

Determining the Level of Service Quality Provided by Listed Commercial Banks in Kenya

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Abstract: Marketing strategy remains a critical driver of customer satisfaction and competitiveness in the banking industry globally. Despite this, commercial banks in Kenya are yet to attain required customer satisfaction levels. This is evident in the low average customer satisfaction index (CSI) which dropped from 67% in 2011 with a downward trend to 60% in 2015 way below the Kenyan banking industry benchmark of 77%. The main purpose of this study was to determine the level of service quality provided by commercial banks in Kenya. The target population was 1,072,500 customers of commercial bank customers in Nairobi. A sample of 384 was drawn using proportionate stratified sampling technique to constitute 242 retail, 81 business and 61 corporate customers. The results revealed that the level of service quality was relatively good ($M = 4.00$, $SD = 0.32$) in a scale of 1 to 5 meaning banks provide good service quality levels. Study concludes that banks provide satisfactory levels of service quality. Study recommends that aspects related to empathy construct of service quality dimension should be improved.

Keywords: Marketing Strategy, Customer Satisfaction, Competitiveness, Banking Industry, Commercial Banks, Customers, Service Quality, Kenya.

1. INTRODUCTION

The Kenyan banking industry is governed by the companies Act (CAP 486), The Banking Act (Chapter 488), The Central Bank of Kenya (CBK) Act and the various prudential guidelines issued by the Central Bank of Kenya (CBK, 2006). In Kenya, at independence in 1963, banks consisted of nine foreign owned commercial banks, the largest of which were Barclays, Standard Chartered bank, National bank and Grindlays Bank (Brownbridge & Harvey, 1998). In the 1990s the government introduced a number of policy reforms aimed at a gradual liberalisation of the financial markets opening the banking sector to unprecedented growth. As a result, the banking sector grew to 33 commercial banks and 50 Non-Bank Financial Institutions (NBFIs) by 1994. By the end of 2013, this number amounted to 46 banks with a total branch network of 500 (CBK, 2014). Currently the number stands at 43 due to mergers. However one bank (Dubai bank) was closed down by the CBK while two (Imperial bank Ltd and Chase bank) are under receivership. The Kenyan banking sector registered improved performance as indicated by the size of assets which stood at KSh.3.2 trillion, loans and advances worth KSh.879 billion, deposits of KSh.2.29 trillion and profit before tax of KSh.1,881 billion as at 31st December 2014, (CBK, 2014).

In the changing banking scenario, of the 21st century, banks have to build a strong identity to provide world class services. The banks have to be of high standard, committed to excellence in customers, shareholders and employees satisfaction, and diversifying of financial sector (Balachandran, 2005). There has been a tremendous change in the way of banking between the year 2005 and 2009 and customers have also rightly demanded world class quality services from the banks.

With multiple choices available, customers are not willing to put up with anything less than the best. Banks have recognised the need to meet customer's aspirations as different customers have different personalities, so it is an urgent drive for the banks to establish the determinants of customer satisfaction in the banking industry in order to enhance customer loyalty and retention (Onditi *et al.*, 2012).

2. LITERATURE REVIEW

Level of Service Quality:

Onditi *et al.*, (2012) studied the implications of service quality on customer loyalty in the banking sector in Homabay County, Kenya. The data of this study was collected from 400 customers of four major banks in Homabay County. The findings suggested that service quality has a significant effect on customer loyalty. The study did not address the role of SERVQUAL model in determining the level of service quality and customer loyalty. The study focused only on the banks in Homabay town and did not focus on other areas where banks are more stabilised as opposed to a growing town. The focus on a single and small region may make the results not generalizable to the banking industry in general

Muthoni *et al.*, (2014) conducted a study to assess the service quality gaps influencing customer satisfaction in banking industry. The study was based on a survey of 20 commercial banks in Mombasa town. The population comprised of 6 bank customers among 20 commercial banks in Mombasa town giving a total of 120 respondents. The results established that the service quality gaps influence customer satisfaction in the banking industry. However, the study did not use SERVQUAL service quality dimensions that could have been important in establishing the level of service quality and customer satisfaction. The study sample comprised of 120 respondents which a small sample it is thus posing a risk on the reliability of the research findings. The use of purposive sampling technique poses a risk of biasness in selecting the sample.

Chepkwony *et al.*, (2012) conducted a study to establish the effects of customer complaint resolution strategies on customer satisfaction. The study employed an explanatory survey design and targeted all the 20 banks based in Eldoret town. The study concluded that distributive complaints resolution strategies are an important feedback mechanism to establish customer satisfaction levels and banks are therefore advised to invest in them. The study ignored the importance of using service quality dimensions as one of the variables in determining service quality levels.

A study was carried out by Auka (2012) to examine the extent to which service quality, perceived value and satisfaction influence customer loyalty in commercial banks in Nakuru Municipality, Kenya. The findings revealed that there was a positive and significant relationship between service quality, customer satisfaction and customer value and customer loyalty. The study also found that service quality, customer value and satisfaction are critical success factors that influence the competitiveness of an organization. The study adopted purposive sampling technique which may pose a risk of biasness and it was carried out in Nakuru Municipality. This is such a small study area and so the study findings cannot be used to represent a large population.

A study was carried by Buchichi (2013) to establish the customer service improvement strategies at CFC Stanbic Bank Kenya Limited. From the research findings, customer improvement strategies used by the bank to satisfy and retain customers included harmonization of operating systems and bank account systems. The study applied case study research design where information was only collected from senior management team since they are involved in strategy formulation and implementation. The study however did not consider the external customers thus customer perceptions on customer service improvement strategies would have been important in establishing the relationship. By getting information from the management of the bank, there is a likelihood of biasness as the management wouldn't give negative information about their bank.

Andaleeb *et al.*, (2000a), (2000b), 2001, 2007) have explored more generally the issues pertaining the service quality and patient satisfaction in public and private hospitals in Bangladesh. The findings of their papers shaped the SERVQUAL Model through combining and including cultural variables in the scale for measuring customer satisfaction in the service sector in Bangladesh. There is a need to carry out a study in Kenya and also to have a moderating variable included in the study for purposes of strengthening the relationship.

Negi (2009) investigated the relevance of customer perceived service quality in determining the overall satisfaction of customers in the context of mobile services of Ethiopian Telecommunication Corporation. The result was that reliability and network quality were relevant factors to evaluate service and he confirms that tangible, empathy and assurance should not be neglected when evaluating perceived service quality and customer satisfaction.

Studies by Auka (2012); Chepkwony *et al.*, (2012); Muthoni *et al.*, (2014); Negi (2009) and Onditi *et al.*, (2012) revealed that there was a positive and significant relationship between service quality, customer loyalty and customer satisfaction. However, the studies had several limitations. Onditi *et al.*, (2012) did not use SERVQUAL service quality dimensions in measuring service quality. The study focused on the banking sector in Homabay town Kenya and did not focus on other areas where banks are more stabilized as opposed to a growing town. Auka (2012) adopted purposive sampling technique which may pose a risk of biasness. The study was carried out in Nakuru Municipality which is such a small study area thus banks are not stabilised as are in Nairobi. Muthoni *et al.*, (2014) did not consider using SERVQUAL service quality dimensions that could be important in determining levels of service quality. Chepkwony *et al.*, (2012) ignored the importance of using service quality dimensions as one of the variables in determining levels of service quality. These studies have limited the role of SERVQUAL service quality dimensions of responsiveness, tangibility, empathy, assurance and reliability in determining the level of service quality among customers.

3. METHODOLOGY

Research design:

The study adopted cross-sectional correlational research design. Correlational design represents a general approach to research that focuses on assessing the relationships among naturally occurring variables. It aims to determine the relationship between two variables as well as how strongly these variables relate to one another (De Vaus, 2002). It provides an accurate and efficient means for describing people's thoughts, opinions, and feelings. The goal of correlational research design is to identify predictive relationships among variables by using correlation and regression statistical techniques of analysis. The design was appropriate because it assisted in determining the relationship between service quality and customer satisfaction and the effect of marketing mix strategy in the relationship. Cross sectional study entails the collection of data on more than one case (Usually quite a lot more than one) and at a single point in time in order to collect a body of quantitative data in connection with two or more variables (usually many more than two) which are then examined to detect patterns of association (Bryman & Bell, 2007). The study entailed collection of data from more than one case (384 respondents) in connection to service quality, marketing mix strategy and customer satisfaction thus the reason for cross-sectional study.

Sampling Frame:

Customers of the 11 commercial banks listed on the NSE were studied. The sampling unit was the customers within the banks. Proportionate stratified sampling technique was used to select the study sample. Stratified sampling helped in achieving the desired representation of various sub groups within a population of distinct categories of different sizes (Mugenda, 2008). Customer population for each of the 11 commercial banks was determined using market share of these banks. Customers were stratified into three strata namely retail, business and corporate to constitute 63%, 21% and 16% of the customer population size respectively. The total business, retail and corporate banking lending portfolio in December 2015 represented 21.4%, 63.4% and 16% respectively of the banks total loan portfolios (World Bank, 2015). A sampling frame for each stratum under each of the 11 commercial banks was constructed according to the proportion percent of the customer categories. The sample of each stratum was proportionate to the population size of the stratum. Further each of the 11 commercial banks was divided into their various branches in Nairobi city. The sample was further divided equally among the various bank branches. Sample proportions are presented in Table 3.1. The sample size was determined according to Fisher *et al.* (1998) as below:

$$n = Z^2 pq / d^2 \quad \text{Eq. 1}$$

Where: n – The desired sample size (If the target population is greater than 10,000)

Z = The Standard normal deviate at the required confidence level

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P = The proportion in the target population estimated to have characteristics being measured

$$q = 1 - p$$

d = The level of statistical significance set

If there is no estimate available of the proportion in the target population assumed to have the characteristics of interest, 50% should be used as recommended by Fisher et al. (1998). For example: If the proportion of a target population with a certain characteristic is .50, the Z statistic is 1.96 and we desire accuracy at the .05 level, then the sample size is;

$$n = (1.96)^2 (.50) (.50) / (.05)^2 = 384$$

Validity Tests of the Research instruments:

The study sought to ensure that the research instruments were valid. McMillan (1992) views validity as the extent to which the test items measure what they purport to do. There are three basic ways in which to assess the validity of an instrument; criterion, content and construct.

The instruments content validity was assessed through literature survey/searches (Zikmund *et al.*, 2010) to ensure items are based on the domain of the study concepts (Devallis, 2012) corroborated by expert/analyst judgement and review suggestions (Bollinger and Inam, 2012). The experts provided guidance and advice. They expressed their agreement /disagreement with the use of different items on a Likert scale of 5 points. The comprehensive literature review and proofreading done helped in incorporating relevant issues in the study. These issues helped the researcher in gathering and collecting relevant data from the various categories of respondents. An instrument of 21 items for measuring service quality was formulated. The experts revised the questions and response options until all evaluators concurred that each question and each response option fairly reflected accurately the requisite underlying dimensions for each construct.

The researcher carried out a pilot survey before the actual research process. This helped in establishing whether the research process would work well and whether the instruments would collect what was intended to be collected. The pilot was very helpful as the questionnaire contained certain subjects that were unfamiliar to the respondents. After the pilot was executed, the identified improvements were implemented. The pre-test respondents disclosed that the content of each construct was well represented by the measurement of the items employed.

Face Validity was achieved through analyst assessment (Bollinger and Inam, 2012; Aila, 2014; Aila and Ombok, 2015). Supervisor's effort and expertise was also used to achieve face validity. Construct validity refers to the degree to which the items on an instrument relate to the relevant theoretical construct (Kane, 2001; De Von *et al.*, 2007). Two major approaches were used to ascertain construct validity; Translation and Criterion – related validity (Trochin, 2006 and Drost, 2011). Translation validity centres on whether the operationalization reflects the true meaning of the construct. Therefore translation validity attempted to assess the degree to which constructs were accurately translated into operationalization of the study variables being service quality, marketing mix strategy and customer satisfaction (Drost, 2011). Correlation analysis was used to assess criterion-related validity. Data was collected and analysed for correlations. High correlations among similar constructs revealed convergent validity. Low correlations indicated they do not tap on the same construct. In other words, they discriminated one another. Dissimilar constructs had low intercorrelations signifying discriminant validity (Drost, 2011). The measurement scale used in this study to operationalize service quality is the Parasuraman *et al.*, (1988) scale, preferred in the literature because of its multi-item nature which is deemed to adequately cover the underlying theoretical dimensions.

Data Analysis:

Data gathered were prepared for analyses by editing, handling blank responses, coding, categorizing and recording (Churchil & Iacobucci, 2004; Sekaran and Bougie, 2009). Descriptive statistics which involved the computation of frequency distribution, mean, median and standard deviation summarized the data to indicate their explanatory capacity and also used to carry out analysis of the study objective. This approach is deemed appropriate since descriptive methods tend to be stronger in validity but weak in reliability (Kibwage, 2002 & Odondo, 2007).

4. RESULTS AND DISCUSSION

Level of Service Quality provided by Commercial banks:

The first objective of the study was to establish the level of service quality provided by listed commercial banks in Nairobi city, Kenya. To achieve this objective, Parasuraman *et al.*, (1988) SERVQUAL dimensions, that is; reliability, responsiveness, tangibility, assurance and empathy were used.

Tangibility:

The physical aspect or evidence of services offered by the banks, referred to as tangibility was measured using various aspects. These included modern looking equipment in the banks, impression of physical facilities in the bank, neatness of the employees in the bank, and appearance of materials associated with the service at the bank. These aspects were also measured on a 5-point Likert-Scale, starting with strongly disagree being number 1 and 5 indicating strongly agree. The results were presented in Table 1 using frequency counts, percentages, means and standard deviations.

Table 1 Tangibility

Tangibility items	SD f (%)	D f (%)	N f (%)	A f (%)	SA f (%)	Mean	STD
The bank has modern looking equipment				223(58.7)	157(41.3)	4.41	.493
The physical facilities at the bank are visually appealing			51(13.4)	242(63.7)	87(22.9)	4.09	.596
Employees at the bank are neat appearing			18(4.7)	241(63.4)	121(31.8)	4.27	.541
Materials associated with the service (such as pamphlets or statements) are visually appealing at the bank.	17(4.5)		104(27.4)	138(36.3)	121(31.8)	3.96	.878

Source: Survey data, (2016)

There is a clear indication that banks have modern looking equipment as shown by the highest percentage of the respondents who agreed, 58.7% and second largest percentage who strongly agreed with the statement, 41.3% as shown in Table 4.3 above. The mean over the statement was (M=4.41) with a small standard deviation of 0.493 indicating that there was a total agreement over the statement without much variation. Studies carried out by Bellini *et al.*, (2005) revealed that the higher the customers appreciate the physical aspects, the higher the overall evaluation of service quality, a finding that is consistent with the present rating of the service quality in relation to the modern looking equipment. This also applies to the visually appealing physical facilities at the bank as rated by the highest percentage of the response (63.7%) who agreed and also using mean score (M=4.09), with small standard deviation of 0.596 indicating negligible variation among the response diversity. The findings also revealed a high score of employees' neatness with a mean of 4.27 and a high percentage approval of 63.7 by respondents who agreed and 31.8% who affirmed the agreement. This is an indication that in most of these banks, employees' presentation and overall impression is appealing thus could boost the tangibility of the services being offered. This is not only the case, but even the material associated with the service were also found to be visually appealing as rated by the findings with a slightly above average mean score on the Likert-Scale (M=3.96, SD=0.878) and small variance from the mean as indicated by its' root of the standard deviation. The higher the customers appreciate on the physical aspects, the higher the overall evaluation of service quality (Bellini *et al.*, 2005).

Reliability:

Reliability dimension was determined by five aspects in the questionnaire. These were; the ability to timely accomplish the promise by the bank, sincere interest by the bank in solving an issue related to the customer, certainty of service performance by the bank at the first time, provision of the service by the bank at the time they promise to, and dealing with error free records. These aspects were also measured on a 5-point Likert-Scale, starting with strongly disagree being number 1 and 5 being strongly agree. The results were presented as shown in Table 2 using frequency counts, percentages, means and standard deviations.

Table 2 Reliability

Reliability	S D f (%)	D f (%)	N f (%)	A f (%)	SA f (%)	Mean	SD
When the bank promises to do something by a certain time, they do.		17(4.5)	86(22.6)	225(59.2)	52(13.7)	3.82	.72
When a customer has a problem, the bank will show sincere interest in solving it.		17(4.5)	69(18.2)	189(49.7)	105(27.6)	4.01	.80
The bank will perform the service right the first time.			52(13.7)	275(72.4)	53(13.9)	4.00	.53
The bank will provide the service at the time they promise to do so		17(4.5)	156(41.1)	173(45.5)	34(8.9)	3.59	.72
The bank will insist on error free records			51(13.4)	259(68.2)	70(18.4)	4.05	.56

Source: Survey data, (2016)

The highest percentage of the respondents (59.2%) reported that banks accomplish what they promise, and supported by 13.7% who strongly agreed on the same. A mean of 3.82 which was above the neutral point of 3.0 was obtained thus affirming that the bank promises are accomplished. It was also established that banks have a sincere interest in solving customer problems as indicated by the majority of the respondents who agreed, 189(49.7%) and 105(27.6%) who strongly agreed making an overall mean of 4.01 and a standard deviation of 0.80 to confirm the small variation that could not affect the findings. Table 2 further indicates that there was an agreement on the ability of the bank to respond to and perform the service right at the first time as reported by the highest percentage of the respondents, 275(72.4%) with a mean of 4.00 and standard deviation of .53. Results shows that banks have accuracy in the promises they make, as the respondents had a positive response on the question on whether banks will provide the service at the time they promise to do so. At least 173(45.5%) agreed on the statement, with a mean of 0.72, and finally, it was clear that banks insist on error free records as perceived by 68.2% of the respondents. These findings imply that there is reliability in the services that the banks provide thus making the services of high quality. Zeithamal (2006) also mentioned that reliability is the most important factor in banking services (Yang *et al.*,2003).The higher customers appreciate on reliability, the higher the overall evaluation of retail service quality (Ndubisi, 2006).

Responsiveness:

Responsiveness was measured using various elements on a 5- point Likert scale starting with strongly disagree being number 1 and 5 to indicate strongly agree. These included; employees of the bank informing the customers exactly when service will be performed, giving prompt service to the customers by employees of the bank, availability of the employees of the bank to respond to customer’s request. The findings are presented in Table 3 below.

Table 3 Responsiveness

Responsiveness	SD f (%)	D f (%)	N f (%)	A f (%)	SA f (%)	M	SD
Employees of the bank will tell customers exactly when services will be performed			52(13.7)	275(72.4)	53(13.9)	4.00	.526
Employees of the bank will give prompt service to customers		17(4.5)	69(18.2)	226(59.5)	68(17.9)	3.91	.730
Employees of the bank will never be too busy to respond to customers’ requests		52(13.7)		225(59.2)	103(27.1)	4.00	.906

Source: Survey data, (2016)

The results in Table 3 indicate that the respondents’ acknowledged the ability of employees of the bank to tell customers exactly when services will be performed, as revealed by the highest percentage of the respondents (72.4%) with a high mean of 4.00 and small standard deviation of .526. It is also clear that employees of the bank give a prompt service to the customers as reported by 59.5% of the respondents who agreed and 17.9% who strongly agreed making an overall mean of 3.91 on the statement. Finally, the results indicated that employees of the bank are never too busy to respond to customer’s requests at a percentage of 225(59.2%) with a mean of 4.00, being further affirmation. These results imply the presence of responsiveness dimension in the banks thus an indication that they offer quality services. These studies are quite different from the findings by Sackey *et al.*, (2012) who carried out a study on the effects of service quality on customer satisfaction and established that when it comes to responsiveness, customer requests and complaints are not authorized and resolved on time enough by staff and managers of Barclays bank. Mengi (2009) found that responsiveness is positively related to service quality and customer satisfaction. It also involves understanding needs and wants of the customers, convenient operating hours, and individual attention given by the staff, attention to problems and customers safety in their transaction (Kumar *et al.*, 2009).

Assurance:

Various statements were used in order to construct the entire measurement of assurance. Among these were whether the behaviour of the employees in the bank will instil confidence in customers, whether customers of the bank will feel safe in transactions, employees of the bank will be consistently courteous with customers, and whether employees of the bank will have the knowledge to answer customer questions. These aspects were also measured on a 5-point Likert-scale, starting with strongly disagree being number 1 and strongly agree being number 5. The findings were presented as shown in Table 4 using frequency counts, percentages, means and standard deviations.

Table 4 Assurance

Assurance	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	SD
The behaviour of employees in the bank will instil confidence in customers			17(4.5)	242(63.7)	121(31.8)	4.27	.538
Customers of the bank will feel safe in transactions			35(9.2)	241(63.4)	104(27.4)	4.18	.578
Employees of the bank will be consistently courteous with customers		17(4.5)		226(59.5)	137(36.1)	4.27	.684
Employees of the bank will have the knowledge to answer customers questions		17(4.5)		190(50.0)	173(45.5)	4.37	.708

Source: Survey data, (2016)

The findings in Table 4 indicate that behaviours of employees in the bank have instilled confidence in the customers as reported by the highest percentage (63.7%) who agreed with the statement and (31.8%) who strongly agreed over the statement. The overall mean over the same statement was high as well (M=4.27) with a small standard deviation of 0.538 indicating that there was a total agreement over the statement without much variation in the feedback. The findings also revealed that customers of the bank will feel safe in transactions as indicated by the majority of the respondents 261(63.4%) who agreed with the statement. The second largest percentage of the respondents (27.4%) also strongly agreed and therefore it was clear that there was safety in transactions to customers. A mean of 4.18 confirmed this, with a standard deviation that reflected very small variation from the overall mean that was obtained (SD= 0.578). Furthermore, the findings revealed that the employees of the bank were consistently more courteous with the customers and had knowledge to answer customer questions as revealed by the highest percentage over the two statements 59.5% and 50.0% respectively. High means of 4.27 and 4.37 were obtained on the same respectively. This implies that customers were in agreement with the statements on the assurance dimension of service quality. Several studies suggest that the exchange of information is an important part of both traditional selling and relationship marketing which may lead to a shared understanding (Ndubisi, 2006; Lymperopoulos *et al.*, 2006). The higher customers appreciate personal interaction, the higher the overall evaluation of service quality.

Empathy:

In order to establish the level of service quality provided by the banks using empathy, a number of factors pertaining to empathy were used. These included giving individual attention to customers, have operating hours convenient to customers, having employees who give customers individual attention, having customers interest at heart and finally understanding specific needs of the customers by employees of the bank. These aspects were also measured on a 5-point Likert-Scale, starting with strongly disagree being number 1 and strongly agree being number 5. The entire results were presented as shown in Table 5 using percentages, frequency counts, means and standard deviations.

Table 5 Empathy

<u>Empathy</u>	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	SD
The bank will give customers individual attention			69(18.2)	276(72.6)	35(9.2)	3.91	.516
The bank will have operating hours convenient to all their customers	35(9.2)	86(22.6)	104(27.4)	86(22.6)	69(18.2)	3.18	1.23
The bank will have employees who give customers personal attention.		17(4.5)	52(13.7)	277(72.9)	34(8.9)	3.86	.623
The bank will have their customers best interest at heart			88(23.2)	223(58.7)	69(18.2)	3.95	.642
The employees' of the bank will understand the specific need of their customers.		51(13.4)	105(27.6)	173(45.5)	51(13.4)	3.59	.88

Source: Survey data, (2016)

The findings of the study as shown in Table 5 indicate that the customers were in agreement on whether the bank will give customers individual attention as revealed by the highest percentage of the respondents (72.6%) and a mean of 3.91 high above the neutral point thus implying that the overall score on the statement confirmed an agreement on the individual attention given to customers by the banks. It was also found that the bank have operating hours that are convenient to all their customers as revealed by 22.6% and 18.2% of the respondents , even though there was a high variation (SD=1.23) on the statement almost leading to a neutral value as shown by a mean of 3.18 slightly above the neutral value. The findings further clearly indicate that the banks have employees who give customers personal attention as indicated by 72.9% of the respondents who agreed on the statement, thus making a mean of 3.86 on the same. The findings also revealed that the bank will have their customer’s best interest at heart as revealed by 58.7% of the respondents, and finally, the employees of the bank were found to understand the specific need of their customers as reported by 45.5% of the respondents. These findings imply that customers were in agreement with the statements on empathy dimension of service quality. This dimension captures aspects of service quality that are directly influenced by service policy providers such as good customer service, convenience of parking and operating hours (Butcher,2001; Ndubisi, 2006; Ehigie, 2006).The degree to which the customer feels the empathy will cause the customer to either accept or reject the service encounter. The higher the level of empathy, the higher the overall evaluation of the service quality. The researcher therefore found it necessary to summarize the findings on the level of service quality provided by commercial banks. Means and standard deviations were therefore used to present the results using the five dimensions of service quality. The results are presented as shown in Table 4.8 below.

Table 6 Summary Results for the Level of Service Quality offered by Commercial Banks

Service Quality Dimensions	Mean	Std. Deviation
tangibility	4.2	.42
reliability	3.9	.43
responsiveness	4.0	.48
assurance	4.3	.46
empathy	3.7	.44
Overall service quality	4.00	0.32

Source: Survey data, (2016)

From the results in Table 6, it is clear that the highest service quality dimension was assurance with a mean of 4.3 and standard deviation of 0.46 an indication that this is one of the most important aspects of service that can be offered by the banks to the customers in order for the customers to build trust with the bank. The second in rating was tangibility which had a second highest mean score of 4.2 with a small standard deviation of 0.42 while the third dimension was responsiveness, which highly depends on the bank employee. Since it was high, it can be concluded that the bank employees were highly responsive to the needs of the customers thus encouraging them to continue banking. The second last dimension of the service quality was reliability, which had a mean of 3.9, and a standard deviation of 0.43, still very high, and the least level was empathy service quality with a mean of 3.7. The overall rating indicated that the level of service quality offered by commercial banks in Nairobi, Kenya was high ($M = 4.00$, $SD = 0.32$) in a scale of 1 to 5 in the likert scale. The results imply that commercial banks in Nairobi city, Kenya provide satisfactory levels of service quality to their customers.

The finding of the current study concurs with previous studies by Auka (2012) and Onditi *et al.*, (2012) which revealed that there was a positive and significant relationship between levels of service quality and customer satisfaction. However, studies by Chepkwony *et al.*, (2012) and Negi (2009) are inconsistent with the current study. Chepkwony *et al.*, (2012) ignored the importance of using service quality dimensions as one of the variables in determining the level of service quality and customer satisfaction. The current study established that customers were in agreement with all the statements on service quality dimensions in regard to ascertaining the level of service quality provided by commercial banks. This confirms that the level of service quality provided by listed commercial banks in Nairobi City, Kenya is satisfactory.

5. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Conclusions:

The study sought to establish the level of service quality provided by commercial banks thus concludes that out of the five service quality dimensions, assurance was the most prevalent in determining service quality while empathy was less prevalent. Therefore more needs to be done to improve the empathy dimension of service quality because it is an important dimension in ensuring good service quality levels.

Recommendations of the Study:

The aspects related to empathy construct of service quality dimension should be improved. To achieve this, the bank management should ensure that bank staff have the interest of customers at heart and at all times customers should be given priority. Assurance is key in ensuring high levels of service quality thus the bank management should endeavour to have the aspects related to it achieved at all times.

Limitations of the Study:

The study restricted itself to the SERVQUAL service quality dimensions; this may have limited the researcher from exploring other aspects like relationship marketing that could have been used to explain service quality. New innovations in service quality especially in terms of technological changes were rarely captured. The study was conducted in Nairobi thus limited in location.

Suggestion for Further Studies:

The following suggestions are made for future studies. First, a study can be carried out on other financial institutions like insurance firms, Sacco's and micro finance institutions. Still; studies can be carried out in other service industry firms like the hotel and the airline industry. Second, future studies should incorporate all the 43 commercial banks and not only the commercial banks listed on the NSE. Thirdly, studies can be carried in other parts of the country apart from Nairobi. Fourth, future studies can focus on specific customer categories and not all the three including retail, business and corporate.

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