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April, 2024

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Analysis of Drivers of Customer Satisfaction to inform Customer Centricity: Banking Sector Perspectives

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Abstract

Intense competition from alternative financial service providers and evolving customer expectations have presented formidable challenges to the banking sector's quest for customer retention and profitability. On this account, this paper delves into the dynamics of customer satisfaction in the banking sector with a view to inform customer centricity. Using the banking sector customer satisfaction survey data and multinomial logit, the study shows that bank customers with multiple bank accounts with other banks have a low likelihood of being dissatisfied while the human interaction is still valued by bank customers, even though banks are quickly automating their processes. Moreover, prompt customer complaint resolution leads to higher satisfaction. The key policy issues arising from the study is the need for banks to develop a robust complain handling strategies and to tailor their products to the customers needs.

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* The authors are affliated to the Kenya Bankers Association

1.0 Introduction

Intensive competition from alternative financial service providers and growing customer expectations have made it increasingly difficult in recent years for banks to keep their customers and do so profitably. Moreover, the rising power of the customers and changing regulatory conditions across the globe has catalysed banks shift to customer centric strategies (Ryals & Payne, 2001). Customers now hold the power in their relationships with banks and it has become much easier for the later to switch banks or use multiple banks for their monetary needs than it was in the past (Kotler & Armstrong, 2011).

Additionally, bank regulators are also defining new rules for banks on controlling leverage of individuals, limiting the amount of fees and commissions levied by banks and reinforcing more transparent communication (Sivadass & Baker-Prewitt, 2000). Consequently, the landscape of banking services and customer satisfaction is rapidly evolving. In Kenya, for instance, there has been several noteworthy trends in the industry's dynamics. First, the Banking Sector Charter that was issued by the Central Bank of Kenya on February 28, 2019, has been at the core of this shift, mainly through its four pillars, namely: Adoption of customer-centric business models by banks, Risk-based credit pricing, Enhanced transparency and information disclosure and entrenching an ethical culture in banks (Central Bank of Kenya, 2019).

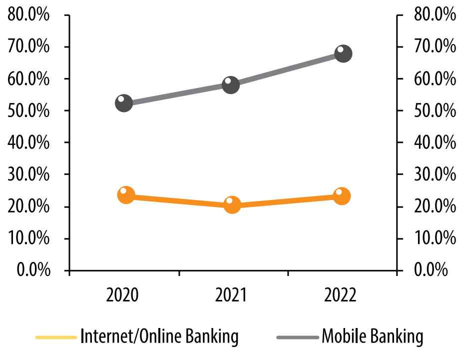
Other notable trends has been the accelerated digital transformation embraced by banks, leading to a proliferation of online and mobile banking services (**Figure 1**). This transformation has redefined customer expectations, where the demand for seamless digital interactions has surged. Moreover, Lee & Lee (2020) indicates that the emergence of fully digital banks operating without physical branches and delivering financial products through mobile and internet banking, has instigated transformative shifts in customer centric strategies. Customers now anticipate convenient, rapid, and accessible services, spanning 24/7 access to account information, expeditious transaction processing, and tailored offerings.

Despite the growing digital realm, physical branches (See **Figure 2**) continue to hold significance in certain customer interactions, especially for more intricate financial matters. However, as depicted by trends in **Figure 3**, Cyber-security threats and data breaches have been on the rise, thereby posing challenges to both customers and banks. Consequently, safeguarding digital transactions and customer data has become paramount to maintaining trust in the industry (CBK, 2022).

Within the dynamic and competitive environment, the banks are spurred to innovate and enhance their services to retain customers, while the adoption of mobile payment systems, which has been on the rise (**Figure 4**), has further transformed how customers engage with their banks and execute transactions.

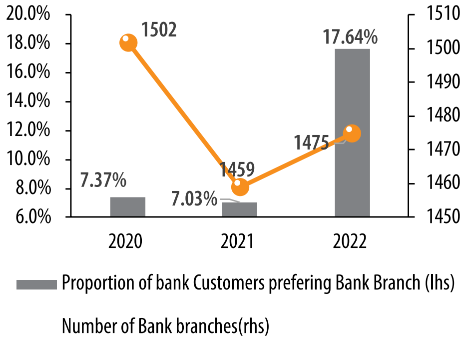
Figure 1: Trends in customer preferences towards Online, Mobile and Branch Banking

1(a): Trends in Internet/ Online Banking

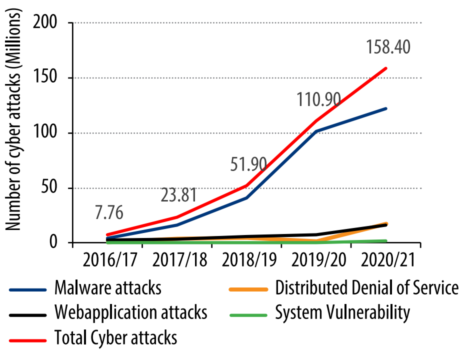


Source: KBA Customer satisfaction Survey

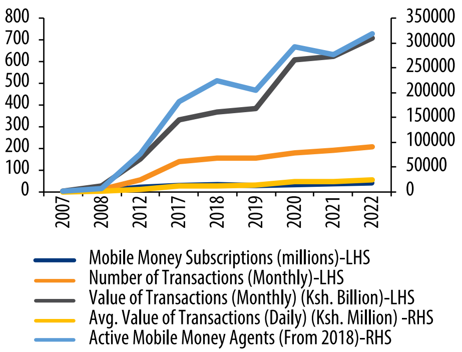
1(b): Trends in Branch Banking



1(c): Trends in mobile money



1(d): Trends in cybersecurity



Source: Communications Authority of Kenya and Central Bank of Kenya

Beyond the regulatory requirement, customer centric strategies hold a strong business case among individual banks, as the sector is rapidly being infiltrated by digital service providers. Despite the larger customer bases among banks, they face significant challenges in maintaining the same level of customer recommendations and growth akin to the digital lenders (Mbama & Ezepue, 2018). Moreover, Customer satisfaction holds significant importance for banks as it influences customers' intentions to switch banks and their propensity to voice complaints or negative word-of-mouth (Hoq and Muslim, 2009; Felix, 2015; Abubakar et al., 2014). This bank's shift to customer-centric approach, however, does not imply that customer satisfaction is an end in itself; instead, it has direct economic consequences, such as higher profitability and market share (Seiler et al., 2013). Consequently, commercial banks consider customer satisfaction as the primary criterion for assessing their relationships with the market (Munari et al., 2013), using it as a yardstick to measure service quality and the effectiveness of the service delivery process, thereby providing excellent customer service (Amudha et al., 2012).

On account of the aforementioned, the main objective of this paper is to analyse the drivers of bank customer satisfaction so as to inform customer centricity strategies. To do so, we utilise the banking sector customer satisfaction survey results. In particular, we conceptualized the bank customer utilization of services in three phases: pre-utilization, interaction with the service, and after-utilization. During the pre-utilization phase the customer develops expectations about the bank service encounter. The second phase is the interaction itself, where the customer's experience in terms of both the products and services is experienced. In the third phase, post-utilization, the customer appraises services after the undertaking a transaction or utilizing the bank service or product. The data was collected from the bank customers and thus, it encompasses the second and the third phases. While the result is significant in providing insights to the banking industry as it pursues customer centric strategies, the paper acknowledges that the bank customers comprise of both retail and corporate clients. However, based on how the data was collected, most of the respondents came from the retail segments. As such, the study findings lean more to perspectives of retail customers.

The remainder of the paper is structured as follows. **chapter 2** reviews existing literature, while **chapter 3** presents the methodology. **chapter 4** presents the results and discussions. Finally, **chapter 5** concludes and highlights policy recommendation.

2.0 Literature Review

Several theories underpin the drivers of Bank customer satisfaction. First, the Expectancy-Confirmation Theory, proposed by Oliver (1977), asserts that customers form expectations about products or services based on prior experiences, information, and social cues. These expectations then influence their satisfaction judgments (Kanning and Bergmann, 2009).

More often bank customers come to a bank with certain expectations, such as efficient and friendly service, convenient branch locations and reliable online banking. If the banks consistently meet or exceeds these expectations, customers are likely to be satisfied and may become loyal clients. Any discrepancies from their expectations, like long waiting times or errors in transactions, can lead to dissatisfaction and potential attrition. Additionally, the customer's gender can have an influence on the initial expectations due to differing stereotypes and/or assumptions based on gender identity. Satisfied customers often become ambassadors, attracting new customers through positive communication (Gupta and Dev, 2012; Narteh and Kuada, 2014). Conversely, dissatisfied customers can deter many others (Gupta and Dev, 2012). Understanding customer expectations and exceeding them is vital for fostering satisfaction and loyalty, since Retaining customers is cost-effective compared to acquiring new ones, emphasizing the importance of customer satisfaction (Kaura, 2013).

Second, the Service Quality Model (SERVQUAL) developed by Parasuraman et al., (1988) identifies five key dimensions that affect customer satisfaction: Tangibles, Reliability, Responsiveness, Assurance, and Empathy. Customers evaluate a service based on these dimensions, and any gap between their expectations and perceptions in these areas can influence their satisfaction level. In the banking industry, service quality is crucial. Customers evaluate banks based on tangible aspects (for example the appearance of the branch), reliability (for instance, accurate transactions), responsiveness (e.g., quick issue resolution), assurance (that is, trust in the bank), and empathy (which includes, personalized service). In that context, banks are expected to consistently provide high levels of service quality in these dimensions to maintain and increase customer satisfaction. Falling short in any of these dimensions can result in dissatisfied customers who may switch to competing banks.

Thirdly, the Kano Model (Kano et al., 1984) categorizes product features or attributes into three categories: Basic Needs, Performance Needs, and Excitement Needs. Basic needs for bank customers might include easy access to accounts, secure transactions, and responsive customer support. Performance needs could involve features like competitive interest rates, a user-friendly mobile app, and extended banking hours. Excitement needs might encompass innovative banking features, exclusive offers, or personalized financial advice. The theory suggests that customer satisfaction is not solely dependent on meeting basic requirements but also on exceeding them and providing unexpected delight.

Empirical research, for instance, scholars like Alam et al. (2008) emphasize that evolving customer demands for enhanced convenience and accessibility, including seamless digital interactions through devices like computers, tablets, and mobile phones, are the differentiators among financial institutions. Consequently, the ability to access Internet banking anytime and anywhere has emerged as a pivotal determinant of customer satisfaction with Electronic Banking applications and functionalities (Hackett et al., 2004; Poon, 2008; Rahim & Li, 2009; Ahmad & Al-Zu´bi, 2011).

Notably, customer characteristics, including gender, exert a substantial influence on the level of customer satisfaction (Bryant & Jaesung, 1996; Mittal & Kamakura, 2001). Extensive analysis within marketing literature has explored the behavioural variances between male and female consumers in terms of purchase behaviour and e-commerce acceptance (Wynn, 2009; Hwang, 2010). Hernández et al. (2011) identify three gender differentiators: men's pragmatism, women's innovation-related anxiety, and environmental influences on women's decision-making. While some studies suggest diminishing behavioural differences between genders in areas like mobile services and Internet usage, disparities are still evident in mobile commerce, e-commerce acceptance, and banking service assessments (Yang, 2005; Bourlakis et al., 2008; Karatepe, 2011).

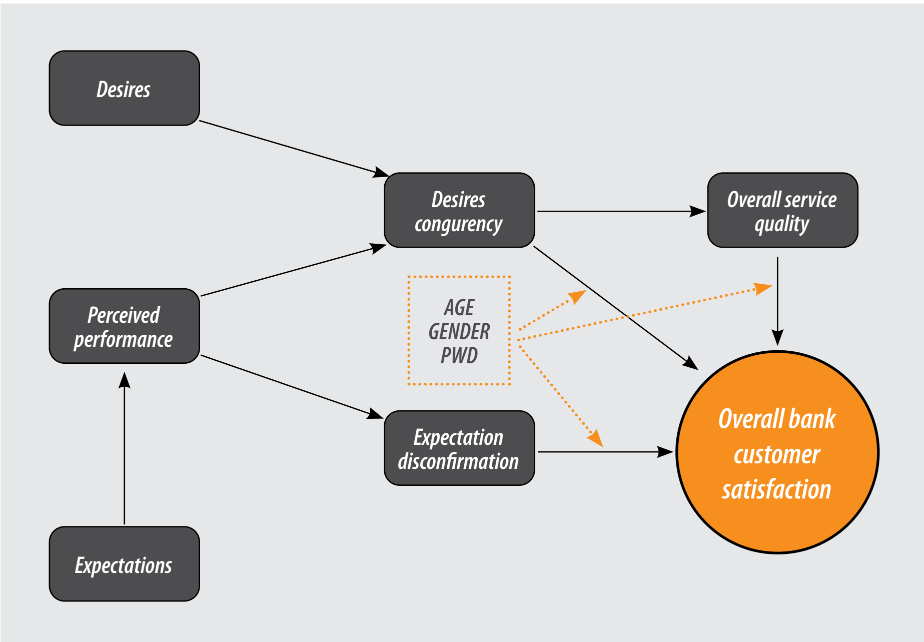
Chavan and Ahmad (2013) underline the centrality of customer service quality to banking success, with gender-wise analyses revealing that females exhibit higher satisfaction levels (Safiek, 2012). Similarly, research by Belas et al. (2015) establishes that women prioritize factors such as service quality and friendly branch experiences. Female customers perceive greater staff engagement and information sharing about banking products, leading to higher loyalty levels (Ibrahim & Bokkasam, 2013).

Furthermore, empirical evidence by Ibrahim and Bokkasam (2016) suggests that women in Saudi Arabia perceive higher levels of service quality, correlating with increased customer satisfaction. These findings align with research demonstrating that women's evaluations of service quality and satisfaction outpace those of their male counterparts (McGoldrick & Andre, 1997; Lim & Kumar, 2008). This gender-based variance is attributed to differing sensitivities to relational and core service aspects (Iacobucci & Ostrom, 1994).

Other studies highlight the intricate relationship between customer satisfaction, service quality, and loyalty. Service quality significantly influences both male and female customer satisfaction (Karna, 2009; Radojka & Fillpovic, 2017). A consistent positive correlation is observed between service quality and customer satisfaction (Omar, Ariffin & Ahmad, 2015; Tefera & Govender, 2017). This connection translates to customer loyalty, with customer satisfaction being a critical driver of repurchase intentions and loyalty (Barshan, Elahi & Aghaei, 2017; Homburg & Giering, 2001). The nexus between service quality and loyalty remains robust, underpinning the significance of service quality in customer retention (Gbenga & Osotimehin, 2015; Hapsari & Dean, 2016). Notably, customer satisfaction emerges as a mediator in the service quality-loyalty relationship, further emphasizing its pivotal role (Moisescu & Gica, 2013; Karatepe, 2011).

In general, the theoretical and empirical literature indicate that customer satisfaction in the banking industry is driven by various factors (**Figure 2**). Moreover, the role of digital accessibility in satisfying evolving customer demands, gender differences in areas like mobile and online banking assessments and the level of service quality remain significant. Even so, the extent and direction of their impact remains unclear in the context of the Kenyan banking sector.

Figure 2: Drivers of bank customer satisfaction



Source: Adapted and modified from Spreng and Mackoy (1996)

3.0 Methodology

3.1 Data

The study employs a survey-based methodology, utilizing data obtained from the Kenya Bankers Association (KBA) Customer Satisfaction annual Surveys (2020 - 2022). The conceptualization of the survey by the Kenya Bankers Association Customer Service Working Group (Working group) was structured in a way that it captures bank customer utilization of services in three phases: pre-utilization, interaction with the service, and after-utilization. During the pre-utilization phase the customer develops expectations about the bank service encounter. The second phase is the interaction itself, where the customer's experience in terms of both the products and services is experienced. In the third phase, post-utilization, the customer appraises services after the undertaking a transaction or utilizing the bank service or product.

Simple random sampling technique was chosen by the Working Group for data collection because of its inherent strengths. First, the approach reduces the likelihood of systemic errors and minimizes potential sampling biases, enhancing the reliability of the collected data. Second, by using a representative sample, the findings and conclusions drawn from the survey can be generalized to the broader population of bank customers (Blumberg et al., 2014). This ensures that the insights gained from the study are not limited to a specific subset of customers but can be applied to the larger customer base, providing valuable and applicable results for the banking industry.

3.2 Empirical Model development, econometrics methodology and Variables description

3.2.1 Model development

Based on the reviewed literature, a number of factors could affect bank customer satisfaction (BCS). Broadly, these factors could be classified into two: Bank specific attributes (BSA), customer specific attributes (CSA) and Customer preferences

(BCP). Hence, the formal model underlying the present study can be written as:

$$BCS = f\ (BSA, CSA, BCP)$$

where BSA indicates Bank specific attributes (i.e., the banking channels offered to customers and customer complaints resolution (in)efficiencies), all of which have an impact on the level of service quality, CSA is a vector of customer specific attributes that have a moderating impact on customer satisfaction levels and they include customers age, gender and disability status. BCP on its part represents a vector of bank customer preferences in terms of account ownerships and preferred mode of interacting with the various bank services as informed by prior predetermined expectations.

3.2.2 Econometric methodology

There are several models available for linking customer satisfaction to its drivers (see Ben-Akiva & Lerman, 1985; Long, 1997; Train, 2003). In this study, however, the choice boils down to the Multinomial Logit (MNL) model or the multinomial probit (MNP) model. There are three a priori reasons for this: (1) The dependent variable has only three distinct and separable choice alternatives, (2) these choice alternatives in question are not nested and (3) there are no alternative-specific independent variables/regressors. The MNL model is preferred here. This model may be derived within a random utility framework in which the utility derived by the i^{th} individual from the j^{th} choice can be written as (For example, Luzar et al., 1998).

$$U_{ij}=\bar{U}_{ij}+e_{ij}=X_{ij}\ \beta+e_{ij} \ldots\ldots\ldots\ldots\ldots\ldots (1)$$

where $\bar{U}_{ij}$ is the average utility, e_{ij} is a random error term, X_{ij} is the set of independent variables/ regressors, and β is a vector of unknown parameters. With respect the three satisfaction levels, the Multinomial Logit (MNL) regression model is thus given by:

$$P(Y_{i=j})=\frac{e^{\beta}k^{x}i}{1+\sum_{k=0}^{2} e^{\beta'}k^{x}i'}\ ,\ J = 0, 1, 2$$

$$\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots (2)$$

where $(Y_{i=j})$ equals the probability that the bank customer with characteristics xi takes on the jth outcome of the dependent variable (Greene, 2000). That is, dependent variable $(Y_{i=j})$ captures the bank customer satisfaction level, which can take one of the three outcomes: 0 (Indifferent), 1 (Dissatisfied), or 2 (Satisfied). On the other hand, β_{0j} is the intercept for satisfaction level j. represents the coefficient associated with the drivers of customer satisfaction.

3.2.3 Operational definition of study variables

The operational definition of study variables is presented in **Table 1**.

Table 1: Operational definition of variables

Variables	Operational definition of variables
Bank customer satisfaction	Ternary variable: 0 if indifferent, 1 if dissatisfied, 2 if satisfied.
Number of bank accounts owned	
One account	Binary variable: 1 if One account, 0 otherwise.
Two – three accounts	Binary variable: 1 if Two – three accounts, 0 otherwise.
Four – Five accounts	Binary variable: 1 if Four – Five accounts, 0 otherwise.
Six and above accounts	Binary variable: 1 if Six and above accounts, 0 otherwise.
Preferred Mode of interaction	
Human Assisted	Binary variable: 1 if Human Assisted, 0 otherwise.
Fully automated	Binary variable: 1 if Fully automated, 0 otherwise.
Either human assisted or fully automated is fine	Binary variable: 1 if Either human assisted or fully automated is fine, 0 otherwise.
Complaint resolution	
Never	Binary variable: 1 if Never, 0 otherwise.
Rarely	Binary variable: 1 if Rarely, 0 otherwise.
Sometimes	Binary variable: 1 if Sometimes, 0 otherwise.
Always	Binary variable: 1 if Always, 0 otherwise.
Preferred banking channel	
Bank branch	Binary variable: 1 if preferred banking is Bank branch, 0 otherwise
Bank Agent / Agency Banking	Binary variable: 1 if preferred banking is Bank Agent / Agency Banking, 0 otherwise

Variables	Operational definition of variables
ATM	Binary variable: 1 if preferred banking is ATM, 0 otherwise
Card Payments (Online/Point of Sale)	Binary variable: 1 if preferred banking is Card Payments (Online/Point of Sale), 0 otherwise
Cash Depositor Machines	Binary variable: 1 if preferred banking is Cash Depositor Machines, 0 otherwise
Internet / Online Banking	Binary variable: 1 if preferred banking is Internet / Online Banking, 0 otherwise
Mobile Banking	Binary variable: 1 if preferred banking is Mobile Banking, 0 otherwise
Age	
18 -25	Binary variable: 1 if age is 18 -25, 0 otherwise
26 -35	Binary variable: 1 if age is 26 -35, 0 otherwise
36 – 45	Binary variable: 1 if age is 36 – 45, 0 otherwise
46 – 55	Binary variable: 1 if age is 46 – 55, 0 otherwise
56 - 65	Binary variable: 1 if age is 56 - 65, 0 otherwise
65+	Binary variable: 1 if age is 65+, 0 otherwise
Gender	
Male	Binary variable: 1 if male, 0 otherwise.
Female	Binary variable: 1 if fmale, 0 otherwise.
PWD Status	
Person with disability	Binary variable: 1 if Person with disability, 0 otherwise.
Person without disability	Binary variable: 1 if Person without disability, 0 otherwise.

4.0 Results and Discussions

4.1 Customer Satisfaction Survey Demographics

The 2022 bank customer satisfaction survey shows that significant proportion of respondents fell within the 26-35 age group, comprising 37.3 percent of the total respondents. The subsequent age groups in descending order were 36-45 years (24.8 percent), 18-25 years (14.6 percent), 46-55 years (13.8 percent), and 55-65 years (6.15 percent). The younger and older age groups, that is those who were Under 18 years and above 65 years old, constituted smaller fractions of the responses, at 0.7 percent and 2.5 percent, respectively. In terms of gender distribution, male respondents constituted 65.22 percent of the total respondents, while females accounted for 34.78 percent.

Regarding geographical access to banking services, the 47 counties were grouped into eight administrative regions. The analysis revealed that the majority of respondents (44.24 percent) were in Nairobi region. The Rift Valley region lay second, albeit with considerable gap, accounting for 15.82 percent of respondents. The remaining six regions had less than 10 percent of respondents each. Despite the variations in the distribution of responses across the regions, it was impressive to note that the overall pattern depicted from the distribution of the respondents mirrored the distribution of the banking sector's branch network in 2022; Where Nairobi recorded the highest branch network concentration of 38.85 percent and North-Eastern had the lowest branch network concentration (1.08 percent).

Figure 2: Bank customer demographics

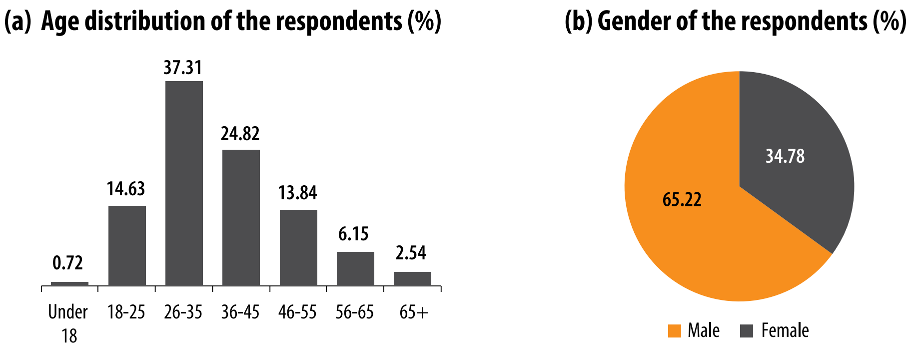
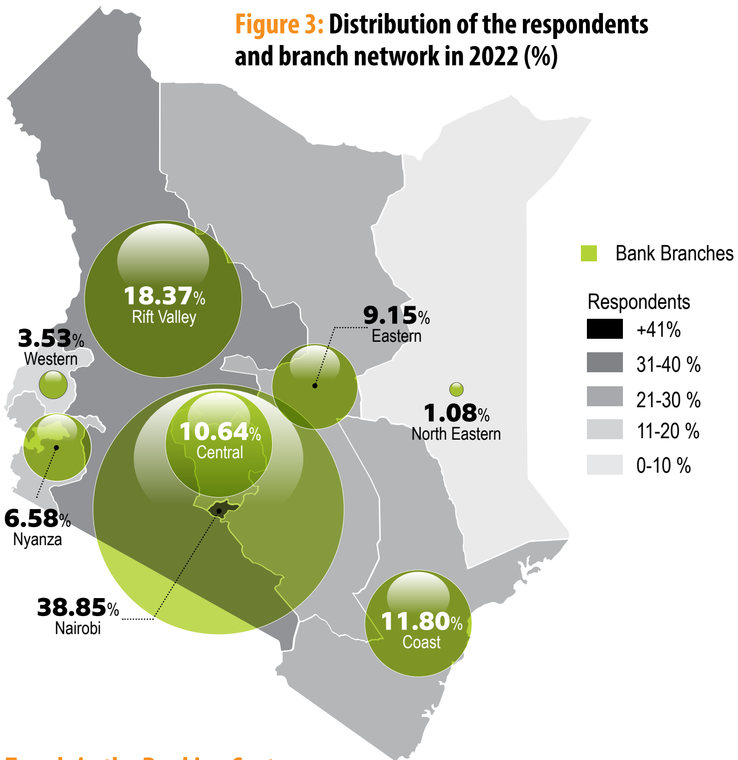


Figure 3: Distribution of the respondents and branch network in 2022 (%)



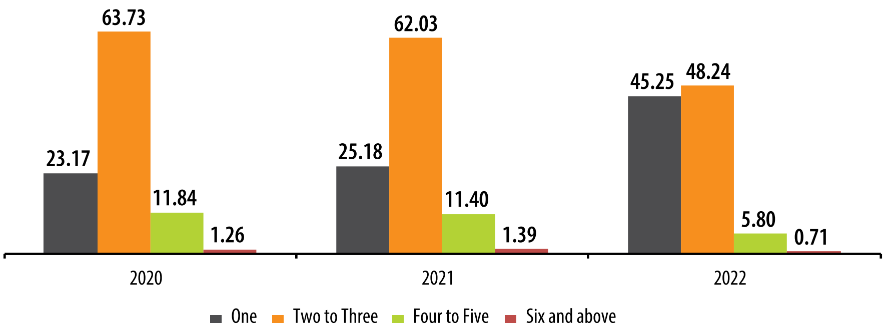
4.2 Trends in the Banking Sector

4.2.1 multi-banking behaviour

Overall, the industry has experienced a shift in multi-banking behaviour, with the utilization of single bank account depicting an increasing trend. In 2020 the proportion of one bank account holder was 23.17 percent and has since then expanded to 45.25 percent in 2022 from 25.18 percent 2021. This growth could be attributed to the increased need for customers to have a long-term relationship with their banks in order to enjoy reduced bank fees and charges. Moreover, with technological advancement and the widespread adoption of digital banking platforms, bank customers are able to access a wide range of banking services through a single account.

The use of multiple bank accounts, on the other hand, is on a declining path. The ownership of two to three accounts has reduced from 63.73 percent in 2020 to 48.24 percent in 2022. Those who are using Four to five accounts have declined from 11.84 percent in 2020 to 5.08 percent in 2022, a pattern that is also evident among those who own 6 or more accounts. The declining trends is in part attributable to an enhanced banks service offerings and provision of comprehensive solutions which attracts customers to consolidate their accounts, mainly catalysed by increased digitization of bank services.

Figure 4: Shifting multi-banking behaviour (%)

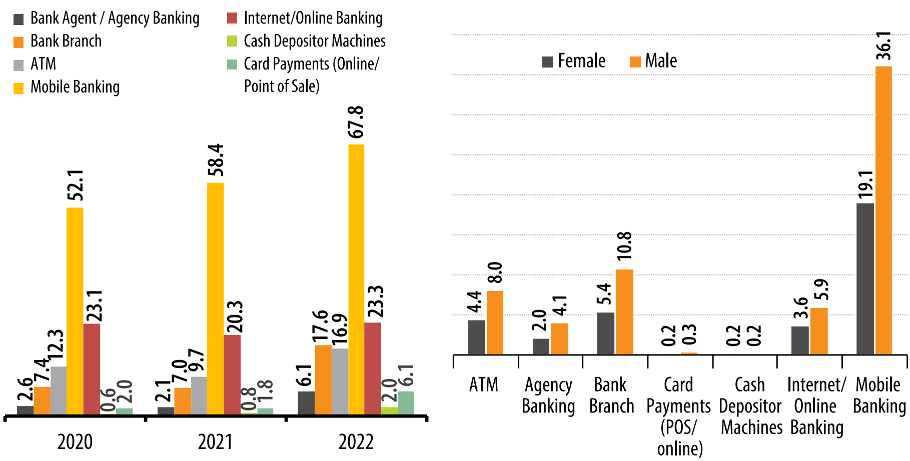


4.2.2 *Shifting Banking Channel Preference*

The consumers have shifted their preference to digital and self-service banking channels. Mobile banking, in particular, has witnessed significant growth, becoming the preferred choice for many customers.

Consequently, the proportion of bank customers using mobile banking services has increased from 52.07 percent in 2020 to 67.83 percent in 2022. Traditional banking channels like bank branches and ATMs are still relevant but are facing increasing competition from digital alternatives.

Figure 5: Shifting consumer Preferences on Banking Channel (%)



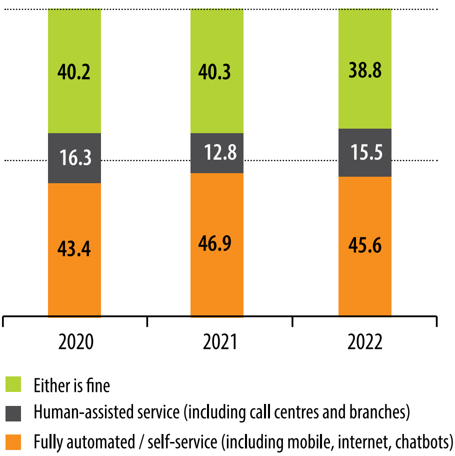
4.2.3 Consumer preferences on interaction with banking service

Customers are increasingly embracing self-service options provided by digital banking channels like mobile and internet banking. In 2020, 43.42 percent of bank customers preferred fully automated or self-service options, such as mobile banking, internet banking, and chatbots. This preference increased slightly to 46.86 percent in 2021 but saw a minor decline to 45.60 percent in 2022. Overall, a significant proportion of customers consistently favoured self-service options, indicating a growing acceptance and comfort with digital banking channels.

Even so, a significant number of bank customers still value human-assisted services, and there is also a sizeable segment open to using either self-service or human-assisted channels. In 2020, 40.24 percent of customers were open to either self-service or human-assisted options, a pattern that remained stable in 2021 and 2022 as 40.30 percent and 38.86 percent reported preference in those two years respectively.

The "Either is fine" category points to a considerable number of bank customers that are flexible and willing to use both self-service and human-assisted channels. On this account, banks need to strike a balance between digital transformation and human interaction to cater to the diverse needs and preferences of their customers effectively.

Figure 6: Banking service interaction preference (%)



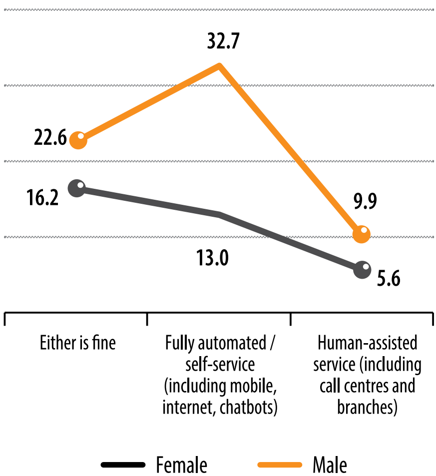
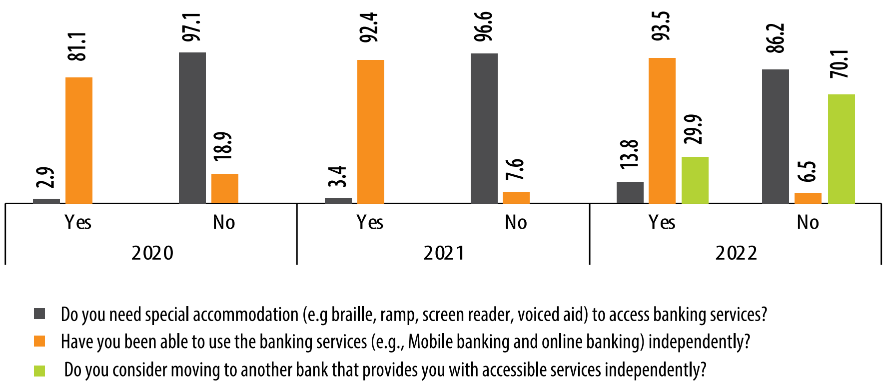


Figure 7: Accessibility of bank services (%)



4.2.4 Inclusive banking

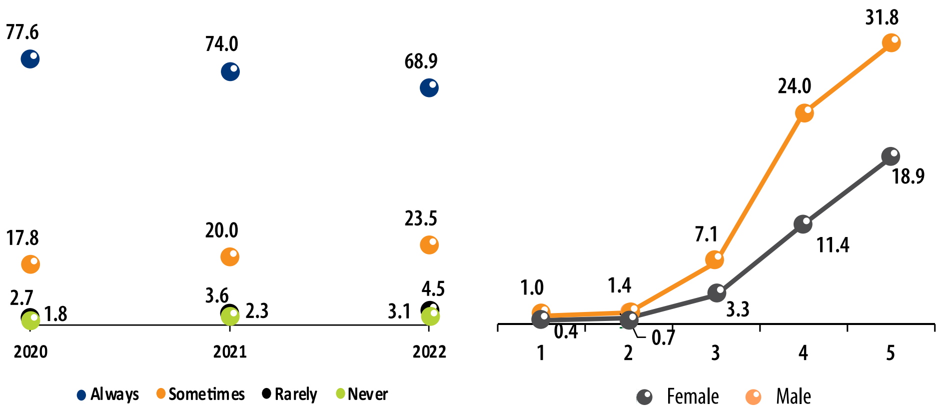
Positive strides have been made towards creating an inclusive banking environment, since persons with special needs being able to access bank services. Out of all the respondents in the 2022 survey, 13.8 percent required special accommodations, such as braille, ramps, screen readers, or voiced aids, to access banking services, while only 2.93 percent and 3.36 percent indicated so in 2020 and 2021 respectively. Among the 2022 respondents, 93.53 percent were able to utilize banking services independently, including mobile banking and online banking. An equally high positive response was noted in both 2020 and 2021, thereby reaffirm the outcome of the banking sector's commitment to enhancing accessibility of bank products and services to all their customers. However, there is need to continue with these efforts geared at ensuring independent access for all.

Additionally, majority of bank customers with special needs (70.1 percent) in 2020 that they have no intention to switch to another bank that provides independent accessible services; a clear indicator of their satisfaction with the current offerings.

4.2.5 Trends and insights on complaint resolution

Complaint resolution turnaround time have been worsening in the last three years, as the bank customers have reported occasional delays which has been experienced. This could potentially impact customer satisfaction and loyalty, as efficient and timely complaint resolution is crucial in maintaining a positive customer experience. This has impacted the men more than their women counterpart.

Figure 8: Trends in complaint resolution (%)



4.3 Drivers of Bank Customer Satisfaction

Table 2 presents the results on the drivers of bank customer satisfaction. Evidently, the number of bank accounts owned has a significant impact on customer satisfaction. customers with multiple bank accounts have low likelihood of dissatisfaction. More specifically, having two to three accounts decreases the likelihood of dissatisfaction compared to holding just one account. On the other hand, having four to five accounts significantly decreases the probability of dissatisfaction and increases the probability of satisfaction compared to having only one account. Interestingly, having six or more accounts increases the probability of satisfaction compared to having just one account.

The preferred mode of interaction also plays a role in customer satisfaction. Opting for fully automated interaction doesn't significantly affect dissatisfaction levels among customers, but rather, significantly boosts the chances of satisfaction. Conversely, customers who are indifferent between human-assisted or fully automated interaction have a significantly decreased likelihood of dissatisfaction and significantly enhanced likelihood of satisfaction when compared to other modes. Thus, pointing to the complementary role that physical interaction continues to play even as banks continue to automate their services.

The speed of customer complaints resolution impact on their satisfaction level. The bank customers report higher satisfaction when their complaints are "Always" resolved. On the other hand, Consumers using Bank Agent/Agency Banking are less likely to be Satisfied compared to the those visiting Bank Branch.A patten that is mimicked by users of ATMs and card payments.

Additionally, the results further indicates that bank customer satisfaction level is age sensitive, with customers of 26 years to 35 years age bracket being less likely to be dissatisfied with bank products and services compared to customers in the 18 years to 25 years age group. This age-related bank customer satisfaction pattern is attributable to a number of factors, including generational differences in technology adoption, service preferences, and financial needs.

Gender-wise, it is evident that being male decreases the likelihood of dissatisfaction and increases the likelihood of satisfaction compared to the female gender. On the other hand, being a person with a disability significantly increases the likelihood of dissatisfaction and decreases the likelihood of satisfaction compared to those without disabilities.

Table 2: Regression estimates

Variables	Y=1 (Dissatisfied)	Marginal Effects	Y=2 (Satisfied)	Marginal Effects
Number of bank account ownened				
Two – three accounts	-0.3418*** (-4.5589)	-0.0108***	0.0147 (0.3647)	0.0100***
Four – Five accounts	-0.7937*** (-4.0183)	-0.0220***	0.1016 (1.2064)	0.0263***
Six and above accounts	0.7092* (1.8993)	0.0186	0.3193 (1.2206)	0.0086
Preferred Mode of interaction				
Fully automated	-0.0874 (-0.9121)	-0.0062**	0.1168** (2.1516)	0.0155***
Either human assisted or fully automated is fine	-0.2961*** (-2.8306)	-0.0150***	0.2455*** (4.3567)	0.0334***
Complaint resolution				
Rarely	-0.8305*** (-6.1915)	-0.0770***	-0.3192*** (-3.0409)	0.0044
Sometimes	-1.5256*** (-13.1283)	-0.1515***	0.1494* (1.6586)	0.1384***
Always	-1.4988*** (-12.6735)	-0.1854***	1.6399*** (18.2096)	0.3149***
Preferred banking channel				
Agent / Agency Banking	-0.2085 (-1.2430)	0.0013	-0.3101*** (-3.4127)	-0.0269***

Variables	Y=1 (Dissatisfied)	Marginal Effects	Y=2 (Satisfied)	Marginal Effects
ATM	-0.1147 (-0.8398)	0.0021	-0.2272*** (-3.0479)	-0.0201***
Card Payments (Online/ Point of Sale)	-0.3360 (-0.6609)	-0.0087	0.0097 (0.0335)	0.0080
Internet / Online Banking	-0.2696 (-1.5911)	-0.0066*	-0.0217 (-0.2555)	0.0038***
Mobile Banking	-0.1283 (-1.1771)	0.0024	-0.2558*** (-4.3274)	-0.0229
Age				
18-25	0.3113 (0.8377)	0.0001	0.3990** (2.0124)	0.0403*
26 -35	0.2717 (0.7399)	-0.0035	0.4904** (2.5129)	0.0511**
36 – 45	0.2253 (0.6086)	-0.0045**	0.4752** (2.4180)	0.0507
46 – 55	0.0982 (0.2608)	-0.0060*	0.3787 (1.9021)	0.0434
56 - 65	0.0232 (0.0571)	-0.0131***	0.6295*** (2.9961)	0.0702
65+	-0.0780 (-0.1694)	-0.0153***	0.6316*** (2.7027)	0.0722
Gender				
Male	-0.0697 (-0.9073)	0.0013	-0.1390*** (-3.3803)	-0.0127***
PWD Status				
Person with disability	0.5934*** (7.2306)	0.0338***	-0.3690*** (-7.1840)	-0.0610***
Constant	0.2439 (0.6187)		0.8961*** (4.0728)	

Significance is indicated by * P <0.10, **P < 0.05, ***P < 0.010

Reference categories for dependent variables are One account for Number of bank accounts owned; Human Assisted for the Preferred Mode of interaction; Never for Complaint resolution; Visiting Bank branch is the reference category for Preferred banking channel, Under 18 year is the reference category for age; Male for gender and Person with disability for PWD Status.

5.0 Summary, Conclusion and Policy Recommendations

Intense competition from alternative financial service providers and evolving customer expectations have presented formidable challenges to the banking sector's quest for customer retention and profitability. On this account, this paper delves into the dynamics of customer satisfaction in the banking sector with a view to inform customer centricity. Using the banking sector customer satisfaction survey data and multinomial logit, the study shows that bank customers with multiple bank accounts with other banks have a low likelihood of being dissatisfied while the human interaction is still valued by bank customers, even though banks are quickly automating their processes. Moreover, prompt customer complaint resolution leads to higher satisfaction. The key policy issues arising from the study are:

- Banks need to prioritize efficient and effective complaint resolution strategies. Developing robust complaint handling mechanisms and actively addressing customer concerns can lead to increased satisfaction.
- Adopt tailored Product Development strategy.
    - Banks should use the insights from the study to tailor their product development to meet the specific needs and preferences of different customer segments. This can include personalized offers and services based on factors like age, gender, and interaction preferences.
    - Invest in Customer interaction channels. Banks should continue to invest in and improve their automated customer service channels, such as mobile apps and online platforms, to meet customer demands. However, this shouldn't outweigh improvements on physical interaction-related services.
    - Accessibility for persons with Disability. Banks need to focus on making their services and facilities more accessible to customers with disabilities, potentially through improved physical access, assistive technologies and staff training.

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