THE EFFECT OF AGENCY BANKING SERVICE DELIVERY ON CUSTOMER SATISFACTION: A STUDY OF DIAMOND TRUST BANK, NAIROBI KENYA

BY

EUNICE MBURU

UNITED STATES INTERNATIONAL UNIVERSITY - AFRICA

SUMMER 2018
THE EFFECT OF AGENCY BANKING SERVICE DELIVERY ON CUSTOMER SATISFACTION: A CASE STUDY OF DIAMOND TRUST BANK, NAIROBI KENYA

BY

EUNICE MBURU

A Project Report Submitted to the Chandaria School of Business in Partial Fulfillment of the Requirement for the Degree of Masters in Business Administration

UNITED STATES INTERNATIONAL UNIVERSITY - AFRICA

SUMMER 2018
STUDENT’S DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than the United States International University in Nairobi for academic credit.

Signed: ___________________________ Date: ___________________________

Eunice Mburu (ID 610112)

This project has been presented for examination with my approval as the appointed supervisor.

Signed: ___________________________ Date: ___________________________

Prof. Peter Lewa

Signed: ___________________________ Date: ___________________________

Dean, Chandaria School of Business
COPYRIGHT

© Copyright by Eunice Mburu 2018

All rights reserved. No part of this project report may be produced or transmitted in any form or by any means, electronic, mechanical, including photocopying, recording or any information storage without prior written permission from the author.
ABSTRACT

The general objective of the study was to determine the effect of agency banking services on customer satisfaction at Diamond Trust Bank. The specific objectives were: to establish the effect of service quality on customer satisfaction at Diamond Trust Bank; to investigate the effect of convenience on customer satisfaction at Diamond Trust Bank; and to determine the effect of reliability on customer satisfaction at Diamond Trust Bank.

The study used a descriptive survey design to investigate the research objectives. The target population for this study were customers visiting DTB agents. There were 165 DTB agents in Nairobi. According to DTB classification, Nairobi region includes Town, Mombasa Road/Industrial Area, Buruburu Branch, Nairobi South, Thika Road, Meru, Ngong Road/Ngong, Kitengela/Machakos, and Thika Branch. The researcher used stratified sampling to generate the required sample size of 117 DTB agents, out of which 351 customers were drawn. Data was collected using questionnaires. Before collection, the questionnaire was subjected to pilot study, validity and reliability tests. The researcher obtained ethical clearance before administering the questionnaires to the respondents. The Statistical Packages for Social Sciences software (SPSS 23) was used for descriptive and inferential analysis. Percentages, means, and standard deviations were used to summarize the data. Multiple regression analysis was used to establish the relationship between agency banking services and customer satisfaction. The findings for each of the research objectives were reported.

The findings show that agent equipment were modern looking, the physical facilities were visually appealing, the staff were presentable, responsive in terms of prompt service delivery and willingness to help customers. The agents were courteous and knowledgeable, gave personalized attention, and understood customer needs. The multiple regression results indicate that there is a statistically significant relationship between all the dimensions of service quality and customer satisfaction.

On service convenience, the findings indicated that high level of agreement with post-benefit convenience, benefit convenience, decision convenience, transaction convenience, and access convenience. The multiple regression coefficients indicated that not all dimensions of service convenience had a statistically significant effect on customer satisfaction. There is a statistically significant relationship between access to the agents and customer satisfaction,
and benefit of the services and customer satisfaction. There was a relationship amongst decision convenience, transaction convenience, and post-benefit convenience and customer satisfaction.

With respect to service reliability, the agents delivered what they promised, had passionate interest in solving customer problems, performed were timely in service delivery, and maintained accurate records of transactions. Multiple regression coefficients show that there is a statistically significant relationship between service quality and customer satisfaction.

The study concludes that there is a statistically significant relationship between service quality dimensions and customer satisfaction. While there was a statistically significant relationship between some dimensions of service convenience, others did not report a strong positive association. The regression results showed that a statistically significant relationship exists between access convenience and benefit convenience, but not with the other service convenience constructs: decision convenience, transaction convenience, and post-benefit convenience. The study further concludes that there is a positive and significant relationship between service reliability and customer satisfaction.

This study recommends that agents invest in the service equipment and improve the visual appearance of the points of service. The agents should improve on decision convenience parameters by ensuring that customers are able to find out the services that an agent offers before they travel to the point of service. They should also increase the delivery speed and the overall turnaround time. They should continually enhance service delivery by reducing the time customers wait to be served and eliminating errors in financial transactions through adequate controls, so as to achieve high levels of customer satisfaction.
ACKNOWLEDGEMENTS

I would like to take this opportunity to appreciate my Supervisor: Prof Lewa for his guidance through this project despite his busy schedule. I am thankful to my colleagues for their support during this journey. Special thanks go to my Manager for allowing me to leave work early in order to attend class and to United States International University for the opportunity to pursue the MBA program.
# TABLE OF CONTENTS

STUDENT’S DECLARATION ........................................................................................................ iii
COPYRIGHT ........................................................................................................................ iv
ABSTRACT .......................................................................................................................... v
ACKNOWLEDGEMENTS ................................................................................................... vii
LIST OF TABLES ................................................................................................................. vii
LIST OF FIGURES ................................................................................................................. xi
CHAPTER ONE ..................................................................................................................... 1
  1.0. INTRODUCTION ........................................................................................................... 1
     1.1. Background of the Study ......................................................................................... 1
     1.2. Statement of the Problem ....................................................................................... 8
     1.3. General Objective .................................................................................................... 9
     1.4. Specific Objectives .................................................................................................. 9
     1.5. Significance of the Study ....................................................................................... 9
     1.6. Scope of the Study ................................................................................................ 10
     1.7. Definition of Terms ................................................................................................ 10
     1.8. Chapter Summary .................................................................................................. 11
CHAPTER TWO ................................................................................................................... 12
  2.0. LITERATURE REVIEW ............................................................................................... 12
     2.1. Introduction ............................................................................................................ 12
     2.2. The Concept of Customer Satisfaction ................................................................... 12
     2.3. Service Quality and its Effect on Customer Satisfaction ........................................ 15
     2.4. Service Convenience and its Effects on Customer Satisfaction ............................ 19
     2.5. Service Reliability and its Effects on Customer Satisfaction ............................... 22
     2.6. Chapter Summary .................................................................................................. 24
CHAPTER THREE ............................................................................................................... 25
  3.0. RESEARCH METHODOLOGY ................................................................................. 25
     3.1. Introduction ............................................................................................................ 25
     3.2. Research Design .................................................................................................... 25
     3.3. Population and Sampling Design .......................................................................... 25
LIST OF TABLES

Table 3.1: Population..................................................................................................................26
Table 3.2: Sample Size.................................................................................................................27
Table 4.1: Service quality.............................................................................................................39
Table 4.2: Model Summary..........................................................................................................40
Table 4.3: ANOVA.....................................................................................................................40
Table 4.4: Coefficients................................................................................................................41
Table 4.4: Service Convenience.................................................................................................42
Table 4.5: Model Summary..........................................................................................................43
Table 4.6: ANOVA.....................................................................................................................43
Table 4.7: Coefficients................................................................................................................44
Table 4.8: Service Reliability.......................................................................................................45
Table 4.9: Model Summary..........................................................................................................45
Table 4.10: ANOVA....................................................................................................................45
Table 4.11: Coefficients................................................................................................................46
LIST OF FIGURES

Figure 4.1: Gender.................................................................................................................36
Figure 4.2: Age..........................................................................................................................37
Figure 4.3: Level of education..................................................................................................38
CHAPTER ONE

1.0. INTRODUCTION

1.1. Background of the Study

Banks are operating in a dynamic highly competitive environment. Due to the similarity of financial products and services, it is difficult for banks to differentiate from competitors and create competitive advantage. As a result, the movement towards a customer-focused strategy has become crucial not only in attracting potential new customers but also build relationships, retain and satisfy customers (Minh & Huu, 2016). Companies now rely on customer satisfaction as a way of differentiating their service delivery from their competitors, with the intention of surpassing customer expectations and subsequently generating profits and growing market share (Kombo, 2015).

Customer satisfaction is associated with improved financial performance. However, customer dissatisfaction consumes organizational time in handling grievances and complaints, hence taking up organizational resources for productive activities. Owing to the proliferation of technologies and access to knowledge, today’s customers are conscious of their respective rights that include; right to be informed, right to be heard and right to be protected. Since they possess adequate information, they have stronger supremacy to demand for better services. As a result, poor service delivery increases the risk of losing both current and potential customers (Gachuru & Mwangi, 2017).

Assessing the effect of service delivery on customer satisfaction is different because services have unique characteristics that differentiate them from physical goods. These characteristics are: intangibility, inseparability, heterogeneity, perishability, and ownership. Intangibility means that services offering cannot be touched or seen. Intangibility can be improved through reputation building by offering excellent service and improving the facilities and environment where service is being offered (Adhiambo, 2014). Inseparability means that services are being produced and consumed simultaneously. One cannot separate the service provider and the service itself; therefore service provider becomes an integral part of the service itself. The customer also participates to a greater extent by giving clear specifications of the service required. The value of the service delivery to customer can be improved
through ensuring the availability of service at all time, training and motivating the employee delivering the product, and instilling the values of quality, reliability and to generate quality customer service (Adeoye, 2012).

With regard to heterogeneity, services have one-off product runs i.e. they cannot be exactly repeated. It is important to standardize service output because each unit varies with the provider and each unit is different in quality from the next unit. It’s difficult for the same provider to provide standard services at the same time the quality of services cannot be judged or controlled in advance. All plants and facilities to provide quality of services can be made in advance but determination of service quality waits until it is in progress. To tackle problems associated with heterogeneity, emphasis should be on ensuring consistency of quality control, customer service, effective staff recruitment, selection, training and motivation, and quality performance measures (Ezeh, Ugochukwu, & Okeke, 2015). On perishability, services cannot be stored and they are highly perishable in nature. They have a fluctuating consumption trend and one cannot keep inventories. Meeting customers’ needs in these operations depends on staff being available as when they are needed. Due to perishability any idle or unused capacity is lost opportunity. Policies must therefore be set to smooth the demand and supply relationship in the following aspects: using price variations which encourages off peak demand, using promotion to stimulate off peak demand, and hiring casuals or part time workers during high demand seasons. Finally, ownership relates to the idea that services do not result in transfer of property-service purchaser does not go out having owned anything (Adeoye, 2012).

The drivers of efficient service delivery can therefore be categorized into service quality, service convenience, and service reliability. Service quality is one of the main drivers of customer satisfaction. Service quality as the gap analysis or the gap of the customer expected service and the real service provided by the company. Service quality can be differentiated into functional service quality (doing things nicely) and technical service quality (doing things right). Functional service quality is always afforded the highest priority (Maddern, Smart, & Baker, 2007). Various studies have developed different dimensions for measuring service quality. Panasuraman et al (1988) developed SERVQUAL model to measure service quality. The model proposed a five dimensional construct; notably: tangibles, reliability,
responsiveness, assurance, and empathy. Tangibility relates to the appearance of the facilities where services are being rendered, the present ability of employees, and the sophistication of technology of communication materials being used. Reliability is concerned with the ability of the firm to deliver services as promised. A responsive firm is that which provides prompt service, helps customers, and serves customers with speed. Assurance is the ability to inspire confidence and trust among customers. Finally, empathy relates to the capability and willingness of a service provider to give personalized attention to customers (Parasuraman, Zeithaml, & Berry, 1988). However, various researchers have criticized the five dimensions as non-generic and universal, and that conceptualization is dependent on the industry being studied (Aljasser & Sasidhar, 2016). As a result, there are over 19 different service quality models of SERVQUAL (Seth & Deshmukh, 2005).

Service convenience has been acknowledged as important to consumers in many studies, but it is not clearly defined. Most researchers consider convenience to be mere locational proximity of hours of operation (Berry, Seiders, & Grewal, 2002). Jiang’, Jiang’ and Liu (2011) notes that much of the existing convenience literature has been restricted to a study of either conceptual development of the multidimensional service convenience construct in a conventional retailing environment. The authors identified six major dimensions of service convenience: access, search, evaluation, transaction, possession, and post-purchase convenience in a study of e-service environments. In this case, access convenience refers to a consumer’s perceived time and effort expenditures, search convenience is a consumer’s perceived time and effort expenditures to search for a product, evaluation convenience is a consumer’s perceived time and effort to effectively complete trade or purchasing, and possession convenience is the time and effort to own what a consumer wants and experience those benefits, while post-purchase refers to the time and effort to contact the supplier after using the service(Jiang, Jiang, & Liu, 2011). In banks, the five dimensions of service convenience have been identified as decision convenience, access convenience, transaction convenience, benefit convenience, and post-benefit convenience. Decision convenience is the effort and costs associated with service purchase or use, access convenience is time and effort costs in initiating service delivery, benefit convenience is the time and effort costs in experiencing the core benefits of the offering, transaction convenience is the time and effort
costs in finalizing a transaction, and post-benefit convenience is the time efforts and costs involved in re-establishing subsequent contact with the firm (Xie, Peng, & Shen, 2010).

Reliability is an important dimension of service delivery. It is the assurance that customers expect that service firm will take necessary steps for their support that they promise to provide. Some of the characteristics of a reliable service include accurate delivery service, complete order service, truthfulness about the product or service offering, keeping the promise, accurate records, and accurate information on products and services (Omar, Saadan, & Seman, 2015). Various studies, both in Kenya and other regions, have investigated the effect of services delivery and customer satisfaction; however, the findings differ from one institution to the next hence the necessity of new research utilizing expanded conceptualizations of each of the drivers of customer satisfaction.

Agency banking is a retail outlet, whether corporate or a small market enterprise, contracted by a financial institution to process client transactions. Rather than a branch teller, it is the owner or an employee of the retail outlet who conducts the transaction and enables clients deposit, withdraw, and transfer funds, pay their bills, enquire about account balances, or receive government benefits or a direct deposit from their employer. Banking agents could be pharmacies, supermarkets, convenience stores, lottery outlets, post offices, and many more. (Kitali, Chepkulei, & Shibairo, 2015). Agency banking is also defined as the delivery of financial services outside conventional bank branches, often using non-bank retail outlets that rely on technologies such as point-of sale (POS) devices or mobile phones for real-time transaction processing (Tindi & Bogonko, 2017). Banking agents are usually equipped with a combination of point of sale (POS) card-reader, mobile phone, barcode scanner to scan bills for bill payment transactions, Personal Identification Number (PIN) pads, and sometimes Personal computers (PCs) that connect with the bank’s server using internet connection, or any other kind of wireless connection and allows agents to access customers’ accounts, subject to the limits of authorization (Kitali, Chepkulei, & Shibairo, 2015).

Agency banking is a form of branchless banking that is increasingly being adopted by financial institutions across the world to provide banking services to populations not reached by traditional bank networks. Financial institutions are also adopting branchless banking to significantly reduce set-up and delivery costs, and offer cash-in/cash-out operations only or a
broader range of financial services to customers who usually feel more comfortable banking at their local merchants than at traditional bank branches (Lozano & Mandrile, 2010).

The main role of the bank is to develop products and services and deliver them to customers. The agency banking model enables banks to provide services to customers who cannot access the branches (Federal, 2006). Mwende, Bichanga and Mosoti, (2015) define agency banking as the provision of banking services through non-conventional bank branches such as post offices, grocery stores, pharmacies and lottery outlets, in order to bring services closer to the customers in areas where it would be expensive to open a conventional bank branch. Agents are non-branch outlets allowing banks to access customers more cost-effectively compared to traditional branches. In most cases, agents operate in remote areas that have limited security systems and the bank must ensure that the customers are safe before recruiting the agent. The bank must also sensitize the agent on the need for proper security measures. Agency bans must also develop strategies for dealing with the credit, operational, legal, liquidity and reputational risks (Federal, 2006).

A retail agent has the personal interaction with the banks customer through offering of bank’s services on behalf of the bank (Federal, 2006). The appointed agent can receive cash deposits and credit them into customers’ accounts real time. The agency bank operates under contractual agreement with the principal. The banks’ boards of directors establish policies and procedures on agents operations. The role of the agents must also be clearly stated as outlined in the central bank of Kenya guideline on agency banking. The banks management has a role of monitoring the operations at the agent level. This calls for through screening of agents and ensuring that the operating systems have controls. Audit trails should be carried out and agents must ensure that confidentiality is maintained(CBK, 2010). An agency bank offers cash deposit and withdrawal services on behalf of the bank. Customers do not have to travel to the bank branches to make cash deposit and withdrawals. Agent locations can be accessed at ease and proximity since they are located at convenient locations such as petrol stations, grocery stores pharmacies among others that tend to be open for extended hours. Banks seek to ensure that their customers are able to access the services in order to achieve customer satisfaction. The aim is to ensure accessibility of cash deposit and withdrawal services (Simboley, 2017).
The initial forays into agency banking can be traced to countries like Brazil, which had the largest agent network in the world and greatly influenced other Latin American markets. In fact, the Brazilian model of bank-based projects that use cards and POS terminals is predominant in many Latin American countries. In Brazil, Caixa Federal, Banco Bradesco, and Banco Popular created the largest example of Point of Sale (POS)-enabled agent networks worldwide. The model was adopted in countries such as Colombia, Mexico, Peru, and Chile, before spreading to other developing countries in the world with low financial services penetration (Lozano & Mandrile, 2010).

Agency banking became very successful in Brazil and inspired adoption in Latin America and Africa. Agency banking was adopted in South Africa in 2005. The country made an amendment to the Banking Act which allowed banks to get into contractual agreements with non-bank entities to provide banking services to customers. The services targeted included collecting deposits, making withdrawals, applying for loans, and making bill payments for customers. In Nigeria, agency banking has been used to increase access of banking services to the unbanked and under banked. Nigeria has also established policies to govern the practice of agency banking and this has increased adoption in microfinance institutions, cash lite programs and mobile payments. Agency banking was introduced in Ghana in 2008 through an amendment that allowed Ghanaian banks to contract non-bank retail agents (Tindi & Bogonko, 2017).

Agency banking was introduced in Kenya in May 2010 to bring banking closer to the people, particularly those in rural areas. The remote Kenya has had accessibility problems to banking services due to underdeveloped road networks and network connectivity. Traditionally people had to travel long distances to access banking services. Agency banking improves financial inclusion in unbanked and under banked populations. The introduction of Agency banking in Kenya has increased the availability of banking services out of traditional bank branch. The Central Bank of Kenya has licensed banks to recruit agents since February 2011 and promulgated policies and procedures to govern the relationships among banks, agents and the customers. These agents can operate at retail outlets such as shops, petrol stations, and supermarkets across the country (Mwende, Bichanga, & Mosoti, 2015).
The cost of maintaining a bank branch comparatively high hence the growth of agent networks to increase across while maintaining cost-efficiency. It is estimated that agents have brought banking services close to the more than 7 million of the rural Kenyan community that had limited access to banking services as noted in the Kenya (Gachuru & Mwangi, 2017). Typically, agents are equipped with a combination of point of sale Machine (POS) card reader, mobile phone, barcode scanner to scan bills for bill payment transactions, Personal Identification Number (PIN) pads, and personal computers (PCs) that connect with the bank’s server using personal dial up or other data connection in order to ensure that they are able to offer seamless services and ensure that the security and confidentiality are not compromised. The agents are also adequately and constantly trained on customer service, bank operations and basic information technology in order to ensure they are able to handle the clients as per the expected standards. There are also constant site visits by the banks’ officials to ensure that the agents are able to operate smoothly (Lozano & Mandrile, 2010).

In Kenya, there 43 commercial banks currently, one mortgage finance company, six deposit-taking microfinance institutions, two credit reference bureaus, five representative offices and one hundred and fifteen forex bureaus (Gachuru & Mwangi, 2017). According to the Central Bank of Kenya Bank Supervision Report 2016, out of the 43 licensed commercial banks, 18 banks have contracted 53,833 agents. Other financial institutions such as microfinance banks have also contracted agents. The report noted that 5 microfinance institutions have contracted 2,068 agents. These numbers represent a 33% increase in the number of agents contracted by commercial banks, and a 79% increase in the number of agents contracted by microfinance institutions when compared with 2015 figures. Among commercial banks, 87% of the agents have been contracted by 3 of the country’s biggest banks: Equity Bank (25,428 agents), Kenya Commercial Banks (12, 883 agents), Cooperative Bank (8,856 banks). The report also recorded an increase in banking transactions by 30.9%, from 2015 figure of 79,620,211 transactions to the 2016 figure of 104,193,459 transactions, translating to an increase in the value of transactions from KShs 442.2 billion (USD 4.3 billion) to KShs. 734.2 billion (USD 7.1 billion). The main types of transactions were payment of retires and social benefits, cash deposits, payment of bills, mini statements requests, and account balances queries(Central Bank of Kenya, 2016).
The adoption of agency banking platforms is also intended to actualize quality service delivery. Customers judge the quality of the service by the reliability; speed, availability and the relationship build with the service provider. Through agency banking, banks endeavor to make the banking services available, reliable, and fast, as well as build relationships with the clients. Agents are increasingly being utilized as important distribution channels for financial institutions with an aim of improving customer Satisfaction can be achieved through encouraging face to face dealings, being friendly and approachable, having a clearly defined customer service policy, anticipating clients' needs, keeping customers informed and honoring your promises. Agents are therefore being used by banks to achieve accessibility, build relationships and get feedback from customers on what the banks need to improve on (Ezeh, Ugochukwu, & Okeke, 2015).

1.2. Statement of the Problem

Banking is a service-oriented industry that heavily depends on customer satisfaction for growth and survival. Banks differentiate themselves through adoption of processes and practices that continually enhance customer satisfaction, and subsequently attract and retain customers, while ensuring profitability growth and increase in market share. Companies with excellent customer service record higher profit per employee compared to similar companies with demonstrated poor service delivery (Islam & Niaz, 2014).

Banks must consistently develop techniques and methods for improving customer service delivery. The increased adoption of agency banking by commercial banks is one of the strategies for improving service delivery in underserved areas, both in the rural and urban areas. In a highly competitive environment such as the financial services sector in Kenya, customer satisfaction remains a challenge and banks struggle to retain customers through training of agents to provide high levels of service. With the increasing adoption of agency banking by commercial banks, it is important to evaluate its effects on customer satisfaction. Further, existing studies have predominantly focused on agency banking in the banks with larger agent networks, and little on banks that are also rapidly expanding their networks to survive the competition (Mwende, Bichanga, & Mosoti, 2015), hence the need to expanded studies.
1.3. General Objective

The general objective of the study was to determine the effect of agency banking services on customer satisfaction at Diamond Trust Bank.

1.4. Specific Objectives

1.4.1. To establish the effect of service quality on customer satisfaction at Diamond Trust Bank.

1.4.2. To investigate the effect of convenience on customer satisfaction at Diamond Trust Bank.

1.4.3. To determine the effect of reliability on customer satisfaction at Diamond Trust Bank.

1.5. Significance of the Study

1.5.1. Banks in Nairobi

The findings of this study shall be used by the banking institution and specifically the product development team to improve service delivery in order to enhance customer satisfaction through agency banking.

1.5.2. Regulatory Authorities

The finding of this study can be used regulatory agencies such as the Central Bank of Kenya to establish regulations which improve the efficiency of agency banking platforms while also monitoring the implementation of the banking model in commercial banks to safeguard both the banks and their customers.

1.5.3. Scholars and Researchers

The study will generate new information that advances existing knowledge on the relationship between service delivery dimensions and customer satisfaction, with particular focus on the effect of service quality, service convenience, and service reliability on customer satisfaction at DTB bank Nairobi, Kenya.
1.6. Scope of the Study

The scope of this study was limited to the independent variables: service quality, service convenience, and service reliability, and the dependent variable: customer satisfaction. The study was also limited to agents of one commercial bank, Diamond Trust Bank. The location of the study was limited to DBT agents operating in Nairobi County, specifically Nairobi Town, Mombasa Road/Industrial Area, Buruburu Branch, Nairobi South and Thika Road. The study will take place in the months of June and July 2018.

1.7. Definition of Terms

1.7.1. Agency Banking

This is a model of banking where the services are provided by non-bank entities that are different from the conventional bank branches. These agents are often non-bank retail outlets that rely on technology to integrate with the parent bank to process transactions in real time using point-of sale (POS) devices or mobile phones (Tindi & Bogonko, 2017).

1.7.2. Customer Satisfaction

This refers to a person’s satisfaction with a product or service offered by a company (Kombo, 2015). It is the ability of the service provider to meet the needs of their customers (Unit et al., 2012).

1.7.3. Service Quality

This refers to the match between the expected product/service and the perceived delivery of the product/service (Kanning & Bergmann, 2009).

1.7.4. Service Convenience

This refers to consumers time and effort perceptions related to buying or using a service (Berry, Seiders, & Grewal, 2002).
1.7.5. Service Reliability

This is the ability of the service provider to offer the promised service at the promised times and standards to the customers (Mwenda & Ngahu, 2016). It is the assurance that customers expect that service firm will take necessary steps for their support that they promise to provide (Omar, Saadan, & Seman, 2015).

1.8. Chapter Summary

This chapter presents the introduction of the study, including the background of the study which introduces the independent and dependent variables and the state of agency banking in the country. It also presents the statement of the problem, purpose and objective of the study, significance of the study, the scope, and definitions of important terms. The next chapter presents an analysis of the literature review, present the theoretical framework, empirical review, and conceptual framework for the study. Chapter three covers research methodology in terms of the research design, population and sampling design, data collection methods and analysis. Chapter four presents the results and findings of the study. Finally, chapter five provides a summary of the study, conclusions and recommendations.
CHAPTER TWO

2.0. LITERATURE REVIEW

2.1. Introduction

This section presents the literature review of the study. The section synthesizes and critiques existing studies on the concept of customer satisfaction, and the effect of service quality, service convenience, service reliability, and customer satisfaction.

2.2. The Concept of Customer Satisfaction

Customer satisfaction has been defined in various ways. At the basic level, it is an individual’s satisfaction with a product or service. It can also refer to the valence state of mind concerning the bank that is evoked by customer experiences over time (Kanning & Bergmann, 2009). Satisfaction is defined as the feeling of pleasure an individual can get when they have received or achieved something. Satisfaction means that a person has fulfilled a desire, demand, expectation or need. In service delivery, it therefore relates to fulfillment with the expectations of a particular service in addition to the actual benefits of the product or service (Magesh, 2010). Satisfaction is a person’s feelings of pleasure or disappointment resulting from the comparison of product’s perceived performance in reference to expectations. Customer’s feelings and beliefs also affect their satisfaction level (Kanning & Bergmann, 2009).

Customer satisfaction can be characterized within three contexts. In the first, it relates to the consumption of goods and services from a bank as an ongoing process and relates to the accumulation of experiences of customers over time. In this case, customer satisfaction is a consequence or a summation of experiences over time. Secondly, it is also a manifestation of feelings about a bank such as through cognition evaluation of whether a bank is doing well. Third, satisfaction and dissatisfaction can be understood as being one-dimensional and ranges from a very dissatisfied customer to a very satisfied customer (Terpstra, Kuejin, & Sijtsma, 2014).

The level of satisfaction or dissatisfaction is determined by the difference between the customer’s expectations of the product or service and their perceptions of the actual
performance of that product or service (Kanning & Bergmann, 2009). The degree of satisfaction or dissatisfaction is an indicator of the product or service ability to meet the demands and expectations of customers. The overall satisfaction with a service is therefore a product of the customer’s evaluation of service delivery or product offer and it relates to their own sets of experiences. At the organizational level, quality service delivery can increase customer satisfaction, which in turn increases customer loyalty. Satisfied customers, and subsequently increased organizational performance (Razak, Chong, & Lin, 2007).

Since customer satisfaction influences long term profitability and growth of a business, firms must consistently outperform competitors by offering high quality services and products (Tsoukatos & Rand, 2006). Customer satisfaction is an important indicator of firm performance, and consequently a phenomenon of interest in both practice and scholarship. The ability to satisfy customers is vital for any firm for several reasons. The most common is that when customers are dissatisfied, it is a reflection of poor service delivery and presents an opportunity for an organization to redress failures in the system. Companies invest in building customer satisfaction because satisfied customers are the best ambassadors and salespersons for a product or service. Since attracting new customers is more costly, the necessity of satisfying existing customers is paramount for organizational performance (Gupta & Dev, 2012). While customer satisfaction is integral in every industry, the measurement of customer satisfaction in service industries is different from manufacturing and special consideration should be paid to establishing the accurate measurement indicators. The banking sector is a dominant driver of economic growth and development, hence the importance of customer satisfaction (Islam & Niaz, 2014).

Organizations approach the measurement of customer satisfaction differently. Scholars have also developed different methods for assessing customer satisfaction. However, the main dimensions of customer satisfaction in the banking sector consist of personnel, products, image, service, and access. Personnel encompasses the characteristics of the employees such as skills and knowledge, responsiveness, communication, collaboration and friendliness among others. The product encompasses the variety, costs, special features of products and services offered. The image refers to the credibility of the bank, the technological excellence, and the ability to satisfy future customers. The service component encompasses the
appearance of the stores, the waiting time before service, the complexity of service processes, and the information provided to customers to inform them so that they can understand the services. Finally, access is based on the availability of service points (Minh & Huu, 2016).

Irrespective of the distribution channel, the customers are central to a bank’s profitability. Banks must ensure that the needs of their customers are met both at the branches and at the agent location. The banks must seek to address all the challenges that the agents and the customer face at the agent locations for smooth running of business and hence profitability. The quality of service determines whether the customer remains with the service provider or moves to the competitor. Customer satisfaction is based on the knowledge and skill that is possessed by the service provider. The same must be reflected clearly and positively to the client (Unit, Lingkaran, & Dalam, 2012).

In Kenya, there is stiff competition among the players. To gain an edge, the banks must ensure that they don’t only expand their network coverage but also maintain high quality of service delivery. Agency banking aims to bring the service close to the clients and therefore reduces the related travels expenses. The banks are able to offer banking facilities without incurring the huge expense of opening a traditional branch. The banks want loyal customers and they must also endeavor to offer pleasant services to their customers (Gachuru & Mwangi, 2017). This calls for use of alternate channels to ensure that service gets to the customer at the least possible cost (Central Bank of Kenya, 2010). Commercial banks have embraced agency banking to remain competitive.

Poor service delivery occurs when there is disconnect between services offered by a firm and the perceptions and expectations of customers. In the current dynamic and competitive environment, repurchase intentions and decisions are an important determinant of how satisfied customers are, because very satisfied customers are likely to share positive experiences with people around them and subsequently attract more customers to the firm (Ha & Jang, 2009).

Adeoye (2012) carried out a study to determine the implications of customer satisfaction on the performance of banks in Nigeria. The research demonstrated that happy and satisfied customers exhibit positive behavior and that this is largely dependent on the quality and
reliability of products and services. The research used a descriptive and explanatory survey design methods. The findings show that customers enjoying electronic banking services are still not satisfied with the quality and efficiency of the services. This is expressed in the number of times customers physically visit banks and length of time spent before such services are received. The paper concludes that banks should improve their service delivery to justify the benefits of electronic banking products and services. This way, customers’ interest would be aroused (Adeoye, 2012).

2.3. Service Quality and its Effect on Customer Satisfaction

Service quality is the customer’s perception of how well the service meets or exceeds their expectations. One of the major ways to differentiate a service is to deliver consistently higher quality service than competitors. The key is to meet or exceed the target customers’ service quality expectations. Customers’ expectations are formed by their past experience, word of mouth and service firm advertising. The customers choose providers on this basis and after receiving the service, they compare the perceived service with the expected service. If the perceived service falls below the expected service customers lose interest with the provider. If the perceived service meets or exceeds their expectations, they are apt to use the provider again (Aljasser & Sasidhar, 2016).

There are five determinants of service quality. They include; reliability, responsiveness, assurance, empathy and tangibles. Reliability is the ability to perform the promised service dependably and currently. It involves the consistency and dependability of the service performance. Responsiveness refers to the willingness or readiness of employees or professionals to help customers and to provide prompt services (Adhiambo, 2014). Assurance is related to the knowledge, competence and the courtesy of the employees and their ability to convey trust and confidence. This encompasses the service provider’s name and reputation, possession of necessary skills and trustworthiness, believability and honesty. Empathy describes the provision of caring individualized attention to customers. It refers to the service provider’s efforts to understand the customer’s needs and then to provide as best as possible, individualized service delivery. Finally, tangibles is the appearance of a physical facility, equipment, personnel and communication materials that is the physical evidence of the service (Ezeh, Ugochukwu, & Okeke, 2015).
Maddern, Smart, and Baker (2007) carried out a study in the United Kingdom to extend the debate on the service quality variables that can be used to empirically test the relationship between service quality and customer satisfaction. The study evaluated the drivers of customer satisfaction to assess the impact of technical and functional service quality. The focus of the study was customer satisfaction at a large UK bank. While there have been findings which confirm the significance of service quality and profitability, but there was a disagreement on whether it was a linear relationship. The findings, which covered five years, showed that technical service quality influenced customer satisfaction, and that business processes management was a significant driver of technical service quality (Maddern, Smart, & Baker, 2007).

Islam and Niaz (2014) evaluated the customer satisfaction of the service quality and assessed whether bank services provided by the institutions are satisfactory to Bangladeshi customers especially in term of service categories. The study empirically tested the determinants of service quality in Bangladesh. The study investigated five dimensions of service quality such as initial experience, delivery service condition, service experience, relationship and environment and grievance handling are considered as the base for this study. The study used a purposive sample of 300 customers of the bank. The results of the study showed that there is a positive correlation between the dimensions of service quality and customer satisfaction. The multiple regression analysis demonstrated that quality service have positive impact on overall customersatisfaction in Bangladesh (Islam & Niaz, 2014).

According to Kombo (2015) the quality of core services include reliability, security, functionality, accuracy, and speed, while quality of relationships includerelationships,competences, assurance, trust, friendliness, courtesy, availability, commitment, flexibility, and communication. Satisfaction enables banks to access their relationships with customers, which is important for improving performance in the banks because they help in making decisions such as cost reduction, quality improvement, as well as bring in useful knowledge that assist in product innovation and create long-term customer loyalty. The study showed that quality affects customer satisfaction (Kombo, 2015).

Aljasser & Sasidhar (2016) customers expectations and needs is a driving force for the provision of quality service delivery. The study identified and measured the relevant
determinants of Service Quality (SERVQUAL) vis-à-vis the overall customer satisfaction levels of Saudi bank customers. The results of the study showed that there is a significant relationship between the six SERVQUAL determinants and customer satisfaction, at 1% level. The six SERVQUAL determinants are significantly related to and explain about 84% of overall customer satisfaction among banks in Saudi Arabia (Aljasser & Sasidhar, 2016).

Another study by Sanjug (2014) also evaluated the impact of dimensions under the SERVQUAL model in the Saudi Arabia banking sector. The study adopted a quantitative design and used questionnaires to collect data from a convenience sample of 412 customers of various bank in the Saudi capital city of Riyadh. Regression analysis showed that there is a positive relationship among assurance, empathy, and responsiveness, but that this relationship had no significant effect on customer satisfaction. However, there was a positive relationship between tangibles and customer satisfaction. The authors concluded that the SERVQUAL model was useful in investigating customer satisfaction in the banking sector (Sanjug, 2014).

Millas (2013) investigated the relationship between service quality attributes and customer satisfaction in the retail banking sector in Tanzania, the case study being CRDB Bank. A review of literature was conducted to find out the relationship among service quality, customer satisfaction and customer loyalty. The sample consisted of 20 bank staff and 20 retail banking customers and interviewed 40 respondents. The study demonstrated that tangibility, responsiveness, reliability, empathy and assurance are positively related to customer satisfaction in the retail banking settings in Tanzania (Millas, 2013).

Kitali, Chepkulei, and Shibairo (2015) investigated how agency banking has influenced customer satisfaction in Kenya. The researcher sought to determine the link between agency banking and on-time delivery of services, utilization of banking services, service quality assurance, cost reduction, and ability to fulfill customer expectations on customer satisfaction. The study used a sample of 250 agent banking customers. The results showed that there was a positive relationship between on time delivery on customer satisfaction (Kitali, Chepkulei, & Shibairo, 2015).
Tindi and Bogonko (2017) investigated the effects of agency banking on customer satisfaction in the banking industry, focusing on 9 selected banks in Eldoret. The specific objectives included the effect of agent quality, convenience, and reliability on customer satisfaction. The study is based on the agency theory that seeks to explain the relationship between the principal and agent in business. The study used a descriptive research design and convenience sampling to select 297 agency sampling. The data was analyzed using regression statistics. The results showed that convenience of agency banking affects customer satisfaction in commercial banks to a great extent, it was revealed that agent quality has a positive influence on customer satisfaction in commercial banks and reliability has a positive influence on customer satisfaction in commercial banks (Tindi & Bogonko, 2017).

Chemutai (2017) investigated the effect of agency banking on the financial performance of commercial banks in Kenya. The specific objectives focused on customer growth, deposit growth, and its effects of cost reduction. The study used a descriptive research design and sampled 120 agents from 12 middle managers from the banks. The regression results showed that there is a significant growth in customers as a result of agency banking. Further, a significant number of accounts were opened on a daily basis by agents. Agent banking also contributed to deposit growth in banks. The study established that there was a positive correlation between transaction, infrastructure costs and cost reduction (Chemutai, 2017).

Owino (2015) analyzed the effect of agency banking services on customer satisfaction in Kenya Commercial Bank in Ongata Rongai, Kenya. A stratified random sample was used to select a sample of 381 respondents. The findings showed that 31.8% respondents termed convenience as excellent, while 57% rated the service value as satisfactory, yet still 20.6% respondents rated responsiveness excellent and 32.8% of respondent acknowledged product(service) quality as satisfactory. The descriptive findings show that customers rate customer satisfaction highly (Owino, 2015).

According to Peter and Olson (2009) customer needs have shifted dramatically as a result of technological advancements. Modern customers demand timeless services and at the most convenient location and service provider. Agency banking is one of the channels that the modern banks are using to reduce the time wasted while the customers wait in the long queues in the banking hall. The agency banking platform if well managed can be used to
reduce waiting time and hence faster service delivery. The speed of service is key to customer satisfaction. Customers do not want long hours waiting for service. Properly trained agents are able to make the licensed bills payments at ever a faster speed than it would take a customer at a bank branch. The user friendly agency platform enables the agents to offer quick service and hence improve on customer satisfaction. Banks have also established support center for the agents where they can call and get timely support in order to avoid delays at the agent locations. The agents are also provided with machines that operate at high speed and as a result the agents are able to offer fast services at their locations. The amount of time spent at the service provider also plays a key role. Customers want to get the service at the least time possible (Peter & Olson, 2009).

2.4. Service Convenience and its Effects on Customer Satisfaction

Kaura, Prasad, and Sharma (2015) examined the extent to which service quality, perceived price fairness and service convenience (antecedents of customer satisfaction) influence customer satisfaction for Indian retail banking sector. The study identified the dimensions of service quality are human behavior, tangibility and information technology. Dimensions of service convenience are decision convenience, access convenience, transaction convenience, benefit convenience and post-benefit convenience. A convenience sample of 445 retail banking customers. The findings show that with the exception of tangibility, all the other dimensions of service quality had a significant effect on customer satisfaction (Kaura, Prasad, & Sharma, 2015).

Gachuru and Mwangi (2017) investigated the effect of agency banking satisfaction in relation to customers’ growth in the banking sector in Kiambu District in three banks; Equity Kenya Commercial Bank and Cooperative Bank. The study used stratified random sampling techniques to select 28 agents. The results showed an average of 600,000 transactions in agency banks on a daily basis. Further, 80.3% were satisfied with agent banking services (Gachuru & Mwangi, 2017).

Ndungu and Njeru (2014) carried out a literature review to show that agency banking in Kenya has led to extended banking hours with some agents reportedly opening as early as 06.00hrs and others closing as late as 01.00hrs. This shows how agency banking improves
convenience. The study assessed the factors behind the adoption of agency banking in Kenya. The study investigated the relationship between convenience and customer service affected performance. The independent variables were the total commissions earned by agents for 6 months. The results show that there is high level of system availability, hence service convenience. The study shows that the high level of convenience is associated with the high level of adoption of agency banking. Further, the convenience is also associated with the delivery of extended hours of banking (Ndungu & Njeru, 2014).

Mongi and Mokaya (2018) noted the mushrooming of the agency banking services to supplement the incapacitated areas of banking services. However, the link between agency banking and customer satisfaction remained undocumented. The study focused on investigating the effect of agency banking services on customer satisfaction among National Microfinance Bank customers in Arusha Municipality. The study used a stratified random sample of 60 respondents and collected data using questionnaires. Using regression analysis, the study found out that the convenience and service reliability of agency banking services positively influence customer satisfaction (Mongi & Mokaya, 2018).

According to Mwenda and Ngahu (2016) agency banking platforms facilitate bill payments without the customer necessarily going to make the payment at the bank or to the service provider to make the payment. The service is however provided at a commission but eventually saves the customer the travel and the inconvenience of waiting in the queues. The bank takes up the risk of operating through the agents as a strategy of ensuring reliability and availability of service at non conventional banking hours. Monitoring measures are put in place to safeguard the interest of the customer and the bank. The bank must ensure that the service at the agent location matches the service at the bank. This is achieved through proper recruitment and training of the agents. The agents are trained to the level of the bank employee and must understand and comply with the confidentiality code in order to ensure that information is confidential. The banks must ensure that the agents understand the interests of their customers and in order for them to meet the same (Mwende & Ngahu, 2016). The banks must ensure constant touch with the agents to ensure that the agents remain focused on the banks’ interests. Their operations must be determined and monitored by the banks’ management. Among the bills that can be paid at the agent location include water,
electricity and credit card payments. Further, since customers always prefer services closer to them, agents must be situated close to customers and operate longer hours (Simboley, 2017).

A service company can increase service delivery quality through recruitment of adequate, reliable, and customer-contact people than its competitors. Additionally, it can invest in upgrading the physical environment so that it is visually appealing. Or it can design a superior delivery process and deploy on a wide scale. Services can be equipment based or people based. In other words they may be delivered primarily by equipment or delivered primarily by people. The means of delivery influences where quality is most at stake in the service mix. For equipment based services marketers must be concerned that the equipment is of good enough quality to meet customers’ needs. For people based services, level of consistency of quality depend most entirely on training and level of motivation of service providers. The service offers can include innovative features to distinguish it from competitors offer. The customer’s expectation is a primary package service in addition to secondary service features. The major challenge in the service differentiation is that most service innovations are easily copied. Few of them are pre-emptive on the long run. Companies can outcompete competitors through consistent innovation and enhancing its reputation (Adhiambo, 2014).

A strategic location has a direct effect on the performance of businesses is an important indicator of convenience. This is because it ensures nearness and access to raw material, accessibility to business premises, good road network, busyness of the area of the business etc. According to Minai & Lucky (2011), location is defined as the choice mode of entering business and viewed location in terms of type which could be local or international location. Location is an indispensable factor that shapes and determines the success or failure of entrepreneurial development and business activities. It determines the effectiveness of the entrepreneurial and business activities.

Kala et al. (2010) has reported that the strategic location of the domestic firms has assisted them in achieve a positive performance. It can be argued here that location has provided domestic firms with strong force to prosper and succeed in their business. They equally noted that location has helped the firms in the area of sustainability and also imply performance. From the analysis, it is clear that the location is vital factor of entrepreneurship development that when aligned with other entrepreneurial factor like individual determinant, external
factor and firm characteristics could highly affect the entrepreneurship development and firm performance. It goes without saying that location of the agent could critically influence the performance of agency banking.

2.5. Service Reliability and its Effects on Customer Satisfaction

Barua, Aimin, and Hongyi (2017) investigated the technical reliability of self service technologies and how they affect customer satisfaction. The researchers noted that in most studied, it has been assumed that self service technologies are generally reliable and lead to customer satisfaction; however, how these technologies influence reliability has not been clearly established. The study therefore sought to build a model to specify how the reliability of self service technologies is achieved. The results showed that customer satisfaction originated from perceived reliability and perceived control. On the contrary, perceived ease of use, perceived risk, and trust in the technology was not associated with customer satisfaction (Barua, Aimin, & Hongyi, 2018).

In the same vein, Iberahim, Taufik, Adzmir, and Saharuddin (2016) investigated customer satisfaction and its relationship with service reliability and responsiveness, with particular focus on self service technology. The researchers noted that the retail banking industry is increasingly adopting self service technology, which provide an interface facilitating communication between the human and the machine environment. One of the most common technologies for self service are Automatic Teller Machines. The study established that ATMs are reliable and responsive service tools and that their ability to provide consistency, dependability and timeliness positively affects customer satisfaction (Iberahim, Taufik, Adzmir, & Sarahuddin, 2016).

Omar, Saadan, and Seman (2015) noted that customer satisfaction is the collective outcome of perception, evaluation, and psychological reaction to the services rendered. One of the determinants of how well services have been delivered is the reliability. This study investigated the effect of service reliability on customer satisfaction with e-commerce services in Libya. The survey used random sampling to generate a sample of 384 respondents. The results of the study showed that service reliability has a strong and positive relationship with customer satisfaction. This is because the success of any e-commerce
business depends on their ability to fulfill orders correctly, deliver promptly, and keep personal information secure (Omar, Saadan, & Seman, 2015).

Yusuf and Bala (2015) noted that banks were adopting ICT as a way of enhancing service provision in Nigeria. The study showed that there was a positive correlation between reliability and customer satisfaction. Regression analysis showed that the relationship was statistically significant. This means that the user’s perception of reliability of a service or a product affects their satisfaction with it (Yusuf & Bala, 2015).

In another study by Ezeh, Ugochukwu, and Okeke (2015) reliability was included as one of the seven quality of service dimensions alongside assurance, responsiveness, perceived risk, tangibility, security, and price. The study targeted the customer satisfaction with the provision of online/ebanking services by Nigerian banks. A total of 258 took part in the study. The data analyzed by multiple linear regression show that five of the seven dimensions analyzed; notably, price, security, perceived risk, responsiveness and assurance, had a significant effect on customer satisfaction. However, the study did not find a significant relationship between reliability and customer satisfaction (Ezeh, Ugochukwu, & Okeke, 2015).

Mungai (2017) investigated the effect of challenges associated with adoption of agency banking on bank performance of four selected commercial banks in Kenya. A purposive sample of 44 respondents was selected for the study. The findings of the study indicate that administrative challenges do not significantly affect bank performance whereas reliability and operational challenges were found to have a significant effect on bank performance. This shows that the reliability of agents as a banking model, not only affects the decision of the banks to adopt the technology, but also affects the performance of the bank (Mungai, 2017).

Oanda (2015) focused on service quality dimensions that included reliability as a subset of overall quality provision at Barclays Bank in Kenya. The results showed that reliability was the least important of the quality dimensions, with empathy, assurance, tangibles, and responsiveness affecting customer satisfaction to a larger extent. The researcher noted that reliability has been neglected as an indicator of customer satisfaction yet it is a crucial component in an industry with high customer expectations (Oanda, 2015).
Kombo (2015) argued that customer satisfaction provides a platform that companies can exploit to enhance relationships with customers so as to achieve long term organizational performance. The study sampled 403 customers in the Kenyan banking industry and collected data using questionnaires. The data showed that reliability was the most important factor for customers. As such, the results showed that availability is the most important factor for customer satisfaction. The availability of points of service continued to be improved by the opening of more agent branches (Kombo, 2015).

According to Ndungu and Njeru (2014) agency banking has made a big contribution towards increasing access to customer’s account information beyond the traditional bank branch. The customer can make general account queries at the agent without necessarily going to the branch. They can access customers’ mini statements and respond to the general queries. The general account information that can be accessed from the agent include the transaction date and location, the transaction amount, the depositors name and the nature of the transaction whether it was a cash deposit, withdrawal or bank charges. However, the agents do not provide full customer statement (Ndungu & Njeru, 2014).

2.6. Chapter Summary

This section shows a summary of the findings reported in various studies on the concept of customer satisfaction, and the effect of service quality, service convenience, and service reliability on customer satisfaction. The results differ from one market to the other, from one bank to the other, due to the differences in investment in the improvement of customer satisfaction. The literature analysis shows the importance of individual-bank studies on the relationship of agency banking services on customer satisfaction.
CHAPTER THREE

3.0. RESEARCH METHODOLOGY

3.1. Introduction

This chapter presents the research design, population, sample size, sampling procedures, data collection methods, and data analysis techniques used in the study. The chapter also outlines data collection methods and instruments used in addition to data analysis methods fit for the achievement of the study objective.

3.2. Research Design

A descriptive design was adopted to investigate the research questions. Descriptive research design is used to investigate situations where the researcher’s primary interest is describing and making interpretations about the research phenomenon. In descriptive research design, the phenomenon is investigated as it is without any artificial manipulation from the researcher. It involves collecting quantitative information that can be tabulated and presented in numerical form to establish causal relationships between given variables. In most cases, data is collected using survey instruments such as questionnaires and interviews. The justification for using descriptive research design stems from the fact that it enables the researcher to establish relationships between variables and examine people’s beliefs, opinions, and perceptions on a set of questions under study (Golafshani, 2003).

3.3. Population and Sampling Design

3.3.1. Population

The target population is defined as “the population from which we would want to collect data if we were conducting a complete census rather than a sample survey” (Greenm, Camilli, & Elmore, 2006). The target populations for this study were customers visiting DTB agents. There were 165 DTB agents in Nairobi (Diamond Trust Bank, 2018). According to DTB classification, Nairobi region includes Town, Mombasa Road/Industrial Area, Buruburu Branch, Nairobi South, Thika Road, Meru, Ngong Road/Ngong, Kitengela/Machakos, and Thika Branch.
Table 3.1: Population Distribution

<table>
<thead>
<tr>
<th>DTB Nairobi Agents</th>
<th>Number of DTB Agents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nairobi Town</td>
<td>33</td>
<td>20</td>
</tr>
<tr>
<td>Mombasa Road/Industrial Area</td>
<td>21</td>
<td>12.70</td>
</tr>
<tr>
<td>Buruburu Branch</td>
<td>21</td>
<td>12.70</td>
</tr>
<tr>
<td>Nairobi South</td>
<td>17</td>
<td>10.30</td>
</tr>
<tr>
<td>Thika Road</td>
<td>25</td>
<td>15.00</td>
</tr>
<tr>
<td>Meru</td>
<td>9</td>
<td>5.0</td>
</tr>
<tr>
<td>Ngong Road/Ngong</td>
<td>14</td>
<td>9.10</td>
</tr>
<tr>
<td>Kitengela/Machakos</td>
<td>9</td>
<td>5.45</td>
</tr>
<tr>
<td>Thika Branch</td>
<td>16</td>
<td>9.7</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>165</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Adapted from DTB website

3.3.2.1 Sampling Frame

The sampling frame included DTB agents operating within the political boundaries of Nairobi County and included the regions: Nairobi Town, Mombasa Road/Industrial Area, Buruburu Branch, Nairobi South and Thika Road. The sample frame included Meru, Ngong Road/Ngong, Kitengela/Machakos, and Thika Branch.

3.3.2.2 Sampling Technique

The researcher used stratified sampling to generate the required sample. In this sampling technique, the researcher first identifies the subgroups of the population of interest and then selects cases from each subgroup. This technique allowed the researcher to discover and describe in detail characteristics that are similar or different across the strata or subgroups. In
stratified sampling, the population is partitioned into groups, called *strata*, and sampling is performed separately within each *stratum*. Thus, by definition, strata refer to a population subgroup/subcategory from which sample units are drawn.

Simple random sampling was used to draw samples from each stratum. In simple random sampling, each element in the population has an equal probability of selection and each combination of elements has an equal probability of selection. The advantage of this is that it provides an opportunity to study the stratum variations; estimation could be made for each stratum. Again, the precision likely to increase as variance may be smaller than when simple random sampling is used to generate samples from the sample population. Further, field works can be organized using the strata (e.g., by geographical areas or regions). Finally, the technique reduces survey costs.

3.3.2.3. Sample Size

A sample size is defined as the population segment selected for the study. The researcher randomly selected three (3) respondents/customers served by each of the sampled 117 DTB agents operating in Nairobi County, to yield a total of 351 customers.

**Table 3.2: Sample Size**

<table>
<thead>
<tr>
<th>DTB Nairobi Agents</th>
<th>Number of DTB Agents</th>
<th>Sample Size</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nairobi Town</td>
<td>33</td>
<td>99</td>
<td>28</td>
</tr>
<tr>
<td>Mombasa Road/Industrial Area</td>
<td>21</td>
<td>63</td>
<td>18</td>
</tr>
<tr>
<td>Buruburu Branch</td>
<td>21</td>
<td>63</td>
<td>18</td>
</tr>
<tr>
<td>Nairobi South</td>
<td>17</td>
<td>51</td>
<td>15</td>
</tr>
<tr>
<td>Thika Road</td>
<td>25</td>
<td>75</td>
<td>21</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>117</strong></td>
<td><strong>351</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
3.4 Data Collection Methods

Data is defined as the information gathered for the purposes of the study. Data can either be primary or secondary. Primary data refers to information that the researcher has obtained from the field, while secondary data is collected by other researchers and archived in some form to answer different research questions. Data can either be qualitative or quantitative.

Data was collected using questionnaires. The questionnaire was divided into five sections. The first section covered general information on gender, age, and level of education of the respondents. The second section covered questions for each of the five dimensions of service quality: tangibles, responsiveness, assurance, and empathy. The third section included questions on the dimensions of service convenience, notably: decision convenience, access convenience, benefit convenience, transaction convenience, and post-benefit convenience. The fourth section focused on service reliability. This part covered questions on the ability of the agent to provide what they promised efficiently and on time. The last section was on customer satisfaction. Questions in this section covered the five aspects of customer satisfaction: personnel, products, service, access, and image. The responses of all the questions were based on a 5-point Likert scale.

Questionnaires allowed for the collection of standardized information that can either be expressed numerically or in short responses. Again, questionnaires granted anonymity to respondents and eliminated the impacts of researcher obtrusiveness. Finally, these data collection instrument were relatively inexpensive to administer and significantly easier to analyze. The questionnaires were self-administered and the respondents were requested to fill the questionnaire and hand them over to the researcher, while some were assisted in filling the questionnaires through face-to-face interviewing.

3.5 Research Procedures

The researcher carried out a pre-test study before the final and actual data collection process. Pilot studies are important in detecting ambiguity, evaluating the type of answers given to determine whether they help the researcher to achieve the laid down objectives (Robson 2007). A pre-test sample should be between 1% and 10% depending on the sample size (Mugenda & Mugenda, 2008). The study used a pre-test sample of 35 respondents (10% of
the sample size). The findings from the research pilot study were used for two purposes: to determine the reliability of the instrument and to improve the questionnaire. Questions that are found to be ambiguous, unclear or confusing for respondents were restructured to achieve clarity.

Validity testing was used to establish the degree to which the instrument measured what it purported to measure. There are various validity measures that can be performed in an instrument; namely, content, predictive, concurrent, construct, and criteria validity. Content deals with the representativeness of the data collection tool. A data collection instrument should demonstrate how comprehensively it covers the study areas it should cover to adequately respond to the set hypotheses. To ensure content validity, a data collection tool should be wide enough in scope to cover all the intended study objectives. Predictive validity involves predicting by means of assessment if data from different sets of research correlate with each other. Concurrent validity entails a high correlation of data collected by different sets of instruments. Construct validity is the degree to which the test instrument purports or claims to measure. It requires existence of relationship between the instrument and the data collected. Content validity is the measurement of the extent to which an instrument achieves or purports to achieve the required measurement, giving a representative sample of what it intends to measure, the entire domain and criteria validity is the use of a well-established procedure to assess the measurement procedure (Golafshani, 2003).

In the process of designing the research study, the researcher took into consideration the common threats to the internal and external validity of the study results. Internal validity enables a researcher to draw valid conclusions from the data collected, which implies that the threats hinder him from making plausible conclusions. The study design, correlational design, adopted minimizes the history threat to internal validity in this study. A prolonged data collection exercise could expose a study to the history threat. To forestall this risk, the researcher will collected data over the shortest feasible time 3–4 weeks. Other common threats to internal validity include selection, maturation, instrumentation, testing and mortality, however, these are not perceived to be potential risks to the proposed study, because it is not a correlation design and does not have different types of respondents such as experimental and control groups. In the study designs, data will be collected from each
respondent just once and there will be no need for respondent follow-up. External validity will enable the researcher to generalize the study findings. When external validity is threatened, the researcher cannot generalize the result to a wider population. Small samples can introduce external validity of a study and this will be controlled by computing an appropriate sample size.

Other procedures for ensuring the validity of the research process and findings encompass member checking, spending more time in the field, clarification of biases, use of a rich descriptive language in conveying research findings, peer briefing, and consulting the expertise of an editor (Creswell, 2015). The procedures will be applied to ensure the validity and reliability of results. The researcher will refine and improve the instruments before the pilot study to enhance instrument repeatability and internal consistency. Since the study used standardized measures to capture the independent and dependent variable responses, the instrument had predetermined response categories, which were peer-reviewed to ensure that the questionnaires sufficiently cover the research questions.

Reliability testing was used to measure the extent to which results are consistent over time and accurately represent the total population under study. If the results of a study can be reproduced under a similar methodology, then the research instrument is considered to be reliable. A research instrument is said to be reliable if it exhibits a high degree of accurate scores across a range of measurement—a measure of repeatability or consistency. Reliability can be measured using: inter-rater—a case of using the same test on different respondents or study participants; test-retest—a case of using the same set of respondents or study participants but at different times; parallel-forms—in cases where different respondents or study participants are used at the same time but subjected to different tests and; internal consistency—in scenarios where respondents or study participants are asked different questions of the same construct. Reliability coefficients range from 0.00 to 1.00, with higher coefficients indicating higher levels of reliability. Internal reliability is used to measure the consistency of results across items within a test while external reliability refers to the extent to which a measure varies from one use to another.

The reliability of the research instrument was tested by determining random error. This method is commonly referred to as the split half method and involves dividing the solved
items into two groups using odd and even numbers. The total scores from subjects from two groups of items will be correlated using Pearson product moment correlation coefficient. An instrument with a coefficient value of 0.7 is considered reliable. The questionnaire was found to be satisfactory and reliable for data collection.

Ethical considerations allowed the researcher to carefully assess the possibility of harm to research participants, and the extent to which harm should be minimized. Ethical conduct is a prerequisite in scientific research processes. Adherence to ethical research promoted collaboration, cooperation, and trust among scientists. It also advances the greater goals of research while fulfilling the social responsibilities of scientists and avoiding and minimizing the occurrence of unethical acts and illegal behavior. Ethical considerations must be taken into account in all phases of the research, from the point of deciding to do research, choosing the topic, defining the research problem, determining the aim and design of the research, choosing the methodology, collecting data, and analyzing data and interpreting research findings. Owing to the importance of ethical considerations, research ethics has increasingly become a necessity in all research processes. While research ethics originated from the fields of biomedical research, the humanities and social sciences have also developed ethical guidelines to guide new and emerging methods of conducting research.

The American Psychological Association (APA, 2003) through the Research Ethics and Research Regulations and the British Psychological Society (BPS, 2000) through the Code of Conduct, Ethical Principles and Guidelines, among other psychological associations across the world, specify considerations that must formally be adhered to in psychological research. These principles bind researchers in the field of psychology with the expectation of operating within a framework of ethical principles. In this study, the researcher will ensure that all the participants are protected from any form of physical and or psychological harm as a result of the study. The researcher will ensure that there is minimal level of risk to participants, a level that is not associated with any harm. It is indeed the duty of the researcher to ensure that the participants in the study are safe.

The researcher provided a letter of introduction from the academic supervisor to communicate the intentions of the project, detailing informed consent from his participants. After explaining to individual participants about the nature of the research, the researcher
obtained consent before administering the questionnaire. In essence, the researcher fully debriefed the participants on the nature of the research, the aims and objectives.

Ethical considerations were strictly adhered to, including adherence to the school’s thesis development guidelines. All information from respondents was strictly confidential and only used for the purpose of the study. To enhance their confidentiality and anonymity, respondents were not be asked to write their names on the questionnaire. The filled questionnaires were be kept in a locked cabinet whose key has been kept by the researcher only. Participation in the research study was voluntary and no one was forced, coerced or tricked to participate. The eligible respondents were given full relevant information including the purpose and objectives of the study before they participated in the study. The researcher and data collection team observed the participants’ rights not to answer any question they did not wish to and to end the interview when they wished to, and finally, the respondents’ privacy was granted during the administration of the questionnaire.

The questionnaires were administered at the point of service. The researcher randomly selected and handed questionnaires to customers who had been served by the agent. After completing, the respondents handed back the questionnaire to the researcher. All the questionnaires collected were put in safe storage for data analysis.

3.6 Data Analysis Methods

Data analysis is the ordering and organizing of raw data and transforming it into useful information can be extracted from it. The process of organizing and thinking about data is key to understanding what the data does and does not contain. Raw data can take a variety of forms, including measurements, survey responses, and observations. The type of data collected determined the type of statistical analysis needed and influenced the possibility of statistical inference. Quantitative data are either discrete or continuous. In this study, the data collected from the questionnaires was analyzed using both descriptive and inferential statistical measures. All the data collected was coded and entered into an Excel sheet, organized and cleaned for any inconsistencies. The first process of data analysis is data cleaning, which involved review and validation of data to ensure consistency. The second process was data validation, which entailed review of quality controls to ensure that only the
necessary data was collected. The third process was data verification, which was removing errors on data that had been collected to remove errors, incomplete answers, and any other ambiguities. These processes ensured that the data proceeding to analysis is clean, unbiased, representative, and appropriate for the statistical analyses.

The Statistical Packages for Social Sciences software (SPSS 23) was used for descriptive and inferential analysis. In descriptive statistics, statistical methods are used to summarize or describe sets of data. Descriptive statistics limit the generalization of the findings to a particular population group that was observed. At this point in time, the research does not provide conclusions that extend beyond the group to infer about other groups. This means that descriptive analysis concerns itself with the provision of estimates and summaries. These were presented in tables and graphs and aligned according to the objectives of the study. Measures of central tendency refer to analyses that estimate the center of a distribution value. Three main measure of central tendency are used in research: mean, mode, and median. The mean is simply the average and represents the center of the gravity of the distribution. It measures the average of all the counts or values in a distribution. In normal circumstances, the mean is computed by adding all the values and dividing by the number of counts. Means can be used to compare different groups and are also useful when performing advanced statistical measures in inferential statistics. Median is a positional average and it divides the distribution into two equal parts, so that one half is above, while the other half is below it. It is the mid value that differentiates 50% of a population from the other 50%. On the other hand, mode refers to the value that occurs more frequently among a set of values. It can be stated that the mode is a quick indication of the mean and median.

Measures of variability also describe the distribution of the sample. While the measures of central tendency describe the central value in a distribution, measures of variability describe the spread of actual scores. It presents how various classes have been distributed. This is computed through measures such as range and standard deviation. While range shows the highest minus the lowest value, standard deviation measures dispersion of the population. Additionally, there are other measures such as the measure of divergence from normality which shows the shape of the distribution. This can be achieved through computing for
skewness or kurtosis. Skewness shows the distribution of mean, median and mode, while kurtosis shows the frequency of a distribution when compared with the normal distribution.

In this study, descriptive statistics are means of summarizing large sets of quantitative (numerical) information such as means, modes, medians, and standard deviations and presenting analysis in tables, charts, and graphs that describe, organize, and summarize the data. Since descriptive statistics do not allow for generalizations, inferential statistics were used to determine whether there was any form of linearity, homogeneity, normality, and independence in the data. Therefore, inferential statistics are statistics which are used to make inferential statements about a population.

The inferential analysis used in study was multiple regression analysis. Regression analysis is technique for mathematical modeling that is used to establish the relationships between the variables in the study. The analysis sorts outs the independent variables that have an impact on the dependent variable, and it helps in understanding how changes in the independent variables influence the dependent variable in the study. In testing a multiple regression model, customarily, the degree to which two or more predictors (independent variables) are related to the dependent variable is expressed essentially in the correlation coefficient $R$, which is in effect the square root of $R$-square. In multiple regression, $R$ can assume values between 0 and 1. Regression analysis is suitable for testing the existence of a relationship among variables.

Multiple regression analysis was used to establish the relationship between agency banking services and customer satisfaction.

The model will take the form of:

$$Y = \alpha + \beta_1X_1 + \varepsilon$$

Where:

$Y = \text{Dependent Variable}$

$X_1 = \text{Independent Variables}$

$\alpha = \text{Apha is the intercept}$
\( \beta_1 \) is the Beta coefficients for independent variables \( X_1 \) explaining the variance in \( Y \).

Replacing for the variables the equation will take the form of:

\[
CS = \alpha + \beta_1 SQ + \beta_2 SC + \beta_3 SR + \epsilon
\]

Where:

CS = Customer Satisfaction

SQ = Service Quality

SC = Service Convenience

SR = Service Reliability

Findings were presented in tabular and graphical presentations (pie charts, bar graphs) accompanied with descriptive narratives.

3.7 Chapter Summary

This section presented the methodology of the study. The researcher adopted a descriptive research design. The population of the study were DTB agents operating in Nairobi County. The sample consisted of 351 customers drawn from the DBT agents in Nairobi. Data was collected using questionnaires. The data was analyzed using both descriptive and inferential statistical measures.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This section presents the results and findings of the study. The section presents and explains the data, and is divided on the basis of the research questions. The results are presented in graphs, charts, and tables to capture outcomes for variables and relationships between variables.

4.2 General Information

4.2.1 Response Rate

The study administered questionnaires to a sample size of 351 customers drawn from the 117 DTB agents operating in Nairobi County. Out of the 351, the researcher collected completed questionnaires from 280 customers. This represents a response rate of 80%, which is deemed satisfactory for data analysis and interpretation.

4.2.2 Gender

The results showed that out of the 280 customers who participated in the study, a majority were female 64.6% (181), compared to the male customers, 35.4% (99). The results are presented in Figure 4.1.

Figure 4.1: Gender
4.2.3 Age of Respondents

In terms of age, the study classified customers into five groups: under 20 years old, 21-30 years old, 31-40 years old, 41-50 years old, and over 51 years old. The results indicate that the majority of respondents were aged between 31 and 40 years old, and 21 to 30 years old, and accounted for 49.9% and 26.8%, respectively. 12.1% of the respondents were under 20 years old, while those who were 41 to 50 years old and over 50 years old constituted 8.9% and 9.3% of the population under study. The results are presented in Figure 4.2.

![Figure 4.2: Age of respondents](image)

4.2.4 Level of Education

The study was also interested in capturing the level of education of the customers seeking service in the DTB agents. The categories of education were secondary, certificate/diploma, degree, Masters and PhD. The findings show that the majority were either degree holders or certificate and diploma holders; with 38.6% being the former, and 31.8% being the later. In the same vein, 16.4% had secondary level of education and 10.7% had Masters. Only a small number, 2.5% of the 181 respondents had a PhD level of education, as shown in Figure 4.3.
The researcher investigated four dimensions of service quality: tangibles, responsiveness, assurance and empathy. Each dimension was measured based on a 5-point Likert scale (SD = Strongly Disagree D = Disagree U = Neutral A = Agree SA = Strongly Agree). The study sought to determine the extent to which the respondents agreed with a set of questions. Table 4.1 shows the percentages for each of questions, according to the Likert scale, as well as the overall means and deviations for each dimension of service quality. A majority of the respondents strongly agreed with the dimensions of tangibles, noting that the agent equipment were modern looking (36.4% agree, 40.4% strongly agree), the physical facilities were visually appealing (36.8% agree, 37.1% strongly agree), and that the employees were presentable (32.1% agree, 33.2% strongly agree). The agents were also found to be highly responsive in the sense of providing prompt services (36.1% agree, 30.0% strongly agree) and willingness to help customers (30.4% agree, 28.8% strongly agree). On assurance, the employees at the bank were courteous (32.9% agree, 39.3% strongly agree) and knowledgeable (41.8% agree, 36.4% strongly agree). Finally, on empathy, the agents gave personal attention (31.4% agree, 37.1% strongly agree) and showed understanding of customer needs (agree 33.6%, 26.4% strongly agree). Overall, at least 4 out of 5 customers were satisfied with the level of service quality provided by the agents as shown by the means:
tangibles (M=3.981), assurance (M=3.984), empathy (M=3.714), and responsiveness (M=3.687). The findings are presented in table 4.1.

Table 4.1: Service quality

<table>
<thead>
<tr>
<th></th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
<th>Means</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tangibles</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The agents have modern looking/up to date equipment</td>
<td>5</td>
<td>2.1</td>
<td>16.1</td>
<td>36.4</td>
<td>40.4</td>
<td>3.981</td>
<td>0.5718</td>
</tr>
<tr>
<td>The physical facilities at the agents are visually appealing</td>
<td>1.4</td>
<td>4.3</td>
<td>20.4</td>
<td>36.8</td>
<td>37.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The employees at the agent bank are presentable</td>
<td>3.6</td>
<td>6.1</td>
<td>25.0</td>
<td>32.1</td>
<td>33.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Responsiveness</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The employees at the agent bank provide prompt services</td>
<td>8.6</td>
<td>3.9</td>
<td>21.4</td>
<td>36.1</td>
<td>30.0</td>
<td>3.687</td>
<td>0.8705</td>
</tr>
<tr>
<td>The employees at the agent bank are always willing to help customers</td>
<td>10.4</td>
<td>5.0</td>
<td>25.4</td>
<td>30.4</td>
<td>28.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Assurance</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees at the bank are consistently courteous</td>
<td>4.3</td>
<td>3.6</td>
<td>20.0</td>
<td>32.9</td>
<td>39.3</td>
<td>3.984</td>
<td>0.7577</td>
</tr>
<tr>
<td>Employees are knowledgeable to answer your questions</td>
<td>6.8</td>
<td>1.4</td>
<td>14.6</td>
<td>41.8</td>
<td>36.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Empathy</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The agent bank gives you personal attention</td>
<td>5.4</td>
<td>5.4</td>
<td>25.0</td>
<td>31.4</td>
<td>37.1</td>
<td>3.714</td>
<td>0.8374</td>
</tr>
<tr>
<td>The employees at the bank understand your specific needs</td>
<td>10.4</td>
<td>3.9</td>
<td>25.7</td>
<td>33.6</td>
<td>26.4</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Apart from the descriptive statistics on the level of service quality, the researcher also performed multiple regression to establish the relationship between service quality dimensions and customer satisfaction. The model summary showed that the R square was 0.087. This implies that service quality was responsible for an 8.7% change in customer satisfaction, as reported in Table 4.2.

Table 4.2: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.294a</td>
<td>.087</td>
<td>.073</td>
<td>.3637</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Empathy, Responsiveness, Tangibles, Assurance
In testing the regression model using ANOVA, the results reported a significance level of p=0.000. This implies that the model was statistically significant and appropriate for estimating the effect of the independent variable, service quality, on the dependent variable, customer satisfaction.

**Table 4.3: ANOVA**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>3.446</td>
<td>4</td>
<td>.861</td>
<td>6.511</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>36.382</td>
<td>275</td>
<td>.132</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>39.828</td>
<td>279</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Customer satisfaction  
b. Predictors: (Constant), Empathy, Responsiveness, Tangibles, Assurance

The model was used to establish the nature of the relationship between service quality dimensions and customer satisfaction. The multiple regression results indicate that there is a statistically significant relationship between all the dimensions of service quality and customer satisfaction. Thus, there was a statistically significant positive relationship between responsiveness and customer satisfaction (p=0.009) and empathy and customer satisfaction (p=0.013); while the relationship between tangibles and customer satisfaction (p=0.047) and assurance and customer satisfaction (p=0.05) at 0.05 confidence level (95% confidence interval), was negative, as shown by the positive and negative Beta (B) values, respectively.

**Table 4.4: Coefficients**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>3.971</td>
<td>.246</td>
<td>16.110</td>
</tr>
<tr>
<td></td>
<td>Tangibles</td>
<td>-0.077</td>
<td>0.038</td>
<td>-1.998</td>
</tr>
<tr>
<td></td>
<td>Responsiveness</td>
<td>0.066</td>
<td>0.025</td>
<td>2.618</td>
</tr>
<tr>
<td></td>
<td>Assurance</td>
<td>-0.071</td>
<td>0.029</td>
<td>-2.449</td>
</tr>
<tr>
<td></td>
<td>Empathy</td>
<td>0.066</td>
<td>0.026</td>
<td>2.500</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Customer satisfaction
4.4 Service Convenience and Customer Satisfaction

In investigating service convenience, five dimensions were used: decision convenience, access convenience, benefits convenience, transaction convenience, and post-benefit convenience. There were high levels of agreements with decision convenience as demonstrated by the fact that customers could determine whether the agents deliver the services they need (37.9% agree, 36.1% strongly agree), whether the service delivery would be quick and easy (45.7% agree, 38.9% strongly agree) and whether it was easy to locate information before going to the agents (41.1% agree, 36.4% strongly agree). In terms of access convenience, customers found it easy to get to the agent (35.4% agree, 35.4% strongly agree), the agents were conveniently located (36.4% agree, 25.7% strongly agree), and they operated at convenient hours (agree 35.0%, strongly agree 28.9%). In the same manner customers found it beneficial that the agent products/services could be located quickly (36.8% agree, 42.9% strongly agree) and easily evaluated (31.1% agree, 43.2% strongly agree). Further, the agents were able to complete transactions quickly (48.2% agree, 31.1% strongly agree) and could also resolve transaction problems quickly (45.7% agree, 31.7% strongly agree).

Overall, when the items of each of the dimensions were combined, the results demonstrate that there is a high level of agreement with service convenience among the agents. Results for all the dimensions indicate that 4 out of 5 customers were satisfied with service convenience, as shown by the means: post-benefit convenience (M=4.154), benefit convenience (M=4.098), decision convenience (M=4.076), transaction convenience (M=4.098), and access convenience (M=3.777). The findings are presented in table 4.4.

Table 4.4: Service Convenience

<table>
<thead>
<tr>
<th></th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
<th>Means</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Decision convenience</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can easily determine</td>
<td>1.8</td>
<td>1.4</td>
<td>22.9</td>
<td>37.9</td>
<td>36.1</td>
<td>4.076</td>
<td>0.5419</td>
</tr>
<tr>
<td>whether the agent bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>will offer what I need</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The decision to bank</td>
<td>2.9</td>
<td>4.3</td>
<td>8.2</td>
<td>45.7</td>
<td>38.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>with the agents is</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>quick and easy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can quickly find</td>
<td>3.2</td>
<td>3.2</td>
<td>16.1</td>
<td>41.1</td>
<td>36.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>information before I</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>go to the agent to</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>determine what I’m</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
looking for

**Access convenience**

<table>
<thead>
<tr>
<th></th>
<th>3.6</th>
<th>2.5</th>
<th>23.2</th>
<th>35.4</th>
<th>35.4</th>
<th>3.777</th>
<th>0.6595</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am able to get to the agent bank quickly and easily</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The agent bank is in a convenient location</td>
<td>8.9</td>
<td>2.5</td>
<td>26.4</td>
<td>36.4</td>
<td>25.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The agent bank operates convenient hours</td>
<td>9.6</td>
<td>4.3</td>
<td>22.1</td>
<td>35.0</td>
<td>28.9</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Benefit convenience**

<table>
<thead>
<tr>
<th></th>
<th>3.2</th>
<th>3.9</th>
<th>13.2</th>
<th>36.8</th>
<th>42.9</th>
<th>4.098</th>
<th>0.7248</th>
</tr>
</thead>
<tbody>
<tr>
<td>The services I want at the agent can be located quickly</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can easily evaluate the products/services at the agent</td>
<td>4.6</td>
<td>0.7</td>
<td>20.4</td>
<td>31.1</td>
<td>43.2</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Transaction convenience**

<table>
<thead>
<tr>
<th></th>
<th>2.9</th>
<th>0.7</th>
<th>17.1</th>
<th>48.2</th>
<th>31.1</th>
<th>4.039</th>
<th>0.8770</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am able to complete my transactions quickly at the agent</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Post-benefit convenience**

<table>
<thead>
<tr>
<th></th>
<th>1.4</th>
<th>1.6</th>
<th>13.9</th>
<th>45.7</th>
<th>37.1</th>
<th>4.154</th>
<th>0.8304</th>
</tr>
</thead>
<tbody>
<tr>
<td>Any problems I encounter after the transactions are quickly</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>resolved by the agent</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The study also sought to establish the relationship between service convenience and customer satisfaction. A model summary yielded an R Square of 0.052, indicating that service convenience is responsible for a 5.2% change in the level of customer satisfaction among ADB agents. The results are presented in table 4.5.

**Table 4.5: Model Summary**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.227a</td>
<td>.052</td>
<td>.034</td>
<td>.3713</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Post-benefit convenience, Transaction convenience, Benefit convenience, Decision convenience, Access convenience

The model was also tested for significance. The significance level, p=0.012, shows that the model is significant (lower than the 0.05 confidence level). This means that the model is satisfactory and is valid for estimating the effect of the independent variable, service
convenience, and the dependent variable, customer satisfaction. The results are presented in Table 4.6.

**Table 4.6: ANOVA**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>2.055</td>
<td>5</td>
<td>.411</td>
<td>2.982</td>
<td>.012b</td>
</tr>
<tr>
<td>Residual</td>
<td>37.773</td>
<td>274</td>
<td>.138</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>39.828</td>
<td>279</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Customer satisfaction  
b. Predictors: (Constant), Post-benefit convenience, Transaction convenience, Benefit convenience, Decision convenience, Access convenience

The multiple regression coefficients indicated that not all dimensions of service convenience had a statistically significant effect on customer satisfaction. The results, presented in table 4.7, show that there is a statistically significant relationship between access to the agents and customer satisfaction (p=0.40), and benefit of the services and customer satisfaction (p=0.006). The relationship between decision convenience, transaction convenience, and post-benefit convenience and customer satisfaction, as indicated by the p-values 0.158, 0.509, and 0.472, respectively.

**Table 4.7: Coefficients**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>2.871</td>
<td>.299</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decision convenience</td>
<td>.058</td>
<td>.041</td>
<td>.083</td>
<td>1.414</td>
</tr>
<tr>
<td>Access convenience</td>
<td>.071</td>
<td>.034</td>
<td>.123</td>
<td>2.063</td>
</tr>
<tr>
<td>Benefit convenience</td>
<td>.085</td>
<td>.031</td>
<td>.162</td>
<td>2.750</td>
</tr>
<tr>
<td>Transaction convenience</td>
<td>.017</td>
<td>.025</td>
<td>.039</td>
<td>.662</td>
</tr>
<tr>
<td>Post-benefit convenience</td>
<td>.020</td>
<td>.027</td>
<td>.043</td>
<td>.720</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Customer satisfaction
4.5 Service Reliability and Customer Satisfaction

The findings presented in table 4.1 indicate that the agents deliver what they promise (36.8% agree, 35.0% strongly agree), agents show sincere interest in solving customer’s problems (33.6% agree, 27.5% strongly agree), agents perform services at the right time (31.4% agree, 32.9% strongly agree), agents services at the promised time (32.1% agree, 37.5% strongly agree), and agents maintain accurate information about customers (25.4% agree, 55.7% strongly agree).

Table 4.8: Service Reliability

<table>
<thead>
<tr>
<th></th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
<th>Means</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>When the agent promises to do something by a certain time, it does</td>
<td>4.6</td>
<td>3.2</td>
<td>20.4</td>
<td>36.8</td>
<td>35.0</td>
<td>3.94</td>
<td>1.049</td>
</tr>
<tr>
<td>so</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>When you have a problem, the agent shows a sincere interest in solving it</td>
<td>9.6</td>
<td>3.2</td>
<td>26.1</td>
<td>33.6</td>
<td>27.5</td>
<td>3.66</td>
<td>1.193</td>
</tr>
<tr>
<td>The agent performs services at the right time</td>
<td>11.1</td>
<td>4.3</td>
<td>20.4</td>
<td>31.4</td>
<td>32.9</td>
<td>3.71</td>
<td>1.273</td>
</tr>
<tr>
<td>The agent provides its services at the promised time</td>
<td>5.0</td>
<td>5.0</td>
<td>20.4</td>
<td>32.1</td>
<td>37.5</td>
<td>3.92</td>
<td>1.108</td>
</tr>
<tr>
<td>The agent maintains correct/accurate information about the customer</td>
<td>5.7</td>
<td>3.9</td>
<td>20.7</td>
<td>25.4</td>
<td>55.7</td>
<td>4.01</td>
<td>1.127</td>
</tr>
</tbody>
</table>

To determine the relationship between service reliability and customer satisfaction, multiple regression was performed. The results show an R Square of 0.026, implying that service reliability contributes a 2.6% change in customer satisfaction.

Table 4.9: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.162a</td>
<td>.026</td>
<td>.023</td>
<td>.3735</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Service reliability

ANOVA was used to test the significance of the model. The p value of 0.007 show that the model is statistically significant and can be used to determine the relationship between service reliability and customer satisfaction.
Table 4.10: ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>1.047</td>
<td>1</td>
<td>1.047</td>
<td>7.502</td>
<td>.007b</td>
</tr>
<tr>
<td>Residual</td>
<td>38.781</td>
<td>278</td>
<td>.140</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>39.828</td>
<td>279</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Customer satisfaction
b. Predictors: (Constant), Service reliability

Multiple regression coefficients show that there is a statistically significant relationship between service quality and customer satisfaction, p value of 0.007.

Table 4.11: Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>3.420</td>
<td>.166</td>
<td></td>
<td>.000</td>
</tr>
<tr>
<td>Service reliability</td>
<td>.117</td>
<td>.043</td>
<td>.162</td>
<td>.007</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Customer satisfaction

4.6 Chapter Summary

This chapter presented the findings of the study. It presented the results for general information: age, gender, and the education level. In addition, descriptive results for the dimensions of the three independent variables: service quality, service convenience, and service reliability were also presented in percentages, means and standard deviations. Finally, for each of the research objectives, the section presents the regression findings to test the level of significance of the relation. All presentations in the chapter were accompanied by a narrative description and a discussion of findings.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This section presents a summary of the findings, discussion, conclusions and recommendations of the study. The presentation in each of these sections deals with each of the research questions.

5.2 Summary

This study sought to establish the relationship between agency banking service delivery and customer satisfaction at Diamond Trust Bank in Nairobi Kenya. The general objective was to determine the effect of agency banking services on customer satisfaction at Diamond Trust Bank. The specific objectives of the study included the effect of service quality on customer satisfaction; the effect of convenience on customer satisfaction, and the effect of reliability on customer satisfaction at Diamond Trust Bank.

The study used a descriptive research design. The target population for this study was customers visiting DTB agents. There are 172 DTB agents in Nairobi. The researcher sampled three (3) respondents/customers served by each DTB agent to generate a sample size of 351 customers from Nairobi County. Data was collected using questionnaires. The researcher carried out a pre-test study before the final and actual data collection process. Validity and reliability tests used to standardize the questionnaire. Questionnaires were administered to randomly selected customers who have been served by the agent. The data collected was analyzed using descriptive and inferential statistics. Descriptive statistics were used to summarize the data to frequencies, percentages, means and standard deviation. Multiple linear regression analysis was used to establish the relationship between agency banking services and customer satisfaction.

The results showed high level of satisfaction with service quality, service convenience, and service reliability. All the dimensions of service quality: tangibles, responsiveness, assurance and empathy, has a statistically significant relationship with customer satisfaction. While there was general agreement with the level of service convenience, only two dimensions:
access convenience and benefit convenience, were positively and significantly associated with customer satisfaction. Decision convenience, transaction convenience, and post-benefit convenience were not significantly associated with customer satisfaction. Service reliability has a positive and significant effect on customer satisfaction. The study recommends continuous improvement of all service delivery dimensions for improved customer satisfaction and overall organizational performance.

5.3 Discussion

Every organization endeavors to meet the expectations and demands of its customers so as to remain competitive and profitable. As a result, firms must constantly evaluate customer behavior and preferences. Understanding customer expectations assist firm to develop products and services that meet the customers’ needs (Peter & Olson, 2009). Agency banking entails provision of financial services outside the typical bank branch network. This is facilitated by use of technology such as point-of-sale (POS) gadgets and cell phones to carry out banking services. Generally, shops, vendors and post offices are being used by banks to offer agency banking services (Simboley, 2017). A service refers to an activity that is mainly of an intangible nature taking place between a service provider and a customer. Agency banking is a banking service. The core features of a service are intangibility, perishability, heterogeneity, inseparability of production and consumption, customer contact, and client-based relationships. This section critically discusses the links between the results reported in this study and extant literature on the relationship between dimensions of agency banking service delivery; notably: service quality, service convenience, and service reliability, and customer satisfaction.

5.3.1 Service Quality and Customer Satisfaction

Quality relates to the customers’ perceptions of a product/service design and how well the design matches the original specifications; the ability of the product/service to satisfy stated and implied needs; or on the ability of the organization to conform to established requirements within the organization. Usually, organizations implement a quality management system as a way of streamlining business operations to achieve the desired quality (Twaissi, 2017).
A quality management system is any management technique that is used to communicate to all employees what is required of them in order to produce the desired quality of products and services and influence their actions in completing their tasks according to the quality specifications established by the organization. Quality management systems therefore establish a vision for the organization and employees, sets standards for performance, builds employee motivation, sets individual employee goals, helps fight organizational resistance to change, and directs corporate culture (Khan, 2013). In a highly competitive environment, only organizations with the ability of producing high quality products and services can survive in the market. Quality products and services determine whether an organization will be able to meet the quality levels set in the market, meet the customer’s demands, retain employees, and stay abreast of the stiff competition.

There are various studies in extant literature that have reported similar empirical results. In a study focusing on the banking sector in the United Kingdom, it was reported that there was a significant relationship between service quality and customer satisfaction; however, the researchers were uncertain about the direction of the relationship (Maddern, Smart, Baker, 2007). In the same industry in Bangladesh, Islam and Niaz (2014) investigated five dimensions of service quality, notably: initial experience, delivery service condition, service experience, relationship and environment, and how the bank handled grievances. These dimensions are different but related with the ones used in this study. The findings showed that, just like in this study, all the service dimensions had a significant impact on customer satisfaction.

Tangibility, also related to the corporate image of the bank. According to Santos & Millan (2012), a corporate image is the impression of a firm or business in the minds of diverse publics, such as customers and investors and employees. It is the picture that springs up at the mention of a firm's name. It is a composite psychological impression that continually changes with the firm's circumstances, media coverage, performance, pronouncements, among others. Similar to a firm's reputation or goodwill, it is the public perception of the firm rather than a reflection of its actual state or position (Santos & Millan, 2012).

Corporate reputation can be viewed as a critical intangible resource, important to a firm’s performance and therefore long-term survival. Corporate reputation is an intangible source of
competitive advantage, and able to provide a range of organisational benefits that ultimately contribute to a firm’s capacity to earn above average profits. These benefits include the capacity to attract and retain talented staff as well as investors, to signal higher quality, and to charge higher prices. It is therefore not surprising that corporate reputation has been viewed as fundamental to a firm’s performance and therefore long-term survival. Despite widespread belief in this ‘reputational advantage’, the empirical evidence from management research supporting the proposition that reputation positively influences a firm’s future performance is inconsistent (Adhiambo, 2014).

Another study, Kombo (2015) tested the effect of responsiveness, competencies, assurance, availability, trust and friendliness on customer satisfaction in the banking sector and found out that quality improvements positively impacted on customer satisfaction. Similar findings were reported by Sanjug (2014) who concentrated on Saudi Arabian banks. Quality service delivery can be achieved by ensuring that errors are eliminated throughout the operational process and products and services are produced at an optimal quality that can satisfy customers. There are many types of errors that can occur in business operations. They can range from wrong designs, mistaken deliveries, or even sending incorrect bills. In some cases, the errors may cause minimal financial impact while in others, the impact may be significant.

A study in Tanzania revealed that the dimensions of service quality, notably, tangibility, responsiveness, empathy and assurance, all had a significant effect on customer satisfaction at CRDB bank. In Kenya, Kitali, Chepkulei and Shibairo (2015) reported that agency banking quality assurance had a positive relationship with customer satisfaction. Agent quality also exhibited positive effects according to Tindi and Bogonko (2017). A majority of customers of commercial banks evaluated banking service quality to be satisfactory as a result of high levels of responsiveness and product quality (Owino, 2015). In essence, the findings reported in this study are in congruence with a majority of studies captured in the literature review.
5.3.2 Service Convenience and Customer Satisfaction

Various researchers have looked at various antecedents of service convenience and how they affect overall customer satisfaction. This study reported looked at decision convenience, access convenience, benefits convenience, transaction convenience, and post-benefit convenience. It found out that there was a statistically significant relationship between access to the agents and customer satisfaction, as well as the relationship between benefit of the services and customer satisfaction. However, there was no significant relationship between decision convenience, transaction convenience, and post-benefit convenience. While Kaura, Prasad and Sharma (2015) also looked at similar dimensions of service convenience, the researchers, the study reported positive and significant relationship for all the dimensions.

Another study, Ndungu and Njeru (2014) looked at the system availability and extension of service hours among agent banks. The results showed that these indicators of service convenience positively affected customer satisfaction. In the same vein, Moingi and Mokaya (2013) demonstrated that service convenience has a positive effect on the satisfaction of customers seeking services at National Microfinance Bank customers. Tindi and Bogonko (2017) in a study of commercial banks operating in Eldoret also showed that convenience of agency banking affected customer satisfaction.

5.3.3 Service Reliability and Customer Satisfaction

According to Omar, Saadan and Seman (2015) customer satisfaction is a result of so many factors and service reliability is one of the most important factors. The capability of a business to fulfill orders correctly and deliver to customers promptly is an indicator of service reliability. Studies such as Yusuf and Bala (2015) and Ezeh, Ugochukwu and Okeke (2015) reported that reliability has a positive and significant effect on customer satisfaction. In this study, the emphasis was on whether the agents delivered as they promised, had sincere interest in solving problems, performed services at the right time or at the promised time, and if they maintained the correct or accurate information about the customers. In all these indicators, the study reported high levels of agreement. Further, regression analysis demonstrated a positive and significant relationship between service reliability and customer with the bank’s agency services.
On the contrary, a study by Ounda (2015) used the conceptualization of service quality that includes service reliability alongside other quality dimensions: empathy, assurance, tangibles, and responsiveness, and performed regression analysis to determine the effect on customer satisfaction. The results showed that service reliability had the least effect on customer satisfaction.

Omar, Sadaan, and Seman, (2015) also stated that service reliability is an important determinant of customer satisfaction. If the service reliability is high, the customers are satisfied while when it is low than expected, the level of customer dissatisfaction increases. Reliability is an important component of the SERVQUAL scale and it determines whether the customers trust the organization to provide what it promised to do. High levels of reliability are achieved when there is accurate delivery of service, when service provider is truthful about what they are offering, when there are no errors and mistakes, when the service provider keeps their promise, when accurate records are kept, and when the service provider is available at all times during normal working hours. These factors identified by Omar, Sadaan, and Seman (2013) also apply to the delivery of agent services, as shown by the findings reported in the study.

5.4 Conclusions

5.4.1 Service Quality and Customer Satisfaction

On service quality, the descriptive statistics showed that a majority of customers were satisfied with the technology used in serving them, visual appeal of agent offices, and presentability of staff. They were also highly responsive and provided prompt services. Further, the results show that the agents were courteous and knowledgeable, gave personal attention to clients and showed understanding of their needs. The regression coefficients indicate a statistically significant relationship between service quality dimensions and customer satisfaction.

5.4.2 Service Convenience and Customer Satisfaction

On service convenience, the customers agreed that the agents delivered the services they needed, quick and easy, and that it possible to locate information. In terms of access
convenience, customers found it easy to get to the agent, the agents were conveniently located, and they operated at convenient hours. In the same manner customers found it beneficial that the agent products/services could be located quickly and easily evaluated. Further, the agents were able to complete transactions quickly and could also resolve transaction problems quickly. The regression results showed that a statistically significant relationship exists between access convenience and benefit convenience, but not with the other service convenience constructs: decision convenience, transaction convenience, and post-benefit convenience.

5.4.3 Service Reliability and Customer Satisfaction

The findings demonstrate general satisfaction with the level of service reliability. The agents delivered the services they promised, showed sincere interest in solving customer problems, and were prompt at serving customers. The agents also maintained an accurate record about customers. The regression statistics demonstrated a positive and significant relationship between service reliability and customer satisfaction.

5.5 Recommendations

5.5.1 Recommendations for Practice

There is need to improve the performance of service quality dimensions. The effect of responsiveness and empathy on customer satisfaction was positive and significant, but the effect of tangibles and assurance was negative and significant. This means that there was need for agents to additionally invest in the service equipment and improve the visual appearance of the points of service.

The study reported that only two aspects of service convenience: access convenience and benefit convenience, had a positive impact on customer satisfaction. However, the effect of decision convenience, transaction convenience, and post-benefit convenience was not significant. This study recommends that agent banks should improve on decision convenience parameters by ensuring that customers are able to determine the services agents can offer before they travel to the point of service, publicly provide information about the service charter to show how fast customers will be served, and have an online presence
where customers can access additional information. Further, the agents should also improve the speed of service delivery and resolve transaction problems quickly, and without the need for customers to travel back to the points of service.

On service reliability, despite the high level of satisfaction, service delivery demands continuous improvement to maintain superior customer satisfaction. As a result, the agents must continually improve service delivery by reducing the time customers wait to be served and eliminating errors in financial transactions through adequate controls.

5.5.2 Recommendations for Further Research

The scope of this study was limited to three constructs of service delivery: service quality, service convenience, and service reliability. Further research can expand on the study by adding more service delivery dimensions to the model or using alternative constructs to determine the relationship between service delivery and customer satisfaction. This study was also limited to the banking sector, and focused on one bank, Diamond Trust Bank. To establish the variations in the effect of service delivery on customer satisfaction, other scholars can look at other organizations, the entire banking sector, or other sectors such as retail and manufacturing.
REFERENCES


DEAR RESPONDENT,

RE: REQUEST FOR YOUR PARTICIPATION IN MY RESEARCH PROJECT

I am Eunice Mburu, a student at the United States International University- Africa (USIU-A). As part of my academic programme, I’m pursuing a Master of Business Administration (MBA) degree from the University. As part of the programme, I’m carrying out an MBA Research Project on “The Effect of Agency Banking Service Delivery on Customer Satisfaction: A Case Study of Diamond Trust Bank, Nairobi, Kenya”.

I’m sampling customers visiting DTB Agents in Nairobi region and this is a request to participate in the survey. Please note that while your participation in this study is greatly desired, it is voluntary and you can withdraw your consent to participate anytime without any explanations. I will protect the anonymity and confidentiality of your responses and will not collect any individual information without your consent.

The primary use of the responses is for academic study.

Your participation in this study will be highly appreciated.

Yours Sincerely,

Eunice Mburu
APPENDIX II: SURVEY QUESTIONNAIRE

PART A: GENERAL INFORMATION

1. Gender: Male [ ] Female [ ]
2. What is your age?
   - Under 20 years old [ ] 21-30 years old [ ] 31-40 years old [ ]
   - 41-50 years old [ ] Over 51 years old [ ]
3. Level of Education
   - Secondary [ ] Certificate/Diploma [ ] Degree [ ]
   - Masters [ ] PhD [ ]

PART B: SERVICE QUALITY

4. To what extent do you agree with the following statements on service quality?

SD = Strongly Disagree D = Disagree U = Neutral A = Agree SA = Strongly Agree

<table>
<thead>
<tr>
<th>Tangibles</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) The agents have modern looking/up to date equipment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) The physical facilities at the agents are visually appealing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) The employees at the agent bank are presentable</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Responsiveness</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>d) The employees at the agent bank provide prompt services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e) The employees at the agent bank are always willing to help customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Assurance</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>f) Employees at the bank are consistently courteous</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>g) Employees are knowledgeable to answer your questions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Empathy</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>h) The agent bank gives you personal attention</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i) The employees at the bank understand your specific needs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
PART C: SERVICE CONVENIENCE

5. To what extent do you agree with the following statements on service convenience?

SD = Strongly Disagree  D = Disagree  U = Neutral  A = Agree  SA = Strongly Agree

<table>
<thead>
<tr>
<th>Decision convenience</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) I can easily determine whether the agent bank will offer what I need</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) The decision to bank with the agents is quick and easy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) I can quickly find information before I go to the agent to determine what I’m looking for</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Access convenience</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>d) I am able to get to the agent bank quickly and easily</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e) The agent bank is in a convenient location</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>f) The agent bank operates convenient hours</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Benefit convenience</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>g) The services I want at the agent can be located quickly</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>h) I can easily evaluate the products/services at the agent bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Transaction convenience</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>i) I am able to complete my transactions quickly at the agent bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Post-benefit convenience</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>j) Any problems I encounter after the transactions are quickly resolved by the agent bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

PART D: SERVICE RELIABILITY

6. To what extent do you agree with the following statements on service reliability?

SD = Strongly Disagree  D = Disagree  U = Neutral  A = Agree  SA = Strongly Agree

<table>
<thead>
<tr>
<th>Service Reliability</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) When the agent bank promises to do something by a certain time, it does so</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) When you have a problem, the agent bank shows a sincere interest in solving it</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) The agent bank performs services at the right time</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) The agent bank provides its services at the promised time</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e) The agent bank maintains correct/accurate information about the customer</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
PART E: CUSTOMER SATISFACTION

7. To what extent do you agree with the following statements on customer satisfaction?

SD = Strongly Disagree  D = Disagree  U = Neutral  A = Agree  SA = Strongly Agree

<table>
<thead>
<tr>
<th>Personnel</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) The staff have the knowledge and skills necessary for the job</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) The staff are responsive to the needs of the customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Products</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) There is a high variety of products and services offered by the agents</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) I’m satisfied with the charges when using banking agents</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e) I’m satisfied with the appearance of the agent offices</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>f) I spend less time waiting before I am served</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Access</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>g) The location of the agents is convenient</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>h) The system functions at all times without fail</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Image</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i) The agents are credible representatives of DTB bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>j) The agents can satisfy my future banking needs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>