

**INFLUENCE OF INFORMATION COMMUNICATION AND TECHNOLOGY
ON CUSTOMER RETENTION IN FINANCIAL INSTITUTIONS: A CASE OF
THE KENYA COMMERCIAL BANK IN NAIROBI COUNTY**

BY

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**A Research Project Report Submitted in Partial Fulfillment of the Requirements
for the Award of a Degree of Master of Arts Project in Planning and Management
of the University of Nairobi**

2015

DECLARATION

This project report is my original work and has not been presented for the award of a degree in this University or any other institution of higher learning.

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L50/82911/2012

This project report has been submitted for examination with my approval as the University supervisor.

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DEDICATION

This study is dedicated to my mother Mirriam Kiplagat who keeps reminding me that I have the potential to do much more than I can imagine. Thank you for your understanding, your love and immeasurable support, I will forever treasure this.

ACKNOWLEDGEMENT

I would like to express my deep and sincere gratitude to my supervisor Mr. Kennedy Kibukho His wide knowledge and his logical way of thinking have been of great value for me. His understanding, encouraging and personal guidance have provided a good basis for development of this proposal.

To the management and staff of University of Nairobi, I give my gratitude for the support accorded to me while studying at the institution. To all my lecturers, I appreciate the knowledge freely shared and the delivery of their lectures. I particularly wish to appreciate Prof.Christopher Gakuu whose lectures constituted a strong foundation in my appreciation of the proposal. I cannot also forget to thank my office colleagues for their support and understanding during the difficult times of balancing between official work and school work; to them all, I say thank you.

And last but not least, to my friends, thank you for your support and encouragement. I particularly wish to single out my friend and sister Anne Jerono Nguru who encouraged me to take this study.

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ABSTRACT

Information and communication technology (ICT) is regarded as a great invention owing to its ability of automating a large percentage of the work done by human beings. Unfortunately when products and services are designed they do not work ideally as intended leading to quality issues which curtail satisfaction by end users as well as recipients of products and services provided through ICT platforms. The main objective of this study was to investigate the influence of Information and communication technology (ICT) on customer retention in financial institutions using the case of Kenyan commercial bank. The specific objectives were to explore the influence of card system on the customer retention in Kenya Commercial Bank, to investigate the influence of mobile banking on customer retention in Kenya Commercial Bank, to determine the influence of agency banking on customer retention in the Kenya Commercial Bank and to examine the influence of internet banking on customer retention in Kenya Commercial Bank. The research took the form of a descriptive research design. The population of interest was staff and customers of Kenya Commercial Bank. The study used stratified and simple random probability sample procedures. The target population consisted of 4160 mobile banking customers of KCB, 1920 who used agency banking, 960 who used internet banking and 2560 and those using utilizing the card system. A correlation relation was used in the study. The research used both qualitative and quantitative research approaches with questionnaire as a data collection tools. The study found out that ICT has a positive effect on customer retention of the four factors tested, whereby internet banking, mobile banking, agency banking and card system all have a significant effect on customer retention. It is therefore imperative for bank management to put strategies so as increase ATM machines in every part of the country to satisfy their customers, put in place wireless and cost effective mobile banking, review procedures and policies on agency banking such as financial inclusion so as to reach certain cliché of the population and ensure that internet banking by e-mail or service lineshould be worked on promptly to retain customers. Since the results of this study are majorly based on consumers' perceptions only, future research should investigate Influence of Information Communication and Technology on Customer Retention in other banks in Kenya to establish more on the factors influencing customer retention in other banks. This will help the industry to better understand whether both consumers and banks have the same perceptions regarding issues relevant to customer retention.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Global development of Information and communication technology (ICT) has changed the way of undertaking transactions. Moghly (2007) argues that with the rapid development of information and communication technology in the world and the profound impact of electronic devices, to facilitate and accelerate tasks, and save time and money every day increases the importance of these devices and their applications.

Globally, Information and communication technology (ICT) is a leading technological invention that has revolutionized the manner in which processes are executed in financial institutions. Products and services are designed ideally to work in a given predetermined manner (Kimani, 2014). However this is not always the case since there are issues which curtail their effectiveness and efficiency and hence satisfaction by end users as well as recipients of services provided through ICT platforms. This research seeks to study the effects of ICT products and services on the perceived performance and satisfaction by its customers hence leading to customer retention. The independent variables for this study will be the various ICT products and services adopted by the banks precisely the card system, mobile and agency banking and internet banking while the dependent variables are customer retention strategies.

The use of ICT in financial institutions in Africa has been on the rise and thus enhancement of these technological platforms is of great significance in meeting satisfaction of the end users. This technological innovation has also brought in a level playing field for businesses by eliminating geographical, regulatory, and industrial barriers (Zafar, Zaheer, Saleem-ur-Rahman & Kashif ur Rehman, 2011). As a result of this immense importance it has been incorporated as part of policy in most financial institutions in the world. ICT policies are the choice of financial products and services with an objective of increasing effectiveness and efficiency of service provision. Financial services involve an array of transactions that are made for various purposes.

Financial institutions act as an avenue for making payment of services rendered by another person or the bank itself. The various platforms which are used by financial institutions to make transactions include card systems, mobile banking, internet banking and Agency banking. ICT has reformed the manner in which transactions are made in significant ways. These ICT products and services are instruments used by financial institutions in providing services to the public (Bada, 2012).

In Kenya, ICT has assumed a central position in the development agenda of most financial institutions due to their critical role such as reduction of costs, broadening of market reach and creation of overall country competitiveness. According to Hofacker et al. (2007), ICT affects financial institutions by easing enquiry, saving time, and improving service delivery. In recent decades, investment in ICT by Kenyan banks has served to streamline operations, improve competitiveness and increase the variety and quality of services provided. The implementation of information technology and communication networking has brought revolution in the functioning of banks in Kenya. Giannakoudi (1999) argues that Information technology enables electronic channels to perform many banking functions that would traditionally be carried out over the counter. Rose and Hudgins (2005) further states that paper cheques are gradually being supplemented with electronic images, permitting greater storage capacity, reducing costs and improving customer services. The evolution of electronic banking, such as internet banking from electronic commerce, has altered the nature of personal customer banking relationships and has many advantages over traditional banking delivery channels.

Prior to 1983, quality was defined on the basis of quality control as per some set standards. Juran (1951) defined quality as a suitable use while Crosby (1967) defined it as consistency with the needs and as a result quality standards and standards of operations. It was later realized that, there is a conflicting definition in service industry and manufacturing industry. Zeithaml, Berry and Parasuraman (1994) expanded consumer's assessment of service quality by introducing interior and exterior features of service as a measure of quality. Such steps are exposed to an internal united comparison and proceeding to arrive at a higher level of service quality in accordance with customer's perception. In the recent past, research has shown that various customer-

centered improvement strategies on the basis of specific service features bringing into light action plans for various service requirements that demand managerial intervention. The outcomes of the studies have facilitated competitive positioning of services that are directly related to organizational success (Papulova, 2006).

Financial institutions are tasked with the responsibility of providing financial services to its customers in an efficient way. There are many private financial institutions in Kenya and thus there is high competition among financial institution. This creates the desire by this institution to improve their service provision to meet its corporate objectives and remain with existing business processes to cope with ever increasing customer demands. There has been dramatic growth in the financial institutions in Kenya over the last decade (Ndi, 2010). One of the contributors to this phenomenal growth is information technology which is increasingly being embraced to reform business operations. This continues to cause enormous service innovations in service delivery in the financial sector in Kenya.

This study endeavored to examine customer satisfaction levels based on customer's assessment of ICT services and products and hence customer retention. In the perspective of customers, service quality influences customer satisfaction which can act as a pointer to ICT investment requirements in the financial institutions. In addition, it provides a basis for financial institutions to re-align their ICT policies and strategies to the customer needs in order to effectively deliver services to its customers hence enhance its customer satisfaction level (Joanna, O'Riordan & Peter, 2011).

However, it is important to note that improved ICT services and products do not necessarily translate into effective service provision on the technological platform, though there are a number of issues which need to be studied and streamlined in order to realize customer satisfaction. This research focused on both interior and exterior operations of ICT services and the ways in which they contribute to customer satisfaction.

The origin of Kenya Commercial Bank (KCB) is dated back in 1896 when National bank of India extended its operations to Nairobi from Zanzibar (KCB,2013). The bank the

merged with Grindlays bank in 1958 which was later bought by Kenyan government in 1970 to give birth to KCB. Kenya Commercial Bank is the leading financial institutions in the great lakes region with over 222 branches in Kenya, Uganda, Burundi, Rwanda, South Sudan and Tanzania (KCB, 2013). The bank has estimated shareholding of over Kshs. 60 billion and an estimated valuation of over Kshs. 400 billion (KCB, 2013). As such this is one of the widely known banking institutions that offer most commonly required financial services to the entire population. The bank does not discriminate between small clients and large corporate clients because they are all accorded equal importance. This makes KCB a special bank that attempts to use technology to reach its different customers and meet their needs. These make KCB a representative of most of the financial institutions in the region consequently the choice of KCB for this study.

The variables of this study are ICT financial services as the independent variable includes cards systems, mobile banking, internet banking and agency banking. These features have a direct impact on the perceptions of the customers of any financial institution. The dependent variable for the study is customer retention, which is the ability to attract and retain new customers. This includes customer satisfaction and convenience of the services being offered to them. The study attempts to explore how adoption of ICT services in the banking industry influence customer satisfaction.

1.2 Statement of the Problem

The laying of four submarine cables at the Kenyan Coastal town of Mombasa has facilitated 5.7 Terabits per second capacity of connection leading to faster and cheaper internet connection to the region. According to Standard Newspaper Monday (2013), all major towns have fiber connectivity therefore connecting major financial institutions using fiber. Furthermore, the mobile penetration in Kenya is very high with an estimated 30.4 million mobile subscribers. This implies that many people are connected either through internet or mobile telephones (Standard Newspaper Monday, 2013). There is also an increase in the number of smart phones and internet enabled mobile devices. This implies that over 50% of the Kenyans have access to internet and over 85% have access to mobile phones (CAK Annual report, 2013). Moreover, the promulgation of the new constitution in 2010 has led to introduction of 47 counties which has improved ICT

infrastructure hence increasing penetration of ICT services across the country. This has increased the use of ICT platforms in providing financial services to the people.

The occasional adverse publicity complaints in the public media and financial institutions have continued to experience service delivery challenges in its day-to-day business operations. This is attributed to the shortcomings of products and services. Different studies have been conducted on the revolution of the use of technology in the financial sector, but no study has been undertaken to identify the level of customer retention with respect to quality aspects of ICT products and services. But as the use of information technology is increasingly being embraced it is important to carry out a study to gain insight about the level of customer retention with respect to ICT products and services in the financial institutions in order to identify problem areas and proposed recommendation leading to improvement and to bench mark with that of other developed nations hence this study. The quality of ICT services will not only lead to increased efficiency in service provision but also lead to compliance to the set timelines and standards of service provision by financial regulators (Josphine, 2013).

The main focus of this research is to examine the impacts of ICT technology on the performance of financial institutions in Kenya and consequently explore quality issues which have a bearing on the level of satisfaction of the consumers of those services. The consumers of the services include; the bank's customers and the internal users of the system who use ICT platforms to provide services to the customers.

1.3 Purpose of the Study

The purpose of the study is to establish the influence of Information Communication and Technology on customer retention in financial institutions. This was skewed to Kenya Commercial Bank in Nairobi County, Kenya.

1.4 Research Objectives

The main objectives of the study are stated as follows:

- i. To explore the influence of card system on the customer retention in Kenya Commercial Bank in Nairobi County.

- ii. To investigate the influence of mobile banking on customer retention in Kenya Commercial Bank in Nairobi County.
- iii. To determine the influence of agency banking on customer retention in the Kenya Commercial Bank in Nairobi County.
- iv. To examine the influence of internet banking on customer retention in Kenya Commercial Bank in Nairobi County.

1.5 Research Questions

- i. What is the influence of card system on customer retention in Kenya Commercial Bank in Nairobi County?
- ii. What is the impact of mobile banking on customer retention in Kenya Commercial Bank in Nairobi County?
- iii. To what extent does agency banking influence customer retention in Kenya Commercial Bank in Nairobi County?
- iv. What are the impacts of internet banking on customer retention in Kenya Commercial Bank in Nairobi County?

1.6 Significance of the Study

The findings of this study inform the much needed analysis of the current state of information technology in the Kenyan Financial institutions. As the use of information technology is increasing by the day in the commercial banks, it is important to understand what the consumers of technological services and products think about the various features of ICT services what their pain areas are, what recommendations they make and how they compare these services with those of other financial institutions in developed nations (Ofunya, 2015).

Financial institution's management through this research develop an appropriate strategy for the institution while ICT Departments can formulate a suitable ICT policies and strategies to address identified pain areas and thus improve service delivery to their customers (Gichoya, 2005). The findings of the study are therefore useful not only to the banks in order to identify positive and negative aspects of their products and customer recommendations thereof so as to improve service delivery to its customers and to

achieve further growth to the Government at large it is to enhance services to the citizens in support of the national e-government strategy; to other financial institutions in the region and beyond who gain from Kenya's financial institutions success stories following this study and to institutions of higher learning so as to form basis for further research thus aligning them to the demands of the market. The assumption was that the sample selected on the basis of convenience was representative of the whole population.

1.7 Delimitations of the Study

The study took place in Nairobi and investigated the influence of Information and Communication Technology on customer retention in Kenya commercial Bank because the city large number of Commercial Banks that have engaged in offering services through ICT systems. In addition, the city is cosmopolitan and hence the researcher was able to get different views from a wide variety of banks. Nairobi County was therefore an ideal site as it had the heaviest concentration of banks in the country and information gathering was easy.

1.8 Limitations of the Study

The primary limitation of this research study was the decision to investigate the impact of ICT products and service in banking industry more so KCB and not the effect ICT products and services in financial industry. The study was limited to financial institutions in Kenya particularly commercial banks. The study covered the ICT products and services and their impacts on customer retention as well as performance implications on service delivery.

The other limitation of the study was high chances of wrong inferences due to the fact that variations of dependent variables were as a result of other factors other than the ones tested. Moreover, it was not possible to study all the variables that led to customer retention in a single study and consequently adoption of ICT services was believed to be one of the factors that affect customer perceptions. There was also the possibility of close correlation between the various sub variables that made up the independent variables leading to auto correlation errors, consequently leading to erroneous inferences.

1.9 Basic Assumptions of the Study

This study made a number of assumptions which include: All the employees and clients of KCB had the knowledge of ICT products and services which were provided by the bank. The respondents were literate and had emails, hence were able to understand and respond to the online questionnaire. The study covered all the aspects of ICT products and services which were adopted by the bank and KCB had adopted all the ICT products and services that were typical of the Kenyan financial institutions.

1.10 Definitions of Terms

Internet Banking	This refers to the system that allows you to put in or take out money from a bank account by using the internet
Mobile Banking	This refers to provision of banking and financial services through the help of mobile telecommunication devices
Agency Banking	This refers to a retail or postal outlet contracted by a financial institution or a mobile network operator to process clients' transactions.
Card System	Refers to the usage of electronic cards such as ATM's Visa, Master and Smart cards to transact business and make non cash monetary payments.
Customer Retention	Refers to measure of relationship continuation and cross-buying considered as customer relationship development.
Information and Communication Technology	Refers to the study or business of developing and using technology to process information and aid communications.
Financial Institutions	refers to establishments such as banks, trust companies, insurance companies and investment dealers that focus on dealing with financial transactions, such as investments, loans and deposits.

1.11 Organization of the Study

The study is organized into five chapters. Chapter one discusses background of the study, statement of the problem, research objective, research questions, significance of the study, delimitations and limitations, basic assumptions and definition of terms. Chapter two entails review of the literature available on adoption of ICT products and services and its effects on customer satisfaction and service delivery. The chapter also covers independent and dependent variables, theoretical review and conceptual framework. Chapter three covers the methodology of this report. It also discusses the research design, target population, sampling procedures, sample size, research instruments, validity and reliability of the instruments and data collection and analysis procedure, ethical considerations and operational definition of variables. Chapter four presents data analysis, presentation and interpretation. Chapter five gives a description of discussions, conclusions and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter explores the various studies which have been done in this research area. The review takes into consideration the variables under study. The following is covered in the chapter; concept of customer retention in Kenya Commercial Banks, card system on customer retention, mobile banking on customer retention, agency banking on customer retention and internet banking on customer retention. It also covers theories that guided this research study which include Innovation diffusion theory and Theory of Information Production and Contemporary Banking Theory. The last part is the conceptual framework and is concluded by summary of literature review.

2.2 Customer Retention in Kenya Commercial Banks

Liu and Wu (2007) define customer retention as a measure of relationship continuation and cross-buying considered as customer relationship development. Timothy, Bruce, Larzan and Jao (2007) argue that customer retention refers to customer's stated continuation of a business relationship with the firm. Understanding the process and the relationship cycle of each customer is critical to increasing the retention rate and maximizing lifetime value to the bank. According to Clapp (2007), this value translates into the revenue potential customers represent if banks are able to maintain their relationship through the customer lifetime.

Globally, customer retention is potentially an effective tool that banks use to gain a strategic advantage and survive in today's ever-increasing banking competitive environment. Most banks' ability to attract and retain new customers is not only related to its product or services but strongly related to the way it services its existing customers and the reputation it creates within and across the marketplace. In New Zealand, there has been a revaluation of customer retention strategies in order to limit defection through enhancement of professionalism (Motshedisi & Geoffrey, 2012). Younger customers in most commercial banks in New Zealand have a higher tendency of switching banks in

search of greater convenience. In the case of the USA the customer retention strategies that were adopted by banks have led to new technological innovations, including the provision of online banking services. Customer retention has tended to focus on the evaluation of customer- management relationships as the major strategy for retaining customers (Motshedisi & Geoffrey, 2012). Customer retention is more than giving the customer what they expect; it's about exceeding their expectations so that they become loyal advocates for your brand. Creating customer loyalty puts customer value rather than maximizing profits and shareholder value at the center of business strategy. The key differentiation in a competitive environment is often the delivery of a consistently high standard of customer service.

In Africa, there has been an increase in number of commercial banks from a monopoly NBC to many local and foreign banks with subsequent competitive pressures, which bring about the importance of customer retention to the banks. After the financial reforms of banking sector in Tanzania in 1991 and globalization, there has been an increase in public awareness of different financial products and services available at different banks, which, in turn, made customers to be highly sensitive to the quality of services offered (Lwiza & Nwankwo, 2002). Customers have been moving around demanding banks' audited reports, brochures and even change within branches of the same bank seeking for the best services and also from one bank to another bank because of bank failures and problems. The situation has forced the banks to be highly sensitive to the needs of their customers and make an effort to retain them (Lwiza and Nwankwo, 2002).

Furthermore, customer retention plays a key role in a successful business strategy of most Kenya banking industry. According to Aosa (1999), the concept of customer care is concern with customer retention putting the customer first, anticipating needs and problems, tailoring the product and services to meet needs and being nice to customers it also includes service to the customer, delivery operation, employee relationship with customer and internal relationship between employee and management (Barrack et al., 2013). Most banks such as Barclays bank, equity bank, National bank and co-operative bank are increasingly interested in retaining existing customers while targeting non-

customers; measuring customer satisfaction provides an indication of how successful the organization is at providing products and/or services to the marketplace.

Kenya Commercial Bank has been using customer retention to gain more customers. Kenya Commercial Bank's focus on customer retention has led to many advantages for its clients, for example recognition, personalization, power, risk reduction, status and affiliation. As a bank is more knowledgeable about retained clients, Kenya Commercial Bank has personalized its services for its retained clients. Retained clients may feel they have power in demanding special products and services, through relationships with a particular firm. Furthermore, retained clients often provide word-of-mouth recommendations to potential clients of a firm as they convey their satisfaction with the firm's services. This may also result in the firm being able to charge premium prices for its services. In effect, this shows that customer retention may lead to additional revenues for a firm (Karakostas *et al.* 2004).

2.3 Card System on Customer Retention

Card system is the usage of electronic cards to such as ATM's Visa, Master and Smart cards to transact business and make non cash monetary payments. Automatic teller machine (ATM's) is a term which is related to smartcards or debit cards. These are avenues which act as dispensers for cash and consequently aid in the move towards mobile financial services, branchless banking and other ICT platforms for providing financial services. It is the currently most used in Kenya and unique electronic type of payment. The power of cards lies in their sophistication and acceptability, to store and manipulate data, and handles multiple applications on one card securely (Amedu, 2005). Uptake of bank cards has gone high, fuelling the excitement over branchless banking. Cash withdrawals make up 70 percent of the cash transactions at ATMs at one bank in Kenya.

Globally, banks offering an ATM service achieved an advantage over their competitors (O'Hanlon *et al.*, 1993). In order to excite customers, most banks in the world have equipped cities with ATM machines with low transaction costs. Other financial institutions place their ATM machines in safe places to reduce cases of customer

hijacking. According to Davies *et al.* (1996), costs involved in the use of ATM's are low and enhances high efficiency in functionality. Joseph & Stone (2003) identified user-friendly, convenient locations, secure positions, and the numbers of ATM provided by the banks as essential factors of ATM service quality. Mobarek (2007) established speed of operation and waiting time as the important predictors of ATM service quality. The introduction and widespread use of ATM's has led to customer retention since it enables the conveyance of financial services to many parts of the country and thus providing cash exchange points. Uptake of bank cards has also gone high, fueling the excitement over branchless banking.

2.4 Mobile Banking on Customer Retention

Mobile banking (m-banking) refers to provision of banking and financial services through the help of mobile telecommunication devices. The scope of offered services may include facilities to conduct bank and stock market transactions, administer accounts and to access customized information. Mobile banking is an effective method on customer retention in that it reduces the transaction costs of payments in most regulatory regimes. The method also saves time since banking process and procedure in the Kenyan banking institutions is very tedious especially with the increasing number of bankers in the industry. The customers are required to follow a pre-determined process to get the services offered by the bank. InfoDEV (2006) states that services such as depositing, withdrawals, checking statements, balance inquiry as well as transfers within and outside the country requires verification, authentication and finally transaction.

Globally, financial sector firms are contending to increase their profit share in the market whereby most banks have radically shifted from traditional banking to branchless mode of banking. Mobile banking is the latest innovation in electronic banking, which has widened customers' access to bank accounts through wireless channels. According to Amin, Baba and Muhammad (2007), mobile banking is a financial service where the bank customers perform balance inquiry, credit transfer, and other businesses according to instruction sent through the mobile phone. From customers' perspective adopting mobile banking services benefit in terms of convenience to perform banking transactions anytime and anywhere, with ease to use. Security is ensured, as banking transactions are

encrypted and password-protected (Dahlberg & Mallat, 2002). More than 40% of banking happens on mobile phones and tablets, and customers increasingly want to do most task themselves (Mobile Path to Purchase, 2013). Hence, banks must increase self-service capabilities with virtual assistance to retain customers. Countries such as UK, USA, and Sweden also have experienced a reasonable growth (Cellular-News, 2011).

In Africa, most customers find it hard to use mobile banking due to illiteracy, security and cost. To tackle the challenge, major financial institutions such as Standard Bank Group, Standard Bank of South Africa and ABSA group have introduced mobile banking program which are easy to use, faster and more secure. According to Dahlberg & Mallat (2002), ease of use, security, low transaction costs, and wide applicability of the solutions increase perceived customer value and thus customer retention. This has increased the number of customers who value use of mobile banking in the banks. New m-banking users in countries like China, Brazil, and Kenya has increased dramatically. For instance, percentage of Chinese consumers using m-banking increased from 10% in 2010 to 25% in 2011, and increased from 6% to 18% in Kenya (TNS mobile life survey, 2008). This growth, however, is not limited to those developing nations as customers adopt a technology when they find it easy to understand and implement.

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). In Kenya, cellular operators are providing banking services in the country with M-PESA, MKESHO and ZAP by Safaricom, Equity bank and Airtel respectively. Equity bank in Kenya has introduced M-Kesho, a form of mobile banking strategy which is a bank account introduced by both Equity and Safaricom where customers can earn interest from as little as Ksh. 1 (Wordpress, 2009).

2.5 Agency Banking on Customer Retention

In support of vision 2030 Kenya's financial sector is expected to explore and implement innovative growth. In this regard the finance Act 2009 was amended to allow banks use third party entities to offer services on their behalf. Agent refers to any third party acting on behalf of a bank in pursuant to an agency agreement. Agency banking is continuously

improving and as it grows the level of financial inclusion is also growing proportionately. The increasing area covered by agents within the country has had the effects of increasing the reach of the financial services to the people thus raising the levels of financial inclusion because a certain cliché of the population would not visit the bank branches for various reasons included in the study. Agency banking as a means of enhancing financial inclusion should be highly supported and encouraged by all players- the banks, government, and licensing bodies especially local authorities; so as to reduce the high compliance costs in bureaucracy in registration.

The customer movement from traditional branch banking to Agency Banking has meant that new strategies to attract customers and retain existing ones became more critical (Karjaluo, 2002). Moreover, it was found that a five percent increase in customer loyalty produces an eighty-five percent increase in profitability in the Banking Industry. Viewing in this light, it is assumed that managing effective customer retention strategies can be regarded as a vitally important issue in the Banking Industry since the length in years of customer relationships is one of the most important factors that contribute to the bank's profitability (Reichheld, 1996). The bank as a service organization identifies the customer expectations and tries their best to fulfill their needs. In the Banking Industry basically there are two types of customers, retail customers and corporate customers.

According to Ben-Amor (2002), people act in such a way that the impressions generated by events confirm their emotions and react to expected and real service. Individuals are assumed by act to behave in such a way that they create events that confirm the emotions about themselves and others in the current situation. For instance, customers, who have not been offered a satisfactory service, may quit the company in order to gain better service in the competitive environment. As long as the self-identity of the customer is not affected by the service provider, customers stay loyal to them. ACT first stipulates that emotions guide behaviours, in the context of service failure. For instance, if customers have to face an unsatisfactory service, they may express emotions, such as frustration, which would change their future behaviour. Most of the dissatisfied customers feel and even express emotion that eventually lead them to quit the existing service provider. This will lead to introduction of Switching Cost.

2.6 Internet Banking on Customer Retention

Daniel (1999) defines Internet Banking as the usage of Internet and telecommunication networks to deliver banking services to customers. Through internet banking, customers can inquire information and carry out most banking services such as account balance inquiry, inter-account transfers, and bill-payment via the Internet (Wright & Ralston, 2002). From the banks' perspective, Internet Banking has very low cost transactions, compared to human teller banking since it reduces the following expenses; banks can reduce customer service staff as customers use more self-service functions; there is less cheque processing costs due to an increase in electronic payments.; costs of paper and mail distribution are reduced as bank statements and disclosures are presented online; there is less data entry as applications are completed and processed online by customers (Lee, 1999).

Major commercial banks' development and implementation of Internet banking strategy in today's world of e-commerce is taken as a top managerial priority for local and national banks, as well as for other financial institutions. One prediction is that a retail bank's competitive advantage rests upon its ability to be the first to master the Internet-based distribution and communication channels (Ghorab, 1997). Saudi Arabian banks have set up a webpage simply for the purposes of brand awareness and to promote its products and services (Jasimuddin, 2000). The efficiency and convenience of transactions through the Internet is likely to significantly alter customer behaviour and future business practices (Wolfenbarger & Gilly, 2003; Rush, 2004). Internet banking will lead customer retention in commercial banks that make use of the innovation since the process will enable customers to perform all routine transactions, such as account transfers, balance inquiries, bill payments, and stop-payment requests, and some even offer online loan applications.

In regard to privacy and security, encryption technology is the most common feature at all bank sites to secure information privacy, supplemented by a combination of different unique identifiers, for instance, a password, mother's maiden name, a memorable date, or a few minutes of inactivity automatically logs users off the account. Besides, the Secure Socket Layer, a widely-used protocol use for online credit card payment, is designed to

provide a private and reliable channel between two communicating entities; the use of Java Applet that runs within the user's browser; the use of a Personal Identification Number, as well as an integrated digital signature and digital certificate associated with a smart card system (Asli, 2011). Thus, a combination of smart card and biometric recognition using fingerprints offers a more secure and easier access control for computers than the password method.

Furthermore, Africa commercial banks consider retaining customers a priority. The banks recognize internet banking as an access to new devices and thus it is often ignored in most occasions. The emergence of internet banking gave an alternative for substitute for currency. Internet banking is believed to provide an alternative means of payment which may bypass the regulations of the land and consequently lead to direct bilateral clearing and settlement. As such, financial banks have made internet banking more secure by improving privacy and security, assurance and reliability.

Internet banking allows individuals to access financial services from the comfort of their offices or homes as long as they can access internet through their computers and /or mobile devices. This ICT platform has led to increased access to financial services by the members of the public. The impact ICT products and services provided by financial institutions in Kenya.

2.7 Theoretical Review

There are a number of theories which have been developed that are applicable in this study area. This research study was guided by two theories; Innovation diffusion theory and Theory of Information Production and Contemporary Banking Theory.

2.7.1 Innovation Diffusion Theory

According to Mahajan and Peterson (1985) innovation is defined as any object, idea, or practice that the members of the social system term it as new. Further, diffusion of innovation is defined as the manner in which the innovation is passed across all the members of the social system. In this study, the spread and use of information technology in banking industry has spread rapidly across the globe. However, Sevcik (2004) argued

that even if an innovation may be good, it will take a long time for it to be adopted. He further argues that, this resistance to change might be a hindrance to the innovation theory.

However, it will not stop innovation from happening but slow down the spread of the innovation. There are five fundamental aspects that impact the diffusion of innovation theory. These factors include; triability, relative advantage, complexity, compatibility and observability (Rogers, 1995). These factors influence the rate with which a new idea is adopted particularly in the banking industry. For instance if financial institutions observe the benefits of adopting information technology then they will adopt these innovations as long as all the tools for adoption of innovation are available. Moreover, adoption of such innovations will be faster in organizations that have adequate resources in terms of funding, enabling environment as well as skilled man power to implement and maintain the new technological platforms.

2.7.2 Theory of Information Production and Contemporary Banking Theory

According to Diamond (1984), it is worthwhile to economic agents to ascertain or derive information on investment opportunities particularly in cases where such information is not found freely. This is because the search for such information is likely to incur other costs as compared to if the institution were to invest directly. The theory suggests that there would be duplicity of information in the sense that absence of banks would lead to surplus unit cost in seeking for information on investments before commitment of funds to a certain borrower. Banks enjoy economies of scale and at the same time they possess information about the deficits in the market (Okiro, 2013). The banks may obtain information from the borrowers on the first meeting but they can go an extra mile of learning them over time. The development of this information leads to a credit rating, consequently developing expertise in processing information. This puts them at an advantaged position and the depositors do not have to invest time in understanding the borrowers.

2.8 Conceptual Framework

From the reviewed literature above, the conceptual framework in figure 1 below was developed to guide the study. Research gaps have also been highlighted. In understanding the ICT innovations in banking service quality dimensions for which customer satisfaction may be evaluated, the model of internet banking service quality identified by Ho and Lin (2010) would be adopted. This model would be adopted for three reasons. First, it was based on extensive literature review of Li and Suomi, (2009) and Ho and Lin, (2010), second, it was based on research in an emerging economy context which is similar to the emerging economy of Kenya. And third, the dimensions in the model are validated empirically as applicable to internet banking context and not just general e-service quality context.

The main focus of this study is to measure factors influencing information communication and technology on customer retention in the Banking sector. The dependent variable in the study is customer retention; on the other hand the independent variables in the study include card system, mobile banking, agency banking and internet banking. The card system as an independent variable, the factors considered in the study include visa, credit card, debit card and ATM

The factors considered for Mobile Banking include; withdrawals, deposits, credit. The factors considered for internet banking include efficiency, integrity, cost of transaction and transparency

Agency banking is continuously improving and growing and as it grows, the level of financial inclusion is also growing proportionately. Availability, effectiveness were the indicators of agency banking. The increasing area covered by agents within the country has had the effects of increasing the reach of the financial services to the people thus raising the levels of financial inclusion because a certain cliché of the population would not visit the bank branches for various reasons included in the study. The intervening variables are policy and the availability of machines.

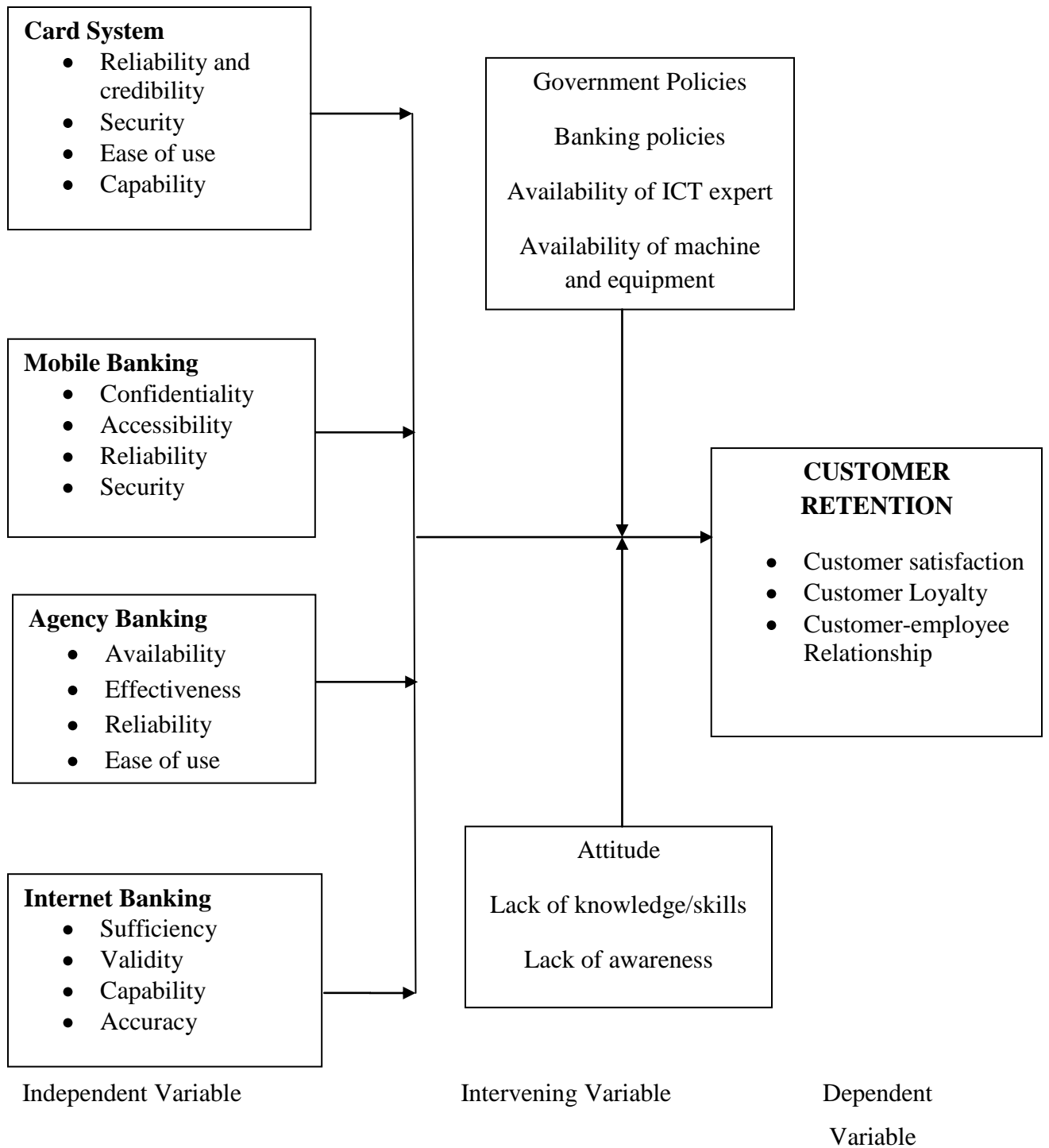


Figure 1: Conceptual Framework

2.9 Research Gap

This research area is still a promising research area as suggested by most of earlier researchers. Zeithaml et al. (2002) suggests that there is need to carry out research which will reflect both before and after service customer satisfaction since there is little that has been done so as to tailor ICT products and services to gather this information.

In United States of America, Tesfom and Birch (2010) did a study on age as a factor that influences customer retention. They also highlighted the importance of retail banks to obtain a comprehensive understanding of how switching barriers affect each customer group, assisting banks to design a relationship marketing strategy. Therefore, it enables retail banks to attract new young and older customers who are ready to switch from other banks. With regard to this research study there is a critical need for retail banks to understand how age affect the retention of customers.

In England, studies by Jones, Mothersbaugh and Beatty (2000) found that firms keeping their existing client bases significantly improve their success rate. This means it is important for firms, including banks, to maintain relationships with their existing clients and make sure these clients do not defect to competitors. They identified specific bank related aspects as variables which can possibly influence banks' customer retention. These variables include, among other, the empowerment of bank employees, the personalization efforts of banks and banking fees. However, they did not investigate bin cards and mobile banking.

A study by Thillainayagam (2013) in Sri Lanka found that information communication technology contributes significantly to customer loyalty. He further found that Operational cost, time & speed, internal system efficiency and communication & decision making in the information communication technology contribute significantly to customer loyalty compared with job and working environment.

Lopez et al. (2007) did a study in South Africa and found that ethnic diversity is a growing occurrence in cut-throat industries such as banking. It affects how these organizations attract and retain their customers (Lopez et al. 2007). This phenomenon is particularly significant in the service industry, where product offerings are perceived by

customers to be homogeneous. Hence, it makes sense to provide products that differentiate itself from the next. The South African retail banks operate in ethnically diverse markets, which is evident in the South African racial make-up. Therefore, banks face a multifaceted challenge of understanding different ethnic customer perceptions.

Kuteli (2011) did a study on the effect of information technology on banks customer satisfaction in cooperative bank of Kenya. He identified level of ATM use and adoption-by banks, level of usage of Mobile banking and adoption of Internet banking as the main factors that influence customer satisfaction. However, much of the work and understanding of the knowledge of ICT to date focuses on the Western perspective, and hardly any work has been done in the Kenyan context. Therefore, it is important, to examine the actual influence of ICT on customer retention. Such understanding or finding will help to banking service providers in Kenya commercial Banks to establish the better ICT services such as card system, mobile banking, bin cards and internet banking for escalating their business activities and also creating the customers retention.

2.10 Summary of Literature Review

To date, there has been little research exploring factors that the influence Information and Communication Technology on the customer retention in financial institutions in developing countries, especially in East African countries. The existing studies reviewed in this research provide a useful starting point for assessing factors that influence adoption and satisfaction of ICT systems on customer retention. The main variables, card system, mobile banking bin cards and internet banking have shown to be highly related to adoption of ICT systems in many countries and have formed the basis for several researches conducted with regard to customer retention.

The service provider, in this case, Kenya Commercial Bank providing the services has to ensure that the ICT can handle customers efficiently, effectively and securely. This is because banking industries worldwide are very competitive and it is difficult for retail banks to provide unique banking services as required by clients. To overcome this challenge banks which can be classified as service firms can benefit from superior

customer retention because clients focus on the service aspect and interaction with the service provider when evaluating a service firm (Rootman 2006).

The research outlined in this paper therefore aims to address this gap. The specific aim of the research was to gain insight into the factors that influence Information and Communication Technology on customer retention in financial institutions, focusing on Kenya Commercial Banks operating within Nairobi County. It is expected that the findings will help decision makers and particularly KCB gain a better understanding of ICT and customer retention services enabling them to plan and design services more effectively.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The chapter covered the methodology of this study. The chapter discussed research design, target population, sampling procedures, sample size, research instruments, validity and reliability of the instruments and data collection and analysis procedure, ethical considerations and operational definition of variables.

3.2 Research Design

According to Kothari (2012), research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. Research design constitutes decision regarding what, why, where, when and how concerning an inquiry or a research study. The study employed a descriptive survey design to investigate the influence of ICT on Customer retention in the Banking sector. Mugenda and Mugenda (1999) argues that descriptive study tries to discover simultaneously answers to the questions of who, what, when, where and how.

This study approach aids in identification of the most applicable features of the ICT platforms in meeting the ever increasing customer demands and the high levels of competitive advantage. Descriptive survey designs are most appropriate in collecting information from all members of the population and in making comparisons (Mugenda & Mugenda, 1999).

3.3 Target Population

According to Ngechu (2004), a population is a well-defined or set of people, services, elements, and events, group that are being investigated. Mugenda (2003), explain that the target population should have some observable characteristics, to which the researcher intends to generalize the results of the study.

The target population in this study comprised of the staff of Kenya commercial Bank’s employees and their clients where data was gathered using structured questionnaires in order to capture the views of all the involved stakeholders pertaining this crucial subject (Cooper & Schindler, 2003). The target population consisted of 4160 mobile banking customers of KCB, 1920 who used agency banking, 960 who used internet banking and 2560 and those using utilizing the card system. The study also targeted the managers of Kenya Commercial Bank who heads the various departments. There are six departments namely; Customer Care, Human Resource, Information Technology, Finance, Procurement and Marketing. These made a target population of six managers in Kenya Commercial Bank of whom the study interviewed.

This information was acquired from the branch’s customer database of transactions as of September 2014 (KCB Annual Report, 2014).

Table 3.1: Sample Matrix

Category	Population	Sample Size	Percentage
Mobile Banking customers	4160	166	43%
Agency Banking	1920	77	20%
Internet Banking	960	38	10%
Card Systems	2560	102	27%
Total	9600	384	100%

3.4 Sample Size and Sampling Procedure

The target population consisted of 4160 mobile banking customers of KCB 1920 who used agency banking, 960 who use internet banking and 2560 using utilizing the card system. This information was acquired from the branch’s customer database of transactions as of September, 2014. In selecting the respondents, a stratified random sampling method was used to consciously select customers who meet the criteria of

having used ICT enabled banking services for the past twelve months. Each stratum was defined by the banking system embraced by the customers. The sample was obtained by calculating the sample size from the target population by applying Cooper and Schindler method.

$$n = \frac{N}{1 + N(e)^2}$$

A sample of 384 will be selected.

$n = N / (1 + Ne^2)$; Where: n = sample size, N = target population, and e = desired margin error

At 95% level of confidence and $P=5$

$$n = 9,600 / [1 + 9,600(0.05)^2]$$

$$n = 384$$

3.4.1 Sample Size

According to Denscombe (1998), a representative sample of the population was chosen carefully in order to ascertain accurate results. A sample size was appropriately selected from the entire population of the various target groups named above. This was a representative portion of the all population for efficient, unbiased and allows easier administration of questionnaires. This study was based on a sample size of 384 respondents randomly selected as explained above.

3.4.2 Sampling Procedure

This was the mechanisms of singling out a specific portion of the population which is a representative of the whole population where the data was collected from. Probability sampling technique defined as a controlled procedure that assures that each population element is given a known non-zero chance of selection will be used (Cooper & Schindler, 2001). Stratified random sampling, which was sampling procedure in where data are segregated into several mutually exclusive sub-populations or strata from which a simple random sample was taken within each stratum, is the most appropriate for this study. This

technique helped in providing adequate data for analyzing the various sub-populations; to increase the sample's statistical efficiency; and to enable different research methods and procedures to be used in different strata. The various strata was the clients, employees, bank branches and various banks in order to ascertain the role and the impact of ICT in the financial institutions they represent.

3.5 Data Collection Instrument

The main instrument used in this study was a self-administered questionnaire. Online questionnaires and face to face interviews were utilized. This was found to be the most efficient method of data collection under the conditions of the study. The collection of data was achieved through the use of questionnaires was presented to the respondents by the researcher.

Administration of the questionnaires started with the a pilot test which was the process through which the structured questions are sent to a small number of the sample probably five in order to gauge on the accuracy of the information and make adjustments accordingly. The questionnaire was done using online forms which make good use of technology to gather responses from a population. The measures of the constructs in the independent variables in the questionnaire, were based on a six item constructs using a five point response scale where in 1 – Strongly Agree, 2-Agree,3-Do not agree 4 – Disagree, 5-Strongly disagree. It was therefore deduced that the results that were closer to zero indicated positive responses and vice versa.

3.5.1 Pilot Testing of the Instruments

Pilot test is an activity that tests the understanding, clarity, reliability, validity, if there are flaws, limitations, or other weaknesses within the interview design and allows the researcher to make necessary revisions prior to the implementation of the study. The researcher administered a set of structured and unstructured questionnaires through a pilot study to appraise the questionnaire soundness of the items and to estimate time that required to answer the items. The pilot study involved 13 respondents who were not in the sampled population. The results of the pilot study were discussed with the

respondents to make the required adjustments with the aim of testing the instrument reliability and validity.

3.5.2 Validity of Research Instruments

According to Cook and Campbell (1979), validity refers to the appropriateness, meaningfulness and usefulness of any inferences a researcher draws based on data obtained through the use of a research instrument and the extent to which the instrument measures what it purports to measure. It determines whether the research truly measures that which was intended to measure or how truthful the research results are (Wainer & Braun, 1998). The supervisors and peers who had taken courses in statistics and research methods assisted in reviewing the instrument to address its content and face validity. The experts (supervisors) defined the extent of the specific content of the tool and determine how well this extent was sampled by its items in determining its content validity. Face validity involved subjective inspection of the items to judge whether they covered the content that the tool wants to measure. All this was to ensure that the instrument yields valid data that was collected during the study.

3.5.3 Reliability of the Instrument

Reliability relates to the accuracy and precision of a measurement procedure (Blumberg et al., 2005). Reliability estimates the consistency of the research instrument or more simply the degree to which an instrument measures the same way each time it is used in under the same conditions with the same subjects.

The reliability of the instrument was estimated using Cronbach's reliability coefficient. Cronbach's reliability coefficient is a measure of internal consistency, that is, how closely related a set of items are as a group. It was developed by Lee Cronbach in 1951 to provide a measure of the internal consistency of a test or scale; it is expressed as a number between 0 and 1. Internal consistency describes the extent to which all the items in a test measure the same concept or construct and hence it is connected to the inter-relatedness of the items within the test. In this research study, Cronbach's Coefficient Alpha was computed using SPSS to determine how items correlated among themselves. Cronbach's Alpha is a general form of the Kuder-Richardson (K-R) 20 formulas used to assess

internal consistency of an instrument based on split-half reliabilities of data from all possible halves of the instrument. Cronbach's Alpha is interpreted as the mean of all possible split-half coefficients (Cronbach, 1971). The determination of reliability coefficient of internal consistency (KR_{20}) is based on the equation below. In this equation, K is number of items used to measure the concept, S^2 is the variance of all scores and s^2 is the variance of individual items.

$$KR_{20} = \frac{KS^2 - \sum s^2}{S^2 - (K - 1)}$$

Alpha coefficient ranges in value from 0 to 1 and were used to describe the reliability of factors extracted from Likert scale. The higher the score, the more reliable the generated scale is. Nunnally (1978) has indicated 0.7 to be an acceptable reliability coefficient but lower thresholds are sometimes used in the literature. According to Fraenkel and Wallen (2000), reliability of at least 0.7 or higher is recommended for Social Science Research.

3.6 Data Collection Procedures

Primary data was collected using structured questionnaires. Questionnaires were administered through drop and pick method. This provided the respondents with enough time and freedom to provide honest answers. Dates of collecting the filled questionnaires were agreed upon on the points of delivery and follow-up by phone during the process.

3.7 Data Analysis Techniques

Data analysis is a systematic search for meaning. It is a way to process data so that what has been learned can be communicated to others (Leech, Nancy & Onwuegbuzie, 2007). The study used quantitative approach in the analysis. According to Creswell (1994), quantitative research focuses on examining a problem based on testing a theory and analyzing it using statistical techniques. In order to investigate the hypothesized relationships in this study, the researcher employed statistical techniques using correlation and regression analyses. All measurements were at 5% level of significance. The study also made use of descriptive statistics as well such as averages and frequencies using Statistical Package for the Social Sciences (SPSS) version 20.

Correlation analysis was done to establish the relationship between the variables. Correlation measures the extent of interdependence where two variables are linearly related (Namusonge, 2010). If variables are correlated then a change in one variable is accompanied by a proportionate change in another variable. Correlation coefficient (R) is a measure of correlation between two variables. If variables are independent $r = 0$, if dependent then $r = 1$. If the value of R is close to one then it shows a strong correlation between the variables. If the value of R is close to zero then the association is weak (Namusonge, 2010).

Analysis of variance (ANOVA) is a statistical technique specially designed to test whether the means of more than two quantitative populations are equal (Saunders, 2006). This is done via the mechanism of the F test for testing for the significance of the difference between two variances. This study made use of the test because it allows one to analyze two or more groups and thus test for significant difference between means. Compared with using multiple t-tests, ANOVA require fewer measurements to discover significant effects. ANOVA is a powerful tool for determining if there is a statistically significant difference between two or more sets of data (Sekaran, 2003). ANOVA test is also useful in measuring variations within group. However, with the help of the SPSS software results for the above statistical tests were automatically computed and displayed in tabular form.

In the Regression Model, the variables are expressed as follows: Constant term is denoted by α , while β denotes Beta co-efficient, X_1 represents card system contribution, X_2 represents mobile banking, X_3 represents bin cards and X_4 represents internet banking while ϵ denotes the Error term.

Customer retention = f1 (ICT innovativeness)

The general model is taken as; $Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$

3.8 Ethical Considerations

Respondents were first assured of confidentiality before setting the issuance of questionnaires. Permission was also sought from the relevant bodies prior to conducting

this study with letters to this effect. Data shall was obtained through the use of questionnaires which was confidential.

3.9 Operational Definition of the Variables

Operational definition is the measurement of a variable. it is the description of the operation that will be used in measuring a variable.

Table 3.2: Operational Definition of the Variables

Objective	Variables	Indicators	Measurement Scale	Instrument of analysis	Type of analysis	Specific tools of analysis
To establish the influence of card system on the customer retention.	Independent	<ul style="list-style-type: none"> Reliability and credibility 	Nominal	Questionnaires	Simple regression analysis	Means, frequency tables and percentages
	Card system	<ul style="list-style-type: none"> Security Ease of use Capability 	Nominal			
To establish adoption of mobile banking by commercial banks influence	Independent	<ul style="list-style-type: none"> Confidentiality Accessibility Reliability Security 	Nominal	Questionnaires	Simple regression analysis	Frequency tables and percentages
	Mobile banking		Nominal	Questionnaires		
To establish the influence of the introduction of agency banking on customer retention	Independent	<ul style="list-style-type: none"> Availability Effectiveness Reliability Ease of use 	Ordinal	Questionnaires	Simple regression analysis	Frequency tables and percentages
			Nominal	Questionnaires		
			Ordinal	Questionnaires		
			Ordinal	Questionnaires		
To establish the effect of internet banking on customer	Independent	<ul style="list-style-type: none"> Sufficiency Validity Capability Accuracy 	Nominal	Questionnaires	Simple regression analysis	Frequency tables and percentages
			Ordinal	Questionnaires		
Customer Retention	Dependent	<ul style="list-style-type: none"> Customer satisfaction 	Ordinal	Questionnaires	Simple regression analysis	Frequency tables and percentages
		<ul style="list-style-type: none"> Customer Loyalty Customer-employee Relationship 	Ordinal			

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter presents data analysis presentation and interpretation. The main objective of the study was to establish the influence of Information Communication and Technology on Customer retention through a case study of Kenya Commercial Bank.

4.2: Response Rate

A total of 384 questionnaires were distributed and 319 were collected having been filled completely. This made a response rate of 83% which was sufficient for data analysis. According to Mugenda & Mugenda (2003) a response rate of more than 80% is sufficient for a study.

The Table 4.1 below shows the response rate for the study.

Table 4.1: Response Rate

Category	Frequency	Percentage
Responded	265	83%
Did not respond	54	17%
Total	319	100%

4.3: Demographic Information

The respondents of this study were requested to provide information on their gender, age bracket and work experience.

4.3.1: Distribution of Respondents by Gender

The respondents were requested to indicate their gender. The findings on the gender are shown in Table 4.2.

Table 4.2: Distribution of Respondents by Gender

Gender	Frequency	Valid Percent (%)
Males	187	58.7%
Females	132	41.3%
Total	319	100.0%

From the findings, majority of the respondents 187(58.7%) were male while 132(41.3%) of the respondents were female. The results indicated a large percentage of men was involved in filling the questionnaires as compared to that of women indicating there were more men who participated in the study.

4.3.2 Distribution of respondent's by Age group

The respondents were requested to provide information about their age bracket. The results are shown in Table 4.3.

Table 4.3: Distribution of respondent's by Age group

Age bracket(Years)	Frequency	Percentage (%)
18-25	69	22.6
26-35	95	31.1
36-45	47	15.4
46-55	56	18.4
Above 56	38	12.5
Total	319	100.0

The findings shown in the table shows that most of the respondents 31.1% (95) were of age bracket 26-35 years. A sizeable number 22.6% (69) were between 18 -25 years while 18.4% (56) were of age 46-55 years, 15.4 % (47) were 36-45 years and 12.5% (38) were above 56 years. The study deduces that majority of customers of the Kenya Commercial Bank are young people who are advantaged with energy to work and thus benefit from better services.

4.3.3: Work Experience of the Respondents

The respondents were asked to provide information on the number of years they had worked with Kenya Commercial Bank. Figure 4.4 illustrates the findings.

Table 4.4: Work Experience

Period bracket	Frequency	Valid percent (%)
Less than 1yr	47	15.4
1-5 yrs.	113	36.7
6-10 yrs.	68	22.0
11-15 yrs.	24	7.9
16-20 yrs.	53	17.4
Over 20 yrs.	14	4.3
Total	319	100

From the findings, majority of the respondents 113(36.7%) stated that they had worked in Kenyan Commercial Bank for a period between 1-5 years followed by respondents whose time lagged between 6-10 years as indicated by the 68(22.0%). 53(17.4%), 47(15.4%) and 24(7.9%) of the respondents stated that they had worked for a period of 16.20 years, less than I year and 11-15 years respectively. 13 respondents (4.3) % had worked for the bank for more than 20 years. These findings imply that the respondents are knowledgeable and well versed with the customer relationship such as interactions

that evoke positive feelings, optimism tactics that lead to trust and thus customer retention.

4.3.4 ICT Services Used by Respondent

The respondents were requested to provide information about their use of ICT services. The results are shown in the Table below

Table 4.5: ICT services used by respondents

ICT Services	Frequency	Valid percent (%)
Internet Banking	13	2
Mobile Banking	107	35
Agency Banking	12	1.6
Card System	187	61.4
Total	319	100.00

From the findings, most respondents 187(61.4%) indicated that they use ICT services of card system, Mobile banking 107(35.1%), Internet banking 13(2%) and Agency Banking 12(1.6%). These findings indicate that most of KCB ICT services used by customers were card system (61.4%) due to the cards being user-friendly, placed in convenient locations, secure positions thus resulting to customer retention.

4.4 Card System on Customer retention

The respondents were requested to indicate their level of agreement on the statements in relation card system ICT services provided by the various ICT applications for banking of KCB. The responses were rated on a five point Likert scale where: 1 – Much worse than expected 2 – Worse than Expected 3 – Equal to Expectation 4 – Better than expected 5 – Much better than expected. The mean and standard deviations were generated from SPSS and are as illustrated in Table below.

Table 4.6: Influence of Card System on Customer Retention

Measure of Card System Services	Mean	Standard Deviation
Completion of transactions using the card system	3.71	0.429
Understanding of which button to be clicked for the next step	3.60	0.139
Card banking system guide when experiencing problems	3.62	0.452
Reliable and credible transactions	4.80	0.148
Protection of data transaction	3.73	0.540
relieved when transacting using card system	3.50	0.413
Reasonable transaction fee	3.81	0.421
Confidence using card system	3.50	0.350

From the findings, most of the respondents were in agreement that card system services had reliable and credible transactions better than expected with a mean score of 4.80. Majority of the respondents also were equal to expectation that card services had reasonable transaction fee, protection of data transaction, completion of transactions using the card system, card banking system guide when experiencing problems, understanding of which button to be clicked for the next step, relieved when transacting using card system and confidence using card system with mean scores of 3.81, 3.73, 3.62, 3.60 and 3.71 respectively. The findings therefore insinuate that most customers were in agreement that card system services had reliable and credible transactions thus tempting the customers to remain in the respective bank.

4.5 Mobile Banking on Customer Retention

Furthermore, the study requested the respondents to indicate their level of agreement on the statements in relation mobile banking services provided by the various ICT applications for banking of KCB. The responses were rated on a five point Likert scale where: 1 – Much worse than expected 2 – Worse than Expected 3 – Equal to Expectation

4 – Better than expected 5 – Much better than expected. The mean and standard deviations were generated from SPSS and are as illustrated in table 4.7.

Table 4.7: Influence of Mobile Banking on Customer Retention

Measure of Mobile Banking	Mean	Standard Dev
Easy to complete transactions	4.51	0.561
Easy to understand process of banking using the phone	4.43	0.853
Reliability of mobile banking system compared to the retail banking	3.12	0.547
Reliability and credibility	3.12	0.374
Accessibility	3.80	0.173
Protection of transaction data	3.57	0.111
Relief when transacting with mobile banking	3.04	0.741
Reasonable transaction fee	4.14	0.566
Confidence by customers	3.24	0.411

From the finding, most of the respondent better than expected that mobile banking was easy to complete transactions, easy to understand process of banking using the phone and reasonable transaction fee with means scores of 4.51, 4.43 and 4.14 respectively. Other respondents also indicated that they were equal to expectation that protection of transaction data, confidence by customers, reliability and credibility, relief when transacting with mobile banking and accessibility on mobile banking with mean scores of 3.57, 3.24, 3.12 and 3.04 respectively. The findings therefore insinuated that customers better than expected that mobile banking was easy to complete transactions, easy to understand process of banking using the phone and reasonable transaction fee. From customers' perspective adopting mobile banking services benefit in terms of convenience

to perform banking transactions anytime and anywhere, with ease to use hence customer retention in Kenya Commercial Banks.

4.6 Agency Banking on Customer Retention

The study also asked the respondents to indicate their level of agreement on the statements in relation agency banking services provided by the various ICT applications for banking of KCB. The responses were rated on a five point Likert scale where: 1 – Much worse than expected 2 – Worse than Expected 3 – Equal to Expectation 4 – Better than expected 5 – Much better than expected. The mean and standard deviations were generated from SPSS and are as illustrated in table 4.8.

Table 4.8: Influence of Agency Banking on Customer retention

Measure of Agency Banking Value	Mean	Standard deviation
Easy to complete transactions	4.51	0.571
Easy to access	4.63	0.772
Easy to understand process of banking	3.57	0.154
Reliability compared to the retail banking	3.88	0.697
Reliability and credibility	4.01	0.431
Protection of transaction data	2.88	0.249
Relieved when transacting	2.97	0.327
Reasonable Transaction fees	3.81	0.886
Confidence of transactions	3.04	0.746

From the finding, majority of the respondent were in agreement that they better than expected that agency banking was easy to access, easy to complete transactions and reliability and credibility with means scores of 4.63, 4.51 and 4.01 respectively. Some respondents indicated that they equally expected agency banking in regard to reliability

compared to the retail banking , confidence of transactions, reasonable transaction fees and easy to understand process of banking with mean scores of 3.88, 3.81, 3.57and 3.04 respectively. Other respondents worse than expected with the statements that agency banking relieved when transacting and reasonable transaction fees with mean scores of 2.91 and 2.88 respectively. The findings therefore indicate that most customers of Kenya Commercial bank better than expected that agency banking was easy to access, easy to complete transactions and reliability and credibility and this made the customers to stay loyal to the bank thus improving customer retention.

4.7 Internet Banking on Customer Retention

The study asked the respondents to state the extent to which they reflected their feelings and the extent to which they agreed with the following statements. The responses were rated on a five point Likert scale where: 1 – Much worse than expected 2 – Worse than Expected 3 – Equal to Expectation 4 – Better than expected 5 – Much better than expected. The results are indicated in the table below.

Table 4.9: Influence of Internet Banking on Customer Retention

Measures of value	Mean	Standard Deviation
Easy to complete transactions.	3.45	0.641
Easy to log on to bank’s online portal.	3.56	0.483
Easy to understand which button to be clicked for the next step.	3.11	0.334
Ability to complete a transaction quickly	4.12	0.789
Provision of sufficient and real time financial information.	4.55	0.124
Validity of the hyperlinks.	3.53	0.214
Ability of webpage to load quickly	4.01	0.364
Ability to perform service correctly at the first time.	2.99	0.213

Prompt of receiving responses requests by e-mail or service line.	3.97	0.774
Ability of internet banking system guide to solve problems.	4.67	0.541
Reliability and credibility	4.15	0.215
Protection of data transaction.	4.46	0.287
Relief when transacting.	4.61	0.362
Rates and charges provision of preferentially lower fees	4.38	0.223
Reasonable transaction fee	4.12	0.355
Complete and sufficient information provided	4.11	0.318
Accuracy of online transaction process	3.86	0.871

From the findings, most of the respondents indicated that they much better than expected ability of internet banking system guide to solve problems, relief when transacting and provision of sufficient and real time financial information with mean scores of 4.67, 4.61 and 4.55 respectively. Some respondents indicated that they better than expected protection of data transaction., rates and charges provision of preferentially lower fees, reasonable transaction fee, ability to complete a transaction quickly, complete and sufficient information provided, reliability and credibility and ability of webpage to load quickly on internet banking services with mean scores of 4.46, 4.38, 4.15, 4.12 and 4.11 respectively. A small number of the respondents indicated that they were equal to expectation with statements that accuracy of online transaction process, prompt of receiving responses requests by e-mail or service line, easy to log on to bank’s online portal, validity of the hyperlinks, easy to understand which button to be clicked for the next step with mean scores of 3.86, 3.56, 3.53, 3.45 and 3.11 respectively. However, some of the respondents indicated that they worse than expected ability to perform service correctly at the first time with a mean score of 2.99. From the findings, most customers were in agreement that ability of internet banking system guide to solve problems, relief when transacting and provision of sufficient and real time financial information influenced customer retention in Kenya Commercial bank.

4.8 Customer Retention in Kenya Commercial Bank

4.8.1 Customer Retention Services

The study requested the respondents to indicate whether they were satisfied with the overall service they received from their respective bank. The findings are indicated in table 4.10.

Table 4.10: Customer Retention Services

	Frequency	Valid Percent (%)
Yes	281	88%
No	38	12%
Total	319	100%

From the findings above, majority of the respondents 281 (88%) indicated that they were satisfied with the overall service they received from their respective bank while 38(12%) of the respondents indicated that they were not satisfied with the overall service they received from their respective bank. The findings therefore insinuate that most respondents were satisfied with customer retention services.

4.8.2 Customer Retention Information

The study asked the respondents to state the extent to which they reflected their feelings and the extent to which they agreed with the following statements. The responses were rated on a five point Likert scale where: 5= To a very great extent; 4= To a great extent; 3= undecided 2= To a small extent 1= Not at all. The mean and standard deviations were bred from SPSS and are indicated in the Table below.

Table 4.11: Customer Retention Information

Customer Retention Information	Mean	Std. Deviation
I will continue to patronize this bank even if the service charges are increased moderately	3.88	0.566
I will keep patronizing this bank regardless of everything being changed somewhat	3.99	0.641
I am likely to pay a little bit more for using the services of this bank	4.25	0.533
To me, this bank would rank first among the other banks	4.05	0.437
The bank I patronize reflect a lot about who I am	3.72	0.883
Repeatedly, the performance of this bank is superior to that of competitor's one	4.13	0.714

From the findings, majority of the respondents were in agreement with the statements that I am likely to pay a little bit more for using the services of this bank, repeatedly, the performance of this bank is superior to that of competitor's one and to me, this bank would rank first among the other banks with mean scores of 4.25, 4.13 and 4.05 respectively. Some respondents were neutral with the statements that I will keep patronizing this bank regardless of everything being changed somewhat, I will continue to patronize this bank even if the service charges are increased moderately and the bank I patronize reflect a lot about who I am with mean scores of 3.99, 3.88 and 3.72 respectively. The findings therefore suggested that majority of the Kenya Commercial Bank employees were in agreement with the statements that that I am likely to pay a little bit more for using the services of this bank, repeatedly, the performance of this bank is superior to that of competitor's one and to me, this bank would rank first among the other banks.

4.9 Inferential Statistics

The study conducted descriptive analysis in order to determine the relationship that exists between variables. It conducted correlation analysis and regression analysis. The findings are discussed below.

4.9.1 Correlation Analysis

The researcher used Pearson correlation coefficient to examine presence or absence of correlation between card system, mobile banking, agency banking and internet banking as determinants influencing customer retention in financial institutions in Nairobi County.

Table 4.12: Correlation Analysis

		Card system	Mobile banking	Internet banking	Agency Banking
Card system	Pearson Correlation		1.2	.123*	.316*
	1.1				
	Sig. (2-tailed)			.022	.018
	N		319	319	319
Mobile banking	Pearson Correlation		.129*	1	.105
	1.3				
	Sig. (2-tailed)		.025		.067
	N		319	319	319
Internet banking	Pearson Correlation		.300*	.104	1
	1.2			.068	
	Sig. (2-tailed)		.010		
	N		319	319	319
Agency banking	Pearson Correlation		.305*	.105	1
	1.1			.062	
	Sig. (2-tailed)		.010		
	N		319	319	319

From the findings, there was a strongly positive relationship between card system and agency banking having a correlation coefficient of 0.316. This indicates that card system plays a major role in agency banking system in that for agency banking to be effective, the cost of card system must be favourable and efficient to limit chances of locking a large fraction of employees who earn less income in Nairobi County, Kenya thus influencing customer retention.

The results revealed that agency banking is strongly related to mobile banking with a correlation coefficient of 0.305. This implies that effective enforcement of secure agency banking through SMS to mobile influence customer retention thus increasing profitability of financial institutions.

The fallouts designated that there was a positive relationship between internet banking and mobile banking with a correlation coefficient of 0.300. This result indicates that better internet banking services lead to an increase in mobile banking since adopting mobile and internet banking services benefit in terms of convenience to perform banking transactions anytime and anywhere, with ease to use. This will on the other hand customers eager to stay with the financial institution that offer those services.

The results further indicated that there was a positive relationship between card system and internet banking with a correlation coefficient of 0.123. These results suggested that better card system services results to effective internet banking thus customer retention in financial institutions.

4.9.2 Regression Analysis

Regression model was used during the study to predict the magnitude to which card system, mobile banking, agency banking and internet banking influence customer retention in financial institutions in Nairobi County, Kenya. The table below presents the results of the regression models.

Table 4.13: Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.837(a)	0.701	0.475	6.571

a Predictors: (Constant), Customer Retention

The results from the table above designated that a combination of card system, mobile banking, agency banking and internet banking had 70.1% (R square= 0.701) predictive likelihood Customer retention. $R^2=70.1\%$ means that the predictor variable explains 70.1% of the variation in teacher's mortgage uptake which was attributed to card system, mobile banking, agency banking and internet banking. From the findings, 29.9% of the variance is unexplained.

Table 4.14: Analysis of Variance (ANOVA)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.217	56	1.2434	4.214	.002b
	Residual	80.431	263	0.5123		
	Total	86.648	319			

a) Dependent Variable: Customer Retention

b) Predictors: (Constant) Card System, Mobile Banking, Agency Banking And Internet Banking.

The P value in the study is less than 5% level of significance as indicated by sign < 002. This meant that the regression model was significant and therefore fit for the study. The regression model is:

$$Y = \alpha + B_1X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 \epsilon$$

Where;

Y= Customer Retention

α = Constant Term

β_1 = Beta coefficients

X1= Card System

X2= Mobile Banking

X3= Agency Banking

X4= Internet Banking

e= Error Term

The coefficients of the regression model are illustrated in the table below.

Table 4.15: Regression Model Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.399	.212		1.241	.017
	X1	.340	.189	.164	1.217	0.001
	X2	.389	.314	.191	1.719	0.005
	X3	.354	.342	.161	1.311	0.011
	X4	.219	.017	.309	1.558	0.000

a Dependent Variable: Customer Retention

The regression equation is:

$$Y=0.399+0.340X_1+0.389X_2+ 0.354X_3 + 0.219X_4$$

The equation above inferred that customer retention was highly influenced by better card system, mobile banking, agency banking and internet banking. Given all the predictor variables constant at zero (0), customer retention will be 0.399.

The regression coefficient for card system is 0.340. This means that the relationship between card system and customer retention is positive. This implies that an improvement in card system services lead to an effective customer retention and vice versa.

The regression coefficient for mobile banking is 0.389. This means that the relationship between mobile banking and customer retention is positive. This denotes that cost effective and cost efficient mobile banking services lead to retention of customers in KCB and vice versa.

The regression coefficient for agency banking is 0.354. This means that the relationship between agency banking and customer retention is positive. This indicates that effective agency banking in regard to customers' demands result to an increase in number of customers in a given financial institutions.

The regression coefficient for internet banking is 0.219. This means that the relationship between internet banking and customer retention is positive. This infers that an efficient and convenient transaction through the Internet is likely to significantly alter customer behaviour, leading to an increase in customer retention in financial institution that offers the services. On the other hand, expensive and inconvenient internet banking services lead to a decrease in customer retention.

4.10 Discussion of Findings

The study found that card system is strongly related to customer retention. It found that for the customer retention to be effective, card system services such as prices must be favourable to limit chances of locking a large fraction of customers in financial institutions in Nairobi County, Kenya. This concurs with Mehdian (2001) who argues that the card system services is important for customers because it makes the transactions favourable thereby allowing customers more flexibility in adjusting intertemporal

allocation of savings between the present and the future as desired by the financial institutions.

The study also found that mobile banking strongly related to customer retention. It established that that cost effective and cost efficient mobile banking services lead to retention of customers in KCB and vice versa. According to Khan (2010), cellphone industry has shifted the focus of the mobile industry to network coverage, upgrading of networks, service quality and competitive pricing, thus attracting and retaining customers, in some cases even exceeding customer expectations regarding service quality, and consequently staving competition. In addition, Iqbal et al. (2013) argue that cellphone services providers should keep their promises with customers and provide services that are based on customer perceptions rather than customer satisfaction, as that will lead to high customer loyalty.

The results further found a positive relationship between agency banking and customer retention. It found that a rise in agency banking in regard to customers' demands result to an increase in number of customers in a given financial institutions. This is in line with Berry *et al.* (1985) and Zeithaml and Bitner (1996) who indicated that service quality consisted of five dimensions as Follows; Tangibles: appearance of physical facilities, equipment, personnel and written materials. Reliability: ability to perform the promised service dependably and accurately. Responsiveness: willingness to help customers and provide prompt service. Assurance: knowledge and courtesy of employee and their ability to inspire trust and confidence. Empathy: caring, individualized attention the firm provides its customers. Lee et al. (2000) also argue that service quality will sustain the customers' confidence in a service provider's service delivery, attract more new customers, increase business with existing clients, reduce dissatisfied customers, maximize a company's profits and increase customer retention.

Furthermore, the study revealed a positive relationship between internet banking and customer retention. It found that that an efficient and convenient transaction through the Internet is likely to significantly alter customer behaviour, leading to an increase in customer retention in financial institution that offers the services. This concurs with Kim et al. (2006) who asserts that 87% of community banks would offer Internet banking in

2003 to meet consumers' needs, and asserted that, Internet banking has advantages for banks to maintain competition, to save costs, to enhance mass customization, marketing and communication activities, and to maintain and attract consumers. Furthermore, Ongkasuwan and Tantichattanon (2002) indicate that internet banking helps banks in cost saving, increase customer base, enable mass customization for e-Business services, extend marketing and communication channel, search for new innovation services, and explore and development of non-core business.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of the study findings discussion, conclusions and recommendations. The findings are summarized in line with the objectives of the study which was the influence of Information Communication and Technology on Customer retention.

5.2 Summary of Finding

Regarding issues on card system, the study found that most customers agreed that card system services had reliable and credible transactions thus tempting the customers to remain in the respective bank.

The study also found that customers better than expected mobile banking easy to complete transactions, easy to understand process of banking using the phone and reasonable transaction fee. From customers' perspective adopting mobile banking services benefit in terms of convenience to perform banking transactions anytime and anywhere, with ease to use hence customer retention in Kenya Commercial Banks.

Furthermore, the study found that customers of Kenya Commercial bank better than expected that agency banking was easy to access, easy to complete transactions and reliability and credibility and this made the customers to stay loyal to the bank thus improving customer retention.

The study also found that most customers agreed that internet banking system had ability of guide to solve problems, relief when transacting and provision of sufficient and real time financial information influenced customer retention in Kenya Commercial bank.

In regard to customer retention, the study found that most customers were satisfied with customer retention services and also agreed with the statements that that I am likely to pay a little bit more for using the services of this bank, repeatedly, the performance of

this bank is superior to that of competitor's one and to me, this bank would rank first among the other banks.

5.3 Conclusions

The study concluded that most customers agreed that card system services had reliable and credible transactions thus tempting the customers to remain in the respective bank.

The study also concluded that customers better than expected mobile banking easy to complete transactions, easy to understand process of banking using the phone and reasonable transaction fee. From customers' perspective adopting mobile banking services benefit in terms of convenience to perform banking transactions anytime and anywhere, with ease to use hence customer retention in Kenya Commercial Banks.

Furthermore, the study resolved that customers of Kenya Commercial bank better than expected that agency banking was easy to access, easy to complete transactions and reliability and credibility and this made the customers to stay loyal to the bank thus improving customer retention.

The study also determined that most customers agreed that internet banking system had ability of guide to solve problems, relief when transacting and provision of sufficient and real time financial information influenced customer retention in Kenya Commercial bank.

In regard to customer retention, the study concluded that most customers were satisfied with customer retention services and also agreed with the statements that that I am likely to pay a little bit more for using the services of this bank, repeatedly, the performance of this bank is superior to that of competitor's one and to me, this bank would rank first among the other banks.

5.4 Recommendations

As the use of information technology is increasing by the day in the commercial banks, it is important to understand what the consumers of technological services and products think about the various features of ICT services, what their pain areas are, what

recommendations they make and how they compare these services with those of other financial institutions in developed nations.

1. The study recommends that the management puts strategies so as increase ATM machines in every part of the country to satisfy their customers and to retain them and to prevent them from switching to other banks.

2. It also recommends that banks put in place wireless and cost effective mobile banking thus preventing customer switching and retention to banks that have already have put in place the technology.

3. The study recommends that bank management take a major review of the procedures and policies on agency banking such as financial inclusion so as to reach certain cliché of the population.

4. Policy decisions in the banks should ensure that internet banking by e-mail or service lines should be worked on promptly to retain customers. Banks should invest heavily on their network to support the internet services.

5.6 Suggestions for further Research

The study recommends further research on Influence of Information Communication and Technology on Customer Retention in Kenya Commercial Bank and since this area has not been covered adequately further research should also be carried out on Information Communication and Technology on Customer Retention in other banks in Kenya to establish more on the factors influencing customer retention in other banks. The studies will supplement the findings of this study.

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APPENDICES

APPENDIX I: INTRODUCTORY LETTER

RE: PARTICIPATION IN RESEARCH

I am a postgraduate student pursuing my master degree in Project Planning and management at the University of Nairobi. As part of this course, I am carrying out a research on the “Influence of Information Communication and Technology on customer retention: Case study of Kenya Commercial Bank”.

In this regard you have been selected to take part in this study as a respondent. Kindly respond to all items to reflect your opinion and experience. Please answer all questions freely. You will not be identified from the information you provide and no information about individuals will be given to any organization. The data collected will be used for this academic research only. Your participation is important for the success of this project and I greatly appreciate your contribution.

Thanking you most sincerely in advance.

Yours Faithfully

Grace Jepkemoi Kiplagat

APPENDIX II: INTERVIEW GUIDE FOR MANAGERS

Please respond to the following questions

1. Briefly describe the progress the company has made in acquiring new customers in the last five years.
2. Briefly describe rate at which customers have been leaving the bank for the last five years.
3. Which marketing strategies have been put in place to inform customers of Information Communication and Technology systems offered to the bank?
4. Have the marketing strategies been effective in acquiring new customers? Explain briefly.
5. Which strategies are employed by the bank to retain customers?
6. What is the role of corporate image of Kenya Commercial Bank in customer retention?
7. Briefly explain the role of the following factors in Influence of Information Communication and Technology to Customer retention at Kenya Commercial Bank:
 - a) Ease of use of ICT systems
 - b) Accessibility of the system
 - c) Easy understanding of the process of banking
 - d) Reliability compared to retail banking
 - e) Reliability and credibility
 - f) Protection of transactions data
 - g) Fair Transaction fees, rates and charges
 - h) Confidentiality of the transactions
 - i) Customer satisfaction with services at Kenya Commercial Bank
 - j) Wide range of products of at Kenya Commercial Bank
 - k) Good customer relations at Kenya Commercial Bank
8. Which other factors affect customer retention strategies at Kenya Commercial Bank?

9. What are the main challenges encountered in customer retention

10. Which initiatives have been taken by the bank to overcome challenges met in Kenya Commercial Bank?

11. Recommend means of enhancing effectiveness of customer retention strategies at Kenya Commercial Bank.

APPENDIX III: RESEARCH QUESTIONNAIRE FOR CUSTOMERS

Instructions: Please tick in the appropriate bracket or provided spaces

PART I

SECTION A: GENERAL QUESTIONS

1 What is your gender? Male [] Female []

2. What is your Age Group?

18 - 25 Years [] 26 - 35 Years [] 36 - 45 Years []

46 - 55 Years [] Above 56 Years []

3. For how many years have you worked with Kenya Commercial Bank?

Less than 1 yr [] 1-5 yrs [] 6-10yrs [] 11-15 years [16-20yrs [] Over 20 yrs []

4 Which of the following ICT services do you use most?

a) Internet Banking []

b) Mobile Banking []

c) Bin cards []

d) Card System []

SECTION B: INFORMATION ON CUSTOMER RETENTION

Are you satisfied with the overall service you receive from your bank? Yes [] No []

If no, would you consider switching to another bank? Yes [] No []

If Yes why?

.....
.....

If No why?

.....

.....

Please rank the following on a scale 1-5 to reflect your feelings and the extent to which you agree with the statements. 5= To a very great extent; 4= To a great extent; 3= undecided 2= To a small extent 1= Not at all

I will continue to patronize this bank even if the service charges are increased moderately					
I will keep patronizing this bank regardless of everything being changed somewhat					
I am likely to pay a little bit more for using the services of this bank					
To me, this bank would rank first among the other banks					
The bank I patronize reflect a lot about who I am					
Repeatedly, the performance of this bank is superior to that of competitor's one					

PART II: ASSESSMENT OF ICT BANKING MODULES

The following are statements about the ICT services quality provided by the various ICT applications for banking of KCB. For each of the questions tell how the ICT banking services you receive from the bank compare with your expectation. Use this scale:

- 1 – Much worse than expected 2 – Worse than Expected 3 – Equal to Expectation
 4 – Better than expected 5 – Much better than expected

Section A: Card System

Statement	Tick only one option 1 – 5				
How easy is it to complete transactions using the card system?					
How easy is it to understand which button to be clicked for the next step?					
When problems occur, how able does the Card banking system guide you to solve them?					
How reliable and credible are transactions on this banking system?					
How protected are your transaction data by this banking system?					
How relieved are you to transact using the card system?					
How reasonable are the transaction fee for this banking system?					
How does this system instil confidence of transaction by customers?					

Section B: Mobile Banking

Statement	Tick only one option 1 – 5				
How easy is it to complete transactions using your phone?					
How easy is it to understand process of banking using your phone?					
How reliable is the mobile banking system compared to the retail banking?					
How reliable and credible are transactions on this banking system?					
How is the accessibility of banking services using your phone?					
How protected are your transaction data by this banking system?					
How relieved are you to transact using the your mobile phone?					
How reasonable are the transaction fee for this banking system?					
How does this system instil confidence of transaction by customers?					

Section C: Agency Banking

Statement	Tick only one option 1 – 5				
How easy is it to complete transactions at an agent banker?					
How easy is it to access the nearest agent bank point?					
How easy is it to understand process of banking using an agent?					

How reliable is the agency banking system compared to the retail banking?					
How reliable and credible are transactions on this banking system?					
How protected are your transaction data by this banking system?					
How relieved are you to transact using the agency banking system?					
How reasonable are the transaction fee for this banking system?					
How does this system instil confidence of transaction by customers?					

Section D: Internet Banking

Statement	Tick only one option 1 – 5				
How easy is it to complete online transactions?					
How easy is it to log on in this bank's online portal?					
How easy is it to understand which button to be clicked for the next step?					
How is the ability of this internet portal in helping you to complete a transaction quickly?					
The internet banking portal site provides sufficient and real time financial information.					
How valid are the hyperlinks on this internet banking portal?					
How quick does the Web page on this portal site load?					
How is the ability of this Internet banking portal to					

perform service correctly at the first time?					
How promptly do you receive responses to your request by e-mail or service line?					
When problems occur, how able does the internet banking system guide you to solve them?					
How reliable and credible are transactions on this banking portal?					
How protected are your transaction data by this banking portal site?					
How relieved are you to transact on the internet banking portal?					
How do the rates and charges on this internet banking portal provide preferentially lower fees to you?					
How reasonable are the transaction fee for the banking portal site?					
How complete and sufficient is the information the internet banking portal provides?					
How accurate is the online transaction process?					



UNIVERSITY OF NAIROBI
COLLEGE OF EDUCATION AND EXTERNAL STUDIES
SCHOOL OF CONTINUING AND DISTANCE EDUCATION
DEPARTMENT OF EXTRA-MURAL STUDIES
NAIROBI EXTRA-MURAL CENTRE

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NAIROBI

Our Ref:

Telephone: 318262 Ext. 120

8th December 2014

REF: UON/CEES/NEMC/20/51

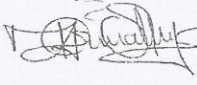
TO WHOM IT MAY CONCERN

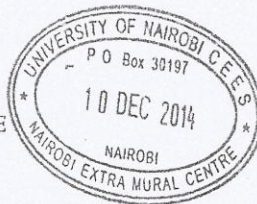
RE: GRACE JEPKEMOI KIPLAGAT - REG NO L50/82911/2012

This is to confirm that the above named is a student at the University of Nairobi College of Education and External Studies, School of Continuing and Distance Education, Department of Extra- Mural Studies pursuing Master of Arts in Project Planning and Management.

She is proceeding for research entitled "influence of information communication and technology on customer retention." A case of study: Kenya Commercial Bank.

Any assistance given to her will be highly appreciated.


CAREN AWILLY
CENTRE ORGANIZER
NAIROBI EXTRA MURAL CENTRE



**THIS IS TO CERTIFY THAT:
MS. GRACE JEPKEMOI KIPLAGAT
of NAIROBI UNIVERSITY, 9790-100
NAIROBI, has been permitted to conduct
research in Nairobi County**

**Permit No : NACOSTI/P/15/8681/7500
Date Of Issue : 14th August, 2015
Fee Received :Ksh. 1000**

**on the topic: INFLUENCE OF
INFORMATION COMMUNICATION AND
TECHNOLOGY ON CUSTOMER
RETENTION A CASE OF KENYA
COMMERCIAL BANK IN NAIROBI COUNTY**



**for the period ending:
30th November, 2015**

.....
**Applicant's
Signature**


.....
**Director General
National Commission for Science,
Technology & Innovation**

CONDITIONS

- 1. You must report to the County Commissioner and the County Education Officer of the area before embarking on your research. Failure to do that may lead to the cancellation of your permit**
- 2. Government Officers will not be interviewed without prior appointment.**
- 3. No questionnaire will be used unless it has been approved.**
- 4. Excavation, filming and collection of biological specimens are subject to further permission from the relevant Government Ministries.**
- 5. You are required to submit at least two(2) hard copies and one(1) soft copy of your final report.**
- 6. The Government of Kenya reserves the right to modify the conditions of this permit including its cancellation without notice.**



REPUBLIC OF KENYA



**National Commission for Science,
Technology and Innovation**

**RESEARCH CLEARANCE
PERMIT**

Serial No. A 6157

CONDITIONS: see back page



**NATIONAL COMMISSION FOR SCIENCE,
TECHNOLOGY AND INNOVATION**

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When replying please quote

9th Floor, Utalii House
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P.O. Box 30623-00100
NAIROBI-KENYA

Ref: No.

Date:

14th August, 2015

NACOSTI/P/15/8681/7500

Grace Jepkemoi Kiplagat
University of Nairobi
P.O. Box 30197-00100
NAIROBI.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on *"Influence of Information Communication and Technology on customer retention a case of Kenya Commercial Bank in Nairobi County,"* I am pleased to inform you that you have been authorized to undertake research in **Nairobi County** for a period ending **30th November, 2015.**

You are advised to report to **the Chief Executive Officer, Kenya Commercial Bank, the County Commissioner and the County Director of Education, Nairobi County** before embarking on the research project.

On completion of the research, you are expected to submit **two hard copies and one soft copy in pdf** of the research report/thesis to our office.


DR. S. K. LANGAT, OGW
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The Chief Executive Officer
Kenya Commercial Bank.

The County Commissioner
Nairobi County.

