

INFLUENCE OF ALTERNATE BANKING CHANNELS ON CUSTOMER SATISFACTION AT KENYA COMMERCIAL BANK IN NAIROBI, KENYA

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ABSTRACT

The adoption of alternate banking channels (ABC) in the banking sector has had increasing impact on customer satisfaction through improved convenience, efficiency, flexibility, and speed of completing bank transactions. Yet, adopting these ABCs comes with challenges of frustration, uncertainty, and confusion for both the provider and the customer. Factors that influence the adoption of alternate banking channels to give the desired outcomes in performance and satisfaction include, but are not limited to, customer readiness, employee readiness, and service quality. The aim of this study was to assess the influence of alternate banking channels' adoption on customer satisfaction in the banking sector in Kenya. The objective of the study was to investigate the influence of customer readiness, service quality, and employee readiness in adoption of alternate banking channels on customer satisfaction in the banking sector in Kenya. This study utilized the Technology Acceptance Model (TAM) theory and Diffusion of Innovations (DOI) theory. The study adopted the causal research design. The target population was 4,500 employees in Kenya Commercial Bank based in Nairobi County. Nassiuma Formula was used in sample size determination and stratified random sampling was used in the selection of 144 employees. The researcher used a questionnaire to collect primary data. To assure the validity and reliability of the questionnaires, pilot testing randomly selected Nairobi branch network employees. Both descriptive and inferential statistics were used in the analysis of data with the

help of Statistical Package for Social Sciences (SPSS) version 22.0. Data was presented in pictorial methods of graphs, tables, and charts. This research study intended to increase knowledge of the benefits of adopting ABCs during the age of digitization to the banking sector, academic institutions, and researchers, regulators, and policymakers. The findings showed that there is a positive and significant relationship between customer readiness and customer satisfaction in KCB Bank. Furthermore, the study found that there is a positive and significant relationship between service quality and customer satisfaction in KCB Bank. Moreover, the findings established that there is a positive and significant relationship between employee readiness and customer satisfaction in KCB Bank. The study recommends that KCB Bank should keep adopting alternate banking channels in order to reduce the waiting time at the bank and attract more customers such as those with low income and the elderly in society. In addition, all commercial banks in Kenya should train the employees on the modern advancement in ABC to help them respond to the problems and ambiguities of bank customers and provide high-quality services. Further, the Kenya Commercial Banks should equip the employees with relevant knowledge and skills to enable them fix ABC breakages as soon as possible so as to ensure that the services are delivered on time. Also, the study recommends that the management of KCB Bank should educate and guide the customers on how to use ABC so as to reduce the waiting time at the bank and

enable the people in the remote areas to access bank services.

INTRODUCTION

The evolution of technology advancements has altered the way individuals conduct the personal and business affairs today. The banking industry has undergone a complete paradigm shift to render faster and cost effective delivery of products and services to its customers (Ongori & Migiro, 2010). For banks, strategically adopting technological advancements has become essential to improve the quality of customer service delivery, customer satisfaction and loyalty. Kenyan banks have invested heavily the adoption of alternate banking channels (ABC) to offer a multitude of customer-centric services and to achieve growth and profitability.

Background of the Study

To cope with the macro-economic and other external environment dynamics, banks have adopted customer-driven strategies to retain their customers by meeting their changing needs and survive in the current competitive banking industry (Chipeta & Muthinja, 2018). The diversification of ABC in the 21st century has changed the trajectory of banking business strategies and operational strategies applied to improve customer satisfaction. Customers are increasingly demanding sophisticated product offerings that are reliable, responsive to their needs, have reasonable transaction costs and offer satisfactory and quality service.

Banks located in developed countries have pioneered areas of e-services and are involved in active continuous improvement, aiming to improve the quality of life of its customers by meeting their ever-changing needs (Hammoud et al., 2018). Many researchers from developed countries like the USA, UK, Finland, India, among others. have proved that the use of technology positively affects customer satisfaction in the banking industry. For example, Lebanese banks are strategically advancing e-services to retain customers and gain competitive advantage. According to (Toufaily et al., 2009), the Lebanese banking sector has drastically grown since the adoption of ICT and has seen the usage of ABC by bank clients grow in the 21st Century by about 25% to 30%. Indian banks have adopted ABC by investing heavily in ICT such as branch automation and computerization, core banking, telebanking, mobile banking (M-banking), internet banking, automated teller machines (ATMs), among others, to increase facilities and services to their customers. In Pakistan, banks have growing Alternative Delivery Channels (ADCs) due to increasing demand for adoption of ABC, flexibility and convenient working hours by customers (Warraich et al., 2017). In the African region, several research studies that have been conducted show that countries in SADC regions have spurred the banks to invest in new technologies that accommodate financial innovation such as advance ABC to improve the welfare of citizens (Bara et al., 2016). In Ghana, traditional banking delivery methods have been switched for new delivery technologies leading to the adoption of ABC, in the wake of expectations of increased competition, growing customer demands and new regulations in Ghana (Domeher et al., 2014).

Today, Kenyan banks are investing heavily in ICT. This has lowered operational costs, improved interest rate capping, enhanced banking facilities and infrastructure and increased access, quality and variety of bank services to their customers. Kenyan banks have leveraged on the strategy of customer satisfaction and its related critical success factors (CSFs) to sustain competitive advantage in the industry (Muli, 2008). The adoption of ICT has provided suitable ABC to customers and many customers are increasingly evaluating banks based on availability and variety of ABC (Chipeta & Muthinja, 2018; Kumbhar, 2011). These researchers show that there are possible gaps between customer expectations and perceived service in ABC that can lead to customer dissatisfaction.

The banking landscape in Kenya has evolved with technology advancements and banks are using technology gateways to offer ABC to the growing needs of the bank customers. While banking services continue to be critical for customer lifestyles, ABC become a platform to improve and develop the dimension of convenience. Theoretically, ABC are expected to enhance banking performance and increase the levels of customer satisfaction by providing convenience, speed, privacy, efficiency, security, and cost-effectiveness (Kumbhar, 2011). Equally, research studies reveal that the ABC diminish the opportunity for personal contact along with commodification and deterioration of customer satisfaction in the bank (O'Loughlin & Szmigin, 2006). Due to this contrast, Kenyan banks are increasingly becoming aware that there are barriers to customer adoption of ABC and actual customer satisfaction strategically set to be achieved.

Blut and Wang (2020) observed that the main factors affecting the adoption of innovation and technology include employee readiness, customer readiness and perceived service quality. In addition, Shim, Han and Ha (2021) indicate that the main factors influencing the adoption of technology include consumer readiness, perceived service quality and employee readiness. Also, Lin and Hsieh (2016) indicate that customer readiness, consumer perception and readiness as well as quality of services are key factors influencing adoption of technology in the banking sector.

The most prominent obstacle faced by Kenyan banks is getting the customers to try a new ABC for the first time, which is often a significant behaviour change. Research studies, like Warraich et al. (2017), suggested that ABC are not only changing customer behaviour to develop their relationships but also, like Mukhongo et al. (2014), enabling customers to become co-producers responsible for service delivery and of their customer satisfaction. Customer readiness encompasses role clarity, motivation, and ability when using a bank product or service. In this study, the researcher will apply these constructs to evaluate the influence of customer readiness of ABC on customer satisfaction in the banking sector in Kenya.

The second obstacle is the perceived service quality of a customer choosing a new ABC offered by the bank. Kumbhar (2011) proposed that banks should seek to enhance service quality, brand

perception, and perceived value in ABC to increase the levels of customer satisfaction. Parasuraman et al. (1988), as cited by Warraich et al. (2017), posited that there are five dimensions of service quality that customers rely on to form their judgment of perceived service quality as include the following: reliability as the ability to perform the promised service dependably and accurately, responsiveness as the willingness to help customers and provide prompt service, assurance that is employees' knowledge and courtesy and their ability to inspire trust and confidence, empathy as the caring, personalised attention given to customers, and tangibles as the appearance of physical facilities, equipment, personnel, and written materials. In this study, the researcher will apply three of the five constructs: reliability, empathy, and tangibles, to investigate the influence of service quality of ABC on customer satisfaction in the banking sector in Kenya.

Since satisfaction encompasses a function of expectation and perceived performance, bank employees play a key role in helping customers experience a balance of the two and consequently the full benefits of adopting the recommended ABC (He et al., 2020; Jebarajakirthy & Shankar, 2021; Meuter et al., 2005; Warraich et al., 2017). Hence, employees relieve customers of frustration and difficulties. For banks to reduce the cost of managing alternate banking channels, they locate employees to more productive activities and train the employees that deal with the customers adopting the new ABC (Berndt et al., 2010). Employee readiness encompasses engagement, training and CRM ability at various levels of the organisation. In this study, the researcher hopes to assess the influence of employee readiness of ABC on customer satisfaction in the banking sector in Kenya, by investigating the adjustments in practice and decision making that middle managers to subordinate staff make during adoption of ABC.

Alternate Banking Channels (ABC)

Alternate banking channels (ABC) are at the core of the entire banking transformation in Kenya. Since the evolution of Fintech its development as an ongoing process during which finance and technology have evolved together, there have been numerous incremental and disruptive innovations (Alt et al., 2018; Vial, 2019). ABC serve as gateways for customers to have a wider variety of options offering convenience, better quality, and flexibility, such as Internet banking, ATM debit cards, Credit cards, SMS banking, Agency banking, Mobile banking, etc. Banks have adopted collaborative product offerings by partnering with firms in the telecommunication industry to provide ABCs benefits to Kenyans (Merritt, 2011). Similarly, Berndt et al. (2010) also defined these innovations to include: internet banking, mobile banking, crowd-funding, peer-to-peer lending, Robo-advisory, online identification, and other ABC, etc. Due to this innovativeness and potentially disruptive effects on the financial services industry, Fintech is said to have a comprehensive and lasting impact on the entire sector. No space in the industry has been spared, this includes banking products, services and market segments. Researchers show that banks are gradually adopting ABCs to attract customers such as those with low income and the elderly in society (Berg, 2008; O'Loughlin & Szmigin, 2006). This is by adapting to a

"no-frills" product development strategy to meet their needs, which reduces the number of unbanked individuals in the country.

As reported by PwC (2019), customers are ready for the digital shake-up yet banks struggle with long delays in developing market-ready products and services, and difficulties managing regulation, safeguarding data and earning customers' trust. While the attention received in academia does not compare to the attention paid by industry practitioners, due to the growing advances in Fintech, scholars do perceive the phenomenon of Fintech as a fundamental shift. Kauffman & Ma, for instance, refer to it as the ongoing "global fintech revolution" (Kauffman & Li, 2005) and so does Mackenzie, in her article on innovators in financial service she refers to it as "The Fintech Revolution" (Alexander et al., 2019). According to McKinsey, digital commerce is driving the rise of alternative payments globally such as digital/mobile wallet, bank transfer, e-invoices, prepay, postpay, mobile carrier billing, cryptocurrencies, and other emerging technologies. Banking Sector in Kenya is investing heavily on FinTech infrastructure to bring innovative ABCs to customers.

The Banking Sector in Kenya

The banking sector in Kenya operates in a relatively deregulated environment governed by the Companies' Act, the Banking Act, the CBK Act and the various prudential guidelines issued by the Central Bank of Kenya (CBK). The financial performances of banks have been in a general increasing trend and these have mainly been attributed to proper management and proper formulation and implementation of the strategy. About 42% of the adult population in Kenya has access to banking products and services from banks as reported by Business-Sweden (2016) in the FinAccess household survey. CBK encourages banks to develop new products by setting guidelines about ICT controls, cyber security and customer protection within banks (Central Bank of Kenya, 2017).

The banking sector has exponentially adopted ICT. Research studies have focused mainly on a bank's survival, particularly the impact on transaction costs and economic sustainability (Bara et al., 2016). For example, the most widely used collaborative ABCs accessible with mobile devices include Safaricom MPesa, Airtel Money, Equity Bank - Eazzy Banking app, Cooperative Bank - Mobi cash, KCB app, Cooperative Bank - MCo-op Cash, Barclays Bank - Barclays Mobile App, Family Bank - Pesa Pap, NCBA Loop, SBM Bank - Mfukoni App, etc. The past five years have advanced financial technology (FinTech) authorized by the CBK allowing banking institutions to create their service gateways for ABCs for deposits, withdrawals, money transfers, pay bills, loan facilities and other web experiences (Ndung'u, 2019). Notwithstanding the positive developments and economic implications, the impact of ABC on customer satisfaction has not been extensively pursued in Kenya.

Statement of the Problem

The spread of innovations like digital financial technologies (FinTech) and wireless telecommunications is increasing convenience, efficiency and giving customers flexibility and speed of completing their bank transactions (Johnson et al., 2008). Yet, adopting these banking innovations and information and communication technologies (ICT) comes with challenges like frustration, uncertainty, and confusion for both the provider and the customer. Banks are facing dynamic strategic decisions to leverage the benefits of ABC and desired customer satisfaction. Despite the adoption of new ABC, customer satisfaction in the banking sector has not increased. For instance, customer satisfaction index in the banking sector reduced from 67% in 2011 to 60% in 2015, which was still below the Kenyan Banking industry benchmark of 77% (Aliata, & Ojera & Mise, 2016). Warraich et al. (2017) proposed that there are factors that influence the adoption of ABC to give the desired outcomes in performance and satisfaction and they include but are not limited to customer readiness, employee readiness, and service quality. The aim of this study was to evaluate adoption influences of ABC on customer satisfaction in the banking sector in Kenya. The objective of the study was to investigate the influences of customer readiness, service quality and employee readiness when adopting ABC on customer satisfaction in the banking sector in Kenya.

Purpose of the Study

This study may advance knowledge on the influences of adopting alternate banking channels in the banking sector. This may contribute knowledge for the 21st-century banking environment and the effects of the adoption of ABC among consumers, employees, educators, government, society, and other banking practitioners.

Objectives of the study

The objectives of this study were presented below in two parts: the general objective and the specific objectives.

General Objective

The main objective was to evaluate the influence of alternate banking channels on customer satisfaction at Kenya commercial bank in Nairobi, Kenya

Specific Objectives

- i. To evaluate the influence of customer readiness on customer satisfaction in KCB Bank.
- ii. To investigate the influence of perceived service quality on customer satisfaction in KCB Bank.
- iii. To assess the influence of employee readiness on customer satisfaction in KCB Bank.

Research Hypothesis

In order to achieve the objectives of the study, the following alternative hypothesis were constructed for testing:

H₀₁: Customer readiness dimension in alternate banking channels' adoption has a significant influence on customer satisfaction in KCB Bank.

H₀₂: Perceived service quality dimension in alternate banking channels' adoption has a significant influence on customer satisfaction in KCB Bank.

H₀₂: Employee readiness in alternate banking channels' adoption has a significant influence on customer satisfaction in KCB Bank.

Significance of the Study

The study may illustrate the importance of customer satisfaction contributed by ABC to the banking sector, digital finance innovators, academic institutions and researchers, regulators and policymakers, and the government. The study may add value to the knowledge about the concept of customer satisfaction in banking business and management. The study may provide empirical studies on the influences of customer readiness, employee readiness and service quality of ABC on customer satisfaction to future scholars, academics, and researchers. This study may encourage better means of influencing customer satisfaction in the banking sector.

Scope of the Study

This study focused on one of the commercial banks in Kenya, Kenya Commercial Bank. It is the bank with the largest market capitalization out of the 42 commercial banks (KCB Bank, 2018). The study focused on adoption of ABC in KCB Bank in Kenya's banking sector. The data was collected from KCB Bank based in Nairobi County. The researcher targeted employees in senior management, departmental heads, supervisors and low-level management.. who are involved in executing and implements strategic decisions on the development, promotion, management, and monitoring of ABC in their banks. The study covered a period of the last five years (2016 to 2020).

Delimitations of the Study

The researcher did not collect data from the other financial institutions, namely: investment banks, insurance companies, microfinance institutions, Savings and Credit Cooperatives, and pension funds. Since 2008, diversification of financial technology products and services offered has advanced in the banking sector by commercial banks (Ameme & Wireko, 2016). The researcher intended to collect data on customer satisfaction of non-financial measures related to the performance, customization, and pricing of ABCs during this research study. Financial measures alone were inadequate for monitoring the progress of business strategies, partly

because they are historical in nature and partly they cannot measure current progress with such strategies directly (Durkin et al., 2007).

Limitations of the Study

The limitation of this research study was mainly data confidentiality, privacy, study bias, and low response rates. The researcher's limitation of low response rate was caused by respondent's sensitive and tight work schedules, which also influenced their reliability. The researcher mitigated the response rate and reliability using authorised introduction letters to instil confidence and adopted consistent follow-up on the phone and physical visits through research assistants. The other limitation was study bias by the respondents. The research used key informants familiar with customer experience management in their firms. The research encountered privacy concerns about divulging information from the respondents. The researcher assured respondents' anonymity during the collection of data and was to be treat respondents as autonomous agents. The limitation of data confidentiality was mitigated by the researcher, who provided a letter of introduction from the Africa Nazarene University and a NACOSTI permit to encourage confidence among respondents in providing the necessary data

Assumptions of the study

The assumption of this study was that: research participants answered the questionnaire in an honest and candid manner; the time allocated was sufficient to collect and analyse data from participants; the sampling criteria was appropriate and enabled all participants to have experienced similar phenomenon of the study; and participants had no biased interests or arteria motives in the research study.

Theoretical Framework

This study was guided by two theories that explore various implications of customer satisfaction on alternate banking channels. The theories were technology acceptance theory and diffusion of innovation theory. The research operationalized the study variables indicated in the conceptual framework in chapter 1.

Technology Acceptance Model (TAM) Theory

The technology acceptance model (TAM) is considered by Lee et al. (2003) to be most influential and commonly applied theory for outlining an individual's acceptance of information technology in an organisation. In 1986, TAM was proposed by Davis (1989) from the Theory of Reasoned Action (TRA) by Fishbein and Ajzen (1980) and postulates that specific individual behaviour is influenced by their intention to perform that behaviour, which itself is a function of attitude towards behaviour and subjective norms to intentions to accept an information technology. Davis assumes that an individuals' acceptance of new technology is dependent on two major variables: perceived usefulness (PU) and perceived ease of use (PEOU). There grew

increasing attention to user technology acceptance as many organisations adopted information and communication technology (ICT). Davis defined perceived usefulness (PU) as the degree to which a person believes that using the system or technology will enhance his or her performance and defined perceived ease of use (PEOU) as the degree to which a person believes that using the system will be free of mental effort.

Research studies between 1986 and 1995 show that TAM was found to be a much simpler, easier to use, and more powerful model of determining user acceptance of new technology (Hubona & Cheney, 1994; Igarria et al., 1995). Likewise, Taylor & Todd (1995) compared the effectiveness of the technology acceptance model (TAM) and the theory of planned behavior (TPB) and proposed that TPB gave a fuller explanation than TAM and recommended cautious interpretation of results when using TAM. Šumak et al. (2011) reexamined e-learning acceptance research studies and confirmed that both PEOU and PE affect users' attitudes toward adopting e-learning technology. Previous studies demonstrate that there are effects of PEOU and PU on customer satisfaction. Devaraj et al. (2002) found that TAM components – PEOU and PU – are important in forming consumer attitudes and satisfaction with the e-commerce model. These association between PEOU and satisfaction was empirically supported in the studies of Rai et al. (2002) and Hsieh & Wang (2007) and Scheepers et al. (2006) who found that satisfaction was affected by PEOU and PU. Kumar et al. (2013) in their research examined factors influencing the continuance decisions of the early adopters of mobile banking services in Kerala, India using Perceived Service Quality (PSQ), PU, PEOU, Perceived Credibility (PC) and Perceived Risk (PR) as antecedents of customer satisfaction (He et al., 2020; Nuseir et al., 2010). They found out that the constructs of PSQ, PU, and PC were empirically proven to be antecedents of customer satisfaction.

In this study, the researcher applied TAM as a theoretical framework with the hope to operationalize the influences of alternate banking channels on customer satisfaction and hope to further stimulate this discourse within the banking sector and with related stakeholders. The adoption of alternative banking channels depends on perceived usefulness of the channels as well as perceived ease of use. Perceived usefulness is characterized by the perceived quality of the services offered through alternative banking channels. In addition, the perceived ease of use depends on employees readiness and customer readiness to use the alternative banking channels.

Diffusion of Innovation (DOI) Theory

Diffusion of innovation (DOI) theory has been described as the process through which new ideas, practices, or technologies are spread into a social system (Rogers, 2010). Since 1962, Rogers continues to be the most prominent developer of the DOI theory. DOI holds that the results of diffusion are adoption, implementation, and institutionalization. An individual or organization adopts an innovation upon the decision to acquire the innovation, implements the innovation by putting it into practice and testing it, and institutionalizes the innovation by

supporting its full incorporation into typical practice routines. Rogers asserted that there are four main elements in the diffusion process: (a) the innovation, (b) the communication channels through which the innovation is diffused, (c) time, and (d) the social system. Diffusion researchers across many academic disciplines have identified a consistent process through which innovations are diffused into social systems. Different characteristics of the innovation, communication channels, and social system are likely to have varying influences at different times throughout the diffusion process (Rogers, 2010). Because unique diffusion strategies are required as the stages of the diffusion process progress, researchers can benefit from a more in-depth understanding of the diffusion process to assist them in translating their research and innovative programs into practice.

Research studies show that DOI investigates both current and future rates of adoption of innovations and demand (Kim & Huarng, 2011). DOI has been applied to the adoption of financial self-service distribution channels suggesting the most common characteristics of innovation used as constructs in many studies include relative advantage, compatibility, complexity, observability, and trialability (Gerrard & Cunningham, 2003). These innovations' characteristics are critical to the banking sector and are continually key constructs evolving to understand and meet customers changing needs. In contrast, service innovations are under-researched within DOI theoretical literature with a bias towards product development (Laukkanen, 2016). DOI theory is based upon the assumption that the innovations adopted are superior to, and replace, their predecessors (Constantiou et al., 2006). The DOI model is frequently used to explore the characteristics of these adopters (Sulaiman et al., 2019; Suoranta & Mattila, 2004). Studies have examined demographic differences between adopters/other online users (Laukkanen et al., 2007).

This research study utilized the Diffusion of Innovation theory to operationalize the constructs of customer readiness, employee readiness and perceived service quality, with sub-constructs considered from DOI, suggested characteristics necessary measuring customer satisfaction, as well as with hope to contribute to the knowledge of related influences from alternate banking channels. According to DOI, adoption of innovation depends on relative advantage, compatibility, complexity, triability and observability. While relative advantage influences the perceived quality of innovation among consumers, compatibility, complexity, triability and observability influence employee and consumer readiness for the adoption.

Conceptual Framework

The conceptual framework presents a graphical representation of the influence of alternate banking channels on customer satisfaction in the banking sector. Mugenda & Mugenda (2003) described defined a conceptual framework as the graphical representation of the relationship between the independent and dependent variables in a study. The three independent variables defined in this research study were the influence of alternate banking channels on customer

satisfaction, namely: customer readiness, employee readiness, and service quality. The conceptual framework reflects the three influences of alternate banking channels (independent variables) and how their changes influence customer satisfaction (dependent variable) in Kenya's banking sector.

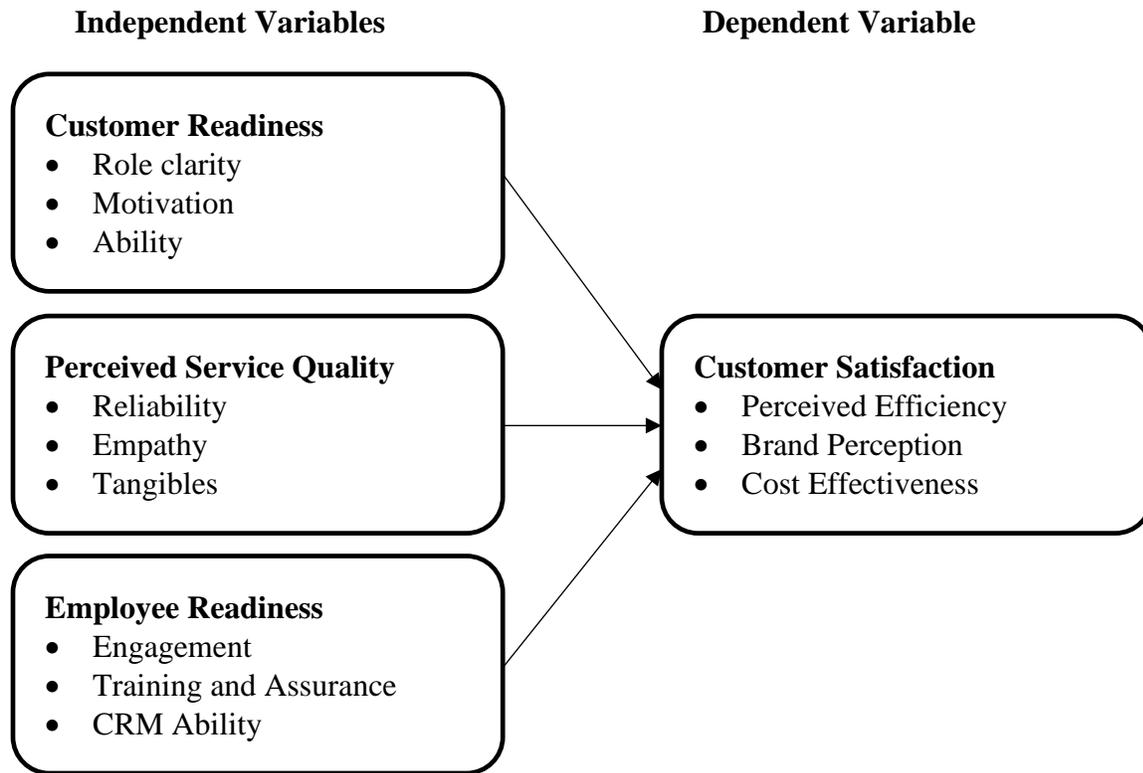


Figure 1. 1: Conceptual Framework
Source: Researcher (2021)

From Figure 1.1, the independent variables are ABCs customer readiness, employee readiness, and service quality. The directional arrows demonstrate the possible flow of influence of independent variables on customer satisfaction, which is the dependent variable.

Customer readiness entails role clarity, motivation, and ability that was measured to find out how prepared customers are when adopting new ABCs and how that affects their levels of customer satisfaction.

Perceived service quality involves measuring reliability, empathy, and tangibles and how their changes influence ABCs perceived service quality and how that change affects customer satisfaction.

Employee readiness entails engagement, training and assurance, CRM ability, which was measured to find out how their changes may influence ABCs employee readiness and thereby affect customer satisfaction.

Customer satisfaction was analysed in terms of age, income levels and perceived benefits of users and providers of ABCs in the banking sector.

LITERATURE REVIEW

Introduction

This chapter presents critical reviews empirical literature that support and contradict assertions of the adoption influence of ABC on customer satisfaction. The empirical research findings and literature knowledge gaps hope to provide significant literature and managerial implications for customer satisfaction in the banking sector.

Review of the Literature

Kenyan banks are leveraging on the strategy of customer satisfaction and its critical success factors by adopting technological innovations to make their customers satisfied and to sustain competitive advantage in the industry (Muli, 2008). Odhiambo (2015) defined customer satisfaction as a process of fully meeting customers' expectations of the products and services. If the perceived performance matches or even is beyond customers' expectations of the service, they are satisfied. If it does not, they are dissatisfied. Previous studies show that well pleased customers are considered loyal to a brand, are easy to retain, will provide favorable brand advertising, increased purchasing of offerings, and in the long run enhance sales (Berg, 2008; Meuter et al., 2005; O'Loughlin & Szmigin, 2006). Similarly, aggrieved customers are likely to stop purchasing the offerings, will provide unfavorable brand advertising, lots of complaints, will return and boycott the product (Durkin et al., 2007; O'Loughlin & Szmigin, 2006). Furthermore, literature has taken two approaches to operationalise satisfaction. The first sees consumer satisfaction as the transaction-specific evaluation (Anderson et al., 2005; Anderson et al., 2018; Kaura et al., 2013). It refers to customers' feelings in response to a particular product or service encounter. The other approach defines consumer satisfaction and dissatisfaction as cumulative satisfaction (Durkin et al., 2007; O'Loughlin & Szmigin, 2006). This view is determined by the journey of satisfying and dissatisfying with a product or service over time.

Previous researchers have identified various factors that determine customer satisfaction in Kenya's banking industry and different consumer perceptions (Chipeta & Muthinja, 2018; Muli, 2008; Ndung'u, 2019; Odhiambo, 2015). In Kenyan banks, it has been found that fast and efficient service, friendliness of bank personnel, confidentiality, and transaction speed are critical in enhancing customer satisfaction (Mukhongo et al., 2014; Odhiambo, 2015). A study has examined the effects of service quality on customer satisfaction (Odhiambo, 2015). Other research studies showed that the relationship between customer satisfaction and trust in alternate banking channels e-banking services is significantly important (Chu et al., 2012; Chung & Kwon, 2009; Dimitriadis & Kyrezis, 2010; Maduku, 2017; Parasuraman & Colby, 2015). Trust

is central to e-banking transactions and in satisfying users' needs and therefore access to knowledge on e-banking services and understanding the potential risks influences customer satisfaction (Chandio et al., 2013; He et al., 2020; Meuter et al., 2005).

In business strategy research, studies show that the satisfaction of customers' needs makes them content (Durkin et al., 2007; Klaus & Nguyen, 2013; Nuseir et al., 2010). They showed that customer satisfaction is one of the most important financial and non-financial indicators for showing business growth and success. In a fiercely competitive environment, a bank needs to evaluate the production of high-quality services and products according to customer satisfaction and product quality on one hand and customer satisfaction and profitability on the other hand (Hammoud et al., 2018; Meuter et al., 2005). Satisfied customers are free advertising agencies for a business, especially in the banking sector where there is no tangible product for pre-assessment (Lee et al., 2003; Meuter et al., 2005; O'Loughlin & Szmigin, 2006). Other research studies show that there is a significant relationship among e-service quality, trust and customer satisfaction and emphasis on banks to be more concerned about the privacy of individual transactions of the customers (Chandio et al., 2013; Dimitriadis & Papalexandris, 2012). Other studies show that fees and loans, service quality and appearance significantly impact customer satisfaction (Ater & Landsman, 2013; Berg, 2008).

In this research study, the researcher reviewed further previous literature on service quality, customer and employee readiness to evaluate their influence on and the operationalization of customer satisfaction.

Influence of Customer Readiness on Customer Satisfaction

Customer readiness is a major factor in determining adoption behavior in the diffusion of technology-enabled services in an organisation (Meuter et al., 2005). Meuter and his colleagues conceptualize the customer readiness variable as a mediator of self-service technology adoption. They observed that customer readiness affected both nontechnology-based service delivery as well as technology-based service delivery and considered customer readiness a key driver of customer attitudes that encouraged customer participation. In other research studies, there is proof of growing customer frustration while interacting with technology-based service delivery systems (Parasuraman & Colby, 2015). This frustration has been largely attributed to the lack of readiness and confidence on the part of customers in operating tech-based service delivery interfaces (Humbani & Wiese, 2018). Other studies suggest that technology readiness is a related construct to consumer readiness and gives a positive moderating effect on consumers' attitudes to alternate banking channels (Acheampong et al., 2017; Berndt et al., 2010).

As cited by Acheampong et al. (2017), Parasuraman et al. (1988) postulated that a researcher assessing an individual's willingness to embrace and use new technology should focus on positive and negative experiences and feelings towards the technology. They suggested the use

of four constructs to measure technology readiness: optimism, convenience, and innovativeness for positive experiences and discomfort and insecurity for negative inhibiting experiences. Innovativeness is the willingness of an individual to try out any new technologies released in the market (Lee et al., 2003). Lee suggested that individuals who are high in technology innovativeness exhibit strong motivation to use and enjoy the stimulation of trying new technologies. Optimism is the belief by an individual that new technology will increase control, flexibility, and efficiency in their lives and concern about bad experiences, perceived risk and perceived control (Jebarajakirthy & Shankar, 2021; Nuseir et al., 2010). Convenience is the state of making something easy or useful for someone by reducing the amount of work or time required to do something (Durkin et al., 2007). Insecurity is the distrust of technology and skepticism about its ability to work properly (Berg, 2008). Individuals with a sense of insecurity would have lower perceived usefulness and lower perceived ease of use of technology. Discomfort is the sense of being overwhelmed by technology or having little or no control over the technology (Johnson et al., 2008). Customers who are highly uncomfortable with the technology believe that they are controlled by technology and not suited to their needs.

This research study, therefore evaluated the influences of customer readiness of alternate banking channels on customer satisfaction, given by Meuter and his colleagues. They identified role clarity, motivation, and ability as significant mediators between customer expectation and perceived service or performance (Meuter et al., 2005). They defined role clarity as that which reflects the consumer's knowledge and understanding of what to do, motivation as the desire to receive the rewards associated with using new technology, and ability as the state of possessing the required skills and confidence to complete the task. This study evaluated these aspects of customer readiness that affect customer satisfaction to the extent that a customer with a positive perception of ABC choose not to use it if they do not understand their role (role clarity), if they perceive no clear benefit to using it (motivation), or if they believe that they are not able to use it (ability).

Shim, Han and Ha (2021) examined the effects of consumer readiness on the adoption of self-service technology (SST) among firms in South Korea. The study assessed how consumer readiness influences SST service quality, attitude toward using SST, and intention to use SST in the restaurants. Using a descriptive research design, the findings of the study indicated that consumer readiness significantly influences adoption of self-service technology among firms in South Korea.

In the United States, Poushneh and Vasquez-Parraga (2018) examined the influence of customer readiness in customer participation in service delivery in non-technology-based companies. The study used a systematic review of literature and the results indicated that customer readiness measured in terms of need for interaction, perceived risk, desire for control and previous

experience had a significant influence on customer participation service delivery in non-technology-based companies.

Guo and Bouwman (2016) studied the role of consumer readiness on the rate of merchants' adoption of m-payment in China. The study was qualitative in nature and used in-depth interviews in data collection. Purposive sampling method was used in the selection of the sample size. The results indicated that higher level of consumer readiness will increase the rate of merchants' adoption of m-payment. Consumer readiness relates to positive feedback from customers, consumers purchases at fragmented times, change in consumer habits and an increase of impulse purchases. The merchants would adopt when they perceive their customers as being ready to adopt m-payment.

The most prominent knowledge gap is that there are plausible studies on customer readiness of technological adoption in the banking sector in Africa and from Kenya's context or the Eastern African region. Several studies above have been found in Western African countries like Ghana and Nigeria, Southern African countries like South Africa. The research may add to the discourse and knowledge building in Kenya and among its banking sector practitioners on factors of customer readiness that influence customer satisfaction.

Influence of Perceived Service Quality on Customer Satisfaction

Understanding and measuring service quality is one of the management challenges in recent decades during the adoption of technology innovations in an organisation (Sadeghi et al., 2015). Previous literature shows that service quality was explained as the discrepancy between consumer's experiences and expectations as well as the discrepancy between consumers' perceptions and expectations' (Parasuraman & Colby, 2015). Other studies posit that service quality has been recognized as having the potential to deliver strategic benefits, such as improved customer loyalty and profitability (Cronin, 2003; Rust & Lemon, 2001) to the firm. Service quality is a key marketing tool to achieve competitive differentiation and to promote customer loyalty. In different industries, companies are seeking for being differentiated and retaining their customers through providing high-quality services (Hussain, 2014).

Conversely, other research studies showed that some service quality attributes may not be critical for customer satisfaction but can significantly lead to dissatisfaction when they are performed poorly (Pollack, 2008; Yang & Fang, 2004). Similarly, some studies showed that the positive performance of a service quality attribute has less impact on overall consumer satisfaction than the negative performance of that same attribute (Mittal et al., 2016).

Other research studies suggested, according to the SERVQUAL model by Parasuraman et al. (1988) that reliability, responsiveness, assurance, empathy, and tangibility were the most applicable factors or dimensions of service quality for measuring customer satisfaction (Kaura et al., 2013; Lenka et al., 2009; Narteh, 2015). Automated service quality was studied by (Narteh,

2015) who defined it as consumers' overall evaluation and judgment of excellence and quality of electronic service offerings in the virtual market place. In this research study, the researcher investigated the influence of perceived service quality of ABCs on customer satisfaction by applying sub-variables of reliability, empathy and tangibles (Parasuraman et al., 1988; Parasuraman & Colby, 2015) investigated the significance of perceived service quality on customer service. Reliability is defined as the ability to perform the required service accurately and dependably and helps new technology providers to consistently respond to customer needs and meet deadlines. Empathy is defined as the caring, personalized attention an organisation provides its customers and helps in improving the communication process to customers. Tangibles refer to the appearance of physical facilities, equipment, personnel and communication material like product manuals, advertisement boards and user guidelines. They help customers infer about the provider and its service performance. The highlighted benefits are as construed by Lenka et al. (2009) and Narteh (2015).

In Iran, Mehdi, Fariz and Meysam (2013) examined the relationship between perceived service quality and customer satisfaction in hospitality industry. A self-administrated questionnaire was used to collect data from 267 respondents. A two-stage cluster-sampling plan was used to collect samples. Results indicate that functional quality has a positive and significant impact on image and perceived quality. Further, image has a positive and significant impact on perceived quality and consequently, perceived quality has a positive and significant impact on customer satisfaction.

In Kenya, Mang'unyi and Govender (2018) studied the effect of perceived service quality in customer satisfaction in Kenyan Private Universities. The study adopted a cross-sectional study design and data was collected from employees and students of selected private universities in Kenya. The results indicated that perceived service quality measured in terms of reliability, empathy, assurance and tangibility, had a significant influence on customer satisfaction in Kenyan Private Universities.

Mwangi, Kabare and Wanjau (2018) studied the influence of perceived service quality on consumer satisfaction amongst dairy milk processors in Kenya. The study was guided by cross-sectional research design. The study population comprised of consumers who purchase processed dairy milk from major supermarket chains in Kenya. The results showed a positive and significant relationship between the perceived service quality and consumer satisfaction. The findings showed that, consumers of dairy milk products had a high rating of service quality offered to them by dairy milk processors hence high satisfaction levels.

The most noticeable knowledge gap is that while there are numerous studies on service quality in the banking sector, there are plausible studies related to service quality of e-business, financial technologies and overall alternate banking channels from a Kenyan context. Several studies on

service quality focus on the cost and returns of adopting financial technologies that focus on specific products like internet banking and mobile banking and infrastructure. The research may add to the discourse and knowledge building in Kenya and among its banking sector practitioners on the human factors as well as non-human factors of service quality that influence customer satisfaction.

Influence of Employee Readiness on Customer Satisfaction

The banking industry has undergone a complete paradigm shift to render faster and cost-effective delivery of products and services to its customers (Ongori & Migiro, 2010). The enhancement of employee readiness level in providing customer service can be seen as a low cost and controllable indicator as explained by Sadeghi et al. (2015) in their study of effective indicators of customer satisfaction in banks – costs and legal limitations. They suggested that a bank's enhancement of employee readiness would help to gain a competitive advantage. The employees who have more expert and technical information would respond to the problems and ambiguities of bank customers (Sadeghi et al., 2015). They proposed that employees should have suitable physical readiness, psychological readiness, and scientific readiness to respond effectively to the bank customers and to provide high-quality services to customers. Previous research studies on employee readiness relate to organisational learning culture show that employees who have high organizational commitment will affect the emergence of consumer satisfaction (Junita, 2017). Other researchers that support this view results from research by (Berndt et al., 2010) which proves that organizational commitment became an important predictor of consumer satisfaction (Lai et al., 2013). Research studies show that variables like innovativeness (O'Loughlin & Szmigin, 2006), work engagement (Shuck et al., 2011), the individual readiness emotional over organizational change (Chandio et al., 2013; Rubel et al., 2017), employees' turnover intention (Durkin et al., 2007) and internal service quality (Bravo et al., 2017; Chandio et al., 2013; Wu & Wu, 2005) affect an employee's role in customer satisfaction.

Rahi (2020) investigate the effect of employee readiness to change on effective organizational change implementation among firms in India. The population of this study is public sector organizations based and data will be collected using survey questionnaire based on conveniences sampling approach. The results indicated that employee readiness measured in terms of engagement, training and assurance and customer relationship management ability has an effect on effective organizational change implementation among firms.

Sadeghi, Narjabad and Zandieh (2015) conducted a study on the effect of employees' readiness to provide service on customer's satisfaction in Pasargad Bank. A population of 137 customers of Bank Pasargad was considered who opened an account in 2014. The sample size was determined by the Cochran formula and 95 respondents were collected by random sampling approach. A self-administrated questionnaire was used to collect data based on the existing literature to measure customer satisfaction. The results indicated that there exists a significant

correlation between employee readiness (with dimensions of scientific, physical and psychological) to provide services and customer satisfaction in Pasargad Bank.

Workeneh and Abebe (2019) studied the employee readiness to change and its determinants in administrative staff of Bahir Dar University in Ethiopia. Data collected from 367 sample participants from nine campuses using stratified random sampling method. Scale questionnaire employed as data collection instruments. The results indicated that administrative staffs had higher perceptions of readiness to change in the emotional, cognitive and intentional components. Moreover, perceptions of a history of change, participatory management, and quality of communication positively correlated to readiness to change.

The researcher assessed the influence of employee readiness of alternate banking channels on customer satisfaction. The research may contribute to discussions in the banking sector too. It is evident from the above literature that employee readiness focuses more on employee role and position in technology adoption and less on the impact of an employee's knowledge and ability physical, psychological and scientific that influences customer satisfaction. The other gap is that there are little or no studies on employee readiness in financial technology adoption from a Kenyan context. Therefore the research may advance knowledge among Kenya banking sector practitioners.

Summary of the Review of Literature

The chapter review empirical literature on the effect of customer readiness, perceived service quality and employee readiness in the adoption of alternative banking channels on customer satisfaction. The empirical literature showed that customer readiness during the adoption of alternative banking channels in terms of role clarity, motivation and ability has an effect on customer satisfaction. In addition, the empirical literature shows that perceived service quality measured in terms of reliability, empathy and tangibles had an effect on customer satisfaction measured in terms of perceived efficiency, brand perception and cost effectiveness. Also, the empirical literature shows that employee readiness measured in terms of engagement, training and assurance and customer relationship management ability has a significant effect on customer satisfaction.

Knowledge Gap

Various studies have been conducted on customer readiness, perceived service quality and employee readiness in different parts of the world and in different institutions. For instance, Shim, Han and Ha (2021) examined the effects of consumer readiness on the adoption of self-service technology (SST) among firms in South Korea; Poushneh and Vasquez-Parraga (2018) examined the influence of customer readiness in customer participation in service delivery in non-technology-based companies in the United States; and Guo and Bouwman (2016) studied the role of consumer readiness on the rate of merchants' adoption of m-payment in China.

However, due to differences in macroeconomic environment, technology regulatory framework as well as organizational structures, the findings of these studies cannot be generalized in Kenya. In addition, Mehdi, Fariz and Meysam (2013) examined the relationship between perceived service quality and customer satisfaction in hospitality industry in Iran; Mang'unyi and Govender (2018) studied the effect of perceived service quality in customer satisfaction in Kenyan Private Universities; and Mwangi, Kabare and Wanjau (2018) studied the influence of perceived service quality on consumer satisfaction amongst dairy milk processors in Kenya. However, while Mehdi, Fariz and Meysam (2013) study was limited to Iran, Mang'unyi and Govender (2018) was limited to private universities and Mwangi, Kabare and Wanjau (2018) was limited to dairy milk processors and hence their findings cannot be generalized to the banking sector.

Further, Rahi (2020) investigate the effect of employee readiness to change on effective organizational change implementation among firms in India; Sadeghi, Narjabad and Zandieh (2015) conducted a study on the effect of employees' readiness to provide service on customer's satisfaction in Pasargad Bank; and Workeneh and Abebe (2019) studied the employee readiness to change and its determinants in administrative staff of Bahir Dar University in Ethiopia. Nonetheless, besides being limited to other countries with different macroeconomic and business environment from that of Kenya, these studies were not specific to the adoption of technology in commercial banks.

RESEARCH DESIGN AND METHODOLOGY

Introduction

The chapter describes how the research was conducted and the procedures employed in investigating the influence of alternate banking channels on customer satisfaction in the banking sector in Kenya. This research methodology explains the research design, the research site and rationale, the target population, the sampling procedure, the sample size, research instruments concerning their piloting, validity, and reliability, data collection procedures, data analysis procedures and presentation, and ethical considerations (Mugenda & Mugenda, 2003; Neuman & Robson, 2014).

Research Design

The study adopted a causal research design as supported by the Technology Acceptance Model theory. Causal research design is conducted in order to put in perspective a phenomenon by identifying what cause-effect a specific change will have on prevailing presumptions. It seeks to explain how a causal effect occurs when a change in one phenomenon – the independent variable – leads to a change in other phenomena - the dependent variable (Obwatho, 2014). Obwatho posits that a causal research design is conclusive research that reveals the descriptive correlational relationships between variables. The research study focussed to understand the relationship between the independent variables – customer readiness, perceived service quality

and employee readiness, as TAM variables of perceived usefulness and ease of use of alternate banking channels and the dependent variable – customer satisfaction as the resultant impact on users of alternate banking channels performance-related outcome (Davis, 1989; Kumar et al., 2013). This research design is suitable for the researcher to determine the reasons for the current status of the phenomenon under study, giving confidence to the validity of the relationships identified.

Research Site

The banking sector was used as the analysis unit of this study and the researcher confined the study to Kenya's KCB Bank as the focus of the study. This involved KCB Bank employees and managers. KCB Bank has the largest market capitalization in Kenya and East Africa. The bank has a well-documented trajectory of organizational realignment and technology transformation changes to meet customer satisfaction and supported by in-depth databases of its good performance in the banking sector (KCB Bank, 2018). The bank accommodated exploration of all variables in relation to factors affecting sustainability of new products launched. The research site was Nairobi County. This was convenient because most authority and approval decisions on the customer experience management are made or proposed by KCB Bank Nairobi branch employees and managers. The Nairobi County bank branch network is the site for pilot testing of new technology innovations like alternate banking channels (KCB Bank, 2018).

Target Population

A target population is the complete set of cases from which the sample might be drawn, with the same observable characteristics (Drost, 2011; Mugenda, & Mugenda, 2003; Neuman & Robson, 2014). As proposed by TAM proponents, the research maintained reliability between the study variables with the independent variables – customer readiness, perceived service quality and employee readiness, as TAM constructs of perceived usefulness and ease of use of alternate banking channels and the dependent variable – customer satisfaction as the resultant construct on users of alternate banking channels performance-related outcome (Davis, 1989; George & Kumar, 2013). The target population for this research study was used to measure customer satisfaction of alternate banking channels at the KCB Bank – Nairobi County branch network. KCB Bank has 45 branches in Nairobi County. The total number of employees in Kenya is 7,000 and in Nairobi County, about 4,500. The research used 4,500 employees (senior managers, departmental heads, supervisors and low level management staff) as the target population.

Table 3. 1: Target Population

	Target Population
Senior Managers	125
Departmental Heads	313
Supervisors	1125
Low level management staff	2938
Total	4500

Source: KCB Bank (2018)

Study Sample

Sampling Procedure

A stratified sampling technique was used in this research study. Sampling procedures are techniques for selecting a representative part of a population to determine the characteristics of the whole population (Mugenda & Mugenda, 2003). The sample population was divided into mutually exclusive strata to provide all possible respondents in selected KCB Bank divisions as an opportunity to participate in this study. The strata in this study included senior managers, departmental heads, supervisors and low-level management.

Study Sample Size

The size of the sample was estimated from the target population of 4,500 bank employees. Kumar et al. (2013) suggested that a researcher can use the Nassiuma Formula to estimate the sample size. This formula is reliable at a 95% confidence level. The formula was considered appropriate for estimating a representative sample.

$$\text{Sample size (n)} = \frac{NCv^2}{Cv^2 + (N-1)e^2}$$

Where: n - Sample size,

N - Target population size,

Cv - Coefficient of variation

e - Margin of error

Source: Nassiuma (2000)

Based on Kumar et al. (2013) argument, for this study the researcher used a confidence level of 95% with 5% margin of error and apply a coefficient of variation of 0.6. Hence for a target population of 4,500, the sample size was as estimated below.

$$n = 4500 (0.6)^2 / [(0.6)^2 + (4500 - 1) (0.05)^2]$$

$$n = 1620/11.2475$$

$$n = 144.36 \approx \mathbf{144}$$

The stratification of the sample size was in Table 3.1.

Table 3.1: Sample Size

	Frequency	Percentage %
Senior Managers	4	3%
Departmental Heads	10	7%
Supervisors	36	25%
Low level management staff	94	65%
Total	144	100%

Source: Researcher (2021)

Data Collection

Data Collection Instruments

The data was collected using structured questionnaires with pre-determined questions. A questionnaire is a fitting instrument as it provides a means to collect a relatively sizeable data from a large sample of a given population within a given time frame (Obwatho, 2014). Questionnaires are easy to administer in a highly volatile environment (Cambra-Fierro et al., 2017), like that of a banking institution and afford secretiveness of feedback in comparison with other research instruments. To ease the cognitive burden placed on respondents, the respondents answered in agreement or disagreement with the proposed links between the retrieved information and the research question (Drost, 2011).

Piloting of Research Instruments

The questionnaires was given out prior to undertaking the research. A preliminary study determined the validity of the questionnaire length, question-wording, amount of information needed, item response avoidance or missing rate, the relevance of the measures to produce consistent results over time and interview bias (Drost, 2011). Fifteen percent (15%) of the sample size of respondents, 20 bank employees from randomly selected branches was administered with questionnaires for the pilot test. Adjustments and additions from the pilot test feedback was made in consultation with the supervisor.

Reliability of Research Instruments

This is a measure aimed at producing consistent outcome through a given period (Drost, 2011). When there is a low response rate to a study, there is a greater risk that the respondents may differ from non-respondents in their characteristics, which affects the precision (reliability) of the research's population estimates, resulting in study bias, and weakening the generalizability and interpretations of the research results. There are several reasons for non-response, missing item responses, and premature termination. First, respondents were unwilling to participate in the research study. The researcher avoided this problem by seeking an introduction letter from the university and a permit from NACOSTI. Second, the researcher's inability to contact respondents was resolved by using key informants or research assistants that were directly managed and followed respondents via telephone or by physical visits. And third, communication barriers, like being badly worded and using vague language. The researcher used the English language to design the questionnaires as it is the official business language in Kenya's banking sector. The researcher sought respondents who are familiar with new product management and product launching activities among banks, identified after the pilot testing (Drost, 2011; Neuman & Robson, 2014).

To evaluate the central uniformity and authenticity for the study data, the Cronbach's Coefficient Alpha (Cronbach & Shavelson, 2004) was put in application to appraise every formulation. These formulations were evaluated on a five-point Likert scale with responses ranging from strongly agree (5) to strongly disagree (1) for customer satisfaction, customer readiness, perceived service quality, and employee readiness. This supported the outcome abstraction and evaluation.

Validity of Research Findings

Validity is the degree to which results obtained from the analysis of data represent the phenomenon under study (Drost, 2011; Mugenda & Mugenda, 2003). Several measures were in place to ensure the validity of the research findings. First, content validity was assured by using customer readiness measures adapted from Meuter et al. (2005), perceived service quality measures adapted from Parasuraman & Colby (2015) and employee readiness measures adapted from Lai et al. (2013) and Sadeghi et al. (2015). Second, a pilot test of the questionnaire helped to capture accurate responses. Third, research questions were designed to motivate respondents' willingness to disclose sensitive information, recall information, and avoid acquiescence bias when selecting their response choice. After the approval of questionnaires by the supervisor, the amended questionnaires administered were designed to switch the order of responses periodically on a measurement scale (Drost, 2011). Fourth, a multi-regression analysis was used to validate the theoretical framework (TAM and DOI) for customer satisfaction constructs. The multivariate regression model was illustrated as shown below;

$$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + e$$

Where:

Y – Customer Satisfaction

α – the intercept

β – Correlation coefficient

X1 – Customer Readiness

X2 – Perceived Service Quality

X3 – Employee Readiness

e – Error term

Data Collection Procedures

Questionnaires are recommended as research instruments since they help establish people knowledge, behaviours and possible actions. Kumar et al. (2013) suggested several steps of data collection by questionnaires that were used in this study. At the initial contact of bank respondents, the researcher sought voluntary signing of consent forms which have a summary of the intended study. The researcher defined and explained the purpose of the study to make sure the respondents' are familiar with the topics. The researcher also attached the permit from NACOSTI to ease data collection from respondents. Then, the researcher and research assistants

delivered the questionnaires to respondents in person. Finally, the respondents completed the questionnaires at their most convenient time but within a reasonable timeframe. A follow up with telephone calls was be done to facilitate prompt collection of filled questionnaires.

Data Analysis and Presentation

The data analysis of the findings helps to answer a question and can reveal new scopes of exploration (Mugenda & Mugenda, 2003; Neuman & Robson, 2014). For this study, completed questionnaires were edited for completeness and consistency. The researcher coded and checked for errors and omissions in the collected data. Descriptive statistics and tests of significance were computed for all variables. The Statistical Package for Social Science (SPSS) version 22.0 was used to analyse and interpret the data to provide in-depth insights into the relationships between customer satisfaction and the ABC adoption influences of customer readiness, perceived service quality, and employee readiness. The researcher ensured orderliness and consistency using organizing themes and concepts to present the analysed data. The reseracher utilized Graphs, Charts and Tables to present the data.

Legal and Ethical Considerations

This encompassed the examination and utilization of theories to establish the right and acceptatble conduct, and promote clarity, honesty, mutual respect, fairness, answerability, and liability among researchers (Mugenda & Mugenda, 2003; Neuman & Robson, 2014) In this study, the researcher assured confidentiality and anonymity of the respondents to the questionnaires by ensuring they voluntarily signed consent forms with a summary of the intended study. The researcher sought informed consent to conduct the study from the public through an introduction letter from African Nazarene University and a research permit from the National Commission for Science, Technology, and Innovation (NACOSTI). The researcher shared the feedback of results with interested respondents. Adjustments and additions to the questionnaires due to the feedback was made in consultation with the university research committee. The research presented authenticity, credibility and full disclosure of the analysis and interpretation of the data collected.

DATA ANALYSIS AND PRESENTATION OF FINDINGS

Introduction

This chapter presents the analysis of the data and interpretation of the findings. The data analysis and the interpretations were done as per the objectives of the study. The purpose of the study was to evaluate the adoption influence of alternate banking channels on customer satisfaction in the banking sector in Kenya. The study also sought to determine the influence of customer readiness, service quality and employee readiness on customer satisfaction in KCB Bank. The results were presented in tables, charts and figures.

Response Rate

The sample size of this study was 144 KCB Bank employees based in Nairobi, Kenya, out of which 129 questionnaires were completely filled and returned, which gives a response rate of 89.58 percent. As indicated by Mugenda and Mugenda (2003) a response rate of 50 percent and above is adequate for analysis, which shows that 89.58 percent was an acceptable basis for drawing conclusions.

General Characteristics

The general information of the respondents comprised of their gender, age, number of years they had been working in the organization, their position in the bank, involvement in decision making, frequency of direct relation with the customers and the age of the customers.

Gender of the Respondents

As part of the general information, the respondents were asked to indicate their gender. The results are as shown in Figure 4.1.

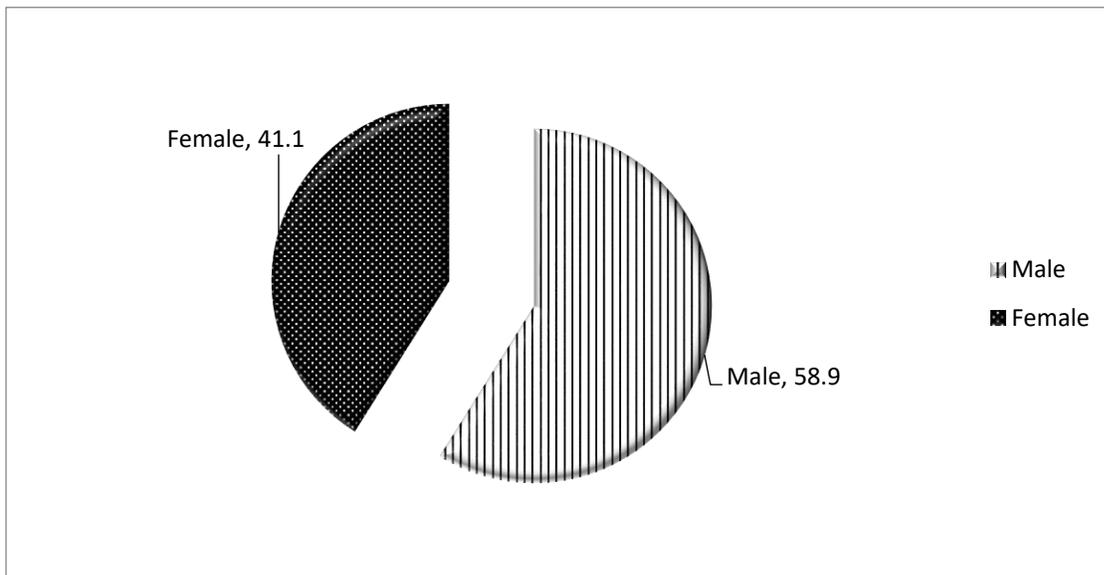


Figure 4. 1: Gender of the Respondents

From the findings, 58.9 percent of the respondents indicated that they were male while 41.1 percent indicated that they were female. This implies that majority of the employees at Kenya Commercial Bank are male although the difference between the number of male and female is small. As such, Kenya Commercial Bank has ensured gender equality in all levels of management.

Age of the Respondents

The respondents were further asked to indicate their age. The results were as shown in Figure 4.2.

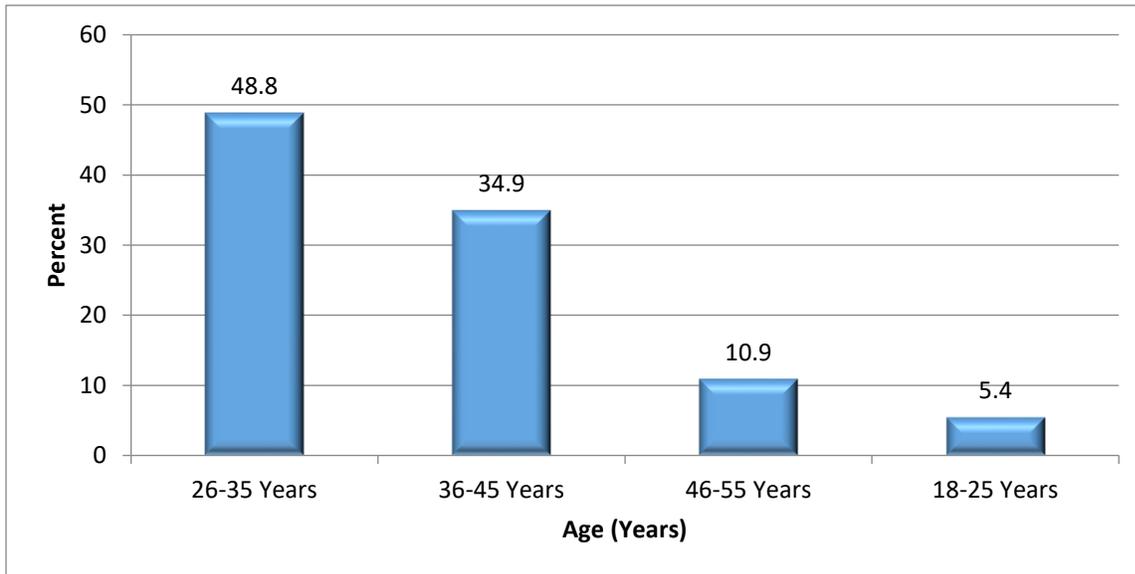


Figure 4. 2: Age of the Respondents

From the findings, 48.8 percent of the respondents indicated that they were aged between 26 and 35 years, 34.9 percent indicated between 36 and 45 years, 10.9 percent indicated between 46 and 55 years and 5.4 percent pointed out between 18 and 25 years. This implies that majority of the staff working in Kenya Commercial Bank were aged between 26 and 35 years.

Respondents' Duration of Working in the Banking Sector

The respondents were also requested to indicate the duration of time they had been working in the banking sector. The results were as shown in Table 4.1.

Table 4. 1: Respondents' Duration of Working in the Banking Sector

	Frequency	Percent
4 – 6 years	78	60.5
7 – 9 years	23	17.8
1 – 3 years	20	15.5
10 years and above	8	6.2
Total	129	100.0

According to the findings, 60.5 percent of the respondents indicated that had been working in the banking sector for duration of between 4 and 6 years, 17.8 percent indicated for between 7 and 9 years, 15.5 percent pointed out between 7 and 9 years and 6.2 percent indicated for more than 10 years. This implies that the respondents were experienced enough to provide relevant

information on the adoption influence of alternate banking channels on customer satisfaction in the banking sector in Kenya.

Respondents' Position in the Bank

The respondents were asked to indicate the position they hold in the Bank. The results were as presented in Figure 4.3.

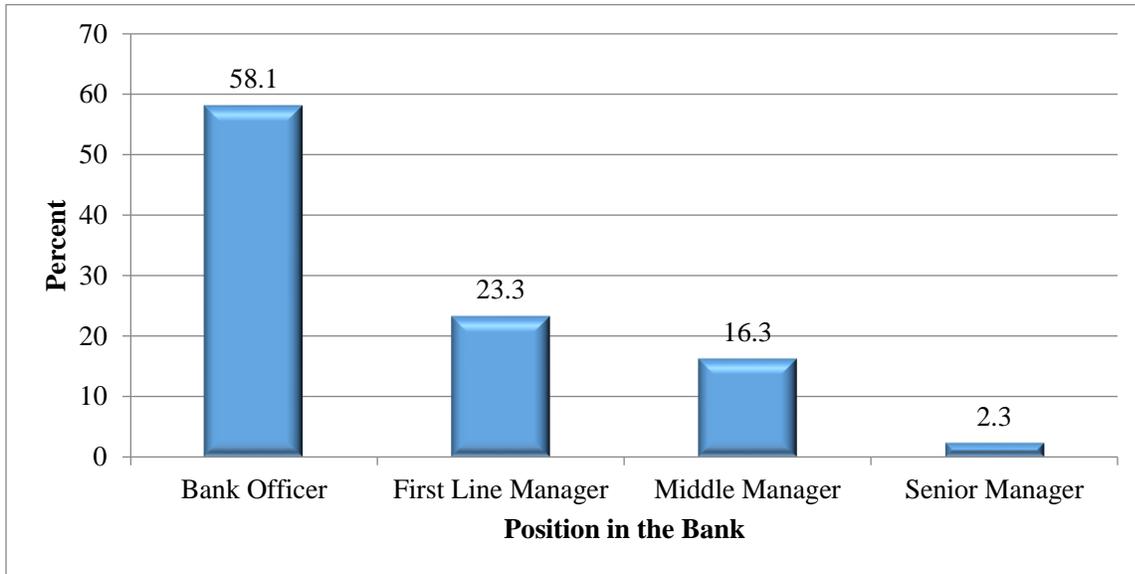


Figure 4. 3: Respondents' Position in the Bank

From the findings, 58.1 percent of the respondents indicated that they are bank officers, 23.3 percent indicated first line manager, 16.3 percent indicated middle manager and 2.3 percent indicated senior manager. This implies that most of the respondents were bank officers and therefore they had the relevant information required in this study.

Respondents' Involvement in Decision Making

The respondents were asked to indicate whether they are involved in decision making concerning alternate banking channels (ABCs) being adopted by the bank. The results were as shown in Table 4.5.

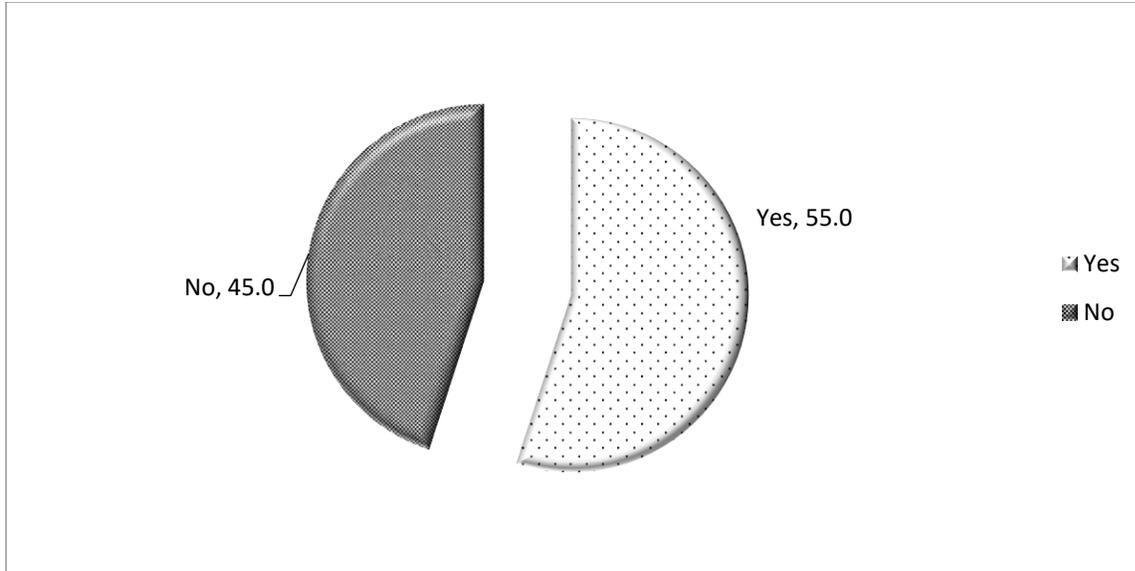


Figure 4. 4: Respondents' Involvement in Decision Making

According to the findings, 55.0 percent of the respondents indicated that they are involved in decision making about alternate banking channels (ABCs) being adopted by the bank and 45 percent indicated that they are not involved. This implies that most of the staff working in Kenya Commercial Bank were involved in decision making about alternate banking channels (ABCs) being adopted by the bank.

Respondents 'Relation with the Customers of ABC

The respondents were asked to indicate how often they relate directly with customers of ABC in the bank. The results were as presented in Table 4.6.

Table 4. 2: Respondents' Relation with the Customers

	Frequency	Percent
Rarely	7	5.4
Monthly	17	13.2
Weekly	47	36.4
Daily	58	45
Total	129	100.0

From the findings, 58 percent of the respondents indicated that they relate directly with customers of ABC in the bank on daily basis, 47 percent indicated on weekly basis, 13.2 percent indicated monthly basis and 5.4 percent indicated rarely. This shows that most of the staff who were involved in decision making in relation to ABC related with customers on daily basis.

Age of the Customers

The respondents were asked to indicate the age of the customer that they frequently see seeking and using an ABC in the bank. The results were as presented in Figure 4.5.

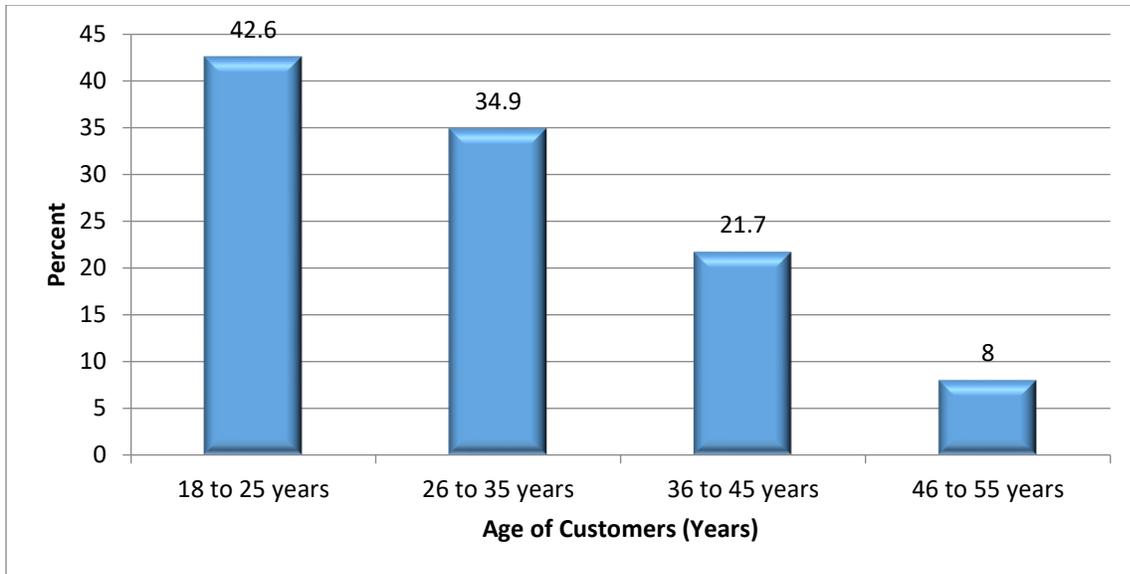


Figure 4. 5: Age of the Customers

From the findings, 42.6 percent of the respondents indicated that the age of the customer that frequently seek and use ABC in the bank are aged between 18 and 25 years, 34.9 percent indicated between 26 and 35 years, 21.7 percent indicated between 36 and 45 years and 8 percent pointed out between 46 and 55 years. This implies that most of the customers who use alternate banking channels are aged between 18 and 35 years.

Descriptive Statistics

This section covers the descriptive statistics of the independent variables (customer readiness, service quality and employee readiness) and the dependent variable (customer satisfaction).

Customer Readiness

The first objective of the study was to evaluate the influence of customer readiness on customer satisfaction in KCB Bank.

Role Clarity

The respondents were asked to indicate their level of agreement with various statements pertaining to the influence of role clarity on customer satisfaction in KCB Bank. Where 5 represents strongly agree, 4 represents Agree 3 represents Neutral, 2 represents Disagree represents 1 represents strongly disagree.

Table 4. 3: Role Clarity

	1	2	3	4	5	Mean	Std. Deviation
Customers in our organization feel certain about how to effectively use alternate banking channels	0.00	7.0	17.1	52.7	23.3	3.923	0.826
Customers in our organization are NOT sure how to use alternate banking channels properly	17.8	59.7	22.5	0.00	0.00	2.047	0.636
Customers know what is expected of them if they use alternate banking channels.	0.00	0.00	7.0	76.7	16.3	4.093	0.475
The steps in the process of using alternate banking channels are clear to the customers.	0.00	5.4	13.2	70.5	10.9	3.868	0.666
Customers in our organization believe there are only vague directions regarding how to use alternate banking channels.	5.4	59.7	17.1	12.4	5.4	2.527	0.969
Weighted Mean						3.292	0.714

From the findings, the respondents agreed with a mean of 4.093 and a standard deviation of 0.475 that customers know what is expected of them if they use alternate banking channels. In addition, the respondents agreed with a mean of 3.923 and a standard deviation of 0.826 that customers in the organization feel certain on how to effectively use alternate banking channels. Further, they agreed with a mean of 3.868 and a standard deviation of 0.666 that the steps in the process of using alternate banking channels are clear to the customers. However, with a mean of 2.527 and a standard deviation of 0.969 the respondents were neutral that the organization believes there are only vague directions regarding on how to use alternate banking channels. Moreover, with a mean of 2.047 and a standard deviation of 0.636 the respondents disagreed with the statement indicating that customers in the organization are NOT sure on how to use alternate banking channels properly.

Ability

The respondents were asked to indicate their level of agreement with statements pertaining to the influence of customers’ ability on customer satisfaction in KCB Bank. The results were as shown in Table 4.4.

Table 4. 4: Ability

	1	2	3	4	5	Mean	Std. Deviation
Customers in our organization are fully capable of adopting alternate banking channels	0.00	0.00	17.1	59.7	23.3	4.062	0.634
Customers in our organization are confident in their ability when adopting alternate banking channels.	0.00	0.00	17.8	48.1	34.1	4.163	0.705
Adopting alternate banking channels is within the scope of our customers abilities.	0.00	0.00	17.1	66.7	16.3	3.992	0.580

Our customers do NOT feel qualified to transact when adopting alternate banking channels.	21.7	43.4	22.5	12.4	0.00	2.256	0.938	
Customer's past experiences increase their confidence to successfully adopt alternate banking channels.	0.00	0.00	16.3	66.7	17.1	4.008	0.580	
Customers adopting a alternate banking channels feel there are more difficult things involved than they are capable.	10.9	49.6	31.0	8.5	0.00	2.372	0.791	
Weighted Mean							3.292	0.714

According to the findings, the respondents agreed with a mean of 4.163 and a standard deviation of 0.705 that customers in the organization are confident in their ability when adopting alternate banking channels. Moreover, with a mean of 4.062 and a standard deviation of 0.634 they agreed that customers in the organization are fully capable of adopting alternate banking channels. Respondents further agreed with a mean of 4.008 and a standard deviation of 0.580 that customer's past experiences increase their confidence to successfully adopt alternate banking channels. However, the respondents disagreed that customer adopting alternate banking channels feel there are more difficult things involved than they are capable as indicated by a mean of 2.372 and a standard deviation of 0.791. Moreover, with a mean of 2.256 and a standard deviation of 0.938 the respondents disagreed that the customers do NOT feel qualified to transact when adopting alternate banking channels.

Customers' Motivation

The respondents were further asked to indicate their level of agreement with various statements pertaining to the influence of customers' motivation on customer satisfaction in KCB Bank. The results were as shown in Table 4.5.

Table 4.5 Customers' Motivation

	1	2	3	4	5	Mean	Std. Deviation
If our customers put a little effort, they could successfully transact with alternate banking channels.	0.00	0.00	10.1	67.4	22.5	4.124	0.559
If customers tried to use alternate banking channels, their transaction are often ordered successfully.	0.00	0.00	5.4	66.7	27.9	4.225	0.534
Making the effort to use alternate banking channels among customers, results in a transaction being ordered successfully	0.00	0.00	9.3	74.4	16.3	4.070	0.503
Using alternate banking channels to order a transaction provides the customers with added convenience.	0.00	0.00	10.9	50.4	38.8	4.279	0.649
Using alternate banking channels to order a transaction allows customers to order a transaction more quickly.	0.00	0.00	11.6	77.5	10.9	3.992	0.476

Using alternate banking channels to order a transaction allows our customer to order a transaction whenever they want.	0.00	0.00	12.4	59.7	27.9	4.155	0.618
Using alternate banking channels to order a transaction provides customers with more control over the transaction order.	0.00	0.00	11.6	77.5	10.9	3.992	0.476
Using alternate banking channels to order a transaction provides customers with personal feelings of worthwhile accomplishment.	0.00	0.00	5.4	61.2	33.3	4.279	0.559
Using alternate banking channels to order a transaction provides customers with feelings of enjoyment from using the technology.	0.00	0.00	12.4	71.3	16.3	4.039	0.536
Using alternate banking channels to order a transaction provides customers with feelings of independence.	0.00	0.00	17.8	65.9	16.3	3.985	0.586
Using alternate banking channels to order a transaction allows customers to feel innovative in how they interact with a service provider.	0.00	0.00	11.6	63.6	24.8	4.132	0.591
Using alternate banking channels to order a transaction allows a customer to have increased confidence in my skills.	0.00	0.00	11.6	66.7	21.7	4.101	0.571
Weighted Mean						3.292	0.714

According to the findings, the respondents agreed with a mean of 4.279 and a standard deviation of 0.649 that using alternate banking channels to order a transaction provides the customers with added convenience. In addition, the respondents agreed with a mean of 4.225 and a standard deviation of 0.534 that if customers tried to use alternate banking channels, their transaction are often ordered successfully. Also, the respondents agreed with a mean of 4.124 and a standard deviation of 0.559 that if the customers put a little effort, they could successfully transact with alternate banking channels. Moreover, they agreed with a mean of 4.070 and a standard deviation of 0.503 that making the effort to use alternate banking channels among customers, results in a transaction being ordered successfully.

With a mean of 4.279 and a standard deviation of 0.559 the respondents agreed that using alternate banking channels to order a transaction provides customers with personal feelings of worthwhile accomplishment. Moreover, the respondents agreed with a mean of 4.155 and a standard deviation of 0.618 that using alternate banking channels to order a transaction allows the customer to order a transaction whenever they want. In addition, the respondents agreed that using alternate banking channels to order a transaction provides customers with more control over the transaction order. This is shown by a mean of 3.992 and a standard deviation of 0.476. Moreover, the respondents agreed with a mean of 3.992 and a standard deviation of 0.476 that using alternate banking channels to order a transaction allows customers to order a transaction more quickly.

With a mean of 4.132 and a standard deviation of 0.591, the respondents agreed that using alternate banking channels to order a transaction allows customers to feel innovative on how they interact with a service provider. Furthermore, they agreed that using alternate banking channels to order a transaction allows customers to have increased confidence in their skills. This is shown by a mean of 4.101 and a standard deviation of 0.571. In addition, the respondents agreed with a mean of 4.039 and a standard deviation of 0.536 that using alternate banking channels to order a transaction provides customers with feelings of enjoyment from using the technology. The respondents also agreed that using alternate banking channels to order a transaction provides customers with feelings of independence. This is shown by a mean of 3.985 and a standard deviation of 0.586.

Service Quality

The second objective of the study was to investigate the influence of service quality on customer satisfaction in KCB Bank.

Reliability

The respondents were asked to indicate their level of agreement with various statements pertaining to the influence of ABC reliability on customer satisfaction in KCB Bank. The results were as shown in Table 4.6.

Table 4. 6: Reliability

	1	2	3	4	5	Mean	Std. Deviation
Alternate banking channels perform services right the first time.	0.00	0.00	28.7	60.5	10.9	3.822	0.605
With alternate banking channels, services are provided when they are promised	0.00	0.00	11.6	48.1	40.3	4.287	0.664
Alternate banking channels do not live up to their promise	16.3	65.9	17.8	0.00	0.00	2.016	0.586
Alternate banking channels provide education and direction of usage	16.3	59.7	18.6	5.4	0.00	2.132	0.744
ATM provides graphics and adverts of bank services	0.00	0.00	19.4	58.1	22.5	4.031	0.649
When alternate banking channels break down they are fixed promptly	22.5	47.3	30.2	0.00	0.00	2.078	0.725
Weighted Mean						3.292	0.714

According to the findings, the respondents agreed with a mean of 4.287 and a standard deviation of 0.664 that with alternate banking channels, services are provided in a timely manner. In addition, they agreed with a mean of 3.822 and a standard deviation of 0.605 that alternate banking channels perform services right the first time. However, with a mean of 2.132 and a standard deviation of 0.744 they disagreed that alternate banking channels provide education and direction of usage. Moreover, they disagreed with the statement indicating that alternate banking

channels do not live up to their promise. This is shown by a mean of 2.016 and a standard deviation of 0.586.

With a mean of 4.031 and a standard deviation of 0.649, the respondents agreed that ATM provides graphics and adverts of bank services. Nonetheless, they disagreed with a mean of 2.256 and a standard deviation of 0.732 that alternate banking channels provide answers to questions easily. Moreover, they disagreed that when alternate banking channels break down they are fixed promptly. This is shown by a mean of 2.078 and a standard deviation of 0.725.

Empathy

The respondents were also asked to indicate their level of agreement with various statements on the influence of empathy on customer satisfaction in KCB Bank. The results were as presented in Table 4.7.

Table 4. 7: Empathy

	1	2	3	4	5	Mean	Std. Deviation
I have trust and confidence in the security of alternate banking channels	0.00	0.00	11.6	72.1	16.3	4.047	0.528
I have confidence in the security of our clients personal information	0.00	0.00	18.6	58.9	22.5	4.039	0.642
Our customers are safe during alternate banking channels transactions	0.00	0.00	10.9	77.5	11.6	4.008	0.476
The alternate banking channels system is easy to understand and to use	0.00	0.00	18.6	48.1	33.3	4.147	0.708
Alternate banking channels are designed to make future transactions easier	0.00	0.00	17.8	48.8	33.3	4.155	0.701
It is easy to customize the use of alternate banking channels	0.00	0.00	12.4	82.2	5.4	3.930	0.418
The bank does not share customers' personal information in the alternate banking channels with other sites	0.00	0.00	18.6	58.9	22.5	4.039	0.642
Weighted Mean						3.292	0.714

From the findings, the respondents agreed with a mean of 4.147 and a standard deviation of 0.708 that the alternate banking channels system is easy to understand and to use. Moreover, the respondents agreed that they have trust and confidence in the security of alternate banking channels. This is shown by a mean of 4.047 and a standard deviation of 0.528. They also agreed with a mean of 4.039 and a standard deviation of 0.642 that they have confidence in the security of the clients' personal information. In addition, the respondents agreed with a mean of 4.008 and a standard deviation of 0.476 that the customers are safe during alternate banking channels transactions.

Respondents agreed with a mean of 4.155 and a standard deviation of 0.701 that alternate banking channels are designed to make future transactions easier. Moreover, they agreed that the

bank does not share customers’ personal information in the alternate banking channels with other sites. This is shown by a mean of 4.039 and a standard deviation of 0.642. In addition, they agreed with a mean of 3.930 and a standard deviation of 0.418 that it is easy to customize the use of alternate banking channels.

Tangibles

The respondents were requested to indicate their level of agreement with various statements on tangibles of ABC and customer satisfaction in KCB Bank. The results were ash shown in Table 4.8.

Table 4. 8: Tangibles

	1	2	3	4	5	Mean	Std. Deviation
The alternate banking channels websites are easy and conveniently located	0.00	0.00	5.4	77.5	17.1	4.116	0.461
Transactions are submitted in safe mode	0.00	0.00	22.5	65.9	11.6	3.892	0.576
It is easy to log in and logout of the bank portal	0.00	0.00	24.0	48.1	27.9	4.039	0.722
Alternate banking channels provide fast services	0.00	0.00	30.2	58.9	10.9	3.806	0.614
The alternate banking channels waiting time is acceptable	0.00	5.4	5.4	65.9	23.3	4.070	0.709
The bank provides clear instructions on usage	0.00	5.4	17.8	47.3	29.5	4.008	0.834
The bank’s alternate banking channels personnel are available for the redress of problems	0.00	5.4	12.4	52.7	29.5	4.062	0.798
Alternate banking channels provide a different range of services	0.00	5.4	11.6	58.1	24.8	4.023	0.765
Weighted Mean						3.292	0.714

From the findings, the respondents agreed with a mean of 4.116 and a standard deviation of 0.461 that the alternate banking channels websites are easy and conveniently located. The respondents also agreed with a mean of 4.039 and a standard deviation of 0.722 that it is easy to log in and logout of the bank portal. Moreover, they agreed that transactions are submitted in safe mode. This is shown by a mean of 3.892 and standard deviation of 0.576. Furthermore, the respondents agreed with a mean of 3.806 and standard deviation of 0.614 that alternate banking channels provide fast services.

With a mean of 4.070 and standard deviation of 0.709, the respondents agreed that the alternate banking channels waiting time is acceptable. Moreover, they agreed that the bank’s alternate banking channels personnel are available for the redress of problems. This is shown by a mean of 4.062 and standard deviation of 0.798. Moreover, the respondents agreed with a mean of 4.023 and standard deviation of 0.765 that alternate banking channels provide a different range of services. Furthermore, they agreed that the bank provides clear instructions on usage. This is shown by a mean of 4.008 and standard deviation of 0.834.

Employee Readiness

The third objective of the study was to assess the influence of employee readiness on customer satisfaction in KCB Bank.

Employee Engagement

The respondents were asked to indicate their level of agreement with various statements on the influence of employee engagement on the customer satisfaction at KCB Bank. The results were as shown in Table 4.9.

Table 4. 9: Employee Engagement

	1	2	3	4	5	Mean	Std. Deviation
As an employee supporting alternate banking channels, I feel my personality matches that of the bank’s image	0.00	0.00	18.6	57.4	24.0	4.054	0.653
As an employee supporting alternate banking channels, I am proud to tell others I work for the bank and promote its products	0.00	0.00	18.6	58.9	22.5	4.039	0.642
As an employee supporting alternate banking channels, I feel my work get little recognition or support from management	0.00	0.00	7.0	65.9	27.1	4.202	0.550
As an employee supporting alternate banking channels, I do more that is expected of me	0.00	0.00	24.0	70.5	5.4	3.814	0.512
Weighted Mean						3.292	0.714

From the findings, the respondents agreed with a mean of 4.202 and a standard deviation of 0.550 that as the employees supporting alternate banking channels, they feel that their work get little recognition or support from management. In addition, the respondents agreed with a mean of 4.054 and a standard deviation of 0.653 that as employees supporting alternate banking channels, they feel that their personality matches that of the bank’s image. With a mean of 4.039 and a standard deviation of 0.642, the respondents agreed that as the employees supporting alternate banking channels, they are proud to tell others that they work for the bank and promote its products. Moreover, they agreed with a mean of 3.814 and standard deviation of 0.512 that as the employees supporting alternate banking channels, they do more of what is expected of them. However, with a mean of 1.814 and standard deviation of 0.748, they disagreed that as the employees supporting alternate banking channels, they frequently think of quitting the job.

Training and Assurance

The respondents were requested to indicate their level of agreement with various statements on the influence of employee training and assurance on the influence of employee readiness on customer satisfaction in KCB Bank. The results were as shown in Table 4.10.

Table 4. 10: Training and Assurance

	1	2	3	4	5	Mean	Std. Deviation
Managers cultivate employee readiness to embrace new tasks and structure from the start of implementing the alternate banking channels	0.00	0.00	11.6	72.1	16.3	4.047	0.528
Managers increase perceived job benefits among employees to promote alternate banking channels' satisfaction	0.00	0.00	22.5	41.9	35.7	4.132	0.754
Managers send out prompt communication to employees about new developments in alternate banking channels	22.5	65.1	11.6	0.8	0.00	1.907	0.605
Managers help employees to understand that their productivity and efficiency increases with alternate banking channels	0.00	0.00	10.9	55.8	33.3	4.225	0.628
Employees see great confidence and commitment for the top management in the alternate banking channels' system	0.00	0.00	5.4	54.3	40.3	4.349	0.582
Managers have established training courses to increase the employee technology readiness	22.5	53.5	22.5	1.6	0.00	2.031	0.717
Weighted Mean						3.292	0.714

As shown in Table 4.10, the respondents agreed with a mean of 4.349 and a standard deviation of 0.582 that employees see great confidence and commitment by top management in the alternate banking channels' system. Moreover, they agreed that managers help employees to understand that their productivity and efficiency increases with alternate banking channels. This is shown by a mean of 4.225 and a standard deviation of 0.628. In addition, the respondents agreed with a mean of 4.147 and a standard deviation of 0.614 that managers have set conducive environment for employees to promote commitment and avoid resistance to the alternate banking channels. Furthermore, they agreed with a mean of 4.132 and a standard deviation of 0.754 that managers' increase perceived job benefits among employees to promote alternate banking channels' satisfaction.

The respondents also agreed that managers cultivate employee readiness to embrace new tasks and structure from the start of implementing the alternate banking channels. This is shown by a mean of 4.047 and a standard deviation of 0.528. However, with a mean of 2.031 and a standard deviation of 0.717, the respondents disagreed with the statement indicating that managers have established training courses to increase the employee technology readiness. Moreover, the respondents disagreed that managers send out prompt communication to employees about new developments in alternate banking channels. This is shown by a mean of 1.907 and a standard deviation of 0.605.

Customer Relationship Management Ability

The respondents were asked to indicate their level of agreement with various statements pertaining to the influence of CRM ability on customer satisfaction in KCB Bank. The results were as shown in Table 4.11.

Table 4. 11: Customer Relationship Management Ability

	1	2	3	4	5	Mean	Std. Deviation
As an employee, I believe the level of service provision is better in a branch than over the telephone or Internet.	0.00	0.00	11.6	70.5	17.8	4.062	0.541
As an employee, I find it difficult to remember passwords and security questions	16.3	59.7	18.6	0.00	5.4	2.186	0.899
As an employee, I believe that the level of service is the same irrespective of what communication channel I use	5.4	64.3	19.4	0.00	10.9	2.465	1.008
As an employee, I find banking opening hours to be inconvenient and no need to visit a branch	5.4	70.5	18.6	0.00	5.4	2.295	0.804
As an employee, I would only use alternate banking channels if it was necessary	0.00	0.00	10.9	58.1	31.0	4.202	0.617
As an employee, If alternate banking channels were offered by the bank I would be the first to try it	0.00	0.00	13.2	64.3	22.5	4.093	0.592
Some financial transactions are too important to be arranged through alternate banking channels	22.5	60.5	17.1	0.00	0.00	1.946	0.629
Weighted Mean						3.292	0.714

According to the findings, the respondents agreed with a mean of 4.062 and a standard deviation of 0.541 that as employees, they believe that the level of service provision is better in a branch than over the telephone or Internet. However, with a mean of 2.465 and a standard deviation of 1.008, the respondents disagreed that as employees, they believe that the level of service is the same irrespective of what communication channel they use. Moreover, with a mean 2.295 and a standard deviation of 0.804, the respondents disagreed that as employees, they find banking opening hours to be inconvenient and no need to visit a branch.

Moreover, the respondents agreed with a mean of 4.202 and a standard deviation of 0.617 that as employees, they would only use alternate banking channels if it was necessary. With a mean of 4.093 and a standard deviation of 0.592, the respondents agreed that as employees, if alternate banking channels were offered by the bank they would be the first to try it. Nonetheless, the respondents disagreed that some financial transactions are too important to be arranged through alternate banking channels. This is shown by a mean of 1.946 and a standard deviation of 0.629.

Customer Satisfaction in KCB Bank

The measures of customer satisfaction in KCB Bank include perceived efficiency, brand perception and cost effectiveness. Primary data on perceived efficiency, brand perception and cost effectiveness was obtained from KCB Bank based in Nairobi, Kenya. Table 4.12 shows the extent to which customer satisfaction as ABC adoption strategy is integrated at KCB Bank.

Table 4. 12: Customer Satisfaction in KCB Bank

	1	2	3	4	5	Mean	Std. Deviation
The bank has a customer satisfaction strategy related to alternate banking channels	0.00	0.00	22.5	44.2	33.3	4.109	0.742
The bank has a customer satisfaction policy and guideline for the use by the bank branch network	0.00	0.00	10.9	39.5	49.6	4.388	0.677
The bank promotes feedback on alternate banking channels from customers and employees	0.00	0.00	24.0	43.4	32.6	4.085	0.750
The managers support employees by providing training and resources for alternate banking channels	22.5	58.9	18.6	0.00	0.00	1.961	0.642
There is a bank committee in charge of monitoring alternate banking channels quality and performance.	0.00	0.00	7.0	65.1	27.9	4.209	0.554
The bank has set given motivation incentives for exceptional customers and employees adopting alternate banking channels.	0.00	0.00	17.1	66.7	16.3	3.992	0.580
The bank can follow up the nature and kind of customer adopting alternate banking channels.	0.00	0.00	11.6	61.2	27.1	4.155	0.605
Weighted Mean						3.292	0.714

From the findings, the respondents agreed that bank has a customer satisfaction policy and guideline for the use by the bank branch network. This is shown by a mean of 4.388 and a standard deviation of 0.677. Moreover, with a mean of 4.109 and a standard deviation of 0.742, the respondents agreed that the bank has a customer satisfaction strategy related to alternate banking channels. In addition, they agreed that the bank promotes feedback on alternate banking channels from customers and employees as shown by mean of 4.085 and a standard deviation of 0.750. Nevertheless, they disagreed that the managers support employees by providing training and resources for alternate banking channels. This is shown by a mean of 1.961 and a standard deviation of 0.642.

The respondents agreed with a mean of 4.209 and a standard deviation of 0.554 that there is a bank committee in charge of monitoring alternate banking channels quality and performance. Moreover, the respondents agreed that the bank can follow up the nature and kind of customer adopting alternate banking channels. This is shown by a mean of 4.155 and a standard deviation of 0.605. Furthermore, they agreed with a mean of 3.992 and a standard deviation of 0.580 that the bank has set given motivation incentives for exceptional customers and employees adopting alternate banking channels.

Inferential Statistics

The study used correlation analysis to establish the relationship between the independent variables (customer readiness, service quality and employee readiness) and the dependent variable (customer satisfaction in KCB Bank). Multiple regression analysis was used to test for effects of each independent variable on dependent variable using beta coefficients.

Correlation Analysis

This study used Pearson product-moment correlation analysis to establish whether there is an association between the independent variables and the dependent variable. A positive correlation shows that there is a positive relationship between the variables while a negative correlation shows that there is a negative relationship between the variables. The results were as shown in Table 4.13.

Table 4. 13: Correlation Coefficients

		Customer satisfaction	Customer readiness	Perceived Service Quality	Employee readiness
Customer satisfaction	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	129			
Customer readiness	Pearson Correlation	.694**	1		
	Sig. (2-tailed)	.000			
	N	129	129		
Perceived Service Quality	Pearson Correlation	.883**	.144	1	
	Sig. (2-tailed)	.000	.091		
	N	129	129	129	
Employee readiness	Pearson Correlation	.744**	.104	.092	1
	Sig. (2-tailed)	.000	.121	.137	
	N	129	129	129	129

** . Correlation is significant at the 0.01 level (2-tailed).

From the correlation analysis, the study found that there is a positive relationship between customer readiness and customer satisfaction in KCB Bank where the correlation coefficient was 0.694. The relationship was significant because the p-value (0.000) was less than the significance level (0.05). The study also found that perceived service quality and customer satisfaction in KCB Bank correlate positively with correlation coefficient of 0.883. The p-value was 0.000 which was less than the significance level (0.05) and hence the relationship was significant. The study further established that there is a positive relationship between employee readiness and customer satisfaction in KCB Bank as indicated by a correlation coefficient of 0.744. The association was considered significant as the p-value (0.000) was less than the significance level (0.05).

Hypothesis Testing

A multivariate regression analysis was also carried out to determine the weight of the relationship between dependent variable and the three independent variables. Since the independent variables in this study are three in numbers, the multi regression model was as follows

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \varepsilon$$

Whereby; Y = customer satisfaction; B₀ = Constant; β₁- β₃ =Coefficients of determination; X₁ = customer readiness; X₂ = perceived service quality; X₃ = employee readiness; ε = Error term

The model summary shows the variance proportion in the dependent variable that can be explained by the independent variables. The results of the model summary are as presented in Table 4.14.

Table 4. 14: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.882	0.778	0.748	0.25928

a. Predictors: (Constant), Employee readiness, Perceived Service Quality, Customer readiness

The R-Squared is the variance proportion in the dependent variable that can be explained by the independent variables. From the findings, the R-squared in this study was 0.778, which shows that the three independent variables (employee readiness, perceived service quality, customer readiness) jointly explained 77.8 percent of the variation in the dependent variable.

Table 4. 15: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.162	3	2.721	40.468	.000 ^b
	Residual	8.403	125	.067		
	Total	16.565	128			

a. Dependent Variable: Customer satisfaction

b. Predictors: (Constant), Employee readiness, Perceived Service Quality, Customer readiness

From Table 4.15, the analysis of variance in this study was used to determine whether the model

is a good fit for the data. The results show that the model was significant as the p-value (0.000) was less than 0.05 (significance level) indicating the model is statistically significant in establishing the effect of employee readiness, perceived service quality and customer readiness on customer satisfaction in KCB Bank. Further, the F-calculated (40.468) was found to be more than the F-critical (2.70) which shows that the model was a good fit for the data and hence appropriate in establishing the influence of the three independent variables on the dependent variable.

Table 4. 16: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	0.460	0.148		3.108	0.000
Customer readiness	0.362	0.138	0.350	2.623	0.021
Perceived Service Quality	0.770	0.101	0.781	7.624	0.000
Employee readiness	0.441	0.161	0.425	2.739	0.006

a. Dependent Variable: Customer satisfaction

Using the unstandardized coefficients the following equation applies:

$$Y = 0.460 + 0.362X_1 + 0.770X_2 + 0.441X_3 + \epsilon$$

The regression equation above has established that holding all the independent variables (employee readiness, perceived service quality, customer readiness) constant the customer satisfaction in KCB Bank was 1.215 units.

H01: There is no significant relationship between customer readiness and customer satisfaction in KCB Bank

Further, the findings show that there is a significant positive relationship between customer readiness and customer satisfaction in KCB Bank as shown by a coefficient of 0.362 (p-value = 0.000). A unit increase in customer readiness would lead to a 0.362 increase in customer satisfaction in KCB Bank. The study failed to accept the null hypothesis that there is no significant relationship between customer readiness and customer satisfaction in KCB Bank.

H02: There is no significant relationship between perceived service quality and customer satisfaction in KCB Bank

The findings presented also show that there is a positive significant relationship between perceived service quality and customer satisfaction in KCB Bank as shown by a coefficient of 0.770 (p-value=0.000). This shows that a unit increase in perceived service quality would lead to a 0.770 increase in customer satisfaction in KCB Bank. The study failed to accept the null hypothesis that there is no significant relationship between perceived service quality and customer satisfaction in KCB Bank.

H₀₃: There is no significant relationship between employee readiness and customer satisfaction in KCB Bank

In addition, the findings show that there is a positive significant relationship between employee readiness and customer satisfaction in KCB Bank as shown by a coefficient of 0.441 (p-value=0.001). A unit increase in employee readiness leads to a 0.441 increase in customer satisfaction in KCB Bank. The study failed to accept the null hypothesis that there is no significant relationship between employee readiness and customer satisfaction in KCB Bank.

SUMMARY OF FINDINGS, DISCUSSION, CONCLUSION AND RECOMMENDATIONS

Introduction

This chapter presents the summary of the findings, discussion of the findings, conclusions, recommendations and suggestion for further studies. The conclusions and recommendations for policy and practice drawn were focused on addressing the purpose of the study, which was to evaluate the adoption influence of alternate banking channels on customer satisfaction in the banking sector in Kenya. The study also sought to determine the influence of customer readiness, service quality and employee readiness on customer satisfaction in KCB Bank.

Summary of Major Findings

The summary of the findings were provided as per the findings in chapter four covering the three objectives. The study found that customer readiness has a positive and significant effect on customer satisfaction in KCB Bank. This implies that an improvement in customer readiness would lead to an improvement on customer satisfaction in KCB Bank. The study established that role clarity, customers' ability and customers' motivation influence customer satisfaction in KCB Bank.

The study established that service quality has a positive and significant effect on customer satisfaction in KCB Bank. This implies that an improvement in service quality would lead to an improvement on customer satisfaction in KCB Bank. The study established that ABC reliability, empathy and tangibles influence the customer satisfaction in KCB Bank.

The study revealed that employee readiness has a positive and significant effect on customer satisfaction in KCB Bank. This implies that an improvement in employee readiness would lead to an improvement on customer satisfaction in KCB Bank. The study established that employee engagement, training and assurance and CRM ability influence the customer satisfaction in KCB Bank.

Discussion

The discussions of the findings were done as per the objectives of the study. They are categorized into three main subject areas as detailed in the following section:

Customer Readiness

The study found that customer readiness has a positive and significant influence on the customer satisfaction in KCB Bank. The findings agree with Meuter et al., (2005) findings that customer readiness has a positive and significant influence on the performance of Banks in Kenya. The findings also agree with Acheampong et al., (2017) arguments that customer readiness as measured by technology readiness gives a positive effect on consumers' satisfaction. The study found that customers know what is expected of them if they use alternate banking channels. The study also revealed that customers in the organization feel certain on how to effectively use alternate banking channels. In addition, the study established that the steps in the process of using alternate banking channels are clear to the customers. These findings concur with Chandio et al., (2013) arguments that clear guidelines on the use of ABC significantly impact customer satisfaction. Moreover, the study established that customers in the organization are sure on how to use alternate banking channels properly. These findings conform to Berg, (2008) discoveries that access to knowledge on e-banking services and understanding the potential risks influences customer satisfaction. However, the study found that the respondents never agreed nor disagreed that the organization believes there are only vague directions regarding how to use alternate banking channels

Further, the study found that customers in the organization are confident in their ability when adopting alternate banking channels. These findings are contrary to Parasuraman & Colby, (2015) discoveries that there is proof of growing customer frustration while interacting with technology-based service delivery systems which is largely attributed to the lack of readiness and confidence when adopting alternate banking channels. Moreover, the study revealed that customers in the organization are fully capable of adopting alternate banking channels. Furthermore, the study found that customer's past experiences increase their confidence to successfully adopt alternate banking channels. These findings concur with Mukhongo et al., (2014) findings that fast and efficient service, friendliness of bank personnel, customer's past experiences and confidentiality influences the adoption of ABC by the customers. Moreover, the study established that customer adopting alternate banking channels do not feel that there are more difficult things involved than they are capable. The study also found that the customers feel qualified to transact when adopting alternate banking channels. These findings are in agreement with Acheampong et al., (2017) arguments that technology readiness is a related construct to consumer readiness and gives a positive moderating effect on consumers' attitudes to alternate banking channels.

The study found that using alternate banking channels to order a transaction provides the customers with added convenience. These findings are in line with Durkin et al., (2007) arguments that ABC makes it easy for employees to deliver services to customers by reducing the amount of work or time required. The study also revealed that if customers tried to use alternate banking channels, their transaction are often ordered successfully. In addition, the study revealed making the effort to use alternate banking channels among customers, results in a transaction being ordered successfully. These findings agree with O'Loughlin & Szmigin, (2006) findings that using alternate banking channels among customers' increases the transaction speed and ensures efficient service delivery which are critical in enhancing customer satisfaction. The findings of the study indicated that using alternate banking channels to order a transaction allows the customer to order a transaction whenever they want and provides them with more control over the transaction order as well as personal feelings of worthwhile accomplishment. These findings conform to Sadeghi et al., (2015) discoveries that using ABC to order a transaction enables the customer to order a transaction any time they want and gives them the control over it. Further, the study established that using alternate banking channels to order a transaction allows customers to order a transaction more quickly, provides them with feelings of independence and enjoyment from using the technology, increases customers' confidence in their skills, and they also allows customers to feel innovative in how they interact with a service provider. These findings conform to Jebarajakirthy & Shankar, (2021) discoveries that using alternate banking channels to order a transaction enables customers to exhibit a strong motivation to use and enjoy the stimulation of trying new technologies.

Service Quality

The study found that service quality has a positive and significant effect on customer satisfaction in KCB Bank. These findings conform to Cronin, (2003); Rust & Lemon, (2001) arguments that service quality has been recognized as having the potential to deliver strategic benefits, such as improved customer loyalty and profitability. In addition, the findings concur with Mittal et al., (2016) discoveries that positive performance of a service quality attribute has less impact on overall consumer satisfaction than the negative performance of that same attribute. Moreover, the study revealed that with alternate banking channels, services at KCB Bank are provided when they are promised. These findings are in agreement with Lenka et al. (2009) discoveries that ABC ensures that the services are delivered to customers on time and at the right quality which in turn enhances customer satisfaction. In addition, the study found that alternate banking channels perform services right the first time. The study also revealed that alternate banking channels live up to their promise. Moreover, the study indicated that ATM provides graphics and adverts of bank services. However, the study established that alternate banking channels do not provide education and direction of usage.

Moreover, the study established that alternate banking channels do not provide answers to questions easily. These findings are contrary to Kaura et al., (2013) that provision of guidelines

on ABC usage and responses to the customers' questions leads to customers' satisfaction. In addition, the study revealed that when alternate banking channels break down they are not fixed promptly. The findings also indicated that the alternate banking channels system is easy to understand and to use. Moreover, the study found that banking channels are designed to make future transactions easier. These findings are in line with Lenka et al. (2009) arguments that ABC system is easy to understand and to use which significantly lead to customers' satisfaction. Also, the study found that employees at KCB Bank have trust and confidence in the security of clients' personal information as well as alternate banking channels. Furthermore, the study found that the customers are safe during alternate banking channels transactions. Moreover, the study revealed that the bank does not share customers' personal information in the alternate banking channels with other sites. These findings are in line with Dimitriades & Papalexandris, (2012) findings that there is a significant relationship among e-service quality, trust and customer satisfaction and emphasis on banks to be more concerned about the privacy of individual transactions of the customers. The study also established that it is easy to customize the use of alternate banking channels.

The study findings revealed that alternate banking channels websites are easy and conveniently located, it is easy to log in and logout of the bank portal and that transaction are submitted in safe mode. In addition, the study found that alternate banking channels provide fast services hence, the alternate banking channels waiting time is acceptable. These findings conform to Narteh (2015) arguments that ABC performs the required service accurately, dependably and consistently respond to customer needs and meet deadlines. Moreover, the study revealed that the bank's alternate banking channels personnel are available for the redress of problems. The study also established that alternate banking channels provide a different range of services. These findings conform to PwC (2019) arguments that ABC serve as gateways for customers to have a wider variety of options offering convenience, better quality, and flexibility, such as Internet banking, ATM debit cards, Credit cards, SMS banking, Agency banking, Mobile banking. In addition, the study revealed that the bank provides clear instructions on usage.

Employee Readiness

The study found that employee readiness has a positive and significant influence on customer satisfaction in KCB Bank. The findings are in line with Sadeghi et al., (2015) findings that employee readiness has a positive and significant influence on customer satisfaction hence, bank's enhancement of employee readiness would help to gain a competitive advantage. In addition, the findings are in agreement with Ongori & Migiro, (2010) findings that there is a positive and significant influence of employee readiness on the customer satisfaction of the banks. The findings of the study indicated that employees supporting ABC feel that their work get little recognition or support from the management. The study revealed that personality of employees' supporting ABC matches that of the bank's image and that they do more of what is expected of them. The findings of the study indicated that employees supporting ABC are proud

to tell others that they work for the bank and promote its products. Moreover, the study established that employees supporting ABC at KCB Bank rarely think of quitting the job. These findings conform to Chandio et al., (2013) discoveries that employees supporting ABC are proud of their work and have low turnover intentions.

The study established that employees see great confidence and commitment for the top management in the alternate banking channels' system. The study further revealed that managers have set conducive environment for employees to promote commitment and avoid resistance to the alternate banking channels. These findings concur with Berndt et al., (2010) discoveries that employees who have high organizational commitment will affect the emergence of consumer satisfaction. Moreover, the managers help employees to understand that their productivity and efficiency increases with alternate banking channels. In addition, managers' increase perceived job benefits among employees to promote alternate banking channels' satisfaction. Furthermore, the study found that managers cultivate employee readiness to embrace new tasks and structure from the start of implementing the alternate banking channels. These findings are in line with Sadeghi et al., (2015) discoveries that bank's enhancement of employee readiness would help to gain a competitive advantage. Nonetheless, the study found that the managers have not established training courses to increase the employee technology readiness. The study also established that managers do not send out prompt communication to employees about new developments in alternate banking channels. These findings are contrary to Junita, (2017) arguments that employees with more expert and technical information on new developments in alternate banking channels would respond to the problems and ambiguities of bank customers.

The study revealed that employees believe that the level of service provision is better in a branch than over the telephone or Internet. Moreover, the study found that employees find banking opening hours to be convenient. These findings are in agreement with Chandio et al., (2013) arguments that convenient bank opening and closing hours influences customers' satisfaction significantly. However, the study established that employees do not believe that the level of service is the same irrespective of the communication channel that they use. The study revealed that employees would only use alternate banking channels if it was necessary and that if alternate banking channels were offered by the bank they would be the first to try it. However, the study revealed that some financial transactions are not too important to be arranged through alternate banking channels.

Conclusion

The first null hypothesis was that there is no significant relationship between customer readiness and customer satisfaction in KCB Bank. The study concludes that there is a positive and significant relationship between customer readiness and customer satisfaction in KCB Bank. The results indicated that role clarity, customers' ability and motivation influence customer satisfaction in KCB Bank.

The second null hypothesis was that there is no significant relationship between service quality and customer satisfaction in KCB Bank. The study concludes that there is a positive and significant relationship between service quality and customer satisfaction in KCB Bank. The results indicated that ABC reliability, empathy and tangibles influence customer satisfaction in KCB Bank.

The third null hypothesis was that there is no significant relationship between employee readiness and customer satisfaction in KCB Bank. The study concludes that there is a positive and significant relationship between employee readiness and customer satisfaction in KCB Bank. The results indicated that employees' engagement, training and assurance and CRM ability influence customer satisfaction in KCB Bank.

Recommendations

Recommendation for Practice

The study found that customer readiness has a positive and significant influence on customer satisfaction in KCB Bank. The study therefore recommends that the management of KCB Bank should adopt the use ABC in order to ease service deliver to customers by reducing the amount of work or time required.

Moreover the study established that alternate banking channels do not provide answers to questions easily. Therefore, this study recommends that the management should equip the employees with relevant knowledge and skills on how to respond to customers' questions and complains as quickly as possible so as to avoid inconveniences.

The study found that employees never agreed nor disagreed that the organization believes there are only vague directions regarding the use alternate banking channels. The study therefore recommends that the management at KCB Bank should provide proper guidelines and education to the customers both in the urban and rural areas on how to use ABC so as enable the low income and the elderly people in society access bank services without going to the bank.

The study found that when alternate banking channels break down they are not fixed promptly. This study therefore recommends that the management should equip the employees with proper knowledge and skills on how to fix ABC breakages so as to ensure that the services are delivered on time.

The study found that the managers have not established training courses to increase the employee technology readiness. The study further recommends that the top management should offer

training courses to the employees on the modern advancement in the bank sector to help them respond to the problems and ambiguities of bank customers and provide high-quality services. The study established that managers do not send out prompt communication to employees about new developments in alternate banking channels. Therefore, this study recommends that the management at KCB Bank should establish reliable channels to notify all their customers on the modern advancements in ABC to ensure that they get quality services at a less cost and within a short period of time.

Recommendation for Policy

The study recommends that policy makers should consider alternate banking channels in their formulation of policies because of the technological developments and the expected switch from physical branch networks to technologically supported banking services which help to increase the transaction speed and ensures efficient service delivery

Employee readiness was found to influence customer satisfaction at KCB Bank. Therefore, the KCB Bank should come up with policies to train the employees on ABC as well as educate the customers especially those in remote areas on how to use the new innovation to ensure efficient service delivery.

The study found that ABC is at the core of the entire banking transformation in Kenya. Therefore, the government of Kenya through Central Bank of Kenya should developed and implement policies on ABC in order to enhance customers satisfaction when making transactions.

Areas for Further Studies

This study was limited to KCB Bank in Kenya and hence the findings cannot be generalized to other banks in Kenya. The study therefore recommends further studies on the influence of alternate banking channels on customer satisfaction of all the other 38 commercial banks in Kenya. The study found that alternate banking channels could only explain 77.8% of the customer satisfaction in the banking sector in Kenya. This study therefore suggests that further studies should be conducted to investigate the other factors that influence customer satisfaction in the banking sector in Kenya. The study recommends further studies to focus on other financial institutions like MFIs and SACCOs.

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