

Strategic Management Factors Influencing Credit Customer Retention at Equity Bank Limited, Kitale Branch, Kenya

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Abstract

This study purposed to analyze the strategic management factors that influence credit customer retention at Equity Bank limited, Kitale Branch from the customer's perspective. Specific objectives: To determine the credit customer likelihood of repeat borrowing; find out if gender and age of the credit customer had influence on the customers retention and to assess the influence of Credit Customer Relationship Management practices on credit customer retention at Equity Bank Limited, Kitale Branch. Case study design was used in this study. This is because case studies frequently make use of qualitative data. The target population were credit customers (5400) and staff (3) at managerial level of Equity Bank Limited, Kitale Branch. A sample of 540 customers (10%) was selected using convenience sampling technique. Data was collected using questionnaire and interview schedule. Analyses were done using simple descriptive statistics of percentages and mean, while chi square test was used to test independence of the variables. The study revealed that gender and age have a great impact on the level of customer retention. It also established that customer relationship practices such customer services like helpfulness of branch staff, accuracy of transaction in the bank, branch opening and closing hours, the bank efforts to inform customers about new products and services, good communication from the staff, fair price charge for banking transaction and the bank's reliability of electronic products like ATM had a strong positive association on customers retention and the bank's unique services to her customers are important factors for customers retention. This study concludes that quality of customer services, branch management, age and gender have a strong positive association on customers retention. Study recommends that banks should strive to ensure good and quality customer relationship management service so that they ensure customer retention. This can be achieved by improving their opening hours and closing hours, speed of service, and degree of responsiveness to enquiries, time taken to get service and good communication between the bank staff and customers. The study recommends study on strategies to attract customers of ages below 30 years and above 60 years.

Keywords: strategic management, customer retention, customer relationship management and competitive forces

1. Introduction

Globally, executive leaders across all industries continue to face the most disruptive market conditions in decades (Gulati, R. 2009). Increased competition has only accelerated; large rivals continue to compete by aggressively buying market share, new entrants are more nimble and substitute products seem to pop up almost at every turn. These competitive forces also apply to the Banking industry. Whereby, within the banking industry; competitors continue to slug it out for increasingly demanding customers who treat products and services as commodities. In order to survive in the market banks have been forced to develop strategies that will help them maintain profitability and retain their share of the market. Anderson et al. (1994) established that service industry depends on continuous cycle of repurchase; therefore companies have to struggle hard to retain customers. Gupta et al. (2005) found out that Customer acquisition, customer margin and customer retention to be critical drivers of the firm's growth and overall profitability.

Banking industry is highly competitive, with banks not only competing among each other; but also with non-banks and other financial institutions (Hull, 2002). Most bank products are easy to duplicate and when banks provide nearly identical services, they can only distinguish themselves on the basis of customer relationship management and customer segmentation. In South Africa rivalry in the banking industry is growing, with banks competing on price, service, user value, customer trust, branding and reputation (South African Business Guidebook, 2008). Similarly, in Kenya competition as a result of liberalization has led many banks merging, making strategic alliances, forming partnerships, making acquisitions and even taking to the drastic measures such as downsizing (Aosa, 1999). In addition, some banks have resorted to introduction of new banking service products into the market and engaging in intensive and extensive promotional strategies (Malechi, 2004). Consequently, the choice of strategic management factors adopted is potentially an effective tool that banks can use to gain a strategic advantage and survive in today's ever increasing banking competitive environment.

1.1 Customer Retention in Service Industry

Customer retention has been well emphasized in theories such as Richard's (1996) conversion model, Sharma and Patterson's (2000) relationship model, Ranaweera and Neely's (2003) holistic approach. All these theories concur that customer retention brings benefits such as employee retention and satisfaction, better service, lower cost, lower price sensitivity, positive word-of-mouth, higher market share, higher efficiency and higher productivity. Jones, Mothersbaugh and Beatty (2000) established that firms keeping their existing client bases significantly improve their success rate. Elsewhere, Grand, P. (2002) revealed that a 5 per cent improvement in customer retention can increase profits by up to 85 per cent.

It is evident from past studies that attracting a new customer is far more expensive than to retain existing ones. Fornell and Wernerfelt (1987) for example, emphasized that, marketing resources may be better spent on keeping existing customers than acquiring new ones. Also there have been several studies emphasizing the significance of customer retention in the banking industry (Dawkins & Reichheld, 1990; Reichheld & Kenny, 1990; Marple & Zimmerman, 1999). In addition, Cohen, Gan and Choong (2006) posit that retained customers bring a lot of benefits to banks. Consequently, the objective of a customer retention strategy should be to nurture long-term relationships with customers through trust, responsiveness, customized services and reliability. Key to this strategy should be the ability to utilize knowledgeable, intelligent customer information for the benefit of customers and to offer them seamless quality of services. Thus the strategy should offer segment-specific plans to meet customers' needs and wants.

Gummesson, (2002) indicated that in order to retain customers over time professional service providers need to place more efforts on the creation of personal relationships with the clients, as it is a strong bond tying customers to the firm. Creation of customer satisfaction and the creation of switching barriers are the main strategies employed by firms, for retaining customers. Other factors affecting professional service firms' retention strategies are the firms' ability to convey confidence, to get the customers involved, and to be able to deliver good quality services.

1.2 Overview of Banking Industry in Kenya

The Banking industry plays a significant role in the Kenyan economy such as creation of employment, provides safety to financial deposits, and creates deposits that affect money supply for business activities (Kamanu, 2004). Kenya has a relatively well developed financial system and is more developed than in most countries in the Sub-Saharan Africa region, and compares favorably to other emerging nations of similar development levels. According to the Central Bank of Kenya report (2013) the industry comprised 44 commercial banks, 1 mortgage finance company, 7 Deposit Taking Microfinance companies (DTMs), some 3,500 active Savings and Credit Cooperatives (SACCOs), one postal savings bank - Kenya Post Office Savings Bank (KPOSB) 125 foreign exchange bureaus, a host of unlicensed lenders, and an Association of Microfinance Institutions (AMFI) with 56 members.

Deposit-taking micro-finance institutions regulated by the Central Bank of Kenya (CBK) were legally permitted as of May 2008, and the Association of Micro-finance Institutions estimates that approximately 12 institutions will seek licenses in the near future; the same association estimates that approximately 450 additional institutions do not take deposits but engage in lending activities (CBK., 2013).

The deregulation of the industry increased competition among banks and non-financial services, the adoption of new advanced technology and the evolving customer preferences are some of the factors that have had a huge impact in the financial services industry. The Kenya's vision 2030 Blue print for financial services is to create a vibrant and globally competitive financial sector that will create jobs and also promote high levels of savings to finance Kenya's overall investment needs. As part of macro-economic goals, the country will decrease the share of population without access to finance from 85% to below 70% at present (Government of the Republic of Kenya, 2007).

1.3 Equity Bank Profile

Today, Equity Bank is a remarkable financial institution. It commenced business on registration in 1984. Yet in 1993, as Equity Building Society it was technically insolvent, with poor board supervision and management. Recognizing its potential to make a valuable contribution to serving its clients, the Central Bank of Kenya allowed it to continue in operation after a capital injection and the strengthening of the management team.

The bank has over 150 branches in Kenya, 40 branches in Uganda, 4 branches in South Sudan and 8 branches in Rwanda. With this network, the bank is able to offer convenient and effective services to businesses operating in every sector and part of the country. Chan K. & Renée M., (2005) illustrates the Blue Oceanic strategy as the best organizational strategy to generate growth and profits. Blue Ocean Strategy suggests that an organization should create new demand in an uncontested market space, or a "Blue Ocean", rather than compete head-to-head with other suppliers in an existing industry. They argued that businesses should focus less on their competitors and more on alternatives; they also should focus less on their customers, and more on non-customers, or potential new customers.

The adoption of 'blue ocean strategies' by Equity Bank has helped in customer attraction and retention.

Historically, the bank strategy focused on the low end market segment but it has recently created infrastructure and organizational structure that has included SME's, mortgages and corporate banking in its evolving strategy. The entry of Equity Group into the market has opened up space in retail banking, roping in small and micro savers into the system. A lot of reforms have been undertaken in the sector that has led to proliferation of financial products, activities and organizational forms that have improved and increased the efficiency of the financial system. Advances in technology and changing economic conditions have also created impetus for this change as Equity Bank strives to create products for those at the lower ends of the income pyramid.

According to the Published Financial results for 31st December 2013, the Bank continued to defy macro-economic turbulence to deliver strong growth, with profit before tax and exceptional items increasing by 11 percent to Kshs. 19 billion up from Kshs.17 billion realized the previous year. The Group's total assets posted a 14 percent growth during the year to close at Kshs.278 billion up from Kshs.243 billion. Net customer loans reached Kshs.171 billion up by 26 percent from Kshs.136 billion. Investment in Government Securities grew by 9 percent to Kshs.44.5 billion up from Kshs.41.1 billion while cash and bank placements dropped by 23 percent to Kshs. 35 billion down from Kshs. 45 billion.

Equity continued to build its reputation in local and global accolades for its unique and transformational business model through innovation, partnerships and enhanced use of technology and automation for a better customer experience. It was ranked 4th globally in Asset Deployment Efficiency by The Banker Magazine in 2013 in Asset Development Efficiency.

2. Statement of the Problem

Banking industry around the world is experiencing intensified competition, whereby banks are facing immense pressure, slow balance sheet growth, an uncertain economic outlook and a growing threat from new entrants, especially in the payments arena (Boohene R. et al, (2013). Banks are also confronted with growing regulatory costs and increasing demands for greater fairness and clarity in their interactions with customers. All of these factors are encouraging banks to increase their focus on their most important stakeholders — their customers. Maleche (2004), established that with increase in diverse challenges affecting the banking sector, most banks have shifted away from the traditional strategies of product development and diversification, aggressive marketing campaigns, promotional strategies and rebranding which are all focused on the external customer to use of customer service in order to retain existing customers so as to provide a competitive edge.

In Kenya, the advent of Prudential Guidelines (January 2013 Guidelines for institutions licensed under the Banking Act) on Consumer Protection by the Central Bank of Kenya has given much power to the customer. For example right of customers on Complaints and time limit in handling customers complaint has enhanced customers awareness on their rights and as such are demanding clarity on all terms and conditions of the loans they are being given. Consequently, borrowers are moving from one bank to the other looking for financial partners that can understand them better in order to fit them to the relevant category of customers where their issues can be adequately handled within the relationship.

Defection rates range from 5 percent to 30 percent annually across all industries, with rates as high as 20 percent not uncommon (Reichheld and Kenny, 1990). These defection rates force companies to replace a significant percentage of their customer base every few years. There is no bank with monopoly in credit lending, therefore this has forced banks to spend a lot of resources to acquire and retain the very customer. They work extra hard to ensure that the acquired customers are given what they want and are retained for repeat borrowing.

Although Equity bank has recorded good performance in terms of profitability, the need to look into the strategies for retaining its customers is crucial given that this determines its survival in the market. The bank is faced with threat from the increased numbers of foreign banks and deposit taking institutions entering the market. Annual reports from Equity bank Kitale branch shows that volume of loans decreased by 22,977,502 (3%) to Kshs 729,762,452 in 2013 from Kshs 752, 739,955 in 2012; while the portfolio at risk for thirty days increased to 8.14% in 2013 from 6.81% in 2012 that is above the recommended industry rate of 2%, and portfolio at risk for ninety days increased to 7.55% in 2013 from 6.3% in 2012 that are far much above recommended industry rate of 1.5%. This implies that the credit customers are churning from the bank and few are being acquired by the bank. It is against this background that the researcher sought to analyze the strategic management factors adopted by Equity Bank Ltd, Kitale Branch to influence the retention of their credit customers.

3. Objectives of the Study

The study sought to achieve the following objectives:

- a) To assess the influence of Credit Customer Relationship Management practices on credit customer retention at Equity Bank Limited, Kitale Branch.
- b) To establish the influence of Branch Management on the credit customer retention at Equity Bank, Kitale Branch.

4. Research Questions

The researcher sought answers to the following research questions:

- a) Does Credit Customer Relationship Management have significant influence on credit customer retention at Equity Bank Limited, Kitale Branch?
- b) What is the influence of Branch Management on the credit customer retention at Equity Bank, Kitale Branch?

5. Importance of the Study

The researcher anticipated that the study findings would inform the market players in the banking industry on the influence of the selected strategic management factors on the retention of credit customers. This forms the basis of their choice of strategy to retain credit customers. The findings are of great importance to the policy makers and financial institution regulators because it provides feedback that would help them improve consumer protection. The findings also avails pertinent information to Equity Bank Ltd Kitale Branch inform of feedback from credit customers that can be used in strengthening their strategies for customer retention and acquisition. The study also fills the knowledge gap by contributing to the existing literature that can be reviewed by scholars, particularly those studying business related courses such as marketing, finance and strategic management.

6. LITERATURE REVIEW

6.1 Conversion Model

Richards (1996) provided a conversion model based on the fact that it is not enough to satisfy a customer as satisfaction alone does not predict customer behavior. Richards (1996) argues that satisfied customers will leave, dissatisfied customers will remain and therefore, rather than discussing customer satisfaction, firm should discuss customer commitment. Payne (2006) also agrees that customer satisfaction helps to make customers committed, however, the building of committed customers involves more than merely satisfying them.

In building his model, Richards (1996) identified three factors as drivers of commitment. These are level of involvement, attraction of alternatives and the extent of ambivalence. Firstly, the level of involvement in the brand and category is one of the factors identified to drive commitment. According to Richards, the more people are involved in a given choice, the more carefully they will choose and once they have made their choices they often stick to it. Hence, if the customer is dissatisfied but involved, his primary strategy will be to try and repair the relationship rather than seeking other alternatives. On the other hand, if the customers are both dissatisfied and uninvolved, they would not even care about fixing the relationship but simply switch providers.

6.2 Relationship Commitment Model

Sharma and Patterson (2000) provide a model showing the determinants of relationship commitment. The model consists of three factors, namely communication effectiveness, technical quality and functional quality, all affected by trust in the relationship which in turn affect relationship commitment. According to Crosby, Evans, and Cowles (1990), trust implies reliance on or confidence in, the process or person. Therefore, the greater the level of trust, the stronger the relationship between the two parties. Sharma and Patterson (2000) also defined trust as the belief that the services provider can be relied on to behave in such a way that the long-term interests of the buyer will be served.

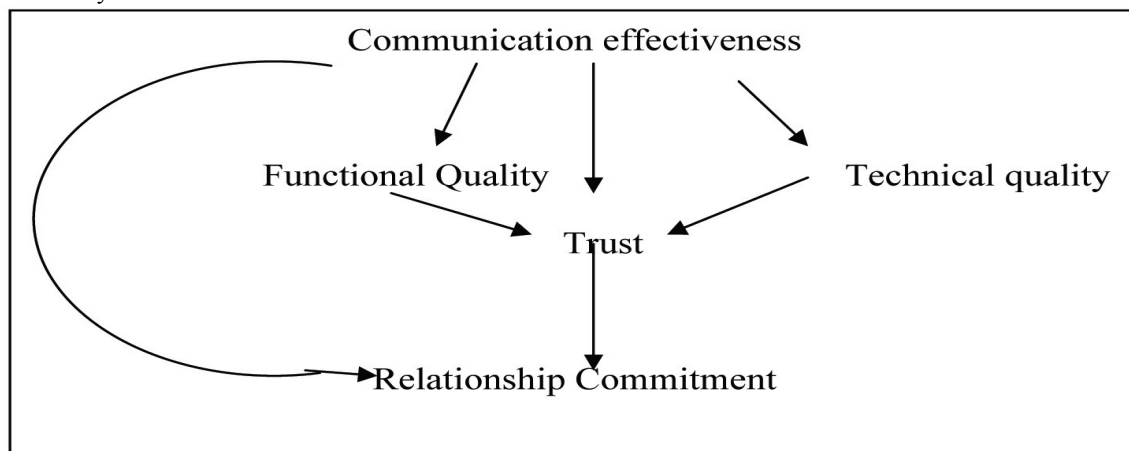


Figure 1: Conceptual model of the determinants of relationship commitment

Source: Sharma and Patterson, 2000.

According to Sharma and Patterson (2000), service quality is divided into two main components, namely technical quality and functional quality. Technical quality is related to the actual outcomes or the core service as perceived by the client. Jansson and Letmark(2005) posit that the competency of the professionals in achieving

the best return on investment for their client at acceptable levels of risks is viewed and technical quality is relevant to the promised service. Sharma and Patterson (2000) further argued that, functional quality is concerned with 'what' is delivered and 'how' the service is delivered. It is concerned with the interaction between the service provider and service receiver, and is assessed in a highly subjective manner. According to them, trust had a great impact on how quality is delivered, both in terms of functional and technical quality. The greater the quality perceived, the stronger is the relationship commitment

6.3 Conceptual Framework

According to Mugenda and Mugenda (2003), a conceptual framework helps the reader to quickly see the proposed relationships between variables in the study. Chandran (2004) posits that it is interrelationship of variables deemed to be integral part of a study. They present researcher's view in relation to the study. This section presents the conceptual framework for analyzing the strategic management factors (Independent variables) influencing credit customer retention (Dependent Variable) in Equity Bank. The conceptual framework comprises of two independent variables which the researcher anticipated would influence the credit customer retention in Equity bank. They include Customers Relationship Management and Customer Segmentation. This is represented in figure 2.

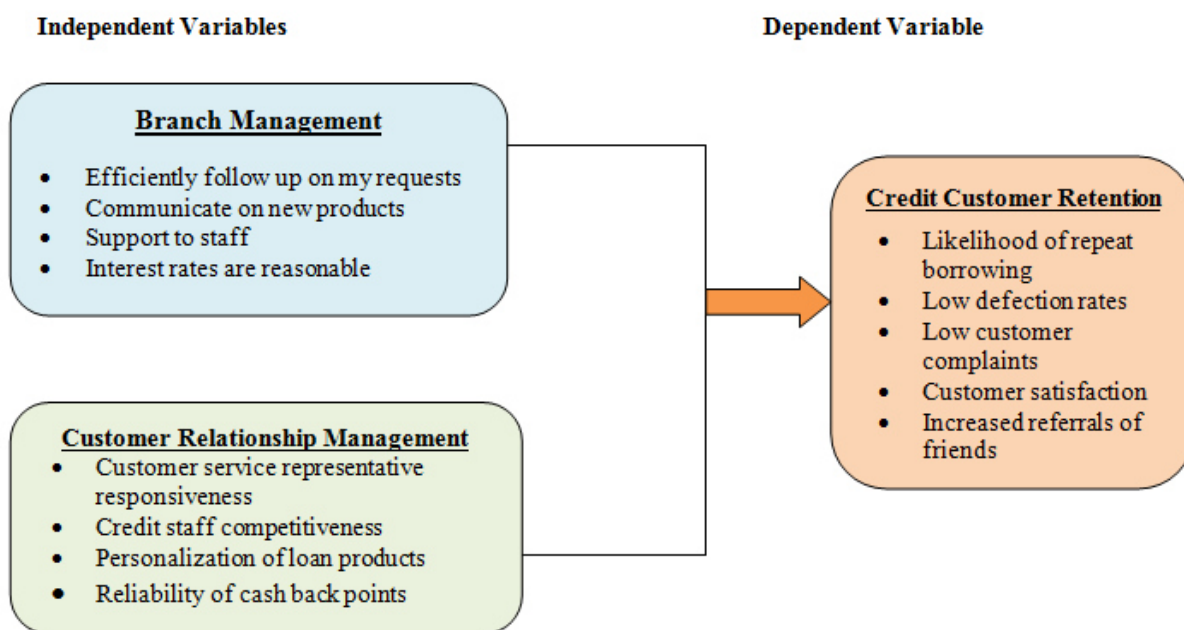


Figure 2 Conceptual Framework

6.4 Customer Retention

According to Buttle (2008), Customer Retention is the number of customer doing business with a firm at the end of a financial year expressed as a percentage of customers that were active at the beginning of the year. Customer retention involves the steps taken by a selling organization in order to reduce customer defection. Successful customer retention starts with the first contact an organization has with a customer and continues throughout the entire lifetime of a relationship (Ro King, 2005).

Reichheld (1996) established that 5% retention of credit customer will translate to 35% to 95% profits of the organization. In addition, the cost of attracting a new customer is five times to twelve times greater than the cost of keeping an existing customer. Converting new customer to loyal ones takes more time, effort and expense than is required for current customer. In terms of managing risk, loyal customer are likely to refer new customer while defecting ones typically tell 8 to 16 others about the reasons for their defection (Reichheld and Sasser, 1990). Furthermore, loyal customers are said generally to have greater usage levels, are more open to cross selling, and are less-price sensitive. It requires many new credit customers to replace the revenue stream lost by one old customer. In view of the importance, Plecki (2007) asserts that Customer Retention cannot be addressed as a project, but a guiding principle. Regardless of whatever strategies or tactics it uses to enhance profitability organizations must focus on maintaining its current customer base.

6.5 Importance of Customer Retention in Retail Banking

Rootman et al. (2008), found in the execution of retail banking services, the building of a long-term customer or client relationship is seen as central to improve business performance. Specific to service industries, such as banking, the relationship with the customer influences satisfaction, support and retention of the customer relationships. Elsewhere, Symonds et al. (2007) have alluded to the fact that customer retention is an important factor and role-player in the profitability of an organization; therefore, a thorough analysis, investigation and

understanding of customer retention factors can close the gap between customer retention and customer attrition. A small increase in customer retention rate can translate into much higher increases in profits (Anvari, 2010). Also, emphasized by Moller (2007) and Drotskie (2008), retail banks should proactively understand and address the changing needs of customers. The ability of a retail bank to address and improve the overall customer experience (service quality, satisfaction) will not only result in higher profitability, but will strategically differentiate it from the competitors.

The influx of consumers switching banks reflects the superior value proposition, unique and distinctive products and services. The view from the competing retail banks would be that of concern, even discomfort.

6.6 Determinants of Customer Retention

Ahmad and Buttle (2002) suggested practitioners to employ Key Performance Indicator (KPI) – related metrics, i.e. raw, sales-adjusted, or profit-adjusted metrics, to assess the customers' retention rate. Companies that adopt raw customer retention metrics focus on the retention of a given percentage or number of customers, regardless of the value. Companies that use sales or profit-adjusted retention metrics will focus their efforts on customers that generate higher levels of sales or profits instead of all customers.

On the other hand, (Bowen and Chen, 2001) have perceived that retained customers are those who continuously stay with the company. They have discovered three distinctive methods to measure the retention rate of these customers. Behavioral, attitudinal and composite measurements are these three methods. The behavior measurement method is defined as consistent and repetitious buying behavior (Oliver, 1999; Bowen and Chen, 2001). However, it is found that the consistent and repetitious buying behavior does not reflect buyer's commitments towards the company which subsequently leads to difficulty in assessing customer's retention rate. Secondly, customer retention rates can also be assessed by measuring customers' attitudinal data which reflects the emotional and psychological attachment of customers (Bowen and Chen, 2001). This measure relates to a sense of loyalty, engagement and adherence. There are customers who hold a favorable attitude about a company i.e. spread positive word of mouth about a company to friends, but he or she does not purchase from the shop due to specific reasons i.e. high retail price. Although the customer did not make any purchases, he or she is still perceived as a loyal customer considering his or her positive attitude towards the shop.

The third approach of measuring customer retention is composite measurement combining both behavioral and attitudinal measurements (Bowen and Chen, 2001). This approach is said to be a great tool in assessing and understanding customer loyalty and their retention rate. With this approach, customers are said to be loyal and retained with the company when they make continuous purchases and hold favorable attitudes towards the company.

In addition to repeat purchases and price tolerance (Zeithaml et al., 1996) have adopted two additional measures namely word-of-mouth communications and complaining behaviour in measuring the retention rate of customers. They argued that customers, who spread positive word of mouth among his or her social contacts, tend to stay longer with the company (Kumar, et al., 2007). Often, these customers become reference group for the potential customers. On the other hand, the retained customers are likely to complain less about the company and its offerings and vice versa for those customers who are disloyal.

Mittal and Kamakura (2001), further found out that customer characteristics such as gender and age have a great impact on the level of customer retention. This was also confirmed by Cooil et al. (2007) whose findings established that customer characteristics moderate outcomes of customer retention such as repurchase intention and share of the wallet.

6.7 Strategic Management Factors Influential on Customer Retention

Graham (2001) defines Strategic Management Factors as those things your organization or business unit needs to get right in order to succeed with your stake holders, that is, your customer, suppliers, employees, owners and any other organization, business unit or individual that you depend on for success. Several factors affect customer retention, for example: complaints-handling process, customer service, service recovery, service quality, the interpersonal relationship, customer satisfaction, product mix and perceived price fairness. The increasing competitiveness in the service industry is forcing organizations to place greater emphasis on building and establishing valuable customer relationship (Oracle Corporation, 2005).

Customer retention requires clear direction and this is the first strand of customer retention (Farquhar, 2004). In order to effectively retain customers, a significant commitment and clear signal from company's top management is highly required. Top management need to adopt a more holistic approach in order to be more receptive towards latest changes in the industry. With this, the impact of functional barriers and hierarchies of an organization can be reduced which will enable the company to be more competitive in retaining their customers (Dawes and Swailes, 1999).

Switching costs also plays a vital role in customer retention (Chen and Hitt, 2002; Kim et al., 2004). The switching cost includes all costs incurred when a customer switches between different brands of products or services and when it consists of loss and gain costs. Loss costs occurs when customers leave their service providers while gain costs occurs when the customers start to subscribe to a new service or gains a new product

[Burnham, et. al. 2003].

Customer retention greatly depends on how customers perceived service quality (Kim et al., 2004). They found that unique features of products, value added services, customer support, price and convenience in procedures significantly influence the perceived service quality. It is discovered that retained customers tend to have higher levels of perceived service quality. Besides, customer satisfaction is also related to the customer retention rate (Reinartz and Kumar, 2003) where more satisfied customers stay longer if the switching costs are similar and there are no contractual obligations.

Relationship marketing has been identified as an important tool to foster long term relationships with all customers in general, profitable customer in particular (Dawes and Swailes, 1999). Interactions with customers would be most effective if sustained through relationship marketing where companies can obtain effective interactions via discussions with individual customers (Farquhar, 2004). Voss et al. (1998) found that the price of company's offerings does affect customer satisfaction and hence it influences customer retention. It is perceived that price set is likely to improve both post-purchase satisfaction and intention to return (Jarvenpaa and Todd, 1997; Liu and Arnett, 2000). The fairness of the price is the dominant determinant of satisfaction and it also influences the subsequent intention to return and stay longer with the company.

According to Diller (1997) customer membership is very essential in improving the interaction frequency between company and its customers via creation of contact and feedback opportunities. With the membership, each customer contact with company begins with the registration of detailed information regarding the individual, their interests and demand structures. This information will then be linked to customer data, which forms the basis for individualized marketing measures. Existence of information systems greatly facilitates the record keeping of customer membership (Farquhar, 2004) which will be beneficial in the company's decision making process particularly in serving and keeping customers satisfied.

6.8 CUSTOMER RETENTION STRATEGIES

a) Customer Relationship Management

Customer relationship management is a system of activities that comprises customer support systems, complaint processing, speed of complaint processing, ease of reporting complaint and friendliness when reporting complaint (Kim, Park and Jeong, 2004). Customer services are the opportunities for banking service providers that are added to banking network provided through strategic compliance with service provider (Kuo, Wu and Deng, 2009). As far as economic factor is concerned, services should satisfy the needs of the customers (Turel and Serenko, 2006). There are indications that a well-executed complaints-handling process is of strategic relevance because it can have a positive effect on customer retention (Stauss and Seidel, 2004).

Furthermore, the friendly attitude and courteous behavior of the service workers at service firms leaves a positive impression on the customer which lead towards customer satisfaction (Soderlund and Rosengren, 2008). Customers after purchasing products from the company may have doubts in their decision making; the only way to manage this uncertainty is to establish a long term relationship with customers (Hollensen, 2003).

b) Customer Loyalty Programs

Customer retention is more than giving the customer what they expect; it's about exceeding their expectation so that they become loyal advocates for your brand. Creating customer loyalty puts customer value rather than maximizing profit and shareholder value at the centre of business strategy. The key differentiator in a competitive environment is more often than not the delivery of a consistently high standard of customer service (Colgate et al., 1996). Customer loyalty is strongly associated with customer's willingness to continue in the relationship; however, customer switching behaviour has a direct and strong effect on loyalty (Rowley, 2002). Loyalty can be understood in different ways depending upon the nature of the product or service which is being offered to a customer.

Customer loyalty is the heart of retention. If an organization is not able to keep customer and build long-term relationship, it will continue to operate with discrete one off transaction. Discussion of customer retention seem to be dominated by loyalty programmes and customer discounts. But research shows that what really makes a customer to re-purchase is high quality customer service and well managed formal and informal communication (Mellroy and Barnett, 2000). In connection with loyalty, it is a general rule that service quality and customer satisfaction have strong effect on customer retention. Phelps and Graham (2001) are of the view that the more frequent a customer buys from an organization the more their loyalty increases. A loyal customer will always pay more for services and be less sensitive to tactical discounting so that they will actually have more profitability than customers who are attracted by trade promotion and special offers.

According to Abdollahi (2008), retention is the outcome of the event that customers are retained or stayed with their current provider. Retention can be bought with the appropriate incentive or stimuli. Retention occurs due to the combined effect of two forces: the internal loyalty intensity of a customer and the external incentives or stimuli that they are subjected to in the form of product attributes, pecuniary switching costs, price, advertising, communication and customer care. Culture also moderates the effects of switching barriers on customer retention (Patterson and Smith, 2003).

c) Price (Interest) Fairness

According to Kotler and Armstrong (2010) price is the amount of money charged for a product or service, or the sum of the values that customers exchange for the benefits of having or using the product or service while Stanton, Michael and Bruce (1994) defined price as the amount of money or goods needed to acquire some combination of another goods and its accompanying services. But the marketing literature showed researchers' inclination towards price fairness in relation with customer satisfaction (Hermann et al., 2007). Price fairness refers to consumers' assessments of whether a seller's price is reasonable, acceptable or justifiable (Xia et al., 2004; Kukar-Kinney, Xia and Monroe, 2007).

The feeling of fairness depends on the gain-loss ratio felt by both partners in the exchange. From the consumer's perspective, the gain is the product to be received, whereas the loss is the money to be paid. When a consumer pays a higher price than others do, or when a consumer receives a lesser product than anticipated (either in terms of quantity or quality), perceived negative price inequity occurs. On the other hand, perceived positive price inequity may result from either receiving a larger or better product than others, who paid the same price, or paying a lower price but receiving the same product. Research has shown that customer's decision to accept particular price has a direct bearing at satisfaction level and loyalty and indirectly (Martin-Consuegra, Molina and Esteban, 2007).

The key factors influencing customers' selection of a bank include the range of services, rates, fees and prices charged (Abratt and Russell, 1999). It is apparent that superior service alone is not sufficient to satisfy customers. Prices are essential, if not more important than service and relationship quality.

d) Service Quality

Service quality is about meeting customer needs satisfactorily by matching to his expectations. Maximizing customer satisfaction through quality customer service has been described as the 'ultimate weapon' (Davidow&Uttal (1989). By composing and orchestrating the appropriate level of resources, skill, ingenuity, and experience for effecting specific benefits for service consumers, service providers participate in an economy without the restrictions of carrying stock (inventory) or the need to concern themselves with bulky raw materials. On the other hand, their investment in expertise does require consistent service marketing and upgrading in the face of competition which has equally few physical restrictions.

e) Customer Satisfaction

Customer satisfaction is a key and valued outcome of good marketing practice. According to Drucker (1954), the principle purpose of a business is to create satisfied customers. Increasing customer satisfaction has been found to lead to higher future profitability (Anderson, Fornell, and Lehmann 1994), lower costs related to defective goods and services (Anderson, Fornell, and Rust 1997), increased buyer willingness to pay price premiums, provide referrals, and use more of the product (Reichheld 1996; Anderson and Mittal, 2000), and higher levels of customer retention and loyalty (Fornell 1992; Anderson and Sullivan 1993; Bolton 1998). Increasing loyalty, in turn, has been found to lead to increases in future revenue (Fornell 1992; Anderson, Fornell, and Lehmann 1994) and reductions in the cost of future transactions (Reichheld 1996; Srivastava, Shervani, and Fahey 1998). All of this empirical evidence suggests that customer satisfaction is valuable from both a customer goodwill perspective and an organization's financial perspective.

A firm's future profitability depends on satisfying customers in the present, retained customers should be viewed as revenue producing assets for the firm (Anderson and Sullivan 1993; Reichheld 1996; Anderson and Mittal 2000). Empirical studies have found evidence that improved customer satisfaction need not entail higher costs, in fact, improved customer satisfaction may lower costs due to a reduction in defective goods, product re-work, etc. (Fornell 1992; Anderson, Fornell, and Rust 1997).

f) Branding of the Bank and its Products

Branding in financial services is done more at the corporate level than at the product level. Branding should start with a clear strategy for targeting and positioning. The brand image should be consistent with the marketing strategy (Teach, Richard 1990). Advertising can be successful in building the brand only if the financial product caters to the requirements of the consumer and the entire service experience is consistent with the brand image that is communicated. To implement one-to-one marketing, the marketer needs to identify the target customers, differentiate them into groups, interact with each customer group, and provide customized products and solutions in a cost-effective manner (Cannon and Cannon, 2005). It has also been found that the customers get satisfied to a brand more if they get all the needed services accumulated in that very brand (Ahn, Han and Lee, 2006).

g) Increasing Switching Cost

According to Keaveney (1995), service switching may be due to critical incidents, such as attraction by competitors, inappropriate employee responses to service failures, pricing problems, core service failures, service encounter failures, lack of convenience, ethical problems or changes in the consumer's or service provider's situation (involuntary switching). In consumer goods settings, consumer loyalty has often been measured as a consumer's switching resistance when faced with competitors' counter persuasion; promotions, price decreases and/or stock shortage problems (Oliver, 1997).

Preventing current customers from switching to other service providers is a very difficult task. During their lifetime, customers have many opportunities to switch service providers (competitor offers, sales promotions, etc.), and many events if the established relationship are likely to cause service relationship deterioration and dissolution (Gustafsson, Johnson & Roos, 2005).

7. RESEARCH METHODOLOGY

7.1 Research Design

Research design is a set of advanced decisions that make up the master plan specifying the methods and procedures for collecting and analyzing the needed information. By knowing which research design is needed to solve a problem, research design will help the researcher to predetermine certain procedures that would likely be needed in the study. Although every problem and research objective may be unique there are enough similarities that allow us to make some decisions in advance about the best plan to resolve the problem. Case study design was used in this study. This is because case studies frequently make use of qualitative data (Shaughnessy et al. 2009). A case study is a way to explore an empirical subject by following a set of pre-specified activities and procedures (Saunders et al. 2007). The researchers found this strategy appropriate because apart from answering the initial research questions, qualitative research can provide answers to further research questions.

7.2 Target population

Bryman et al (2003) describe a target population as the whole group that the research focuses on. The target population in the bank will be the credit customers and staff at managerial level of Equity Bank Limited, Kitale Branch. The study's population (see table 4) comprises the Branch manager, operations manager, credit manager, and 5,400 credit customers. The distribution is as shown on table 1

Table 1: Distribution of target Population as per Category

Category	Population (N)
Branch Managers	3
Credit Customers	5,400
Total	5,403

7.3 Sampling Frame and Technique

Sampling frame describes the list of all population units from which the sample will be selected from (Kothari, 2008). The three managers were selected through the purposive sampling technique. This allows the researcher to select respondents deemed to be custodians of vital information on the issue being studied. The study also used convenience sampling technique in selecting 540 (10%) credit customers to be involved in the studied. The sample size of between ten per cent (10%) and thirty percent (30%) is found to be appropriate for a descriptive study that involves a big homogeneous population (Mugenda and Mugenda, 2003). The study used this sampling technique to allow the researcher to select the respondents at her convenience, or on the basis of availability. This research applies a convenience research sampling method as it appears most suitable considering the characteristics of the study population.

7.4 Data Collection Instruments

Researcher collected primary data from the respondents using questionnaire and interview schedule. A semi-structured questionnaire was used to collect information from the credit customers on the influence of selected strategic management factors on their retention. This was found appropriate since, the study is concerned with variables which cannot be directly observed such as opinion, perception and feelings of respondents which can best be obtained through a questionnaire. The tool was also found to be reliable because it assures confidentiality and provides uniformity of questions to the respondent.

Whereas, interview method was used to get data from staff at managerial level at Equity bank Ltd Kitale branch. This solicited for their perceptions on the influence of the selected strategic management factors on credit customer retention. This method was found reliable because it allows for probing enabling researcher to get more detailed information.

7.5 Validity and Reliability of the Instruments

To test validity of the instruments, researcher relied on the lecturers teaching strategic management and customer relationship management at JKUAT as experts who helped realize content, productive, construct and face validity; which is acceptable according to Kothari (2004).

A pilot study was conducted by issuing them to three senior officers and thirty credit customers at Barclays bank-Kitale Branch, which is also a commercial bank. This aimed at determining the validity and reliability of the questionnaire. According to Mugenda and Mugenda (2003), in a research study, the reliability coefficient can be computed to indicate how reliable data are. A coefficient of 0.80 or more implies that there is a high degree of data reliability. The survey instrument was subjected to overall reliability analysis and was found to be highly reliable (Cronbach alpha = 0.918). It was found that the relationship between selected strategic management factors and customer retention was highly reliable (Cronbach alpha = 0.906). A test should have a Cronbach alpha correlation coefficient greater than 0.70 (Hair, Babin, Money & Samouel, 2003). A measuring instrument

and its items are more reliable if the Cronbach alpha correlation coefficients are higher than 0.7, therefore this is an excellent reliability.

7.6 Data Analysis and Presentation

Upon complete return of questionnaires and conduct of interviews the researchers carried out a preliminary check to ascertain that all the instruments returned had been duly filled. The researcher then coded the responses according to the research objectives. Quantitative data was analyzed using simple descriptive statistics such as mean, percentages, mode and inferential statistics of chi square tests to determine if customer relationship management and branch management team has significant influence on credit customer retention at Equity bank Ltd-Kitale branch. The descriptive statistical tools (Statistical Package for the Social Science SPSS version 20) and Microsoft Excel were used by the researcher to analyze the data. While, qualitative data was analyzed in narrative form. The qualitative findings are presented in descriptive and narrative form, while quantitative findings are presented using tables and charts

8. RESEARCH FINDINGS AND DISCUSSIONS

8.1 Distribution of Customer Respondents by Loan Segment

Researcher further sought information to establish the distribution of customers by loan product segment. This would enable her to know whether segmentation by the bank had enabled them meet their needs, thus enhancing their satisfaction and willingness to repeat borrowing from the bank. Study established that majority of the credit customers were seeking personal loans this were -297 (56%), Business loans-127 (24%), Agricultural loans – 79 (15%), Mortgage – 11 (2%), and Corporate loans -16 (3%). This is well illustrated on figure 3. The branch managers responses concurred with the distribution as per records they maintained at the credit section indicating majority of credit customers being personal loan customers.

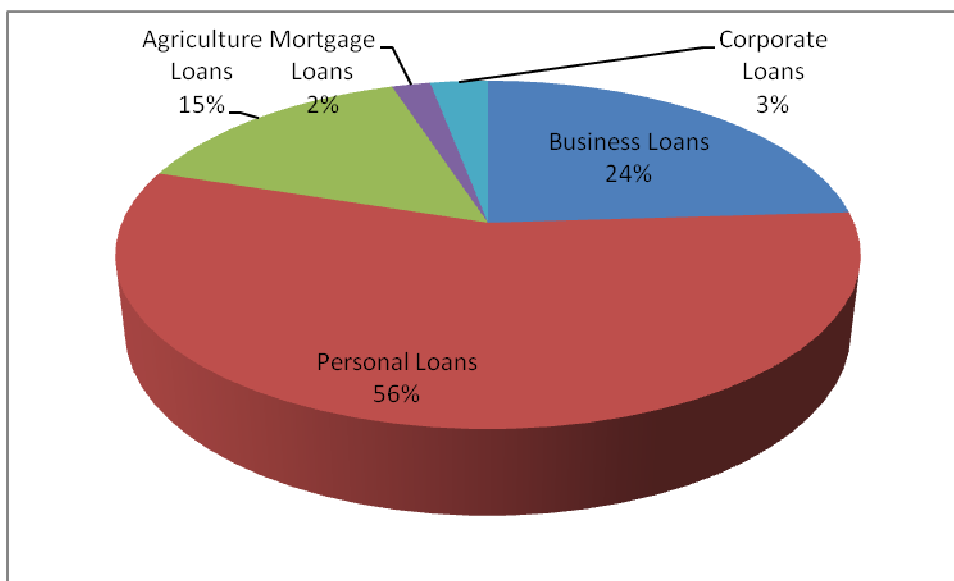


Figure 3: Distribution of Customer Respondents by Loan Segment

8.2 Likelihood of Credit Customer to Repeat Borrowing

The study investigated the likelihood of the credit customers to repeat borrowing from the bank. The findings indicate that 355 (67%) of the credit customers expressed willingness to repeat borrowing from the bank while 175 (33%) reported that they will not. This confirms researchers concern as indicated by level of performance in the branch reported. Findings also concur with findings by Reichheld and Kenny, (1990) who indicated a defection rates range from 5 percent to 30 percent annually across all industries. Researcher advance to the second level of analysis, where sought to establish whether the demographic factors had any influence on the retention of the credit customers. The findings are presented as per gender and age.

8.3 Likelihood of credit customer repeats borrowing by Gender.

Further analysis shows that female (72.6) were more likely to repeat borrowing from the bank as compared to men at (64%). The three managers confirmed that majority of customers who repeat borrowing in the bank were female, although male were the majority most of them are sought services elsewhere. The gender disparity was associated with cultural factors, where men dominated ownership of property in the rural and women tend to highly esteem them as household heads.

These results concurs with the view by Aaltonen (2008) that female customers are more inclined to maintain a

relationship with a company to avoid the emotional difficulty of switching to another company. This implies that it is easier to build trust for women than men. These findings are as shown on table 2.

Table 2: Likelihood of credit customer repeat borrowing by Gender

Gender	N	Yes		No	
		F	%	F	%
Male	344	220	64	124	36
Female	186	135	72.6	51	27.4
Total	530	355	67	175	33

8.4 Likelihood of credit customer repeat borrowing by age

Study also investigated on whether credit customers age had any influence on credit customer retention. The researcher found out that customers' age was a factor that determined the likelihood of customers repeat borrowing whereby, majority of credit customers within age bracket of 41-50 years (77.7%) were likely to repeat borrowing from the bank, followed by those aged between 51-60 years (62.6%); 31 -40 (59.1%); above 60 years (37.5%) and those with least likelihood being aged below 30 years (23.8%). These are as shown on table 3.

Table 3: Likelihood of credit customer repeat borrowing by age

Age Bracket (Years)	N	Yes		No	
		F	(%)	f	(%)
Below 30	21	5	23.8	16	76.2
31 - 40	159	94	59.1	65	40.9
41 - 50	270	210	77.7	60	22.2
51 - 60	64	40	62.5	24	37.5
Above 60	16	6	37.5	10	62.5
Total	530	355	67	175	33

Response from the three managers in the bank indicated that, young credit customers had a very low likelihood to repeat borrowing; they were unsettled and tried to experiment by moving from one bank to another. They were also easily swayed by their peers. As for mature clients aged between 31-60 years had a high likelihood to repeat borrowing. This was because of the personal relation between the credit customer and credit staff. The mutual trust build over time allowed the credit customer to freely consult the credit staff on new loan products. This confirms the conclusion by Hayes (2008) that customer retention is highest for older customers who are likely to continue using their bank. This implies that based on varied needs of customers in a given age bracket influences their borrowing behavior. It could also be due to the income levels of the groups.

To test whether age and customer retention have significant relationship, researcher set a null hypothesis of $H_0 =$ Age and customer retention have significant relationship. To test independence, she then computed the chi-square and obtained ($\chi^2 = 86.91$ that was greater than table value of 9.488 at $df=4$ and $\alpha= 0.05$). Decision was reject H_0 since computed value is greater than table value. This implies there is significant relationship between age and customer retention measured by willingness to repeat borrowing from the bank. This concurs with the other scholars in marketing who assert that customer characteristics have significant influence on customers repeat purchasing.

8.5 Influence of Customer Relationship Management on Credit Customer retention

The first objective of this study was to establish if customer relationship management influenced customer retention at Equity Bank Ltd, Kitale Branch. The study focused on four customer relationship management practices and assessed if these influenced customers likelihood to repeat borrowing from the bank. To be able establish the influence of each practice on customer's likelihood to repeat borrowing was analyzed separately and results are as presented as follows:

8.6 Influence of Customer Representative Competency to handle requests quickly and ability to provide information on banks' loan products.

Study reveals that most of the respondents were influenced by the customer representative's services. The recorded weighted mean was 4.06 on a scale of 1 – 5, which indicate a strong influence of customer care on the customer retention, whereby 465 (87.7%) of the respondents agreed that customer representatives were competent enough in attending to their request within an appropriate time. This was similar to managers response, who confirmed that there minimal complaints from customers, meaning most of their request were being handled by the customer representative. In addition, the bank continuously invested in capacity building of these staff. The results were as presented on table 4.

Table 4: customer Representative’s competitiveness’ in providing customer care on customer retention.

Customer Ratings	SA		A		N		D		SDA		TOTAL	
	f	%	f	%	f	%	f	%	f	%	f	%
YES	80	15.094	262	49.434	6	1.132	5	0.943	2	0.377	355	67
NO	47	8.870	76	14.430	14	2.612	35	6.604	3	0.566	175	33
TOTAL	127	23.962	338	63.774	20	3.774	40	7.547	5	0.943	530	100

Key
 SA: Strongly Agree 5
 A: Agree 4
 N: Neutral 3
 DA: Disagree 2
 SDA: Strongly Disagree 1

To test independence of the two variables, researcher Hypothesized that: Ho = Customer representative’s competitiveness’ in handling customers’ requests and providing loan product information has no significant relationship with customer retention (measured by likelihood to repeat borrowing). A chi square test was used, that yielded a computed score of 88.5711 that is greater than Table value of 9.488, at a degree of freedom of 4 and $\alpha= 0.05$). Hence, reject the Ho. This implies that there is a strong relationship between customer representative’s competitiveness’ in handling customers’ requests and providing loan product information with customer retention. This is similar to other studies that found out that strong customer care services increased customer retention. This is well illustrated on figure 4.

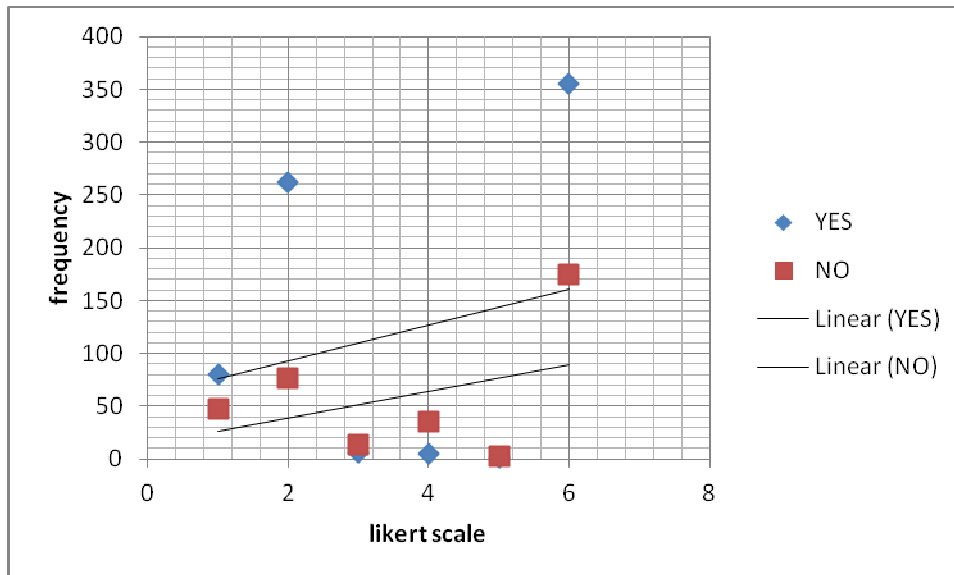


Figure 4: customer Representative’s competitiveness’ in providing customer care on customer retention
8.7 Influence of capacity of credit staff in providing information on new products and helping customers on customer retention

Study reveals that most of the respondents 502 (94.7%) agreed that they were willing to repeat borrowing meaning that they were satisfied with the services rendered by staff in the credit section with regard to provision of information about new loan products and courtesy in serving them (Table 4.5). On further analysis the responses resulted in weighted mean was 4.25 on a scale of 1 – 5, which indicate a stronger influence of capacity of customer staff on the customer retention. The branch management response concurred that, the bank valued its staff and continuously build their capacity through trainings and workshops to enable them articulate the bank loan products and policies to the customers clearly. This clearly shows banks commitment in realigning the business strategy with the human resource strategy in order to strike a strategic fit. These are similar to assertions in the theoretical review, that knowledgeable bank staff are able to serve customers well, hence attract customer commitment that is translated to customer loyalty and retention.

Table 5: Capacity of credit staff in providing information on loan products and helping them on customer retention

Customer Rating	SA		A		N		DA		SDA		TOTAL	
	f	%	F	%	f	%	f	%	f	%	f	%
YES	230	43.40	112	21.13	6	1.13	3	0.57	4	0.75	355	67
NO	86	16.23	74	13.96	11	2.08	3	0.57	1	0.19	175	33
TOTAL	316	59.62	186	35.09	17	3.21	6	1.13	5	0.94	530	100

Key **Weight**

- SA:** Strongly Agree 5
- A:** Agree 4
- N:** Neutral 3
- DA:** Disagree 2
- SDA:** Strongly Disagree 1

To test independence of the two variables, researcher Hypothesized that: Ho = capacity of credit staff to provide information on new loan products and help customers has no significant relationship with customer retention (measured by likelihood to repeat borrowing). A chi square test was used, that yielded a computed score of 16.2671 that is greater than Table value of 9.488, at a degree of freedom of 4 and $\alpha= 0.05$). Hence, reject the Ho. This implies that there is a relationship between capacity of credit staff and credit customer retention, given that knowledgeable staff are able to handle customers well, thus meeting their expectations and increasing their trust.

8.8 Influence of reliability of cash back points on customer retention

Study reveals that most of the respondents 504 (95.1%) agreed that the bank had reliable cash back points hence were satisfied with the ease to access cash back points (ATMs and Agency Points). This influenced their willingness to repeat borrowing from the bank. The results were as presented on table 4.6. Computation of weighted mean yielded a score of 4.47 on a scale of 1-5, which indicates a stronger influence of reliable cash back points on the customer retention. These findings concur with findings in the empirical studies which found out that adoption of modern technology in delivery of services in organizations enhance efficiency in service delivery. This enhances customer satisfaction and confidence of the customer on organizations products. As a result increases customer commitment and loyalty, consequently customers' retention. Institutions are exploiting technology in order to gain competitiveness and market leadership.

Table 6: Influence of reliability of cash back points on customer retention

Customer Rating	SA		A		N		D		SDA		TOTAL	
	f	%	F	%	f	%	f	%	f	%	f	%
YES	208	39.25	136	25.66	4	0.75	7	1.32	0	0	355	66.98
NO	82	15.47	78	14.72	6	1.13	9	1.70	0	0	175	33.02
TOTAL	290	54.72	214	40.38	10	1.89	16	3.02	0	0	530	100

Key **Weight**

- SA:** Strongly Agree 5
- A:** Agree 4
- N:** Neutral 3
- DA:** Disagree 2
- SDA:** Strongly Disagree 1

To test independence of the two variables, researcher Hypothesized that: Ho = Reliable of cash back points have no significant relationship with customer retention (measured by likelihood to repeat borrowing). A chi square test was used, that yielded a computed score of 11.2592 that is greater than Table value of 9.488, at a degree of freedom of 4 and $\alpha= 0.05$). Hence, reject the Ho. This implies that there is a significant relationship between reliable cash back points and credit customer retention. The adoption of modern technology has enabled customers to withdraw money any where any time by use of M-banking services through Eazy 24/7, ATMs, and agency banking at equity bank provide reliable sources of cash back.

8.9 Influence of customization of loan products on customer retention

Study reveals that majority of the respondents 512(96.6%) were satisfied with personalization of the loan products thus willingly to repeat borrowing (The results were as presented on table 4.7). Further analysis resulted in a weighted mean was 4.42 on a scale of 1-5, which indicate a stronger influence customization of loan products on customer retention. This concurs with findings in empirical studies which established that customization of products to meet customers' needs enhance their satisfaction, hence enhanced commitment of the customer to repeat purchase. Adoption of this strategy at Equity bank by segmenting loan products to suit the needs of the customer had granted it a competitive advantage against its competitors, since the bank has been able to reach the customers at the base of the pyramid who could not access services in the old banks like Standard chartered bank, Kenya commercial Bank, Barclays among others. The managers strongly indicated this

as the main reason why most customers repeated borrowing from the bank.

Table 7: Influence of customization of loan products on customer retention

Customer Rating	SA		A		N		D		SDA		TOTAL	
	f	%	f	%	f	%	f	%	F	%	f	%
YES	183	34.53	166	31.32	2	0.38	3	0.57	1	0.19	355	66.98
NO	62	11.70	101	19.06	3	0.57	7	1.32	2	0.37	175	33.02
TOTAL	245	46.23	267	50.38	5	0.94	10	1.89	3	0.57	530	100

Key **Weight**

SA: Strongly Agree 5

A: Agree 4

N: Neutral 3

DA: Disagree 2

SDA: Strongly Disagree 1

To test independence of the two variables, researcher Hypothesized that: Ho = personalization of loan products has no significant relationship with customer retention (measured by likelihood to repeat borrowing). A chi square test was used, that yielded a computed score of 15.5773 that is greater than Table value of 9.488, at a degree of freedom of 4 and $\alpha= 0.05$). Hence, reject the Ho. This implies that there is a significant relationship between personalization of loan products and credit customer retention.

Equity bank is flexible in meeting customers' needs in terms of loans. This mainly displayed in a variety of loan products such as agricultural loans where farmers are allowed a grace period before paying back. This also applies to business loans for SMEs and in particular corporate customers.

8.10 Influence of Branch Management on Credit Customer Retention

The second objective of the study was establishing the influence of branch management at Equity Bank Kitale branch on the credit customer retention. Findings from the respondents indicate that the credit customers were satisfied with the services rendered by the bank and that the branch management staff was helpful in providing them with timely information on new loan products, and fast in serving them. They also indicated that management swiftly followed up on their requests from the bank. The managers also confirmed that the bank was investing in research to ensure they provide loan products that will meet with customer needs. The credit staff had also been trained by the bank to build up their competitiveness in serving customers. This is similar to the findings of past studies which established that knowledgeable staffs were able to serve customers effectively hence draw their commitment to repeat purchasing from the bank.

9. CONCLUSION AND RECOMMENDATIONS

9.1 Conclusion

This study concludes that quality credit customer relationship services like helpfulness of branch staff, accuracy of transaction in the bank, the bank efforts to inform customers about new products and services, good communication from the staff, fair price charge for banking transaction and the bank's reliability of electronic products like ATM had a strong positive association on customers retention and the bank's unique services to her customers are important factors for customers retention. The study also concludes that customer characteristics such as gender and age have a great impact on the level of customer retention. The results concur with the findings of Bryant and Jaesung (1996) and Mittal and Kamakura, (2001). Therefore the bank management should take these into consideration while customizing their services.

9.2 Recommendations of the Study

First, the study recommends that banks should strive to ensure good and quality credit customer relationship management service so that they enhance credit customer retention. This can be achieved by strengthening the capacity of customer relationship management representative, and credit staff; adopting reliable technology to ensure efficient and effective service delivery in real time.

Second, the bank should customize its loan products to suit the credit customer needs as per age and gender. This is because there is a significant relationship between the credit customer characteristics and customer retention. Financial product marketers need to manage their product portfolio in response to the changing environment and consumer needs, in addition to managing customer relationships effectively for achieving long-term profitability. Thirdly, the bank should also capacity build its credit staff so that they can provide adequate information to credit customers especially on new products or services. This information should be accurate and adequate.

Fourthly, the bank should be innovative and adopt top notch technologies to ensure that its cash back points inform of ATMs enable customers' access cash at their convenience.

Fifth, it is also recommended that Equity bank should attempt to segment their market to match customer needs and banks capability by managing customer base via effective tie ring of service delivery of quality services as well as conducting churn diagnostic monitoring of declining/ defecting customers.

Finally, the bank should capacity build branch managers to enhance their competitiveness since credit customers

strongly believed in them. These will enable them provide strategic leadership, communicate efficiently and be able to handle customers' requests effectively.

9.3 Suggestions for Further Research

The study recommends that a comparative study should be carried out on the influence strategic management factors on customer retention in commercial banks in Kitale. This will help establish if there are any significant differences in efforts to retain credit customers within the banks.

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