INFLUENCE OF INFORMATION COMMUNICATION AND TECHNOLOGY ON CUSTOMER RETENTION IN KENYA COMMERCIAL BANK (KCB) TRANS-NZOIA COUNTY, KENYA

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BY

SHIRLEY JERUTO KIBOR

A RESEARCH PROJECT REPORT SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTERS OF ARTS IN PROJECT MANAGEMENT OF UNIVERSITY OF NAIROBI

2017

DECLARATION

This research project is my original work and has not been presented for the award of a degree in this University or any other institution of higher learning.

Signature…………………………………….. Date………………………

SHIRLEY JERUTO KIBOR

L/50/85034/2016

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

Signature…………………………………….. Date………………………

DR. STEPHEN OKELLO

Department of Open and Distance Learning

University of Nairobi

DEDICATION

This study is dedicated to my husband Gibson Tonui who keeps reminding me that I have the potential to do much more than I can imagine. Thank you for your understanding your love and support is immeasurable, and I will forever treasure this.

ACKNOWLEDGEMENT

I would like to express my deep and sincere gratitude to my supervisor Dr. Stephen Okello, his wide knowledge and his logical way of thinking have been of great value for me. His understanding, encouraging and personal guidance have provided a good basis for development of this proposal.

I thank the Almighty God for the opportunity, strength and Grace to complete this MA program. Secondly, I would like to sincerely thank my family, friends and colleagues at work for their support and encouragement during the project period.

To the management and University of Nairobi staff, I give my gratitude for the support accorded to me while studying at the institution. To all my lecturers, I appreciate the knowledge freely shared and the delivery of their lectures. I particularly wish to appreciate Dr. Patrick Cheben whose lectures constituted a strong foundation in my appreciation of the proposal. I also thank my office colleagues for their support.

And last but not least, to my friends, thank you for your support and encouragement.

TABLE OF CONTENTS

LIST OF FIGURES

LIST OF TABLES

ABSTRACT

Information and communication technology (ICT) is considered as a great invention owing to its ability of automating a large percentage of the work done by human beings. Unfortunately when products and services are designed they do not work ideally as intended. This research explored influence that ICT has on customer retention using the case of Kenyan commercial bank. The study objectives include application of ICT products which includes card system, mobile banking, internet banking and agency banking. The study focused on examination of features of ICT products which influence level of customer retention which acted as a pointer to the relevant authorities for further improvement and to develop a framework that can be used in the Kenyan banking sector to boost performance of ICT related products and boost customer satisfaction hence facilitating customer retention. The target population for the study is the Kenya Commercial Bank one of the forty three banks in Kenya. The study used stratified and simple random probability sample procedures. The target population consisted of 1500 customers of KCB who used card system, mobile banking, internet banking and agency banking The researcher sampled 319 mobile banking customers of KCB. A correlation coefficient of 0.720 was obtained suggesting a strong positive relationship. This indicates that Information Communication and Technology on has an influence to the Customer Retention in Kenya Commercial Bank. A correlation coefficient of 0.720 was obtained suggesting a strong relationship. This indicates that Information Communication and Technology on has an impact to the Customer Retention in Kenya Commercial Bank, according to Freedman (2000). The study recommends further research on Influence of Information Communication and Technology on Customer Retention since this area has not been covered adequately.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Information and communication technology (ICT) is a leading technological invention. It has changed the way things are done in several financial institutions. Products and services are ideally designed to work in a given manner that is predetermined in ensuring that there is effectiveness and efficiency. This leads to end users and customers getting satisfied. The study do investigate the influence of ICT products and services on the perceived performance and satisfaction by its customers hence leading to customer retention. The independent variables for this study will be the various ICT products and services adopted by the banks precisely the card system, mobile and agency banking and internet banking while the dependent variables are customer retention strategies.

According to World Economic Forum's (2016) developed countries are much ahead in the ICT investments. Africa is also advancing in adoption and use of ICT in both private and public sectors (eTransform Africa 2012) it argues that ICT innovation are dramatically changing from time to time., Millions of mobile phone subscriptions were in use by early 2013.

Financial institutions are tasked with the responsibility of providing financial services to its customers in an efficient way. There are many private financial institutions in Kenya which results to high competition among financial institutions. This creates the desire by this institution to improve their service provision. There has been dramatic growth in the financial institutions in Kenya over the last decade which is the growth in information technology. This continues to cause enormous service innovations in service delivery in the financial sector in Kenya (African development bank 2013)

The origin of Kenya Commercial Bank (KCB) is dated back in 1896 when National bank of India extended its operations to Nairobi from Zanzibar. The bank the merged with Grindlays bank in 1958 which was later bought by Kenyan government in 1970 to give birth to KCB. Kenya Commercial Bank is the leading financial institutions in the great lakes region with over 222 branches in Kenya, Uganda, Burundi, Rwanda, South Sudan and Tanzania. The bank has estimated shareholding of over Kshs. 60 billion and an estimated valuation of over Kshs. 400 billion. As such this is one of the widely known banking institutions that offer most commonly required financial services to the entire population. The bank does not discriminate between small clients and large corporate clients because they are all accorded equal importance. This makes KCB a special bank that attempts to use technology to reach its different customers and meet their needs. These make KCB a representative of most of the financial institutions in the region consequently the choice of KCB for this study.

The use of ICT in financial institutions has been on the rise and thus enhancement of these technological platforms is of great significance in meeting satisfaction of the end users. As a result of this immense importance it has been incorporated as part of policy in most financial institutions in the world. ICT policies are the choice of financial products and services with an objective of increasing effectiveness and efficiency of service provision. Financial services involve an array of transactions that are made for various purposes. Financial institutions act as an avenue for making payment of services rendered by another person or the bank itself.

The various plat forms which are used by financial institutions to make transactions include card systems, mobile banking, internet banking and Agency banking. ICT has reformed the manner in which transactions are made in a significant ways. These ICT products and services are instruments used by financial institutions in providing services to the public.

This study endeavored to examine customer satisfaction levels based on customer's assessment of ICT services and products hence facilitating customer retention. In the customer's perspective, service quality influences customer satisfactions. It also provides a basis for financial institutions to establish their ICT policies and strategies to the customer.

The variables of this study are ICT financial services as the independent variable includes cards systems, mobile banking, internet banking and agency banking. These features have a direct impact on the perceptions of the customers of any financial institution. The dependent variable for the study is customer retention, which is the ability to attract and retain new customers. This includes customer satisfaction and convenience of the services being offered to them.

1.2 Statement of the Problem

Laying of four submarine cables at the Kenyan Coastal town of Mombasa has facilitated 5.7 Terabits per second capacity of connection leading to faster and cheaper internet connection to the region. According to Standard Newspaper Monday, (June 3rd 2013) all major towns have fiber connectivity therefore connecting major financial institutions using fiber. Furthermore, the mobile penetration in Kenya is very high with an estimated 30.4 million mobile subscribers. (Standard Newspaper Monday (June 3rd 2013) this implies that many people are connected either through internet or mobile telephones. There is also an increase in the number of smart phones and internet enabled mobile devices. This implies that over 50% of the Kenyans have access to internet and over 85% have access to mobile phones.(CAK Annual report 2013) Moreover, the promulgation of the new constitution in 2010 has led to introduction of 47 counties which has improved ICT infrastructure hence increasing penetration of ICT services across the country. This has increased the use of ICT platforms in providing financial services to the people.

The public complaints in the media and financial institutions that they have continued to experience challenges relating to service delivery. This is attributed by the shortcomings of products and services. Application of technology is increasing which is of essence to gaining understanding of the customer retention level as far as ICT products and services are concerned in the financial institutions in order to identify problematic areas and proposed recommendation in order to bench mark with that of other developed nations hence this study. The quality of ICT services will results to increased efficiency and compliance to the set timelines and standards of service provision by financial regulators.

The major aim of the research is to examine the impacts that ICT technology has on the financial institutions performance in Kenya and consequently explore quality issues related to satisfaction level by the consumers of those services. The service consumers are; the bank's customers and the internal users of the system who use ICT platforms to provide services to the customers.

1.3 Purpose of the Study

To establish the influence of information communication and technology in customer retention in Kenya commercial bank, Trans-nzoia County.

1.4 Research Objectives

The study investigated the below objectives:

i. To explore the influence of card system on customer retention in Kenya Commercial Bank;
ii. To investigate the influence of mobile banking on customer retention in Kenya Commercial Bank;
iii. To examine the influence of internet banking on customer retention in Kenya Commercial Bank.
iv. To determine the influence of agency banking on customer retention in Kenya Commercial Bank.

1.5 Research Questions

i. How do card system influence customer retention in Kenya Commercial bank?
ii. To what extend does adoption of mobile banking influence customer retention in Kenya commercial bank?
iii. How does the introduction of internet banking influence customer retention in Kenya Commercial Bank?
iv. How does agency banking influence customer retention in Kenya Commercial Bank?

1.6 Significance of the Study

Information technology in Kenyan Financial institutions are much needed. Due to the increase use of information technology in commercial banks, it is important to understand what the user's wants and complaints about. It is also important to understand how they compare these services with those of other financial institutions in developed nations.

Financial institution's management through this research develops an appropriate strategy for the institution while ICT Departments can formulate suitable ICT policies and strategies to address challenges facing their customers. The study findings therefore are very significant to banks so as to improve customer delivery services. It will also enable the banks to achieve higher growth to the Government at; to other financial institutions in the region and beyond who gain from Kenya's financial institutions success stories.

1.7 Delimitations of the Study

This research will be restricted to Kenya Commercial Bank (KCB). It will focus on the employees and customers of KCB particularly those in Kenya because the main interest is on the Kenyan financial industry and adoption of ICT. The study will cover the use of card system mobile banking, internet and agency banking in the Kenyan Banking industry. This will be in a bid to explore how it impacts satisfaction levels as perceived by the customers. The selected employees and clients are expected to be beneficiaries of ICT products and services from the bank. The study will focus on individuals who perform a large number of transactions this is because they are informed and interact with a number of ICT platforms in carrying their financial services. The study chooses KCB as a representative of the other financial institutions in Kenya because it is the widest spread bank in the country and has clients drawn from all categories of Kenyans. The study therefore does not cover the entirety of the Kenyan banking industry furthermore it will not cover all the stakeholders of ICT products and services such as services providers.

Moreover the study uses both qualitative and quantitative research. Quantitative studies are also suitable for conduction relational analysis to establish cause and effect. Quantitative study also helps in limiting subjectivity that arises from qualitative studies and allows reliability tests to be conducted. The customer retention will be measured using the relevant items rated. Since Likert scale will be represented by 1, 2, 3, 4 and 5, our midpoint will be 3.

1.8 Limitations of the Study

Limitations are particular features that deter the scope of a study as well as generalization of the research results (Perry, 1998). The primary limitation is the decision to make an investigation of the effect of ICT products and service in banking industry more so KCB and not the effect of ICT products and services in financial industry

The study is limited to financial institutions in Kenya particularly commercial banks. The study covers ICT products and services and their impacts on customer retention as well as performance implications on service delivery.

The other limitations of the study might be the wrong inferences due to the fact that variation of dependent variables may be as a result of other factors other than the ones tested. Moreover, it is not possible to study all the variables that lead to customer retention in a single study and consequently adoption of ICT services is believed to be one of the factors that affect customer perceptions. There is also the possibility of close correlation between the various sub variables that make up the independent variables leading to auto correlation errors consequently leading to erroneous inferences.

1.9 Basic Assumptions of the Study

There are a number of assumptions made which include: All the employees and clients of KCB have the knowledge of ICT services and products which are provided by the bank. The respondents are literate and have emails hence are able to understand and respond to the online questionnaire. The study covers all the aspects of ICT products and services which are adopted by the bank and KCB has adopted all the ICT products and services that are typical of the Kenyan financial institutions.

1.10 Definitions of Significant Terms Used

Customer retention: Refers to companies and Organizations actions undertaken to minimize the customer defections.

Mobile banking: This is the process of doing transactions over mobile device which are financial (cell phone, tablets, e.t.c).

Financial institutions: These include all the institutions which provide financial services to the public and include insurance, Sacco's and banks among others

ICT products and services: These are platforms that are used to provide services to the customers of KCB or banks in general.

Internet banking: This is a system used by customers in a bank or any other financial institutions to make payments through the financial institutions website.

Agency banking: It is whereby non-bank representatives are authorized to offer basic bank services and settle transactions outside branches.

Card system: This entails use of cards like Master card, smart card and ATM's Visa to transact business or conduct non cash monitory payments. How effective and efficient ICT products and services are in terms of service provision.

1.11 Organization of the study

The chapter has described in layman's language adoption of ICT products and services and even has highlighted its various ways in which it may affect customer satisfaction. The chapter also gave the study the organization's background history and the study justification. Chapter two researcher has the literature available on adoption of ICT products and services and its effects on customer satisfaction and service delivery. The subtopic are Introduction, customer retention, card system, internet banking agency banking, The Impact of ICT on service provision and customer retention, Trends in Adoption of ICT in Financial Sector, ICT products and services in Kenyan Financial Sector, Theoretical Review, information production and contemporary banking theory, and Conceptual Framework.

Chapter Three: The chapter covered the methodology used. It discussed research design, sampling procedures, population, sample size, research instruments, validity and reliability of the instruments and data collection and procedure of analysing, and ethical considerations.

Chapter four: This chapter presents analysis of data, interpretation and discussions.

Chapter five: It represents conclusions and recommendations as well as further research, references and appendices are at the end.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter shows several studies investigated in this line. It incorporates research questions which forms a basis for chapter four discussion. This provides a guideline for the research and form a basis for research gaps and consequently qualify the need to conduct research in this field.

Customer satisfaction refers to perception of an individual towards a given service which in many cases occurs as a result of quality or perceived quality of a service. There is increased emphasis on customer satisfaction by many managers saying customer's loyalty is achieved by provision of quality service. The ICT services consumers mainly comprise of internal staff members and the external users (Kekre, Krishan & Srinivan, 1995).

2.2 The concept customer retention

Customer retention refers to an activity which organization selling undertakes considers so as to minimize existing defections. Having a good contact and close relationships with the customers ensures that there is a very successful retention of customers. Therefore, the company should be in a position to attract and retain its customer wells so as to make them be satisfied with its services

Customer retention is all about exceeding customers' expectations In order to enhance customer's loyalty to the brand given. It goes beyond what providing what customers wants. The creation of customer loyalty adds customer value which goes beyond maximizing profits and shareholder wealth.

2.3 Card system

Card system is the usage of electronic cards to such as ATM's Visa, Master and Smart cards to transact business and make non cash monetary payments. It is the currently most used in Kenya and unique electronic type of payment.

Automatic teller machine (ATM's) is a term which is related to smartcards or debit cards. These are avenues which act as dispensers for cash and consequently aid in the move towards mobile financial services, branchless banking and other ICT platforms for providing financial services. Therefore this has stimulated the introduction and widespread use of ATM's enabling the conveyance of financial services to many parts of the country and thus providing cash exchange points.

The wave of technological invention has been felt in Kenya and as such banks have found it inevitable to adopt the use of technology in offering products and services to the people. Standard chartered bank is one of the banks which rolled out its mobile banking platform in 2009. Barclays bank's m-banking platform allows customers to transact and access banking services in any location and any time of their choice. Co-operative bank was the pioneers in mobile banking dated. Eazzy 24/7 is the mobile platform for equity bank which provides services that are similar to those of cooperative bank.

Research has established that financial services rely on the availability of underlying ICT and financial infrastructure such as credit bureaus, payment systems, central financial platforms, central ATM switches, mobile telephony, mobile data services and Internet.

2.4 Internet Banking

According to Freedman (2000), internet banking is composed of three major items namely stored value cards, network money and access devices. The emergence of internet banking gave an alternative for substitute for currency. Internet banking is believed to provide an alternative means of payment which may bypass the regulations of the land and consequently lead to direct bilateral clearing and settlement.

Internet banking allows individuals to access financial services from the comfort of their offices or homes as long as they can access internet through their computers and /or mobile devices. This ICT platform has led to increased access to financial services by the members of the public. The impact ICT products and services provided by financial institutions in Kenya.

There are other factors which affect quality of ICT products and services in the banking industry. These factors include operational costs of ICT platform; the total running costs, accessibility of the service, ease of use and efficiency of the system. Further, the adoption of ICT platforms in financial institutions has been influenced by the challenge of unavailability, inadequate and increasingly inefficient infrastructure. Provision of financial services through ICT platforms to the consumers is influenced by resources, both human and financial; therefore affect satisfaction levels and satisfaction of these technology based platforms.

Gallegher (2005) in his research focused on different aspects of technology as a measure of quality and satisfaction. He argued that quality ought to be measured in terms of cost of execution of transaction, efficiency, integrity and transparency of the systems. Therefore the study focuses of adoption of ICT products and services in financial institutions and the satisfaction that ensue from them.

2.5 Agency Banking

Agency banking is drastically growing and improving as time goes by. It has improved the level of financial inclusion in a good and better way. Players in the banking industry and government should provide support to agency banking because it is a means of enhancing financial.

Development of ICT is significant in financial institutions because it has been used as a tool for providing financial services to the public. The introduction of ICT has brought with it new channels for service provision. This platforms have a potential of reaching a large clientele base including but not limited to intermediaries, farmers, entrepreneurs, employers, employees and rural dwellers among others. These new channels which are powered by ICT enable banking institutions to financial service providers to offer expansive suite of financial products and services and enhance acquisition of financial information. This information is not only crucial to the clients of the banks but also to the government, in their role as financial regulators and development of policies.

Introduction of ICT interventions leads to introduction of new players those results to increased competition both in urban and rural areas. As a result of technological improvements banking institutions and other nonbank organizations have collaborated to provide financial services to the people. Despite the increase in these ICT platforms not all platforms can work for all the cases and therefore it calls for selective application. Banking institutions experience success when they apply innovative, comprehensive risk management and strategic tools and avoid being dogmatic.

2.6 Theoretical Review

There are a number of theories which have been developed that are applicable in this subject area. These theories include:

2.6.1 Theory of information production and contemporary banking theory

It is worthwhile to economic agents to ascertain or derive information on investment opportunities particularly in cases where such information is not found freely (Diamond, 1984). This is because the search for such information is likely to incur other costs as compared to if the institution were to invest directly. The theory suggests that there would be duplicity of information in the sense that absence of banks would lead to surplus unit cost in seeking for information on investments. Banks do enjoy economies of scale and at the same time they possess information about the deficits in the market .The banks may obtain information from the borrowers on the first meeting but they can go an extra mile of learning them over time.
The development of this information leads to credit rating consequently developing expertise in processing information. This puts them at an advantaged position and the depositors do not have to invest time in understanding the borrowers.

2.6.2 Innovation diffusion theory

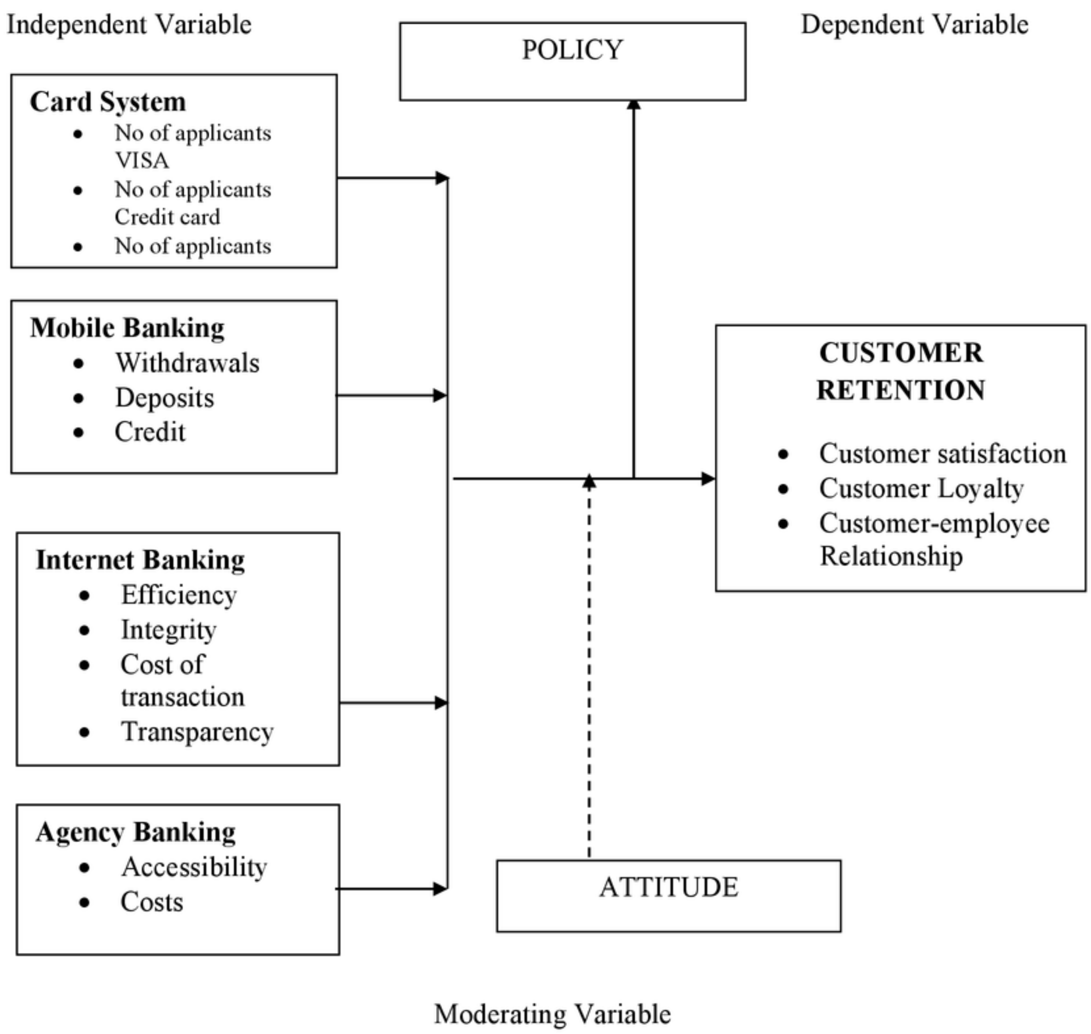
According to Mahajan and Peterson (1985) innovation is defined as any object, idea, or practice that the members of the social system term it as new. Further, diffusion of innovation is defined to be a manner that the innovation is passed across all the members of the social system. In this study, the spread and use of information technology in banking industry has spread rapidly across the globe

However, Sevcik (2004) argued that even if an innovation may be good if it will cover long period of time to be adopted. There are five fundamental aspects that impact the diffusion of innovation theory. These factors include; triability, relative advantage, complexity, compatibility and observability. This factors affects the rate of adopting new idea particularly in the banking industry. For instance if financial institutions observe the benefits of adopting information technology then they will adopt these innovations as long as all the tools for adoption of innovation are available. Moreover, adequate resources in terms of funding enabling environment and skilled man power to implement and maintain the new technological platforms will enhance organizations activities.

2.7 Conceptual Framework

This was developed to guide the study.

Figure 2.1: Conceptual Framework



2.8 Research Gap

There is need to focus on ICT products and service in financial industry. This is one of the areas which have received little attention from academia and thus this research will open an opportunity for filling the missing gaps in academic world.

The available literature material covers different aspects of service provision in a profit making organizations as a service delivery initiatives and little literature is available for examination of the entirety of adoption of ICT products and services on customer satisfaction. This research looks into ICT products and services which have been adopted by banking institutions and their effectiveness in service delivery and customer satisfaction.

The main focus of this study is to measure factors influencing information communication and technology on customer retention in the Banking sector. The dependent variable in the study is customer retention; on the other hand the independent variables in the study include card system, mobile banking, agency banking and internet banking. The card system as an independent variable, the factors considered in the study include visa, credit card, debit card and ATM

The factors considered for Mobile Banking include; withdrawals, deposits, credit. The factors considered for internet banking include efficiency, integrity, cost of transaction and transparency.

CHAPTER THREE

REASEARCH METHODOLOGY

3.1 Introduction

The chapter covered study methodology. The research design, target population, sampling procedures, research instruments, validity and reliability of the instruments, data collection and procedure for analysis, ethical considerations and operational definition of variables are discussed.

3.2 Research Design

Research design was the arrangement of conditions for collecting and analyzing data (Kothari, 2012).The study employed a descriptive research design to investigate influence of ICT on Customer retention in the Banking sector. The descriptive study tries to discover simultaneously answers to the questions of who, what, when, where and how (Mugenda and Mugenda, 1999).

This study approach aids in identification of the most applicable features of the ICT platforms in meeting the ever increasing customer demands and the high levels of competitive advantage. Descriptive survey designs are most appropriate in collecting information from all members of the population and in making comparisons.

3.3 Target Population

According to Ngechu (2004), a population is a well-defined or set of people, services, elements, and group that are being investigated. Mugenda, (2003), made an explanation about target population that it must have observable characteristics needed by researcher to generalize study results.

The target population comprised of staff for Kenya commercial Bank's employees and their clients where data was gathered using structured questionnaires in capturing opinions of all the stakeholders involved pertaining this crucial subject (Cooper and Schindler 2003).The target population consisted of 600 mobile banking customers of KCB, 200 who used agency banking, 100 who used internet banking and 400 and those using utilizing the card system. This information was acquired from the branch's customer database of transactions as of September 2014 (KCB Annual Report, 2014).

Table 3.1: Sampling Matrix

Category	Population	Sample	Percent (%)
Mobile Banking customers	600	150	38
Agency Banking	200	69	17
Internet Banking	100	50	13
Card Systems	400	130	32
Total	**1500**	**399**	**100**

3.4 Sample size and sampling Procedure

Target population consisted of 600 mobile banking customers of KCB 200 who used agency banking, 100 who use internet banking and 400 using utilizing the card system. This information was acquired from the branch's customer database of transactions as of September, 2014. Customers who have used ICT enabled banking services for the last twelve months were selected using stratified random sampling. Each stratum was defined by the banking system embraced by the customers. The sample was obtained by calculating the sample size from the target population by applying Cooper and Schindler, (2003).

$$n = \frac{N}{1 + N(e)^2}$$

A sample of 319 will be selected.

$n = N/ (1+Ne^2)$;

n is sample size,

N is target population,

E is desired margin error

At 95% confidence level and P=5

n= $1,500/1+1,500(0.05)^2$

n= 399

3.4.1 Sample Size

According to Denscombe, (1998), a representative sample of the population was chosen carefully in order to ascertain accurate results. Sample size was selected appropriately from the entire population of the various target groups named above. This was a representative portion of the all population for efficient, unbiased and allows easier administration of questionnaires. Sample size of 399 respondents selected as explained above.

3.4.2 Sampling Procedure

This was the mechanisms of singling out a specific portion of the population which is a representative of the whole population where collection of data was done. Stratified random sampling, which was sampling procedure in where data are segregated into several strata from where sampling was taken, is most appropriate for this study. This technique helped in providing adequate data for analysis, and increasing sample's statistical efficiency. The various strata was the clients, employees, bank branches and various banks in order to ascertain the role and the impact of ICT in the financial institutions they represent.

3.5 Data Collection Instrument

Self-administered questionnaire was mainly used in data collection. Online questionnaires and face to face interviews were utilized. This was found to be the most efficient method. The collection of data was achieved by use of questionnaires was presented to the respondents by the researcher.

Administration of the questionnaires started with the a pilot test which was the process through which the structured questions are sent to a small number of the sample probably five in order to gauge on the accuracy of the information and make adjustments accordingly. The measures of the constructs in the independent variables in the questionnaire, were based on a six item constructs using a five point response scale. It was therefore deduced that the results that were closer to zero indicated positive responses and vice versa.

3.5.1 Pilot Testing of the Instruments

Pilot test is an activity that tests the understanding, clarity, reliability, validity or other weaknesses within the interview design so as to make necessary adjustments to the implementation of the study. According to Mugenda and Mugenda, (2003), function of pre testing the instrument was to make sure that instrument items contains similar meaning for all respondents. A pilot study was carried outside the study area.

3.5.2 Validity of Research Instruments

Validity refers to strength of our conclusions, inferences or propositions. Cook & Campbell (1979), Validity refers to the appropriateness, meaningfulness and usefulness of any inferences a researcher draws basing on obtained data. Study applied content validity, where tests was done on the various variables which serve the objective of the study. Validation will also involved the review of key variables with the guidance from my supervisor. This was made possible by preparing easy to understand instruments, free from ambiguity.

3.5.3 Reliability of the Instrument

This shows consistency of research instrument. Reliability relates to accuracy and precision of a measurement procedure (Blumberg et al., 2005). The questionnaire was pretested with some of the target population before full administration to the selected sample size in order to determine reliability. Reliability was determined using the test pre-test method in which a pilot study was carried out. A group of 13 respondents was served with the questionnaires to fill. A short note was attached to the questionnaire asking them to indicate the length of the time it took in completion of questionnaire. Also asked to indicate questions that may have appeared to be ambiguous and the ones they were uncomfortable with. They were also be asked to make any other comment which would have been used to improve the questionnaire.

3.6 Data collection procedures

Structured questionnaires was used in collecting primary data through drop and pick method. This provided respondents with enough time and freedom in providing honest answers.

3.7 Data Analysis Techniques

The study used quantitative approach in an analysis. Quantitative research aims at investigating a problem basing on testing a theory and analyzing it using statistical techniques (Creswell, 1994). In investigating hypothesized relationships, we employed statistical techniques by use of correlation and regression analyses. All measurements was 5% significance level. The study also makes use of descriptive statistics, averages and frequencies by use of Statistical Package for the Social Sciences.

Study investigated customer retention drivers from the perspective of utilization of ICT innovations in the banking industry in Kenya. In this section, we established a research model to show relationship between ICT innovations and customer retention.

3.8 Ethical Considerations

Respondents were first assured of confidentiality before setting the issuance of questionnaires. Permission was also sought from the relevant bodies prior to conducting this study with letters to this effect. Data shall was obtained through the use of questionnaires which was confidential.

Regression Model

The variables are expressed as follows:

Constant term is denoted by α, while β denotes Beta co-efficient, X_1 represents card system contribution, X_2 represents mobile banking, X_3 represents internet banking and X_4 represents agency banking while ę denotes the Error term.

The general model is taken as;

$$Y = \alpha + B_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 ę$$

3.8 Operational Definition of the Variables

Operational definition describes the operation to be used in measuring a variable.

Table 3.2: Summary of Tests of Hypotheses and Related Objectives

Objective	Variables	Indicators	Measurement Scale	Instrument of analysis	Type of analysis	Specific tools of analysis
To establish the influence of card system on the customer retention.	Independent Card system	• VISA • Credit card • Debit card • ATM	Nominal Nominal Nominal	Questionnaires	Simple regression analysis	Means, frequency tables and percentag
To establish adoption of mobile banking by commercial banks influence their customer retention	Independent Mobile banking	• Withdrawals • Deposits • Credit	Nominal Nominal Nominal	Questionnaires Questionnaires	Simple regression analysis	Frequency tables and percentag es
To establish the influence of the introduction of internet banking on customer retention	Independent	• Integrity • Efficiency • Cost of transaction • Transparency	Ordinal Nominal Ordinal	Questionnaires Questionnaires Questionnaires Questionnaires	Simple regression analysis	Frequency tables and percentag es
To establish the effect of agency banking on customer retention	Independent	• Accessibility • Costs	Nominal Ordinal	Questionnaires Questionnaires	Simple regression analysis	Frequency tables and percentag es
Customer Retention	Dependent	Customer satisfaction Customer Loyalty Customer-employee relationship	Ordinal Nominal Ordinal	Questionnaires	Simple regression analysis	Frequency tables and percentag es

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND DISCUSSIONS.

4.1 Introduction

This presents analysis of data and interpretation. The main objective was to examine the influence of Information Communication and Technology on Customer retention through a case study of Kenya Commercial Bank.

4.2: Response Rate

399 questionnaires were administered and 319 were collected and were completely filled. This shows 399 (80%) response rate. Response rate of more than 80% is sufficient (Mugenda & Mugenda, 2003).

Table 4.1

Response rate

Table 4.1: Response Rate

Response Frequency	Rate	Valid Percent (%)		Frequency	(%)
Mobile Banking customers	600	150	38	120	38
Agency Banking	200	69	17	56	17
Internet Banking	100	50	13	47	15
Card Systems	400	130	32	96	30
Total	**1500**	**399**	**100**	**319**	**100**

4.3: Demographic Information

The respondents of this study provided information on work experience. gender, and age bracket.

4.3.1: Gender of the Respondents

The respondents indicated their gender as requested and results shown below;

Table 4.2: Gender of the Respondents

Gender	Frequency	Valid Percent (%)
Males	179	58.7
Females	126	41.3
Total	**319**	**100.0**

From the figure 126 women and 179 men responded to the questionnares representing (126 female,41.3%).The percentage of men in the study was higher(179 men,58.7%) than women which shows that more men participated.

4.3.2 Distribution of respondent's Age group

The respondents were requested to provide information about their age bracket. The results are shown in table 4.3

Table 4.3 Distribution of respondent's Age group

Age bracket(Years)	Frequency	Percentage (%)
18-25	69	22.6
26-35	95	31.1
36-45	47	15.4
46-55	56	18.4
Above 56	38	12.5
Total	319	100.0

Most of the respondents 31.1% (95) are of age bracket 26-35 years. A sizeable number 22.6% (69) were between 18 -25 years while 18.4% (56) were of age 46-55 years, 15.4 % (47) were 36-45 years and 12.5% (38) were above 56 years. The study deduces that majority of the Kenya Commercial Bank are productive and youths aged 26-35 years.

4.4: Work Experience of the Respondents

The respondents provided information based on experience.

Table 4.4 Work Experience

Period bracket	Frequency	Valid percent (%)
Less than 1yr	47	15.4
1-5 yrs.	112	36.7
6-10 yrs.	67	22.0
11-15 yrs.	24	7.9
16-20 yrs.	52	17.4
Over 20 yrs.	13	4.3
Total	319	100

From the table above, respondents who have been working between 1-5 years were high with percentage rate of 36.7% followed by respondents whose time lagged between 6-10 years as indicated by the 22.0%. 13 respondents (4.3) % worked for the bank for 20 years and above. The findings shows respondents are knowledgeable with the banking activities.

4.4 ICT services

Respondents provide information about their use of ICT services. From table below most respondents 61.4% showed that they use ICT services of card system, Mobile banking 35.1%, Internet banking 2% and Agency Banking 1% .These findings indicate majority of KCB ICT services used by respondents was card system(61.4%) and the least ICT services used by respondents was Agency Banking with 1.6%.

Table 4.5: ICT services used by respondents

ICT Services	Frequency	Valid percent (%)
Internet Banking	6	2
Mobile Banking	107	35
Agency Banking	5	1.6
Card System	187	61.4
Total	319	100.00

4.5 Correlation between the Study Variables

When correlations coefficients were generated between the Information Communication and Technology on has an impact to the Customer Retention in Kenya Commercial Bank. were as shown in Table 4.6. Card system, mobile banking, internet banking and Agency banking. Influence of Card System on Customer retention that Information Communication and Technology on has an impact to the Customer Retention in Kenya Commercial Bank.

Table 4. 6 Pearson's correlation coefficients on Influence of Card System on Customer retention

	Card system	mobile banking	internet banking	Agency banking.
Card system	Pearson Correlation 1.1	1.2	.123*	.316*
	Sig. (2-tailed)		.022	.018
	N 319	319	319	319
mobile banking	Pearson Correlation 1.3	.129*	1	.105
	Sig. (2-tailed) 0.9	.025		.067
	N 319	319	319	319
internet banking	Pearson Correlation	.300*	.104	1
	Sig. (2-tailed)	.010	.068	
	N	319	319	319
Agency banking.	Pearson Correlation	.305*	.105	1
	Sig. (2-tailed)	.010	.062	
	N	319	319	319

Relationship between Influence of Card System and Customer retention was a positive correlation, *($r = .123$, $n = 319$, $p = 0.05$)* Influence of Card System and Customer retention had a positive correlation, r = .129, n = 319, p = 0.025. Relationship between Influence of Card System and Customer retention was a positive correlation *($r = .300$, $n = 319$, $p = 0.010$)* and *($r = .305$, $n = 319$, $p = 0.010$)*, Overall, there was a strong positive correlation between Card system , mobile banking , internet banking, Agency banking and Customer retention. The correlation was statistically significant. This implied that if awareness was increased, Card system, mobile banking, internet banking, and Agency banking

The multiple regression model was applied here to make an investigation the influence of Card System, to Customer retention.

$$Y= B_0 + B_1 X_1 + B_2 X_2 + B_3 X_3 + \varepsilon$$

The regression statistics generated were as shown below

Table 4.7 Regression statistics on mobile banking,

R	R Square	Adjusted R Square	Std. Error of the Estimate	df	F	Sig.
.896[a]	0.862	0.874	0.61723	4	34.235	.000[a]
		B	Sig.			
(Constant)		0.711	0.301			
VISA		0.426	0.020			
Credit card		0.302	0.011			
Debit card		0.641	0.512			
Dependent Variable: mobile banking leading to Customer Retention						

The model was finally computed as:

$$Y= 0.711 + 0.426 X_1 + 0.302X_2 + 0.641X_2 +0.12X_3 +\varepsilon$$

Relationship between employee awareness and adherence was a positive correlation, *(r = . 862, $n = 319$, $p = 0.022$)*. Coefficient of determinant (R^2) was 0.862 which shows independent variables over dependent variable was 86.2 percent with the remaining 13.8 percent of the variation was an error term. Only 13.8 percent of the variations in service delivery are explained by variables outside the model. This finding leads to the conclusion that in order to Customer Retention in Kenya Commercial Bank the key determinants are Visa Cards, credit and Debit card.

4.4.2 The Relationship between Mobile Banking

Linear regression techniques was used in determining relationship strength and the awareness. The model below was used:

$$Y = B_0 + B_1 X_1 + B_2 X_2 + B_3 X_3 + B_4 X_4 + B_5 X_5 +$$

Linear regression modeling was adopted to identify awareness variables responsible for the improvement in service delivery at the organization. The regression statistics generated were as shown below:

Table 4. 8 Regression statistics on Mobile Banking

R	R Square	Adjusted R Square	Std. Error of the Estimate	df	F	Sig.
.626[a]	0.621	0.647	0.24617	4	3.767	.000[a]
		B		Sig.		
(Constant)		0.56		0.12		
Withdrawals		0.352		0.029		

Deposits

0.018

0.604

Credit

Dependent Variable: Mobile Banking leading to Customer retention

Withdrawals, Deposits, Credit

Relationship between Mobile Banking and Customer retention was a positive correlation, (r = . 0.621, $n = 319$, $p = 0.05$). Withdrawals (p value =.029), Deposits (p value =.018), and Credit (p value =.043).

The model formulated is below:

$$Y= 0.560 + 0.352X_1+ 0.604X_3 + 0.205X_5 + \varepsilon$$

The R^2 of 0.621 shows that independent variables over dependent variable was 62.1 percent with the remaining 37.9 percent taken as an error term. This finding leads to the conclusion that in order to improve on the Withdrawals Mobile Banking leading to Customer retention, the, Deposits and Credit on Customer retention.

4.4.3 The Relationship between Internet Banking

Linear regression techniques was used in determining the influence of Internet Banking on Customer retention and the below model was used:

$$Y= B_0 + B_1 X_1 + B_2 X_2 + B_3 X_3 +B_4 X_4 + B_5 X_5 + \varepsilon$$

Linear regression modeling was adopted to identify awareness variables responsible for the improvement in service delivery at the organization. The regression statistics generated were as shown in Table 4.9

Table 4.9 Regression statistics on Internet Banking on Customer retention delivery

Model Summary						
R	R Square	Adjusted R Square	Std. Error of the Estimate	df	F	Sig.
.626[a]	0.615	0.637	. 47521	4	4.561	.000[a]
				382		
		B		Sig.		
(Constant)		0.423		0.12		
Efficiency		0.416		0.224		
Integrity		0.513		0.012		
Cost of transaction		0.401		0.011		
Transparency		0.226		0.004		
Dependent Variable: Internet Banking leading to Customer retention						

Relationship between Internet Banking and Customer retention as a positive correlation, (*r* = 0.615, *n = 319*, *p* = 0.05).

The model was formulated as:

$$Y= 0.423+ 0.513X_2+ 0.401X_3 + 0.226X_4 + \varepsilon$$

R^2 of 0.615 suggests that the independent variables over the dependent variable was 61.5 percent with the remaining 38.5 percent as error term. 38.5 percent of the variations in service delivery are explained by variables outside the model. This finding leads to the conclusion that in order to Efficiency of serving customers Integrity Cost of transaction.

4.4.4 The Relationship between Influence of Agency Banking

Linear regression techniques was used in determining the influence of Agency Banking on Customer retention;

$$Y= B_0 + B_1X_1 + B_2X_2 + \varepsilon$$

Linear regression modeling was adopted to identify the variables responsible for the variations in service delivery at the organization. The regression statistics generated were as shown below

Table 4.10 Regression statistics on Influence of Agency Banking on Customer retention

Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate	Df	F	Sig.
.578[a]	0.569	0.593	. 65321	5	6.226	.000[a]
				382		
		B		Sig.		
(Constant)		0.642		0.12		
Accessibility		0.341		0.022		
Costs		0.255		0.015		

Dependent Variable: Agency Banking leading to Customer retention

Relationship between Agency Banking and Customer retention was a positive correlation, *(r =* 0.569, *n = 319, p =* 0.05).

$$Y = 0.642 + 0.341X_1 + 0.255X_2 + \varepsilon$$

The R^2 of 0.569 suggest that the independent variables over the dependent variable was 56.9 percent with the remaining 43.1 percent as error term. This finding leads to the conclusion that in order to retain customer's agency banking is necessary because of its Accessibility and Costs must be reasonable.

4.5.1 Card System on Customer retention

The first objective of the study focused on establishing extent to which Influence of Card System on Customer retention at Kenya Commercial Bank. To achieve this, information was sought from the staff at the organization by way of a likert scale, on their awareness of the Card System services. Descriptive statistics to analyze the data and the results were shown in Table 4.6.

Variables with a mean close to 4.0 in the scale were agreed by the respondents, the respondents were neutral to those with a mean close to 3.0.Those with a mean close to 2.0 were disagreed by respondents.

Table 4.6: Card System on Customer retention

Measurement of value	Frequency	Valid percent%
Completion of transactions using the card system	20	6
Understanding of which button clicked	22	7
Card banking system guide when experiencing problems	30	9
Reliable and credible transactions	70	22
Protection of data transaction	70	22
relieved when transacting using card system	80	25
Reasonable transaction fee	10	3
Confidence using card system	17	5
Total	**319**	**100.0**

From the table, the respondents cited they valued using card system because of completion of transactions(M=4.98) indicating high number of respondents who prefer that service,Understanding of which button to select for next step (M=4.65),Reliable and credible transactions(M=4.79),Relief when transacting using card system (M=4.36), Reasonable transaction fee(M=4.02),Confidence using card system(M=4.05).However the study noted that customers were not satisfied with Protection of data transaction (M=3.99) and card banking system guide when experiencing problems(M=4.02) The findings are shown in table 4.6.

4.5.2 Mobile Banking on Customer retention

The second study objective aimed at investigating the influence of Mobile Banking on Customer retention Kenya Commercial Bank. To achieve this, information was sought from the customers of the organization by way of a likert scale, on their opinion on Mobile Banking on Customer retention. The study collected data on the influence of mobile banking on customer retention in Kenya Commercial Bank.

Table 4.7: Mobile Banking on Customer retention

Measure of Mobile Banking	Frequency	Valid Percent%
Easy to complete transactions	24	6
Easy to understand process of banking using the phone.	21	7
Reliability of mobile banking system compared to the retail banking	35	9
Reliability and credibility	65	22
Accessibility	70	22
Protection of transaction data	35	30
Relief when transacting with mobile banking	10	3
Reasonable transaction fee	19	8
Confidence by customers	20	6
Total	319	100.0

From the table, the respondents cited they were moderately satisfied with to complete transactions using your phone (M=4.21),Further indications shows that respondents found difficulties in understanding process of banking using phone(M=4.27),Reliability on the mobile banking system compared to the retail banking was high with (M=4.95),while Reliability and Credibility with mobile banking was quite convenient (M=4.26),Accessibility of banking services using phone was moderately favoured (M= 4.383),Protection of data(M=4.70),Relief when transacting(M=4.42) and Reasonable transaction fee(M=4.43).However customers were not satisfied with confidence using the mobile banking system.

4.5.3 Internet Banking on Customer retention

Study collected data on the influence of internet banking in Kenya Commercial Bank. The findings was in table 4.8 for influence of internet banking on customer retention. The responses collected using likert scale of 5 units.

Table 4.8: Internet Banking on Customer retention

Measures of value	Frequency	Valid percent%
Easy to complete transactions.	24	8
43 Bank's online portal access.	21	6
Understanding easily which button to be clicked	35	11
38 Ability to complete a transaction quickly	60	19
Provision of sufficient and real time financial information.	43	13
Validity of the hyperlinks.	35	11
Ability of webpage to load quickly	10	3
Ability to perform service correctly.	19	8
Prompt of receiving responses requests	20	6
Ability of internet banking system to problems solving.	24	6
Reliability and credibility	21	7

Protection of data transaction.	35	11
Relief when transacting.	55	17
Rates and charges provision of preferentially lower fees	60	19
Reasonable transaction fee	12	4
Complete and sufficient information provided	15	5
Accuracy of online transaction process	18	6
Total	**319**	**100.0**

From the table 4.8, the respondents indicated that the ease to log on to complete transactions was relatively low (M=4.02), While logging in Bank's online portal was relatively poor (M=3.99), Understanding of the button (M=4.16) and while ability of internet portal in helping respondent (M=4.16) was moderately low. The respondents findings were that internet banking portal was moderate (M=4.261), validity of the hyperlinks was quite convenient (M=4.56) as well as ability of webpage to load quickly (M=4.54), Prompt of receiving responses requests by e-mail or service line was high with (M=4.94), ability of internet banking system guide to solve problems being relatively poor with (M=4.06), Reliability and credibility was favoured by respondents(M=4.61) as well as preferentially lower fees for rates and charges(M=4.70), Protection of data transaction(M=4.38), Relief when transacting(M=4.46),Reasonable transaction fee (M=4.232),However customers were not satisfied with ability correctly do transactions (M=3.99).

4.5.4 Agency Banking on Customer retention

The study collected data on the influence of agency banking in Kenya Commercial Bank. Table 4.9 shows the findings and the responses collected by use of scale of 5 units.

Table 4.9: Influence of Agency Banking on Customer retention

Measure of Value	Frequency	Valid percent%
Easy to complete transactions	20	6
Easy to access	24	8

Easy to understand process of banking	80	25
Reliability compared to the retail banking	60	19
Reliability and credibility	40	13
Protection of transaction data	25	11
Relieved when transacting	12	3
Reasonable Transaction fees	15	8
Confidence of transactions	30	9
Total	**319**	**10**

From the table 4.9, the respondents revealed that completing transactions at an agent banker was not favourable(M=4.00),Accessibility of the nearest agent bank point was relatively in favour with(M=4.83) and Confidence of transactions(M=4.71)while understanding of the process of banking using an agent was bit low (M=4.03),Reliability of the agency banking system compared to the retail banking was liked by respondents(M=4.33) as well as Protection of transaction data(M=4.3) and Reasonable transaction fees(M=4.45).However customers were neutral on Reliability and credibility(3.98) and relief when transacting was not favourable(M=4.145)

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

Summary of the study findings discussion, conclusions and recommendations are presented. Findings are summarized basing on the objectives which was the influence of Information Communication and Technology on Customer retention.

5.2 Summary of Finding

The study shows that information was collected from mobile banking customers of KCB, 200 who use agency banking, 100 who use internet banking and 400 using utilizing the card system. The majority of respondents 58.7% were males and 41.3% of females this implies that majority were male. The study findings reveal that 26-25 years of the age group were many as revealed by the 31.1%, also the Respondents work experience between 1-5 years were high with percentage rate of 36.7%.

5.3.1 The influence of card system on the customer retention

From the study findings respondents cited they valued using card system because of completion of transactions (M=4.98) indicating high number of respondents who prefer that service. The coefficient of determinant (R^2) was 0.621. This finding leads to the conclusion that card system leads to customer retention

5.3.2 The influence of mobile banking on customer retention in Kenyan financial industry

From the study findings, it was shown that most customers are concern in having their transaction protected by this banking system with a mean of (4.703).These findings concur with Gummesson, (2002) that service firm's ability and retention strategies do convey confidence, and ne in a position to deliver good quality services.

5.3.3 The influence of internet banking on customer retention in Kenyan banking industry

According to Freedman (2000), internet banking is composed of three major items namely network money, stored value cards, and access devices. The emergence of internet banking gave an alternative for substitute for currency. Internet banking is believed to provide an alternative means of payment which may bypass the regulations of the land and consequently lead to direct bilateral clearing and settlement.

5.3.4 The influence of Agency banking on customer retention in Kenyan banking industry

The study established Accessibility of the nearest agent bank point was relatively in favour with (M=4.83) However customers were neutral on Reliability and credibility (3.98).The study on use of ICT services shows that most respondents were 61.4% indicated they preferred card system, Mobile banking 35.1%, Internet banking 2% and Agency Banking 1% majority of KCB ICT services used by respondents was card system(61.4%) and the least ICT services used by respondents was Agency Banking with 1.6%. A correlation coefficient of 0.720 was obtained suggesting a strong relationship. This indicates that Information Communication and Technology on has an impact to the Customer Retention in Kenya Commercial Bank.

From the findings of the study, easy completion of transactions, easy understanding banking process, reliability compared to retail banking,accessibility, protection of transaction data, relief when transacting, reasonable transaction fee, confidence by customers, easy to understand the next button for the next step, ability to quickly transact, validity of the hyperlinks, ability of the webpage to load quickly, prompt of receiving responses requests by e-mail or service line, and reliability and credibility were also found to influence customers to stay longer in the bank. The bank faces challenges such as rigid credit policies, banking systems and attitude. The study revealed some initiatives being used to retain customers such as agency banking and internet banking was poor and to make them more effective easier understanding of the banking process, effective communication and introduction of loyalty/reward program for existing customers.

5.3 Discussion of the Findings

Given the high competition among banks, globalization, adoption of mobile technology in banking, card system, internet banking and agency banking, the banking environment has become highly competitive and the ability of banks to retain customers Major Influence of Information Communication and Technology on Customer Retention.

According to the findings of the study include Card system, mobile banking, internet banking and Agency banking which are major concepts that have been illustrated by table 4.4. There are various ways of retaining customers in financial institution using Information Communication and Technology but the major ones are Card system, mobile banking, internet banking and Agency banking as shown in table 4.5.4.

The correlation analysis was done focusing on establishing the Influence of Information Communication and Technology on Customer Retention in the study. A correlation coefficient of 0.720 was obtained suggesting a strong positive. This indicates that Information Communication and Technology on has an impact to the Customer Retention in Kenya Commercial Bank.The findings shows that majority of respondents 58.7% were males and 41.3% of females this implies that majority were male. The study findings reveal that 26-25 years of the age group were many as revealed by the 31.1%, also the Respondents work experience between 1-5 years were high with percentage rate of 36.7%. The study on use of ICT services shows that most respondents were 61.4% indicated they preferred card system, Mobile banking 35.1%, Internet banking 2% and Agency Banking 1% majority of KCB ICT services used by respondents was card system(61.4%) and the least ICT services used by respondents was Agency Banking with 1.6%. A correlation coefficient of 0.720 was obtained suggesting a strong positive relationship. This indicates that Information Communication and Technology on has an impact to the Customer Retention in Kenya Commercial Bank.

According to Freedman (2000), internet banking is composed of three major items namely network money, stored value cards, and access devices. Emergence of internet banking gave an alternative for substitute for currency. Internet banking is believed to provide an alternative means of payment which may bypass the regulations of the land and consequently lead to direct bilateral clearing and settlement.

5.4 Conclusions

The study concludes that the influence of Information Communication and Technology on customer retention in banks is affected by banking process and reliability compared to retail banking.

The study also concludes that the influence of Information Communication and Technology on customer retention in the bank by convenience to the customers such as ability to do quick transaction, provision of adequate and financial information that is real time, ability of webpage to load quickly, ability to transact and prompt of receiving responses requests by e-mail or service line.

The study also concluded the influence of Information Communication and Technology on customer retention is also influenced by the reliability and credibility of the systems in use, confidence by customers through protection of transaction data and relief when transacting.

The emergence of internet banking gave an alternative for substitute for currency. Internet banking is believed to provide an alternative means of payment which may bypass the regulations of the land and consequently lead to direct bilateral clearing and settlement.

The challenges facing banks in retaining and acquiring new customers was customer satisfaction, customer loyalty, rigid policies and customer-employee relationship. System challenges affecting service delivery, ineffective communication to customers on the various systems on banking system and protection on transactional data.

Some of the initiatives put in place to retain customers in banks were a Consumer Banking Retention Team to address the specific customer retention challenges and ensure efficiency of the Banking systems, Reduction cost of transaction, Transparency and ensure protection of transactional data. The initiatives include effectiveness and introduction of loyalty/reward program for existing customers.

5.5 Recommendations

As there is an increase use of information technology in the commercial banks, it is of great essence to understand needs of consumers as far as technological services and products are concerned.

The study recommends that the management puts strategies to ensure customer satisfaction and retention. It also recommends that banks put in place a customer retention team to monitor and provide solutions relating to customer switching and retention.

The study recommends that bank management should take a review of the procedures and policies used in banks to make customers more satisfied. Policy decisions in the banks should ensure that email request by e-mail or service lineshould be worked on promptly to retain customers. Banks should invest heavily on their network to support the internet services.

5.6 Suggestions for further Research

The study recommends further research on Influence of Information Communication and Technology on Customer Retention in Kenya Commercial Bank and since this area has not been covered adequately further research should also be carried out on Information Communication and Technology on Customer Retention in other banks in Kenya to establish more factors affecting customer retention in other banks. The studies would supplement the findings of this study.

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APPENDICES

APPENDIX I: INTRODUCTORY LETTER

RE: PARTICIPATION IN RESEARCH

I am a postgraduate student pursuing my master degree in Project Planning and management at the University of Nairobi. As part of this course, I am carrying out a research on the "Influence of Information Communication and Technology on customer retention: Case study of Kenya Commercial Bank".

In this regard you have been selected to take part in this study as a respondent. Kindly respond to all items to basing on your opinion and experience. Please answer all questions freely. You will not be identified from the information you provide and no information about individuals will be given to any organization. The data collected will be used for this academic research only. Your participation is important for the success of this project and I greatly appreciate your contribution.

Thanking you most sincerely in advance.

Yours Faithfully

Shirley Jeruto Kibor

APPENDIX II: INTERVIEW GUIDE FOR MANAGERS

Please respond to the following questions

1. Briefly describe the company progress in acquisition of new customers in the past five years.
2. Briefly describe rate at which customers have been leaving the bank for the last five years.
3. Which marketing strategies have been put in place to inform customers of Information Communication and Technology systems offered to the bank?
4. Have the marketing strategies been effective in acquiring new customers? Explain briefly.
5. Which strategies do employ in retaining customers?
6. What is the role of corporate image of Kenya Commercial Bank in customer retention?
7. Briefly explain the role of the below factors in Influence of Information Communication and Technology to Customer retention at Kenya Commercial Bank:
    a) Ease of use of ICT systems
    b) Accessibility of the system
    c) Easy understanding of the process of banking
    d) Reliability compared to retail banking
    e) Reliability and credibility
    f) Protection of transactions data
    g) Fair Transaction fees, rates and charges
    h) Confidentiality of the transactions
    i) Customer satisfaction with services at Kenya Commercial Bank
    j) Wide range of products of at Kenya Commercial Bank
    k) Good customer relations at Kenya Commercial Bank
8. Which other factors affect customer retention strategies at Kenya Commercial Bank?
9. What are the main challenges encountered in customer retention
10. Which initiatives have been taken by the bank to overcome challenges met in Kenya Commercial Bank?

11. Recommend means of enhancing effectiveness of customer retention strategies at Kenya Commercial Bank.

APPENDIX II: RESEARCH QUESTIONNAIRE FOR CUSTOMERS

Instructions: Please tick in the appropriate bracket or provided spaces

PART A: GENERAL QUESTIONS

1 What is your gender? Male [ ] Female [ ]

2. What is your Age Group?

18 - 25 Years [ ] 26 - 35 Years [ ] 36 - 45 Years [ ]

46 - 55 Years [ ] Above 56 Years [ ]

3. How many years have you worked with Kenya Commercial Bank?

Less than 1 yr [ ] 1-5 yrs [ ] 6-10yrs [ ] 11-15 years [16-20yrs [ ] Over 20 yrs [ ]

4 Which of the following ICT services do you use most?

a) Internet Banking [ ]
b) Mobile Banking [ ]
c) Agency Banking [ ]
d) Card System [ ]

Section B: Information on customer retention

Are you satisfied with the overall service you receive from your bank? Yes[ ] No[ ]

If no, would you consider switching to another bank? Yes[ ] No[ ]

If Yes, why?...

If No why?...

Please rank the following on a scale 1-5 to reflect your feelings and the extent to which you agree with the statements. 1 = To a very great extent; 2= To a great extent; 3 = undecided 4 = To a small extent 5 = Not at all

I will continue to patronize this bank even if the service charges are increased moderately					
I will keep patronizing this bank regardless of everything being changed somewhat					
I am likely to pay a little bit more for using the services of this bank					
To me, this bank would rank first among the other banks					
The bank I patronize reflect a lot about who I am					
Repeatedly, the performance of this bank is superior to that of competitor's one					

Part II: Assessment of ICT banking modules

The following are statements about the ICT services quality provided by the various ICT applications for banking of KCB. For each of the questions tell how the ICT banking services you receive from the bank compare with your expectation. Use this scale:

1 – Much worse than expected 2 – Worse than Expected 3 – Equal to Expectation

3 – Better than expected 5 – Much better than expected

Section B: Card System

Statement	Tick only one option 1 – 5				
How easy is it to complete transactions using the card system?					
How easy is it to understand which button to be clicked for the next step?					
In case of problems occurring, how able does Card banking system solve it?					
How reliable and credible are transactions on this banking system?					
How protected are your transaction data by this banking system?					
How relieved are you to transact using card system?					
How reasonable are transaction fee in the system?					
How does this system instil confidence of transaction by customers?					

Section C: Mobile Banking

Statement	Tick only one option 1 – 5				
How easy is it to complete transactions using your phone?					
How easy is it to understand process of banking using your phone?					
How reliable is the mobile banking system compared to the retail banking?					
How reliable and credible are transactions on this banking system?					
How is the accessibility of banking services using					

your phone?					
How protected are your transaction data by this banking system?					
Are your transactions protected through mobile phone?					
How reasonable are the transaction fee for this banking system?					
How does this system instil confidence of transaction by customers?					

Section D: Internet Banking

Statement	Tick only one option 1 – 5				
Is it easy to complete transactions online?					
How easy is it to log on bank's online portal?					
Is it easy to understand which button to be clicked for the next step?					
How is the ability of this internet portal in helping you to complete a transaction quickly?					
The internet banking portal site provides sufficient and real time financial information.					
How valid are the hyperlinks on this internet banking portal?					
Do the Web page on this portal site load quickly?					
How is the ability of this Internet banking portal to perform service correctly at first time?					
How promptly do you receive responses to your request by e-mail or service line?					
Do the internet banking system able to guide you to solve any problems occurring?					

How reliable and credible are transactions on this banking portal?					
Are your transaction data protected by this banking portal site?					
How relieved are you to transact on the internet banking portal?					
How do the rates and charges on this internet banking portal provide preferentially lower fees to you?					
How reasonable are the transaction fee for the banking portal site?					
How complete and sufficient is the information the internet banking portal provides?					
Are online transaction process accurate?					

Section E: Agency Banking

Statement	**Tick only one option 1 – 5**				
How easy is it to complete transactions at an agent banker?					
How easy is it to access the nearest agent bank point?					
How easy is it to understand process of banking using an agent?					
How reliable is the agency banking system compared to the retail banking?					
How protected are your transaction data by this banking system?					
How relieved are you to transact using the agency banking system?					

How reasonable are the transaction fee for this banking system?					
How does this system instil confidence of transaction by customers?					

APPENDICES: III

Appendix 1: Table for Determining Sample Size for a Given Population

Table for Determining Sample Size for a Given Population

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	246
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	351
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	181	1200	291	6000	361
45	40	180	118	400	196	1300	297	7000	364
50	44	190	123	420	201	1400	302	8000	367
55	48	200	127	440	205	1500	306	9000	368
60	52	210	132	460	210	1600	310	10000	373
65	56	220	136	480	214	1700	313	15000	375
70	59	230	140	500	217	1800	317	20000	377
75	63	240	144	550	225	1900	320	30000	379
80	66	250	148	600	234	2000	322	40000	380
85	70	260	152	650	242	2200	327	50000	381
90	73	270	155	700	248	2400	331	75000	382
95	76	270	159	750	256	2600	335	100000	384

Note: "N" is population size
"S" is sample size.

Source: Krejcie & Morgan, 1970

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