

Products and Services in the Banking Industry: The Adoption and Usage in Commercial Banks in Kenya

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Abstract:

Globalization, collaboration and wireless technologies have led to stiff competition. As a result, commercial banks have generally adopted the use of e-commerce products and services in their delivery of services to customers. This study's main objective was to explore the challenges faced and benefits that accrue from adoption and usage of e-commerce products and services banking by commercial banks in Kenya. A survey was carried out to achieve the envisaged aims of the study. A total of 100 questionnaires were distributed however only 70 banks responded. Overall, research showed that while the majority of the banks in Kenya have adopted e-commerce products and services, usage levels have remained relatively low, as not many customers are using this innovation in Kenya. To establish benefits and challenges in the adoption and usage of e-commerce, 32 variables were used to measure the level of application among these banks. These variables were analyzed using factor analysis procedure and in order to achieve a simple and meaningful structure, that is, have a nonzero loading of the explained variance for each individual factors, varimax rotation was done. As a result, 10 critical factors were established as the best practices which include: improved customer service, reduced number of customers in the banking hall, reduced operating costs and increased market share. The challenges faced in the adoption of e-commerce products and services include compatibility with existing legacy systems, cost of implementation and security concerns ranked high, ensuring desired levels of security and privacy. Unreliable telecommunication as well as lack of legislation governing e-commerce transactions rated highly.