

**THE EFFECTS OF INFORMATION, COMMUNICATION, TECHNOLOGY ON
CUSTOMER RETENTION IN BANKING INDUSTRY. (CASE STUDY: KOTIDO).**

BY

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DECLARATION

I hereby declare that this Research report is my own work carried out by myself and that it is my original work which has never been presented by anybody else to any other University for award of any Degree/Diploma or Certificate except where due acknowledgement has been made .

Signed.....

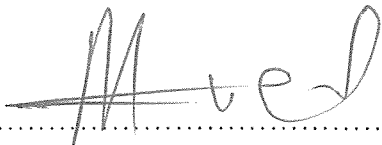
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APPROVAL

This is to certify that this research report under the title effect of Information, Communication, Technology on Customer retention in Banking Industry (Case Study-Kotido) was submitted with my approval as University Supervisor.

Signed:  Date: 04-OCT-2014

Mr. Ebong Charles

Supervisor

DEDICATION

I dedicate this research Report to God the almighty, the alpha and the Omega.

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My First appreciation goes to God Almighty for his divine guidance and abundant Grace. Indeed great is thy faithfulness.

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ABSTRACT

The study investigated the effects of Information, Communication and Technology on customer retention in the banking industry in Kotido that is Stanbic and Centenary Banks as Case study. Fifty Respondents which included Customers and management of both Centenary and Stanbic banks respectively. The objective of the study was to establish the effects of E-Fund transfer technology on customer retention in the banking industry, to identify the effects of telephone banking technology on customer retention in the banking industry and to establish the effects of internet banking technology on customer retention in the banking industry in Kotido District. The Sources of Data were Primary data use to obtain first information obtained directly from the field and Secondary data from the already collected data by someone else The instruments of Data Collection .Interview, Observation, Questionnaire Method, Documents Review. In an attempt to establish the relationship between the two variables .The technique use to compares the proportion observed in each category were the tables and percentages to establish the significance level of the best test before hand. The finding specifically, showed a positive correlation among the different objective of ICT on Internet, E-transfer and Telephone banking on customer retention. The findings further suggested that customer negative perception about ICT especially on telephone banking on customer retention has significantly changed given the introduction of ICT in banking. It is recommended that bank management invest massively in ICT inorder to further promote efficient and smooth delivery of ICT in Banks.

LIST OF ACRONYMS

SBU	Stanbic Bank Uganda Ltd
CERUDEB	Centenary Rural Development Bank Ltd
ICT	Information Communication and Technology
BOU	Bank of Uganda
ATM	Automatic Teller Machine
E-banking	Electronic Banking
E-commerce	Electronic Commerce
E-funds transfer	Electronic Funds Transfer
M-banking	Mobile Banking
SMS	Short Message Services

CHAPTER ONE INTRODUCTION

1.1 Introduction

This chapter examines the background, problem statement, purpose, objectives, Research questions, Scope of the study, content scope, area of study, time scope, and significance of the study and definitions of key terms.

1.2 Background of the Study.

ICT Stands for "Information and Communication Technologies." ICT refers to technologies that provide access to information through telecommunications. It is similar to Information Technology (IT), but focuses primarily on communication technologies. This includes the Internet, wireless networks, cell phones, and other communication mediums. (Margaret Rouse, 2004)

In the past few decades, information and communication technologies have provided society with a vast array of new communication capabilities. For example, people can communicate in real-time with others in different countries using technologies such as instant messaging, voice over IP (VoIP), and video-conferencing. Social networking websites like Facebook, Twitter allows users from all over the world to remain in contact and communicate on a regular basis.

Modern information and communication technologies have created the world a global village, in which people can communicate with others across the world as if they were living next door. For this reason, ICT is often studied in the context of how modern communication technologies affect society.

Today a well-developed Banking industry in-terms of Information, Communication Technological development can enhance economic performance by providing good customer retention as a way for growing companies to raise capital at lower costs. Because banking industry with good ICT are capable to grow faster. ICT development if well planned in the Banking industry will have good advantages.

Given the significant role of ICT in the developmental drive of banks. Information Technology has been found to lead in improvement in business ,efficiency and service quality and hence attract customers as well as retain them(Kannabiran & Nayaran,2005).

ICT is an umbrella term that covers computer hardware, software, and communication and network systems. In this study the term ICT signifies the provision of banking products and services electronically in form of e-funds transfer technology, telephone banking technology and Internet banking technology, in other-words E- banking. E-funds transfer technology focused on ATMs, credit and debit cards and e-cheques, telephone banking technology amongst others and ICT banking focused on the Internet and its applications such as websites and e-mail.

The Automated Teller Machine (ATM) is a good example. One do not need to stand on long queues for fund withdrawal , with the use of the ATM Card banking transaction can be carried out at any time of the day within the scope of transactions allowed. Such transactions could even include payment of utility bills such as electricity, DSTV, water Bills etc.

Banking Industry in Uganda has difficulty in Customers retention even as opportunities exist for the banks to retain in customer. Further, to boost Banking industry there is need improve in some of the services offered by the bank especially in Kotido.

Before the emergence of ICT, bricks and mortar banks were Key to banking. However, technological innovations have had an effect in the banking sector in one way or another. Passim (2005) explains that the technological revolution has produced new developments in the banking industry. It is no doubt that ICT is now a very strategic issue in the banking industry (Kobrin, 2001) as reported. Significant development in ICT has paved ways for banking applications such as Electronic funds transfer and telephone banking. The development in the banking industry has also incorporated the use of the global network (Internet), which can be accessed by anyone at any time on Banking Supervision. According to Quirós (2002) and Ayadi (2003), the use of electronic payment means an increase in customer connection to the Internet eliminates geographical constraints and customers may not need to access banks physically, implying that customers can have access to banking services in any area at any time and hence therefore the customer retention (Stamatis,1996). Further more, Harris and Spence (2002) argued that new ICT has created new commercial opportunities for banking industry. The theory by Rogers (2003) underpins diffusion of Innovations Theory. This theory suggests that whenever there is a new innovation there is a social change depending on the level of adoption and its effects. Rogers (2003) argues that several studies have explained the causes or failures of ICT innovations and this is why the study seeks to investigate the effects of ICT and Customer retention in the banking industry in Kotido.

As per 2014, there is continued progress being made in Uganda as in the use of ATMs in Kotido due to ATM establishments. The installed Electronic Fund Transfer Direct Debit System enabled known customers from utility companies to instruct their companies to deduct cash from their accounts and transfer it to the bank account of the utility company. This is done as a means to aid non-cash transactions through the banking system with an aim of making cash transfers efficient, fast and secure which may sort of improve the system. In 2005, credit cards were on the increase and came with several advantages such as avoiding carrying cash physically. However, if the user of the credit card is not conscious about security, then chances that unauthorized withdrawal of cash from user's account might be carried out by malicious persons.

Customer retention involves the identification of a customer by the business organisation. It is important also to note that to establish a want, needs and expectations such plans can be designed to effectively satisfy them. According to Smith (1997), he explained that customers are made, their identities have to be established and the factor that affects them to not to buy need to be known. Therefore there are no similarities between any two customers because they come from different backgrounds, have different concerns and expectations.

Peter Drucker,(1995),one of the greatest writers of management and marketing books stated that a customer is the king of the business since without them business is nothing thus never be annoyed and being customer oriented is achieving customer and with the development of ICT today Banking Industry needs to retain its client and even attract more.

The effort to serve and retain the customer with the development of ICT is the sole aim or responsibility of conducting the business and it's a major task that the Banking industry in Kotido and Uganda as a whole can not ignore. It's important to note that meeting customer needs, wants and expectations contributes a lot towards excellent customer service and hence that improves on retention (Muhango 1999). The Banking Industry of recent years have implemented some strategies that have ensured better Customer retention by ICT methods for example ATMs, expansion of networks outside in to upcountry Districts taking services closer to their clients. It has even computerised all their branches and embarked too on staff training through Continues professional development programme. However this remains a question to be known how these will contribute to customer retention.

1.3 Statement of the Problem.

Despite the Introduction of ICT like for example the ATMs, internet banking, Telephones and websites in banking industry by Stanbic Bank and Centenary rural Development Banks respectively in Kotido. ICT innovation has left a query within the banking industry though it carries some importance, on the other hand it seems to have created some threats for instance system network failures and long queuing at ATMs, Wrong posting of moneys to other people's account, unnecessary delays in handling complain from customers on their operation still exist and remain a major issue to be resolved (Fabian Kasi Nkonge 2014 Head of Centenary Bank, Saturday Newvision). So many customers who need quick and fast service delivery leave of these financial institutions for other banks which they usually described as providing fast track banking servicing Using ICT (Sarah Muwonge Nkonge 2014) standard chartered Bank. Therefore one wonders how the ICT has led to Customer retention in the Banking Industry in Kotido.

1.4 Purpose of the Study

The purpose of the study was to establish the effects of Information, Communication and technology on customer retention in the Banking Industry in Kotido.

1.5 Objectives of the study

The study was intended to:

- 1.5.1 To establish the effects of E-Fund transfer technology on customer retention in the banking industry in Kotido District.
- 1.5.2 To find out how telephone banking technology affects customer retention in the banking industry in Kotido.
- 1.5.3 To establish the effects of internet banking technology on customer retention in the banking industry in Kotido District.

1.6 Research Questions

This study is guided by the following objectives:

- 1.6.1 What are the effects of e-fund transfer technology on customer retention on the banking industry in Kotido?
- 1.6.2 How does the use of telephone banking technology affects customer retention in the banking industry in Kotido?
- 1.6.3 Hat are the effects of internet banking on the customer retention in the banking industry in Kotido?

1.6 Scope of the study

1.6.1 Content scope.

The content scope of the research study is the effect of ICT on customer retention and the independent variable being ICT and the dependent variable being on customer retention in the banking industry in Kotido.

1.6.2 Geographical Scope

Geographically the study took place in Kotido because it is where the banking institutions are located. This was because of the complains by customer are being raise from and the study being near to the researcher.

1.6.3 Time Scope

The study covers the period of eight (8) Months from January-August 2014.

1.7 Significance of the study.

The Study may help the management staff of Stanbic Banks on making more informed decisions in the future. This would be especially after establishing their weakness and strength in the used of ICT to retain in the customers in the Banking Industry in Kotido and Uganda has a whole.

To the beneficiary or Bank clients, they would understand the importance of ICT and its better management systems in the Banking industry.

The study would also help the policy makers such as the Government of Uganda through the Ministry of communication & information communication technology for

implementation of policies geared towards the effects of ICT on customer retention in the banking industry.

To the Researcher, it would provide more research skills and knowledge gain in the field of ICT and the banking sector in Kotido and Uganda as a whole.

To the students it would be used in future to carry out further research in the Banking industry and this may be for those handling similar topics.

Definition of terms Used

- **Effects** : This refers to the change which result or consequences of an action or other cause.
- **Information** : Facts provided or learned about something or someone
- **Communication** : Means of sending or imparting or exchanging of information by speaking, writing or using some medium.
- **Technology** : The application of scientific knowledge for practical purposes especially in industry.
- **Industry** : Economic activity concerned with processing of raw materials and manufacture of goods in factories.
- **Banking** : The business conducted or services offered by a bank
- **Retention** : The continued possession, use or control of something or the action of absorbing and continuing to hold substance.
- **Customers** : A person who buys good or services from as shop or business or a person of a specified kind with whom one has to deal with.

CHAPTER TWO LITERATURE REVIEW

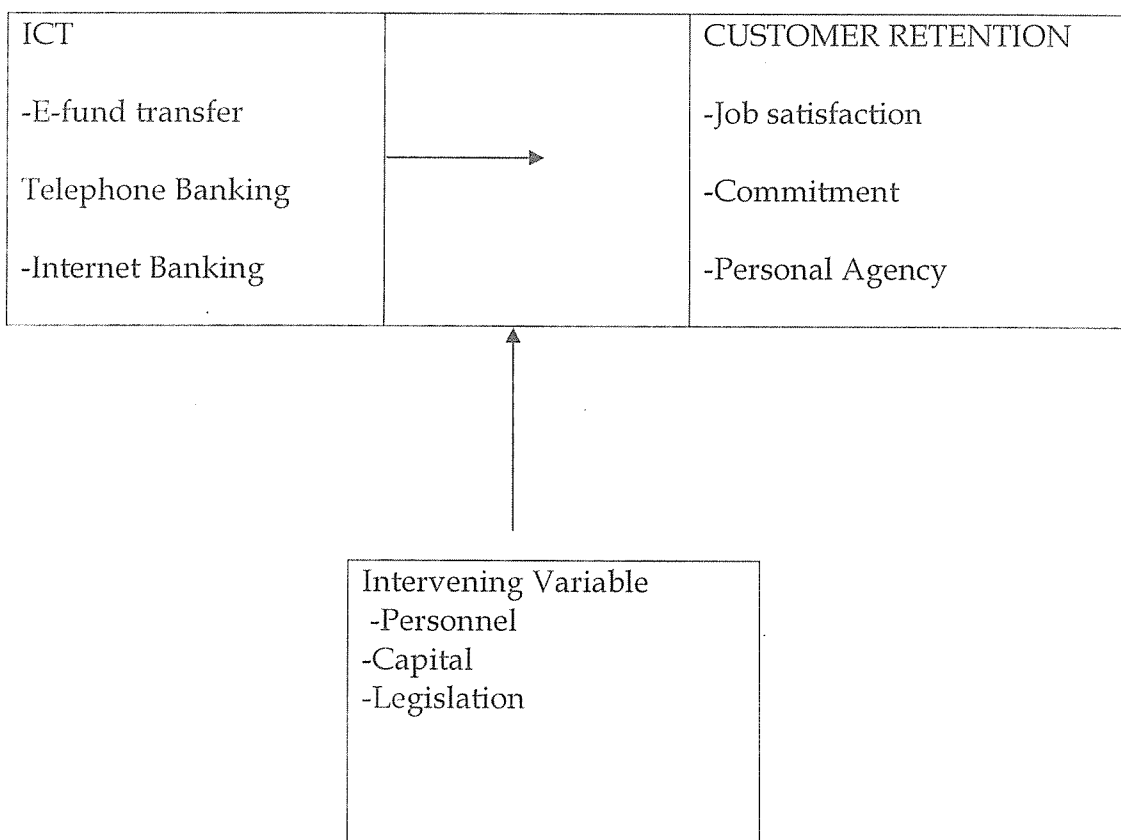
2.1 Introduction

This chapter presents a review of previous studies related to the present study and entails the review of literature by various scholars on the significance of ICT on customer retention in the Banking Industry. In relation to customer retention the following are examined, the role of the business employees relationship, E-fund, telephone and internet banking, Satisfaction, commitment and personal agency.

2.2 Conceptual framework

Independent variable

Dependent Variable



Source: Adopted from the Literature Review

From the above conceptual framework, it can be seen that, the independent variable ICT (e-funds transfer, telephone, Internet, Telephone banking technology highly influence customer retention (job satisfaction, Commitment and Personal agency).

2.3 Literature review on ICT

Carveth and Kretchmer (2002), found that in many West European countries, the older demographic groups are less likely to use the internet compared to the younger groups. According to their findings, in the UK, 75 percent of those aged 16-24 had internet access compared to just 15 percent in the 65-74 age range, 6 percent over the age of 75 years, and 4 percent in the 25-63 age range. A study by Anderson et al. (2002) also suggests that the demography of dial-up users is different to that of broadband users. The younger and middle aged consumers are expected to be more apathetic to ICT, whilst the older age consumers is expected to be more relevant to the no effects.

Bakkabulindi (2006), ICT in this research is conceptualized as an innovation adopted by the banking industry. The desirable and undesirable dimensions signify the positive and negative dimensions of the effects of ICT on the banking industry basing on the data collected from the field. It is presumed that if ICT effects in the banking industry the dimension (direction) may be positive or negative. Model relating ICT to the banking industry Independent variables (ICT) E-funds transfer technology (ATM, credit, debit card and-cheques services Dependent variable (Banking industry)

Bakkabulindi, F. E. K. (2006). Social correlates of innovation diffusion/adoption in organizations: the case of Makerere University technologies. Each of the three technologies (E-funds transfer, telephone banking and Internet banking technologies) has the following indicators: availability, accessibility and use.

With respect to gender, a number of studies have investigated the role of gender in the usage of ICT (Harris et al., 1996; Gefen and Straub, 1997; Morris and Venkatesh, 2000; Venkatesh and Morris, 2000; Venkatesh et al., 2000; Leonard and Cronan, 2005, Venkatesh et al., 2003; Choudrie and Lee, 2004, Haines and Leonard, 2007). The findings of the previous studies revealed that gender has an important role when considering technology and usage in both the organizational and household contexts. The study by Morris and Venkatesh (2000) illustrated that male users used a computer more than females, and suggested the male gender to be one of the most important variables when examining ICT usage in the household. Choudrie and Lee (2004) also found that differences in gender were not important in determining broadband. A study by Carveth and Kretchmer (2002), however, shows results similar to those by Choudrie and Lee (2004) for internet users in the USA, suggesting that in the USA, there are approximately equal numbers of men and women using the internet.

The phrase ICT had been used by academic researchers since the 1980s, but it became popular after it was used in a report to the UK government by Dennis Stevenson in 1997 and in the revised National Curriculum for England, Wales and Northern Ireland in 2000. As of September 2013, the term "ICT" in the UK National Curriculum has been replaced by the broader term "computing". The term ICT is now also used to refer to the convergence of audio-visual and telephone networks with computer networks through a single cabling or link system. There are large economic incentives (huge cost savings due to elimination of the telephone network) to merge the telephone network with the computer network system using a single unified system of cabling, signal distribution and management. The term Information communications is sometimes used interchangeably

with ICT. In fact Information communications is the expansion of telecommunications with information processing and content handling functions on a common digital technology base.

2.3.1 E-fund transfer

Ayadi (2003) explains that access to electronic means of payment and the high number of customers connected to the Internet has changed the perception of banks toward market and increased the development of Internet Banking. Hutchinson and Warren(2003) [29] argue that Internet banking requires a sound security procedure that involves designing effective methods via which users can be authenticated in a remote environment such that transactions being conducted are secured within their respective environments. Internet banking technology has made remarkable changes in the banking industry, which include: cost reduction due to electronic processing carried out on the Internet. For example the US while the average transaction cost at a full service bank is about \$1.07, it reduces to \$0.27 at an ATM and falls to about a penny if the same transaction is conducted on the web Nathet al, (2001).

Anguelov et al (2004) e-funds transfer is defined as the movement of money or credits from one account to another through an electronic medium. According to a Survey of Consumer finances (2001) as reported by Anguelov (2004) e-funds transfer has features such as direct deposit, an ATM or debit card among the rest. In this study e-funds transfer technology means the availability, accessibility and usage of ATM cards, debit cards, credit cards and e-cheques with reference to cash deposit, cash withdrawal and account balance inquiry. Several researchers indicate that the use of e-funds transfer technologies such as ATMs and e-cheques have shown positive response. For example

(Wucker, 2004) [80], explained that in Latin America, migrant workers use ATMs to send money home in which members of their families can easily withdraw funds. This therefore makes it easier for the migrant workers to send cash easily to their families at cheaper costs through the use of banking services. In this way customers are able to withdraw and deposit cash easily as compared to the former days when the use of such services was not available.

Gourlay and Pentecost (2005) explain that funds are transferred electronically using ATMs to provide retail banking services allowing 24, hours a day cash withdrawal, balance verification and bill payment at branches and remote locations away from branches. ATMs in the UK are seen as a substitute capital for labour particularly in routine human teller operations. Transaction costs associated with need to withdraw cash unexpectedly are lowered, transfer of cash. They are mainly located at shopping stations to help customers in carrying out shopping easily (Organisation for Economic Corporation and Development, 2003) . For example in Japan, Ito -Yokado Stores is planned to provide banking services through its stores. It is worth noting that electronic fund transfer is used.

2.3.2 Telephone Banking

Idowa et al (2002) [30], studied The Effect of Information Technology on the growth of the Banking Industry in Nigeria. This study concentrated on the use of technologies such as telephone banking technology. It was noted that the use of ICT ensured a quick and improved services delivery to customers in Nigeria, thus indicating desirable outcomes. While the above study showed positive correlates in Nigeria it does not point to the context in Kampala thus leaving a gap that the study seeks to fill. Knowing the existence

of telephone banking technology in Kampala may not be enough, there is need to investigate its influence in order for the business enterprises to benefit from it.

Bohm et al,(2000) defines telephone banking as a service, which the customer can use to give instructions and get information by speaking to bank staff by telephone. In respect to this research telephone banking technology means availability, accessibility and usage of telephones(wired or wireless telephones) to engage in cash deposit, withdrawal and account balance inquiry by users in the banking industry. Al Ashban and Burney (2001) [2] studied Customer Adoption of Tele-banking Technology in Saudi Arabia and found that customers increasingly extend their use of tele-banking as their experience grows with the system and that education played a vital role in the adoption and usage of tele-banking technology. While Al Ashban and Burney indicated that education played an important role in the adoption and usage of telephone-banking, Howcroft al,(2002) indicated that educational levels of respondents did not affect the usage of telephone banking. Findings of these two studies reveal conflicting results

In Uganda telephone banking is strengthened through Bankom, a local electronic financial transaction services company in Uganda and a representative of Euro net used in Europe (Kanyegirire, 2004 January 8). There is mobile phone banking in which air time can be fixed on the mobile phone electronically from the customer's account hence enabling customers to enjoy banking services without necessarily having to appear at the bank. Inter-bank communication is trying to connect Crane Bank, Standard Chartered Bank, Centenary Rural Development Bank, Stanbic Bank, Allied bank, Bank of Baroda and Nile bank in Uganda (Kanyegirire, 2004 January Nafula, 2006 March31

2.3.3 Internet Banking

According to the Australian Bankers Association (2002) as reported Arch and Burmeister (2003), in Australia emphasis is placed on e-banking technologies. It was also noted that Australians with visual impairment were introduced to audio-enabled ATMs, through an initiative jointly supported by the National Australian Bank's ATM supplier (Diebold) and Blind Citizens Australia. The first of these was installed at the Royal Victorian Institute for the Blind premises. This implies that use of e-funds transfer technology in Australia has enabled the banking industry to provide services to its clients because even the blind can deposit and withdraw their money from the banking institutions hence indicating a desirable dimension. While the above authors give their views on ICTs their concentration is on ATMs rather than technologies such as credit cards and debit cards. Berger (2002) [13], studied Technological Progress and its Effects on the Banking Industry in the US. It was noted that IT-based delivery systems like ATMs led to improvements in the bank performance and consolidation of the industry during the deployment of technologies (Berger, 2002). Berger, (2002) further posited that, to establish links between technological progress and the productivity growth of the banking industry and industry structure multivariate analysis should be used. Despite the contribution of the above study, the effects of ICT on users in the banking industry in Kotido can be established by an empirical approach that the study seeks to use.

Dannenberg and Kellner, (1998), in their study, overviewed the opportunities for effective utilisation of the internet with regard to the banking industry. The authors evaluated that appropriate application of today's cutting edge technology could ensure the success of banks in the competitive market. They evaluated the service of ICT services of banks via internet as websites provide sophisticated line of products and

services at low price. The authors analyzed that ICT transactions via internet reduce the risk of data loss to customers, chance to cut down expenses, high flexibility for employees, reshaping the banks image into innovative and technologically leading industry, etc. The researches found that banks could move one step further by entering into strategic alliance with internet provider. So, the banks of tomorrow stand to be feasible with today's technology.

Harris and Spence (2002), in their paper, explored the ethics of business to electronic commerce with focus on banking sector. Their researcher had chosen a case study of online foreign exchange developments at an investment bank. The important areas include freedom of choice, trust and transparency of business to business (B2B) transaction and limit the responsibility with regard to facilitation of fraud. The authors found that e-banking had forced banking industry to recognize, restructure and reconsider its institutional arrangements. The challenges of Internet-banking services would be successful for banks only if fraudulent activities could be controlled, transparency in transaction could be maintained, ethical rules and regulations to be followed so that e-banking could be widely acceptable among customers.

Daniel (1999), in his research paper, describe internet-banking as the newest delivery channel offered by the retail banks in many developing countries. The objective of the study was to analyse the current provision of electronic services of major retail banking industry in UK. The researcher through a questionnaire found that 25% banks in UK were those already providing e-banking services, 50% banks were testing or developing such services while 25% were not providing any e-banking services. Electronic channels,

Pc, digital TV and all these provide greater accessibility and services at lower price. To make services more adaptable, customers should be provided maximum choice and convenience. Restriction and limitation within industry to operate the services and its market share or strength were viewed as important to decide and operate the internet-banking services.

Sathye (1999), in his research paper, explored the factors affecting the adoption of internet banking by Australian customers. The author stated that internet and other virtual banking had significantly lower the cost structure than traditional delivery channels. So, the banks should encourage customers to use internet for banking transaction. The author emphasized that adoption of internet banking, it was necessary that the banks offering service made the customers aware about the availability of such a product and explain how it adds value to other products offered by banking industry. The analysis of the study showed that security concerns and lack of awareness stand out as for reasons for non adoption of internet banking by Australian customers .However internet should be considered as part of overall customers service and distribution strategy. These measures could help in the rapid migration of customers to internet banking resulting considerable saving of operating cost of Banks.

Ezeoha (2005) , studied Regulating Internet Banking in Nigeria and noted that there are security concerns in Internet banking where fraud has become a daily business to some individuals; Internet banking has remained insignificant due to fraud and forgery-banking services are offered in Naira only and that in Nigeria Internet banking may take a long time to fully become one of the economic relevance in the country banking practice

because of fraud which has made it complex hence causing few customers to transact their businesses through the Internet. Coupled to that is that the development of bank websites does not go beyond information purposes. Poor government measures have also affected the right environment for Internet banking (Ezeoha, 2005). Given the state of Internet banking in Nigeria one can argue that its effects are an indicator of an undesirable dimension. In Uganda and particularly in Kotido, Internet banking is limited to banks like Stanbic and Centenary Bank in Kotido to avail information to its customers or clients online through the use of the bank web site. Other services offered include utility payments for electricity and water, and 3rd party payments like post paid telephone bills and much more which has enabled customers to affect their bills without physical appearance to the bank hence avoiding time wastage. SMS can also be provided through True African online to get any inquiries from the bank as compared to before when one had to get to the bank physically (True African, 2006).

According to Karjauloto (2003), Bank customers can also benefit from Internet banking in a number of ways. With the help of the Internet, banking is no longer bound to time or location. Consumers all over the world have relatively easy access to their accounts 24 hours a day, seven days a week.

Second, ICT avails customers with a full range of services including some services not offered at branches. The greatest benefit of ICT like Internet banking is that it is cheap to customers or even free. However, in one of the past studies, price seemed a significant barrier to effects or use of Internet banking.

Third, ICT banking also has the advantage that customers avoid traveling to and from a bank branch. In this way, ICT banking saves time and money, provides convenience and accessibility, and has a positive impact on customer satisfaction.

Sheshunoff (2000) says that the single most important driving force behind the implementation of full-service internet banking by banks is the need to create powerful barriers to customers exiting. The author argues that once a customer moves to full-service internet banking, the likelihood of that customer or client moving away hence the reasons for the behaviour can be found in the consumer behaviour theory, which indicates that changing always requires much time and effort from the individual consumer. The author concluded that the competitive advantage of internet banking for banks is very significant.

2.4 ICT & Customer retention

According to Baker (1994), refers to ICT and customer retention in the banking industry as “money, people and high technology can not bring any profit if an organisation can not create a customer” especially through good customer service with good innovation which contributes much in the customer that means for example in the banking industry. Customer retention refers to services those sales of activities that facilitate and enhance satisfaction use of firm’s product or services. these includes use of ICT like internet banking, Contracting and warranting by assuring the customers of good deliveries through ICT Banking, providing information and inventory updating of customers through internet and providing customer training (Giultinan and Gordon,1995).

According to Looy et al, (1998), he asserted that generally a business retains customers when it is reliable, credible, and attractive and has empathy that is putting it self in the shoes of its customers (Looy et al, 1998) Rewarding people for being customer is also another way of winning and keeping or retaining in the customer. When a potential customer visits, buys, telephones or has any contact with the business, he experiences certain consequences of his or her action. His or her future behaviour that is whether he continues to visit, buy, telephone of having contact with the business depends on largely on that consequence of the industry. Retaining customers one is very important because replacing them is not an easy means. The customer buys three times that is he buys the person, the company or industry and the product. Loyalty creates goodwill and serves as an advertisement through word of mouth hence use of ICT in the banking industry in Kotido and therefore long term customers provide the organisation with testimonials (Stamatis, 1996).

According to Rust, Lemon & Zeithaml, (2004) extant literature in marketing has looked into the various aspects of customer relationship. While some studies are concerned with formulating methods to model customer retention (Schmittlein, Morrison & Colombo, 1987; Schmittlein and Peterson, 1994; Reinartz and Kumar, 2003), other studies are interested in studying the drivers of customer retention such as satisfaction (Bolton, 1998) and competitors' offerings. Further, the study also provides a sharper focus on how observability of project performance and governance of previous projects influences customer retention.

According to Anand & Khanna, (2000) & Kale, Dyer & Singh, (2002) on their framework they thus sheds insight on the literature at the intersection of knowledge (i.e.,

capabilities and learning) and governance. Building on examinations of alliance capabilities and contracting capabilities which framework assess customer retention as also an aspect of inter-firm governance in which firms can develop capabilities.

Although these studies help us understand the factors that influence customer retention, these studies have been in business to consumer settings (B2C) and are focused on factors that are most applicable to customer retention and management in a B2C setting. These studies do not account for important vendor–customer transaction characteristics that could influence customer retention. In many B2B markets the same vendors and customers tend to work together repeatedly over time, hence it is important to capture the characteristics of both the current transaction as well as prior transactions. In this study, we focus on the characteristics of prior transactions is important as it helps us understand how firms learn from their overall industry experience and their experience with specific customers to offer better products and services.

According to Frank Jefkins(1989) ,he assert that the process of creating the customer through innovations added that inorder for one to uphold consumer relations and retentions; he/she should be ready for maintaining goodwill and also to counter the criticism of articulate consumer bodies. Customer retention by an organisation can increase needs, wants and expectations through the use of ICT in customers (Hunt and Morgan).

George Allen and Unwill (1975) ,wrote emphasis that the foundation of winning of a customer was first to first identity their needs and the other elements of marketing concepts that would follow in logical succession. A customer is the greatest assets of the

organisation or any commercial institution because without them that company can not operate hence therefore with the introduction of ICT in banking industry then the customer retention will be high.

According to Ron and Blohowiak (1977), they are asserted that it is the customer and he alone who can through his/her willingness to pay for a good service and converting resources which are available like ICT systems for economic wealth. Peter Drucker (1995) asserted that a business entity retains its customers by satisfying them for instance with value and good feeling like ICT. A satisfied customer will tell one or more people about the experience with satisfaction and will remain loyal to the business. The customer will continuously seek out business product say for example in the banking industry at whatever cost or price. Therefore there is need for reliability, credibility, and attractiveness and have empathy in order for a business like banking industry to retain its customers.

2.4.1 Job Satisfaction

A Customer satisfaction is the ability that an organization possesses to meet the needs of their customers on a regular basis (Perera, 2005) Satisfaction is the state felt by a person who has experienced a performance or outcome that has fulfilled his or her expectations. Satisfaction is thus a function of relative levels of expectation and perceived performance.

Kotler,(2004).Satisfaction is the person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectations. According to Kotler (2004), the first task for any business-oriented

institution is “to create customers”. However, customers face a vast array of product and service choices, prices as well as suppliers. So, customers estimate which products or service offer will meet their needs thus enhancing repurchase probability. Thus customer satisfaction or dissatisfaction is subjective and dependent on perceived performance and expectations.

Customer satisfaction is related to customer expectations. Three outcomes can be anticipated, if the product or service meets customers’ expectation, then customer satisfaction exists. If it exceeds customer expectation, then there is customer delight. If the product or service goes beyond customer delight, then the customer is surprised (Roberto *et al.*, 2006). The higher the level of fulfillment, the higher the satisfaction. Since marketing focuses on the needs and wants of the customers, one of the prime marketing objectives should be to maximize customer’s satisfaction (Zeithaml and Bitner 2003). According to Zeithaml and Bitner (2003), Factors that affect customer satisfaction are:

Product and service features: The service features are the prime determinants of customer satisfaction and cause high levels of satisfaction if they satisfy the customer’s needs and wants.

Customer emotions: emotions are a state of the mind and depend upon the customers feelings at a point of time. They are reflected in the customer’s attitude. If the customer is in a happy state of mind, he or she will look at things positively, and is not easily irritated or excited.

Customers have a set of expectations, and on experiencing a service they reflect on the service on the basis of the service features and draw favorable or unfavorable conclusions about the service provided. The conclusion drawn is of prime importance to the service provider as it can provide important insights on how to improve their services (Swaddling and Miller, 2002).

Customer satisfaction is a direct result of a customer's expectations having been met by the service provided by the organization. A customer may be content with one encounter with an organization but may find the next experience with the same organization unpleasant. Management cannot control customer's reaction while doing business with the organization, but it can develop consistent levels of customer service that all employees are trained in and adhere to. Thus consistent levels of customer service can lead to continued high levels of customer satisfaction, which can lead to repeat business, higher profits, and increased market share (Lovelock and Wright, 2004).

According to Ho *et al.*, (2005), customer satisfaction is a good predictor for the likelihood of repeat purchases and revenue growth. In addition, customers are assets and their values can both grow and decline. However, customer satisfaction can be increased by investing in costly technology or productive processes. Kotler (2004) argued that, institutions or companies which believe the customer is the "profit center" must adopt the modern customer-oriented organization chart where customers are considered first or are at the top; next is front-line staff who meet and attend customers followed by intermediate managers who support the front-line staff.

According to Kotler (2000), companies seeking to grow their profits and sales have to spend considerable time and resources searching for the new customers. Customer acquisition requires substantial skills in lead generation, lead qualification and account conversion. Unfortunately, most marketing theories and practices center on the art of attracting new customers rather than retaining and satisfying the existing ones. Traditionally, the emphasis has been on making sales rather than building relationship, on reselling and selling rather than caring for the customer afterward. It is important for the banks to ensure that, they do not attract customers who are likely to turn but at the same ensuring that, it does not loose existing customers. The cost of loosing a customer is very high because it is more costly to attract new customers than to retain the existing ones.

Internet banking customers are said to be satisfied and more loyal to their bank than non–internet banking customers (Mols, 1998). Mols concluded a survey in Denmark and presented some interesting insights about internet banking users. His results suggest that internet banking customers: are more satisfied with their bank; have higher switching barriers; provide more positive word-of-mouth opinions about their bank; have higher repurchase intentions; have lower price sensitivity; have a lower propensity to exit and a higher propensity to complain.

Turban et al. (2000) indicated that Internet banking is extremely beneficial to customers because of the savings in costs, time and space it offers, its quick response to complaints, and its delivery of improved services, all of which benefits make for easier banking hence leading to the customer satisfaction and retention of the customers in the banking industry

2.4.2 Commitment

Etherington, (2005), the manner in which customers are treated by all employees will reflect the management's commitment towards a customer care programme, therefore this item forms a relevant part of customer care. It is suggested that the business' culture regarding customers needs to be addressed from senior management to the lowest level of employees.

When senior levels of management are seen to be adopting a new culture the changes will be reinforced throughout the business (Clegg, 2000). As senior management are responsible for the business' long-term strategic planning and for influencing the business' culture accurate communication systems need to be in place within the business (Smith 2005). Furthermore there needs to be senior management commitment towards the frontline employees to motivate them to ensure a caring attitude towards the customer which creates a pleasant experience for the customer (Clegg, 2000). Whether frontline employees are located in the business' own offices or in a call centre, Therefore management need to demonstrate their commitment to these staff by means of recognizing and rewarding performance as well as providing mechanisms that assist with their family lives such as child care centres (Kotler, 2000). Rosenbluth and Peters (cited in Kotler, 2000) suggest that businesses should give a higher priority to their employees than their customers as good employee relations will result in good customer relations.

Further management commitment towards employees is also demonstrated by involving employees prior to implementing a customer care programme, dealing with their concerns and investing in them through training and development (Armstrong, 2002). In

addition management needs to empower employees to make important decisions and encourage their involvement and contributions (Armstrong, 2002).

As committing to a customer care programme challenges all employees within the organisation, all levels of managers need to show their own commitment to reinforce the programme and to demonstrate how important the programme and the customer are to the business (Armstrong, 2002).

2.4.3 Personal agency

According to the empirical studies on Customer service as a determinant of customer retention using ICT. Empirical studies have shown that a dissatisfied customer will tell 5 to 10 people about their negative experiences while a satisfied customer will tell 1 to 5 people about his positive experience (Rinoosalberg, success magazine, volume 1). Again, (Lebeouf, 1988) states that it takes twelve positive service incidents to make up for one negative incident.

According to the research done by Parasuraman et al (1991), 40% of the surveyed customers listed poor service as number one reason for switching to the competition. Only 8% percent listed price as reason for switching of the customer from one to another. About 65% of the business of established companies on average comes from customers that return again and again. Most of the customers whose complains are satisfactorily resolved go to buy again. 7 out of 10 complains customer will do business with one if you resolve the complain in their favour. If the complain is resolved on 95% of the customers will do business with you again (Baker, 1994). Research shows that a happy customer who listened is twice likely to do business with you again than the one who does not complain thus resolving customer complain is of the importance benchmarking from the

best practices, has also helped many top customer service organizations to excel. This helps as a measure to judge performance.

Burns (2000) argues that electronic banking customers are more valuable to banks than traditional customers. Through electronic banking, banks can achieve better cross-channel productivity and performance. The move towards internet banking increases the need for a holistic approach to channel and process management, especially when integrating new delivery channels into existing frameworks (as many traditional banks are currently doing). Burns (2000) indicates that the Internet will not replace other delivery channels, but will offer increased flexibility and the opportunity for improved service as personal agency improvement in internet banking.

2.5 Relationship between ICT & customer Retention

Customer Relationship Management (CRM) “is the core business strategy that integrates internal processes and functions, and external networks, to create and deliver value to targeted customers at a profit. It is grounded on high-quality customer data and enabled by IT” (Buttle, 2004). CRM is a business strategy to identify, cultivate, and maintain long-term profitable customer relationships. It requires developing a method to select your most profitable customer relationships (or those with the most potential) and working to provide those customers with service quality that exceeds their expectations. (McDonald, 2002).

Joseph and stone (2003), in their paper, explored that customer friendly technology such as ATM, internet banking and telephone banking has been used by the banks to reduce cost of providing services, and increase the customer loyalty and market share.

Technology plays a vital role in delivery of banking services. The study highlighted that access, location, security and ease of use of ATM machines appears to be most important component for banking customers for the adoption of e-banking. However, banks should emphasize more on providing speedy and efficient service to the customers. Further, banks managers should conduct periodic marketing studies to understand the level of technological services by customers so that adequate services could be delivered at the right time.

Durkin and Howcroft, (2003), evaluated that the banker-customer relationship was improving through mobile phone and internet banking. The authors found that new technology has made the banks very competitive and profitable and internet has played a key role in it. Perception of bankers and customers regarding the use of internet was examined. They pointed out that as consumer usage of remote bank delivery channels increases, relationship management will become more important. Further, the combination of traditional and new delivery of ICT channels in banking industry, if followed can help to improve their productivity and profitability.

Customer relationship refers to all business activities directed towards initiating, establishing, maintaining, and developing successful long-term relational exchanges (Heide, 1994; Reinartz & Kumar, 2003). One of the results of Customer relationship is the promotion of customer loyalty (Evans & Laskin, 1994), which is considered to be a relational phenomenon, (Chow & Holden, 1997; Jacoby & Kyner, 1973; Sheth & Parvatiyar, 1995; cited by Macintosh & Lockshin, 1997). The benefits of customer loyalty to a provider of either services or products are numerous, and thus organizations

are eager to secure as significant a loyal customer base as possible (Gefen, 2002; Reinartz & Kumar, 2003; Rowley & Dawes, 2000). Recent developments in Internet technology have given the Internet a new role to facilitate the link between Customer relationship management and customer loyalty (Limayem, 2004). It is common knowledge that a dissatisfied and unhappy customer will share his unfortunate experience more than a satisfied customer. It is also observed that a fraction of unhappy customers choose to complain while others simply switch their loyalty to other service providers. Loss of customer is loss of business along with the opportunity for business growth and profitability. Feedback collection from the customer is essential for the supplier to ascertain customer satisfaction and scope for improvisation (Sugandhi, 2002).

According to Mudie and Cottan, (1993), he defines customer retention as a close relationship that exists between loyalty and high level of satisfaction and retention. They further asserted that it is a satisfied customer who will continue to reward the business with his dollar year after year and will tell others just how wonderful the product or service is creating for instance like the ICT internet banking and Use of ATMs thus creating more customers. The successful building of customer loyalty often leads to profit improvements. According to the empirical studies, by Bain and company, a leading management consultant quantified this argument. They found that loyal customers tend to spend more money as they refer to new customer or clients as more costly to deal with.

Robinson (2000) adds that ICT strengthens the relationship between the service provider (e.g. bank) and the customer because it brings banking services directly to a customer's home, office or mobile phone. This creates customer loyalty. The author further asserts

that online services are a must for banks that have to compete with a growing number of services from other financial institutions, investment concerns and insurance companies. This is in light of the fact that banking is no longer tied to time and place. As a result global competition is expected to broaden.

2.6 Conclusion

In summary, ICT banking for instance internet banking-fund transfers, telephone banking offers many benefits to banks and their customers. The major benefits accruing to banks are in terms of cost savings, reaching new client of the banking population, efficiency and enhancement of the bank's reputation. Customers on the other hand benefit mainly through improved customer service and satisfaction. Attempts on ICTs in relation to the banking industry have been inconclusive and it has been noted that e-banking technology, telephone and e-fund transfer are important aspect that has received little attention .This is due to long cues at ATM, Internet network breakdown, generator breakdown which need to be attended too and that is why the study seek to investigate the effects of ICT on customer retention in the banking industry in Kotido.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter presents the methods and procedures used to explore, investigate and evaluate the effect of ICT on customer retention in banking industry in Kotido. The methodology specifically describes research design, target population, data collection methods and procedures, data analysis techniques, limitation of the study and the scope of the study and ethical considerations.

3.1 Research Design

This study is of a cross-sectional survey and descriptive design. Cross-sectional survey involves the use of questionnaires to collect data on a wide range of variables at a given point in time and Descriptive research design enables a systematic collection and presentation of data to give an opinion to this particular study. The study is suitable because it calls for relevant information on the subject.

3.2 Target Population

The target population of this study comprised customers, employees and top Management at all Stanbic and Centenary bank individual branches. A total population of 80 respondents will be considered for the study.

3.3 Sample size

The study sample size was 50 (Fifty) respondents which included Ten (10) Top management, Ten (10) customer service staff and Thirty (30) customers of both Centenary and Stanbic banks respectively. The sample size of 50 respondents was regarded as researcher's saturation point, the same sample size which he also considered big enough to make the findings representative to the study population. This is as shown below in the table.

Table 1: showing the distribution of sample size among the respondents.

Category	Frequency /Number	Percentage
Top Management	10	20%
Customer service staff/Employees	10	20%
Customers	30	60%
Total	50	100

3.4 Sampling Techniques.

Selection of respondents involved Simple random sampling or unrestricted. Simple random sampling refers from the finite population where sampling is selected such that each possible sample combination has equal probability of being chosen and this could have been the vivid explanation for Roberts's different techniques of the data collection as applied in statistics and therefore this simple random sampling because of its general of representation of sample for homogenous population.

The rationale for the use of this simple random sampling technique was that it reduces on sampling errors because the elements (respondents) and the accuracy of sample can be tested by examining another sample from the universe when it's unknown. This technique also enables the researcher to collect data, analyze it and interpret it according to the strata created.

3.5 Sources of Data

3.5.1 Primary data.

This is the first information obtained directly from the field; researcher was expected to obtain these data using questionnaires. The data was collected fresh from the original source and for the first time therefore happen to be original in character.

3.5.2 Secondary data

Secondary data are those which have already been collected by someone else and which have already been passed through statistical processes (Kothari, 2004). The researcher consulted secondary data for this study from review of documentary sources in which Bank record books, journals, articles, government publications and reports both published and unpublished were reviewed; online sources were also consulted.

3.6 Procedure of Data Collection

Having obtained an Official letter of introduction from the University and specifically from the research coordinator of Kampala International University, the researcher first used it to introduce himself to the banking staff and customers seeking in their permission to collect on the data relevant to the study. When the management recommended the researcher to collect the data relevant of his topic, the researcher introduced himself to the respondent then before administering questionnaire and further information concerning the research field findings, the researcher had face to face discussion to explore why the research was being carried.

After a preliminary study, the researcher introduced the copies to the respondents in order to get their opinion on the topic. The researcher gave one week period for answering and receiving in the questionnaire. During the time of his field studies and collection of the questionnaires, especially finished and filled questionnaires, he concurrently interviewed and obtained a few more information on the study subject. The researcher completed and gathered the data, analyzed for further analysis.

3.7 Data Collection instruments.

3.7.1 Interview

Primary data was collected using interviewing methods, the researcher would use some guiding questionnaire to clients, employees and top management and discussed freely with them of the effects of ICT on customer retention in banking industry, the advantage of this method of data collection is the reliability. It is also suitable for the illiterates who do not know how to read and write.

The method was help the researcher by eliminate of the biasness especially in the time of explaining the reason for the research.

3.7.2 Observation

For observation, the researcher would identify personally the effects of ICT on customer retention in the banks both centenary and Stanbic branches Kotido within a day. The researcher observed for example queuing in ATMs, How customers were being served on the line, Network interruption hence this made the data collection method of paramount importance to the study.

3.7.3 Questionnaire Method

The questionnaire was used as method of data collection given the fact that the target population is large. The administered was mainly to help the researcher to save time and its convenience; it was also easy to distribute and collect the data. Further more, the method of data collection of questionnaire was reliable to the researcher.

3.7.4 Documents Review

Lastly, the researcher collected data from many review documents at the bank for instance the number of customers, number of computers, and number of employees. For

this data collection instruments the researcher come to know through reports of the studies in related fields and look into facts which he will use in producing the report.

3.8 Validity and Reliability of the Instruments

Validity and reliability are critical features of effective research. Validity refers to the extent to which questions in an instrument accurately measure the variables therein (Hair et al., 2003), while reliability refers to the degree to which a set of variables are consistent with what they are intended to measure (Amin, 2005). The validity of the instrument was established through pilot-testing it using 20 customers of different banks Stanbic Bank (Uganda) Limited, Kotido branch which also offers ICT banking, while the reliability of the items in the instrument was established through the guidance of the research coordinator by going through my work and making necessary adjustment on the instruments of data collection.

3.9. Data Analysis Techniques

In an attempt to establish the relationship between the two variables .The technique compares the proportion observed in each category using the tables and percentages to establish the significance level of the best test before hand. A frequency distribution shows the number of times a score or a response occurs. A percentage is defined as a proportion of a sub-group to the total group or sample and it ranges from 0% to 100%. These two concepts were useful in comparing group's respondents that differed in size.

3.9.1 Limitation of the study

.The researcher also faced a challenge of communication especially to local community surrounding in the area because of illiteracy and interpretation some words like ICT in the local language which the researcher did know very well however this was resolve by hiring the research assistant for interpretation of the language.

The researcher also had some limitation of finance to facilitate data collection, analysis and completion of the research work with the time schedule on workplan. However this was solve by borrowing money from friends and relatives.

Dry and windy days which were hot and dusty poised a problem to the researcher and this did not allow the researcher to interview and monitor the questionnaires effectively and hence the research had to use the umbrellas, sunglass.

The researcher was not able to collect the data exhaustively because of the time hindrance. However this was resolve through better preparation on the schedules.

3.9.2 Ethical Considerations

The goal of ethics in research is to ensure that no one is harmed or suffers any consequences from research activities (Cooper and Schindler, 2001). The following were done to ensure that the respondents' rights are protected:

- i. Respondents were selected for their willingness to participate without coercion, and no risks to the respondents could be identified at any stage during the research.
- ii. information consent was sought and appropriate documentation was kept,
- iii. Questionnaires were guaranteed with anonymity to all the respondents at any time during the research.
- iv. Confidentiality of the study subjects was to be ensured through the use of simple codes and concealment of identity.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION

4.0 Introduction

This chapter presents the findings of the study, followed by their interpretations. The findings are presented in different sections. The analysis was based on the objectives of the study which were as below.

- i. To establish the effects of E-Fund transfer technology on customer retention in the banking industry in Kotido District.
- ii. To identify the effects of telephone banking technology on customer retention in the banking industry in Kotido.
- iii. To establish the effects of internet banking technology on customer retention in the banking industry in Kotido District.

4.1 Response Rate

A total of Fifty (50) questionnaires were distributed during the survey and the questionnaires were filled and returned. This represented a response rate of 100% of the respondents. That is to say $\frac{50}{50} \times 100 = 100\%$

50

4.2 Background of the Respondents.

4.2.1 Sex of Respondents

The study examined the sex of the respondents and the finding were as below in the table.

Table 4.1 sex of the respondent

Sex	Frequency	Percentage
Male	32	64
Female	18	36
Total	50	100

From the above table 4.1 showed that 64% of the respondents were male while 36% of the respondents were female. This implies that a greater percentage of the respondents were male. Meaning that there was gender imbalance on employment in the banking sector in Uganda as a greater percentage. On the roles of gender in the usage of ICT investigated by (Harris et al. 1996; Gefen and Straub, 1997; Morris and Venkatesh, 2000; Venkatesh and Morris, 2000; Venkatesh et al., 2000; Leonard and Cronan, 2005, Venkatesh et al., 2003; Choudrie and Lee, 2004, Haines and Leonard, 2007). The findings of the previous studies revealed that gender has an important role when considering technology and usage in both the organizational and household contexts. The study by Morris and Venkatesh (2000) illustrated that male users used a computer more than females, and suggested the male gender to be one of the most important variables when examining ICT usage in the household.

4.2.2 Age of the Respondents

The study examined the demographic variable of respondents of their age and the finding were as below in the table.

Table 4.2 Response rate according to age

Age	Frequency	Percentage
21-30	26	52
31-40	21	42
41-50	2	4
50 & Above	1	2
Total	50	100

From the above table 4.2 the results showed that, the majority of the respondents were in the age bracket of 21-30 years representing 52%. This was followed by 31-40 years grouping representing 42 percent of the respondents and 2 representing 4 percent were between the ages of 41-50 years. Interestingly, the number age 50 and above years plus were only 2 representing 2 percent of the respondents. This could be as results of the youth having much access to the banking industry were the majority are customers. In line with this, Carveth and Kretchmer (2002) found that in many West European countries, the older demographic groups are less likely to use the internet compared to the younger groups. According to their findings, in the UK, 75 percent of those aged 16-24 have high internet access compared to just 15 percent in the 65-74 age range, 6 percent over the age of 75 years, and 4 percent in the 25-63 age range. A study by Anderson et al. (2002) also suggests that the demography of dial-up users is different to that of broadband users. The younger and middle aged consumers are expected to be more apathetic to ICT, whilst the older age consumers is expected to be more relevant to the no effects.

4.2.3 Marital status respondents.

The study examined the marital status of the respondents and the finding were as below in the table.

4.3 Response rate according to the marital status.

Marital status	Frequency	Percentage
Single	10	20
Married	36	72
Divorce /separated	4	8
Widow	0	0
Widower	0	0
Total	50	100

The above table 4.3 analysis revealed that most of the respondents were married. Specifically, the data showed that single were 10 representing 20 percent while married respondents were 36 representing 72 percent ,Divorce/separated respondent were 4 representing 8 percent and widows and widowers represented 0 percent of the respondents .

4.2.4 Educational level of respondents.

The study examined the educational level of the respondents and the finding were as below in the table.

4.4 Response according to Education level

Level of Education	Frequency	Percentage
Certificate	11	22
Diploma	18	36
Degree	13	26
Masters	0	0
Others	8	16
Total	50	100

The above table 4.4 examined was on the educational level of the respondents. The findings showed that, the majority of the respondents were diploma level. There were 18 Diploma level respondents representing 36 % while 11 representing 22% of certificate holders. In addition, 26% were graduates of total 13 in number while Masters had nothing and others representing the illiterate and the business community was 8 representing 16%.meaning low level in the access to ICT information.

4.2.5 Response according to department of work.

The study examined the respondents according to the department of work and the finding were as below in the table.

4.5 Response according to department of work

Department	Frequency	Percentage
Teller	6	12
Customer Consultant	2	4
Branch team leaders	2	4
Others	40	80
Total	50	100

From the above table, it is revealed that most of the respondents were client or customers of the bank. Specifically, the data showed that others representing teachers and medical personnel were 40 representing 80 percent while Tellers were 6 respondents representing 12 percent, while customer consultants and branch managers were 2 each representing 4 percent for each meaning that the customer retention will below to number of clients in the banking industry hence customer retention very low meaning the low access by the customer of some of the information needed by the customer and satisfaction is very less.

4.2.6 Response according to the level of work (position held).

The study examined the level of work or the position held by the respondents and the finding were as below in the table.

4.6 Response according to the level of work (position held).

Position	Frequency	Percentage
Teller	6	12
Customer Consultant	2	4
Branch team leaders	2	4
Others	40	80
Total	50	100

The above table 4.6 indicates in the analysis that, most of the respondents were client or customers of the bank. Specifically, the data showed that others representing teachers and

medical personnel were 40 representing 80 percent while Tellers were 6 respondents representing 12 percent, while customer consultants and branch managers were 2 each representing 4 percent b for each meaning that the customer retention will below to number of clients in the banking industry hence customer retention very low.

4.2.7 Response according to Tenure with the Bank.

The study examined the level of tenure or period with the bank of the respondents and the finding were as below in the table.

4.7 Response according to Tenure with the Bank

Tenure	Frequency	Percentage
0-2 years	7	14
3-5 years	1	2
6-10 years	41	82
11 & above	1	2
Total	50	100

From the results above, it showed that, 41 respondents representing 82 percent have been customers of the bank for the period of more than 6 years and below while a total 7 representing 14 percent have been with the bank for the periods ranging from 0-2 years. It was also found that, 1 respondent representing 2 percent have been customers of the banks for the past 3-5 years and 11 years and beyond meaning there is high retention of the customers by the banking industry because of the long tenure with the banks. This is back by Rosenbluth and Peters (cited in Kotler, 2000) finding which suggest that businesses should give a higher priority to their employees than their customers as good employee relations will result in good customer relations.

4.3 Objective one .Effects of E-fund transfer technology on customer retention

4.3.1 Banking services mostly use

The questionnaire seeks to establish the banking services mostly use by customers in

Kotido .The finding was as below in the table.

4.8. Banking services mostly use

	Frequency	Percentage
Manual Banking	9	18
Electronic Banking	41	82
Total	50	100

From the above table 4.8, the data revealed that 82 percent use electronic banking services implying that high use of electronic banking as compared to manual banking 18 percent who do not use electronic fund transfers like ATM Services. Further, it was observed that the use of other electronic services provided by the banks is equally high. From the results, it could be concluded that majority of the banks customers use electronic banking service and highly patronized the electronic banking products offered by banks. This finding is line with the finding of Wenninger (2000) which evaluated the emerging role of electronic commerce in banks. Electronic commerce had created new form of competition and compelled banks to make choices about the services they offer, size of branch network and the extent of their support to inter bank payments. The main objective of the study was to understand the changes that had taken place after the introduction of electronic commerce.

3.2 Electronic Fund transfer saves time, secure, simple and safe.

The study examined whether electronic fund saves time, it secure, simple and safe and the finding were as below in the table.

4.9 Electronic Fund transfer saves time, secure, simple and safe.

	Frequency	Percentage
Agree	39	78
Don't Agree	8	16
Undecided	3	6
Total	50	100

From the above table 4.9, 78 percent agree with the statement that electronic fund transfer saves time, it secure and safe, while 16 percent of respondents representing do not agree to the statement .On the other hand, 6 percent remain undecided with the statement whether electronic fund transfer is saves time, secure and safe. This further support the literature that the introduction of technology into banking business promotes efficiency of service delivery and secure in doing business. This result thus means customers are satisfied with electronic banking products of both centenary and Stanbic Banks-Kotido.

4.3.3 Electronic fund transfer has positively affected customer retention in banking industry.

The study examined the whether the introduction of E-fund transfer has positively affected customer retention in banking industry and the finding were as below in the table.

4.10 Electronic fund transfer has positively affected customer retention in banking.

	Frequency	Percentage
Agree	36	72
Don't Agree	10	20
Undecided	4	8
Total	50	100

From the finding above, 72 percent agree that the Introduction of Electronic fund transfer has positively affected customer retention in banking industry, While 20 percent of the respondents do not agree that the introduction of Electronic fund transfer has positively

affected customer retention in banking industry study and while 8 percent were undecided on whether the Introduction of Electronic fund transfer has positively affected customer retention in banking. This implies that, hitherto customers spent several hours in the banking hall to be attended to. This is basically because of the long queue and manual operations of the bank at the time. The respondents described the banking operations at that time as 'go slow' and inefficient among others.

4.3.4. E-fund transfer in banking useful.

The study examined whether using e-fund transfer in banking is useful to customers and the finding were as below in the table.

4.11. Response on how finding using E-fund transfer in banking useful

	Frequency	Percentage
Agree	37	74
Don't Agree	11	22
Undecided	2	4
Total	50	100

From the above, 74 percent agree that using e-fund transfer in banking is useful and beneficial to customers, while 22 percent do not agree on the finding and while 4 percent of the respondents were undecided . From the responses, it was observed that the introduction of electronic fund transfer services have been very useful to customers who use the service as shown by the results that a total of 37 respondents representing 74 percent agreed that using e-fund transfer in banking has been very useful to them..Given the result, it is evident that e-fund transfers in banking have been very useful to customers of Kotido banks especially of centenary and Stanbic banks Kotido.

4.3.5. How E-fund transfer banking has improved on the retention of customers.

The study examined the response on how e-fund transfer banking has improved on the customer retention in the banking sector in Kotido and the finding were as below in the table.

4.12 Response on how E- banking has improved on the retention of customers in the banking sector in Kotido.

	Frequency	Percentage
Agree	37	74
Don't Agree	9	18
Undecided	4	8
Total	50	100

From the above 4.12, the results showed that a total of 37 respondents representing 74 percent agreed that E-fund transfer has improved on customer retention in the banking sector in Kotido. While total of 9 respondents representing 18 percent did not agree on whether E-banking has improved on the customer retention in the banking sector in Kotido and the rest of 8 percent of the respondents were undecided. Given the result, it is evident that e-fund transfers in banking have been improved on customer retention in banking industry especially of centenary and Stanbic banks Kotido. Peter Drucker,(1995),one of the greatest writers of management and marketing books stated that a customer is the king of the business since without them business is nothing thus never be annoyed and being customer oriented is achieving customer and with the development of ICT today Banking Industry needs to retain its client and even attract more.

The effort to serve and retain the customer with the development of ICT is the sole aim or responsibility of conducting the business and it's a major task that the Banking industry in Kotido and Uganda as a whole can not ignore. It's important to note that meeting

customer needs, wants and expectations contributes a lot towards excellent customer service and hence that improves on retention (Muhango 1999). The Banking Industry of recent years have implemented some strategies that have ensured better Customer retention by ICT methods for example ATMs, expansion of networks outside in to upcountry Districts taking services closer to their clients. It has even computerised all their branches and embarked too on staff training through Continuous professional development programme.

4.3.6 Response on whether E-fund is to be promoted in Banks.

The examined whether e-fund transfer be promoted in the banks and the finding were as below in the table.

4.13 Response on whether E-fund is to be promoted in Banks.

	Frequency	Percentage
Agree	41	82
Don't Agree	9	18
Undecided	0	0
Total	50	100

Further, in finding on whether e-fund transfers is to be promoted in banks. From the responses, it was observed that the electronic fund transfer services be promoted in banks. The results showed that a total of 42 respondents representing 82 percent agreed that, e-fund transfer in banking be promoted because it's very useful to them. On the other hand, a total of 9 respondents representing 18 percent did not agree while no respondents gave the opinion on whether the e-fund transfer be promoted or not. Given the result, it is evident that e-fund transfers in banks have to be promoted in banks in Kotido especially of centenary and Stanbic banks Kotido.

4.4 Objective Two: Effects of telephone banking satisfaction with the security system and customer retention in banking industry.

4.4.1 Telephone banking satisfaction with security system.

The examined the effects of telephone banking satisfaction with the security system and the customer retention in banking and the finding were as below in the table.

4.14 Response on the effects of telephone banking satisfaction with the security system and customer retention in banking industry

	Frequency	Percentage
Agree	33	66
Don't Agree	11	22
Undecided	6	12
Total	50	100

From the above table 4.14, the data revealed that 66 percent get on the satisfaction from telephone Services while 22 percent do not get any satisfaction from the telephone banking services. Further, it was observed that 12 percent remain undecided on whether they get any satisfaction from the telephone banking or not. From the results, it can be concluded that majority of the banks customers are satisfied with the telephone banking. This is inline with according to Looy et al, (1998), he asserted that generally a business retains customers when it is reliable, credible, and attractive and has empathy that is putting it self in the shoes of its customers (Looy et al, 1998) Rewarding people for being customer is also another way of winning and keeping or retaining in the customer. When a potential customer visits, buys, telephones or has any contact with the business, he experiences certain consequences of his or her action. His or her future behaviour that is whether he continues to visit, buy, telephone of having contact with the business depends on largely on that consequence of the industry. Retaining customers one is very important because replacing them is not an easy means. The customer buys three times that is he

buys the person, the company or industry and the product. Loyalty creates goodwill and serves as an advertisement through word of mouth hence use of ICT in the banking industry in Kotido and therefore long term customers provide the organisation with testimonials (Stamatis, 1996).

4.4.2 Seeks to find whether the Response on the quality of telephone Banking is bad.

The study examined the response on the quality of telephone banking and the finding were as below in the table.

4.15 Response on the quality of telephone Banking is bad

	Frequency	Percentage
Agree	35	70
Don't Agree	11	22
Undecided	4	8
Total	50	100

From the responses above, it was observed that telephone banking services quality have not given any good quality to customers banking sector in Kotido. The results showed that a total of 35 respondents representing 70 percent do agree that on telephone banking quality is bad. On the other hand, a total of 11 respondents representing 22 percent did agree on the quality of telephone banking whether is bad while 6 respondents representing 12 percent remain undecided or neutral. This is line with the researcher discussion with the respondent when he was asking them on the quality of service by telephone banking which is always affected by the internet interruption and high cost of operation with new types of phones which are highly expensive like for example the Samsung galaxy, Aisha 200 among others.

4.4.3 Response on whether Telephone banking has improved the retention of customers in the banking sector in Kotido.

The study examined the whether telephone banking has improved the retention of customers in the banking sector in Kotido and the finding were as below in the table.

4.16 Response on whether Telephone banking has improved the retention of customers in the banking sector in Kotido

	Frequency	Percentage
Agree	12	24
Don't Agree	28	56
Undecided	10	20
Total	50	100

From the responses above, it was observed that the telephone banking has not improved on the customers' retention in the banking sector in Kotido. The results showed that a total of 28 respondents representing 56 percent do not agree that telephone banking have improved on customer retention in the banking sector in Kotido. On the other hand, a total of 12 respondents representing 24 percent do agree while 10 respondents representing 20 percent remain undecided. Given the result, it is evident that Bohm et al, (2000) defines telephone banking as a service, which the customer can use to give instructions and get information by speaking to bank staff by telephone. In respect to this research telephone banking technology means availability, accessibility and usage of telephones(wired or wireless telephones) to engage in cash deposit, withdrawal and account balance inquiry by users in the banking industry. Al Ashban and Burney (2001) [2] studied Customer Adoption of Tele-banking Technology in Saudi Arabia and found that customers increasingly extend their use of tele-banking as their experience grows with the system and that education played a vital role in the adoption and usage of tele-banking technology. While Al Ashban and Burney indicated that education played an

important role in the adoption and usage of telephone-banking, Howcroft al, (2002) indicated that educational levels of respondents did not affect the usage of telephone banking. Findings of these two studies reveal conflicting results

4.4.4 Response on satisfaction with telephone banking services delivered by my Bank in banking industry.

The study examined the response on the satisfaction with telephone banking services delivered by banking industry and the findings were as below.

4.17 Satisfaction with telephone banking services delivered by banking industry.

	Frequency	Percentage
Agree	36	72
Don't Agree	12	24
Undecided	2	4
Total	50	100

In examining on the satisfaction with telephone banking services delivered by banks in Kotido, The research also sought to find out whether customers are satisfied with the services offered by telephone banking. From the responses, it was observed that telephone banking services have not given satisfaction to customers banking sector in Kotido. The results showed that a total of 36 respondents representing 72 percent do agree that on telephone satisfaction delivered by Bank in Kotido banking industry. On the other hand, a total of 12 respondents representing 24 percent did agree on the satisfaction of telephone banking while 2 respondents representing 4 percent remain undecided or neutral .Given the result, it is evident According to Ho *et al.*, (2005), customer satisfaction is a good predictor for the likelihood of repeat purchases and revenue growth. In addition, customers are assets and their values can both grow and decline. However, customer satisfaction can be increased by investing in costly

technology or productive processes. Kotler (2004) argued that, institutions or companies which believe the customer is the “profit center” must adopt the modern customer-oriented organization chart where customers are considered first or are at the top; next is front-line staff who meet and attend customers followed by intermediate managers who support the front-line staff customers are satisfied with telephone services delivered by banking industry.

4.5 Seek to find Response on whether Telephone banking is to be promoted in Banking.

The study examined whether telephone banking is to be promoted in the banking industry and the finding were as below in the table.

4.18 Response on whether Telephone is to be promoted in Banking.

	Frequency	Percentage
Agree	47	94
Don't Agree	03	6
Undecided	0	0
Total	50	100

Further, in finding on whether telephone banking be promoted in banks, from the responses, it was observed that the Telephone services be promoted in banks. The results showed that a total of 47 respondents representing 94 percent agreed that, Telephone banking be promoted because it's very useful to them. On the other hand, a total of 3 respondents representing 6 percent did not agree while no respondents gave the opinion on whether the telephone banking be promoted or not .Given the result, it is evident that telephone banking have to be promoted in banks in Kotido especially of centenary and Stanbic banks Kotido. This is inline with Durkin and Howcroft, (2003), evaluated that the banker-customer relationship was improving through mobile phone and internet banking.

The authors found that new technology has made the banks very competitive and profitable and internet has played a key role in it. Perception of bankers and customers regarding the use of internet was examined. They pointed out that as consumer usage of remote bank delivery channels increases, relationship management will become more important. Further, the combination of traditional and new delivery of ICT channels in banking industry, if followed can help to improve their productivity and profitability.

4.5 Objective Three .Effects of ICT on internet banking technology whether Internet banking saves my time, secure, simple and safe.

4.5.1 Internet banking saves my time, secure, simple and safe.

The study examined the effects of ICT on internet banking whether it saves time,secure,simple and safe and the finding were as below in the table.

4.19 Response on how internet banking technology how saves time, secure, simple & safe

	Frequency	Percentage
Agree	42	84
Don't Agree	07	14
Undecided	01	2
Total	50	100

Further, it was found that, internet services make the banking service very secure, saves time and safe and convenient to the customers. This view was expressed by the majority of the respondents. The results showed that 84 percent agreed that internet banking saves time, secure and safe while 14 percent disagree or do not agree that the services of internet banking is saves time, secure and safe .While 1 respondent remain undecided. In summary, it is evident that internet banking has been secure, safe and convenient to customers because it saves time. This is back by the finding of Joseph and stone (2003),in

their paper, they explored that customer friendly technology such as ATM, internet banking and telephone banking has been used by the banks to reduce cost of providing services, and increase the customer loyalty and market share. Technology plays a vital role in delivery of banking services. The study highlighted that access, location, security and ease of use of ATM machines appears to be most important component for banking customers for the adoption of e-banking. However, banks should emphasize more on providing speedy and efficient service to the customers. Further, banks managers should conduct periodic marketing studies to understand the level of technological services by customers so that adequate services could be delivered at the right time

4.5.2 Response on whether Internet banking improves my communication with the bank.

The study examined whether internet banking improves communication with the bank and the finding was as below in the table.

4.20 Response on whether Internet banking improves my communication with the bank.

	Frequency	Percentage
Agree	40	80
Don't Agree	07	14
Undecided	03	6
Total	50	100

From the responses above, it was observed that internet banking services have improve on the communication with customers and banking sector in Kotido. The results showed that a total of 80 percent of the respondents do agree that internet banking has improved on the communication with the banks. While on the other hand, a total of 14 percent did agree on the whether internet banking improves on the communication with the banks and while 6 percent remain undecided. .Given the result, it is evident that internet banking improves on the communication with the banking sector in Kotido. This finding

is in line with earlier studies by Fox (2002) and Karjaluoto et al. (2002), who found a positive association between adoption of Internet banking and its beneficial features such as the ability to save time. In terms of Internet banking ease communication with the bank.

4.5.3 Seek to find on Response on whether using internet banking is complex and expensive.

The study examined whether using internet banking is complex and expensive to customers and management of the banks and the findings were as below in the table.

4.21 Response on whether using internet banking is complex and expensive

	Frequency	Percentage
Agree	42	84
Don't Agree	07	14
Undecided	01	2
Total	50	100

Further more; the study revealed that it is very expensive for the installation of internet and also its accessibility. Specifically, shows that the biggest percentage of customers that is 84 percent of the respondents agreed that internet banking is complex and expensive while 14 percent of the respondents did agree on that internet banking is complex and expensive and 1 respondent was undecided whether internet banking is either complex or expensive. This is in line with the findings Bradley and Stewart (2003), who found that high initial set up costs of Internet were considered the greatest inhibitors of the diffusion of Internet Banking.

Also Sathye (1999), in his research paper, explored the factors affecting the adoption of internet banking by Australian customers. The author stated that internet and other virtual banking had significantly lower the cost structure than traditional delivery channels. So, the banks should encourage customers to use internet for banking transaction. The author emphasized that adoption of internet banking, it was necessary that the banks offering service made the customers aware about the availability of such a product and explain how it adds value to other products offered by banking industry. The analysis of the study showed that security concerns and lack of awareness stand out as for reasons for non adoption of internet banking by Australian customers.

4.5.4 Seek to find the Response on whether Internet banking as led to customer retention in the banking industry in Kotido.

The study examined whether internet banking as led to customer retention in the banking industry in Kotido and the finding were as below in the table.

4.22 Response on whether Internet banking as led to customer retention in the banking industry in Kotido.

	Frequency	Percentage
Agree	39	78
Don't Agree	08	16
Undecided	03	6
Total	50	100

Lastly, in examining the response on whether internet as led to customer retention in the banking industry in Kotido. The results showed that 78 percent of the respondents agreed that internet has improved on customer retention in the banking sector in Kotido. On the other hand 16 percent of the respondents did not agree while 6 percent remain undecided or neutral .Given the result, it is evident that internet banking has been improved on

customer retention in banking industry especially of centenary and Stanbic banks Kotido. This is line with the finding according to Baker (1994), refers to ICT and customer retention in the banking industry as “money, people and high technology can not bring any profit if an organisation can not create a customer” especially through good customer service with good innovation which contributes much in the customer that means for example in the banking industry. Customer retention refers to services those sales of activities that facilitate and enhance satisfaction use of firm’s product or services. these includes use of ICT like internet banking, Contracting and warranting by assuring the customers of good deliveries through ICT Banking, providing information and inventory updating of customers through internet and providing customer training (Giultinan and Gordon,1995).

Further, Sheshunoff (2000) says that the single most important driving force behind the implementation of full-service internet banking by banks is the need to create powerful barriers to customers exiting. The author argues that once a customer moves to full service internet banking, the likelihood of that customer or client moving away is difficult hence the reasons for the behaviour can be found in the consumer behaviour theory, which indicates that changing always requires much time and effort from the individual consumer. The author concluded that the competitive advantage of internet banking for banks is very significant.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

1.0 Introduction

This chapter summarises the finding from the study, makes conclusions and gives suggestions on possible policy recommendation.

5.1 Summary of the Study

5.1.2 Objective one.

Effects of E-fund transfer technology on customer retention according to the banking services mostly use were found that there was high use of electronic banking as compared to manual banking Electronic Fund transfer saves time, secure, simple and safe, it was found out that electronic fund transfer saves time, it secure and safe. On the Introduction of Electronic fund transfer has positively affected customer retention in banking industry it was found that the Introduction of Electronic fund transfer has positively affected customer retention in banking industry. On finding how using E-fund transfer in banking useful, it was found out that was observed that the introduction of electronic fund transfer services have been very useful to customers who use the service..On the Response on how E-fund transfer banking has improved on the retention of customers in the banking sector in Kotido. It was agreed that E-fund transfer has improved on customer retention in the banking sector in Kotido. On whether E-fund was to be promoted in Banks, It was found out that e-fund transfers are to be promoted in banks.

5.1.3 Objective Two.

On telephone banking products introduced by both centenary and Stanbic Banks are being utilized by customers. on the effects of telephone banking satisfaction with the security system and customer retention in banking industry. It was found out that customers get a lot of satisfaction from telephone Services .on the quality of telephone Banking, It was observed that telephone banking services quality have not given any good quality to customers banking. .On whether Telephone banking has improved the retention of customers in the banking sector, it was observed that the telephone banking has not improved on the customers' retention in the banking sector in Kotido. On satisfaction with telephone banking services delivered by my Bank in banking industry. it

was observed that telephone banking services have not given satisfaction to customers banking sector in Kotido. On whether Telephone banking is to be promoted in Banking, it was observed that the Telephone services be promoted in banks.

5.1.4 Objective Three.

On study of the effects of ICT on internet banking technology whether Internet banking saves my time, secure, simple and safe. it was observed that internet services make the banking service very secure, saves time and safe and convenient to the customers. on whether Internet banking improves my communication with the bank. it was observed that internet banking services have improve on the communication with customers and banking sector in Kotido. On Response on whether using internet banking is complex and expensive it was revealed that it is very expensive for the installation of internet and also its accessibility. Specifically, shown by the biggest percentage of customers' .On whether Internet banking as led to customer retention in the banking industry in Kotido. it was agreed that internet has improved on customer retention in the banking sector in Kotido In summary the study discovered that ICT has significantly improved on the customer retention in the banking industry in Kotido with the majority of customers being satisfied and these are evidence to the fact that the use of Internet, telephone and e-fund transfer products saves time, more convenient and quickens service delivery among others hence customer retention in the banking industry.

5.2 Conclusions

From the finding, discussion, analysis and interpretation of the study based on the results of the frequencies and percentages test, the researcher concluded that the effect of ICT in the retention of customers in the banking industry as per Objective one establish the effects of E-Fund transfer technology on customer retention in the banking industry in

was observed that telephone banking services have not given satisfaction to customers banking sector in Kotido. On whether Telephone banking is to be promoted in Banking, it was observed that the Telephone services be promoted in banks.

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On study of the effects of ICT on internet banking technology whether Internet banking saves my time, secure, simple and safe. it was observed that internet services make the banking service very secure, saves time and safe and convenient to the customers. on whether Internet banking improves my communication with the bank. it was observed that internet banking services have improve on the communication with customers and banking sector in Kotido. On Response on whether using internet banking is complex and expensive it was revealed that it is very expensive for the installation of internet and also its accessibility. Specifically, shown by the biggest percentage of customers' .On whether Internet banking as led to customer retention in the banking industry in Kotido. it was agreed that internet has improved on customer retention in the banking sector in Kotido In summary the study discovered that ICT has significantly improved on the customer retention in the banking industry in Kotido with the majority of customers being satisfied and these are evidence to the fact that the use of Internet, telephone and e-fund transfer products saves time, more convenient and quickens service delivery among others hence customer retention in the banking industry.

5.2 Conclusions

From the finding, discussion, analysis and interpretation of the study based on the results of the frequencies and percentages test, the researcher concluded that the effect of ICT in the retention of customers in the banking industry as per Objective one establish the effects of E-Fund transfer technology on customer retention in the banking industry in

Kotido District has got a significant effect and the objectives stated for the study was achieved.

Objective two. The study was to identify the effects of telephone banking technology on customer retention in the banking industry in Kotido. It is thus concluded that though telephone banking is being used in banking services it is still at the minimal level hence based on the findings, there is low productivity.

On objective three. It is found that internet banking products being offered by centenary and Stanbic are being utilized by customers and it has increased on the productivity level in the banking industry. Information, Communication, technology has impacted up on electronic banking where by it has improved the bank customer relationship by rendering effective services throughout the week. Customers can now have access to their account outside working hours to make withdrawal to attend to their needs. The information technology in the form of electronic banking guideline introduced by BOU has strongly helped in effective electronic banking system. Withdrawal can be made anywhere at anytime and using any bank ATM machine, can transfer money from one place to another through electronic means.

In general conclusion the impact of ICT in the form of electronic banking, E-fund transfer and telephone banking has made banking transaction to be easier by bringing services closer to its customers.

5.3 Recommendations

Following the findings of the study, the under listed recommendations have been proposed for practice:-

ICT banking is important for the banking industry and its role is likely to continue growing in future. Therefore there is need by the bank management to invest massively in ICT inorder to further promote efficient and smooth service delivery via e-banking products.

There is need to educate the customers extensively on the use of ICT or electronic banking services such as internet banking, SMS (Mobile) banking which are not well patronized..

The government through the ministry of ICT should encourage more research to fully unpack the complex determinants of customer retention in banking settings. There has been little analysis of customer retention in strategy, even though that is an important variable when studying customer-retention.

The place of ICT in the financial sector can not be over stated. It is thus paramount that the management of both Centenary and Stanbic Banks invest massively in ICT inorder to further promote efficient and smooth service delivery via telephone banking, E-fund transfers and internet banking to increase in customer retention in the banking industry.

Customers are becoming desentised on ICT Program and are more willing to switch to traditional serving methods. Bank management must be innovative in delivering unique value to them so that the current customers can protect their brand and grow in revenue stream.

Bank Management should improve employee's incentives and training programme, particularly on customer service training from time to time and not only at the time when the employees join the organization.

Bank Management should conduct regular research on customers need and wants and how to effectively satisfy them.

Banking industry in Kotido that is Centenary rural development and Stanbic management to create a unit that will monitor the progress and challenges and this will ensure efficiency and effectiveness hence customer retention.

It also important for banking industry in Kotido developed extensively in the face of competition in the banking industry to sustain the pressure and maintain profits.

5.4 Area for further research

The researcher further recommends the following areas for further studies

- i. ICT and profitability of an organisation
- ii. ICT and organizational performance

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APPENDICES

OTOKE BENSON WORKPLAN FOR RESEARCH REPORT WRITING (Activity Plan) Kampala International University (KIU)

Activity	Place	Time frame				Cost	Responsib le
		MAY	JUNE	JULY	AUG		
Submission of topic for Approval	Lira	01/05/2014 31/05/2014				100,000	Benson & Mr. Ebong
Typing of Chapter one to three	Kotido		01/06/2014 30/05/2014				Benson
Data Collection for chapter Four	Kotido			01/07/2014 31/07/2014			Benson
Typing & Submission of report for approval	Lira				01/08/2014 08/08/2014		Benson & Mr. Ebong
Printing, Binding and Signing	Lira				10/08/2014 15/09/2014		Benson & Mr. .Ebong

BUDGET COSTS/PLAN FOR 4 MONTHS (May-Sep 2014)

Activity	Frequency	Unit cost	Amount
Transport in general	4	100,000	400,000
Accommodation	4	25,000	100,000
Stationary (Reams)	2	20,000	40,000
Supervision fee	1	150,000	150,000
Telephone (air time)	1	50,000	50,000
Typing printing & Binding	1	185,000	185,000
Sub Total			925,000

QUESTIONNAIRE

Dear Respondent,

I, **OTOKE BENSON** presents this document in order to obtain various information needed for research Report concerning, ***THE EFFECTS OF ICT ON CUSTOMER RETENTION IN THE BANKING INDUSTRY IN KOTIDO DISTRICT***. However, even when the researcher is aware of the sensitivity of most questions, the information obtained will be used solely to find the opinion of the respondents and will have a great level of confidentiality. These will be used for academic purpose so as to obtain a *Bachelors Degree in Business Administration of Kampala International University-Kampala*.

Please read each statement and Make a tick in a box which best represents your level of views with a particular statement.

1. SECTION A (Bio-data)

1. Sex

Male ☐ Female ☐

2. Age(years)

21-30 ☐ 31-40 ☐

41-50 ☐ above 50 ☐

3. Martial status

Single ☐ married ☐ divorced/separated ☐ Widow ☐ Widower ☐

4. Educational Level

Certificate ☐ Diploma ☐ Degree ☐ Masters ☐

Others (specify).....

5. In which department do you work?

Teller ☐

Customer Consultant ☐

Branch Team Leader ☐

Others (specify).....

6. At what level do you work (position held)

Teller ☐

Customer Consultant ☐

Branch Team Leader ☐

Others..... ☐

7. Tenure with the Bank?

Less than 2 years ☐ 3-5years ☐

6-10years ☐ 11 and Above ☐

SECTION B (Effects of E-fund transfer technology on customer retention in banking industry in Kotido)

8 . Which of these banking services do you mostly use?

Manual banking ☐

Electronic Banking ☐

9. Electronic Fund transfer saves time, secure, simple and safe?

Agree ☐

Don't agree ☐

Undecided ☐

10. The introduction of Electronic fund transfer has positively affected customer retention in banking?

Agree ☐

Don't Agree ☐

Undecided ☐

11. I find using E-fund transfer in banking useful?

Agree ☐

Don't Agree ☐

Undecided ☐

12. E- banking has improved on the retention of customers in the banking sector in Kotido?

Agree ☐

Don't Agree ☐

Undecided ☐

13. E-fund should be promoted in Banks?

Agree ☐

Don't Agree ☐

Undecided ☐

SECTION C (To identify the effects of telephone banking Technology on customer retention in the bank industry in Kotido)

14. I am not satisfied with the security system of Telephone banking services.

Agree ☐

Do not agree ☐

Undecided ☐

15. The quality of telephone Banking is bad.

Agree ☐

Do not agree ☐

Undecided ☐

16. Telephone banking has improved the retention of customers in the banking sector in Kotido?

Agree ☐

Don't Agree ☐

Undecided ☐

17. I am completely satisfied with telephone banking services delivered by my Bank in banking industry.

Agree ☐

Don't Agree ☐

Undecided ☐

18. Telephone should be promoted in Banking?

Agree ☐

Do not agree ☐

Undecided ☐

SECTION D (Effects of ICT on internet banking technology on customer retention in the banking industry in Kotido)

19. Internet banking saves my time, secure, simple and safe

Agree ☐

Don't agree ☐

Undecided ☐

20. Internet banking improves my communication with the bank.

Agree ☐

Don't agree ☐

Undecided ☐

21. Using internet banking is complex and expensive

Agree ☐

Don't agree ☐

Undecided ☐

22. Internet banking as led to customer retention in the banking industry in Kotido

Agree	<input type="checkbox"/>
Don't agree	<input type="checkbox"/>
Undecided	<input type="checkbox"/>