

## ABSTRACT

The main objective of the study was to establish customer perceptions of service quality in Kenyan commercial banks. The study was guided by the following research objectives: to determine customer perception on quality of the current services provided by banks and to determine factors that affect perceptions; a) Type of bank b) Gender and Age To achieve these research objectives the researcher adopted a descriptive research design. It relied on mainly primary data. The population of the study comprised of customers from 9 Kenyan banks, from whom a sample of 90 respondents was picked. Out of these only 80 customers responded. The SERVQUAL instrument was used as the data collection instruments while the collected data was analyzed using SPSS software. The analyzed data was presented and summaries in form of tables. From the findings it was revealed clear that, the overall service quality is low as perceived by consumers in banks and hence no customer satisfaction. Consumers have higher expectations than what they actually receive from banks even though the difference is not wide. In this regard therefore banks have to improve performance on all the dimensions of service quality in order to increase customer satisfaction since consumers expect more than what is been offered by these stores. This will enable them maintain high level of competitiveness. The study also revealed that was a direct negative relationship between the type of the bank and perceptions. The study concludes that indeed there is a difference between customers' expectations and customers' perceptions of the service quality in Kenyan banks. Looking at the individual dimensions the study concludes that 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 and services they offer. Regarding reliability and the empathy dimensions the study concludes that customers are very sensitive to how reliable banking services are to them. The study recommends for more innovations in this line will enhance growth in this sector. It is also important that the financial institutions wanting customers to use and be satisfied with banking technology must implement personalized aspect to the service. Finally banks should pay special attention to convenience by providing the customers with electronic banking service at points which can easily be accessible. For instance, some ATMs should be installed in supermarkets, learning institutions and medical centres. The banks' management should also improve their ATM systems so as to minimize waiting time in the queue. The bank's management should revise their resource allocation in light of Importance/Performance and findings.