COMPETITIVE STRATEGIES APPLIED BY BANK AGENTS TO SUSTAIN THEIR MARKET SHARE (A CASE OF COMMERCIAL BANKS IN MIGORI COUNTY).

BY:

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D53/MIG/PT/24077/2011

A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTER OF BUSINESS ADMINISTRATION (STRATEGIC MANAGEMENT) DEGREE OF KENYATTA UNIVERSITY

April 2013

DECLARATION

This research project is my original work and has not been presented for consideration in any other university.

Sign: ……………………………………………………… Date: ……………………………

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This project has been presented to the University for Examination with my approval as university supervisor.

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DEDICATION

I hereby dedicate this research project to my daughter, Rosenael; to my two sons Eugene and Donald, and to my loving husband, Washington Adede. Thank you all for your encouragement and continuous support. I also dedicate this research project to the glory and honour of God.

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ACKNOWLEDGEMENT

With sincere thanks and utmost gratitude, I acknowledge the crucial contribution, support and commitment of my supervisor Mr. Julius Murungi to whom I am greatly indebted. He invested most of his time and effort in perfecting my work and giving me the necessary direction and professional advice throughout my entire research project process.

I also thank my colleagues, the entire staff of KCB Migori branch and friends, staff of Equity Bank and Cooperative Bank Migori Branch for their support. I wish to heartily register my acknowledgement to the efforts of my fellow MBA students in the department for their encouragement and team work that fuelled me through this work.

Finally, I thank God Almighty for his endless love upon me for the energy and intelligence of all those who necessitated the completion of this research project.

ABSTRACT

The banking industry has experienced a rapid growth in terms of profits, deposits and revenues in the recent past. This trend has triggered a lot of competition in the banking industry. Most commercial banks have managed to weather this competition to stand out among the most successful Kenyan businesses today. These banks have introduced and are currently thriving on agency banking business as well. This paper analyzes the strategies that are being used by bank agents to compete in the Kenyan banking industry. To achieve this, the study will focus on the following objectives; to establish the effects of service quality on bank agent's market share, to determine the value of technology on bank agent's market share, to examine the relationship between product knowledge and branding and bank agent's market share, to find out the influence of organization structure on bank agent's market share, to determine the agents monthly transaction volume. The study intends to use self-administered questionnaires to the target respondents who will be a sample of commercial bank agents in Migori County. The study shall consider a sample of ten (10) agents each for the three commercial banks currently engaging in agency banking in Migori County. The research will also use secondary data for the study. The data will be analyzed using both descriptive and inferential statistical analyses. The study shall consider whether bank agents use the following strategies to respond to competition in the banking industry: Service quality, technology, product knowledge and branding, and organization structure. These variables are expected to build competitive advantages that can be exploited to sustain and further grow the available market share. The agent's case study is relevant to researchers studying the following topics: Business in Kenya, bank pricing, marketing, micro-finance, bank business model, and strategy. It is equally useful to all the players in the banking industry as it provides an insight to some of the revenue addition strategies.

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LIST OF ABBREVIATIONS

ASCA	Accumulating Savings and Credit Association
ATM	Automatic Teller Machine
CBK	Central Bank of Kenya
CRM	Customer Relationship Management
DSTV	Digital Service Television
ERS	Enterprises Resource Systems
GE	General Electric
HELB	Higher Education Loans Board
ICT	Information, Communication and Technology
KCB	Kenya Commercial Bank
KNBS	Kenya National Bureau of Statistics
KPLC	Kenya Power and Lighting Company
MFI	Micro Finance Institution
OCE	Organization's Commitment to Its Employees'
PC	Personal Computers
PDQ	Machines-Process Data Quick Machines
PIN	Personal Identification Number
POS	Point-Of-Sale
ROA	Return on Assets
ROSCA	Rotating Savings and Credit Association
S&P	Standard And Poor's
SACCO	Savings and Credit Cooperative Society
SPSS	Statistical Package for Social Sciences
SWOT	Strength, Weaknesses, Opportunities and Threats
TQM	Total Quality Management

OPERATIONAL DEFINITION OF TERMS

Supernormal Profits

This refers to excessive profits enjoyed mostly by businesses majorly operating in a monopoly market structure both in the short and long terms. The supernormal profits being underwritten by Kenyan banks have attracted foreign competition

Overbanking

A situation where a relatively low population has a large number of banks proving the same or slightly differentiated banking services; Kenya is considered to be over-banked as compared to other countries like Nigeria, which has less than 30 banks with a population of 130 million as compared to Kenya that has 45 banks and about 33 million people.

A banking agent

A banking agent is a retail or postal outlet contracted by a financial institution or a mobile network operator to process clients' transactions. Rather than a branch teller, it is the owner or an employee of the retail outlet who conducts the transaction and lets clients deposit, withdraw, and transfer funds, pay their bills, inquire about an account balance, or receive government benefits or a direct deposit from their employer. Banking agents are usually equipped with a combination of point-of-sale (POS)card reader, mobile phone, barcode scanner to scan bills for bill payment transactions, Personal Identification Number (PIN) identification number pads, and sometimes personal computers (PCs) that connect with the bank's server using a personal dial-up or other data connection.

CHAPTER ONE

1.1 Introduction

This sub-section dealt with a systematic dissemination of the significant issues concerning the area of study. It began with a detailed explanation of meaning and scope of agency banking. Later, the background content involving Kenya Commercial Bank Agency Banking, Equity Bank Agency Banking and Cooperative bank agency banking in Migori County was introduced and discussed for the intent of understanding and placing the research problem in its contextual scope.

1.1.1 Background information

In the aftermath of the Second World War, customers started to become more affluent and as a consequence, more financially sophisticated. In response to these socioeconomic changes, banks, which had traditionally been supply-led, started to emerge as demand-led organizations,(Howcroft 2005).

The Kenyan banking industry experienced a similar phenomenon after the political and economic liberalization of the 1990's. The managers today are facing an increasingly complex and dynamic environment, these dynamics have created hyper-competition in different industries. (Chandan 1997)

According to D'Aveni, (1994), hyper-competition is characterized by intense and rapid competitive moves, in which competitors must move quickly to build new advantages and erode the advantages of their rivals. Factors that have led to accelerated hyper competition include knowledge sharing (franchise and outsourcing), brand convergence, quick niche copying (imitation), and high quality resulting from standardization, shrinking markets, and attraction of powerful new entrants to business segments with high returns,(Thomas and D'Aveni, 2004).

Competition continues to affect banks in Kenya and other countries. From being the largest banks in the world in the inter-war period, the and big four' retail banks in Britain (Nat West, Midland-HSBC, Barclays and Lloyds-TSB) have seen their cozy-oligopoly gradually weaken since the 1960s. The banks have been rocked by the recession of the early 1990s and their exposure to bad debt while rounds of re-regulation and deregulation, such as the 1986 Building Societies Act, have blurred the boundaries between different financial specialisms and institutions,(Alexander and Pollard, 2000).

Competition in the Kenyan banking industry has risen, so much that even international banks like Barclays and Eco-bank have been hawking their services. Banks haven't been competing blindly as profitable growth and efficiency have displaced the traditional emphasis on volumetric targeting and size for size’s sake, (Howcroft, 2005).

Kenyan banks have had to develop strategies to respond to competition, to both safeguard their niches and to enlarge their market share. Different firms have in the past used different competitive strategies to manage their businesses; Prahalad and Hamel (1990) notes that while in the 1980's the emphasizes was on restructuring and leaner organizations in the 1990's the focus was on identifying, cultivating, and exploiting core competences.

The core competences model focused on the business as a portfolio a departure from the strategic business unit model championed by General Electric. They also note that business in the 1990's used the core competences model to exploit their competences and build strategic architect to secure their future. Defining the industry in which competition actually takes place is important for good industry analysis, not to mention developing strategy and setting business unit boundaries,(Porter 2008).

Banking competition extends beyond the banking industry to cover competitors like cooperative movement, government financial institutions, merry go rounds, and micro finance institutions. Porter, (2008), also notes that a company strategist who understands that competition extends well beyond existing rivals will detect wider competitive threats and be better equipped to address them.

According to Yildirim and Philippatos, (2007), a certain degree of competition is generally perceived to be essential and desirable to improve allocative and productive efficiency in the provision of financial services.

Yildirim and Philippatos, (2007), also notes that a healthy rivalry among banks can serve as a driving force in improving the quality, pricing and availability of the products offered to customers, and promote financial innovation by introducing more modern banking skills, management techniques, and technology.

1.1.2 Kenyan Banking Business Environment

The Kenyan banking industry operates under a monopolistic competition market structure. It is dominated by Barclays, Citigroup, Kenya Commercial Bank, Standard Chartered, Cooperative Bank and lately Equity Bank. Monopolistic structures may be beneficial to the economy as, Petersen and Rajan, (1995) demonstrates that young firms with no record of past performance may actually receive more credit, and at better rates, if they are in a market where banks have monopoly power.

However, Thomas and D'aveni, (2004), have little regard for monopolistic competition as they believe its dead. They note that monopolistic competition may still frequently occur at localized levels but only quite rarely at the industry level as a whole.

One would expect this competition to have eroded the Kenyan banks supernormal profitability however the banks continue to register above average return on shareholders' funds compared to their global counterparts and segments of the Kenyan economy. However this should not be viewed negatively as only financial sustainable institutions can guarantee the sustainable access for financial services to the micro, small business entrepreneurs including the farmers in both rural and urban area, (Channy, 2003).

The supernormal profits being underwritten by Kenyan banks have attracted foreign competition. Although Kenya is a relatively small economy, leading global banks like

Citigroup, Barclay's, United Bank of Africa, Standard Bank of South Africa (trading as CFC Stanbic) and Standard Chartered have local subsidiaries. Foreign competition is useful as foreign bank entry can stimulate competition in national banking markets and thus force domestic banks to improve their operating efficiency, (Yilidirim and Phillipatos, 2007).

An analysis of the current Kenyan environment revealed the economic challenges listed below which are affecting the banking industry. According to the then Minister of planning the challenges for Year 2008 included post-election disruptions, unfavorable, continued political bickering, weather conditions, high cost of food and fuel prices, high crude prices, and the global financial crisis, (Kenya National Bureau of Statistics 2009).

The banking financial institutions in Kenya are predominately incorporated under the Companies Act Chapter 486 of Kenya Laws. However quasi-bank cooperative credit unions are incorporated under the Cooperative Act. The banks are regulated by the Banking Act, the Central Bank of Kenya(CBK) Act, Micro finance Act of 2006, and the supplementary operational guidelines issued by CBK. The banks and micro finance institutions also self regulates themselves through their lobby organizations bodies the Kenya Bankers Association and the Micro finance association respectively.

Banks in Kenya are competing for deposits, loans and advances. Competition is likely to intensify in the banking industry in the background of a shrinking economy. However, the industry low penetration level of 19% still provides opportunities for banks to exploit. Banks are also competing with mobile phone operators' money transfer services like Safaricom's (M-Pesa) and Zain's (Zap). M-Pesa service has over four million registered subscribers. It transferred over KES 24 billion in its first year of operation, Njiraini and Anyanzwa, (2009).

Modern banking has been practiced in Kenya for the last 100 years. Since independence, the commercial banks in Kenya have grown both in number, branches, and the variety of services they offer like loans, credit and debit card services, and introduction of automatic teller machines (ATMs), electronic banking and other services, (Lyaga, 2006).

In this period the banking industry, has experienced several upheavals that have lead to several reforms in the industry. These reforms are reflected in the 1994 Banking Act and its amendments, Central Bank Act 1994, and other CBK regulations. These regulations are likely to reduce the impact of global credit crunch on Kenya.

Kenya is considered to be over-banked as compared to other countries like Nigeria, which has less than 30 banks with a population of 130 million as compared to Kenya that has 45 banks and about 33 million people. However, Nigerian banks are much bigger than the Kenyan ones both in assets and branch network. The Finance bill of 2008 raised the requirement for banks' core capital from the current KES 250 Million to KES 1 billion by December 31st 2012. This is likely to force the low capitalized banks to merge leading to further consolidation in the industry. Other banks will be forced to collaborate with foreign banks like EABS with Eco-bank of Nigeria. However, Kenya Commercial Bank, Cooperative bank and Equity Bank are not going to be affected by this directive as each has its capitalization standing above KES 10.5 billion. However, the likely consolidation will create larger banks and stronger competition. (CBK report, 2012)

According to CBK (2007), a survey conducted by the banking division of the Central Bank of Kenya in 2007 revealed several aspects ranging from product usage to challenges in gaining access to financial services. Only 19 percent of Kenyans are banked and thus have formal access to financial services through commercial banks, building societies and Post Bank.An additional 8 percent are served by SACCOs and MFIs and 35 percent depend primarily on informal financial services such as ROSCAs (Rotating Savings and Credit Associations) and ASCAs (Accumulating Savings and Credit Associations). The study also revealed that access to financial services varies across the country and is highest in Nairobi, which has the greatest number of bank branches. Wahome (2009) notes that Kenyan incorporated banks have embarked on regional expansion to the East African community and beyond. So far, at least six local banks –Kenya Commercial Bank, Equity, Bank, and others are operating in regional markets with prospects of further expansion within the year, This form of diversification is not unique to Kenya as it has been practiced in other countries like United Kingdom, Howcroft, (2005) and USA, Cetorelli, (2001). After the passage of the Financial Services Modernization

1.1.3Agency Banking

A banking agent is a retail or postal outlet contracted by a financial institution or a mobile network operator to process clients' transactions. Rather than a branch teller, it is the owner or an employee of the retail outlet who conducts the transaction and lets clients deposit, withdraw, and transfer funds, pay their bills, inquire about an account balance, or receive government benefits or a direct deposit from their employer. Banking agents can be pharmacies, supermarkets, convenience stores, lottery outlets, post offices, and many more. (www.agencybanking.com)

Banking agents are usually equipped with a combination of point-of-sale (POS)card reader, mobile phone, barcode scanner to scan bills for bill payment transactions, Personal Identification Number (PIN) identification number pads, and sometimes personal computers (PCs) that connect with the bank's server using a personal dial-up or other data connection. Clients that transact at the agent use a bank card or their mobile phone to access their bank account or e-wallet respectively. Identification of customers is normally done through a PIN, national identity card, but could also involve biometrics. With regard to the transaction verification, authorization, and settlement platform, banking agents are similar to any other remote bank channel. (www.agencybanking.com)

The changing needs and complexities of the new environment affect sales and cannot be taken lightly. The effectiveness of any sales strategy depends, to a large extent, on the manager who direct, lead and motivate its members. The lack of in-depth knowledge and modern skills to lead such a force to higher productivity can result in lost opportunities in the marketplace and a demoralized and disoriented business team. Most commercial banks in Kenya have embraced agency banking to reach out to the under banked and the unbanked population in Kenya especially in the rural areas. (Anderson and Rolph, 1996)

1.1.3.1 The Kenya Commercial Bank Agency Banking

KCB launched the Agency Banking proposition setting the pace for the provision of formal banking services at the grassroots. Dubbed 'KCB Mtaani' this new development has enable the bank to reach over 9 million unbanked Kenyans who have the capacity to engage in profitable banking relationships and do not have access to formal banking infrastructure. (www.kcb.co.ke)

KCB Mtaani is a cost-effective way for the bank to expand its reach without the necessity to invest in brick and mortar. It also allows the bank to leverage on technology platform to provide innovative banking products and services to all. the agents are connected to the KCB agency banking platform through the KCB Connect, a mobile banking system and be equipped with a telephone set to facilitate deposit taking and withdrawals. All the agents need to do is to open and fund an agent float account, which is a non-interest bearing account, with KShs100, 000 to be able to operate. (KCB Bank Manual, 2012)

The long term vision is to link agents with the mainstream banking system through internet banking proposition currently in pilot phase, point of sale terminals and PDQ machines to enable them undertake such services as balance enquiries, loan repayments and requests for cheque books and account statements. (KCB Bank Manual, 2012)

Local regulation will determine if financial institutions are allowed to work through retail outlets. Regulators generally determine what kind of, if any, financial institutions are permitted to contract banking agents, what products can be offered at the retail outlets, how financial institutions have to handle cash transport, Know Your Customer requirements, consumer protection, and other banking operational procedures. (www.kcb.co.ke)

Today's world of business presents an ever changing and expanding set of challenges. Modern business people are influenced by a variety of current management practices and trends including customer relationship management (CRM), organizational downsizing and re-engineering, quality improvement initiatives, learning and knowledge management, team orientation and relationship marketing, (Gartner, 2009)

1.1.3.2 Equity Bank Agency Banking

An Equity Agent is a commercial entity that has been contracted by Equity Bank and approved by the Central Bank of Kenya to provide specific services on behalf of the bank. This entity is equipped with the skills necessary to provide basic banking services according to standards set by the bank.The objective is to offer the full range of banking services to customers without them having to visit a branch. This provides the opportunity to access financial products and services at a location nearest to the customer, thus breaking down certain barriers to financial inclusion such as cost and accessibility.Equity Bank takes advantage of the various technology solutions available in order to enable customers to transact at their convenience.

At an Equity Agent customers can enjoy the following services:

- Apply to open a new account and have it linked to Eazzy 247 and use one's mobile phone to transact at an Equity Agent
- Link an existing account to Eazzy 247 and use one's mobile phone to transact at an Equity Agent
- Use Equity Bank debit card to transact at select Equity Agent locations
- Apply to reactivate a dormant account
- Deposit cash into an Equity Bank account
- Withdraw cash from your Equity Bank account
- Pay KPLC, DSTV, HELB and Nairobi Water bills
- Purchase airtime from any mobile network operator

1.1.3.3 Cooperative Bank Agency Banking

Co-op Kwa Jirani is a service of Co-operative Bank of Kenya. Co-op Kwa Jirani will enable customers to do all banking transactions through an agent appointed by the Co-operative Bank. Co-operative Bank's Agency banking will mostly entail cash deposit taking, cash withdrawals, school fees payments, utility payments, balance enquiry, mini-statements and other Banking services. One will need to have an account with Co-operative Bank to work as an agent. Minimum balance of an agent will be determined by one's appraisal forwarded to the Co-operative Bank. The categories of entities who can enjoy Cooperative Bank agency banking services include; all customers, non-customers, Saccolink members, co-operatives, SME Customers and corporate.

Any of the following can be an agent of cooperative bank; limited liability companies, sole proprietorships, partnerships, societies, co-operative societies, state corporations, trusts and public entities. Services that will be offered by Co-op Kwa Jirani include; cash withdrawals, cash deposits, money transfers, fee payments, utility payments, balance inquiry and mini statements.

The Bank uses security provided by robust authentication software and enterprise firewalls along with full 128bit Secure Socket Layer (SSL) encryption. All transactions made will be monitored by the bank upgraded software systems.

1.2 Statement of the Problem

In any business, large or small, the adoption of competitive strategies is imperative. Sales generate profits – in turn profits allow for growth. Financial institutions, especially in developing markets, use agents to reach an additional client segment or geography.

However, many companies have found the application of competitive strategies difficult to properly implement due to lack of adequate understanding and preparation by management and agents.

Most commercial banks in Kenya have embraced agency banking to reach out to the under banked and the unbanked population in Kenya especially in the rural areas. (Anderson and Rolph, 1996)

Banks in Kenya are competing for deposits, loans and advances. Competition is likely to intensify in the banking industry in the background of a shrinking economy. However, the industry low penetration level of 19% still provides opportunities for banks to exploit. (CBK Annual Report 2012)

The low penetration can be attributed to the competitive strategies applied by agents to sustain their market share.

The study therefore identified the competitive strategies adopted by commercial bank Agents to sustain their market share and its impact in the growth of the business through the agency banking department.

1.3 Research Objectives

1.3.1 General Objective

The main objective of the study was to identify the competitive strategies applied by commercial bank agents in Migori County to sustain their market share;

1.3.2 Specific objectives

i. To establish the effects of service quality on bank agent's market share.
ii. To determine the value of technology on bank agent's market share.
iii. To examine the effect of product knowledge and branding and bank agent's market share.
iv. To find out the influence of organization structure on bank agent's market share.

1.4 Research Questions

The study will assist to investigate the most efficient and cost effective competitive strategies adopted by KCB, Cooperative and Equity bank agents to sustain and increase the their market share in the industry and outline possible impacts of these strategies on their business performance.

The study will be guided by the following research questions;

i. What are the effects of service quality on bank agent's market share?
ii. What is the strategic value of technology on bank agent's market share?

iii. What is the effect of product knowledge and branding, and bank agent's market share?
iv. What are the influences of organization structure on bank agent's market share?

1.5 Significance of the Study

The study seeked to clearly bring out the impact of application of competitive strategies in agency banking department using KCB, Cooperative bank and Equity banks in Migori County as a case study. It will be of great importance in adopting the most suitable competitive strategy for their agency banking departments aligned to their strategic transformation agenda. The study will assist the banks to review and improve their competitive strategies and re-evaluate their business performance as they grow their market share.

Moreover, the study can also be used by other banks in the industry in implementing favorable competitive strategies for their agents to achieve better results. The findings can be used by any organization in any industry dealing in selling goods or services. It will be of great importance to agency banking consultants and sales representatives in meeting their sales objectives through enlightening them on efficient and effective competitive strategies to sustain demand for their market share

The findings of the study will be of profound help to the Government of Kenya, through the Central Bank of Kenya (CBK) which is the governing body that monitors and controls all activities of all banks in the country. CBK will be able to monitor the agency banking activities of banks, their agency processes, ethical use of customer information, security issues of the systems and many other contentious issues that may arise during implementation of authorized agency banking activities.

It will also be useful as a reference material for researchers, scholars and other readers who may wish to expand their knowledge on adoption of competitive strategies to sustain demand for market share.

1.6 Limitations of the Study

The study was limited to the degree of disclosure of data and cooperation from the various expected respondents. It was anticipated that most agents may not have documented the factors influencing competitive strategies applied by commercial bank Agents in Migori County to sustain their market share due to engagement in service delivery issues which is their core concern, the findings therefore was limited to studying the observed and disclosed competitive strategies applied by bank agents in Migori to County positively influence their customer growth and market share.

Another limitation was inadequate representation from other commercial banks operating in Migori County but not currently engaging in agency banking such as National bank and Barclays bank of Kenya.

1.7 Scope of the Study

The study considered a sample size of 30 operational commercial bank agents being a sample of ten agents each from KCB, Equity Bank and Cooperative bank of Kenya. It was limited to the competitive strategies applied by the bank agents in Migori County to sustain their market share. Data will be collected from bank agents' outlets in Migori County.

CHAPTER TWO

REVIEW OF LITERATURE

2.1 Introduction

This chapter reviewed relevant literature on the competitive strategies applied by commercial bank agents to sustain their market share. Specific focus will be dedicated on theoretical and empirical literature, on organizational and institutional strategies applied in the implementation of competitive strategies within the agent outlets and concludes with conceptual framework. Literature reviews consists of details of published and unpublished documents such as journals, papers, books, e-sources and other accredited researchers on related topics.

2.2 Theoretical Review.

Awareness of the five forces helps a company understand the structure of its industry and stake out a position that is more profitable and less vulnerable to attack, Porter, (1979, 2008) Porter, (2008), notes that the five forces model helps one to look beyond his direct competitors. He notes four competitive forces that can hurt profits: savvy customers that can play you and your rivals, powerful suppliers who may constrain your profits by charging high prices, aspiring entrants armed with new capacity and hungry for market share, and substitute offerings that can lure your customers away.

Porter, (2000), says that for a firm to benefit from the five forces model it must be able to comprehensively define its industry. It states that, defining the industry in which competition takes place is important for good industry analysis, not to mention for developing strategy and setting unit boundaries, to this end he notes that the firm must determine the product and geographical scope and identify the players and segment under the four segments listed above. The analysis should also assess the strength and weaknesses of these competitive forces. It is also crucial to understand the industry profitability and the recent positive and negative developments in the industry.

Porter, (2008), concludes that, the five competitive forces reveal whether an industry is truly attractive, and they help investors anticipate positive and negative shifts in the industry structure way before they are obvious. He also notes that this deeper thinking about competition is a more effective or superior method to achieve investment success than financial projections and trend extrapolation that dominates today's investment analysis.

The five forces model will make bank agents sensitive and reactive to what is happening in the banking and beyond. This will help the bank to adapt to changes and developments in sectors like mobile banking. Strategy doesn't just focus on expansion, once moribund companies like Nokia and Disney have had to use divestment strategies to reinvent themselves to today's success stories. Through this strategy they divested their loss making operations and focused on the profitable ones. Strategy may also help to broaden the firm's market size. Gillette for example, which had 60% of razor blade market by redefining its market to men's grooming products, was able to uncover new opportunities for growth, (Howcroft 2005).

According to Kroenke, D.M. (2011), application of competitive strategies in business enhances communication that is needed to carry out the managerial functions and for linking the organization with its external environment. Competitive strategies therefore must provide communication link that makes the activities and responsibilities surrounding management or managers possible.

Many studies have been carried out globally to point out the competitive strategies that need to be embraced by businesses in general but none has specifically focused on agency banking business and the sustainability of their market share; Stewart (2006) argues that over time retailing and retail banking have developed side by side, albeit far from independently. There are several intersection points, the most important ones are centered round the point of sale (POS) and the customer payments of purchased goods which happens to be the score point of agency banking business.

2.3 Market share

A large market share is the result of successful implementation of a competitive strategy; the use of the term strategy in business dates only to the twentieth century, and its use in a self-consciously competitive context is even more recent,(Ghemawat, 2002).

Angulu (2007), says, the business world adopted the concept of strategy in the nineteenth century; Military strategies adopted by businesses' include the US navy's networking critical path among other things. Strategy aims at establishing a competitive domain for the firm by defining its business and what it intends to be. Strategy also guides a firm on issues like growth, diversification, investment and divestment.

According to Kroenke, D.M. (2011), application of competitive strategies in business enhances communication that is needed to carry out the managerial functions and for linking the organization with its external environment and consequently results into a wider market share. Competitive strategies therefore must provide communication link that makes the activities and responsibilities surrounding management or managers possible.

Oz, E & Jones, A. (2008), argue that application of competitive strategies is an approach to management that aims to continuously increase value of customers by designing and continuously improving organization process and system. Thus the design and operation of any strategy applied by a business entity should be that which can provide value to customers and should be integrated to Total Quality Management [TQM] in the organization so as to achieve the aim of constantly expanding the available business market share.

Researchers have pointed out that customer attraction and retention has a significant impact on profitability and positive customer satisfaction and leads to superior financial performance. This is because, organizations with better competitive strategies tend to have lower costs, maintain more profitable long term relationships and enjoy a substantial word-of- mouth advertising. They suggest that, once a company acquires a group of customers, it can retain them by making them feel special through customer recognition. Beckett et al,(2000). Burgaski, (2007) notes that the competitive strategies applied by businesses today is aimed at creating consistent communication along with reminding customers of the value they bring to the business.

The literature on agency banking organization structure suggests both efficiency and agency rationales for diversification, Klein and Saidenberg, (1998). The process the process of customer retention involves being customer centric and anticipating customer needs so that a mutually beneficial relationship may be maintained. (Chakrabarty, 2007)

Diversification strategies have involved the broadening of product offering range and the geographic diversification strategy pursued by Kenya Commercial Bank and Equity Bank, which has enabled the banks to expand to four neighboring countries apart from internal expansion in Kenya. It is evident from the literature reviewed that both KCB and Equity Bank have been able to increase their market share both locally and regionally by embracing agency business. (CBK Annual report, 2011)

For firms operating in a highly competitive environment a distinctive strategic orientation is needed, requiring the exploitation of critical resources in order to gain competitive advantage, (Bernard & Koerte, 2007).

Bank agents are faced by an ever increasing competition from other related businesses. As they prepare for new challenges, one of the key components of survival is by embracing the application of competitive strategies in their businesses; this is in the light of recognition that the banking industry is highly competitive with banks not only competing amongst each other; but also with non-Banks and other financial institutions, (Hull 2002)

Holmberg and Suslin (2001), argue that at the time of the deregulation of the financial market in the mid of the 1980s there was a clear-cut borderline between retailing and banking. In recent years, agency banking has become a key area of strategic emphasis.

In the United States, banking industry, as evidenced by rising trends in making services accessible to customers, banks have embraced mobile banking, agency banking and internet banking in order to consolidate and expand their market share; this has been coupled by a continuing increase in the number of bank branches, (American banker, 2005)

White, (2005), argues that, in Western economies it is widely recognized that agency banking is becoming a more competitive business every day. Banks have noted that revenue growth cannot be taken for granted anymore, that survival will not simply be a question of turning revenues into reasonable profits, but to actively secure that flow of revenues in the first place. In other words, banks must shift their focus away from the singular obsession with efficiency of recent years, and return their gaze to revenue growth, market share, and put back in the center of attention the very source of that revenue: the customer, (Stewart, 2006)

Klinkers, (2001), asserts that Retail and Agency banking are both relatively new market opportunity for many banks in developing countries like Kenya. Interest in the social, economic and business potential of low-income market segments has grown and financial products have been created to meet their needs. These financial services include loans for business and personal use, savings and other deposit products, remittances and transfers, payment services, insurance, and potentially any financial product or service a bank can offer to this market segment. The market segments include low-income salaried employees, day laborers, pensioners, and poor households, which have historically been un-served or underserved by banks.

Clearly there are compelling arguments for Bank agents to carefully consider the strategies that can be put in place to increase their market share. However, there has been little empirical research that investigates the constructs leading to the expansion of bank agent's market share. Other studies have focused much on developing measures on customer satisfaction, customer value and customer loyalty without specifically looking into other potential meaningful constructs. Examples of such constructs in increasing the market share are service quality, technology, organization structure and branding and product knowledge. These form the basis for the present investigation. Marketing has traditionally focused on customer acquisition rather than market share and building long-lasting relationships with customers, (Kotler and Keller, 2006).

The literature therefore looks at several possible factors that shall provide competitive advantage aimed at expansion and retention of KCB and Equity Bank agent's market share.

As noted by Johnson and Arnold, (2010).Growth of commercial banks and consequently their agents is as a result of proactive outreach by Banks offering easy access to banking services at superior customer service quality and efficient technology.

2.4 Service quality

Treacy & Wiersema, (1992) uses customer intimacy to explain the competitive strategies used by firms like Nike, Dell Computer, and Home Depot to successfully rise and grow to world class brands. They note that these businesses succeeded by redefining customers' value in their respective markets, building systems that delivered more value than competition and also by raising customer's expectation way beyond the reach of competition. According to them, these firms achieved leadership in their industries by narrowing their focus. They focused on delivering superior value by operational excellence, or customer intimacy, or product leadership. By operational excellence firms aims at delivering products or services at competitive prices and with minimal difficulty or inconvenience. Customer intimacy involves providing products to match the firms segment and target markets. Product leadership involves offering leading edge products that render rival goods obsolete. They also note that through operational excellence a firm like Dell has been able to undercut Compaq and other PC makers without compromising quality. They also cite the direct connect program was successfully used to transform and reinvent the General Electric (GE). Customer intimacy firms continually tailor and shape products and services to fit an increased definition of quality for the customer. Companies that pursue product leadership strive to produce a continuous stream of innovative products like Apple's Ipod and I-phone or Sony's Walkman.

Service quality has been defined as customer’s overall impressions of an organization’s services in terms of relative superiority or inferiority, Johnson, (1995). Further, service quality is considered to not only meet but also exceed customer expectations and should include a continuous improvement process, Lloyd-Walker &cheung, (1998). Wanyama, (2009), notes that customers evaluate a business’ performance mainly on the process of their interpersonal contacts and interactions, Service quality arises from a comparison of the difference between service expectations developed before an encounter and the performance perceptions gained from the service delivery based on the service quality dimensions. Zeithaml & Bitner, (1996). They indicated that service quality consisted of five dimensions:

Tangibles: appearance of physical facilities, equipment personnel and stationery
Reliability: ability to perform the promised service dependably and accurately
Responsiveness: willingness to help customers and provide prompt service
Assurance: ability of the employee or service provider to inspire trust and confidence
Empathy: personalized attention that the firm provides to its customers

Reichheld, (2003), explains that customer expectations and need for services have substantially increased; as customers become better educated, they demand new products, better and more reliable delivery, as well as more responsive services; As a consequence, to improve competitiveness, mtaani agents have to understand the customers' needs and expectations and satisfy them by providing excellent services.

Kenya Commercial Bank business model is built around customer focus. Its business tag line is "KCB, making the difference". The bank has endeavored to create a culture to reinforce this strategy. Kenya commercial bank has adapted an open-door marketing strategy where its senior personnel are very easily accessible to its customers. (www.kcb co.ke)

Commercial banks have assisted their agents to create a fulfilling working environment each by developing an organizational architect that empowers its staff even at branch level. This strategy not only generates job satisfaction but also generates customer satisfaction due to the swift decision-making. Firms have now realized that long-term growth and survival is dependent on a good relationship with customers.

Equity bank has also endeavored to establish a customer centric approach to business. Within a short period in the market, it has been able to match and even exceed the comparative performance of other earlier market entrants. It has a catch business tag line that is a selling brand, "the listening, caring financial partner" (www.equitybank.co.ke)

You must deal with today's customer and tomorrow's customers. They provide the ideas for new products and new applications. They provide the early warning signals about your products' quality and timeliness. They know about your competitors. To know your customers is to know your future, (Fox, 2000).

Cooperative bank as well owns its customers. Its business tag line “we are you”, explains it all. The impeccable service quality has endowed this business with an expansive market share which it strives to maintain and retain by coming up with new products and services tailor made for the benefit of all ranges of her clients such as executive banking for senior people in society, mobile and internet banking for remote banking and agency banking to save its clients the costs of having to travel to a branch to obtain bank services, (www.cooperativebank.com)

To be effective, service quality must reflect the dynamics of that environment. Customer service is a series of activities designed to enhance the level of customer satisfaction, that is, the feeling that a product or service has met the customer expectation, (Turban, 2002).

2.5 Technology

Globally, embracing technology has become the most competitive strategy for doing business today. Banks have embraced agency and internet banking; multinational organizations like the coca cola industry rely on local agents in foreign countries while all their transactions and communications are anchored on the platform of technology, Oz, E & Jones, A. (2008).

Recently, technology has had a remarkable influence on the growth of business market share. This is because technology has had a direct impact on service delivery options, Dabholkar and Bagozzi, (2002), and a profound effect on service quality, (Bitner et al. 2000).

In order to remain competitive, bank agents must anchor their services on technology, Mwaura, (2005).Jayawardhena & Foley, (2000) noted that deregulation and technological developments were the most important external drivers of increased competition and change in the financial services market. A part from relying on the physical distribution network Kenya Commercial Bank has exploited ICT and e-commerce to create a virtual distribution network. This has been a strategic response to the competition in the industry, as all the banks in Kenya are today involved in electronic banking and agency banking in one way or the other.

Bajaj and Nag (1999) notes that Electronic Commerce (E-Commerce) has unleashed yet another revolution, which is changing the way businesses buy and sell products and services. It is associated with buying and selling of information, products, and services over computer communication networks. Kitur (2006) says strategy is about aligning every activity to create an offering that cannot be easily emulated by competitors. He also notes that it is also apparent that developments in ICT are transforming most aspects of organizations including organizational structure and design, the value chain and nature of products/services offered and the markets served among others. ICT is also redefining the relations between the companies and its customers and suppliers and changing the whole industry structure.

For employees to be effective, they need to be supported by an excellent and adequate information system. Most firms have moved from just basic information systems to enterprises resource systems (ERS) that have integrated most of their operations. Some ERS join even the suppliers and customers in the value chain. This helps in making sure that all the decisions are based on informed choices, as information is readily available. Leading enterprise resource systems include oracle, SAP, Microsoft Dynamics, and PeopleSoft have been embraced by all the leading firms, with Oracle running almost all the Forbes 500. Both KCB and Equity bank have realized the importance of ICT and have thus each invested in the biggest ICT infrastructures in Kenya by equipping their agents with PDQ machines that facilitate real-time customers’ access to financial services. (Kitur 2006)

A systematic cross-country analysis of E-commerce activity reveals that although physical infrastructure explains much of the variation in basic Internet use, e-commerce activity also depend significantly on a supportive institutional environment. Chief among the characteristics of such an environment are national respect for the "rule of law" and, secondarily, the availability of credible payment channels such as credit cards. These results suggest that an institutional environment that facilitates the building of transactional integrity is critical to the development of e-commerce, (Oxley and Yeung, 2001).

The Kenyan government has actively addressed the legal challenges by enacting the Communication Act. It has also licensed two other fibre-optic submarine cable companies to connect Kenya to several Internet hubs and end dependency on the much slower satellite link. Kenya has a well-established credible payment system dominated by Visa card that is operated by all the big banks including KCB and Equity bank. Other credible payment channels include mobile phone companies' money transfer systems and Postal Corporation System. Generally, the whole system of agency banking is anchored on ICT.

2.6 Branding and product knowledge

Kotler, (2000), contends that brand is a name, term, symbol, design or all the aforementioned, and is used to distinguish one's products and services from the competitors. For example, Nike adopts a check mark as its brand image, which creates a positive effect indicating approval.

Keller (1993), defines a brand image as an association or perception consumers make based on their memory toward a product. Thus, brand image does not exist in the technology, features or the actual product itself, but is something brought out by promotions, advertisements, or users.

Through brand image, consumers are able to recognize a product, evaluate the quality, lower purchase risks, and obtain certain experience and satisfaction out of product differentiation. When it comes to experiential product evaluation, a positive brand image may make up for an inferior image of the origin country and raise the possibility of the product being selected (Thakor and Katsanis, 1997).

According to Grewal, Krishnan, Baker, and Borin (1998), the better a brand image is, the more recognition consumers give to its product quality.

Consumers are usually limited in regards to the amount of time and product knowledge to make an informed purchase decision when facing similar products to choose from. As a result, brand image is often used as an extrinsic cue to make a purchase decision, Richardson, Dick and Jain, (1994).

Akaah and Korgaonkar (1988) conclude that consumers are more likely to purchase well-known brand products with positive brand image as a way to lower purchase risks. This argument is also supported by Rao and Monroe (1988) that a brand with a more positive image does have the effect of lowering consumers' product perception risks and increasing positive feedback from consumers. Therefore, consumers generally believe they can make a satisfying purchase by choosing well-known brands and also lower any purchase risks by doing so. When making a purchase, consumers often rely on personal memory or experience to make a decision.

Beatty and Smith (1987) define knowledge as a perception consumers have towards certain products, including previous experience of using the product.

Park et al. (1992).comes up with three ways to measure product knowledge based on previous studies:

Subjective Knowledge or Perceived Knowledge: the degree of consumers' understanding of the product, the so-called self-assessed knowledge

Objective knowledge: the degree and type of product knowledge actually stored in consumers' memory, the so-called actual knowledge

Experience-Based Knowledge: previous experience of purchasing or using the product.

Depending on what kind of Brand knowledge they possess, consumers can be divided into experts or novices, and each has different ways of receiving or processing information. Experts do not need to do much brand research since they already possess deep understanding on various brands and product knowledge. They can process information effectively and distinguish various brands and determine their qualities Anderson, Engledow, and Becker, (1980). Novices, however, tend to seek advice from others about product knowledge due to a lack of presorted knowledge, (Brucks, 1985).

2.7 Organizational structure

Ammo (2003) emphasizes that “human resource is the most important factor for success in any organization. Lee and Miller, (1999), also notes that one of the key resources needed to execute an organization strategy is its human capital. Therefore, a dedicated and talented workforce may serve as a valuable, scarce, non-imitable resource that can help firms execute an appropriate positioning strategy; in their study of Korean businesses how an Organization’s Commitment to its Employees’ well-being (OCE) can aid in the profitable execution of its positioning strategies.

Lee and Miller (1999) found that OCE, by itself, sometimes has a weakly positive association with return on assets (ROA). But far more important, we found that ROA is strongly and positively influenced by the interaction between OCE and the dedicated pursuit of Porter’s (1980), strategies for achieving competitive advantage: these are cost leadership, marketing differentiation and innovative differentiation.

Yet the astonishing reality is that most of the firms are as unprepared for the challenge of finding, motivating, and retaining capable workers as they were a decade ago. Business leaders are deeply concerned, judging by two McKinsey Quarterly global surveys. The first, in 2006, indicated that the respondents regarded finding talented people as likely to be the single most important managerial preoccupation for the rest of this decade. The second, conducted in November 2007, revealed that nearly half of the respondents expect intensifying competition for talent - and the increasingly global nature of that competition - to have a major effect on their companies over the next five years, Guthridge, Komm& Lawson (2008).

The banks have managed to attract experienced staff from other banks and reputable world class companies. The banks have also addressed their talent gaps by enrolling in capacity building programs. They have trained their staff in leadership and management development programs offered by leading world business schools. Another challenge that has been facing the agency banking in the area of human capital is high labour turnover. Labour turnover takes critical dimension because of its effects on the success of human resource plans. This is why it is important to pay attention to labour turnover in the sector in view of developing plans to attract, motivate and retrain the workforce, Andisi (2006).

Commercial Banks will also need to reinforce their HR capabilities to handle the challenges arising from mergers and acquisitions. People issues may be important, but they are historically the most difficult to resolve. Staff cannot be forced to cooperate, to drive forward merger objectives, or to change their business behavior. They must be motivated and given incentives to do so. This requires careful planning, and resorting. Many companies have neither the resources nor the know-how to give this area the priority it requires, Kelly, Cook, and Spitzer (1999).

2.8 Conceptual framework

A concept is an image or symbolic representation of an abstract idea. Chinn and Kramer (1999) define a concept as a complex mental formulation of experience.

The model of the study is determined in figure 1. Below, which the independent and dependent variables

Independent variables ***Dependent Variable***

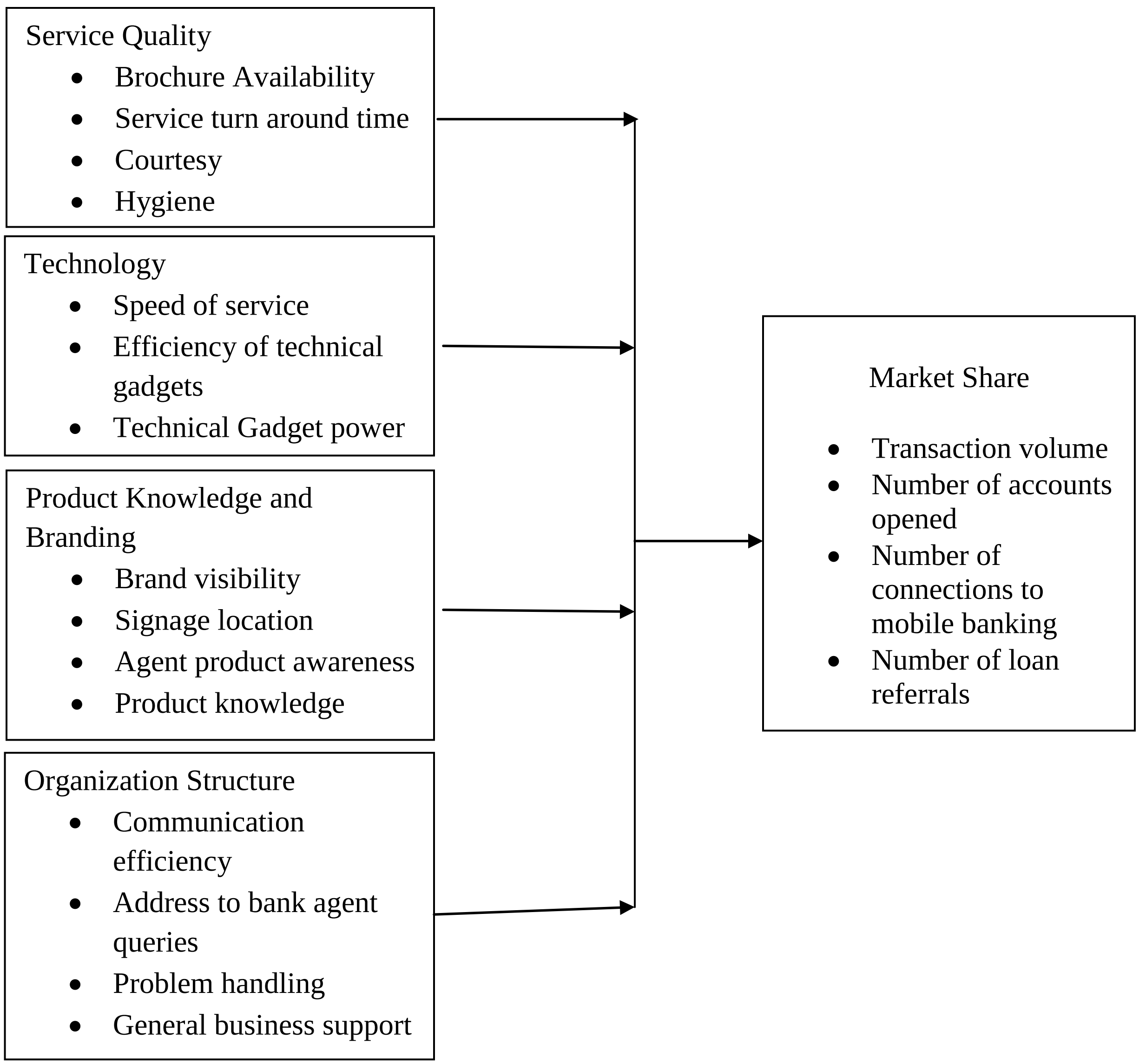


Figure 1 ***Source: Author, 2013***

The framework explains factors that interrelate to contribute to competitive advantage in the diagram above. Research study objectives constitute independent variables which will have direct influence on the competitive strategies applied by mtaani agents to sustain their market share. This means, market share will be dependent on the successful execution of these objectives.

2.8.1 Independent Variables

These are factors which influence other variables to change and the researcher has control over. This "control" may involve manipulating existing variables. The study will adopt the following as independent variables:

Service quality **-** this will be measured against the following indicators:

a. Brochure availability
b. Service turn-around time
c. Courtesy
d. Hygiene

Technology – this will be measured in terms of how the technology improves efficiency and service delivery. The following indicators will be used:

a. Speed of service
b. Efficiency of technical gadgets
c. Technical gadget power on time
d. User confidence

Branding and Product Knowledge **-** this will be measured against the following indicators:

a. Brand visibility
b. Signage location
c. Agent product awareness
d. Product relevance

Organization structure – this will be measured against the following indicators:

a. Communication efficiency
b. Address to bank agent queries
c. Problem handling
d. General business support

Bank agents have to define policies and organizational framework that are aimed at achieving these objectives in order to sustain their market share. Whatever the case may be, the researcher expects that the independent variable(s) will have some effect on (or relationship with) the dependent variables.

2.8.2 The Dependent Variable

The dependent variables show the effect of manipulating or introducing the independent variables. They change depending on the influence of the independent variable. In this study, market share will constitute the dependent variable. Satisfactory implementation of independent variables will enhance the market share sustainability. The dependent variable will be measured against the agent's transaction volumes per month.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides the methodology that was used in the study. It includes the research design, target population, sampling design and procedure, data collection instruments, validity, reliability, data analysis and presentation.

3.2 Research Design

The study was carried out as a descriptive research design. Saunders et al, (2009) says that, descriptive research portrays an accurate profile of persons, events or situations. This design offers to the researchers a profile or described relevant aspects of the phenomena of interest. From an individual, organizational and industry oriented perspective. It presents data in a meaningful form that helps the researchers to understand characteristics of a group in a given situation, to think systematically about aspects in a given situation, offer ideas for further research and helps to make certain simple decisions. Miller, (1991)

Descriptive research is the process of collecting data in order to answer questions concerning the status of the subject study. Therefore, this design shall enable the researcher to gather data from a wide range of respondents on the competitive strategies applied by mtaani agents to sustain their market share, Saunders et al, (2009)

3.3 Target Population

Mugenda and Mugenda, (2003), described population as, the entire group of individuals or items under consideration in any field of inquiry and have a common attribute. Target population is the population this study would desire to make generalized result statement about. The target population was a sample of commercial bank agents in Migori County. The agents under consideration will be 10 each and are spread within Migori County.

3.4 Sample Design and Sample Size

According to Sigel, (2003), a sample is a set of entities drawn from a population with the aim of estimating characteristics of the population; it is a fraction of population selected such that selected portion represents the population adequately. This study will adopt proportionate random sampling of agents in Migori County.

3.5 Data Collection Instruments

Questionnaires was prepared and administered to the bank agents. According to Kothari, (2004), the questionnaire method is the most suitable tool for collecting data. It is economical in terms of time and cost compared to other methods. The questionnaires facilitate easy and quick responses within a short period of time. It also gives the respondents freedom to express their views or opinions and can also make suggestions.

3.6 Data Collection Procedures

The study relied on primary data obtained using self administered questionnaire, which was administered to commercial bank agents. The study also relied on secondary data from KCB, Cooperative bank and Equity Bank agency banking reports. Questionnaires were administered on the sample population by the researcher. The questionnaires were simplified as much as possible so that all respondents have a clear meaning of each of the questions.

3.7 Validity and Reliability

A test is valid if it measures what it claims to measure, Babbie, (1991). The questionnaires were used in this study to design and measure the competitive strategies applied by commercial bank agents to sustain their market share in Migori County. To ensure that it is valid, expert judgment shall be sought from the supervisor and other lecturers at Kenyatta University to test face for validity and construct reliability.

Reliability of a test is the accuracy of the scores that are free from errors. It is a degree of consistency that an instrument or procedure demonstrates, Best and Kahn, (1989). To ascertain validity and reliability, a pre-testing of the instrument should be done. Pre-testing identifies problems and solves before the actual study.

3.8 Data Analysis and Presentation

After collecting all the data, data cleaning was done in order to determine inaccurate, incomplete or unreasonable data and then improve the quality through correction of detected errors and omissions. The data collected was analyzed mainly by use of descriptive statistics which include; frequencies, percentages, mean scores and standard deviations. These will be computed using SPSS (Statistical Package for Social Sciences). The results were presented in graphs, tables, charts and percentages.

According to Kothari, (2004), tables, bar graphs, pie charts, frequencies and percentages are important statistical methods of organizing and summarizing data into a meaningful way for the ease of interpretation.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter presents analysis and findings of the study as set out in the research methodology. The results were presented on competitive strategies applied by bank agents to sustain their market share in Migori County. The research sought to answer these questions: What are the effects of service quality on bank agent's market share? What is the strategic value of technology on bank agent's market share? What is the effect of product knowledge and branding, and bank agent's market share? What are the influences of organization structure on bank agent's market share? The study targeted 10 Kenya commercial bank agents, 10 cooperative bank agents and 10 equity bank agents. This was so because National bank, Diamond Trust bank and Barclays bank have not engaged in agency banking in Migori County. Interviews were done and all the questionnaires were dully filled contributing to 100% response rate. This response rate was sufficient and representative and conforms to Mugenda and Mugenda (1999) stipulation that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% is excellent. This commendable response rate was due to the personal initiative done on each agent as the questionnaires were filled on the spot. The study made use of frequencies. These were then presented in tables, graphs and charts as appropriate with explanations being given in prose. The findings are based on the objectives of this study.

4.1 Demographic Information

4.1.1 Gender Distribution of Bank Agents

The study sought to establish the gender distribution of bank agents in Migori County. The findings are as stipulated in the table below:

Table 1: Gender distribution of bank agents

Gender Distribution of Bank Agents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	26	86.7	86.7	86.7
	Male	4	13.3	13.3	100.0
	Total	30	100.0	100.0	

Source| Migori County Agency Banking Research Data (2013)

From the findings, 86.7% of bank agents are female while 13.3% are male. This shows that majority of bank agents in Migori county are female.

4.1.2 Education Level of Bank Agents

The study sought to establish the education level of bank agents in Migori County. The findings are as tabled below:

Table 2: Education level of bank agents

Education Level of Bank Agents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Post College	0	0	0	0
	College	24	80.0	80.0	80.0
	Below college	6	20.0	20.0	100.0
	Total	30	100.0	100.0	

Source| Migori County Agency Banking Research Data (2013)

From the findings, 80.0% of bank agents have studied to college level while 20.0% have not attained college education. This shows that majority of bank agents in Migori County are College graduates. This education level is sufficient to enable agents be trained on various bank products and can operate the various gadgets i.e. the mobile phone and the PDQ machines with ease.

4.1.3 Bank Agencies Period of Operation

The research sought to establish the period that each bank agent has been doing the agency business in Migori County. The findings are as stipulated in the table below:

Table 3: Bank agencies period of operation

Bank Agencies Period of Operation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2 – 3 years	26	86.7	86.7	86.7
	Below 2 years	4	13.3	13.3	100.0
	Total	30	100.0	100.0	

Source| Migori County Agency Banking Research Data (2013)

According to the findings, most of the bank agents (86.7%) have been in operation for a period between two 2 – 3 years. The bank agency business was rolled out in 2010 in Kenya and this implies that commercial banks under study rolled out agency banking outlets for their respective banks immediately.

4.2 Service Quality

4.2.1 Brochure Availability

The study sought to establish the effect of brochure availability on service quality. The findings are stipulated in the table below:

Table 4: Brochure Availability at Agent Outlet

Brochure Availability

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	26	86.7	86.7	86.7
	No	4	13.3	13.3	100.0
	Total	30	100.0	100.0	

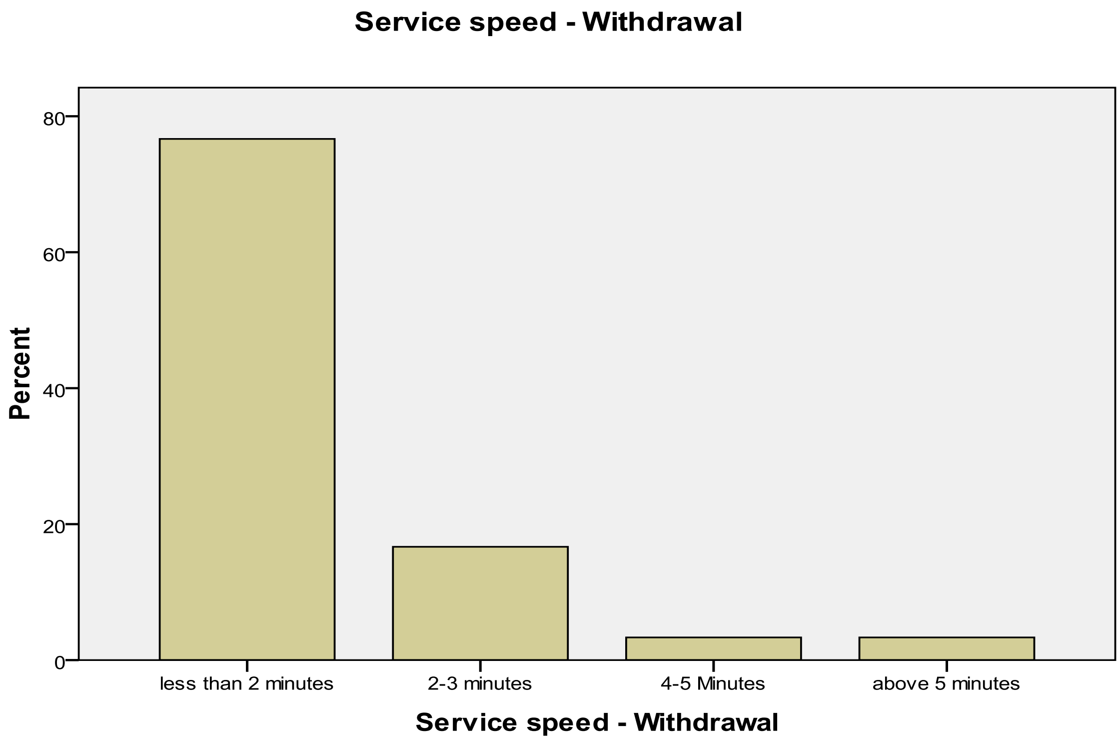
Source| Migori County Agency Banking Research Data (2013)

Table 4 above shows that 86.7% of bank agents had brochures for their banks. This illustrates that brochure availability is a major aspect of service quality. It was also observed that Equity bank provided a brochure rack were the brochures were neatly arranged while the other for banks they were stacked in agent drawers. Brochures have information on the various products and acts to market and educate the customers and prospective customers on products offered by the bank.

4.2.2 Service turn-around time

The research sought to establish the influence of service turn-around time on service quality with respect to cash withdrawal from bank agents. The results are as shown in figure 2 and table 5 below

Figure 2: Cash Withdrawal Duration at Agent Outlet



Source| Migori County Agency Banking Research Data (2013)

Figure 2 above shows that 76.7% of respondents confirmed that cash withdrawal at bank agents outlets take less than 2 minutes. This speed is fairly fast to motivate more customers to use this channel. It was observed that the turn around time of two minutes on withdrawals was a bank policy were transactions done outside this time limit are often timed out and the customer has start process allover again.

Table 5: Cash Deposit Duration at Agent Outlet

Service speed - Deposit

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	less than 2 minutes	18	60.0	60.0	60.0
	2-3 minutes	10	33.3	33.3	93.3
	4-5 minutes	1	3.3	3.3	96.7
	above 5 minutes	1	3.3	3.3	100.0
	Total	30	100.0	100.0	

Source| Migori County Agency Banking Research Data (2013)

From the findings in the table above, 60% of bank agents confirm that cash deposit at the agent outlet take less than 2 minutes. This service speed can as well be termed fair to encourage more users of this channel. It was observed that for every deposit an acknowledgement receipt was issued to the customer as evidence of receipt of funds by the agents.

4.2.3 Courtesy

The study sought to establish the bank agent's opinion on the influence of courtesy on service quality. The findings are stipulated in the table below:

Table 6: Courtesy on service quality

Courtesy

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	17	56.7	56.7	56.7
	Agree	13	43.3	43.3	100.0
	Total	30	100.0	100.0	

Source| Migori County Agency Banking Research Data (2013)

From the table above, most bank agents (56.7%) agree that courtesy is a major ingredient of service quality that contributes to customer growth. Courtesy is a dimension of service quality that ensures customers receive personalized and prompt service and service providers are willing to help customers (Zeithmal & Bitner ,1996).

4.2.4 Premise Hygiene

The research sought to find out whether premise hygiene had any influence on customer service quality at the bank agents outlet. The findings are as tabulated in table 7 below:

Table 7: Premise hygiene on service quality

Premise Hygiene

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	12	40.0	40.0	40.0
	agree	13	43.3	43.3	83.3
	unsure	4	13.3	13.3	96.7
	disagree	1	3.3	3.3	100.0
	Total	30	100.0	100.0	

Source| Migori County Agency Banking Research Data (2013)

From the findings above, most bank agents (83.3%) are in agreement that premise hygiene is a crucial aspect of service quality that cannot be overlooked as far as the question of customer growth is to be addressed. Generally customers are attracted to clean and neat premises as it enhances their confidence in dealing with agents a they deal with their banks. In appraising the agents premise hygiene is one of the parameters used before being allowed to carry out the agency business.

4.3 Technology

Recently, technology has had a remarkable influence on the growth of business market share. This is because technology has had a direct impact on service delivery options, Dabholkar and Bagozzi, (2002),

The research sought to find out whether efficiency in technical gadgets use had any influence on service quality at the bank agents outlet. The findings are as tabulated in table 8 below:

Table 8: Efficiency of technical gadgets – Mobile Phone

Efficiency - Mobile Phone

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Efficient	20	66.7	66.7	66.7
	Efficient	9	30.0	30.0	96.7
	Inefficient	1	3.3	3.3	100.0
	Total	30	100.0	100.0	

Source| Migori County Agency Banking Research Data (2013)

As shown in the table above, 96.7% of bank agents can efficiently handle mobile phone to facilitate cash withdrawals and deposits. Mobile phones have become part and parcel of the Kenyan population and an important tool in communication hence most people are familiar with its operation and this additional feature for agency banking was readily understood by bank agents. 3.3% of the respondents were inefficient in use of the mobile phone.

Table 9: Efficiency of technical gadgets – PDQ Machine

Efficiency- PDQ Machine

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Efficient	27	90.0	90.0	90.0
	Efficient	2	6.7	6.7	96.7
	Inefficient	1	3.3	3.3	100.0
	Total	30	100.0	100.0	

Source| Migori County Agency Banking Research Data (2013)

As shown in table 9 above, 96.7% of bank agents can efficiently operate PDQ machines to facilitate cash withdrawals and deposits. This level of efficiency can be attributed to the level of education of the bank agents and the PDQ Machines being accompanied by simplified manual which were easily understood by the agents. 3.3% of the respondents were in efficient in use of the PDQ Machine.

4.3.2 Technical gadget power on time

The study sought to find out the duration taken by the technical gadgets used by agents to power on. The findings are as in tables 10and 11 below:

Table 10: Gadget power-on time – PDQ machine

Gadget Power-On Time - PDQ Machine

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less Than 1 Minute	21	70.0	70.0	70.0
	1-2 Minutes	7	23.3	23.3	93.3
	2-3 Minutes	2	6.7	6.7	100.0
	Total	30	100.0	100.0	

Source| Migori County Agency Banking Research Data (2013)

From the results on table 10 above, 70% of the bank agents confirmed that the PDQ machine could power on and be ready for use in less than a minute. 23% of the bank agents said it could take 1 – 2 minutes while 6.7% had theirs taking 2 – 3 minutes. This indicates that the PDQ Machines are effective in service delivery.

Table 11: Gadget power-on time – PDQ machine

Gadget Power On Time - Mobile Phone

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less Than 1 Minute	30	100.0	100.0	100.0
	More Than 1 Minute	0	0	0	100.0
	Total	30	100.0	100.0	

Source| Migori County Agency Banking Research Data (2013)

As shown in table 11 above, 100.0% of bank agents can power on their mobile phones in less than 1 minute. This depicts how fast this gadget can be made ready for use by the bank agents.

4.3.3 User confidence

The study sought to find out whether the bank agents had confidence in using the technical gadgets in their businesses. The research findings are as documented in tables 12 and figure 3 below:

Table 12: PDQ Machine User Confidence

PDQ Machine User Confidence

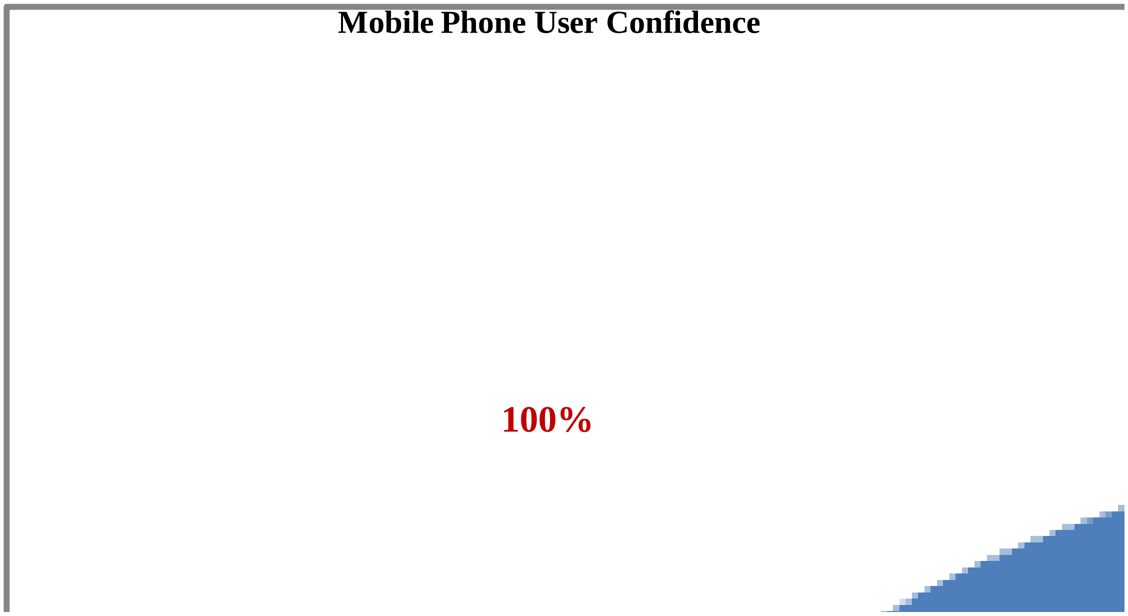
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	29	96.7	96.7	96.7
	No	1	3.3	3.3	100.0
	Total	30	100.0	100.0	

Source| Migori County Agency Banking Research Data (2013)

Table 12 above indicates that 96.7% of bank agents have confidence in the use of PDQ Machine for service delivery at their outlets. This was attributed to the fact that these machines produced instant computerized receipts that confirmed the transactions thus enhancing the level of confidence.3.3% of the respondents lacked confidence in

Figure 3: Mobile Phone User Confidence

According the responses given and presented in figure 3 above, 100% of bank agents have confidence the use mobile phones to serve their customers at the bank agency outlets. This is because the mobile phone gave confirmation messages for the transactions performed.



Source| Migori County Agency Banking Research Data (2013)

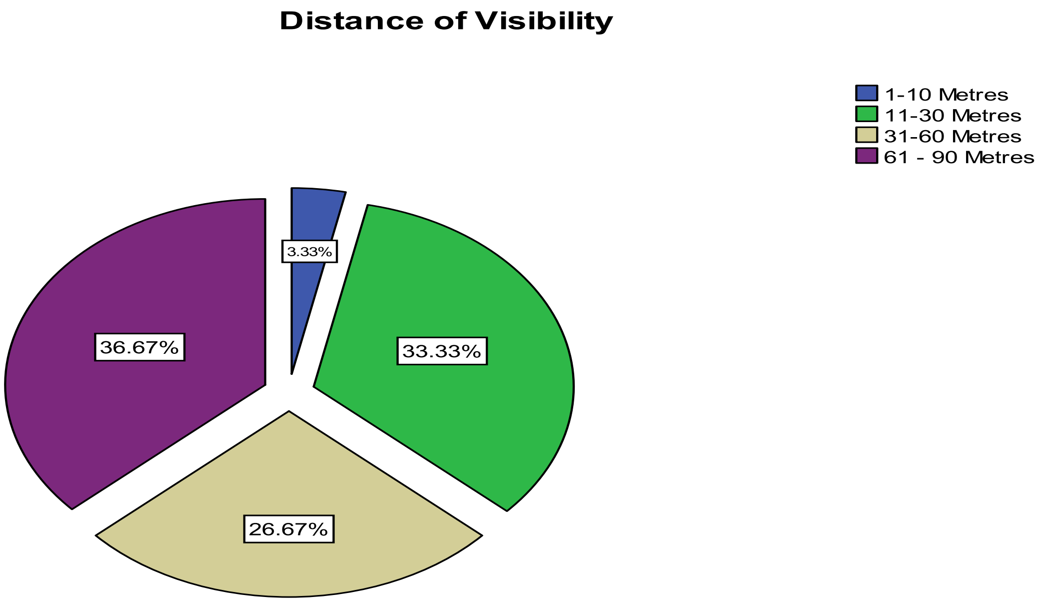
4.4 Agent Branding and Product Knowledge

The research sought to find out whether bank agent premise branding and agent product knowledge had any influence on agency banking customer growth. The following aspects of branding effects and product knowledge were sought.

4.4.1 Brand visibility

The average distance of brand visibility to oncoming customers was sought and results presented in figure 4 below:

Figure 4: Distance of Brand Visibility



Source| Migori County Agency Banking Research Data (2013)

From the figure above, 36.67% confirm that from a distance of between 61 – 90 metres, one is able to sight their branded agency location. 33.33% say that one is only able to sight their location from a distance of between 31 – 60 metres. 26.67% confirm that their location can only be on sight from a distance of between 11 – 30 metres and 3.33% of bank agents say their location is visible only from a distance of between 1 – 10 metres. This depicts that the agency branding has not been effectively defined for the benefit of publicity of the services expected.

4.4.2 Signage location

The study sought to find out whether signage location at bank agents premises had any influence on agency banking business growth. The results obtained are presented in table 13 below:

Table 13: Signage location - Branding Affectivity Extent

Signage location - Branding effectiveness Extent

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Low	1	3.3	3.3	3.3
	Moderate	5	16.7	16.7	20.0
	High	19	63.3	63.3	83.3
	Very High	5	16.7	16.7	100.0
	Total	30	100.0	100.0	

Source| Migori County Agency Banking Research Data (2013)

From the findings in table 13 above, most bank agents (80.0%) agree that signage location has a high extent of effectiveness as far as attraction of customers to their premises is concerned. While 16.7% felt that signage location only moderately effective and 3.3% felt it affected to a very low extent.

4.4.3 Agent product awareness

The study sought to find out whether agent product awareness had any influence on agency banking business growth. The results obtained are presented in table 14, 15 and 16 and figure 5 below:

Table 14: Agent Product Knowledge – Personal Accounts

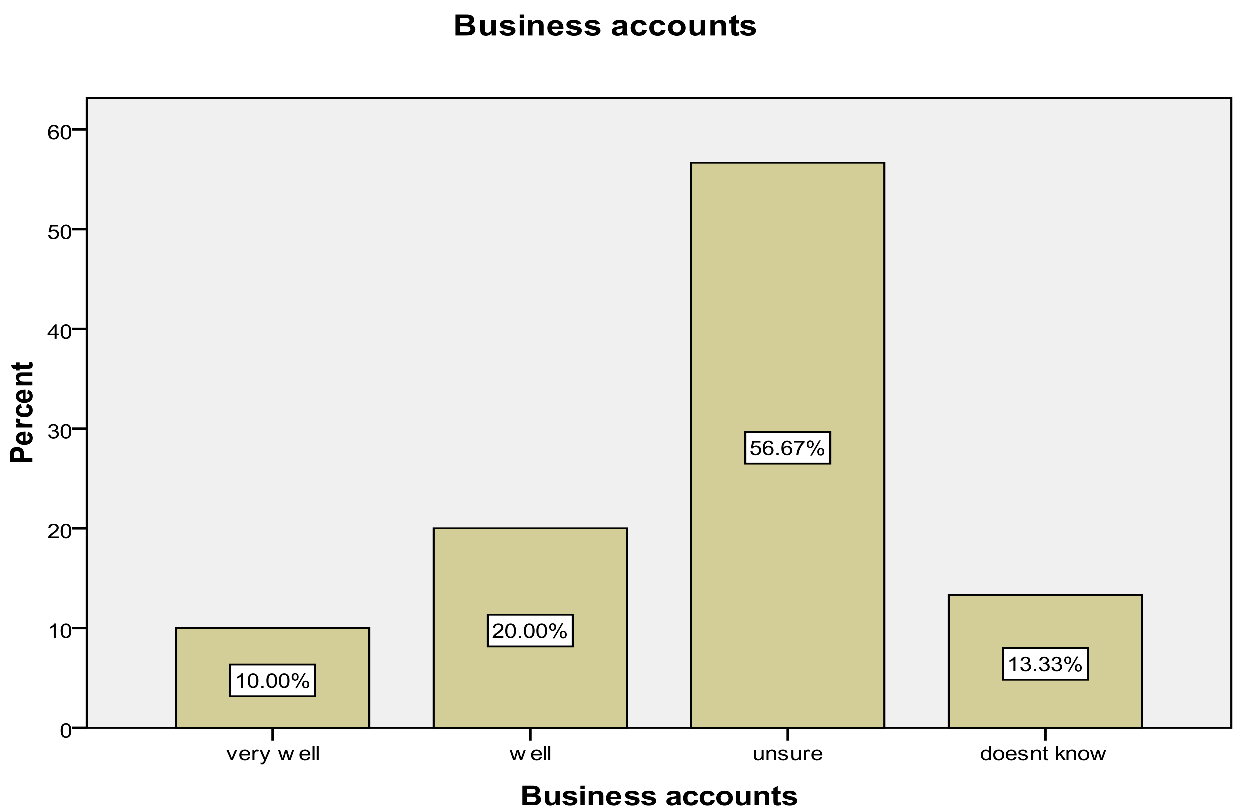
Personal Accounts

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Well	8	26.7	26.7	26.7
	Well	21	70.0	70.0	96.7
	Unsure	1	3.3	3.3	100.0
	Total	30	100.0	100.0	

Source| Migori County Agency Banking Research Data (2013)

From the findings in table 14 above, 96.7% of bank agents understand more information on personal accounts. This depicts that they can easily sell personal accounts at their agency outlets.

Figure 5: Agent Product Knowledge – Business Accounts



Source| Migori County Agency Banking Research Data (2013)

From figure 5 above, most bank agents (56.67) are unsure about the features of business accounts. This depicts that most bank agents might have difficulties in selling the business accounts since they are unsure of its features.

Tableb 15: Agent Product Knowledge – Mobile Banking

Mobile Banking

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Well	26	86.7	86.7	86.7
	Well	4	13.3	13.3	100.0
	Total	30	100.0	100.0	

Source| Migori County Agency Banking Research Data (2013)

86.7% of bank agents are very conversant with mobile banking product of their banks as depicted in table 15 above. This merit can enable the agents to sell this product will less difficulty to customers. Mobile banking is the backbone of agency banking hence knowledge of its features leads to increased usage.

Table 16: Agent Product Knowledge – Bank Tariffs Applied

Bank Tariffs Applied

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Well	3	10.0	10.0	10.0
	Well	8	26.7	26.7	36.7
	Unsure	14	46.7	46.7	83.3
	Doesn't Know	5	16.7	16.7	100.0
	Total	30	100.0	100.0	

Source| Migori County Agency Banking Research Data (2013)

From table 16 above, 46.7% of bank agents are unsure of the bank tariffs applied on different products. To be able to cross sell the bank products knowledge of the tariffs applied is imperative this uncertainty may work against business growth expectations. Since agents represent their respective banks at their locations lack of knowledge on tariffs reduce confidence of customers on agents thus leading to low transaction volume.

4.5 Organization Structure

The research sought to find out whether bank organization structure had any influence on agency banking customer growth. The following indicators of organization structure were sought.

4.5.1 Communication efficiency

The study sought the opinion of bank agents whether the existing organization structure favored efficient communication for business benefit. The results are as tabulated below:

Table 17: Organization Structure on Communication

Organization Structure on Communication

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	30	100.0	100.0	100.0

Source| Migori County Agency Banking Research Data (2013)

From the findings on table 17 above, all bank agents agreed that the existing organization structure favored an efficient communication system.

4.5.2 Address to Bank Agent Queries

The study sought to find out whether there was a bank official assisting the bank agent in resolving customer queries. The results are as on table 18 below:

Table 18: Bank Staff Customer Queries Assistant for Agents

Bank Staff Customer Queries Assistant for Agents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agent Banking Consultant	20	66.7	66.7	66.7
	Others e.g. Customer Care, Contact Centre etc	10	33.3	33.3	100.0
	Total	30	100.0	100.0	

Source| Migori County Agency Banking Research Data (2013)

From the results on table 18 above, it emerges that agent banking consultants greatly assists most agents (66.7%).33.3% of agents rely on customer care and contact centres to have customer queries resolved. Those who contact customer care and the contact centre often have their issues raised take long before they are resolved. This may lead to loss of customer loyalty leading to reduced transaction. All banks had Agent banking consultants who were charged with the responsibility of championing the agent issues and doing regular agent visits.

4.5.3 Problem handling

The study sought to find out whether there was a bank official assisting the bank agent in handling problems such as machine breakdowns, multiple and erroneous transactions among others. The results are as on table 19 below:

Table 19: Bank Staff Assisting Agent in Problem Handling

Bank Staff Assisting Agent in Problem Handling

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agent Consultant	29	96.7	96.7	96.7
	Contact Centre	1	3.3	3.3	100.0
	Total	30	100.0	100.0	

Source| Migori County Agency Banking Research Data (2013)

From the findings in table 19 above, 96.7% of agent problems are handled by the bank agent consultant. This depicts the agent banking consultant as a key pillar to agency baking business.

4.5.4 General business support

The bank agents were asked if in their view the existing organization structure was effective to assist in the general business support of agency banking. The results obtained were tabulated in table 20 as under:

Table 20: Organization Structure Relevance on Business Needs

Organization Structure relevance on Business Needs

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	30	100.0	100.0	100.0

Source| Migori County Agency Banking Research Data (2013)

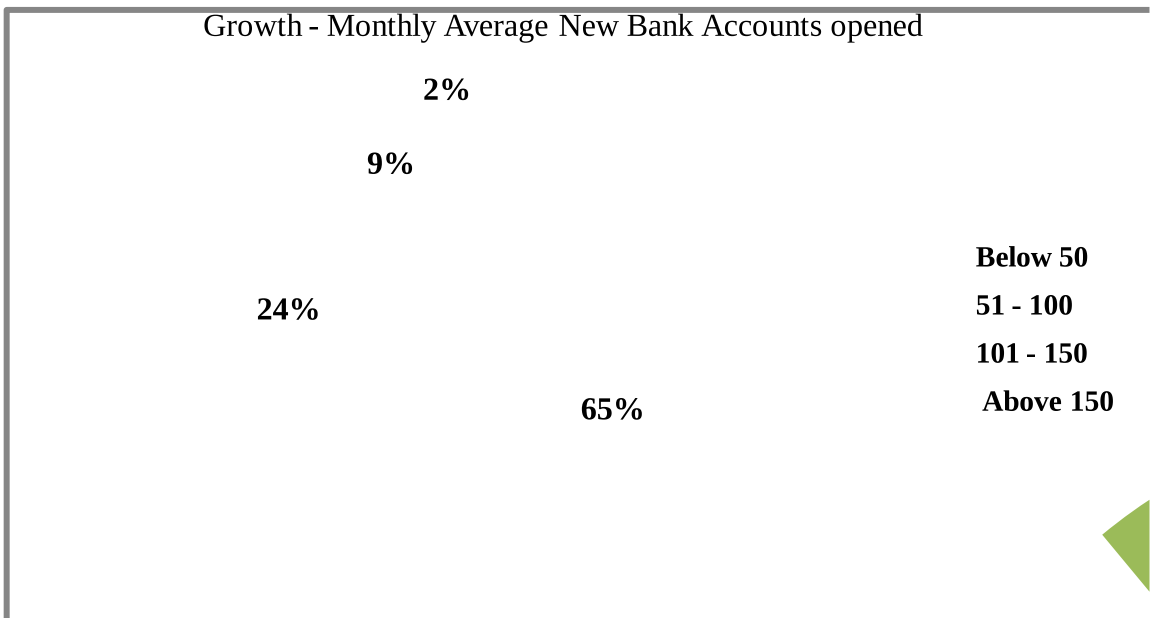
From the results in table 20 above, it can be depicted that the existing bank organization structures are adequate to support agency banking business.

4.6 Customer Growth

Source| Migori County Agency Banking Research Data (2013)

The research sought to establish whether bank agents had customer growth in their areas of operations. Customer growth was investigated on the aspects of new bank accounts opened in one month, new mobile banking connected in one month and the number of loan referrals within one month. The findings are presented below on figures 6, and 7 and table 21.

Figure 6: Agent's monthly average new Bank Accounts opened



Source| Migori County Agency Banking Research Data (2013)

From figure 6 above, majority of bank agents (65.0%) open an average of between 1 – 50 bank accounts monthly. This can be attributed to the centralized account opening policy that delays the receipt of account numbers by the prospective customers. Lack of knowledge on business accounts leading to low sales. Lack of knowledge on tariffs applied makes sales of all products difficult for agents.

Table 21: Agents monthly average new Mobile Banking connects

Growth- Mobile Banking

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 300	29	96.7	96.7	96.7
	Above 300	1	3.3	3.3	100.0
	Total	30	100.0	100.0	

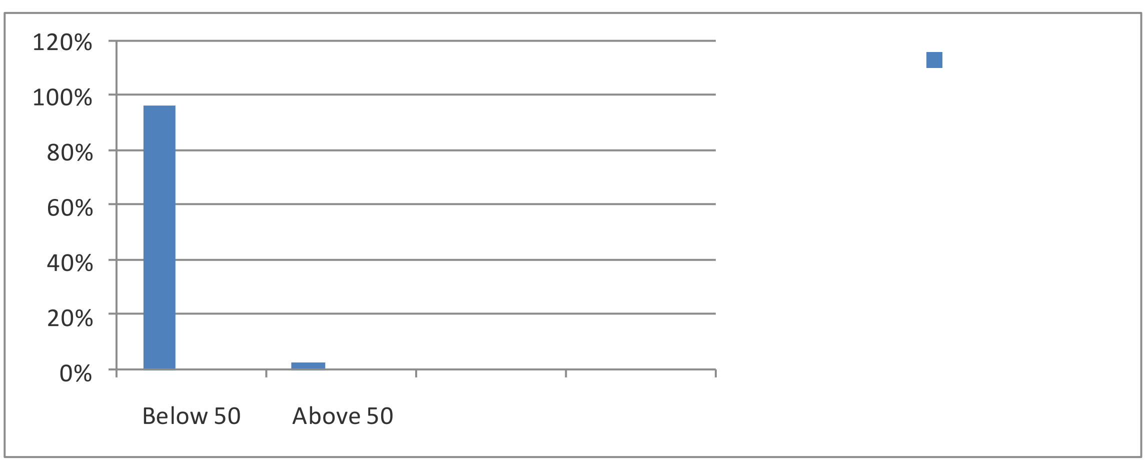
Source| Migori County Agency Banking Research Data (2013)

From the findings on table 21, most bank agents (96.7%) are able to connect a monthly average of up to 300 accounts. This depicts the likely proportional transaction volume expected at the agent's outlet.

Figure 7: Agent's monthly average Loan Referrals

Source| Migori County Agency Banking Research Data (2013)

From figure 7 above, 96.67% of bank agents refer loans up to 50. This is a small number that may not translate much to business asset growth. However it is worth noting that 3.33% are able to refer loans over 50.



CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of findings, conclusions drawn from the findings, recommendations and suggestions for further research

5.2 Summary of Findings

This section focuses on the answers to research questions or how each independent variable influences the dependent variables. The discussion follows in accordance with the study objectives

5.2.1 Effects of Service Quality on Bank Agent's Market Share.

From the research study all agents had brochures available at their premises though the display was different from bank to bank. Equity bank provided a display rack where their brochures were displayed while Cooperative bank and Kenya Commercial Bank gave brochures but dint give a means of display. The turn-around time for withdrawals and deposits was less than two minutes. This speed is fairly fast to motivate customer to use this channel. The turn around time of two minutes on withdrawals is bank policy where transaction done outside this time limit is timed out. For each deposit a receipt is issued as evidence of payment for receipt of funds. The respondents were concerned about the network stability which was giving varied error messages and leads to loss of a lot of airtime for failed transactions during deposits and withdrawals. Agents also agreed that courtesy was a major ingredient of service quality that contributes to customer growth. According to Zeithmal & Bitner (1996) courtesy is a dimension of service quality that ensures customers receive personalized and prompt service and service providers are always willing to help customers. Premise hygiene was a crucial aspect since customers feel more confident and attracted to areas that are clean and nest just like the banks.

5.2.2 Value of Technology on Bank Agent's Market Share.

From the research study most agents felt that the technology used was efficient to facilitate both deposits and withdrawals. Mobile phones are used by agents in other duties and this additional feature was understood with ease while the PDQ Machine was accompanied by a simplified manual to guide the agents and they are user friendly. The technical gadgets power on time was les than one minute which was acceptable to most agents. Most agents were confident using both the PDQ Machine and the mobile phone. This was because the PDQ Machine produces instant computerized receipts while the mobile phone give confirmation messages which confirm the transactions performed. The performance of the mobile phone and PDQ Machine depends on the core banking system and is real time.

The agents were concerned on the varied error messages some of which they are not able to understand when transactions fail.

5.2.3 Effect of Product Knowledge and Branding on Bank Agent's Market Share.

From the research study the distance of brand visibility was sort and the results varied between banks and between agents. Though branding was done with the official bank colors and symbols quality varied the variation was also not consistent. This affected the visibility at different distances. Most agents also agreed that that signage location has a high level of effectiveness as far as publicity is concerned. Most agents had information on personal account features while most were unsure of information on business account features. The mobile phone product was well understood by most agents. Knowledge on bank tariffs applied on the various bank products i.e. loans, overdrafts etc were lacking among most agents. To be able to cross sell and to answer enquiries made by customers knowledge on tariffs applied on different products is imperative and this uncertainty my work against business growth expectations. Uptake of products by customers depends on how well the agents are able to articulate the product features including the tariffs applied. More referrals on loan products will be received from agents with a great understanding of account features and interest rates. Mobile banking is the backbone of agency banking and the greater the understanding of its operation the more customers enroll for its usage thus increasing transaction at agency outlets.

5.2.4 Influence of Organization Structure on Bank Agent's Market Share

From the research study the bank agents agreed that the organizations communication structure favored efficient communication for the business benefit. The banks have employed the Agent Banking Consultants who assist the agents directly. They are charged with visiting the agents and championing their issues including problem solving and follow up of concerns raised to conclusion. When customers' queries and problems corrected are corrected within the shortest time possible and not delayed with organization bureaucratic structure they gain confidence in agency outlet product offering leading to more sales and transactions. Of concern was the overdependence on agent banking consultants by the banks agents across all banks studied while the consultants are temporary staff for some banks and their turn over is very high.

5.3 Conclusion

From the research findings the success of agency banking depends on how well the customers are served, the level of efficiency of technology used, how knowledgeable the agents are on the product offering and visibility and support received from the organization through the organizations structure.

Most agents understand the standards of service expected by the bank to it its customers. This is evident by the availability of equipments and brochures to support service delivery. Also the turn around time experienced while performing transaction are inbuilt in the systems thus ensuring consistency among all agent outlets. Of concern to agents was the amount of airtime they loose when systems are down when they transact via their mobile phones.

The technology used in the agency business by banks is also adequate and efficient to sustain this business. The speed with which they work and the understanding by the agent users makes it an acceptable tool to bank agents; User confidence by agent and customers makes it attracts more users. The varied error messages displayed when transactions fail are sometimes not understood by the agent making them panic for fear of loosing money especially during withdrawals.

Branding is an important component agency business as it markets the agents to the general public and directs the client to the agent premise. The ease with which an agent can be spotted increases it market share. Branding should therefore be uniform for all agents operating in one bank. Knowledge on the various products offered by the bank is a plus for the agents as it allows them to cross sell most bank products. Knowledge on various tariffs and product pricing is important for agents to be able to advice customers appropriately on which products to take. Knowledgeable agents have confidence of their clients and in turn create loyal customers. Product knowledge on business account was lacking and tariff guides on bank products was also lacking at agent premises.

An organization structure that supports communication between the agents and the bank is good for business growth. The channel of communication and problem solving mechanisms builds agent confidence and allows them to continue with bringing more business to the bank. The creating of a department to champion agent issues is a strategy that shows commitment to the success of agency business in the banking industry. Overdependence on agent banking consultants by the banks agents across all banks studied while the consultants are temporary staff for some banks and their turn over is very high leaving agents unattended to when they are unable to reach the consultants.

5.4 Recommendations.

Based on the research findings product knowledge especially in business banking products and knowledge on tariff of various products offered by the bank is lacking among most of the bank agents. The banks should therefore schedule sessions for educating the agents on these products so that they can have confidence selling these products thus leading to increased sales in the business banking department. The reference material on these products should also be availed to them for ease of reference. A tariff guide on product pricing of various products should be availed at agent premises as it is done in the bank for ease of reference of agents and customers. Continuous refresher trainings should be organized for the agents periodically to educated and update them on the new products and changes which may have taken place. Agents represent the bank in the remote areas hence they must be as up to date as the bank.

Bank operation managers should be directly communicating to agent to assist consultants and provide agents with alternative channels when they are unable to reach the consultants.

5.5 Suggestions for Further Studies

The study recommends further study on comparative competitive strategies applied by telecommunication industry that has successfully implemented agency business and those of banks since both are in the service industry.

The study also recommends a study on the implementation of agency banking as an expansion strategy by commercial banks.

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APPENDICES

APPENDIX I

COVER LETTER

Dorothy Achieng Omollo,

P. O. Box 54 - 40400,

Migori-Kenya

Commercial Bank Agents,

Migori County,

Migori, Kenya

Dear Respondent,

RE: A QUESTIONNAIRE TO ESTABLISH COMPETITIVE STRATEGIES APPLIED BY BANK AGENTS TO SUSTAIN THEIR MARKET SHARE (A CASE OF COMMERCIAL BANKS IN MIGORI COUNTY)

I am a student at Kenyatta University, Migori Campus pursuing Master of Business Administration Degree course. Currently am carrying out a project research to establish the competitive strategies adopted by Mtaani Agents to sustain their market share.

Your assistance in responding clearly in all items in the questionnaire is likely to generate data that will benefit the agency business not only at commercial banks but also to the banking and other service industries at large.

The information given will be treated confidentially; therefore do not write your name on the questionnaire.

Thank you in advance for your co-operation.

Yours sincerely,

Dorothy Achieng Omollo

APPENDIX II

THE INTERVIEW GUIDE

Part I: General Information

1. Name of the respondent *(Optional)*

   Mr. /Mrs. /Miss/Dr. /Pr. /Hon. /Prof. ………………...

2. What is your gender?

   (*Tick as appropriate)*

   a) Male (…….)

   b) Female (…….)

3. Name of the agent ……………………………………………………………………

4. Are you a KCB, Cooperative bank or Equity bank agent?

   (*Tick as appropriate)*

   a) KCB (…….)
   b) Cooperative bank (…….)
   c) Equity bank (…….)

5. What is your level of Education?

   (*Tick as appropriate)*

   a) Post Graduate (…….)

   b) Under Graduate (…….)

   c) College (…....)

   d) Others (…....)

6. How long have you been an agent of your bank?

   (*Tick as appropriate)*

a) Over three years (…….)
b) Between two to three years (…….)

c) Less than a year (…….)

Part II: Independent Variable Based Questions

Service Quality

1. (i) Do you have brochures' readily available for you and customers at your premise?

   A-Yes ( ) **B**- No ( )

   (ii) If No

	Not provided by the bank	Provided but depleted
Brochures'.		

(ii) Any other comment…………………………………………………………………………………
……………………………………………………………………………………………
……………………………………………………………………………………………
……………………………………………………………………………………………
……………………………………………………………………………………………
………………………………………………………………………………

2. What is the average service turn-around time at your bank agent outlet while performing the following transactions? (Tick where appropriate)

	Less than 2 Minutes	2 – 3 Minutes	3 - 4 Minutes	4 – 5 Minutes	More than 5 Minutes
Withdrawal					
Cash deposit.					

3. The following aspects of service quality influence market share growth in your business. Please rank them in order of priority in your outlet.

	Strongly agree	Agree	Unsure	disagree	Strongly disagree
Courtesy					

Communication skills					
Brochure availability					
Premise Hygiene					

4. According to you, what is the focus on service delivery to grow customer base?

   ....

   ....

   ....

Technology

5. (i) Which technological gadget do you have in your premise.(You can tick both)

   A-PDQ Machine ( ) **B**- Mobile Phone ( )

   (ii) Which one do you prefer using…………………………………………

   (iii)Why…………………………………………………………………………………
   ……………………………………………………………………………………………
   ……………………………………………………………………………………………
   ……………………………………………………………………………………………
   ………………………………………………………….

6. How long do the technical gadgets that you use in your business take to power on?

	Less than 1 Minutes	1 – 2 Minutes	2 - 3 Minutes	3 – 4 Minutes	More than 4 Minutes
PDQ Machine					
Mobile phone					

7. How efficient are you in operating the PDQ Machine and Mobile phone.

	Very efficient	Efficient	Unsure	Inefficient
PDQ Machine				
Mobile Phone.				

8. Do you feel confident while using the PDQ and Mobile phone in performing the transactions?
   a) Yes ( )
   b) No ( )

   If No , please explain briefly

   ....

   ....

   ....

9. What are some of the challenges you experience in technological use.
…………………………………………………………………………………………

…………………………………………………………………………………………

…………………………………………………………………………………………

………………………………………………………………………………………

Product Knowledge and Branding

10. How well do you know the features of the various bank Products offered at your bank?

	Very well	Well	Unsure	Doesn’t Know
Personal Accounts				
Business Accounts				
Mobile Banking				

Tariffs applied				

11. Does your branding have much to contribute in consolidating your market share?

Yes ( )

No ( )

If yes, to what extent?

A-Very low	B-Low	C-Moderate	D-High	E-Very High

12. From what distance is one able to identify your premise brand?

Up to 10 metres	Up to 30 metres	Up to 60 metres	Up to 90 metres	More than 90 metres

13. How relevant are your bank products to your target market? Briefly explain

……………………………………………………………………………………………

……………………………………………………………………………………………

……………………………………………………………………………………………

……………………………………………………………………………………………

……………………………………………………………………………………………

Organization Structure

14. How accessible is the bank staff when you require assistance.

	Always accessible	Accessible	Unsure	Not accessible

15. Does the organization structure provide efficient communication for business needs?

    Yes ( )

    No ( )

16. Which communication channels do you us to communicate to the bank(You can tick more than one answer)

    Agent consultant ( )

    Customer care ( )

    Contact center ( )

17. According to your own assessment which of the above is most effective in giving you support and why?

    …………………………………………………………………………………………

    …………………………………………………………………………………………

    …………………………………………………………………………………………

    ……………………………………………………………………………………

18. In your opinion, is the organization structure in place adequate to address all your business needs?

    Yes ( )

    No ( )

19. If No which additional support do you require………………………………………………………………………………………

    …………………………………………………………………………………………

    …………………………………………………………………………………………

20. In case of customer queries, who do you contact for consultation?
(Possible to have more than one response)

a) Agent banking consultant ( )
b) Agent banking manager ( )
c) Branch manager ( )
d) Others, please specify ( )

21. How many transactions do you do in a month on average?

	Below 50	50-100	100-200	200 -300	300 and above.
No of transactions per month.					

Thank you for your time

APPENDIX III

A SAMPLE OF KCB AGENT PREMISES IN MIGORI COUNTY

	NAME OF AGENT	LOCATION	CONSTITUENCY
1	Henta Line H/Ware	Awendo	Awendo
2	Mohoria Friends B/Shop	Mabera	Kuria West
3	Pck-Suna	Posta	Suna East
4	Mig. Collection	Migori	Suna East
5	Kinda Stores	Sori	Nyatike
6	Just In Time B/Shop	Bondo Nyironge	Suna West
7	Rush Enterprises	Awendo	Awendo
8	Judith Awour Okola	Muhuru Bay	Nyatike
9	Mikwa Peter Omollo	Uriri	Uriri
10	Gordon OkothAwounda	Uriri	Uriri

Source: Agency Banking Records- KCB Migori

APPENDIX IV

A SAMPLE OF EQUITY BANK AGENT PREMISES IN MIGORI COUNTY

	NAME OF AGENT	LOCATION	CONSTITUENCY
1	MIG Collection	Migori Town	Suna East
2	Beatken Pharmacy	Migori Town	Suna East
3	Dancun Okeyo	Sori Town	Nyatike
4	Rehema Hardware	Uriri Town	Uriri
5	The Classics Hotel	Migori Town	Suna East
6	Mandera Electronics	Migori Town	Suna West
7	Migori Footwear	Migori Town	Suna West
8	Statra Communications Limited	Migori Town	Suna West
9	Lucy Njuguna	Isebania Town	Kuria West
10	Dancun Okeyo	Sori Town	Nyatike

Source: Agency Banking Records-Equity Bank Migori

APPENDIX V

A SAMPLE OF COOPERATIVE BANK AGENT PREMISES IN MIGORI COUNTY

	NAME OF AGENT	LOCATION	CONSTITUENCY
1	Samson Ndonga	Rongo Town	Rongo
2	Mollah Super store	Sori Town	Nyatike
3	Filorouze Agencies limited	Migori	Migori
4	Depanzel way agencies	Migori Town	Suna West
5	Morris Ohenga Elijah	Awendo Town	Awendo
6	Mambo Leo Digital	Isebania Town	Kuria West
7	Siiko Kennedy Okemwa	Migori Town	Suna West
8	Peter Chacha Mwita	Kehancha Town	Kuria East
9	Josephat Gachungi Wachira	Isebania Town	Kuria West
10	Asili Sacco Muhuru Bay	Muhuru Bay	Nyatike

Source: Agency Banking Records-Cooperative Bank

APPENDIX VI

TIME SCHEDULE

ACTIVITY	WEEKS							
	1	2	3	4	5	6	7	8
Pretesting and validation of research tools								
Training of research assistants								
Instrument administration								
Data preparation								
Data entry								
Data analysis								
Report writing								
Corrections and submission								

APPENDIX VII

BUDGET ESTIMATES

ITEM	**SHS.**
A) Cost of Proposal Development	
Stationery, Printing, photocopies	3200.00
Telephone and travelling expenses	5800.00
Subtotal	**9,000.00**
B) Cost of Data Collection and Analysis	
Research Assistants- 4	14000.00
SPSS-Data processing	7000.00
Subtotal	**21,000.00**
C) Compilation and Production of Final Document	
Printing	4000.00
Binding 6 copies @ shs.500	4000.00
Subtotal	**8,000.00**
GRAND TOTAL	**38,000.00**