PERCEPTION OF PERSONAL BANKING CUSTOMERS ON THE TELEPHONE BANKING SERVICES PROVIDED BY COMMERCIAL BANKS IN NAIROBI

By
Mary Keli Mwongela

A Management Research Project Report Submitted in Partial fulfillment of the requirements of the Masters of Business Administration degree (MBA), School Of Business, University Of Nairobi

SEPTEMBER 2007
DECLARATION

I, the undersigned, declare that this project is my original work and has not been submitted to any other college, institution or university other than the University of Nairobi for academic credit.

Signed: ______________________________ Date 06-11-2007

Mary Keli Mwongela
D/61/P/7023/04

This project has been submitted for examination with my approval as the appointed university supervisor.

Signed ______________________________ Date 06-11-2007

Mrs. Margaret Ombok
Senior Lecturer
School of Business
University of Nairobi
DEDICATION

To Almighty God, for taking care of me and for giving me strength to carry out the research. To my mother Esther, my husband Terence, my son Bruce and my daughter Lynn, for their support and encouragement.
ACKNOWLEDGEMENTS

I thank the Almighty God for the gift of life and for making this project successful. I sincerely thank my supervisor Mrs. Margaret Ombok for her invaluable dedication and input to this work. To all the lecturers who took me through the MBA program. Special thanks to my family and friends for their patience and moral support during the conduct of this project.

Special thanks to all the respondents who took time to give information which was used to make the research a successful. I also thank the lecturers and management staff of the University of Nairobi for making my MBA program a success.
ABSTRACT

Commercial banks play an important role of facilitating the running of the economy by accepting deposits from customers who have excess money and lending it to the customers with a deficit. The banking Industry in Kenya has become very competitive due to many players, and also due to liberalization of economy and technological advancements. Banks have responded to these challenges by introducing innovative product and services. It is important for banks to understand how customers perceive these services and products because perception a determinant of buyer choice. The purpose of this study was therefore to determine the perception of personal banking customers on the telephone banking services provided by commercial banks in Nairobi.

A descriptive survey was conducted. The population of study included all personal banking customers in Nairobi. There are about 3 million personal banking customers in Nairobi. Out of the 43 commercial banks in Kenya, 10 of them were conveniently selected. From these, proportionate and stratified sampling method was used to select 500 respondents. Primary data was collected using a semi-structured questionnaire. A trained research assistant administered questionnaires to respondents.

Out of the 500 questionnaires administered 400 (80%) responded by completing the questionnaires. Data was analyzed using descriptive. Percentages and frequencies were used to analyze data in Part I. Data in Part II was analyzed using mean and standard deviation statistics such as percentages, frequencies, and mean. From the findings it is clear that many customers find telephone banking services as a convenient, time saving, reliable, flexible and a secure way of doing banking transactions. However the low response on some of the telephone banking services like giving instructions on fixed deposit account, stop payment of cheques, foreign exchange rate enquiry and visa debit enquiry is an indication that many personal banking customers are not aware of all the telephone banking services provided by banks. It was recommended that banks create awareness to customers on telephone banking and more research to be done on telephone banking covering all commercial banks and to cover corporate customers as well. It was
also recommended that banks take time to understand the perceptions their customers have on the services that they offer so as to develop products that suit customers’ needs.

The researcher recommends a further research covering all commercial banks in Kenya and to be expanded to cover the perception of corporate customers on Telephone banking services provided by commercial banks in Kenya.
<table>
<thead>
<tr>
<th>TABLE OF CONTENTS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>DECLARATION</td>
<td>ii</td>
</tr>
<tr>
<td>DEDICATION</td>
<td>iii</td>
</tr>
<tr>
<td>ACKNOWLEDGEMENT</td>
<td>iv</td>
</tr>
<tr>
<td>ABSTRACT</td>
<td>v</td>
</tr>
<tr>
<td>TABLE OF CONTENTS</td>
<td>vi</td>
</tr>
<tr>
<td>LIST OF TABLES</td>
<td>vii</td>
</tr>
</tbody>
</table>

**CHAPTER ONE**

**INTRODUCTION**

1.1 Background

1.1.1 The concept of perception

1.1.2 Telephone banking

1.1.3 Personal Banking customers

1.1.4 The Banking Industry in Kenya

1.1.5 Telephone Banking services offered by commercial banks in Kenya

1.2 Statement of the problem

1.3 Objectives of the study

1.4 Importance of the study

**CHAPTER TWO**

**LITERATURE REVIEW**

2.1 Service marketing

2.2 Perception

2.2.1 Measures of Perception

2.2.2 Strategies for influencing customer perception

2.3 Telephone Banking

2.3.1 Benefits of Telephone Banking

2.3.2 Limitations of Telephone Banking

2.4 Summary of Literature Review
CHAPTER THREE ........................................................................................................21
RESEARCH METHODOLOGY ...................................................................................21
3.1 Research design ........................................................................................................21
3.2 The population ...........................................................................................................21
3.3 Sample and sampling design ....................................................................................21
3.4 Data Collection Methods ........................................................................................21
3.5 Operationalizing the dimensions of Telephone Banking services .........................22
3.6 Data Analysis and Presentation ..............................................................................23

CHAPTER FOUR ............................................................................................................24
DATA ANALYSIS AND FINDINGS .............................................................................24
4.1 Introduction ..............................................................................................................24
4.2 Demographic profile of the respondents ...................................................................24
4.3 Respondents’ banking information ..........................................................................26
  4.3.1 Bank account history of Respondents .............................................................26
  4.3.2 Types of accounts held by respondents ..........................................................27
  4.3.3 Age of Accounts .............................................................................................27
  4.3.4 Telephone Banking services used by personal banking customers ...............28
4.4 Dimensions of customer perceptions on telephone banking services .....................29
  4.4.1 Reliability ........................................................................................................30
  4.4.2 Responsiveness ...............................................................................................30
  4.4.3 Competence .....................................................................................................31
  4.4.4 Accessibility ....................................................................................................32
  4.4.5 Courtesy .........................................................................................................32
  4.4.6 Communication ...............................................................................................33
  4.4.7 Credibility .......................................................................................................33
  4.4.8 Convenience ....................................................................................................34
  4.4.9 Efficiency ........................................................................................................35
  4.4.10 Summary of the dimensions of telephone banking .......................................36
LIST OF TABLES

Table 1: Operational Dimensions of Telephone Banking services ................................... 22
Table 2: Gender of respondents ...................................................................................... 25
Table 3: Age of respondents ........................................................................................ 25
Table 4: Marital status of respondents ......................................................................... 26
Table 5: Bank account history of respondents ............................................................. 26
Table 6: Types of accounts held .................................................................................. 27
Table 7: Age of accounts ............................................................................................ 27
Table 8: Telephone banking services used by personal Banking customers ............... 28
Table 9: Frequency of use of telephone banking services .......................................... 29
Table 10: Responsiveness ......................................................................................... 30
Table 11: Reliability ..................................................................................................... 31
Table 12: Competence ............................................................................................... 31
Table 13: Accessibility ............................................................................................... 32
Table 14: Courtesy ...................................................................................................... 32
Table 15: Communication .......................................................................................... 33
Table 16: Credibility .................................................................................................. 34
Table 17: convenience ............................................................................................... 34
Table 18: Efficiency ................................................................................................... 35
Table 19: Summary of perception of personal banking customers on telephone banking services ............................................................................................................. 36
CHAPTER ONE
INTRODUCTION

1.1 Background
Liberalization of the world economy has reduced trade protection leading to a more liberal world trading system. This has effectively increased the movement of capital and other factors of production. Businesses have found themselves competing or even collaborating with global players (Stoner et al., 2001). Corporations have extended their range in terms of markets and production facilities to a national, multi-national, International or even global reach (Ethangata, 2005). These major forces have resulted into intense competition for companies both from the domestic and international markets. This has resulted to higher promotional costs, shrinking market share and declining profit margins (Kotler, 2003). As customers are bombarded with cheaper substitute products to choose from, they become more aware of their tastes and preferences (Kotler, 1995).

In order to survive in business, firms have developed various strategies aimed at achieving sustainable competitive advantage and to retain their market share, which include improvement in products and services, acquisitions and mergers, and innovation of products (Ethagata, 2005). According to Kotler (2003), new products introduced in the markets are easily copied and modified, but service cannot be easily copied. According to McNealy (1994), customer service is the key strategic weapon for the new millennium for any type of Organization. Firms are now focusing on the customer to provide quality service. The need to provide quality service has been accelerated by liberalization of the economy, increased competition and increased customer awareness. Commercial Banks Kenya are no exception to the challenges in the economic environment and they have responded by introducing unique products and services such as Telephone Banking services in order to maintain their competitive advantage.

1.1.1 The Concept of Perception
In psychology, and the cognitive sciences, perception is the process of acquiring, interpreting, selecting and organizing sensory information (Kotler, 2001). Customer Perceptions are the subjective assessments of actual service experiences and reflect the
service as it is actually received. Customers perceive services in terms of the quality of the service and how satisfied they are overall with their experiences (Zeithaml, and Bitner, 1996). In customer service, there are usually customer expectations and customer perceptions. Customer expectations are the standards or reference points for performance against which service experiences are compared and are often formulated in terms of what a customer believes should or will happen. Customers perceive service in terms of their overall satisfaction with the experience. Satisfaction is the consumer’s fulfillment response. It is a judgment that a product or service provides a pleasurable level of consumption related fulfillment. It is the customer’s evaluation of a product or service in terms of whether the product or service meets their needs and expectations (Zeithaml, 1996).

Today’s trying economic conditions have forced companies to make difficult decisions with most companies making conservative decisions that reflect a survival mode in business operations. For any firm to remain competitive, it needs to attract new customers and to retain the ones it has and for customers to be loyal they must be satisfied with the services the firm provides (Kotler, 2003; Zeithaml, 1996) argued that any firm interested in delivering quality service must begin with a clear understanding of its customers. Executives need a third party understanding on where customer loyalty stands more than ever. Management needs ongoing feedback from customers, partners and employees in order to continue to successfully innovate and grow. Understanding customers’ perception enables companies to make well informed decisions.

In delivering superior customer service, perception of an issue by the customer is often a very different matter than the actual circumstances. Being sensitive to customers’ viewpoint and perception of issues helps in building customer loyalty. Because customer satisfaction and customer focus are so critical to competitiveness of firms, any company interested in delivering quality service must begin with a clear understanding of its customers (Zeithaml, 1996). Understanding customer’s perceptions helps the firm to evaluate if the product or service has met the customer’s needs and expectations because failure to meet needs and expectations results to dissatisfaction and that can lead to loss of the customer. It is important
for firms to understand customers’ perceptions so that they develop strategies that help them to meet customers’ needs and expectations and to build strong customer relationships.

1.1.2 Telephone Banking

Pridger, (2001), defined Telephone Banking as a service provided by a financial institution which allows its customers to perform transactions over the telephone. Most telephone banking providers use an automated phone answering systems with phone keypad response or recognition capability. To guarantee security, the customer must first authenticate through a numeric or verbal password or through security questions asked by a live representative. Telephone banking offers all the features of an Automated Teller Machine with an exception of cash withdrawals and deposits. There is also the possibility to speak to a live representative located in a call centre or a branch but in this case the service is not guaranteed to be offered 24 hours. In addition to the self-service transactions, telephone banking representatives are usually trained to do what was traditionally only available at the branch, that is loan applications, investments purchases and redemptions, cheque book orders, debit card replacements, and change of address. Banks which operate mostly or exclusively by telephone are known as phone banks (Pridger, 2001). Most organizations provide customer service through the telephone in a way. Marketing firms use telephone service to receive customers’ orders, service firms such as hotels use it for making reservations and hospitals use it for booking of appointments.

The services offered through telephone banking include account balance information, a list of the latest transactions, electronic bill payments, funds transfer between a customer’s accounts, checking savings and loan information, reporting a lost or stolen ATM card, to get information on investment alternatives, merchant verification, rate information, branch and ATM location, Visa debit enquiry and general bank information. Other services include standing orders and salary transfer enquiries, stopping of cheques, ordering for account statements and telegraphic transfer enquiries. Some banks also use their call centres as customer contact centres where customers can call when they have complaints or compliments about the bank’s products and services, and the call centre representatives also
carry out surveys on customer satisfaction with the banks' and services. The number and type of services provided vary from bank to bank.

Telephone Banking plays a big role in improving customer satisfaction and lowering service cost. It is an additional channel of customer service delivery which provides customers with the convenience and flexibility of doing their banking transactions from wherever they are and for more extended hours. This saves customers a lot of time and also helps to reduce the number of customers going to the banks to get service. With fewer customers in banking halls, waiting time is drastically reduced. This is expected to help the service providers to improve on service quality, financial performance, customer satisfaction and productivity. Quality service is critical to developing strong customer relationships (Kandie, 2002).

1.1.3 Personal Banking Customers

Personal Banking customers include individuals who hold accounts in their personal or joint names and constitute over 70% of banks customers. Bank products commonly used by personal banking customers include savings accounts, current accounts, personal loans, mortgages, and investments. Commercial banks have invested a lot in technology such as Automated Teller Machines, credit cards and debit cards in order to make banking services more accessible to personal customers. The competition for personal banking customers is very stiff and banks have had to improve on their existing products and come up with innovations to stay ahead in competition (Oloo, 2004).

Personal customers have diverse needs and competition for them is very high which creates the need for banks to develop strategies for attracting and retaining them. Service is provided to them over the counter at the banking halls, and also through Automated Teller Machines (ATM). Personal banking customers are segmented as per their income and different products suitable for each segment offered.
1.1.4 The Banking Industry in Kenya

A bank can be defined as an institution which borrows money by accepting deposits from the public for the purpose of lending to those in need and for investing in government and industrial securities. The banking industry in Kenya consists of, the Central Bank of Kenya (CBK), forty three commercial Banks, one Non Bank Financial Institution (Prime Capital and credit Ltd), two Mortgage Finance Companies (HFCK and Savings and Loans Ltd), one building society (Family Finance Building Society), and ninety five foreign exchange bureaus (CBK Report, March 2007). Commercial Banks play a vital role in the economic activity of a country by accepting deposits from the public and lending money to entrepreneurs for economic activities. During the last 20 years, there have been major changes in the commercial banking sector globally. The globalization of financial markets has led to stiffer competition of the local banks for market share, from foreign owned banks (Muturi, 2005). Competition squeezes profits while interest rate volatility has led to an unstable investment environment, which has resulted in irregular returns and consequently higher risk (Muturi, 2005).

Competition within the banking sector in Kenya is very stiff due to the number of players in the industry (Maleche, 2004). This has resulted from CBK's encouraging the non-bank financial institutions to convert to commercial banks and more companies entering the banking Industry (Aosa, 1999). Competition has been enhanced by other non financial institutions like Safaricom through its M-Pesa service which is offering financial services of money transfers which were traditionally offered by banks. Most banks in Kenya have modern equipment such as Automated Teller Machines and online services where all their branches are interconnected and they offer almost the same products. The only aspect that can differentiate the banks is customer service and what matters is how the service is delivered because only good service will attract and retain customers (Kandie, 2002).

In order to survive in business; banks have had to design new means of retaining their market share or attracting new markets. Banks have realized that to stay ahead of competition, they have to improve their existing products or come up with complete innovations (Oloo, 2004). Banks have also changed their focus in the business from managing customer savings to
managing the financial requirements and needs of their customers, while shifting the focus to the totality of the customers' financial requirements (Atela, 2006). Commercial Banks in Kenya have not been spared by the challenges in the Kenyan economic environment and have always responded by introducing unique products and services and aggressive promotion campaigns in order to stay ahead of competition.

Increased competition in the Kenyan Banking Industry has led to decreased market share and diminishing profit. Findings from a study by the central bank of Kenya in August 2007 showed that bank charges levied by commercial banks are still too high. The Central Bank of Kenya Governor suggested that commercial banks reduce service charges in order to make banking services accessible to many Kenyans. Banks moving to cut costs in an effort to reduce service charges are now embracing the concept of near sourcing or near shore outsourcing. This is an arrangement with cheaper and yet geographically closes partners to provide certain services. Some of the services outsourced include security, cleaning service, ATM management, Visa card processing and e-payments. Many banks have also signed up to shared ATMs services such as Pesapoint and Kenswitch, Nearsourcing is meant to take non-core functions so that the banks can focus more on customer acquisition and management.

1.1.5 Telephone Banking services offered by Commercial Banks in Kenya

According to CBK report (March 2007), there are forty three commercial banks. All of these banks offer telephone banking services. Commercial banks in Kenya offer Telephone banking either through mobile phone Short Message Service (SMS) or through a call centre where customers call and talk to live customer service representatives. Customers using the SMS banking must register for the service specifying the services that they will be using. Once registered the customer is given a Personal Identification number (PIN) for accessing the services. The services have different codes which the customer must type correctly in order to get a service (Equity Bank and National Bank SMS user guides). SMS banking is available 24hours a day and is fully automated. Customers using the call centers for telephone banking services do not have to register for the service; all they need is to have an account. When customers call for service, customer services representatives take them
through security questions and once sufficiently identified them are provided with service. This type of telephone banking is provided free of charge and is only available from 7.00AM to 7.00 PM.

Traditionally Commercial Banks concentrated on high income earners and corporates. That target market has now become saturated and banks have now started reaching out to the low income earners. This has increased the number of customers. Banks are now investing in new banking technologies such as telephone banking in order to provide alternative channels for doing banking transactions as a means of expanding outreach to customers. The deployment of new banking technology has been made possible by investments made in underlying infrastructure by companies like Safaricom, Celtel, and Telkom Kenya (Gichira, 2003).

Telephone banking services offered by Commercial Banks in Kenya include customer notifications, big credit or debit advice, produce payment advise, salary credit advice, unpaid cheque advice, cleared cheque advice, payment of utilities, ledger fees advice, call deposit instructions, and overdrawn account advice. Other services include: reporting of lost/stolen ATM cards, cheque book orders, account balance enquiries, loan application and balance enquiries, cancellation of lost cheques, standing orders enquiries, requesting for account statements, list of transactions, investment alternatives enquiry, foreign exchange rate information, and branch and ATM location, Visa debit enquiry, funds transfer between customers’ accounts, which is done through the account relationship manager at the branch and general enquiries about the bank. The services have improved service as customers can now perform banking transactions at their convenience without having to go to the bank. The telephone banking services provided by commercial banks in Kenya vary from bank to bank (customers’ user guides, National Bank and Equity Bank).

1.2 Statement of the Problem

Banks play a vital role in the economic activity of a country. They facilitate commerce and industry by accepting deposits from the public and lending money to entrepreneurs for economic activities (Chhabra, 2003). Banks in Kenya have not been spared the business challenges that have dogged many companies, which require organizations to build new
capabilities. Intense competition, fast changing technological advancements, demanding customers, and similar products offered have led to erosion of market share and diminishing profits (Atela, 2006). Commercial banks have therefore to struggle to remain in business.

According to Kotler (2003), the major challenge in marketing of services is that most service offerings and innovations are easily copied, but the company that regularly introduces innovations will gain a succession of temporary advantages over competitors. It is for this reason that commercial Banks have continuously introduced unique services in the market like Telephone Banking in order to stay ahead of competition. Telephone Banking was introduced to improve the quality of customer service offered by the bank by providing a convenient and time saving way of doing banking transaction and at the same time improving the quality of service offered at the branch. Personal Banking customers form over 70 percent of bank customers. There is therefore the need to understand how personal banking customers perceive the telephone banking services. This is because perception is a major determinant of buyer choice. If these perceptions are known, better telephone banking services would be offered. Only when a service provider has a fairly definite knowledge on how the service would be perceived by the customer, would he/she be able to make the right decisions (Kandie, 2002)

Parasuraman (1991), Zeithaml (1996), and Berry (1985) conducted studies on customers’ perceptions and expectations and formulated a service quality model which covers the gaps between customers’ expectations and perceptions and management perceptions. Kandie (2002) did a research on the customer’s perception and expectation of quality service in commercial banks in Kenya, Munene (2003), studied customer’s perception of the differentiating features of the fuel cards, and Mwenda (1985) investigated perceived quality of port services. The findings of these studies cannot be generalized to Telephone Banking services provided by commercial banks in Kenya. The researcher was not aware of any studies done on the customers’ perception of Telephone Banking offered by commercial banks in Kenya. This study therefore sought to investigate the perceptions and expectations of personal Banking customers on the Telephone Banking services provided by Commercial Banks in Kenya.
1.3 Objective of the study
The objective of this study was to determine the perception of personal banking customers towards the telephone banking service offered by Commercial Banks in Nairobi.

1.4 Importance of the study
The findings of this study will be useful to the following:

i.) The management of the commercial banks offering telephone banking services to get an insight on how customers perceive services to determine whether the services are meeting customer expectations so as to align that with strategy formulation to give customers better service.

ii.) Other players in the Kenyan banking industry who may wish to Introduce telephone banking in their Banks to understand how customer perceive the service so as to make informed decisions.

iii.) Scholars to use as a source of reference and to provide a ground for further research.

iv.) The findings of this study will contribute to the growing body of knowledge in service marketing.
CHAPTER TWO
LITERATURE REVIEW

2.1 Service marketing

Kotler (2003) defines a service as any act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product. Services are deeds, processes and performances for customers. They include all economic activities whose output is not a physical product or construction, is generally consumed at the time it is produced, and provides added value in forms such as convenience, amusement, timeliness, comfort or health, that are essentially intangible concerns of its first purchaser (Zeithaml, 1996). All companies offer services in one-way or the other. Customer service is the service provided in support of a company’s core products and could take the form of answering questions, taking orders, handling complaints and scheduling maintenance or repairs. Typically there is no charge for customer service (Zeithaml, 1996).

According to McNealy (1994), customer service is the key strategic weapon for the new millennium for any type of organization Customer loyalty depends on the quality of the core services as well as superb customer service the company provides to back up its offerings. Zeithaml (1996) argued that quality customer service is essential to building customer relationships, but this should not be confused with the services provided for sale by a company.

According to Donnelly (1985), services are intangible, perishable and difficult to describe and communicate and highly variable. They are intangible because they cannot be seen, felt, and heard, perishable because they cannot be stored, and inseparable with the person providing them. Services are variable because they are delivered by different employees and to different customers, and no two service encounters can be identical. The characteristics of services make them different from physical products and pose challenges in designing and positioning of services (Zeithaml and Bitner, 1996).
According to Zeithaml (1996), services marketing concepts have been developed in response to the tremendous growth of service industries resulting to their importance to the world economies. Services are a dominant force in the countries around the world. The tremendous growth and economic contributions of the service sector have drawn increasing attention to the issues and problems affecting service industries. Intense competition has created the need for effecting service management and marketing strategies. All companies need to provide quality service in order to be able compete worldwide. The quick pace of developing technologies and competition make it difficult to gain competitive advantage through physical products alone. Customers are now more demanding not only expecting excellent, high quality goods, but also high quality service. This is why there is a need for strategies for marketing services.

2.2 Perception
According to Dember (1960), perception is a cognitive process that lets a person make sense of stimuli from the environment. The stimuli affect all senses of sight, touch, taste, smell and hearings. A person’s perception process is a mechanism that helps him or her to adapt to changing environment. Perception is influenced by internal and external factors leading to people to see some perceived objects or persons differently. External factors are characteristics of perceived persons or objects which may include size, intensity, contrast, motion, repetition, novelty, status and appearance. Internal factors characterize the perceiver who uses themselves as a basis for perceiving others (Nzuve, 1999). Different people can perceive the same stimuli differently because: people are more likely to notice stimuli that relate to their current need, or the stimuli that they anticipate and are likely to notice stimuli whose deviations are large in relation to the normal size of the stimuli (Kotler, 2003).

Customer Perceptions refer to the ways in which customers evaluate services. They are the subjective assessments of actual service experiences and reflect the service as it is actually received. Customers perceive services in terms of the quality of the service and how satisfied they are overall with their experiences (Zeithaml, and Bitner, 1996). In customer service, there are usually customer expectations and customer perceptions. Customer expectations are the standards or reference points for performance against which service experiences are
compared and are often formulated in terms of what a customer believes should or will happen. Customers perceive service in terms of their overall satisfaction with the experience. Satisfaction is the consumer’s fulfillment response. It is a judgment that a product or service provides a pleasurable level of consumption related fulfillment. It is the customer’s evaluation of a product or service in terms of whether the product or service meets their needs and expectations (Zeithaml, 1996). Customers normally have expectations when going for a service or products. Expectations are reference points customers have when coming into a service experience. The outcome of the actual service experience determines the perception the customers will form on the service.

Today’s trying economic conditions have forced companies to make difficult decisions with most companies making conservative decisions that reflect a survival mode in business operations. During difficult times understanding what customers think on an ongoing basis is critical for survival. Executives need a third party understanding on where customer loyalty stands more than ever. Management needs ongoing feedback from customers, partners and employees in order to continue to successfully innovate and grow. Understanding customers’ perception enables companies to make well-informed decisions (Kandie, 2002).

In delivering superior customer service, perception of an issue by the customer is often a very different matter than the actual circumstances. Being sensitive to customers’ viewpoint and perception of issues helps in building customer loyalty. Because customer satisfaction and customer focus are so critical to competitiveness of firms, any company interested in delivering quality service must begin with a clear understanding of its customers (Zeithaml, 1996). Understanding customer’s perceptions helps the firm to evaluate if the product or service has met the customer’s needs and expectations because failure to meet needs and expectations results to dissatisfaction and that can lead to loss of the customer. It is important for firms to understand customers’ perceptions so that they develop strategies that help them to meet customers’ needs and expectations and to build strong customer relationships.

Donald, Ahmad and Walker (2003), suggested that companies should never assume they know their customers. All companies need to know their customers well and what it takes to satisfy them and to focus on meeting and exceeding customers’ expectations. This applies to
industrial firms, retail and wholesale businesses, governmental bodies, service companies, non profit organizations and every sub group within an organization. Okatch (2002) argues that customer expectations are formed by their past experiences, word of mouth, and service firm advertising. Customers choose providers of service on these bases and after receiving the service, compare with the expected service. If the perceived service falls below the expected service level, customers loose confidence in the provider, but if the perceived service meets or exceeds their expectations, then they are likely to use the service again.

There are five gaps that cause unsuccessful service delivery: the gap between consumer expectation and management perception, gaps between management perception and service quality specifications, gaps between service quality specifications and service delivery, gaps between service delivery and external communication, and gaps between perceived service and expected service (Zeithaml and Bitner, 1996; Adcock, 2001). These gaps have to be closed for a successful service delivery to take place. Companies should understand what customers perceive as quality service in order to satisfy their needs. This is because satisfied customers are more likely to remain loyal and the end result is bigger market share and higher revenues (Atela, 2006).

Parasuraman, Zeithaml, and Berry (1985) identified five essential factors which determine service quality. Good service must be reliable by providing the promised service dependably and accurately, the company employees should be responsive, willing to help customers and to provide prompt service. The employees should knowledgeable and courteous to convey trust and confidence. This means that they need to be well trained and motivated. According to Quirke (2003) actions of staff and their morale influence customer satisfaction with the service or product offering. Companies should provide individualized attention to customers and the appearance of the physical facilities and people should be appealing as all these influence customers’ perception of the service, for example in a bank, the appearance of the banking hall, equipment and the frontline staff affect the image that the customers form about the bank and the services it provides.
2.2.1 Measures of customer perception

According to Ronald (1992), in a quality driven quality organization, which is responsive to customers’ changing needs, it is imperative to employ valid continuous improvement to identify authentic opportunities for improvement. Primary goal for process measurement is to determine the needs of both internal and external customers. External customers include anyone the organization supplies with products and services. Internal customers are employees of the company. These need change, so measurements must include quantifiable customer feedback. Measurement of customer perception can be done by using Voice of Customers tools such as customer surveys, focus groups and opinion polls.

The questionnaires used for surveys should contain value added statements which are able to identify the changing needs of both internal and external customers. A successful survey will involve giving customers questionnaires and analyzing the results, act on the survey results by rectifying what customers identified as problems and re-surveying to validate that goals have been achieved. In these surveys, companies need to determine the customer’s perception vs competition and then verify products and services to achieve the desired outcome and also determine employee satisfaction because employees deliver the service to customers and influence to a great extend the perceptions customers form on a service (Burbank, 1992).

According to Kotler (2003), customer satisfaction can also be measured by encouraging customers to register complaints and suggestions, and by use of Ghost shopping, where the company hires people to pose as potential buyers and to report the weak and strong points about the company and its competitors.

2.2.2 Strategies for Influencing Customer Perceptions

Zeithaml and Bitner (1996) suggested some strategies for influencing customer perceptions. According to them, companies need to measure and manage customer satisfaction and service quality. Such measurements are needed to track trends to diagnose problems and to link to other customer focused strategies. Companies should aim for customer quality and satisfaction in every service encounter, because this is critical to customer retention. Firms
should aim for 100 percent customer satisfaction and this can be achieved through understanding all the points of contact between the organization and its customers and understanding customer expectations in all these encounters so that strategies can be built around meeting those expectations. Firms should also plan for effective recovery in the event of service failures because if well done it helps to turn the failure around and leave the customer satisfied. Companies should be flexible and adaptable to customer needs and where not possible explain it in a way that leaves the customer satisfied because the customer’s perception of organizational adaptability and flexibility influence their satisfaction or dissatisfaction with a service.

Organizations should encourage a strong service culture, employee empowerment, effective supervision and monitoring and quick feedback to employees. Managers should also help employees to cope with problem customers in the event that the customers are not right. This can be done by training customers so that they know what to expect and know the appropriate behaviors in a given situation. Evidence of service should also be well managed to reinforce customer perception of the service. Things like the frontline employees’ dress code, equipment, information brochures and the physical setting of the premises where service is provided affect the perception of the quality of service so these should be appealing to make customers for a positive perception of the service. Companies should also internal processes and systems that support quality service performance (Atela, 2006).

2.3 Telephone Banking

Telephone Banking is a service provided by a financial institution, which allows its customers to perform banking transactions over the telephone. Most telephone banking service providers use an automated phone answering systems with phone keypad response or recognition capability. To guarantee security, the customer must first authenticate through a numeric or verbal password or through security questions asked by a live representative. All leading banks and finance societies offer telephone banking service to some degree or another with many finance companies operating purely by telephone. Telephone banking is provided through automated phone answering systems and is available 24 hours or through
live representatives located at a call centre or in a branch, but here the service may not be guaranteed 24hours (Marsh, 1990).

According to Kotler (2003), most organizations employ telephone banking in the form of telemarketing. Telemarketing involves the use of the telephone and calls centres to attract prospects, sell to existing customers, and provide service by taking orders and answering questions. Companies carry out telesales which involves taking orders from catalogs or advertisement. They also undertake telecoverage which involves calling customers to maintain and nurture key account relationships. Other activities undertaken are teleprospecting and customer service and technical support. Teleprospecting involves generating and qualifying new leads for closure key account relationships. Customer service and technical support involves answering service and technical questions.

The telephone banking services provided by commercial banks in Kenya are either through live customer service representatives based at a call centre or through mobile phone SMS service. In addition to the self service transactions, telephone banking representatives are trained to do transactions that were traditionally only available at the branch such as loan applications, investments purchases and redemptions. Banks, which operate mostly or exclusively by telephone are known as Phone Banks. One example of a phone bank is the Midland Bank of Britain which operates entirely by telephone, fax and internet channels (Kotler, 2003).

The services offered through telephone banking include account balance information, a list of latest transactions, electronic bill payments, cheque book orders, debit card and pin Number replacements, Visa debit enquiry, telegraphic transfer information, standing order set up, amendments, cancellation and enquiries and change of address. Other services offered are funds transfer between a customer’s accounts, checking of saving and loan information, reporting a lost or stolen ATM card, Exchange rate information, to get information on investment alternatives, merchant verification, salary transfer enquiry and provision of general bank information. Some banks use their call centres for consumer research where telephone banking representative conduct surveys on customers’ satisfaction with the
services provided by the bank. Banks also use their call centres as customer contact centres where customers call when they have complaints or compliments about the banks’ products and services (Kotler, 2003). The number and types of services provided vary from Bank to bank.

Telephone banking service providers should have pleasant voices and project enthusiasm. They should first train with a script and then move towards more improvisation. The service provider needs to know how to manage calls and how to end them especially if the deal is not good. Outbound calls should be made at the right time, during the day for business prospects and in evening for households (Kotler, 2003). In a telephone encounter, the tone of voice, employee Knowledge and the effectiveness and efficiency in handling customer issues are important criteria for judging the quality of service provided (Zeithaml, 1996).

### 2.3.1 Benefits of Telephone Banking

Telephone banking has benefits both to the customer and the bank. According to Pridger (2001), telephone banking, provides customers with the convenience of doing banking transactions from anywhere on fixed lines on cell phone and it can be accessed at any time because most banks offer a 24-hour service and the rest offer extended banking hours. Other benefits are that there are no queues, which save customers a lot of time, there is no subscription or sign up cost, bank accounts are only a phone call away and the service is free, it is quick and easy to use and the only items required are a telephone and account details. The customers also get an opportunity to express their satisfaction or dissatisfaction with the banks’ services to the bank. Telephone banking provides an additional channel of service delivery which helps to decongest the banking halls, leaving the staff at the branch with more time to perform other profitable jobs like sales. Since the numbers of customers who come to the bank are fewer, waiting time before they are served is reduced, making them get a better service. The Improved Service leads to better customer satisfaction and retention.

According to Kotler (2003), Telephone banking helps companies to increase revenues, reduce selling costs and improve customer satisfaction by providing a more convenient channel of accessing banking services because they can access it anytime and from
anywhere. This reduces the number of customers going to the banking hall for general
enquiries. With fewer customers, the waiting time is drastically reduced so the customers get
better service at the branch. This leads to better customer relationships arising from satisfied
customers. Telephone banking allow staff at the branch more time for doing sales and
marketing and for value adding processes at the branch.

Telephone banking services help to increase customer retention. A primary reason why
customers change banks is for convenience when they change location. With telephone
banking, customer do not have to change banks because they can perform their banking
transactions from anywhere.

Today we are living in accelerated age where consumers are constantly searching for
products and services that help them to save time. Telephone banking offers that benefit
because it is fast and customers do not have to spend time going to the bank, so they can use
that time in revenue generating activities (Silver, 2001).

2.3.2 Limitations of Telephone Banking

In cases where banking services a provided entirely by telephone, customers do not get the
human touch they get when served by live service providers. There is no personalized
customer care, which makes customers face social exclusion. When customers have
complaints they are not able to communicate them through the automated telephone banking
systems. Sometimes customers can find the systems unfriendly and get frustrated (Pridger,
2001)

Another problem with telephone banking is that the customer cannot be able to access all
banking services on phone. For example, it is not possible to withdraw or deposit cash over
the telephone; one has to go to the branch when that service is required.

Banks which offer telephone banking services normally have terms and conditions which
cover the bank from bearing the losses and damages that a customer may suffer as a result of
using the service, for example, telephone banking has a security limitation in that information
that is transmitted over the telephone or via other wireless networks may be subject to interception. The bank is not liable for any losses or damages suffered as a result of interception of telephone conversations (Hong Kong and Shanghai Banking Corporation (HSBC) Bank PLC, Customer information, 2007).

In telephone banking there is a risk of security number leaking. The customers using the service are responsible for protecting their security details and should not disclose any security number to anyone except to register or reset it. They should also take care not to be overheard when confirming security details. They should never make any record of any security or other personal security details in a way that can be easily understood by someone else. This is because the bank will not be liable to any losses the customer might suffer as a result of compromising their access codes (HSBC Customer Information, 2007).

Banks providing telephone Banking are not liable for damages from customer orders, investment decisions, purchase or disposal of services including financial instruments or currencies, based on information provided through telephone banking. Banks are also not liable for damages due to inability of the customer to use telephone banking efficiently, or due to any event that is beyond the control of the bank such as telecommunication failure, system malfunction, or industrial actions.

2.4 Summary of Literature Review

The market forces of globalization, liberalization of economies and technological advancement have made the business environment very competitive. This has led to decreasing of market share and profit margins. In order to remain competitive banks have come up with innovative products and services such as telephone banking. Telephone banking provides the customers a more convenient and cheap channel of performing banking transactions. Telephone Banking helps banks in improving customer satisfaction and retention through the provision of better service to them and this leads to building strong customer relationships.
Since customers’ perception is a major determinant of buyer choice, it is important for firms to understand the way customers perceive their products and services in order to come up with strategies that meet and exceed customers’ expectations. This study sought to determine the perception of personal banking customers on the telephone banking services provided by Commercial Banks in Nairobi.
CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Research Design
This was a descriptive study which aimed at determining the perceptions and of Personal customers on the telephone banking service provided by Commercial Banks in Kenya. According to Cooper and Schindler (2003), a descriptive study is concerned with finding out the what, who, why, where, when and how of a phenomenon which is the concern of the current study.

3.2 The Population
The population of interest consisted of all personal banking customers in Nairobi. A survey done by FinAccess found out that there were only three million bank accounts with the number of personal banking customers being slightly less than 3 million because some customers have multiple accounts (Business post April/ May 2007). According to Central Bank of Kenya report of March 2007, there are forty three Commercial Banks in Kenya (see Appendix 3). Nairobi was chosen because all the banks have their head offices in Nairobi.

3.3 Sample and Sampling Design
A sample size of 500 personal banking customers was included in the study. Out of the 43 commercial banks in Kenya, 10 banks were randomly selected and used to identify those to be studied. The banks selected were Kenya Commercial Bank, Co-operative bank of Kenya, Equity Bank, National bank of Kenya, Standard Chartered Bank Kenya, Stanbic Bank, Investment and Mortgages (I&M) bank, Consolidated bank, Barclays Bank and National Industrial Credit (NIC) bank. In each of the 10 banks, fifty personal banking customers were selected randomly.

3.4 Data Collection
Primary data was collected using a semi-structured questionnaire. A trained research assistant was used to administer questionnaires to respondents. Questionnaires were given to the respondents to fill as the research assistant waits and he was there to clarify any information that the respondents could not understand. The researcher re-interviewed some of the
respondents to verify the validity of the findings. The questionnaire was divided into two parts. Part I consisted of general questions information about the customers. Part II contained questions that were aimed at determining the perception of personal banking customers of the telephone banking services provided by commercial banks in Kenya.

3.5 The Dimensions of perception on Telephone Banking Services

In order to determine customers’ perception of the telephone banking services offered by commercial banks in Kenya, the following variables were used: reliability, responsiveness, competence, accessibility, courtesy, communication, credibility, convenience, and efficiency. Each of these dimensions was operationalized. A Five-point Likert scale was used to determine the perception of personal banking customers on the Telephone banking services provided by commercial banks in Kenya.

Table 1: Operational Dimensions of Telephone Banking Services

<table>
<thead>
<tr>
<th>Customer perception Dimension</th>
<th>Expanded Definitions</th>
<th>Relevant Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reliability</td>
<td>- Dependability</td>
<td>11, 12, 15, 26</td>
</tr>
<tr>
<td></td>
<td>- Consistence in Performance</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Free from error</td>
<td></td>
</tr>
<tr>
<td>Responsiveness</td>
<td>- Willingness and Readiness of Employees to provide service.</td>
<td>25, 26</td>
</tr>
<tr>
<td></td>
<td>- Ability by staff to keep service promises</td>
<td></td>
</tr>
<tr>
<td>Competence</td>
<td>Possession by employees of the necessary skills and knowledge to perform service</td>
<td>22</td>
</tr>
<tr>
<td>Accessibility</td>
<td>- Ease of use of the service</td>
<td>20-21, 30</td>
</tr>
<tr>
<td></td>
<td>- Availability of employees to provide the service</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Enough telephone lines for quick service</td>
<td></td>
</tr>
<tr>
<td>Courtesy</td>
<td>- Politeness, respect, consideration and friendliness of contact employees</td>
<td>23</td>
</tr>
<tr>
<td>Communication</td>
<td>- Using simple language in customer service and listening well to understand customers</td>
<td>22, 24</td>
</tr>
</tbody>
</table>
needs.
- Informing when to expect completion of the service delivery and the cost involved

| Credibility                                      | Confidentiality of customer information. |
|                                                | - Trustworthiness, believability and honesty of service providers. |
|                                                | - Ability to keep promises |
|                                                | - Freedom from danger |
| Convenience                                    | - Flexibility of doing banking transactions from anywhere. |
|                                                | - Extended banking hours |
|                                                | - Time saving as there is no need to queue. |
| Efficiency                                     | High speed of processing own transactions |

19, 26
10-15
16, 27, 28, 29, 31

3.6 Data Analysis
Descriptive statistics were used to analyze data. General information questions in part I was analyzed by use of frequencies and percentages. Data in part II was analyzed using mean score, and standard deviation to determine the perception of personal Banking customers of the telephone banking service offered by Commercial Banks Kenya. The results were summarized using tables.
CHAPTER FOUR
DATA ANALYSIS AND FINDINGS

4.1 Introduction
This chapter presents the findings on the perception of personal banking customers on the telephone banking services provided by commercial banks in Nairobi. The findings are presented in three sections. The first section looks at the demographic profile of the respondents that is gender, age and marital status. The second section looks at the respondents’ banking information that is type of accounts held period account held and the telephone banking services used.

The third section looks at the customers’ perception of telephone banking services offered by commercial banks in Nairobi. The broad dimensions of perception include reliability, responsiveness, convenience, competence, accessibility, communication, courtesy, credibility and efficiency. The expanded dimensions were the ability and willingness of employees to provide accurate and consistent good service, availability of the services for extended hours and from anywhere, time saving, availability of equipment for providing the services, ease of use of the services, and availability of staff who have the necessary skills to provide the services. The data has been analyzed using descriptive statistics such as frequencies, percentages, mean and standard deviation. Descriptive statistics has enabled the researcher to describe the distribution of various variables in the study. Out of the 500 questionnaires that had been administered to the respondents, 400 of them were responded to representing 80% response rate.

4.2 Demographic profiles of the respondents
Since the study was based on bank customers, the researcher found it necessary to analyze their demographic data because bank customers are diverse. The data studied included, gender, age and marital status. The demographic information of the respondents is summarized below. Demographic data was analyzed using frequencies and percentages.
Table 2: Gender of Respondents

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>228</td>
<td>57</td>
</tr>
<tr>
<td>Female</td>
<td>172</td>
<td>43</td>
</tr>
<tr>
<td>Total</td>
<td>400</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Research data

Findings on Table 2 shows that 228 (57%) of the respondents were male while 172 (43 %) were female. This suggests that there are more males who hold bank accounts than females in Kenya.

Table 3: Age of respondents

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 20</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>21-30</td>
<td>228</td>
<td>57</td>
</tr>
<tr>
<td>31-40</td>
<td>96</td>
<td>24</td>
</tr>
<tr>
<td>41-50</td>
<td>48</td>
<td>12</td>
</tr>
<tr>
<td>51-60</td>
<td>28</td>
<td>7</td>
</tr>
<tr>
<td>Over 60</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>400</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Research data

From Table 3 majority of the respondents were age 21-30 years (57%). 24% were of ages 31-40, 12% were of ages 41-50 while a few (7%) were of ages 41-50. There were no respondents aged below 20 years or over 60. This implies that the majority of personal banking customers who use telephone banking services are generally young people.
Table 4: Marital Status of Respondents

<table>
<thead>
<tr>
<th>Marital Status</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married</td>
<td>163</td>
<td>40.75</td>
</tr>
<tr>
<td>Single</td>
<td>236</td>
<td>59.00</td>
</tr>
<tr>
<td>Divorced</td>
<td>1</td>
<td>.25</td>
</tr>
<tr>
<td>Total</td>
<td>400</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Research data

From Table 4, most respondents were single (59%), while (40.75%) were married. .25% of the respondents were divorced. These findings suggest that telephone banking services are mostly used by unmarried customers.

4.3 Respondents' banking information

This section covered respondents' account history, types of account held and telephone banking services utilized. This information was considered important for understanding the customers' banking practices.

4.3.1 Bank account history of Respondents

This information was considered important to understand the type of customers who use telephone banking services offered by commercial banks in Kenya.

Table 5: Bank account History of Respondents

<table>
<thead>
<tr>
<th>Account History</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Has an account</td>
<td>398</td>
<td>99.5</td>
</tr>
<tr>
<td>Has no account</td>
<td>2</td>
<td>.50</td>
</tr>
<tr>
<td>Total</td>
<td>400</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Research data

Findings on Table 5 indicate that 99.5% of respondents had bank accounts while .5% did not have bank accounts.
4.3.2 Types of accounts held by respondents
This information was considered important so as to determine whether there is a relationship between the type of account held and use of telephone banking services. The findings are presented in Table 6.

Table 6: Types of accounts held by respondents

<table>
<thead>
<tr>
<th>Type of account</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current accounts</td>
<td>132</td>
<td>33</td>
</tr>
<tr>
<td>Savings accounts</td>
<td>256</td>
<td>64</td>
</tr>
<tr>
<td>Fixed deposit accounts</td>
<td>12</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>400</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Research data

The findings in Table 6 indicate that 33% of the respondents had current account, 64% had savings accounts and 3% had fixed deposit account. This implies that majority of personal banking customers operate savings accounts. This could also imply that telephone banking services are commonly used by current account holders and savings account holders.

4.3.3 Age of Accounts
This information was used to determine the relationship between the numbers of years banked and use of telephone banking services. The findings are presented in Table 7.

Table 7: Age of accounts

<table>
<thead>
<tr>
<th>Age of account</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than one year</td>
<td>36</td>
<td>9</td>
</tr>
<tr>
<td>One Year</td>
<td>44</td>
<td>11</td>
</tr>
<tr>
<td>Two years</td>
<td>28</td>
<td>7</td>
</tr>
<tr>
<td>Over two years</td>
<td>292</td>
<td>73</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>400</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Research data
Findings on Table 7 indicate that majority of the respondents had held accounts with commercial banks for more than two years (73%), followed by respondents who had accounts for 1 year (11%). Those who had accounts for two years represented 7%, while those who held accounts for less than one year represented 9%. This implies that telephone banking services are commonly use by customers who have held accounts for more than two years.

4.3.4 Telephone Banking services used by personal banking customers.

This information was used to determine the telephone banking services commonly used by personal banking customers. Findings are presented on Table 8.

Table 8: Telephone banking services used by personal banking customers

<table>
<thead>
<tr>
<th>Service</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance enquiry</td>
<td>316</td>
<td>79</td>
</tr>
<tr>
<td>Statement requests</td>
<td>248</td>
<td>62</td>
</tr>
<tr>
<td>Cheque book order</td>
<td>116</td>
<td>29</td>
</tr>
<tr>
<td>Stop payment of cheque</td>
<td>84</td>
<td>21</td>
</tr>
<tr>
<td>Account transactions Enquiry</td>
<td>208</td>
<td>52</td>
</tr>
<tr>
<td>Reporting of lost/stolen ATM cards</td>
<td>188</td>
<td>47</td>
</tr>
<tr>
<td>Loan application enquiries</td>
<td>124</td>
<td>31</td>
</tr>
<tr>
<td>Foreign exchange rate enquiry</td>
<td>88</td>
<td>22</td>
</tr>
<tr>
<td>Visa debit enquiries</td>
<td>92</td>
<td>23</td>
</tr>
<tr>
<td>Mobile phone airtime top up</td>
<td>152</td>
<td>38</td>
</tr>
<tr>
<td>Utility Bill payment</td>
<td>140</td>
<td>35</td>
</tr>
<tr>
<td>Fixed deposit Instructions</td>
<td>68</td>
<td>17</td>
</tr>
<tr>
<td>Change of ATM card pin number</td>
<td>172</td>
<td>43</td>
</tr>
</tbody>
</table>

Source: Research data

Table 8 represents a summary of telephone banking services used by respondents. The findings indicate that the most commonly used service is balance enquiries representing 79%. This is followed by statements requests which represent 62%. 29% of the respondents make
cheque book orders, 21% do cheque stop payment, 52% make enquiries on account transactions, 47% report their lost ATM cards and 31% make enquiries on loan application. The findings further indicate that 22% of respondents make enquiries on foreign exchange rates, 23% make Visa debit enquiries, 38% get mobile phone airtime top up, 35% make utility bill payments on phone, 17% give fixed deposit instructions and 43% change their ATM card pin number. The findings on the services least utilized could indicate lack awareness by customers of the services available in telephone banking.

### Table 9: Frequency of Use of Telephone banking services

<table>
<thead>
<tr>
<th>Frequency of use</th>
<th>Numbers</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daily</td>
<td>20</td>
<td>5</td>
</tr>
<tr>
<td>Weekly</td>
<td>104</td>
<td>26</td>
</tr>
<tr>
<td>Monthly</td>
<td>188</td>
<td>47</td>
</tr>
<tr>
<td>When required</td>
<td>88</td>
<td>22</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>400</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Research data

Findings on Table 9 indicate that 47% of respondents use telephones banking services monthly, 26% use them weekly, 22% use the services when required and 5 respondents use the services daily.

#### 4.4 Perception of personal banking customers on Telephone banking services

In order to determine customers’ perception on telephone banking services provided by commercial banks in Kenya, the dimensions used were reliability, responsiveness, competence, accessibility, courtesy, communication, credibility, convenience, and efficiency. A Five-point like art scale was used to determine the perception of personal banking customers on telephone banking services provided by commercial banks in Kenya. The data was analyzed using mean and standard deviation. Mean scores below 2.5 were taken to represent agreement to a small or no extent, means between 2.5 and 3.5 were taken to represent moderate extent, and means between 3.5 and 4.0 were used to represent to a large extent while means between 4.0 and 5.0 were used to represent to a very large extent.
4.4.1 Reliability of Telephone banking services

The reliability dimensions tested were availability of service for extended hours, availability of service whenever required, accurate service by staff and ability to get real-time account information among others. Findings are presented in Table 11.

<table>
<thead>
<tr>
<th>Reliability variables</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ability to access service for extended banking hours</td>
<td>4.10</td>
<td>1.170</td>
</tr>
<tr>
<td>The service is always available when required</td>
<td>3.90</td>
<td>1.195</td>
</tr>
<tr>
<td>Staff always provide accurate service</td>
<td>3.49</td>
<td>1.136</td>
</tr>
<tr>
<td>Ability to get real-time account information</td>
<td>3.68</td>
<td>1.105</td>
</tr>
<tr>
<td><strong>Average Mean / Standard deviation</strong></td>
<td><strong>3.79</strong></td>
<td><strong>1.15</strong></td>
</tr>
</tbody>
</table>

Source: Research data

From Table 10, we can see that most respondents felt that telephone banking is reliable to a large extent. Most means were above 3.5 with an average mean of 3.79. The standard deviations on all the variables of reliability were greater 1 which implies that the responses received from respondents were highly varied.

4.4.2 Responsiveness

The variables used to test responsiveness of employees providing telephone banking services were willingness and readiness of employees to provide service and the ability of staff to keep service promises. The findings are presented in Table 12.
Table 11: Responsiveness

<table>
<thead>
<tr>
<th>Responsiveness Variables</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Willingness and readiness of employees to provide service</td>
<td>3.63</td>
<td>1.136</td>
</tr>
<tr>
<td>Staff always keep service promises</td>
<td>3.59</td>
<td>1.215</td>
</tr>
</tbody>
</table>

Average Mean / Standard Deviation

- Mean: 3.61
- Standard Deviation: 1.176

Source: Primary data

From the findings on the Table 11, means of 3.63 and 3.59 shows that most respondents felt that the employees providing telephone banking services were responsive to a large extent. The standard deviations of 1.136 and 1.215 shows that there was great variation in the responses that were given.

4.4.3 Competence

Perception on competence was tested were ability by staff to provide all information required and ability by staff to provide accurate information and accurate service.

Table 12: Competence

<table>
<thead>
<tr>
<th>Competence variables</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ability of staff to provide all information required</td>
<td>3.38</td>
<td>1.089</td>
</tr>
<tr>
<td>Ability of staff to provide accurate service</td>
<td>3.21</td>
<td>1.215</td>
</tr>
</tbody>
</table>

Average Mean/Standard Deviation

- Mean: 3.30
- Standard Deviation: 1.192

Source: Primary data

Findings on Table 12 the means of 3.38 and 3.21 indicate that most respondents felt that the staff who provide telephone banking services were competent to a moderate extent. The standard deviations greater than one indicate that there was a big variability in the responses provided by the respondents.
4.4.4 Accessibility
The variables used to test perception on accessibility of telephone banking services provided by commercial banks in Kenya included ease of use of telephone and SMS banking services, availability of staff to provide the services and availability of enough telephone lines for quick service. The findings are presented on table 13.

Table 13: Accessibility

<table>
<thead>
<tr>
<th>Accessibility variables</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ease of use of telephone and SMS banking services</td>
<td>3.87</td>
<td>1.020</td>
</tr>
<tr>
<td>Availability of staff to provide service</td>
<td>3.63</td>
<td>1.112</td>
</tr>
<tr>
<td>Enough telephone lines for quick service</td>
<td>3.29</td>
<td>1.303</td>
</tr>
<tr>
<td><strong>Average Mean / Standard deviation</strong></td>
<td>3.60</td>
<td>1.145</td>
</tr>
</tbody>
</table>

Source: Primary data

The findings on the Table 13, many respondents felt that there were enough telephone lines to a moderate extent. The average mean obtained indicate that most respondents felt that telephone banking services were accessible to a large extent. The standard deviation greater than one indicate that there was a high variability in the responses given.

4.4.5 Courtesy
The variable used to test the perception of courtesy in telephone banking services provided by commercial banks in Kenya was the availability of polite, considerate and friendly contact staff. Findings are presented on Table 14.
Table 14: Courtesy

<table>
<thead>
<tr>
<th>Courtesy variables</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability of polite, considerate and friendly staff</td>
<td>3.67</td>
<td>1.028</td>
</tr>
</tbody>
</table>

Average Mean / Standard deviation | 3.67 | 1.028 |

Source: Primary data

Findings on Table 14, indicate that majority of the respondents agreed to a large extent that bank staff offering telephone banking services are courteous. The standard deviation greater than one indicate that the responses obtained indicated that they were highly variable.

4.4.6 Communication

The perception dimensions used to test communication included using of simple language that customers can understand, listening well to understand customers, and giving clear information on when the service will be completed and the cost implications on services.

Table 15: Communication

<table>
<thead>
<tr>
<th>Communication variables</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use of simple language that customers can understand easily</td>
<td>3.49</td>
</tr>
<tr>
<td>Listening well to understand customers</td>
<td>3.57</td>
</tr>
<tr>
<td>giving clear information on when service will be finalized and also on cost.</td>
<td>3.57</td>
</tr>
</tbody>
</table>

Average Mean / Standard Deviation | 3.54 | 1.064 |

Source Research data

Table 15 shows that most respondents agreed to a large extent that there was good communication in telephone banking. The means obtained of 3.5 and above indicated an
agreement to a large extent. The standard deviations greater than one shows that the responses given were highly varied.

4.4.7 Credibility

Credibility factors perceived on telephone banking services provided by commercial banks in Kenya included confidentiality of customer information, trustworthiness, believability and honesty of contact employees, and freedom from danger. Findings are presented in Table 16.

Table 16: Credibility

<table>
<thead>
<tr>
<th>Credibility variables</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trustworthiness, confidentiality of customer information</td>
<td>3.98</td>
<td>1.009</td>
</tr>
<tr>
<td>Ability by staff to keep service</td>
<td>3.21</td>
<td>1.215</td>
</tr>
<tr>
<td>Freedom from danger</td>
<td>3.24</td>
<td>1.247</td>
</tr>
<tr>
<td><strong>Average Mean / Standard deviation</strong></td>
<td>3.48</td>
<td>1.157</td>
</tr>
</tbody>
</table>

Source: Primary data

Findings on Table 16 indicate that most respondents felt that telephone banking is credible in terms of trustworthiness, confidentiality of customer information, with a mean score of 3.48. The standard deviations indicate high variability in the responses obtained.

4.4.8 Convenience

Convenience dimensions perceived on telephone banking services included time saving, availability of real-time account information, flexibility of doing banking from anywhere, and ability to conduct a wide range of transactions. Findings are given in Table 17.
Table 17: Convenience

<table>
<thead>
<tr>
<th>Convenience Variables</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time saving</td>
<td>3.68</td>
<td>1.105</td>
</tr>
<tr>
<td>Access to real time account information</td>
<td>3.68</td>
<td>1.105</td>
</tr>
<tr>
<td>Flexibility to perform banking transaction from anywhere</td>
<td>3.53</td>
<td>1.39</td>
</tr>
<tr>
<td>Ability to conduct a wide range of Transaction.</td>
<td>3.34</td>
<td>1.311</td>
</tr>
<tr>
<td><strong>Average Mean / Standard deviation</strong></td>
<td><strong>3.56</strong></td>
<td><strong>1.228</strong></td>
</tr>
</tbody>
</table>

Source: Research data

Findings Table 17 indicated that telephone banking is convenient to a large extent. The mean scores of most variables were greater than 3.5. The standard deviation indicates that there was a high variability in the responses obtained.

4.4.9 Efficiency

The variables used to test the perception of the efficiency of telephone banking services provided by commercial banks in Kenya were access to real-time account information, faster way of doing banking transactions, better banking experience and time saving.

Table 18: Efficiency

<table>
<thead>
<tr>
<th>Efficiency Variables</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real time account information</td>
<td>3.68</td>
<td>1.105</td>
</tr>
<tr>
<td>Faster way of doing banking transactions</td>
<td>3.89</td>
<td>1.020</td>
</tr>
<tr>
<td>Better banking experience</td>
<td>3.61</td>
<td>1.009</td>
</tr>
<tr>
<td>Time saving</td>
<td>3.98</td>
<td>1.177</td>
</tr>
<tr>
<td><strong>Average Mean / Standard deviation</strong></td>
<td><strong>3.79</strong></td>
<td><strong>1.078</strong></td>
</tr>
</tbody>
</table>

Source: Primary data
The mean scores on Table 16 indicate that most personal banking customers felt that telephone banking was an efficient way of performing banking transaction to a large extent. The standard deviations indicate that there was much variability in the responses given.

4.4.10 Summary of the perception of personal banking customers on telephone banking services

The dimensions used to measure customer perception on telephone banking service provided by commercial banks in Kenya included reliability, responsiveness, competence, accessibility, courtesy, communication, credibility, convenience and efficiency. A summary of the findings is presented on Table 19.

Table 19: Summary of perception of personal banking customers on telephone banking services

<table>
<thead>
<tr>
<th>Telephone banking Dimension</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reliability</td>
<td>3.79</td>
<td>1.192</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>3.61</td>
<td>1.176</td>
</tr>
<tr>
<td>Competence</td>
<td>3.30</td>
<td>1.192</td>
</tr>
<tr>
<td>Accessibility</td>
<td>3.60</td>
<td>1.145</td>
</tr>
<tr>
<td>Courtesy</td>
<td>3.67</td>
<td>1.028</td>
</tr>
<tr>
<td>Communication</td>
<td>3.54</td>
<td>1.064</td>
</tr>
<tr>
<td>Credibility</td>
<td>3.50</td>
<td>1.157</td>
</tr>
<tr>
<td>Convenience</td>
<td>3.56</td>
<td>1.228</td>
</tr>
<tr>
<td>Efficiency</td>
<td>3.79</td>
<td>1.078</td>
</tr>
<tr>
<td><strong>Average Mean / Standard Deviation</strong></td>
<td><strong>3.60</strong></td>
<td><strong>1.140</strong></td>
</tr>
</tbody>
</table>

Source: Research data

Finding on Table 18 indicate that respondents find telephone banking services to be reliable to a large extent with a mean score of 3.79. Standard deviation greater than one shows that there was significant variability in the responses given on reliability. Mean score of 3.61 on
Responsiveness indicates that respondents find staff providing telephone banking services to be responsive to a large extent. The standard deviation of 1.176 indicates that there was variability in the responses given on responsiveness. Competence has a mean score of 3.30 which implies that respondents found staff providing telephone banking services to be competent to a moderate extent and the standard deviation of 1.192 indicates that the responses given were highly varied. Respondents found telephone banking services to be accessible to a large extent with a mean score of 3.60 and the standard deviation shows that there was variability in the responses given. Courtesy had a mean score of 3.67 which means that respondents found staff providing telephone banking services to be courteous to a large extent. Standard deviation of 1.028 indicates that the responses given were highly varied.

Respondents found communication in telephone banking to be good to a large extent with a mean score of 3.54. Standard deviation of 1.064 indicates that responses on communication were highly varied. A mean score of 3.50 on credibility shows that respondents found telephone banking services to be credible to a large extent and standard deviation of 1.157 indicates that the responses obtained were highly varied. Respondents found telephone banking to be convenient to a large extent. Standard deviation of 1.228 indicates that responses were highly varied. Efficiency had a mean score of 3.79 which indicates that respondents found telephone banking services to be efficient to a large extent and the standard deviation of 1.078 indicates that there was significant variability in the responses obtained. Findings gives an average means score of 3.60. This implied that personal banking customers perceive the dimensions of telephone banking services beneficial to them to a large extent. The average standard deviation of 1.140 indicated that there was variability in the responses obtained from respondents.
CHAPTER FIVE
DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction
This study aimed at determining the perception of personal banking customers on the telephone banking services provided by commercial banks in Kenya. In this chapter, discussion, conclusions, limitations and recommendations based to the findings are presented.

5.2 Discussion
The objective of this study was to determine the perception of personal banking customers on the telephone banking services provided by commercial banks in Kenya. Many times what management of companies think as good for the customer is not always the case. Customers may be having different expectations on certain products and services. It is important for management to understand the perception customers have on their products and services so as to develop the right strategies for meeting customers' needs.

Findings showed that all the respondents were aged over 20 years. This was an indication that most personal banking customers in Kenya are aged over 20 years. Majority of the respondents who use telephone banking services were unmarried and aged between 21 years and 30 years. This implies that more young people use telephone banking services than the older personal banking customers. There were more male respondents than women respondents which could imply that there are more male personal banking customers than women in Kenya.

Research findings indicated that the telephone banking services commonly used were Balance enquiry, statement requests, account transactions enquiries, reporting of lost and stolen ATM cards, change of ATM card pin number, mobile phone airtime top up, utility bill payment, loan application enquiries, and cheque book order. The least used services include giving instructions on fixed deposits, stop payment of cheques, foreign exchange rate enquiry and Visa debit enquiries. Lack of use of some of the services could be attributed to lack of...
awareness by customers on all the telephone banking services available to them. This could also be due to the fact that not all banks provide all the telephone banking services. This implies a need for commercial banks to create awareness on telephone banking services available for personal banking customers.

In order to understand the personal banking customers’ perception on telephone banking services offered by commercial banks in Kenya, the dimensions of reliability, responsiveness, competence of employees, accessibility, courtesy, communication, credibility, convenience and efficiency were used.

Findings of the study have shown that customers find telephone banking services reliable to a large extent. This because the services are available for extended banking hours and they get real-time account information. Since reliability is one of the factors that customers use to perceive service, commercial banks need to understand their customers’ perception of telephone banking services so as to provide them in a way that customers find reliable to a very large extent. The responses provided were highly variable.

The study findings also indicated that employees providing telephone banking services in Kenya are responsive to a large extent. This implies that they can still improve the services so as to please customers to a very large extent. Employees need to be responsive by always being willing and ready to provide services to customers.

The research findings indicated that personal banking customers found employees providing the services to competent to a moderate extent. The implies that there is a need for commercial banks to equip their employees with the skills and knowledge required for providing excellent telephone banking services.

Research findings indicate that telephone banking services are accessible to a large extent. This is because SMS banking and telephone banking services were easy to use, there are enough telephone lines for quick service and there were also enough employees. This was
agreed to a large extent meaning that there is still more to be achieved so that customers can be satisfied to a very large extent.

The study show that customers found telephone banking to be a convenient and an efficient way of banking in that banking transactions can be performed from anywhere. The study also shows that extended banking hours and high speed of processing own transactions made the services attractive to customers.

Personal banking customers found telephone banking credible in that customers’ information was secure, the employees performing services were trustworthy, and the service was free from danger. Most of the respondents agreed to the perception dimensions to a large extent. These shows that the telephone banking services offered can still be improved further to satisfy customers to a very large extent.

Findings of the study on the dimensions of perception indicated that customers found telephone banking a great channel of offering banking services. Many customers did not respond to some of the questions on the services offered, and this was an indication customers were not aware of search services. This means that the banks need to create awareness on the telephone banking services they offer.

5.3 Conclusion

Customers perceive the quality of service in terms of its reliability, responsiveness and competence of service providers, accessibility of the service, courtesy of employees, good communication, credibility of the service, convenience and efficiency of the service. The findings of the study indicate that personal banking customers in Kenya perceived telephone banking services were reliable to a large extent and employees are responsive and courteous to a large extent. Communication, credibility of the service, convenience and efficiency of were perceived to be available to a large extent. Generally customers showed satisfaction with telephone banking services to a large extent. The responses given were highly varied. This implies a need for banks to understand customers’ perception of the services so as to
achieve customer satisfaction to a very large extent. This study was important as it can bring a new insight in the operations of telephone banking in Kenya.

5.4 Recommendations
The researcher recommends a further research covering all the commercial banks in Kenya. The study should also be expanded to cover corporate customers so as to get a clearer understanding of customers’ perception on telephone banking services provided by commercial banks in Kenya. It is also recommended that commercial banks create awareness of telephone banking services so that more customers can use them. It is further recommended that more studies to be done on customers’ perception on all the other goods and services available to so as to benefit from increased customer satisfaction.

LIMITATIONS OF THE STUDY
The limitations of this study were on the respondents. Respondents used were from 10 banks out of the 43 commercial banks in Kenya, 20% of the respondents did not fill the questionnaire and the study only covered personal banking customers in Nairobi. Had the study covered all the forty three commercial banks in Kenya, and all the respondents filled the questionnaire and the study covered all the parts of Kenya that would have given a clearer picture of the customers’ perception on the telephone banking services provided by commercial banks in Kenya.
REFERENCES


Kamanu, M. N., (2004), Extent to which commercial Banks in Kenya have adopted and implemented integrated marketing, Unpublished MBA research project, University of Nairobi, Nairobi.


Munene, L., (2003), *Customers Perceptions of the differentiating factors of the fuel cards offered by firms in the Kenyan Oil Industry*, Unpublished MBA project, University of Nairobi.


Quirke, C., (2002), Internal Communications, Whose responsibility is it? Available at www.synopsis.com pp 16-18, 28th April 2007 4.00 PM


APPENDICES

APPENDIX 1: Introduction Letter

Mary K. Mwongela
University of Nairobi
P.O Box 30197 -00100
Nairobi

July 26, 2007
Dear Sir/Madam

RE: REQUEST FOR YOUR PARTICIPATION IN MY RESEARCH WORK

I am a postgraduate student at the University Of Nairobi, School of Business, pursuing a Masters in Business and Administration (MBA) Degree programme.

In order to fulfill the degree requirements, I am conducting a management research project on the perception of Personal Banking customers on the telephone banking services provided by Commercial Banks in Kenya. The purpose of this letter is to request your assistance in filling the attached questionnaire as truthfully as you can. The information you give will be treated in confidence and is needed purely for academic purposes.

A copy of the final report will be made available to you on request.

Your assistance and cooperation will be highly appreciated.

Yours Sincerely

Mary K. Mwongela
(Student)

Margaret Ombok
Lecturer, Dept of Business Administration
(Supervisor)
APPENDIX 2: Questionnaire

Part I

General Information

Please tick the appropriate answer

1. Name...................................................................................................................(Optional)

2. Gender
   Male ....................................................................................................................... ( )
   Female ................................................................................................................... ( )

3. Marital status
   Single .................................................................................................................... ( )
   Married ............................................................................................................... ( )
   Divorced .............................................................................................................. ( )

4. Age group
   Below 20 Years................................................................................................. ( )
   21 to 30 .............................................................................................................. ( )
   31 to 40 .............................................................................................................. ( )
   41 to 50 .............................................................................................................. ( )
   51 to 60 .............................................................................................................. ( )
   Over 60 .............................................................................................................. ( )

5. Do you hold an account in any bank in Kenya?
   Yes ....................................................................................................................... .. ( )
   No......................................................................................................................... ( )

6. Type of account
   Current ............................................................................................................... ( )
   Savings ................................................................................................................. ( )
   Fixed Deposit .................................................................................................... ( )
7. For how long have you held a bank account?

Less than one year ................................................................. ( )
One year ............................................................................. ( )
Two years ........................................................................... ( )
Over two years .................................................................... ( )

8. Commercial Banks in Kenya offer the following Telephone Banking services. Please tick the ones you use:

a) Balance enquiry ................................................................. ( )
b) Statement requests .......................................................... ( )
c) Cheque book order ........................................................... ( )
d) Stop payment of cheque .................................................. ( )
e) Enquiry on recent account transactions ............................... ( )
f) Reporting of lost/stolen ATM cards .................................. ( )
g) Loan application enquiries ............................................... ( )
h) Foreign exchange rate enquiry ......................................... ( )
i) Account transactions enquiry .......................................... ( )
j) Visa debit enquiries ........................................................ ( )
k) Mobile phone airtime top up .......................................... ( )
l) Utility Bill payment .......................................................... ( )
m) Fixed deposit Instructions ............................................... ( )
n) Change of ATM card pin number .................................... ( )
k) Others (specify) ................................................................. ( )

9. How often do you use that service?

Daily .................................................................................... ( )
Weekly .................................................................................. ( )
Monthly .................................................................................( )
Other (s), specify...........................................................................( )

Part II

Please indicate by ticking the appropriate box, to what extent you agree or disagree with the following statements about telephone banking services offered by commercial banks in Kenya on a scale of 1-5, (Where 5= very large extent, 4= To a large extent, 3= To a moderate extent, 2= To a small extent, 1= no extent)

10. It is convenient as banking transactions
can be done from anywhere..................................................( ) ( ) ( ) ( ) ( )
11. I am able to access my account information
for extended banking hours..................................................( ) ( ) ( ) ( ) ( )
12. There is cost saving as the service is free and
I do not have to use fuel to go to the bank.........................( ) ( ) ( ) ( ) ( )
13. SMS banking is an affordable service.................................( ) ( ) ( ) ( ) ( )
14. The services are easy to use..................................................( ) ( ) ( ) ( ) ( )
15. Telephone Banking is reliable as I am always able
to use it when I need it.........................................................( ) ( ) ( ) ( ) ( )
16. Ability to conduct a wide range of transaction
over the telephone.................................................................( ) ( ) ( ) ( ) ( )
17. Telephone Banking saves me a lot of time because
I do not have to go the bank for all services..........................( ) ( ) ( ) ( ) ( )
18. The service has improved service delivery
at the branch because it has reduced queues.........................( ) ( ) ( ) ( ) ( )
19. Telephone banking is a secure way of doing
banking transactions.............................................................( ) ( ) ( ) ( ) ( )
20. There are enough customer care telephone
lines which make the service easily accessible.......................( ) ( ) ( ) ( ) ( )
21. The call centre booths at the branches are easy to
operate.................................................................................. ( ) ( ) ( ) ( ) ( )
22. The service providers are always able to provide all the information required .............................................

23. The staff providing the service are always polite and courteous ..................................................................

24. Staff always provides accurate service by getting instructions right first time ............................................

25. Staff are always willing and ready to provide excellent service. ...............................................................

26. Staff always keeps their service promises ................................................................................................

27. Telephone banking has made my banking experience better ........................................................................

28. I intend to continue using the service ........................................................................................................

29. Telephone banking is a faster way of doing banking transactions ................................................................

30. SMS banking is easy to use. .........................................................................................................................

31. Telephone Banking enables me to get real-time account information ........................................................

32. Please give any additional information that you feel is important in telephone banking


Thank you very much for your participation in this research.
# APPENDIX 3: List of Commercial Banks in Kenya

<table>
<thead>
<tr>
<th>No.</th>
<th>Bank Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>African Banking Corporation</td>
</tr>
<tr>
<td>2</td>
<td>Bank of Africa</td>
</tr>
<tr>
<td>3</td>
<td>Bank of the Bahamas Ltd</td>
</tr>
<tr>
<td>4</td>
<td>Bank of Baroda</td>
</tr>
<tr>
<td>5</td>
<td>Bank of India</td>
</tr>
<tr>
<td>6</td>
<td>Barclays Bank of Kenya</td>
</tr>
<tr>
<td>7</td>
<td>CFC Bank Ltd</td>
</tr>
<tr>
<td>8</td>
<td>Charterhouse Bank</td>
</tr>
<tr>
<td>9</td>
<td>Chase Bank (K) Ltd</td>
</tr>
<tr>
<td>10</td>
<td>Citibank N.A Kenya</td>
</tr>
<tr>
<td>11</td>
<td>City Finance Bank Limited</td>
</tr>
<tr>
<td>12</td>
<td>Commercial Bank of Africa Ltd</td>
</tr>
<tr>
<td>13</td>
<td>Consolidated Bank of Kenya Ltd</td>
</tr>
<tr>
<td>14</td>
<td>Co-operative Bank of Kenya Ltd</td>
</tr>
<tr>
<td>15</td>
<td>Credit Bank Ltd</td>
</tr>
<tr>
<td>16</td>
<td>Development Bank of Kenya</td>
</tr>
<tr>
<td>17</td>
<td>Diamond Trust Bank of Kenya</td>
</tr>
<tr>
<td>18</td>
<td>Dubai Bank Ltd</td>
</tr>
<tr>
<td>19</td>
<td>Equatorial Commercial Bank Ltd</td>
</tr>
<tr>
<td>20</td>
<td>Equity Bank</td>
</tr>
<tr>
<td>21</td>
<td>Family Bank</td>
</tr>
<tr>
<td>22</td>
<td>Fidelity Commercial Bank Ltd</td>
</tr>
<tr>
<td>23</td>
<td>Fina Bank Limited</td>
</tr>
<tr>
<td>24</td>
<td>Giro Commercial Bank</td>
</tr>
<tr>
<td>25</td>
<td>Guardian Bank</td>
</tr>
<tr>
<td>26</td>
<td>Habib Bank A.G Zurich</td>
</tr>
<tr>
<td>27</td>
<td>Habib Bank Ltd</td>
</tr>
<tr>
<td>28</td>
<td>Imperial Bank Ltd</td>
</tr>
<tr>
<td>29</td>
<td>Industrial Development Bank Ltd</td>
</tr>
<tr>
<td>30</td>
<td>Investments &amp; Mortgages Bank Ltd</td>
</tr>
<tr>
<td>31</td>
<td>Kenya Commercial Bank Ltd</td>
</tr>
<tr>
<td>32</td>
<td>K-Rep Bank</td>
</tr>
<tr>
<td>33</td>
<td>Middle East Bank Kenya Ltd</td>
</tr>
<tr>
<td>34</td>
<td>National Bank Of Kenya</td>
</tr>
<tr>
<td>35</td>
<td>National Industrial Credit Bank</td>
</tr>
<tr>
<td>36</td>
<td>Oriental Commercial Bank</td>
</tr>
<tr>
<td>37</td>
<td>Paramount Universal Bank</td>
</tr>
<tr>
<td>38</td>
<td>Prime Bank</td>
</tr>
<tr>
<td>39</td>
<td>Southern Credit Banking Corp</td>
</tr>
<tr>
<td>40</td>
<td>Stanbic Bank Kenya Ltd</td>
</tr>
<tr>
<td>41</td>
<td>Standard Chartered Bank (K) Ltd</td>
</tr>
<tr>
<td>42</td>
<td>Trans-National Bank Ltd</td>
</tr>
<tr>
<td>43</td>
<td>Victoria Commercial Bank</td>
</tr>
</tbody>
</table>