

Effect of information technology on banks customer satisfaction in cooperative bank of Kenya

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Abstract: In the current climate, competition in the banking industry is intense, with new financial service providers emerging all the time. Quality of service is seen more than ever as a key differentiator in the marketplace. One question relates to whether automated, telephone and Internet banking represent positive change and are delivering enhanced service quality. Whilst technology can save time and money and eliminate errors, thereby addressing certain issues associated with changing cultural and social trends, it can also minimize direct customer interaction and any associated service value to be gained (Bitner,2001). The main objective of this study was to investigate the effects of information communication technology on customer experience of customers banking with commercial banks in Kenya. The case study was done on Co-operative Bank of Kenya. The specific objectives were to determine the level of ATM use and adoption-by banks and how this affects customer experience, to analyze the level of usage of Mobile banking by banks customers and how M-banking affects the customers experience and to evaluate whether adoption of Internet banking by banks has led to enhanced customer experience. The research took the form of a survey. The population of interest was staff and customers of co-operative bank. The target population consisted of 1,800,000 customers, based in Nairobi. The study used stratified random sampling. The study selected a sample of 100 customers using stratified random sampling technique.

Both Secondary and primary data was collected for this study. The data was presented in form of tables, and graphs. Prior to this, the data was coded, checked to ascertain accuracy and completeness of recordings and responses. After coding, the data was entered in a database in excel spreadsheets. The study found out that ICT has a positive effect on customer satisfaction of the three factors tested, telephone banking has no significant effect while, and mobile banking, internet banking and ATM all have a significant effect on customer satisfaction. The findings are consistent with those previous studies. The study concludes that there is a significant relationship between information technology use in banks and banks customer satisfaction. The most influential ICT channel that has the most positive influence on customer satisfaction is the ATM wide. M-banking yet to take root; telephone banking and Ebanking were the least influential ICT channels affecting customer satisfaction. The study recommends that banks should incorporate ICT into their strategic plans for effective performance in their payment and delivery systems. This calls for proper analysis to determine the type, nature and extent of ICT products required for effectiveness and efficiency. It is imperative for bank management to intensify investment in ICT products to facilitate speed, convenience, and accurate services. Since the results of this study are based on consumers' perceptions only, future research should investigate the congruence between consumers' and service providers' perceptions. This will help the industry to better understand whether both consumers and banks have the same perceptions regarding issues relevant to customer satisfaction and retention