FACTORS AFFECTING CUSTOMER RETENTION IN COMMERCIAL BANKS IN KENYA; THE CASE OF EQUITY

PRESENTED BY

NAME: GITAU TABITHA GACHOKI

A RESEARCH PROJECT REPORT SUBMITTED IN PARTIAL FULFILMENT FOR THE AWARD OF DIPLOMA IN PURCHASING AND SUPPLIES MANAGEMENT OF THE UNIVERSITY OF NAIROBI

JUNE
DECLARATION

This project is my original work and has not been presented for an award of academic certificate in any other university

GITAU TABITHA GACHOKI

REGISTRATION NUMBER: L126/14550/2010

Signature.................................................................

Date..........................20/6/2012..............................

This project has been submitted for defense with my approval as a university supervisor

MRS. MAGDALENE NYAMBURA

Lecturer University of Nairobi

Signature.................................................................

Date..........................29/6/2012..............................
ABSTRACT

A customer, also called client, buyer, or purchaser, is usually used to refer to a current or potential buyer or user of the products of an individual or organization, called the supplier, seller, or vendor. This is typically through purchasing or renting goods or services. However, in certain contexts, the term customer also includes by extension anyone who uses or experiences the services of another. A customer may also be a viewer of the product or service that is being sold despite deciding not to buy them. (Drucker, 2001)

The objective of this study was to determine the factors affecting customer retention in commercial banks. The meaning of customer retention and the factors that affect customer retention was researched on and studied to provide the sense through which it was to be understood within the context of the study. The objectives of this study and the main purpose of the study was documented in chapter one. In chapter two, the literature review highlights several factors that affect customer retention. The chapter also documents the work of different authors regarding the factors affecting customer retention in commercial banks. The study used descriptive survey that sought to investigate the factors affecting customer retention in commercial banks in Kenya. The study was limited to the top management staff, accountants, Information and Technology
Department staff and Human Resource Department staff of Equity bank Githunguri branch, Kiambu district, who played key roles in the customers’ retention related issues at all levels.

The researcher used structured questionnaires and administered them personally to the respondents. The researcher also made the follow up to ensure that responses were obtained from the selected respondents. The questions were both closed and open-ended. The researcher collected both primary and secondary data. The study did the analysis for the primary data while the secondary data was used to support the findings.

The study also documents the outcome of the study relating to the five objectives. This includes the data analysis and interpretation in chapter four. This documents the summary of the study and the meaning of the data.

In chapter five, the study documents the summary of the findings, conclusion, recommendation and areas for further research. In regard to the objectives, the survey revealed that indeed the factors affecting customer retention in commercial banks had affected the banks positively despite the many challenges the banks faced in meeting the customers’ needs. The researcher believes that there are many other factors affecting customer retention in commercial banks. This ranges from bank organization structure, research and development, sales and marketing, corporate social responsibility among others. Consideration of these factors and many others was seen to affect customer