

## The Role of Internet Connectivity on Customer Satisfaction in Commercial Banks in Meru County, Kenya.

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**Abstract:** This study sought to establish the role of internet connectivity on customer satisfaction in commercial banks in Meru County. Banks depend on sufficient profitability to survive in the global business world. Various studies link profitability to customer satisfaction. In this digital era banks are offering many services on-line and, it is assumed that the internet infrastructure in particular connectivity status is well developed and customers are equipped with the devices with which to access those services. While banks have invested millions in reengineering and the acquisition of core banking systems that are virtual platform compliant, no research has been done yet to establish the role internet connectivity plays on customer satisfaction in online services. For this study relevant literature materials were reviewed. Descriptive research survey design was used whereby structured questionnaires were administered to 384 respondents of selected commercial banks to solicit their responses. Data collected was analyzed using descriptive statistics and logistic regression. From the research, it was found that increase in connectivity leads to an increase in the odds of customer satisfaction. Increase in connectivity increased the likelihood of customer satisfaction significantly.

**Keywords:** Customer Satisfaction, Internet Connectivity, Commercial Banks, Profitability.

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### I. Introduction

Industries world over are adopting customer satisfaction as their key marketing strategy. Specifically Levesque and McDougall (2009)[1] observed that customer satisfaction and retention impact greatly on profitability of retail banks because satisfied customers not only become loyal doing more business but also spread a positive word of mouth which is a strong and highly customized form of advertisement that leads to growth of market share through market penetration and market development. A winning philosophy of attaining customer satisfaction is the marketing concept which holds that organizations should focus to analyze the needs and wants of target market and provide the desired satisfaction effectively hence creating long term customer relationships. Internet based services are accessible to customers who have access to internet enabled devices, can access reliable internet service in addition to having appropriate literacy that enables them to navigate the websites in a secure virtual environment. Kenya is a developing country where internet coverage and connectivity remain scanty. Internet connectivity is closely linked to national electricity grid availability which stands at 28% (ERC 2015) [2], with connections mainly around urban areas.

Banks in Meru County draw clients from the surrounding rural areas where small scale farming is the main economic activity. Most of these banks offer their services on an internet platform, having invested huge amounts of money in implementing the self and virtual banking services (Marete, 2014[3]; Wanjiru, 2012[4]; Kingoo & Aduda, 2012[5]). Customer satisfaction and its desirable outcomes of retention, loyalty, and sustainable profitability is not key among the drivers of internet based services as established by Gikandi and Bloor (2010)[6], Cost saving, enhancement of marketing communication activities, and the appeal of being viewed as sophisticated and modern are the key drivers. In Kenya, Internet connectivity has been transformed by the arrival of submarine cables along East African coast which dramatically improved availability of international bandwidth. The Kenyan government embarked on building a national back bone to distribute telecommunications traffic within the country. A number of internet service providers have been licensed to create the local access networks which deliver traffic from national networks to end users. The challenge is that the local access networks involve huge sums of capital investment to put up base stations that enhance connectivity. The companies that own the largest connectivity network in Kenya include Safaricom and Airtel. The 4G network has been rolled out to only five cities in Kenya - Nakuru, Eldoret, Meru, Kisii and Kisumu. The 4G comes at a cost to the end user who has to acquire an enabled handset and SIM card in addition to data

bundles. No study has been done so far to evaluate the role of internet infrastructure, specifically connectivity, on customer satisfaction in banks hence the need for this study.

## **II. Objectives**

### **2.1 Main objective**

The general objective of this study is to examine the role of internet connectivity on customer satisfaction in commercial banks in Meru County, Kenya.

### **2.2 Specific objectives**

- To examine the role that internet signal availability plays regarding customer satisfaction in commercial banks in Meru county, Kenya
- To evaluate the role strength of internet signal plays in customer satisfaction in commercial banks in Meru County, Kenya
- To appraise the role cost of internet connectivity plays on customer satisfaction in commercial banks in Meru County, Kenya

## **III. The scope of the study**

The study was carried out in Meru town in Meru County. For this study five licensed banks that were in operation for more than ten years and had a high and diverse customer base were selected. These banks were listed in the Nairobi stock exchange.

## **IV. Literature review**

### **4.1 Theoretical review**

Attribution Theory holds that certain aspects, or precursors, will lead a person to deduce the cause of a happening in a certain way; these contributory deductions are referred to as attributions and they are categorized into; locus of control, stability and controllability. (Jones & Davis 1965)[7]. Furthermore, attribution theory postulates that what individuals attribute as a cause affects their emotions causing certain reactions as a consequence. (McLeod, 2010[8]; Fiske & Taylor, 1991[9])

The Theory of Contrast, initiated by Hovland, Harvey and sheriff (1957)[10] scans the post usage scenario. According to this theory once a customer uses a service or consumes goods and then proves the opinion statements invalid, he/she amplifies the discrepancy in the direction of incongruity.

A comparison of customers' expectations regarding a service and their perceived performance of the service is attributed to Disconfirmation Theory. An individual's expectations are confirmed when a product performs as expected and disconfirmed when a service underperforms.

In the current study, banks have minimal control over internet connectivity, and they rely on third parties like ISPs for connectivity and data transmission, yet the customer require the banks to be in control and stabilize connectivity to improve their experience in online transactions. Customers' expectations have been raised through advertising and positioning statements that pronounce convenience, speed and affordability of internet based transactions. The confirmation or disconfirmation, theory anchors the third objective. Cost of connectivity amounts to a hurdle for customer to jump, in order to enjoy services offered on the internet platform.

## **V. Empirical review**

ICT Africa carried out a survey of internet access and usage in Africa. Over 3000 respondents from Kenya and eleven other African countries were interviewed. The findings were that 53 % used the internet. 88% of the users were in urban areas. 43% of non-users associated their lack of use to the absence of access to internet coverage networks.

Google's Insights Africa project, held interviews with more than a thousand Kenyans in 2010/11, in a study that was conducted alongside comparable studies of five other African countries. Among the findings of this study was that 61% of mobile Internet users indicated the cost of access to internet as a deterrent, compelling them to use office internet. Those who enjoyed office internet were delighted.

In the hotel industry of North America, internet access and connectivity was identified as a key factor in customer satisfaction. James David and Power associates (2010) [11] carried out a survey on factors that influence hotel guest satisfaction in North America. The survey found that internet access was a deal maker/breaker in choosing a hotel.

In another survey done by Ndung'u and Waema (2011)[12], on households' perspective on development outcomes of internet usage and mobile phones, the findings were that those who enjoy home internet connection and usage were the most delighted, followed by those that access out of home. Those outside network coverage were generally not delighted with the development outcome of internet usage and mobile phones.

## VI. Methodology

### 6.1 Study design

The study combined correlation and descriptive research survey designs. Mugenda and Mugenda (2003)[13] noted that the purpose of descriptive research is to determine and report the way things are and it helps in establishing the current status of the population under study. Phenomenology seeks to describe experiences as they are lived examining uniqueness of individuals lived situations.

#### 6.1.1 Target population

The target population in this study comprised customers that visited the banks in Meru town on an ordinary working day. For this study five banks that were in operation for more than ten years and had relatively high and diverse customer base were selected. These banks were listed in the Nairobi stock exchange which means they were highly visible. Thus the sample was drawn from, Kenya Commercial bank, Equity Bank, Cooperative Bank, Barclays and National Bank. CBK (2015) [14] on banking statistics gave the data for average number of customers served on an ordinary day as tabulated below under population column.

#### 6.1.2 Sample and sampling procedure

Systematic random sampling was used to pick the respondents. The instrument used was the questionnaire. Questionnaires were administered by the researcher to customers in the banking hall, at customer' s premises, mailed via e-mail, dropping and picking at the respondents convenience.

#### 6.1.3 Data analysis

Data was analyzed using descriptive statistics and logistic regression. Descriptive statistics was used to establish the general features of the study population and involved use of frequencies, percentages and cross tabulations. Logistic regression was used to test the hypothesis, that is, to establish the role of internet connectivity on customer satisfaction in commercial banks. The study employed Cronbach' s Alpha Test of Reliability to test and ensure internal reliability of the model used. An alpha score of 0.873 was obtained.

Out of the 360 respondents 55.8% were male while 44.2% were female. 35.8% of the respondents were aged between 18 and 30 years, the majority of respondents (60 %) fell in the 18 to 45 years age group. 42% of the respondents were not employed. 59.8% of the respondents used the internet while 40.2% of respondents had never used internet. Majority of the internet users accessed the web for news updates and entertainment. 29% used internet mainly to get news updates, 22% for entertainment, 21% for banking, 18% for study and 11% to access emails. Only 21% of respondents used internet for banking.

The data for the study was collected by use of questionnaires. A total of 384 questionnaires were distributed to various banks' customers and 360 responded to questionnaires creating a return rate of 94%. The high return rate was due to the fact that most questionnaires were administered directly by the researcher and only few of the customers opted to take away questionnaires due to time constraints.

## VII. Research findings

Internet connectivity plays a key role in enjoying services offered on an internet platform. Connectivity plays the role played by a road in reaching a physical destination. Absence of connectivity means a customer cannot access the computers of the host so as to transact. TABLE 1 shows results of the analysis.

**Table 1** Summary of Findings

Variable	satisfied		Dissatisfied	
	Frequency	Percentage	Frequency	Percentage
Internet signal availability	112	31.1	248	68.9
Internet signal strength	111	30.8	249	69.2
Cost of internet connectivity	65	18.1	295	81.9
Average	96.0	26.7	264.0	73.3

The study established that only 26.7% of the respondents were satisfied with internet connectivity. This was in harmony with the findings of Kagwara (2012)[15] who in ' Digital divide, The glaring reality,' established that poor internet signal in the rural areas was a major cause of customer dissatisfaction in Kenya and led to majority of the rural population shunning use of internet based services. This therefore indicates that quality of internet connectivity as a block is a significant predictor of customer satisfaction.

TABLE 2 shows the model summary.

**Table 2 Model Summary**

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	324.123 <sup>a</sup>	.370	.497

The Nagelkerke R Square shows that about 49.7% of the variations in the outcome variable (Customer satisfaction) is explained by the independent variables (internet signal strength, internet signal availability and cost of internet connectivity), implying that the model is relatively good for explaining the role of internet connectivity on customer satisfaction in commercial banks in Meru county.

**Table 3 Results for Logistic Regression**

Variable	B	S.E.	Wald	Sig.	Odds Ratio
<b>Internet signal strength</b>					
Good (Ref)	--	--	--	--	1.00
Poor	-0.798	0.576	1.917	0.166	0.450
<b>Internet signal availability</b>					
Yes (Ref)	--	--	--	--	1.00
No	-1.494	0.578	6.683	0.010	0.224
<b>Cost of internet connectivity</b>					
Affordable (Ref)	--	--	--	--	1.00
Not affordable	-2.800	0.419	44.671	0.000	0.61

TABLE 3 show that internet signal availability and cost of internet connectivity are significantly associated with customer satisfaction in commercial banks in Meru County. Where customers enjoy internet signal they are 0.78 times more likely to be satisfied compared to those who do not enjoy internet signal. Furthermore customers who do not afford connectivity charges, are 0.61 times less likely to be satisfied compared to those who can afford internet connectivity charges. The results were significant at 1% and so we are 99% confident that cost of internet connectivity and internet signal availability play a significant role in customer satisfaction in commercial banks in Meru County.

No significant relationship was established between internet signal strength and customer satisfaction in commercial banks in Meru County.

### VIII. Conclusions

From the investigation of the relationship between the factors studied in this research, it is evident that customers in commercial banks in Meru County are not satisfied with the quality of internet connectivity. Only 18% of the respondents were comfortable with cost of connectivity. The internet service providers shun rural areas due to cost benefit analysis which dictates that they put up base stations in segments that have sizeable volume of business. As a consequence, customers from areas/segments that are deemed unattractive for investment in internet connectivity have to cover distances in search of hot spots. Also the cost of data bundles is prohibitive and payment for home internet is out of reach of average customers living at less than a dollar per day. Customers also indicated that connectivity status of their banks was not reliable with offline down times frequent. Connectivity cuts two ways and if a customer enjoys good connectivity while the host' s connectivity is down he cannot do business.

The banks rely on internet service providers for connectivity and when these providers fail the customers suffer and blame it on the bank. These ISPs also do not warn banks of connectivity failure and this leaves the customer at the mercy of the integrity of the ISPs. During such downtimes customers are not only inconvenienced but also have to pay the higher charges for counter services at the banking hall, where there is a possibility that the outages have also affected counter services. Some of the outages are momentary and banks do not factor in such outages when designing customer service menus for counter service. Pleasant customer experiences are vital for customer retention and loyalty. Internet connectivity clearly comes out as one area where banks can seek to apply customer improvement efforts for attainment of economic goals like profitability and market share.

### IX. Recommendations

The government of Kenya has done much to connect the country internationally and to create a national backbone for internet connection. There is need to go a step farther to subsidize local network

connections to the end users because info-communication services are recognized as a critical prerequisite for economic growth and attainment of the country's Vision 2030.

Banks being the main companies that offer services on an internet platform must think of ways to improve connectivity so as to improve customer satisfaction. Banks should engage several internet service providers for backup purposes and in areas where this is not possible, they should notify their customers of the predicament informing them of concessionary charges during such down times.

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