

Demographic Statistics, Customer Satisfaction and Retention:

The Kenyan Banking Industry

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Abstract: Customers have become the lifeblood of any organization. Without customers, organizations would not exist let alone survive in this competitive global environment. Banks depend on sufficient and sustaining profitability to survive in the global business world. Customers are the source of banks' profitability. By satisfying the customer, the bank is able to retain the customer and reap maximum benefits from the relationship which ultimately leads to higher profitability. Customer satisfaction has therefore evolved as a strategic business initiative which banks cannot ignore and retention of the bank customer has become one of the most important objectives of the overall marketing strategy of any bank. In Kenya, the term "customer service" has developed from the early 1990's when banks started acquiring customer service departments and call centres to handle customer complaints. There have been other initiatives by banks to improve customer satisfaction such as rebranding and loyalty programs. In spite of these initiatives, attrition rates of the bank customers continue which means that the customer is far from satisfied. From studies reviewed, there are many factors that affect customer satisfaction. Most of the factors point to service levels and other bank related factors. In Kenya, studies on the banking industry are few and currently there is no study which has attempted to establish the correlation between demographic variables and customer satisfaction and retention creating a knowledge gap. This study sought to fill that gap. In order to achieve this aim, structured questionnaires were issued to 2000 customers in the 43 banks in Kenya. The study examined the correlation between demographic variables including age, gender, educational level, incomes, marital status and employment status with customer satisfaction and retention. The findings demonstrated a correlation between some of the demographic factors with customer satisfaction and retention in the Kenvan banks.

Key words: customer satisfaction; retention; demographics; banking; Kenya

JEL codes: M310

1. Introduction

Modern banking has been influenced by globalization. Regulatory, structural and technological factors are significantly changing the banking environment throughout the world leading to intense competitive pressures (Grigoroudis, Politis & Siskos, 2002). Banks' competitiveness is largely seen in their ability to offer competitive products that meet customer needs in the global market. All commercial banks are faced with the challenge of

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retaining existing and attracting new customers.

The term "customer satisfaction" is a subjective, non-qualitative term. Customer satisfaction results from either the quality of banking services (product), quality of service, engagement of the customer, price factors and meeting or exceeding customers' expectations, consuming products and services (Prabhakar, 2005).

Studies have been undertaken in the recent past to highlight the effects of customer satisfaction on the performance of organizations and banks in particular. Customer satisfaction has come to be regarded as a key business strategy of every organization and a benchmark against which many banks have set their standards. According to Anubav (2010) and Parvatiyar and Sheth (2000) maintaining existing customers for organizations is ever more important than the ability to capture new ones. Customers are critical for any organization's success. Without customers organizations would have no resources, no profits and therefore no market niches that can enable them compete in the global arena. The global business environment is constantly changing. Previously, organizations' focus was on profits and survival. This has since changed. In order to survive in a dynamic environment, organizations including banks need strategies to focus on their customers and to deal with the emerging trends and challenges (Pearce & Robinson, 2003; Dixon, Freeman & Toman, 2010).

Kenya is an emerging economy. The Kenyan banking industry has undergone vast changes induced by regulatory and competitive forces. Some of the revolutionary changes witnessed include the entry of private banks, dynamic technological advancements and attitudinal transformation of the customer who has become more demanding (Mengi, 2009). This has caused the banks to become more sensitive to the needs of the customers. At government level, changes witnessed include an accelerated implementation of economic reforms by the government, the liberation of the economy and markets, discontinuation of price controls, privatization and commercialization of the public sector and increased competition. This has inevitably caused the Kenyan retail banks to develop strategies aimed at increasing customer satisfaction and loyalty through improved service quality. In this changing environment, organizations operating in Kenya have to constantly adapt to these changes by spearheading internal reforms to reflect the new emerging realities. According to Aosa (2002), failure to adapt to the business dynamics may put the future success of many organizations in jeopardy.

In Kenya, at independence in 1963, banks consisted of nine foreign owned commercial banks, the largest of which were Barclays Bank, Standard Chartered Bank, National Bank and Grindlays Bank (Brownbridge & Harvey, 1998). In the 1990s the government introduced a number of policy reforms aimed at a gradual liberalization of the financial markets opening the banking sector to unprecedented growth. As a result, the banking sector grew to 33 commercial banks and 50 non-bank financial institutions (NBFIs) by 1994. By the end of 2009, this number amounted to 46 banks with a total branch network of 500 (Central Bank of Kenya, 2009). Currently the number stands at 43 due to mergers.

Due to emerging trends mentioned above, Kenyan banks have witnessed increased competition and they have tried to establish the cause of customer dissatisfaction leading to attrition. A study by Mburu (2012) established bank related factors as having a high impact on customer satisfaction in the Kenyan banking industry.

Customer satisfaction has been of key interest to researchers for the last two and a half decades. Researchers have established some of the key antecedents of customer satisfaction in retail banking with respect to customer satisfaction in the competitive world of business as well as the key antecedents to overall customer satisfaction in any other industry (Jamal, 2004).

Demographics have been cited in literature as influencers of customer satisfaction. A study by Ghazizadeh, Besheli and Talebi (2010) in state owned banks in Tehran found that customer satisfaction and demographic

factors like age and level of education had influenced customers' propensity to stay with their current banks.Kenya is an understudied financial market in an emerging economy and the co-relation between demographic characteristics, customer satisfaction and retention have not been studied.

The Importance of this study is that it's the first of its kind in Kenya and its findings will provide a basis for further research in the area .The findings will help the banks focus on demographics that have an impact on customer satisfaction and retention.

2. Literature Review

Customer satisfaction is a post consumption evaluation or a pleasurable level of consumption-related fulfillment (Henning-Thurau & Thurau, 2003). Customer satisfaction entails customer needs and expectations being met all the time, every time throughout the life of a product or service (Roger & George, 2001; Gustafsson, Johnson & Ross, 2005). In the case of banks, satisfaction refers to the extent to which banking products and services meet customer needs. One of the theories used to explain customer satisfaction or lack of it is the Expectancy Disconfirmation Theory. Other theories that have been used widely are Maslow's Theory and The Theory of Reasoned Action (Hale, Householder and Greene, 2003). The extensive body of literature on customer satisfaction generally agrees that expectation followed by perceived performance (Expectancy Disconfirmation paradigm), is the direct determinant of satisfaction (Yu, 2005). This is the dominant model referred to in most research done on satisfaction. Early research in this field, however, especially in the goods sector, focused on product attributes and overlooked attributes of the purchase process. In the services marketing area this issue has been addressed to a certain extent as a result of the indivisibility of the process and the product (Rootman, Tait & Bosch, 2008). The obvious implication is that satisfaction goes beyond simple satisfaction with the product or purchase outcome; the channel experience also has an impact on overall satisfaction. In addition, some researchers suggest that the cumulative purchase experience over time must be considered to measure satisfaction. This cumulative experience involves other factors (channel, process) which affect customers' expectations and evaluations of whether or not they were satisfied (Beaven & Scotti, 2000; Rootman, Tait & Bosch, 2008).

The organization that will survive today is that which will not only focus on sales volume to create profits, but also on customer satisfaction implicitly creating long-term profitability (Gomez, McLaughlin, & Wittink, 2011). A satisfied customer is an asset to an organization. Satisfied customers may tend to repurchase a service or a product and recommend others to use the organization's services. On the other hand, dissatisfied customers may be a threat to an organization, because they tend to tell other consumers about their dissatisfaction (Tam, 2004). As a result, they may not use the organization's products or services. In a competitive marketplace where organizations compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy (Armstrong, 2001; Lamparello, 2000; Peppard, 2000). Oliver (1997) conceptualized customer satisfaction as an individual's feeling of pleasure or disappointment resulting from comparing a product's perceived performance in relation to his or her expectations. Generally, there are two general conceptualizations of satisfaction, namely transaction-specific satisfaction refers to the evaluation of customers' experience and reactions to a particular service encounter and cumulative satisfaction refers to the customers' overall evaluation of the consumption experience to date (Boshoff & Gray, 2004).

Once banks understand the factors affecting customer satisfaction with the banking products, they can design

their marketing strategies to cope with the increased competition in the market place with the customer in mind. The more satisfied the customers are, the greater is their retention (Ranaweera & Prabhu, 2003; Trasorras, Weinstein & Abratt, 2009). Failure to understand customers and meet their expectations is captured by Macmillan and Seldon (2008), Singh and Sirdeshmukh (2000) and Zeithaml and Bitner (2000). For the customer-centred bank, customer satisfaction should be a strategic goal and a marketing tool. Cooil, Keinigham, Aksoy and Hsu (2007), through empirical findings posited that a satisfied customer gives a larger share of his/her wallet to the business. Managers should enhance satisfaction levels of their customers which will translate into a larger share of the customer's wallet.

Arasli et al. (2005) compared overall customer satisfaction of the customers in Turkish and Greek banks. The studies revealed that the bank customers' expectations had not been met. Bank assurance had the largest influence on customer satisfaction in both areas and resulted in positive word of mouth about the bank. Ndubisi and Wah (2005) evaluated customer satisfaction in Malaysian banks. Results indicated that strong customer-bank relationships depend on the banks' competence, commitment, communication, conflict handling skills and trust. Banks exhibiting the five qualities had quality relationships with their customers while those lacking in those dimensions created poor quality relationships with customers. Koutouvalas and Siomkos (2006) studied customer satisfaction in Greek banks. They looked at factors that shaped bank customers' perception of service quality and its influence on their loyalty and switching intentions in both the public and private banks. The studies showed a positive relationship between customers' perception of service quality and loyalty. Bank customers were also satisfied with banks where they were able to express their complaints to the banks easily. Roig et al. (2006) examined concepts that shaped customer perceived value in the banking industry. The results revealed six dimensions crucial to shaping the customer perceived value with banking services. These were functional value of the establishment, functional value of the price, emotional value and social value.

Molina et al. (2007) investigated customer satisfaction in Spain. Trust and exemplary customer service emerged as the key factors contributing to good long-term relationship between the bank and the customers. Manraj and Manraj (2007) investigated dimensions of customer service that influenced customer satisfaction in the American banks. The study identified the following dimensions of customer service having the greatest influence on customer satisfaction: Personnel related considerations, financial considerations, (interest earning and interest payments), environmental related considerations (atmospherics) and convenience related considerations (ATM presence and opening hours).

Ahmad, Bashir and Humayoun (2010) examined the impact of customer satisfaction on performance of conventional banks in Pakistan. The findings established a relationship between customer satisfaction and bank performance. Studies recommended that banks improve their products and introduce new, diversified and marketable products to meet the requirements of various market segments.

A study by Ghazizadeh, Besheli and Talebi (2010) in state owned banks in Tehran found that customer satisfaction and demographic factors like age and level of education had influenced customers' propensity to stay with their current banks. Lastly, a study in Iranian state owned banks by Ghazizadeh, Besheli and Talebi (2010) revealed that bank service operation such as assurance, responsiveness and empathy, bank employees friendliness, care, helpfulness and courtesy were important in explaining customer satisfaction.

2.1 Customer Retention

Various studies have established a strong link between customer satisfaction and customer retention. It is

cheaper for a business to retain an existing customer due to the exorbitant costs associated with recruiting a new customer. Empirically, Reichheld and Schefter (2000), as well as Swartz and Lacobucci (2000) demonstrated that increased customer retention leads to additional sales, lower costs, price acceptance and no cost on word-of-mouth recommendations. Satisfied customers will attract others to the banks thus enhancing financial inclusion. The dissatisfied customers in most cases do not complain, they just abandon banking services altogether (Kotler, Armstrong & Cunningham, 2002). Customer retention has been conceptualized as a dimension of the customer loyalty construct (Grönholdt, Martensen & Kristensen, 2000). The terms customer retention and customer loyalty are not surrogates for each other because the two terms can be used separately. According to Henning-Thurau and Klee (2001) the conceptualization of customer retention needs further clarification. "Brand loyalty" contains attitudinal and behavioural aspects.

According to Wolfinbarger and Gilly (2003), customer retention has a direct impact on profitability. Naturally then, considerable time and money is spent in many organizations to develop strategies to retain customers. On average it costs a company five to six times as much to attract a new customer as it does to implement retention strategies to hold an existing one (Sultan & Henrichs, 2004). The costs of attracting new customers include advertising and promotion, but loyal customers also act as word-of-mouth ambassadors. Financial gains from customer acquisitions can be much larger than gains through defections.

Other studies seem to have contrary findings. The study by Smith and Higgins (2000) found a weak link between satisfaction and retention. Reinartz and Kumar (2003) also dispute the view that long-term customers are more tolerant of prices. East, Hammond and Gendall (2006) also argue that in some cases, long-term customers recommend significantly less customers compared to short-term customers. In spite of this, it is a well agreed fact amongst all scholars that a satisfied customer is a profitable customer who is not easy to switch to other service providers (Reichheld, 2003; Rootman, Tait & Bosch, 2008). In a hyper-competitive market all commercial banks are faced with challenges of retaining existing and attracting new customers.

The maintenance of a bank's existing customer base is even more important than the ability to capture new clients. One of the reasons is that the cost of attracting a new customer is much higher than the cost of keeping an existing one (Reinartz & Kumar, 2003). Thus, customer satisfaction and loyalty are essential to a bank's success. Customer loyalty is a major contributor to sustainable profit growth (Sirdeshmukh, Singh & Sabol, 2002). If an organization is not able to keep customers and build long-term relationships it will continue to operate with discrete once-off transactions.

Discussions of customer retention seem to be dominated by loyalty programmes and customer discounts. However research such as one undertaken by Ba and Pavlou (2002) shows that what really drives repurchase is high-quality customer service which is well-managed and strategically delivered. Customers do not remain with an organization just because of the discounts offered or the loyalty programs that are available. The service provided must also meet the expectations of the customer. An organization building customer retention should enable customers to receive what they want, when they want it (just-in-time) and a perfect delivery each and every time with the desired levels of service that appeal to the consumer (Woodruff, Cadotte & Jenkins, 1983).

A desired outcome of providing quality in all transactions is customer retention. While there is no guarantee of a satisfied customer's repeat visit, it is nearly certain that a dissatisfied customer will not return. Bank managers must therefore understand customer perceptions and expectations of quality. Research has indicated that assessments of quality and satisfaction are critical in the process by which a consumer develops a positive attitude

towards a particular experience, makes a repeat purchase and develops brand loyalty (Wong, 2004). Customer retention is an important element of banking strategy in today's increasingly competitive environment. Bank management must identify and improve upon factors that can limit customer defection. These include employee performance and professionalism, willingness to solve problems, friendliness, level of knowledge, communication skills and selling skills, among others. Furthermore, customer defection can also be reduced through adjustments in a bank's rates, policies and branch locations (Roy, 2008; Li, 2010).

Several studies have emphasized the significance of customer retention in the banking industry (De Ruyter, Al-Alawi & Adel, 2005). Literature on retention in banks has tended to focus on the impact of individual constructs, without attempting to link them in a model to further explore or explain retention. If retention criteria are not well managed, customers might still leave their banks, no matter how hard bankers try to retain those (Griffins, 2002).

From the literature reviewed, service as well bank related have been identified as major causes of customer satisfaction and retention of the bank customer. Literature on demographic factors and their correlation with satisfaction and retention is still limited and therefore the findings of this study will add valuable contribution to the body of knowledge in the area of satisfaction of the bank customer in Kenya.

3. Research Problem

Customer satisfaction remains one of the biggest challenges for the Kenyan banking industry. Empirical studies that attempt to explore how various aspects in the macro environment affect customer satisfaction are few. Customer attrition in the Kenyan banking industry is still high and the causes have not been exhausted. This gap presented the motivation for this study. The study sought to establish the correlation between demographic factors and customer satisfaction and retention in the Kenya banking industry.

3.1 Methodology of Research

This study is intended to provide new insight pertinent to the banking customer in Kenya by examining the correlation between demographic variables and customer satisfaction and retention in the Kenyan banking industry. To achieve this objective, the study adopted a descriptive survey design which was chosen because the target population was dispersed over the whole country covering a wide geographical area. Samples drawn from the 43 Kenyan banks were taken and structured questionnaires were issued to 2000 customers in all the 43 banks in Kenya. Customer satisfaction and retention were the dependent variables while the demographic factors were the independent variable. The sampling process used the multi-stage sampling technique. In the first stage, cluster sampling was used to group the target population using their banks of affiliation. The second stage involved stratified sampling which grouped the bank customers in either urban or rural branch settings. In the third stage, proportions were determined based on branch customer portfolios to ensure representation. Finally, systematic random sampling was used to select the individual respondents for the study.

Once the data was collected, it was entered into Statistical Package for Social Sciences (SPSS) computer software which was used to carry out the data analysis. The types of statistics or indices used depended on the variables in the study and the scale of measurement used (such as ratio, interval, ordinal and normal). In this case the statistical tests used by the researcher included: Pearson Chi-square, ANOVA Test and, Pearson Correlation. The tests were used because the variables were measured at interval or ratio scales. Pearson correlation was used where the data was continuous while Spearman correlation was used where the data was ranked. Cramer's V test

was carried out to test the strength of the relationships between demographic variables and customer satisfaction and retention.

3.1.1 Research Hypothesis

The following hypotheses were conceptualized to guide the study.

H.0. There is no relationship between demographic factors and customer satisfaction in Kenyan banks. H.1.There is a relationship between demographic factors and customer satisfaction in Kenyan banks

H0: There is no correlation between demographic factors and customer retention in Kenyan banks.H2: There is a correlation between demographic factors and customer retention in Kenyan banks.

3.1.2 Sample of Research

The sample size was computed using Fischer's (1998) formula ($n = Z^2 pq/d^2$), where:

N = Sample size

Z = 1.96, that is the value of Z corresponding to the 95% confidence level

p = 0.5 (50%)

q = 1-p (1-0.5 = 0.5)

d = 0.05 (5% error margin)

This gave a minimum sample size of 384 respondents. It has been suggested by Sekaran (2000) that a range of a minimum sample size of 30 to a maximum of 500 is sufficient and acceptable for a scientific investigation. The questionnaires were administered by use of field agents who distributed the questionnaires to bank customers in various banks and work places in the various towns according to the sampling design. A total of 590 questionnaires were completed out of which 70 were annulled due to errors leaving a sample of 520 which formed the basis of this analysis.

This sample was deemed to be adequate as it was beyond the minimum sample size of 384 according to the Fischer's formula as highlighted above. All the 520 questionnaires were analyzed in order to enrich the findings.

Cronbach Alpha was computed to assess the reliability of the data collected. According to Leedy and Ormrod (2003), a Cronbach Alpha value greater than 0.6 is regarded satisfactory for reliability assessment. The overall Cronbach Alpha value was 0.7 which was higher than the acceptable value of 0.6 according to George and Mallery (2003). It was therefore concluded that the data collected were reliable for the subsequent stages of analysis.

3.1.3 Relationship between the Demographic Factors and Customer Satisfaction

4. Discussion of the Findings

4.1 Demographic Factors

4.1.1 Demographic Characteristics of the Respondents

The findings presented in Table 1 show the descriptive analysis of the various demographic characteristics of the respondents of the study. The key demographic characteristics analyzed included gender of the respondents, respondents' age categories, and monthly income, highest levels of education, respondents' occupancies and marital status. Regarding the gender of the respondents, the findings show that the majority (56.2%) of the respondents were males, while the females accounted for 43.8% of the respondents. Based on the respondents' age categories, the findings show that more than half (52.1%) of the respondents were within the age category of 20 to

29 years. The other age categories accounted for 47.9% cumulatively.

According to the monthly income figures of the respondents, a large proportion (36.3%) of the respondents' monthly income was between Ksh10, 001 to Ksh. 20,000. Other income categories accounted for a cumulative percentage of 63.7%. The highest level of education findings shows that a large proportion (45.4%) of the respondents had some form of professional training. However, primary level and below, secondary level, undergraduate and postgraduate levels of education accounted for 54% of respondents cumulatively. Based on the respondents' occupations, two fifths (40%) of the respondents were employed in the private sector. Civil servants accounted for 16.5%, business people accounted for 31.5% while non-employed responses accounted for 11% of the total. Based on the marital status of the respondents, the findings show that almost half (49.2%) of the respondents were married. The respondents who were single accounted for 44.8%, divorced accounted for 2.7%, separated accounted for 2.1%, while the widowed accounted for 1.2%. The mean and standard deviations were calculated as shown in the Table 1.

Socio aconomia Eastera		Frequency	Percent
Socio-economic Factors		(n)	(%)
Gender of the respondents	Male	292	56.2
	Female	228	43.8
	Below 20 years	27	5.2
	20 to 29 years	271	52.1
Respondents' age categories	30 to 39 years	156	30
	40 to 49 years	50	9.6
	Above 50years	16	3.1
	Less than 10000	161	31
	Between 10001 to 20000	189	36.3
Monthly income category (in Ksh)	Between 20001 to 30000	82	15.8
	Between 30001 to 40000	41	7.9
	Above 40000	47	9
	Primary and below	23	4.4
	Secondary level	120	23.1
	Tertiary level	236	45.4
Highest level of education	Undergraduate	117	22.5
	Postgraduate	21	4
	others	3	0.6
	Civil servants	86	16.5
	Employed in private sector	208	40
Respondents' occupancies	Business person	164	31.5
_	Non-employed		11
	Others	5	1
Marital status	Single	233	44.8
	Married	256	49.2
	Divorced	11	2.1
	Separated	14	2.7
	Widowed	6	1.2
Overall Total (N)	· · · · · · · · · · · · · · · · · · ·	520	100

 Table 1
 Demographic Information of the Respondents

4.1.2 Hypothesis One

H.0: There is no relationship between demographic factors and customer satisfaction in Kenyan banks. H.1: There is a relationship between demographic factors and customer satisfaction in Kenyan banks.

The first objective of the study sought to assess the relationship between demographic factors and customer satisfaction in Kenyan banks. The Pearson Chi-square tests analyses were conducted on each of the demographic variables. The test was performed at the 0.05 (5%) level of significance and the findings are shown in Table 2. It is evident that the factors that were found to have statistically significance at the 5% level of significance included age, monthly income and highest level of education since their P-values were less than 0.05 (P > 0.05).

In addition, the test also revealed that gender, respondents' occupations and marital status were not statistically significant since their P-values were greater than 0.05 (5%). This means a relationship exists between age and customer satisfaction, monthly income and customer satisfaction, highest level of education and customer satisfaction.

Table 2Pearson Chi-Square T	ests Analysis			
Domographic Factors and Customer Satisfaction	Pearse	Pearson Chi-square Tests		
Demographic Factors and Customer Satisfaction	Value	df	P-value	
Gender and customer satisfaction	30.353	33.0	0.600	
Age categories and customer satisfaction	202.982	132.0	0.001*	
Monthly income and customer satisfaction	167.176	132.0	0.021*	
Level of education and customer satisfaction	229.988	165.0	0.001*	
Respondents' occupancies and customer satisfaction	135.054	132.0	0.410	
Marital status and customer satisfaction	103.443	132.0	0.969	

Note: The test was done at the 0.05 (5%) level of significance.* Means that the stated variable was significant (P-value < 0.05).

4.1.3 Strength of the Relationship

One of the limitations of a chi-square test is its inability to show the strength of the association between variables. In order to assess the strength of the relationship between the demographic factors and customer satisfaction a Cramer's V statistic was computed for each chi-square statistic obtained and the results are as shown in Table 3.

The Cramer's V is a measure of association between variables, which measures the strength of relationship between the demographic factors and customer satisfaction. The Cramer's V statistic ranges from zero to one. The smaller the Cramer's V the weaker the relationship while a value closer to 1 indicates a strong relationship between variables. A value of 0.19 or less indicates very low association, 0.2-0.39 shows low association, 0.4-0.69 is moderate association, 0.7-0.89 is high association, and 0.9-1.00 is very high association (Bryman & Cramer 1997). If the significance level (P-value) is very small (less than 0.05) then the strength of the association between two variables is significant. If the significance level is relatively large (greater than 0.05) then the strength of the association is not significant and the two variables are not strongly related. The Cramer's V test analysis results are shown below.

The findings in Table 3 show that there is very low association between customer satisfaction and gender and customer satisfaction and marital status. With Cramer's V of 0.242 and 0.223 respectively, the relationship between gender and marital status with customer satisfaction is not significant (P-value > 0.05). This implies that gender and marital status do not affect customer satisfaction of the Kenyan bank customer.

Economic Factors versus Customer satisfaction	Cramer's V
Gender and customer satisfaction	0.242
Age and customer satisfaction	0.312
Monthly income and customer satisfaction	0.284
Level of education and customer satisfaction	0.300
Respondents' occupations and customer satisfaction	0.255
Marital status and customer satisfaction	0.223

 Table 3
 Demographic Factors versus Customer Satisfaction

Generally, the association between the other four demographic variables namely age, monthly income, level of education and respondents' occupancies with customer satisfaction is low but significantly (P-value < 0.05)higher than that of gender and marital status, from the Cramer's V statistics computed. In addition, age, monthly income and level of education have a significantly stronger relationship with customer satisfaction than the customer's occupation implying that they are indeed factors influencing customer satisfaction.

4.1.4 Hypothesis Two

H_0 : There is no relationship between demographic factors and customer retention in Kenyan banks. H2: There is a relationship between demographic factors and customer retention in Kenyan banks.

This section sought to test the existence of a relationship between the various demographic factors and customer retention. A Pearson Chi-Square Test was performed and the findings are shown in Table 4. It is evident that age, monthly income and level of education were significant factors at 5% since their P-values were less than 0.05 or 5% (P < 0.05). This shows that there is a relationship between: age and customer retention, monthly income and customer retention, level of education and customer retention in Kenyan banks.

Economic Factors versus Customer Retention			
	Pearson Chi-square Te	Pearson Chi-square Tests	
	Chi-square Statistic	df	P-values
Gender and customer retention	24.36	27	0.61
Age and customer retention	141.474	108	0.017*
Monthly income and customer retention	138.808	108	0.024*
Level of education and customer retention	200.315	135	0.000*
Respondents' occupations and customer retention	126.514	108	0.108
Marital status and customer retention	97.678	108	0.752

 Table 4
 Demographic Factors and Customer Retention

Note: * Indicate significance at 5 % (P < 0.05).

4.1.5 Strength of the Relationship

A Cramer's Vstatistic was computed to determine the strength of the relationship between demographic factors and customer retention in Kenyan banks.

The results in Table 4 indicate that there is a very low association between gender, respondent's occupations and marital status with customer retention. With a Cramer's V of approximately 0.2, gender, respondent's occupation and marital status are not significant factors affecting customer

The results in Table 5 indicate that there is a very low association between gender, respondent's occupations

and marital status with customer retention. With a Cramer's V of approximately 0.2, gender, respondent's occupation and marital status are not significant factors affecting customer retention (P-value > 0.05). The relatively higher Cramer's V computed to establish the strength of association between age, monthly income and level of education with customer retention shows a relatively stronger relationship between these demographic factors and customer retention at approximately 0.3. These three factors are thus significant in determining customer retention (P-value < 0.05) of the Kenyan bank customer.

Economic Factors versus Customer Retention	Cramer's V
Gender and customer retention	0.216
Age and customer retention	0.261
Monthly income and customer retention	0.258
Level of education and customer retention	0.278
Respondents' occupations and customer retention	0.247
Marital status and customer retention	0.217

Table 5	Demographic	Factors versus	Customer	Retention
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5. Implications

A relationship between demographic factors and customer satisfaction in Kenyan banks was established by the study. Gender and marital status were not significant factors to the satisfaction of the Kenyan bank customer. Age, monthly income and level of education were significant factors affecting customer satisfaction of the Kenyan bank customer.

On customer retention, gender, occupation and marital status were of low significance whereas age, monthly income and level of education were of higher significance as factors affecting customer retention of the Kenyan bank customer.

From the study, age, monthly income and level of education are significant factors affecting both the satisfaction and retention of the bank customer. The three variables however have more significance in affecting customer satisfaction than customer retention of the Kenyan bank customer.

Banks may adopt strategies that target age, monthly income and level of education as these are significant variables for the satisfaction and retention of the bank customer.

With age, it is worth noting from the study that the youth (up to 29 years of age) formed a significant percentage of respondents at 39%. This age group requires technology driven products like mobile telephone banking and internet banking which are now available in some banks. All banks must endeavor to offer such products if they are to remain attractive to the youth. Products for pensioners should also be considered. Many banks do not offer these as the age group is deemed to be high risk.

Products and services can be segmented to attract the various income groups. Lower account opening fees for the low income customers as well as small loans should be considered by banks. Already some banks are lending to this group which is always disadvantaged due to lack of collaterals to secure their borrowings. The means banks use to communicate their product offerings to this group should be through radio as opposed to television which many in this bracket may not afford. Out of the 43 banks in Kenya, 15 have high end products for the high income earners which are provided at higher costs meaning there is already segmentation of bank products according to income. Those banks that do not have should launch them in order to tap into higher incomes from this group.

The level of education may guide the means of communication used by banks to reach their customers. Sophisticated mediums like the television and newspapers can be used to target the better educated customers while the radio that broadcast in vernacular languages can be used to target the less educated.

6. Significance of the Study

The study is the first of its kind in Kenya and will provide a basis for further research.

Consistent with the literature reviewed, this study empirically validated the correlation between demographic factors and customer satisfaction and retention.

The study has also made a contribution to literature by highlighting the three demographic variables namely age, income and level of education as significant in the satisfaction and retention of the bank customer. Banks' strategies should target the three variables which will proportionately impact on customer satisfaction and retention rates as demonstrated in this study.

The Central Bank of Kenya as the regulator of Kenyan banks could use the report to advise the banks further on ways of satisfying and retaining customers in order to grow the customer base in the banking industry by banking the unbanked.

This study was carried on bank customers in Kenya which is a developing nation and though some service providers may find the findings relevant, the findings cannot be generalized beyond the banking industry without caution. Other studies within the East African Community or the African Continent may be required for comparison.

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