

**LEVERAGING ON SOCIAL MEDIA TO OPTIMIZE SOLUTION DELIVERY  
AND MARKETING BY KENYAN BANKS - A *CASE STUDY OF STANDARD  
CHARTERED BANK KENYA.***

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## **DECLARATION**

### **Student's declaration**

I hereby declare that this is my original work and has not been presented for the award of a degree in any other university.

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### **Supervisor's declaration**

This Thesis has been submitted for examination with my approval on behalf of School of Journalism and Mass Communication, University of Nairobi.

Signature.....

Date.....

DR. SILAS ORIASO

## **DEDICATION**

To my family and friends who took time to encourage me to work on something I like.

## **ACKNOWLEDGEMENT**

Sincere gratitude goes to my supervisor Dr. Silas Oriaso who has been supportive and has provided astute thoughts and ideas into my work on this thesis. I appreciate his advice and unrelenting scrutiny in this research.

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## ABSTRACT

Social Media is a major development in Information Technology. *Facebook* and *twitter* are popular social media outlets globally. This study set out to look at banking in relation to *facebook* and *twitter*. Standard Chartered bank Kenya has both *facebook* and *twitter* accounts and this study sought to explore whether the bank used the two outlets sufficiently and successfully.

Some banks in the Americas, Asia and Europe and other service Industry companies, even in Kenya, have been very creative when using these two media to communicate with the audience, but these trends are not being replicated with banks in Kenya and as such this study explored whether the bank could use other marketing strategies on both *facebook* and *twitter*. This study sought to understand how the bank used these platforms for solution delivery and if this could be optimized. There was interest in finding out what other solutions could be provided by SCB on social media apart from what they were already doing. Privacy and security of the customers on social media and effects of embracing these media was another interest of the study.

Theories that informed this study are Diffusions of innovations theory, Uses and Gratification Theory and Technology Acceptance Model.

This study examined qualitative data collected through interviews of bank staff and questionnaires to bank customers, and analyzed content on the facebook and twitter accounts of the bank to reach the goal of the research.

The research found out that SCB was not active enough on facebook and twitter as these media would demand. It was also found that the bank mostly did promotions and marketing on these media; not different from the other traditional media even though there were several other ways of engaging the audience. Both the clients and customers were also concerned about the security of information and privacy of social media even though they felt the bank needed to be more active.

The findings of this research are important to the discussion on the use of social media; the effects and the issues of information security and privacy on these channels.

## LIST OF ABBREVIATIONS

ABA	-	American Bankers Association
BBK	-	Barclays Bank of Kenya
CBK	-	Central Bank of Kenya
CCK	-	Communication Commission of Kenya
CEO	-	Chief Executive officer
CNN	-	Cable News Network
FFIEC	-	Federal Financial Institutions Examination Council
KBA	-	Kenya Bankers Association
KCB	-	Kenya Commercial bank
ROI	-	Return on investment
SCB	-	Standard Chartered Bank
TAM	-	Technology Acceptance Model
UGT	-	Uses and Gratification Theory
UTAUT	-	Unified theory of acceptance and use of technology
CSR	-	Corporate Social Responsibility

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# CHAPTER ONE

## INTRODUCTION

### **1.0 Background to the Study**

In the banking industry, client's information and possessions are guarded with stringent security systems; strong rooms and vaults, and breach of these exposes an institution to several debilitating court cases, regulatory sanctions and dire reputational consequences including withdrawal of practicing licence. Operating in an environment that is very competitive yet fraught with challenges is a dicey game for financial institutions; in fact in the business of making money and satisfying clients that what they own is safe, one mishap or a simple loophole such as an unprotected password could be damaging.

With the increase in information dispersion in the age of new information technology, business can no longer avoid social media. Service oriented business including banks face death by avoiding or evading social media. Social media today is so pervasive even with customers. A financial institution like any other business would relish a chance to get instant customer feedback. Social media is an all-round encroaching source of feedback and a fertile ground for research on customer satisfaction and dissatisfaction.

While social media could be used on-board new customers, faster and smarter solutions delivery for the customers, deciphering customer needs, feeling out new customer trends so as to create new needs, and even marketing; the daunting task is using this kind of media safely for both the customers and the banks while applying it within the laws and

regulations of the industry both nationally and internationally. Social media has several advantages but it comes with a brimful of complications and even threats.

The banking industry has a lot to gain from the social media. It has a lot of potential for growth for fast thinking companies, but it could be a bane for those rushing in without planning. Banks all over the world are getting into social media albeit cautiously as there are underlying dangers to service companies and their personnel. There have been situations where companies have had to do a lot of explanations to the public on issues posted by their employees or associates on social media. Some firms are lucky to get away with only the loss of the specific employee. Others are not so lucky and have gone on to fight the bad image created on social media by errant employees or customer complaints not resolved quickly. This is an indicator of a risky field to delve into by an industry that is already always grappling with risk appetite and tolerance. There is however a trend towards embracing of social media by different industries. The gains are immense while at the same time, a bank can lose a lot from a mishap on social media.

From the speedy development in social media, things are bound to go awry. In some instances users close their pages due to embarrassment either caused by errant employees or disenchanted clients or fans. An American media firm, InterActiveCorp (IAC) in December, 2013 had to fire their public relations executive, Justin Sacco after her reckless tweet that seemed to be racially insensitive and discriminative (Steller, 2013). Customers are on a tirade anytime there is delay of service by banks and with social media, this spreads very first as people who feel undermined by the bank will spread this

outburst by use of hashtags on twitter. This calls for a keen look into the social media before entering the field. Banks are getting into this slowly. Kenyan banks are even slower (Kenya Bankers Association, 2014).

Banks are coming up with creative solution delivery. This is embedded on the use of social media. There are several success stories on the use of social media by banks all over the world to promote their brands. Some banks have leveraged on a media like facebook to introduce products that are unforgettable. Some application developers have also joined the clamor for use of social media by banks. An application known as the *calcubot* developed and used on facebook allows a potential bank customer to explore loan options on different products (Camhi, 2013). There are other applications developed by banks and used on *facebook* for payments. These are avant-garde technologies that will eventually lead the banks to their customers and make banking easy. In 2012, ASB Bank (formerly Auckland Savings Bank), a bank in New Zealand started a mobile payment method on facebook called ASB social collect where clients would pay other facebook friend whether they were ASB clients or not (Thefinancialbrand.com, 2012).

Banks have a role to play in their daily engagement with clients on social media. They have responsibilities enshrined in laws and statutory regulations that they have to adhere to when operating. There are risks, compliance issues, vulnerabilities, controls, confidentiality laws and myriad factors they have to look at when they venture into social media engagement with their clients or potential clients (www.aba.com, 2013). It is

imperative that banks develop social media policies to support their already existing media and communication policies.

Regulators too must come in to look at this interesting field of social media. In the USA the Federal Financial Institutions Examination Council (FFIEC) which regulates the financial institutions and banks in 2013 came up with policies for the institutions noting that social media was now entrenched in society and the banks had to have a formal way of interacting with their clients (Thefinancialbrand.com, 2013). One of these policies was for banks to develop policies and procedures for their employees and department on social media. Their policy guide focuses on social media governance structure, written down policies, training of employees, monitoring and oversight, due diligence for third parties and compliance issues. These are very important not only in consumer protection but also the banks' security. The issue of employees is one that has to be handled with tact as on one side an employee will use social media socially for non work related reasons while on the other, she may be using social media on behalf of the bank. In this, a line has to be drawn.

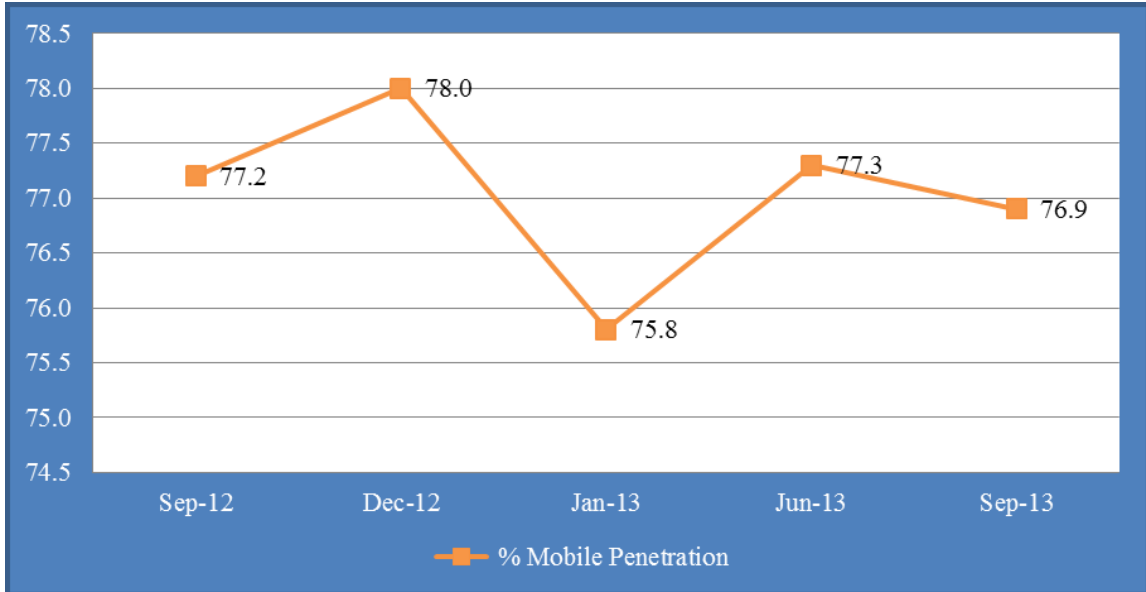
In Kenya the Central Bank of Kenya (CBK) is the chief supervisor of financial institutions and banks besides other roles. The CBK has Risk Management guidelines that even though they don't directly refer to social media appreciate the human threat to the Information Communication and technology framework of banks (Cetralkbank.go.ke, 2013). Banks have to be where the client requires them to be; the reason why mobile banking has taken off so fast and is soon to be followed by social media banking. If

policies are not developed to protect the consumer and the bank, there are bound to be issues arising. Since social media is new in this industry guidelines are needed to avoid any turbulence. The novelty of social media and its changing nature may pose a challenge and this should be considered when developing policies for posterity.

Okiro and Ndung'u , (2013) opine that information technology is at the forefront of mobile and internet banking in Kenya and this has made banking less costly. Mobile technology is one of the reasons social media banking is growing tremendously. Mobile banking took off faster in banking because of need, availability of the technology and ease of use within the customer base. According to Kenya Bankers Association (2014), in Kenya this phenomenon is so popular the uptake is over 70% and the use is so wide it's anchored in traditionally non-banking institutions like mobile telephony providers. According to cck.go.ke (2013), over 76.9% of Kenyans have access to mobile phone. This has increased the uptake of mobile banking within the country. Mobile telecommunications providers like Safaricom and Airtel also provide mobile money services and according to CCK the subscriber base is always rising with up to 24.8 million subscribers in mobile money transfer by midyear 2013. The trend also shows that agents for mobile money services are increasing making mobile money transfer more penetrative.



**Figure 1.1: Penetration of mobile telephony in Kenya**



**Source: CCK, Operators' Returns, 2013**

Mobile banking offers variety of banking services like Short Messaging Services alerts on account activities, services, change in services, downtime of bank facilities, new products and even promotions. With the entry of smart phones and better technology, mobile online banking joins the exponentially increasing number of services that we can do with phones.

Mobile phones are sufficient for mobile banking services like funds transfer; M-PESA being one of the most successful stories of mobile banking in the world, (Kimenyi and Ndung'u, 2009). The game has totally changed with the incoming of internet enabled phones and smart phones. Mobile banking in Kenya has made the people who could not access financial services because of long distances and bureaucratic customer due diligence issues access money through funds transfer services easily. Smart phones and

internet enabled phones are transforming the banking sector. While the mobile phone has made branchless banking possible, it has also made it affordable and accessible (Cracknell, 2004).

Kenyan banks are partnering with mobile telephone companies to give their customers a feel of the branchless banking and with the same stroke reducing the traffic going to the branches. Okiro and Ndungu (2013), mention how Kenyan banks are partnering with mobile money services providers like Safaricom and Airtel. Banks including Standard Chartered bank Kenya, Equity bank, Barclays Bank Kenya, Co-operative Bank of Kenya and Family bank have mobile platforms for mobile money services. According to [www.centralbank.go.ke](http://www.centralbank.go.ke) (2012), the partnership between banks and mobile services provider had grown up to 17 banks in 2012.

This study sought to explore whether banks are taking a cue from this transformation in mobile and online banking to take on the new waters of social media banking. There are several enablers within the mobile banking technology that banks should take advantage of and learn from in their desire to actively engage their clients online. One of these enablers is the online banking platforms that they already have. All they have to do now is to link and embed their online platform to the social media sites safely. Another enabler is the fact that there is an influx of less costly smart phones in the market. One thing that banks are very conscious about is the security of their systems and any malware is quickly detected and jettisoned as fast ([www.aba.com](http://www.aba.com), 2014). Taking advantage of the vacuum in policy and developing stringent rules in dealing with social

media banking helps banks take care of their security systems even before the regulator comes in to intervene.

Financial institutions in the USA, Europe and the Americas are being very innovative with products. One of the influences the Kenyan bank can borrow from is Moven, which allows a lot of interaction on *facebook*. At Moven the clients are allowed to send money to their friends on *facebook* and they are not taking chances with this idea, they have giveaways to clients who spread the word and invite their friends to use this product (Gustke, 2013). SmartyPig, another technology platform by West Des Moines helps clients to draw plans on social media and save. Customers can invite their friends and family to send money for a project via *twitter* and *facebook*, (Bankrate.com, 2013). These are just a few instances where banks have taken to social media to improve their relationship with their customers by providing smart solutions in this they get prospects in growing their customer and product base.

Banks are however cautious about going into technology developments alone. This brings in the third party technology vendor. According to ABA Journal (2014), vendor management should be taken very seriously when doing a social media risk assessment. Dangers lurk behind the use of a third party non employee to run a social media campaign or department. The Federal Financial Institutions Examination Council (FFIEC) in their draft policy on social media talks about due diligence on third party service providers, (Thefinancialbrand.com, 2014). These may be PR firms, Technology firms and non-employed staff. Other dangers in the use of social media could be hacking,

identity theft, fraud on bank accounts and even customer verification becomes a problem. Doing a Customer due diligence which is part and parcel of banks' policies becomes problematic. This is a major challenge but that will eventually be surmounted as the banks grow along side social media.

Another enabler to social media banking should be the fact that the customers are growing tech savvy and most of the young clients banks have are online and would like to interact with their banks online (Kenya Bankers Association, 2014). Banks can be blind and deaf to social media at their own peril. Banks in Kenya may be slow and cautious, but they are joining the social media to serve their customers better and Standard Chartered Bank Kenya is amongst them both on *facebook* and *twitter*.

### **1.1 Overview of Standard Chartered Bank Kenya**

Standard Chartered Bank Kenya is one of the 43 banking institutions in Kenya ([www.kba.co.ke](http://www.kba.co.ke)). It is part of Standard Chartered bank Public Limited Company operating in several parts of the world mainly in the United Kingdom, Asia, Middle East and Africa. According to [Banks-kenya.com](http://Banks-kenya.com), (2013) SCB has been operating in Kenya for over 100 years making it one of the most established banks in Kenya ([Arkafrica.com](http://Arkafrica.com), 2011). Being one of the oldest banks, it has appreciated the use of technology and has highly automated systems and constantly reviews technology so as to be abreast with the most up to date and secure systems. Standard Chartered bank customers are exposed to technologies that prevent long queuing synonymous with Kenyan banks ([businessdailyafrica.com](http://businessdailyafrica.com), 2013).

Standard Chartered bank Kenya is a major player in the Kenyan banking industry, almost always considered an up market banker. This bank has products that are embedded to technology including mobile banking and online banking. In these platforms they offer several services including funds transfer; from one account to another, and from account to Mpesa. In the online banking platform a customer can request for cheques, check account statement, request for real-time funds transfer to other banks. The bank has several products to offer the market.

Since Standard Chartered Bank has a vast appreciation on technology in its products, this study was interested in researching on the bank's use of social media; *facebook* and *twitter* because their online and mobile platform is quite successful in terms of use by the customer. At the bank a customer is able to manage her account by use of online banking, mobile banking, e-statements and short message service alerts. The bank also has *facebook* and *twitter* accounts where they engage customers. How to maximize the use of these channels of communication to thrive better in the competitive banking industry is a question that needed to be investigated.

## **1.2 Statement of the Problem**

The use of social media for marketing products is common when one visits social media profiles of banks. Use of social media in solution delivery and marketing should be creating a stronger bond and customer loyalty to the banks. Whether banks in Kenya effectively used social media for solution delivery and in return gained required examination. Little research has been done on this. Customers want to engage the banks

on social media. According to Bankrate.com (2014), JP Morgan Chase Bank in the United States of America has up to 10 employees constantly engaging with clients on their twitter accounts. A recent survey by (Kenya Bankers Association, 2014) indicates that bank customers in Kenya prefer banks to interact with them more on social media. Banks in Kenya give simple solutions which are dull for this exciting environment. Ngigi (2014), indicates that Kenyan banks are awaking to the fact that social media is important for marketing. Ernst and Young (2014), indicate that customers develop trust due to efficient communication and this can be done on social media. Some banks in Kenya are slow on responding to social media queries and this may kill their marketing or invite social media trolls on their pages. Kenya Bankers Association (2014), state that the customer is interested in her banker using social media more yet only 19 out of the 43 banks in Kenya use social media. The premise of this study was to explore if banks can embed other marketing strategies on social media, provide other solutions other than what they are already giving, and get returns from social media while also dealing with security issues on *facebook* and *twitter*.

### **1.3 Objectives of the Study**

#### **1.3.1 General objectives**

The purpose of this study was to explore the new services and optimized solution to customer issues that banks can have by leveraging on social media; *facebook* and *twitter*.

#### **1.3.2 Specific objectives**

These were the specific objectives of this study.

1. To explore marketing strategies which are not used by SCB on *facebook* and *twitter*.
2. To explore the new solutions that can be provided by SCB on *facebook* and *twitter*.
3. To explore how SCB can deal with privacy of clients in social media communication.
4. To explore the effects of embracing social media by the SCB.

#### **1.4 Scope and Limitation of the Study.**

This research was based on Standard Chartered Bank Kenya. It looked at its use of social media; *facebook* and *twitter*. It looked at these online channels; how they were used to communicate with clients. The location of the study is the headquarters of the bank at Chiromo and other branches in Nairobi. The study sought to determine how effective the bank's social media outlets were. The banks' social media outlets; *facebook* and *twitter* were monitored to verify the communication that goes on online with the customers or the other audience they engage on such media. The study sought to get answers from customers on how they felt about their bank and social media.

Other topics that fell under this study included the concept of social media, the trends on social media and banking and the challenges that banks faced due to entry into social media. Comparison between the other models of banking such as online banking, mobile money and the slow uptake of social media by banks was also be looked into by this study. This study also delved into the differences in traditional role of media in banking and the role of social media today.

Three theories that help understand the use of social media are employed in this study. Diffusions of Innovations, Uses and Gratification and Technology acceptance model were studied in relation to social media and banking in Kenya and how they may influence the use of this platform. A sample of employees was involved. This study focused on SCB to be representative of other banks in Kenya in terms of their use of social media.

### **1.5 Justification for the Study**

The field of social media is rapidly growing and many industries are bound to enter into social media to leverage in the less costly way of interacting with their clients. So many companies are today on *facebook*, *twitter*, *google+* and other social media outlets. Many banks operating in Kenya are also on social media. It is important to know how an industry significant in the economy is doing on social media; what they are doing and whether they are effectively taking advantage of the opportunities that are within these platforms.

Kenya Bankers Association an umbrella bankers' organization are at the forefront of using social media; in fact they have invited many bank Chief Executive Officers in Kenya to host a social media chat in which they discuss a variety of topics. The same institution has carried a survey amongst Kenyans about their views on social media and banking. This gives an impetus to delve deeper into what banks really do on social media and what the customers really want.

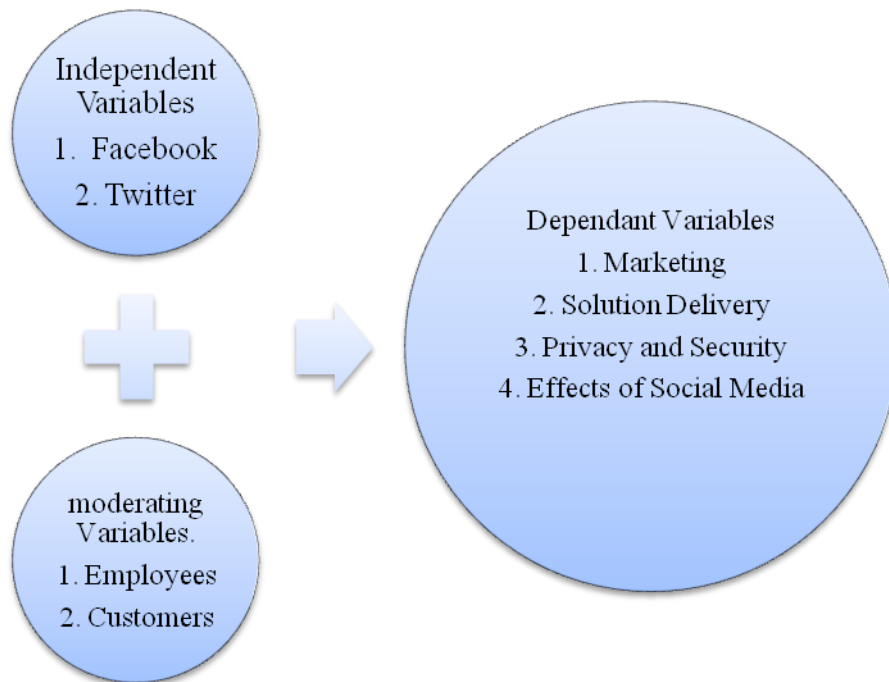


Financial institutions usually embrace technology very fast. The CBK supervision report 2012 indicates that mobile money has been improving exponentially and this is because banks are striking a partnership with mobile telephone companies. Research should be carried out to look into the slow speed at embracing social media. Essentially, Safaricom's MPESA has been around for almost the same period social media site *facebook* has been in Kenya. It is prudent to explore into the use of social media to clarify this difference in adoption and use of these platforms.

Information technology has improved a lot in recent times. There is an influx of new, cheap smart phones. Mobile phone subscribers according to cck.go.ke (2013), is up to 77.3%. More people who are buying internet enabled phones can access social media sites such as *facebook* and *twitter*. The young and upward moving who are bank customers are ecstatic about social media and spend a lot of time there and they influence other people, even the older generation, to join social media. The banks should be very interested in this, but they are very cautious, almost suspicious about a full throttle entry into social media. This research sought to explore better ways for banks to use social media and how banks could ensure security on social media.

**1.6 Conceptual Framework on leveraging on social media for marketing and optimized solution delivery.**

**Figure 1.2: Conceptual Framework**



## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

In this chapter, the research delves into the different sources and studies about social media and banking. It begins with the literature that has been written about social media and banking, and followed by the theoretical framework.

#### **2.1 Traditional role of media in banking**

The media traditionally plays different roles in the banking industry like it does in other industries. One of these is marketing. Levinson and Levinson (2011), define marketing as a precious connection between the seller and whoever buys what they sell. They go ahead and describe marketing as the business of selling, solving problems and creating desire. This is a service that is sourced by the banks from the different media outlets that are available. The banks can use the mainstream media directly or through advertising agencies. Marketing ensures new markets are reached, potential customers rounded up, new products are launched and the old customer base is kept engaged and intact. Traditional media like newspapers, magazines, TV and radio have always been used by marketing agencies to broadcast promotions for their clients that include banks. According to Ay, Aytakin and Nardali (2010), the changing business scene, globalization and technology forces institutions to change their marketing strategies and adopt new and swift marketing plans that are unconventional and less costly hence guerilla marketing.

Levinson and Levinson (2011), indicates that marketing is no longer as single weapon marketing but a 360 degrees communication assault that uses many a strategy that are affordable to reach as many audiences as possible. Marketers today must take the cue, that marketing is different in the changed technology environment. It can be done by word of mouth in person, by mail, on line, by telephone on newspapers, on TV or even Radio, but it must be done differently and this is one reason banks should think of their presence on social media differently as an opportunity to avert the raging competition.

Another role of media in banking is service delivery. Customers are very conscious of speed and manner in which transaction and relationship with banks are carried out. This gives other institutions an edge over others when customers decide to move to other banks because of slovenly service. Ouma and Munyoki (2010), assert that breakdown in service delivery is a major issue within the banking industry in Kenya. They mention delayed approval of loans, intrusive documentation and inflexibility of banks in provision of services as a major cause of pain for the customer especially the small and medium enterprise entrepreneurs.

The media, if unbalanced in reporting about banks can aid in detrimental effects like 2007-2009 worldwide credit crisis. Wisniewski and Lambe (2013) show succinctly how negative reporting eventually leads to the self-fulfilling outcomes of weaker economy, mistrust of banks and falling stock prices. This could be done by use of pessimist emotive language, painting bleak pictures and consistently pummeling the banks and financial institutions for eventually driving the economy to the woods with their pricing,

speculation and other malpractices. Closer home media reports on banks have been unforgiving. Kenyan banks have been making huge profits based on the capital they put in (www.kim.ac.ke, 2011). In 2011 though, a parliamentary house committee concluded after investigation that banks had manipulated the money markets and hoarded billions of shillings to shore up their profits in the money markets while weakening the Kenya shilling. The media focused on the damning report from the committee and focused on the reports' several malpractices by the banks. The bankers had to come public with their side of the story to stem the potential public damage that a media onslaught would cause.

## **2.2 Customer Experience and Loyalty**

A survey carried out by Ernst and Young between July to October 2013 on the banking industry indicates that customers value a lot the satisfaction they get from their financial service providers. The survey further stresses that a beautiful 'customer experience' and satisfaction will lead to advocacy by the bank customers. The bank clients are more likely to recommend their banks to other people if their experiences in problem resolutions, is positively memorable. Amongst the concerns of customers in the survey are the financial stability of the bank, information security, customer experience, fees and rates and.

Mentioned under customer experience in the survey included issues of communication, problem solution, complain handling and the quality of advice delivered. Up to 49% of the customers were comfortable using the online financial management tools (Ernst and Young, 2014). In the surveys audience segmentation, the new world adopters were noted as heavy users of technology and were easily persuaded into using newer products,

appreciating newer channels and were prominent for their advocacy if satisfied with the service of their financial service providers. This advocacy could only be possible if the customer trusts their banker. Trusts leads to loyalty which therefore would birth advocacy and recommendations.

Lovelock and Wirtz (2007), defines loyalty in business as a customer's willingness to continue patronizing a firm over the long term, preferably on an exclusive basis, and recommending the firm's products to friends and associates. Business need clients with this trait and more so the banking business where according to Ernst and Young (2014) up to 40 percent of banking customers were planning to close a banking product in 2013. This should be considered an opportunity by the Kenyan banks and to sift through their banking services and gear up for uptake of new customers and seal any holes that would release customers into the waiting hands of competitors.

According Lovelock and Wirtz (2007), loyalty is important for the businesses because of reduced operations costs as customers gain experience, more purchases as the customer's businesses expand, profits from referrals from customers and premium payments by customers who no longer have to be given discounts that new entrants are offered. Only a cherished customer experience can hold this loyalty and hence give their financial providers this advantage. Banks have to think creatively therefore when it comes to providing services that will not drive away customers but draw the attention on potential customers and the recommended. The use of technology has been seen as disruptive yet effective when used properly and adopted in a clear manner by the banks.

Up and coming young customers are enthusiastic about the use of social media by their banks in communication with them (www.kba.co.ke, 2014). It's the onus of the banks therefore to tweak this advantage in the use of social media in improving their 'customer experience'.

### **2.3 Service delivery and optimizing solution delivery**

The power of trust is invaluable in keeping a client in the banking industry. Ernst and Young (2014), indicates that turning that client into an advocate requires trust and one of the pillars upon which this trust is anchored is customer experience in which services provided to the customers and solutions proffered; the manner and speed in which these happen matters a lot in keeping the trust. Customers want peace of mind when looking for banking facilities. They want quick solutions to their problems. They want seamless services.

The KBA survey (2014) indicates that bank customers in Kenya prefer to communicate with their bankers on social media. We can deduce from this that customers do not want to come to the bank for flimsy reasons. Their preferred way of getting solutions is by using technology through their mobile gadgets, mostly mobile phones. The social media is a game changer when adopted by any company and there is no reason not to join. There are severe consequences for not joining though. A bank needs to be on top of his game and evade the competitors lurking and trawling through the social media sites studying and planning on their customers.

Loyalty is significant to the banks as it is to other service industry. As customers grow, they provide a potential of growing their accounts with their financial service provider. A company may begin as Small or Medium enterprise but with the support of their bank, as they grow into a large corporate and with subsidiaries, banks need to be more vigilant not to lose such customers. Lovelock & Wirtz (2007) indicate that over time, customers always grow larger and have a bigger buying power and this means larger account balances and increased appetite for credit. This happens because of high quality service which leads to loyalty hence no defections from clients.

Banking services are becoming innumerable as financial service providers are increasingly becoming creative to curb the movement of their customers to other banks. Soon as one institution comes up with a successful new service, the competitors join the bandwagon to slice in to the profitability of the service. Banks are no longer just carrying out their traditional roles of providing long-term loans and deposits. Edwards and Mishkin (1995) saw this, decades ago and the role has gone through several changes. According to them banks were not the only institutions lending money and as the money markets grew. The stock exchange like the Nairobi securities exchange is a viable place where capital is raised by different institutions and government. These are the same companies that years back would go to the banks for loans. The banks therefore due to this and many other reasons are adapting to these intrusions into their traditional business.



Banks have come up with new ways of ensuring they cover the lost revenue through new services including being intermediaries in business. To stay afloat in business banks are employing different techniques to knowing and keeping their customers. One sure way of providing better services to customers in any business is to know the customer; what they prefer, where they live or do their business and deciding which service package fits them. This is customer segmentation. According to Tsiptsis and Chorianopoulos (2011) customer relationship management has the roles of customer retention through customer satisfaction and customer development through customer insight. The customers differ in their needs, behaviours and potentials and hence need to be handled accordingly; hence the need of customer segmentation.

Banks have a lot of data about their clients. They can mine the data from their internal sources and from other media, specifically social media to strategize on the kind of services they would want to market or provide to their clients or to better solutions they provide. Data mining according to Tsiptsis and Chorianopoulos (2011) helps to provide individualized solutions; identifying the most valuable customers, customers that are at risk of attrition and even the growth potential of customers. Machauer & Morgner (2001) espouse that customer segmentation ensures better service to the customers and profitability to the bank. In Kenya, banks today have different services for different clients. These are some of the different segmentations in the Kenyan market: corporate clients, Small and Medium Enterprise clients, Individual clients, wholesale banking and consumer banking, Personalized banking, Prestige banking, Preferred banking amongst other services.

Other types of segmentation look even into age and religion. This is social segmentation. Islamic banking is one that is making inroads into the Kenyan market with major banks such as Standard Chartered bank with their *saadiq* product and Barclays Bank Kenya leading into the onslaught of its potential. Different banks come up with services that are geared towards the youth like CO-OP banks Yeah account. Better solution delivery depends on knowing what the customer needs. Today's bank customer is technology savvy and will ask so many questions on services and even bash the banker on social media if that's what it takes to get their problems solved. Since bank customers are constantly being solicited upon by different competitors there is need for loyalty to avoid any defections. Banks have the responsibility of ensuring they don't lose to competitors.

The survey by Ernst and Young (2014) indicate that customers consider convenience and communication as essential factors when looking into a good bank. The customer wants reliable ATMs, secure and dependable online banking services, quick handling of requests and ease of multiple transactions. Customer satisfaction also depends on clarity of information. If charges and fees are communicated correctly and revision of such are advised swiftly to the customers, then less complains will go to the bank and hence a satisfied clientele. The KBA survey (2014) is resolute that customers want communication through social media. We therefore have to think about the kind of solutions that banks could provide over social media.

## **2.4 The concept of Social media**

According to Merriam-Webster online dictionary, social media is defined as forms of electronic communication (as web sites for social networking and microblogging) through which users create online communities to share information, ideas, personal messages, and other content (as video). This covers as much as we have seen what social media is today. Social media provides different or alternative channels of communication that are swift, virulent and practically unstoppable. The hallmark of the channels provided by social media is that they connect people across the globe virtually via the internet with a lot of ease. They have revolutionized communication and the way information is received and disseminated.

Some of the popular examples of social media channel or sites across the world include facebook, twitter, YouTube, MySpace, google+ and several other blogs run by individuals or institutions including companies. Social media has dismantled the traditional way in which information was availed by media industry be they news or advertisement. The top down approach where information came comes from the media house to the populace is no longer viable as more information is in the public eye before media houses take it up. Such is the power of social media, as there are several communities in the social networks sharing their experiences whether enthusiasm with their new job at company A, anger at the slovenly service and company B, surprise at the discount at Bank C or anxiety over the faulty products of company D. Everything is shared on social media. There is so much information about major service industry companies especially customer reactions on products that these companies will rue the

chance of not getting to see; the reason why most companies today, even Kenyan banks have a profile in social media sites.

A look at the two major social media sites in Kenya on which individual, group and institutional accounts have been created, twitter and *facebook*, gives a peek at how serious the banks in Kenya are treating the social media. Five major banks that have accounts on both these social sites include: SCB, BBK, Equity Bank, CO-OP Bank and KCB. Even the financial institutions regulator, CBK, has accounts on both sites. The table below gives a gives us the number of followers on twitter and likes on *facebook* page that these major banks have.

**Table 2.1: Use of facebook and twitter by Banks in Kenya**

BANK	TWITTER FOLLOWERS		FACEBOOK ACCOUNT LIKES	
	MARCH 2014	SEPTEMBER 2014	MARCH 2014	SEPTEMBER 2014
SCB	1,151	1,900	11,831	25,000
BBK	8,032	16,400	129,000	167,000
EQUITY BANK KENYA LTD	14,500	21,500	202,800	328,000
KCB GROUP	27,300	46,000	58,100	134,000
CO-OP BANK KENYA	6,027	10,300	15,400	35,000
CBK	2,710	4,100	3,700	4,900

**Source: Author (2014)**

Note that these figures are subject to change as a follower can un-follow at will and so can a liker unlike at their discretion. The people following or liking are obviously interested parties and some customers of these banking institutions. You will notice that the table does not include who the bank follows. This is because the customer is likely to follow because of issues or products that they want to constantly be updated on.

The concept of social media and business should be looked at in depth. The media has always been used by banks for marketing and other communication purposes. Social media however is different in approach. The institutions can use it in different ways marketing, service delivery, solutions delivery and keeping the customer and potential customer engaged. Social media is big in marketing. Small startups grow exponentially overnight because of the buzz in social media. Marketing is the game that social media is bound to change in any institution. There different services that could be used in marketing including twitter, *facebook*, blogs, multimedia such as YouTube and Flickr, email marketing, search engine marketing and even affiliate marketing. The most popular social media sites are *facebook* and *twitter* and this has made marketing easier and faster.

## **2.5 New technology in banking and m-banking**

Barnes and Corbitt (2003) point to the fact that the use of technology in banking will spur new channels in banking which are bound to serve the customers more creatively. Technology has affected every facet of business and industry globally and this is not stopping. According to Ernst and Young (2014), the banking industry has higher affinity to the introduction and adoption of technology compared to other service industries.

Kenyan banks have not been left at the rear in this technology craze. New products are launched in the Kenyan banking sector with most being pegged on the use of technology to drive their marketing and their workability.

Some of the technology aided channels that have been launched include remote banking, mobile banking, internet banking, ATM banking, and even Agent banking. The latter is very prominent in the Kenyan banking industry with giants like Equity, KCB and CO-OP bank leading in their onslaught on the unbanked customer. The use of technology has been used to bring in the unbanked people into the banking fold. Mobile banking however is the pinnacle of the technology changes in the banking industry. Barnes and Corbitt (2003) describe the mobile banking channel as type where customers interact with the banks by use of mobile phones. Technology has enabled the banks and customers to transact their business remotely by the use of mobile devices. These services vary as widely as banking services come. They could be reports on account balances, withdrawals, account statements, instant reports on account activities loan application status, communication on products and service down times.

Kenyan banks have been fast to adopt mobile banking technology to introduce very exciting services to their customers. The rapid way in which the customers have accepted and taken up these services should not come as a surprise as customers have long wanted a service that is closer to them. Cracknell (2004) notes that, the change in the use of technology in banking is being driven by the falling costs in technology. Customers are interested in knowing what they will be charged for services offered by the banking

services provider (Ernst and Young, 2014). They are more interested in ways of avoiding being charged more and if technology is this conduit, then so be it. They will surely take it up in droves.

Adoption of mobile banking and mobile payment depends on trust of the people on the technology and trust on the banking institutions (Rajanish and Sujoy, 2011). They reckon in their study of adoption of mobile financial services among the under-banked that trust was a big issue besides perceived financial cost, ease of use of the services, end use and technological readiness. Ernst and Young (2014) also note that the power of trust in making customers advocates is dependent on the stability of the institution and the customer experience. If customers like the new platforms and channels their banks use and they know they are satisfied, then their loyalty will push them to recommend these services to other people in their circles.

In Kenya at the forefront of the mobile banking have been mobile telephone companies. They have created platforms that have been easily adopted and joined by the banks to provide near seamless banking services to their customers. A trailblazer in the mobile money services in Safaricom's M-PESA service which has had an astounding adoption rate. Today, seven years down the line with the increased penetration of mobile telephony and Safaricom hogging the customer base, M-PESA has become a phenomenal product that has a following of over 17 million and deposits of up to 93 billion in Kenya shillings according to Safaricom ([www.safaricom.co.ke](http://www.safaricom.co.ke)) in which major leaps in the service are stated chronologically.

In Kenya, all the major banks have jumped onto the Safaricom platform to enhance their services and provide other new products supported by the platform. The services provided by the platform include money transfer into M-PESA from the bank accounts, account opening and operations on M-PESA platform; MSHWARI, which is a business partnership between Commercial Bank of Africa and Safaricom works on this platform and money transfer from M-PESA into bank accounts also provided. The question we seek to answer therefore is whether banks can use this agile adoption of M-PESA service to help in adoption of social media use to provide solutions to their customers and market at the same time.

## **2.6 Trends in social media and banking**

Communication is fast changing due to the entry of social media into the fray of channels that were previously available. A great number of people with phones will know about social media. In Kenya with more than 17 million users of mobile phones, social media is even more pervasive. Service industry has embraced social media as it can only ignore this multi-faceted channel at its own peril.

Safko, (2010) proposes that for social media to be successful for a company there must be a strategy and it gives a five step format including analyzing existing media, focusing on; blogging, micro-blogging and social media networks, answering the question of resources and implementation and measuring the success of a social media investment. When companies look at social media, they want to know what their clients are doing there, what other potential clients are saying, what their competitors are willing to do to get



their clients and they should not wait to see how effective their competitor's strategy works.

The general public use social media to network with friends, family, colleagues and the general audience. This is what banks want to know. Social media may be used for marketing, product promotion and solution delivery. Most companies want to invest in social media for marketing. Kelly (2013) states that even though the management of companies are interested in social media, their first concern is on sales made due to the investment on social media, cost of the investment and the revenue derived from such investment. Banks, who are custodians of money and other investments, will be more concerned of the three factors.

Banks are creatively using social media other than just for marketing promotions and giving customer solutions to their queries. Kenyan banks have facebook, and twitter accounts where they promote their services engage customers and answer customer queries. This is not enough. Banks all over the world are setting trends that are transforming the use of social media. According to [www.kba.co.ke](http://www.kba.co.ke) (2014) bank customers want more than just marketing and product placement by their banks when they engage on social media. Most of what is available on *twitter* and *facebook* is all promotion material and handling of queries that are not too sensitive to put on social media. Clients are also concerned about the security of social media and how much information they can give, in fact the survey indicate that only 40% were willing to share

their account details on social media. This should set the Kenyan bank marketers and managers thinking.

Banks have been creative in appreciating the pervasive nature of social media and are using it for different purposes. Some banks have leveraged on a media like facebook to introduce products that are unforgettable. Some mobile online software applications developers have also joined the clamor for a piece of the social media cake. An application known as the *calcubot* developed and used on social media allows a potential bank customer tinker with loan options on different products. There are other applications developed by banks and used on facebook for payments. These are avant-garde technologies that will eventually lead the banks to their customers and make banking easy. ASB social collect allows for facebook payments (Thefinancialbrand.com, 2012).

Financial institutions in the USA, Europe, Asia and the Americas have been very innovative with products. One of the influences the Kenyan bank can borrow from is Moven, which allows a lot of interaction on facebook. At Moven the clients are allowed to send money to their friends on facebook and they are not taking chances with this idea, they have giveaways to clients who spread the word and invite their friends to use this product (Bankrate.com, 2014).

SmartyPig is another technology platform by West Des Moines that helps clients to draw plans on social media and save. Customers can invite their friends and family to send money for a specific project via twitter and facebook (www.bankrate.com, 2014). These

are just a few instances where banks have taken to social media to improve their relationship with their customers by providing smart solutions in this they get prospects in growing their customer and product base.

The use of third parties in marketing especially public relations agencies has always been used by companies to segregate duties and leave the marketing job to the media professionals. Some banks are hiring PR agencies and third parties in the social media segment. The ABA Journal (2013) is adamant that third parties or vendor management should be taken seriously and they should go through due diligence because the buck stops with the bank which hired them. The Social media specialists will help in managing social media accounts and public appreciation or uproar, and making sure that the bank is ubiquitous on the internet and social media, through such skills as search engine optimization. Their role is basically to generate positive buzz and develop interest in the banks' products.

Kenyan banks that are on social media post products, answer questions with the immediacy that surely beats email and post mails. Visiting the facebook and twitter accounts of major banks in Kenya such as SCB, BBK, KCB and Equity, one meets a barrage of questions and quick answers from the social media account managers at some banks. Marketing, introduction of new products like new accounts, new rates on loans and even raffles are posted on these accounts. Some of these banks have Video blogs, Blogs and YouTube accounts where they show their interactions with clients or just advertise. Www.bankrate.com, (2014) indicates that at Moven a client can log into their

facebook account and check their account balances and how much they have spent in buying different activities. The clients can actually track their expenditure on social media. Another trailblazer is that new facebook users can log in and open new account. Bank clients want easy ways of banking and avoiding the hassle that comes with traditional banking as much as possible.

Lenddo, a Hong Kong based microloan measures the credit worthiness of a person using social media. It's a credit scoring startup that uses social network information to gage if one is suitable for a loan. Essentially to Lenddo, a person's social networks; like friends on facebook affects their propensity to paying up when given a loan. Therefore if one has friends who are loan defaulters, then their credit rating would go down immensely (www.bankrate.com, 2014). This product if it were to be used by major banks would cause a major hue and cry from clients or outright defections.

Kelly (2013) mulls the fact that measuring the return on investment on social media is a challenge but says the belief that this is impossible as a fallacy. At the centre of attention here is a social media tool *Klout* that companies are using to measure social media influence. According to www.bankrate.com (2014), some big banks have also approached *klout* to help in this issue of measuring influence on social media. Banks have employees actively chatting up customers on social media, especially twitter and facebook. According to www.bankrate.com (2014), JP Morgan Chase Bank; a major player in the banking industry in the US and worldwide, had up to 10 employees working on the twitter accounts helping customers. Most banks in Kenya with twitter account help

customers very quickly with the queries on twitter and facebook. It is easier and time saving, even cheaper for a client to go online and ask queries than travel to a branch especially when customers are in remote areas.

According to [www.banktech.com](http://www.banktech.com) (2014), customer data is big business and is the next frontier for understanding the customer and the products that the banks can offer them. This data can be retrieved from account operations by the customer and now online and social media activities. Banks it seems are not asleep. They are mining data and using trends in the analysis to decide what products are best for specific customers. Mashable.com (2014) also indicates that banks use social media tools to analyze their customer base; like 1<sup>st</sup> Mariner bank used social tool to understand that most relationships developed from teenage to early twenties were long lasting and that parents were a major factor in their kid's decision on where to bank.

Corporate social responsibility is a big phrase for banks in Kenya. The major banks have a program their flagship project. They also have sponsored programs that have been going on for a long time in the communities where they operate. This has evidently found its way into their social media branding. KCB is a major sponsor of Safari Rally in Kenya, Standard Chartered Bank sponsors is the chief sponsor and organizer of the SCB Nairobi Marathon, while Equity has a mentorship program known to give education sponsorship to bright students from poor backgrounds. The banks use the buzz they create during these events to market their products and educate their clients and potential clients.

According to Mashable.com (2014), Mobank, a small time bank with only 3 branches in Missouri tries to create a sense of community within the people and community it serves on facebook. This bank does not sell anything on this facebook account, it just allows customers to interact and network and hope to create opportunity for these clients and this community through the networking. Some banks are also allowing customers to have direct talks with their CEOs. KBA has in the past organized a CEO chat where a bank customers and the public have a chance to chat with the CEOs and ask burning questions. This leads to trusting the banks which have long been seen by less informed customers to be hungry for fees. Banks have also developed mobile application in the software market that can be used with smart phones. The applications can be used to safely log into the bank systems to request for assistance from the banks. SCB has *iPhone* applications that are easily accessible and downloadable on the Apple online application market market.

## **2.7 Social media banking and Challenges**

Banks have responsibilities not only to their customers but like other businesses to their owners and the regulators. The banking industry is one of the keenly regulated in terms what business they can do in accordance to the law. The regulators are concerned with customer protection, compliance with local and international laws, sanctions compliance and also monitors for money laundering activities. The owners are concerned with profit margins and a good reputation, while the consumer or the banks' clients are more concerned with getting superior service any time they want to.

One of the major challenges of social media in banking is compliance. The ABA journal (2014) says regulatory compliance is a real issue that needs to be dealt with carefully. Most regulators have been caught flat footed in the issue of social media regulation because of its invasive and swift nature. Developments in social media are swift and so divergent. Bankrate.com (2014) indicates that only in 2013 did the US the Federal Financial Institutions Examination Council give out new rules to ensure consumer protection in a bank's use of communication channels including social media. The ABA journal (2014) advocate that since social media does not follow in specific rule in its growth and since banks do not control it; and in the absence of regulatory advice, the banks have to be vigilant and come up with a social media risk assessment process.

Risk is a major concern to banks with or without social media. The latter however makes risk a bigger problem. Aula (2010) affirms that social media increases the apparent reputational risk of an organization. Social media is invasive and anybody client or not will talk at will about a company. If the services provided are not suitable or if the customer service is slow, people will talk about it. People will also give thumbs up for job well done if the organization provides solutions satisfactorily. The concern is when the social media arena is inundated with negative response and complains from opinion leaders within the different social media site such a facebook and twitter. Reputation is hard to build but crumbles like a cookie with just a single wrong move.

The open nature of social media brings myriads of problems for companies and banks. Safko (2010) in his tactics in handling social media insist that a company must open a profile or an account with the various social media sites available. This is because identity theft is a thing of the social media. A rival company, a disgruntled client or just another nefarious fellow will open an account on social media pretending to be the real company or a parody account that will outline all the embarrassing stuff about the company. Banks do not want this. As much as this might not be easy to fight, the first step is to ensure banks have genuine accounts that are active to avoid such a risk.

Scott (2011) says that even though social media provides tremendous opportunities to companies, he rues that everyone has become an editor and publisher; and every word one writes or say online can be read by anybody in the world. What a person needs is the internet to access the good or bad publicity that's online. Banks have to be at the forefront of better service and incase a customer is disgruntled they have to be handled responsibly to avoid any outburst on social media. Recently in Kenya there was a spat on social media about some restaurant whose employee became suddenly arrogant because of a customer's ignorance of their products. The company, Art Caffé' had to give public apology for that incident. In 2013 Equity bank had network problems that made it a hit on social media for the wrong reasons. The public is aware of what's going on whenever it hits the social media and banks need to be careful because even a disgruntled employee can leak damaging information in the social media.



It has been the rule for some organizations to employ third party media agencies to deal with their marketing and publicity matters. Some companies also hire external vendors to provide IT and other services. This is done because it makes business sense. The ABA journal (2014) states that the bank is eventually responsible for what goes on in the bank, its systems and media, so vendor management is their responsibility. In choosing these third parties banks should do an appropriate due diligence and keep the records.

Postman (2009) offers that a Sociocorp should have an in-house social media council, whose role is: reviewing, recommending and enforcing social media policies. Banks in Kenya are known for their innovation in information technology and products and so it should not be a difficult issue on having guiding policies on social media. Having a team that's constantly watching what is being said on social media is important as the bank is kept abreast and can respond immediately. The problem of giving the job of media especially social media to an outside agency is that they will analyze and seek approval from the bank on how to react and this may take time. An in-house team on the other hand is within the bank systems and has a lot of information at hand. This is why twitter handles and facebook accounts are mostly managed by the teams within then bank because they can respond to queries just by the click of a key.

Businesses want to put their money where they can account for it. Marketing therefore requires that the tools used are trained on specific clientele base. Lovelock & Wirtz (2007) bring to fore the fact that marketing should be used to look for value rather than just volume. This therefore keeps the marketing department apprised on the type of

clientele the bank is looking for. There is a danger of giving a too general marketing strategy on social media. The risk of this is that a lot of time and resources that should have been channeled to another strategy could go to waste. Some social media posts about bank products may also attract the wrath of miffed social media users. Take a post where a bank updates very competitive interest rates on savings of amounts from million US dollars, yet the interest paid on other saving accounts for the mass market is a paltry percentage. Since most of the mass market customers do not save up to this much, more personal channels should be used for such enticements. This could end up in a social media spat with clients complaining at the mischief of banks.

Another major challenge is measuring the return on investments put in social media by companies. Shareholders and directors are concerned about spending money where they can easily explain the revenue metrics. Kelly (2013) considers a fallacy, the common belief that social media returns cannot be measured. It is not as straightforward as other marketing tools to measure the effects of social media especially on growth of revenue but she insists it's possible. Banks are concerned about return on their investments. Since social media is always on the move; bringing in more interactive and interesting arenas for meeting the customers, effectively measuring such a tool which is always in motion with new sites taking over from others and some forming more exclusive or more open channels becomes a challenge. A bank needs to employ effective social media tools to investigate on the returns.

Kelly (2013) says it's difficult to give perfect records of returns from social media hence business executives are cautious about investing a lot since they can't seem to get data for reporting. Measuring ROI depends on three derivatives of ROI especially in social media; return on influence, return on conversation and return on engagement. These derivatives, according to Kelly, are even more complicated. Companies are however engaging social media tools such as Klout to measure influence. Bankrate.com (2014) confirms that big banks are concerned about the influence on social media and are interested in Klout. Social media may prove a challenge to measure for any bank that that does not invest in people who can critically look at it. However, social media unlike TV and Radio is shareable instantly; retweets on twitter, tags and likes on facebook and sharing on most social media websites.

Social media sites in reality control how much one can put through their social site. They may do this through apparent methods that companies are privy to or they may just do it arbitrarily. This becomes a problem for banks and companies that may still think that being on social media is a free ride and may not want to invest it. Big brands know that survival in a competitive market needs validation of twitter accounts, ensuring facebook is paid for more space. According to Thefinancialbrand.com (2014), facebook was stifling the posts that companies are putting there and less of the clients are seeing these posts. If a company needs their client base on social media to grow, they must pay. Banks must pay to ensure the posts are seen and their fan base rise because this means business. Other industries have to note that the social sites are also in business and need to see good ROIs.

According to the KBA (2014) survey on use of social media by banks; only up to 40% of those surveyed were willing to give account details on social media. Of these, there sure are some who will think again before giving such details on social media. Security of information is very sacred to banks and asking for such information on an open forum may make them vulnerable if there are any losses by the customer. Criminals; identity thieves, conmen and all forms of fraudsters are lurking in social media waiting to pounce on any gullible or unsafe conversations divulging sensitive information like credit card numbers, account details and other important account information. This is a major challenge to banks which are trying to make the most of their social media presence.

## **2.8 Theoretical Framework**

Social media is major influence in the modern society. People are fast adopting social media for various reasons and this adoption is also done at different speeds regarding the person's background, education and even locality. It is important to understand a novel phenomenon like social media within a framework that is well known. We cannot force the subject of interest however to fit into a template as per our whims. Three major theories are important to look at when exploring social media and technology. In this study I will examine Diffusion of Innovations Theory, Uses and Gratification Theory and Technology Acceptance Model.

### **2.8.1 Diffusion of innovations**

The development of social media began in the West but has quickly diffused globally. Through Rogers' diffusion of innovations theory we have learnt that new technologies

will eventually get to the laggards, (Rogers 2003). This theory proffers four important elements of new ideas to reach the masses including: innovation, communication channels, time and the social system. Decisions on innovation are at personal level where an individual can make a decision on whether to adopt a new idea or not, collective level where different people within a social system make the decision to embrace the idea or not and authority level where people in power make decisions for groups or systems on the adoption of new ideas.

Innovation decisions depend on the authorities at the banks and the opinion leaders in the banking sector globally are already embracing social media banking hence, banks are at the most opportune time to turn social media into their next money minter. The observability of social media and the new advantages it comes with will improve its adoption; several banks taking it on to improve the way they relate with their customers. What remains is if Kenyan banks are going to take up social media seriously and use it not only to do occasional promotions on facebook and simple solutions on twitter as they do now, but also to introduce a storm of new exciting solutions and products; and net in variety of customers.

Alshamaila, Papagiannidis and Li (2013) in a look at adoption of cloud computing and sociable technologies, found out that top management is one key factor in adoption of these technologies by the companies. The management in banks must therefore create a culture that spurs appreciation for technology. This involves employing people who are technology savvy and conscious of the development this will bring to the bank. Banks in

Kenya today have people constantly manning their social media sites to ensure customers are duly attended to.

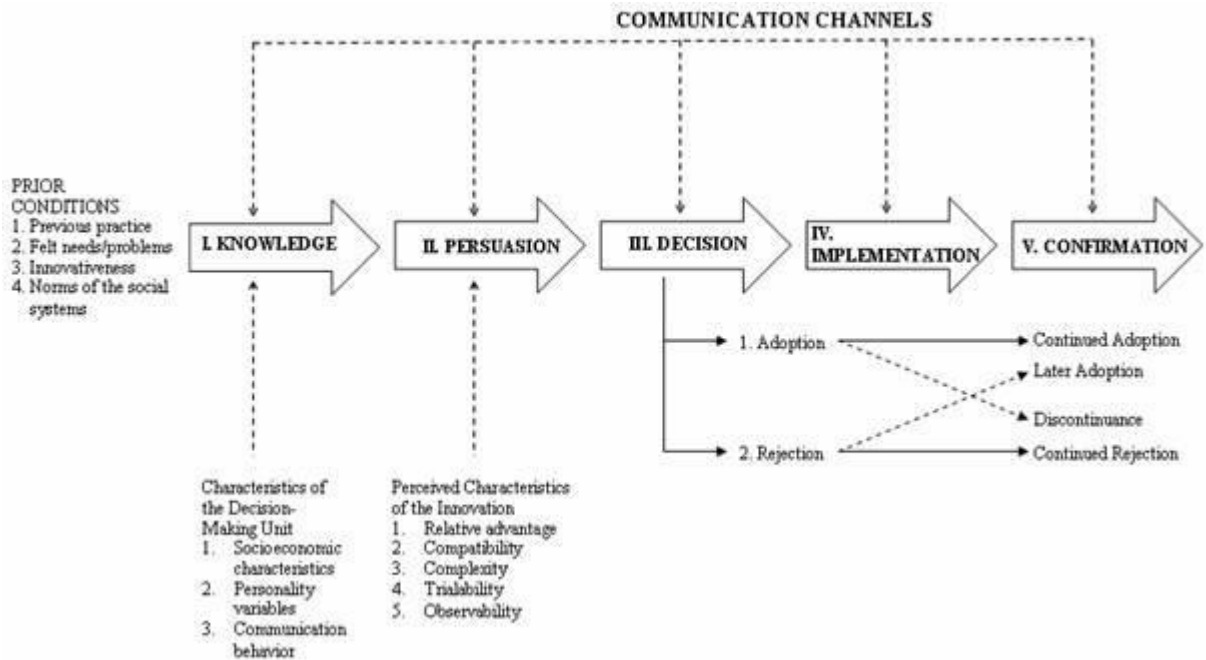
Hauser et al (2006) affirm that for innovation to work and be appreciated by the customer, understanding their needs and providing products that meet those specific needs is imperative. Customers work with innovations that satisfy their variable needs and banks have to be on the lookout for the trends and changing needs of clients. Banks have to be where the customers want to be. Presently the customers are on social media; facebook and twitter. KBA Survey (2014) indicates this is where Kenyans on social media want their communication with the banks to be.

Claudy (2011) observes that there may be resistance when innovations are mooted and insists that in such cases, marketers should very careful to get the root causes of this disenchantment with the innovation lest they lose important data that they may use to effectively implement the adoption of such technologies. Bank clients even though are so appreciative of the space in communication that is provided by the social media are still jittery of the kind of information that can be shared in the social media. This apprehension should be perceived by the banks and taken as an opportunity to define the scope of what their clients can have on social media while at the same time not stifling the functions of social media in banking.

Diffusion and Innovations is a theory that is at the core of social media and banking because it dissects the issue of adopting new technology and using it effectively to satisfy needs. It gives an analysis of the kind of adopters and these could be found anywhere a new technology is coming in. Adopting technology in banks can be supportive and even disruptive but banks have to look at their clientele; where they are going, their needs and the effects of not getting those needs met. Adoption of twitter for example in Kenya by banks has been very fast. Banks in Kenya mainly use this to provide solutions to customer queries. Many customers are not on twitter, but what can the banks do to encourage them to join so as not to jam the phones when solution is just a chat away?

Rogers (2003) gives the adoption process of innovation that's in 5 phases; Knowledge, persuasion, decision, implementation and confirmation as figure 2.1 below shows. Adoption of social media like any other technology will depend on the needs, the innovativeness of the media, what is expected on the social system and the gaps in the other systems of communication. The adoption process is different for different kind of people. There are those who will be fast and there are laggards who may have distrust for the product as well as those who will develop a wait and see attitude. It's important for the banks to profile the different kinds of adopters in their clientele base and identify opinion leaders to push their products or innovations. The use of social media especially facebook and twitter is effective when opinion leaders are early adopters.

**Figure 2.1: The adoption of innovation Process**



**Source: Rogers (2003 [orig. pub. 1964])**

### 2.8.2 Uses and Gratification Theory

The media is very important for businesses in many industries for its functions of marketing and information flow. The financial services industry uses the media a lot for marketing and general communication with customers and the public. There are several adverts running on TV channels and radio stations on banking products offered by different banks. Banks in Kenya are known to use the TV channels, Radio stations and news papers for their communication with the masses. The use of media changed a lot in the 20<sup>th</sup> century and theories developed then to analyze this. In the 21<sup>st</sup> century the types of media have increased and their uses are even more and perplexing. With the entry of



social sites, the users are spoilt for choice. One of the theories used to analyze the use of media by the masses is the uses and gratification theory.

According to Katz, Blumler and Gurevitch (1974), individuals use the media in the ways they desire to satisfy a specific need. This theory focuses on why people chose certain media over the other available choices. It looks at media use from the individual level and not the mass use of media. Zolkepli and Kamarulzaman (2011) point out that people use the same media differently. There may be only one media but different individuals will satisfy different needs with the same media, making the individuality of the user and their specific needs the defining reason for the difference in the use.

Wang, Sun and Haridakis (2009) reinforce the belief by Katz, Blumler and Gurevitch (1974) that the individual is an active agent of media use and has the rational ability to make choices. Uses and gratification theory provides a fertile ground for looking into why people use social media and why there is a tremendous increase in social media communication within industries such as the financial institutions industry. Some of the needs according to Zolkepli and Kamarulzaman (2011) include surveillance, entertainment, information learning, social interaction and even personal identity. Social media is the latest media in the fray that is being taken seriously by the individual to satisfy a coterie of needs. Cheung, et al. (2010) notes that each and every one user is aware of their needs and will ably choose a media that will give the answers they seek.

If the individual is rational and aware then the industries that would want to reach these individuals have to study the different needs that individuals would want satisfied by

these media and take advantage of this information for their own good and for the satisfaction of their customers. Sheldon (2008) notes that, students check their *facebook* accounts because they are already online and that this has become a routine behavior. The study of students' use of *facebook* indicates other uses of this media as peer identity, coolness, career, relationship maintenance and passing time. Today so many more people use social media. Companies have *facebook* and *twitter* accounts all over the world. Not only do we have the young generation on social media but, also the older generations. Professionals of older years past 50 years are continuously engaged on twitter with their colleagues and followers to discuss different topics on interest to them. On different social media individuals will use and get different kinds of satisfaction. This should be a point of interest for the banking industry.

The Uses and gratification theory is based on some assumptions as shown below:

1. The audience is active and its media use is goal oriented
2. The initiative in linking need gratification to a specific medium choice rests with the audience member
3. The media compete with other resources for need satisfaction
4. People have enough self-awareness of their media use, interests, and motives to be able to provide researchers with an accurate picture of that use.
5. Value judgments of media content can only be assessed by the audience.

Today, we are seized of the fact that the internet has many forms. Social media is easily accessible and with a smart phone or even a Personal Computer, one can engage in

different forums on social media concurrently. This means people can access their emails and the same time, they are hanging out on Google+ while at the same time chatting with someone on *facebook* and *tweeting* another fellow on *twitter*. All these outlets according to uses and gratification theory will be fulfilling the needs of this individual that he sets to when he logs into them.

Peng (2007) in his study of Hong Kong, Taiwan and China on their populations' uses of the internet opines that if the internet infrastructure is mature then there will be a more diversified internet behavior. The study shows that the people are eager to adopt e-commerce because they are already using the internet and mention three important factors; quality of service, privacy and convenience as poignant in accepting the use of *e-commerce*. Users of the internet this study show are really eager to join e-commerce because of its ease and interactivity.

Bauer and Barnes (2005) opine that '*the uses-and-gratification approach implies that mobile marketing will only be accepted by consumers if perceived as an opportunity to gratify the needs for information, knowledge and social acceptance*' This shows us that the people who use the new technologies always desire an association with some technology that's socially accepted by peers, provides adequate information and enhances their knowledge. Porter, et al (2012) goes further to affirm that users of the media do not only know their goals but are kept reliant by their use of these media. To keep, relationships and communication alive, people use the internet and the social media to

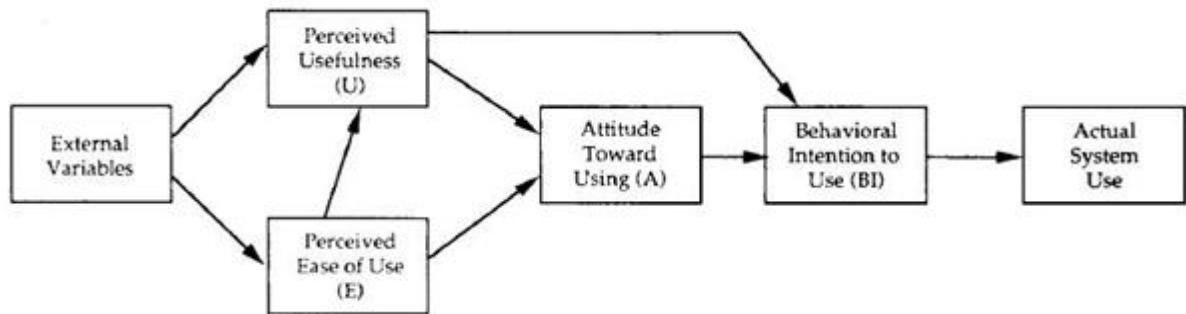
stay relevant and lack of this may cause withdrawal in a relationship. The internet and social media has made people depend on it as people need to be involved with others.

### **2.8.3 Technology Acceptance Model**

Technology changes with time and people decide to use or dump different technologies for different reasons. While considering that technology may grow without adverse influence from society yet affect that society definitely as per the technological determinism theory, it is important to study how the people who use technology decide to do so. This model was developed by Fred Davis in 1989. Technology Acceptance model suggest that users of a technology are influenced by dynamics in deciding to use or reject a new technology (Davis, 1989).

Davis (1989) suggest that for users to accept technology two factors including the perceived usefulness of the technology and perceived ease of use of the technology will influence the uptake. Users think about how using a certain technology will ease their burden at work and improve their work and yet at the same time ease the energy they put to work. Davis et al (1989) in a look at organizations performance indicate that with computer systems there is always improvement, but only if the users accept to use the new systems. This is influenced by the perceived ease use and perceived usefulness. Users will have attitude and intentions in regards to use of new technology or computer systems but these are formed after the users gets enough interest in the system and try to learn it and thus these are not the core influence on the eventual acceptance or rejection. Below figure shows this process.

**Figure 2.2: The Technology Acceptance Model**



**The Technology Acceptance Model, Source: Davis, 1989.**

This model has gone through several modification and today is inclusive of many factors in adoption of technology by the users be they workers at companies or social media users. Venkatesh et al (2003) came up with a unified theory of acceptance and use of technology (UTAUT) which has more variables and has a wider scope when looking at technology. This modified model has four major variables being performance expectancy, effort expectancy, social influence and facilitating conditions. The use and adoption of technology depend on the four. These variable and their influence on usage intention and behavior is further modulated by factors such as gender, age, experience, and voluntariness of use as per figure below.

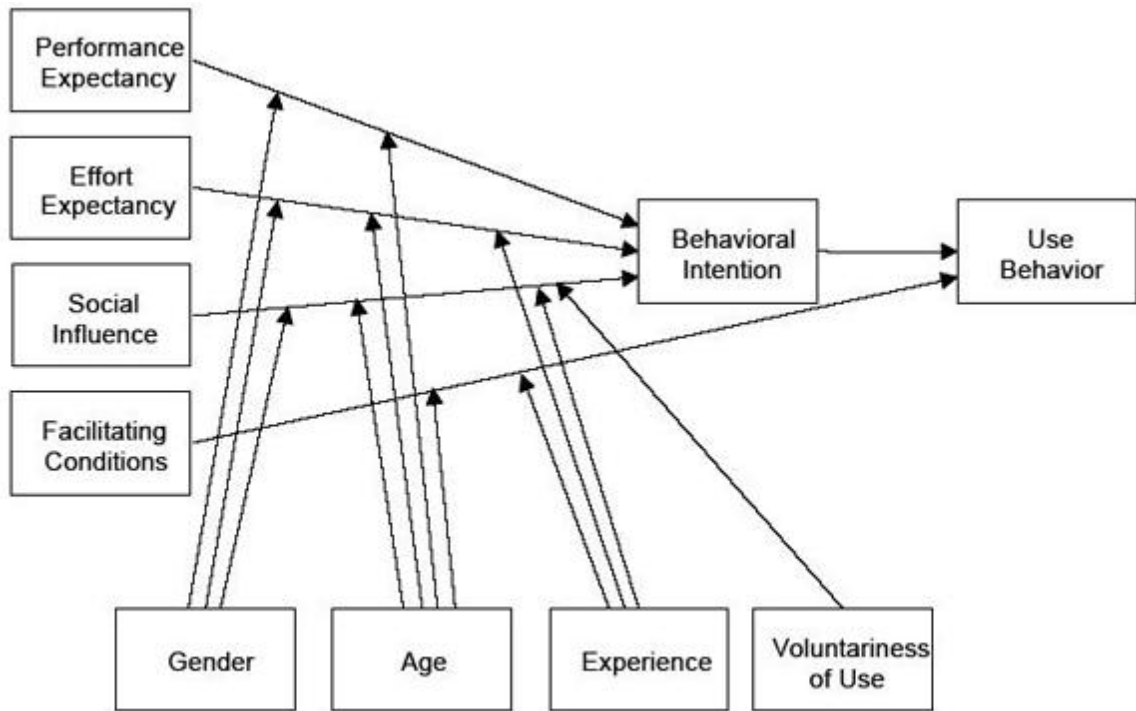
This model can be used to look in to the use of technology by the bank and the customers. Employees have to be convinced that adoption of social media communication will ease their communication. Workers must have the support of the authority of the managers; facilitating conditions to start using social media. The age, gender, experience and the feeling of voluntariness of use will influence both employees

and customers in their intentions to use the social media outlets. The development of social media has been robust since the youth are eager to use and follow influencers both on *facebook* and *twitter* as many of these have been the brainchild of young people.

Wahid (2007) notes that there are differences of internet adoption between men and women in a study carried in Indonesia. Women according to this study are slower than men in adoption of internet use and that their adoption of internet use is affected more by perceived ease of use rather than perceived usefulness and that men are more influenced by perceived usefulness rather than perceived ease of use.

Lule et al (2012) in their study of adoption of mobile banking in Kenya affirm another key variable that influence people in technology uptake; perceived credibility. This consists of security and privacy. They insist that the people adopting m-banking systems will be concerned with the protection of the information systems and any breach that may occur. This is a poignant assertion in regards to this study that delves into adoption of social media by SCB and acceptance of the system by the customers.

**Figure 2.3: Unified theory of acceptance and use of technology**



**UTAUT, Source: Venkatesh et al, 2003**

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.0 Introduction**

This study employed research methods that enabled exploration and explanation of the social media phenomenon and its relation with banking industry specifically Standard Chartered Bank Kenya vis-à-vis the bank's customers and how communication could be effective in its use of this platform. SCB was used as a case study that would be generalized amongst banks operating in Kenya. Qualitative research approach was the main approach with a mixture of quantitative since this study entailed the holistic look into words, views and opinions in detail. Interviews were carried out with the interviewees being employees of Standard Chartered Bank Kenya, who are interacted with customers directly or through different kinds of media and those who do not deal with the customers directly.

Content analysis of the bank interaction and communication on both *facebook* and *twitter* was also carried out for a period of six weeks. Samples of chats, queries and responses over this period of time were analyzed during the study. This was important since it gave the real story on the ground of what was happening online.

#### **3.1 Research Design**

Research design according to Bryman (2012) provides a framework for the collection and analysis of data. The design provides the procedures that will be adhered to while doing the research in order to meet the set objectives. The design will help in establishing



connections between variables, generalizing individuals to be representative of bigger populations and appreciating the behavior and its meaning in specific social context.

This study sought to do a case study of SCB to get answers for the research questions. Case study design should be used when a researcher wishes to answer the question “how” and “why” (Baxter and Jack, 2008). This study sought to answer how banks could optimize solution delivery to their customers, what customers felt about this and how they could embed marketing and promotions of their products on social media. Yin (2009) distinguishes five types of case study design of which the representative typical case shall be used. This case according to Bryman (2012) exemplifies a broader category of which it is a member. The use of social media is now omnipresent amongst most banks in Kenya, therefore the use of one bank would be exemplifying what’s common place amongst the banks in Kenya. This study is descriptive and exploratory.

### **3.2 Location of Study**

This study was carried out in Nairobi at Standard Chartered Bank, Kenya headquarters in Chiromo and other branches within Nairobi. These locations have all manner of employees who deal with customers directly and those who handle customer queries online. These locations were also suitable for getting the bank customers who gave their opinions on the use of social media in regards to their bank. These locations were also selected as the other employees who did not interact with customers but played other roles in customer satisfaction would be reached. It was necessary to have accessible location and this was such.

### **3.3 Target Population**

The target population is supposed to be representative of the whole population. The data collected from this population should be reliable and representative of the variable under study. This study targeted SCB employees; who are interacting with customers directly and those interacting who may not interact with customers. This study also targeted customers who would give an insight into the use of social media vis-à-vis banks.

### **3.4 Sample size and Sampling Techniques**

The sample size was 40 customers of the bank and the study used convenience sampling technique to reach them. 9 employees of the bank also participated in the research. Convenience sampling was also be used for the employees of the bank who deal with customers directly via different kinds of media and those who did not handle customers directly but helped in creating solutions for customers.

### **3.5 Data Collection**

The methods of data collection in this research were both qualitative and quantitative with the use of interviews, direct observation and questionnaires. Baxter & Jack (2008) opine that a convergence of different sources of data promote a greater understanding of a case. Interviews were carried with bank employees who interact with customers directly via different kind of media and those who may not interact with customers. Questionnaires were administered to bank customers, while the observation was carried out on online content and activities that go on the *twitter* handle and *facebook* account of the bank for a period of time. The study on online interaction on these two social media

bank and their audience took a period of six weeks. The questions for the interviews and the questionnaires were mixed but most were open ended as since this study sought to explore deeply into opinions and ideas of the respondents on the issue under study.

### **3.6 Pretesting the Instruments**

The questions both for the interview method were pretested for wording and ambiguities that were unforeseen in construction. A sample of the questionnaire was forwarded to fellow researchers in the field and other interviewees who worked in similar scenarios as the bank employees. The pretesting was intended to streamline the questions to remove ambiguities, too personal questions, potentially offensive questions and other unforeseen errors. The test was carried out to look into the feasibility and economy of the questionnaire in terms of time consumption and other resources like personnel requirement.

### **3.7 Data Analysis and Presentation.**

In qualitative research the texts from the interviews and questionnaires are analyzed. The text was used to interpret what the participants meant in regards to the research question. According to Chambliss (2010) the job of the researcher is to construct reality from his interpretation of the text or the transcripts from the results of the interviews. The data was put into different categories. The first category was the source of data. This separated all the data provided by the major sources such as the employees, the customers and the other being online social media content. The three major categories in this study were the employees, the customers and the online content. This study had five major themes

namely Marketing, Solution Delivery, Privacy, Effects and Customer sentiments. Common words and other arising issues were analyzed from the questionnaires and interviews. The table below shows categories of sources.

**Table 3.1: Categories of Sources of Data**

<b>Employees</b>	<b>Customers</b>	<b>Online content</b>
1. Who interact with Customers Directly, phone, email and other media contact with customers	1. Customers	<i>a) Facebook</i> <i>b) Twitter</i>
2. Who do not interact with Customers		

**Source: Author (2014)**

## CHAPTER FOUR

### DATA ANALYSIS AND INTERPRETATION

#### 4.1 Introduction

In this chapter the data collected from the three different sources used during this research is presented and discussed. The findings of the study are also presented in this chapter. The data was collected from the bank's customers, social media (the bank's facebook page and twitter handle) and the bank employees. It is presented in graphs, pie charts, and narratives which capture the essence of the research. Under each of the three broad categories we look at activities of the bank of facebook and twitter, its strengths and weaknesses, improvement desired and, security and privacy.

#### 4.2 The Customers

##### 4.2.1 Demographic Information

A questionnaire was filled up by the respondents and they were required to mention their gender.

##### 4.2.2 Gender

Respondents were required to indicate their gender in the questionnaire.

**Figure 4.1 Gender**

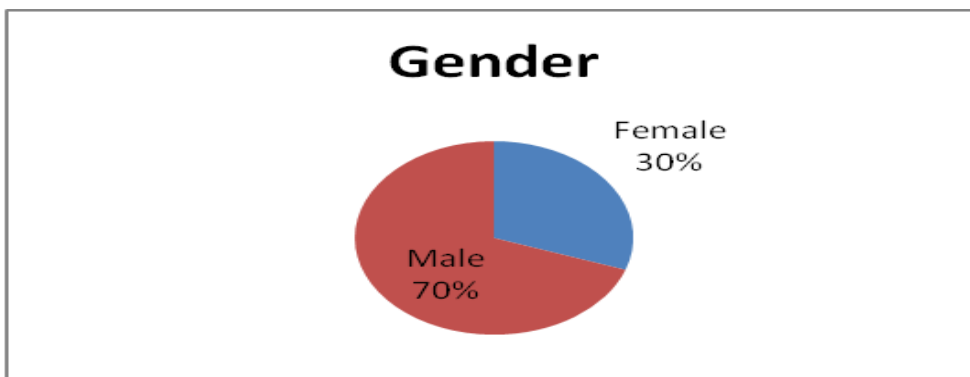


Figure 4.1 above indicates that the majority of respondents (70%) were males against 30% who were females. This would mean that most of the bank customers are male and whichever strategy they would apply on these social media outlets should appeal greatly to the higher percentage while accommodating the female population so as to bring in more customers.

### 4.2.3 Age

Respondents were also required to indicate their ages.

**Figure 4.2 Age**

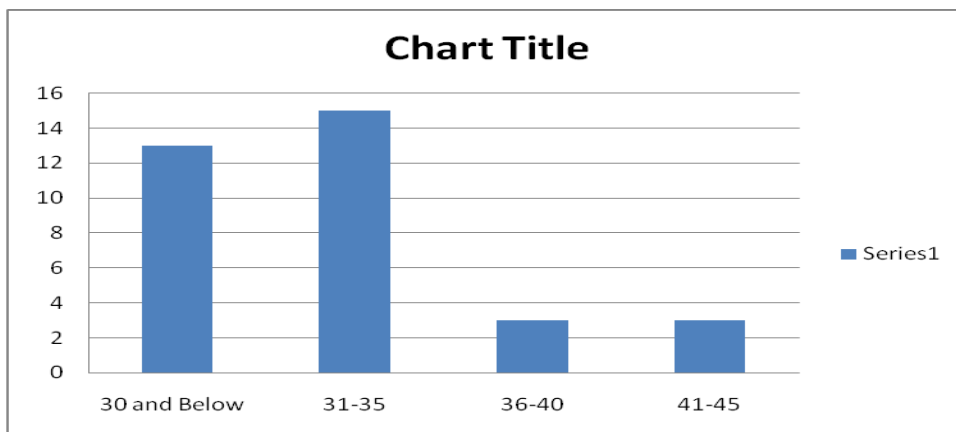


Figure 4.2 above shows that 44% of the respondents were in the age bracket of 31-35 while the second highest group 30 years and below being 38%. The majority of the respondents therefore were 35 years and below. The significance of this is that, these media appeal more to the younger generation and so the bank should focus on grabbing their attention.

#### 4.2.4 Education

The respondents also provided information on their level of education.

**Figure 4.3 Level of Education**

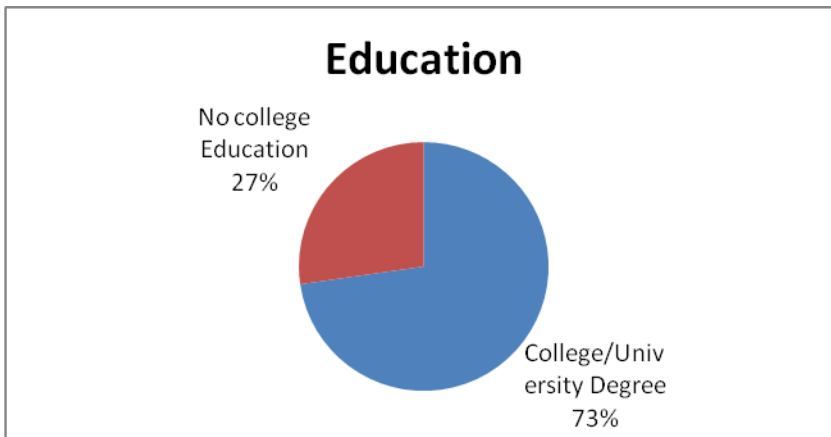


Figure 4.3 shows that up to 73% of respondents had college degrees while 27% had no college education. The level of education did not seem to hold any sway on the use of social media by the respondents. In fact, the 27% who had no college education used the social media in the same ways with the 73% with college degrees.

#### 4.2.5 Use of Social Media amongst Respondents

Figure 4.4 Female Customers' use of Social Media

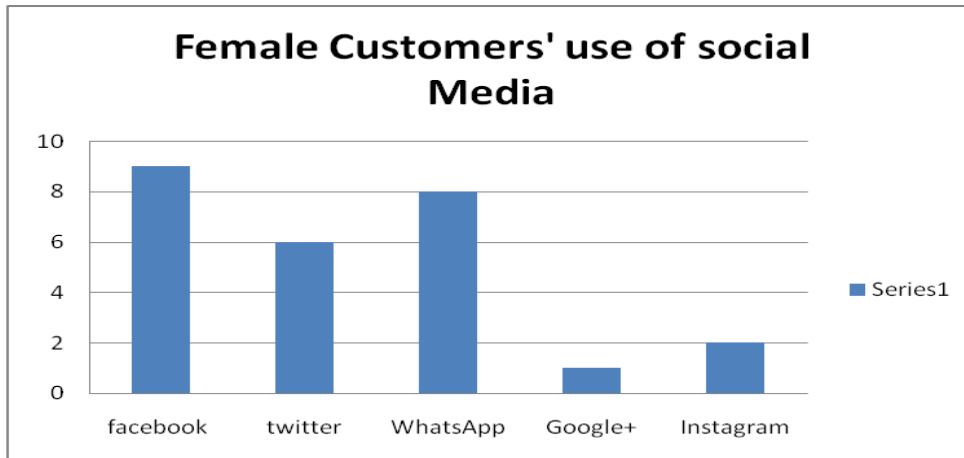


Figure 4.4 shows the way female respondents are distributed amongst the different types of social media in the questionnaire. Facebook takes the biggest chunk of the population followed by WhatsApp while the least popular social media outlet amongst the female correspondents is Google+. It's worthwhile to note that WhatsApp is preferred by more respondents than twitter and this could be justified by the fact that the former is easily integrated with the mobile phones that are popular with the respondents.



**Figure 4.5 Male Customers` use of Social Media**

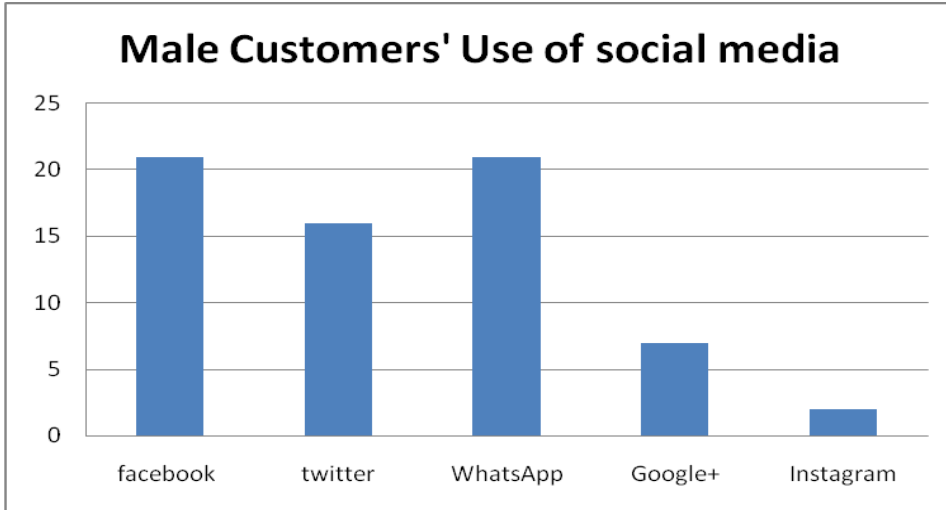


Figure 4.5 above shows the distribution of male respondents amongst the different types of social media in the questionnaire. Facebook and WhatsApp are the most popular with the respondents sharing the top position while Instagram comes at the tail end with few respondents using it. The use of mobile phones to access these social media could be a reason WhatsApp trounces twitter as per the above graph.

**Figure 4.6 Customers` Use of Social Media**

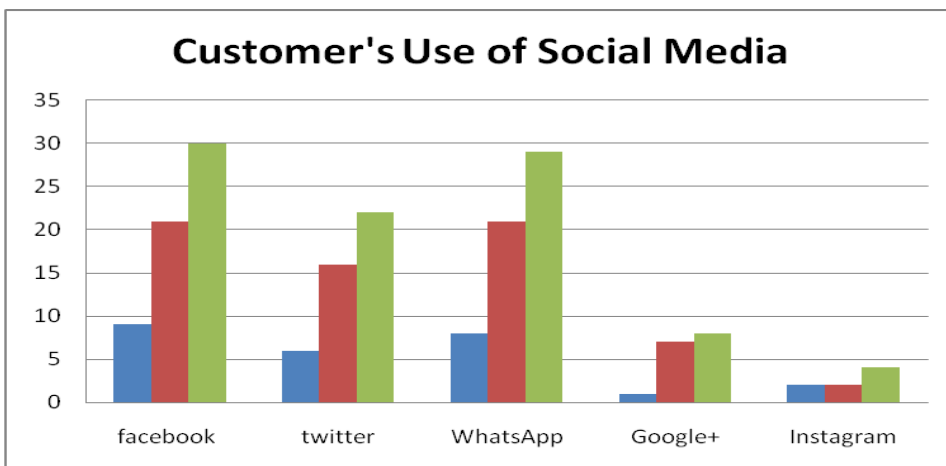


Figure 4.6 shows the distribution of both genders on their use of social media. First bar stands for females, the second males and the last their total per social medium in the questionnaire.

**Figure 4.7 SCB following on facebook and twitter**

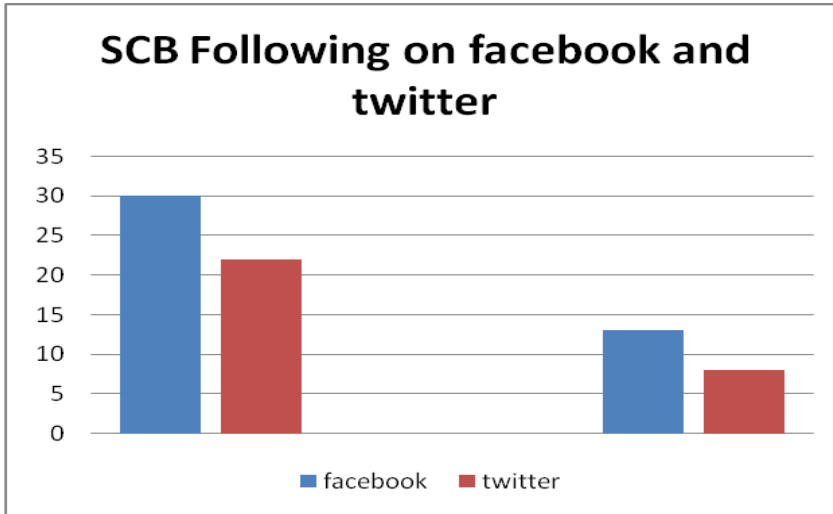


Figure 4.7 shows the distribution of how many customers follow the bank on facebook and twitter. While 30% of respondents follow the bank on facebook, only 27% follow on twitter. More respondents are on facebook than twitter; hence more people are expected to know of the bank on the former. The bank, even though it has more following on facebook, was more active on twitter than it was on facebook as a look at these different media found out. This bar graph should enthuse them to have more activity on facebook too.

On the presence of the SCB Kenya on Social media, many of the respondents admitted to not having seen the bank's page on either facebook or twitter. In fact those who

mentioned ever viewing the bank on social media chanced it after they followed the bank's twitter handle and facebook page or having liked the banks pages. Even then, up to 50% of those who followed the bank on facebook and twitter indicated that they rarely saw the bank's posts on these two social media outlets even though they spent a chunk of time online. A few respondents however mentioned that during the month of August they occasionally saw the banks promotion called the Grand Sale on facebook and twitter.

#### **4.2.6 Privacy and Security of Facebook and Twitter**

This was a real concern for the respondents. Out of all respondents only 3% indicated in the questionnaire that there was no cause for alarm with privacy and security issues in the banks use of facebook and twitter. 97% of the respondents were aware of the risks that were imminent in the use of facebook and twitter by the bank. Some of the words that were prominently mentioned by the greater percentage agreeing on the concerns are possibilities of hacking, phishing, identity theft, government breaches, confidentiality, passwords, personal information, safety and security fire walls.

On being asked whether they what kind of information they would divulge on social media, only 24% indicated they would divulge any information on facebook and twitter to their bank. However, they were unanimous on the fact that they would only divulge personal information that was already public to their social media profiles. 76% of the respondents indicated that they would not divulge any personal information to their bank on social media. The major concern is that the two social media (facebook and twitter) were prone to hacking and were not private as many people may be duped to think. A

section of the respondents were however ready to share or communicate complaints for poor service by their bank. Others were willing to share best practices from other bankers so their bank would shape up in terms of services or solutions offered. Some respondents mentioned that they would inform their bank of better offers from competitors.

21% of the respondents admitted they were aware of the banks social media policy. The rest of the respondents were not sure of such a policy or were not aware of such. Of the respondents aware of the bank's social media policy some indicated there were not sure how effective in protecting their information on facebook and twitter while a number thought that the policy was effective.

Asked if they would allow the bank to use their facebook timelines and twitter handles to market their products, most of the respondents gave a resounding no as an answer. Some of their concerns were that even though social media was public they needed the privacy of their profiles. Some mentioned hacking and even government espionage amongst the issues. Some indicated that there were other ways of marketing on social media especially the use of marketing of specialists and that the bank had no business using their handles. A few however said if they were called to such a task, they would only get into it for financial rewards and nothing else, strictly business.

#### **4.2.7 Concerns on privacy and security of facebook and twitter**

Respondents were gravely concerned about the social media and the security around it especially when it came to banking. The most common word amongst the respondents

was hacking. Their concern is that there are a lot of nefarious fellows on social media whose sole use of facebook and or twitter is social engineering. These are hackers who would steal the users' identities and from then the users would never know what they would do with this information. Sharing of sensitive information would be a challenge if social media was fraught with identity theft. The correspondents were concerned such hacking into people's profiles would cause a lot of fraud.

Another concern of the respondents in the use of facebook and twitter by the bank is the issue of passwords. Some were concerned that if frauds can skim ATM card PIN numbers then passwords on facebook or twitter would be easier since they logged into these sites daily hence would be monitored easily. Some were also concerned whether the banks would help them create stronger passwords if they had to share some information on social media.

Confidentiality of the bank was another issue of concern amongst the respondents. Some respondents were not sure the banks would protect their information on social media. Of concern to many was the issue of probable data mining illegally by their bank and what this data would be used for. Some felt that this was a breach of confidentiality already. Another concern was if the bank employees would share personal information with other people or organization. Some concerns were the sharing of their personal information with some social sites that they may not want. Other respondents were also aware of internet trolls and frauds that breach on private social media accounts, create parody

accounts and even steal very crucial information from the original owners of such social media accounts.

The government was also cited by some correspondents as a possible concern. Some thought that since the bank works under the regulation of the government, they would easily surrender private information to government if asked to do so. Some of the respondents were also concerned by hate that people can get on social media and that would be brought by their banks using their facebook and twitter profiles. Some indicated that the use of their profiles on social media would be a severe violation of privacy that they would never encourage.

#### **4.2.8 What to Communicate on Facebook and Twitter**

The respondents gave a coterie of issues they wanted their bank to communicate on facebook and or twitter. Education of clients on products offered by the bank was mentioned by some respondents. Some felt that as much as some products were promoted on social media, they wanted to know how they clearly worked. Education on loans and investment products were mentioned by some.

Interest rates were mentioned as one of the things that needed to be communicated on these social media outlets. Respondents wanted not only information on the latest interest rates but also options on interest rates, when they rise or reduce or escalate and education on how they work. Some correspondents who mentioned this wanted to be informed

accurately and quickly. Some wanted to be informed on how to calculate without complications and reasons why the rates increased to be shared on facebook and twitter.

Most respondents wanted the bank to share on social media whenever there were new products, services or solutions. They also wanted the bank to share new offers on social media be it reduced rates, special products or avant-garde services.

Respondents also wanted the bank to share on facebook or twitter whenever there was a system downtime or operation interruptions, the opening of new branches, ATM locations and even any banking clinics. Some respondents indicated that they wanted the bank to have periodic updates on twitter and facebook so that they would always check in when they knew the update would be due. Some respondents wanted the bank to embed financial advice and education on the banks facebook and twitter handle as this would not only convince them to check the profiles regularly but also rope in other clients or friends to imbibe into the financial education.

#### **4.2.9 Remedy for privacy and security issues as suggested by respondents**

Many respondents were at a loss when they got to the part of the questionnaire that asked them about what the bank should do about security or privacy issues on facebook and twitter. Many respondents were not sure what the bank had to do to protect them or their information on these media outlets. What they agreed on though, was that the bank needed to ensure breaches in privacy and information were totally avoided.

Some respondents identified educating customers on social media security was very important to enhance information security and avert any threats that could be caused due to ignorance of the threats. Some creating of firewalls on the banks profiles so that it could detect a potential breach of security.

Respondents also talked about creation of closed groups within the bank's social media profiles. This would ensure invites to the site would have to be vetted by bank hired social media gurus who would do this to avert threats to their system. Another suggestion was enhanced bank systems especially on facebook and twitter full of fire walls to protect from any breach (unfortunately this would only protect the bank not their customers).

Other respondents thought that the bank should provide customers with special passwords for logging into social media, where private information has to be shared on facebook and or twitter with the bank. Others suggested that segmentation of customer and the general audience on what they could get or where they could reach when they are navigating the facebook and twitter portals for the bank. Some respondents wanted encryption of messages they are allowed to send to the bank on social media. This they said would help to avert a breach even if intercepted by malicious people.

### **4.3 Marketing and Solution Delivery**

#### **4.3.1 Gadgets used by respondents to log into social media**

The most prominent gadget for logging into social media was the phone. Up to 88% of the respondents admitted to using the phone to log into social media. Up to 50% used a



laptop computer to log into social media while up to 15% used a desk top computer to log into social media. It was noted that some respondents used all the gadgets mentioned above while many used at least two of the gadgets, especially the phone and the laptop computer.

#### **4.3.2 Time spent on social media**

The shortest duration a respondent admitted to being online is 30 minutes to 1 hour. Most respondents would be online for up to two hours on a daily basis. Up to 60% of the respondents admitted to being online for more than 3 hours while some admitted that they would online virtually anytime they felt the urge. To some it is like a tendency they cannot stop.

It was noted that those who admitted to being online almost 6 hours or longer were also on the social portal WhatsApp? All those who were online for more than 3 hours were also all on facebook and WhatsApp?

Respondents gave a variety of reasons why they would go online on social media. Top amongst the reasons was chatting. Facebook, WhatsApp and Twitter leading as the top popular media in this case all have the capability to support chatting online. Another reason for being online was just to have fun. Entertainment was mentioned by some respondents as a reason for going online.

Some respondents mentioned relaxing or winding down on social media while others mentioned socializing. Many of the respondents mentioned daily communication as a very important role of social media. A few respondents mentioned education while other mentioned that they used social media for purposes of their work or business.

#### **4.3.3 Respondents views on what the bank does online and how it can improve**

Respondents who had spotted the bank online mentioned that the bank had adverts online. Some indicated that the bank was marketing loan offers for the Grand sale and also promoting their corporate social responsibility on facebook and twitter.

Respondents however when asked about what the bank would do to improve on their presence on social media came up with a myriad remedies. Some suggested that generally the bank needed to be more active. Some respondents admitted to not having seen the bank facebook page or twitter handle yet they were on these media.

Some respondents though not clarifying having communicated with their bank on social media indicated that the bank should be readily available to answer queries and provide solutions via and on social media such as facebook and twitter. Most respondents wanted the bank to provide solutions on loans, accounts, interest rates, and mortgages on facebook and twitter. Some mentioned that they wanted the bank to provide solutions quickly every single day and not only when there are big promotions like the Grand Sale.

Investment and savings was another sector mentioned by many respondents as an area that the bank should be interested in when on facebook and twitter. Some respondents indicated that they would be more impressed if the bank delved into areas where the young adults who are mostly on social media are interested like entertainment. Respondents also indicated that they be interested if the bank made use of celebrities (opinion leaders) on their promotions. Some respondents thought that the use of catch-phrases would improve the banks presence on facebook and twitter.

Some respondents mentioned that for the bank to be separated from the other banks, it had to offer different and more exciting products on facebook and twitter. Respondents also wanted the bank to be forthcoming with information on bank charges and providing quick response to queries on facebook and twitter so they may stop looking lackadaisical in their response to customers. A number of respondents also mentioned that the bank should form different stakeholder groups on facebook and twitter to cater for different clients.

#### **4.4 The Social Media**

##### **4.4.1 Facebook**

Standard Chartered bank Kenya limited has been in operation for over 100 years. They have had a page on facebook since the year 2010. As of September 2014 the bank had slightly above 25000 likes on facebook. According to data on their facebook page over the month of September the most engaged area is Nairobi, Kenya where the bank has its headquarters.

The information on the page also indicates that the most engaged insight about this facebook page is the age group between 25 – 34 years old. This indicates most of those who follow the bank or like its page are the youth around this age. This engagement can be measured in terms of clicks, views, likes and even comments on the page. If most people engaging or reaching this page are the young then the focus of post or company's engagement should be on this constituency or it could be that this group is interested in this company.

#### **4.4.1.1 SCB Kenya activities on facebook**

A study of the page for a period six weeks from late August 2014 to the end of September 2014 gives a common trend in the way the bank uses this facebook page. During the month o August, the bank was on a promotion with the flag name the Grand Sale. This was an ambitious plan that swiftly took advantage of a new interest rate in lending; Kenya Bankers Reference Rate, championed by the Kenya Bankers Association and the Central bank of Kenya. They took to every kind of media: Radio, Newspapers, Television and even social media such as facebook and twitter to market this promotion.

A keen study of their facebook page during this time indicates more engagement with the audience on facebook. They had likes on some photos on this promotion on facebook. The bank even had clarifications on movement of loans from the other banks, on facebook. The likes were however not overwhelming in comparison to what is expected of such a big campaign as it was.

Besides posting photos of models and their launch of the promotion on this page the bank also posts links that re-direct the audience to their online portal for more information on their product or whatever solution they have posted on the page. Such links according to the study of the page do not usually appeal to the audience depending on the number of likes or comments that were present on them at the time of study.

During the month of September the average posts on the page by the bank was way below one post per day. The posts counted manually were less than 20 in 30 day month. The page had posts on the launch of their Corporate Social Responsibility flagship (seeing-is-believing) Nairobi Marathon. After this there were a few posts on saving for children's education and business loans for micro-finance institutions with links to their portal for more clarification. This is marketing ploy to lead the audience to their online banking website which has magnificent products. However, audiences on facebook are not very keen on links as this means they get distracted from their trail of browsing. If something short and precise appears in a person's news feed for example the bank's post, the audience who get to view it could chance looking at the whole post. An online link is a long shot for the normal mobile phone audience who are probably taking a short break from work just to check on friends.

#### **4.4.1.2 The bank's strengths and tools on Facebook**

The use of sponsored events on their facebook page can easily endear the audience towards their cause and their page. Liking a page or even commenting positively on it does not necessarily mean that the audience doing so will buy a product sold by that

company but a page with many likes and comments is likely to attract a bigger audience. For example the bank's page over the period of study had posts on girl child education, the Nairobi Marathon and Seeing-is-Believing clinics that attracted several likes and engagement from the audience.

Another area in which the bank has taken advantage is the use of sponsored sports. The bank is a subsidiary of Standard Chartered Bank PLC in London that sponsors Liverpool Football Club, a legendary team in the English Premier League. They have severally shared posts from the group facebook accounts on the team and also posted competitions for winning merchandize from the team. Sport is a great attraction to the legions of football fans of the league in Kenya. The bank also has posted on the page, about a biking championship, the Rift Valley Odyssey that flags the beginning of the preparation for the Nairobi Marathon.

The bank also posted on the use of mobile banking and provided simple tips like dialing \*722# that would directly take the audience to their mobile banking platform on a mobile device like a phone. Customers like easy instructions like this not long winding stories that leads one o a link that may lead to innumerable links or stories the audience are not interested in.

Another tool the bank has used well on their page is the use on link to their website. This tool may work well for the audience who are deeply interested in the bank. This could be a customer looking for a solution or an enthusiast of the bank's systems. These links may

open an opportunity for the bank to an excellent marketing strategy for an entire suite of products available in the website.

The bank has also during the period of study posted clarifications on change of ATM cards that were to change in the whole market. The use of this is informative and augurs well with audience who are late or who may want to learn such new systems and services. The bank also used children's education in their posts during this period. Education is something every responsible parent wants to prepare for and education of the girl child always whips up emotions that may be positive and make the bank be seen as a caring and empathetic partner and family conscious.

The bank has also posted on system down times during which their services may not be available. This information may shed the bank as a caring service provider that takes time to inform their customers of challenge that they may face over a period of time and urges them on preparedness for such eventualities.

Another tool that may endear the page to the audience is the app called Careers where the bank posts available positions within the country and worldwide. This app may appeal to the people looking for a career in the banking industry and the college graduates hoping to join the bank as an employer. This could be one of the reasons the activities and engagement measure on the page indicates the most engaged age-group is 25-34 years.

#### **4.4.1.3 Weaknesses of the bank facebook**

Nothing displeases a customer like slow response or no response at all. During the period of the study there are numerous instances that queries have gone for more than 12 hours without being responded to. The worst scenarios occurred during the weekend break, where customers' pleas on social media turned into the anguish of waiting for the weekend to end to be answered by the staffs who man the page. Slow response to customer queries in a social network that everybody in social media can view is not the best recipe for attracting customers who are time conscious.

During the month of September 2014 there were less than 15 posts by the bank on their facebook page. From 20<sup>th</sup> August 2014 to the end of September 2014 there were less than 20 posts by the bank on their own page. This is a lackadaisical strategy that works effectively against the bank is amassing a large following on facebook. People are not ready to follow a page that rarely posts anything. In terms of facebook and in regards to other banks in the market this number of posts by the bank is very low. Hence, even customers of the bank who are active on facebook would not see a reason why they would contact the bank on this media.

This low number of posts on facebook may work against the bank in not only getting new followers but for getting enough customers to run a promotion that is effective in this media. On facebook an institution like a bank should take full advantage of the free audience and post as regularly as possible within the day and night. Sometimes even without a promotion or a marketing activity, the bank should just post on this media to



engage and encourage the audience. Constantly talking to customers or a larger audience improves penetration and likeability of the page. The audience in a media like facebook needs to be kept talking to remain relevant with them.

Another issue with the bank's page is the content it posts. The bank, within the period of the study, posted about credit cards; microfinance institution loans and others that may not resonate with the wider audience. Save for posts about the Grand-sale and the seeing-is-believing launch most of the other posts may resonate with very few amongst the audience that follows the bank on facebook. An average Kenyan employee will not be enthusiastic at the credit card offer or even reach the cut-off mark for receiving one from the bank. The bank needs to have intuition with the local audience on facebook; their capabilities, desires, wants and achievement. With this more relevant posts geared towards a more relevant page is achievable.

The level of relevant engagement can be determined by looking at the number of likes and comments on the posts on a page, sharing of posts from a page, tagging on photos from a page and even direct posts on the page. During the period of study there were several posts that did not have a like at all, neither a comment. Most of the posts liked had less than six likes save for the posts on the transfer to a different kind of debit/credit card which is for the whole banking industry and the posts on seeing-is-believing and the Nairobi marathon. A view of their earlier posts during the Grand sale however indicates that three posts that were repeatedly reposted on facebook got up to over 150 likes and a

few comments. If the bank could take a cue from this effect then they would learn how to engage the audience on facebook.

Activity on the banks page is quite slow. They don't have many people asking them questions about their services or specific issues. They have complaints, but not the kind that inspires a lot of action. The page even lacks internet trolls. More successful facebook pages will have adverts from other companies, irritating comments and even totally misplaced posts just because the trolls know they will pass their message on this page due to its popularity.

The bank's page is inadequate. For the reason of security and privacy issues, a view of the bank's page does not immediately set their policy on facebook straight. The audience needs to be aware from the beginning that there are rules of engagement with the page. This does not mean they make harsh rules, but simply that for a bank that touts itself as security conscious even in a few posts seen should make it clear what policy they have to protect their customers on facebook. This could actually attract more audience to their page. The bank however has an interaction policy tucked in some link that is also hidden in some page within the page. This hassle of looking for this policy which is easily understandable is uncalled for.

Another issue the bank may have on their facebook page is that it is dull and almost timid. Facebook is a social media. It is meant to be exciting, flamboyant and free in communication. On the bank's facebook page not so many posts are interesting. The

bank does not talk about other exciting traits that they have had that has made people and businesses trust them for 100 years. This is an achievement an institution with culture like this should take advantage of. Telling a story that grips is not an exception for essays or advertisers; the bank runs a facebook page and this is an arena where emotions should flow and their culture so robust glow so that they could grow not only their customer base but also the trust in these people they serve.

Standard Chartered bank Kenya is a subsidiary of the main bank in London which has other subsidiaries in over countries and have specific grip on Asia, Africa and the Middle East. This should be a plus for the bank, but taking advantage of this vast relationship has become a problem for the bank especially on facebook. If the bank has success in other countries they should share it with their audiences on facebook. The bank however has borne the brunt of complaining customers from their subsidiaries especially in Asia. Since the name is similar, customers on facebook but from other countries can easily spoil the good name of the bank in Kenya.

#### **4.4.1.4 Comparison with other Banks pages in the Kenyan Market**

Equity bank has a history of less than 30 years, growing from a micro-finance company to big bank having large customer base in Kenya and East Africa. The bank's facebook page was created in 2012 but as of September 2014 boasts over 328,000 followers in terms of likes on their page.

Compared to Standard chartered in terms of customer base in Kenya, they have far more customers and their page is more engaged. A look at their page in the last 2 weeks of September, which is within the research period on the SCB KE facebook page, indicates an average of 3 posts per day. This would average 90 posts for the month of September if there was no change in the trend. Another difference is that their posts are engaged by the audience. Most of the posts on Equity bank page have at least 60 likes with most posts going into 100 and 200 likes mark. Comments on their posts are also massive with other comments also shared by different people on facebook.

The bank seems to have somebody constantly looking into the page, responding to comments and queries. The banks page within the period was constantly engaged and responding to queries did not take a day or even 12 hours that it did with SCB page. The most engaged age group was 18-24 years old and the area is Nairobi where the bank has its headquarters. The bank has even promised on their page that their facebook team will be available 24/7hrs. The bank seems to take its customers seriously.

Another difference in the equity page is that, it has more applications for the customer. They have a twitter link to their handle, a self service application, videos, events and even house rules on the first page. The fact that they want to engage their clients on other social media like twitter and they have an application for self service while also giving a video page on their timeline and setting the rules clear from the beginning sets their page far apart from the SCB page. Their engagement with the audience is also constant, quick and informative of arising customer issues and their services.

Chase Bank Kenya has an exciting page to look at. The bank opened the page in 2010 same year the SCB facebook page opened. Chase is not a big bank compared to SCB and Equity which have robust financial muscle in terms of Assets and Liabilities. Chase Bank Kenya however has a more engaged audience on facebook compared to SCB. The bank has a following of over 30,000 following in terms of likes on their page. Within the last 2 weeks of September 2014 the page had an average of slightly more than 2 posts per day. All their posts have likes and most have comments. They have more people commenting on their posts than SCB.

The bank must have staff manning the page constantly, as the responses on queries are quick and constantly coming. Their page is full of fun. On their timeline they post pictures of their promotions, winners, staff members working during the customer campaigns, intelligent quotes and even joke. They will keep the customer engaged like their tagline; the relationship bank. They take the relationship with their customers to another level.

On their engagement rating on their page, the age-group mostly engaged is 25-34 years, and the place is Nairobi which is their headquarter, same as SCB. However, they engage the audience on facebook differently. They post interesting photos, videos, quotes, milestones, promotions and other activities and keep a constant conversation.

The Chase Bank facebook page is also full of flamboyance compared to the SCB page. They have an *Instagram* (a social media where audience post photos and videos) feed to their page, Twitter handle and hashtags besides a *WhatsApp* number. This means they are pulling in the power of social media by allowing their audience to communicate with them with whatever social media channel they choose. Their promotions also get a chunk of space on their page.

Both Equity Bank Kenya and Chase Bank Kenya facebook pages have a streak of flamboyance and continuous conversations and interactions that are not available on the SCB Kenya page.

#### **4.4.2 Twitter**

Standard Bank Kenya joined the social media twitter in 2011 according to their handle @StanChartKE. It has over 1800 followers on twitter by end of September 2014 an increment of over 800 from March 2014. The twitter handle follows 70 other handles and has about 1200 tweets. It also has about 12 photos on the handle of which half have been tweeted in 2014.

The bank is more active on twitter than it is on facebook albeit with a little following as compared to facebook. The banks also seem to post more online on twitter than it does on facebook. During the period on the study, last two weeks of August to end of September, the bank had over 50 tweets. It also had several retweets of the twitter handle of other the

mother company Standard Chartered Bank PLC @StanChart which joined twitter in the year 2009.

#### **4.4.2.1 Activities on Twitter**

The bank tweets about the products they provide most of the time leaving a link on the tweet to be accessed if the audience wants more information. They tweet about events and CSR activities that they sponsor within the country and worldwide. Some of the activities the bank has tweeted about include the Seeing-is-believing launch where photos of the people present at the launch including those of school children going through the eye clinics were posted.

The bank also tweets about their sponsored sports events. In Kenya two of these events the Nairobi Marathon and the Rift Valley Odyssey are key in their corporate social responsibility program seeing-is-believing that funds correctional surgery on children to help in avoidable blindness. These sports should be chief to a marketing drive for the bank especially on twitter but a look at their handle indicate that not much attention was paid to them.

Sponsorship of sports and teams participating in sports is a major method of putting a company's name out there to a wider audience. Standard Chartered Bank PLC has a kit sponsorship deal with Liverpool football club in England. There are a few tweets from the mother bank that the Kenyan subsidiary also retweets. The bank in Kenya seems to retweet a lot from the mother company. Some of the tweets from the bank in London may

not resonate with the local audience even though they may do very well if they are tweaked to meet the challenges and tastes of the Kenyan audience.

The bank partners with a lot of people and organizations in sports activities, banking industry and other services. A lot of tweets on the bank's handle are from mentions by individuals and other partners in their CSR activities. First, the bank retweeted a lot of tweets where they were mentioned. Some of the partners in the Rift Valley odyssey and the Nairobi marathon tweet about these events fervently yet all the bank does is retweet. If the bank was more aggressive, they would tweet constantly for the period of these even and after to attract more people. These tweets would be retweeted by the mentioned sponsors because from their handle it seems the partners are tweeting more. Secondly the bank needs to rope in these individuals who are tweeting about these events and engage them on twitter conversation which would mean more people are able to see them on twitter.

During the period of the study the bank was going through the last part of their promotion the Grand Sale. Several tweets were posted on how to move loans from other banks. The bank gave a lot of information on the promotion. Companies whose employees could take loans at the bank, clarification and education on the new rate championed by the Kenya Bankers association and Central bank of Kenya were tweeted. The bank also educated the audience on the reasons for moving and also answered queries on the intricacies of the grand sale. The bank also tweeted about other products they offer like credit cards, saving



products for education, using the credit card to pay to get percentage cash back reward and online banking. Some of the tweets were also seen as posts on facebook.

There were more satisfied customers on twitter rather than angry ones and the bank took the advantage to retweet their tweets. Such tweets included happy comments about the banking services, queries about the services and thank you notes to bank employees for quick and exemplary service. The bank should have gone further to engage these customers on twitter so as to attract more attention.

One of the strengths of the bank on twitter is that it responded to customers queries faster compared to facebook. The bank also took advantage of the fact that tweets from companies and even individuals sometimes have links due to the little space provided by the 140 letter limit. It therefore has links in most of the tweets so as to let the audience into their online banking platform and website which was a good way of marketing as these channels have all their products.

As compared to facebook the bank had more posts per day even though some days were missing without a tweet. The bank has to learn that even without promotions the customers or the audience on social media, need to be engaged and the best way of doing so is by keeping on tweeting.

The bank follow jus about 70 people on twitter and a quick look at these handle reveal a coterie of local celebrities, and Information technology and social media aficionados who have a massive following locally. This could be a smart move especially if these people end up retweeting the bank's tweets and hence reaching a bigger audience. This is a very courageous way of marketing as long as these opinion leaders decide to tweet on the bank's behalf or about the bank.

#### **4.4.2.2 Weaknesses of the bank on twitter**

One of the major troubles of marketing is an unengaged customer. If the bank is not engaging the customer while other suitors are constantly tweeting and marketing their products, there is a high possibility of customers trying the products of these other institutions and this is a sure way of losing customers already in the fold. The problem is that the bank only wants to tweet something about them, this way they can easily run out of things to tweet, but if they tweet about the audience they will have several interesting things to say and several topics to pick from.

Some products are may be tweeted about severally but are not customer focused. A tweet about credit cards repetitively to an audience where few can get afford will be deemed insensitive to the audience and will be ignored. One important issue about the tweets by SCB is that some of the photos of the retweets from some of their partners especially the international partners could not really fit the local audience. The products they tweeted about may not be bought by the audience on social media who are mainly young people who unable to procure such services or products.

How many people the bank follows on twitter can also determine the penetration of their tweets. The bank only follows about 70 people most of who can be considered opinion leaders on twitter and other social media like facebook. This slim approach to following people on twitter may work against the bank should something go wrong and one of these opinion leaders begin ranting about the services or products. But then again these people can afford the services or the bank's products. The fact that the bank is only following a few people could be the reason behind the low twitter following it has in regards to its face as a big bank.

Another issue with the bank's twitter handle is that it seems unconcerned with several popular events in Kenya or it attends these events but does not tweet about them. Several events occur within the country where major banking institutions have their stands and tweet about them while this bank only talks about the Nairobi marathon and even then almost timidly. Getting a following on a social media like twitter demands that an institutions tweets about the littlest of things they do, how they are in touch with the communities and how they are partnering with the government, civil societies and religious institutions.

The creativity of tweets by the bank is not compelling to the audience. The bank tweets dull posts on promotions even less creative than the adverts they have on radio and newspapers. Twitter is a game of hashtags that reverberate amongst the audience and are picked up and followed by so many that make it trend. If the bank can use the opinion leaders they follow to retweet and tweet using the *hashtag* for any of their promotions,

advertises or even fun tweets that keep the audience engaged, they could boost their following.

Compared to a bank like Chase Bank Kenya or Equity bank, the SCB twitter handle is barely lively for the period of the study except for the launch of the Nairobi Marathon. Chase Bank constantly comes up with catchy hashtags whenever they have a promotion and they will use these every time they tweet. The latter also have an active twitter handle that is constantly engaging customers, tweeting, retweeting, responding to queries and firing up the hype. The bank also has over 500 photos on the handle meaning they have a lot of engagement with the audience.

The number of retweets of SCB tweets is little. In, fact several tweets during the period of study went without any retweets. There were even fewer favorites. On twitter these are very important. When the audience retweet a person's tweet or even favorite it, it means they are impressed, they identify with, they agree with it or they even find it funny. If a good number in the audience retweet and favorite, it could easily go viral hence putting the handle of the bank a must see. Consistently being retweeted by big numbers is very good for the bank as it may eventually spread the following and increase the numbers that the bank needs.

Service industry Institutions should always have somebody manning their social media. There are internet trolls looking for active handles where they can put their insensitive ideas. SCB's handle is not constantly manned. This could be the reason the tweets are not

constantly coming. A look at the Equity bank's handle tells a different story with an average 3 tweets a day. Chase bank Kenya is even more engaging with so many tweets per day and following of over 18,000. Chase bank has people constantly on the job tweeting and retweeting and favoriting tweets from the audience in favor of the bank. Even the audience feels appreciated when retweeted.

#### **4.5 Bank Employees**

Up to nine bank employees were interviewed during this research. Two were of the role of managers; two were officers while the rest were staff in operations and direct sales staff in different departments.

##### **4.5.1 Bank Activities on facebook and twitter**

All the staff of the bank interviewed admitted knowledge of the bank on the two social media. They also mentioned that they were on facebook. Up to seven of the staff said they held twitter accounts. All of the nine admitted to knowing the bank was on facebook while up to seven of them admitted the bank was on twitter. Up to seven of the staff admitted to liking the bank's facebook page while of the staff who held a twitter account, only four followed the bank on twitter. One other staff admitted to following the former CEO of the bank on twitter.

Of the nine employees interviewed, eight said they were active on facebook and visited their pages daily. One said he visited his page occasionally, once a week. The staff on twitter all admitted to visit their handle daily.

Even though all the employees interviewed agreed that they knew of the bank's presence on facebook while seven admitted the bank was on twitter, two employees said they had never seen any posts of the bank on facebook or twitter. Asked what the bank did with their facebook page and twitter account, most of them said the bank put on promotions and adverts. Seven of the employees said that during the Grand Sale promotion, a bank promotion of loan products that ended in late August, they occasionally saw posts by the bank on facebook.

Except for two who had not seen SCB on these two social media, the employees agreed that the bank was mostly posting on their adverts on loan products and interests. Some employees also mentioned that the bank also handled queries from the audience on facebook and twitter. Two employees also mentioned that the bank sometimes used its sponsored partners like Liverpool FC, a football club in England to market itself on social media.

Asked about the focus of the bank on facebook and twitter, up to four employees said they were not sure what the focus of the bank was on social media. Three of the employees said the bank was focused on salaried middle class individuals in their who were young as facebook and twitter mostly carried the youth, while one said the bank had carved a niche of a certain class on people and these were not on social media therefore the focus was on the general public. Another staff member mentioned there could have been a fallacy that the bank focused on the rich and therefore social media was not a place for them.

#### **4.5.2 What the bank should do on twitter and facebook**

Up to eight staff members admitted that the banks presence on both facebook and twitter were wanting. They were critical of the banks lack of posts. They admitted the bank was not active on twitter or facebook as it would be expected of a market leader in technology like it was. Some members said the bank would seemed not to post on facebook daily as they visited their pages for long hours daily but rarely saw posts from the bank. Their chief concern with the bank was this lack of activity, hence most indicated that if the bank wanted to be felt on these media, especially facebook, it had to post constantly and daily.

The employees all seemed to agree that the bank was conservative on facebook and twitter. They agreed that during the grand sale this trend just changed a little bit but even then the posts did not come daily and as swift and furious as expected during such a big promotion. An employee from the credit department admitted that the bank gained a lot of customers during the promotion but could not know if any of them could have seen the loan adverts on facebook or twitter. They wanted the bank to be on these media every time not only during promotions.

Customer engagement is one thing the employees mentioned was missing on both twitter and facebook. Asked about other banks that were doing better on facebook and twitter, they were all unanimous that other banks were doing better at communicating to the audiences on these media. Chase Bank Kenya was mentioned by up to four employees on their engagement of clients and the general audience on both media. They were pointed

out for their creativity on twitter and facebook with memorable hashtags, promotions and use of opinion leaders on facebook and twitter to carry their daily story. Other banks mentioned by the employees for being more active on twitter and facebook with more than one daily post and customer engagement were Equity bank, Barclays bank Kenya and Kenya commercial bank. The staff wanted the bank to be more active.

Asked if they knew managed the facebook and twitter accounts, none of the employees could really specify if there was such a role. They all admitted that this was done by corporate affairs and that due to such inactivity; it seemed it was an added role to somebody who already had another job description. Up to six of the employees thought that the bank needed to employ people whose job was to handle facebook and twitter since they thought everybody was moving into social media and it was unsecure for the bank not to have somebody who constantly watched what the general audience and customers were saying on the bank facebook account or twitter handle.

The employees were also unanimous that the bank should do more on facebook and twitter. They all thought that other solutions should be proffered by the bank on their facebook page and twitter handle. All the employees admitted to never having been asked by the bank to contribute on ideas that could be used on the two media, though all agreed they would be free to share ideas with the bank. Only three however were willing to use their facebook or twitter accounts to market the bank. Most of the remainder said this was very sensitive and personal and better remained that way.



Some of the solutions the employees gave were having a feedback platform that is constantly manned to keep the interaction flowing. The staff who suggested this said customers and the general audience in media want to be engaged and hence will only follow whoever engages them. Using facebook and twitter they said would endear the bank to many members of the audience who would become clients.

Another solution fronted by up to four staff members is customer education. They mentioned different facets of education. Some included education on financial matters and investment opportunities which would attract the middle class salaried individuals and newly employed youth who would easily be interested in such. Another customer facet of customer education was on how to use the bank services like online or mobile banking. Another type of training that would be offered on these social media was enlightening the customers on calculation of loan interests and interests on savings so that such queries would not have to be repeated on these media and that customers would not complain of being duped by the bank.

#### **4.5.3 Security and Privacy on facebook and twitter**

On the issue of security and privacy all the employees admitted to knowing the bank had an internal policy on interaction with social media but known knew if there was a policy on the banks social media platforms. All the employees agreed that social media was prone to issues of insecurity but at the same time they also were confident of the ability of their bank to securely communicate with clients on social media. Some admitted that

the only cause of alarm would arise if clients decided to share personal account details which said the bank did not allow.

Up to four members of staff interviewed said that what the trend they had seen on facebook and twitter is that clients were requested to send their queries via email or told to call the call centre number or allowed to send their phone numbers via different media so that they would be called back by staff members to resolve their issues. Seven staff thought the bank was too conservative in facebook and twitter and this could be for reasons of security of the clients.

Even though the staff admitted that social media would be difficult to manage without the support of the clients who decided to use these channels, they also thought since the bank had a robust digital team, all these issues could be handled very ably by the bank. The staff however preferred if there was a team always watching what was going on facebook and twitter against the bank to avert situations of hacking of their accounts or abuse of the bank by social media trolls on the prowl.

One of the ways, agreed on by up to six of the staff members, to preventing scams and fraud on social media was education of clients on what needs to be posted on facebook or twitter. Up to 3 staff admitted that they had seen a post advising the audience not to post account details or pin numbers on social media. Some staff admitted they had no idea how scams or identity theft would be prevented on social media but said the bank had a responsibility to help clients avoid fraudsters on facebook and twitter.

Four members of staff mentioned that the bank had a very secure online banking system, but always advised customers to log into the bank system using secure internet, therefore the same advise should be given to people wanting to contact the banking using facebook and twitter to avoid other people hacking into their social media account. Another way of preventing fraud through social media mentioned by up to five members of staff is validation of the client on a different media. This means that once a client has provided information as advised using a different media, their information would be looked into by other bank staff so that a call back would be initiated to verify the client's claims and information.

#### **4.5.4 What the bank gains by being on social media**

All the staff interviewed admitted that the bank had a lot to gain by being on social media, one of which was a free audience to market to. Most of the interviewees admitted that times were changing and facebook and twitter gave a large space for anybody to market and the bank had more to gain than lose by being very active on such media. The staffs were unanimous that the bank would definitely get more customers from facebook and twitter if it marketed aggressively like other banks.

Some staff said that since twitter and facebook were home to most of the newly employed and urban middle class, who are also targets of the banks retail products, the bank needed to increase its presence on both media to ensure they get their fair share of this group. The bank therefore needed to shore up following on both media by constantly engaging the audience and posting exciting products and services. Some staff even

suggested that the bank should look at the local market and the other banks and what they were doing. One of the staff thought that the bank could hire specialists to shore up following of both media. Such specialists would help in search engine optimization so that the banks handle could be popular with many. One also suggested the use of relevant celebrities in the financial or media industry to shore up the bank's presence on these two media.

Members of staff also thought that the bank learn from the engagement with the audience on social media on how to package their adverts or their products due to constant and instant feedback from these media. Up to three members thought it was important to watch the competition on facebook and twitter not only to learn from both their mistakes and excelling points but also to watch their products and interaction with their clients who could be swayed to join the bank.

#### **4.6 Discussion of Findings**

Social media is so pervasive in today's society and so is it in the different service industries including the banking sector in Kenya. This study set out to look at the way Standard Chartered Bank Kenya uses facebook and twitter with a view to find out whether these two social media are being used effectively by the bank in terms of marketing, solution delivery, how customer and bank privacy and security is taken care of, and what the bank gains from using social media.

One of the major findings is that most of the bank customers from the ages of late 30s into the 20s have subscribed to multiple social media and spend loads of time there. The most common social media within these ages is facebook, closely followed by WhatsApp and then Twitter coming at number three. The respondents seem to stay online for longer hours on social media because they of their gadget of preference for logging into these media which is the smart mobile phone.

The study also found out that the customers do not necessarily follow the bank on facebook and twitter just because they are on these media. Of the respondents, only 30% have liked the banks page with only 27% following the bank on twitter. Even so the study shows that even those who follow SCB on these media rarely see a post from the bank on facebook or twitter.

Besides these, the respondents also indicate that they are unaware of any social media policy made by the bank for their use on facebook or twitter. Still they are concerned by the privacy of facebook and twitter and only 24% agreeing that they would provide any information on these social media even then insisting that only information that's public and already on their social media accounts would be shared with the bank on such media. 76% of the respondents said they would not want to share any personal information but all agreed they would share complains through such media.

Customers, the study found out, feared that facebook and twitter would easily be hacked and identity theft would be rampant. They were also concerned with confidentiality issues. Even with all these concerns, customers wanted to access the bank in these two media. They wanted the bank to be more active in providing solutions such as: client education on products such as investment plans, calculation of interest rates, using of bank systems especially their online and mobile banking platforms. They also wanted to see the bank being more active on the two social media. The study also found out that the clients were spending a lot of time on a social media platform like WhatsApp which is not being used by the bank.

The study found out that Standard Chartered Bank Kenya was not very active on facebook with less than 20 posts in a period on six weeks. Slow response on customer queries by the bank on facebook was noted a something that may really irk the clients on facebook. Another weakness of the bank is that the product range posted on facebook was very thin and not focused on a wide range of customers especially the platinum or gold credit cards.

A comparison of the facebook pages of SCB vis-a-vis Chase Bank Kenya and later Equity Bank indicated that the bank's facebook page and twitter handle were dull and almost timid. They seem to have nobody manning them constantly as was with Chase which within the same period had average three posts a day and Equity with Average 2.5 posts a day. SCB also had very little engagement on their page with very few likes, or comments on their posts, with others missing even a like. So was twitter with very few

retweets if any at all and rarer favorites. While Equity and Chase seemed to online all the time with Equity even promising someone would be there 24/7, SCB would miss posting for a day or even two.

The study found out that SCB had the strength of leveraging on sponsored events and sports events when posting on both facebook and twitter. It also found out that SCB shared some posts from the mother bank's page on their own page and retweeted the tweets on their twitter handle. SCB also was also found to be more active on twitter than facebook with over 50 tweets and retweets within the six weeks of study.

Overall, the bank was found not to engage customers assiduously like other banks or organizations on twitter do. They seemed only to follow back an elite group of slightly above 70 people who are mostly media personalities and social media enthusiasts yet seem not to use these people properly. If the bank would use these elite followed group to generate content and hype on social media, they would gain a lot.

The employees of the bank were found to be aware of the banks presence on social media yet only some liked the bank's page on facebook or followed the bank on twitter. None of the staff interviewed admitted knowledge on the bank's social media policy either on their facebook page or twitter. All of the employees were not impressed though, that the bank which seemed to have very good technology solutions and products was not very active on these two social media which gave then an open avenue for show casing this innovativeness.

The employees seemed not to know if the bank hired people specifically to manage the social media services and all seemed to think that this was an added role to somebody who already had another job due to their lack of activity or very slow activity and responses.



## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

This final chapter gives a summary of the findings of the research. Conclusions and recommendations derived from the study are also outlined in this chapter. These findings are very important for a study on the use of social media in the banking industry. They can be resorted to for corrective measures by service industry use of such media.

#### **5.2 Summary of Major Findings**

One of the major findings is that the bank customers were on multiple social media including facebook, WhatsApp, twitter, Instagram and Google+. Most of the customers on facebook were also on WhatsApp and twitter. WhatsApp, even though not a subject of study here comes out as a strong contender in the battle on the social media use. Banks should be interested in this trend and snap up this medium as it is personal and integrated to the mobile numbers.

Customers were found to stay online on these social media for long hours. Many admitted to being on social media for more than three hours. Some were always online in a media like WhatsApp because they used it for most kind of communication like the short message system. This should be an interesting finding for the bank as they should be where the clients are easily found.

A confounding finding is that SCB is not as active on facebook and twitter as should be expected in these social media. Facebook where the bank had the most number of interests with over 25,500 likes was not updated on a daily basis and this would only happen during promotions. Customers and bank employees alike were unanimous that the bank was lackadaisical in its facebook and twitter presence and wanted this to improve.

It was found that the bank seemed very dull, almost timid on these social media. The bank posts in these two media albeit rare did not inspire any creativity and hence would not attract much attention. Customers and clients admitted that the bank's mundane posts on promotions when compared to some of the local banks were way behind in terms of exciting the audience. This means that the audience yearns and looks forward to something exciting if the bank is to post on these media.

The respondents also thought that the slow pace of the bank in responding to queries on twitter would hurt the bank's following. The customers wanted more exciting solutions to be provided on these social media.

Both the customers and bank staff were concerned about the security of information and the privacy of such media. Even though they were not willing to share personal information like account details on the media, they still feared there was a possibility of hacking and even fraud using information intercepted using such media.

The customers were not aware of any security measures put in place by the bank to protect them on social media and mostly admitted lack of knowledge of any social media policy on both facebook and twitter. They wanted the bank to adequately protect them and were willing to give suggestion to help in securing their information on social media. It was found that the bank could gain a lot from being active on both facebook and twitter and they could leverage on every single post on facebook or tweet on twitter. The bank just needed to keep engaging clients and the general audience. The audience wanted constant engagement and compared SCB with other bank, affirming that others in the Kenya market were doing much more than SCB on these media and this needed to change.

The bank needed to be more creative on these social media outlet and the audience appreciated the flamboyance that comes with ingenious hashtags and inspiring posts what drove an avalanche of likes, favorites, retweets and sharing.

### **5.3 Conclusions**

It is important to note that SCB Kenya is not using its full potential as a bank with a rich culture, a robust financial muscle and up to date technological advancement to help itself on the social media scene especially on facebook and twitter. With their online banking portal and mobile banking product, they could do a lot and provide very desirable solutions on facebook or even twitter but these two social media outlets seem not to itch their interest very much. A look at their major promotion the grand sale was more on radio, newspapers and other media than it was on these social media.

SCB can learn from other banks how to upgrade its presence on facebook and twitter. The bank seems to be active only during major promotions only to return to slumber after such promotions. Social media however demands constantly engaging the audience. SCB in this case has disappointed not only the clients but also the employees due to its slow activity on these media. It can be concluded that the bank is conservative in the way it looks at these two social media.

There are a myriad ways in which the bank can engage clients; not only promotions. The bank can use education and training of clients on their products to make these media lively. It can also make use the opinion leaders in such media. The bank, it can be concluded, follows a coterie of Kenyan media personalities but seem not to know to use them to increase the number of followers it has on twitter.

Customers are always walking with the gadgets with which they access facebook and twitter and the bank cannot ignore such media. The bank has slightly above 1800 followers on twitter yet, Chase Bank Kenya with which they joined the media in the same year has 18000 followers; ten times SCB's followers. The bank needs to wake up and rethink why this is happening.

We can also conclude that WhatsApp is a social media application that is growing so fast and banks need to look at the potential it has in customer growth and provision of solutions since it is personal to the number of the phone and most of the customers already have it.

We can also conclude that even though the bank several activities it undertakes, only a few major ones are posted on social media. Their little charity activities that their departments take care of are not posted on twitter or facebook.

Facebook and twitter are very important for provision of different solutions to the customers but there is still a lot of concern about their security. Customer education in the way such media should be used is imperative therefore for smooth running on their pages. Customers have real concerns of hacking and fraud that may occur on such media and these should be addressed by training. Banks also need to put in an open place on their facebook page, the interaction policy or guideline so that customers are advised adequately before they begin communicating with the bank on social media.

Banks have a lot to gain by being on social media. They could gain more customers from their interactions on facebook and twitter. Other than this, banks can receive instant feedback on their products and their solutions so that they correct or rethink their strategies. Banks can also mint a lot of data from their correspondence with the audience on social media and they could also watch their competitors on these media. Being constantly active on twitter can assure bank of constant feedback and there is therefore a need to put some people to manage the facebook page and twitter handle every second of the day.

#### **5.4 Recommendation**

Due to this research, it is recommended that banks look at their interaction with the general audience as on social media as full time job and an opportunity to collect data and attract more clients. The use of opinion leaders within the social media industry should also be looked into seriously as it may give a bank a lot of mileage in terms of increasing the client base and feedback on the general feeling of the public on a bank's products.

Another recommendation to banks is the constant reminder of clients on the security measures put in place to protect them and for data integrity, as this will push them to always act within the policy that should also be right there in the beginning of the page and written in simple language without ambiguities or legal jargon for easy understanding.

Banks should appreciate the new upcoming socio media outlets like WhatsApp and Instagram and curve their niche as this improves customer interaction since customers are quickly embracing these social media outlets and spend a lot of their time daily on them.

From this study it is also recommends that further study could be carried on older clients, 50 years and above to also get their feeling towards social media and banking. In this study, amongst the customers interviewed, only 9% were in age range of 41- 45 years old; the oldest in the study. Most of the customers however were below 40 years old and a look at the older ages would paint us a picture of what they think about facebook and twitter, and banking.

As a point of study it would also be preferable in later studies to look at the distribution of the different social media amongst the different ages and the reasons behind the following of banks on different social media.

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## APPENDICES

### APPENDIX I: QUESTIONNAIRE FOR CUSTOMERS

#### Introduction

Social media has become very common in Kenya and across the world. People today use phones, laptops, personal computer and tablets to access social media. Social media is an instant way of communication and some service industries like banks are also getting into it.

This study seeks to explore the use of social media by banks and how the banks can use these media for marketing and optimize solution delivery while at the same time being aware of security. As a customer or a potential customer of the bank your feedback will be useful in this study.

#### Section 1: Bio Data

1. Name of Respondent: \_\_\_\_\_
2. Sex: Male  Female
3. Age (years): Below 30  31 – 35  35- 40  41-45   
45 – 50  Above 50
4. Education  
Below O-level  O-level  A-level  College/University

#### Section 2: Questions

1. Do you use social media? YES NO
2. Which is the preferred social media site (facebook, twitter, WhatsApp, Google+, Instagram)
3. Do you follow your bank on social media: facebook and twitter?  
YES NO
4. Would you want your bank to communicate with you on facebook and twitter?  
YES NO

If yes what would you want your bank to communicate with you about on facebook and twitter? -----

-----  
What kind of information would you divulge to your bank on facebook and twitter?

5. What information security safeguards (data protection measures) has your bank put in place on facebook and twitter? -----  
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6. Do you have any information security concerns regarding the use of facebook and twitter by your bank in communicating with you? YES NO if yes, which concerns?  
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7. What do you think your bank can do to prevent information breach on social media?  
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8. Has your bank ever advised on how to deal with any possible information breach on use of social media? YES NO

9. Does your bank have a social media policy for the public on facebook and twitter? YES NO, how effective is it in protecting you as a customer?  
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10. How long do you spend on social media per day?  
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11. How often do you see your banks facebook page whenever you're online?  
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What does your bank do on facebook and twitter?  
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12. Do you think your bank could do better marketing on facebook and twitter? YES NO

How do you think, your bank could improve its marketing on facebook and twitter?

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13. What solutions does your bank provide on facebook and twitter?

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14. What other solutions would you want to see your bank provide on facebook and twitter?

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Would you support your bank if it wanted to involve you, your facebook timeline and or your twitter handle on their marketing? YES NO

15. Do you think your bank has social media savvy employees managing their social sites? YES NO

16. Do you have a favorite company on social media whose site you always check whenever you're online? YES NO How different is it from your bank facebook and twitter sites?

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What do you think your bank can gain by their use of facebook and twitter account?

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Do you have other bankers? YES NO which amongst them do you prefer on social media and why?

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17. What electronic devices do you use to connect to social media?

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18. Compared other kinds of communication, how responsive is your bank on social media?

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19. Would you recommend your bank to another person due to their use of social media?

YES NO

How would you describe to them your social media experience with your bank?

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## **APENDIX II: INTERVIEW GUIDE FOR SCB STAFF**

1. Do you know of you bank's social media presence? Say facebook and twitter?
2. Are you on facebook and/or twitter?
3. What does your bank do on social media?
4. Does your bank hire people whose specific role is social media facebook and twitter?
5. Do you follow your bank on social media? Why, not?
6. What marketing strategies are used by your bank on social media?
7. Has your bank ever asked you to chip in and help generate social media ideas?
8. Would you help your bank generate social media ideas don facebook and twitter?
9. Who does your bank target on social media?
10. Do you get customers who are roped in because of social media
11. What are clients saying of your social media presence.
12. Does your bank have a social media policy?
13. Do you think your bank has the capability to securely communicate with customers on social media?
14. Do you have any security concerns with your bank's use of facebook and twitter?
15. What's your bank doing to prevent its customers from potential scams on social media
16. What do you think your bank can do on issues like phishing, and identity theft?
17. What solutions do you think your bank can provide on social media?
18. Do you think your bank can market better, how?
19. Do you know of any other bank in Kenya that's doing better than your bank on facebook and twitter? If so, what are they doing differently?
20. What do you think your bank achieves by being on social media? How is that going so far?