FACTORS INFLUENCING CUSTOMER LOYALTY AMONG COMMERCIAL BANKS IN KENYA: A CASE STUDY OF FAMILY BANK KENYA LIMITED

BY

KARAMBU KABIRA

UNITED STATES INTERNATIONAL UNIVERSITY AFRICA

SUMMER 2015
FACTORS INFLUENCING CUSTOMER LOYALTY AMONG COMMERCIAL BANKS IN KENYA: A CASE STUDY OF FAMILY BANK KENYA LIMITED

BY

KARAMBU KABIRA

A Research Project Submitted to the Chandaria School of Business in Partial Fulfillment of the Requirement for the Degree of Executive Master of Organizational Development (EMOD)

UNITED STATES INTERNATIONAL UNIVERSITY AFRICA

SUMMER 2015
DECLARATION

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

Signed: ___________________________    Date:________________________

Karambu Kabira (ID NO. 615152)

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

Signed: ___________________________    Date:________________________

Dr. P.N. Kiriri

Signed: ___________________________    Date:________________________

Dean, Chandaria School of Business
COPYRIGHT

© Copyright by Karambu Kabira, 2015

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

I would like to acknowledge my supervisor Dr. Peter Kiriri for the guidance and wise counsel during the development of this thesis. I would also like to acknowledge my friends and family for their support.
DEDICATION

I dedicate this project to my friends and family.
ABSTRACT

The purpose of the study was to establish the factors influencing customer loyalty at Family Bank Kenya Limited. To achieve this purpose, the study sought to answer these research questions: To what extent does customer satisfaction influence customer loyalty at Family Bank Kenya limited? To what extent does brand image influence customer loyalty at Family Bank Kenya limited? And To what extent does service quality affect customer loyalty at Family Bank Kenya limited?

The study relied on insights drawn from its employees on their urge to continued banking with family Bank Kenya Limited. The research was conducted between the months of January- April 2015. The study adopted a descriptive research design which is concerned with finding out the what, where and how of a phenomenon. The population comprised of all 125, 847 account holders at Family Bank as at October 2014. A sample size of 166 respondents was selected. This research collected primary data using semi structured questionnaires. The questionnaire contained four sections each. Data analysis was done using Statistical Package for Social Sciences (SPSS). Measures of central dispersion including mean and standard deviation were used. The findings were presented in the form of tables and figures.

From the findings, the study established that the ability of the bank to provide services as promised meets customers’ expectation of service affected their loyalty to a great extent. Further, the diverse financial products availed to customers by the Bank improved their intention to continue banking with Family Bank to a great extent. Good knowledge and understanding of family banks operations among staff improves customer loyalty to a great extent. On brand loyalty on customer satisfaction, the findings show that the respondents viewed Family Bank as a bank established to support people seeking individual growth opportunities.

Regarding brand loyalty and customer satisfaction, the findings show that the respondents viewed Family Bank as a bank established to support people seeking individual growth opportunities. They noted that continued partnership with customers in their financial needs had promoted their loyalty levels to a great extent. The creativity of the Bank in
credit administration, the Bank’s entrepreneurial development history and the Bank’s corporate colors motivate customers to remain loyal. In addition, the Bank’s Mission and Vision, overall culture, and positive reputation promoted customer loyalty to a great extent. In addition, the Bank’s corporate slogan and logo promoted customer loyalty to a very great extent because it brought about brand associations. Other things that promoted customer loyalty here included Bank’s reliability, service quality culture and the Bank’s strong client relation management.

In seeking to establish the effects of service quality on customer satisfaction, the key variables as system reliability at Family Bank, responsiveness of Family Bank’s financial services to my financial needs, the exact fit of Family Bank products to my business needs, the flexibility of the Bank in dealing with my financial needs, the level of openness in reflecting entries on my account, the level of employee courteousness, which highly skilled employees, the ambience of Family Bank banking halls, the organization of service delivery in the Bank, high level of accuracy among staff, easy accessibility to Family Bank branches, effective customer complaints management system, good information management, clear communication channels and the flexibility affected the level of customer loyalty.

The study recommends that the bank provides diversified products that will meet the needs and expectations of the different categories of customers at family bank. The study also recommends that the bank increases the number of communication channels by maintaining an active online presence as well as providing services such as SMS call centres so as to improve the communication channel problems that results from having to wait for customer care attendants while on hold. On the influence of Brand Image on Customer Loyalty, the study recommends that the bank strives to improve its image among the consumer by participating in various CSR projects that will enable them to offer support to people seeking growth opportunities. The study also recommends that the bank invests in its brandings such as through the corporate colours and its logo as to be attractive and entice customers. On the influence of service quality on customer loyalty, the study recommends that the bank develops products that are fit to the needs of its customers and other customers in the banking industry so as to gain a competitive
advantage. The study also recommends that the bank maintains an open communication channel with its customer. The study also recommends that the bank should provide a conducive ambience for its customers so as to improve it’s the level of customer satisfaction.
# TABLE OF CONTENTS

DECLARATION ..................................................................................................................... iii  
COPYRIGHT ........................................................................................................................ iv  
ACKNOWLEDGEMENT ....................................................................................................... v  
DEDICATION ......................................................................................................................... vi  
ABSTRACT ........................................................................................................................... vii  
LIST OF TABLES .................................................................................................................... xii  
LIST OF FIGURES .................................................................................................................. xiii  

CHAPTER ONE ...................................................................................................................... 1
1.0 INTRODUCTION ........................................................................................................... 1  
1.1 Background of the Problem ......................................................................................... 1  
1.2 Statement of the Problem ............................................................................................ 4  
1.3 Purpose of the Study ..................................................................................................... 5  
1.4 Research Questions ...................................................................................................... 5  
1.5 Significance of the Study .............................................................................................. 6  
1.6 Scope of the Study ........................................................................................................ 7  
1.7 Definition of Terms ....................................................................................................... 8  
1.8 Chapter Summary ......................................................................................................... 8  

CHAPTER TWO .................................................................................................................... 10
2.0 LITERATURE REVIEW ................................................................................................ 10  
2.1 Introduction .................................................................................................................. 10  
2.2 Effects of Customer Satisfaction on Customer Loyalty ............................................. 10  
2.3 Brand Image and Customer Loyalty ............................................................................. 14  
2.4 Service Quality and Customer Loyalty ........................................................................ 19  
2.5 Chapter Summary ....................................................................................................... 25  

CHAPTER THREE ............................................................................................................... 26
3.0 RESEARCH METHODOLOGY ...................................................................................... 26  
3.1 Introduction .................................................................................................................. 26  
3.2 Research Design ......................................................................................................... 26  
3.3 Population and Sampling Design ............................................................................... 26
LIST OF TABLES

Table 3.1: Population Distribution .......................................................... 27
Table 3.2: Sample Size ................................................................................. 28
Table 4.1: Response Rate ............................................................................ 31
Table 4.2: Ability to provide Competitive Financial Services .................. 36
Table 4.3: Accessibility of the Bank branches ........................................... 36
Table 4.4: Staff competence ....................................................................... 36
Table 4.5: Consideration for Customer Safety and Interests .................... 37
Table 4.6: Extent of Level of Satisfaction and Loyalty ............................... 38
Table 4.7: Customers perception of the Bank ............................................ 39
Table 4.8: Family Bank creativity ................................................................. 39
Table 4.9: Family Bank’s Vision and Mission ............................................. 40
Table 4.10: Family Bank’s Reliability and Client Relationship Management .. 40
Table 4.11: Extent of Influence of Corporate Identity ................................. 41
Table 4.12: System Reliability and Responsiveness of the Bank ............... 42
Table 4.13: Responsiveness of the Bank to customer needs and affairs ....... 42
Table 4.14: Employee Courteousness .......................................................... 43
Table 4.15: Bank Settings ............................................................................ 43
Table 4.16: Information Management in the Bank .................................... 44
Table 4.17: Extent of Influence of Service Quality ...................................... 45
Table 4.18: Coefficient of Determination ($R^2$) ........................................ 45
Table 4.19: Coefficients .............................................................................. 46
Table 4.20: Correlations Matrix ................................................................. 47
LIST OF FIGURES

Figure 4.1: Type of Accounts Maintained .................................................................32
Figure 4.2: Years at Family Bank ............................................................................33
Figure 4.3: Category of the firm ..............................................................................33
Figure 4.4: Position in the Company ........................................................................34
Figure 4.5: Years worked in the organization ............................................................35
CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Problem

Attracting and keeping customer has become a great challenge for many organizations following an upsurge in competition arising from increased globalization and internationalization of firms (Pratminingsih, Lipuringtyas & Rimenta, 2013). As the competitive environment increasingly becomes fierce, the most important issue the sellers face is no longer to provide excellent, good quality products or services, but also to keep loyal customers who will contribute long-term profit to organizations (Omenye, 2013). Differentiation between organizations on the basis of price, product and/or service characteristics and the value of the delivery system has not been easy especially considering the fact that most of the products offered by companies are similar except few customizations (Akhter, Abbasi, Ali & Afzal, 2011). Customer loyalty plays a critical role in an organization’s success and customer loyalty becomes more important especially when customer acquisition alone does not equate to long term success. For any organization to be successful in the future, it is important that it maintains a high rate of customer loyalty because it costs more to acquire a new customer as compared to the cost of maintaining an already existing customer (Akhter et al., 2011).

One of the strategies adopted by many organizations worldwide is to focus on creating long-term relationships with consumers, thereby building customer loyalty (Kumar, Batista & Maull, 2011). Building customer loyalty is critical as it does not only leads in customers staying with a service provider for longer, but they also purchase more from that service provider hence improving the profitability of the organization by keeping the advertising and other marketing costs low. Loyal customers are beneficial to the organization because they not only purchase more from the organization but they also give referrals to their friends by word of mouth. Customer loyalty is viewed as a strategy that creates mutual rewards to benefit firms and customers (Murugan, 2013). A loyal customer helps the profit portfolio of the firm through their willingness to: increase the purchase frequency; increase the spending by patronizing new products/services;
recommend the benefits to others and provide valuable feedback for the improvement of the service (Murugan, 2013). Omenye (2013) argues that loyal customers are less likely to switch because of price and make more purchases than non-loyal customers.

Brand loyalty measures the attachment that a customer has to a brand and reflects how likely a customer will be to switch to a different brand when the brand makes a change in price or other product features (Aaker, 2004). Brand loyalty is one of the many advantages of creating a positive brand image of the product or an organization. Brand loyalty has many advantages to a company including significant reduction in marketing and customer support costs, some existing customers provide brand exposure and reassurance to new customers (Pratminingsih, Lipuringtyas & Rimenta, 2013). This reduces the company’s vulnerability to competitive action as competitors get discouraged to spend their resources on satisfied customers. Further, loyalty creates a suitable platform for new products and line extensions for the company (Berry, 2000). Higher loyalty also means great trade leverage since customers expect the brand to be available at all times (Murugan, 2013).

Several scholars have defined customer loyalty in differently. First, Omenye (2013, p.5) described customer loyalty as “a biased behavioral response (i.e., purchase), expressed over time by some decision-making units, with respect to one or more alternative brands out of a set of such brands and is a function of psychological processes”. Customer loyalty is a deeply held commitment to re-buy or re-patronize a preferred product or service consistently in the future, causing same brand or same brand-set purchasing, despite situational influences and marketing efforts. It has been described as something that consumer’s exhibit towards brands, services, stores, and product categories (Kahora, 2012). On the same note Munene (2010) argues that loyalty occurs when the customer feels that the firm and its products and services can best meet his/her relevant needs that competitors are virtually excluded from the consideration set and includes the tendency to choose one business or a product over another. Thus, positioning ones organization inside the customers’ mind takes different forms in quest to promote customer loyalty (Kahora, 2012). Several factors have been found to positively affect customer loyalty. Some of
these include: customer satisfaction, perceived value, perceived trust, service quality, corporate image and brand image (Kumar, Batista & Maull, 2011).

Approaches to study of customer loyalty fall into three broad categories namely; Behavioral approach which examines the customers continuity of past purchases, then measures customer loyalty by rate of purchase, frequency of purchase and possibility of purchase (Munene, 2010). Secondly, Attitudinal approach, which infers customer loyalty from psychological involvement, favoritism and a sense of good will towards a particular product or service and thirdly, integrated approach, which takes account of both the two approaches in order to create its own concept of brand loyalty (Omenye, 2013). Customers remain loyal to the company that serves their needs and preferences with a total set of related products and services, while on the other hand companies demonstrate and maintain their loyalty to the customers by becoming knowledgeable about them and responding to them with enhanced product offerings (Kahora, 2012).

Family Bank, previously known as Family Finance Building Society started as a building society in 1984. It was registered as a Building Society in October 1984 in Kenya, under the Building Societies Act and commenced operations in the early 1985. Since its inception, the bank has sought to provide affordable financial services to the low and medium income earners as well as to small and medium size institutions (SME’s) and corporate institutions (Family Bank, 2012). Family Finance Building Society converted into a fully-fledged bank in May 2007 under the name Family Bank Limited (FBL). As a result, the bank grew in total asset value to approximately KSH 26 billion as of December 2011, with shareholders’ equity of approximately KSH 3.32 billion (FBL, 2011). Since converting to a commercial bank, Family bank has been pursuing an expansion of its branch network (Family Bank, 2011). From only one branch in 1985, Family Bank has grown over time and currently enjoys a network of over 63 branches countrywide. This has been driven by the intentional strategies to be competitive in the market. The bank has changed the focus of most financial institutions to serve individuals and businesses, with a focus on the poor and previously unbanked in the country. There are also changes in the bank related to restructuring in its structure, political realignment, economic situation and technology innovation.
1.2 Statement of the Problem

Several scholars and studies have been conducted on customer loyalty. Abbassi, Akhter, Ali & Afzal (2010) examined factors affecting customer loyalty in Pakistan and established a positive relationship among customer satisfaction, customer relationship, image of the product, trustworthiness and customer loyalty. In India, Aliabadi, Babakjamshidinavid & Farshidnamamian (2013) examined design and explain the factors affecting customer loyalty in online banking. The results of the study show the significant impact of variables on Customer loyalty, however, the Trust and Service Quality has had the greatest impact on loyalty among them. Commercial banks are profit making financial institutions that play a significant role in the financial system. Commercial banks offer a wide range of corporate financial services that address the specific needs of private enterprise. They provide deposit, loan and trading facilities but will not service investment activities in financial markets (Muro, Magutu & Getember, 2013).

Commercial banks in Kenya play a number of roles in the financial stability and cash flow of the country’s private sector. They process payments through a variety of means including telegraphic transfer, internet banking and electronic funds transfers. They also issue bank cheques and drafts, as well as accept money on term deposits.

Commercial banks in Kenya face increasing competition from new players, including global banks and alternative sources of funds including microfinance institutions, SACCOs and other forms of financial service providers. In response, they work harder to ensure that their clients feel valued and receive high-quality service that promotes client loyalty. The development of Loyalty involves building and sustaining a relationship with a customer, which leads to the repeated purchase of products or services over a given period of time (Magutu, 2009). According to the Financial Access Initiative (2009), financial institutions around the world compete against one another trying to attract and retain the same middle- to upper-income retail customers year after year. Yet there is an enormous market that most banks are ignoring and that nonbank competitors have begun to cultivate effectively: the world’s 2.5 billion adults who are either unbanked or underbanked. By definition, unbanked customers have no checking, savings, credit, or insurance account with a traditional, regulated depository institution (Financial Access Initiative, 2009).
The rise in the number of financial institutions that are designing new initiatives to pursue the under banked consumer market illustrates the recent realization of retail banking that there is such huge potential within that group. First, the rapid technological advances that have introduced significant changes in retail banking (Omenye, 2013). Family Bank branches alone are no longer sufficient to provide banking services to cater for the needs of today’s sophisticated and demanding customers. This requires that the Bank does more if it is to increase the level of their customers’ satisfaction and improve their chances of continued transacting. This has led to the introduction of banking services through electronic channels (e-channels) namely ATMs, personal computer banking and phone banking which have provided an alternative means to acquire banking services more conveniently (Murugan, 2013). In spite of the above studies and others on customer loyalty, there has not been one that touches on Family Bank Kenya Limited and for that matter, commercial banks to understand the factors influencing customer loyalty. Given the importance of customer loyalty, this study sought to determine factors influencing customer loyalty among commercial banks in Kenya: a case study of Family Bank Kenya Limited.

1.3 Purpose of the Study

The purpose of the study was to establish the factors influencing customer loyalty at Family Bank Kenya Limited.

1.4 Research Questions

1.4.1 To what extent does customer satisfaction influence customer loyalty at Family Bank Kenya Limited?

1.4.2 To what extent does brand image influence customer loyalty at Family Bank Kenya Limited?

1.4.3 To what extent does service quality affect customer loyalty at Family Bank Kenya Limited?
1.5 Significance of the Study
The study would be important to a number of stakeholders including bank managers, banking industry regulators, bank customers and researchers as well as academicians.

1.5.1 Bank Managers at Family Bank Kenya Limited
Bank managers at Family Bank Kenya Limited would use the findings in understanding the factors influencing customer loyalty and in turn understand how this affect the performance of their banks and thus guide the development of policies and guidelines governing their loyalty programmes to ensure that they reduce customer attrition. Development of proper loyalty programs will increase the level of customer satisfaction which is a key ingredient in developing customer loyalty.

1.5.2 Policy Makers
The findings would be used by the central bank and the Government of Kenya in policy formulation to control and regulate banking operations in Kenya. Through the findings of this study, it is hoped that the Central Bank of Kenya will develop more insight on customer loyalty programmes which will help in policy formulation. Central Bank of Kenya as the industry regulator ensures that the industry is stable. Therefore through the findings of this study, it is hoped that CBK will develop appropriate policies targeting fair play and growth of the banking industry in general.

1.5.3 Family Bank of Kenya Customers
The bank customers would learn how the different activities by family Kenya Limited affect the level of trust and loyalty that customers have in commercial banks. This would help them reciprocate on the different loyalty programmes initiated by the Bank. The findings of this study would inform the loyalty programs developed by the Bank to the satisfaction of customers. This would promote the level of customer satisfaction in the services offered by the Bank hence improve the overall level of customer loyalty in return.

1.5.4 Researchers and Academicians
To academicians and researchers, the findings would contribute new knowledge in the area of effects of different factors affecting customer loyalty. The study would also act as
a source of reference for future scholars besides suggesting areas for further research. In chapter five the study has suggested areas for further research where future scholars and researchers can research on.

1.5.5 Banking Industry
The Banking industry in the African region would benefit from this study because it explores factors that are influencing customer loyalty behavior specifically in Kenya. Through the findings of this study, the banking industry may find this a benchmark study to guide their customer loyalty programmes.

1.6 Scope of the Study
This study focused on 1384 corporate customers of Family Bank Ltd based in Nairobi. The study relied on insights drawn from its employees on their urge to continued banking with family Bank Kenya Limited. The research was conducted between the months of January- April 2015. The corporate section of customers at Family Bank Kenya Limited had been selected upon because of their customized customer relationship management which provides regular feedback on the progress of customer experience.

The respondents to be approached were likely to be reluctant in giving information fearing that the information sought would be used to intimidate them or print a negative image about them. Some respondents were even likely to turned down the request to fill questionnaires. The study planned to handle this problem by carrying a letter of introduction and assuring the respondents that the information they provided would be treated with high confidentiality and it would be used purely for academic purposes only.

Targeted respondents in the targeted operated on tight schedules. Accordingly the respondents were likely not to be able to complete the questionnaire in good time and this was likely to overstretch the data collection period. To mitigate this limitation, the researcher administered the questionnaire in person to ensure a high response rate. The researcher was further likely to encounter problems in eliciting information from the respondents as the information required may have been too sensitive for the respondents which could make them provide the ideal situation instead of providing information on the situation as is. This was likely to distort result findings and make them less accurate.
To overcome this challenge, the researcher assured the respondents that the information requested would be held in strict confidence.

1.7 Definition of Terms

1.7.1 Corporate Image
Corporate image is defined as the “Overall impression” left in the customers mind as a result of cumulative feelings ideas, attitudes and experiences with the organization, stored in memory, transformed into a positive/negative meaning retrieved to reconstruct image and recalled when the name of the organization is heard or brought to one’s mind (Harris, & Goode, 2012).

1.8.2 Customer Loyalty
Customer loyalty can be said to have occurred if people choose to use a particular shop or buy one particular product, rather than use other shops or buy products made by other companies (Lovelock, Christopher & Jochen, 2011).

1.7.3 Brand Image
This refers to the impression in the mind of consumers regarding a brand's total personality variables like real and imaginary qualities and shortcomings (Anwar, Gulzar, Sohail & Akram, 2011). It is is developed over time through advertising campaigns with a consistent theme, and is authenticated through the consumers’ direct experience.

1.7.4 Commercial Bank
This refers to a financial institution formed with the intention of mediating between surplus and deficit households at a margin (Akhter et al., 2011).

1.7.5 Service Quality
The way individuals are treated by providers; the scope of services and quality of information provided to clients (Tsoukatos & Rand, 2010).

1.8 Chapter Summary
This chapter provided the background of the study in relation to customer loyalty. It has also briefly highlighted a background of Family Bank Ltd. Subsequently the problem has
also been stated. The chapter has also discussed the scope and significance of the study. A definition of terms used within the study has also been listed.

The next chapter evaluated the literature review on studies that had been conducted in the past that were related to this study. Chapter three reviewed the research methodology which was used to achieve the objectives of the study. It included the research design, population, sampling procedure and sample size, data collection method and data analysis. Chapter four summarized the research results and findings while chapter five concentrated on discussions, conclusions and recommendations.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter reviews the various theories, concepts and studies that exist on factors affecting customer loyalty as they relate to the banking industry. The review is divided into four sections based on the research questions. These are: of customer satisfaction on customer loyalty; brand image influence customer loyalty; service quality affect customer loyalty; and product mix affect customer loyalty. These are discussed below.

2.2 Effects of Customer Satisfaction on Customer Loyalty

Customer satisfaction has been considered the essence of success in today's highly competitive banking industry (Mutea, 2013). Customer satisfaction is generally understood as the satisfaction that a customer feels when comparing his preliminary expectations with the actual quality of the service or product acquired. In other words, customers are typically concerned with the value and quality of the product or service they receive (Ongoto, 2010). Satisfaction is a psychological construct that form the basis upon which the evaluation of the quality of a product or service is made (Ndung’u, 2012). In the modern day business, customer focus and satisfaction are the major driving force for profitability in many companies and organizations (Mutea, 2013). Many businesses are concentrating their efforts on ways of improving customer satisfaction by designing goods and services to customers’ wants. Measuring customer satisfaction therefore provides an indication on how an organization is performing in providing products or services in the eyes of its customers. Customers generally want the best quality possible from a product or service at the lowest cost. The perception of the best product or service and lowest price can, however, vary significantly by customer segment or industry. In order to obtain an overall picture of customer perception, a company or organization needs to measure the customer satisfaction (Omenye, 2013).

Customer satisfaction is one of the key factors in modern marketing and customers’ behavior analysis. Satisfied customers would most probably talk enthusiastically about their buying or the use of a particular service; this will lead to positive advertising (Khan,
2012). On the other hand, dissatisfied customers would most probably switch to a different brand; this would lead to negative advertising as they talk negatively about the organization and its products. The importance of satisfying and keeping a customer in establishing strategies for a market and customer oriented organization cannot be neglected (Jahanshahi, Gasthi, Midarmadi, Nawaser and Khaksar, 2011). Customer satisfaction is often considered the most important factor in thriving in today’s highly competitive business world because it plays a key role in determination of customer loyalty and improved organizational performance.

2.2.1 Customer Satisfaction as a Link Between Purchase and Consumption

Customer satisfaction is an important link between purchase and consumption. Customer brand loyalty is based on the satisfaction achieved after the purchase of a product or service (Omenye, 2013). According to the customer satisfaction model developed by Oliver (1980) when customers compare their perceptions of actual products/services performance with the expectations, the feelings of satisfaction arise which may lead to repeat purchase. Satisfaction from service quality according to Siddiqi (2011) is usually evaluated in terms of technical quality and functional quality. This happens when customers do not have much information about the technical aspects of a service. Under such circumstances functional quality becomes the major factor from which customers base perceptions of service quality (Nawaser and Jahanshahi, 2010).

Researchers have studied customer satisfaction in different contexts (Siddiqi, 2011) proposed fuzzy linear programming models to determine the fulfillment levels of parts characteristics under the requirement to achieve the determined contribution levels of design requirements for customer satisfaction. Khan (2012) considered the problem of measuring user satisfaction in order to analyze user perceptions and preferences to assess website quality. Siddiqi (2011) explored the satisfaction–loyalty relationships according to an empirical analysis in a sports-service context and established that satisfied customers are more willing to continue transacting with their organizations. This in turn improves customer retention and financial performance of an organization.
The impact of satisfaction on loyalty has been the most popular subject of studies. Several studies have revealed that there exists a direct connection between satisfaction and loyalty: satisfied customers become loyal and dissatisfied customers move to another vendor (Omenye, 2013). The primary objective of creating ACSI (American Customer Satisfaction Index) in 1984 was to explain the development of customer loyalty. In ACSI model customer satisfaction has three antecedents: perceived quality, perceived value and customer expectations (Nawaser and Jahanshahi, 2010). In the ECSI (European Customer Satisfaction Index) model perceived quality is divided into two elements: “hardware”, which consists of the quality of the product or service attributes, and “humanware”, which represents the associated customer interactive elements in service, that is, the personal behaviour and atmosphere of the service environment (Jahanshahi et al., 2011).

In both model increased satisfaction increases customer loyalty. When the satisfaction is low customers have the option to exit (for instance going to a competitor) or express their complaints. Researchers have shown that 60–80% of customers who defect to a competitor said they were satisfied or very satisfied on the survey just prior to their defection (Nawaser and Jahanshahi, 2010). So it’s clear that there must be also other factors beside satisfaction that have a certain impact on customer loyalty. In fundamental terms, equity is an evaluation of fairness, rightness, or deservingness that customers make in reference to what others receives (Siddiqi, 2011). In the satisfaction literature, equity theory considers the ratio of the customer's perceived outcome/input to that of the service provider's outcome/input. Jahanshahi et al. (2011) extended this concept of outcome/input to the perspective of perceived value. They declared that equity referred to customers' evaluation of the perceived sacrifice (input) of the offering (outcome). Perceived sacrifices include purchase price and other possible costs such as time consumption (Jahanshahi et al., 2011).

2.2.2 Perception of Value and Customer Loyalty

A positive perception of value may bring customers back to make another transaction (Nawaser & Jahanshahi, 2010). When customers believe they are being treated fairly in an exchange, they will be satisfied with the transaction if their outcome-to-input ratio is in
some sense adequate (Omenye, 2013). Siddiqi (2011) pointed out that quality, price, and company or brand image were three factors that comprise the customer value package. In other words, customers will make an explicit comparison between what they give and what they get. The positive relationship between equity and satisfaction was supported in the literature (Jahanshahi et al., 2011). However, customers expect prices to be lower in an online store than in a traditional sales channel (Omenye, 2013). They may expect to get more value from an online store than from a physical store.

Service quality and satisfaction are distinct concepts, and perceived service quality precedes satisfaction, which is closely related to the customer's behavioral responses. While the debate continues regarding the precise nature of any relationship between emotion and satisfaction, it is now widely accepted that emotions may be one of the core components of the consumer satisfaction construct; therefore, any measurement of satisfaction should pay attention to the emotional aspect as well (Martin, 2008).

There is a growing body of literature that suggests that positive and negative emotions associated with a service encounter play an important role in defining satisfaction and predicting future behavioral intentions. It is now widely accepted that customer satisfaction levels and longer-term behavioral intentions are influenced by emotions during the pre, actual and post-consumption stages of a service encounter. It has also been suggested that consumers’ emotional bonding with a service provider is more strongly linked to their future purchase intentions than the more cognitive component of the satisfaction construct. The satisfaction construct cannot be fully understood or explained without accounting for affect in the form of consumer emotion. Perceived

### 2.2.3 Communication Style and Emotions

The nature of customer-service employee interactions constitutes the heart of the customers’ evaluation of the service experience; thus, the service provider’s role in shaping a customer’s satisfaction cannot be overlooked. A service employee’s or provider’s communication style is likely to affect the quality of the service encounter by influencing the customer’s impression of the provider and the service firm (William, 2011). To enhance service delivery, employees are supposed to be approachable, warm,
friendly, and helpful and display a positive attitude. Customers “catch” the displayed emotions of employees. This process is known as “emotional contagion.” Most of the validation of emotional contagion theory has focused on the transference of positive attitudes such as smiling and friendliness those with high job satisfaction have positive moods and emotions at work. These positive attitudes will spill over to customers. Similarly, negative attitudes are equally transferable (Webster & Sundaram, 2010).

2.3 Brand Image and Customer Loyalty

A brand has been defined differently by different scholars. According to Wu (2011), a brand is a distinguishing name and/or symbol such as logo, trademark, or package design intended to identify the goods or services of either one seller or a group of sellers, and to differentiate those goods or services from those of competitors. The brand reflects the complete experience consumers have with products and protects both the customer and the producer from competitors who would attempt to provide products that appear to be identical (Anwar, Gulzar, Sohail & Akram, 2011). A brand name is an intangible signifier of the physical entity, acting as a surrogate for the individual characteristics of products or services, related more to the company’s reputation than to the lines it sells. Strong brand name is considered as a pillar of both the brand equity formation and the branding process. In traditional brand measuring the familiarity, attitudes and knowledge are priorities (Solja, 2012). Familiarity shows how well the brand is recognized, attitude tells if the brand has a positive or negative image in the market and knowledge tells if consumers can relate the brand to correct products or business field and what they know about the brand.

2.3.1 Corporate Image and Customer Loyalty

A good corporate image stimulates purchase by simplifying decision procedures for customers. A strong brand can deliver for a company market leadership, a stable or sustainable competitive advantage, international reach, a platform from which to expand activities and long-term profit (Severi & Ling, 2013). The common link between image and satisfaction is perceived quality (Solja, 2012). For consumers brands are vital because they provide them of the product maker and thus allow consumers assign responsibility to a particular manufacturer or distributor. A good corporate image for high quality means
more customers, fewer dissatisfied customers and invariably, increases in profits which put the organization on a favourable competitive advantage. Brands also ease the consumers’ decisions of which product/brand to use (Sirapracha & Tocquer, 2012). If the consumers can recognize or recall a brand (brand awareness) it is more likely that they will also use a product of that certain brand.

The advantages of brand for companies are that brands help to organize inventory and accounting records. Brands also provide companies legal protection for features and aspects of a product. Brands give consumers a signal of the quality level of its products and brands are powerful tools to secure a competitive advantage. Saleem and Naintara (2014) claim that high customer satisfaction develops positive corporate image because they will provide positive word of mouth. Thus, corporate image is seen as microeconomic consequences of satisfaction. Sever and Ling, (2013) defines customer loyalty as a deeply held commitment to re-buy or re-patronize a preferred product/service consistently in the future, thereby causing repetitive patronage, despite situational influences and marketing efforts having the potential to cause switching behaviour. It is the possibility of a returning customer repurchasing from company and willing to behave with them as a partner. The service brand name is the most important component of the brand and an important source of information to the customer, because service attributes are difficult to communicate via other means (Sirapracha & Tocquer, 2013).

Loyalty according to Saleem and Naintara (2014) occurs when customers purchase only from a certain company in the future and recommend the company to others. Andreassen (2013) found that corporate image is positively correlated with customer loyalty but no relationship was found between satisfaction and loyalty based on his measurement asking executives of a particular organization to rate their own company on six items which includes; offering good services, having competence, being inventive, having long-run perspectives, adjusting to the needs of customers and the overall image. Wu (2011) also found a relationship between measures of satisfaction and corporate image. Corporate image is a mirror reflection of an organization as a person and its products. It is what people believe about an organization and includes their thoughts, feelings and expectations (Sachdev & Verma, 2012).
2.3.2 Corporate Slogan

A slogan is a memorable motto or phrase used as a repetitive expression of an idea or purpose. Slogans vary from the written and the visual to the chanted and the vulgar. Their simple rhetorical nature usually leaves little room for detail, and as such, they serve perhaps more as a social expression of unified purpose, rather than a projection for an intended audience (Sirapracha & Tocquer, 2013). Advertising slogans are short, often memorable phrases used in advertising campaigns. They are claimed to be the most effective means of drawing attention to one or more aspects of a product. Its purpose is to emphasize a phrase that the company wishes to be remembered by, particularly for marketing a specific corporate image or connection to a product or consumer base (Wu, 2011).

Some slogans are created just for specific campaigns for a limited time; some are intended as corporate slogans, to be used for an extended period; some slogans start out as for a given campaign, and find themselves converted to the corporate slogans because they take hold with the public, and some are memorable many years after their use is discontinued (Sirapracha & Tocquer, 2013).

2.3.3 Corporate Reputation

Corporate reputation is a value-based construct, which means that the corporate image is compared to the stakeholder’s free-standing values about the appropriate behaviour of the organisation (Saleem & Naintara, 2014). Corporate reputation is defined as “a reputation is the set of meanings by which an organisation is known and through which people describe, remember and relate to it. It is the net result of the interaction of a person’s beliefs, ideas, feelings and impressions about the organisation. An organisation will not have a reputation – people hold reputations of the organisation” (Mohammad, Seyyed & Nima, 2013; 713).

Corporate reputation is linked to the corporate image in the sense that corporate reputation is the values the stakeholders transfer to the organisation as a result of the corporate image. If the beliefs and feelings of an organisation fit a person’s values about the appropriate behaviour of an organisation, then the person will form a good reputation of the organisation (Sirapracha & Tocquer, 2013). Hence, the reputation is not controlled
by the organisation. Moreover, it is important to recognise that corporate reputations are based on perceptions, the stakeholder’s perceptions and values. This means that a corporate reputation is not unique. Diverse stakeholders make different assessments about an organisation based on their experiences and opinions about the organisation, and corporate reputations are mainly used to refer solely to the reputation as a whole and not to sub-brands (Sirapracha & Tocquer, 2013).

2.3.4 Vision and Mission

Organisations need to respond to concepts as vision and mission. Vision and mission can be very difficult to separate as they are closely related, and both the corporate vision and mission should articulate what sets the organisation apart in a way that might help built a competitive edge. Corporate mission has to represent what business the organisation operates in, and is often referred to with the simple question “what business are we in?” (Mohammad, Seyyed & Nima, 2013). It has to create a common picture of the organisation and create a common direction. And by constantly having the corporate mission in mind an organisation can determine whether its actions and activities are in line with the overall aim and the core values of the organisation.

The corporate vision is developed by the management, and depicts the long termed goal of the organisation. Moreover, the vision should represent the values and the beliefs of the organisation. A vision is not about a false future, it is about defining a future which the entire enterprise can believe in (Bryman & Bell, 2011). Moreover a vision has to be clear, compelling and captivating, so it gives people the drive and passion to overcome all challenges.

2.3.5 Corporate Culture

The corporate culture is probably the element, which is least mentioned in the literature. Often it does not even appear in the marketing literature on identity and image. Nonetheless, several researchers have tried to define the term and one of them is Sirapracha and Tocquer (2013) “The concept of corporate culture broadly concerns all aspects of everyday organizational life, in which meaning, values, and assumptions are expressed and communicated via the behaviour and interpretations of organizational members and their artefacts and symbols” (Sirapracha & Tocquer, 2013, Pg. 114).
Sahbazi and Ciftci (2011) argues that corporate culture is found within the organisation and affects all the organisational members and is realised in the material aspects of the organisation such as, logos, buildings and the name (Mohammad, Seyyed & Nima, 2013). Saleem and Naintara (2014) shares the same opinion, as according to her corporate culture is built around the same logo, which is repeated perpetually on paper, folders and publications, around the same basic values, which are repeated perpetually in speeches, annual reports and press releases and around the same stories, which are told perpetually to new employees, laughed about Friday afternoon and discussed in elevators (Wu, 2011).

2.3.6 Corporate Values

Analysing values is the scope of this thesis; hence this paragraph will provide an overview of how corporate values are used in everyday business life. In paragraph 4.3 the final analysis model will be presented, which will support this paragraph about the corporate values, but also provide a deeper understanding of how values are communicated.

Saleem and Naintara (2014) were probably one of the first and most influential practitioners to write about values. His books are still famously cited when it comes to defining and describing values, and in an article from 1968, Rokeach defines values as: “A value is a standard criterion that serves a number of important purposes in our daily lives: it is a standard that tells us how to act or what to want; it is a standard that tells us what attitudes we should hold; it is a standard we employ to justify behaviour, to morally judge, and to compare ourselves with others. Finally, a value is s standard we employ to tell us which values, attitudes, and actions of others are worth or not worth trying to influence” (Saleem & Naintara, 2014). The definition is somewhat comprehensive, and though it is made to define human values it can also be used to define corporate values, as corporate values are used to personify and define the organisation and make it relatable for all stakeholders. One might argue that a value is the foundation for ones identity, as a value is a standard, which justify our behaviour, which tells us how to act, and what attitudes to hold (Sirapracha & Tocquer, 2013).
2.4 Service Quality and Customer Loyalty

Abbasi, Khalid, Azam and Riaz (2010) define quality as the perception of the customer on how well a product or service meets or exceeds their expectations. Quality is a key determining factor of customer satisfaction and precipitates the customer to seek value for money. As noted by Abbasi, Khalid, Azam and Riaz (2010), Parasuraman, Berry and Zeithmal (1988) developed an instrument, the SERVQUAL model, which was among the first models used to measure service quality. The model is based on five factor reliability, responsiveness, assurance, empathy and tangibles. The SERVQUAL model is built around the gap that exists between the services offered vis-à-vis the expected service quality as perceived by the customer. Key to note is that a customer’s level of satisfaction is hinged on the perceptions they hold towards the service quality (Rahim, Osman & Ramayah, 2010).

2.4.1 The Perceived Service Quality and Customer Loyalty

In the growing service sector there is still the most problematic challenge of how to deal with service quality. Quality is one of the most expected aspects by customers of almost all service products (Urban, 2009). Before quality can be managed it must be defined (Rondeau, et al., 2006). Coming up with a precise definition of the quality of services is complicated because quality can be understood and evaluated both objectively and subjectively. Quality is objective when it is related to external tangible features which can be measured factually. Subjective quality is rated when a customer’s imagination, personal experiences, emotions, expectations and attitudes are taken into account (Bagdoniene, 2005). The most common reason for dissatisfaction is the difference between an objective and the subjective evaluation of quality.

Researchers have studied customer satisfaction in different contexts (Siddiqi, 2011) proposed fuzzy linear programming models to determine the fulfillment levels of parts characteristics under the requirement to achieve the determined contribution levels of design requirements for customer satisfaction. Khan (2012) considered the problem of measuring user satisfaction in order to analyze user perceptions and preferences to assess website quality. Siddiqi (2011) explored the satisfaction–loyalty relationships according to an empirical analysis in a sports-service context.
The impact of satisfaction on loyalty has been the most popular subject of studies. Several studies have revealed that there exists a direct connection between satisfaction and loyalty: satisfied customers become loyal and dissatisfied customers move to another vendor (Omenye, 2013). The primary objective of creating ACSI (American Customer Satisfaction Index) in 1984 was to explain the development of customer loyalty. In ACSI model customer satisfaction has three antecedents: perceived quality, perceived value and customer expectations (Nawaser & Jahanshahi, 2010). In the ECSI (European Customer Satisfaction Index) model perceived quality is divided into two elements: “hard ware”, which consists of the quality of the product or service attributes, and “human ware”, which represents the associated customer interactive elements in service, that is, the personal behaviour and atmosphere of the service environment (Jahanshahi et al., 2011).

In both model increased satisfaction increases customer loyalty. When the satisfaction is low customers have the option to exit (for instance going to a competitor) or express their complaints. Researchers have shown that 60–80% of customers who defect to a competitor said they were satisfied or very satisfied on the survey just prior to their defection (Nawaser & Jahanshahi, 2010). So it’s clear that there must be also other factors beside satisfaction that have a certain impact on customer loyalty. In fundamental terms, equity is an evaluation of fairness, rightness, or deservingness that customers make in reference to what others receive (Siddiqi, 2011). In the satisfaction literature, equity theory considers the ratio of the customer's perceived outcome/input to that of the service provider's outcome/input. Jahanshahi et al. (2011) extended this concept of outcome/input to the perspective of perceived value. They declared that equity referred to customers' evaluation of the perceived sacrifice (input) of the offering (outcome). Perceived sacrifices include purchase price and other possible costs such as time consumption (Jahanshahi et al., 2011).

2.4.2 Measuring Service Quality

The measurement of service quality has been the focus of research interest and debate for the last 20 years (Akbar & Parvez, 2009). Measuring service quality is a challenge because customer satisfaction is determined by many intangible factors. Unlike a product with physical features, that can be objectively measured, service quality contains many psychological features such as ambiance. In addition, service quality often extends
beyond the immediate encounter. The multiple dimensions of service quality are captured in the SERVQUAL instrument which is an effective tool for surveying customer satisfaction that is based on the service quality gap model (Al-Rousan & Mohamed, 2010). A critical element in any service strategy is for a company to have in place systems to measure and monitor success (Akbar & Parvez, 2009).

One of the first measures to be developed specifically to measure service quality was the SERVQUAL survey. This was first published by the authors of the service quality gap model (Afsar et al., 2010) but has since undergone numerous improvements and revisions. The scale currently contains 21 perception items which are distributed throughout the five service quality dimensions (Akbar & Parvez, 2009). This measurement scale was to be used in measuring the five dimensions of service quality. These are Reliability, Responsiveness, Assurance, Empathy and tangibles. The survey often asks customers to provide two different ratings on each attribute—one reflecting the level of service they would expect from excellent companies in a sector and the other reflecting their perception of service delivered by a specific company within the sector. The difference between the expectations and perception ratings constitutes a quantified measure of service quality.

2.4.3 Dimensions of Service Quality

Competitive advantage in service businesses derives largely from the service provider's ability to deliver high quality service. While the primary dimensions of service reliability have been identified, delivering service quality is nonetheless elusive due to the unique characteristics of services. As a result, customers have consistently assessed the quality of service providers to be lower than that of manufacturers and the gap for many service industries is widening, even though those services represent a growing segment of our economy (American Society for Quality, 2010).

Reliability is the ability to perform the promised service consistently, dependably, and accurately. Reliability has often been cited as the most important dimension in assessing the quality of service and is therefore a fundamental requirement for businesses to compete in the marketplace (Abbasi, Khalid, Azam & Riaz, 2010). The importance of reliability in provision of quality services, indeed in all business dealings is vital. This is
true because a customer who deems a service well delivered is most likely to offer repeat business. On the other hand, a customer who has had an unpleasant experience with a business tells 9 or 10 other people and about 13% would tell more than 20 other people (Akbar & Parvez, 2009).
Table 2.1: Determinants of Service Quality

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1.</strong> Reliability involves consistency of performance and dependability. It means that the firm performs the service right the first time. It also means that the firm honours its promises. Specifically, it involves: u in billing; Keeping records correctly and Performing the service at the designated time.</td>
<td></td>
</tr>
<tr>
<td><strong>2.</strong> Responsiveness concerns the willingness or readiness of employees to provide service. It involves timeliness of service; Mailing a transaction slip immediately; calling the customer back quickly and giving prompt service (e.g., setting up appointments quickly).</td>
<td></td>
</tr>
<tr>
<td><strong>3.</strong> Competence means possession of the required skills and knowledge to perform the service. It involves; knowledge and skill of the contact personnel; knowledge and skill of operational support personnel and research capability of the organization e.g., securities brokerage firm</td>
<td></td>
</tr>
<tr>
<td><strong>4.</strong> Access involves approachability and ease of contact. It means: the service is easily accessible by telephone (lines are not busy and they don’t put you on hold); waiting time to receive service e.g., at a bank) is not extensive; convenient hours of operation and convenient location of service facility.</td>
<td></td>
</tr>
<tr>
<td><strong>5.</strong> Courtesy involves politeness, respect, consideration, and friendliness of contact personnel (including receptionists, telephone operators) It includes: consideration for the consumer’s property (e.g. no muddy shoes on the carpet and clean and neat appearance of public contact personnel.</td>
<td></td>
</tr>
<tr>
<td><strong>6.</strong> Communication means keeping customers informed in language they can understand and listening to them. It may mean that the company has to adjust its language for different customers-increasing the level of sophistication with a well-educated customer and speaking simply and plainly with a novice. It involves: explaining the service itself; explaining how much the service would cost; explaining the trade-offs between service and cost and assuring the consumer that a problem would be handled.</td>
<td></td>
</tr>
<tr>
<td><strong>7.</strong> Credibility involves trustworthiness, believability, honesty. It involves having the customer’s best interests at heart. Contributing to credibility are: company name; company reputation; personal characteristics of the contact personnel and the degree of hard sell involved in interactions with the customer.</td>
<td></td>
</tr>
<tr>
<td><strong>8.</strong> Security is the freedom from danger, risk, or doubt. It involves: physical safety (Will I get mugged at the automatic teller machine?), financial security (Does the company know where my stock certificate is?) and confidentiality (Are my dealings with the company private?).</td>
<td></td>
</tr>
<tr>
<td><strong>9.</strong> Understanding/Knowing the customer involves making the effort to understand the customer's needs. It involves: learning the customer's specific requirements; providing individualized attention and recognizing the regular customer.</td>
<td></td>
</tr>
<tr>
<td><strong>10.</strong> Tangibles include the physical evidence of the service:</td>
<td></td>
</tr>
<tr>
<td><strong>11.</strong> Physical facilities: Appearance of personnel; Tools or equipment used to provide the service; Physical representations of the service, such as plastic credit card or a bank statement; and Other customers in the service facility.</td>
<td></td>
</tr>
</tbody>
</table>

Later empirical verification reduced the above 10 dimensions to five overall factors. The scale was later revised to ensure that there was no overlap of dimensions (Siddiqi, 2011). The revision resulted in 5 overall factors namely: tangibles which refers to the appearance of physical factors such as equipment, facilities and personnel; empathy which involves providing individual attention and care to customers; responsiveness which is the willingness to provide help and prompt service to customers; and Bance which refers to the knowledge and courtesy of employees and their ability to convey trust and confidence.

In Figure 2.1 below, various factors such as word of mouth to some extent influence and determine a customer’s expectations. The figure depicts how the entire process of service quality is interlinked between the customer and the organization and an organization is able to determine where the gap exists by conducting a service quality survey. In an effort to establish a link between customer satisfaction and service quality, Afsar et al. (2010) put forth that SERVQUAL model can be used to measure the level of a company’s service as well as the overall service satisfaction.

![SERVQUAL Model](image)

Figure 2.1: SERVQUAL Model
2.4.4 The Relationship between Service Quality and Customer Loyalty

The definition of service quality revolves around the idea that it is the result of the comparison that customers make between their expectations of a service and their perception of the way the service has been performed (Zethaml et al. 1988). Service quality is founded on a comparison between what the customer feels should be offered and what is provided (Parasuraman et al., 1985). If the customer’s expectations are met or exceeded, then the company is perceived to be offering higher service quality. But if on the other hand, the expectations of the customers are not met, the company is on its way only to face displeased and hostile customers, which in turn leads to defection to competitors. The actual quality of service is difficult to define (Garvin, 1983, Brown and Swartz, 1989) but researchers have reached a consensus that service quality should be defined and measured from the customer’s perspective (Tam, 2004).

2.5 Chapter Summary

The purpose of this literature review was to review the various factors influencing customer loyalty at Family Bank Kenya Limited. The chapter discussed the influence of customer satisfaction on customer loyalty, brand image and customer loyalty and finally service quality and customer loyalty. Perspectives of different scholars and researchers were presented so as to establish what had already been done that was relevant for the study. Chapter three provides research methodology which outlines the methods that was used to collect that data, research design and how data was analyzed.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This section discussed the methodology that was employed in carrying out the study. In this section the research identifies the procedures and techniques that will be used in the collection, processing and analysis of data. Specifically the following subsections are included; research design, target population, data collection instruments, data collection procedures and finally data analysis.

3.2 Research Design

This research problem was studied through the use of a descriptive research design. Descriptive study is concerned with finding out the what, where and how of a phenomenon. The research design and methodology entailed collecting data useful in analysis and coming up with relevant recommendations and conclusions.

Mugenda & Mugenda (1999) noted that a survey research attempts to collect data from members of a population and describes existing phenomena by asking individuals about their perception, attitudes, behaviour or values. Surveys enable collection of data from a sizeable population in a highly economical way. The data obtained is standardized, to allow easy comparison. Moreover, it explores the existing status of two or more variables at a given point in time.

3.3 Population and Sampling Design

3.3.1 Population

According to Ngechu (2004), population is the total collection of elements with common observable characteristics about which some inferences can be made. A large set of observations is referred to as a population while the smaller set is called the sample. The target population comprised of all customer of Family Bank as at October 2014. According to records at the bank, there were 125 847 account holders. These made up the population of the study.
Table 3.1: Population Distribution

<table>
<thead>
<tr>
<th>Category</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate customers</td>
<td>7,847</td>
</tr>
<tr>
<td>Consumer customers</td>
<td>118,000</td>
</tr>
<tr>
<td>Total</td>
<td>125,847</td>
</tr>
</tbody>
</table>


3.3.2 Sample Design

3.3.2.1 Sample Frame

According to Cooper & Schindler (2006), a sampling frame is a list of elements from which the sample is actually drawn and closely related to the population. In this study, the sampling frame was drawn from the customer of Family Bank Kenya limited as at November 2014. This was used so as to ensure that the sampling frame is current, complete and relevant for the attainment of the study objective.

3.3.2.2 Sampling Technique

Determining the sample size is a complex task and involves much clarity with regard to the balance between the resources available and number or accuracy or information obtained. Qualitative factors must be considered including nature of the research, expected outcomes, importance of the findings, number of variables to be studied, nature of analysis and resource constraints. Quantitative factors included variability of the population characters hence a larger sample size due to high variability of the account holders. The tests were conducted at 95% confidence level in estimating the population characteristics; larger sample size is preferred for accurate description of the examination systems.

The study adopted a probability sampling design since each sampling unit has a known non-zero chance of getting selected in the final sample and results generalized to the target population with a specified margin of error through statistical methods. Stratified random sampling technique was employed to obtain a reasonable sample size of the study and sampling frame was stratified into corporate customers and Consumer customers.
This gives the researcher assurance of representativeness, comparison between strata and a deeper understanding of each stratum as well as their unique characteristics.

3.3.2.3 Sample Size

Thorpe, Smith and Jackson (2008) said that a sample refers to a subset of those entities that decisions relate to. Denscombe (1998) poised that, the sample must be carefully selected to be representative of the population and the researcher also needs to ensure that the subdivisions entailed in the analysis are accurately catered for. Since the target population is one hundred and twenty five eight hundred and forty seven (125,847), this study used the normal approximation to the hyper geometric distribution formula to determine the sample size. This is given by the formula;

Hyper geometric: \[ n = \frac{NZ^2pq}{E^2(N-1) + Z^2pq} \]

Where : \( n \) = required sample size, \( N \) = population size, \( p \) and \( q \) are the population proportions (set at 0.5 for this study since it’s not known), \( z \) = value that specifies the level of confidence in this study’s confidence interval when the data is analyzed. (used confidence of 99%, in which case \( z \) is 2.58) and \( E \) = sets the accuracy of the sample proportions. (Assuming accuracy of plus or minus 10%, then \( E \) is set to 0.10).

\[
\begin{align*}
n &= \frac{125,847 (2.58)^2 (0.5)(0.5)}{(0.1)^2 (125,847-1) + (2.58)^2(0.5)(0.5)} \\
n &= 209,421.99 \\
n &= \frac{209,421.99}{1,260.12} \\
n &= 166
\end{align*}
\]

\[ n=\text{Sample Size}= 166 \]

<table>
<thead>
<tr>
<th>Table 3.2: Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
</tr>
<tr>
<td>----------------</td>
</tr>
<tr>
<td>Corporate customers</td>
</tr>
<tr>
<td>Consumer customers</td>
</tr>
<tr>
<td>Total Sample Size</td>
</tr>
</tbody>
</table>
3.4 Data Collection Methods

This research collected primary data using questionnaires. The questionnaires comprised both open and closed ended in line with the objectives of the study. A four point Likert scale was used for closed ended questions. The questionnaire contained five sections each including: demographic information, customer satisfaction, brand image; and service quality. The first section sought to establish the respondents’ demographic data while the second section sought to establish the respondents’ opinions on the three variables (customer satisfaction, brand image, Service quality and considered in this study).

3.5 Research Procedures

After development of the draft questionnaire, a pilot test was carried out with five customers from each category to test for any inconsistencies, ambiguity and incomprehension. The pre-test participants did not participate in the actual survey to avoid pre-emption of the study at the actual area. In the process of piloting, the study ensured that the rectification of any errors of ambiguity existing in the research instrument. After the amendment of the final questionnaire, the researcher explained the purpose of the research to the respondents and seek permission to carry out the research in the given topic.

Each questionnaire was directly distributed to each of the 166 identified participants in the study at the Bank premises as they came to do their banking business. According to Creswell (2003), participants should not be inconvenienced during the process. To ensure a high response rate, the researcher requested the respondents to fill and return the questionnaires while transacting.

3.6 Data Analysis Methods

Before processing the responses, data preparation was done on the completed questionnaires by editing, coding, entering and cleaning the data. Data collected was analyzed using descriptive statistics. The descriptive statistical tools helped in describing the data and determining the respondents’ degree of agreement with the various statements under each factor. Data analysis was done using Statistical Package for Social Sciences (SPSS) and Microsoft excel to generate quantitative reports.
In addition, the researcher conducted a multiple regression analysis so as to determine the extent to which the factors influence customer loyalty at Family Bank Kenya Limited. The following model was be used:

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon \]

Whereby

- \( Y \) = customer loyalty
- \( X_1 \) = customer satisfaction
- \( X_2 \) = brand image
- \( X_3 \) = Service quality

The analyzed data was presented in the form of tabulations, percentages, mean and standard deviation.

3.7 Chapter Summary

Chapter 3 has enumerated the research methodology and design. It has given a detailed analysis of the population and the sampling process that was used in collecting the research data. Simple Random sampling technique were used and the population. This was done to ensure the results are more representative and also give all the customers at Family Bank Kenya Limited. Primary data was collected from the customers through the application of a structured questionnaire. Data analysis was done using the statistical Package for Social Sciences. The next chapter presents results and findings of the study.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

The purpose of this research was to establish the factors influencing customer loyalty at Family Bank Kenya Limited. This chapter presents analysis and findings of the study as set out in the research objectives and methodology. The results are presented on the factors influencing customer loyalty at Family Bank Kenya Limited.

4.1.1 Response Rate

The main objective of the study was to establish the factors influencing customer loyalty at Family Bank Kenya Limited. The completed questionnaires were coded and then analyzed through SPSS. The findings are presented in tables and figures. The study targeted 166 respondents out of whom 111 filled in and returned questionnaires giving a response rate of 67%. Out of the respondents that filled and returned their questionnaires, 63% were mass market customers while 4% were corporate customers. This translated to a response rate of 67%. According to Mugenda and Mugenda (2003) the statistically significant response rate for analysis should be at least 50%. These findings are presented in the Table 4.1 below:

Table 4.1: Response Rate

<table>
<thead>
<tr>
<th></th>
<th>Corporate</th>
<th>Mass Market</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>F</td>
<td>%</td>
<td>F</td>
</tr>
<tr>
<td>Response</td>
<td>7</td>
<td>4%</td>
<td>104</td>
</tr>
<tr>
<td>Non Response</td>
<td>3</td>
<td>2%</td>
<td>52</td>
</tr>
<tr>
<td>Total</td>
<td>10</td>
<td>6%</td>
<td>156</td>
</tr>
</tbody>
</table>

4.2 Demographic Information for the Mass Customers

This is the information describing the characteristic of the respondents. The findings are shown below.
4.2.1 Type of Accounts Maintained

The study sought to determine the type of accounts the respondents maintained at Family Bank Kenya. From the responses 42% had current accounts, 26% had savings accounts and 32% had both savings and current accounts. The findings reveal that all the respondents had accounts at Family Bank and thus were aware of the factors that have influenced their stay at the bank. The findings are shown in Figure 4.1.

![Figure 4.1: Type of Accounts Maintained](image)

4.2.2 Number of Years Banking at Family Bank

The study sought to determine the number of years the customers had been banking at Family Bank. From the responses 11% had been customers at the bank for less than 3 years, 35% had been customers for 4-6 years, 23% had been customers for 7-9 years and 31% had been customers for over 10 years. These findings show that all the respondents had been banking long enough at the bank to identify the factors that contributed to their continuous business with the bank. The findings are in Figure 4.2.
4.3 Demographic Information for the Corporate Customers

4.3.1 Category of the Firm

The respondents were asked what category their firm is. 55% of the respondents were in the agricultural sector, 14% in the SME business sector and 29% were in other sectors. Those that indicated others said that they were either in the financial services sector. There were no respondents who were in the telecommunication and technology sector. These findings indicate that the study targeted different corporate and thus the findings are a representative of the players in the different sectors and their views on the aspects affecting customer loyalty. These findings are presented in the Figure 4.3 below:

Figure 4.3: Category of the firm
4.3.2 Position Held in the Organization

The respondents from the corporate sector were asked what position they held in the organization. From the findings 71% of the respondents were chief financial officers while 29% were accountants. These findings indicate that the respondents were the key people that handle the financial matters of the organization and thus are aware of the financial services offered and how they affect their business. These findings are presented in the Figure 4.4 below:

![Figure 4.4: Position in the Company](image)

4.3.3 Numbers of Years worked in the Organization

The study sought to determine the numbers of years the respondents had worked in the organization. From the responses, 14% had worked for less than 5 years, 43% said they had worked for 6-10 years, 29% had worked for 11-15 years and 14% for over 16 years. This shows that all the respondents had worked in the organization long enough to be aware of the relations of the company with their bank. These findings are presented in the Figure 4.5 below:
4.4 Influence of Customer Satisfaction on Customer Loyalty

Customers remain loyal to a business if they are satisfied with the services and products the businesses are offering. Customer satisfaction is determined by how much the company meets the expectation of the customers. In order to do so, the company needs to understand its customers and what are the aspects of the business meets their expectation. The respondents were asked the extent to which they agree on the statements below on the effects of customer satisfaction on customer loyalty. Findings are discussed in details below.

4.4.1 Ability of the Bank to Provide Competitive Financial Services

The respondents were asked the extent to which they agree on the statements below on the effects of customer satisfaction on customer loyalty. From the responses: On the extent to which the ability of the Bank to provide services as promised meets my expectation of service from the Bank the respondents affects customer loyalty, the respondents said to a great extent with a mean of 4.331 and a deviation of 0.125. Asked to what extent the diverse financial products availed to me by Family Bank has improved my intention to continue banking with them affects customer loyalty, the respondents said to a great extent with a mean of 4.251 and a deviation of 0.004.

On the extent to which the services meet my financial needs improve the chances of my continued banking at Family Bank affects customer loyalty, the respondents said to a very
great extent with a mean of 4.556 and a deviation of 0.235. Asked the extent to which the financial services customized to my financial need promote my loyalty to Family Bank, the respondents said to a great extent with a mean of 4.126 and a deviation of 0.452. Asked to what extent the match of bank services to my expectations improve the chances of my continued banking with Family Bank the respondents said to a great extent with a mean of 4.012 and a deviation of 0.147. These findings are well illustrated in the Table 4.2 below:

Table 4.2: Ability to Provide Competitive Financial Services

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ability to provide services as promised</td>
<td>4.331</td>
<td>0.125</td>
</tr>
<tr>
<td>Diverse financial products availed to customers</td>
<td>4.251</td>
<td>0.004</td>
</tr>
<tr>
<td>Extent to which the services meet customers’ financial needs</td>
<td>4.556</td>
<td>0.235</td>
</tr>
<tr>
<td>Financial services customized to my financial need</td>
<td>4.126</td>
<td>0.452</td>
</tr>
<tr>
<td>Match of bank services to my expectations</td>
<td>4.012</td>
<td>0.147</td>
</tr>
</tbody>
</table>

4.4.2 Accessibility of the Bank Branches

Asked whether easy accessibility to Family Bank had improved the chances of my continued transacting with them the respondents agreed to a great extent with a mean of 3.986 and a deviation of 0.635. Asked to what extent the friendliness of Family Bank staff has improved the chances of my continued transacting with them, the respondents said to a great extent with a mean of 4.218 with a deviation of 0.452. These findings are well illustrated in the Table 4.3 below:

Table 4.3: Accessibility of the Bank branches

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Easy accessibility to Family Bank</td>
<td>3.986</td>
<td>0.635</td>
</tr>
</tbody>
</table>

4.4.3 Staff Competence

Regarding good knowledge and understanding of family banks operations among staff has improved the chances of my continued transacting with them the respondents said to a great extent with a mean of 4.111 and a deviation of 0.116. On the extent to which clear communication by Family Bank staff has improved the chances of my continued
transacting with them, the respondents said to a great extent with a mean of 3.996 and a deviation of 0.825. Diverse access channels have improved the chances of my continued transacting with them the respondents said to a great extent with a mean of 4.019 and a deviation of 0.441. Accuracy levels among Family Bank staff has improved the chances of my continued transacting with them, the respondents said to a great extent with a mean of 4.30 and a deviation of 0.245. Prompt response on my queries by Family Bank staff has improved the chances of my continued transacting with them, the respondents said to a great extent with a mean of 4.181 and deviation of 0.163. These findings are well illustrated in the Table 4.4 below:

Table 4.4: Staff Competence

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good knowledge and understanding of Bank’s operations</td>
<td>4.111</td>
<td>0.116</td>
</tr>
<tr>
<td>Clear communication by Family Bank staff</td>
<td>3.996</td>
<td>0.825</td>
</tr>
<tr>
<td>Diverse access channels have improved transacting</td>
<td>4.019</td>
<td>0.441</td>
</tr>
<tr>
<td>Accuracy levels among Family Bank staff</td>
<td>4.30</td>
<td>0.245</td>
</tr>
<tr>
<td>Prompt response on customer queries by Family Bank staff</td>
<td>4.181</td>
<td>0.163</td>
</tr>
</tbody>
</table>

4.4.4 Consideration for Customer Safety and Interests

Asked to what extent the safety of financial transactions at Family Bank has improved the chances of my continued transacting with them, the respondents said to a very great extent with a mean of 4.634 and a deviation of 0.254. Family Bank’s consideration of my interest has improved the chances of my continued transacting with them, the respondents said to a great extent with a mean of 4.221 and a deviation of 0.763. On the extent to which family Bank’s extended banking hours has improved the chances of my continued transacting with them, the respondents said to a great extent with a mean of 4.382 and a deviation of 0.118. On the extent to which family Bank’s investment in diverse information technology platforms has improved the chances of my continued transacting with them, the respondents agreed with a mean of 4.638 and a deviation of 0.638.

The respondents were asked what other ways has the level of satisfaction affected your loyalty to Family Bank Kenya Limited. From the responses given, the respondents indicated that the attributes of service quality were key in influencing their loyalty to family bank. The respondents also indicated that the relevance of the products offered by
the bank to their needs and expectations influences their satisfaction which in the long run influences their loyalty. The respondents also cited that other aspects that influence their loyalty and satisfaction is the proximity and availability of fast services from the bank. These findings are well illustrated in the Table 4.5 below:

Table 4.5: Consideration for Customer Safety and Interests

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Safety of financial transactions at Family Bank</td>
<td>4.634</td>
<td>0.254</td>
</tr>
<tr>
<td>Family Bank’s consideration of customers’ interest</td>
<td>4.221</td>
<td>0.763</td>
</tr>
<tr>
<td>Family Bank’s extended banking hours</td>
<td>4.382</td>
<td>0.118</td>
</tr>
<tr>
<td>Family Bank’s investment in diverse information technology</td>
<td>4.638</td>
<td>0.638</td>
</tr>
</tbody>
</table>

4.4.5 Extent of Influence of Customer Satisfaction on Customer Loyalty

The respondents were asked to what extent the level of satisfaction in services provided by Family Bank Kenya limited affected their decision to continue banking with this Bank. From the responses given 62% of the respondents said that the level of satisfaction affects loyalty to a very great extent, 26% said to a great extent, 8% said to a moderate extent, 3% said to a little extent and 1% said to no extent at all. The findings are shown in Table 4.6 belwo:

Table 4.6: Extent of Level of Satisfaction and Loyalty

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Great Extent</td>
<td>69</td>
<td>62%</td>
</tr>
<tr>
<td>Great Extent</td>
<td>29</td>
<td>26%</td>
</tr>
<tr>
<td>Moderate Extent</td>
<td>9</td>
<td>8%</td>
</tr>
<tr>
<td>Little Extent</td>
<td>3</td>
<td>3%</td>
</tr>
<tr>
<td>No Extent At All</td>
<td>1</td>
<td>1%</td>
</tr>
<tr>
<td>Total</td>
<td>111</td>
<td>100%</td>
</tr>
</tbody>
</table>

4.5 The Influence of Brand Loyalty on Customer Satisfaction

The brand of an organization is intended to identify and to differentiate its goods and services from that of its competitors. The brand reflects the complete experience consumers have with products and protects both the customer and the producer from competitors who would attempt to provide products that appear to be identical. The
respondents were asked to rate the extent to which they agree with the statements below on the effects of brand name and customer loyalty. Findings are presented below:

4.5.1 Customers Perception of the Bank

From the responses, the respondents said that they view Family Bank as a bank established to support people seeking individual growth opportunities to a great extent with a mean of 4.335 and a deviation of 0.125. The respondents also said that Family Bank’s continued partnership with me in my financial needs has promoted my loyalty to the Bank to a great extent with a mean of 4.125 and a deviation of 0.145. These findings are well illustrated in the Table 4.7 below:

Table 4.7: Customers Perception of the Bank

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>I view Family Bank as a bank established to support people</td>
<td>4.335</td>
<td>0.125</td>
</tr>
<tr>
<td>Family Bank’s continued partnership with me</td>
<td>4.125</td>
<td>0.145</td>
</tr>
</tbody>
</table>

4.5.2 Family Bank Creativity

On the extent to which Family Banks creativity in credit administration has improved my loyalty to the Bank the respondents said to a great extent with a mean of 4.635 and a deviation of 0.638. On the extent to which Family Bank’s entrepreneurial development history has improved my loyalty to the Bank the respondents said to a great extent with a mean of 4.287 and a deviation of 0.452. On whether Family Bank’s corporate colors motivate me to continue banking with them, the respondents said to a great extent with a mean of 4.159 and a deviation of 0.835. These findings are well illustrated in the Table 4.8 below:

Table 4.8: Family Bank Creativity

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>I view Family Bank as a bank established to support people</td>
<td>4.335</td>
<td>0.125</td>
</tr>
<tr>
<td>Family Banks creativity in credit administration</td>
<td>4.635</td>
<td>0.638</td>
</tr>
<tr>
<td>Family Bank’s entrepreneurial development history</td>
<td>4.287</td>
<td>0.452</td>
</tr>
<tr>
<td>Family Bank’s Corporate colors motivate me bank with them</td>
<td>4.159</td>
<td>0.835</td>
</tr>
</tbody>
</table>
4.5.3 Family Bank’s Vision and Mission

On whether Family Bank’s Mission and vision promote my continued loyalty in their services, the respondents said to a very great extent with a mean of 4.663 and a deviation of 0.1447. On the extent to which Family Bank’s overall culture has promoted my loyalty in the Bank, the respondents said to a great extent with a mean of 4.826 and a deviation of 0.352. On the extent to which Family Bank’s positive reputation has improved my loyalty in the Bank, the respondents said to a great extent with a mean of 4.102 and a deviation of 0.182. The reputation of the bank is a reflection of its credibility.

On the extent to which Family Bank’s corporate slogan motivates me to continue banking with them, the respondents said to a great extent with a mean of 3.952 and a deviation of 0.445. One of the advantages of a slogan according to the study is that a slogan is effective particularly for marketing a specific corporate images or connection to a product or consumer base. On the extent to which Family Bank’s logo motivates me to continue banking with them, the respondents said to a very great extent with a mean of 4.116 and a deviation of 0.382. These findings are well illustrated in the Table 4.9 below:

<table>
<thead>
<tr>
<th>Description</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family Bank’s Mission and vision promote my continued loyalty</td>
<td>4.663</td>
<td>0.1447</td>
</tr>
<tr>
<td>Family Bank’s overall culture has promoted my loyalty</td>
<td>4.826</td>
<td>0.352</td>
</tr>
<tr>
<td>Family Bank’s positive reputation has improved my loyalty</td>
<td>4.102</td>
<td>0.182</td>
</tr>
<tr>
<td>Family Bank’s Corporate slogan motivates me to Bank</td>
<td>3.952</td>
<td>0.445</td>
</tr>
<tr>
<td>Family Bank’s logo motivates me to continue banking with them</td>
<td>4.116</td>
<td>0.382</td>
</tr>
</tbody>
</table>

4.5.4 Family Bank’s Reliability and Client Relationship Management

On the extent to which Family Bank’s reliability motivates me to continue banking with them, the respondents said to a great extent with a mean of 4.231 and a deviation of 0.116. On the extent to which Family Bank’s service quality culture motivates me to continue banking with them, the respondents said to a great extent with a mean of 4.165 and a deviation of 0.254. On the extent to which Family Bank’s strong client relation management motivates me to continue banking with them, the respondents said to a great extent with a mean of 4.228 and a deviation of 0.324. On the extent to which Family
Bank’s loyal rewards program motivates me to continue banking with them, the respondents said to a great extent with a mean of 4.163 and a deviation of 0.142.

The respondents were asked in what other way corporate image has influenced their customer loyalty. From the responses the respondents said that the staff at the bank are well presentable and that the ambience of the bank is peaceful. The respondents also said that the banks has a reputable reputation in the banking industry that attracts more customers. The respondents also pointed out that the bank is accessible with extended banking hours thus attending to more customers in the same period. These findings are well illustrated in the Table 4.10 below:

**Table 4.10: Family Bank’s Reliability and Client Relationship Management**

<table>
<thead>
<tr>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.231</td>
<td>0.116</td>
</tr>
<tr>
<td>4.165</td>
<td>0.254</td>
</tr>
<tr>
<td>4.228</td>
<td>0.324</td>
</tr>
<tr>
<td>4.163</td>
<td>0.142</td>
</tr>
</tbody>
</table>

4.5.5 Extent of Influence of Corporate Identity

The respondents were asked to what extent corporate identity influences their customer satisfaction. The respondents that said that corporate identity influences loyalty to a very great extent were 41%, 39% said to a great extent, 12% said to a moderate extent, 4% said to a little extent while 5% said to no extent at all. The findings are in Table 4.11.

**Table 4.11: Extent of Influence of Corporate Identity**

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Great Extent</td>
<td>46</td>
</tr>
<tr>
<td>Great Extent</td>
<td>43</td>
</tr>
<tr>
<td>Moderate Extent</td>
<td>13</td>
</tr>
<tr>
<td>Little Extent</td>
<td>4</td>
</tr>
<tr>
<td>No Extent At All</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>111</td>
</tr>
</tbody>
</table>
4.6 The influence of Service Quality on Customer Satisfaction

Customers will always seek value for their money. The quality of a product/service is subject to how the customer perceives it and their expectation from the service provider.

4.6.1 Effects of Service Quality

The respondents were asked the extent to which they agree on the statements below on the effects of service quality on customer loyalty.

4.6.1 System Reliability and Responsiveness of the Bank

On the extent to which system reliability at Family Bank has improved my level of loyalty in the Bank, the respondents said to a great extent with a mean of 4.226 and a deviation of 0.118. Asked whether responsiveness of Family Bank’s financial services to my financial needs have increased chances of my continued banking with them, the respondents said it has to a great extent with a mean of 4.345 and a deviation of 0.025. These findings are well illustrated in the Table 4.12 below:

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>System reliability has improved my loyalty</td>
<td>4.226</td>
<td>0.118</td>
</tr>
<tr>
<td>in the Bank</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Responsiveness of Family Bank’s financial</td>
<td>4.345</td>
<td>0.025</td>
</tr>
<tr>
<td>services</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.6.2 Responsiveness of the Bank to Customer Needs and Affairs

On the exact fit of Family Bank products to my business needs has improved my level of loyalty in the Bank, the respondents said to a great extent with a mean of 4.012 and a deviation of 0.452. On the flexibility of the Bank in dealing with my financial needs has improved my level of loyalty in the Bank, the respondents said to a great extent with a mean of 4.156 and a deviation of 0.143. On whether the level of openness in reflecting entries on my account has improved my level of loyalty in the Bank, the respondents said to a great extent with a mean of 4.238 and a deviation of 0.632. These findings are well illustrated in the Table 4.13 below:
Table 4.13: Responsiveness of the Bank to Customer Needs and Affairs

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>The exact fit of Family Bank products to my business needs</td>
<td>4.012</td>
<td>0.452</td>
</tr>
<tr>
<td>The flexibility of the Bank in dealing with my financial needs</td>
<td>4.156</td>
<td>0.143</td>
</tr>
<tr>
<td>The level of openness in reflecting entries on my account</td>
<td>4.238</td>
<td>0.632</td>
</tr>
</tbody>
</table>

4.6.3 Employee Courteousness

On the extent to which the level of employee courteousness has improved my level of loyalty in the Bank, the respondents said to a very great extent with a mean of 4.635 and a deviation of 0.116. On the extent to which highly skilled employees at Family Bank in financial advisory has improved my level of loyalty in the Bank, the respondents said to a very great extent with a mean of 4.112 and a deviation of 0.382.

On the extent to which the high level of accuracy among staff at Family Bank has improved my level of loyalty in the Bank, the respondents said to a great extent with a deviation of 4.369 and a mean of 0.113. These findings are well illustrated in the Table 4.14 below:

Table 4.14: Employee Courteousness

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level of employee courteousness has improved my loyalty</td>
<td>4.635</td>
<td>0.116</td>
</tr>
<tr>
<td>Highly skilled employees at Family Bank in financial advisory</td>
<td>4.112</td>
<td>0.382</td>
</tr>
</tbody>
</table>

4.6.4 Bank Settings

On the extent to which the ambience of Family Bank banking halls has improved my level of loyalty in the Bank, the respondents said to a great extent with a mean of 4.382 and a deviation of 0.282. On the extent to which the organization of service delivery in the Bank has improved my level of loyalty in the Bank, the respondents said to a great extent with a mean of 4.452 and a deviation of 0.424.

On the extent to which easy accessibility to Family Bank branches has improved customers’ level of loyalty in the Bank, the respondents said to a great extent with a mean of 4.285 and a deviation of 0.254. On effective customer complaints management system at Family Bank had improved customers’ level of loyalty in the Bank, the respondents
said to a great extent with a mean of 4.338 and a deviation of 0.462. These findings are well illustrated in the Table 4.15 below:

Table 4.15: Bank Settings

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ambience of Family Bank banking halls improved my loyalty</td>
<td>4.382</td>
<td>0.282</td>
</tr>
<tr>
<td>Organization of service delivery has improved my loyalty</td>
<td>4.452</td>
<td>0.424</td>
</tr>
<tr>
<td>High level of accuracy among staff at Family Bank</td>
<td>4.369</td>
<td>0.113</td>
</tr>
<tr>
<td>Easy accessibility to Family Bank</td>
<td>4.285</td>
<td>0.254</td>
</tr>
<tr>
<td>Effective customer complaints management system</td>
<td>4.338</td>
<td>0.462</td>
</tr>
</tbody>
</table>

4.6.5 Information Management in the Bank

On good information management at Family Bank has improved my level of loyalty in the Bank, the respondents said to a great extent with a mean of 4.685 and a deviation 0.382. On the clear communication channels at Family Bank has improved my level of loyalty in the Bank, the respondents said to a great extent with a mean of 4.228 and a deviation of 0.452. On the flexibility, the respondents said to a great extent with a mean of 4.196 and a deviation of 0.336. Flexibility enables the company to be able to adjust to the changing business environments and still provide quality services thus enhancing customer satisfaction.

In your opinion, what other service quality aspects have improved your loyalty level at Family Bank Kenya Limited. From the responses the respondents highlighted that the banks communication cahnnel are clear and that information is accurately passed from the employees to the customers. The customers also highlighted that they ease with which they can access the banks services is convinient. The respondents also pointed out that the employees of the bank are highly skilled and conversant with the operations of the bank and thus serve customers promptly increasing their satisfaction. These findings are well illustrated in the Table 4.16 below:

Table 4.16: Information Management in the Bank

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good information management at Family Bank</td>
<td>4.685</td>
<td>0.382</td>
</tr>
<tr>
<td>Clear communication channels at Family Bank</td>
<td>4.228</td>
<td>0.452</td>
</tr>
<tr>
<td>Flexible</td>
<td>4.196</td>
<td>0.336</td>
</tr>
</tbody>
</table>
4.6.2 Extent of Influence of Service Quality

The study sought to establish to what extent service quality of Family Bank affects level of customer loyalty. From the findings 56% said to a very great extent, 28% said to a great extent, 8% said to a moderate extent, 5% said to a little extent and 3% said to no extent at all. The findings are shown in Table 4.17

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Great Extent</td>
<td>62</td>
<td>56%</td>
</tr>
<tr>
<td>Great Extent</td>
<td>31</td>
<td>28%</td>
</tr>
<tr>
<td>Moderate Extent</td>
<td>9</td>
<td>8%</td>
</tr>
<tr>
<td>Little Extent</td>
<td>6</td>
<td>5%</td>
</tr>
<tr>
<td>No Extent At All</td>
<td>3</td>
<td>3%</td>
</tr>
<tr>
<td>Total</td>
<td>111</td>
<td>100%</td>
</tr>
</tbody>
</table>

4.7 Inferential Statistics

The researcher conducted a multiple regression analysis so as to find out the extent to which the factors influenced customer loyalty at Family Bank Kenya Limited. The researcher applied the statistical package for social sciences (SPSS) to code, enter and compute the measurements of the multiple regressions for the study. Coefficient of determination explains the extent to which changes in the dependent variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable (customer loyalty) that is explained by all the three independent variables (customer satisfaction, brand image and Service quality).

The three independent variables that were studied, explain only 74.5% of the customer loyalty among customers of Family Bank Kenya Limited as represented by the $R^2$. This therefore means that other factors not studied in this research contribute 25.5% of the customer loyalty among customers at Family Bank Kenya Limited. Therefore, further research should be conducted to investigate the other factors (25.5%) that influence customer loyalty among customers at Family Bank Kenya Limited. These findings are shown in Table 4.18 below:

<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>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.863(a)</td>
<td>.745</td>
<td>.721</td>
<td>.951</td>
<td>0.034</td>
</tr>
</tbody>
</table>
Table 4.19: Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td>B</td>
</tr>
<tr>
<td>(Constant)</td>
<td>3.374</td>
<td>.842</td>
<td></td>
<td>4.009</td>
</tr>
<tr>
<td>Customer satisfaction</td>
<td>0.853</td>
<td>.146</td>
<td>0.330</td>
<td>2.276</td>
</tr>
<tr>
<td>Brand image</td>
<td>0.205</td>
<td>.105</td>
<td>0.089</td>
<td>.849</td>
</tr>
<tr>
<td>Service quality</td>
<td>0.753</td>
<td>.088</td>
<td>0.167</td>
<td>1.379</td>
</tr>
</tbody>
</table>

The researcher conducted a multiple regression analysis so as to determine the extent to which the factors identified affected customer loyalty among customers at Family Bank Kenya Limited. As per the SPSS generated Table 4.9, the equation \( Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \varepsilon \) becomes:

\[
Y = 3.374 + 0.156X_1 + 0.853X_2 + 0.169X_3
\]

Where \( Y \) is the dependent variable (customer loyalty) \( X_1 \) is customer satisfaction independent variable, \( X_2 \) is brand image independent variable while \( X_3 \) is Service quality independent variable.

According to the regression equation established, taking all factors (customer satisfaction, brand image, Service quality) constant at zero, the customer loyalty among customers at Family Bank Kenya Limited will be 3.374. The data findings analyzed also shows that taking all other independent variables at zero, a unit increase in customer satisfaction will lead to a 0.853 increase in the customer loyalty. A unit increase in brand image will lead to a 0.753 customer loyalty among customers at Family Bank Kenya Limited; a unit increase in service quality will lead to a 0.205 success in customer loyalty among customers at Family Bank Kenya Limited; this infers that customer satisfaction contributes more to the customer loyalty among customers at Family Bank Kenya Limited. At 5% level of significance and 95% level of confidence, brand image showed a 0.0067 level of significant, service quality had a significant level of 0.0041; while customer satisfaction showed a 0.0015 level of significance hence the most significant factor in determination of customer loyalty among customers at Family Bank Kenya Limited.
4.8 Correlation Analysis

In order to whether customer satisfaction, brand image and service quality influence customer satisfaction, a Pearson product moment correlation analysis was used. A correlation is a number between -1 and +1 that measures the degree of association between two variables. The correlation coefficient value \( r \) ranging from 0.10 to 0.29 is considered to be weak, from 0.30 to 0.49 is considered medium and from 0.50 to 1.0 is considered strong. A positive value for the correlation implies a positive. A negative value for the correlation implies a negative or inverse association.

According to the correlation matrix, there is a positive and significant relationship between customer satisfaction, brand image, service quality and customer loyalty. The correlation between customer satisfaction and customer loyalty was of magnitude 0.721 with a \( p \) value of 0.001. The positive correlation between customer satisfaction and brand image was of magnitude 0.882 with a \( p \)-value of 0.003. The correlation between service quality and customer loyalty was of a magnitude of 0.873 and a \( p \)-value of 0.002.

The positive relationship indicates that there is a correlation between the factors and customer loyalty. The positive \( p \)-values indicates that there is a correlation between the factors and customer loyalty. This notwithstanding, all the factors were significant (\( p \)-value <0.05) at 95% confidence.

Table 4.20: Correlations Matrix

<table>
<thead>
<tr>
<th>Loyalty</th>
<th>Customer satisfaction</th>
<th>Brand image</th>
<th>Service Quality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loyalty</td>
<td>Pearson Correlation</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer satisfaction</td>
<td>Pearson Correlation</td>
<td>.721</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.001</td>
<td>.003</td>
</tr>
<tr>
<td>Brand image</td>
<td>Pearson Correlation</td>
<td>.882</td>
<td>.763</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.003</td>
<td>.012</td>
</tr>
<tr>
<td>Service quality</td>
<td>Pearson Correlation</td>
<td>.873</td>
<td>.821</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.002</td>
<td>.049</td>
</tr>
</tbody>
</table>
4.9 Chapter Summary

On customer satisfaction and customer loyalty, the ability of the of the bank to provide services as promised affected their loyalty to a great extent while diverse financial products availed to customers improved customers’ intention to continue banking with Family Bank Kenya Limited. The ability of the services to meet customers’ financial needs improve the chances of their continued banking at Family Bank thereby improving customer loyalty. Family Bank as a bank established to support people seeking individual growth opportunities improved customer satisfaction. Family Banks creativity in credit administration and entrepreneurial development history both improved customer loyalty to the Bank to a great extent. Family Bank’s Mission and vision and positive reputation promoted customers’ continued loyalty in their services to a very great extent. Family Bank’s strong client relation management motivates customers to continue banking with them to a great extent. On service quality, system reliability, responsiveness of the Bank’s financial services to customers’ financial needs and exact fit of Family Bank products to customer business needs all improved customers satisfaction and wanting to continue banking with Family Bank. Next is chapter five which presents the discussions, conclusions and recommendations.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presented the summary of key data findings, conclusion drawn from the findings highlighted and recommendation made there-to. The chapter also gives the conclusions from the study based on the objectives and gives the recommendation. The purpose of the study was to establish the factors influencing customer loyalty at Family Bank Kenya Limited.

5.2 Summary

The purpose of the study was to establish the factors influencing customer loyalty at Family Bank Kenya Limited. The research questions included: To what extent does customer satisfaction influence customer loyalty at Family Bank Kenya limited? To what extent does brand image influence customer loyalty at Family Bank Kenya limited? And to what extent does service quality affect customer loyalty at Family Bank Kenya limited? The study specifically looked at how customer satisfaction, brand image and service quality affect customer satisfaction.

The study adopted a descriptive research design. The design is concerned with finding out the what, where and how of a phenomenon and thus was appropriate for the study. The main objective of the study was to investigate the factors influencing customer loyalty at Family Bank Kenya Limited. The study specifically looked at how customer satisfaction, brand image and service quality affect customer satisfaction. The scope of the study was limited to the 1384 corporate customers of Family Bank Ltd based in Nairobi. The study relied on insights drawn from its employees on their urge to continue banking with family Bank Kenya Limited. The target population was then stratified into corporate customers or mass market customers and stratified random sampling method was used to select a sample size of 166 respondents. The study had a response rate of 67%. This was statistically significant to analyze the data.
Regarding customer satisfaction on customer loyalty, the study established that the ability of the bank to provide services as promised meets customers’ expectation of service affected their loyalty to a great extent. Further, the diverse financial products availed to customers by the Bank improved their intention to continue banking with Family Bank to a great extent. Customers were also more likely to be loyal if the services meet their financial needs. This could be achieved through customized financial services to customer needs as it also promoted customer loyalty. The Bank can also promote customer loyalty by matching its financial services to customers’ expectations as this affected customer loyalty to a great extent. The bank could also increase customer loyalty through ensuring easy accessibility by customers besides having friendly staff to customers as these too influenced customer loyalty to a great extent. Good knowledge and understanding of family banks operations among staff improves customer loyalty to a great extent. This enables customers to communicate effectively with customers and perform accurately their function to improve customer loyalty to a great extent. The findings further show that prompt response on customer queries by staff, the safety of financial transactions at the Bank, extended banking hours and the extent to which Family Bank’s invests in diverse information technology platforms had improved the chances of the respondents’ continued transacting with the Bank.

In as far as brand loyalty affects customer satisfaction, the findings show that the respondents viewed Family Bank as a bank established to support people seeking individual growth opportunities. They noted that continued partnership with customers in their financial needs had promoted their loyalty levels to a great extent. The creativity of the Bank in credit administration, the Bank’s entrepreneurial development history and the Bank’s corporate colors motivate customers to remain loyal. In addition, the Bank’s Mission and vision, overall culture, and positive reputation promoted customer loyalty to a great extent. In addition, the Bank’s corporate slogan and logo promoted customer loyalty to a very great extent because it brought about brand associations. Other things that promoted customer loyalty here included Bank’s reliability, service quality culture and the Bank’s strong client relation management.
The study established the key variables as system reliability at Family Bank, responsiveness of Family Bank’s financial services to my financial needs, the exact fit of Family Bank products to my business needs, the flexibility of the Bank in dealing with my financial needs, the level of openness in reflecting entries on my account, the level of employee courteousness, which highly skilled employees, the ambience of Family Bank banking halls, the organization of service delivery in the Bank, high level of accuracy among staff, easy accessibility to Family Bank branches, effective customer complaints management system, good information management, clear communication channels and the flexibility affected the level of customer loyalty.

5.3 Discussion

5.3.1 Influence of Customer Satisfaction on Customer loyalty

The respondents said that the ability of the of the bank to provide services as promised meets customer expectation of service from the Bank the respondents affects customer loyalty to a great extent. The American society for Quality (2010) pointed out that Competitive advantage in service businesses derives largely from the service provider's ability to deliver quality service as promised. Asked to what extent the diverse financial products availed to me by Family Bank has improved customer intention to continue banking with them affects customer loyalty, the respondents said to a great extent. Akhter, Abbasi, Ali & Afzal (2011) established that differentiation of products adds value to the delivery system of services.

Regarding the extent to which the services meet customer financial needs improve the chances of customer continued banking at Family Bank affects customer loyalty, the respondents said to a very great extent. Customers remain loyal to the company that serves their needs and preferences with a total set of related products and services (Kahora, 2012). Asked the extent to which the financial services customized to customer financial need promote customer loyalty to Family Bank, the respondents said to a great. Customer satisfaction is generally understood as the satisfaction that a customer feels when comparing his preliminary expectations with the actual quality of the service or product acquired and how it is customized to meet the customers’ needs (Ongoto, 2010). Asked to what extent the match of bank services to customer expectations improve the
chances of customer continued banking with Family Bank the respondents said to a great extent. Ndungu (2012) pointed out that Satisfaction is a psychological construct that form the basis upon which the evaluation of the quality of a product or service is made. He further argued that satisfaction is determined by how a customer feels when comparing his preliminary expectations with the actual quality of the service or product acquired.

Asked to what extent easy accessibility to Family Bank has improved the chances of customer continued transacting with them the respondents said to a great extent. Access involves approachability and ease of contact. Abbasi, Khalid, Azam & Riaz (2010) pointed out that accessibility is one of the dimensions of service quality that influences customer satisfaction and thus promotes loyalty. Asked to what extent the friendliness of Family Bank staff has improved the chances of customer continued transacting with them, the respondents said to a great extent. Webster & Sundaram (2010) identified friendliness and smiling as one of the positive attitudes that spill over to the customers and promote retaining of the customers.

On the extent to which good knowledge and understanding of family banks operations among staff has improved the chances of customer continued transacting with them the respondents said to a great extent. Knowledge among employees on the operations of the bank is a reflection on their competence in task performance. A competent employee contributes to customer satisfaction (Akbar & Parvez, 2009). On the extent to which clear communication by Family Bank staff has improved the chances of customer continued transacting with them, the respondents said to a great extent. A service employee’s or provider’s communication style is likely to affect the quality of the service encounter by influencing the customer’s impression of the provider and the service firm (William, 2011).

Diverse access channels had improved the chances of customer continued transacting. Abbasi, Khalid, Azam & Riaz (2010) pointed out that customers are much more satisfied when they can easily access the services. He further pointed out that the service should be easily accessible through different channels so as the lines are not busy and they don’t put you on hold and the waiting time to receive service should be minimal.
Accuracy levels among Family Bank staff had improved the chances of customer continued transacting with them as indicated by majority of the respondents who said to a great extent. Competent employees are more accurate in service delivery. According to the American Society for Quality (2010) competency employees promotes reliability which influences customer satisfaction and in turn promotes loyalty. On the extent to which prompt response on customer queries by Family Bank staff has improved the chances of customer continued transacting with them, the respondents said to a great extent. One of the aspects that improve customer satisfaction is the willingness by the employees to provide service to the customers. Promptness in serving the customers increases their satisfaction and thus promoting their loyalty (Akbar & Parvez, 2009).

The safety of financial transactions at Family Bank had improved the chances of customer continued transacting with them, the respondents said to a very great extent. In the financial sector most of the customers are worried about their safety. Akbar & Parvez (2009) pointed out in their study that one of the factors that promote customer satisfaction is the assurance that their products are safe. Family Bank’s consideration of customer interest had improved the chances of customer continued transacting with them. One of the measures of credibility as pointed out by Ahmend et.al (2010) is the interest in any either the customer’s or the company’s needs. Family Bank’s extended banking hours had improved the chances of customer continued transacting with them. Ahmed et al (2010) points out that one of the factors that measure the accessibility of the organization is the extensive long hours that ensure customers get the services for a longer period of time.

Family Bank’s investment in diverse information technology platforms had improved the chances of customer continued transacting. Globalization has necessitated the need for companies to adopt new technology so at to remain competitive. The roles that improved technological factor play is better communication between the company and its customers. Customers who can easily access information are much more satisfied and thus improve their loyalty (Ahmed et. al, 2010).
The respondents indicated that the attributes of service quality were key in influencing their loyalty to family bank. The respondents also indicated that the relevance of the products offered by the bank to their needs and expectations influences their satisfaction which in the long run influences their loyalty. The respondents also cited that other aspects that influence their loyalty and satisfaction is the proximity and availability of fast services from the bank. Abbasi, Khalid, Azam & Riaz (2010) concluded on the different dimensions of service quality to be key in promoting customer satisfaction. They further concluded that reliability is the ability to perform the promised service consistently, dependably, and accurately. Reliability has often been cited as the most important dimension in assessing the quality of service and is therefore a fundamental requirement for businesses to compete in the marketplace.

The respondents were asked to what extent the level of satisfaction in services provided by Family Bank Kenya limited affected their decision to continue banking with this Bank. From the responses majority said to a very great extent. Zethaml et al. (1988) asserts that service quality is founded on a comparison between what the customer feels should be offered and what is provided. He further argues that if the customer’s expectations are met or exceeded, then the company is perceived to be offering higher service quality which increases the customers’ satisfaction and in turn increases the loyalty of the customer to the business.

5.3.2 Influence of Brand Image on Customer Loyalty

From the responses, the respondents said that they view Family Bank as a bank established to support people seeking individual growth opportunities to a great extent. Aaker (2004) points out that one of the many advantages of creating a positive brand of the product or an organization is that the support of the brand by the company to the customers. The respondents also said that Family Bank’s continued partnership with me in customer financial needs has promoted customer loyalty to the Bank to a great extent. Ongoto (2010) pointed out that one of the ways in which the organization can increase the customers level of satisfaction is by understanding the needs of the customers. On the extent to which Family Banks creativity in credit administration has improved customer
loyalty to the Bank the respondents said to a great extent. According to Financial Access Initiative (2009) financial institutions around the world compete against one another trying to attract and retain the same middle- to upper-income retail customers year after year in offering credit services to its customers.

Family Bank’s entrepreneurial development history had improved customer loyalty to the Bank. A reputable brand name is built overtime with the development of the organization. Wu (2011), pointed out that a brand name is an intangible signifier of the physical entity, acting as a surrogate for the individual characteristics of products or services, related more to the company’s reputation than to the lines it sells and thus companies need to develop the brand overtime. On whether Family Bank’s corporate colors motivate me to continue banking with them, the respondents said to a great extent. The common link between image and satisfaction is perceived quality (Solja, 2012).

Family Bank’s Mission and Vision promoted customer continued loyalty in their services to a very great extent. Corporate mission had to represent what business the organisation operates in, And by constantly having the corporate mission in mind an organisation can determine whether its actions and activities are in line with the overall aim and the core values of the organisation and whether it meets the customers’ needs (Mohammad, Seyyed & Nima, 2013). Family Bank’s overall culture had promoted customer loyalty in the Bank to a great extent. Family Bank’s positive reputation has improved customer loyalty in the Bank to a great extent. The reputation of the bank is a reflection of its credibility. Ahmed et.al (2010) points out that credibility involves trustworthiness, believability, honesty. It involves having the customer’s best interests at heart.

Family Bank’s corporate slogan motivates customers to continue banking with them to a great extent. Sirapracha & Tocquer (2013) asserts that a slogan is a memorable motto or phrase used as a repetitive expression of an idea or purpose. One of the advantages of a slogan according to the study is that a slogan is effective particularly for marketing a specific corporate images or connection to a product or consumer base. On the extent to which Family Bank’s logo motivates me to continue banking with them, the respondents
said to a very great extent. Saleem and Naintara (2014) points out that corporate culture is built around the same logo.

Family Bank’s reliability motivated customers to continue banking with them to a great extent. Reliability is the ability to perform the promised service consistently, dependably, and accurately. Reliability had often been cited as the most important dimension in assessing the quality of service and is therefore a fundamental requirement for businesses to compete in the marketplace (Abbasi, Khalid, Azam & Riaz, 2010). Family Bank’s service quality culture motivated customers to continue banking with them to a great extent. Afsar et al. (2010) put forth that SERVQUAL model can be used to measure the level of a company’s service as well as the overall service satisfaction. Family Bank’s strong client relation management motivated customers to continue banking with them, the respondents said to a great extent. Kumar, Batista & Maull (2011) pointed out that one of the strategies adopted by many organizations worldwide is to focus on creating long-term relationships with consumers, thereby building customer loyalty.

Family Bank’s loyal rewards program motivated customers to continue banking with them to a great extent. Murugan (2013) pointed out that Customer loyalty is viewed as a strategy that creates mutual rewards to benefit firms and customers. The respondents were asked in what other way corporate image has influenced their customer loyalty. From the responses the respondents said that the staff at the bank are well presentable and that the ambience of the bank is peaceful. The respondents also said that the bank has a reputable reputation in the banking industry that attracts more customers. The respondents also pointed out that the bank is accessible with extended banking hours thus attending to more customers in the same period. Kumar, Batista & Maull (2011) points out that corporate image has been found to positively influence customer satisfaction and thus promote customer loyalty. The respondents were asked to what extent corporate identity influences their customer satisfaction. Majority said to a very great extent. One might argue that a value is the foundation for ones identity, as a value is a standard, which justify our behaviour, which tells us how to act, and what attitudes to hold (Sirapracha & Tocquer, 2013).
5.3.3 Influence of Service Quality on Customer loyalty

The respondents were asked the extent to which they agree on the statements below on the effects of service quality on customer loyalty. On the extent to which system reliability at Family Bank has improved customer level of loyalty in the Bank, the respondents said to a great extent. Ahmed et. al. (2010) pointed out that reliability involves consistency of performance and dependability. It means that the firm performs the service right the first time. Asked whether responsiveness of Family Bank’s financial services to customer financial needs have increased chances of customer continued banking with them, the respondents said it has to a great extent. According to Ahmed et.al (2010) responsiveness concerns the willingness or readiness of employees to provide service. It involves timeliness of service. Employees that are responsive serve customers in a prompt manner increasing the satisfaction of the customers.

Family Bank products to customer business needs had improved customer level of loyalty in the Bank to a great extent. Customers will do repeat business on goods that are useful to their needs. Munene (2010) argues that loyalty occurs when the customer feels that the firm and its products and services can best meet his/her relevant needs. The flexibility of the Bank in dealing with customer financial needs has improved customer level of loyalty in the Bank to a great extent. Flexibility enables the bank to be able to adjust to the different market conditions and still provide services that meet the needs of the customer to its customers (Munene, 2010). The level of openness in reflecting entries on customer account has improved customer level of loyalty in the Bank, the respondents said to a great extent. One of the ways through which an organization can promote its openness to its customers is through the availability of information. The service brand name is an important source of information to the customer, because service attributes are difficult to communicate via other means (Sirapracha & Tocquer, 2013).

The level of employee courteousness has improved customer level of loyalty in the Bank to a very great extent. One of the aspects of service quality according to Ahmed et. al. (2010) is courtesy. He highlighted that courtesy involves politeness, respect, consideration, and friendliness of contact personnel as well as consideration of the customers’ property and needs. Highly skilled employees at Family Bank in financial
advisory had improved customer level of loyalty in the Bank, the respondents said to a very great extent. Qualified and skilled employees within an organization are a sign of their competence. Ahmed et al. (2010) identified courtesy as one of the dimensions of service quality that enhance customer satisfaction hence customer loyalty.

The ambience of Family Bank banking halls has improved customer level of loyalty in the Bank, the respondents said to a great extent. As the competitive environment increasingly becomes fierce, the most important issue the sellers face is no longer to provide excellent, good quality products or services, but also to ensure the environment where they provide their services is conducive so as to keep the loyal customers who will contribute long-term profit to organizations (Omenye, 2013). The organization of service delivery in the Bank had improved customer level of loyalty in the Bank, the respondents said to a great extent. To enhance service delivery, employees are supposed to be approachable, warm, friendly, and helpful and display a positive attitude. Customers "catch" the displayed emotions of employees (Webster & Sundaram, 2010).

High level of accuracy among staff at Family Bank has improved customer level of loyalty in the Bank to a great extent. Reliability as a dimension of service quality involves the consistency of performance and dependability. Ahmed et. al. (2010) points out that one of the indicators of reliability is the reliability of the organization in the services they provide. On the extent to which easy accessibility to Family Bank branches has improved customer level of loyalty in the Bank, the respondents said to a great extent. Access involves approachability and ease of contact, convenient hours of operation and convenient location of service facility (Ahmed et.al. 2010). Effective customer complaints management system at Family Bank had improved customer level of loyalty in the Bank to a great extent. When the satisfaction is low customers have the option to exit (for instance going to a competitor) or express their complaints. Researchers have shown that 60–80% of customers who defect to a competitor said they were satisfied or very satisfied on the survey just prior to their defection (Nawaser and Jahanshahi, 2010).

Good information management at Family Bank has improved customer level of loyalty in the Bank to a great extent. Clear communication channels at Family Bank had improved
customer level of loyalty in the Bank to a great extent. A service employee’s or provider’s communication style is likely to affect the quality of the service encounter by influencing the customer’s impression of the provider and the service firm (William, 2011). On the flexibility, the respondents said to a great extent. Flexibility enables the company to be able to adjust to the changing business environments and still provide quality services thus enhancing customer satisfaction. The study established that the extent of service quality of Family Bank affects level of customer loyalty. Ahmed et. al. (2010) pointed out on the significance of the dimensions of service quality in enhancing customer satisfaction. He points out that reliability, responsiveness, competence, access, courtesy, communication, credibility, security understanding and physical facilities are all key in influencing customer satisfaction.

5.4 Conclusion

5.4.1 Influence of Customer Satisfaction on Customer Loyalty

The study concludes that there is a significant relationship between customer satisfaction and customer loyalty. The study concludes that the ability of the of the bank to provide services as promised meets their expectation of service from the Bank. The study also concludes that the diverse financial products availed to the customers meets the needs of the customer. The study also concludes that the services provided meet their financial needs to improve the chances of customer continued banking at Family Bank. The study also concludes that easy accessibility to Family Bank has improved the chances of the employees to transact with them. The study also concludes that good knowledge and understanding of family banks operations among staff, diverse access channels, accuracy levels among Family Bank staff, extended banking hours and Family Bank’s investment in diverse information technology has improved the level of services being offered by the bank to the customers and thus improved the customer satisfaction levels.

5.4.2 Influence of Brand Image on Customer Loyalty

The study concludes that the brand image is key in influencing the customers’ loyalty to a great extent. The study concludes that Family Bank’s continued partnership with the customers’ financial needs has promoted the customer loyalty to the Bank. The study also concludes that family Banks creativity in credit administration has improved the
customers’ loyalty to the Bank. The study also concludes that the Family Bank’s corporate colors, their positive reputation, corporate slogan, Mission and Vision and the overall culture has given the bank a positive reputation within the industry and thus improved the loyalty of the customers. The Banks logo and reward system has enabled the bank to build a reputable name for itself within the banking industry.

5.4.3 Influence of Service Quality on Customer Loyalty

The study concludes that service quality is key in influencing customer loyalty and influences it to a very great extent. The study concludes that system reliability at Family Bank, Responsiveness of Family Bank’s financial services, flexibility of the Bank in dealing with financial needs, the level of openness in reflecting entries on customer account and the level of employee courteousness, highly skilled employees, the ambience of Family Bank banking halls has improved customer level of loyalty in the Bank, the organization of service delivery, easy accessibility to Family Bank branches, effective customer complaints management system at Family Bank and good information management are all attributes of service quality that influence the loyalty of customers at Family Bank.

5.5 Recommendation

5.5.1 Recommendation for Customer Loyalty

5.5.1.1 Influence of Customer Satisfaction on Customer Loyalty

The study recommends that the bank provides diversified products that will meet the needs and expectations of the different categories of customers at family bank. The study also recommends that Family bank innovate products that address the different financial needs of the customers in order to meet their expectations. The study further recommends that the bank increases the number of communication channels by maintaining an active online presence as well as providing services such as SMS call centres so as to improve the communication channel problems that results from having to wait for customer care attendants while on hold. The Bank needs to increase its ATM cash points so as to make sure that customers can access their funds with ease. The Bank should ensure that it remains open for longer working hours so as to increase their accessibility. The Bank
should invest in the training of the employees on customer service so as to ensure that the employees are conversant with the operations of the bank that relate to customer needs. The Bank invests in an intensive orientation and induction program that will enable the employees be conversant with all the operations of the bank and have a good knowledge and understanding of family bank staff. The Bank needs to improves its communication channels so as to enable prompt response on the customers queries from the bank. The Bank should also ensure that all its mechanisms are safe for financial transactions so as to improve the confidence of the customers in the banks operations.

5.5.1.2 Influence of Brand Image on Customer Loyalty

The study recommends that the Bank strives to improve its image among the consumer by participating in various CSR projects that will enable them to offer support to people seeking growth opportunities. Family Bank’s needs to promote continued partnership with business people so as to enable them gain growth in the business area. The Bank also needs to hold enterprenurial development training among its customers as a way of improving their business skills and also as a support to the employees that will give them a good name among the employees. The Bank needs to invest in its brandings such as through the corporate colours and its logo sa as to be attractive and entice customers. The Bank need to maintain a captivating mission and vision statements as well as align its strategies in line with the vision and mission. The Bank needs to adopt a corporate culture that will motivate its employees and provide them with a good working environments and thus they will relate well with the customers. The bank should also ensure that its puts up measures in place that will see it become more reliable to the customers in terms of service delivery.

5.5.1.3 Influence of Service Quality on Customer Loyalty

The study recommends that the bank improves its technological infrastructure so as to be able to improve the rate of response to the customers’ queries and also ensures delivery of services in a fast and efficient manner. The Bank should develop products that are fit to the needs of its customers and other customers in the banking industry so as to gain a competitive advantage. The Bank should maintain an open communication channel with its customer. This will enable the ease of access of information by customers so as to
ensure that the customers can access relevant information at any given time. The Bank should also ensure they train their employees on the attributes of service quality so as to be able to promote high quality service delivery and enhance customer satisfaction. The bank should also ensure that it invests in the hiring and recruitment policies so as to ensure that the bank hires qualified staff that are competent. The Bank should provide a conducive ambience for its customers so as to improve its level of customer satisfaction. The Bank should also create an effective customer complaints management system at Family Bank so as to ensure that the customers’ complaints are handled promptly to enhance their satisfaction.

5.5.2 Recommendations for Further Research

The study recommends that a similar study be conducted across all other financial institutions in the country. This will enable the generalization of the study. Since the findings of this study are only based on the responses of customers’ at Family Bank.
REFERENCES


APPENDICES

Appendix I: Questionnaire Cover Letter

UNITED STATES INTERNATIONAL UNIVERSITY

RE: Survey Questionnaire

Dear Respondent,

I am a post-graduate student studying for a Degree of Executive Master of Organizational Development (EMOD) at the United States International University. The PURPOSE OF THE STUDY IS TO ESTABLISH THE FACTORS INFLUENCING CUSTOMER LOYALTY AT FAMILY BANK KENYA LIMITED.

You are part of the selected sample of respondents whose views I seek on the above-mentioned matter. Your honest answers will be completely anonymous, but your views, in combination with those of others are extremely important in this research. All the information you provide will be treated with strict confidentiality and used for the purpose of completing this study only. Please answer the questions as accurately as possible. Tick the appropriate answer for each question and answer all questions please.

I guarantee that all information will be handled with the Strict Confidentiality.

Thank you for your cooperation

Karambu Kabira
Appendix II: Mass Market Questionnaire

MASS MARKET CUSTOMERS QUESTIONNAIRE

FACTORS INFLUENCING CUSTOMER LOYALTY AMONG COMMERCIAL BANKS IN KENYA: A CASE STUDY OF FAMILY BANK KENYA LIMITED

Date ____________________________

Please take a few minutes to complete this questionnaire. Your honest answers will be completely anonymous, but your views, in combination with those of others are extremely important in this research. Kindly answer all questions.

PART A: Demographic Information

(Please tick one box for each of the questions)

What kind of account do you maintain at Family Bank Kenya Limited

Current Account ☐ Savings Account ☐ Both Current and Savings ☐

For how long have you been banking at Family Bank Kenya Limited?

Below 3 years ☐ 4-6 years ☐ 7-9 years ☐ 10 years and above ☐

SECTION B: EFFECTS OF CUSTOMER SATISFACTION ON CUSTOMER LOYALTY

Below are several statements on the extent to which the level of customer satisfaction affects customer loyalty. Please indicate the extent to which they would influence your loyalty to Family Bank Kenya Limited. Use a scale of 1-5 where 1= not at all, 2= to a little extent, 3= moderate extent, 4= great extent and 5= very great extent.

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>The ability of the bank to provide services as promised meets my expectation of service from the Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The diverse financial products availed to me by Family Bank has improved my intention to continue banking with them</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The extent to which the services meet my financial needs improve the chances of my continued banking at Family Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>--------------------------------------------------</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial services customized to my financial need promote my loyalty to Family Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The match of bank services to my expectations improve the chances of my continued banking with Family Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Easy accessibility to Family Bank has improved the chances of my continued transacting with them</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The friendliness of Family Bank staff has improved the chances of my continued transacting with them</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Good knowledge and understanding of family banks operations among staff has improved the chances of my continued transacting with them</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clear communication by Family Bank staff has improved the chances of my continued transacting with them</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diverse access channels have improved the chances of my continued transacting with them</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accuracy levels among Family Bank staff has improved the chances of my continued transacting with them</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prompt response on my queries by Family Bank staff has improved the chances of my continued transacting with them</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The safety of financial transactions at Family Bank has improved the chances of my continued transacting with them</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Family Bank’s consideration of my interest has improved the chances of my continued transacting with them</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Family Bank’s extended banking hours has improved the chances of my continued transacting with them</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Family Bank’s investment in diverse information technology platforms has improved the chances of my continued transacting with them</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
In your opinion, in what other ways has the level of satisfaction affected your loyalty to Family Bank Kenya Limited?

________________________________________________________________________

________________________________________________________________________

To what extent has the level of satisfaction in services provided by Family Bank Kenya Limited affected your decision to continue banking with this Bank?

Very great extent

Great extent

Moderate extent

To a little extent,

To no extent,

PART C: BRAND IMAGE AND CUSTOMER LOYALTY

Below are several statements on the effects of brand image on customer loyalty. Please indicate the extent to which they have influenced your loyalty to Family Bank Kenya Limited. Use a scale of 1-5 where 1= not at all, 2= to a little extent, 3= moderate extent, 4= great extent and 5= very great extent.

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>I view Family Bank as a bank established to support people seeking individual growth opportunities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Family Bank’s continued partnership with me in my financial needs has promoted my loyalty to the Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Family Banks creativity in credit administration has improved my loyalty to the Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Family Bank’s entrepreneurial development history has improved my loyalty to the Bank.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Family Bank’s Corporate colours motivate me to continue banking with them</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Family Bank’s Mission and vision promote my continued loyalty in their services

Family Bank’s overall culture has promoted my loyalty in the Bank

Family Bank’s positive reputation has improved my loyalty in the Bank

Family Bank’s Corporate slogan motivates me to continue banking with them

Family Bank's logo motivates me to continue banking with them

Family Bank’s reliability motivates me to continue banking with them

Family Bank’s service quality culture motivates me to continue banking with them

Family Bank’s strong client relation management motivates me to continue banking with them

Family Bank’s loyal rewards program motivates me to continue banking with them

| In your opinion, in what other ways has corporate image of family Bank influenced the level of your loyalty to the Bank? |
|__________________________________________________________________________________________________________________________________________|
|__________________________________________________________________________________________________________________________________________|

In General, to what extent does corporate identity of Family Bank affect your level of customer loyalty?

Very great extent

Great extent

Moderate extent

To a little extent,
To no extent,  

PART D: SERVICE QUALITY AND CUSTOMER LOYALTY

Below are dimensions of service quality that influence customer loyalty. Please indicate the extent to which they would influence your loyalty to Family Bank Kenya Limited. Use a scale of 1-5 where 1= not at all, 2= to a little extent, 3= moderate extent, 4= great extent and 5= very great extent.

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>System reliability at Family Bank has improved my level of loyalty in the Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Responsiveness of Family Bank’s financial services to my financial needs have increased chances of my continued banking with them</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The exact fit of Family Bank products to my business needs has improved my level of loyalty in the Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The flexibility of the Bank in dealing with my financial needs has improved my level of loyalty in the Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The level of openness in reflecting entries on my account has improved my level of loyalty in the Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The level of employee courteousness has improved my level of loyalty in the Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Highly skilled employees at Family Bank in financial advisory has improved my level of loyalty in the Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The ambience of Family Bank banking halls has improved my level of loyalty in the Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The organization of service delivery in the Bank has improved my level of loyalty in the Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The high level of accuracy among staff at Family Bank has improved my level of loyalty in the Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Easy accessibility to Family Bank branches has improved my</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
In your opinion, what other service quality aspects have improved your loyalty level at Family Bank Kenya Limited?

________________________________________________________________________
______________________________________________________________________

In General, to what extent does service quality of Family Bank affect your level of customer loyalty?

Very great extent

Great extent

Moderate extent

To a little extent,

To no extent,
Appendix III: Corporate Customers Questionnaire

CORPORATE CUSTOMERS QUESTIONNAIRE

FACTORS INFLUENCING CUSTOMER LOYALTY AMONG COMMERCIAL BANKS IN KENYA: A CASE STUDY OF FAMILY BANK KENYA LIMITED

Date ________________________________________________

Please take a few minutes to complete this questionnaire. Your honest answers will be completely anonymous, but your views, in combination with those of others are extremely important in this research. Kindly answer all questions.

PART A: Demographic Information

(Please tick one box for each of the questions)

In what category among these is your firm?

Agriculture

Telecommunication and Technology

SME Businesses

Other Please Specify

What position do you hold in your organization?

Chief Finance Officer

Accountant

Other Please specify

How many years have you worked with this organization?

Below 5 years

6-15 years

Above 16 years

Section B: Effects of Customer Satisfaction on Customer Loyalty
Below are several statements on the extent to which the level of customer satisfaction affects customer loyalty. Please indicate the extent to which they would influence your loyalty to Family Bank Kenya Limited. Use a scale of 1-5 where 1= not at all, 2= to a little extent, 3= moderate extent, 4= great extent and 5= very great extent.

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>The ability of the bank to provide services as promised meets my expectation of service from the Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The diverse financial products availed to me by Family Bank has improved my intention to continue banking with them</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The extent to which the services meet my financial needs improve the chances of my continued banking at Family Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial services customized to my business need promote my loyalty to Family Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The match of bank services to my expectations improve the chances of my continued banking with Family Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Easy accessibility to Family Bank has improved the chances of my continued transacting with them</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The friendliness of Family Bank staff has improved the chances of my continued transacting with them</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Good knowledge and understanding of family banks operations among staff has improved the chances of my continued transacting with them</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clear communication by Family Bank staff has improved the chances of my continued transacting with them</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diverse access channels have improved the chances of my continued transacting with them</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accuracy levels among Family Bank staff has improved the chances of my continued transacting with them</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prompt response on my queries by Family Bank staff has improved the chances of my continued transacting with them</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The safety of financial transactions at Family Bank has improved</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
the chances of my continued transacting with them

Family Bank’s consideration of my interest has improved the chances of my continued transacting with them

Family Bank’s extended banking hours has improved the chances of my continued transacting with them

Family Bank’s investment in diverse information technology platforms has improved the chances of my continued transacting with them

---

In your opinion, in what other ways has the level of satisfaction affected your loyalty to Family Bank Kenya Limited?

__________________________________________________________________

__________________________________________________________________

To what extent has the level of satisfaction in services provided by Family Bank Kenya limited affected your decision to continue banking with this Bank?

Very great extent

Great extent

Moderate extent

To a little extent,

To no extent,

---

**PART C: Brand Image and Customer Loyalty**

Below are several statements on the effects of brand image on customer loyalty. Please indicate the extent to which they have influenced your loyalty to Family Bank Kenya Limited. Use a scale of 1-5 where 1= not at all, 2= to a little extent, 3= moderate extent, 4= great extent and 5= very great extent.
I view Family Bank as a bank established to support people seeking growth opportunities

Family Bank’s continued partnership with business people has promoted my loyalty to the Bank

Family Banks creativity in credit administration has improved my loyalty to the Bank

Family Bank’s entrepreneurial development history has improved my loyalty to the Bank.

Family Bank’s Corporate colours motivate me to continue banking with them

Family Bank’s Mission and vision promote my continued loyalty in their services

Family Bank’s overall culture has promoted my loyalty in the Bank

Family Bank’s positive reputation has improved my loyalty in the Bank

Family Bank’s Corporate slogan motivates me to continue banking with them

Family Bank’s logo motivates me to continue banking with them

Family Bank’s reliability motivates me to continue banking with them

Family Bank’s service quality culture motivates me to continue banking with them

Family Bank’s strong client relation management motivates me to continue banking with them

Family Bank’s loyal rewards program motivates me to continue banking with them

In your opinion, in what other ways has corporate image of family Bank influenced the level of your loyalty to the Bank?
In General, to what extent does corporate identity of Family Bank affect your level of customer loyalty?

Very great extent

Great extent

Moderate extent

To a little extent,

To no extent,

**PART D: SERVICE QUALITY AND CUSTOMER LOYALTY**

Below are dimensions of service quality that influence customer loyalty. Please indicate the extent to which they would influence your loyalty to Family Bank Kenya Limited. Use a scale of 1-5 where 1= not at all, 2= to a little extent, 3= moderate extent, 4= great extent and 5= very great extent.

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>System reliability at Family Bank has improved my level of loyalty in the Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Responsiveness of Family Bank’s financial services to my financial needs have increased chances of my continued banking with them</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The exact fit of Family Bank products to my business needs has improved my level of loyalty in the Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The flexibility of the Bank in dealing with my financial needs has improved my level of loyalty in the Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The level of openness in reflecting entries on my account has improved my level of loyalty in the Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The level of employee courteousness has improved my level of</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>loyalty in the Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----------------------------------------------------------------------------------</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Highly skilled employees at Family Bank in financial advisory</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>has improved my level of loyalty in the Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The ambience of Family Bank banking halls has improved my level of loyalty in the Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The organization of service delivery in the Bank has improved my level of loyalty in the Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The high level of accuracy among staff at Family Bank has improved my level of loyalty in the Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Easy accessibility to Family Bank branches has improved my level of loyalty in the Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effective customer complaints management system at Family Bank has improved my level of loyalty in the Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Good information management at Family Bank has improved my level of loyalty in the Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clear communication channels at Family Bank has improved my level of loyalty in the Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Flexible</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In your opinion, what other service quality aspects at Family Bank have improved your loyalty level at Family Bank Kenya Limited?

_________________________________________________________________________________
_________________________________________________________________________________

In General, to what extent does service quality of Family Bank affect your level of customer loyalty?

Very great extent
Great extent
Moderate extent
To a little extent,
To no extent,