

Accessibility of Digital Banking on Customer Satisfaction: National bank of Kenya.

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Abstract: Banks have been forced to deleverage and identify alternative sources of value as a result of increased regulations and competitive challenges. This has led to the introduction of digital banking where technology is mostly embraced while carrying transactions. However, customers are still waiting for this new banking experience, touted as a revolutionary transformation that will bring many new features, including anytime and anywhere banking, ultra-fast response times, and omnipresent advisors. The objective that guided the study: To establish effect of accessibility of digital banking on Customer Satisfaction case of National Bank of Kenya, Bungoma County. The target population for the study was bank customers and banking staff from National Bank in Bungoma County and a sample size of 417. Descriptive survey design was undertaken. Data was collected using questionnaires, interview schedules and document reviews. Analysis was done with the aid of Statistical Package for Social Sciences where both descriptive and correlation analysis were performed. The findings of the study established there was a significant relationship between accessibility of digital banking and customer's satisfaction, $\chi^2 (6, N=350) = 390.74, P = 0.00$. The study recommends that Mobile banking and POS terminals, need to come up with an application that can be used to enhance digital banking.

Keywords: Deleverage, Digital Banking, Revolutionary Transformation, Satisfaction, Bungoma, Value.

I. Introduction

According to Vasya and Patrick (2006) recent development of information technology has led to major changes in the way services are delivered to the customers. Nowadays, customers are using more and more self-service options, which are more convenient and fast. Kumar (2014) suggests that customers' growing use of digital channels for banking and their demand for an individualized experience have forced many banks to revisit their customer service efforts. In the face of increasing competition from emerging digital banks, which are redefining customer satisfaction and luring younger customers, traditional banks must leverage digital channels to create a more rewarding customer satisfaction. The study also points out that for a successful transition to digital banking, banks must formulate a strategy focused on six key areas: customer, mobile and online capabilities, use of customer data, social media, modernized branches/ATMs and provision for a seamless experience across all channels (Schlich, 2014). Some banks that have adopted the digital channels like internet banking are being faced with various obstacles like teething problems ranging from security concerns by the users, lack of adequate legal framework, poor marketing strategies and issues regarding the connectivity of internet banking site all these provide for low customer satisfaction. Digital modernization, is giving traditional banks a second chance to deepen customer satisfaction and loyalty, driving long-term relationships and profitability with the approach also embracing the potential to meet consumers' expectations and bring banking back to the bank. Moreno (2014) highlights that banks are facing a growing challenge from non-bank entities that are aggressively using digital innovations to take on functions traditionally part of banking. He gives an example Amazon, which now offers loans to its merchants and the giant Alibaba (Chinese E-Commerce Company with the Largest IPO in US Stock History), now the world's largest payment provider. However, he points out that banks have a huge competitive advantage in this digital world. With their vast digital data, payment know-how and deep understanding of compliance, security and financing, they are positioned to become an Everyday Bank, providing an unparalleled personalized customer satisfaction that cannot be replicated by non-banks. Digital and mobile technology allows access new pools on under banked or unbanked population across the globe and customer behaviors' changing extensively.

1.1. Statement of the Problem

Competitors from adjacent industries and financial technology startups are now flooding the market with innovative, technology-driven deviations from the traditional banking mode, MPESA a good example in Kenya. Customers now are making decisions much faster and have access to a plethora of offers, leaving financial institutions struggling for customer loyalty. Bungoma County already with eight commercial banks and micro finance institutions the competition is cut throat and new entrants are also coming in.

1.2. Research Objective

To establish how accessibility to digital banking impact on Customer Satisfaction.

1.3. Research Hypothesis

H₀₂: Accessibility of digital banking does not have significant effect on Customer Satisfaction.

1.4. Significance of the Study

The study could be crucial to emerging financial institutions in terms of the challenges ahead of them, since profitably and customer satisfaction is paramount. The study will enhance the researchers knowledge in Banking as he was involved in the study hence he gained first-hand information.

II. Literature Review

Cross (2014) cites several opinions of what digital banking means. He says, what digital essentially does is that it uses technology to design experiences, both seen and unseen. Digital is all about making what can be seen unseen – making services so smooth and seamless that it becomes invisible to the customer. It involves planning for digital initiatives which requires more than just the automation of services, but to also taking into account the emotional aspect of banking – how do customers feel about money and what do they do with it? Emotional needs must be at the center of the entire customer experience. Customer satisfaction is a measure of how happy customers feel when they do business with a company in this context a bank.

Digital communication should feel natural for digital customers, and banks have a crucial opportunity here to present themselves in a new light and to a new audience accustomed to a completely different way of interacting with friends and for whom purchasing online is second nature. Deepening the customer relationship, in a seamless fashion and in step with the user's lifestyle, precludes any thoughts of being too present – this is the key of knowing customer preferences and thinking, how much presence, when and in what ways. Getting it right reaps rich rewards over the long-term; getting it wrong portends a potential lost generation of customers. The digital banking offering should be based on a solid understanding of digital consumer behavior as well as consideration of how to build and extend bank brand value for digital consumers. Fundamentally, good customer service is crucial to the value of long-term customer loyalty. The digital tipping point is a crucial opportunity and one that offers substantial benefits to those who exploit it well. In addition to properly addressing the relevant technological and security aspects, digital banking strategy for private banks should be developed with a clear focus on current and future customer behavior and needs Villers (2012).

The transition of the banking industry over the past two decades has been historical, following the path from online enabled capabilities, to multichannel integration, to more seamless full-function solutions that leverage mobile devices and big data analytics. According to the Cisco research, the next stage of banking evolution will make transactions so convenient and automated that they will appear virtually invisible to the consumer, but will deliver value added benefits beyond the transaction (Marous, 2014). Another view is that of Shaw & Ivens (2002) who define customer experience as an interaction between an organization and a customer as perceived through a customer's conscious and subconscious mind. It is a blend of an organization's rational performance, the senses stimulated and the emotions evoked and intuitively measured against customer expectations across all moments of contact. A good customer experience leads to a satisfied customer. Boonlertvanich (2011) asserts that satisfaction can be reflected as a feeling of pleasure when a person attains his or her wants, goals or motivation. Banks are providing new innovative techniques of satisfying customers, such as online system and internet banking, telephone and call center. The two important elements of banks which effect the overall satisfaction of customers are competitiveness and ease. So in order to increase the efficiency of the organization it is necessary measuring the customer satisfaction (Parasuraman, Zeithmal & Berry, 1988).

DeLaCastro, Krishnan, Kulkarni and Pande (2014) emphasize the fact that customers expect to experience banking without boundaries, just as they do in retail and other industries. What matters most to them is how they experience the bank's brand. There are various channels as far as digital banking is concerned.

Internet Banking lets you handle many banking transactions via your personal computer. For instance, you may use your computer to view your account balance, request transfers between accounts, and pay bills electronically. Internet banking system and method in which a personal computer is connected by a network service provider directly to a host computer system of a bank such that customer service requests can be processed automatically without need for intervention by customer service representatives. In the long run a bank can save on money by not paying for tellers or for managing branches. Plus, it's cheaper to make transactions over the Internet. Customer Base- the Internet allows banks to reach a whole new market- and a well off one too, because there are no geographic boundaries with the Internet. The Internet also provides a level playing field for small banks who want to add to their customer base. Efficiency- Banks can become more efficient than they already are by providing Internet access for their customers. The Internet provides the bank with an almost paper less system. Customer Service and Satisfaction- Banking on the Internet not only allow the customer to

have a full range of services available to them but it also allows them some services not offered at any of the branches. The person does not have to go to a branch where that service may or may not be offer. A person can print of information, forms, and applications via the Internet and be able to search for information efficiently instead of waiting in line and asking a teller. With more better and faster options a bank will surely be able to create better customer relations and satisfaction. Image- A bank seems more state of the art to a customer if they offer Internet access. A person may not want to use Internet banking but having the service available gives a person the feeling that their bank is on the cutting image.

2.1. Accessibility and Customer Satisfaction

Accessibility of digital banking has to do with the ease with which customers have access to financial tools, their accounts, ease of making payments from their accounts and access to money available in the accounts using various digital channels namely, online banking facilities, ATMs, POS terminals, mobile banking to mention but a few. Accessibility defines how these channels make a meaningful experience to the customers in terms of access to their funds, access to banking facilities and services and feedback. It determines whether customers find the products to be serving their needs when they want it, in a way that makes their banking convenient (Villers, 2012). Access to information and the ease with which consumers can share views with those they know – or even ‘the world’ – is dramatic. Good experiences can be easily shared online as can negative ones. They also eliminate the need for buildings and office equipment.

In South Africa, the DRC, Zambia and Kenya for instance, mobile phone banking is taking services to remote areas where conventional banks have been physically absent. Subscribers can now open accounts, check their balances, pay their bills, transfer money, and cater for their daily basic needs. In the past 30 years, three (3) products that are seen to have had the most impact on the world are in the ICT sector: the internet, PCs and mobile phones. Of these, the mobile phone has the highest penetration in developing countries (Ondeige , 2010)

Njiru (2014) talking about access to banks with reference CBK report says 76.7% customers in the country have access to a financial institution within five-kilometer radius, compared to Uganda and Tanzania which recorded 42.7% and 31 % respectively. There has been rapid increase in access points to technological innovations, financial system and regulatory reforms, and increased competition in the market. The use of ATMs, POS terminals, Internet and mobile phone platforms have accelerated and moved closer to branchless banking. He states that in Kenya there are 65,353 access points which include bank agents, money transfer services, sacco, forex bureaus, and insurers.

2.2. Conceptual Framework

Fig2.1 shows the conceptual model, shows how accessibility influence customer satisfaction in banks as it pertains to digital banking. The conceptual framework in figure 2.1 identifies the independent variables as accessibility of digital banking and customer satisfaction as dependent variable.

III. Research Methodology

The study used descriptive survey design. The target population of this study was 12,040 customers and bank staff and sample is 417 respondents obtained using Yamane’s formula, (Yamane, T. 1967). Research instruments included questionnaire, interview schedule and use of bank document. Questionnaires were administered with the help of research assistants. The interview was facilitated by the researcher personally to ensure clarity of the questions to be answered by the respondents and where necessary sought in depth information as it pertains to the questions to be asked. Quantitative data collected was coded and fed into a computer statistical software SPSS (Statistical Package for Social sciences) to run the analyses. Parson chi square statistics was used to test the hypothesis of the study while symmetric measures such as phi and Cramer’s V were used to check on the relationship between dependent and independent variables.

IV. Data Analysis, Presentation and Interpretation

4.1. Back Ground Information

Table 4.1 indicates there were more male (60.9%) than female (39.1%). This implied that more male use banking facilities than female. On levels of education, majority of the respondents as presented by 34.9% were diploma holders, 28.9% were certificate holders while 15.4% had university degrees. Only 10% had a secondary education and below. Being educated imply that one is able to carry transaction in banks, use banking facilities and further is able to utilize the digital forms of banking channels provided by the banks.

4.2. Digital banking

Table 4.2 indicates that majority of the respondents as presented by 41.4% thought digital banking entailed use of mobile money while 33.4% were of the view it entail use of technology to bank. Only 11.1% were of the view that digital banking entailed payment of utilities. From these findings, it could be deduced that

there was an understanding of digital banking hence the respondents were suited in providing the needed information on the influence of digital banking on customer satisfaction in commercial banks in Bungoma County.

4.3. Accessibility and Customer Satisfaction

Table 4.3 indicated that majority of the respondents as represented by 45.1% were of the view that accessibility is the extent to which a consumer or user can obtain a good or service at the time it is needed. This finding alluded to accessibility as having an element of time thus if customers are able to transact successful at the needed time then they view that as having access to digital banking. 38.6% were of the view that accessibility can be looked at as the ease with which a facility or location can be reached from other locations. A small percentage of 5.7% were of the opinion that accessibility entails authorization, opportunity, or right to access records or retrieve information.

4.4. Access of Banking Services

Table 4.4 indicates that mobile banking was the most accessible form of digital banking as indicated by 59.4%. This was followed by 22.3% who were of the view that ATMs were the most accessible. A small percentage of 3.7% indicated that e banking was accessible. It was further revealed that on a moderate extent (61.7%) the customers felt they could access banking services. 22.6% were of the opinion that to a small extent they could easily access banking services while only 15.7% felt to a larger extent they could access the banking services.

4.5. Accessibility of Banks

Table 4.5 indicates that 54.9 considered their bank being accessible through the ease with which they could transact, pay bills and access their bank accounts. 26.3% were of the view that banking anytime anywhere, checking balances and having access to statement translated to accessibility. From this finding, it could be deduced that having the ability to bank anytime and anywhere and further check balances and access statements could be interpreted as accessibility.

4.6. Challenges Faced while Accessing Digital Banks

Table 4.6 indicates that majority of the respondents were faced with challenges as a result of use of technology, this is represented by 50.8%. The second challenge was concerned with safety and security issues (33.4%). Only a small percentage indicated that they faced challenges related to expenses incurred in digital banking. From these findings it was deduced that challenges caused by use of technology were the major barriers towards accessibility.

On the qualitative findings, the banking staff felt that digital banking was more accessible and this could be proved by the increase in ATM card requests by customers, there was an increase in number of mobile banking and additionally the number of bank customers using internet banking had also increased. It was however revealed that the bank had not increased on its ATM machines to capitalize on the increased number of customers instead agent banks had been introduced and increased to enable accessibility to the growing number of customers. To ensure bank customers are able to access the various agent banks, the banks ensure that customers are furnished with information on the various points at which they can access the different agent banks. It was revealed however that there were no specialized services to persons with disability in regard to digital banking.

4.7. Hypothesis Testing

On accessibility of digital banking and customer satisfaction, the study presented both the null and the alternative hypotheses.

H₀: $\mu_1 = \mu_2$ $\mu_1 - \mu_2 = 0$: Accessibility of digital banking does not have significant effect on Customer Satisfaction.

H₁: $\mu_1 \neq \mu_2$ $\mu_1 - \mu_2 \neq 0$: Accessibility of digital banking has significant effect on Customer Satisfaction.

Table 4.7 indicates the chi square test performed that shows a significant relationship between accessibility of digital banking and customer's satisfaction, $\chi^2 (6, N=350) = 390.74, P = 0.00$. The findings indicate that the $P < 0.001$ thus the null hypotheses was rejected and the alternative hypotheses embraced which stated accessibility of digital banking has an influence on customer satisfaction.

Table 4.8 further indicates that the phi = 1.057 while the Cramers V = 0.747 which indicate a strong positive relationship between accessibility of digital banking and customers satisfaction. As the digital banking techniques becomes more accessible, customers satisfaction also increases.

V. Summary of findings, Discussions, Conclusions and Recommendation

5.1. Summary of Key Findings

On accessibility of digital banking, it was revealed that ability to transact at preferred timing was considered the most important factor while looking at accessibility. Mobile banking was the most accessible form of digital banking with 61.7% indicating to a moderate extent they could access banking services. 54.9% revealed that their bank was accessible as they could transact, pay bills and access their bank accounts. 50.8% were faced with challenges resulting from use of technology. There was an increase in accessibility of digital banking as proved by the increase in number of ATMs, mobile and internet banking. Banks had increased on agency banking to capitalize on the growing customer's base thus increase on their accessibility. Banks ensured customers were informed on how they could access different digital banking channels. It was however noted that there were no specialized digital services for persons living with various forms of disabilities such as the blind. There was a significant relationship between accessibility of digital banking and customer's satisfaction, $\chi^2 (6, N=350) = 390.74, P = 0.00$.

5.2. Discussions of Findings

The most accessible digital banking platform was mobile banking and the customers felt they could only access banking services to a moderate extent which implied there is a need to improve on banking services in order for the customers to be able to access the services and improve on their banking experience thus improved satisfaction. Much as Njiru (2014) argue that there has been a rapid increase in access points to technological innovations this study has shown that there is need for improvement in order for the bank customers to access banking services to a large extent.

5.3. Conclusion

Bank customers were aware of what entailed accessibility. The most accessible digital platform was mobile banking with a feeling that digital banking could be accessed on a moderate extent. Additionally, having the ability to bank anytime and anywhere and further check balances and access statements could be interpreted as accessibility. Use of technology was the major barrier towards accessibility as technology was changing very fast without the bank customers embracing the needed skills to cope with this new phenomenon. The study thus concludes that increase in accessibility leads to an increase in customer satisfaction.

5.4. Recommendation

Banks need to come up with an application that can be used to enhance digital banking which will be considered safe and private in order to boost the operations, availability and accessibility of digital banking.

5.5. Suggestion for Further Research

Further research on the quality of services offered by banks to customers recommended.

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Appendix: Figure

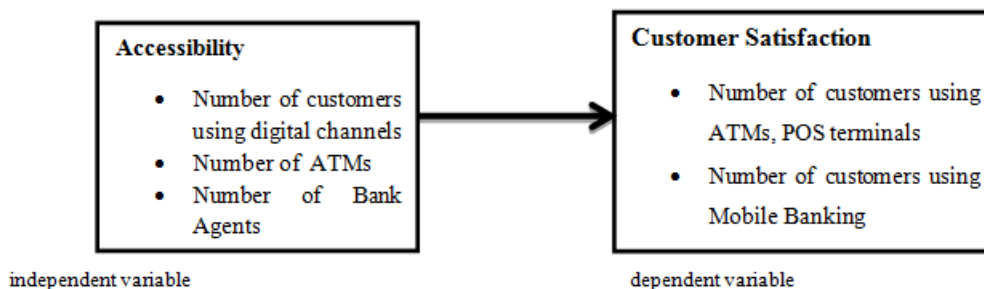


Figure 2.1 Conceptual Framework

Appendix: Tables

Table 4.1 Gender, Level of Education and Possession of Information Technology Skills

Gender	Frequency	Percentage
Male	213	60.9
Female	137	39.1
Total	350	100
Level of Education		
secondary and below	35	10.0
Certificate	101	28.9
Diploma	122	34.9
Undergraduate	54	15.4
Post graduate	38	10.9
Total	350	100.0

Table 4.2 Understanding of Digital Banking

Understanding of Digital Banking	Frequency	Percent
Use of mobile money	145	41.4
Use of technology to bank	117	33.4
Payment for utilities	39	11.1
Cashless payment systems	49	14.0
Total	350	100.0

Table 4.3 Statements on Accessibility

Understanding Accessibility	Frequency	Percent
Extent to which a consumer or user can obtain a good or service at the time it is needed	158	45.1
Ease with which a facility or location can be reached from other locations	135	38.6
Ease of contact with a person or organization	37	10.6
Authorization, opportunity, or right to access records or retrieve information	20	5.7
Total	350	100.0

Table 4.4 Access of Banking Services

Which of the following is the most accessible?	To what extent do you feel you can easily access banking services whenever there is a need?			Total
	Small extent	Moderate extent	Large extent	
Mobile banking		59.4%		59.4%
E-Banking			3.7%	3.7%
POS terminals	12.3%	2.3%		14.6%
ATM	10.3%		12.0%	22.3%
Total	22.6%	61.7%	15.7%	100.0%

Table 4.5 Accessibility of Banks

	Frequency	Percent
I can bank anytime anywhere, check my balance and access statements	92	26.3
I can easily transact, pay bills and access my account	192	54.9
I can easily interact with my bank; express my opinions and grievances without visiting the branch	36	10.3
I hardly visit my branch for services, thanks to E-banking, Mobile banking and POS terminals	30	8.6
Total	350	100.0

Table 4.6 Challenges Faced while Accessing Digital Banks

	Responses		Number of Cases	Percent of Cases
	F	Percent		
Distance between digital outlet	50	14.4%	85	27.5%
Challenges in use of technology	178	50.8%	301	97.4%
Expenses incurred in digital banking	5	1.4%	8	2.6%
Safety and security issues	117	33.4%	198	64.1%
Total	350	100.0%	592	191.6%

Table 4.7 Chi-Square Tests for Accessibility of Digital Banking and Customer Satisfaction

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	390.746 ^a	6	.000
Likelihood Ratio	427.801	6	.000
Linear-by-Linear Association	11.611	1	.001
N of Valid Cases	350		

a. 0 cells (0.0 %) have expected count less than 5. The minimum expected count is 4.71.

Table 4.8 Symmetric Measures for Accessibility of Digital Banking and Customers satisfaction

		Value	Approx. Sig.
Nominal by Nominal	Phi	1.057	.000
	Cramer's V	.747	.000
N of Valid Cases		350	

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.