SOCIAL MEDIA APPLICATION IN THE BANKING INDUSTRY IN KENYA

BY

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UNITED STATES INTERNATIONAL UNIVERSITY – AFRICA

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A Research Project Report Submitted to the Chandaria School of Business in Partial Fulfilment of the Requirement for the Degree of Masters in Business Administration (MBA)

UNITED STATES INTERNATIONAL UNIVERSITY – AFRICA

SUMMER 2019
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 – Africa, in Nairobi for academic credit.

Signed: ___________________________ Date: ________________
Alex Muturi Ngacaku (ID 645349)

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

Signed: ___________________________ Date: ________________
Dr. Peter Kiriri

Signed: ___________________________ Date: ________________
Dean, Chandaria School of Business
ABSTRACT
The purpose of this study was to determine the extent to which banks in Kenya have embraced the use of social media. The study sought to examine how banks in Kenya use social media, why banks in Kenya use social media, and the extent to which banks in Kenya intent on implementing social media initiatives.

The research design used in this study was descriptive research design and the population was drawn from the banks that were under study which was 450. The sampling frame used for this study was drawn from the Kenyan bank group’s headquarters located in Nairobi, and stratified random sampling was used to divide the population in various strata. A research formula was used to determine the sample size of the study which was 41 respondents. Primary data was collected by administering a questionnaire to the study population. The questionnaire was formulated based on the research questions and was administered using the drop and pick method. Quantitative method of analysis was used to analyze the data and to ensure precision during the process, Statistical Package for Social Science (SPSS) was used. Descriptive statistics and inferential statistics were used to analyze the data which was summarized and categorized in figures and tables.

The study showed that the banks used micro blogging services, social networking services, location-aware mobile services, corporate discussion forums to acquire, interact and understand their customers in order to meet and satisfy their needs. The study indicated that commercial banks in Kenya make use of social media sites like Facebook, Twitter, LinkedIn, Instagram, and blogs to also promote their products and services, whilst retaining personal contact with their clients.

The study revealed that commercial banks in Kenya use social media to learn more about their customers as well as conduct product promotion. Social media is used by these banks to build brand equity, and conduct human resource recruitment. Whenever possible, these banks make use of social media to manage risks efficiently and ensure they provide better customer experience. Social media is also vital to the banks in terms of knowledge management, keeping an eye on the competition while facilitating targeted advertising in order to influence and increase customer acquisition.
The study showed that commercial banks have social media policies that are reviewed periodically by the already established social media teams. Based on the analysis of the findings, it can be concluded that the social media techniques used by banks include Micro Blogging Services (MBS), Social Networking Services (SNS), Location-Aware Mobile Services (LMSs) and Corporate Discussion Forums (CDS). Most banks utilize social media platforms to manage communication with their customers, promote their products, build brand equity, recruit their human resources, managing risk efficiently, better customer experience, knowledge management, keep an eye on the competition and targeted advertising.

The study recommends commercial banks need to ensure that the information available on their social media sites is relevant so as to facilitate exchange with other online users. Banks need to ensure that the site is easy to navigate and download content, as well as prompt feedback to the consumer. Banks need to continuously utilize social media sites due to their timeliness, transparency and ease of access.
ACKNOWLEDGEMENT

I give thanks the Almighty God for granting me peace, knowledge and health that has enabled me to complete this research work. I acknowledge the immense contribution of my supervisor, Dr. Peter Kiriri for his patience, support and professional guidance and availability. My sincere gratitude also goes to my family and friends for the colossal support and understanding accorded during this time.
DEDICATION

I dedicate this project to my family for the support accorded.
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<td>Advanced Payment Solutions</td>
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

Over the last two decades, we have been the witnesses of major changing in banking paradigms due to many challenges faced by the banking sector: the impact of regulatory reforms, enhanced capital and liquidity buffer requirements, the advent of peer to peer lending and payments systems, fast democratizing technologies and new social business models causing a disruption on customer living and shopping patterns and spending preferences (Dedu & Nițescu, 2014). Post-crisis banking sector realities have put even more pressure on banks to scale down their structures and focus on their most profitable core business segments. Both global and African trends reflect further digitalization on financial services.

The emergence of new competitors doubled by the social and digital technologies of today, have given rise to many alternative ways of conducting banking, allowing customers to have access to all major operations and decisions related to deposits, withdrawals, investments and spending, at a simple touch of customers’ fingers on their mobile phone, laptop, Point of Sale (POS), Advanced Payment Solutions (APSs) or Automated Teller Machines (ATMs). Social and digital technologies have allowed customers to be provider and channel independent, eliminating much the role of the “middleperson” (Erragcha & Romdhane, 2014).

As social media had become more popular, banks have started using them for reaching out their actual and prospective customers with product changes, offering enhancements and any relevant happening (Lee, Mathena, & Goodall, 2013). Fast democratizing technologies and social media have made banks to no longer only compete with each other, but compete with many retailers, automotive companies and innovative small sized entrepreneurial companies as well, since they can offer their customers seamless and integrated experiences with fewer restrictions. Banking is no longer about transactions, the ascent of mobile technologies and social media has shaped customer needs in a different way than they used to be a decade ago (Dootson, Beatson & Drennan, 2016). As more people go social, they expect banks to deepen their social intimacy with customers and provide mobile, vivid banking experiences via mobile social media channels.
Kirakosyan (2014) claims as more people expect banks to connect with their daily life, there is a strong urge for banks to leverage social data and derive insights in order to add social media as part of their strategies and business models.

In the developed countries many banks and institutions use social media to enhance their performance. In Latin America, cities now use social media to interact with the citizens. For example, the Inter-American Development Bank found that social media is used by governments in 70 percent of the region’s 140 "emerging cities" - having 100,000 to 2 million residents and above-average economic growth rates (Moreno, 2012). In addition, the Global Digital Statistics (2014) indicates that in Mexico Facebook users, who are active, register a number of 50,000,000. This means that in Mexico alone, approximately 43 percent of the population is using Facebook, and this, without taking into consideration that 27.4% of the population belongs to the age group of 0-14 years (Global Digital Statistics, 2014). This means that, if we consider the large number of Facebook users in Mexico, based on this social media banks can target around 43% of the population.

Also, some case studies of the integration of social media include the DenizBank of Turkey which was the first bank to open a Facebook branch that enabled its customers to access accounts and transfer money to friends (Murray, Durkin, Worthington & Clark, 2014). Royal Bank of Canada (Canada), via social media, enabled Peer-to-Peer (P2P) payments between Facebook friends, while Industrial Credit and Investment Corporation of India (ICICI) Bank (India) launched a Facebook-based app that allowed Facebook friends pay each other, track group expenses and upload funds to prepaid accounts (Flores & Bonson, 2013). ASB Bank of New Zealand (New Zealand) took the social media integration further by creating a virtual branch similar to traditional walking-branch services, where customers click on photos of bank staff to initiate one-to-one chat.

However, a research study published by Teller Vision in 2013 showed that retail banks in United States of America (USA), United Kingdom (UK), Germany, France and Australia spend considerably less comparing to other industries on social media marketing. This study confirms manifestation of vigilance behavior by banks when it comes to marketing through social media (The Banker, 2014). Banks’ caution regarding social media use is
influenced also by result reported that only a quarter of 3000 quizzed consumers used social media to follow and keep up-to-date with certain companies. More than three quarters of consumers are predominantly on the various platforms to keep in touch with friends and family.

In South Africa (SA) and Nigeria, the banking industry has been one of the early adopters in using Social Media for marketing communication purposes. Most South African and Nigerian banks and other industries are participating in one or more Social Media sites. For example, the Nigeria Guaranty Trust Bank (GTB) launched its innovative ‘Social Banking’ service on Facebook, being the first in Nigeria, with over 950,000 Facebook fans (The Banker, 2014). Although the social account differs from a regular GTB account, the new channel allowed GTB social account holders to transfer money, purchase airtime, pay bills and confirm their account balance on Facebook. As the social media trend grows, more banks are expected strategically to set up and maintain social media presence to engage their customers, as some banks in Nigeria, for example GTB, have utilized social media in advancing what is termed as ‘social banking’, with a considerable followership base.

In Kenya, over 31 million Kenyans have mobile phones and over 9.4 million have data enabled devices. In 2014, internet penetration in Kenya stood at 41.1 % (Mbatia, 2015). There are over 5 Million Kenyans actively using social media with Facebook and Twitter being the main channels. In Kenya, Facebook is the most popular social media. According to Facebook (2014) Kenya had approximately 5 million users, of which 65% were male and 35% are female users. Facebook is especially popular in the age group of 18-24 years consisting of 44% of all users (Portland Communication, 2014). The age group of 24-34 years is second most popular users followed by 33-44 years in Kenya with 34% and 10% respectively. Local banks have a good following on social media with Equity 589, 101 members, Kenya Commercial Bank (KCB) 876,782 members, and Barclays 252,054 members (Mbatiah, 2015). Nairobi is the 3rd city in Africa with most active Twitter users at 200,000. Kenya however has a total of 1.7 million twitter users. While twitter usage is lower than Facebook, it has a higher reach per tweet/per post.
In Kenya, the banking industry is dominated by commercial banks, which are profit making financial institutions, that play an important role in the provision of a wide range of corporate financial services including deposit, loan and trading facilities (Magutu, 2009). The industry is governed by the Banking Act, the Companies Act, the Central Bank of Kenya (CBK) Act and the various prudential guidelines issued by the CBK. Mutero (2014) argues that CBK has the responsibility of formulating and implementing monetary policy and fostering the liquidity, solvency and proper functioning of the financial system.

Mutero (2014), for the year ended June 30, 2014, the sector comprised 44 commercial banks, 8 deposit taking microfinance institutions, 1 mortgage finance company, 7 representatives offices of foreign banks, 108 foreign exchange bureaus. Of the 44 banking institutions, 31 are locally owned and 3 are publicly owned. Correspondingly, 28 of them are privately owned and 13 are foreign owned. Commercial banks in Kenya have borrowed a leaf from other parts of the world and established social media platforms to interact with existing customers and potential customers (Maina, 2012).

About 90% of bank customers prefer their banks to communicate with them via social media which has compelled banks like Equity, KCB, State Bank of Mauritius – Kenya (SBM) and numerous others to have Facebook and Twitter platforms to propagate information on their products and services and offer after sales services. For banks that utilize web platforms, customers are in a position to quickly raise their issues and such interactions build relationships (Kimani, 2012). He recommends for the banking industry to leverage these platforms as an effective way to connect with their customers and to build brands. The social Media networking platforms have provided commercial banks with an avenue, of employing the least cost, to propagate information about their products as well as services (Kimani, 2012).

Social media takes advantage of the power of interaction and social influences between people to maximize on information transmission about their offerings. However, the big question that arises is: Is there still need of banks informing, persuading and reminding consumers/customers using traditional means in the presence of Social Media. A previous research on social media noted that 7% of individuals aged 16-24 years will first complain on social media and 71% will search for solution online before they relent and
contact the company directly (Kaplan & Haenlaim, 2010). Seventeen percent of individuals aged 16-24 and 25-34 preferred faster response time on twitter. There are three things that make social media a powerful force; immediacy, ubiquity and availability. Immediacy is the instant sharing of information, while ubiquitous means hundreds of millions of people use social media and availability means anyone with internet connection can access it.

1.2 Statement of the Problem

Revolution of internet technology including smart technology has given organizations a new face and paradigm. Institutions have moved towards the deployment of various social media platforms to offer customer service to their clientele. Thus, as pinpointed out by Purcell *et al.* (2010), social media can be viewed in the context of the traditional industrial media paradigm. Majority of modern consumers prefer to obtain information from non-traditional sources of information. Research on this topic of social media application is however limited, and it’s difficult to tell how social media as part of marketing strategy relates to increased sales, strengthening the brand, finding new customers and retaining old customers (Carlson *et al.*, 2010).

A prior research shows that of an estimated 3.5 billion word of mouth conversations that take place around the world each day, 2.3 billion of them which translates to roughly two out of three make a reference to a brand, product or service. Word of mouth manifests itself through social media where it spreads faster and farther (Evans, 2008). The use of social media marketing is increasingly important to marketers. Social media has transformed the way the public and brands interact (Njuguna, 2012). Customer interaction mechanisms and strategies that at one time included careful message development broadcast to mass audiences, are now embracing the idea that the public is a co-creator of brand messages and a trustworthy promotion channel (Kiveu & Ofafa, 2013).

Two-way interpersonal communications have re-emerged as a key strategy for engaging a public that has turned to be increasingly skeptical of traditional marketing tactics (Stutzman, 2006). Limited research has been done on social media application on banks. It is therefore crucial to determine whether the application of social media enables banks to provide good service which in long run will result to customer’s customer loyalty (Esch *et al.*, 2006). In the banking industry where competition is high, and where social
media has been embraced, there is need to determine how effective the strategy is. Limiting data and research on this topic has led to the need to conduct this research.

Several empirical studies have been done on social media. A research conducted by Daowd (2016) at Brunel University in London found a significant influence of the social media over the Deposit Taking Microfinance Institutions’ (DTMFIs) performance. Owino et al. (2016) sought to find out the impact of social media in Kenya focusing on brand equity. The study concluded that social media, brand image and customer relations have positive relationship on brand equity. Tamrakar (2016) examined the relationship between social media and financial performance. He found that social media metrics did not add any incremental explanatory power to known determinants of quarterly cash flows. It is notably recognizable that there is no consensus on the social media application in the banking industry in Kenya. The variables of the previous study are different from the ones employed in this study thus demonstrating that there is a research gap. Due to these reasons, it is important to conduct this study. This research strived to provide an answer to the question: what is the extent to which banks in Kenya have embraced the use of social media?

1.3 Purpose of the Study
The purpose of this study was to determine the extent to which banks in Kenya have embraced the use of social media.

1.4 Research Questions
1.4.1 How do banks in Kenya use social media?
1.4.2 Why do banks in Kenya use social media?
1.4.3 To what extent are banks in Kenya intent on implementing social media initiatives?

1.5 Significance of the Study
Social media has revolutionized the world, as we know it. Humans as we know are evolving creatures and only the fittest survive. The same applies to even the banking industry. Banks are a prerequisite for every adult in the world. What is key for banks is an understanding of their customers and exactly what they are looking for; and that is an area where social media can be hugely beneficial. And as a result, banks have also begun
using said social media to their advantage. This study determines how banks particularly in Kenya are using social media and to what extent.

1.5.1 Banks in Kenya
The study may be useful to the banking industry especially banks that have not yet introduced social media into their operations since they may be able to learn about the different uses of social media through the banks that are already absorbing different social networks into their operations. It may also be useful to the banks currently absorbing social media in that they may be able to learn more ways of utilizing the revolution that is social media.

1.5.2 General Public
This study may be useful to the general public as they may have awareness of the various uses of social media in the banking industry and hence embrace these networks and use them so as to have their needs catered for by their banks and in the long run improving efficiency and effectiveness in their transactions.

1.5.3 Researchers and Academia
This study may also provide useful insights to academicians who might intend to carry out more research on product innovativeness in the modern banking market. This may therefore, bring about more tailor-made networks suitable for the banking industry so as to increase performance in the banking industry.

1.6 Scope of the Study
According to CBK, there were 42 registered commercial banks in Kenya and one mortgage institution (Central Bank of Kenya, 2016). All 42 banks were included in this study. This ensured that the study yielded a true representation of the entire population and also the most accurate conclusion by including all banks. The research study covered the period of June 2019. The study encountered resistance as some of the respondents deemed the information as confidential of those topics that directly affected them. However, this was reverted by the assurance by the researcher that the study is purely for academic purposes through the presentation of a letter of introduction and additional letter from the university by the researcher. Permission from the top management of the
commercial banks surveyed was obtained to minimize some reluctance from rigid respondents and to aid their freedom of fully expressing their opinions.

1.7 Definition of Terms

1.7.1 Social Media
According to Kaplan and Haenlin (2010) social media refers to the digital technologies that emphasize user-generated content or interaction.

1.7.2 Banking Industry
Banking industry refers to the section of the economy devoted to the holding of financial assets for others, investing those financial assets as leverage to create more wealth, and the regulation of those activities by government agencies (Hicks & Niehans, 2012).

1.7.3. Social Media Initiatives
Social media initiatives refer to the strategic resources that heighten dynamism leading to both operational efficiency and innovativeness. (Lam, Yeung & Cheng, 2016)

1.8 Chapter Summary
This chapter introduces the concept of social media and alludes to its application in the banking industry. It also proposes research questions and objectives that the research hinged on in an attempt to uncover the extent to which banks in Kenya have embraced the use of social media. Social media is fast becoming the primary communication tool and this study will attempt to uncover the reasons why organizations, specifically banks, are using social media; how these banks are applying this tool and the extent to which banks are committed to inculcating this tool in their processes. Chapter two provides a detailed review of past literature on the social media techniques that corporations use, the reasons behind the use of social media by these corporations and the extent to which corporations are intent on effectively incorporating social media initiatives in their business processes. Chapter three provides research methodology, followed by chapter four which presents the results and findings, and chapter five provides the discussions, conclusions and recommendations of the study.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction
This chapter presents a review of literature on the notion of social media and previous studies on its application. It reviews the social media techniques in application by businesses, the reasons behind the application and the extent to which companies are focused on incorporating social media initiatives in their business processes.

2.2 Social Media Techniques in Use by Corporations
The coming of internet-based life, and its sending in monetary administrations, offers the two difficulties and open doors for supervisors in this part. One key test is the way to accomplish consistency of the showcasing message over every one of the correspondences channels that are currently accessible and this is especially so in the Twitter condition, where individual bank representatives are in charge of the messages that are made and conveyed to clients in a natural and fast correspondence setting (Murray, Durkin, Worthington & Clark, 2014).

Identified with this is the test of quick responsiveness encouraged by Twitter and how this compares to the predominant ‘opening times’ way of life inside each bank. Banks all over the world are beginning to realize the potential that they can gain from using social media. Initially however, most banks were hesitant to using social media in their business operations. And as result some banks have been slow to tap into the innovation that is social media. According to the Bank Readiness Index (BRI) (2011) a study released by SunGard, showed that most banks have not been able to fully adapt to the changing needs of their customers who are social media-savvy and have mobile devices.

Banks are still using their websites primarily to provide information and enable standard transactions when they could start blogs and actively participate in social networks. Increased use of social media would allow customers to compare, evaluate and discuss the banks’ offerings (Silverstein, 2011). Direct feedback from customers would as a result help banks improve those offerings. Furthermore, banks have now begun adopting social media use in their operations. Banks have begun to realize that social media has far more potential than simply a research tool (Chui & Manyika, 2012). Banks have realized that
social platforms have proven to be a powerful source of more detailed and timely information than most other research methods.

An example of just how banks can use the social media platforms is by looking at Movenbank, a New York based mobile direct financial startup. According to some authors Chui and Manyika (2012) Movenbank wants to bring the use of social media in the banking industry a notch higher. It is currently in the testing phase of the first branchless, paperless, and even plastic-less bank. Movenbank plans to use social and mobile technologies across its operations: customers will sign in using Facebook, and bank “members” will be encouraged to participate in a behavioral, social, and viral engagement system called CRED. The use of this model (if successful) will allow Movenbank to not only collect significantly more behavioral data than average banks, but also to significantly drive down customer acquisition costs. For the purpose of this study, four social media techniques as identified by include micro-blogging services, social networking services, location-aware mobile services and corporate discussion forum services which are discussed conclusively below (Chua & Banerjee, 2013).

2.2.1 Micro-Blogging Services
First, micro-blogging services (MBS) are social media services that allow users to publish, share and discuss in the form of short status updates, messages or commentaries, called micro-posts (Gao, Abel, Houben & Yu, 2012). These services limit the length of micro posts and permit users to organize themselves in a follower-followee network without any stringent reciprocation constraint (Chua & Banerjee, 2013). MBS like Twitter and Friend Feed are gradually becoming buzzwords in the age of social media.

Companies, keenly aware of this global social media phenomenon, are feeling intense pressure to get in on the action. Nearly 70 percent of executives say their companies will be perceived as “out of touch” if they do not engage, and over half believe their competition is successfully reaching customers through social media (Baird & Parasnis, 2011). Not surprisingly, their rush to embrace social networking sites has mirrored consumers’ adoption, with 79 percent claiming a profile or presence on a social networking site, and over half use media sharing and micro blogging sites. More than a dozen Chinese banks – including Shanghai Pudong Development (SPD) Bank – are now
active on social media (Dootson, Beatson & Drennan, 2016). In particular, Chinese micro- blogging sites (similar to Twitter) are increasingly being seen as a significant opportunity to change the dynamic between banks and their customers (KPMG, 2012). Twitter is a micro-blogging site established in 2006, which allows users to post content up to 140 characters.

A large number of the organizations seemed to use Twitter responsively or entrepreneurially in light of outside exercises in the monetary administrations advertise for the most part. For instance, Danske Bank shut its retail activities in Ireland at the season of this examination, which a portion of the establishments seemed to respond to through the issue of securing focused Tweets, focusing on previous Danske Bank clients while others principally utilized Twitter as a methods for settling client issues and grievances, for instance one of the foundations utilized Twitter as a way to draw in with and apologize to clients for administration troubles, while the rest of the organizations embraced Twitter to advance different activities inside the establishments (Murray et al., 2014). In spite of the fact that Twitter (and internet-based life by and large) is moderately new inside Irish monetary administrations advertising, it is fundamental that an establishment's Twitter movement has both a vital course. Another territory for potential improvement is the production of two-path interchanges among clients and their money related organizations (Murray et al., 2014). A few organizations are at present using Twitter for this reason, yet the dominant part is not the stage.

Clients utilizing Twitter to speak with their picked money related administrations supplier will probably anticipate that their Tweets should be reacted to inside a brief span outline. This can be an issue where the association's way of life is increasingly customary and where the bank's physical high road branch system will connect with clients through an ordinary business-banking day (for instance, maybe 10:00–16:30). In this specific circumstance, the group that manages the Twitter-empowered discussions is probably not going to be accessible all day, every day as would likely be normal by clients of this channel. Innovation is likewise a twofold edged sword with regards to connections (Murray et al., 2014). It very well may be a valuable method for coming to and drawing in with clients, however it needs to be utilized properly and present itself over the
different relationship stages both for approaching and active message exchange with the fitting substance and tone.

2.2.2 Social Networking Services
According to Ellison, Charles and Lampe (2007) Social Networking Services (SNS) are social media services that enable users to construct and present their profiles within a bounded system, and articulate lists of other users with whom they share connections. Through these services, users can establish and maintain connections with others of similar interests (Gunawardena et al., 2009). Some actions that users perform through SNS include posting comments, receiving comments from others, joining groups and fan pages, creating events, using customized applications and playing games. SNS like Facebook and MySpace have become a mainstream communication channel for users in recent years.

Wipro and Efma (2013) suggest that Facebook is the most noticeable online life stage being utilized by banks, coming to more than 1 billion month to month dynamic clients before the finish of 2012. Facebook has in truth developed its month to month dynamic clients by 40 percent over the most recent 2 years, in spite of the fact that development eased back to only 8 percent in 2012 in the organization's most created markets: The United States and Canada. 'The quick development of advanced directs over the most recent ten years has been one of the most grounded and most huge patterns changing how retail money related administrations organizations work' (Murray et al., 2014). While few out of every odd bank is prepared to present internet-based life' for reasons, for example, asset imperatives and interior culture, 'banks should watch out for the skyline to guarantee that they are remaining over the most recent patterns and exploiting the best chances (KPMG, 2012).

2.2.3 Location Aware Mobile Services
Third, Location-Aware Mobile Services (LMSs) are social media services that allow users to check in online at real-world locations and receive context-sensitive information based on their location (Dhar & Varshney, 2011). As the consumer enters a certain geographical area, s/he is informed of the stores’ offering deals in the area which he or she can avail. Plenty of applications like Four Square, Gowalla, Loopt and Gypsii are
now available that can connect users to stores in the geographic proximity (Dholakia & Banerjee, 2012). A pyramid study finds that location-based mobile advertising revenues multiplied six times in the last 2 years, from $86 to $588 million and is currently 18.5 percent of the expenditure on mobile advertising. By 2015, location-based ads are expected to be 60 percent of total mobile advertising revenues.

Most of the successful Location-Based Services (LBS) so far were created for business-to-business use. Business to consumer services offered include, e.g. maps, location aware directory services, friend finder, locating potential dating partners and route (Pura, 2005). However, financial services are yet to fully embrace the potential behind the implementation of these services. LBS have gained attention as companies are facing new opportunities in offering more customized services. The ability to identify the customer’s location at a certain time is one of the most promising applications of mobile commerce. Positioning (Pura, 2005).

Telecommunication companies such as DiAx, Sonera, Telia and Vodaphone all have offered services where the user asks: “what is near me” or “where is the nearest ATM, bank, shop, and restaurant”. This type of service is considered to be particularly useful when the user moves to an unfamiliar city. Maps have also been included in these types of messages in order to help customers navigate to the service location (Pura, 2005). Customers have been able to order color maps with multimedia enabled mobile devices. LBS have the potential to make content and applications more pertinent to users and, therefore, play an important role in the development of mobile services. Third generation communication technologies have led to the rapid development of mobile internet, which in turn has triggered the popularity of LMSs (Pura, 2005). Foursquare and Google Latitude are two well-known LMSs (Chua & Banerjee, 2013). However, commercialization of location-based mobile services has been slow due to the lack of interesting content and low awareness of the available services.

2.2.4 Corporate Discussion Forums
Fourth, Corporate Discussion Forum services (CDS) of organizations are social media services that provide dedicated avenues for customers to discuss organization-specific issues (Lopez-Nicholas & Molina-Castillo, 2008). CDS allow for participation of a large and diverse set of users to discuss collaboratively about products and services of the
specific organization (Maswera, Dawson & Edwards, 2006). Also, they serve as an outlet for electronic word-of-mouth associated with the organization and promote customer-to-customer know-how exchange (Hennig-Thurau, Gwinner, Gremler & Walsh, 2004). Dell IdeaStorm, launched by Dell, is a prominent example of CDS.

Through tools of social media such as online discussion forums, the nature and ordering of the modern economy, business and society can be discussed, challenged and debated (Chua & Banerjee, 2013). Web 2.0 allows for individual and cultural expression through the development of user-generated content. User-created or, as it is also known, user-generated content lies at the heart of Web 2.0 (Tench & Jones, 2015). It extends freedom, choice and instills through practice the idea and ideal of democratic participative rights. Social media allow communities of interest to form, shape and influence debates. They can be used to hold corporations and corporate communicators to account.

2.3 Reasons for Corporations’ Use of Social Media
Companies are increasingly using social media to communicate with and learn from stakeholders. This is particularly true in emerging markets, where companies are more likely to use social media than in many developed countries (Greenberg, 2010). With the expansion in ubiquity of web based life locales, for example, Facebook, Twitter and LinkedIn in the course of the last five or six years there has been a push toward utilizing these stages in numerous business divisions to oversee and advance business in territories, for example, brand mindfulness, and customer and accomplice the executives as further examined underneath (Fisher, McPhail, You & Ash, 2014).

Evidence is mounting that social media can increase awareness about a company and its products and services, provide opportunities for more targeted marketing, help gain ideas for new business opportunities, improve communications with partners in the supply chain, and help companies learn how existing and potential customers perceive the company’s brand and reputation (Labrecque, 2014). According to Mangold and Faulds (2009), firms that embrace Web 2.0 (social technologies) and social media are more likely to be market leaders, have their market share increase, and use management practices that lead to higher margins.
2.3.1 Public Relations
Social media is a channel for organizations to have two-way communication with consumers using a platform that is already integrated into the consumer’s everyday life (Sorescu et al., 2011). Benefits of using social media can include a cost efficient and convenient way for consumers to communicate with organizations (Ostrom et al., 2010). Using social media can complement or substitute other channels of communication with an organization and can enable organizations to drive channel efficiencies and help manage service quality for consumers (Berry et al., 2010).

Today, consumers expect to have similar levels of interactions with organizations via social media (e.g. Facebook, LinkedIn, and Twitter) as they do with peers (Trainor, Mick, Rapp & Agnihotri, 2013). From a broad perspective, social media through its two-way interactivity offers a platform for organizations to have ongoing, real-time, dialogue with existing and potential customers, thus encouraging long-term relationships (Farshid, Plangger & Nel, 2011) and consumer engagement by the same authors and others (Greenberg, 2010). This two-way interactivity is one of the keys defining elements of social media as agreed upon by a number of scholars (Labrecque, 2014). In comparison to alternative channels of communication, social media offers financial institutions a more efficient means to listen to their customers, and develop deeper understanding of their customers (Berry et al., 2010).

2.3.2 Product and Brand Promotion
Cohen (2009) further added that many banks have started using social websites to help them with everything from healing the financial industry to promoting their latest credit cards. By embracing the most popular tools available, the industry has also been embracing the best of what social media culture has to offer, and smaller, community banks seem to be leading the charge when it comes to social media innovation. Take-up in the utilization of online networking by business has been prodded by the acknowledgment that web-based life is another and significant piece of the advancement blend, where one individual has the ability to speak with numerous others about items and administrations (Mangold & Faulds, 2009).
In the not-revenue driven part associations have for the most part utilized internet-based life for advertising, while revenue driven associations have would in general use them for item dispatches and brand the executives (Waters, Burnett, Lamm & Lucas, 2009). Accordingly, the appropriation of internet-based life in the revenue driven business division has developed generously over ongoing years, with organizations progressively utilizing online networking devices, for example, Facebook and Twitter to associate with clients, oversee brands and for representative commitment (He, Li & Shenghua, 2013).

Moreover, using social media allows organizations to shape conversations about their brand, influencing consumer perceptions about the brand’s “credibility and reputation” (Farshid et al., 2011). To date, research focuses largely on how social media can collectively be used by financial institutions for enhancing corporate reputation (Rokka, Karlsson & Tienari, 2014). Previous research has found Twitter and Facebook offer collaborative opportunities between businesses and customers to generate positive sentiment and visibility of the brands (Smith, Fischer & Yongjian, 2012). As per Tench and Jones (2015), Burberry, the fashion brand that has gone from classic to cutting edge, is to launch its own social networking site next month. The clothing group hopes the move will deepen its relationship with customers and attract new devotees.

Web 2.0 bypasses and supersedes traditional media channels of communication and allows core messages to be challenged and reinterpreted. This can have a detrimental impact on businesses and companies; and a risk is that corporate reputation can be damaged (Jones, Temperley & Lima, 2009). Besides, Web 2.0 raises privacy and confidentiality issues and is not appropriate for all groups or all circumstances. It is not always possible to know who is making comments, and it could well be business rivals driving negative publicity. People can hide behind social media. People are more vocal and say things on line they would not say face to face (Tench & Jones, 2015).

2.3.3 Human Resource Recruitment

In research by it is anticipated that human asset offices will build their utilization of interpersonal organizations after some time (Madera, 2012). Central point in the expansion being used are accommodation and decreased expenses for associations. Chauhan, Buckely and Harvey (2013) there is a developing pattern in certain businesses
(for example accommodation) to utilize person to person communication destinations for enlistment. In an investigation of selecting rehearses in cordiality, found that in spite of the fact that the underlying reason for building up an informal community was for client administration and showcasing, systems had additionally produced for enlistment purposes. All the more as of late, associations have stretched out their web nearness to incorporate representative or enrollment the board. The worldwide inventory network part is one that has been moderate to embrace new ways to deal with enrolling ability. In the worldwide production network field, numerous B2C associations have a web nearness however few have stretched out this past accomplice the board to incorporate ability procurement (Fisher et al., 2014). On account of Business-to-business (B2B) even less associations than in Business-to-Customer (B2C) have stretched out their web nearness to grasp the customer and accomplice markets. As utilizing online networking for enrollment for the most part expands on stages for customer and accomplice the executives, it pursues that few B2B associations utilize internet-based life to pull in ability. Notwithstanding the intrigue and relative convenience, utilizing internet-based life for enlistment presents difficulties for associations. Human asset office staff that are not solid and steady for drawing in competitors regularly wound up overwhelmed by applications (Fisher et al., 2014). Huge quantities of uses request all around figured procedures and well-prepared staff to manage them. Inability to be solid and steady permits very much qualified potential contender to get away from the net.

Madia (2011) likewise contends that regardless of broadly changing dimensions of mindfulness, appropriation, and comprehension among human asset enrollment specialists, online life is a developing method for selecting because of customary ways being less compelling than they were. An on-line nearness is a lot less expensive than paper promoting or occupation fairs and even associations that lean toward conventional methods for selecting ought to think about web-based life. A decent spot for incredulous organizations to begin is by taking a gander at what the challenge is doing.

2.3.4 Customer Experience
Industry research is clearly articulating that financial institutions need to adopt social media to improve customer experiences and enhance customer relationships, enmeshing it
with the financial institution’s organizational culture. Industry research recommends that financial institutions should adopt social media as an innovation to improve consumer experiences, engage with consumers, and enhance consumer relationships through ongoing interactions (KPMG, 2012). Outstandingly, there additionally gives off an impression of being an open door for a portion of the foundations to use Twitter to a more noteworthy degree in connection to legitimately reacting to client questions on a balanced premise practically through a client administration or inquiry goals type model (Murray et al., 2014). Online issues can be settled and inquiries replied in a straightforward way and through an interface that is of lower cost than that gave at branch level, with a client administration direction (Sorescu et al., 2011).

Social media generates a huge amount of data about your customers in real time. You can use that information to make smarter business decisions. All of the major social networks offer analytics that provide demographic information about the people interacting with your account. This can help you tailor your strategy to better speak to your real audience (Tench & Jones, 2015). Social media allows firms’ sales persons to see what prospect customers are saying about their brand and competitors (Ko, Kim & Lee, 2009). One gets to know their customers’ needs through social listening as social media provides a platform to research a market and initiate conversation leading to big sales; the core interest of every organization that is based on sales and profit (Ostrom et al., 2010). Sales do not go up or down just like that, the company manages and directs its sales volume through the portfolio and channels (Baird & Parasnis, 2011). Erragcha and Romdhane (2014) argue that social media promises significant benefits for sales organizations by providing them with new ways to find, connect with, and understand their customers.

Social ads are also an inexpensive way to promote the business and distribute content. They also offer powerful targeting options so you can reach the right audience and make the most of your budget (Madera, 2012). It is important to know what people are saying about your competitors. For example, tracking mentions of your competitors might reveal pain points with their products that you could reach out to address, and winning new customers in the process (Baird & Parasnis, 2011). Farshid, Plangger and Nel (2011) found that in sales, the hunt is always on for the next deal, and social networks provide a rich prospecting resource. This has given Social media an ability to boost brand
awareness; encourage people to try products/services which might eventually lead to more sales returns especially when the campaign happens to go viral (Barnes & Mattson, 2009). Typically, a good brand is not about being chosen over a competitor in the market segment, but rather, it should offer a solution to the prospects problem.

2.3.5 Knowledge and Risk Management
An expanding center upon data as a business resource has prompted an energy about innovation, which will encourage the exchange of this data inside the firm, yet between firms, their clients and more extensive systems (Murray et al., 2014). The increasing need to exchange knowledge across organizational boundaries led to a situation where knowledge is considered as an important focus of knowledge management, whilst many of the organizations lack an overarching knowledge management strategy (Chauhan, Buckely & Harvey, 2013). However, the intrusion of social media within the organizational environment, made industries aware of the necessity of a systematic approach towards knowledge protection (Jones, Temperley & Lima, 2009).

Applying predictive analytics to social data can help banks identify potential defaulters and identify market trends. The bank, therefore, can take adequate measures to shield itself from risk and business cycle volatility (Tench & Jones, 2015). The management of knowledge risks remains difficult, due to the often-implicit nature of knowledge, established risk management frameworks from information management and security need to be adapted for the management of knowledge risks (Mangold & Faulds, 2009). Furthermore, the recognition of knowledge appears challenging since it is very difficult for the organizations to discover the critical knowledge amongst large amounts of information (Dholakia & Banerjee, 2012). Last but not least, even if organizations implement strategies in order to secure their secrets, when it comes to the protection of knowledge, they are not too concerned (Fisher et al., 2014).

2.4 Social Media Incorporation in Business Processes
In 2009, 43 percent of the quickest developing privately-owned businesses in the USA (Inc 500) made a decision about internet-based life to be "significant" for their business, while 91 percent utilized in any event one web-based social networking device, most normally person to person communication stages (Barnes & Mattson, 2009). Looking
behind the web-based life blast, it turns out to be certain that solitary minorities of associations have what it takes, procedures or structures that are vital for long haul online life achievement. Anne and Zerfass (2014) referring to Pavlik (2007, p.3) call for thought of not just the effect of innovation on how advertising (PR) specialists do their work, yet in addition of the "ramifications of innovation on authoritative structure, culture and the board."

To be express, regardless of the significance of web-based social networking, "important holes exist between what's going on and what ought to occur as far as all the web-based social networking", associations are as yet missing fitting structures, societies and techniques for participative methods of online correspondence (Arts, Frambach & Bijmolt, 2011). In this manner, new ones are required (Wright and Hinson, 2009). Financial institutions often implement social media applications without a deep understanding of how it should be adapted to be consumer focused (Weinberg, Ruyter, Dellarocas, Buck & Keeling, 2013).

A consumer focus is important for organizations to successfully leverage technological innovations, because consumers need to adopt and continue using the innovation introduced for it to be of value to both parties (Arts, Frambach & Bijmolt, 2011). In an investigation of money related organizations in Ireland, it was uncovered that lion's share of the establishments are as of now showing solid appropriation of web-based life (Murray et al., 2014). Each money related establishment overviewed in the investigation was locked in with at any rate one web-based life application, with most of organizations practicing different online life accounts.

2.4.1 Changing Customer Perception

However, in instances where multiple channels of communication are being used by an organization, and the decision to use one over another is voluntary, we argue that consumers will need to perceive value in using the channel before they consider adopting it (Turel, Serenko & Bontis, 2010). Perceiving value in a technology prior to adoption in a voluntary usage context has been the focus of some previous research. Overall perceived value is defined as the trade-off between costs and benefits of performing a behavior (Cronin, Brady & Hult, 2000). Consumers make decisions based on value maximization, choosing the behavior that reaps the highest payoff.
In services marketing literature, perceived value has become increasingly important given its role in organizations’ gaining a sustained competitive advantage; (Vargo & Lusch, 2004) in other words, for financial institutions to gain a sustained competitive advantage through the use of social media, consumers must perceive a positive trade-off between the costs and benefits of adopting social media to interact with a financial institution (Dootson et al., 2016). The benefits of using an interactive service innovation like social media will only be realized by the organization if the consumer also perceives value in using it too. To do this, institutions should assure consumers of their privacy policies, security, data management, and emphasize the need for consumers to protect their own information and data (Bertot, Jaeger & Hansen, 2012).

2.4.2. Formation of a Social Media Team

An organization’s social media team provides guidance and support for employees and executives, and is responsible for the establishment and execution of social media guidelines and policies, best practice examples and social media training, and reports into the marketing department (Dreher, 2014). Anne and Zerfass (2014) guarantee that a capability focus, for example, a web-based life board, could be the best method for managing general issues, gathering instances of best practices and empowering different offices through the arrangement of data and guidance.

Regardless of whether a partnership does not have any desire to effectively take part in the social web, there is a need to teach workers and define clear rules on the utilization of web-based social networking both, at work and for private exercises. Frequently, juridical worries about security issues and the spread of inward issues move such administrative exercises (Anne & Zerfass, 2014). The computerized notoriety of an association is in question when it is discussed via web-based networking media stages. Most associations deal with their internet based life execution from a transcendentally specialized viewpoint, without tending to the more key and auxiliary parts of authoritative and change the executives. More than half of the correspondence experts met in the European Communication Monitor 2010 were neither arranging unique preparing programs for their representatives nor actualizing key execution markers so as to quantify their online networking exercises as uncovered by (Anne & Zerfass, 2014) referring to (Zerfass, 2010, p. 79). It ends up important to adjust staff to a learning procedure that endeavors the open
doors given by online life, diminishes chances and guarantees the development of the association.

2.4.3 Social Media Governance

Corporate administration implies the general system for the direction and control of an organization in an association with different partners (Tricker, 2009). Internet based life administration along these lines alludes to the formal or casual structures and rules which direct the activities of the individuals from an association inside the social web (Anne and Zerfass, 2014). These structures, here and there likewise called blogging approaches or informal organization rules, depict and give exhortation on how web-based social networking correspondences will be managed by the majority of the individuals from an association and how it can empower every one of them to end up communicators in participative online situations (Wright and Hinson, 2009). Anne and Zerfass (2014) proceed to refer to Boudreaux (2011, p. 274) who has examined internet-based life rules and discovers them "basic to helping workers comprehend the limits of their online networking exercises identifying with their boss."

Thus, a few associations utilize these internet-based life rules and just a minority of associations handles these new difficulties with significant approaches. Despite the fact that preparation and testaments are obligatory for some parts of an association, comparative angles concerning web-based life should advance autonomously. As indicated by an investigation situated in the USA, only 33% of the Inc. 500 organizations have actualized formal rules concerning blogging for their representatives (Barnes and Mattson, 2009). In Europe, just 30 percent of all associations had actualized such rules in 2010. Then again, some exhaustive models as of now exist that can be seen on the web and utilized as benchmarks to gain from; Adidas (2012), for instance, has set up various rules tending to various target groups of onlookers suitably.

The arrangement of these structures will take into consideration the task of obligations, observing procedures and suitable input and article schedules. As per Zerfass (2010) the significance of such structures can be clarified utilizing structuration hypothesis, as in if structures are executed in Social media administration, in an authoritative setting, they empower and limit the informative activities of people working in these settings. In the
meantime, guidelines and assets are replicated and altered over the span of open activities (Anne and Zerfass, 2014). In this manner, the foundation of a basic system ought to be the initial step for associations when misusing web-based life, before preparing workers and creating and executing on the web exercises.

2.4.4 Product Design
Item configuration includes thinking of new items or rebranding existing items to suit client needs as recommended by Meierhofer and Gebauer (2016). Item configuration is progressively adjusted towards improving the present status of existing web-based social networking locales to meet the current innovative patterns by making them increasingly satisfactory. It is a market procedure that is as a rule gone for checking rivalry. When online networking stage ceaselessly rebrands, they draw in the consideration of both existing and new clients. Through rebranding of these web-based life stages are exposed to development and increment in the quantity of individuals willing to publicize through them.

Advancements as an inward procedure include recognizing those open doors that have not been distinguished by different players with an industry. Ndero and Ndero (2016) are for the possibility that once association create better approaches for showcasing their client items online addition fame and acknowledgment. Their investigation took a gander at market entrance techniques utilized by football wagering firms in Kenya. Such an open door gives a computerized site a superior position to pick up productivity. Because of the distinguishing proof of this open door the stages broaden their market and improve current deals through sourcing new clients that could publicize in them. On the off chance that the created item is acknowledged by the shopper, at that point hierarchical deals volume will in general increment.

2.4.5 Customer Acquisition
Client obtaining is a fundamental endeavor by any association and it includes various offers that are gone for tempting them. As indicated by Nyaga and Muema (2017), association can embrace this specific system through offering moderately obliging evaluating, promoting, and deals agent. When the clients become some portion of the association, proceeded with progress of the items they request most is given a need.
Through ceaselessly refreshing data that interests the customers in both online networking and explicit sites traffic is made. This means client dependability, which is the fantasy of any association. Steadfast clients will dependably promote through internet-based life stages that they have at first visited or discovered valuable. Because of endeavors made in securing the business volume increments with expanded customer base just as client reliability. In any case, an association that has not put resources into securing clients will frequently be exposed to diminishing deals volumes which result from clients leaving the advanced destinations to different locales that are additionally luring.

Client the executive’s procedures are those demonstrations embraced with a point of improving client esteem. Mbuthia and Kariuki (2016) propose that client esteem is one of the significant angles that work in guaranteeing that clients are persistently overseen inside an association. On the off chance that clients feel that an advanced media stages esteem them, they will in every case often visit them to keep an eye on the data to offer. They are unreservedly eager to allude their companions and close relatives to the association because of the estimation of the substance. Such exercises toward the end increment the customers that an association serves. Expanded clients will in general lift the business volumes of an association just as its productivity. A portion of the inside angles that are identified with client the executives in internet showcasing are procurement and development (Kyengo & Wambui, 2016).

2.5 Chapter Summary

Social media application in the banking industry has grown exponentially over the past decade. Firms are engaging consultants, hiring experts and training in house staff to cope with the changes that the application of social media brings to the table. This chapter has looked at past literature on the social media techniques that firms employ, the reasons behind the investment in social media and the extent to which firms are focused on implementing social media into their operations. The next chapter looks at the research methodology that this study employed.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction
This chapter conveys a description of the methodology that was used in conducting the study. The general objective of this study was to determine the extent to which banks in Kenya had incorporated social media initiatives in their business operations. The part is partitioned into five segments and incorporates the exploration plan, the populace and testing structure, information gathering strategies, inquire about techniques and instruments, and information investigation techniques. The exploration techniques received were proper with regards to spending plan, time, amleness and exactness of the data required.

3.2 Research Design
As per Cooper and Schindler (2013), a research design is an arrangement that aides the time scope and gives a viable rule of the exercises that should be executed in the examination procedure with a perspective on responding to the exploration question. Further, the research design offers a rich direction on how to choose the various sources and types of information required and defines the relationship among the variables of study. The research design used in this study was descriptive research design. A descriptive research design aims to answer who, what, where, which, when or how of the research problem (Cooper & Schindler, 2013). The objective of a descriptive research is to describe. Descriptive studies are often designed to collect data that describe the characteristics of persons, events, or situations. Descriptive research is either quantitative or qualitative in nature. It may involve the collection of quantitative data such as satisfaction ratings, production figures, sales figures, or demographic data, but it may also include the collection of qualitative information (Uma & Roger, 2013).

3.3 Population and Sampling Design
3.3.1 Population
Duncombe and Boateng (2009) characterize a population as the whole of the considerable number of components about which the analyst expects to make suppositions. In order to address all of the questions of this research, the respondents for this study were drawn from the banks that were under study. Currently, there are 42 registered commercial
banks in Kenya (CBK, 2016). This formed the study’s population. The individuals under study included senior management, middle level management and individuals from the marketing department from the banks under study, which brought the total population to 450.

Table 3.1 Population Distribution

<table>
<thead>
<tr>
<th>Strata</th>
<th>Population</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Management</td>
<td>144</td>
<td>32</td>
</tr>
<tr>
<td>Middle Management</td>
<td>144</td>
<td>32</td>
</tr>
<tr>
<td>Marketing Department</td>
<td>162</td>
<td>36</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>450</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: (Author, 2019)

3.3.2 Sampling Design

This is a determination of who and how many people to interview, what and how many events to observe, or what and how many records to inspect (Cooper & Schindler, 2011). A sample is a group of cases, respondents, or records comprised of part of the target population, carefully selected to represent the population. Furthermore, a sample can also be defined as the part of the population that has been procedurally selected to represent the entire population (Oso & Onen, 2009). A good sample is accurate and precise, and for a sample to be a good representation of the population, it should be at least 20% of the population.

3.3.2.1 Sampling Frame

Conferring with Duncombe and Boateng (2009) a sampling frame is the register of all the population elements from which the sample will be drawn and which must closely relate to the population. Moreover, as indicated by Cooper and Schindler (2011), a sampling frame is a rundown of components from which the example is really attracted and firmly identified with the population. The sampling frame used for this study was drawn from the Kenyan bank group’s headquarters located in Nairobi. This ensured that the sampling frame was current, complete and relevant for the attainment of the study objectives.
3.3.2.2 Sampling Technique

The research used stratified random sampling technique. Stratified random sampling was used because the target population was heterogeneous hence everybody was given an equal chance of participating in the study. As indicated by Sekaran and Bougiea (2010), stratified sampling is the procedure of stratification where various strata are made on the bases of various factors, for example, life stages, pay levels, the board level and so on. The strata in the present study comprised of the senior management, middle management and marketing departments across the commercial banks reached.

3.3.2.3 Sample Size

A sample makes it possible for the researcher to make generalizations about the population. A sample refers to a subset of a population, but the subset is only useful when it accurately presents the larger population (Cox, 2008). The sample size in an exploration is the quantity of perceptions or imitates to incorporate into a factual example. The example size is significant in accomplishing the goal of making a derivation about a populace from a given example (Holloway & Wheeler, 2002). The total number of registered commercial banks in Kenya is 42 (CBK, 2016). Simple random sampling procedure was used to arrive at 30% of these banks. This was in accordance to Gall et al. (2007) who observed that at least 30% of a given population is an equal representative sample. As such, thirteen (13) banks were selected in this study. The total number of staffs targeted was four hundred and fifty (450). For this study out of the 450 respondents the researcher deemed 30% of the population to be an adequate sample size (450*30%=135). Applying the formula result into an established sample of 41 respondents. This made it easier to get adequate and accurate information necessary for the research. Sample size distribution was as follows:

\[
\text{Sample size} = \left(\frac{Z\alpha/2}{2}\right)^2 \times P(1-P) \\
E^2
\]

Where: \(Z\alpha/2 = Z\) value (2.58=99%; 1.96= 95%; 1.645=90% confidence level)

In this case 1.96 used.

\(P = \) percentage proportion of choice (30% used for sample size needed)

\(E = \) margin of error (5%)
Using the stated assumptions, the sample size was therefore:

\[
\text{Sample size} = (1.96)^2 \times 0.3 \times (1 - 0.1) \\
= 3.8416 \times 0.027 \\
= 41
\]

Table 3.2 Sample Size Distribution

<table>
<thead>
<tr>
<th>Strata</th>
<th>Population</th>
<th>Sample Size</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Management</td>
<td>13</td>
<td>32</td>
<td></td>
</tr>
<tr>
<td>Middle Management</td>
<td>13</td>
<td>32</td>
<td></td>
</tr>
<tr>
<td>Marketing Department</td>
<td>15</td>
<td>36</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>41</strong></td>
<td><strong>100</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: (Author, 2019)

3.4 Data Collection Methods

The study employed both secondary and primary data. Secondary data was collected from previous researches conducted by other authors on the same subject matter. The secondary data was sourced from electronically stored information, journal and books found in the library. Internet sources include electronic books, reports, journals, and case studies done on social media in banking industry. The primary data was collected by administering a questionnaire to the study population. A structured questionnaire was composed of closed-ended questions for the standardization of the answers given and ease of analysis. The questionnaire was structured into two parts: part one consisting of contingency questions touching on the general information of the respondent and a second section with questions on their interactions on social media platforms. In addition, for ease of quantitative data analysis, a Likert type scale was incorporated for the subjects to choose their responses. In effect, the variables were rated from non-existent, little extent, moderate extent, great extent and very great extent.

3.5 Research Procedures

The researcher developed a questionnaire based on the research questions; the questionnaire was pilot tested by being administered randomly to the selected sample of
ten respondents from the target population to refine it and test the reliability of the instrument and ensure the questions therein would be able to meet the objectives of the study. Research assistants were hired to assist in data collection. The researcher personally trained the assistants and did mock data collection amongst them to be sure they fully understood what to do when they got out in the field. The reliability test was done and the items that fell below the Hair, Tathan, Anderson and Black (1998) 0.4 were removed and retested again. The findings are presented in Table 3.3. The results show that the items achieved the Mugenda and Mugenda’s (2003) recommended 0.7 for internal consistence of data.

### Table 3.3 Reliability Test

<table>
<thead>
<tr>
<th>Scale</th>
<th>Coefficient</th>
<th>Number of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Media Techniques</td>
<td>0.731</td>
<td>4</td>
</tr>
<tr>
<td>Reasons why Use Social Media</td>
<td>0.811</td>
<td>10</td>
</tr>
<tr>
<td>Extent of implementing social media initiatives</td>
<td>0.848</td>
<td>10</td>
</tr>
</tbody>
</table>

**Source:** (Author, 2019)

Questionnaires were administered on a drop and pick method to the selected respondents. At the point of dropping the questionnaires, the researcher ensured that the respondents understood the questionnaire and what was expected of them. The questionnaire was filled and the data collected was coded, collated and edited for ease of analysis. The respondents were given a week to fill in the questionnaire. Follow up phone calls were made to the respondents in order to ensure that a high response rate was achieved for the study.

### 3.6 Data Analysis Methods

Data analysis entails editing, coding and tabulation of data collected into summaries that are manageable and easy to interpret (Cox et al., 2008). Quantitative method of data analysis was used in this study. The questionnaire was coded in accordance with the research questions to ensure precision during the study process. The researcher used Statistical Package for Social Science (SPSS) to analyze the data. SPSS was preferred because it is comprehensive and it analyzes data thoroughly and conveniently. Descriptive statistics including percentages means and standard deviations were used to analyze the data. Inferential statistics of correlation analysis were used to examine the
significant independent factors that influenced the dependent variable. Simple regression analysis was also used to examine the existing relationship between the independent and the dependent variables. The data was summarized and categorized in a frequency distribution table and figures.

3.7 Chapter Summary
This chapter describes the methodology used in conducting the research. The components of the research methodology are the research design, population and sampling design, data collection and analysis method, research procedures and measurement variables. The next chapter presents the research findings and the discussion based on the researcher’s valid and supported interpretation.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction
The main objective of this study was to establish the effect of social media application in the banking industry in Kenya. This chapter discussed the demographic information of the respondents which entailed gender, age distribution, academic qualification, length of operation, ownership of the bank and designation at the bank. The chapter further analyzed use of social media in commercial banks, reasons for social media usage and the extent of social media implementation in commercial banks.

4.1.1 Response Rate
The researcher issued 41 questionnaires to senior management, middle management, and marketing department in commercial banks. Out of the 41 targeted respondents only 37 managed to fill and return the questionnaires. Thus, the response rate was 90.2% as illustrated in Table 4.1.

<table>
<thead>
<tr>
<th>Questionnaires</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responded</td>
<td>37</td>
<td>90.2</td>
</tr>
<tr>
<td>Non response</td>
<td>4</td>
<td>9.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>41</td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Source: (Author, 2019)

4.2 Demographic Information
This section outlines the analysis of the findings on the demographics of those who participated in the study.

4.2.1 Gender Distribution of the Respondents
The researcher sought to investigate gender of the respondents. Majority of the respondents were males 21 representing 56.8% of the population and female were 16 respondents representing 43.2% of the population as illustrated in Figure 4.1.
4.2.2 Age Distribution
The researcher sought to investigate the age of the respondents. Findings revealed that majority (40.5%) of the respondents were 30-34 years followed by 32.4% who indicated 35-39 years. In addition, 13.5% indicated 25-29 years, 5.2% indicated 18-24 years and 8.2% indicated 40 years and above. The findings of the study are illustrated as in Figure 4.2.

Figure 4.2 Age Distribution

4.2.3 Highest Academic Qualification
The researcher sought to investigate highest academic qualification of the respondents. From the analysis of the finding’s majority (40.5%) had university degree followed by 32.4 who indicated college diplomas, 13.5% had masters. The study further revealed that
8.2% had college certificates and the remaining 5.4% were educated up to O-level. The findings of the study are illustrated in Figure 4.3.

![Figure 4.3 Highest Academic Qualification](image)

**Figure 4.3 Highest Academic Qualification**

4.2.4 Length of Operation

The study also wanted to establish the length of operation of the respondents. From the analysis of the findings, it was revealed that majority (43.3%) had 11-20 years of experience followed by 29.7% who indicated less than 10 years. Further, it was revealed that 24.3% were 21-30 years and the remaining 2.7% indicated above 30 years. The findings of the study are illustrated in Figure 4.4.

![Figure 4.4 Length of Operation](image)

**Figure 4.4 Length of Operation**
4.2.5 Ownership of the Bank
The study also set to establish the ownership of the banks. Based on the analysis of the findings Overwhelming majority (78.4%) of the banks are per-dominantly local. In addition, it was revealed that 18.9% indicated per-dominantly foreign and remaining 2.7% indicated a balance between local and foreign as illustrated in Figure 4.5 below.

![Figure 4.5 Ownership of the Bank](image)

**Figure 4.5 Ownership of the Bank**

4.2.6 Designation at the Bank
The researcher wanted to establish the designation at the bank. Majority (37.8%) of the respondents indicated marketing department, 32.5% indicated middle level management and the remaining 29.7% indicated top management as illustrated in Figure 4.6.

![Figure 4.6 Designation at the Bank](image)

**Figure 4.6 Designation at the Bank**
4.3 Social Media Techniques in Use by Corporations

4.3.1 Social Media Techniques Used in Banks

The study wanted to establish the social media techniques used in commercial banks. Based on the analysis of the findings in Table 4.2, majority indicated Micro Blogging Services (MBS), Social Networking Services (SNS), Location Aware Mobile Services (LMSs) and Corporate Discussion Forums (CDS) are used to a great extent as indicated by mean of 3.04, 3.26, 3.09, and 3.31 respectively.

Table 4.2 Social Media Techniques Used in Banks

<table>
<thead>
<tr>
<th>Technique</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro Blogging Services (MBS)</td>
<td>3.04</td>
<td>0.692</td>
</tr>
<tr>
<td>Social Networking Services (SNS)</td>
<td>3.26</td>
<td>1.002</td>
</tr>
<tr>
<td>Location Aware Mobile Services (LMSs)</td>
<td>3.09</td>
<td>0.839</td>
</tr>
<tr>
<td>Corporate Discussion Forums (CDS)</td>
<td>3.31</td>
<td>1.043</td>
</tr>
</tbody>
</table>

4.3.2 Social Media Platform Mostly Used by Banks

The study requested the respondents to indicate the mostly social media platform used. According to the analysis of the findings, majority (45.9%) indicated Facebook followed by 29.8% who said Twitter, 13.5% indicate discussion forums. In addition, 5.4% indicated Instagram, while the remaining 2.7% indicated LinkedIn and Blogs respectively. The analysis of the findings is as illustrated in Table 4.3.

Table 4.3 Social Media Platform Mostly Used by Banks

<table>
<thead>
<tr>
<th>Technique</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facebook</td>
<td>17</td>
<td>45.9</td>
</tr>
<tr>
<td>Twitter</td>
<td>11</td>
<td>29.8</td>
</tr>
<tr>
<td>LinkedIn</td>
<td>1</td>
<td>2.7</td>
</tr>
<tr>
<td>Instagram</td>
<td>2</td>
<td>5.4</td>
</tr>
<tr>
<td>Blogs</td>
<td>1</td>
<td>2.7</td>
</tr>
<tr>
<td>Discussion Forums</td>
<td>5</td>
<td>13.5</td>
</tr>
</tbody>
</table>

**Total** | 37 | 100.0 |

4.3.2 Social Media Followers from 2013 – 2017

The study requested the respondents to indicate the approximate number of followers on the social media accounts over the last 5 years. The findings of the study are as illustrated in Table 4.4.
4.3.3 Correlations for Social Media Techniques in Use by Corporations

The study sought to determine the significant factors for social media techniques used by corporations and the findings have been illustrated in Table 4.5. The results indicate that micro-blogging services were very significant to social media application (R=0.637, P<0.01). Social networking services were very significant to social media application (R=0.859, P<0.01). Location-aware mobile services were very significant to social media application (R=0.697, P<0.01). Corporation discussion forum were significant to social media application (R=0.415, P<0.05).

Table 4.5 Correlations for Social Media Techniques Used by Corporations

<table>
<thead>
<tr>
<th>Social Media Application</th>
<th>Social Media Application</th>
<th>Social Networking Services</th>
<th>Social Networking Services</th>
<th>Social Networking Services</th>
<th>Social Networking Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Correlation</td>
<td>Correlation</td>
<td>Correlation</td>
<td>Correlation</td>
<td>Correlation</td>
<td>Correlation</td>
</tr>
<tr>
<td><strong>Correlation is significant at the 0.01 level (2-tailed)</strong></td>
<td>* Correlation is significant at the 0.05 level (2-tailed)</td>
<td><strong>Correlation is significant at the 0.01 level (2-tailed)</strong></td>
<td>* Correlation is significant at the 0.05 level (2-tailed)</td>
<td><strong>Correlation is significant at the 0.01 level (2-tailed)</strong></td>
<td>* Correlation is significant at the 0.05 level (2-tailed)</td>
</tr>
</tbody>
</table>

**Source:** (Author, 2019)
4.3.4 Regressions for Social Media Techniques in Use by Corporations

The study sought to determine the existing relationship between some of the significant factors for social media techniques used by corporations, and the findings have been illustrated in Table 4.6. The results indicate that social media techniques used (microblogging services, social networking services, location-aware mobile services, and corporation discussion forum) account for 74.8% of the change in social media application, meaning 25.2% could be accounted for by other factors.

Table 4.6 Model Summary for Social Media Techniques Used by Corporations

<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>.881</td>
<td>.776</td>
<td>.748</td>
<td>.19787</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Micro-Blogging Services, Social Networking Services, Location-Aware Mobile Services, Corporation Discussion Forum

The results show that there was an insignificant amount of influence on social media application from micro-blogging services because P>0.5, thus, micro-blogging services provide an 8.8% increase in social media application with each unit increase. There was a significant amount of influence on social media application from social networking services because P<0.1, thus, social networking services provide a 54.9% increase in

Table 4.7 Coefficients for Social Media Techniques Used by Corporations

<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>1.250</td>
<td>.313</td>
<td>3.996</td>
<td>.000</td>
</tr>
<tr>
<td>Micro-Blogging Services</td>
<td>.088</td>
<td>.087</td>
<td>.139</td>
<td>1.016</td>
</tr>
<tr>
<td>Social Networking Services</td>
<td>.549</td>
<td>.132</td>
<td>.675</td>
<td>4.171</td>
</tr>
<tr>
<td>Location-Aware Mobile Services</td>
<td>.192</td>
<td>.092</td>
<td>.261</td>
<td>2.082</td>
</tr>
<tr>
<td>Corporation Discussion Forum</td>
<td>-.119</td>
<td>.074</td>
<td>-.179</td>
<td>1.612</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Social Media Application

The results show that there was an insignificant amount of influence on social media application from micro-blogging services because P>0.5, thus, micro-blogging services provide an 8.8% increase in social media application with each unit increase. There was a significant amount of influence on social media application from social networking services because P<0.1, thus, social networking services provide a 54.9% increase in
social media application with each unit increase. There was a significant amount of influence on social media application from location-aware mobile services because \( P < 0.5 \), thus, location-aware mobile services provide a 19.2\% increase in social media application with each unit increase. There was an insignificant amount of influence on social media application from corporation discussion forums because \( P > 0.5 \), thus, corporation discussion forums provide an 11.9\% decrease in social media application with each unit increase, since they are inversely related.

4.4 Reasons for Corporations’ Use of Social Media

4.4.1 Reasons for Banks’ Utilization of Social Media

The study wanted to establish the reasons for banks’ utilization of social media. From the analysis of the findings majority of the respondents indicated to a great extent that they utilized social media for managing communication with the customer as shown by mean of 3.04 and standard deviation of 1.062, product promotion as shown by mean 3.26 and a standard deviation of 0.728, human resource recruitment with a mean of 3.36 and a standard deviation of 0.902, managing risk efficiently with a mean of 3.29 and a standard deviation of 0.826, better customer experience with a mean of 3.61 and a standard deviation of 1.002, knowledge management with a mean of 3.75 and a standard deviation of 0.739, keep an eye on the competition with a mean of 3.08 and a standard deviation of 1.240 and targeted advertising with a mean of 3.83 and a standard deviation of 1.052. The findings of the study are shown in Table 4.8.

**Table 4.8 Reasons for Banks’ Utilization of Social Media**

<table>
<thead>
<tr>
<th>Reasons for Social Media Use</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Learn more about your customers</td>
<td>3.42</td>
<td>0.937</td>
</tr>
<tr>
<td>Product Promotion</td>
<td>3.26</td>
<td>1.052</td>
</tr>
<tr>
<td>Building Brand Equity</td>
<td>3.15</td>
<td>0.728</td>
</tr>
<tr>
<td>Human Resource Recruitment</td>
<td>3.36</td>
<td>0.902</td>
</tr>
<tr>
<td>Managing risk efficiently</td>
<td>3.29</td>
<td>0.826</td>
</tr>
<tr>
<td>Better Customer Experience</td>
<td>3.61</td>
<td>1.002</td>
</tr>
<tr>
<td>Knowledge Management</td>
<td>3.75</td>
<td>0.739</td>
</tr>
<tr>
<td>Keep an eye on the competition</td>
<td>3.08</td>
<td>1.240</td>
</tr>
<tr>
<td>Targeted advertising</td>
<td>3.83</td>
<td>1.052</td>
</tr>
</tbody>
</table>
4.4.2 Social Media Use and Customer Acquisition

The study wanted to investigate the extent the use of social media has led to an increase in customer acquisition in the bank. The analysis of the findings revealed that majority (78.4%) of respondents indicated great extent, 16.2% indicated very great extent and the remaining 5.4% indicated moderate extent. The findings of the study are as shown in Table 4.9.

Table 4.9 Social Media Use and Customer Acquisition

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Little extent</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Moderate extent</td>
<td>2</td>
<td>5.4</td>
</tr>
<tr>
<td>Great extent</td>
<td>29</td>
<td>78.4</td>
</tr>
<tr>
<td>Very great extent</td>
<td>6</td>
<td>16.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>37</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.4.3 Correlations for Reasons for Corporations’ Use of Social Media

The study sought to determine the significant factors for reasons corporations use social media and the findings have been illustrated in Table 4.10.

Table 4.10 Correlations for Reasons for Corporation’s Use of Social Media

<table>
<thead>
<tr>
<th>Social Media Application</th>
<th>PR</th>
<th>Product &amp; Brand Promotion</th>
<th>HR Recruitment</th>
<th>Customer Experience</th>
<th>Knowledge &amp; Risk Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Media Application</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Relations</td>
<td>.018</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Human Resource Recruitment</td>
<td>.298</td>
<td>-.051</td>
<td>.088</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Customer Experience</td>
<td>.073</td>
<td>.762</td>
<td>.606</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Knowledge &amp; Risk Management</td>
<td>.435**</td>
<td>.164</td>
<td>-.099</td>
<td>.080</td>
<td>1</td>
</tr>
<tr>
<td>Knowledge &amp; Risk Management</td>
<td>.007</td>
<td>.331</td>
<td>.560</td>
<td>.637</td>
<td></td>
</tr>
<tr>
<td>Knowledge &amp; Risk Management</td>
<td>.638**</td>
<td>-.086</td>
<td>.155</td>
<td>.344*</td>
<td>.125</td>
</tr>
<tr>
<td>Knowledge &amp; Risk Management</td>
<td>.000</td>
<td>.614</td>
<td>.358</td>
<td>.037</td>
<td>.462</td>
</tr>
</tbody>
</table>

**Correlation is significant at the 0.01 level (2-tailed)
* Correlation is significant at the 0.05 level (2-tailed)
The results indicate that public relations were very insignificant to social media application (R=0.018, P>0.05). Product and brand promotions were very insignificant to social media application (R=0.243, P>0.05). Human resource recruitment was very insignificant to social media application (R=0.298, P>0.05). Customer experience was significant to social media application (R=0.435, P<0.01). Knowledge and risk management was very significant to social media application (R=0.638, P<0.01).

4.4.4 Regressions for Reasons for Corporations’ Use of Social Media

The study sought to determine the existing relationship between some of the significant factors for reasons corporations use social media, and the findings have been illustrated in Table 4.11. The results indicate that reasons corporations use social media factors (customer experience and Knowledge and risk management) account for 50.9% of the change in social media application, meaning 49.1% could be accounted for by other factors.

<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>.732</td>
<td>.536</td>
<td>.509</td>
<td>.27597</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Customer Experience, Knowledge and Risk Management

The study sought to determine the nature of the existing relationship between some of the significant factors for reasons corporations use social media, and the findings have been illustrated in Table 4.12, and the results indicate that:

Social Media Application = 0.654 + 0.306 Customer Experience + 0.505 Knowledge and Risk Management + ε

The results show that there was a significant amount of influence on social media application from customer experience because P<0.1, thus, customer experience provides a 30.6% increase in social media application with each unit increase. There was a significant amount of influence on social media application from knowledge and risk management because P<0.1, thus, knowledge and risk management provide a 50.5% increase in social media application with each unit increase.
Table 4.12 Coefficients for Reasons Corporations Use Social Media

<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>1 (Constant)</td>
<td>.654</td>
<td>.306</td>
<td>1.140</td>
<td>.262</td>
</tr>
<tr>
<td>Customer Experience</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Knowledge and Risk Management</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Social Media Application

4.5 Social Media Incorporation in Business Processes

4.5.1 Social Media Policy
The study sought to establish whether the bank had a social media policy. From the findings of the study, overwhelming majority (73.0%) indicated affirmative while the remaining 27.0% had a contrary opinion. The findings of the study are as shown in Figure 4.7.

![Figure 4.7 Social Media Policy](image)

4.5.2 Social Media Policy Review
The study wanted to establish on how often the social media is reviewed. Based on the analysis of the findings overwhelming majority (73.0) indicated quarterly, 21.6 indicated half yearly and the remaining 5.4% indicated yearly. The analysis of the findings is as shown in Figure 4.8.
4.5.3 Social Media Team

The researcher wanted to establish whether the bank had an established social media team. From the analysis of the findings overwhelming majority (78.4%) indicated affirmative and the remaining 21.6% had a contrary opinion. The findings of the study are as shown in Figure 4.9.

4.5.4 Employee Training and Social Media Sensitization and Use

The researcher wanted to establish whether the bank conduct employee trainings and sensitization on social media use. Based on the analysis of the findings, majority (70.3%) of the respondents indicated yes while the remaining 29.7% indicated no. The results of the findings are as shown in Figure 4.10.
4.5.5 Extent of Social Media Initiatives Implementation

The researcher wanted to establish the extent of implementation of social media initiatives. From the analysis of the findings most respondents indicated great extent as shown by statement that changing customer perception with a mean of 3.42 and a standard deviation of 0.884, formation of a social media team with a mean of 3.07 and a standard deviation of 0.597, employee training with a mean of 3.38 and a standard deviation of 1.062, social media governance with a mean of 3.03 and a standard deviation of 1.330, monitoring impersonation with a mean of 2.04 and a standard deviation of 0.942, product design with a mean of 3.40 and a standard deviation of 0.843, opportunity identification with a mean of 3.01 and a standard deviation of 0.598, acquisition of customers with a mean of 3.39 and a standard deviation of 0.739, innovation processes with a mean of 3.08 and a standard deviation of 1.302. The findings of the study are as shown in Table 4.13.
### Table 4.13 Extent of Social Media Initiatives Implementation

<table>
<thead>
<tr>
<th>Extent of Social Media Initiatives Implementation</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changing Customer Perception</td>
<td>3.42</td>
<td>0.884</td>
</tr>
<tr>
<td>Formation of a social media team</td>
<td>3.07</td>
<td>0.597</td>
</tr>
<tr>
<td>Employee Training</td>
<td>3.38</td>
<td>1.062</td>
</tr>
<tr>
<td>Social Media Governance</td>
<td>3.03</td>
<td>1.330</td>
</tr>
<tr>
<td>Monitoring impersonation</td>
<td>2.04</td>
<td>0.942</td>
</tr>
<tr>
<td>Product design</td>
<td>3.40</td>
<td>0.843</td>
</tr>
<tr>
<td>Opportunity identification</td>
<td>3.01</td>
<td>0.598</td>
</tr>
<tr>
<td>Acquisition of customers</td>
<td>3.39</td>
<td>0.739</td>
</tr>
<tr>
<td>Innovation processes</td>
<td>3.08</td>
<td>1.302</td>
</tr>
<tr>
<td>Overall, I am satisfied with the operations of our platform</td>
<td>2.05</td>
<td>1.071</td>
</tr>
</tbody>
</table>

### 4.5.6 Correlations for Social Media Incorporation in Business Processes

The study sought to determine the significant factors for social media incorporation in business processes, and the findings have been illustrated in Table 4.14.

### Table 4.14 Correlations for Social Media Incorporation in Business Processes

<table>
<thead>
<tr>
<th></th>
<th>Social Media Application</th>
<th>Changing Customer Perception</th>
<th>Social Media Team Formation</th>
<th>Social Media Governance</th>
<th>Product Design</th>
<th>Customer Acquisition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Media Application</td>
<td>1</td>
<td>.697**</td>
<td>.000</td>
<td>.526**</td>
<td>.001</td>
<td>.002</td>
</tr>
<tr>
<td>Changing Customer Perception</td>
<td>.697**</td>
<td>1</td>
<td>.489**</td>
<td>.002</td>
<td>.489**</td>
<td>1</td>
</tr>
<tr>
<td>Social Media Team Formation</td>
<td>.526**</td>
<td>.489**</td>
<td>1</td>
<td>.096</td>
<td>.326*</td>
<td>.096</td>
</tr>
<tr>
<td>Social Media Governance</td>
<td>.295</td>
<td>.209</td>
<td>.096</td>
<td>1</td>
<td>.303</td>
<td>.303</td>
</tr>
<tr>
<td>Product Design</td>
<td>.107</td>
<td>.255</td>
<td>.326*</td>
<td>.303</td>
<td>.069</td>
<td>.069</td>
</tr>
<tr>
<td>Customer Acquisition</td>
<td>.087</td>
<td>.046</td>
<td>.045</td>
<td>.298</td>
<td>.179</td>
<td>1</td>
</tr>
</tbody>
</table>

** Correlation is significant at the 0.01 level (2-tailed)
* Correlation is significant at the 0.05 level (2-tailed)
The results show that changing customer perception was very significant to social media application (R=0.697, P<0.01). Formation of social media team was very significant to social media application (R=0.526, P<0.01). Social media governance was very insignificant to social media application (R=0.295, P>0.05). Product design was very insignificant to social media application (R=0.107, P>0.05). Customer acquisition was very insignificant to social media application (R=0.087, P>0.05).

4.5.7 Regressions for Social Media Incorporation in Business Processes
The study sought to determine the existing relationship between some of the significant factors for social media incorporation in business processes, and the findings have been illustrated in Table 4.15. The results indicate that social media incorporation in business processes factors (customer perception and formation of social media team) account for 50.4% of the change in social media application, meaning 49.6% could be accounted for by other factors.

Table 4.15 Model Summary for Social Media Incorporation in Business Processes

<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>.729</td>
<td>.531</td>
<td>.504</td>
<td>.27743</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Customer Perception and Formation of Social Media Team

The study sought to determine the nature of the existing relationship between some of the significant factors for social media incorporation in business processes, and the findings have been illustrated in Table 4.16, and the results indicate that:

\[
\text{Social Media Application} = 1.324 + 0.426 \text{ Customer Perception} + 0.230 \text{ Formation of Social Media Team} + \varepsilon
\]

The results show that there was a significant amount of influence on social media application from customer perception because P<0.5, thus, customer perception provides a 42.6% increase in social media application with each unit increase. There was an insignificant amount of influence on social media application from formation of a social media team because P>0.5, thus, formation of a social media team provides a 23% increase in social media application with each unit increase.
Table 4.16 Coefficients for Social Media Incorporation in Business Processes

<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>1 (Constant)</td>
<td>1.324</td>
<td>.520</td>
<td>2.547</td>
<td>.016</td>
</tr>
<tr>
<td>Customer Perception</td>
<td>.426</td>
<td>.099</td>
<td>.579</td>
<td>4.300</td>
</tr>
<tr>
<td>Formation of Social Media Team</td>
<td>.230</td>
<td>.128</td>
<td>.243</td>
<td>1.801</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Social Media Application

4.5.8 Correlations for Study Variables and Social Media Application

The study sought to determine the significant factors for study variables and social media application, and the findings have been illustrated in Table 4.17. The results show that social media techniques were very significant to social media application (R=0.895, P<0.01). Reasons for social media use were very significant to social media application (R=0.837, P<0.01). Social media incorporation in business processes was very significant to social media application (R=0.859, P<0.01).

Table 4.17 Correlations for Study Variables and Social Media Application

<table>
<thead>
<tr>
<th></th>
<th>Social Media Application</th>
<th>Social Media Techniques</th>
<th>Reasons for Social Media Use</th>
<th>Social Media Incorporation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Media Application</td>
<td>1</td>
<td>.895**</td>
<td>.622**</td>
<td>.549**</td>
</tr>
<tr>
<td>Social Media Techniques</td>
<td>.000</td>
<td>1</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>Reasons for Social Media Use</td>
<td>.837**</td>
<td>.622**</td>
<td>1</td>
<td>.000</td>
</tr>
<tr>
<td>Social Media Incorporation</td>
<td>.859**</td>
<td>.757**</td>
<td>.549**</td>
<td>1</td>
</tr>
</tbody>
</table>

** Correlation is significant at the 0.01 level (2-tailed)

4.5.9 Regressions for Study Variables and Social Media Application

The study sought to determine the existing relationship between the study’s independent variables (social media techniques, reasons for social media use and social media
incorporation) and social media application, and the findings have been illustrated in Table 4.18. The results indicate that social media techniques, reasons for social media use and social media incorporation in business processes account for 97.8% of the change in social media application, meaning 2.2% could be accounted for by other factors.

Table 4.18 Model Summary for Study Variables and Social Media Application

<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>.990</td>
<td>.980</td>
<td>.978</td>
<td>.05839</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Social Media Techniques, Reasons for Social Media Use and Social Media Incorporation

The study sought to determine the nature of the existing relationship between the study’s independent variables (social media techniques, reasons for social media use and social media incorporation) and social media application, and the findings have been illustrated in Table 4.19, and the results indicate that:

Social Media Application = 0.152 + 0.338 Social Media Techniques + 0.418 Reasons for Social Media Use + 0.284 Social Media Incorporation + \( \epsilon \)

Table 4.19 Coefficients for Study Variables and Social Media Application

<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>.152</td>
<td>.110</td>
<td></td>
<td>1.380</td>
</tr>
<tr>
<td>Social Media techniques</td>
<td>.338</td>
<td>.037</td>
<td>.373</td>
<td>9.139</td>
</tr>
<tr>
<td>Reasons for Social Media Use</td>
<td>.418</td>
<td>.032</td>
<td>.413</td>
<td>12.940</td>
</tr>
<tr>
<td>Social Media incorporation</td>
<td>.284</td>
<td>.031</td>
<td>.349</td>
<td>9.130</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Social Media Application

The results show that there was a significant amount of influence on social media application from social media techniques because \( P < 0.1 \), thus, social media techniques provide a 33.8% increase in social media application with each unit increase. The results show that there was a significant amount of influence on social media application from
reasons for social media use because $P<0.1$, thus, reasons for social media use provide a 41.8% increase in social media application with each unit increase. The results show that there was a significant amount of influence on social media application from social media incorporation in business processes because $P<0.1$, thus, social media incorporation in business processes provides a 28.4% increase in social media application with each unit increase.

### 4.6 Chapter Summary

This chapter has discussed the demographic information of the respondents which entailed gender, age distribution, academic qualification, length of operation, ownership of the bank and designation at the bank. The chapter has further analyzed use of social media in commercial banks, reasons for social media usage and the extent of social media implementation in commercial banks. The next chapter presents the discussions, conclusions and recommendations of the study.
CHAPTER FIVE

5.0 DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction
This section brings forth the discussion with regard to the findings established from the effect of social media application in the banking industry in Kenya. The study was based on the three research questions: how do banks in Kenya use social media; why do banks in Kenya use social media and to what extent are banks in Kenya intent on implementing social media initiatives.

5.2 Summary
The purpose of this study was to determine the extent to which banks in Kenya have embraced the use of social media. The study sought to examine how banks in Kenya use social media, why banks in Kenya use social media, and the extent to which banks in Kenya intent on implementing social media initiatives.

The research design used in this study was descriptive research design and the population was drawn from the banks that were under study which was 450. The sampling frame used for this study was drawn from the Kenyan bank group’s headquarters located in Nairobi, and stratified random sampling was used to divide the population in various strata. A research formula was used to determine the sample size of the study which was 41 respondents. Primary data was collected by administering a questionnaire to the study population. The questionnaire was formulated based on the research questions and was administered using the drop and pick method. Quantitative method of analysis was used to analyze the data and to ensure precision during the process, Statistical Package for Social Science (SPSS) was used. Descriptive statistics and inferential statistics were used to analyze the data which was summarized and categorized in figures and tables.

The study showed that the banks used micro blogging services, social networking services, location-aware mobile services, corporate discussion forums to acquire, interact and understand their customers in order to meet and satisfy their needs. The study indicated that commercial banks in Kenya make use of social media sites like Facebook, Twitter, LinkedIn, Instagram, and blogs to also promote their products and services, whilst retaining personal contact with their clients.
The study revealed that commercial banks in Kenya use social media to learn more about their customers as well as conduct product promotion. Social media is used by these banks to build brand equity, and conduct human resource recruitment. Whenever possible, these banks make use of social media to manage risks efficiently and ensure they provide better customer experience. Social media is also vital to the banks in terms of knowledge management, keeping an eye on the competition while facilitating targeted advertising in order to influence and increase customer acquisition.

The study showed that commercial banks have social media policies that are reviewed periodically by the already established social media teams. The banks conducted employee trainings and sensitization on social media use, which facilitated the institution’s ability to change customer perception. The banks had teams that were mandated to govern the banks’ social media and monitor all forms of impersonation. Social media use was implemented in the banks through product design and identification of opportunities that were geared toward customer acquisition and innovation of their processes.

5.3 Discussions
5.3.1 Social Media Techniques in Use by Corporations
The study revealed that the banks used micro-blogging services. Support for these results come from KPMG (2012) which indicate that, micro-blogging sites (similar to Twitter) are increasingly being seen as a significant opportunity to change the dynamic between banks and their customers. Chua and Banerjee (2013) add that, these services limit the length of micro posts and permit users to organize themselves in a follower-followee network without any stringent reciprocation constraint. The study revealed that the banks used social networking services. These outcomes are upheld by Wifpro and Efma (2013) who express that, SNS like Facebook is the most noticeable web-based life stage being utilized by banks, coming to more than 1 billion month to month dynamic clients. Murray et al. (2014) speak that, the fast development of computerized directs over the most recent ten years has been one of the most grounded and most huge patterns upsetting how retail money related administrations organizations work’.
The study revealed that the banks used location-aware mobile services. These results vary from observations made by Pura (2005) that, financial services are yet to fully embrace the potential behind the implementation of these services. LBS have gained attention as companies are facing new opportunities in offering more customized services. The study revealed that the banks used corporate discussion forums. The results correspond with those of Maswera, Dawson and Edwards (2006) who state that, CDS allow for participation of a large and diverse set of users to discuss collaboratively about products and services of the specific organization.

The study revealed that the banks used Facebook. These outcomes are upheld by Wifpro and Efma (2013) who express that, SNS like Facebook is the most unmistakable web-based life stage being utilized by banks, coming to more than 1 billion month to month dynamic clients, and that SNS like Facebook and MySpace have turned into a standard correspondence direct for clients lately. The study revealed that the banks used Twitter. The results are supported by Murray et al. (2014) who saw that, a considerable lot of the organizations seemed to use Twitter responsively or shrewdly in light of outer exercises in the monetary administrations showcase by and large. For example, Danske Bank closed its retail operations in Ireland.

The study revealed that the banks used LinkedIn. Fisher et al. (2014) bolsters this finding by expressing that, the expansion in fame of internet based life locales, for example, Facebook, Twitter and LinkedIn in the course of the last five or six years there has been a push toward utilizing these stages in numerous business divisions to oversee and advance business in zones, for example, brand mindfulness, and customer and accomplice the board. The study revealed that the banks used blogs. This differs from what Silverstein (2011) observed about banks, that, banks are still using their websites primarily to provide information and enable standard transactions when they could start blogs and actively participate in social networks. Increased use of social media would allow customers to compare, evaluate and discuss the banks’ offerings.
The study revealed that the banks used discussion forums. This is reinforced by Chua and Banerjee (2013) who state that, through tools of social media such as online discussion forums, the nature and ordering of the modern economy, business and society can be discussed, challenged and debated. This extends freedom, choice and instills through practice the idea and ideal of democratic participative rights. Social media allow communities of interest to form, shape and influence debates. They can be used to hold corporations and corporate communicators to account.

5.3.2 Reasons for Corporations’ Use of Social Media
The study indicated that the banks used social media to learn more about your customers. this is in agreement with Greenberg (2010) who notes that, companies are increasingly using social media to communicate with and learn from stakeholders. This is particularly true in emerging markets, where companies are more likely to use social media than in many developed countries. The study indicated that the banks used social media for product promotion. Backing for this result comes from Cohen (2009) who further added that many banks have started using social websites to help them with everything from healing the financial industry to promoting their latest credit cards; and Waters et al. (2009) notes that, profit organizations have tended to use them for product launches and brand management.

The study indicated that the banks used social media for building brand equity. Farshid et al. (2011) reinforce this by noting that, using social media allows organizations to shape conversations about their brand, influencing consumer perceptions about the brand’s “credibility and reputation”. Rokka et al. (2014) also notes that, to date, research focuses largely on how social media can collectively be used by financial institutions for enhancing corporate reputation. The study indicated that the banks used social media for human resource recruitment. This is buttressed by Chauhan et al. (2013) who express that, there is a developing pattern in certain businesses (for example friendliness) to utilize long range informal communication locales for enlistment. In an investigation of enrolling rehearses in friendliness, found that in spite of the fact that the underlying reason for building up an informal community was for client administration and advertising, systems had additionally produced for enlistment purposes.
The study indicated that the banks used social media to manage risks efficiently. These results are supported by Tench and Jones (2015) who state that, applying predictive analytics to social data can help banks identify potential defaulters and identify market trends. The bank, therefore, can take adequate measures to shield itself from risk and business cycle volatility. The study indicated that the banks used social media for better customer experience. Support for these results come from KPMG (2012) which indicate that, industry research is clearly articulating that financial institutions need to adopt social media to improve customer experiences and enhance customer relationships, enmeshing it with the financial institution’s organizational culture.

The study indicated that the banks used social media for knowledge management. Mangold and Faulds (2009) reinforce this by noting that, the management of knowledge risks remains difficult, due to the often-implicit nature of knowledge, established risk management frameworks from information management and security need to be adapted for the management of knowledge risks. The study indicated that the banks used social media to keep an eye on the competition. The outcomes are asserted by Madia (2011) who likewise contends that, notwithstanding generally changing dimensions of mindfulness, appropriation, and comprehension among human asset enrollment specialists, web based life is a developing methods for selecting because of conventional ways being less successful than they were and it is a decent spot for incredulous organizations to begin is by taking a gander at what the challenge is doing.

The study showed that the banks used social media for targeted advertising. This is supported by Labrecque (2014) who states that, evidence is mounting that social media can increase awareness about a company and its products and services, provide opportunities for more targeted marketing, help gain ideas for new business opportunities. The study indicated that the banks used social media to increase in customer acquisition. Farshid et al. (2011) affirm this by stating that, from a broad perspective, social media through its two-way interactivity offers a platform for organizations to have ongoing, real-time, dialogue with existing and potential customers, thus encouraging long-term relationships.
5.3.3 Social Media Incorporation in Business Processes

The study indicated that the banks had social media policy. The outcomes attest the perceptions made by Wright and Hinson (2009) who express that administration structures, in some cases additionally called blogging approaches or informal community rules, depict and give counsel on how web based life correspondences will be managed by the majority of the individuals from an association and how it can empower every one of them to wind up communicators in participative online conditions.

The study indicated that the banks often reviewed their social media policy. This differs from what Weinberg et al. (2013) observed that, financial institutions often implement social media applications without a deep understanding of how it should be adapted to be consumer focused. The study indicated that the banks had established social media teams. This is supported by Dreher (2014) who states that, an organization’s social media team provides guidance and support for employees and executives, and is responsible for the establishment and execution of social media guidelines and policies.

The study indicated that the banks conducted employee trainings and sensitization on social media use. Anne and Zerfass (2014) attest this by expressing that, regardless of whether an enterprise does not have any desire to effectively take part in the social web, there is a need to instruct representatives and figure clear rules on the utilization of online networking both, at work and for private exercises. The study indicated that the banks had implemented social media use to change customer perception. Bertot et al. (2012) indicate that, the benefits of using an interactive service innovation like social media will only be realized by the organization if the consumer also perceives value in using it too.

The study indicated that the banks had implemented social media use through formation of social media team. Anne and Zerfass (2014) assert this by expressing that, computerized notoriety of an association is in question when it is discussed via web-based networking media stages, and accordingly, it winds up important to adjust staff to a learning procedure that endeavors the open doors given by web based life, lessens hazards and guarantees the development of the association. The study indicated that the banks had implemented social media use through employee training. Anne and Zerfass (2014) attest this by expressing that, it is important to adjust staff to a learning procedure that
endeavors the open doors given by web-based life, decreases hazards and guarantees the development of the association.

The study indicated that the banks had implemented social media use through social media governance. This is affirmed by Anne and Zerfass (2014) who express that, online life administration in this manner alludes to the formal or casual structures and rules which direct the activities of the individuals from an association inside the social web. The study indicated that the banks had implemented social media use through monitoring impersonation. This is supported by Adidas (2012) who for example, established different guidelines addressing different target audiences appropriately, and the formation of these structures will allow for the assignment of responsibilities, monitoring processes and appropriate feedback and editorial routines.

The study indicated that the banks had implemented social media use through product design. This is affirmed by Anne and Zerfass (2014) who express that, web-based social networking administration accordingly alludes to the formal or casual systems and rules which manage the activities of the individuals from an association inside the social web. The study indicated that the banks had implemented social media use through opportunity identification. Ndero and Ndero (2016) bolster this by expressing that, because of the recognizable proof of chances, internet-based life stages enhance their market and improve current deals through sourcing new clients that could promote in them.

The study indicated that the banks had implemented social media use through acquisition of customers. These outcomes are bolstered by Nyaga and Muema (2017) who express that, through consistently refreshing data that interests the customers in both internet-based life and explicit sites traffic is made, and this means client faithfulness, which is the fantasy of any association. The study indicated that the banks had implemented social media use through innovation processes. Bertot et al. (2012) indicate that, the benefits of using an interactive service innovation like social media will only be realized by the organization if the consumer also perceives value in using it too.
5.4 Conclusions

5.4.1 Social Media Techniques in Use by Corporations
The study concludes that the banks used micro blogging services, social networking services, location-aware mobile services, corporate discussion forums to acquire, interact and understand their customers in order to meet and satisfy their needs. The study concludes that commercial banks in Kenya make use of social media sites like Facebook, Twitter, LinkedIn, Instagram, and blogs to also promote their products and services, whilst retaining personal contact with their clients.

5.4.2 Reasons for Corporations’ Use of Social Media
The study concludes that commercial banks in Kenya use social media to learn more about their customers as well as conduct product promotion. Social media is used by these banks to build brand equity, and conduct human resource recruitment. Whenever possible, these banks make use of social media to manage risks efficiently and ensure they provide better customer experience. Social media is also vital to the banks in terms of knowledge management, keeping an eye on the competition while facilitating targeted advertising in order to influence and increase customer acquisition.

5.4.3 Social Media Incorporation in Business Processes
The study concludes that commercial banks have social media policies that are reviewed periodically by the already established social media teams. The banks conducted employee trainings and sensitization on social media use, which facilitated the institution’s ability to change customer perception. The banks had teams that were mandated to govern the banks’ social media and monitor all forms of impersonation. Social media use was implemented in the banks through product design and identification of opportunities that were geared toward customer acquisition and innovation of their processes.

5.5 Recommendations

5.5.1 Recommendations for Improvement
5.5.1.1 Social Media Techniques in Use by Corporations
The study recommends commercial banks to tap into the innovation that is social media. These banks need to take advantage of interacting with their customers who are social
media-savvy and have mobile devices. Through adoption of the various social media sites, the banks will be in constant communication with their clients who will always know more about their banks and the products and services that are available.

5.5.1.2 Reasons for Corporations’ Use of Social Media
The study recommends commercial banks to continuously use social media sites to offer valid information to consumers especially from an organization site. This should be used to create a strong bond with clients. This interaction would be sure to build loyal and satisfied customers that would ensure business growth in the long-run.

5.5.1.3 Social Media Incorporation in Business Processes
The study recommends commercial banks need to ensure that the information available on their social media sites is relevant so as to facilitate exchange with other online users. Banks need to ensure that the site is easy to navigate and download content, as well as prompt feedback to the consumer. Banks need to continuously utilize social media sites due to their timeliness, transparency and ease of access.

5.5.2 Recommendations for Further Studies
The study has covered social media application in the banking industry in Kenya. More studies should be conducted to cover other institutions like micro finance institutions and insurance firms. Similar studies should also cover other regional banks to ensure managers and policy makers have an in-depth understanding of how social media influence banks.
REFERENCES


Dear Sir/ Madam

RE: SOCIAL MEDIA APPLICATION IN THE BANKING INDUSTRY IN KENYA.

I am a student undertaking Masters in Business Administration (Strategic Management) at United States International University. As part of my course I am undertaking a research study titled Social Media Application in the Banking Industry in Kenya. I would like to carry out this study on your Bank.

Prior to undertaking the study, I need your agreement/consent to approach the top managers who are the key strategists of the bank, the middle level managers and the Marketing Department within your organization to take part in the study. I will have a formal letter from my institution given to you on the semester I will commence the study. I wish to undertake it in May 2018. I can assure you that I will make every effort to ensure the study does not disrupt the working environment. It will be of a great benefit to the management and strategists of the bank. The significance of this study is to ensure that managers of the Bank Group identify how banks particularly in Kenya are using social media, the best practices and techniques to embrace and to what extent. The Marketing Department of the bank will also gain from this study in that they will understand how to best approach social media use. This study will also be of value to scholars who will reflect on this study when referring to works that talk about social media in Kenya. I will maintain discretion and ensure I will not disclose any vital information other than that that this relevant to the study and agreed upon by you.

I am available to further explain my research and would be happy to set up a meeting.

Yours Sincerely,

Alex Ngacaku.
APPENDIX II: QUESTIONNAIRE

SOCIAL MEDIA APPLICATION IN THE BANKING INDUSTRY IN KENYA

Please tick against the choices provided as appropriate

PART A: BACKGROUND INFORMATION

1. What is your gender?
   Male [ ]  Female [ ]

2. What is your age distribution?
   18-24 years [ ]
   25-29 years [ ]
   30-34 years [ ]
   35-39 years [ ]
   40 years and above [ ]

3. What is your highest academic qualification?
   O-level [ ] Certificate [ ]  Diploma [ ] Undergraduate degree [ ]
   Masters [ ] PhD [ ]

4. Length of Operation
   Less than 10 Years [ ]  11 – 20 Years [ ]
   21–30 Years [ ]  Above 15 Years [ ]

5. Ownership of the bank
   Predominantly local [ ]  Pre-dominantly foreign [ ]
   Balanced between local and foreign [ ]

6. What is your designation at the bank?
   Top management [ ]
   Middle Level Management [ ]
   Marketing Department [ ]
PART B: USE OF SOCIAL MEDIA IN COMMERCIAL BANKS

The social media techniques used in banks

7. Use the scale (0= Non-existent 1=Little extent, 2=Moderate extent, 3=Great extent, 4=Very great extent) please tell us which social media techniques your bank uses and to what extent.

<table>
<thead>
<tr>
<th>Technique</th>
<th>0</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro Blogging Services (MBS)</td>
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<tr>
<td>Social Networking Services (SNS)</td>
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<tr>
<td>Location Aware Mobile Services (LMSs)</td>
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<tr>
<td>Corporate Discussion Forums (CDS)</td>
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</tbody>
</table>

8. Which social media platform does your bank mostly use?
   - Facebook  [  ]
   - Twitter    [  ]
   - LinkedIn   [  ]
   - Instagram  [  ]
   - Blogs      [  ]
   - Discussion Forums [  ]
   - Others………………………………………… (Please state)

9. Kindly indicate the approximate number of followers on your social media accounts over the last 5 years, 2013-2017.

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facebook</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Twitter</td>
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<tr>
<td>LinkedIn</td>
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<tr>
<td>Instagram</td>
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<tr>
<td>Blogs</td>
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</tbody>
</table>
PART C: REASON FOR SOCIAL MEDIA USE

The following set of questions is meant to establish the reasons for commercial banks’ utilization of social media.

10. Please indicate the extent to which your use of social media is influenced by a range of the following provided reasons. Use the scale (0= Non-existent 1=Little extent, 2=Moderate extent, 3=Great extent, 4=Very great extent).

<table>
<thead>
<tr>
<th>Reasons for Social Media Use</th>
<th>0</th>
<th>1</th>
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<th>4</th>
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</thead>
<tbody>
<tr>
<td>Managing Communication with the Customer</td>
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<tr>
<td>Learn more about your customers</td>
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<td></td>
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<tr>
<td>Product Promotion</td>
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<tr>
<td>Building Brand Equity</td>
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<td>Human Resource Recruitment</td>
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<tr>
<td>Managing risk efficiently</td>
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<tr>
<td>Better Customer Experience</td>
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<tr>
<td>Knowledge Management</td>
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<tr>
<td>Keep an eye on the competition</td>
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<tr>
<td>Targeted advertising</td>
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</tbody>
</table>

11. To what extent has the use of social media led to an increase in customer acquisition in your bank?
   Little extent [ ]
   Moderate extent [ ]
   Great extent [ ]
   Very great extent [ ]

PART D: EXTENT OF IMPLEMENTING SOCIAL MEDIA INITIATIVES

12. Does your bank have a social media policy?
   Yes [ ] No [ ]
13. How often do you have a social media policy review?
   Quarterly [   ]
   Half yearly [   ]
   Yearly [   ]
   Others (specify)………………………………

14. Does your bank have an established Social Media Team?
   Yes [   ] No [   ]

15. Does your bank conduct employee trainings and sensitization on social media use?
   Yes [   ] No [   ]

16. Using the scale (0= Non-existent 1=Little extent, 2=Moderate extent, 3=Great extent, 4=Very great extent) please tell the extent to which the below social media initiatives have been incorporated in your organization’s business processes.

<table>
<thead>
<tr>
<th>EXTENT OF IMPLEMENTATION OF SOCIAL MEDIA INITIATIVES</th>
<th>0</th>
<th>1</th>
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<th>4</th>
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</thead>
<tbody>
<tr>
<td>Changing Customer Perception</td>
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<td>Formation of a social media team</td>
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<td>Employee Training</td>
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<tr>
<td>Social Media Governance</td>
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<td>Monitoring impersonation</td>
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<td>Product design</td>
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<tr>
<td>Opportunity identification</td>
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<tr>
<td>Acquisition of customers</td>
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<tr>
<td>Innovation processes</td>
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</tbody>
</table>

Thank You for Your Time
APPENDIX III: NACOSTI RESEARCH LICENSE

This is to Certify that Mr. Alex Ngacaku of United States International University Africa, has been licensed to conduct research in Nairobi on the topic: SOCIAL MEDIA APPLICATION IN THE BANKING INDUSTRY IN KENYA for the period ending: 27/August/2020.

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