferent. It could be explained in that the government is yet to come up with a clear policy on IT.

Table 1.57 Politics has played a role

Politics has played a role

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	7	31.8	33.3	33.3
	Somehow Disagree	7	31.8	33.3	66.7
	Indiferent	1	4.5	4.8	71.4
	Somewhat agree	6	27.3	28.6	100.0
	Total	21	95.5	100.0	
Missing	System	1	4.5		
Total		22	100.0		

The results showed that politics has not played a big role in IT implementation. 31.8% strongly disagreed while the same percentage somewhat disagreed. We can there conclude that it has not played a role in IT implementation.

Table 1.58 Legal requirements have affected IT

Legal requirements have affected IT

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	6	27.3	28.6	28.6
	Somehow Disagree	4	18.2	19.0	47.6
	Indifferent	3	13.6	14.3	61.9
	Somewhat agree	2	9.1	9.5	71.4
	Strongly agree	6	27.3	28.6	100.0
	Total	21	95.5	100.0	
Missing	System	1	4.5		
Total		22	100.0		

We had 27.3% strongly ageing that legal requirements have affected IT while the same percentage strongly disagreed. 18.7% somehow disagreed and 9.1% somewhat agreed and 13.6% were indifferent. The reason for this could be different institutions have different IT requirements affecting each in different ways.

Table 1.59 Internet is not well developed in Kenya

Internet is not well developed in Kenya

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	4.5	4.8	4.8
	Somehow Disagree	5	22.7	23.8	28.6
	Indifferent	1	4.5	4.8	33.3
	Somewhat agree	8	36.4	38.1	71.4
	Strongly agree	6	27.3	28.6	100.0
	Total	21	95.5	100.0	
Missing	System	1	4.5		
Total		22	100.0		

We had the majority agreeing that Internet is not well developed in Kenya. 36.4% somewhat agreed while 27.3% strongly agreed. It could be explained by the government monopoly as the sole provider and the equipment is not well equipped to handle the traffic.

Table 1.60 Unreliable infrastructure affects IT**Unreliable infrastructures affect IT**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Somehow Disagree	3	13.6	14.3	14.3
	Somewhat agree	5	22.7	23.8	38.1
	Strongly agree	13	59.1	61.9	100.0
	Total	21	95.5	100.0	
Missing	System	1	4.5		
Total		22	100.0		

There was a general agreement that unreliable infrastructure affects IT implementation. 59.1% strongly agreed while 22.7% somewhat agreed. Only 13.6% strongly disagreed. As earlier agreed there is unreliable infrastructure in Kenya, which must be affecting IT implementation.

Table 1.61 Corruption delays implementation**Corruption delays implementation**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	9.1	9.5	9.5
	Somehow Disagree	3	13.6	14.3	23.8
	Indifferent	6	27.3	28.6	52.4
	Somewhat agree	6	27.3	28.6	81.0
	Strongly agree	4	18.2	19.0	100.0
	Total	21	95.5	100.0	
Missing	System	1	4.5		
Total		22	100.0		

The results showed mixed feeling on corruption delaying IT programs implementation. We had 27.3% being indifferent while the same percentage somewhat agreed. 18.2% strongly agreed while 13.6% somewhat agreed. The

reason could be that many of the banks are in the private sector where there is less corruption. However in doing business they will meet with corrupt government officials or businessmen since corruption in Kenya has been a way of doing business.

Table 1.62 Poor economy has affected IT implementation

Poor economy has affected IT implementation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	9.1	9.5	9.5
	Somehow Disagree	4	18.2	19.0	28.6
	Indifferent	2	9.1	9.5	38.1
	Somewhat agree	9	40.9	42.9	81.0
	Strongly agree	4	18.2	19.0	100.0
	Total	21	95.5	100.0	
Missing	System	1	4.5		
Total		22	100.0		

There was a general agreement that the poor economy has affected IT implementation. 40.9% somewhat agreed while 18.2% strongly disagreed. The reason could be that since business has been poor the funds were not available to implement the IT programs.

Table 1.63 Technology not locally available**Technology not locally available**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	18.2	19.0	19.0
	Somehow Disagree	5	22.7	23.8	42.8
	Indifferent	2	9.1	9.5	52.4
	Somewhat agree	6	27.3	28.6	81.0
	Strongly agree	4	18.2	19.0	100.0
	Total	21	95.5	100.0	
Missing	System	1	4.5		
Total		22	100.0		

It is difficult to say that technology to implement some IT programs is not locally available. 27.3% somewhat agreed while 22.7% somehow disagreed. 18.2% strongly agreed while the same percentage strongly disagreed. 9.1% were indifferent. The technology is not available because of the cost involved and the fact that the government has not supported the sector. We are still using the copper wires to transport data and little has been done to invest on the latest technology making the technology unavailable locally.

Table 1.64 Some technology cannot be transferred**Some technology cannot be transferred**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	7	31.8	33.3	33.3
	Somehow agree	7	31.8	33.3	66.7
	Indifferent	3	13.6	14.3	81.0
	Somewhat agree	2	9.1	9.5	90.5
	Strongly agree	2	9.1	9.5	100.0
	Total	21	95.5	100.0	
Missing	System	1	4.5		
Total		22	100.0		

There was a strong disagreement that some technology cannot be transferred to Kenya. 63.6% disagreed and 13.6% were indifferent. We can conclude that most of the technology can be transferred to Kenya, as IT is very mobile.

Table 1.65 Level of IT awareness prohibits some IT programs implementation

level of IT awareness prohibits

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	13.6	14.3	14.3
	Somehow Disagree	4	18.2	19.0	33.3
	Indifferent	2	9.1	9.5	42.9
	Somewhat agree	7	31.8	33.3	76.2
	Strongly agree	5	22.7	23.8	100.0
	Total	21	95.5	100.0	
Missing	System	1	4.5		
Total		22	100.0		

31.8% somewhat agreed that the level of IT awareness prohibits some IT programs implementation. 22.7% strongly agreed. Kenya being a developing country, majority of the people are still rural based and are computer illiterate. You cannot therefore implement some IT programs in some areas.

Table 1.66 Cabal layout affects implementation of IT investments

Cabal layout affects

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	18.2	19.0	19.0
	Somehow Disagree	4	18.2	19.0	38.1
	Indifferent	5	22.7	23.8	61.9
	Somewhat agree	6	27.3	28.6	90.5
	Strongly agree	2	9.1	9.5	100.0
	Total	21	95.5	100.0	
Missing	System	1	4.5		
Total		22	100.0		

We had 27.3% somewhat agreeing the cabal layout affects implementation of some desired investments. However 22.7% were indifferent while 36.4% disagreed. The government can help in this area but it has done little. There are some cables that are too slow in transporting data and the telephone lines layout.

Table 1.67 Social resistance to computers replacing people

Social resistance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	9.1	9.5	9.5
	Somehow Disagree	4	18.2	19.0	28.6
	Indifferent	5	22.7	23.8	52.4
	Somewhat agree	6	27.3	28.6	81.0
	Strongly agree	4	18.2	19.0	100.0
	Total	21	95.5	100.0	
Missing	System	1	4.5		
Total		22	100.0		

The results showed that there has been some social resistance to computers replacing people. 27.3% somewhat agreed while 18.7% strongly agreed. 22.7% were indifferent while 18.2% somehow disagreed. It could be explained in that people did not see the efficiency the computers brought at first but they appreciate them later. The reengineering had to be done and resistance is expected especially where people don't like change.

Table 1.68 Staff resistance in some IT programs implementation

		Staff resistance			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	6	27.3	28.6	28.6
	Somewhat agree	3	13.6	14.3	42.9
	Indifferent	6	27.3	28.6	71.4
	Somewhat agree	5	22.7	23.8	95.2
	Strongly agree	1	4.5	4.8	100.0
	Total	21	95.5	100.0	
Missing	System	1	4.5		
Total		22	100.0		

The inclination was a disagreement that the staff resists implementation of some computer programs. 27.3% strongly disagree while 22.7% somewhat agreed. We can conclude that in most cases the staff does not resist the implementation of computer programs. However they might resist those that makes their work more stressful like opening every place with electronic keys or being under camera all the time.

Table 1.69 Low IT literacy slows business**Low IT literacy slows business**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	18.2	19.0	19.0
	Somehow Disagree	6	27.3	28.6	47.6
	Indifferent	3	13.6	14.3	61.9
	Somewhat agree	7	31.8	33.3	95.2
	Strongly agree	1	4.5	4.8	100.0
	Total	21	95.5	100.0	
Missing	System	1	4.5		
Total		22	100.0		

31.8% somewhat agreed that the low IT literacy slows down some business innovations. It could be explained in that most of the staff has limited computer knowledge and it takes time to train for those who are trainable. You cannot therefore be very aggressive with complicated innovations. You try as much as possible to use programs that dummies can learn.

Table 1.70 Cost is prohibitive to implementation

Cost is prohibitive to implementation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	4.5	4.8	4.8
	Somehow Disagree	4	18.2	19.0	23.8
	Indifferent	4	18.2	19.0	42.8
	Somewhat agree	6	27.3	28.6	71.4
	Strongly agree	6	27.3	28.6	100.0
	Total	21	95.5	100.0	
Missing	System	1	4.5		
Total		22	100.0		

54.6% agreed that the costs are prohibitive in implementing some of the programs. 22.7% disagreed. We can therefore conclude that the cost is a factor and it has slowed down the implementation.

Table 1.71 Top management interferences

Top management interference

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	7	31.8	33.3	33.3
	Somehow Disagree	8	36.4	38.1	71.4
	Indifferent	4	18.2	19.0	90.5
	Somewhat agree	2	9.1	9.5	100.0
	Total	21	95.5	100.0	
Missing	System	1	4.5		
Total		22	100.0		

68.2% disagreed that top management has stopped some IT programs implementation. This can be attributed to the fact that in most cases they are involved from scratch in all programs. The implementation face is technical which requires no intervention.

Table 1.72 Competitors cooperation

Competitors Cooperation					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	7	31.8	33.3	33.3
	Somehow Disagree	3	13.6	14.3	47.6
	Indifferent	4	18.2	19.0	66.7
	Somewhat agree	6	27.3	28.6	95.2
	Strongly agree	1	4.5	4.8	100.0
	Total	21	95.5	100.0	
Missing	System	1	4.5		
Total		22	100.0		

45.4 disagreed that competitors cooperation has affected IT programs implementation. 31.8% agreed that it has affected while 18.2% were indifferent. The reason could be that in areas like shared ATMs some banks invested heavily on them and it is a competitive tool. They would therefore not cooperate with the rest to remain the major providers of these services. However they cooperate in many other areas.

Table 1.73 Internet monopoly

		Internet monopoly			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	5	22.7	23.8	23.8
	Somehow Disagree	4	18.2	19.0	42.8
	Indifferent	6	27.3	28.6	71.4
	Somewhat agree	4	18.2	19.0	90.5
	Strongly agree	2	9.1	9.5	100.0
	Total	21	95.5	100.0	
Missing	System	1	4.5		
Total		22	100.0		

Many disagreed that Internet monopoly has hindered IT development. 40.9% disagreed compared to 27.3% who agreed. We can therefore say that it has not hindered IT development since most of the requirements are met.

Table 1.74 Bandwidth has affected efficiency

		Bandwidth has hindered			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	13.6	14.3	14.3
	Somehow Disagree	6	27.3	28.6	42.9
	Indifferent	4	18.2	19.0	61.9
	Somewhat agree	4	18.2	19.0	81.0
	Strongly agree	4	18.2	19.0	100.0
	Total	21	95.5	100.0	
Missing	System	1	4.5		
Total		22	100.0		

There was a mixed reaction that the bandwidth has affected efficiency. 40.9% disagreed while 36.4% agreed and 18.2% were indifferent. It shows different banks are affected differently depending on the type of business they handle. Those who

are only locally located and have very few clients or customers are not as affected as those who transact a lot of international transactions.

Table 1.75 Data gets lost in cyber space

Data gets lost in cyber space

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	8	36.4	38.1	38.1
	Somehow Disagree	6	27.3	28.6	66.7
	Indifferent	7	31.8	33.3	100.0
	Total	21	95.5	100.0	
Missing	System	1	4.5		
Total		22	100.0		

There was a general disagreement that data gets lost in cyber space. 63.7% disagreed while 31.8% were indifferent. None of the respondents agreed. We can then conclude that usually data rarely gets lost through cyber space.

Table 1.76 Data takes too long to reach its destination

Data takes too long to reach

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	6	27.3	28.6	28.6
	Somehow Disagree	7	31.8	33.3	61.9
	Indifferent	3	13.6	14.3	76.2
	Somewhat agree	3	13.6	14.3	90.5
	Strongly agree	2	9.1	9.5	100.0
	Total	21	95.5	100.0	
Missing	System	1	4.5		
Total		22	100.0		

59.1% disagreed that Internet data takes too long to reach its destination. Only 22.7% agreed and 13.6% were indifferent. We can conclude that with Internet data

does not take too long to reach its destination. However there are isolated cases maybe when data is too big and it is pick hour at the servers.

Table 1.77 Dishonesty affects IT operations

Dishonesty affects IT operations					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	10	45.5	47.6	47.6
	Somehow Disagree	6	27.3	28.6	76.2
	Indifferent	5	22.7	23.8	100.0
	Total	21	95.5	100.0	
Missing	System	1	4.5		
Total		22	100.0		

72.8% disagreed that dishonesty has affected IT operations. It can be explained in that most IT programs have security features, which is very easy to detect breach. Dishonesty therefore is very rare. None of the respondents agreed.

Table 1.78 Security has been an issue

Security has been an issue					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	13.6	14.3	14.3
	Somehow Disagree	3	13.6	14.3	28.6
	Indifferent	2	9.1	9.5	38.1
	Somewhat agree	4	18.2	19.0	57.1
	Strongly agree	9	40.9	42.9	100.0
	Total	21	95.5	100.0	
Missing	System	1	4.5		
Total		22	100.0		

59.1% agreed that security has been an issue in their IT operations. 27.2% disagreed while 9.1% were indifferent. It is an issue especially those with ATMs and when confidential data is sent through email. There has been cases of Internet

security issues and people being robbed at ATM machines or being carjacked and being robbed of the ATM cards.

Table 1.79 Unfavourable IT environment in Kenya

Unfavourable IT environment in Kenya

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	18.2	19.0	19.0
	Somehow Disagree	3	13.6	14.3	33.3
	Indifferent	7	31.8	33.3	66.7
	Somewhat agree	3	13.6	14.3	81.0
	Strongly agree	4	18.2	19.0	100.0
	Total	21	95.5	100.0	
Missing	System	1	4.5		
Total		22	100.0		

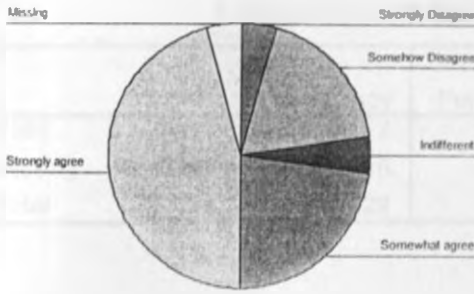
The results that there has been an unfavourable IT business environment in Kenya were interesting. 31.8% disagreed while the same percentage agreed. The same number was indifferent. We cannot therefore conclude that the IT business environment in Kenya is unfavourable

Table 1.80 Few people have personal computers

Few people have personal computers

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	4.5	4.8	4.8
	Somehow Disagree	4	18.2	19.0	23.8
	Indifferent	1	4.5	4.8	28.6
	Somewhat agree	5	22.7	23.8	52.4
	Strongly agree	10	45.5	47.6	100.0
	Total	21	95.5	100.0	
Missing	System	1	4.5		
Total		22	100.0		

Few people have personal computers



68.2% agreed that very few people have personal computers making it difficult to exploit the use of IT. Only 22.7% disagreed. We can therefore conclude that since very few people have personal computers it is difficult for the banks that would exploit this outlet.

Table 1.81 Long queues due to few outlets

Long ques due to few outlets

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid yes	6	27.3	100.0	100.0
Missing System	16	72.7		
Total	22	100.0		

On what can be attributed to the long queues that we find in banks despite there having ATMs. On those who responded, 27.3% attributed it to few outlets despite the high demand.72.7% did not respond. We know very few banks have ATMs, which can explain the high non-responders. However the results showed that this was a factor where they existed.

Table 1.82 Long queues due to lack of resources**Long ques due to lack of resources**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	7	31.8	100.0	100.0
Missing	System	15	68.2		
Total		22	100.0		

On what can be attributed to the long queues that we find in banks despite their having ATMs. 31.8% attributed them to lack of resources to invest on more ATMs. 68.2% did not respond due to the same fact that very few banks have them. We can explain this 31.8% in that it is expensive to invest on ATMs and maintain them hence the positive response.

Table 1.83 Long queues due to erratic end of month withdrawals**long ques due to erratic end of month**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	14	63.6	100.0	100.0
Missing	System	8	36.4		
Total		22	100.0		

On what can be attributed to the long queues that we find in banks despite their having ATMs. 63.6% attributed them to erratic end of month withdrawals. 36.4% did not respond which shows that even those without ATMs responded to this question. Many Kenyans are small savers and many of them do their main withdrawals at the end of the month. This is the time you find long queues at ATMs.

Other reasons given for the long queues included

- (a) Common time of service access like lunch hour and early morning
- (b) System failure forcing people to queue in the few operational ones
- © Unintelligent Amount allowing mono operations
- (d) Insecurity in ATM surroundings
- (e) People not familiar with technology taking too long
- (f) ATMs do not handle client inquires

On other challenges facing IT programs implementation the popular responses were;

- (i) High costs of training for each IT product introduction
- (ii) Training time for employees
- (iii) Bureaucracy
- (iv) Security
- (v) Maintenance and investment costs
- (vi) Proper and relevant research development
- (vii) Lack of technical skills
- (viii) Poaching turnover of qualified staff
- (ix) Frequent technological changes and demand
- (x) Threat of computer bugs
- (xi) Infrastructure
- (xii) Fear of change
- (xiii) With small banks clients wish to be in direct touch and don't want to talk to machines
- (xiv) Lack of appreciation by top management on some IT programs

5.0 SUMMARY AND CONCLUSIONS

5.1 Introduction

This chapter tries to summaries the research project and form possible conclusions about the data analysed. It gives interpretations to the finding of the study and possible causes. The limitations, suggestions for further research and recommendations are included.

5.2 Summary

The objectives of the study were to determine the influence of information technology on marketing within the commercial banks in Kenya. More specifically the research was to determine the extent to which IT has influenced marketing in the commercial banks, how they have responded and the challenges they are facing in implementing their IT programs.

5.3 Conclusions

The results showed that as business operations are being challenged by the information technology which has evolutionalised the way of doing business the Kenyan banks are no exception. The finding showed that before the liberalizing of the economy in the last ten years very few banks were operational. Majority of them 31.8% were set up in the last ten years. We can conclude that it's a growing industry with many new comers and majority of them are locally owned (58%) However it should be noted that the big banks are partly local and foreign owned.

Since 54% had less than five branches we can conclude that many parts of Kenya are not economically active to warrant banks investing there. Even where there are branches most banks employed between 51-100 people. We can conclude that IT has played a part in making this possible. The fact that 86.4% of the banks had customer service policy can make us conclude that banks are customer oriented

and realise that their successes is determined by their market orientation which is market driven.

The results also showed that all the banks were using computers, which is a sign that they have adopted IT though at different levels. However it is difficult to conclude that all banks are using IT as a competitive tool and not a support tool. The findings that all banks had an IT department helps conclude that IT has been recognised but whether the marketing department has fully utilised is a different issue. This is followed by the fact that 68.2% of the banks don't have ATMs. We can conclude that despite banks being pioneers in IT innovations, Kenyan banks are still behind and outlets being one of the Ps in marketing, it has not been fully utilised. However it was interesting to note that 72.7% of the banks package technology in their banks making us conclude that information technology has an influence on marketing in Kenyan banks. It is only that the level of influence is still very low since the results showed that majority 54.5% of the banks said their customers couldn't access their accounts on line.

The findings that most banks did not communicate with their customers through the Internet is another revelation that we have a long way to go. Majority of those who use the Internet are cooperate clients. This with the fact that the media used most are the newspapers makes us conclude that majority of the Kenyans are still behind in information technology.

The findings on how banks have responded to IT in their marketing programs were diverse with different conclusions. The results on the product showed that marketers have not been fully aggressive with IT on the product. The percentages agreeing made us form this conclusion. Complaints on product delivery had been reduced but this was more on computers (support tool) helping to reduce them other than marketers aggressively using IT to deliver better products.

On the price the results showed that rates were set using IT but little trade was done through the Internet or negotiations. Majority were indifferent that IT has made rates come down. On price we can conclude that IT has helped making their computation easier but there is very little negotiation through Internet in Kenya banks.

The results on promotion through IT made us form very negative conclusions. Many agreed that there were limited promotions through the Internet or whether promotional materials were IT related. Emails were sparingly used for promotion or inquiry neither was information much gathered through the Internet. We can therefore conclude that the Kenyan banks handily utilise IT on their promotions. There is a big room and a long way to go in this direction.

The place element results especially for the new banks showed that they were designed with IT in mind. Operational costs have also come down and banking has been made friendlier by IT making it easier to operate outlets. However since majority of the banks did not have ATMs the traditional banking halls are still being utilised. We can therefore conclude that this is an area that the banks have made big stride and only costs have pulled them down. However outlets are designed with IT in mind, which concludes that it is just a matter of time and IT will be fully utilised in this area. ATMs have not reduced queues due to the various reasons given and we can conclude that even if more ATMs were put up, queues will still be there because people seem to withdraw nearly at the same time like end of month and lunchtime. Again many of them are still not familiar with the technology taking too long to do a transaction.

Results on people produced interesting findings. It was quite clear that all the staff were computer literate and that the computers had contributed to staff motivation. We can therefore conclude that there has been a positive influence by IT on

marketing due to the positive contributions they have caused on people. It was interesting to note that there has been hardly any retrenchment due to IT. We can conclude that banks opted to train their people as IT was introduced which shows a positive impact.

On physical evidence the finding showed that security has improved, hall layout was improved, staff location and the courteous services offered. This is one area where IT had a deep influence setting out the way things are done. We can therefore conclude that IT has a great influence on the "servicescape" or physical evidence/ ambience created.

Results on the process also showed quite some IT influence. Cheque clearing was faster due to IT so was loan processing and services offered. Staffs were able to communicate faster and clerks moving up and down with papers for approval were eliminated. We can therefore conclude that IT has influence on marketing as the process proved through the results obtained.

The finding on the challenges in implementing IT programs made us conclude that the government has not supported IT. However politics is not an issue in implementing programs and the legal factors are not significant in affecting implementation. The results obtain found that Internet is not well developed in Kenya and the infrastructure is unreliable. Corruption was not found to be a factor in implementing programs while the poor economy has affected IT programs. We can therefore conclude that the challenges are more towards the government and the level of IT awareness in Kenya. The government has done little to encourage IT development and majority of the people of Kenyan people are still rural based and they are IT challenged.

The results showed very little staff resistance and from this we can conclude people are willing to learn and they have welcomed IT as a tool to be competitive.

The costs are prohibitive which is the reason many banks have not invested much in the area as they calculate the return on the investment. Top management was found to be supportive and involved in programs implementation.

The findings that competitor's cooperation was not affecting implementation made us conclude that there was no ill will among the Kenyan banks. Many are willing to come together and invest more on this area for their common good.

On the results on security it was clear that it is an issue that we can conclude is due to the vulnerability of the banks in the Kenyans recovering economy. On the long queues this were due to many combined factors not necessarily lack of resources, few outlets or erratic end of month withdraws.

We can therefore conclusively say that information technology has influenced marketing on Kenyan banks. It has led to an overhaul of marketing strategies though many banks in Kenya are yet to fully seize it and utilise it because of the many limitations of finance and the level of IT literacy. However a lot has been done and we can agree that we have changed from a competitive environment in which mass market products and services were standardised, long lived, information poor and exchange in one time transaction to an environment in which companies compete globally with niche markets, products and services that are individualised, short lived, information rich and exchange on an ongoing basis with the customers. The Kenyan banks are at different levels of achieving this using IT but the results of the study conclusively shows we are heading there.

5.4 Limitations of the study

Among the limitations of the study was that some commercial banks refused to participate on the study citing confidentiality although those who responded were representative as they represent 54% of the banks population.

Time and resources were limited and a deeper research can be done with more of each.

The limitation included that some banks even though they participated, they did not answer some of the questions. The one question omitted by nearly all respondents was the issue of assets although this should be a public fact for limited companies.

Since the customers who deal with the banks were not part of the study, this was seen as a limitation. A more rounded research should include them.

5.5 Recommendations

The government should reduce duties and taxes on importation of ATMs to enable more banks to invest.

Banks should come together and invest on the ATMs such that customers can use any banks ATM to access his / account in a different bank.

There should be no charges for ATM withdrawals to encourage more people to use it and reduce the current high withdrawal charges.

Banks should discourage their customers from carrying cash by opening electronic banking in many more outlets like petrol stations, supermarkets, convenient stores and various outlets that provide goods or services.

There should be no monopoly on the Internet server (Jumbo) and the government should allow private inventors to get involved.

More telephone landlines should be laid out as we wait for wireless communication to be advanced and implemented which might augur well for Kenya's rural areas.

The government should have a well thought out IT policy.

5.6 Suggestions for further research.

The research was focused on the influence of IT on marketing from the banks point of view. A similar research should be done from the customer's point of view.

The influence of Information Technology on marketing from other sectors of the industry should be done and used to influence the government to invest more on this area.

A research should also be done on the influence of information technology on the financial institutions other than commercial banks alone.

Further survey should be done on the population of personal computers in Kenya and their distribution or location to be able to gauge where we are and if it is economically possible to use them to reach customers and planning for other marketing programs.

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Nairobi Kenya

DATE... 8th August 2003

TO WHOM IT MAY CONCERN

The bearer of this letter ... JOHN MBOTE

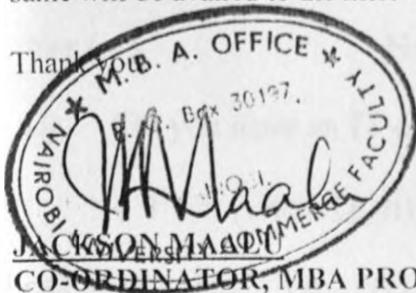
Registration No: D/61/P/8065/99

is a Master of Business Administration (MBA) student of the University of Nairobi.

He/she is required to submit as part of his/her coursework assessment a research project report on some management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate if you assist him/her by allowing him/her to collect data in your organization for the research.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank



JACKSON MADO
CO-ORDINATOR, MBA PROGRAM

APPENDIX 2: QUESTIONNAIRE

PART A: GENERAL

- 1 Name of your organisation.....
- 2 How many years have you been in operation
Please State.....
- 3 Are you:
Foreign owned ()
Locally owned ()
Partly local and partly foreign owned ()
Government owned ()
- 4 How many branches do you have
Locally (.....) Overseas (.....)
- 5 As per the latest balance sheet , what is the value of your assets.
Both fixed and current assets = Ksh.....
- 6 Please give the total number of people working for the bank (Including
branches).....
- 7 Does your organisation have a customer service policy
Yes () No ()
- 8 (i) Do you have an IT department
() Yes [Go to Q(iii)] () No [Go to Q 1(ii)]
(ii) If No on (i) above how do you get your IT
services.....

(iii) When were computers introduced to the marketing department operations. Please state the year ().

9 Do you have ATMs () Yes [Go to Q10 below] () No [Go to Q11 below]

10 If you have ATMs, about how many people access them in a day.....

11 Do you package technology in the products and services that you offer (...)Yes[Go to Q12] () No [Go to Q12]

12 Can your customers access information about their accounts on line () Yes [Go to Q13 below] () No [Go to Q13 below]

13 Please tick the media that you use to communicate with your customers (You can tick more than one)

a. Internet ()

b. Television ()

c. Radio ()

d. Newspapers ()

e. Others (Please specify).....

PART B: Establishing how the banks have responded to IT in their marketing programs.

Listed below are statements on issues related to your bank. Please tick to indicate the extent you agree or disagree with each statement where it applies to your bank.

5 Strongly agree 4 Somewhat agree 3 Indifferent 2 Somehow Disagree
1 Strongly Disagree

Product	5	4	3	2	1
1. All new products design are IT compatible	()	()	()	()	()
2. Products re-engineering is due to IT	()	()	()	()	()
3. Products are delivered using IT aided equipment.....	()	()	()	()	()
4. Product delivery has been made easier by IT	()	()	()	()	()
5. Costs have come down due to IT	()	()	()	()	()
6. IT has helped in identifying customer needs	()	()	()	()	()
7. Customer product complaints have been reduced since computers were introduced	()	()	()	()	()

8. Please specify other new developments on products due to IT

.....

Price

- 10. The setting of rates is IT related () () () () ()
- 11 A lot of trading is done through the Internet () () () () ()
- 12 Customers negotiate through e-mail () () () () ()
- 13 Rates have come down due to IT..... () () () () ()
- 14 Rates are electronically generated.....() () () () ()
- 15 Individual rates calculations are hooked to IT... () () () () ()
- 16. There are fewer errors in rates computation
since computers were introduced. () () () () ()
- 17. Please specify other new developments on rates due to IT
.....

Promotion

- 18.Public relations department uses IT () () () () ()
- 19 Promotions are done through the Internet () () () () ()
- 20 Promotional materials are IT related. () () () () ()
- 21 E-mails are used to advertise () () () () ()
- 22. Customers inquire about their accounts through e-mail () () () () ()
- 23. Information is gathered through Internet () () () () ()
- 24. Please specify other new developments on promotion due to IT
.....

Place

25. Outlets are designed with IT in mind () () () () ()
- 26 IT has helped reduce the operational areas () () () () ()
27. IT has helped in making banking more friendly () () () () ()
28. It is easier and less costly to operate outlets due to IT () () () () ()
29. IT has encouraged your bank to open more outlets () () () () ()
30. Most of the withdrawals are done through ATM () () () () ()
- 31 ATMs have reduced Queuing at the counters () () () () ()
32. Sales agents communicate through emails () () () () ()
33. Branches are connected through IT () () () () ()
34. Please specify other new developments on place due to IT
-

People

35. Most of your staff is computer literate () () () () ()
36. Computers have contributed to staff motivation () () () () ()
37. IT qualifications are emphasised during recruitment () () () () ()
38. The marketing department has many IT training programs () () () () ()
39. You have retrenched due to IT requirement () () () () ()
40. The productivity of the people has been enhanced by IT () () () () ()

41. Please specify other new developments on human resources due to IT

.....

Physical Evidence

42 You have improved you security due to IT () () () () ()

43 The hall layout has improved since computers
were introduced. () () () () ()

44. The staff location is IT related () () () () ()

45. The courteous service you offer is IT related () () () () ()

46 The convenient bank location was done with IT in mind () () () () ()

47 Please specify other new developments on physical evidence due to IT

.....

Process

48. Most of the services given are computer related () () () () ()

49. There is a lot of interaction between staff and
customers using IT. () () () () ()

50 Customers complains are received through e-mail () () () () ()

51. Cheque clearing has been made faster by IT () () () () ()

52. Loan processing has been made faster due to IT () () () () ()

53 Please specify other new developments on the process due to IT

.....

PART C: Challenges in implementing IT programs

Listed below are statements on issues related to your bank. Please tick to indicate the extent you agree or disagree with each statement.

5 Strongly agree 4 Somewhat agree 3 Indifferent 2 Somehow Disagree
1 Strongly Disagree

	5	4	3	2	1
1. The government has not supported IT development	()	()	()	()	()
2. Politics have played a role in IT implementation	()	()	()	()	()
3. Legal requirements have affected IT programs	()	()	()	()	()
4. The Internet is not well developed in Kenya	()	()	()	()	()
5. Unreliable infrastructures affect IT implementation	()	()	()	()	()
6. Corruption delays IT programs implementation	()	()	()	()	()
7. The poor economy affected IT implementation	()	()	()	()	()
8. Technology to implement some IT programs is not locally available	()	()	()	()	()
9. Some technology cannot be transferred to Kenya	()	()	()	()	()
11. The level of IT awareness prohibits some IT programs implementation	()	()	()	()	()
13. Computer Cabal layout has affected implementation of some of your desired investments	()	()	()	()	()

14. There has been social resistance to computers replacing people () () () () ()
15. The staffs resist implementation of some computer programs () () () () ()
16. Low IT literacy slows down your business innovations () () () () ()
17. The cost involved has reduced implementation of some computer programs () () () () ()
18. Top management have stopped some IT programs implementation () () () () ()
19. Competitors cooperation has affected IT programs implementation () () () () ()
20. Internet monopoly has hindered IT development () () () () ()
21. The bandwidth has affected your efficiency () () () () ()
22. Some of the data through the Internet gets lost in cyber space () () () () ()
23. Internet data takes too long to reach its destination () () () () ()
24. Dishonesty has affected your IT operations () () () () ()
25. Security has been an issue in your IT operations () () () () ()
26. There has been an unfavourable IT business environment in Kenya () () () () ()
27. Very few people have personal computers making it difficult to exploit the use of IT () () () () ()

28. What can you attribute to the long queues that we find in banks despite their having ATMS (Please tick as appropriate)

- (i) Too few outlets despite the high demand ()
- (ii) Lack of resources to invest on more ATMs ()
- (iii) Erratic end of month withdrawals ()
- (iv) None of the above ()
- (v) Others (Please specify).....

29. Please specify other challenges facing IT programs implementation

- (i)
- (ii)
- (iii)

APPENDIX 3: COMMERCIAL BANKS IN KENYA AS AT 31ST MARCH

2003

1. AFRICAN BANKING CORP. LTD.
2. AKIBA BANK LTD.
3. BANK OF BARODA (K) LTD
4. BANK OF INDIA
5. BARCLAYS BANK OF KENYA LTD
6. CFC BANK LTD
7. CHASE BANK (KENYA) LTD
8. CHARTERHOUSE BANK LTD
9. CITIBANK N.A.
10. CITY FINANCE BANK LTD
11. COMMERCIAL BANK OF AFRICA LTD
12. CONSOLIDATED BANK OF KENYA LTD.
13. CO-OPERATIVE BANK OF KENYA LTD.
14. CREDIT AGRICOLE INDOSUEZ
15. CREDIT BANK LIMITED
16. DAIMA BANK LTD
17. DEVELOPMENT BANK OF KENYA LTD.
18. DIAMOND TRUST BANK KENYA LTD.
19. DUBAI BANK KENYA LTD
20. EQUATORIAL COMMERCIAL BANK LTD.
21. FIDELITY BANK LTD.
22. FINA BANK LTD.
23. FIRST AMERICAN BANK OF KENYA LTD.
24. GURDIAN BANK LTD.
25. GIRO COMMERCIAL BANK LTD.
26. HABIB BANK A.G. ZURICH
27. HABIB BANK LTD.
28. IMPERIAL BANK LTD
29. INDUSTRIAL DEVELOPMENT BANK LTD
30. INVESTMENTS & MORGAGES BANK LTD.
31. KENYA COMMERCIAL BANK LTD.
32. K-REP BANK LTD
33. MIDDLE EAST BANK LTD.
34. NATIONAL BANK OF KENYA LTD.
35. NATIONAL INDUSTRIAL CREDIT BANK LTD.
36. PARAMOUNT UNIVERSAL BANK LTD.
37. PRIME BANK LTD
38. SOUTHERN CREDIT BANKING CORP. LTD.
39. STANBIC BANK KENYA LTD.
40. STANDARD CHARTERED BANK (K) LTD.
41. THE DELPHIS BANK LTD.
42. TRANS-NATIONAL BANK LTD.
43. VICTORIA COMMERCIAL BANK LTD.

Source: CBK, Directory of Commercial Banks, 2003.