FACTORS INFLUENCING CUSTOMER TURNOVER IN THE BANKING INDUSTRY. A CASE OF IMPERIAL BANK LIMITED

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DECLARATION
This project is my original work and has not been presented for any award or degree in any other University.

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This project has been submitted for examination with my approval as University supervisor

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ABSTRACT

In today’s competitive banking environment, exemplary customer service is one of the distinguishing characteristics that banks can exploit to establish a competitive edge. Since most banks offer comparable products and services, they continually search for a competitive advantage that will attract new customers and help them retain existing ones. Banks therefore must endeavour to develop innovative programs and initiatives to maintain superior customer service levels while remaining profitable.

The concept of customer turnover in commercial banks is critical to its operations and survival. Nonetheless, banks are bound to institute steps and processes that will not only enhance customer satisfaction but also enhance customer loyalty and in the end the much coveted retention of the customers.

The purpose of this study is to investigate the causes of customer turnover at the Imperial Bank Limited. The objectives of the study were, to investigate some of the causes of customer turnover in the banking sector, to establish, if the product range(s) and service causes customer turnover at the Imperial Bank Limited, to examine the extent to which branch networks influences customer turnover and to determine the impact of improved customer services at the bank halls.

The study used descriptive research methodology. The sample population was selected from the bank employees and respective bank customers. The data was collected using a questionnaire designed to obtain primary data whereas other referenced materials, journals and internet provided the secondary data which helped the researcher beef up primary data collected. Once collected, the data was coded, tabulated then analyzed using the SPSS. Presentation of the data analyzed, was done using the descriptive statistics and in form of pictorials using the pie charts and bar graphs so that it becomes easy for the readers and other researchers to derive information from the data.
The findings of the study can be summarized as, first and foremost the Long queues in the banking halls is a major cause of customer turnover in most of the banks hence should be discouraged, secondly Bad or poor customer service depicted by some bank employees can discourage people from joining some banks, thirdly. Some banks charge huge ledger fee which is unaffordable to some customers fourthly most customers like better reduced bank rates hence this is a crucial factor in customer turnover fifth, other banks poach other bank customers maybe because of the quality of services they offer in relation to customer’s perception. And lastly Range and Interest rates offered by a particular bank to their customers when borrowing money is a major influence on customer turnover

In the course of the research the following recommendations were made first and foremost, the bank needs to remain competitive, secondly there is need for the bank to be open to customers, thirdly the bank should have a variety of products for the customers to choose from hence this will help retain customers. In addition to these, Information technology (IT) should be integrated more in the bank services to ensure efficiency and effective services, Proper customer follow-up should be enhanced and the bank should reduce the pricing and other charges so as to reduce customer turnover at the banks