

USAGE OF ALTERNATIVE BANKING CHANNELS AND CUSTOMER
SATISFACTION IN LARGE COMMERCIAL BANKS IN NAIROBI COUNTY,
KENYA

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DECLARATION

I declare that this thesis is my original work and to my knowledge has not been presented for any award in any other university.

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ABSTRACT

The need for satisfactory service delivery to customers has obligated financial institutions in Kenya to implement alternative delivery channels. The integration with alternative delivery channels has had a great impact on the financial development in the country and a big part of this has to do with the deep penetration of automated teller machines (ATM), tele-banking/mobile banking, internet, card banking and other multiple delivery channels in the last decade. The purpose of this study was to establish usage of alternative banking channels and customer satisfaction of large commercial banks in Nairobi County. The study aimed to specifically; to analyze the perceived usefulness, perceived ease-of-use, facilitating conditions and perceived risk of alternative banking channels and customer satisfaction. The study used descriptive survey as they are useful in describing the characteristics of a large population. The target population for the study was customers of the six large commercial banks. The study comprised of 100 respondents in total. Convenience sampling was then used in identifying customers from each of the six bank branches within the Central Business District. Data collected, was tabulated and analyzed for purpose of clarity, using SPSS software. Data was then presented using tables, and pie charts to make them reader friendly. In addition, the study conducted a multiple regression analysis to determine the relationship between customer satisfaction and the variables of the study. The study concludes that customers are satisfied with the perceived usefulness, perceived ease-of-use and facilitating conditions of their bank's alternative banking channels. However, the level of satisfaction with the risk of their bank's alternative banking channels is wavering. Additionally, the study concludes that the Perceived Usefulness of the respondents bank's alternative banking channels positively influences their customer satisfaction in terms of its accessibility, reliability, convenience and variety. Moreover, customers derive satisfaction from the Perceived Ease-of-Use of ABCs majorly because they are computer literate which makes it easy to understand and use the technologies. The study concludes that the facilitating conditions of alternative banking channels influence customer satisfaction by offering platforms to undertake transactions with the banks such as bank's site has details on how to perform fund transfer between accounts, issuance of ATM and Credit cards, internet access amongst others. On the other hand, perceived risks of alternative banking channels including; minimized transaction risks, reliability, transparency and confidentiality of transactions positively influences the satisfaction customers derive from the ABCs. Based on the findings, the study recommends that; the cost of transactions of using ABCs should be minimized further for the banks to achieve higher levels of customer satisfaction. The banks should also institute in their bank's site details on competitors' interest rates, exchange rate and foreign exchange, details on security arrangements.