

**STRATEGIC QUALITY MANAGEMENT PRACTICES AND PROVISION OF
MOBILE LOANS IN THE COMMERCIAL BANKS IN KENYA**

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DECLARATION

I hereby declare that this research project is my original work and that it has never before, been submitted to any institution for whatsoever purpose.

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DEDICATION

I consecrate this work to my family for their psychological and financial support without whom I could not have completed this project. Thank you all and may God bless you abundantly.

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I acknowledge various parties for their devoted support to ensure a successful completion of this project. I am thankful to God for giving me life, good health and strength without which I could not have made it.

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ABSTRACT

As competition continue to grow in the mobile lending sector, commercial banks in Kenya must apply strategic approaches that newer players do and take advantage of their unique product bandwidth and strengths. Through strategic quality management (SQM) practices, mobile companies have developed services and products to meet customer expectations. However, in spite of high popularity, as well as widespread execution of these SQM practices by many commercial banks, some concerns and criticisms, emerged regarding their effectiveness and impact in enhancing quality performance by addressing customer needs, improving service delivery, and enhancing quality. The main goal of this research was to determine the influence of SQM procedures on the efficacy of mobile loan service in Kenyan commercial banks. The study's goal was to see how SQM practices affected perceived service quality, customer satisfaction, customer loyalty, and efficiency of mobile loans in Kenyan commercial banks. Kano theory and Kanter empowerment theory were used as a foundation for the research. The research used a descriptive research methodology and focused on six commercial banks that provide mobile lending services which were selected using purposive sampling technique. Data was gathered using a standardized questionnaire, and descriptive statistics and t-tests were used to analyze the information. The study findings indicated that the SQM practices adopted by commercial banks in Kenya influenced perceived service quality, improved customer satisfaction, influenced customer loyalty, and contributed to efficiency of mobile loans in commercial banks in Kenya. The research recommends that to enhance service quality of their mobile lending operations, commercial banks should focus on engaging in SQM practices such as strategic quality planning, employee training, and knowledge and process management. Besides, the study recommends to all commercial banks to have a customer focus and engage in continuous improvement, with an objective of actively participating in continuous development of its mobile lending processes, products and services. Lastly, the study recommends that commercial banks should actively engage in process and knowledge management. They should ensure that employees have timely, consistent, and accurate access to the mobile lending data and information they require to conduct their jobs successfully and efficiently in the commercial banks.

ABBREVIATIONS AND ACRONYMS

FSPs	Financial Services Providers
ISO	International Standard Organization
KCB	Kenya Commercial Bank
SPSS	Statistical Package for the Social Sciences
SQM	Strategic Quality Management
SSA	Sub-Saharan Africa
TQM	Total Quality Management

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Changes and competition in the business environment has left organizations with no option other than staying aligned with the environmental changes. As a result, organizations are adopting and implementing concepts in their business in order to remain competitive by enhancing the quality of services and products that they offer. Quality gurus such as Garvin and Deming introduced concepts such as continuous improvement of services and products in order to meet consumer needs and wants, reduce cost of quality or poor quality, systematic quality approach, cross-functional management, zero defects, and strategic focus on quality in relation to consumer satisfaction, market competitiveness, profitability, quality planning, as well as company-wide commitment. Advancement of these and other concepts overtime in the last centuries led to the progressive development of quality management approaches starting with inspection, quality assurance, statistical quality control and total quality control (Creech, 2014).

Strategic Quality Management (SQM) practices has been applied locally, regionally and globally by different organization offering different good and services in order to remain relevant and profitable and the banking industry has not been left behind. Banks are now implementing Strategic Quality Management with the aim of improving on timely access to the credit while minimizing the overall cost of lending (Line, 2014). It is worth noting that the non- regulated commercial banks were the first to implement the mobile loan banking. Thus, the regulated commercial banks according to Maseke (2018), are laggards in mobile loan banking.

SQM is a condition in which a company's Total Quality Management (TQM) system is linked to the strategy development process, resulting in a long-term competitive advantage (Calingo, 1996). In order to enhance product and quality service delivery Kantardjieva (2015) acknowledged that strategic management increasingly has become crucial in different global sectors, in the ever-uncertain business environment and in the fast-changing world. Strategic management helps the organizations to formulate and implement different strategies that enable the company to achieve the laid-out goals and initiatives laid out by the stakeholders. Jung, Wang and Wu (2014) stated that effective implementation of organization strategies ensures that measures to support business processes and operations are in place through forward thinking, planning, proper resource allocation and that strategic planning is applied to cross the gap between the organization strength and its capability void. SQM practices enhance the management of quality in mobile banking. Line (2014) observed that SQM has been a continuous integral process for the development of mobile banking products and applications that does not only involve quality software development but also strategic innovation of quality products. Chapman Muray and Mellor (2013) noticed that through SQM, companies offering mobile banking services have been able to reduce process and time for applying and acquiring loans thereby improving the quality of service delivery.

Globally commercial banks are fighting for space with the non-banking lenders such as Branch among others. Galea (2018) noticed that online lenders' share of consumer credit markets continues to increase, presenting an even urgent strategic approach for commercial banks offering mobile loan services to improve on the quality of services and range of products. As competition continue to grow in the mobile lending, commercial banks must

apply the same strategic approach that newer players do and capitalize on their product bandwidth and unique strengths two advantages that the newcomers lack. In Europe direct lending is similar to the term peer to peer lending like Bondora which is a direct lender/peer to peer lender and while the provision of quality services is crucial to mobile bank lending in Europe as the sector continue to face challenges from non-banking institutions that are offering online lending services (Stein, 2017).

Malaysia is one of the countries that have grown its mobile money bank loan services by strategically improving their quality of service to be as competitive as possible, although in Africa like other parts of the world, the volume of activity (per capita) varies across different economies. Chen (2016) asserts that these variations are explainable and that they reflect factors that influence long-established forms of credit by financial service providers such as cost and time taken to process loans and loan accessibility. In Uganda, Rowan et al (2018) observed that, the financial innovation, which include mobile lending services, has played an integral role in the formation and transformation of the global financial sector. While in Kenya, Mobile banking services is one of the fastest growing services where retail bank customers now prefer mobile loans services provided through mobile apps to access credit in the shortest time possible (Mwangi, 2016).

1.1.1 Strategic Quality Management Practices

SQM alludes to the strategic corporate setting of objectives, formulation of goals, planning, execution, monitoring, controlling, as well as taking corrective measures (Rothaermel, 2017). In the recent developments, the concept of SQM can also defined as an integration of various practices with effective use of resources in order to offer better quality services and products to consumers via integration with other firm's practices and effective use of

resources (Rothaermel, 2017). Such SQM guidelines, techniques, and principles include six-sigma, reengineering of process, ISO standards and learning organization among others.

Another key aspect of SQM is a learning organization and Hussein, Omar, Noordin, and Ishak (2016) hold the view that learning organization instills innovative culture or behavior in its members. As organizations consider various ways of improving quality, Hussein et al. (2016) emphasizes that the ultimate success of the process depends on the firm's motivation, commitment, and capacity to create and implement the knowledge to the re-engineering initiative. In order to improve on quality, the International Organization for Standards that was introduced in 1987 with a view to setting up global quality standards (Hoyle, 2017). ISO certification outlines the process through which organizations to be rated as having met the set standards (Hoyle, 2017).

1.1.2 Provision of Mobile Loans

Mobile lending is a mobile financial service where customers apply for and get loans from banks via mobile phone devices (Parvez, Islam, & Woodard, 2015). Mobile bank lending is an emerging but drastically growing financial service in Kenya were developed from the initial mobile money transfer service called M-Pesa launched in 2007 by Safaricom, which currently is the leading mobile network operator in Kenya. Any approach meant to enhance quality management in an organization should help to achieve these benefits of SQM. Banks' issuance of loans through mobile phones is an SQM approach initially meant to reduce process and time for applying and acquiring loans thereby improving the quality of service delivery through reduced time and process hence enhancing customer satisfaction and meet their needs.

In Kenya, mobile loan banking services currently in six banks. The first one was launched by Family bank namely Pesa Pap in June 2010. Later on, in 2012. a bank-backed mobile lending called M-Shwari that was pioneered through a strategic partnership between Safaricom and Commercial Bank of Africa, currently NCBA was launched. Kenya Commercial Bank then launched KCB-Mpesa in 2015, Equity Bank introduced Eazzy banking in 2016, Co-operative Bank introduced MCo-op Cash in 2016, while Barclays Bank introduced Timiza in 2018. While growth of mobile lending innovation in Kenya is very crucial for the banking institutions, the sector has not been able to achieve their growth objectives in lending innovation. If these institutions do not establish the real factors that influence the adaption and growth of online lending innovation in Kenya (Njuguna et al, 2012).

1.1.3 Mobile Bank Lending in Commercial Banks in Kenya

The introduction of mobile bank loan services was to implement the value addition to services offered by banks to banking customers (Zineldin and Vasicheva, 2015). Notwithstanding the increasing evidence worldly, that for a long-term competitive advantage a culture of continuous improvement and quality of product and service are essential to every organization. However, many commercial banks remain skeptical of the significant gains available through focus and commitment to continuous improvement and quality.

Over the past thirty years, the number of commercial banks in Kenya has tripled. Also growing are thousands of savings and credit associations, which have become crucial avenues for savings mobilization and where most of the employed workers belong.

The economy of the country is heavily monetized, with the financial sector accounting for almost 95% of GDP, while broad money (also known as narrow money) plus savings deposits account for about 42% of GDP, with deposits with non-bank commercial banks accounting for nearly 58 percent. This percentage is far greater than in other Sub-Saharan African nations, where the subsistence sector is still prominent (United Nations, Economic and Social Council, 2017). This study will focus only on commercial banks in Kenya.

Limited previous research and anecdotal evidence suggest that this is partly true due to the failure of firms to integrate strategic planning activities and quality improvement developments and the often-touted cost barrier (Chapman, Muray and Mellor, 2013). Service and product quality can be categorized into consumer service quality, banking service or product quality, automated service quality, and online service quality with the aim of improving on competitiveness of financial products and service and consumer satisfaction (Zineldin & Vasicheva, 2015). Therefore, mobile bank loans are an SQM approach to achieve quality service for the banking industry in Kenya.

1.2 Statement of the Problem

As competition continue to grow in the mobile lending sector, commercial banks in Kenya must apply the same strategic approach that newer players do and take advantage of their unique product bandwidth and strengths two things other lending institutions shortfall. Galea (2018) noticed that online lenders' share of consumer credit markets continues to grow, presenting an even urgent strategic approach for commercial banks offering mobile loan services to improve on the quality of services and range of products. Like other parts of the world, mobile lending has grown rapidly around Africa; the volume of activity (per capita) differs greatly across different economies in Africa. Chen (2016) noticed that these

variances are explainable and that they reflect factors that influence long-established forms of credit by financial service providers such as cost and time taken to process loans and loan accessibility.

Through SQM, mobile companies have developed services and products to meet customer expectations. However, in spite of high popularity, as well as widespread execution of these SQM practices by many commercial banks, some concerns and criticisms, emerged regarding their effectiveness and impact on enhancing quality performance by addressing customer needs, improving service delivery, and enhancing quality (Poposki, 2017).

Recently, banks in Kenya have undergone through tough moments with many loans being defaulted, mortgage foreclosed, and investment lost leading to failure or in some cases collapse of the affected institutions. Sharon and Rahman (2015) link such failures and loss to poor quality control and suggested the adoption of quality management to minimize loss. Sharon and Rahman's (2015) assertions reflect the current trend where an increasing number of firms putting in place quality management strategies. Further, Sharon and Rahman (2015) discovered that banks have full time customer care services to ensure efficiency as well as customer satisfaction. Mobile banking services in Kenya has grown rapidly just like in the other parts of the world as witnessed by the number of banks that are strategically adapting mobile bank loan service to reach as many customers as possible.

Globally commercial banks are fighting for space with the non-banking lenders as suggested by various studies across the world with many region including ones in Europe facing challenges from non-banking institutions that are offering online lending services. In Uganda, Rowan et al (2018) stated that the financial innovation that includes mobile lending services has played an integral role in the formation and transformation of the

global financial sector. A study by Hayes (2018) found that commercial banks, particularly banks have been undertaking major change management related to organizational structure; forming alliances, and partnerships to acquire more customers, boost their performance and competitiveness.

A study by Kinyanzui, Achoki and Kiriri (2018) on the effect of Mobile Credit on operational efficiency of commercial banks in Kenya found that the use of mobile credit has enhanced efficiency in debt collection and revenue generation. Another study by Maina (2011) on customer perceptions of service quality in Kenyan commercial banks in order to establish customer perceptions found that customers expect a lot from the banks as such banks have to focus on the quality and the variety of products. Further study by Gakere (2016) found that assurance is the second most important dimension to influence customer service quality in mobile banking services and responsiveness, and it is also the most important attribute to influence service quality in banking services, according to university students in Kenya who studied the impact of mobile services provision on service quality in commercial banks. On the impact of automated banking services on service quality and customer loyalty, Mwangi (2016) found that automation improves service quality, which leads to increased customer loyalty.

These studies have significantly contributed to the knowledge of banking performance improvement and quality management. However, none of the studies focused on SQM practices and provision of mobile loans in commercial banks in Kenya. Thus, the question on whether SQM practices in the service provision, would improve on quality of service, customer satisfaction, customer loyalty, and organizational efficiency? Therefore, this research sought to fill this research gap by examining the impact of SQM practices on the

provision of mobile loans in Commercial Banks in Kenya. The study helped answer these questions; what is the impact of mobile bank loans on perceived service quality. What are the effects of mobile bank loans on customer satisfaction? How do mobile bank loans influence customer loyalty? What are the impacts of mobile bank loans on bank efficiency in service delivery?

1.3 Objectives of the Study

The overall objective of the study is to assess the impact of SQM practices on the effectiveness of provision of mobile loans in the commercial banks in Kenya. Specifically, the researcher sought to achieve the following objectives;

- i. To assess the impact of SQM practices on the perceived service quality of mobile loans in commercial banks in Kenya.
- ii. To examine the effect of SQM practices on customer satisfaction of mobile loans in commercial banks in Kenya.
- iii. To explore the influence of SQM practices on customer loyalty of mobile loans in commercial banks in Kenya.
- iv. To assess the impact of SQM practices on efficiency of mobile loans in commercial banks in Kenya.

1.4 Value of the Study

The results of this study are useful to banks in determining the effectiveness of SQM practices in provision of mobile loans in order to enhance their customer satisfaction, loyalty, and achieve overall business objectives. Banks, particularly commercial banks can utilize the information or findings to determine what they need to do to ensure effective

SQM practices in their mobile lending operations and services. Besides, the findings will provide actionable evidence for commercial banks since the study established the critical SQM practices that can be executed to enhance competitiveness of mobile lending businesses of the commercial banks.

The study is also valuable to policy since policymakers can use the outcomes of this study to establish the best frameworks and policies to use in order to enhance SQM practices in the mobile lending sector. Besides, the commercial banks can use the findings to refine or modify their operational procedures or SQM policies to guide in enhancing mobile lending services. This in effect can lead to improved performance, customer loyalty, customer satisfaction and efficiency.

Equally important, the findings from this study will add knowledge to the field of SQM and mobile bank lending services as it contributes to the empirical literature review in these areas. Besides, the study documents limitations that were encountered can inform future research in the area. Moreover, the study provides recommendations for further research which researchers can explore in the future.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter is a review of the views of different scholars in relation to SQM and mobile bank loans. It contains theoretical literature review, empirical literature and its summary structure and finally the conceptual framework that outlines dependent and independent variables.

2.2 Theoretical Literature review

The theories discussed below highlight the significance of executing some of the key practices of SQM. These include the essence of SQM in the corporate culture, for SQM to be successful; customers ought to be the deciding factor in terms of corporate success thus meeting their needs and wants should always be the crucial factors.

2.2.1 Kano Theory

Kano Theory by Dr Noriaki Kano was published in 1984. The Kano theory of how customer group's service and product attributes on how consumer perceive them and their impact on consumer satisfaction (Mkpojiogu & Hashim, 2016). Such classifications help in design decisions by showing when good is good enough. The theory focuses on how a firm can penetrate a certain market, enhance customer satisfaction, and sustain itself. Since one-dimensional view of quality lacked explanatory power, the theory of attractive quality originated. The idea divides the connection between degree of adequacy and consumer satisfaction/preference for a quality characteristic into five perceived quality attributes: appealing quality, must-be quality, reverse quality, one-dimensional quality, and

indifferent quality. According to the appealing quality theory, quality characteristics are dynamic in the sense that they may shift from satisfier to dissatisfier over time. The theory, on the other hand, is built on a strong theoretical basis and includes a method for putting the theory into practice.

The theory was appropriate to the study because it enhances understanding on how mobile loan customers perceive and evaluate quality attributes and make decisions on whether or not to use the various mobile loan services or products again.

2.2 2 Kanter's Theory on Empowerment

Kanter's Theory on Empowerment originated from Kanter's in 1993 and included the discussion of organizational behavior and empowerment. The study indicated the need for the promotion of a working atmosphere that gives employees access to resources, support, information, and the chance to learn and develop. Kanter believed that a firm could have improved performance if it learns to empower all the workers with leadership skills (Thuss, Babenko-Mould, Andrusyszyn, & Laschinger, 2016). Thuss et al (2016), asserts, offering employees the necessary tools, support and information access empowers their decision-making. About SQM, Kanter describes a learning firm as one of the key SQM practices that enable workers to continually gain knowledge and improve their capabilities, which in turn, helps the company to remain highly competitive. He goes on to state that in organizations, formal and informal power are two structural forms of authority. Formal power is associated with high-profile jobs and necessitates a primary focus on independent decision-making, whereas informal power stems from the development of relationships and alliances with peers and colleagues, which is also required in the delivery of high-

quality services in any sector (Wagner et al., 2010). SQM requires the formal power kind of leadership.

This theory was appropriate in explaining how SQM helps to achieve high levels of employee empowerment, job satisfaction, organizational morale and success, leading to quality service delivery and customer satisfaction in the provision of mobile bank loan services. Based on a theoretical perspective, there is a firm link between SQM, customer satisfaction, customer loyalty, and service quality.

2.3 Empirical Literature Review

This section entails research work and findings done by other researchers regarding the impact of SQM practices on various aspects in the provision of mobile bank loans.

2.3.1 Impacts of SQM Practices on the Efficiency in Service Delivery of Mobile Loans in commercial banks.

Various researchers have explored the effects of mobile banking on banks' service delivery efficiency. A study by Kaura, Durga Prasad, and Sharma (2015) established that customers perceive mobile as important in enhancing service delivery efficiency by banks as they can use the device to access many banking services, including checking their accounts' information such as account transactions history, and mini statements. The introduction of mobile banking as made customers happy as some excitedly noted that previously they had to visit their bank branches in order to check their transactions but the use of banking services has enabled them to check status of their deposits or account information. In another study, Adams, Bashiru, and Abdulai (2016) concurred with Kaura, Durga Prasad,

and Sharma (2015) asserting that mobile banking increased efficiency in terms of reduction of time taken to get banking services and communication with service providers.

Shobaki, Al-hadeedhi, and Bashir (2010) used the Jordanian banking industry as a model to study the application of TQM to a service company. According to the results of the research, TQM adoption may be advantageous to Jordanian banks since it leads to a high level of customer orientation and a competitive advantage in the institution. Other research results revealed that there is a strong connection between TQM implementation and improved organizational performance and efficiency. The adoption of TQM in the Jordanian banking industry resulted in excellent productivity and the capacity to compete in global markets, according to the findings. There are cases where mobile banking and related services have failed even though they are successful in other countries. Chigada and Hirsfelder (2017) examined previous research on mobile banking dissemination and investigated mobile banking adoption in Sub-Saharan Africa (SSA). The research focuses on M-failure Pesa's as a mobile banking support service in South Africa. The research included a literature review as well as real-life instances. The findings revealed that, although international mobile money service networks are dependable and of good quality, implementing a mobile banking service for transferring, receiving, and borrowing money among banks clients in SSA is still challenging.

With reference to KCB Bank's Morogoro branch in Tanzania, Haonga (2015) evaluated the efficacy of mobile banking on customer satisfaction in banking services. The research selected 110 KCB consumers and 10 KCB officials using basic random and purposive sampling methods. The research discovered that mobile banking services had a significant impact on customer satisfaction using descriptive analysis. According to the research,

network issues, transaction delays, and consumers sending money to incorrect cellphone numbers make it harder to retrieve them all contribute to poor customer satisfaction with KCB's mobile banking services. Kinyanzui, Achoki, and Kiriri (2018) investigated the impact of mobile credit on commercial bank operating efficiency in Kenya. The study utilized questionnaires for primary data and various sources for secondary data. Mobile credit introduction has enhanced operational efficiency and quality service provision in bank loans processing and collection. The study findings established that technology use is a crucial strategy used to improve quality service delivery, enhance operational, debt collection and revenue generation efficiency.

2.3.2 Impacts of SQM Practices on the Perceived Service Quality of Mobile Loans in commercial banks

Nisha (2016) investigated the basic components and service characteristics that influence customers' behavioral goals/plans for using mobile banking services in Bangladesh. Using the hybrid model, the researchers discovered service characteristics such as dependability, privacy, information quality, responsiveness, and empathy that reflect consumers' overall views of mobile banking service performance. Other factors, such as performance and effort expectations, as well as enabling circumstances, have a significant impact on consumers' willingness to utilize such services. Talib, Rahman, and Qureshi (2012) looked at the effect of TQM on service quality in the Indian banking industry. The empirical review study indicated important dimensions that needs assessment to guarantee effective application of TQM in the banks, like support and commitment by the management towards TQM, employees training and motivation, and finally meeting customers' needs through monitoring of their feedback. The study also established importance of service

quality in the banking sector and identified four broad conceptual categories in regards to service quality.

The findings of the study provide an in-depth knowledge of the role service quality and TQM plays in the banking sector and gives useful direction for any other research. Al-Hawari, Ward and Newby (2014) carried out a study on the relationship between service quality and retention within the automated and traditional contexts of retail banking in Egypt. The empirical review study established that all along, customer perception of banks service quality has changed immensely and those they are currently attributing quality to organizations efforts in continuous improvement and how they relate with customers. The study also established that customers view technology-based services, online services and more refined product and services as important aspects of banking service quality.

Customer satisfaction and service quality are very important concepts that commercial banks must consider in their mobile money services in order to remain competitive and ensure growth. Shangali (2015) investigated the impact of service quality delivery on customer satisfaction in Tanzanian bank services, focusing on Moshi Uchumi Commercial Bank. To assess how customers of Uchumi Commercial Bank perceive service quality, researchers used a self-completion questionnaire generated from the SERVQUAL instrument and disseminated to them using a Simple random sample method. The study's findings revealed that service quality and delivery have a connection that affects customer satisfaction. A study by Maina (2011) on a study customer perceptions of service quality in Kenyan commercial banks which used SERVQUAL instrument to collect data from 90 respondents drawn from different sectors. The findings of the study established that customers expect a lot from the banks and therefore the banks have focus on quality of the

products and services they offer and therefore Kenyan banks need to put more effort in ensuring that their services are very reliable and of superior quality to their customers.

2.3.3 Impacts of SQM Practices on Customer Satisfaction of Mobile Loans in Commercial Banks.

Jun and Palasio (2015) wanted to know what factors influence the quality of mobile banking (m-banking) services in Texas. The critical incident method was used to uncover the main dimensions of m-banking service, as well as quality as perceived by m-banking clients, and to identify significant satisfiers/dissatisfiers among the discovered characteristics. established that a total of 17 dimensions of m-banking application quality (accuracy, content, mobile convenience, mobile application service features, speed, security, diverse aesthetics, and ease of use) and m-banking customer service quality (accuracy, content, mobile convenience, mobile application service features, speed, security, diverse aesthetics, and ease of use) and m-banking customer service quality (ease of use, accuracy, continuous improvement, speed, content, security, aesthetics, diverse mobile application service features, understanding the customer, responsiveness, reliability, courtesy, competence, access, communication, and credibility).

Kaura (2013) investigated whether service convenience improves customer satisfaction and, as a result, encourages customer loyalty in Indian commercial banks using a cross-sectional survey of 352 retail bank customers. Questionnaires were utilized to gather data for the research. The study's participants were retail bank customers in Rajasthan's cities. The results of the research showed that choice convenience impacted customer satisfaction more than the other aspects of service convenience when utilizing structural equation modeling for data analysis. Client happiness increases customer loyalty, according to the

study's results. In the Ghanaian banking sector, Nimako and Gyamfi (2013) conducted a research on consumer satisfaction with online banking service quality. The research used a questionnaire to gather primary data from a sample of 200 respondents in two banks in a cross-sectional survey. The study established that bank customers were not satisfied with; the time taken/promptness in responses to their request, the banks capability to offer guidance in resolving online issues, offering of favorable fee charges and rates, and reasonable transaction charges for online banking, but are less satisfied with the speed at which web page load while using online banking transactions.

Maseke (2018) investigated the effect of mobile banking on customer satisfaction in Namibia's commercial banks (Keetmanshoop). He discovered that mobile banking services in the Keetmanshoop banking sector have a 75 percent overall satisfaction rate, that the services are reliable, convenient, and cost effective, that they are available on various mobile networks, that advertisements are encouraging, that the service is compatible with mobile devices, that respondents' income (social aspect of transacting) influences the usability of mobile banking, and that mobile banking services are more secure than branch banking. Between 2015 and 2017, Kambali, Mulyungi, and Shukla (2018) evaluated the effect of electronic banking on customer satisfaction at Bank Populaire of Rwanda's Ndera Branch in Kigali, Rwanda. Through convenience sampling, the study sampled bank staff and customers of the Bank Populaire, Ndera Branch. Using self-administered questionnaire to collect data from the respondent, the findings of the study showed that 17.9 % of respondents were dissatisfied, 41.1% satisfied, (28.6 highly satisfied) with using e-banking services due to a number of reasons (high charges, poor network, limited safety and security of their money). In the BPR, however, the majority of respondents (69.9%) said

they were satisfied with e-banking services owing to time savings, convenience, and working time, among other factors. The results suggested that, although much has been done to enhance ebanking services in order to fulfill consumers' expectations, more work is needed to completely satisfy customers.

A study by Gakere (2016) evaluated the extent of mobile services provision in the commercial banks among university students in Kenya. According to the results of a descriptive study survey conducted among USIU students, assurance is the second most important factor influencing customer service quality in mobile banking services, while responsiveness is the most important factor influencing service quality in banking services. In Nairobi, Kenya, Aliata, Ojera, and Mise (2016) investigated the connection between service quality and customer satisfaction among commercial bank clients. The research recruited 384 respondents from 1,072,500 commercial bank customers in Nairobi using a proportional stratified random sampling method, including 242 retail, 81 business, and 61 corporate clients. The findings showed that service quality had a substantial impact on customer satisfaction.

2.3.4 Influence of SQM Practices on Customer Loyalty on the Mobile Bank Loan Services in Commercial Banks.

Mobile lending is one of the growing use of mobile banking services globally. Mobile banking through use of phones is really growing in many countries with customer loyalty to these services increasing by tremendous percentage. Customer Loyalty in Retail Banking, Global Edition was a research by Toit, Burns, and Johnson (2012) that looked at statistics on customer loyalty from across the globe. According to the results of the research, mobile use consumers in the United States grew from 21% to 32% in 2011. In

2012, mobile banking was used by 47 percent of respondents in South Korea, 37 percent of respondents in India, and 16 percent of respondents in Germany. In India, Goplankrishnan and Ravindran (2014) conducted an empirical research on service quality perceptions and retention intentions in the context of mobile banking. The study's results revealed a significant connection between perceived service quality, customer satisfaction, and retention intentions, as well as successful technology application. The consumer finds satisfaction in the service's quality characteristics.

Enhancing Customer Retention via Electronic Service Delivery Channels in the Nigerian Banking Industry was investigated by Olannye, Dedekuma, and Ndugbe (2017). In Asaba Metropolis in Delta State Nigeria, a cross sectional study of 235 workers from various chosen banks found that effective customer retention entails more than simply providing the client what they want. Customer expectations and customer handling are two aspects of customer satisfaction in mobile banking services that contribute significantly to customer retention and loyalty, according to Kyobutungi (2014), who conducted a case study on internet banking and customer satisfaction of commercial banks in Uganda. Auniel and Mokaya (2015) looked at the variables that influence client retention in commercial banks, using Azania Bank in Arusha as an example. The study used a case study research methodology, collecting data from 132 consumers via questionnaires and through staff interviews. Customer retention is related to service quality, service delivery, customer relationships, and customer happiness, according to the research, which used descriptive and inferential statistics. Mwangi (2016) investigated the impact of automated banking services on customer loyalty and service quality. The research utilized SERVQUAL and the SERVPERF models to adapt a descriptive cross-sectional survey that

used questionnaires to a sample of 400 consumers. The research found that automating banking services leads to better service quality and security, which leads to increased customer loyalty. Personalization, accessibility, and efficiency were also shown to have a favorable impact on customer loyalty, whereas security, ease of use, and dependability had a negative impact.

2.5 Summary of Literature Review

Table 2.1 below gives a summary of the literature review and includes the scholars study, objective of the study, methodology used, its findings and the research gap.

Table 2.1: Summary of Literature Review

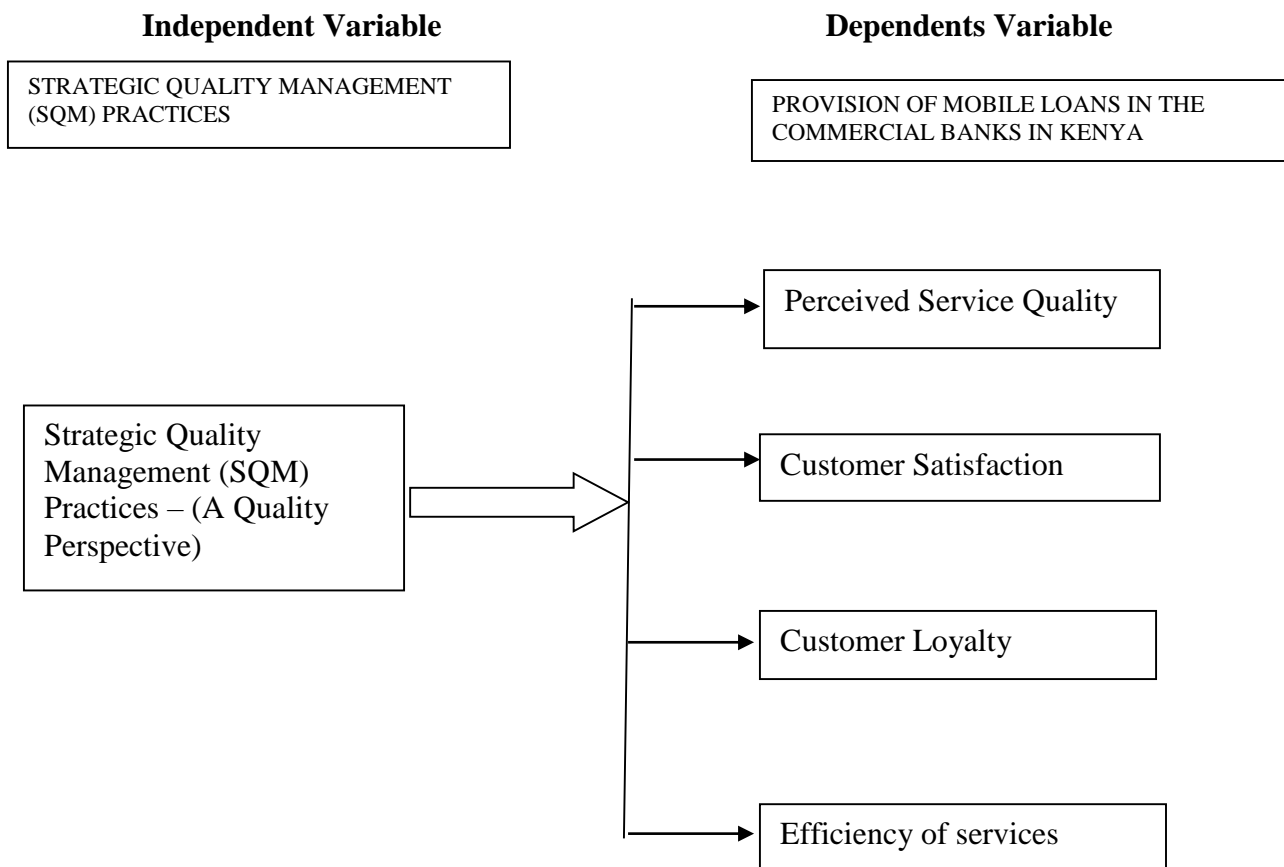
Author	Study	Objective	Methodology	Findings	Limitations/Gap	Relevance of the Study
Shobaki,Al-hadeedhi and Bashir (2010)	The application of TQM to a service organization in Banking Sector	To investigate the application of TQM to a service organization using Jordanian banking sector as a model example	Jordanian banking sector as a model application and Analysis	There is a significance relation between the application of TQM and the increase in the organization performance and efficiency.	The study did not cover SQM	It shows how quality management can contribute to efficiency in financial service provision
Kinyanzui,Achoki and Kiriri (2018)	The effect of Mobile Credit on operational efficiency of commercial banks in Kenya	To establish the effect of Mobile Credit on operational efficiency in commercial banks in Kenya	The study used questionnaires for primary data and various sources for secondary data.	The use of mobile credit has enhanced debt collection efficiency and revenue generation efficiency	Although the study was on mobile credit in commercial banks in Kenya, it did not cover SQM in the sector	The study is relevant as it shows how mobile credit can contribute to revenue generation efficiency for commercial banks
Talib,Rahman and Qureshi (2012)	The impact of Total Quality Management and Service Quality in the Banking Sector in India	To establish impact of Total Quality Management and Service Quality in the Banking Sector in India	Empirical review	Service quality is an important construct in banking sector and identifies four broad conceptual categories related to service quality	The study was carried out in India and not Kenya and therefore the findings cannot be generalized	The study is relevant as it shows the significance of quality Service in banking sector
Maina (2011)	Customer perceptions of service quality in Kenyan commercial banks to establish customer perceptions	To establish customer perceptions of service quality in Kenyan commercial banks to establish customer perceptions	Use of SERVQUAL instrument	Customers expect a lot from the banks as such banks have to pay a lot of attention to the quality and the variety of products	The study did not cover SQM or mobile money lending in commercial banks	The study shows the importance of quality services in the banking sectors and customer satisfaction.
Jun and Palasio (2015)	The key dimensions of mobile banking service quality in order to identify the key dimensions	To examine the key dimensions of mobile banking service quality in order to identify the key	Use of critical incident technique	Five of the 17 dimensions, such as mobile convenience, accuracy, diverse mobile application service features, ease of use, and continuous improvement, are considered as the main sources of customer satisfaction/dissatisfaction	While the study covered mobile banking service quality the study did not cover mobile loans in commercial banks	The study shows the significance of the key dimensions of mobile banking service quality on

	of mobile banking (m-banking) service quality in Texas	dimensions of mobile banking (m-banking) service quality in Texas				customer satisfaction
Gakere (2016)	Extent to which mobile services provision has on service quality in commercial banks among university students in Kenya.	To establish the extent to which mobile services provision has on service quality in commercial banks among university students in Kenya	Applied the descriptive research survey	Assurance is the second most significant dimension to influence customer service quality in mobile banking services and responsiveness was the most significant attribute to influence services quality in banking services	Although the study covered service quality in commercial banks among university students in Kenya the study did not cover commercial banks in Kenya	The study shows the significance of mobile services provision on service quality in commercial banks among university students in Kenya.
Olannye, Dedekuma and Ndugbe (2017)	Enhancing Customer Retention through Electronic Service Delivery Channels in the Nigerian Banking Industry	To establish how to enhance Customer Retention through Electronic Service Delivery Channels in the Nigerian Banking Industry	Applied a Cross sectional survey design that sampled 235 employees from some selected banks in Asaba Metropolis in Delta State	Successful customer retention consists of more than just giving the customer what they expect.	The study used Cross sectional survey study and not descriptive and therefore the findings may be different	The study also shows how commercial banks that can enhance Customer Retention through Electronic Service Delivery Channels such as mobile money and loan services
Mwangi (2016)	Effects of automated banking services to service quality and customer loyalty	To determine the effects of automated banking services to service quality and customer loyalty.	Used SERVQUAL and the SERVPERF models	Automation of banking services leads to automated service quality which in turn results to customer loyalty	Although the study covered service quality in the banking sector, the study did not base on SQM practices	The study shows the extent to which automation of banking services can contribute to customer satisfaction and loyalty

2.6 Conceptual Framework

The independent variable in the study is SQM practices, while the dependent variables is provision of mobile loans in Commercial Banks in Kenya and include perceived service quality, customer satisfaction, customer loyalty and efficiency of services as outlined in Figure 2.1 below.

Figure 2.1: Conceptual Model



Source: Researcher (2020)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter explains the study methodology used on the project and includes the study approach, target population, data collection, analysis and presentation.

3.2 Research Design

The study adopted a descriptive research design (Kothari, 2004). The descriptive research design describing the relationship between SQM practices and provision of mobile loans in commercial banks in Kenya. Descriptive analysis considered how independent variable: SQM influence the dependent Variable: provision of mobile banks loans in commercial banks in Kenya.

3.3 Population

The populations of the study included; commercial banks in Kenya and it targeted all the credit staff, strategic managers, marketers, and quality control staff and bank customers. The government of Kenya has licensed 41 commercial banks in the country. The study focused only on the banks that had adopted lending through the mobile banking channels. Since the target population is not big, a census of the banks is preferred as shown in Table 3.1.

Table 3.1: Target Population

Target Group	Target Population	Percentage
Credit staff	210	18.4
Strategic managers	210	18.4
Technical staff	180	15.8
Quality control staff	210	18.4
Marketers	30	2.6
Bank customers	300	26.3
Total	1140	100.0

Source: Field Study (2021)

3.4 Sampling Method and Sample size

This study applied stratified sampling technique to select the study sample. The formula by Yamane (1967) was used. This led to a sample of 298 selected from five branches of the six commercial banks providing mobile lending products. This was distributed proportionately to the study population segments (credit staff, strategic managers, marketers and quality control staff and customers). A stratified sampling technique is appropriate when the population consists of segments with different properties or characteristics (Mansor, 2013). The government of Kenya has licensed 41 commercial banks in the country. However, the study targeted employees from only six banks with mobile lending platforms. Five branches of the banks in Nairobi were randomly selected to participate in the study.

3.5 Data Collection

The main source of data for this study was primary data. The data provided much of the facts from the field to help understand better the issue under investigation. The study used a semi-structured questionnaire which had both closed and open-ended questions.

3.6 Data analysis and interpretation

The research data through the questionnaires; was sorted, edited, and coded for better analysis. The analysis included quantitative analysis methods. Quantitative data was analyzed through use of descriptive statistics to describe the extent to which independent variable affected the dependent variable and included percentage, mean and standard deviation. The researcher used SPSS for inferential statistics to help draw conclusion on the nature of relationship between variable. With the help of Microsoft Excel package, tables and charts were used to present the findings.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter includes a discussion of the findings as well as an analysis of the collected data. The data is examined using both descriptive (percentages, standard deviations, means and frequencies) and inferential analytic techniques (T test). As a consequence, the results are presented using tables and figures. Finally, the results are discussed in light of previous empirical and theoretical research.

4.2 Response Rate

The study focused on 298 credit staff, strategic managers, marketers, quality control staff and customers from thirty bank branches of the six commercial banks that provide mobile loans in Kenya. These were chosen for their ability to respond to the study's questions. The research was able to distribute questionnaires to each of the five branches of the six commercial banks included in the study and obtained replies from 246 respondents. The response rate was 82.6 percent. This response rate was deemed acceptable based on Bell's (2018) stipulation that a response rate of more than 60% is considered acceptable for surveys whose results can be published in reputable journals.

4.3 Demographic Characteristics

This section presents the basic and demographic characteristics of the research participants and their commercial banks. The research investigated the gender of the research participants and the findings are presented in Figure 4.1.

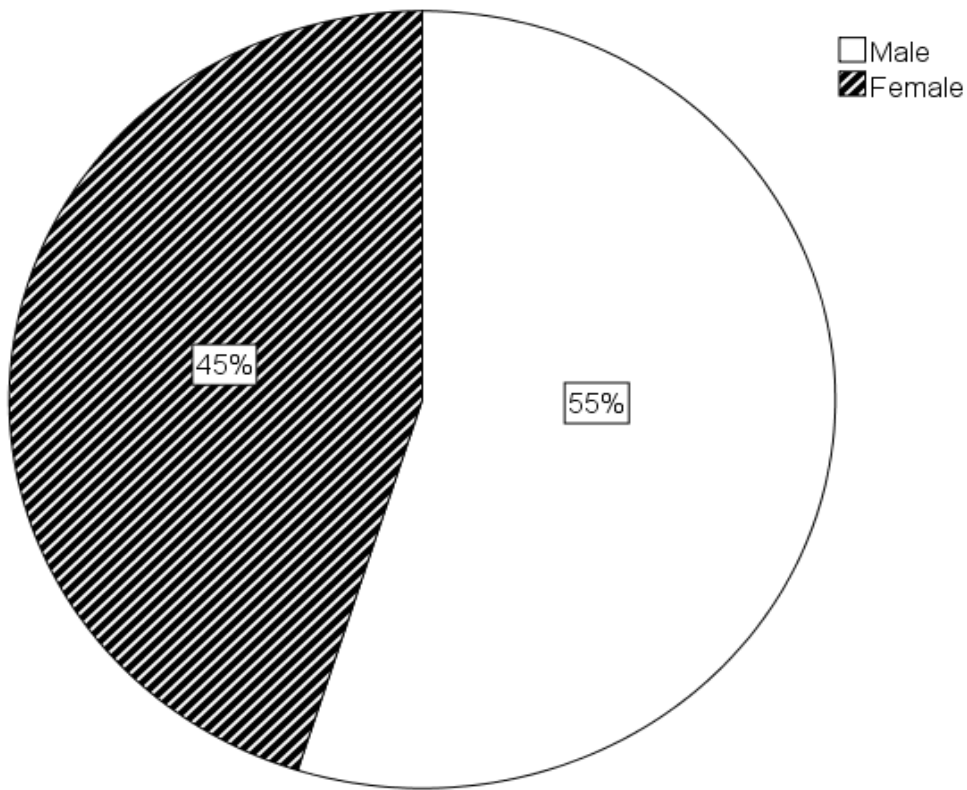


Figure 4.1: Gender of the Respondents

Figure 4.1 displays the study findings that show that 55% of the study participants were male while 45% were female. This was for all the respondents who included bank employees (Credit staff, strategic managers, technical staff, quality control staff and marketers) and bank customers. These findings demonstrate that the study was able to get a gender balanced respondent base.

The study also investigated the ages of the study participants to determine the ages of most banking employees and customers who borrow through mobile lending channels. The findings are displayed in Table 4.1.

Table 4.1: Age of the Study Participants

Age in years	Frequency	Percent
18-25	22	8.9
26-35	94	38.2
36-45	111	45.1
46 and above	19	7.7
Total	246	100.0

The findings summarized in Table 4.1 indicate that 45.1% of the study participants were between the ages of 36 and 45 while only 7.7% of the study participants were aged 46 years and above. Besides, the findings indicated that the respondents aged between 26 and 35 years were 38.2%. This shows that most of the senior managers in mobile lending divisions in commercial banks were young and middle aged. This can also be said of most customers who borrow through mobile lending channels of the commercial banks that provide mobile lending in Kenya.

The study also assessed the highest level of education attained by the study participants. The study findings are summarized in Table 4.2.

Table 4.2: Highest Level of Education of Study Participants

Education level	Frequency	Percent
Secondary	29	11.8
College	59	24.0
University	158	64.2
Total	246	100.0

The findings provided in Table 4.2 indicate that 64.2% of the study participants had university level of education while only 11.8% had attained secondary education level as their highest education qualification.

The last general information sought in the study was the number of years that study participant had been an employee or customer of the commercial bank. This information was summarized into a table and the findings are provided in Table 4.3.

Table 4.3: Number of Years as a Customer or Employee in the Bank

Number of years	Frequency	Percent
Less than 2	89	36.2
2-5	82	33.3
6 and above	75	30.5
Total	246	100.0

The study findings presented in Table 4.3 show that 36.2% of the study participants had been with the bank for less than 2 years while those who had been with the bank for 2 to 5 years were 33.3%. The percentage of those who had been with the bank for six or more years was 30.5%. These findings imply that the study captured equally the views of those who had been with the commercial bank for long and also those who had been with the bank for a short period.

4.4 SQM Practices and Perceived Service Quality

The first objective of the study was to assess the impact of SQM practices on the perceived service quality of mobile loans in commercial banks in Kenya. To attain this objective, respondents were provided with various statements on SQM and perceived service quality which they are required to rate on a scale of 1-5, where 1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree and 5= strongly Agree. Their ratings were to establish the extent to which they agreed on the statements regarding the impact of SQM practices on mobile bank loans on perceived service quality in commercial banks. The responses were analyzed through mean scores, standard deviations and t tests, and the study results summarized in Table 4.4.

Table 4.4: SQM practices and Perceived Service Quality

Statements	Mean	Std. Deviation	t	df	Sig.
SQM practices has an influence on the perceived service quality of Mobile loan services in commercial banks	4.35	.771	27.373	245	.000
The more loans are available the more the customers consider the mobile money services as quality	4.11	.873	20.006	245	.000
Easy of acquiring loans have contributed to positive perception of mobile money services	4.26	.850	23.187	245	.000
There is need for more loan services to improve the quality of mobile services	3.95	1.127	13.233	245	.000
Quality of mobile banks loans contributes to positive perception of customers services	3.89	.798	17.496	245	.000

The study findings summarized in Table 4.4 show that the study respondents agreed to the statement that SQM practices have an influence on the perceived service quality of mobile loan services in commercial banks (mean = 4.35, std. deviation = 0.771). These findings

indicate that the SQM practices adopted by commercial banks influenced perceived service quality of mobile lending services and mobile loans provided by the commercial banks. The findings further indicate that the t test statistic was significant ($t = 27.373, p < 0.05$). This implies that SQM practices adopted by commercial banks had a significant influence on the perceived service quality of mobile loan services in commercial banks.

The findings (Table 4.4) also indicated that the study respondents agreed to the statement that the more loans are available the more the customers consider the mobile money services as quality (mean = 4.11, std. deviation = 0.873). These findings indicate that the availability of loans when customers applied was a pointer to the quality of the mobile lending services. Further, the findings show that the t test statistic was significant ($t = 20.006, p < 0.05$). The implication of these findings was that availability of mobile loan services was a significant factor used by customers in assessing the quality of mobile lending services by commercial banks.

Table 4.4 also provided study findings which show that the study respondents agreed to the statement that ease of acquiring loans have contributed to positive perception of mobile money services (mean = 4.26, std. deviation = 0.850). These findings show that ease of acquiring loans was a critical factor that customers consider which contributed to their positive perception of mobile loan services. Besides, the findings indicated that the t test statistic was significant ($t = 23.127, p < 0.05$). The implication of these findings is that ease of acquiring mobile loans was a significant factor in determining perceived service quality of mobile loans services by customers.

The study findings summarized in Table 4.4 indicated that the study respondents agreed to the statement that there is need for more loan services to improve the quality of mobile services (mean = 3.95, std. deviation = 1.127). These findings indicate that the respondents felt that the mobile loan services provided by the commercial banks were lacking some aspects or value-added services which the commercial banks should consider adding to enhance the customer experience. Moreover, the findings indicated that the t test statistic was significant ($t = 13.233$, $p < 0.05$). The implication of these findings is that customers significantly felt the need to improve mobile lending services by commercial banks to enhance service quality.

The findings (Table 4.4) also indicated that the study respondents agreed to the statement that quality of mobile banks loans contributes to positive perception of customers services (mean = 3.89, std. deviation = 0.798). These findings indicate that quality of mobile banks loans was a key factor that was considered vital for perception of service quality by customers. Further, the findings show that the t test statistic was significant ($t = 20.006$, $p < 0.05$). The implication of these findings is that quality of mobile banks loans was a significant factor that contributed towards perceived service quality of mobile loan services provided by commercial banks.

To have an in-depth feel of how SQM practices contributed towards service quality perception. An open question was provided to the respondents and they were asked to suggest how best the mobile bank loans can improve the service quality perception in commercial banks. Thematic summary analysis was used to analyze the qualitative data collected. Key themes that emanated from the analysis included strategic quality planning, employee training, knowledge and process management. Regarding strategic quality

management, the findings indicated that the commercial banks' values, mission and vision are all part of strategic quality planning that should be strengthened regarding mobile lending services. Some respondents indicated that employees should be included in the development of mobile lending services vision, mission, goals, and objectives through successful strategic quality planning activities. One employee indicated that 'This makes it easier for employees to embrace and support strategic quality plans regarding mobile lending'.

Regarding employee training, the findings indicated that the commercial banks that offer mobile loans should provide all of their employees with the appropriate training to help them become more proficient at their jobs in marketing of the loans, answering to customer queries and serving customers. One respondent indicated that 'commercial banks achieve success through effective management training and quality improvement'. Another respondent indicated that 'Employees' excellent knowledge and learning capabilities will ensure the bank's quality management is sustainable'. Moreover, another respondent indicated that commercial banks should be learning organizations that adapt quickly to changes and generate distinct behavior that sets them apart from other banks and allows them to achieve better service quality'. Findings also indicated that the respondents were of the view that quality is not the duty of a single department or function, but it is the responsibility of the entire commercial bank. The findings also indicated that respondents felt that employees that have received effective training are familiar with the industry and the commercial bank's structure. Furthermore, excellent training will boost employees' commitment to the bank, mobile loan provision and productivity. The findings also indicated that employees' full engagement in the mobile loan provision process would be

more productive if they were instructed on producing trustworthy and high-quality services. As a result, perceived service quality will rise as complaints fall.

Regarding process and knowledge management, the findings indicated that effective process and knowledge management ensures that employees have access to the mobile lending data and information they need to conduct their jobs successfully and efficiently in the commercial bank on a timely, consistent, and accurate basis. Only in this manner can the anticipated benefits of SQM practices can be accomplished. Respondents indicated that through a collection of behavioral and methodological activities, process management should focus on activities rather than results. In mobile loan provision process, the findings indicated that process management should involve preventive and proactive approaches to quality management in order to eliminate process variances and improve process quality. To manage mobile lending processes efficiently, knowledge and successful process management strategies should be adopted by commercial banks to monitor data on quality. Mobile loan processing errors can be identified and addressed in a timely manner. Besides, to improve perceived service quality, respondents indicated that mobile lending procedures should be improved by managing them on a regular basis and regularly monitoring quality data. Furthermore, as the mobile lending processes become more prevention-oriented, complaints fall and perceived service quality is improved.

4.5 SQM Practices and Customer Satisfaction

The second objective of the study was to examine the effect of SQM practices on customer satisfaction of mobile loans in commercial banks in Kenya. To accomplish this objective, respondents were provided with various statements on SQM and customer satisfaction which they were required to rate on a scale of 1-5, where 1= Strongly Disagree, 2=

Disagree, 3= Neutral, 4= Agree and 5= strongly Agree. Their ratings were to establish the extent to which they agreed on the statements regarding the impact of SQM practices on customer satisfaction towards mobile bank loans by commercial banks. The responses were analyzed through mean scores, standard deviations and t tests, and the study results summarized in Table 4.5.

Table 4.5: Effect of SQM Practices and Customer Satisfaction

Statements	Mean	Std. Deviation	t	df	Sig.
SQM practices on Mobile loan services					
has improved customer satisfaction in commercial banks	3.96	.744	20.226	245	.000
The more loans are available due to improved quality of service, the more customers are satisfied	3.83	1.013	12.775	245	.000
Easy of acquiring loans have contributed to more customer satisfaction	3.74	.846	13.716	245	.000
Customers are happy because they are able to get loans any time they want	4.11	.818	21.272	245	.000

The study findings summarized in Table 4.5 indicate that study respondents agreed to the statement that SQM practices on mobile loan services has improved customer satisfaction in commercial banks (mean = 3.96, std. deviation = 0.744). These findings show that the SQM practices adopted by commercial banks towards mobile lending processes were vital

for customer satisfaction. The findings further indicate that the t test statistic was significant ($t = 20.226$, $p < 0.05$). This finding implies that SQM practices adopted by commercial banks had a significant influence on customer satisfaction towards mobile loan services in commercial banks.

The findings (Table 4.5) also indicated that the study respondents agreed to the statement that the more loans are available due to improved quality of service, the more customers are satisfied (mean = 3.83, std. deviation = 1.013). These findings indicate that the availability of loans when customers applied for them was a key factor towards customer satisfaction by mobile loans provided by the commercial banks. Further, the findings show that the t test statistic was significant ($t = 12.775$, $p < 0.05$). The implication of these findings was that availability of mobile loan services was a significant factor in influencing customer satisfaction towards mobile lending services by commercial banks.

Table 4.5 also provided study findings which show that the study respondents agreed to the statement that ease of acquiring loans have contributed to improved customer satisfaction (mean = 3.74, std. deviation = 0.846). These findings show that ease of acquiring loans was a critical factor that linked with satisfaction by customers towards mobile loans provided by commercial banks. Besides, the findings indicated that the t test statistic was significant ($t = 13.716$, $p < 0.05$). The implication of these findings is that ease of acquiring mobile loans was a significant factor in determining customer satisfaction towards mobile loans provided by commercial banks in Kenya.

The study findings summarized in Table 4.5 indicated that the study respondents agreed to the statement that customers are happy because they are able to get loans any time they want (mean = 4.11, std. deviation = 0.818). These findings indicate that the respondents

felt that convenience of mobile loan services provided by the commercial banks were was vital for customer satisfaction. Moreover, the findings indicated that the t test statistic was significant ($t = 21.272$, $p < 0.05$). The implication of these findings is that convenience of mobile loans to customers was a significant factor that influenced customer satisfaction towards mobile loans provided by commercial banks in Kenya.

The study provided an open question in the questionnaire whose purpose was to have an in-depth insight of how SQM practices contributed towards customer satisfaction and how this could be improved. Thematic summary analysis was used to analyze the qualitative data collected. Key themes that emanated from the analysis included leadership, customer focus and continuous improvement. Regarding leadership, respondents were of the view that top managers in the commercial banks should focus on improving quality for the commercial bank as whole, encourage employee growth, build multipoint communication among employees, managers, and customers, and make efficient and effective use of information. Furthermore, the respondents indicated that managers should empower and encourage their employees to participate in decision-making regarding quality practices. Overall, respondents underscored the importance of top management engagement and commitment as a critical factor in improving quality and enhancing customer satisfaction towards mobile loans.

Regarding customer focus, respondents indicated that commercial banks should focus on satisfying its customers in any SQM practice. Commercial banks, respondents posited, should first learn about their clients' needs and expectations in regard to mobile loans, and then engage in SQM practices and processes to deliver the mobile loans that meet those needs. Mobile loan provision in commercial banks should be organized around the

requirements, expectations, and complaints of consumers with the help of successful customer focus operations. This was indicated by the respondents to enable commercial banks to deliver high-quality, dependable mobile loan services on schedule, while also increasing their convenience and efficiency. Further, respondents indicated that mobile loan customers will be more satisfied if their expectations are met, which will enhance revenues and market share for the commercial bank.

Concerning continuous improvement, respondents indicated that every commercial bank should have a goal to actively participate in continuous development of its mobile lending processes, products and services. The respondents were of the view that commercial banks that continue to improve in their mobile lending service provision experience organizational flexibility, higher productivity, and the ability to seize new opportunities that emanate in the mobile lending sector. Moreover, respondents underscored the importance of continuously developing new procedures and adapting to changing market conditions so as to meet and satisfy customer needs.

4.6 Effect of SQM practices on Customer Loyalty

The study's third objective was to explore the influence of SQM practices on customer loyalty towards mobile loans provided by commercial banks in Kenya. To realize this objective, respondents were provided with various statements on SQM and customer loyalty, which they were required to rate on a scale of 1-5, where 1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree and 5= strongly Agree. Their ratings were to establish the extent to which they agreed on the statements regarding the impact of SQM practices on customer loyalty towards mobile bank loans by commercial banks. The responses were

analyzed through mean scores, standard deviations and t tests, and the study results summarized in Table 4.6.

Table 4.6: Effect of SQM practices on Customer Loyalty

Statements	Mean	Std. Deviation	t	df	Sig.
SQM practices has influenced customer loyalty for mobile loans in commercial banks customers in Kenya	4.33	.800	26.152	245	.000
The higher the quality service on mobile loans are available the more customers are loyal	4.44	.497	45.387	245	.000
Ease of acquiring loans have contributed to high levels of customer loyalty	4.23	.847	22.806	245	.000
The ability to get loans any time customer wants has contributed to high levels of customer loyalty	4.09	1.228	13.867	245	.000

The study findings provided in Table 4.6 indicate that study respondents agreed that SQM practices has influenced customer loyalty for mobile loans in commercial banks customers in Kenya (mean = 4.33, std. deviation = 0.800). These findings show that the SQM practices adopted by commercial banks towards mobile lending processes were vital for customer loyalty. The findings further indicate that the t test statistic was significant (t =

26.152, $p < 0.05$). This finding implies that SQM practices adopted by commercial banks had a significant influence on customer loyalty towards mobile loan services provide by the commercial banks.

The findings (Table 4.6) also indicated that the study respondents agreed that the higher the quality service on mobile loans are available, the more customers are loyal (mean = 4.44, std. deviation = 0.497). These findings indicate that the quality of mobile loan products and service were vital for customer loyalty towards mobile loans provided by the commercial banks. Further, the findings showed that the t test statistic was significant ($t = 45.387$, $p < 0.05$). The implication of these findings was that quality of mobile loan services and products was a significant factor in influencing customer loyalty towards mobile loans by commercial banks.

Table 4.6 also provided study findings which show that the study respondents agreed that ease of acquiring loans have contributed to customer loyalty towards mobile loans provided by commercial banks (mean = 4.23, std. deviation = 0.847). These findings show that ease of acquiring loans was a critical factor that customers consider when patronizing mobile loans from commercial banks in Kenya. Moreover, the study results showed that the t test statistic was significant ($t = 22.806$, $p < 0.05$). These findings indicate that ease of acquiring mobile loans was a significant factor in influencing customer loyalty towards mobile loans provided by commercial banks.

The study findings summarized in Table 4.6 indicated that the study respondents agreed that the ability to get loans any time customer wants has contributed to high levels of customer loyalty (mean = 4.09, std. deviation = 1.228). These findings indicate that the respondents felt that convenience of mobile loan services provided by the commercial

banks was vital for customer loyalty. Moreover, the findings indicated that the t test statistic was significant ($t = 21.272, p < 0.05$). The implication of these findings is that convenience of mobile loans to customers was a significant factor that influenced customer loyalty towards mobile loans provided by commercial banks in Kenya.

The goal of the open question in the questionnaire was to gain a deeper understanding of how SQM practices could be enhanced and how they contributed to customer loyalty, and how this could be improved. The qualitative data was analyzed using thematic summary analysis. The investigation uncovered several key themes, including leadership, customer focus, and continuous improvement. These themes were similar to the themes developed in regard to customer satisfaction. In terms of leadership, respondents perceived that senior executives in commercial banks should concentrate on enhancing overall quality, encouraging staff growth, establishing multipoint communication among employees, managers, and customers, and making efficient and effective use of information. Managers should also empower and encourage their staff to engage in quality-control decision-making, according to the respondents. Overall, respondents emphasized the necessity of top management commitment and engagement in improving quality and increasing customer loyalty towards mobile loans.

In terms of customer focus, respondents indicated that in any SQM approach, commercial banks should prioritize customer loyalty through focusing on what they need. Respondents suggested that commercial banks should first learn about their consumers' mobile loan needs and expectations, and then use SQM methods and processes to produce mobile loans that fulfill those demands. With the support of efficient customer focus operations, mobile loan provision in commercial banks should be arranged around the needs, expectations,

and complaints of customers. Commercial banks will be able to supply high-quality, dependable mobile loan services on time, according to the respondents, while also boosting their convenience and efficiency. Customers of mobile loans will be more satisfied if their expectations are realized, according to respondents, which will increase their loyalty to the mobile loans provided by the commercial bank.

Respondents indicated that every commercial bank should make it a goal to actively participate in the continuing development of its mobile lending processes, products, and services. Commercial banks who continue to develop their mobile lending service provision benefit organizational flexibility, improved productivity, and the potential to embrace new opportunities in the mobile lending industry, according to the respondents. Furthermore, respondents emphasized the need of establishing new methods on a continuous basis and adjusting to changing market situations in order to fulfill and satisfy client expectations, which in turn would lead to more loyal customers.

4.7 Effect of SQM Practices on Efficiency

The last objective of the study was to assess the impact of SQM practices on efficiency of mobile loans in commercial banks in Kenya. To accomplish this objective, respondents were provided with various statements on SQM and efficiency of mobile loans which they were required to rate on a scale of 1-5, where 1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree and 5= strongly Agree. Their ratings were to establish the extent to which they agreed with the statements regarding the impact of SQM practices on efficiency of mobile bank loans by commercial banks. The responses were analyzed through mean scores, standard deviations and t tests, and the study results summarized in Table 4.7.

Table 4.7: Effect of SQM practices on Efficiency

Statement	Mean	Std. Deviation	t	df	Sig.
SQM practices have contributed to efficiency of Mobile loans in commercial banks in Kenya	4.15	.995	18.063	245	.000
Improved services in acquiring loans have contributed to high levels of efficiency in service delivery	4.03	1.225	13.218	245	.000
The ease of getting loans any time customers wants is an indication of high levels of efficiency in service delivery	3.36	1.230	3.612	245	.067
Quick processing of loans illustrates high levels of efficiency in service delivery	4.12	.902	14.617	245	.000

The study findings displayed in Table 4.7 indicate that study respondents agreed that SQM practices have contributed to efficiency of mobile loans in commercial banks in Kenya (mean = 4.15, std. deviation = 0.995). These findings show that the SQM practices adopted by commercial banks towards mobile lending processes were vital for improving efficiency of mobile loans. The findings further indicate that the t test statistic was significant ($t =$

18.063, $p < 0.05$). This finding implies that SQM practices adopted by commercial banks had a significant influence on efficiency of mobile loan services by commercial banks.

The findings (Table 4.7) also indicated that the study respondents agreed that improved services in acquiring loans have contributed to high levels of efficiency in service delivery (mean = 4.03, std. deviation = 1.225). These findings indicate that the improvement of services in mobile loan processes was essential for efficiency of mobile loans provided by the commercial banks. Further, the findings show that the t test statistic was significant ($t = 13.218$, $p < 0.05$). The implication of these findings was that improvement in mobile lending services was significant in influencing efficiency of mobile loans provided by commercial banks.

Table 4.7 also provided study findings which show that the study respondents were neutral to the statement that the ease of getting loans any time customers want is an indication of high levels of efficiency in service delivery (mean = 3.36, std. deviation = 1.230). These findings show that ease of acquiring loans was not considered an indicator of efficiency of mobile loans provided by commercial banks. Besides, the findings indicated that the t test statistic was not significant ($t = 3.612$, $p = 0.067$). The implication of these findings are that ease of acquiring mobile loans was not a significant indicator of efficiency of mobile loans provided by commercial banks in Kenya.

The study findings summarized in Table 4.7 indicated that the study respondents agreed to the statement that quick processing of loans illustrates high levels of efficiency in service delivery (mean = 4.12, std. deviation = 0.902). These findings indicate that the respondents felt that the speed with which banks processed mobile phones indicated efficiency in service provision. Moreover, the findings indicated that the t test statistic was significant (t

= 14.617, $p < 0.05$). The implication of these findings is that speed of loan processing was a significant indicator of efficiency of mobile loans provided by commercial banks in Kenya.

The study sought insights through an open question to understand how best can mobile bank loans be improved to improve service efficiency in commercial banks in Kenya. The study used thematic summary analysis to analyze the responses. The findings indicated that responses were around three themes; evidence-based decision making, process and knowledge management and continuous improvement. Regarding evidence-based decision making, respondents indicated that commercial banks should use a data-driven approach to making mobile loan decisions. Respondents were of the view that commercial banks that make mobile lending decisions based on data that has been validated and studied have a better understanding of the mobile loan market. They can complete mobile loan transactions that yield desired outcomes and enhance efficiency of mobile lending. Further, the study findings established that respondents perceived that factual decision-making is critical for understanding cause-and-effect links and explaining potential unintended repercussions and outcomes, such as bad debts.

Regarding improvement of efficiency through continuous improvement, respondents indicated that commercial banks that provide mobile loans should make it a mission to actively engage in the continued development of its mobile lending processes, products, and services. Moreover, the respondents were of the view that commercial banks that continue to expand their mobile lending service offering benefit from more organizational flexibility, increased efficiency, and the ability to accept new innovations in the mobile lending sector. Furthermore, respondents highlighted the need of always developing new

techniques and adapting to changing market conditions in order to enhance efficiency of the mobile lending processes and operations.

Respondents also indicated that commercial banks can improve efficiency of mobile lending through process and knowledge management. The findings revealed that effective process and knowledge management ensures that employees have timely, consistent, and accurate access to the mobile lending data and information they require to conduct their jobs successfully and efficiently in the commercial bank. Only in this way can the hoped-for advantages of SQM techniques towards efficiency can be realized. Process management, according to respondents, should concentrate on actions rather than outcomes through a combination of behavioral and methodological activities. In order to minimize mobile lending process variations and enhance process quality, the study results suggested that process management should include preventative and proactive methods to quality management in the mobile loan providing process. Commercial banks should use knowledge and effective process management methods to check data quality in order to manage mobile lending operations efficiently. Errors in mobile loan processing may be detected and corrected quickly through process improvement. Furthermore, respondents stated that mobile lending processes could be enhanced by managing them on a regular basis and constantly reviewing quality data to improve efficiency.

4.8 Discussion of Findings

The study determined that SQM practices adopted by commercial banks had a significant influence on the perceived service quality of mobile loan services in commercial banks ($t = 27.373$, $p < 0.05$). These findings support the Kano Theory by Dr. Noriaki Kano (1984), which indicates that quality management affects product attributes, and these in turn

influence customer perceptions and hence have an impact on customer satisfaction (Mkpojiogu & Hashim, 2016). The findings from the study also agree with the findings by Nisha (2016) that basic components and service characteristics that influence customers' behavioral goals/plans for using mobile banking services. Other studies with similar findings include Talib, Rahman, and Qureshi (2012), and Al-Hawari, Ward and Newby (2014), which established that customer satisfaction and service quality are very important concepts that commercial banks must consider in their mobile money services in order to remain competitive and ensure growth.

The study findings indicate that the SQM practices adopted by commercial banks towards mobile lending processes had a significant influence on customer satisfaction ($t = 20.226$, $p < 0.05$). These findings concur with the findings by Jun and Palasio (2015) that choice convenience impacted customer satisfaction more than the other aspects of service convenience when utilizing structural equation modeling for data analysis. SQM practices that improve client happiness increases customer satisfaction, according to the study's results. Other studies with comparable findings included Nimako and Gyamfi (2013), Maseke (2018) and Kambali, Mulyungi, and Shukla (2018) which suggested that, although much has been done to enhance ebanking services in order to fulfill consumers' expectations, more work is needed to completely satisfy customers.

The study findings indicated that the SQM practices adopted by commercial banks had a significant influence on customer loyalty towards mobile loan services provide by the commercial banks ($t = 26.152$, $p < 0.05$). These findings concur with the findings by Toit, Burns, and Johnson (2012), and Goplankrishnan and Ravindran (2014) which revealed a significant connection between SQM practices, perceived service quality, customer

satisfaction, and retention intentions, as well as successful technology application. The consumer finds satisfaction in the SQM practices. Besides, the findings agree with findings by Olannye, Dedekuma, and Ndugbe (2017) that SQM practices influence customer expectations and customer loyalty in mobile banking services.

The study findings indicate that the SQM practices adopted by commercial banks had a significant influence on efficiency of mobile loan services by commercial banks ($t = 18.063, p < 0.05$). These findings agree with findings by Kaura, Durga Prasad, and Sharma (2015) that SQM practices such as customer focus and TQM enable commercial banks to enhance efficiency of mobile banking services. Additionally, the findings concur with the findings by Adams, Bashiru, and Abdulai (2016) that SQM practices by commercial banks and FinTechs increased efficiency in terms of reduction of time taken to get banking services and communication with service providers.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter provides a summary of the research results on SQM practices and provision of mobile loans in the commercial banks in Kenya. In addition, the study's conclusions, recommendation, limitations and suggestions for further research are provided in this chapter, findings and suggestions are presented in this part.

5.2 Summary of Findings

The study established that SQM practices adopted by commercial banks had a significant influence on the perceived service quality of mobile loan services in commercial banks. Further, the study findings indicated that SQM practices have an influence on the perceived service quality of mobile loan services in commercial banks. Besides, study results indicated that the more loans are available the more the customers consider the mobile money services as quality. Further, findings indicated ease of acquiring loans have contributed to positive perception of mobile money services. However, findings showed that there is need for more loan services to improve the quality of mobile services. Furthermore, study findings indicated that quality of mobile banks loans contributes to positive perception of customers services. Key SQM practices that played a role in service quality of mobile lending were strategic quality planning, employee training, and knowledge and process management.

Regarding influence of SQM practices on customer satisfaction, the study results showed that SQM practices adopted by commercial banks had a significant influence on customer satisfaction towards mobile loan services in commercial banks. The study findings also indicated that SQM practices on mobile loan services has improved customer satisfaction in commercial banks and also showed that that the more loans are available due to improved quality of service, the more customers are satisfied. Moreover, findings determined that ease of acquiring loans have contributed to improved customer satisfaction and also determined that customers are happy because they are able to get loans any time they want. The study findings indicated that vital SQM practices that influenced customer satisfaction towards mobile loan services by commercial banks included leadership, customer focus and continuous improvement.

The study determined that SQM practices adopted by commercial banks had a significant influence on customer loyalty towards mobile loan services provide by the commercial banks. The findings also indicated that SQM practices have influenced customer loyalty for mobile loans in commercial banks customers in Kenya and also determined that the higher the quality service on mobile loans are available, the more customers are loyal. Moreover, findings indicated that ease of acquiring loans have contributed to customer loyalty towards mobile loans provided by commercial banks and that the ability to get loans any time customer wants has contributed to high levels of customer loyalty. The main SQM practices influencing customer loyalty were leadership on quality, customer focus, and continual improvement.

The last objective of the study was to assess the impact of SQM practices on efficiency of mobile loans in commercial banks in Kenya. The study findings determined that SQM practices adopted by commercial banks had a significant influence on efficiency of mobile loan services by commercial banks. The findings also indicated that SQM practices have contributed to efficiency of mobile loans in commercial banks in Kenya and that improved services in acquiring loans have contributed to high levels of efficiency in service delivery. Moreover, the study determined that quick processing of loans illustrates high levels of efficiency in service delivery. The SQM practices that were found to significantly contribute to efficiency of mobile loan service provision were evidence-based decision making, process and knowledge management and continuous improvement.

5.3 Conclusion

Based on the findings that emanated from the study, the study makes the following conclusions. To start with, the study concludes that SQM practices are vital for perceived service quality of mobile loans in commercial banks in Kenya. The study further concludes that SQM practices are vital for variety of mobile loan service offering, positive perception of mobile lending services, positive perception of customer services.

The study also concludes that SQM practices are instrumental for customer satisfaction of mobile loans in commercial banks in Kenya. SQM practices enable more loans to be available, increased ease of acquiring loans and made customers satisfied because they are able to get loans any time they want.

The study further concludes that SQM practices are essential for customer loyalty towards mobile loans provided by commercial banks in Kenya. SQM practices enables commercial banks to provide higher quality service on mobile loans, enhanced ease of acquiring loans,

and enhanced the capacity to get loans any time customer wants has contributed to high levels of customer loyalty.

Lastly, the study concludes that SQM practices are indispensable for efficiency of mobile loans in commercial banks in Kenya. SQM practices had enabled commercial banks to improve services in acquiring loans, improved ease of getting loans any time customers want, and enabled quick processing of loans and thus enabling high levels of efficiency in mobile loan service delivery.

5.4 Recommendations

The research offers the following recommendations based on its findings. To begin, the research recommends that to enhance service quality of their mobile lending operations, commercial banks should focus on engaging in SQM practices such as strategic quality planning, employee training, and knowledge and process management. Besides, the commercial banks' values, mission and vision should be encompassed into strategic quality planning, whereby employees should be included in the development of mobile lending services vision, mission, goals, and objectives through successful strategic quality planning activities. Commercial banks that offer mobile loans should also ensure that all their employees are provided with requisite information to enable them to be more proficient at their jobs in marketing of the loans, answering to customer queries and serving customers.

Regarding improvement on customer satisfaction, the study recommends to all commercial banks to have a customer focus. To do this, commercial banks, should first learn about their clients' needs and expectations in regard to mobile loans, and then engage in SQM practices and processes to deliver the mobile loans that meet those needs. Moreover, commercial banks should ensure that they have a policy of mobile loan provision organized around the

requirements, expectations, and complaints of consumers with the help of successful customer focus operations.

Concerning SQM Practices and customer loyalty, the study recommends to commercial banks to engage in continuous improvement, with an objective of actively participating in continuous development of its mobile lending processes, products and services. Moreover, commercial banks should enhance their mobile lending service provision experience by engaging in organizational flexibility, higher productivity, and engaging in continuous innovation. Besides, commercial banks should always and continuously monitor the developments in the mobile lending sector, so that they can be able to develop new procedures and adapt to changing market conditions so as to meet and satisfy mobile loan customer's needs.

Regarding SQM practices and efficiency in mobile lending, the study recommends to commercial banks to use a data-driven approach to making mobile loan decisions. Besides, commercial banks should actively engage in process and knowledge management. They should ensure that employees have timely, consistent, and accurate access to the mobile lending data and information they require to conduct their jobs successfully and efficiently in the commercial bank.

5.5 Limitations of the Study

The strategic quality management practices and provision of mobile loans in the commercial banks in Kenya was the subject of this research. The research offered crucial evidence regarding how SQM practices employed by commercial banks influence their mobile loan products and services in relation to efficiency, customer satisfaction, customer loyalty and perceived service quality. However, since the research primarily focused on

commercial banks, the findings herein may not represent the situation in other mobile loans providers in Kenya who are majorly the financial technology companies and non-banking companies not licensed by the Central Bank of Kenya. The application of these findings for policy and practice should therefore be made with these limitations in mind.

Besides, the study did not determine the most important SQM practices that would lead to the most benefit for the mobile loan providers. The findings from this study could have been more robust if an analysis of the most vital SQM practices was conducted to provide users of the findings with more actionable recommendations. Such information would be critical to management of the commercial banks since they would be able to target their resources to the SQM practices that are expected to have the highest return towards efficiency, customer loyalty, customer satisfaction and perceived service quality.

5.6 Suggestions for Further Study

This study suggests that further research should be conducted to bridge the knowledge gaps left by this study and also overcome the shortcomings of the present study. First, the research suggests a further study to include other mobile loan providers in Kenya and understand how SQM practices contributes towards their mobile loan products and services in terms of service quality, efficiency, customer satisfaction and loyalty. This would offer insight into the SQM practices adopted by the financial technology companies in attempting to enhance their mobile loan services.

Second, the research suggests that a follow-up study to be conducted to determine the most effective SQM practices that commercial banks apply in their mobile lending processes and operations. This will provide a deeper understanding of the most critical SQM practices in regard to mobile lending operations. Additionally, such a study could identify the most

beneficial SQM procedures for mobile loan providers. The study's results would be more robust since an examination of the most critical SQM practices is crucial for commercial bank management because it enables them to allocate resources to SQM activities that are predicted to provide the best returns in terms of efficiency, perceived service quality customer happiness, and customer loyalty.

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Easy of acquiring loans have contributed to positive perception of mobile money services.					
There is need for more loan services to improve the quality of mobile services.					
Quality of mobile banks loans contributes to positive perception of customers services					

Please suggest how best the mobile bank loans can improve the service quality perception in commercial banks.....

.....

SECTION C: CUSTOMER SATISFACTION

On a likert scale of 1-5 where Use a scale of 1-5 where 1= Strongly Disagree, 2= Disagree,3= Neutral, 4= Agree and 5= Strongly Agree, establish the extent to which you agree that impact of mobile bank loans on customer satisfaction in Kenya.

Customer Satisfaction	1	2	3	4	5
SQM practices on Mobile loan services has improved customer satisfaction in commercial banks					
The more loans are available due to improved quality of service, the more customers are satisfied.					
Easy of acquiring loans have contributed to more customer satisfaction.					
Customers are happy because they are able to get loans any time they want.					

Please suggest how best the mobile bank loans can be improved to achieve high levels of customer satisfaction in Kenya

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SECTION D: CUSTOMER LOYALTY

On a likert scale of 1-5 where Use a scale of 1-5 where 1= Strongly Disagree, 2= Disagree,3= Neutral, 4= Agree and 5= Strongly Agree, establish the extent to which you agree on the influence of mobile bank loans on customer loyalty.

Customer Loyalty	1	2	3	4	5
SQM practices has influenced customer loyalty for Mobile loans in commercial banks customers in Kenya.					
The higher the quality service on mobile loans are available the more customers are loyal.					
Easy of acquiring loans have contributed to high levels of customer loyalty.					
The ability to get loans any time customer wants has contributed to high levels of customer loyalty.					

Please suggest how best mobile bank loans can be improved to achieve high levels of customer loyalty

.....

.....

SECTION E: EFFICIENCY

On a likert scale of 1-5 where Use a scale of 1-5 where 1= Strongly Disagree, 2= Disagree,3= Neutral, 4= Agree and 5= Strongly Agree, establish the extent to which you agree on the impact of mobile bank loans on efficiency.

Efficiency	1	2	3	4	5
SQM practices have contributed to efficiency of Mobile loans in commercial banks in Kenya					
Improved services in acquiring loans have contributed to high levels of efficiency in service delivery.					
The ease of getting loans any time customers wants is an indication of high levels of efficiency in service delivery.					
Quick processing of loans illustrates high levels of efficiency in service delivery.					

Please suggest how best can mobile bank loans be improved to improve service efficiency in mobile companies in Kenya.....

.....

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THANK YOU FOR YOUR PARTICIPATION

Appendix II: Turnitin report

STRATEGIC QUALITY MANAGEMENT PRACTICES AND PROVISION OF MOBILE LOANS IN THE COMMERCIAL BANKS IN KENYA

ORIGINALITY REPORT

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