

**STRATEGIC RESPONSES ADOPTED BY KENYA COMMERCIAL BANK LTD  
TO DIGITIZE CUSTOMERS SERVICE AND OPERATIONS IN NAIROBI  
COUNTY**

**BY**

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**NOVEMBER, 2014**

**DECLARATION**

I declare that this research work is my original work and has not been presented for an academic award in any other institution.

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**D61/64741/13**

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

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## **DEDICATION**

This MBA project is dedicated to the inspiring force in my life, my lovely wife Carolyne, wonderful son Michael and adorable daughter Minerva for being there and granting ‘Dad’ ample time during the entire period of studies. You have been the wind beneath my wings, I love you. To my deep believer ever prayerful mother Monicah, my brothers, my sisters and my extended family; I say a big thank you. I recognize and acknowledge the enduring influence, whose spirit has provided a moral compass for my life, my late loving and caring father Abednego “KK”. To my classmates, colleagues and friends, I say a big thank you for the moral and material support during the research process.

## **ABSTRACT**

This paper is a research work on Strategic responses adopted by commercial banks to digitize customers' service and operations. Banks and other Financial Organizations are moving through the transition and establishing structures that accommodate the use of digitized customer services and operations, in order to increase the level of organizational performance in these firms. The strategic responses adopted include online goods or service trading, online catalogs, online collaborative work, online digital content delivery, online accounts settlement, online sourcing, online public procurement, online customer support, online post-sales service, E-inventory management and E-manufacturing management. This transaction and operation platform supported by the innovation of the internet, as opposed to the traditional bank branches, has enabled banks to reach a wider customer base without physical limitations and to provide better services at a relatively lower cost. These electronic delivery channels have the ability to communicate and disseminate information in a digital format. These channels can also provide straight through processing. Since information is captured in digital format, banking transaction information can be easily stored, analyzed and disseminated quickly. The general objective of the study is to establish the strategic responses adopted by Commercial banks to digitize their operations. The investigation aimed to bring out the effects of adoption of the strategic responses to the general performance of the commercial banks. The researcher undertook a research study to find answers to fundamental questions that are of essence in digitizing customer service and operations. The research was undertaken within a framework of a set of philosophies (approaches). It used procedures, methods and techniques that have been tested for their validity and reliability, designed to be unbiased and objective. Research was conducted via quantitative or qualitative methods. Quantitative methods were useful when a researcher seeks to study large-scale patterns of systems, while qualitative methods were more effective when dealing with interactions. The researcher was aiming to achieve solutions and approaches which local commercial banks could adopt to digitize operations as most of the factors encouraging digitization process were identified. Constraints were also identified and way followed established. Recommendations were also made to improve the same approaches.

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## **CHAPTER ONE: INTRODUCTION**

### **1.1 Background Information**

Advances and changes in technological innovations combined with e-commerce, borderless world of business transactions have drastically changed the Banking practices in most developing countries and economies. Rapid technological innovations have created a new wave of dynamism and development in the Banking frontiers. This trend has decreased the new level of products and services organization as well as individuals requires, this has greatly enhanced the profitability and growth of the finances system.

The business environment can positively or negatively affects the firm performance (Kolvo 2002). Same factors might enable the Banks to increase productivity, lower operation costs and also help target the underprivileged target markets who require financial services (Paulson & Mc Andrews 1998). E-banking has evoked the banking industry drastically, increased competition and improved the businesses image in the Banking industry. Customers' preferences are also constantly being shaped by the environmental pressure and evolutionary world of businesses.

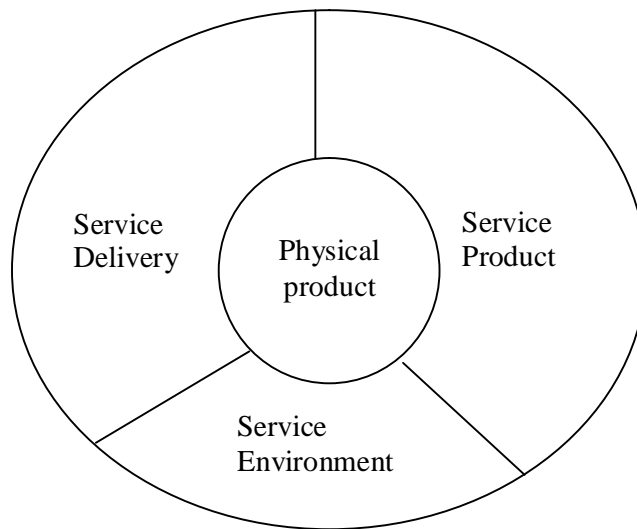
The banking industry in Kenya is very vibrant with a blend of different financial institutions within the sector. The Kenyan Banking sector has also adopted the use of Information and Communication Technology techniques (ICT) in the provision of most financial services which has greatly encouraged e-Banking practices (CBK 2010). Recent developments include the real time gross settlement (RTGS), renamed later Kenya Electronic Payment and Settlement System (KEPSS) which facilitates inter bank data transfer; Agency Banking, and the latest Equity Banks money transfer system being introduced (CBK 2014).

### **1.1.1 Concept of Service**

Services are economic activities that create value and provide benefits for customers for specific times and place as a result of bringing a desired change in or on behalf of the recipient of the source. Services are those separately identifiable, essentially intangible activities which provide want satisfaction and are not necessary tied to the sale of a product or another service (Balaji 2006). Services are unique as they possess peculiar characteristics of intangibility, perishability, heterogeneity, lack of ownership and inseparability.

Customer service is that extra service provision by the service provider to enhance the quality and service acceptance so that increased service satisfaction and quality is enhanced it is what differentiates the package from others. Various factors contribute to excellent customer service on organizations, these include knowledgeable and professional staff courteous friendly employees, undertaking of responsibility, quick and prompt response from issues raised. These issues also affect customer satisfaction through loss of trust, poor organization, image, feelings of desperation and choice of competitor as the alternative service provider (Kallós Das 2004). Features of customer service consists of three phases, these include pre-sales, during sales, post sales,

**Figure 1.1 Four components of a service**



**Source: Researcher (2014)**

The service product is the core performance purchased by the customer. It refers to that part of the experience apart from the transfer of physical goods and includes interactions with the firms' personnel. The service environment signals the intended market segment and positions. It consists of the service scope where the service is provided. The service product is whatever the organization transfers to the customer that can be seen or touched; its tangible and physically real. (Balaji 2006).

### **1.1.2 Concept of strategy**

Strategy outlines the map of action, it envisages the determination and assessment of alternative managerial action which organizations adopt. Strategy encompasses long and short term objectives of the organization. It involves choice and alternatives. An organization strategy should be appropriate and consistent with organizational resources, capabilities and be in line with its objectives. Strategy outlines focus and direction which firms follow. Johnson Scholes & Whittington (2005) defines strategy as the direction and scope of an organization over a long period of time which enables the firm

to achieve its competitive advantage for the organization through configuration of its resource, within a changing business environment to enable it fulfill its stakeholder obligations. Strategy concept therefore defines the purpose of the organization Porter (1980) explains that strategy adoption should lead to a firm's competitive advantage. This is possible through the firm's compliance with the environment and resources among other variable. The firm that is strategically positioned is the one that outperforms the competition in its operation.

### **1.1.3 Concept of Digital Banking**

Electronic Marketing is viewed as a new philosophy and practice in marketing goals and services. Through the internet and electronic means. It mainly uses electronic data to achieve its intended goals in terms of customer satisfaction and organizational performance (Gatticker, Perlusz & Bahmann 2003). The practice enables the customer to perform banking transactions electronically without visiting a brick and mortar institution (Fincan 2000).

Digital banking means undertaking business transactions such as loan application account balance funds transfer, statement request etc. Digital banking has revolutionized the Banking sector globally with greater efficiency and productivity to banks and ultimate customer satisfaction. According to Price Waterhouse Coopers report (2011) digital banking is ready and set to overtake branch banking practices and networks as a preferred channel by customers both corporate and individual.

Digital banking helps forms of offer value adding products and service in the global market place. Benefit of the practice are visible in terms of speed, accessibility, trackability, serving wider market segments, connecting specific market audiences no

content restrictions worldwide circulation efficient use of technology, modern touch and 24/7 availability (Hinson & Sorensen).

Effective implementation of the practice will enable the organization to perform efficiently in their field and office operations. It gives a chance of opportunity maximization networks on investments, promotion of stake holder relations between customers, suppliers, investors among others. The practice provides faster exchange of data and information hence improving the profitability of the organization (Ready & Zimmerman 2000).

#### **1.1.4 The Banking Industry in Kenya**

The banking industry in Kenya regulated by the Central Bank of Kenya Act, the companies Act, the Banking Act and various Essential policy guidelines being delivered through CBK on behalf of the government of Kenya. The banking sector was liberalized in 1995 and exchange controls lifted. Agency Banking has also taken new dimensions in the industry. The CBK publishes policy guidelines regulating interest rates and other inventory issues. The Banking industry in Kenya is governed by the Companies Act, the Banking Act, the Central Bank of Kenya (CBK) Act and the various prudential guidelines issued by the Central Bank of Kenya. The banking sector was liberalized in 1995 and exchange controls lifted. The CBK, which falls under the Minister for Finance docket, is responsible for formulating and implementing monetary policy and fostering the liquidity, solvency and proper functioning of the financial system. As at November 2014 there were forty four (44) banking and mortgage institutions, fifteen (15) micro finance institutions and one hundred and nine (109) foreign exchange bureaus (PWC Kenya, Industries: Banking Industry 2011). The banks have come together under the Kenya Bankers Association (KBA), which serves as a lobby for the banking sector's

interests. The KBA serves as a forum to address issues affecting members. Over the last few years, the Banking sector in Kenya has continued to grow in assets, deposits, profitability and products offering. The growth has been mainly underpinned by an industry wide branch network expansion strategy both in Kenya and in the East African community region. Secondly is the automation of a large number of services and a move towards emphasis on the complex customer needs rather than traditional 'off-the shelf' banking products. Players in this sector have experienced increased competition over the last few years resulting from increased innovations among the players and new entrants into the market (PWC Kenya, Industries: Banking Industry 2011). The banks have come together under one umbrella of Kenya Bankers Association. According to CBK report (2014) there are 44 commercial banks, 1 mortgage finance firm, 8 deposit microfinance institutions, 2 credit reference bureaus, 108 exchange bureaus, 7 representatives of foreign banks, 15 micro finance institutions. The industry is competitive hence there need for innovative Banking Practices.

### **1.1.5 Kenya Commercial Bank**

KCB is the largest financial service organization in East Africa, with an estimated asset base in excess of US\$2.49 billion, as at November 2011. KCB Group has the widest network of banking outlets comprising of over 200 branches and over 280 ATM machines in Kenya, Rwanda, Southern Sudan, Tanzania and Uganda. The bank has a wide network of correspondent's relationships totaling to over 200 banks across the globe for a seamless facilitation of their international trade requirement. The bank's vision is to be the preferred financial solution provider in Africa with global reach. Its mission is to grow its existing business whilst building the platform to be "The preferred financial solutions provider in Africa with a Global reach" (KCB Booklet, 2011). The



history of Kenya Commercial Bank dates back to 1896 when its predecessor, the National Bank of India opened an outlet in Mombasa and eight years later in 1904, the bank extended its operation to Nairobi, which had become the head quarter of the expanding railway line in Uganda.

The next major change in the banks industry came in 1958. Grindlays bank merged with the national bank of India to form the National and Grindlays Bank. Upon independence in 1963, the government of Kenya acquired 60% shareholding in National and Grindlays Bank in an effort to bring banking closer to the majority of Kenyans. In 1970 the government of Kenya acquired 100% ownership of the bank's share to take full control of the largest commercial bank in Kenya. National and Grindlays Bank was renamed Kenya Commercial Bank. The government has reduced its shareholding in KCB to 17.74% as at August 2010. In 1972, Savings & Loan (Kenya) Limited was acquired to specialize in mortgage finance. In 1997, another subsidiary, Kenya Commercial Bank (Tanzania) limited was incorporated in Dar-es-salaam, Tanzania to provide banking services and promote cross border trading.

In May 2006, KCB extended its operations to Southern Sudan following licensing by the bank of Southern Sudan. The subsidiary has twelve branches. In November 2007, the first branch of KCB Uganda Limited opened in Kampala, Uganda. The subsidiary has sixteen branches. In 2008, KCB expanded to Rwanda, where the first branch was opened in Kigali in December 2008. Currently the subsidiary has eleven operational branches. A subsidiary was opened in Burundi in 2012. KCB has 222 branches though out Kenya and East African region, making it the largest banking network in the region. It has the largest banking network in the region. It has the largest number of own branded ATM's

in Kenya. Since 2004, all the branches in Kenya have been rebranded as part of a wider corporate branding exercise. KCB has partnered with Pesa-Point to increase the number of ATM points customers can access their funds.

Owing to its popularity in the market and unique position as the regional bank, KCB has experienced immense growth in both infrastructure and business volumes in the recent past. The bank serves close to two million customers spread across the region and boasts of the largest balance sheet of any indigenous commercial bank in the region (Over USD 2.4). The bank provides a wide range of banking services; from corporate banking and trade finance products through propositions for small and medium enterprises and individual clients, to Mortgage finance and credit facilities. The bank is planning to increase further its regional foot print to ensure increase in reach and convenience for its customers. It plans to open 50 new branches across East Africa outside Kenya and also install a commensurate of ATMs. It also reviews its products and services to tailor them to specific customer needs and add variety to their offering. As a regional bank, it is committed to working with other stakeholders to boost the region's capacity to conduct trade among members. The bank has already provided an improved Information Technology (IT) platform that facilitates online real time "one branch" banking, fast transmission of payments and easy access to funds wherever their customers may be in the region. The banks ultimate dream is to be a Pan- African Bank, supporting growth and development for a majority of people in Africa into the foreseeable future.

## **1.2 Research Problem**

Globally ICT has become the cornerstone of major business operations and a backbone of the financial sector and innovative service delivery. Digital services and delivery methodologies have numerous challenges and constraints to enable them to succeed effectively especially in the early stages of inception. E-banking is an inexpensive channel of reaching the customer, but accessibility and practicability of this method as marred by multiple constraints from technological, organizational, and even human related aspects, poor infrastructure in developing economies worsens the practice.

The Electronic phase has witnessed changes in the local banking sector which has greatly improved the relationship between the clientele and the banking institution, the trend has also improved the overall competitive banking environment and has also raised standards and technical framework of the financial institutions. The Banks have strived to offer their services under one umbrella. Porter (1989) indicates that the five generic forces in the competitive model can effectively be applied in e-banking practice. Intensity of competitive rivalry is also a major source of competition and is one of the kingpin of bank adoption of competitive strategy, hence enabling the banks to have competitive edge over their counter parts in the industry.

Nieto & Fernandez (2006) in his study concluded that e-commerce enabled practices have given smaller and larger Banks and firms level play ground to undertake their transactions. E-banking practices has also enabled smaller banks to outperform large banks in their operational efficiency and increased their customer base(s) and improved their customer loyalty. The KCB has transformed the retail banking sector industry as Kenya. The Agency Banking practices coupled with modern and unique products highly linked with ICT has improved the linkage and competitiveness of the bank. New

regulatory requirements have also made the bank to re-organize its operations strategies, innovativeness and position of services remain the critical factor in any organizational success. This has enabled the bank to achieve its predetermined targets. According to Chen (1990) banks have leveled technology to optimize sales and fulfillment of process, management of distribution channels as well as streamlining operations to satisfy and retain customers.

A number of research(es) have been undertaken in the banking sector. Nyausi (2008) did a research on integration technology in Kenya. Results indicated that banks have introduced internet Banking and other E-banking services to enhance delivery channel to their customers. Ochieng (2006) undertook a study on adoption of e-commerce strategies on performance of commercial banks in Kenya. His outcomes were that challenges and constraints were quite immense in this sector, which made adoption process slow but with remarkable success over a period of time.

Nitsure (2003) in his research on E-banking challenges and opportunities in the banking industry stated that E-banking has the potential of transforming the business of banking as it significantly lowers the transaction and the delivery costs. He further explained that the developing economies were facing similar challenges and problems of poor infrastructure low literacy rates and low penetration of information flows and the target markets. Ngugi (2011) did a survey on effects of E-marketing strategies on the performance of Commercial banks in Kenya. Her findings were that use of I.C.T enabled technology has greatly transformed the landscape of the banking industry. From the above analysis none of the researchers has undertaken a study on digitization practices in commercial banks in Kenya. The research question is what are the strategic responses adapted by Commercial Banks to digitize its operation and services.

### **1.3 Research Objectives**

i) To establish the strategic responses adopted by Commercial banks to digitize its operations.

### **1.4 Value of the study**

To the scholars the research will open up avenues of further research and analysis of various factors and challenges affecting the application of I.C.T enabled services in a developing economy. It will also enable researchers to adopt for service oriented practices in understanding customer service delivery channels and satisfaction.

To the bank and the Banking fraternity the study was of help in terms of understanding the variables and effects of the practice on banks success and performance. Will also enable the banks draft possible policy guidelines in line with digitization process in their institutions.

To the government, stakeholders and customers, the study was of great help in passing on educative information on the processes and especially the role of self serving technologies and in understanding their respective roles as customers. The government can draft policy guidelines using the valuable information gathered; to the stakeholders the study will positively reflect the image of the bank as innovative and customer focused in terms of its responses to challenges of digitization practices.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter presents the literature review on the competitive strategies and changes in the environment. This facet of this chapter includes the theoretical foundations of the study, customer service strategies, Technology and service delivery, Decline in Customer satisfaction in services, competing strategically through service and electronic banking channels.

### **2.2. Theoretical foundations of the study**

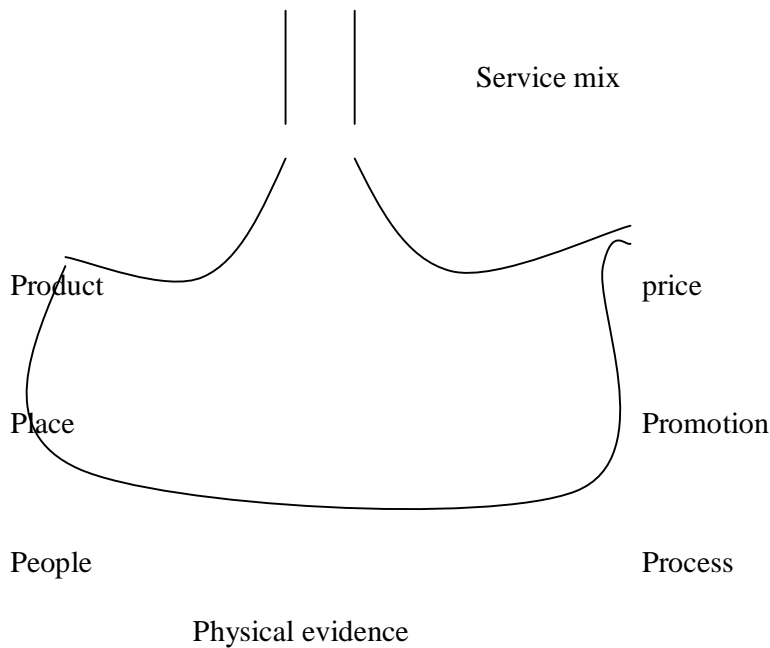
The study is anchored under Resource Based Theory. This theory proposes that organizational resources which are rare unimitateable and unique contribute to its competitive advantage. Barney (1991) It forms the basis for the competitive advantage of a firm and lies primarily in the application of a bundle of valuable tangible or intangible resources at the firm's disposal. Effectively, this translates into valuable resources that are neither perfectly imitable nor substitutable without great effort. In this respect, resources are tradable and non- specific to the firm, while capabilities are firm – specific and are used to engage the resources within the firm, such as implicit processes to transfer knowledge within the firm.

### **2.3 Customer Service Strategies**

Modern service organizations have to manage the extent of marketing mix for services. The traditional 4 Ps of marketing mix in goods marketing, product, price piece and promotions are insufficient for the needs of the modern integrated service organizations because of the unique characteristics of service, and the interrelationship, of marketing

operations, and human resources and services. (Bitner & Zelthamr 1987) Booms & Bitner 1981). The seven Ps encompasses products, place, price, promotion, people, physical evidence and processes.

**Figure 1.2: The seven Ps encompasses products, place, price, promotion, people, physical evidence and processes,**



**(Researcher 2014)**

Customer service can be delivered effectively if the under listed practices are well managed. In organization set ups, the organizations being visible, elegant and customer savy provide customized service, set standards for customer service, being innovative, and motivation of employees effective complaint management, customer compensation etc (Kallol Das 2006)

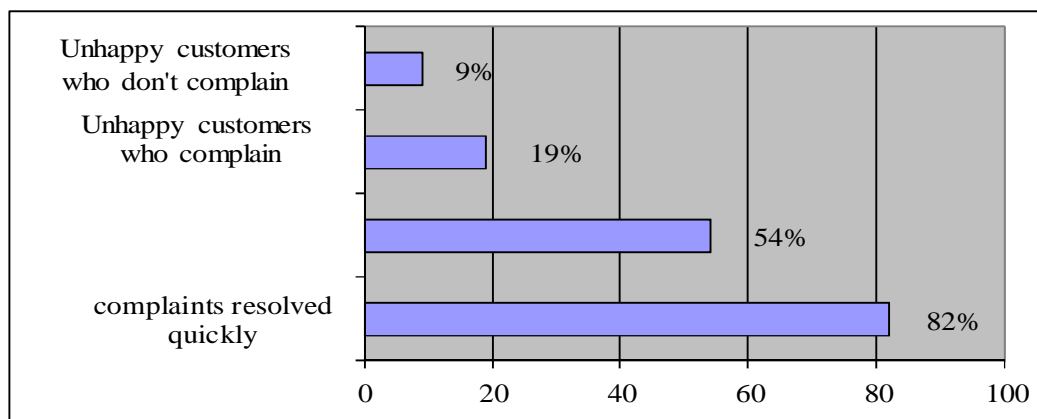
### **2.3.1 Service Recovery strategies**

According to Slatter (1997) the firms primary goals is to focus on maintaining the loyalty of its customers, simply because retention is cheaper than acquisition, its expensive to acquire new customers than maintaining older customer. (Heskelt et al 1997). Various researchers have argued that loyalty, retention and repurchase intentions of existing customers is positively linked to customer satisfaction. (Patterson & Spring 1997).

The principal reason why service users leave the current provider is failure of the core service element of the firm (Richman 1996) As Jones and Sasser (1995:89) concluded “except in few rare instances, complete customer satisfaction is the key to securing customer loyalty and generating superior long term financial performance”. This long term perspectives has produced a strong emphasis on orienting service strategy toward fulfilling service promise, increasing customer loyalty and reducing customer dissatisfaction (Kandaphlly 1998).

Is to be guaranteed. Recovery refers to actions taken by an organization in response to service failure, failure occurs for all kind of reasons, the service non availability when promised, late service delivery, or service element too slow in delivery, the outcome below expectations, employees being too fide and uncaring, all these contribute to negative feelings, and responses, from customers, left unresolved can lead to negative feelings and responses, and even challenging the organization through consumer right organizations or legal channels.

**Figure 1.3: Customers who will buy after major complaints**





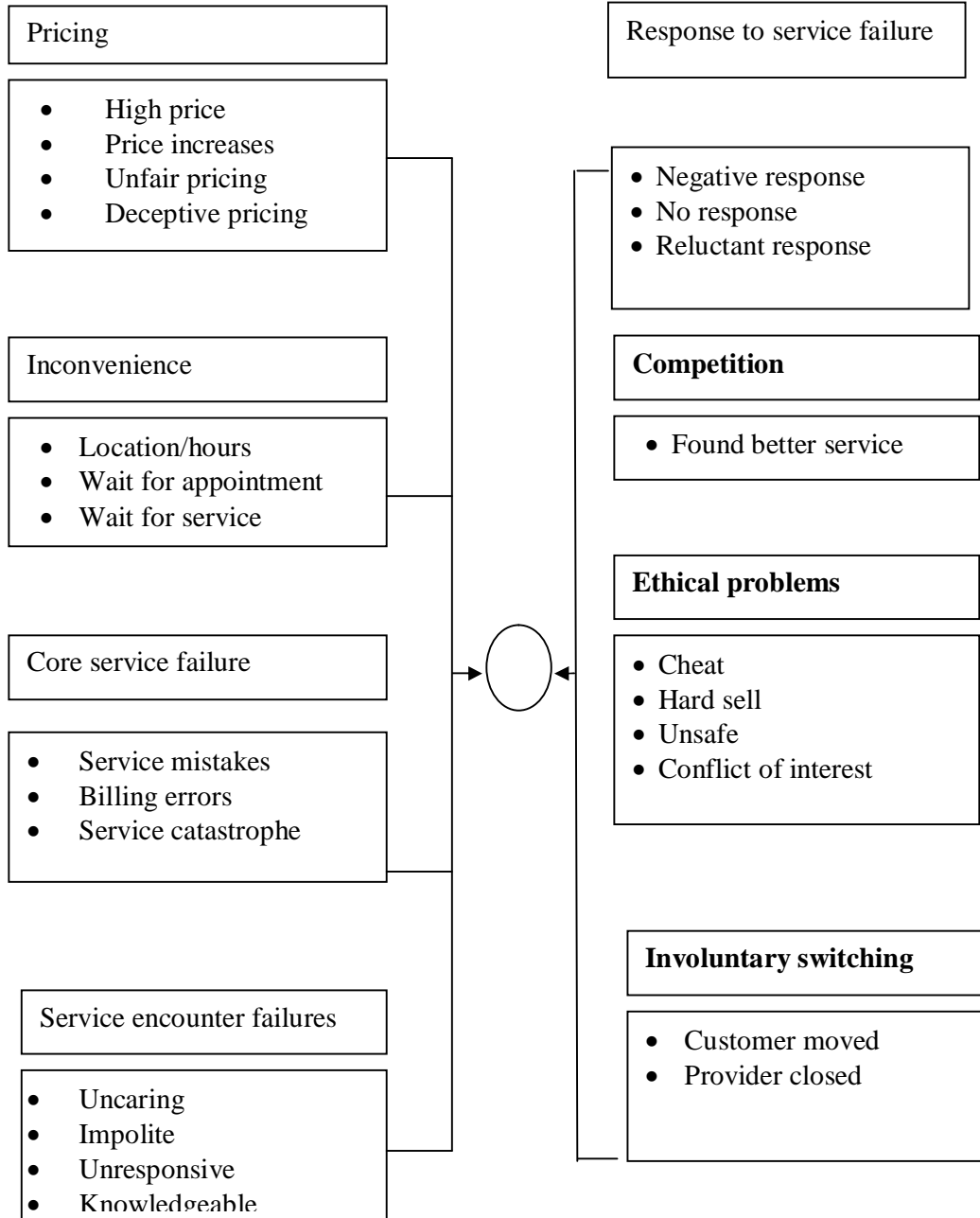
Source : adapted from data reported by technical assistance research programme

An effective service recovery strategy has multiple impacts, it can increase customer satisfaction and loyalty and generate positive word of mouth communications. A well designed, well managed documented service recovery strategy also provides information that can be used to improve services as a part of continues improvements effort. By making adjustments to service processes system and outcomes based on previous service recovery experiences, companies increase the likelihood of doing it right for the first time, in turn this reduces costs of failure and increases initial customer satisfaction.

Zelthmal Bitner et al (2008) outline some of the customer recovery expectation these includes, understanding and accountability, fair treatment in terms of outcome fairness, procedure fairness and institutional fairness.

On receiving strategies thus making the service fail safe, doing it right the first time.

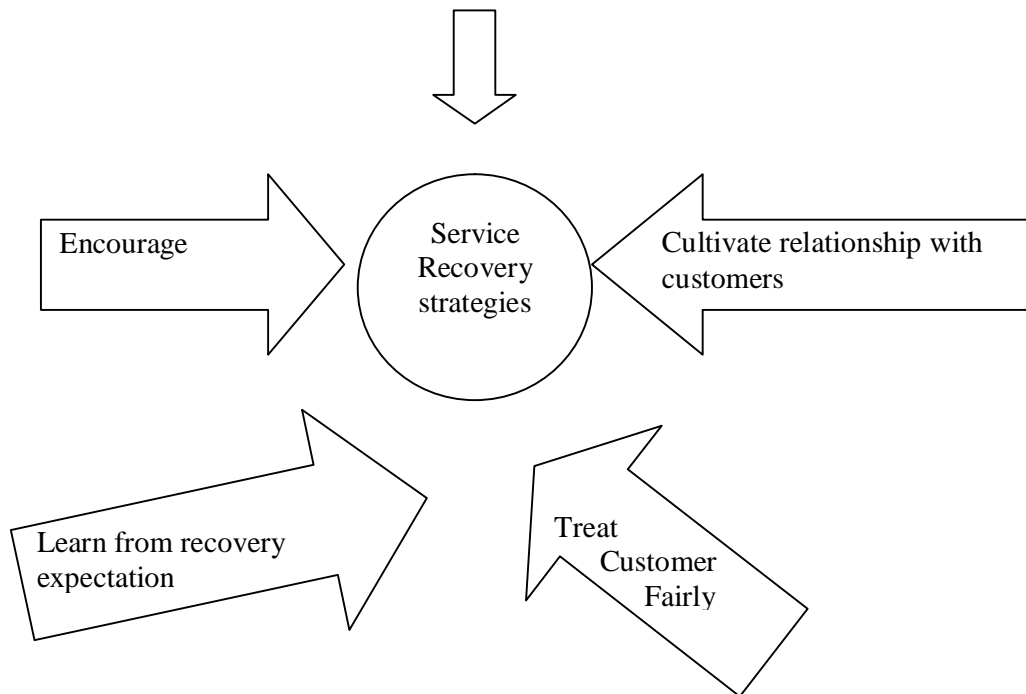
**Table 1.1: Factors responsible for service switching behaviors**



**Source : Researcher (2014)**

Management recovery strategies are many and valid (Zethmal Betner et al 2008). These include make the service feel safe. Do it right the first time, encourage and track complainers, act quickly, through the following managerial practices taking care of the front line staff, empowering employees, allow customers solve their own problems, among others measures. Management should also treat customers fairly, cultivate relationship with customers, learn from past experiences and learn from lost customers.

**Figure 1.4 : Service Recovery strategies**



### **2.3.2 Service Guarantees**

A service guarantee is a recovery tool. It's a pledge or assurance that a product /service will perform as promised, and if not then some of the reparation was undertaken by the firm. Service guarantees can effectively improve service provision in organization Benefits arising include: focus in customers' needs, reduction of sense of risk, easy to

track and integrate into customer improvement efforts, immediate and relevant feedback, finally it improves employee morale and loyalty.

The bottom line for the firm is that one effective guarantee can affect profitability through building customer awareness and loyalty through positive word of mouth and through reduction in costs as service improvements are made and service recovery expenses are reduced. Indirectly the guarantee can reduce costs of employees turnover through creating a more positive service culture (Zeithmal & Bitner 2008).

### **2.3.3 Empowerment practices.**

Empowerment practices can greatly enhance the quality of service provision. Organizations have not been very keen on empowerment practices. With competition and technological advancements empowerment has become very necessary both to employees and customers. The philosophy of empowerment is non bureaucratic and worker oriented, it fosters an environment of commitment and ownership (Lashley 1996) an environment in which employees utilize information that they glean from their daily interactions with customers to improve services and to contribute to managements understanding of customer requirements (Bitner, Boorns and Mohr 1994). Empowerment also provides employees with a sense of control which contributes to job satisfaction (Buteson 2000). Empowerment practices involves company's commitment to customize and personalize services, form long term relationships with customers, serving the unpredictable and non routine needs of customers, encouraging employees to more spontaneous decisions to assist in customers. It also seeks and retains employees who have high aspiration, strong interpersonal skills and a demonstrated ability to be self-motivated and self-managed.

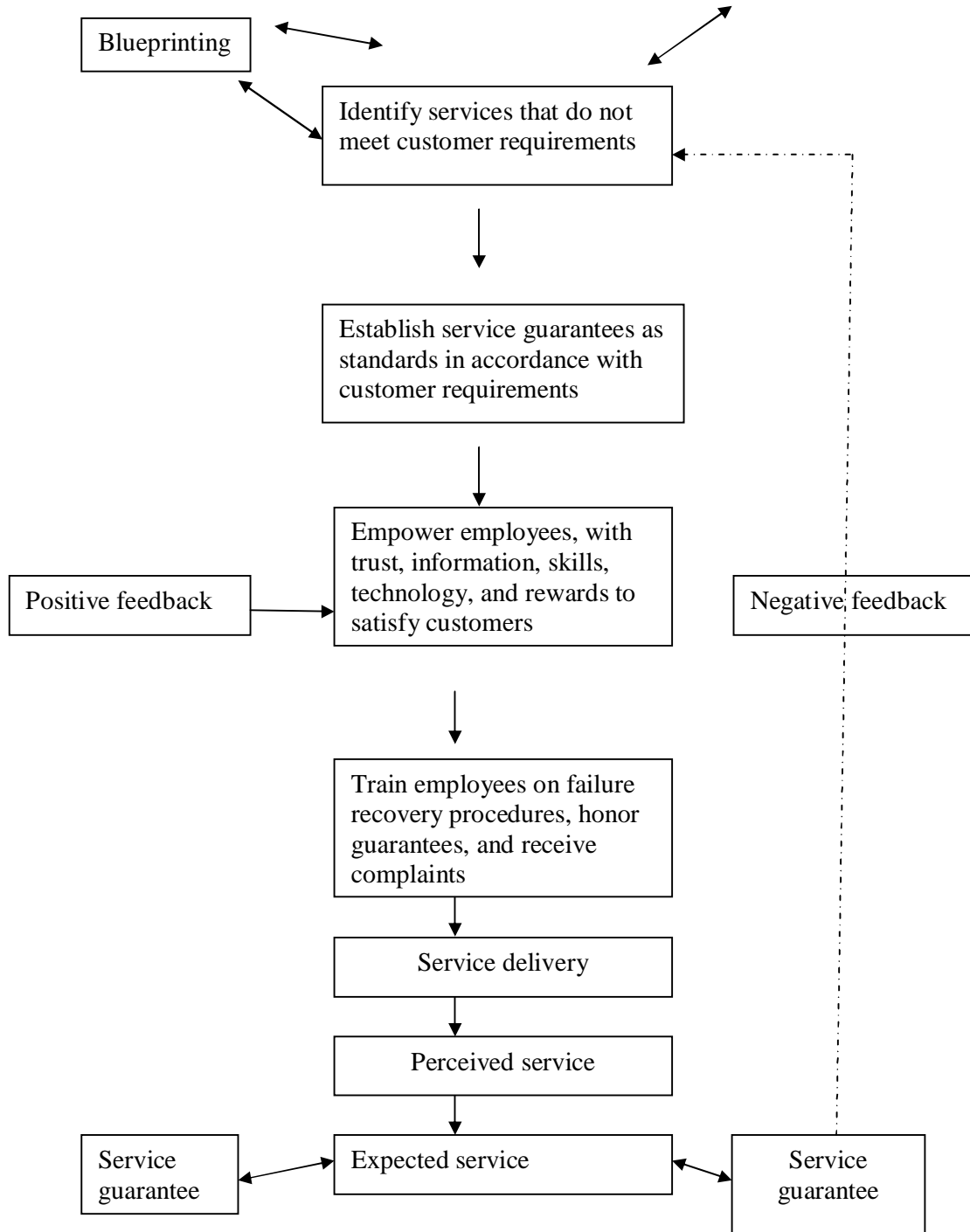
Potential benefits of empowerment cannot be understated (Kandepally 2008) indicates that empowerment has effects on three sets of issues, the management, the employees, the customers; to management it creates good relationship with customers employees, it reduces cost and employee turnover, creates opportunities for growth, ultimately results in competitive advantage, increased market share, sales and profitability; to customers it reduces time delays, fosters good relationship with the organization, customers will feel valued and appreciated.

#### **2.3.4 Coordinating Empowerment guarantee and recovery**

Kandapully (2008) argues that a firm competitiveness is a combination of effective coordination of three elements, empowerment, guarantee, recovery. Porter (1985 :1998) argued that various theories could be classified under two basic types of competitive advantage that lower costs than competitors. Effective differentiation from the industry members in terms of unique service provision is a competitive advantage element: Modern service guarantees of empowerment, guarantees, recovery are of crucial importance.

**Figure 1.5 Empowerment, guarantee and recover**

A service system showing links among empowerment, service guarantee, and service recovery



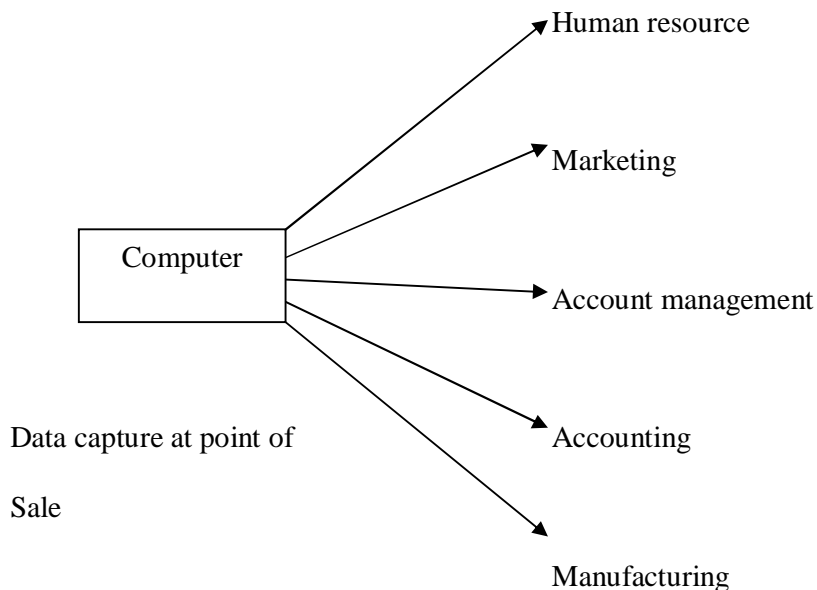
Source : Researcher (2014)

In service system establishment there are five basic steps. It starts with satisfaction of failure prone areas; obtaining of feedback; the establishment of service standards, this ensure that employees gain the requisite knowledge and skills. Finally development of a service failure strategy. The coordination of the vital strategies of empowerment service guarantee and service recovery depends on an appropriate service system success in establishing this provides a service firm with unique competitive advantage.

## 2.4 Technology and Service delivery

Kandapully (2008) asserts that technology has the greatest effects and has transformed the service sector in terms of service delivery methodology and benefits accruing from the same applications. Technology has enhanced competitiveness through creation of new and improved services delivery methodology. It has also enabled more involvement of customers in self service operations; it also creates centralized customer and service departments backed up by computerized file systems, finally it enables recording of customer information in easily accessible data banks.

**Figure 1.6 Impact of technology**



**Source Researcher (2014)**

#### **2.4.1 Decline in Customer Satisfaction in services**

Despite technological advance and increased service provision, customers are experiencing a decline in customer satisfaction in service provision (Glemler and Pandit 2008) identifies the following as critical causes behind the decline: too much technology applications with little or minimal human element involvement, technology based services (automated voice systems, internet based services, technology kiosks) are hard to implement, with many failures, and with poorly designed features and systems; customer expectations have become higher because of the excellent service they receive from some firms, thus they expect the same from all and are frequently disappointed. Organization have cut costs to the extent that they are too lean and too understaffed to provide quality services; many firms give lip service to customer focus and service quality, but they fail to provide the training, compensation and support needed to actually deliver quality services; delivering consistent high quality service is not easy yet many companies promise the same.

#### **2.4.2 Competing strategically through service**

Firms can compete profitably through service in variety of different ways. Management can use benchmarking to enable better implementation of service quality. Four themes are relevant: First, firms need exemplary “out of the Box” mindset on going out of their way and provide customer service in unique ways; Secondly the innovative cutting edge services, these are competing variables, being the leader in innovative products / services in the industry, leading by example technology.

Thirdly there is the value added revenue producing services to make them competitive. They need to create uniqueness through value adding additions. Finally there is the need to create a service culture that differentiates through attracting the best workers, offering



the best services, thus becoming an “employer of choice” and the provider of choice in the industry. (Carey 2008)

## **2.5 Electronic Banking Channels**

The advancement of technology invention of e-commerce and use of the internet has greatly facilitated the use of E-practices in modern Banking sector. The major shift towards involvement of the customer in the financial transactions and service provision has been noted with success in the recent past. ICT has become the pillar of financial service delivery and organizations performance.

Malhotra P. & Sign B (2007) on his study on factors influencing the extent of electronic banking services indicated that some banks have adopted the use of I.C.T enabled technologies while young upcoming banks have also embraced the same technology to reach its customer effectively. Asghar (2004) indicated in his study that online banking and web channel influence in business also very pronounced in modern banking practices. Success of the practice depends largely on resources and innovative capability of the most published products and services of E-banking practices include EFT (Electronic Funds Transfer) which is a mode of funds transfer from one account to another at any branch and any country or destination globally. (Jain 2006).

Internet Banking practices are also popular, this has come in line with technological innovations and inventions. This concept is the use of internet portal to enable customers use different kinds of services from bill payments to making investments (Pilkraimer et al 2004). Mobile banking practices is also an extremely popular channel adopted by commercial banks, this is a system that allows customers of a financial institution conduct a number of financial transactions through mobile devices such as phone or personal electronic gadgets (Pousttchi 2003).

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This chapter outlines the research design and methodology that was used in this study. It describes the research design, the target population, the data collection and data analysis techniques.

### **3.2 Research Design**

This study utilized a descriptive research design which was selected because it enabled the researcher to get and collect relevant respond opinions, analyze, and interpret them in relation to the problem under study. A research design is a framework that guides a researcher to understand how the research was undertaken, descriptive research answer questions of who, what, where, when, and how. (Saunders Lewis, Thornhill 2009).

### **3.3 Target Population**

In statistics, a target population has been defined as a specific segment of population about which information was collected. It's a well outlined set of people, services, elements and any special events. The target population for this study was Kenya Commercial bank(s) in Nairobi, Kenya.

### **3.4 Data Collection**

The study used primary data and secondary data of information. Primary data was collected using questionnaires, semi structured with both open ended and close ended questions. Questionnaires are less expensive as a method of data collection. The questionnaire was administered through drop and pick method, others was e-mailed, respondents of this exercise included, branch managers, relationship managers, corporate managers and operations managers.

### **3.5 Data Analysis:**

The data collected was edited coded and entries calculated using relevant statistical and appliances. Descriptive statistics was undertaken which will generate frequencies, percentages, means and standard deviation to summarize data. The study will also adopt linear regression to establish relationship between variables of interest. Result was tabulated using charts/pie charts and graphs.

## **CHAPTER FOUR**

### **DATA ANALYSIS, PRESENTATION AND INTERPRETATION**

#### **4.1 Introduction**

This chapter contains a presentation of results and findings obtained from field responses and data, broken into two parts. The first section deals with the background information, while the other section presents findings of the analysis, based on the objectives of the study as explored by the questionnaires where descriptive statistics have been employed.

#### **4.2 Response rate**

Questionnaires were issued to each of the Kenya commercial bank in Nairobi county making a total of 210 questionnaires. Of these 210 questionnaires, 180 were answered and returned thereby making an 85.714% response rate. According to Mugenda and Mugenda (2003) a 50% response rate is adequate, 60% good and above 70% rated very good. This also collaborates Bailey (2000) assertion that a response rate of 50% is adequate, while a response rate greater than 70% is very good. This implies that based on this assertion; the response rate in this case of 85.714% is very good.

This high response rate can be attributed to the data collection procedures, where the researcher pre-notified the potential participants and applied the drop and pick method where the questionnaires were picked at a later date to allow the respondents ample time to fill the questionnaires.

**Table 4.1: Response Rate**

	Frequency	Percentage
Returned questionnaires	180	85.714%
Unreturned questionnaires	30	14.286%
Total	210	100%

**Source : Research Data**

### **4.3 Validity Test**

In order to establish validity, the research instrument was given to experts who were experienced to evaluate the relevance of each item in the instrument in relation to the objectives. The same were rated on the scale of 1 (very relevant) to 4 (not very relevant). Validity was determined by use of Content Validity Index (CVI). CVI was obtained by adding up the items rated 3 and 4 by the experts and dividing this sum by the total number of items in the questionnaire. A CVI of 0.784 was obtained. Oso and Onen (2009), state that a validity coefficient of at least 0.70 is acceptable as a valid research hence the adoption of the research instrument as valid for this study.

The questionnaires used had Likert scale items that were to be responded to. For reliability analysis Cronbach's alpha was calculated by application of SPSS. The value of the alpha coefficient ranges from 0 to 1 and may be used to describe the reliability of factors extracted from dichotomous (that is, questions with two possible answers) and/or multi-point formatted questionnaires or scales (i.e., rating scale: 1 = poor, 4 = excellent). A higher value shows a more reliable generated scale. Cooper & Schindler (2008) indicated 0.7 to be an acceptable reliability coefficient. Since, the alpha coefficients were

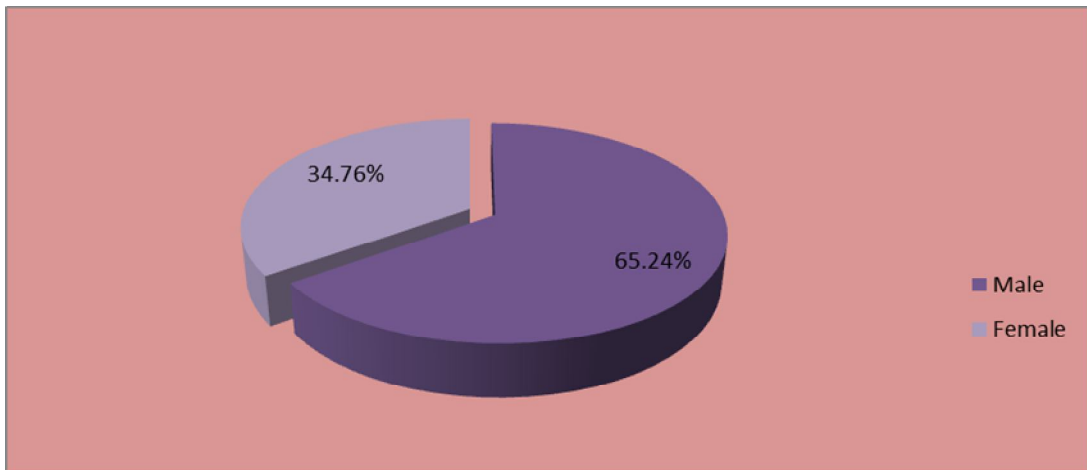
all greater than 0.7, a conclusion was drawn that the instruments had an acceptable reliability coefficient and were appropriate for the study.

#### **4.4 Descriptive statistics**

##### **4.4.1 Gender of the respondents**

The study sought to determine the gender distribution of the respondents in order to establish if there is gender parity in the positions. From the findings as indicated in Figure 4.1, majority (65.24%) were male respondents with (34.76%) being females respondents. This implies there were more males than female among the management working in the branches of the Commercial banks in Nairobi. This implies that more men than women are involved in the management of these banks.

**Figure 4.1: Gender of the respondents**

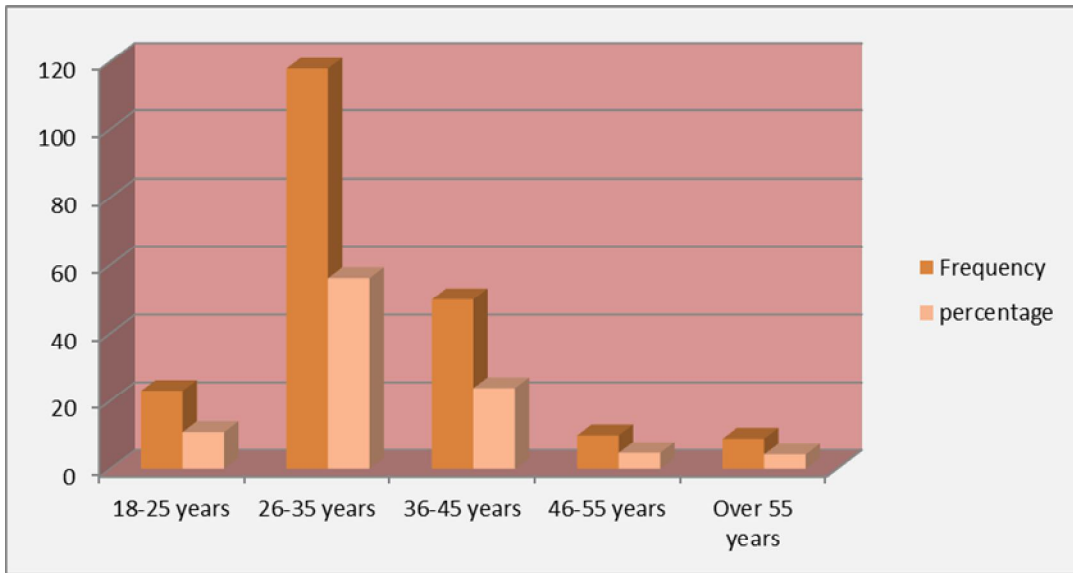


**Source : Research Data**

##### **4.4.2 Age group of the respondents**

The study further established the respondent's age distribution. The findings in Figure 4.4 shows the graphical representation of the same

**Figure 4.2: Age of the respondents**



**Source: Research Data**

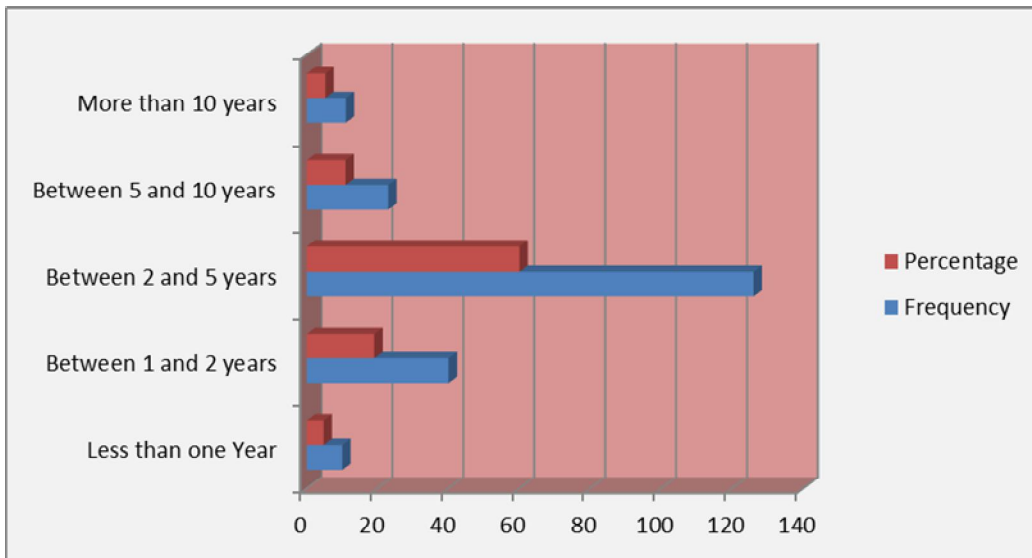
From the findings it was noted that majority of the respondents in the study were between the ages of 26 to 35 years old this age bracket carried a frequency of 118 and was 56.19% of the total respondents. This was closely followed by respondents between the ages of 36 to 45 years old and carried a frequency of 50 respondents. This was calculated to be 23.81% of the total respondents.

This was closely followed by respondents between the ages of 18 to 25 years. This age bracket carried a frequency of 23 respondents which was calculated to be 10.95% of the total respondents. Closely after were respondents between the ages of 46 to 55 years old and carried a frequency of 10 respondents which was calculated to be 4.76% of the total respondents. The last age bracket was of respondents between the ages of over 55 years. This carried a frequency of 9 respondents and was calculated to be 4.28% of the total respondents.

#### 4.4.3 Years of service in the Commercial Banks

The study further established the years of service of the commercial banks. The data Figure 4.4 shows the graphical representation of the findings

**Figure 4.3: Years of service in the commercial banks**



**Source : Research Data**

From the study it was noted that majority of the respondents stated that they had been working for a period of 2 to 5 years. This carried a frequency of 126 respondents which calculated a 60% of the total respondents. This was followed by respondents who stated that they had been working for the commercial banks for a period of 1 to 2 years. Those who said this carried a frequency of 40 respondents which was calculated to be 19.05% of the respondents.

Closely next was of the respondents who said that they had been in service with the commercial banks for a period of 5 to 10 years which carried a frequency of 23 respondents, this was calculated to cover 10.95% of the total respondents. Respondents



who stated that they had been in operation for a period of more than 10 years followed closely after with a frequency of 11 respondents and was calculated to be 5.24% of the total respondents. The last group of respondents were those who stated that they had been in operation for less than one year. This group of respondents carried a frequency of 10. This group was noted to be 4.76 % of the total respondents.

#### **4.5 Extent of adoption of the different E-business Strategies by the commercial banks with the aim to digitize customer service operations in Kenya**

The main objective of the study sought to find out the responses adopted by the commercial banks to digitize customer service operations to commercial banks in Kenya. From the analysis of the data, the following was established. The respondents were asked to Rate how they felt about different variables related to digital customer service in a five point Likert scale.

The range was from very great extent (5) to 'no extent' (1). The scores of 'very great extent' was represented by the variable 5, the score representing 'great extent' was represented by the value 4, score representing 'moderate extent' was constituted by the value 3, scores representing 'little extent' was noted by the value 2 and lastly the scores representing 'no extent' was established by the value 1.

**Table 4.2: Extent of adoption of the different E-business**

<b>Variables</b>	<b>Mean</b>	<b>Std. deviation</b>	<b>Skewness</b>	<b>Kurtosis</b>
<b>Online goods or services trading</b>	4.34	0.628	-0.343	-1.104
<b>Online catalogs</b>	4.21	0.7834	0.016	-1.151
<b>Online sales promotion and advertising</b>	4.37	0.708	-0.323	-1.004
<b>Online collaborative work interaction</b>	4.21	0.785	0.016	-1.151
<b>Online digital content delivery</b>	3.37	1.298	-0.323	-1.004
<b>Online accounts settlement</b>	4.08	0.922	-0.077	-1.143
<b>Online sourcing</b>	4.66	0.44	-0.006	-1.219
<b>Online public procurement</b>	3.23	1.285	0.014	-1.150
<b>Online customer support</b>	3.34	1.228	-0.343	-1.104
<b>Online post –sales service</b>	4.21	0.175	0.016	-1.151
<b>E-Inventory management</b>	3.37	1.298	-0.323	-1.004
<b>E-manufacturing management</b>	4.08	0.8201	-0.077	-1.143

**Source : Research Data**

From the study it was noted that the statement; online goods and services trading had a mean of 4.34 and a standard deviation of 0.628. This indicated that most respondents believed that there was a great extent of online trading of goods and services by the commercial banks in Nairobi. It was noted also from the analysis that the statement Online catalogs had a mean of 4.08 and a standard deviation of 1.182. This indicated that most respondents indicated that there most commercial banks used online catalogs as an E-business strategies in an aim to digitize customer service and operations in commercial banks in Kenya. The standard deviation calculated indicated an insignificant variance from the responses of the respondents.

The study also showed that the statement online sales promotion and advertising was an E business strategy that had a great extent of adoption in commercial banks in with the aim to digitize customer service and operations. This was noted by the mean calculated of 4.37. The standard deviation calculated in the analysis also showed a small variance from the mean mark on the responses. The statement online collaborative work interaction was noted from the study to have a mean of 4.21 which indicated that most respondents believed that there was great extent of adoption in online collaborative work with the aim to digitize customer service operations. The small standard deviation indicated that there was a small variance from the responses of the respondents.

It is noted from the SPSS analysis that the statement Online digital content delivery was moderately adopted as an e business strategies with the effort to digitize customer service operations as it had a mean of 3.37 and a standard deviation of 1.298. From this standard deviation we could also deduce that there was very little variance from the responses.

Online accounts settlement was also seen to have a great extent of adoption in the

commercial banks with the aim to digitize customer service and operations due to the mean calculated of 4.08. The standard deviation calculated of 0.922 indicated a very little variance in the responses.

It was noted also from the analysis that the statement online post –sales service had a mean of 4.21 and a standard deviation of 0.175. This indicated that most respondents indicated that most commercial banks used Online post –sales service as an E-business strategies in an aim to digitize customer service and operations in commercial banks in Kenya. The standard deviation calculated indicated an insignificant variance from the responses of the respondents. The study also showed that the E-Inventory management was an E business strategy that had a moderate extent of adoption in commercial banks in with the aim to digitize customer service and operations.

This was noted by the mean calculated of 3.37. The standard deviation calculated in the analysis also showed a small variance from the mean mark on the responses. The statement E-manufacturing management was noted from the study to have a mean of 4.08 which indicated that most respondents believed that there was great extent of adoption in E-manufacturing management with the aim to digitize customer service operations. The small standard deviation indicated that there was a small variance from the responses of the respondents.

#### **4.6 Extent of the various performance indicators influenced by E-Business strategies**

The respondents were asked to Rate how they feel about different performance indicators related to digital customer service in a five point Likert scale. The table 4.2 below shows the results of the analysis of the findings.

**Table 4.3: Extent of the various performance indicators influenced by E-Business /digital strategies**

<b>Variables</b>	<b>Mean</b>	<b>Std. deviation</b>	<b>Skewness</b>	<b>Kurtosis</b>
<b>Increased market share</b>	4.34	0.6601	-0.343	-1.104
<b>Increased profitability</b>	4.034	0.962	0.016	-1.151
<b>Reduced costs of production</b>	4.189	0.8791	-0.323	-1.004
<b>Increased customer satisfaction</b>	4.333	0.667	0.016	-1.151
<b>Introduction of new products</b>	3.97	1.298	-0.323	-1.004
<b>Improved employee performance</b>	4.31	0.6882	-0.077	-1.143
<b>Expansion into new markets</b>	4.66	0.44	-0.006	-1.219
<b>Increased return on investments</b>	4.26	0.85	0.014	-1.150
<b>ICT integration in customer service delivery</b>	3.34	1.228	-0.343	-1.104
<b>Increased Departmental synergy</b>	4.01	0.915	0.016	-1.151
<b>Increased Cross functional trainings</b>	3.87	1.298	-0.323	-1.004
<b>Minimal customer complaints</b>	3.78	1.2201	-0.077	-1.143
<b>Increased job satisfaction</b>	4.34	0.628	-0.373	-1.124
<b>Low Employee turn over</b>	4.31	0.715	0.016	-1.151

**Source : Research Data**

From the study it was noted that the statement; increased market share had a mean of 4.34 and a standard deviation of 0.6601. This indicated that most respondents believed

that there was increased market share as a result of digitizing customer service operations in the commercial banks in Nairobi. The standard deviation calculated in the analysis of 0.6601 indicated that there was a small variation from the mean mark on the responses from the respondents. It was noted also from the analysis that the statement; Increased profitability had a mean of 4.034 and a standard deviation of 0.962. This indicated that most respondents showed that there was increased profit due to digitized customer service and operations in commercial banks in Kenya. The standard deviation calculated indicated an insignificant variance from the responses of the respondents. The study also showed that the statement; Reduced cost of production had a mean of mean of 4.37. The mean indicated that most respondents noted that there was a great extent of reduction in the cost of production as a result of digitization of customer service and operations in commercial banks.

The standard deviation calculated in the analysis also showed a small variance from the mean mark on the responses. The statement; Increased customer satisfaction was noted from the study to have a mean of 4.33 which indicated that most respondents believed that there was increased customer satisfaction due digitized customer service operations. The small standard deviation indicated that there was a small variance from the responses of the respondents.

It is noted from the SPSS analysis that the statement; Introduction of new products had mean of 3.97 and a standard deviation of 1.298. From this we could also deduce that there was introduction of new products due to digitization of customer services and operations. The mean calculated indicated most respondents indicated a great extent of introduction of new products in the commercial banks. The standard deviation calculated indicated that there was a small variance of the responses from the respondents. The study noted that there was a great extent of improved employee performance due to digitized

customer service and operations on commercial banks due to the mean calculated of 4.31. The standard deviation calculated of 0.6882 indicated a very little variance in the responses.

The statements; Expansion into new markets, Increased return on investments, ICT integration in customer service delivery, Increased Departmental synergy, Increased Cross functional trainings, Minimal customer complaints, Increased job satisfaction, and Low Employee turnover had mean values of 4.66, 4.26, 3.34, 4.01, 3.87, 3.78, 4.34 and 4.31 respectively. This generally indicated that the respondents believed that digitization of customer services and operations in commercial banks resulted in either a great extent or a very great extent of introduction of these factors. For instance it was noted that there was a very great extent of introduction of new markets in the commercial banks as a result of digitization of customer services and operations.

There was a great extent of increased return on investments due to digitization of customer services and operations in commercial banks. It was also noted that there was a great extent of increased customer satisfaction due to digitization of customer services and operations in the commercial banks. This was noted by the mean calculated of 4.34. The standard deviations of less than 1.00 calculated from this statement generally indicated that there was a small variance from the responses of the respondents.

#### **4.7 Technology and Service delivery**

From the findings it is noted that digitization of customer service and operations in commercial banks, Kenya was greatly influenced by the level of technological advancement. Most statement relating to digitization of customer service and operations related to development of technology in the country. This statement included online goods or service training, online catalogs, online collaborative work, online digital

content delivery, online accounts settlement, online sourcing, online public procurement, online customer support, online post-sales service, E-inventory management, E-manufacturing management. These statements are noted to be dependent by the level of telecommunications advancement in the country. Development of technology is therefore a key factor to digitization of customer services and operations in the commercial banks.

#### **4.8 Summary and discussion of the findings**

From the study it was noted that digitization of the customer services and operations included online goods or service trading, online catalogs, online collaborative work, online digital content delivery, online accounts settlement, online sourcing, online public procurement, online customer support, online post-sales service, E-inventory management and E-manufacturing management. This was noted by the high mean values calculated on these statements of 4.34, 4.21, 4.37, 4.21, 3.37, 4.08, 4.66, 3.23, 3.34, 4.21, 3.37 and 4.08. The high mean values indicated that there was a generally great extent or very great extent of adoption of these factors to digitization of customer services and operations in commercial banks in the country. It was noted that there was a greater extent of adoption of some of the factors such as online goods and services (4.34).this therefore indicated that there was a very great extent of adoption of online goods and services as a strategic response to digitization of customer service and operations. The same was noted for online collaborative work, mean (4.37), online public procurement(4.66), online post sales services (4.21), E-manufacturing management (4.08).The high mean values on these strategic responses indicated that there was a very great extent of adoption of these factors with the aim to digitize customer service and operations in commercial banks. The standard deviation calculated less than 1.00 indicated that there was a small variance from the responses of the respondents.



## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter is a synthesis of the entire study, and contains summary of research findings, exposition of the findings, commensurate with the objectives, conclusions and recommendations based thereon.

#### **5.2 Summary of the Findings**

From the findings it was noted that online goods and services trading had a mean of 4.34 and a standard deviation of 0.628. This indicated that most respondents believed that there was a great extent of online trading of goods and services by the commercial banks in Nairobi. The study also noted that Online catalogs had a mean of 4.08 and a standard deviation of 1.182. This indicated that most respondents indicated that there most commercial banks used online catalogs as an E-business strategies in an aim to digitize customer service and operations in commercial banks in Kenya. Online sales promotion and advertising was an E business strategy that had a great extent of adoption in commercial banks in with the aim to digitize customer service and operations.

This was noted by the mean calculated of 4.37. Online collaborative work interaction was noted from the study to have a mean of 4.21 which indicated that most respondents believed that there was great extent of adoption in online collaborative work with the aim to digitize customer service operations. It was generally noted that the strategic responses had high mean values which therefore indicated that according to the responses of the respondents there was a great extent or a very great extent of adoption of the responses

by commercial banks in with the aim to digitize customer service and operations. It was noted that the adoption of these strategic responses led to increased market share, increased profitability, improved employee performance, Expansion into new markets, Increased return on investments, ICT integration in customer service delivery, Increased Departmental synergy, Increased Cross functional trainings, Minimal customer complaints, Increased job satisfaction, and Low Employee turnover were noted by the high mean values calculated of 4.33, 3.97, 4.31, 4.34, 4.21, 4.37, 4.21, 3.37, 4.08, 4.66, 3.23, 3.34, 4.21, 3.37 and 4.08 respectively. The high mean values indicated that most respondents believed that the adoption of the strategic responses mentioned earlier led to the stated results.

For instance adoption of strategic responses in order to digitize customer service and operations led to increased share markets of the commercial banks, increased profitability and increased returns on investments. The standard deviation calculated in the analysis indicated a small deviation from the mean mark on the responses from the respondents. From the findings it was also noted that digitization of customer service and operations in commercial banks, Kenya was greatly influenced by the level of technological advancement in the country.

### **5.3 Conclusion**

From the study we noted that the strategic responses in order to digitize customer service and operations in commercial banks that is, online goods or service trading, online catalogs, online collaborative work, online digital content delivery, online accounts settlement, online sourcing, online public procurement, online customer support, online post-sales service, E-inventory management and E-manufacturing management were noted to have a significant positive effect on various factors important in the

performance of firms. It was noted for instance that these strategic responses led to Expansion into new markets, Increased return on investments, ICT integration in customer service delivery, Increased Departmental synergy, Increased Cross functional trainings, Minimal customer complaints, Increased job satisfaction, and Low Employee turnover. Therefore strategic responses to digitizing customer service and operations should be encouraged in order to have increased job satisfaction, increase the profitability of the firms or increase the returns on assets of commercial banks in Kenya.

#### **5.4 Limitations of the study**

During the research, a few restrictions were noted to affect the study. For instance it was noted that it was difficult acquiring statistics from the 44 commercial banks that were in the study. Some of the employees who were issued the questionnaires thought of the filling in of the questions as a waste of time to their busy routines. Time was also noted to be a hindrance to acquiring all the relevant data relating to the study. The time available to investigate the research problem and to measure change or stability within the sample was constrained by the due date of the study. More time would have been preferred for the study so as to get a comprehensive analysis of the strategic responses adopted by commercial banks to digitize customer service and operations.

#### **5.5 Recommendations**

Based on the study findings, the study recommends commercial banks should aim to fully integrate customer services and operations such as online goods or service trading, online catalogs, online collaborative work, online digital content delivery, online accounts settlement, online sourcing, online public procurement, online customer support, online post-sales service, E-inventory management and E-manufacturing management as it was seen to be directly proportional to return on assets, profitability,

Expansion into new markets, return on investments, ICT integration in customer service delivery, Departmental synergy, Cross functional trainings, and job satisfaction. This implied that an increase in the integration of this strategic responses led to an increase in the effects mentioned.

The study also recommends that commercial banks should implement fully functional technological systems for effective digitization of customer services and operations. This was noted as an important factor as all of the strategic responses suggested in the study depended on the efficient running of the telecommunications systems in the commercial banks.

### **5.6 Areas for Further Research**

The study suggests that similar studies should be done on the strategic performance of other financial institutions such as saving and credit corporations (SACCOs) and micro finance institutions (MFIs'). This will assist in getting a comprehensive study on the strategic responses adopted to digitize customer service and operations in all financial institutions. There is need for further studies to carry out similar tests for a longer time period of time. This will help in observing the effects of implementation of these strategic responses to the commercial banks on a wider perspective. Further studies should be done to compare the organizational performance commercial banks that have fully adopted the strategic responses and those that have not adopted the strategic responses.

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## **APPENDIX I: COVER LETTER**

Simon Kioko  
C/O University of Nairobi  
School of Business  
Nairobi, Kenya

### **REF: REQUEST FOR PARTICIPATION IN MY RESEARCH WORK**

The above refers. I am a post graduate student at the University of Nairobi undertaking a Masters Degree in Business Administration (MBA) As part of the study work, I am required to carry out a research study on the industrial consumer perception and market share of the Atlas Copco brand. Your esteemed organization was selected as part of the sampled population.

I kindly request for your permission and time to fill out the attached questionnaire. The data collected remains confidential and was used for academic purposes only.

Thank you in advance.

Simon Kioko

Signed



## APPENDIX II : QUESTIONNAIRE

Topic Strategic Responses Adopted by KCB to digitize customer service delivery and operation.

### Demographic data (Section a)

1. Name of Respondent .....
2. What is your sex:  
Male                       Female
3. What is your age group:  
18 – 25 years                       26 - 35 years                        
36 - 45 years                                            46 - 55 years                        
Over 55 Years
4. What is your designation .....
5. How long have you worked in the commercial banks?
  - a) Between 1 and 2 years
  - b) Between 2 and 5 years
  - c) Between 5 and 10 years
  - d) More than 10 years
  - e) Less than One year
6. What is the number of branches does the bank have currently?.....

### Section B: Bank Strategies and Responses

7. What prompted your bank to digitize its operations
8. When did the process /exercise (begin).....
9. How long has it been in the market?
10. Why did you adopt the practices ?

11. What specific areas of digitization

12. Which are the main functions performed by E-Banking Practices in your business?

- Increasing sales [ ]
- Satisfying customers [ ]
- Communicating [ ]
- Developing brand equity [ ]
- Developing new product [ ]
- Analyzing new markets [ ]
- Facing competition [ ]

To what extent does your business apply the following E-Business strategies?

Digital Strategies	To very large extent	To a large extent (4)	To a moderate Extent (3)	To a small extent (2)	Not at all (1)
Online goods or services trading					
Online catalogs					
Online sales promotion and advertising					
Online digital content delivery					
Online collaborative					

work interaction					
E-manufacturing management					
Online accounts settlement					
Online sourcing					
Online public procurement					
E-Inventory management					
Online customer support					
Online post –sales service					
Product promotion via online catalogs					

13. to what extent are the following performance indicators influenced by E-Business /digital strategies in the banking practices contribution to success of customer satisfaction

Performance indications	Very great extent (5)	Great extent (4)	Moderate extent (3)	Little extent (2)	No extent (1)
Increased market share	[ ]	[ ]	[ ]	[ ]	[ ]
Increased profitability	[ ]	[ ]	[ ]	[ ]	[ ]
Reduced costs of	[ ]	[ ]	[ ]	[ ]	[ ]

production					
Increased customer satisfaction	[ ]	[ ]	[ ]	[ ]	[ ]
Introduction of new products	[ ]	[ ]	[ ]	[ ]	[ ]
Improved employee performance	[ ]	[ ]	[ ]	[ ]	[ ]
Expansion into new markets	[ ]	[ ]	[ ]	[ ]	[ ]
Increased return on investments	[ ]	[ ]	[ ]	[ ]	[ ]
ICT integration in customer service delivery	[ ]	[ ]	[ ]	[ ]	[ ]
Increased Departmental synergy	[ ]	[ ]	[ ]	[ ]	[ ]
Increased Cross functional trainings	[ ]	[ ]	[ ]	[ ]	[ ]
Minimal customer complaints	[ ]	[ ]	[ ]	[ ]	[ ]
Increased job satisfaction	[ ]	[ ]	[ ]	[ ]	[ ]

Low Employee turn over	[ ]	[ ]	[ ]	[ ]	[ ]
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Thank you for your positive response

13. Was the strategy of digitization meant to achieve any objectives? Like market share expansion /customer retention /improved customers service meting the competition among others pleased explain?

14. How has the rate of technological advancement affected or contributed to your banks competitiveness in the market.

15. Have you outsourced some of your services to another security firm for professional input of your services?

16. How successful has been the strategy of outsourcing?

17. Kindly explain your position in the market in term of leadership among the forty six banks in operation leader/challenger/follower/ specify

18. What specific challenges have you come across while digitizing your services /operations? Kindly indicate the challenges under the following elements, shareholders/employees/regulation/financial resources/organizational culture/competition within the industry /other specify?

19. Has the digitization process contributed to the organizations competitiveness /growth/productivity and profitability . please specify

20. Generally give you own views on the future of digitize and technological advancements in the Banking sector and its stakeholders.

Thank you for your participation

### **APPENDIX III: LIST OF COMMERCIAL BANKS IN KENYA**

1. Africa Banking Corporation Bank Ltd(Kenya)
2. Bank of Africa Ltd
3. Baroda Bank Ltd
4. Bank of India Ltd
5. Barclays Bank of Kenya Ltd
6. CFC Stanbic Bank Ltd
7. Charterhouse bank Ltd
8. Chase Bank Ltd (Kenya)
9. Citibank N.A Ltd
10. Commercial Bank of Africa Ltd
11. Consolidated Bank of Kenya Ltd
12. Cooperative Bank of Kenya Ltd
13. Credit Bank Ltd
14. Development Bank of Kenya Ltd
15. Diamond Trust Bank Ltd
16. Dubai Bank Kenya Ltd
17. Ecobank Ltd
18. Equatorial Commercial Bank Ltd
19. Equity Bank Ltd
20. Family Bank Ltd
21. Fidelity Bank Limited Ltd
22. Fina Bank Ltd
23. First Community Bank Ltd
24. Giro Commercial Bank Ltd

25. Guardian Bank Ltd
26. Gulf African Bank Ltd
27. Housing Fin. Co. of Kenya Ltd
28. HabibBankLtd
29. Habib Bank A.G Zurich Ltd
30. I&M Bank Ltd
31. Imperial Bank Kenya Ltd
32. Jamii Bora Bank Ltd
33. Kenya Commercial Bank Ltd
34. K-Rep Bank Ltd
35. Middle East Bank Kenya Ltd
36. National Bank of Kenya Ltd
37. NIC Bank Ltd
38. Oriental Commercial Bank Ltd
39. Paramount Universal Bank Ltd
40. Prime Bank Ltd (Kenya)
41. Standard Chartered Kenya (K) Ltd
42. Trans National Bank Kenya Ltd
43. United Bank for Africa Ltd
44. Victoria Commercial Bank Ltd

**SOURCE:** (CBK, 2014)