THE EFFECTS OF MOBILE BANKING SERVICE ON CUSTOMER SERVICE DELIVERY AT KENYA COMMERCIAL BANK MOI AVENUE BRANCH

ANNE KASINDAHA NYABERA

A RESEARCH PROJECT SUBMITTED FOR PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF A MASTER OF BUSINESS ADMINISTRATION DEGREE

November, 2014
DECLARATION

This research project is my original work and has not been submitted to any other university for award of a degree requisite.

Signature ……………………… Date …………………………….

ANNE KASINDAHA NYABERA

D61/60282/2011

This research project was submitted for examination with my approval as the university supervisor

Signature ……………………… Date …………………………….

PROFESSOR FRANCIS N. KIBERA

DEPARTMENT OF BUSINESS ADMINISTRATION

SCHOOL OF BUSINESS
DEDICATION

I dedicate this work to my daughter Tracy and my family for the sacrifice they made for me to complete this project. Their love, care, concern, support, encouragement and enthusiasm inspired me to achieve this goal.
ACKNOWLEDGEMENT

I take this opportunity to thank God for the good health and for bringing me this far. I also want to extend special gratitude to my supervisor Prof. Francis Kibera, for the great partnership we made. The guidance, encouragement and patience in reading, correcting, re-reading and refining this work is commendable. I am thankful to my colleagues and classmates for their encouragement and support as well as the University of Nairobi for the opportunity to pursue the MBA program.

My appreciation also goes to the customers of Kenya Commercial Bank for their support and participation in the study.
# TABLE OF CONTENTS

DECLARATION .................................................................................................................. ii
DEDICATION .................................................................................................................... iii
ACKNOWLEDGEMENT ....................................................................................................... iv
LIST OF TABLES ................................................................................................................ vii
ABBREVIATIONS AND ACRONYMS ............................................................................. viii
ABSTRACT ....................................................................................................................... ix

## CHAPTER ONE: INTRODUCTION ............................................................................... 1

1.1 Background of the Study ........................................................................................... 1
   1.1.1 The Concept of Customer Service .................................................................... 2
   1.1.2 Mobile Banking Service .................................................................................. 3
   1.1.3 Kenya Commercial Bank Limited ................................................................... 5

1.2 Research Problem ..................................................................................................... 6

1.3 Research Objectives .................................................................................................. 8

1.4 Value of the study ..................................................................................................... 8

## CHAPTER TWO: LITERATURE REVIEW ..................................................................... 10

2.1 Introduction ............................................................................................................... 10

2.2 Theoretical Foundations of the Study .................................................................... 10

2.3 Mobile Banking Service Adoption ......................................................................... 11

2.4 Customer Service Delivery .................................................................................... 13

2.5 Mobile Banking and Customer Service Delivery .................................................... 14

## CHAPTER THREE: RESEARCH METHODOLOGY .................................................. 17

3.1 Introduction ............................................................................................................... 17

3.2 Research Design ..................................................................................................... 17

3.3 Population of the study ........................................................................................... 17

3.4 Sample Size and Sampling Methods ....................................................................... 18
3.5 Data Collection ............................................................................................................................................ 18
3.6 Data Analysis................................................................................................................................................... 18

CHAPTER FOUR: DATA ANALYSIS AND PRESENTATION................................................................. 19
4.1 Introduction ...................................................................................................................................................... 19
4.2 Demographic Information ............................................................................................................................... 19
    Table 4.1: Demographic Profile ...................................................................................................................... 20
4.3 Extent of Mobile banking adoption ................................................................................................................ 21
    Table 4.2: Extent of mobile banking adoption ................................................................................................. 22
4.4 Effect of Mobile banking on customer service delivery ..................................................................................... 23
4.5 Discussion ....................................................................................................................................................... 25

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS................................. 27
5.1 Introduction ...................................................................................................................................................... 27
5.2 Summary ......................................................................................................................................................... 27
5.3 Conclusion ....................................................................................................................................................... 28
5.4 Recommendations ............................................................................................................................................ 28
5.5 Limitations of the Study .................................................................................................................................... 29
5.6 Suggestions for Further Research ................................................................................................................... 29

REFERENCES ....................................................................................................................................................... 30

APPENDIX I: TABLE 4.3 EFFECT OF MOBILEBANKING ON CUSTOMER SERVICE DELIVERY ..................................................................................................................................................... 1
    Table 4.3: Effect of mobile banking on customer service delivery ................................................................. 1

APPENDIX II: RESEARCH QUESTIONNAIRE ......................................................................................... iii
LIST OF TABLES

Table 4.1: Demographic Profile .......................................................... 20
Table 4.2: Extent of mobile banking adoption ....................................... 22
Table 4.3: Effect of mobile banking on customer service delivery .......... i
ABBREVIATIONS AND ACRONYMS

KCB  Kenya Commercial Bank  
ICT  Information and Communication Technology  
ATM  Automated Teller Machine  
WMO  World Meteorological Organization  
SMS  Short Message Service  
MBA  Master of Business Administration  
PC  Personal Computer  
WAP  Wireless Application Protocol
ABSTRACT

The purpose of this research was to find out the effects of mobile banking service on customer service delivery at Kenya commercial bank Moi avenue branch. The study was guided by two specific objectives: establish the extent to which Kenya Commercial Bank, Moi Avenue Branch has implemented mobile banking service and determine the effect of mobile banking service on customer service delivery at Kenya Commercial Bank, Moi Avenue Branch. The study took the form of a case study with a population of 5000. A sample of 500 respondents was selected from the 5000 customers of KCB Moi Avenue branch. Data was collected from the respondents through a structured questionnaire. The collected data was analyzed using descriptive statistics and correlation analysis. The results were presented in tables. The study established that KCB Moi Avenue branch has adopted a number of mobile banking services to great extent. These services include: balance enquiry, funds transfer from one KCB account to another, funds transfer from KCB to another bank, funds transfer from a KCB account to an M-pesa account, cash deposits and withdrawals, ordering of statements using the mobile banking platform and ordering of cheque books. Mobile banking service has assisted greatly in improving various aspects of customer service delivery such as providing timeless banking to the customers; reduction of queues and reduction of time to access banking services.
CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The global business environment has experienced increased innovations in information technology and this has affected the mode and level of service delivery among many organizations. Most organizations around the globe are moving towards adopting computer based service delivery innovations in order to enhance service delivery. One such innovation is the mobile banking technology that enables customers to access banking services from the comfort of their handheld mobile phones (Adewoye, 2013). It is further clear that Information Communication Technology (ICT) has restrained the limits of time, space, and information access in world trade and commerce as a whole. Emerging trends in socio-economic growth show a high premium being placed on information and communication technology (ICT) by homes, organization, and nations. The introduction of facilities that enhance the delivery of banking services such as mobile banking, internet, ATM in an effective manner is always a welcome development (Buhalis, 2003).

Chang (2003) asserts that mobile banking has a very significant effect on the distribution channels of commercial banks such as automated teller machine (ATM), Phone – banking, Tele-banking, PC-banking and now internet banking. According to Mohammed et al. (2009) transfer of funds, confirmation of account balances, repayment of mortgages, settlement of bills and purchasing financial instruments and certificates of deposits processes have improved significantly as a result of internet banking. This implies that, mobile banking has had an impact on efficiency in service delivery in the banking industry since bank customers can transact business from any locality whether it involves long or short distance. Mobile Banking has become an important issue, not only to retain customers but also gaining a competitive advantage while maintain and growing overall effectiveness. In the present banking system, excellence in customer service is the most important tool for sustainable business growth (Adewoye, 2013).
In many developing countries around the world, there are millions of people who do not have access to conventional banking facilities and mobile banking is one of the avenues that have been exploited by such countries to enhance financial inclusion. Kenya is among the developing countries that have embraced the mobile banking concept. Mobile banking in Kenya has been necessitated by the continuously emerging wave of information driven economy that has made the banking industry in Kenya unable to resist the adoption of technology in its operations. The need for convenient ways of accessing financial resources beyond the conventional norms has seen the recurrent expansion and modernization of banking patterns. It is also evident that the huge demand for finance oriented services has made many organizations other than commercial banks to join the battle in an attempt to reap the benefits of investing in information technology within the banking industry (Njenga, n.d.).

1.1.1 The Concept of Customer Service

According to World Meteorological Organization (WMO) (2011) a service is a product or activity that meets the needs of a user or can be applied by a user. To be effective, services should possess a number of attributes such as availability and timeliness; dependability and reliability; usability; usefulness; credibility; authenticity; responsiveness and flexibility; sustainability and applicability to different types of services. Based on this definition, service delivery therefore refers to a continuous, cyclic process for developing and delivering user focused services. Service delivery takes place in four main stages: identifying users and understanding their needs; service design and development which is the process between users, providers, suppliers, and partners of creating, designing, and developing services, ensuring user needs are met; Delivery of the service which entails producing, disseminating, and communicating data, products and information that are fit for purpose and relevant to user needs and Evaluation and Improvement which is the process to collect user feedback and performance metrics to continuously evaluate and improve upon products and services (WMO, 2011).

Understanding the role of electronic service delivery is significantly important because potential sales can be lost due to inadequate e-service. More importantly, as mainstream
consumers begin to explore the world available to them on the web, they are likely to be less willing to put up with poor service. With the emergence of the mobile banking service, customer focus has to be presented on the mobile electronic facilities platform. A key component of improving customers focus is the implementation of tools that allow development of better relations between banks and their customers. The banking industry today is witnessing heavy information technology revolution to the extent that customers now have freedom to pay bills; plans payments while held in traffic jams, receive updates on banks transaction other. Mobile banking also welcomed other financial services like share trading, sophisticated enquiry based banking services for transaction alerts, minimum balance alerts, account balance enquiry, cheque book request, and bill payment alerts (Adewoye, 2013).

1.1.2 Mobile Banking Service

Mobile banking is a service provided by financial institutions in cooperation with mobile operators. It is about getting banking services to account holders and the unbanked, those who do not have bank access or bank accounts, and those who are at the bottom of the economic pyramid, often living in remote areas. They receive the benefits of banking services such as being able to save and borrow in a cost-efficient and secure way. The services include viewing account balances, making transfers between accounts, or paying bills via a mobile device such as a mobile phone. Mobile banking is most often performed via SMS or the Mobile Internet but can also use special programs called clients downloaded to the mobile device (Salzaman, Palen & Harper, 2001).

In recent years, banks, payment system providers, and mobile operators have begun experimenting with branchless banking models which reduce costs by taking small-value transactions out of banking halls and into local retail shops, where agents such as airtime vendors, gas stations, and shopkeepers, register new accounts, accept client deposits, process transfers, and issue withdrawals using a client’s mobile phone to communicate transaction information back to the telecommunication provider or bank. This enables clients to send and receive electronic money wherever they have cell coverage. They
need to visit a retail agent only for transactions that involve depositing or withdrawing cash (Salzaman, Palen & Harper, 2001).

Mobile banking basically allows you to be able to do everything that you can in your regular banking institution, only with the benefit that you can do it all right from the convenience of your own home. Not only is this great because you can be comfortable and have peace of mind knowing that you can keep track yourself of all your banking issues, but as well it allows for more ease because you never have to worry about rushing out and making it to the bank.

The banking industry in Kenya is well established with a myriad of commercial banks which are categorized as large, medium and small banks. Competition is very high between these banks and also the demand for banking services is also increasing with the gradual increase in economic growth. There is need to enhance value delivery for the clients to stay competitive in the industry. Banks tend to increase branches in the country to beat competition but the new trend is to improve service delivery and harness technology to serve customers better hence increased revenue (Koivu, 2002).

Banks are now providing special services, value-added services, by way of increasing convenience, tapping a broader market, increasing service channels and lowering cost in accessing their services. The proponents of mobile banking service argue that this technology has a potential of providing a variety of services to the customers Some of the services that are possible through mobile banking include account information such as provision of mini statements and checking account history, providing alerts on account activity or passing of set thresholds, enabling cash deposits, access to loan statements, access to credit or debit card statements, indicating the clearing status on cheques deposited, effecting stop payment on cheques as well as making payments and transfers from one account to another. Mobile banking has the ability to transact domestic and international funds transfer, micro-payment services, handling mobile recharging investments such as portfolio management service, Real-time stock quotes, personalized alerts and notification on security prices (Adewoye, 2013).
1.1.3 Kenya Commercial Bank Limited

Commercial banks in Kenya provide a number of import financial and trading documents such as letters of credit, performance bonds, standby letters of credit, security underwriting commitments and various other types of balance sheet guarantees. They also take responsibility for safeguarding such documents and other valuables by providing safe deposit boxes. Currency exchange functions and the provision of unit trusts and commercial insurance are typically provided by the relevant departments in larger commercial banks. In today’s competitive banking environment, exemplary customer service is one of the distinguishing characteristics that commercial banks can exploit to establish a competitive edge. Since most of the commercial banks offer comparable products and services, they continually search for a competitive advantage that will attract new customers and help them retain existing ones. They, therefore, endeavor to develop innovative programs and initiatives to maintain superior customer service levels while remaining profitable. This has led to commercial banks adopting various diversification strategies in order to order to develop more cost effective and efficient operations (Rajan & Zingales, 1998).

Kenya Commercial Bank Limited (KCB) is one of the commercial banks operating in Kenya. It is one of the oldest commercial banks in the country. Its origin dates back to 1896 when its predecessor, the National Bank of India opened an outlet in Mombasa. Eight years after the bank was founded, its banking operations were expanded to Nairobi 1904. By this year Nairobi had become the Headquarters of the expanding railway line to Uganda. The next major change in the Bank’s history came in 1958. Grindlays Bank merged with the National Bank of India to form the National and Grindlays Bank. Upon independence the Government of Kenya acquired 60% shareholding in National & Grindlays Bank in an effort to bring banking closer to the majority of Kenyans. In 1970, the Government acquired 100% of the shares to take full control of the largest commercial bank in Kenya. National and Grindlays Bank was renamed Kenya Commercial Bank (www.kcbgroup. co.ke).
For a number of years Kenya commercial bank has adopted different types of technologies with the purpose of ensuring that customers receive timely services that are able to meet their needs. Some of the technologies include installation of modern Automated Teller Machines (ATM); adoption of a new management information system and provision of internet and mobile banking services. Mobile banking service facility was introduced in 2009. The product commonly known as KCB Connect is a mobile telephone Bank that has changed the lives and financial lifestyle of mobile subscribers in Kenya estimated at 17million. The mobile Banking service provides full Banking services on the mobile telephone handset at the touch of a button, including enquiries, Banking instructions, funds transfers and utility bill payments. A key differentiator between KCB Connect and other offerings in the market is the ability of all mobile telephone subscribers to open accounts on their phones that enables them to transact with KCB. Working with one of Kenya’s major mobile telecommunications service provider (Safaricom), the Bank has put in place the necessary infrastructure to enable customers to transfer funds from one KCB account to another, from KCB to the revolutionary and trendsetting Mpesa service and vice versa and from any KCB account to any phone account of the customer’s choice. (www.kcb.co.ke)

One can easily access his/her accounts through the mobile banking service by dialing *522# and following the prompts. KCB connect Services include checking KCB account balance, airtime purchase, Sending money to M-Pesa account, Transfer funds to other KCB accounts, Withdraw cash, Get mini statements, Service request like Cheque book request, Mobi loan, Foreign exchange rates, Full statement request, Stop cheque and paying bills.(www.kcbgroup.co.ke).

1.2 Research Problem

Before the introduction of mobile banking services, bank customers had limited alternatives of accessing banking services. This in most cases led to long queues in banking halls and long waits for the services. Growing demands for better services by customers has forced many organizations such as commercial banks to consider adopting
mobile phone technology as one of the ways of providing better services to their customers. The mobile banking technology has enabled banks to effect self service among their customers as well as customize various services (Adewoye, 2013). Kenya Commercial Bank Limited introduced mobile banking services that have been instrumental in enabling customers to carry out various transactions using electronic means through the use of a cell phone. KCB Moi Avenue branch is the biggest branch in terms of number of customers and service delivery is very important in its operations. It will be important to establish whether mobile banking has had any effect on service delivery in the branch. Studies carried out on mobile banking and service delivery confirms that there is a positive relationship between mobile banking and service delivery.

Kwashie (2012) carried out a study on the impact of electronic banking on service delivery to customers of Ghana commercial bank limited. The study findings showed a positive correlation between electronic banking and service delivery which implies that there is a positive impact of electronic banking on service delivery. Adewoye (2013) also carried out a study on Impact of mobile banking on service delivery in the Nigerian commercial banks. The study established that mobile banking improve banks’ service delivery in a form of transactional convenience, savings of time, quick transaction alert and savings of service cost which recuperates customer relationship and satisfaction. Okiro and Ndungu (2013) carried out a study on the impact of mobile and internet banking on performance of financial institutions in Kenya. The study established that these two technologies had not significantly affected the performance of the financial institutions. In a study carried out by Aluoch (2012) on the adoption of mobile banking in Kenya, it was revealed that customers are quickly adopting mobile banking technology amid security concerns.

Despite the findings from the studies mentioned above mobile banking has not been adopted by many commercial banks in Kenya. The local studies conducted on mobile banking have not focused on its effect on customer service delivery. Kenya Commercial Bank Moi Avenue branch holds majority of the customers and there is need to establish
whether mobile banking has had any effect on service delivery to them. This study therefore sought to bridge the knowledge gap by answering two important questions: To what extent had KCB implemented mobile banking? What was the effect of mobile banking on service delivery?

1.3 Research Objectives

The Objectives of the study were to:

i. Establish the extent to which Kenya Commercial Bank, Moi Avenue Branch has implemented mobile banking service.

ii. Determine the effect of mobile banking service on customer service delivery at Kenya Commercial Bank, Moi Avenue Branch.

1.4 Value of the study

The findings of this study will be beneficial to the academicians and researchers who are interested in exploring more on the effect of mobile banking on service delivery. It will also shed more light on the theoretical relationship between mobile banking and service delivery in other sectors.

The study will also be of value to the policy makers (top management) at Kenya Commercial bank limited. The findings will assist them to understand how mobile banking service has affected service delivery at Moi Avenue branch. Based on the findings from the study they will be able to align mobile banking policies with the market so as to have greater positive effect on service delivery.

The results of this study will also assist other organizations that are not in the banking industry to understand how leveraging on mobile phone technology can enhance service delivery. It will serve as a benchmarking tool to such organizations since it will enable them to identify best practices. The customers of the bank will also be able to understand how mobile banking technology affects service delivery. The results will also assist in
unraveling the untapped resources and thus applied in convincing more customers to adopt mobile banking.
CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

In this chapter, the literature review related to mobile banking and service delivery is reviewed. Among the issues that are covered in this discussion include theoretical review, extent of adoption of mobile banking service and the effect of mobile banking on service delivery.

2.2 Theoretical Foundations of the Study

Mobile commerce has emerged as an important component of the banking industry as technological innovations related to electronic commerce have increased. The m-commerce industry is largely dependent on the internet as it has changed management practices and enabled consumers and businesses more access to different products and services (Wymbs, 2000). In the banking industry, m-commerce allows an individual to utilize e-commerce such as the internet to do their banking on a mobile device like their cell phone (Ratten & Ratten, 2007). There are a number of theories that seek to explain the use of mobile banking. The main theories include the diffusion of innovation theory; social cognitive theory and the technology acceptance theory.

The technology acceptance theory was developed by Davis (1985). In his theory he suggests that the motivation of users of any technology depends entirely on three main factors: perceived ease of use of the technology; perceived usefulness and perceived attitude towards the use of the technology. He further hypothesized that the attitude towards the use of technology is influenced by perceived usefulness and perceived ease of use. However, perceived usefulness is also influenced by perceived ease of use. Sebastian et al. (2011) assert that the technology acceptance theory is the most widely used theory in explaining the acceptance of any information technology by the users. Other researchers such as Holden and Kash (2010) and Yarbrough and Smith (2007) have carried out research on the technology acceptance theory and confirm that the behavioral intention of adoption of technology is significantly influenced by the perceived
usefulness of a technology. The perceived ease of use also affects either the behavioral intention directly, via the attitude towards the technology or the perceived use.

The other theory that explains the use of mobile banking service is the diffusion of innovations theory. According to Rogers (1985) diffusion basically refers to the process by which an innovation is communicated through certain channels over a period of time among members of a particular social system. He further defines an innovation an idea that is perceived to be new by an individual or other unit of adoption. He equally defines communication as a process in which participants create and share information with one another to reach a mutual understanding. Diffusion of innovations theory focuses on the conditions which increase or decrease the likelihood that a new innovation will be adopted by members of a given social system. The theory predicts that media as well as interpersonal contacts provide information and influence opinion and judgment.

While trying to establish how innovation occurs, Rogers (1995) asserts that diffusion of innovation takes place in four stages: The first stage is the invention where diffusion through the social system takes time and has consequences. At this stage information flows through networks. The nature of networks and the roles opinion leaders play in them determine the likelihood that the innovation will be adopted. Innovation diffusion research has attempted to explain the variables that influence how and why users adopt a new information medium, such as the Internet. Opinion leaders exert influence on audience behavior via their personal contact, but additional intermediaries called change agents and gatekeepers are also included in the process of diffusion. After the invention the innovation may go through five stages of adoption starting from innovators then early adopters, early majority, late majority and finally the laggards (Pijpers et al., 2002).

2.3 Mobile Banking Service Adoption

Sohail and Shanmugham (2003) assert that the rapid improvements that have been experienced in the area of information communications (ICT) have fueled the technological revolution that is being experienced in many banks across the entire globe today. There is credible evidence that the way financial services are delivered has greatly
changed due to advancements that have been made in the ICT sector. The environmental complexity and high level of competition that is experienced in the global banking environment has necessitated the adoption of various types of technologies in order to remain competitive. The technological advancements have so far assisted banks to effectively respond to the business environmental challenges by adopting new strategies that shift focus to building customer satisfaction through offering better products and services and at the same time to minimize operation costs. Mobile banking services adoption has been broadly utilized by a number of banks around the globe and has proved to be a better competitive tool (Sohail & Shanmugham, 2003).

Pousttchi and Schurig (2004) assert that one of the most thriving business-to-consumer applications in electronic commerce is mobile banking. Several researchers such as Filotto et al. (1997); Moutinho and Smith (2000) have carried expansive research in mobile banking focusing on a variety of delivery options, measuring the attitude of consumers towards mobile banking and automated teller machines. Others such as (Barnes and Corbitt (2003), Black et al. (2002), Enders et al. (2006), Gerrard and Cunningham (2003) and Yu (2012) have also focused on issues on adoption and quality of services of internet banking. With a rapid increase in usage of smart mobile phones in most countries around the globe and diffusion of WAP-enabled phones, the transformation of banking applications to mobile devices has been a significant development in mobile banking. Mobile banking has emerged as a potential wireless service delivery channel providing increased value for customer banking transaction (Pousttchi & Schurig, 2004).

According to Mathew, Alexandra and Maxmillian (2013), there has been increased usage of mobile banking by customers to carry out a number of transactions. Most bank customers use mobile banking to be able to carry out a number of payments including point of sale payments. Customers who have access to mobile banking also prefer settling their bills using the mobile banking service because it is more convenient and consumes less time. Mathew et al. (2013) further assert that more and more customers are engaged in using mobile banking to conduct transfers. They also indicate that the increase in the
number of people who use smart phones has facilitated rapid adoption of mobile banking service in most countries around the globe. This is an indication that as more people adopt the use of smart phones, there is a high potential that mobile banking service users are likely to continue increasing. The adoption of mobile banking is also correlated with the age of the users. Most users who are between the age of 18 and 29 years represent the highest percentage of those who have adopted mobile banking and the figures tend to reduce as the age of mobile banking service users increases.

A survey carried out by Mathew et al. (2013) in the United States of America supports that the most common mobile banking activities that are prevalent among users include checking financial account balances or transaction inquiries where 87 percent of mobile banking users were found to have performed this function in a duration of 12 months. The use of mobile banking to transfer money between accounts was also found to be one of the activities that are rapidly increasing among the users of mobile banking service. There are also a number of mobile banking users who prefer to receive text message alerts from a bank whenever there was a transaction. However, the users of this service seem to be declining as more activities can be performed in real time. The other activity that most mobile banking service users use frequently is making online bill payments from a bank account using a mobile phone. The mobile banking service users also prefer using the system to locate an ATM whenever they are not sure of the location. The mobile banking function that has seen the greatest increase in use by far is depositing a check by phone, known as remote deposit capture.

2.4 Customer Service Delivery

Schindler (2012) argues that customer service delivery is one of the most important tools of success in any business. He argues that the level of customer service determines how loyal customers will be and whether they will be able to do a repeat purchase. One of the ways through which an organization can enhance customer service delivery is through creating business to customer loyalty. A business needs to know its customers well and have a close relationship with them. This makes customers feel part and parcel of the
business. Personalized customer service is very important in ensuring enhanced business to customer loyalty.

According to Hanks (2010) customer service delivery may be easily measured using four basic attributes. The first attribute that can be used to measure customer service delivery is service accessibility. Accessibility of services can be enhanced through use of information communications technology such as mobile applications and use of customer flow management technology. The other measure of customer service delivery is quality of service. The quality of service will be determined by value addition and accuracy of the services being provided. The quality of service can be enhanced through integration and enhancement of internet and web enabled applications. Effectiveness is also among the measures of customer service delivery. The cost involved in delivering timely and useful services is important. Customers are more interested in accessing timely services as and when they need them.

Hanks (2010) further assert that customer service experience involves the measurement and ensuring improvement of five main areas. The first area is the identification of the product or service the customer seeks to buy or access from the organization or business. Businesses need to enhance and improve their products in order to meet customer needs. The other area is the person or team that is involved in providing the service. The process used to deliver the service is also very important in ensuring better service delivery. The atmosphere and location of the service is also important to the customer as far as service delivery is concerned. The last area relates to the confidence and reassurance felt by customers whenever they access services.

2.5 Mobile Banking and Customer Service Delivery

According to Fiserv (2013) adoption of mobile banking service by financial institutions has far reaching effects in many aspects. Mobile banking service adoption has the potential of greatly improving the level of service delivery in any financial institution. This happens as a result of the short time it takes a customer to complete a transaction
using a mobile phone than walking to the bank to have the payment effected. This improvement in service delivery due to adoption of mobile banking has the potential of capturing approximately 20% online customers who prefer better service delivery through mobile banking. An increase in the number of customers is also likely to lead to higher revenues and increased profits for the bank. However, there are concerns from customers that although service delivery greatly improves with adoption of mobile banking, security of mobile banking service still remains a challenge that needs to be addressed in order to enhance service delivery.

A study carried out by Adewoye (2013) impact of mobile banking on service delivery in the Nigerian commercial banks reveals that mobile banking improves banks’ service delivery in many ways such as transactional convenience, saving of time, quick transaction alert and save of service cost which has recuperate customer’s relationship and satisfaction. The study recommends that the management of commercial banks should create awareness to inform the public about the benefits derived on the mobile banking service. Collaboration among banks should perfectly maintain, skilled manpower and computer wizard should be employed by every bank in order to prevent fraudulent personnel and hackers from manipulating the banks’ data and stealing money from the banks’ accounts. Adewoye (2013) further recommends that provision and maintenance of public network system, such as telephone is fundamental to the efficient functioning of the mobile banking service.

Gonzalez (2008) is one of the scholars who assert that mobile banking has significantly transformed traditional banking practices to the extent that it has created a pattern shift in marketing practices resulting in positive performance in the banking sector. This is an indication that efficient delivery of quality customer service in the banking industry is to a greater extent facilitated by adoption of appropriate information technology. Similarly, Christopher et al. (2006) equally argues that mobile banking provides an important channel through which commercial banks can market their products and services and thus is more of a necessity for commercial banks that anticipate financial and customer service delivery success. It is evident too that the quality and efficiency of service delivery within
the banking industry has improved significantly in the global market as a result of integrating information communications technology into a number of banking activities.

According to the findings of an investigation on electronic payments systems and mobile banking in Nigeria carried out by Agboola (2006), it was established that that there has been a very significant change from the use of cash to electronic payments. It was clear from the study findings that the automation of payment systems had significantly reduced the volume of cash transactions handle by commercial banks. It was also evident that mobile banking has great potential of broadening the customer relationship; improve customer service delivery which will result to high rate of customer retention and customer loyalty. This will in turn enable commercial banks to gain a large portion of market share. However this can only be possible if challenges such as such as, ineffectiveness of telecommunications services, epileptic supply of power, high cost, fear of fraudulent practices and lack of facilities necessary for their operation were taken care of. Agboola (2006) further asserts that mobile banking has also changed service delivery patterns of banks completely by radically reducing the volume of direct cash transactions.

Stevens (2002) indicates that rapid changes in business activities in the contemporary environment in the form of technological improvement require banks to serve their customers electronically. The traditional banking environment focused on harnessing technology to improve on products and services. However, the 21st century banking industry environment is more turbulent, complex and more competitive than ever before. It has therefore become more important for commercial banks to adopt information and communication technology in order to cope with the complex business environment that has more informed customers. This drive to transform the operations of commercial banks may not be successful without the adoption of appropriate ICT such as mobile banking since it affects quality of products and services and the way they are delivered to customers (Gupta, 2008). Information communication technology such as mobile banking service has been found to lead to improvement in business efficiency and service quality and hence attract and retain customers (Kannabiran & Narayan, 2005).
CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

Presented in this chapter is a discussion on the research methodology that was employed by the researcher in achieving the objectives of the study. The methodology includes a detailed discussion on the research design that was used, target population, data collection methods and instruments to be used as well as a discussion on data analysis techniques that were employed in analyzing the data that was collected.

3.2 Research Design

This study employed a case study research design in establishing the effect of mobile banking on customer service delivery at Kenya Commercial Bank Limited, Moi Avenue branch. According to Kothari (2003) a case study is a form of qualitative analysis that focuses on careful and complete observation of a specific element within a population. He further defines an element as a person, family or institution in a given population. The purpose of adopting a case study was to enable the researcher carry out a detailed study on the effect of mobile banking on customer service delivery at Kenya Commercial Bank Limited, Moi Avenue branch.

The distinct need for case studies arises out of the desire of the researcher to understand the complex social phenomena. Case study method also allowed the researcher to retain the holistic and meaningful characteristics of the real life events such as individual life cycles, organizational and managerial processes (Robert, 2002).

3.3 Population of the study

The target population of the study involved all the customers who have adopted mobile banking service at KCB Moi Avenue Branch. According to statistics provided by the bank there were 5000 customers who had adopted mobile banking service at the branch. The 5000 customers therefore were the population for this study.
3.4 Sample Size and Sampling Methods

It was not possible to involve all the 5000 customers in this study. It was therefore important for the researcher to come up with a sample size that represented the population of the study. According to Gay (1996), 10% of the population is adequate enough resulting to a total of 500 customers selected to participate in the study. Simple random sampling technique was used to select the respondents giving each member of the population an equal chance of being selected as subject.

3.5 Data Collection

The researcher made use of a Semi-structured questionnaire to collect primary data. The respondents included customers of Kenya Commercial Bank Moi Avenue branch who were registered for the KCB Mobile banking service and had actively been using it. The questionnaire contained three sections: Section A contained questions on the bio data of the respondents; section B solicited data on the extent to which KCB had adopted mobile banking and section C sought data on the effect of mobile banking on customer service delivery. The questionnaires were distributed randomly to the 500 respondents ensuring the research instruments functioned well and questionnaires were administered to the respondents without any bias through drop and pick later method. Emails were also used for customers who found it convenient to use the email.

3.6 Data Analysis

Data will be analysed using descriptive statistics. First step in the analysis will be to classify and tabulate information collected. The questionnaires will be edited to ensure completeness and consistency. Descriptive statistics such as the mean scores and percentages were used analyse the data. Data on the effect of mobile banking on customer service delivery was analysed using correlation analysis.
CHAPTER FOUR: DATA ANALYSIS AND PRESENTATION

4.1 Introduction

This chapter consists of data presentation, interpretation and discussion of the findings. Data is analyzed using mean scores and percentages and presented in tables. The first section presented the demographic information of the Customer of Kenya Commercial Bank, Moi Avenue Branch, while other sections are presented according to the research questions.

Data was collected from a total of 358 respondents out of the targeted 500. This translates to a response rate of 71.6%. This response rate is enough to enable the researcher generalize the findings on the effects of mobile banking service on customer service delivery on all the customers of Moi avenue branch.

4.2 Demographic Information

The researcher sought some personal information about the respondents who participated in the study. This data was important in enabling the researcher to ascertain whether the respondents had the capability to provide relevant and reliable information that could be beneficial to this study. The respondents were required to provide their responses concerning various questions relating to personal information. The responses obtained were subjected to descriptive statistics and the mean and standard deviation obtained. The findings are presented in Table 4.1
Table 4.1: Demographic Profile

<table>
<thead>
<tr>
<th>Descriptive Statistics</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>358</td>
<td>1.17</td>
<td>.379</td>
</tr>
<tr>
<td>Age</td>
<td>358</td>
<td>2.87</td>
<td>.639</td>
</tr>
<tr>
<td>Marital status</td>
<td>358</td>
<td>1.29</td>
<td>.456</td>
</tr>
<tr>
<td>Highest academic qualif</td>
<td>358</td>
<td>2.55</td>
<td>.930</td>
</tr>
<tr>
<td>Banking with KCB</td>
<td>358</td>
<td>1.00</td>
<td>.000</td>
</tr>
<tr>
<td>ATM deposits and withdr</td>
<td>358</td>
<td>1.29</td>
<td>.456</td>
</tr>
<tr>
<td>Counter deposits and withdr</td>
<td>358</td>
<td>1.23</td>
<td>.419</td>
</tr>
<tr>
<td>Swift transfer services</td>
<td>358</td>
<td>1.88</td>
<td>.326</td>
</tr>
<tr>
<td>Interbank transactions</td>
<td>358</td>
<td>1.24</td>
<td>.428</td>
</tr>
<tr>
<td>Account to account transfer</td>
<td>358</td>
<td>1.12</td>
<td>.326</td>
</tr>
<tr>
<td>Mobile phone usage</td>
<td>358</td>
<td>1.00</td>
<td>.000</td>
</tr>
<tr>
<td>Connection to KCB mobile banking</td>
<td>358</td>
<td>1.39</td>
<td>.487</td>
</tr>
<tr>
<td>Duration of using KCB mobile banking</td>
<td>358</td>
<td>1.22</td>
<td>.417</td>
</tr>
<tr>
<td>Valid N</td>
<td>358</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary Data

The research findings in Table 4.1 reveal that gender has a mean of 1.17 and standard deviation 0.379 meaning that most of the respondents were males. The findings from the study as tabulated above reveal that the age of the respondents has a mean of 2.87 and standard deviation of 0.639. This is an indication that most of the customers at Moi Avenue branch are between 31-40 years old. This means that most of the customers are old enough to understand issues to do with mobile banking. It was further clear from the study findings that marital status has a mean of 1.29 and this implies that most of the customers are married. The study also established that highest academic qualification has a mean of 2.55 and standard deviation of 0.930. This implies that most of the customers at the branch have at least Diploma qualifications and this means that they have basic education that can enable them use mobile banking services. On whether the customers
maintain an account with KCB, it was confirmed that all the respondents are KCB account holders.

The customers were requested to indicate the number of services they enjoy from KCB. The findings reveal that ATM deposits and withdrawals have a mean of 1.29; counter deposits and withdrawals a mean of 1.23; interbank transactions a mean of 1.24 and account to account transfer a mean of 1.12. This is an indication that customers agreed that they enjoy all the above services from KCB. Swift Transfers has a mean of 1.88 an indication that not many customers enjoy this type of service from KCB. This implies that customers enjoy a variety of services from KCB that they can as well access through mobile banking.

The study further established that all the customers who participated in the study are registered mobile phone users. This is evident from a mean score of 1 which represents Mobile phone usage. That confirms that all the respondents confirmed that they own and use a mobile phone. It was also evident that connection to KCB mobile banking has a mean of 1.39. This is a confirmation that most of the customer who took part in this study agreed that they are connected to KCB mobile banking and this reveals that they could be able to provide information based on their experiences with the mobile banking service. The respondents were also requested to indicate the duration they have used the KCB mobile banking service. It is evident from the results through a mean of 1.22 and standard deviation of 0.417 that most of the customers agreed that they have used the mobile service for less than two years.

4.3 Extent of Mobile banking adoption

The study sought to establish the extent to which KCB has adopted mobile banking services. The respondents were provided with a range of services and were required to rate the extent to which the services could be accessed through mobile banking. The key ranged between 1-5 where 1 represents ‘not at all’ and 5 ‘very great extent’. The findings are presented in Table 4.2.
Table 4.2: Extent of mobile banking adoption

<table>
<thead>
<tr>
<th>Activity</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funds transfer from KCB account to M-PESA</td>
<td>358</td>
<td>4.58</td>
<td>1.014</td>
</tr>
<tr>
<td>Balance enquiry</td>
<td>358</td>
<td>3.97</td>
<td>.804</td>
</tr>
<tr>
<td>Payment of bills direct from bank account</td>
<td>358</td>
<td>3.87</td>
<td>.728</td>
</tr>
<tr>
<td>Cash deposits and withdrawals</td>
<td>358</td>
<td>3.84</td>
<td>.834</td>
</tr>
<tr>
<td>Bank statement request</td>
<td>358</td>
<td>3.71</td>
<td>1.064</td>
</tr>
<tr>
<td>Funds transfer from KCB to another bank account</td>
<td>358</td>
<td>3.70</td>
<td>.918</td>
</tr>
<tr>
<td>Funds transfer from one account to another within KCB</td>
<td>358</td>
<td>2.85</td>
<td>1.071</td>
</tr>
<tr>
<td>Checking cheque deposit status</td>
<td>358</td>
<td>2.30</td>
<td>.929</td>
</tr>
<tr>
<td>Ordering cheque book</td>
<td>358</td>
<td>1.49</td>
<td>.952</td>
</tr>
<tr>
<td>Foreign remittances</td>
<td>358</td>
<td>1.11</td>
<td>.308</td>
</tr>
<tr>
<td>Valid N</td>
<td>358</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary Data

It was established from the results in Table 4.2 that funds transfer from KCB account to M-pesa has the highest mean of 4.58 and standard deviation of 1.014. This is a confirmation that most of the customers agreed that they are able to transfer money from KCB accounts to M-pesa to a great extent. It was also clear from the study results that balance inquiry has a mean of 3.97 and standard deviation of .804. This implies that most of the customers confirm that they use they are able to access their bank balances through mobile banking to a great extent. Payment of bills direct from the bank account has a mean of 3.87 and this confirms that most of the customers agreed that they can be able to pay their bills direct from their KCB bank accounts to a great extent.

It was further established that cash deposits and withdrawals has a mean of 3.84 and indication that most of the customers indicated that they are able to carry out cash deposit and withdrawals to a great extent using the KCB mobile banking platform. Requesting for bank statements through mobile banking has a mean of 3.71 and standard deviation of
1.064 revealing that most of the customers agreed that they are able to request for bank statements to a great extent through the mobile banking service provided by KCB. Using the KCB mobile banking service to transfer funds from a KCB account to another account in another bank has a mean of 3.70 and standard deviation of 0.918. This implies that most of the customers are able to transfer funds from a KCB account to another bank to a great extent.

The study also reveals that transfer of funds from one KCB account to another has a mean of 2.85. This reveals that most customers can be able to transfer money from one KCB account to another to a moderate extent. The study further established that confirming the status of a cheque deposit has a mean of 2.30 indicating that most customers access this service to a small extent from the KCB mobile banking service. Ordering cheques books has a mean of 1.4 and standard deviation of 0.952; foreign remittances a mean of 1.11 and standard deviation of 0.308. This confirms that these services are not used at all by most customers.

4.4 Effect of Mobile banking on customer service delivery

The study sought to establish the effect of mobile banking on the customer service delivery in KCB Moi Avenue branch. The extent of mobile banking was correlated with the perceived effect and pearson’s correlation coefficients obtained. The letters a to j represent the extent of adoption of mobile banking in the following order: Balance enquiry; funds transfer from one account to another within KCB; funds transfer from KCB to another bank account; funds transfer from KCB account to M-PESA; ordering cheque book; bank statement request; payment of bills direct from bank account; foreign remittances; cash deposits and withdrawals and checking cheque deposit status respectively as shown in Table 4.3 Appendix I.
It was established that there is a strong positive correlation between reduction of time to access banking services and balance enquiry; funds transfer from one account to another within KCB; funds transfer from KCB to another bank account; funds transfer from KCB account to M-PESA; ordering cheque book; bank statement request; payment of bills direct from bank account; cash deposits and withdrawals and checking cheque deposit status respectively. All these had a mean of 0.749; 0.658; 0.843; 0.681; 0.580; 0.793; 0.662; 0.812 0. 618. This is a confirmation that all these mobile banking services have a direct effect on customer service delivery.

The study reveals that there is a strong positive correlation between reduction of queues and six of the mobile banking services. These include funds transfer from KCB to another bank account with a correlation of 0.899; funds transfer from KCB account to M-PESA with a correlation of 0.763; bank statement request with a correlation of 0.836 and cash deposits and withdrawals with a correlation of 0.749. This implies that these mobile banking services have assisted in the reduction of queues at KCB Moi Avenue branch. The study also confirmed that there is a positive correlation between efficiency in service delivery and three mobile banking services. These include funds transfer from KCB to another bank account with a correlation of 0.867; bank statement request with a correlation of 0.843 and cash deposits and withdrawals with a mean of 0.804. This is an indication that the here services have assisted in improving efficiency in service delivery.

Reduction in cost of accessing banking services has a moderate correlation with two mobile banking services: funds transfer from one account to another within KCB with a correlation of 0.508 and ordering of cheque books with a correlation of 0.660. This implies that only two aspects of mobile banking have assisted in a moderate reduction of cost of accessing banking services i.e funds transfer from one account to another within KCB and ordering of cheque books. The study further reveals that there is a moderate inverse relationship of -0.542 between mobile banking as a convenient way of providing customer service and funds transfer from one account to another within KCB. This implies that this service does not reflect convenience in customer service delivery.
saving since customers don’t have to visit the bank has a moderate positive correlation of 0.728 with bank statement request. This is an indication that mobile banking service has assisted customers to save time requesting for bank statements without visiting the branch. It was also clear that ordering statements through the mobile banking platform has enabled customers to reduce paperwork and this is supported by a correlation of 0.824.

The study further established that there is a strong positive correlation between mobile banking as a form of timeless banking accessible anytime anywhere with funds transfer from KCB to another bank account and funds transfer from KCB account to M-PESA. The two services have a correlation of 0.913 and 0.869 respectively. This is a confirmation that mobile banking has improved customer service delivery by enabling the customers to access banking services any time and from any location. There was also a moderate correlation between complication of life to non-techno savvy customers and funds transfer from KCB account to M-PESA. This has a correlation coefficient of 0.583. It implies that mobile banking has also made banking more complicated for those customers who may not be able to use the service.

4.5 Discussion

The study has revealed that transfer of funds from one account to another of from the account to a mobile account such as M-pesa is one of the prominent activities under mobile banking at Kenya Commercial Bank Moi Avenue. This finding is in harmony with that of Mathew et al. (2013) who in their survey established that the use of mobile banking to transfer money between accounts was found to be one of the activities that are rapidly increasing among the users of mobile banking service. There are also a number of mobile banking users who prefer to receive text message alerts from a bank whenever there was a transaction.

This study also established that a number of customers prefer accessing their bank account balances through the mobile banking platform and also to request for bank statements through the same platform. The results agree with Mathew et al. (2013) who
also asserts that the most common mobile banking activities that are prevalent among users include checking financial account balances or transaction inquiries where 87 percent of mobile banking users were found to have performed this function in a duration of 12 months.

It was further evident from the study that KCB Moi Avenue customers are also able to make a number of transactions and pay their bills from their mobile phones. This further agrees with the position held by Mathew, Alexandra and Maxmillian (2013) who indicated that there has been increased usage of mobile banking by customers to carry out a number of transactions. Most bank customers use mobile banking to be able to carry out a number of payments including point of sale payments. Customers who have access to mobile banking also prefer settling their bills using the mobile banking service because it is more convenient and consumes less time.

It was also clear from the research findings that mobile banking has enabled customers to access timeless banking that can be done from anywhere anytime. It was further confirmed that mobile banking improves customer service delivery through reduction in time to complete transactions and also the convenience of not walking into the bank. This is also the position held by Adewoye (2013) who established that mobile banking improves banks’ service delivery in many ways such as transactional convenience, saving of time, quick transaction alert and save of service cost which has recuperate customer’s relationship and satisfaction.
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This section presents the summary of findings on the effect of mobile banking service on customer service delivery at KCB Moi Avenue branch. It also presents the conclusion of the study; recommendations made by the researcher based on the research findings and suggestions for future research.

5.2 Summary

The study revealed that the widely adopted mobile banking service is the transfer of funds from KCB account to an M-pesa account. The study established that majority of customers are able to access this service from KCB mobile banking platform. The second highest ranking mobile banking service adopted by KCB mobile banking platform is the balance enquiry and payment of bills from a KCB account. The findings reveal that most customers are able to obtain account balances and pay several bills direct from their bank accounts using the mobile banking platform. The findings further confirm that most KCB customers are able to conduct funds transfer from one account to another within KCB and to another bank. They are also able to access cash deposits and withdrawals from the mobile banking network as well as request for their bank statements using the KCB mobile banking network.
The study established that adoption of mobile banking service has assisted in improving customer service delivery in many ways. One of these ways is through the reduction of time to access banking services especially in relation to transfer of funds from a KCB account to another bank. It was also clear that cash deposits and withdrawals through the mobile banking network has assisted in improving service delivery through reduction of time to carry out all these transactions in a typical banking hall. The other way through which mobile banking has assisted to improve customer service delivery is through reduction of queues in relation to funds transfer from KCB to another bank account. The study also revealed that mobile banking especially in form of cash withdrawals and deposits has provided customers with an opportunity to access timeless banking services. It has also enabled customers to avoid a lot of paperwork that is necessary for a number of transactions.

5.3 Conclusion

KCB Moi Avenue branch has adopted a number of mobile banking services to great extent. These services include: balance enquiry, funds transfer from one KCB account to another, funds transfer from KCB to another bank, funds transfer from a KCB account to an M-pesa account, cash deposits and withdrawals, ordering of statements using the mobile banking platform and ordering of cheque books. Mobile banking service has assisted greatly in improving various aspects of customer service delivery such as providing timeless banking to the customers; reduction of queues and reduction of time to access banking services.

5.4 Recommendations

The study has established that mobile banking service has not assisted in significantly reducing the cost of doing banking for customers. The bank needs to explore ways of making the mobile banking service more affordable and less costly than the conventional banking service.
It is also clear that mobile banking is yet to qualify as the most efficient way of providing customer service delivery. The bank should seek more innovative ways of making the mobile banking service the most efficient and effective way of providing customer service delivery.

5.5 Limitations of the Study

The findings of this study are applicable to Kenya commercial bank customers who are registered with the mobile banking service only. Customers who are not registered may have a different customer delivery experience from those who are registered.

The study could also not manage to collect data from all the 500 respondents since mobile banking is very sensitive and some customers were not willing to participate in this study for their own security.

5.6 Suggestions for Further Research

There is need to carry out a survey of KCB customers including the subsidiaries outside Kenya. This will assist in providing a more elaborate picture of the effect of mobile banking service on customer service delivery.

It will also be important to carry out a comparative study with other international banks that have been successful in using mobile banking as a customer service delivery improvement tool. This will assist the bank to benchmark for best practice.
REFERENCES


Table 4.3: Effect of mobile banking on customer service delivery

<table>
<thead>
<tr>
<th></th>
<th>a</th>
<th>b</th>
<th>c</th>
<th>d</th>
<th>e</th>
<th>f</th>
<th>g</th>
<th>h</th>
<th>i</th>
<th>j</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reduction of time to access</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>banking services</td>
<td>Pearson Correlation</td>
<td>.749</td>
<td>.658</td>
<td>.843</td>
<td>.681</td>
<td>.580</td>
<td>.793</td>
<td>.662</td>
<td>.411</td>
<td>.812</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>358</td>
<td>358</td>
<td>358</td>
<td>358</td>
<td>358</td>
<td>358</td>
<td>358</td>
<td>358</td>
<td>358</td>
<td>358</td>
</tr>
<tr>
<td><strong>Reduction of queues</strong></td>
<td>Pearson Correlation</td>
<td>.544</td>
<td>.483</td>
<td>.899</td>
<td>.763</td>
<td>.225</td>
<td>.836</td>
<td>.541</td>
<td>.149</td>
<td>.749</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.005</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>358</td>
<td>358</td>
<td>358</td>
<td>358</td>
<td>358</td>
<td>358</td>
<td>358</td>
<td>358</td>
<td>358</td>
<td>358</td>
</tr>
<tr>
<td><strong>Efficiency in service</strong></td>
<td>Pearson Correlation</td>
<td>.557</td>
<td>.488</td>
<td>.867</td>
<td>.723</td>
<td>.226</td>
<td>.843</td>
<td>.555</td>
<td>.150</td>
<td>.804</td>
</tr>
<tr>
<td>delivery</td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.004</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>358</td>
<td>358</td>
<td>358</td>
<td>358</td>
<td>358</td>
<td>358</td>
<td>358</td>
<td>358</td>
<td>358</td>
<td>358</td>
</tr>
<tr>
<td><strong>Reduction in cost of</strong></td>
<td>Pearson Correlation</td>
<td>.263</td>
<td>.508</td>
<td>.423</td>
<td>.252</td>
<td>.287</td>
<td>.660</td>
<td>.214</td>
<td>.190</td>
<td>.437</td>
</tr>
<tr>
<td>accessing services</td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>358</td>
<td>358</td>
<td>358</td>
<td>358</td>
<td>358</td>
<td>358</td>
<td>358</td>
<td>358</td>
<td>358</td>
<td>358</td>
</tr>
<tr>
<td><strong>Convenient way of</strong></td>
<td>Pearson Correlation</td>
<td>.021</td>
<td>-.542</td>
<td>.064</td>
<td>.225</td>
<td>-.356</td>
<td>-.206</td>
<td>.118</td>
<td>-.236</td>
<td>-.033</td>
</tr>
<tr>
<td>providing customer service</td>
<td>Sig. (2-tailed)</td>
<td>.687</td>
<td>.000</td>
<td>.228</td>
<td>.000</td>
<td>.000</td>
<td>.025</td>
<td>.000</td>
<td>.539</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>358</td>
<td>358</td>
<td>358</td>
<td>358</td>
<td>358</td>
<td>358</td>
<td>358</td>
<td>358</td>
<td>358</td>
<td>358</td>
</tr>
<tr>
<td>Has brought a</td>
<td>Pearson Correlation</td>
<td>Sig. (2-tailed)</td>
<td>N</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>----------------</td>
<td>---------------------</td>
<td>-----------------</td>
<td>----</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>lot frauds in banking services</td>
<td>.321</td>
<td>.000</td>
<td>358</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Time saving since customers no bank visits</td>
<td>Pearson Correlation</td>
<td>.461</td>
<td>.000</td>
<td>358</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Saved customers from lots of paper work</td>
<td>Pearson Correlation</td>
<td>.449</td>
<td>.000</td>
<td>358</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Timeless banking accessible anytime anywhere</td>
<td>Pearson Correlation</td>
<td>.697</td>
<td>.000</td>
<td>358</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Complicates issues for non techno-savvy customers</td>
<td>Pearson Correlation</td>
<td>.279</td>
<td>.000</td>
<td>358</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Correlation is significant at the 0.01 level (2-tailed).
Correlation is significant at the 0.05 level (2-tailed).
APPENDIX II: RESEARCH QUESTIONNAIRE

Section A: Bio data

Please provide your answer with a tick (□) in the appropriate box

1. Gender: Male □ Female □

2. Age: □ 18-30 years □ 31-40 years □ 41-50 years □ Above 50 years

3. Marital status
   □ Married
   □ Single

4. Please indicate the highest academic qualification obtained: (Select only one option)
   □ Certificate
   □ Diploma
   □ Degree
   □ Masters Degree
   □ Doctorate Degree
   □ Other (Specify) ………………………

5. Are you holding an account with KCB and if so for how long have you been a customer with KCB? (Give answer in months or years)
   ……………………………

6. Which of the following services do you enjoy with the Bank? Please tick appropriately.
   i) ATM deposit and withdrawal services □
   ii) Over the counter deposit and withdrawal services □
   iii) Swift transfer services □
   iv) Interbank transactions □
v) Account to account transfer services

7. Do you own/use a mobile phone?
   - Yes
   - No

8. Are you connected to the KCB Mobile banking service?
   - Yes
   - No

9. For how long have you used the KCB Mobile banking service?
   - Less than two years
   - More than two years

Section B: Extent of Mobile banking adoption

Kindly indicate how often you use the following transactions with the KCB mobile banking service.

Use the scale: 1= Not at all 2= small extent 3= moderate extent 4= large extent 5= very large extent

<table>
<thead>
<tr>
<th>No.</th>
<th>Extent of Adoption of Mobile banking</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Balance enquiry</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Funds transfer from one account to another within KCB</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Funds transfer from KCB to another bank account</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Funds transfer from KCB account to M-PESA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Ordering cheque book</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Bank statement request</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Payment of bills direct from bank account</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Section C: Effect of Mobile banking on customer service delivery

Kindly indicate the extent to which you agree with the following statements concerning the effect of mobile banking on customer service delivery.

Use the scale: 1= Strongly Disagree 2= Disagree 3= Not certain 4=Agree 5= Strongly Agree

<table>
<thead>
<tr>
<th>No.</th>
<th>Effect of mobile banking on customer service delivery</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Reduction of time to access banking services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Reduction of queues</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Efficiency in service delivery</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Reduction in cost of accessing services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Convenient way of providing customer service</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Has brought a lot frauds in banking services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Time saving since customers no longer need to visit banks frequently</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Saved customers from lots of paper work</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Timeless banking that is accessible all the time from any locality</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Complicates issues for non techno-savvy customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Thank you for your cooperation