

**STRATEGIES ADOPTED BY COMMERCIAL BANKS IN KENYA TO MANAGE
SERVICE QUALITY**

BY

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DECLARATION

This is my original work and has not been presented for a study in any University or college.

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DEDICATION

This project is dedicated to my parents Mr and Mrs Chege who inspired me and always encouraged me to push forward and always aim higher. To my loving husband Mr John Mulinga and my lovely daughters Tracey Ndanu and Rosalinda Mwende who have been my key asset to success and supported me emotionally in during the draft of the project. They gave me valuable strength to excel and achieve my goals. I humbly and kindly appreciate their support and prayers that led to the completion of this project within the stipulated timeframe.

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ABSTRACT

In order to keep up with the competition and changing consumer needs and wants in the competitive business environment, Commercial Banks need to use effective strategies in managing service quality among customers. Changing consumer needs and business environment has necessitated Commercial Banks to adopt strategies to survive hence attracting and retaining customers. Adoption of effective strategies promotes quality service delivery in the industry hence social economic developments in Kenya. Firms should formulate, and implement strategies to enable them seize strategic initiatives and maintain a competitive edge in the market (Porter, 2004). The competitive aim is to provide satisfactory customers service. The research objectives of the study were; to determine the strategies adopted by Commercial Banks in Kenya to manage service quality for customers and to establish the effectiveness of the strategies used by Commercial Banks in Kenya to manage customer service quality. The study population consisted of 43 Commercial Banks operating in Kenya. The descriptive study method was adopted to analyze data. The study established that quite a number of strategies that are used by commercial banks in Kenya involve high costs that make it difficult for commercial banks in Kenya to use them frequently. Efficiency and effectiveness is the core drive of commercial banks in Kenya both in the domestic and international markets. The study found out that quite a number of strategies used by commercial banks operating in Kenya are applied ignorantly without adequate knowledge and understanding of the target market. Therefore, this study recommends that commercial banks operating in Kenya should embrace strategic thinking practices for their survival in the dynamic and competitive business environment.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Today's business organizations have to contend with the dynamics of a changing competitive environment. The modern trend has shifted from external environmental analysis to more sophisticated internal organizational analysis. All forms of businesses, including those in the banking industry, regardless of their size or level of development have embraced strategies to survive (Greenstein, 2008). Due to stiff competition and changing consumer needs in the banking industry, organizations have to formulate and implement strategies that will enable them minimize customer service breakdown thus attract and retain them (Porter, 2004).

Strategy is the long term direction which organizations adopt to gain competitive edge in the dynamic business environment by using resources and core competencies to fulfill stakeholder expectations (Johnson Scholes & Whittington 2005). A company's strategy consists of the business approaches and initiatives it undertakes to attract customers and fulfill their expectations, to withstand competitive pressures and to strengthen its market position. These strategic responses provide opportunities for the organization to respond to the various challenges within its operating environment. Firms also develop strategies to enable them seize strategic initiatives and maintain a competitive edge in the market (Porter, 2004). The competitive aim is to provide satisfactory customers service. The success of every organization is determined by its responsiveness to the customer needs.

The competitive aim of any strategic organization is to do a significantly better job of providing what customers are looking for, thereby enabling the company to earn a competitive advantage and outsmart rivals in the market place. The core of a company's strategy consists of its internal initiatives to deliver satisfaction to customers but also includes offensive and defensive moves to counter the maneuvering of rivals, actions to shift resources around to improve the firm's long term competitive capabilities and market position, and tactical efforts to respond to prevailing market conditions. Assuming that there are a number of providers, customers will choose which offering to accept on their perception of value-for-money (Akinboboye, 2007).

Finance has been identified as the most important factor determining the survival and growth of developing countries. To compete effectively in the financing sector, with the service breakdown, organizations need to provide financial services that meet the specialized needs of customers while coping with the high risks and costs associated with servicing them (Akinboboye, 2007). To achieve this, an increasing number of banks have adopted separate strategies to service customers' needs. The current trend is to shift from a product-based focus to a more customer oriented focus of providing packages of financial services tailored to their needs. This has the potential of considerably improving the banks' relations with the target market, as well as increasing the profitability of providing financial services to it (Carrier, 2000).

1.1.1 Concept of Strategy

A Strategy is the long-term direction which organizations adopt to gain competitive edge in the dynamic business environment by using resources and core competencies to fulfill stakeholder expectations. Any Organization cannot operate without a strategy because “Strategy formulation” is vital to the well-being of an organization (Yunggar, 2005). Strategic reactions to the external environment of the organization are crucial to success of any company. Every successful business has a plan and knows where it is heading in the future. Taking the time on an ongoing basis to review the company's past performance, and predict its future performance, gives it a road map to follow.

Thompson (2003) mentioned that “the most important elements of development which would influence greatly the strategies, structure and performance of the future companies include: economic relations would be performed in the direction among trade blocs instead of countries, business performance would be more and more a matter of strategic joint venture, which would be integrated into a world economy, restructuring of business would be intensifying and more globalizing, it would be important to have information and knowledge, strategic management of companies would be decisive for a competitive success, intensive market orientation of companies would be a core advantage for achieving a competitive advantage over competitors”.

According to Porter (2008), it is evident that some companies are not able to satisfy long-term and ever-changing market needs and customers' expectations. To invest heavily into Research and Development, marketing and sales activities is the endeavor to bring new products to the global markets and materialize them properly. It can clearly be seen that the strategic management process enables the companies develop new products in the long term thus

promoting growth of the company. The alliancing of partners for the sake of maintaining long-term growth and competitiveness is today one of the most usable strategies in the world of any industry (Yunggar, 2005).

According to Warucu (2001), companies can make alliances in endeavors to create common synergies and to better exploit their common assets, knowledge, product life cycle and, moreover, to improve their strategic market positions. Thus, the most important and strategic activities of creating common strategies for the companies are: products to gain market shares and to drive the sales growth; research and development, to create new products; markets, to create geographic and market expansion; marketing and sales activities, to compete on the global markets; financials, to create common cost reduction synergies and investment capabilities

1.1.2 Service Quality

Organizations face many challenges in today's dynamic marketplace. In a global economy that has become increasingly competitive, there is need for efficient development of products that can quickly satisfy a more demanding customer base and build long-term customer trust. It must enhance risk management and address a broad range of service breakdowns and regulatory changes that require reporting with greater standardization and transparency. It must optimize both internal and external innovation, while seeking operational excellence at all levels. Meeting these challenges requires new business and strategies that boost revenues, improve operational efficiency, cut costs, and enhance the overall management of business. Today, companies are looking beyond traditional practices to new tactics and tools that analysts and thought leaders have identified as the best for the industry (Kiptugen, 2003).

Service breakdown manifests itself by way of delayed approval of loans. Customers are deal

seekers and they always look for a financial institution that can serve them within the minimum time possible. However, the approval of business loans takes weeks or even months depending on the availability of the required documentation. This delay is costly especially when a firm has a limited time frame to demonstrate that it can raise the required capital to carry out a particular task. Also, intrusive documentation is of concern. At the point of application for banking services, some banks are known to be too demanding on documentation. Customers feel that the documentation required (such as tax compliance certificate) before the approval of the much needed loans is an intrusion into their financial privacy. Discouraged by this exercise some customers have opted for other informal financial institutions that do not require too much detail (Kiptugen, 2003).

Lack of flexibility impacts on customer preferences, as they are bound to react to the value added offerings is another challenge among financial institutions in Kenya. Customers have become demanding and the loyalties are diffused if they think a bank is not serving them well. To them there are multiple choices; the wallet share is reduced per bank with demand on flexibility and customization. Given the relatively low switching costs; customer retention calls for customized service and hassle free, flawless service delivery will influence their choice. Having a good relationship with customers in a service industry is the most important thing. Customers want to have a sense of belonging that will keep them from seeking alternatives (Mbwayo, 2005).

Premier banking which in most cases is associated with the wealthy business class is founded on the basis of relationship management. Companies however need to take a step further and relate more with its customers to avoid giving a reason to go for alternative service providers. Companies should improve their relationship management with businesses and their advisors.

Restoring trust between organizations and their clients will require a commitment to transparency and consistency on the part of lending institutions. It is clear that some banks have re-appraised their risk and reward preferences for customers (Mbwayo, 2005).

Companies need to address the consequential ‘fear of approach’ held by businesses by clearly explaining how the changed economic environment has affected firms’ business lending policies. In particular, they should make a sustained effort to better communicate with businesses at early stages in the lending application process to improve understanding of the following: How long credit applications are likely to take; what restrictions on decision-making are imposed on relationship managers and branch managers by head office and whether specific decisions will be transferred to higher levels and how many credit committees will examine the application; the full extent of non-price lending conditions; the enforcement regime for covenant breaches (Mbwayo, 2005).

1.1.3 Commercial Banks in Kenya

There has been tremendous growth in the Kenyan banking industry. Changes in the Kenyan economy and Commercial Banks have not been spared from the impact of these changes. The banking sector in Kenya comprises 43 registered Commercial Banks that are licensed by the Central Bank of Kenya. There are various banking laws in Kenya that govern and regulate the way banks are formed, operate and are managed in the country. Some of these laws include but not limited to the appropriation act, banking act, bankruptcy act, Barclays of Kenya limited act, capital markets, Central Bank of Kenya act, central depositories act, cheques act, general loans and stock act among other laws. The laws are divided and partitioned to cover the different aspects in the banking industry. It also enables the government to keep an eye in the way the banks are operated and managed (www.cbk.co.ke). According to customer surveys that have

been carried out on customer satisfaction, clearly indicate that quality service delivery to customers by Commercial Banks in Kenya still has remained a challenge due to inappropriate strategies adopted. Adoption of effective strategies by Commercial Banks in Kenya in managing service quality will enhance organizational performance and market competitiveness.

1.2 Research Problem

The strategies that are undertaken by organizations depend on the changes in the environment. The environmental changes are changes in technology, competition, regulation, globalization and changing consumer needs and wants. The strategic responses may include joint venture, new product development, and adoption of new technology, entry into foreign markets, price adjustments, product differentiation and a variety of actions that can result in competitive advantage (Kombo, 2006). Organizations operating in the dynamic business environment have to adopt effective strategies for their survival. Strategies enable organizations to increase profits, increase volume of sales, develop new products that meet consumer needs compared to competitor products and services, ability of the management to predict the future changes, and ability of the organization to accept change and work towards common organizational goal for competitive edge of the organizations in the global market (Gomez, 2001).

It is evident that most commercial banks operating in the banking industry in Kenya face various challenges during customer service delivery. Some of these challenges included; Lack of clear communication, long procedures, intrusive documentation and lack of flexibility. Related studies that have been carried out clearly indicate that, Commercial Banks in Kenya have not fully adopted strategies to manage service quality among customers. A study carried out by Anyim and Munyoki (2010), clearly indicated that banks experience various challenges when trying to

adopt strategies to manage service quality. Among the challenges identified included; changing business environment and changing consumer needs and wants. Another study carried out by Kiptugen (2003) indicated that most of the banks in Kenya find it difficult to respond strategically due to unpredictable environmental changes and inadequate organizational resources to make strategic responses a reality. A study carried out by Wambui (2012) indicated that most Commercial Banks in Kenya face challenges in adopting new technologies as a strategic response to customer service delivery in the changing business environment.

However, findings of the studies carried out were too general and did not focus specifically on strategies adopted by Commercial Banks in Kenya to manage service quality. Arising from the findings of the above studies, it is clear that, there are many areas about strategies adopted by Commercial banks to manage service quality that have not yet been fully addressed. It is for this reason that this study seeks to establish the strategies adopted by Commercial banks in Kenya to manage service quality. The study was guided by two research questions. What are the strategies adopted by Commercial Banks in Kenya to manage service quality for customers? What is the effectiveness of the strategies used by Commercial Banks in Kenya to manage customer service quality?

1.3 Research Objective

The research objectives were:

- i. To determine the strategies adopted by Commercial Banks in Kenya to manage service quality for customers.
- ii. To establish the effectiveness of the strategies used by Commercial Banks in Kenya to manage customer service quality.

1.4 Value of the Study

The management and the sales force team of Commercial Banks in Kenya will find the study beneficial to their day today activities and will be in a better position to understand appropriate strategies that need to be used by their Commercial Banks in managing service quality to customers thus attracting and retaining customers.

The findings of the study will be of value to top level management as they will understand the value of implementing strategies for the survival of the business. Top management will allocate resources to implement strategies that will attract and retain customers. New product development and quality service delivery will promote customer loyalty and long term relations thus mutual trust between the bank and customers.

The findings of the study will be of value to the government since it will be able to understand how financial institutions use strategies to gain competitive edge due to intense competition from local and foreign financial institutions and hence their sustainability. It will be in a position to formulate policies that are aimed at increasing productivity and safeguarding their interests based on quality checks.

The development partners who are usually interested at helping the financial institutions to prosper will have an understanding of a wide variety of factors that hinder the financial institutions hence sustainability. Scholars and researchers who would like to carry out more studies on strategies used by Commercial Banks to manage service quality. The study will form a basis upon which further research on the same will be based.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

Any Organization cannot operate without a strategy because “Strategy formulation” is vital to the well-being of an organization. A Strategy is the long-term direction which organizations adopt to gain competitive edge in the dynamic business environment by using resources and core competencies to fulfill stakeholder expectations. Reasons of adopting strategies include; Strategies clearly provides employees of the organization with a sense of direction based on the vision, mission and core values of the organization hence synergy among employees. Through effective strategies organization understand the industry in which they operate in terms of suppliers, buyers, new entrants, competitors thus respond effectively to challenges that may influence business activities (Johnson & Scholes, 2002).

Business definition by technology leads to a very tumultuous corporate existence, as the business enterprise turns direction every time there's a new invention. Strategies help organizations to achieve economies of scale in manufacturing, marketing, Research & Development and distribution thus increased profits and Strategies enable organizations to expand their market share in the domestic and international markets. Organizations justify capital outlay through global markets. Companies will overcome the challenge of service breakdown among customers by adopting effective strategies in the turbulent business environment. Due to stiff competition from new entrants in the industry and changing customer needs, commercial banks should adopt effective strategies geared towards quality service delivery among customers in order to remain competitive (Johnson & Scholes, 2002).

2.2 Theoretical Foundation

TQM theory is applied by competitive organizations in managing service quality in the dynamic business environment. Total Quality Management (TQM) theory grew out of existing organizational management theories, in part, as a response to the problems in those theories. Edwards Deming and Joseph Juran are most responsible for the development of TQM. Total Quality Management (TQM) theory holds that “performance is enhanced by designing products and services to meet or exceed customer expectation by empowering workers to find and eliminate all factors that undermine product or service.” TQM promotes organizational effectiveness through; promoting stakeholder satisfaction, pursuing continuous improvement; and fostering proactive leadership (Johnson & Scholes, 2002).

TQM theory holds that “quality can only be defined by those who receive the product or service, including stakeholders.” Accordingly, organizational managers should engage their staff in identifying the organization’s internal and external stakeholders and by determining the criteria that each uses to judge the organization to be successful. This process suggests that the effective competitive organization is one that satisfies the expectations. Quality is a complex phenomenon based on perception by individuals with different perspectives on products and services. These perceptions have been built up through the past experience of individuals and consumption in various contexts. Consequently, quality encapsulates time and other contextual dimensions that add to the complexity of what is essentially a subjective evaluation of the quality of good and/or service by the consumer (Johnson & Scholes, 2002).

Strategies for managing quality therefore need to consider this inherent complexity, and build complexity into its models. Any single paradigm provides a too narrow view to capture complexity, and the multi-faceted nature of reality. Due to factors such as intangibility and

perishability managing quality in service settings is much more challenging than managing quality in product markets. The complexity of managing quality in this type of service is further increased if there is continuous change in the external environment due to intense competition and changing customer needs (Johnson & Scholes, 2002).

2.3 The Concept of Strategy

Strategy is management's game plan for strengthening the organization's position, pleasing customers, and achieving performance targets. Strategy includes the goals and major policies of the organization. Strategies are grounded in the array of competitive moves, and business management of an organization depends on how to produce successful performance. Managers' device strategies to guide how the company's business will be conducted and to help them make reasoned, cohesive choices among alternative courses of action. The strategy managers decide or indicate that among all the paths and actions we could have chosen, we decided to follow this route and conduct our business in this manner

Without strategy, a manager has no thought-out course to follow, no roadmap to manage by, no unified action program to produce the intended results. Indeed, good strategy and good strategy execution are the most trustworthy signs of good management. Thompson and Strickland (2005) stated that managers must combine good strategy making with good strategy execution for company performance to approach maximum potential. Financial strategy is a combination of financial tools for the reengineering of an organization towards achieving the maximum potentials (Thompson, 2003).

The tasks that Strickland (2005) highlighted comprising strategy include; deciding what business the company will be in and forming a strategic vision of where the organization needs to be

headed. In effect, this is infusing the organization with a sense of purpose, providing long-term direction, and establishing a clear mission to be accomplished, converting the strategic vision and mission into measurable objectives and performance targets, crafting a strategy to achieve the desired results, implementing and executing the chosen strategy efficiently and effectively, evaluating performance, reviewing new developments, and initiating corrective adjustments in long-term direction, objectives, strategy, or implementing in light of actual experience, changing conditions, new ideas, and new opportunities.

The goal of business strategy is to achieve a sustainable competitive advantage against competitors in the market. Porter (2004) identified two basic types of competitive advantage: cost advantage and differentiation advantage. When a firm sustains profits that exceed the average for its industry, the firm is said to possess a competitive advantage over its rivals. A competitive advantage exists when the firm is able to deliver the same benefits as competitors but at a lower cost (cost advantage), or deliver benefits that exceed those of competing products (differentiation advantage). Thus, a competitive advantage enables the firm to create superior value for its customers and superior profits for itself (Carrier, 2000).

Organizations respond strategically to external pressures in many ways ranging from outright resistance through disingenuous support, attempting to influence the environment to accept goals sought by the organization, to complying by making internal changes. The relationship between an organization and environment are reciprocal; an organization's existence may be dependent on its environment and vice versa. There is a continuum of influence in organization/environment relations ranging from the organization's domination of its environment to its domination in the environment (Berthoud, 2000).

Strategy lies in environmental scanning which refers to the process of monitoring and evaluating the business environment. It helps in adjusting the business tactics in case of a change in the business environment. The scope of the research is inclusive of the macro environmental forces because the macro forces are not company specific thus it allows the findings of the research to be generalized. Additionally, the macro forces have a wide scope and tend to influence the micro environment of the business; therefore, it seems advisable to focus the research on the role of macro environmental forces to reduce the accumulation of irrelevant data (Berthoud, 2000).

2.4 Service Quality

Service quality involves customers' overall impressions of an organization's services in terms of relative superiority or inferiority. Further, service quality is considered to not only meet but to exceed customer expectations, and should include a continuous improvement process. Customers perceive organizational performance mainly on the process of their interpersonal contacts and interactions (Newman, 2001). Service quality arises from a comparison of the difference between service expectations developed before an encounter with firms and the performance perceptions gained from the service delivery based on the service quality dimensions. Cross (2000) indicated that service quality consisted of five dimensions which include; reliability, responsiveness, assurance, tangibles and empathy. The relationship between service quality and its impact on financial providers will be explored in terms of both qualitative and quantitative benefits. Regarding qualitative benefits, customer satisfaction and loyalty were major concerns as (Newman, 2001).

Organizations face many challenges in today's dynamic marketplace. In a global economy that has become increasingly competitive, there is need for efficient development of products that can quickly satisfy a more demanding customer base and build long-term customer trust. It must enhance risk management and address a broad range of service breakdowns and regulatory changes that require reporting with greater standardization and transparency. It must optimize both internal and external innovation, while seeking operational excellence at all levels. Meeting these challenges requires new business and marketing strategies that boost revenues, improve operational efficiency, cut costs, and enhance the overall management of business. Today, organizations are looking beyond traditional practices to new tactics and tools that analysts and thought leaders have identified as the best for the industry.

Newman (2001) discovered that perceived service quality brought about satisfaction or vice versa. In addition, Grönroos (1990) suggested that the mutual exchange and promise fulfillment between customers and service providers was a core construct to obtaining customer satisfaction and loyalty during the process of service delivery. Newman (2001) emphasized that customer satisfaction had greatly affected business, its corporate image, and obtaining new customer bases through direct recommendations.

The appearance of physical facilities, equipment, personnel and communication materials is the core of service quality. Service quality entails five dimensions which include; Reliability which involves ability to perform the promised service dependably and accurately; Responsiveness that involves the willingness to help customers and provide prompt service; Assurance refers to knowledge, competence, and courtesy of service employees and their ability to convey trust and confidence; Empathy which also refers to caring, individualized attention provided to customers (Zeithaml et al. 1990) and tangibles are appearance of physical facilities, equipment, personnel

and written materials. Marketing the quality of service is central to the success and growth of business. Parasuraman et al (1985) in developing the service quality model defined service as the gap between expected service and perceived performance.

The five dimensions represent how consumers organize information about service quality in their minds and were found relevant for banking among other industries (Parasuraman et al, 1985). There are numerous strategies a service marketer can use to overcome challenges. Understanding customer expectation provides the basis for the development of new service concepts to meet targeted consumer needs (Lovelock et al, 1996). Finding out what customers expect is essential to providing service quality and marketing research the key to understanding customer expectations and perceptions of service (Kotler 1999).

To develop effective positioning strategies, managers need insights into how the various attributes of a service are valued by the current and prospective customers within that segment. An organization's service offering is successfully positioned if it has established and maintains a distinctive place for itself in the consumer's mind relative to competing organization's offerings. If a service is successfully positioned, the mention of the service will conjure up in the customer's mind an image that is distinct from images of similar service offerings (Ziethaml et al, 1996). A philosophy of doing business that focuses on keeping and improving current customers rather than on acquiring new ones. Service companies must see customers as their long term partners and need to make a commitment in maintaining the relationship through quality, service and innovation (Lovelock et al, 1996).

2.5 Strategy and Service Quality

Effective strategies will lead to improved quality service delivery to customers in the banking industry hence improved performance of the commercial banks in terms of revenue growth and expanded market share. Reliability, responsiveness, tangibles, assurance, and empathy encompass quality aspects of banking services from customer point of view (Kotler, 2007). To develop effective positioning strategies, managers need insights into how the various attributes of a service are valued by the current and prospective customers within that segment.

An organization's service offering is successfully positioned if it has established and maintains a distinctive place for itself in the consumer's mind relative to competing organization's offerings. If a service is successfully positioned, the mention of the service will conjure up in the customer's mind an image that is distinct from images of similar service offerings (Ziethaml et al, 1996). A philosophy of doing business that focuses on keeping and improving current customers rather than on acquiring new ones. Service companies must see customers as their long term partners and need to make a commitment in maintaining the relationship through quality, service and innovation (Lovelock et al, 1996).

A service organization cannot serve an entire market for a particular service as customer needs and wants are diverse. It must identify segments of a market that it can serve most effectively. Once a company has identified a specific market segment to serve, the next phase is to position the service in the market place. How the service is designed (service blueprinting and physical evidence) will impact the image of the service in the consumers mind (Ziethmal et al, 1996). A service offering's position is the way it is perceived by consumers, particularly in relation to competing offerings.

Therefore careful recruitment, training and ongoing mentoring of employees can contribute to improvements in both productivity and service quality. The company should recognize that service is a performance rather than an object; advertising should not only encourage customers to buy the service, but should also target employees as a second audience, motivating them to deliver high-quality service. Companies should also try to use their own employees rather than professional models in their print and broadcast advertisements (Ziethaml et al, 1996).

Developing a communication strategy for intangible services is quite different from advertising and promoting psychical goods. The company should recognize that service is a performance rather than an object; advertising should not only encourage customers to buy the service, but should also target employees as a second audience, motivating them to deliver high-quality service. Companies should also try to use their own employees rather than professional models in their print and broadcast advertisements (Lovelock et al, 1996).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter focused on the researcher's scope of methodological procedures that were employed in the study. These included; research design, target population, data collection instruments, and pilot study and data analysis techniques.

3.2 Research Design

The study adopted a cross-sectional survey design. The descriptive study method was appropriate because it explores and describes the relationship between variables in their natural setting without manipulating them. The descriptive study aimed at obtaining information that can be analyzed, patterns extracted and comparison made for the purpose of clarification and provision of basis for making decisions. Both qualitative and quantitative data were obtained for comparison purposes.

3.3 Population of the Study

The study population consisted of 43 Commercial Banks operating in Kenya. The study was a census where all the 43 Commercial Banks operating in Kenya and licensed by Central Bank of Kenya were used to determine strategies adopted by Commercial Banks to manage service quality among customers.

3.4 Data Collection

The study relied mostly on primary data sources and Primary data was collected using semi-structured questionnaires with both close-ended and open-ended questions. Commercial Banks heads of strategy were the respondents in the study. Primary sources of data were used in this

study. This was collected from respondents by the use of questionnaires as the main instruments of data collection (See appendix II). Questionnaires were administered to respondents by the researcher during working hours.

Drop and pick later method was applied where respondents had no time to respond immediately. Secondary data was gathered from library material, bank journals and reports, media publications and various Internet search engines covering the business process management of Commercial Banks in Kenya. Permission to access office circulars, strategic plans, files and manuals and other relevant documents was initiated through the Head of strategy.

3.5 Data Analysis

The data collected in the research was edited, coded, classified on the basis of similarity and then tabulated. Kombo & Tromp (2006) asserts that the core function of the coding process is to create codes and scales from the responses, which can then be summarized and analyzed in various ways. To permit quantitative analysis, data was converted into numerical codes representing attributes or measurement of variables. Descriptive statistics technique was chosen because it made it possible to show the distribution or the count of individual scores in the population for a specific variable. The Statistical Package of Social Sciences (SPSS) was used to process and analyze the data in order to determine the relationship between the variables. Descriptive statistics such as frequency distributions, percentages and frequency tables were used to summarize and relate variables which were attained from the administered questionnaires.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter presents the analysis of the data collected from the Respondent and discusses the research findings on the strategies adopted by Commercial Banks in Kenya to manage service quality among customers. All completed questionnaires were edited for accuracy, uniformity, consistency and completeness. The response rate of 99% (43) respondents was achieved from the total target of 43 commercial banks operating in Kenya. This good response was attributed to the fact that quite a good number of the respondents were knowledgeable to fill the questionnaires. Summaries of data findings together with their possible interpretations were presented by use of mean, percentages, frequencies, variances, standard deviation and tables.

4.2 Period of Operation

The respondents of the study were asked to indicate the period their banks had operated in the Kenyan industry. The following were the findings as shown in Table 4.1:

Table 4.1 Period of Operation

Period of operating Business	Frequency	Percentage (%)
Below 1 year	0	0.0
2-5 years	3	4
6-10 years	7	17
11-15 years	13	29
16-19 years	16	38
20 and above years	9	12
Total	43	100.0

Source: Research data.

As shown in Table 4.1, 38% of the respondents interviewed indicated that the bank had operated between 16-19 years in the Kenya industry. 29% of them said it had been in the business between

11-15 years. 17% of them had been in the business between 6-10 years due to strategic location to their customers. 12% of them said it had been in the business between for over 20 years due to customized services and 4% of them had been in the business for 2-5 years respectively due to accommodative costs of operation. None of the banks had operated for less than 1 year.

4.3 Capital Base of the Bank

The respondents of the study were asked to indicate the capital base of their banks in the Kenyan industry. The following were the findings as shown in Table 4.2:

Table 4.2 Capital Base of the Bank

Capital Base of the Bank	Frequency	Percentage (%)
6 Billion-10Billion	23	50
11 Billion– 15Billion	9	21
Over 16 Billion	9	21
1Billion-5Billion	2	8
Total	43	100.

Source: Research data.

As shown in Table 4.2, 50% of the respondents indicated that their Banks were having a capital base of 6 Billion-10Billion due to. 21% of them indicated that their Banks had a capital base of 11 Billion– 15Billion and over 16 Billion due to years of operation in the local markets and global markets. 8% of them indicated that they had a capital base of 1Billion-5Billion due to pressures experienced from external environment.

4.4 Strategies Adopted by Commercial Banks to manage service quality among customers

The respondents of the study were asked to indicate the strategies applied by commercial banks to manage service quality among customers in the Kenyan industry. The following were the findings as shown in Table 4.3:

Table 4.3 Strategies Applied by Commercial Banks to manage service quality among customers

Strategies	N	To a Very Large Extent 5]	To a Large Extent [4]	To a moderate Extent [3]	To a small Extent [2]	Not At all [1]	Total (%)	Mean Score	S.E
Technology driven services	43	51.2	2.4	17.1	26.8	2.4	100	4.22	.154
Customer driven services	43	0.00	41.5	29.3	0.00	29.3	100	4.00	.121
Quality Services always	43	39.0	2.4	22.0	2.4	34.1	100	4.00	.148
Service differentiation	43	0.00	39.0	34.1	2.4	24.4	100	3.85	.129
On time service delivery	43	0.00	39.0	34.1	2.4	24.4	100	3.85	.110
Strategic alliances/mergers/joint venture/acquisition	43	4.9	4.9	22.0	24.4	43.9	100	3.78	.162
New product development	43	4.9	4.9	22.0	24.4	43.9	100	3.78	.162
Diversification	43	4.9	4.9	22.0	24.4	43.9	100	3.78	.162
Employment of innovative managers	43	4.9	4.9	22.0	24.4	43.9	100	3.78	.162
Institutionalization of innovative culture	43	4.9	4.9	22.0	24.4	43.9	100	3.78	.162
Review of the vision and mission of the firm	43	0.00	22.0	56.1	22.0	0.00	100	3.00	.109
Competitor analysis surveys	43	0.00	22.0	56.1	22.0	0.00	100	3.00	.109
Benchmarks with Global companies	43	0.00	22.0	56.1	22.0	0.00	100	3.00	.109
Environmental scanning	43	0.00	22.0	56.1	22.0	0.00	100	3.00	.109
Standards observed fully	43	4.9	22.0	61.0	12.2	0.00	100	2.80	.194
	43	4.9	22.0	61.0	12.2	0.00	100	2.80	.194
Relevant System in place	43	4.9	22.0	61.0	12.2	0.00	100	2.80	.194
Competent employees	43	4.9	22.0	61.0	12.2	0.00	100	2.80	.194
Advertisements	43	4.9	22.0	61.0	12.2	0.00	100	2.80	.194
Competitive pricing services	43	4.9	22.0	61.0	12.2	0.00	100	2.80	.194
Total	43								

Source: Research data.

As shown in Table 4.3, respondents indicated that the most commonly used strategy was technologically driven service, which has the highest mean (4.22). It is mostly applicable due to high chances of minimizing costs hence efficiency and effectiveness. The second strategy used by the commercial banks was customer driven strategies, which has a mean of (4.00). It is used to increase the number of customers by providing satisfactory services. The third strategy used was service differentiation and on time service delivery strategy, which has a mean (3.85). It is used to influence customer attitude towards banking services.

Strategic alliances/mergers/joint venture/acquisition, new product development, diversification, employment of innovative managers and institutionalization of innovative culture was ranked fourth as strategies of managing service quality among customers with a mean of (3.78). This was due to shares technology from strategic alliances, superior products and services, employees with a mix of skills to serve customers effectively, and employees who were flexible to changes. Review of the vision and mission of the firm, competitor analysis surveys, benchmarks with global companies, environmental scanning were ranked fifth with a mean of (3.00). This was due to ability of to understand the long term direction of the organization, ability of understanding competitor objectives and strategies, ability to compare customers' services with good performing firms and understanding the political, economic, social and technological factors that influence customer services.

Standards observed fully, relevant system in place, competent employees, and advertisements and competitive pricing services were strategies that were used by commercial banks to maintain service quality with a mean of (2.80). This was due to ability of workers to provide timely solutions thus maintaining standards of services. Commercial banks continuously maintained

advertising their services using appropriate media channels and fixing reasonable prices for their products.

4.5 Benefits of Adopting service Quality Strategies by Commercial Banks

The respondents of the study were asked to indicate the benefits of strategies applied by commercial banks to manage service quality among customers in the Kenyan industry. The following were the findings as shown in Table 4.9:

Table 4.4 Benefits of Adopting service Quality Strategies by Commercial Banks

	N	Strongly [5]	Moderate [4]	Little [3]	None [2]	Do not Know [1]	Total (%)	Mean Score	S.E
Increased profits	43	36.6	39.0	4.9	7.3	12.2	100	3.88	.137
Increased volume of sales	43	53.7	34.1	7.3	0.00	4.9	100	3.76	.137
Increased customer satisfaction	43	53.7	34.1	7.3	0.00	4.9	100	3.76	.137
Increased Customer loyalty	43	56.1	22.0	22.0	0.00	0.00	100	3.68	.120
Improved company image	43	56.1	22.0	22.0	0.00	0.00	100	3.68	.120
Increased team spirit among workers	43	61.0	4.9	22.0	12.2	0.00	100	3.63	.080
Minimal change resistance from workers	43	61.0	4.9	22.0	12.2	0.00	100	3.63	.080
Innovative ideas generated by employees	43	61.0	4.9	22.0	12.2	0.00	100	3.63	.080
Total	43								

Source: Research data

As shown in Table 4.4, majority of the respondents indicated that they applied service quality strategies to increase profits with a mean of (3.88). Some indicated that they applied service quality strategies to increased volume of sales and customer satisfaction with a mean of (3.76).

Increased Customer loyalty and improved company image were the reason behind service quality strategies applied by commercial banks with a mean of (3.68). Increased team spirit among workers, minimal change resistance from workers and innovative ideas generated by employees were the reasons respondents indicated were as a result of service quality strategies applied by Commercial Banks with a mean of (3.63).

4.6 Measurement of service quality among customers by Commercial Bank

The respondents of the study were asked to indicate ways by which commercial banks measured quality service among customers in the Kenyan industry. The following were the findings as shown in Table 4.5:

Table 4.5 Measurement of service quality among customers by Commercial Bank

Measurement of service quality	N	To a Very Large Extent	To a Large Extent	To a moderate Extent	To a small Extent	Not At all	Total (%)	Mean Score	S.E
		5]	[4]	[3]	[2]	[1]			
ICT support in service delivery	43	4.9	4.9	22.0	24.4	43.9	100	3.78	.162
Ability to identify consumer needs	43	4.9	4.9	22.0	24.4	43.9	100	3.78	.162
Listening and caring workers	43	4.9	4.9	22.0	24.4	43.9	100	3.78	.162
Minimal complaints	43	4.9	4.9	22.0	24.4	43.9	100	3.78	.162
Ability of workers to adopt to new changes	43	4.9	4.9	22.0	24.4	43.9	100	3.78	.162
Clear communication	43	0.00	22.0	56.1	22.0	0.00	100	3.10	.109
Simple procedures	43	0.00	22.0	56.1	22.0	0.00	100	3.10	.109
Less paperwork	43	0.00	22.0	56.1	22.0	0.00	100	3.10	.109
High flexibility	43	0.00	22.0	56.1	22.0	0.00	100	3.10	.109
Introduction of new products and services	43	4.9	22.0	61.0	12.2	0.00	100	2.80	.194
Flexible organizational culture	43	4.9	22.0	61.0	12.2	0.00	100	2.80	.194

Adequate consumers research	43	4.9	22.0	61.0	12.2	0.00	100	2.80	.194
Instant customer feedbacks	43	4.9	22.0	61.0	12.2	0.00	100	2.80	.194
Competent and trained employees	43	4.9	22.0	61.0	12.2	0.00	100	2.80	.194
Personalized customer attention	43	0.00	48.8	17.1	34.1	0.00	100	2.11	.105
Employees with customer needs at heart	43	0.00	48.8	17.1	34.1	0.00	100	2.11	.105
Employees who calls customers by names	43	0.00	48.8	17.1	34.1	0.00	100	2.11	.105
Professional Physical appearance of the staff	43	0.00	48.8	17.1	34.1	0.00	100	2.11	.105
Improved office layout	43	0.00	22.0	56.1	22.0	0.00	100	2.10	.109
Memorable adverts	43	0.00	22.0	56.1	22.0	0.00	100	2.10	.109
Proper time management by workers	43	0.00	22.0	56.1	22.0	0.00	100	2.10	.109
Shorter waiting time	43	0.00	22.0	56.1	22.0	0.00	100	2.10	.109
Trustworthy and honest workers	43	0.00	22.0	56.1	22.0	0.00	100	2.10	.109
Total	43								

Source: Research data.

As shown in Table 4.5, ICT support in service delivery, ability to identify consumer needs, listening and caring workers, minimal complaints, ability of workers to adapt to new changes were methods that were used by commercial banks to measure service quality among customers with a mean of (3.78). Clear communication, simple procedures, less paperwork and high flexibility were other methods that were used by commercial banks to measure service quality among customers with a mean of with a mean of (3.10).

Introduction of new products and services, flexible organizational culture, adequate consumers' research, instant customer feedbacks and competent trained employees were measures that were used by commercial banks to gauge customer satisfaction with a mean of (2.80). Personalized

customer attention, employees with customer needs at heart, employees who calls customers by names and professional physical appearance of the staff were measures that were used by commercial banks to measure customer satisfaction and ranked fourth with a mean of (2.11). Improved office layout, memorable adverts, proper time management by workers, shorter waiting time and trustworthy honest workers were measures that commercial banks used to measure customer satisfaction with a mean of (2.10).

4.7 Discussion of Research Findings

Based on the findings of the study in Table 4.3, it is evident that Commercial Banks should adopt effective strategies to meet customer expectation in the dynamic market. Technology driven services, customer driven, differentiation, strategic alliances partnerships new product development, diversification and innovative culture among employees were strategies identified to manage quality customer service. This is supported by Johnson & Scholes (2002) who says that a strategy is the long-term direction which organizations adopt to gain competitive edge in the dynamic business environment by using resources and core competencies to fulfill stakeholder expectations. Through effective strategies organization understand the industry in which they operate in terms of suppliers, buyers, new entrants, competitors thus respond effectively to challenges that may influence business activities.

Also as indicated in Table 4.3, Cross (2000) support the finding by arguing that service quality consisted of five dimensions which include; reliability, responsiveness, assurance, tangibles and empathy. The relationship between service quality and its impact on financial providers will be explored in terms of both qualitative and quantitative benefits. In addition Ziethmal et al, (1996) argue that a service organization cannot serve an entire market for a particular service as

customer needs and wants are diverse. It must identify segments of a market that it can serve most effectively

From the findings of the study in Table 4.4, it was identified that quality is no longer an optional extra; it is an essential strategy to survive. Quality service strategies promote increased profits and sales volume, team spirit among workers, innovative culture within the organization and customer loyalty. This is supported by Akinboboye (2007) who says that TQM is a solution for improving the quality of products and services. Quality, reliability, delivery and price build the reputation enjoyed by an institution. He also argues that quality does not only refer to goods and services but includes quality of time, place, equipment and tools, processes, people, the environment and safety, information and measurement. Quality is an ongoing process that has to be so pervasive throughout the institution that it becomes the philosophy and culture of the whole institution. All institutions and each department within the institution need to adopt the same strategy, to serve the customer with even better quality, lower cost, quicker response and greater flexibility

From the findings in Table 4.5, the study identified that commercial banks measured their performance in the market based on ICT support in service delivery, ability to identify consumer needs, listening and caring workers, minimal complaints, ability of workers to adapt to new changes, clear communication, simple procedures in service delivery, less paperwork and high flexibility were measures of service quality among customers in the commercial bank sector.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the major findings of this study. This study sought to find out strategies adopted by commercial banks in Kenya to manage service quality. In addition, this chapter provides a direction for further studies and also gives some recommendations for policy making by the relevant authorities. Questionnaires were used to gather primary data. The questionnaires comprised of both closed and open-ended questions and were strictly administered by the researcher.

5.2 Summary

This study sought to establish the strategies adopted by commercial banks in Kenya to manage service quality. Strategies are crucial for every business for it to survive the current economic turbulent and environmental challenges. To achieve objectives like profit maximization, offsetting costs of operations, business survival and gaining competitive advantage in the market, commercial banks should adopt competitive strategies to survive in the changing business environment. It was established that integration of ICT support in service delivery by commercial banks will promote customer satisfaction and competitive edge among the commercial banks in Kenya. It is the current competitive strategy commercial banks used to outsmart their competitors in the local and global market. Automated services enable commercial banks to be more effective and efficient.

Indeed there must be challenges faced by Commercial Banks in Kenya when trying to adopt strategies in managing service quality among customers. The study established that quite a good number of Commercial Banks in Kenya use quite a number of marketing strategies to gain competitive edge in the market but on a minimal extent due to internal and external challenges and changing consumer needs and wants. It was also established that for any commercial banks in Kenya to gain competitive advantage in the market, it must embrace quality customer services and new product development. Employing knowledgeable and experience staff, integrating modern technology inn service delivery, and reinforcing their services with physical evidence components including office layout and marketing materials were major strategies established to enable commercial banks in Kenya to survive in the competitive and dynamic business environment.

The study established that quite a number of strategies that are used by commercial banks in Kenya involve high costs that make it difficult for commercial banks in Kenya to use them frequently. Efficiency and effectiveness is the core drive of commercial banks in Kenya both in the domestic and international markets. It was also evident from this study that many are the challenges faced by these Commercial Banks in Kenya ranging from inadequate awareness of to consumers concerning bank products and their benefits, inadequate funds to employ competent and skilled personnel to provide quality services to customers and carry out marketing programs to create demand of bank products, inability of banks to develop new products to meet consumer need and invest in marketing research for continual improvement of customer service delivery.

The study established that Commercial Banks in Kenya applied service quality strategies to increase profits, volume of sales and customer satisfaction. Increased customer loyalty and

improved company image were the reason behind service quality strategies applied by Commercial Banks. Increased team spirit among workers, minimal change resistance from workers and innovative ideas generated by employees were the reasons of service quality strategies applied by Commercial Banks.

5.3 Conclusions of the Study

The findings indicate that Commercial Banks in Kenya endeavor to achieve some competitive advantage over their competitors in such a stormy environment by using different strategies which included; technologically driven services, customer driven services, differentiation and on time service delivery to influence customer attitude towards banking services.

It was concluded that Commercial Banks formed strategic alliances/mergers/joint venture/acquisition, developed new product, diversified, employed innovative managers and institutionalized innovative culture among employees production of superior products and services were strategies used by Commercial Banks to maintain quality customer services. Review of the vision and mission of the firm, competitor analysis surveys, benchmarks with global companies, environmental scanning were strategies applied to manage service quality among customers by Commercial Banks in Kenya. Understanding the political, economic, social and technological factors that influenced customer services was among the areas commercial banks identified opportunities and threats for effective positioning

It is concluded that if a proper mechanism is put in place in regard to investment in customer service strategies by commercial banks operating in Kenya, Commercial Banks will gain competitive advantage in the local and global markets thus contributing to social economic

developments in Kenya. Training of commercial banks staff, capital advancement and in reasonable terms, good business operating environment and good business practices, the financial industry will contribute to social economic developments of the Kenyan people both in rural and urban settings.

Total Quality Management (TQM) theory holds that “performance is enhanced by designing products and services to meet or exceed customer expectation by empowering workers to find and eliminate all factors that undermine product or service.” Organizations should respond strategically to external pressures proactively rather than reactively. It can be concluded that service quality involves customers’ overall impressions of an organization’s services in terms of relative superiority or inferiority.

5.4 Recommendations of the Study

5.4.1 Policy Recommendations

The study found out that quite a number of strategies used by commercial banks operating in Kenya are applied ignorantly without adequate knowledge and understanding of the target market. Therefore, this study recommends that commercial banks operating in Kenya should embrace strategic thinking practices for their survival in the dynamic and competitive business environment.

The study found out that little emphasize is put on promoting commercial banks operating in Kenya services/products hence slow response from the target market. Therefore, this study recommends that the government recognizes the importance of the financial industry and formulate legislation that support and promote the financial sector in Kenya hence social economic developments. All commercial banks operating in Kenya need to be regulated and monitored effectively in their activities by Kenya Bureau of Standards to deliver quality services to their customers.

The study found out that most of the Commercial Banks operating in Kenya employed untrained staff with inadequate knowledge about quality customer services. It is therefore recommended that the commercial bank to put in place legislation that enables the staff to access quality education hence creativity and new product development in the financial sector. It was found that most Commercial Banks operating in Kenya promote or market their products and services on a little extent due to high costs associated with print media and electronic media. Therefore, this study recommends government interventions formulating policies that are favourable to small and well established Commercial Banks operating in Kenya to promote their products and services at a reasonable cost.

The study found out that e-marketing concepts have not been fully been utilized by commercial banks operating in Kenya for efficiency and effectiveness. This study therefore recommends that the government to come up with policies that enhance Communication technology especially in the advent of recent interconnectivity through the undersea cables which has enabled faster internet services through fiber optic cable among major towns in Kenya and is perceived to be faster and could be of great benefit if connected with rural towns and markets for sufficient market information concerning the Commercial Banks services.

5.4.2 Management Recommendations

The study recommends that management should promote customer culture within the commercial banks through empowering employees in training on ICT skills tailored to Total Quality Management practices. The study recommends that management should develop models

that will be used to measure customer service satisfaction within the bank and the output of the models will be used by the existing staff to improve service delivery. Top level managers should review the vision and mission of their institutions to strategically fit with changing customer needs in the dynamic market.

5.5 Limitations of the study

The staffs of Commercial Banks were usually very busy and therefore they required a lot of time in order to fill in the questionnaires. The challenge was overcome by giving the respondents the questionnaires at the right time. Inadequate financial resources affected the results of the study. Accommodation and stationary costs delayed the exercise but early preparation and support from well-wishers and development partners made the study a reality. Getting accurate information from the respondents was one of the major challenges since some of the workers were threatened that the information may be used against them by the management in the terms of performance hence insecurity of their jobs. The challenge was minimized by assuring the respondents of confidentiality of the information they gave. Most of the respondents were unwilling to give the information due to negative perception of the study. The challenge was minimized by giving incentives to respondents in order to get positive response and accurate information. The location in distance and terrain while trespassing the Nairobi district proved to be a bone of contention coupled with dusty grounds which posed a danger to personal health as far as common colds are concerned.

5.6 Suggestions for Further Research

Future studies should explore the reasons behind the strategies adopted by commercial banks in Kenya to manage service quality. Researchers should go ahead and establish the reasons behind the failure of commercial banks to manage service quality among customers hence establish long

term solutions in the financial industry in Kenya in terms of new product development and quality customer delivery. Future studies will minimize the challenges experienced by the Commercial Banks in managing service quality among customers hence competitive edge. Future studies should try to investigate ICT integration in quality service delivery among commercial banks in Kenya. The findings will help the banking industry to understand the value of ICT integration in customer services in order to benchmark with global financial institutions in the market.

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STRATEGIES ADOPTED BY COMMERCIAL BANKS IN KENYA TO MANAGE SERVICE QUALITY

Appendix II: Questionnaire

SECTION A: Organizational Demographics

Please supply the required data by filling in the blanks where space is provided or by ticking [] against the most appropriate answer.

Respondents name and Bank..... [Optional]

1. How long has your Bank been operating in Kenya?

- a) Below 1year []
- b) 2-5 years []
- c) 6-10 years []
- d) 11-15 years []
- e) 16-19 years []
- f) 20 and above years []

2. What is the size of your bank in terms of capital base?

- 1. 1Billion-5Billion []
- 2. 6 Billion-10Billion []
- 3. 11 Billion– 15Billion []
- 4. Over 16 Billion []

3. To what extent does your bank apply the following strategies to manage customer service quality?

Use a five point scale where; 1= Not at all, 2 = Little Extent, 3 = Moderate Extent, 4 = Great Extent and 5 = Very Great Extent

Strategies	Very Great Extent [5]	Great Extent [4]	Moderate Extent [3]	Little Extent [2]	Not at all [1]
Service Design is Key					
Quality Services always					
Standards observed fully					
Customer driven services					
Relevant System in place					
Competent employees					

Advertisements					
On time service delivery					
Technology driven services					
Competitive pricing services					
Service differentiation					
Strategic alliances/mergers/joint venture/acquisition					
New product development					
Diversification					
Employment of innovative managers					
Institutionalization of innovative culture					
Review of the vision and mission of the firm					
Competitor analysis surveys					
Benchmarks with Global companies					
Environmental scanning					
Others(Specify)					

- 4. To what extent do you find the strategy adopted by your bank effective in managing service quality based on the following benefits?**
Use a five point scale where; 1= Not at all, 2 = Little Extent, 3 = Moderate Extent, 4 = Great Extent and 5 = Very Great Exten

Benefits	Very Great Extent [5]	Great Extent [4]	Moderate Extent [3]	Little Extent [2]	No at all [1]
Increased profits					
Increased volume of sales					
Increased customer satisfaction					
Increased Customer loyalty					
Improved company image					
Increased team spirit among workers					
Minimal change resistance from workers					
Innovative ideas generated by employees					

5. To what extent do you measure the service quality at your bank?
 Use a five point scale where; 1= Not at all, 2 = Little Extent, 3 = Moderate Extent, 4 = Great Extent and 5 = Very Great Extent

Measurement of service quality	Very Great Extent [5]	Great Extent [4]	Moderate Extent [3]	Little Extent [2]	Not at all [1]
Clear communication					
Simple procedures					
Less paperwork					
High flexibility					
Introduction of new products and services					
Flexible organizational culture					
Adequate consumers research					
Instant customer feedbacks					
Competent and trained employees					
ICT support in service delivery					
Ability to identify consumer needs					
Listening and caring workers					
Minimal complaints					
Ability of workers to adopt to new changes					
Professional Physical appearance of the staff					
Improved office layout					
Memorable adverts					
Proper time management by workers					
Shorter waiting time					
Trustworthy and honest workers					
Personalized customer attention					
Employees with customer needs at heart					
Employees who calls customers by names					

Appendix III: List of Licensed Commercial Banks in Kenya

1. ABC Bank (Kenya)
2. Bank of Africa
3. Bank of Baroda
4. Bank of India
5. Barclays Bank
6. CFC Stanbic Bank
7. Chase Bank (Kenya)
8. Citibank
9. Commercial Bank of Africa
10. Consolidated Bank of Kenya
11. Cooperative Bank of Kenya
12. Credit Bank
13. Development Bank of Kenya
14. Diamond Trust Bank
15. Dubai Bank Kenya
16. Ecobank
17. Equatorial Commercial Bank
18. Equity Bank
19. Family Bank
20. Fidelity Commercial Bank Limited
21. Fina Bank
22. First Community Bank
23. Giro Commercial Bank
24. Guardian Bank
25. Gulf African Bank
26. Habib Bank
27. Habib Bank AG Zurich
28. I&M Bank
29. Imperial Bank Kenya
30. Jamii Bora Bank
31. Kenya Commercial Bank
32. K-Rep Bank
33. Middle East Bank Kenya
34. National Bank of Kenya
35. NIC Bank
36. Oriental Commercial Bank
37. Paramount Universal Bank
38. Prime Bank (Kenya)
39. Standard Chartered Kenya
40. Trans National Bank Kenya
41. United Bank for Africa
42. Victoria Commercial Bank
43. Housing Finance

Source: Central Bank of Kenya Report (2010)