ICT INNOVATION AND CUSTOMER RETENTION

CASE STUDY –STANBIC BANK KOTIDO BRANCH.

BY

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OCTOBER , 2018

DECLARATION

I declare that this research report is my original work and has not been presented for examination in any other University.

Signature.................................. Date 13/10/2018..............................

APPROVAL

This is to certify that this research was conducted under my supervision and guidance and is submitted to the University with my approval.

Signature .... Alex Rutare

SUPERVISOR

DATE ......13......../......10............../.......2018........

DEDICATION

I dedicate my work to my family.

ACKNOWLEDGMENT

My gratitude first goes to God who has given me the strength to undertake this research.

I would like to express my sincere thanks to my parents, my dear wife and friends who have showed their love ,encouragement and the financial support and care, accorded to me throughout this success in which without them I wouldn't be what I am.

I also owe a lot of appreciation to my supervisor to all those who assisted me in carrying out this research. I am grateful to my supervisor who helped me through giving me the right guidance, advice and assistance concerning the best way of doing and completing my research.

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LIST OF TABLES

TABLE OF CONTENTS

CHAPTER ONE
INTRODUCTION

1.0 Introduction

This chapter is the introductory part of the study and covers the introduction, 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.

1.1 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 communication and technologies innovation 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 innovation 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 innovation 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 innovation 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 innovation are capable to grow faster. ICT innovation if well planned in the Banking industry will have good advantages.

Given the significant role of ICT in the innovational 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 does 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 their services offered by the bank especially in Stanbic 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 innovations in the banking industry. It is no doubt that ICT innovation is now a very strategic issue in the banking industry (Kobrin, 2001) as reported. Significant innovation in ICT has paved ways for banking applications such as Electronic funds transfer and telephone banking. The innovation 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). Furthermore, 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 Stanbic Bank, 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 innovation of ICT innovation today Banking Industry needs to retain its client and even attract more.
The effort to serve and retain the customer with the innovation of ICT is the sole aim or responsibility of conducting the business and it's a major task that the Stanbic bank Kotido should embark on and Uganda as a whole cannot 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 Continued professional innovation programme. However, this remains a question to be known how these will contribute to customer retention.

1.2 Statement of the Problem.

Despite the Introduction of ICT innovation like for example the ATMs, internet banking, Telephones and websites in Stanbic Bank, 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 So many customers who need quick and fast service delivery leave off this financial institution for other banks which they usually described as providing fast track banking servicing Using ICT innovation like standard chartered Bank. Therefore, this makes one wonders how the ICT innovation can lead to Customer retention in Stanbic Bank, Kotido.

1.3 Purpose of the Study

The purpose of the study is to establish the effects of Information, Communication and technology on customer retention in Stanbic Bank, Kotido.

1.4 Objective of the study

The study is intended to:

i. To examine the effects of E-Fund transfer technology on customer retention in Stanbic Bank, Kotido.
ii. To assess the effects of telephone banking technology on customer retention in Stanbic Bank, Kotido
iii. To find out the effects of internet banking technology on customer retention in Stanbic Bank, Kotido.

1.5 Research Questions

Based on the research objectives, the study will test the following questions.

i. How has the e-fund transfer technology affected customer retention in Stanbic bank Kotido?

ii. How has the use of telephone banking technology affected customer retention in Stanbic, Kotido?

iii. How has the introduction internet banking significantly affected the customer retention in Stanbic bank Kotido?

1.6.0 Scope of the study

1.6.1 Content scope.

The content scope of the research study is the effect of ICT innovation on customer retention and the independent variable being ICT and the dependent variable being on customer retention in Stanbic Bank, Kotido.

1.6.2 Geographical Scope

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

1.6.3 Time Scope

The study covers the period of eight (6) Months from January-June 2018.

1.7 Significance of the study.

The Study would 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 Stanbic Bank 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 innovation and 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.

1.8 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.
- Innovation A new idea, method or invention
- 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

REVIEW OF RELATED LITERATURE

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 employee's relationship, E-fund, telephone and internet banking, Satisfaction, commitment and personal agency.

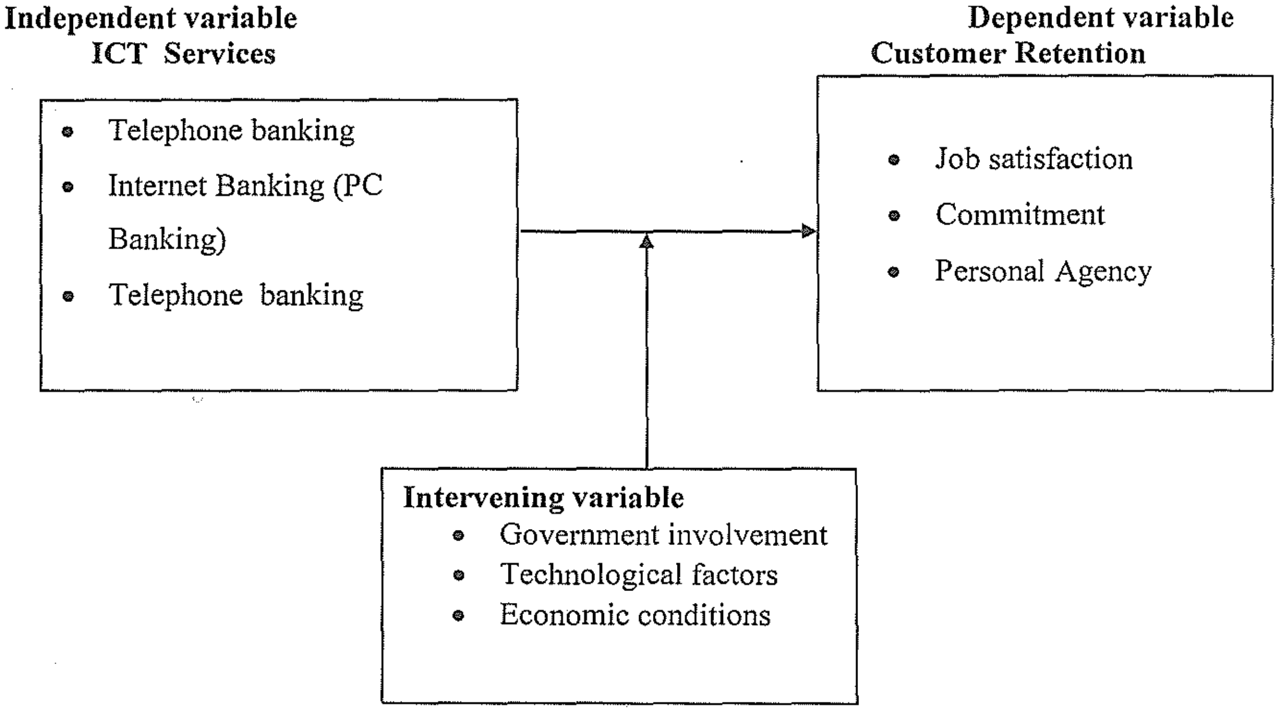
2.2 Theoretical literature Review

The process of adopting new innovations has been studied for over 30 years and one of the most adaptation models is described by Rogers in his book "diffusion of innovation" (2003). He offered the following description of an innovation. An innovation is an idea, practice or project that is perceived as new by an individual or other unit of adaptation (Roger, 2003:13). An innovation may have been invented longtime ago, but if individual perceive it as new, then it may still be an innovation for them. The newness characteristics of an adoption are more related to the three steps (knowledge, persuasion and decision) of the innovation-decision process. In addition, roger claimed there is a lack of diffusion research on technological clusters. For Roger (2003), "a technology cluster consists of one or more distinguishable elements of technology that are perceived as being closely interrelated. In general, (IDT) explains individuals" attention to adopt a technology as a modality to perform a traditional activity, it outlines the critical factors that determine the adoption of an innovation: such those of relative advantage, compatibility, complexity, trialability and observability. The nominalized factors are complexity, triability and observability. (Moga, 2010: 256).

The Decomposed Theory of Planned Behavior. The second reviewed theory is the decomposed theory of planned behavior (DTPB). The theory was developed by Taylor and Todd (1995). The theory postulates that the intention to use a certain technology is influenced by attitude, subjective norm and perceived behavior control. An attitude is defined as an individual's positive or negative feeling about performing the targeted behavior. It's related to behavioral intention because people form intentions to perform behaviors toward which they have positive feeling. Subjective norms refer to the person perception that most people who are important to him think he should or should not perform the behavior in question. It's has been found to be more important prior to, or in the early stages of innovation implementation when user have limited direct experience from which to develop attitudes. Perceived behavior control is concerning with difficulty-especially as its related to internal constraints is a most important factors (Moga, 2010).

2.3 Conceptual framework

Figure 1: Conceptual framework



Source: Singh and Malhotra (2014) modified by the researcher

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).

2.4 Literature review on ICT innovation

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.

2.4.1 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 innovation 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 unexpectantly 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 Innovation, 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.

2.4.2 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 innovation ensured a quick and improved services delivery to customers in Nigeria, thus an 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 Telphone phone banking in which air time can be fixed on the Telphone 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, Stanbic Rural Innovation Bank, Stanbic Bank, Allied bank, Bank of Baroda and Nile bank in Uganda (Kanyegirire, 2004 January Nafula, 2006 March 31

2.4.3 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 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 researchers 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 innovations 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 adaptation 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 adaptation 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-adaptation 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 innovation 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 Stanbic Bank in Kotido to avails 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 postpaid 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 behavior can be found in the consumer behavior 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.

2.5 ICT innovation & Customer retention

According to Baker (1994), refers to ICT innovation and customer retention in the banking industry as "money, people and high technology cannot bring any profit if an organisation cannot 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 itself 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 behavior 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 asserts 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 cannot 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 inorder for a business like banking industry to retain its customers.

2.5.1 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.

2.5.2 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 innovation (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).

2.5.3 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 complaint in their favour. If the complaint 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.

2.6 Relationship between ICT innovation & 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 adaptation 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 Telphone 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 innovations 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 others 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 Mudie and Cottan, (1993), he defines customer retention as a close relationship that exist 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 deals 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 Telphone 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.

2.7 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 innovation in relation to the Stanbic bank 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 queues 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 Stanbic Bank, 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 innovation on customer retention in Stanbic Bank in Kotido. The methodology specifically will describe 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 descriptive design Cross-sectional survey which 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 Stanbic branch Kotido. A total population of 100 respondents will be considered for the study.

3.3 Sample size

The study sample size was Seventy two (72) respondents which included Eight (08) Top management, Twelve (12) customer service staff and Sixty-two (62) customers of Stanbic Bank Kotido. The sample size of 100 respondents was regarded as researcher's saturation point, the same sample size which I will 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.

Catergory	Frequency/Number	Percentage
Top Management	08	11%
Customer service staff/Employees	12	17%
Customers	52	72%
Total	72	**100**

3.4 Sampling Techniques.

Selection of respondents will have 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 is 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 will be expected to obtain these data using questionnaires. The data will be 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 will consult 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 will be reviewed; online sources 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 will have 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 will give only week period for answering and receiving in the questionnaire.

During this time of field studies and collection of the questionnaires, especially finished and filled questionnaires, he will concurrently interview and obtain a few more information on the study subject. The researcher will complete and gather the data, analyzed for further analysis.

3.7 Data Collection instruments.

3.7.1 Interview

Primary data will be 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 innovation and customer retention in Stanbic Bank, 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 will help the researcher 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 innovation and customer retention in the banks Stanbic Bank, Kotido within a day. The researcher will observe for example queuing in ATMs, how customers are 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 will be used as method of data collection given the fact that the target population is large. The administered mainly to help the researcher to save time and its convenience; it is also easy to distribute and collect the data. Furthermore, the method of data collection of questionnaire is reliable to the researcher.

3.7.4 Documents Review

Lastly, the researcher will collect 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 will be established through pilot-testing it using 50 customers of different Stanbic Bank (Uganda) Limited, Kotido branch which also offers ICT, while the reliability of the items in the instrument will be 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 will compare the proportion observed in each category using the tables and percentages to establish the significance level of the best test beforehand. 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 will be useful in comparing group's respondents that differed in size.

3.9.1 Limitation of the study

The researcher will face 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 does not know very well however this will be resolve by hiring the research assistant for interpretation of the language.

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

The researcher will 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 will be done to ensure that the respondents' rights are protected:

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

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA.

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 examine the effects of E-Fund transfer technology on customer retention in the banking industry in Kotido District.

ii. To assess the effects of telephone banking technology on customer retention in the banking industry in Kotido.

iii. To find out the effects of internet banking technology on customer retention in the banking industry in Kotido District.

4.1 Response Rate

A total of Eighty-two (82) 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 82x 100 = 100%.

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	40	56
Female	32	44
Total	**72**	**100**

From the above table 4.1 showed that 56% of the respondents were male while 44% 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 innovation 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 innovation 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 innovation 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	10	14
31-40	34	47
41-72	18	25
72 & Above	10	14
Total	**72**	**100**

From the above table 4.2 the results showed that, the majority of the respondents were in the age bracket of 31-40 years representing 47%. This was followed by 41-72 years grouping representing 25 percent of the respondents and 10 representing 14 percent were between the ages of 21-30 years. Interestingly, the number age 72 and above years plus were only 10 representing 14 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 are 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.

Table 4.3 Response rate according to the marital status.

Marital status	Frequency	Percentage
Single	22	31
Married	46	63
Divorce /separated	4	6
Widow	0	0
Widower	0	0
Total	**72**	**100**

The above table 4.3 analysis revealed that most of the respondents were married. Specifically, the data showed that single were 22 representing 31 percent while married respondents were 46 representing 63 percent, Divorce/separated respondent were 4 representing 6 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.

Table 4.4 Response according to Education level

Level of Education	Frequency	Percentage
Certificate	21	29
Diploma	32	44
Degree	13	18
Masters	0	0
Others	6	8
Total	**72**	**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 32 Diploma level respondents representing 44 % while 21 representing 29% of certificate holders. In addition, 18% were graduates of total 13 in number while Masters had nothing and others representing the illiterate and the business community was 6 representing 8 percent meaning low level in the access to ICT innovation 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.

Table 4.5 Response according to department of work

Department	Frequency	Percentage
Teller	8	11
Customer Consultant	2	3
Branch team leaders	3	4
Others	59	82
Total	**72**	**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 59 representing 82 percent while Tellers were 8 respondents representing 11 percent, while customer consultants and branch managers were 2 each representing 3 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.

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

Position	Frequency	Percentage
Teller	8	11
Customer Consultant	2	3
Branch team leaders	3	4
Others	59	82
Total	**72**	**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 59 representing 82 percent while Tellers were 8 respondents representing 11 percent, while customer consultants and branch managers were 3 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.

Table 4.7 Response according to Tenure with the Bank

Tenure	Frequency	Percentage
0-2 years	7	9.7
3-5 years	8	11
6-10 years	41	57
11 & above	15	22.3
Total	**72**	**100**

From the results above, it showed that, 41 respondents representing 57 percent have been customers of the bank for the period of more than 6 years and below while a total 7 representing 9.7 percent have been with the bank for the periods ranging from 0-2 years. It was also found that, 8 respondent representing 11 percent have been customers of the banks for the past 3-5 years and 15 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 Rosenblatt 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 retention.

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.

Table 4.8. Banking services mostly use

	Frequency	**Percentage**
Manual Banking	42	58
Electronic Banking	30	42
Total	**72**	**100**

From the above table 4.8, the data revealed that 58 percent use electronic banking services implying that high use of electronic banking as compared to manual banking 42 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 interbank payments. The main objective of the study was to understand the changes that had taken place after the introduction of electronic commerce.

4.3.2 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.

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

	Frequency	Percentage
Agree	59	82
Don't Agree	8	11
Undecided	5	7
Total	**72**	**100**

From the above table 4.9, 82 percent agree with the statement that electronic fund transfer saves time, it secure and safe, while 8 percent of respondents representing do not agree to the statement. On the other hand, 5 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 ICT innovation in the banking business promotes efficiency of service delivery and secure in doing business. This result thus means customers are satisfied with electronic banking products of Stanbic Bank-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.

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

	Frequency	Percentage
Agree	46	64
Don't Agree	18	25
Undecided	8	11
Total	**72**	**100**

From the finding above, 74 percent agree that the Introduction of Electronic fund transfer has positively affected customer retention in banking industry, while 25 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 11 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.

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

	Frequency	**Percentage**
Agree	48	67
Don't Agree	14	19
Undecided	10	14
Total	**72**	**100**

From the above, 48 agree that using e-fund transfer in banking is useful and beneficial to customers, while 14 do not agree on the finding and while 10 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 48 respondents representing 67 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 Stanbic bank -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.

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

	Frequency	Percentage
Agree	52	73
Don't Agree	14	19
Undecided	6	8
Total	**72**	**100**

From the above 4.12, the results showed that a total of 52 respondents representing 73 percent agreed that E-fund transfer has improved on customer retention in the banking sector in Kotido. While total of 4 respondents representing 19 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 Stanbic 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 innovation 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 cannot 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 innovation 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.

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.

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

	Frequency	Percentage
Agree	62	86
Don't Agree	10	14
Undecided	0	0
Total	**72**	**100**

Further, in finding on whether e-fund transfers are to be promoted in banks. From the responses, it was observed that the electronic fund transfers services be promoted in banks. The results showed that a total of 62 respondents representing 86 percent agreed that, e-fund transfer in banking be promoted because it's very useful to them. On the other hand, a total of 10 respondents representing 14 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 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.

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

	Frequency	Percentage
Agree	53	74
Don't Agree	11	15
Undecided	8	11
Total	**72**	**100**

From the above table 4.14, the data revealed that 74 percent get on the satisfaction from telephone Services while 15 percent do not get any satisfaction from the telephone banking services. Further, it was observed that 11 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 in line 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 itself 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 behavior 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 innovation in the Stanbic bank- 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.

Table 4.15 Response on the quality of telephone Banking is bad

	Frequency	**Percentage**
Agree	55	76
Don't Agree	12	17
Undecided	5	7
Total	**72**	**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 55 respondents representing 76 percent do agree that telephone banking quality is bad. On the other hand, a total of 12 respondents representing 17 percent did agree on the quality of telephone banking whether is bad while 5 respondents representing 7 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 and high internet bundle servicing.

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.

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

	Frequency	**Percentage**
Agree	24	33
Don't Agree	38	53
Undecided	10	14
Total	**72**	**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 38 respondents representing 53 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 24 respondents representing 33 percent do agree while 10 respondents representing 14 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) 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, how croft 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.

Table 4.17 Satisfaction with telephone banking services delivered by banking industry.

	Frequency	Percentage
Agree	56	77
Don't Agree	13	18
Undecided	3	5
Total	**72**	**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 56 respondents representing 77 percent do agree that on telephone satisfaction delivered by Bank in Kotido banking industry. On the other hand, a total of 12 respondents representing 18 percent did agree on the satisfaction of telephone banking while 4 respondents representing 5 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.

4.4.5 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.

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

	Frequency	Percentage
Agree	67	93
Don't Agree	05	7
Undecided	0	0
Total	**72**	**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 67 respondents representing 93 percent agreed that, Telephone banking be promoted because it's very useful to them. On the other hand, a total of 5 respondents representing 7 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 has to be promoted in banks in Kotido especially of Stanbic bank.

This is in line with Durkin and How croft, (2003), evaluated that the banker-customer relationship was improving through Telphone 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 innovation channels in banking industry, if followed can help to improve their productivity and profitability.

4.5 Objective Three. Effects of ICT innovation on internet banking 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.

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

	Frequency	Percentage
Agree	64	88
Don't Agree	07	9
Undecided	01	3
Total	**72**	**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 88 percent agreed that internet banking saves time, secure and safe while 9 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 adaptation 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.

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

	Frequency	Percentage
Agree	60	83
Don't Agree	9	13
Undecided	03	4
Total	**72**	**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 83 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 13 percent did agree on the whether internet banking improves on the communication with the banks and while 4 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.

Table 4.21 Response on whether using internet banking is complex and expensive

	Frequency	Percentage
Agree	62	86
Don't Agree	07	9
Undecided	03	5
Total	**72**	**100**

Furthermore; 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 86 percent of the respondents agreed that internet banking is complex and expensive while 9 percent of the respondents did agree on that internet banking is complex and expensive and 5 respondents 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 adaptation 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 adaptation 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-adaptation 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.

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

	Frequency	**Percentage**
Agree	59	82
Don't Agree	08	11
Undecided	05	7
Total	72	**100**

Lastly, in examining the response on whether internet as led to customer retention in the banking industry in Kotido. The results showed that 82 percent of the respondents agreed that internet has improved on customer retention in the banking sector in Kotido. On the other hand, 11 percent of the respondents did not agree while 7 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 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 cannot bring any profit if an organisation cannot 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 innovation like internet banking, Contracting and warranting by assuring the customers of good deliveries through ICT innovation 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 behavior can be found in the consumer behavior 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.

4.6 Regression Model

A regression model was carried out using SPSS to establish the level of significance of the ICT innovations on customer retention.

Table 4.23: Regression Model

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics: R Square Change	F Change	df1	df2	Sig. F Change
1	.943[a]	.889	.878	.14219	.889	80.342	1	10	.000

Model		Unstandardized Coefficients: B	Std. Error	Standardized Coefficients: Beta	t	Sig.
1	(Constant)	-1.424	.646		-2.204	.059
	E-funds Transfer	.418	.638	.315	.656	.530
	Telephone banking	.479	.594	.007	.491	.037
	Internet banking	.271	.339	.283	.301	.046

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics: R Square Change	F Change	df1	df2	Sig. F Change
1	.972[a]	.944	.923	.11304	.944	44.982	3	8	.000

a. Predictors: (Constant), E-funds Transfer , Telephone Banking, Internet

Table 4.6 revealed that the predictor variable (ICT innovation) can influence up to 87.8% variation in Customer retention (adjusted R^2=.878, p<.05). Furthermore, a unit change in ICT accounts for 31.5% variance in Customer retention (Beta=.315, p>.0530), while a unit change in E-funds transfer accounts for 0.7% variance in customer retention (Beta=.007, p<.05) and a unit change in telephone banking accounts for 28.3% variance in customer retention (Beta=.283, p<.05). Similarly, predictor variables altogether account for up to 92.3% variance in customer retention (adjusted R^2=, p<.05).

4.7 Relationship between ICT innovation and customer retention

In finding out the relationship between ICT and customer retention, the researcher performed a correlation analysis using SPSS. The use of variables such as telephone banking, E-funds transfer and internet banking tried to explain the effect of ICT innovation on customer retention. It was further confirmed by a test of hypothesis as shown below.

The Pearson correlation coefficient (r) was used to establish the relationship between ICT delivery on customer satisfaction

Table 18 The relationship between service delivery on customer satisfaction

Correlations		**ICT Innovation**	**Customer Retention**
ICT Innovation	Person correlation	1.000	0.722**
	Sig. (2. tailed)	.	.012
	N	72	72
Customer retention	Pearson correlation	0.722**	1.000
	Sig. (2-tailed)	.012	.
	N	72	72

** Correlation is significant at the 0.05 level (2-tailed).

Source: statistical package for the social scientists (SPSS) output.

The results revealed a significant positive relationship between ICT innovation and customer retention (r = 0.722**, Sig. = .012). This implies that ICT innovations like ATMS, mobile banking have improved customer satisfaction leading to customer retention. The Pearson coefficient 'r' reflects the degree of linear relationship between the two variables, it ranges from negative one and positive one that is -1<=r<=1. If r=0, then, there is no relationship between the two variables, if r ranges between +/-0.1 to +/-0.4 the relationship is weak, if r ranges between +/-0.4 to +/-0.6 the relationship is moderate and if r lies between +/-0.6 to+/-0.9 the relationship is strong. Besides if r=+/-1 there is perfect relationship between the two variables. However, since the correlation coefficient (r=0.722**) lies between +/-0.6 to +/-0.9 the researcher concluded that ICT innovations in banking and customer retention are significantly related.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 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 Stanbic Bank 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 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 innovation 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.

Regression analysis revealed that that the predictor variable (ICT innovation) can influence up to 87.8% variation in Customer retention (adjusted R^2=.878, $p<.05$). Furthermore, a unit change in ICT accounts for 31.5% variance in Customer retention (Beta=.315, $p>.0530$), while a unit change in E-funds transfer accounts for 0.7% variance in customer retention (Beta=.007, $p<.05$) and a unit change in telephone banking accounts for 28.3% variance in customer retention (Beta=.283, $p<.05$). Similarly, predictor variables altogether account for up to 92.3% variance in customer retention (adjusted R^2=, $p<.05$).

The results revealed a significant positive relationship between ICT innovation and customer retention ($r = 0.722^{**}$, Sig. = .012). This implies that ICT innovations like ATMS, mobile banking have improved customer satisfaction leading to customer retention.

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 innovation & retention of customers in the Stanbic Bank as per Objective one examine the effects of E-Fund transfer technology on customer retention in the Stanbic Bank in Kotido District has got a significant effect and the objectives stated for the study was achieved.

Objective two. The study was to assess the effects of telephone banking technology on customer retention in Stanbic Bank- 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 Stanbic are being utilized by customers and it has increased on the productivity level in the banking industry. ICT innovation 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 any time and using any bank ATM machine, can transfer money from one place to another through electronic means.

In general conclusion the impact of ICT innovation 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 innovation 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 in order 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 (Telphone) 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 innovation in the financial sector cannot be over stated. It is thus paramount that the management of Stanbic Bank invest massively in ICT in order 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 decentered 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.

Stanbic bank Kotido management should create a unit that will monitor the progress and challenges and this will ensure efficiency and effectiveness hence customer retention.

It also important for Stanbic bank 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 innovation and profitability of an organisation
ii. ICT innovation and organizational performance

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APPENDIX 1:
QUESTIONAIRE

I am a student from the faculty of Business and Management at Kampala International University and I wish to conduct an academic study on this company concerning service delivery and customer satisfaction. I therefore request you to take part in my research by filling in answers or your opinions in this questionnaire.

All information provided is treated confidential. No name is ascribed to any response. You are at liberty to answer or not to answer any questions that seem to embarrass you.

I will be very happy if you could spend part of your time to answer the question for me so that I can achieve the research objectives. Please complete every item as frankly as possible and make comments wherever necessary.

Thank you.

Bio data

1 Gender

a) Male ☐ Female ☐

2 Age

a) 20-30 years ☐ b) 31 -40 years ☐ c) 41 50 years ☐) above 50 ☐

3 . Education

a) Diploma ☐ b) Degree ☐ c) Masters ☐ d) Phd ☐

4. Working experience

a) Less than 2 years ☐ B) 2 – 5 years ☐ c) 6+ years ☐

SECTION B: The effects of E-Fund transfer technology on customer retention

For the statements below, please rate the extent of your agreement or disagreement with each statement by ticking one of the options provided

1. Strongly Disagree. 2. Disagree 3. Not sure. 4 Agree. 5. Strongly agree

No.	STATEMENTS	1	2	3	4	5
	Organizations is still using Manual Banking					
	Bank has adopted the use of Electronic Banking					
	Electronic Fund transfer saves time, secure, simple and safe.					
	Electronic fund transfer has positively affected customer retention in banking.					
	E-fund transfer in banking useful to customer retention					
	E- banking has improved on the retention of customers in the banking sector in Kotido.					
	Response on whether E-fund is to be promoted in Banks.					

According to you give your opinion on the impact of electronic banking on customer retention

....

....

....

....

....

The effects of telephone banking technology on customer retention in Stanbic Bank, Kotido

No.	Statement	5	4	3	2	1
1.	Telephone banking can be considered as a form of remote or virtual banking which is essentially the delivery of branch financial services via telecommunication devices					
2.	Telephone banking delivers quick banking services to customers 24/7					
3.	The Telephone banking service provides yet another alternative to almost all the functions available on the Automated Teller Machines except withdrawal and deposit of cash.					
4.	Telephone allows quick completion ɔf utility services/ payments					
5.	Telephone banking system is quick and user friendly to all clients					
6.	Telephone banking ensures quick access to finance services everywhere you are					
7.	Telephone banking saves time and is not tiresome since its quick					

SECTION C: THE INTERNET BANKING ON CUSTOMER RETENTION

For the statements below, please rate the extent of your agreement or disagreement with each statement by ticking one of the options provided.

1. **Strongly Disagree. 2. Disagree 3. Not sure. 4 Agree. 5. Strongly agree**

No.	Statement	5	4	3	2	1
1.	I do understand what is meant by internet banking					
2.	There is a direct relationship between my banking service satisfaction and internet banking service satisfaction and electronic banking service					
3.	Internet banking is providing banking service satisfaction up to my expectation					
4.	I do get the service of internet banking 24 hours per day and 7 days a week					
5.	The level of satisfaction, I am getting from electronic banking service is higher than ordinary banking service					
6.	Internet banking can do everything for me as employees do Controlling of my bank account has improved after using internet banking					
7.	Internet Banking performs the services required by the client very first					
8.	Wide range of services is viewed by the client in the shortest time					
9.	Processing of several transactions					
10.	Electronic or internet banking is reliable and user friendly					

Thank you for your participation

APPENDIX II

SAMPLING TABLE BY KRAJCIE and MORGAN (1970)

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	346
25	24	130	97	320	175	950	274	4000	351
30	26	140	103	340	181	1000	278	4500	354
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	191	1200	291	6000	361
45	40	170	118	400	196	1300	297	7000	364
50	44	180	123	420	201	1400	302	8000	367
55	48	190	127	440	205	1500	306	9000	368
60	52	200	132	460	210	1600	310	10000	370
65	56	210	136	480	214	1700	313	15000	375
70	59	220	140	500	217	1800	317	20000	377
75	63	230	144	550	226	1900	320	30000	379
80	66	240	148	600	234	2000	322	40000	380
85	70	250	152	650	242	2200	327	50000	381
90	73	260	155	700	248	2400	331	70000	382
95	76	270	159	750	254	2600	335	100000	384

Source: Amin, M. E. (2005). *Social science research: conceptions, methodology and analysis*, p. 454.