
Electronic Theses and Dissertations

2021

The Effect of service quality on customer loyalty in mobile money lending financial technology companies in Kenya: a case study of Branch International.

Kadii, Yasmin

Strathmore Business School

Strathmore University

Recommended Citation

Kadii, Y. (2019). *The Effect of service quality on customer loyalty in mobile money lending financial technology companies in Kenya: A case study of Branch International* [Strathmore University].

<http://hdl.handle.net/11071/13312>

Follow this and additional works at: <http://hdl.handle.net/11071/13312>

**THE EFFECT OF SERVICE QUALITY ON CUSTOMER LOYALTY IN MOBILE
MONEY LENDING FINANCIAL TECHNOLOGY COMPANIES IN KENYA: A CASE
STUDY OF BRANCH INTERNATIONAL**

YASMIN KADII

MBA/1753/11

**A DISSERTATION SUBMITTED IN PARTIAL FULFILMENT OF THE
REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS
ADMINISTRATION AT STRATHMORE UNIVERSITY**

STRATHMORE BUSINESS SCHOOL

STRATHMORE UNIVERSITY

NAIROBI, KENYA

MAY 2019

DECLARATION

Declaration by Candidate:

I declare that this work has not been previously submitted and approved for the award of a degree by this or any other University. To the best of my knowledge and belief, the thesis contains no material previously published or written by another person except where due reference is made in the thesis itself.

Name: Yasmin Kadii

Signed *YKadii*

Date *31st May 2019*

Approval

The thesis of Yasmin Kadii was reviewed and approved for examination by the following:

Name of Supervisor: Dr. Nancy Njiraini

Strathmore Business School

Signed

Date

ABSTRACT

The number of financial technology mobile money lending companies continues to grow exponentially in Kenya. The nature of the services offered is unique because these companies have no physical offices where their customers can visit for customer care services or telephone contacts that customers can call if they have problems with the service. This study, therefore, sought to examine the effect of service quality on customer loyalty in mobile money lending financial technology companies in Kenya with a special focus on Branch International. The study used the SERVQUAL model as its measure of service quality. The study used a descriptive survey design. The target population in the study comprised of 1,183,945 Branch customers which was conveniently sampled. The study also used Cochran's method of simple random sampling to achieve a sample size of 384 customers. The study used a questionnaire to collect quantitative data. The data collected was sorted, cleaned and coded into SPSS version 21 for further analysis. The data was analyzed using descriptive and inferential methods like linear regression analysis. The study findings revealed that Branch's customers had high expectations of the tangibility, reliability, responsiveness, assurance and empathy. Further the study determined that Branch's customers had a high perception of Branch's tangibility, reliability and responsiveness even though these perceptions fell short of their expectations. The study also determined that Branch's customers had a moderate perception of the company's assurance and empathy. The study found that perception of Branch's services fell short of the customers' perception in all service quality dimensions. The results of the regression analysis determined that all the service quality dimensions had a positive effect on customer loyalty (75.8%). Further, the study determined that tangibility had the highest influence on customer loyalty, followed by responsiveness and reliability. Assurance and empathy were found to have positive but small influences on customer loyalty. The study recommended that Branch International should improve all its service quality dimensions especially assurance and empathy so that it can inspire more customer loyalty.

Key Words: *Service quality, customer loyalty, SERVQUAL, financial technology mobile money lending companies, Branch International*

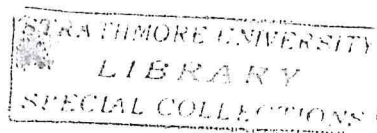


Table Of Contents

DECLARATION	ii
ABSTRACT	iii
LIST OF FIGURES	vii
LIST OF TABLES	viii
LIST OF ACRONYMS/ABBREVIATIONS	ix
OPERATIONAL DEFINITION OF TERMS	x
ACKNOWLEDGMENTS	xi
CHAPTER 1: INTRODUCTION TO THE STUDY	1
1.1 Background Information	1
1.1.1 Service Quality.....	1
1.1.2 Customer Loyalty.....	2
1.1.3 Mobile Money Lending Financial Technology Companies in Kenya.....	3
1.2 Problem Statement	4
1.3 Research objectives.....	5
1.3.1 General Objective	5
1.3.2 Specific Objectives	5
1.4 Research questions	5
1.5 Scope of the study	6
1.6 Significance of the study.....	6
CHAPTER 2: LITERATURE REVIEW	7
2.1 Introduction.....	7
2.2 Theoretical Review	7
2.2.1 SERVQUAL Model.....	7
2.3 Measurement of Service Quality	8
2.3.1 Service Quality in the FinTech Sector	9
2.4 Measurement of Customer Loyalty	11
2.5 Empirical Review.....	12
2.5.1 Service Quality and Customer Loyalty.....	12
2.5.1.1 Tangibility and Customer Loyalty	14

2.5.1.2 Service Reliability and Customer Loyalty	15
2.5.1.3 Customer Care Responsiveness and Customer Loyalty	15
2.5.1.4 Empathy and Customer Loyalty	16
2.5.1.5 Assurance and Customer Loyalty	16
2.6 Study Gaps	16
2.7 Conceptual Framework	17
2.8 Operationalization of Variables	18
2.9 Chapter Summary	18
CHAPTER 3: RESEARCH METHODOLOGY	19
3.1 Introduction	19
3.2 Research Design.....	19
3.3 Population and Sampling	19
3.3.1 Sampling Procedure	19
3.3.2 Study Sample Size	20
3.4 Data Collection Methods	20
3.5 Data Analysis	21
3.6 Research Quality	22
3.6.1 Pilot Testing of Research Instruments	22
3.6.2 Reliability.....	22
3.6.3 Validity	22
3.7 Ethical Issues in Research.....	22
CHAPTER 4: PRESENTATION OF RESEARCH FINDINGS.....	24
4.1 Introduction.....	24
4.2 Demographic Information.....	24
4.2.1 Gender of the Respondents	24
4.2.2 Age of the Respondents	25
4.2.3 Length of Customership.....	26
4.2.4 Customership in Other Mobile Money Lending Companies	26
4.3 The Effect of Tangibility On Customer Loyalty.....	27
4.4 The Effect of Service Reliability On Customer Loyalty	28
4.5 The Effect of Customer Care Responsiveness On Customer Loyalty	30

4.6 The Effect of Assurance On Customer Loyalty.....	32
4.7 The Effect of Empathy On Customer Loyalty.....	34
4.8 Customer Loyalty.....	36
4.9 Inferential Statistics	37
CHAPTER FIVE: DISCUSSION, CONCLUSION AND	40
RECOMMENDATION	40
5.1 Introduction.....	40
5.2 Discussions	40
5.2.1 Effect of Tangibility on Customer Loyalty.....	40
5.2.2 Effect of Reliability on Customer Loyalty.....	41
5.2.3 Effect of Responsiveness on Customer Loyalty	41
5.2.4 Effect of Assurance on Customer Loyalty.....	42
5.2.5 Effect of Empathy on Customer Loyalty	42
5.3 Conclusions.....	43
5.4 Recommendations.....	44
5.5 Areas For Further Research	44
REFERENCES	45
APPENDIX 1: LETTER OF INTRODUCTION	49
APPENDIX 2: QUESTIONNAIRE	50

LIST OF FIGURES

Figure 2.1 Conceptual Framework	17
Figure 4.1 Response Rate	24
Figure 4.2 Gender of the respondents	25
Figure 4.3 Age of the Respondents	25
Figure 4.4 Length of Customership	26
Figure 4.5 Customership in Other Mobile Money Lending FinTechs.....	26

LIST OF TABLES

Table 2.1 Operationalization of Variables	18
Table 4.1 Customer Expectations and Perceptions of Tangibility.....	27
Table 4.2 Regression table of tangibility	28
Table 4.3 Customer Expectations and Perceptions of Reliability.....	29
Table 4.4 Regression table of reliability	30
Table 4.6 Regression table of responsiveness.....	32
Table 4.7 Customer Expectations and Perceptions of Assurance.....	32
Table 4.8 Regression table of assurance	34
Table 4.9 Customer Expectations and Perceptions of Empathy	34
Table 4.10 Regression table of empathy.....	36
Table 4.11 Customer Loyalty	36
Table 4.12 Model Summary	37
Table 4.13 ANOVA Table.....	37
Table 4.14 Regression Coefficients	38

LIST OF ACRONYMS/ABBREVIATIONS

FinTech- Financial Technology

RATER- Reliability, Assurance, Tangibility, Empathy, and Responsiveness

SERVQUAL – Service Quality

SPSS- Statistical Package for Social Sciences

OPERATIONAL DEFINITION OF TERMS

Financial Technology Mobile Money Lending Companies- financial services companies that combine innovation and technology in order to provide financial services such as credit, investments and money transfer (Puschmann, 2017).

Service Quality- the extent to which a delivered service meets the expectations of the customer (Gronroos, 1984).

Customer Loyalty- the willingness of the customer to continue purchasing services from a service provider over a long period of time (Ladhari, Ladhari & Morales, 2011).

Reliability- the ability of the service provider to give services as promised in a consistent manner (Parasuraman et al., 1988).

Assurance- the knowledge and courteousness of employees and how they are able to inspire trust and confidence (Parasuraman et al., 1988).

Empathy - the care and personalized attention that customers receive (Parasuraman et al., 1988).

Tangibility - the physical aspects of a service that are there for the benefit of the customer (Parasuraman et al., 1988).

Responsiveness - how willing the service provider's employees are to solve the problems of customers in a prompt manner (Parasuraman et al., 1988).

ACKNOWLEDGMENTS

This research project has been possible because of the tremendous support from my supervisor Dr. Nancy Njiraini who guided me, advised me and supported me throughout this journey. I would also like to thank my family and friends for all the encouragement and the support that they have given me.

CHAPTER 1: INTRODUCTION TO THE STUDY

1.1 Background Information

The term financial technology companies refers to financial services companies that combine innovation and technology in order to provide financial services such as credit, investments and money transfer (Puschmann, 2017). The Kenyan financial technology (FinTech) industry has grown tremendously over the past ten years (Okuoro, 2019). Notably, the last five years have been characterized by the emergence of financial technology companies that offer customers loans through their mobile phones (Blythin & Van Cooten, 2017). This sector is highly competitive and is made up of banks, telecommunications companies, and start-ups. While the uptake of mobile loans is currently high, the competition from the different fintech companies has led these companies to look for ways to ensure customer satisfaction and thus customer loyalty through improving the quality of their services.

Since mobile loans are a service that is offered to clients who hardly interact physically with the FinTech companies, the quality of the services offered is even more crucial in order to ensure customer satisfaction and loyalty (Puschmann, 2017). Moreover, services such as offering mobile loans are special because they are heterogeneous, inseparable, intangible and perishable, this makes the industry very competitive (Leninkumar, 2017). The clients of FinTech companies that offer mobile loans in Kenya have a high bargaining power due to the high number of competitors within the industry (Okuoro, 2019). Therefore, it follows that the most effective and efficient way for these companies to increase their competitive advantage, improve their corporate image and expand their market share is for them to forge good relationships with their customers so as to promote their loyalty (Muchogu, 2016).

1.1.1 Service Quality

Service quality has been defined as the extent to which a delivered service meets the expectations of the customer (Gronroos, 1984). Further, Parasuraman et al. (1988) defined service quality as “the overall evaluation of a specific service firm that results from comparing that firm’s performance with the customer’s general expectations of how firms in that industry should perform.” The term quality refers to the fitness of purpose of a product or service (Harris & Harrington, 2000). Muchogu (2016) reports that measuring quality is especially difficult for services due to their intangible nature which makes it highly subjective and difficult to standardize

as what one customer might consider being great services, another might find the services substandard.

In order, to streamline and standardize the measurement of service quality several tools such as Total Quality Management (TQM) and New Public Management (NPM) have been created by scholars (Izogo, 2017). Nevertheless, the SERVQUAL instrument that was developed by Parasuraman et al. (1988) remains to be the most popularly used method due to its accuracy (Gronroos, 1984). This instrument measures service quality using the dimensions of tangibility, reliability, responsiveness, empathy, and assurance (Parasuraman et al., 1988). This is the model that will be used in this study to measure service quality. Tangibility refers to the physical aspects of a service such as buildings, mobile applications and promotional materials that are there for the benefit of the customer while reliability refers to the ability of the service provider to give services as promised in a consistent manner. Responsiveness refers to how willing the service provider's employees are to solve the problems of customers in a prompt manner. Assurance refers to the knowledge and courteousness of employees and how they are able to inspire trust and confidence while empathy refers to the care and personalized attention that customers receive (Ali & Raza, 2017). This study will examine how these five dimensions of service quality are experienced by FinTech customers in Kenya and how they affect their loyalty.

In the FinTech industry in Kenya, service quality is even more difficult to measure. Customers interact with FinTechs primarily through mobile applications, there are no customer care lines to calls or a representative to talk to (Aglionby, 2016). FinTech customers talk to representatives through ChatBots where they type in their problems and get answers from the ChatBots (Okuro, 2019). This unique characteristic of money lending FinTechs is what makes it important to examine how customers perceive service quality and how it affects their loyalty. This is especially important since most FinTech customers are aware of competing services and the switching costs are very low (Kimiri, 2018). Therefore, it is crucial that FinTechs in Kenya assess the quality of their services so that they can understand how it affects the loyalty of their customers.

1.1.2 Customer Loyalty

Customer loyalty is defined by the willingness of the customer to continue purchasing services from a service provider over a long period of time (Ladhari, Ladhari & Morales, 2011). Customer loyalty also occurs when a customer has a positive attitude towards the service provider, when the

customer is willing to refer the service providers services to others and when the customer considers the service provider as their first choice should their require similar services . Ou et al. (2011) assert that the processes of gaining customer loyalty are often long term and expensive thus making it cheaper and easier to retain and satisfy existing customers than to acquire new ones. This aspect means that it is imperative for organizations to ensure that they are retaining customers since it increases their profits and reduces their marketing costs.

Kenyan FinTechs are facing a serious challenge of ensuring customer loyalty due to fierce competition, abundant information about competitors and low switching costs for customers (Aglionby, 2016).. At the moment, there are about 10 mobile money lending FinTech companies Kenya and all a customer needs to do is to download a competitor's app and get a loan from them. Since the FinTech business model is based on huge volumes of loans from customers so as to be profitable, customer loyalty is crucial as this is the only way that these companies can ensure long term profitability (Aglionby, 2016)..

1.1.3 Mobile Money Lending Financial Technology Companies in Kenya

The exponential growth of FinTech companies in Kenya can be attributed to a growing economy, a relatively stable and open business environment and the high penetration of smartphones and the internet (Blythin & Van Cooten, 2017). Mobile money lending FinTechs are particularly successful in Kenya since the traditional banking industry had excluded middle and lower income Kenyans from their services.

Kenya is considered as the FinTech Hub in Africa hence numerous mobile money lending companies all competing for the market of Kenyans who want easy and fast access to credit (Aglionby, 2016). These companies operate using mobile phone applications which customers can download on to their phones, register themselves and apply for a loan (Kimiri, 2018). If a customer is qualified for a loan, then the money is immediately disbursed into their phones via mobile money services such as M-Pesa. What makes this industry extremely competitive is the fact that customers can download more than one money lending application into their phones. Additionally, since the product is not highly differentiated, then service quality becomes the only competitive avenue that FinTechs have to increase their customer share and thus their profitability (Kimiri, 2018). This study will focus on Branch International, a FinTech company in Kenya that offers mobile money loans through a mobile application because it has a national reach and a wide customer base.

Branch International is a leading mobile money lending FinTech in Kenya that currently has more than 1 million customers in Kenya and has issued more than 10 million loans worth more than \$250 million (Branch, 2019). The main clientele of Branch is small entrepreneurs and students most of whom are in Nairobi and are also found in the rest of the country (Branch, 2019). Recently, Branch International got funding from private equity investors and is looking to expand its operations in Kenya and recruit more customers and increase the loan portfolio of the existing customers (Branch, 2019).

1.2 Problem Statement

The number of FinTech mobile money lending companies continues to grow exponentially in Kenya (Okuro, 2019). The nature of the services offered is unique because these companies have no physical offices where their customers can visit for customer care services or telephone contacts that customers can call if they have problems with the service (Kimir, 2018). All interactions with customers happen within the mobile App mostly via text messages. It is therefore important to examine how this new method of doing business affects customer's perceptions of service quality using the SERVQUAL model as it is comprehensive and covers numerous dimensions of service quality such as tangibility, reliability, responsiveness, assurance and empathy (Gronroos, 1984). Moreover, the fierce competition between FinTech companies in Kenya and their volume based profit-making model makes customer loyalty a key aspect of profitability for these companies. Branch International (2019) reports that it continues to face the challenge of customer loyalty due to an abundance of competitors offering similar products. This is a challenge that affects all FinTechs since most of their customers have more than one mobile loans App installed on their phones (Aglionby, 2016)theo.

Service quality and customer loyalty have been established as some of the determinants of the market share, profitability and corporate image of all companies, including Fintech companies. While studies such as Muchogu (2016), Leninkumar (2017), Otemba (2012), Agyei and Kilimba (2013) and Pringviriyi (2015) have established that service quality influences customer loyalty there have been contradictions on the level of influence of the different dimensions of service quality of customer loyalty (Muchogu, 2016). This warrants more empirical research to establish the influence that the different dimensions have on service quality. Moreover, while previous studies (Wachira, 2017; Leninkumar, 2016; Dubey & Srivastava, 2016; Dandis, Wright & Cai,

2014) have sought to establish the influence of service quality on customer loyalty in the industries of hospitality, banking, healthcare, and library services, none of them has focused on the FinTech Industry. This study is especially important since it will highlight how service quality is perceived by customers who interact with organizations primarily through mobile apps like in the FinTech industry, since interacting with customers primarily through a mobile application a new dimension in the modern business world, the study will provide crucial information to FinTechs and similar companies. The aim of this research paper is, therefore, to examine the effect of service quality on customer loyalty in mobile money lending FinTech companies using the SERVQUAL model as proposed by (Parasuraman et al., 1988). This study will examine how each of the dimensions proposed in the SERVQUAL instrument affects customer loyalty.

1.3 Research objectives

1.3.1 General Objective

The general objective of this study was to investigate the effect of service quality on customer loyalty in mobile money lending FinTech companies in Kenya.

1.3.2 Specific Objectives

- i. To find out the effect of tangibility on customer loyalty in mobile money lending FinTech companies in Kenya
- ii. To establish the effect of service reliability on customer loyalty in mobile money lending FinTech companies in Kenya
- iii. To determine the effect of customer care responsiveness on customer loyalty in mobile money lending FinTech companies in Kenya
- iv. To examine the effect of empathy on customer loyalty in mobile money lending FinTech companies in Kenya
- v. To find out the effect of assurance on customer loyalty in mobile money lending FinTech companies in Kenya

1.4 Research questions

- i. What is the effect of tangibility on customer loyalty in mobile money lending FinTech companies in Kenya?
- ii. How does service reliability affect customer loyalty in mobile money lending FinTech companies in Kenya?

- iii. What is the effect of customer care responsiveness on customer loyalty in mobile money lending FinTech companies in Kenya?
- iv. To what extent does empathy affect customer loyalty in mobile money lending FinTech companies in Kenya?
- v. How does assurance affect customer loyalty in mobile money lending FinTech companies in Kenya?

1.5 Scope of the study

This study focused on mobile money lending FinTech companies in Kenya. Specifically, the study will target FinTech companies that offer mobile loans through smartphone applications that customers can download from the internet. This study examined how service quality affects the customer loyalty at Branch by comparing actual service quality affects the customer's repurchase intentions, their likelihood of recommending Branch International to their friends and family and their overall attitude towards the company. The study did not examine other FinTechs or the reasons for the existence service quality dimensions as they are.

1.6 Significance of the study

The findings of this study will provide information to the managers of FinTech companies as they will be able to understand the service quality factors that affect the loyalty of their customers. This will enable them to formulate policies and work processes that will improve the loyalty of their customers.

The study findings will also be useful to all technology companies that interact with their customers primarily through mobile apps, regardless of their sector through providing data on the expectations and perceptions of customers on the five service quality dimensions. Since these technologies are new and the industries are highly competitive, gaining empirical information on how service quality affects customer loyalty might give them a competitive edge.

The findings of this study will also add to the existing theoretical body of knowledge on how service quality affects customer loyalty in the FinTech industry since this is an industry that primarily interacts with its clients through mobile phone applications. These findings can be used by students, academics, and researchers as a reference point or as a foundation for further research on the topic.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

This chapter presents the theories that underpin this study and the previous empirical studies that have been done on the subjects of service quality and customer loyalty. The chapter then identifies the gaps in the empirical studies that the study seeks to fill and presents the conceptual framework of the study which outlines the dependent and independent variables of the study plus their operationalization.

2.2 Theoretical Review

Service quality is an integral aspect of quality management in every organization. This study will, therefore, be anchored on service quality theories and models such as Crosby's Theory and the SERVQUAL model so as to understand the drivers and elements of service quality and how they affect customer loyalty in the FinTech industry.

2.2.1 SERVQUAL Model

The Service Quality (SERVQUAL) model or the GAP model was developed in 1988 by three American scholars: Parsu Parasuraman, Valarie Zeithaml, and Leonard Berry. This model was born out of the real issue that while most customers are often in pursuit of high-quality services, there were no clear definitions of what quality service is and there were also no clear methods of measuring the quality of service since service is not tangible, is often subjective and is multi-dimensional (Parasuraman et al., 1988). The GAP model is based on measuring the difference between the customer's expectations of services and their actual perception of the services rendered. Parasuraman et al. (1988) use five dimensions to measure service quality which include Reliability, Assurance, Tangibles, Empathy, and Responsiveness (RATER). In this model reliability refers to the capability of a company to consistently deliver services as promised to clients, assurance refers to the knowledge and courteousness of employees and how they are able to inspire trust and confidence and tangibility refers to the physical aspects of a service such as buildings and equipment that are there for the benefit of the customer (Parasuraman et al., 1988). Empathy refers to the care and personalized attention that customers receive while responsiveness refers to how willing the service provider's employees are to solve the problems of customers in a prompt manner.

The creators of this model state that it can be applied universally through different industries and cultures to measure service quality (Parasuraman et al., 1988). This model is based on a questionnaire that has the five RATER dimensions and whose aim is to first measure the service expectations of customers and then measure their actual perception of the service rendered (Parasuraman et al., 1988). The difference between the expectations and perceptions of service is what makes the gaps in service quality.

This model was applicable to this study as it will enable the measurement of the service expectations of FinTech customers and their actual perception of the services through the use of the five service quality dimensions. These findings were then used to establish the relationship between the service quality and the loyalty of these customers. The study also examined all the five dimensions of the SERVQUAL model so as to get an all-round understanding of service quality in FinTechs.

2.3 Measurement of Service Quality

This section reviews existing literature on service quality so as to show how it is measured. Further, the section shows how service quality will be measured in this study

Services are different from goods in that they are not tangible and the customer does not go home with anything physical. Service quality has been described as the overall attitude or perception that a customer has towards how superior or inferior the services that have been rendered to them by an organization are (Fogli, 2006). An organization's ability to provide quality services to its customers often determines its corporate image, improves the satisfaction of its customers, enables it to retain customers and to attract new customers as a result of positive word of mouth recommendation from its existing customers (Harris & Harrington, 2000). Providing high-quality services is one of the most effective ways for organizations to differentiate themselves especially in highly competitive industries with homogenous products, this differentiation has the ability to improve customer satisfaction, foster customer loyalty and thus improve financial performance (Izogo, 2017).

Parasuraman, Zeithaml, and Berry (1985) state that services are difficult to measure because they are not tangible, they are heterogeneous and they cannot be separated. Services are said to be intangible because they cannot be touched or seen, this means that they cannot be tested or standardized before they reach the consumer (Izogo, 2017). Services are thus created and provided

every time an organization interacts with its customers which makes it difficult for organizations to make objective assessments of the quality of services that they are providing to their customers (Fogli, 2006).

The heterogeneous nature of services refers to the fact that they are completely different from each other. Izogo (2017) reports that even if the same customer and the same company executive interacted twice the service would be completely different. Even when organizations try very hard to standardize service quality, their heterogeneous nature sometimes leads to different perceptions of service quality even when a similar script is followed by the same service provider.

Thirdly, services are considered to be inseparable because their production and consumption occur simultaneously. This inseparability means that it is difficult to anticipate every permutation of customer encounters and also difficult to repair defects once they have occurred since service encounters are not replaceable (Fogli, 2006). There is also the role that customers play during service provision interactions which have the ability to affect their perception of service quality such as customers choosing the hairstyle that they want and the outcome of this hairstyle then affects their perception of the services rendered.

2.3.1 Service Quality in the FinTech Sector

Kang and James (2004) report that the quality of services can be classified as functional or technical. Technical service quality in the FinTech sector refers to how well a mobile application works. Applications should be fast and responsive and they should not crash or freeze when a customer is using them (Kimiri, 2018). On the other hand, functional quality refers to the customer's perception of how well the mobile App is working for them in terms of showing interest rates clearly, showing balances, giving payment reminders and helping solve any challenges that they may be facing through the ChatBot (Kimiri, 2018).

Using the SERVQUAL model produced by Parasuraman et al (1988), service quality in FinTechs can be measured using the following five dimensions: responsiveness, assurance, tangibility, empathy, and reliability.

Responsiveness in FinTechs includes the willingness and ability of the mobile Apps and ChatBot operators to respond to the problems of customers in a prompt manner (Fogli, 2006). This includes the frequency of the availability of ChatBot operators, the amount of time that a customer has to

wait so as to reach a ChatBot operator and how willing they are to help customers. FinTech customers often require prompt responses to their problems since their need for mobile loans is often urgent and any delays in response can lead to penalties being given to their accounts in the form of default fees or loan rollover fees (Kimir, 2018). FinTech customers, therefore, require quick, effective and efficient services so that they can be satisfied with the services offered to them through the mobile Apps. ChatBot operators should be available at all times, communicate in a polite manner and show a willingness to provide quick help to customers (Puschmann, 2017).

Assurance for FinTech customers refers to the knowledge and courteousness of employees and how they are able to inspire trust and confidence (Parasuraman et al, 1988). FinTech customers require that ChatBot operators are knowledgeable enough to solve their issues because they are often the first and last line of contact as these companies have no head offices that customers can visit or customer care lines that they can call to further escalate their issues. Employees should also address customers with courtesy and inspire their confidence by acting in a professional, friendly and knowledgeable manner (Kimir, 2018).

Tangibility refers to the physical aspects of a service such as buildings and equipment that are there for the benefit of the customer (Parasuraman et al, 1988). In the case of Fin Techs, the only physical aspect of the service is the Mobile App itself and its appearance, its user-friendliness and its fitness for purposes (Pischmann, 2017). FinTech customers require applications that are easy to use, that solve all their mobile loan needs in one place and those that are fast and do not crash or freeze all the time. Customers should be able to access all the tabs of the app easily and I should give them all the information about their current loans, their interest rates, loan limits and make it easy for them to access customer service (Kimir, 2018).

Empathy refers to the care and personalized attention that customers receive from ChatBot operators (Parasuraman et al, 1988). This dimension is measured by how a FinTech company makes its Mobile App easy to use, how it trains its operators, the number of operators that they have so as to reduce the waiting time of customers and how it works to solve common customer issues faster. Customers experience empathy when their entire experience with an organization shows that it cares about their needs and prioritizes them (Kimir, 2018).

Reliability relates to the capability of a company to consistently deliver services as promised to clients (Parasuraman et al, 1988). In FinTechs reliability refers to their ability to provide loans to

customers in a consistent and reliable manner, this means that the mobile application is always running so that customers can access credit and that the rules of credit access do not change without notice. Reliability also refers to accurate record keeping of the loans taken by customers, the amount of money that they have paid, the interest rates and penalties, if any (Puschmann, 2017).

2.4 Measurement of Customer Loyalty

This section reviews existing literature on customer loyalty so as to show how it is measured. Further, the section shows how customer loyalty was measured in this study.

Customer loyalty can be described as the repeat purchase behavior of clients even when other competitors providing the same product or service exist in the market. Customers can be loyal to an organization either actively or passively (Hill & Alexander, 2017). Active loyalty occurs when a satisfied customer continuously buys products or patronizes the services of an organization and also refers the organization to others while passive loyalty is when a dissatisfied customer continues to patronize an organization but would not refer them to others (Jones & Taylor, 2007). According to Baran, Galka, and Strunk (2008), customer loyalty can either be behavioral or attitudinal. Behavioral loyalty is when a customer is satisfied by the products and services of a company and continues to use them while attitudinal loyalty extends beyond products and services, the customer is also loyal to the entire organization.

While most marketing scholars agree that having loyal customers enables an organization to improve its financial performance, there is a wide variety of opinions on how customer loyalty should be conceptualized and measured (Jones & Taylor, 2007). The opponents of the concept of behavioral loyalty state that repeated buying behavior is not always an indication of customer loyalty to a product or service since there are cases of customers exhibiting repeated purchasing behavior because their preferred products or services are not locally available thus leading to “spurious loyalty” (Olbrich & Windbergs, 2006). On the other hand, the attitudinal approach to customer loyalty can also be misleading because customers might have a positive attitude towards an organization but not display repeated purchasing behavior because of financial barriers such as high costs (Jones & Taylor, 2007).

Another scholar, Rowley (2005) contends that loyalty can be viewed as “captive, convenience-seeking, contented and committed.” Customers display convenience loyalty when there are no alternatives available in the market and they show captive loyalty when they patronize the most

easily accessible products or services. On the other hand, customers have contented and committed loyalty when they are satisfied by the products and services offered and when they have a positive attitude towards the organization.

Schweizer (2008) reports that customer loyalty is often precipitated by customer satisfaction and customer trust. Moreover, depending on the sector and customer demographics factors, customer loyalty is also determined by “purchase conditions, pricing policies, product quality, product availability, reputation and image, consumer trust, consumer experience, positive recommendation, customer loyalty programs, customer commitment, customer participation and involvement, switching barriers, product importance and customer expectations” (Schweizer, 2008).

Within the FinTech industry, customer loyalty is displayed by repeated borrowing from the same mobile lending company and referring the company to friends and family (Puschmann, 2017). FinTechs try to inspire customer loyalty by increasing the loan limit of loyal customers and reducing the interest rates for higher loan values which can only be achieved through repeated borrowing (Kimiri, 2018). Customer loyalty is an important determiner of the profitability of FinTechs especially in Kenya since there are already tens of companies within the market and new ones come up often (Puschmann, 2017). The switching costs are also very low as all a customer has to do is to download a competitor’s application (Blythin & Van Cooten, 2017).

2.5 Empirical Review

This section presents an analysis of previous empirical studies conducted on the relationship between service quality and customer loyalty.

2.5.1 Service Quality and Customer Loyalty

Previous studies (Wachira, 2017; Leninkumar, 2016; Dubey & Srivastava, 2016; Dandis, Wright & Cai, 2014) have established that there is a positive relationship between service quality and customer loyalty in diverse industries ranging from banking, telecommunications, and the service industry. Wachira (2017) established that service quality is an antecedent to customer loyalty which leads customers to repurchase goods, recommend the company and have positive brand perceptions. Nevertheless, there is no consensus on how the various quality dimensions affect customer loyalty because different studies have produced different results (Wachira, 2017). This

lack of consensus, therefore, warrants more research on this topic so as to ascertain how each of the service quality dimensions affect customer loyalty.

A study by Kheng, Mahamad, and Ramayah carried out in 2010 titled “The Impact of Service Quality on Customer Loyalty: A Study of Banks in Penang, Malaysia” using the SERVQUAL model established that overall, service quality had a positive impact on customer loyalty. When examining the effect of each of the dimensions of SERVQUAL, they found that reliability, empathy, and assurance had a positive impact on customer loyalty. The study also found that responsiveness had an insignificant effect on customer loyalty and that tangibles had no effect at all on customer loyalty. This was a large study involving several banks in a Malaysian state and thus it had a large sample size which makes it more accurate. The study was connected to the present study as it sought to examine how changes in the banking industry especially the advent of internet banking affects the relationship between service quality and customer loyalty.

Wachira (2017) carried out a study to establish management’s perception on how service quality affects customer loyalty at Equity bank Kenya using only three dimensions of the SERVQUAL model, reliability, responsiveness, and tangibles. The study established that reliability had the highest contribution to customer loyalty followed by responsiveness and tangibility. The study also established that the bank services were not meeting the expectations of its clients on all three dimensions. This study brought a new perspective by also examining the opinion of the management of the Bank on what service quality dimensions affected customer loyalty. The study relates to the current study by presenting information on service quality and customer loyalty from a Kenyan perspective.

Dubey and Srivastava (2016) did a study to establish the impact of service quality on customer loyalty in the Indian telecommunications sector using the SERVQUAL model. The study established that there was a positive correlation between customer service and customer loyalty. The study determined that tangibility had the highest impact on customer loyalty followed assurance, empathy, and reliability. This study is especially relevant to the current study as it focused on an industry where there is little physical interaction between the service provider and the customer, just like in the present study.

Leninkumar (2016) carried out a study to establish the effect of service quality on customer loyalty in Sri Lankan banks using the SEVQUAL model. The study findings indicated that service quality

accounted for 43.9% of the changes in customer loyalty and that the dimensions of tangibility, reliability, and empathy had the highest positive impact on customer loyalty in Sri Lankan commercial banks. This study has a large sample size of four commercial banks which improved its accuracy. This study is connected to the present study as shows how service quality and customer loyalty are related in the financial sector.

Dandis, Wright, and Cai (2014) carried out a study to determine the impact of service quality and customer satisfaction on customer loyalty at Jordan Islamic Bank using the SERVQUAL model. The study found out that service quality had a positive impact on customer loyalty with the reliability dimension having the highest impact. Responsiveness, tangibles, assurance, and empathy also influenced customer loyalty in that order. Even though this study only focused on one bank it brings in information on how service quality affects customer loyalty in other jurisdictions such as Jordan. The gap that this study sought to fill is to establish how service quality affects customer loyalty in the FinTech industry where customers primarily interact with the company through mobile applications and the switching costs are very low.

2.5.1.1 Tangibility and Customer Loyalty

Tangibility has been defined by Wachira (2017) as the physical confirmation of the services offered by an organization which includes physical buildings, the appearance of employees, the presence of promotional materials, service equipment such as ATMs and the overall ambiance provided in an establishment. Leninkumar (2016) established that tangibility had a significant positive relationship with customer loyalty in Malaysian banks. Similarly, Dubey and Srivastava (2016) in their study on the impact of service quality on customer satisfaction in the telecommunications industry in India also established that tangibility had the highest impact on customer loyalty. Nevertheless, Kheng, Mahamad, and Ramayah (2010) found that tangibility had no effect on customer loyalty. These findings are consistent with those of Annamalah et al., (2011) and Saghier and Natahn (2013) who all established that tangibility had no impact on customer loyalty. From the review of the literature, it appears that the effect of tangibility on customer loyalty depends on the industry and the services being offered. The present study sought to establish the effect of tangibility on customer loyalty in FinTechs where the only tangible aspect of the service is the mobile application, this has not been addressed by previous studies.

2.5.1.2 Service Reliability and Customer Loyalty

Parasuraman et al, (1988) state that reliability relates to the capability of a company to consistently deliver services as pledged to clients. Dandis, Wright, and Cai (2014) found the reliability dimension as having the highest impact on customer loyalty in Jordanian banks. These findings are also similar to those of Wachira (2017) and Leninkumar (2016) who also studied banks. However, Lo et al., (2010), Kheng, Mahamad and Ramayah (2010) and Annamalah et al., (2011) found that reliability had no significant influence on customer loyalty. These findings indicate that when money or essential services such as healthcare are involved, then reliability has a significant impact on customer loyalty. Nevertheless, in services such as telecommunications, where customers can use ATMs or internet banking or when there are no alternatives and the switching costs are high, then reliability does not affect customer loyalty. The gap that is study sought to seek is to determine how the use of mobile applications as the primary method of interaction with customers affects reliability and customer loyalty in the FinTech industry in Kenya.

2.5.1.3 Customer Care Responsiveness and Customer Loyalty

Ali and Raza (2017) define responsiveness refers to how willing the service provider's employees are to solve the problems of customers in a prompt manner. Dandis, Wright, and Cai (2014) and Wachira (2017) established that how fast and how well the employees of an organization respond to customer queries had a significant impact on customer loyalty. However, the findings of Dubey and Srivastava (2016) and Leninkumar (2016) paint a different picture showing that responsiveness has no significant impact on customer loyalty. This variance in results can be explained by the primary method of communication between customers and an institution, if customers primarily interact with employees, then responsiveness is a critical determinant of their loyalty, on the other hand, if they use ATMs or Internet Banking then it is not a significant determiner of customer loyalty because machines and internet systems are almost always available and are not susceptible to fatigue or emotional problems that might affect service quality. The gap that is study sought to seek is to determine how the use of chatbots as the primary method of communication with customers affects responsiveness and customer loyalty in the FinTech industry in Kenya.

2.5.1.4 Empathy and Customer Loyalty

Parasuraman et al, (1988) report that empathy refers to the care and personalized attention that customers receive from the employees of the organization that they patronize. Customers feel that there is empathy in an interaction when the company puts their needs and problems first in all interactions. Dubey and Srivastava (2016) and Leninkumar (2016) established that empathy had a significant impact on customer loyalty. However, Wachira (2017) and Dandis, Wright, and Cai (2014) found that empathy had no significant influence on customer loyalty. This study examined the impact of empathy on customer loyalty in FinTechs in Kenya where customers only interact with the company through chatbots and a mobileapp.

2.5.1.5 Assurance and Customer Loyalty

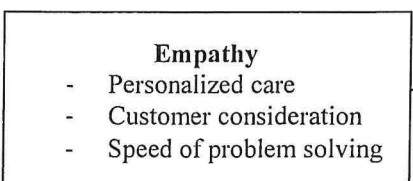
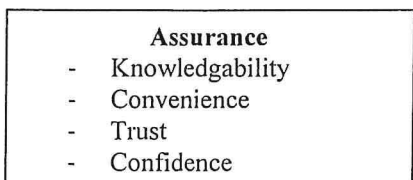
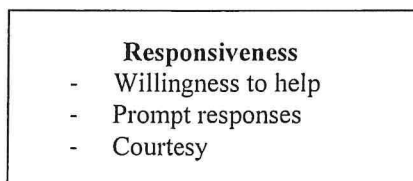
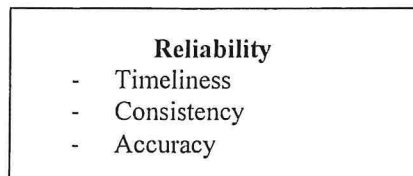
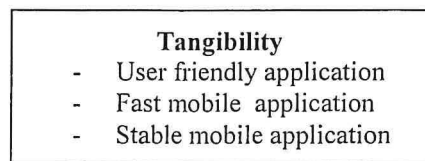
Assurance refers to the knowledge and courteousness of employees and how they are able to inspire trust and confidence. This dimension is very important in industries where customers have no direct interaction with the company. Kheng, Mahamad, and Ramayah (2010) and Dubey and Srivastava (2016) found that assurance had an effect on customer loyalty. Conversely, Wachira (2017) and Dandis, Wright, and Cai (2014) found that while there was a correlation between assurance and customer loyalty, it had no significant impact. This study examined the impact of assurance on customer loyalty in FinTechs in Kenya where customers only interact with the company through chatbots and a mobileapp.

2.6 Study Gaps

The review of the literature has revealed that there is a relationship between service quality and customer loyalty. However, different researchers have found mixed results on the effects of each of the SERVQUAL dimensions on customer loyalty. Some studies found tangibility to be tangibility to be a factor while others did not. Similarly some found service reliability, customer care responsiveness, empathy and assurance to affect customer loyalty while others did not. This controversy calls for further study in this area. Moreover, previous studies have focused on the banking and telecommunications industries but none has focused on the FinTech industry, which has no direct interaction with customers and instead interacts with them through a mobile app and chatbots, this is the gap that this study seeks to fill. This study will also generate new knowledge on how the SERVQUAL dimensions affect customer loyalty on mobile application platforms, which has not been studied before.

2.7 Conceptual Framework

Independent Variables



Dependent Variable

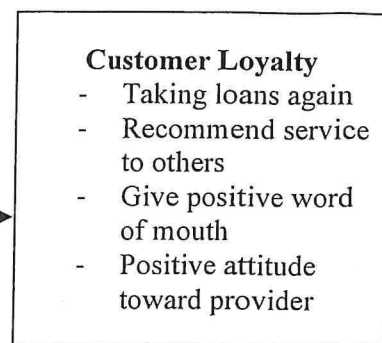


Figure 2.1 Conceptual Framework

2.8 Operationalization of Variables

Table 2.1 Operationalization of Variables

Variable	Description	Measurement Criteria
Tangibility	the physical confirmation of the services offered by an organization (mobile application)	<ul style="list-style-type: none"> - User friendly application - Fast mobile application - Stable mobile application
Reliability	the capability of a company to consistently deliver services as pledged to clients.	<ul style="list-style-type: none"> - Timeliness - Consistency - Accuracy
Responsiveness	how willing the service provider's employees are to solve the problems of customers in a prompt manner	<ul style="list-style-type: none"> - Willingness to help - Prompt responses - Courtesy
Assurance	knowledge and courteousness of employees and how they are able to inspire trust and confidence.	<ul style="list-style-type: none"> - Knowledgeability - Convenience - Trust - Confidence
Empathy	the care and personalized attention that customers receive from the employees of the organization	<ul style="list-style-type: none"> - Personalized care - Customer consideration - Speed of problem solving
Customer Loyalty	the repeat purchase behavior of clients even when other competitors providing the same product or service exist in the market.	<ul style="list-style-type: none"> - Taking loans again - Recommend service to others - Give positive word of mouth - Positive attitude toward provider

2.9 Chapter Summary

This chapter describe the theoretical grounding of the study which was the SERVQUAL method. Moreover, the chapter outlined how the various objectives were measured in the study and also provided an empirical review of previous studies. The chapter concluded by providing a conceptual framework and operationalizing the study variables.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the methodology that was used to answer the study's research questions. It outlines the design of the research, the population that the study examined and the sampling methods that were used. Furthermore, this chapter presented the methods that were used to collect data and analyze it and how the researcher ensured quality and ethical conduct during the research.

3.2 Research Design

The study adopted a descriptive survey research design to collect quantitative data on the influence of service quality on customer loyalty in FinTech companies in Kenya. Kotzab, Seuring, Muller and Reiner (2005) state that a descriptive design determines those involved in the research topic, what their role is, when, where and how these subjects are affected by the research topic and the implications if this study is not carried out. Kerlinger (2008) stresses that survey research is the best method that has been proven to work and its validity tested through past studies in different industries. This means that a descriptive survey design was the best method to use in conducting this study.

3.3 Population and Sampling

A population refers to the collection of subjects upon whom the study will be conducted. It is on these subjects that conclusions can be made (Stillwell & Clarke, 2011). According to Fowler (2013), the target population is the person, or organization upon whom or which measurement is being taken and data collected. The target population for this study was be customers of Branch International, one of the largest mobile money lending FinTechs in Kenya with a customer base of about 1,183,945 (Branch, 2019). Branch International was chosen because of its large customer base and it therefore presented an accurate picture of the mobile money lending fintech industry in Kenya.

3.3.1 Sampling Procedure

The study used a combination of probability and non-probability sampling to obtain a sample size of the target population. The study conveniently sample university students at the University of Nairobi because they form a significant portion of Branch's customer base (Branch, 2019). Simple random sampling was used to select a representative sample size of the students.

3.3.2 Study Sample Size

The research recognized the number of Branch customers is about 1,183,945 (Branch, 2019). Since the population of Branch customers is large, the researcher will adopt Cochran in Mugenda and Mugenda (2003) method of determining sample size from large populations. For populations that are large, Cochran developed the following equation for obtaining the sample size:

$$n = \frac{Z^2 pq}{e^2},$$

where;

n = sample size;

Z = normal standard deviate (at 95% confidence level $z = 1.96$)

p = estimated proportion of an attribute that is present in the population (taken as 0.5 in this case),

$q = 1-p$ and

e = is the desired level of precision (0.05).

In this regard therefore, the estimated sample size of Branch customers was:

$$n = \frac{1.96^2 (.5)(.5)}{.05^2} = 384$$

Therefore a sample of 384 customers was selected for this study.

3.4 Data Collection Methods

The study relied on the use of primary data. Primary data was collected in the study using a self-administered questionnaire. The questionnaire adapted and modified the SERVQUAL scale as proposed by Parasuraman et al (1988) so as fit the FinTech industry in Kenya. The questionnaire was structured to ask the general information of the respondents in the first section. The second section was divided into two: the expectations and the perceptions of services that the respondents will have using a five-point Likert scale. The questionnaire was administered by the researcher directly to the respondents with the help of three trained research assistants who waited as the respondents fill them out. Research assistants approached the respondents randomly, explained the research to them and then asked them if they are Branch customers, if they were and they consented

to the study, they were asked to fill the questionnaire. If they were not, they were excused, this process continued until the sample population was achieved.

3.5 Data Analysis

According to Bryman and Bell (2015) analysis can be defined as the process of bringing order to the data organizing it into patterns, categories, and descriptive units and looking for a relationship between them. The study adopted descriptive and inferential analysis techniques since data that was collected was quantitative in nature. To ensure easy analysis the questionnaires were coded according to each of the research questions to ensure accuracy during the analysis process. The information was categorized for purposes of classification, tabulation, and summarization.

The data collected for this study was analyzed through descriptive and inferential statistics. The questionnaire had a five-point scale questions and was scored as: Strongly Disagree = 1; Disagree = 2; Undecided = 3; Agree = 4; Strongly Agree = 5.

Data analysis was carried out using SPSS version 21. Quantitative data was coded and entered into an excel spreadsheet and thereafter transformed into an SPSS data file for analysis. Descriptive statistics were conducted through means to capture the distribution of responses on the key issues addressed in the study objectives. Inferential statistics were done through linear regression analysis which was used to show the relationships between the independent and dependent variables of the study.

The simple regression model is presented below:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \epsilon$$

Where Y is customer loyalty,

α is the autonomous function,

$\beta_1, \beta_2, \beta_3, \beta_4$ is the slope of the function of each function attribute,

X1 is the Tangibility;

X2 is the Reliability;

X3 is the Responsiveness;

X4 is the Empathy

X5 is the Assurance

and ϵ is the error of estimation.

3.6 Research Quality

3.6.1 Pilot Testing of Research Instruments

The developed research instruments was subjected to piloting at the University of Nairobi. For convenience purposes 39 questionnaires were administered to the respondents, representing 10% of the sample size in line with Kothari's (2004) recommendations. The pilot study findings were not used in the final study. The responses from the pilot study were used to adjust the questionnaire accordingly.

3.6.2 Reliability

Reliability is the extent to which the instrument can yield similar results in repeated trials (Orodho & Kombo, 2002). After the pilot study, the questionnaires were subjected to analysis. Since the pilot involved a single test treatment, the reliability of the test instruments was determined using Cronbach alpha coefficient to test for the internal consistency of the items. A reliability coefficient of 0.79 was established which was deemed ideal for the study.

3.6.3 Validity

Validity is the extent to which an instrument measures what it purports to measure (Mugenda & Mugenda, 2003). It is the best available approximation to the truth or falsity of a given inference, proposition or conclusion. There are different facets of measuring validity namely content, face and construct validity. Both aspects of validity were ascertained through expert judgment. This involved giving the supervisor the questionnaire to the supervisor who recommended areas where changes were needed. The findings from the pilot study showed the questionnaire to be valid and thus the study proceeded.

3.7 Ethical Issues in Research

In order to deliver on the demands of the legal and ethical parameters, the researcher sought permission and authority from National Council for Science Technology and Innovations (NACOSTI) and Strathmore University ethics committee to conduct this study. Secondly, the participants were, among other measures, given an introductory letter and given all the details about the research and how the information was used so as to facilitate informed consent. The

respondents were assured that information given was singularly used for the purposes intended only. Thirdly, the researcher assured the respondents of confidentiality and anonymity as they were not be asked to fill out their names or any other identifying personal information in the questionnaires.

CHAPTER 4: PRESENTATION OF RESEARCH FINDINGS

4.1 Introduction

This chapter presents the analysis of the findings of the research. The data collected was analyzed using descriptive and inferential data analysis methods. The findings of the research are presented in accordance with the research objectives and the research questions while the respondents' demographic information will be presented first.

The research had a sample of 384 Branch International customers, nevertheless, the research did not achieve a 100 % response rate as a result of instances of non-response. Therefore, 344 Branch International Customers responded to the questionnaires bringing the response rate of the study to 90%, this is presented in Figure 4.1.

Response Rate

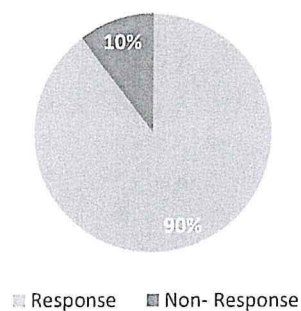


Figure 4.1 Response Rate

4.2 Demographic Information

This section presents the study findings on the demographic information of the respondents. The study sought to establish the gender and age of the respondents. It also sought to determine how long they had been customers of Branch International and if they were customers of other mobile money lending FinTechs in Kenya.

4.2.1 Gender of the Respondents

The study found that 55% of the respondents were male while 45% were female. This findings indicate that there are more male branch customers than female customers, this information is presented in Figure 4.2.

Gender of the Respondents

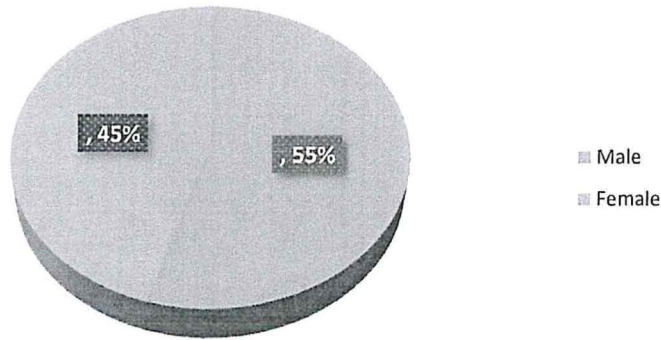


Figure 4.2 Gender of the respondents

4.2.2 Age of the Respondents

The findings of the study showed that 78% of the respondents were aged between 20 to 30 years, 14% were aged between 31 to 40 years, 7% were aged between 41 to 50 years and 1% were aged between 51-60 years. These findings imply that most of the customers of Branch International are youthful. These findings are presented in Figure 4.3.

Age of Respondents

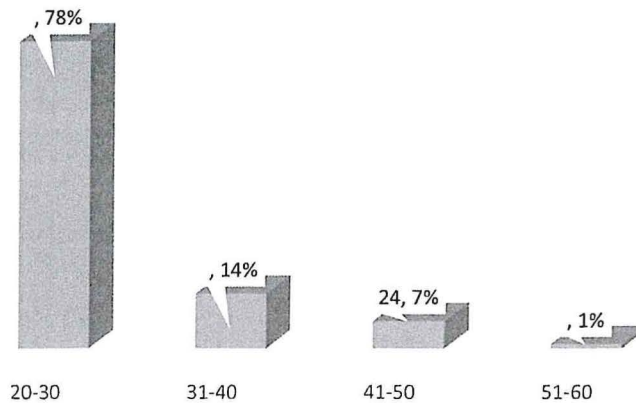


Figure 4.3 Age of the Respondents

4.2.3 Length of Customership

The study findings indicated that 48% of the respondents had been Branch Customers for less than 1 year, 40% had been customers for between 1 to 3 years and 12% had been customers for more than 3 years. These findings indicate that most of Branch’s customers are new customers and are presented in Figure 4.4 below.

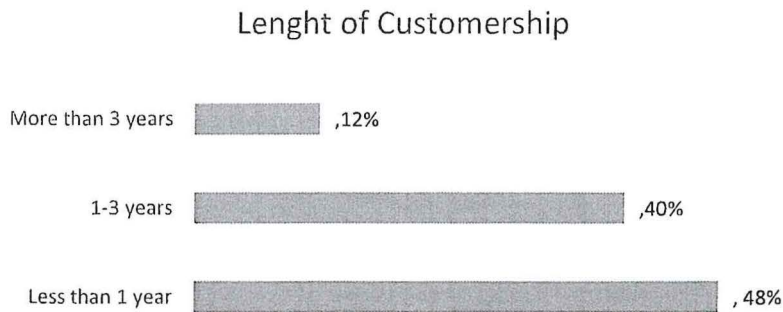


Figure 4.4 Length of Customership

4.2.4 Customership in Other Mobile Money Lending Companies

The findings of the study indicated that 69% of Branch’s customers were also customers of other mobile money lending FinTechs while 31% were not. These findings imply that a majority of Branch’s customers are not loyal because they are also customers of other mobile money lending companies. The findings are presented in Figure 4.5.

CUSTOMERSHIP IN OTHER MOBILE MONEY LENDING COMPANIES

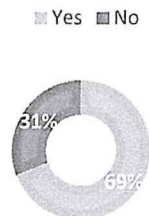


Figure 4.5 Customership in Other Mobile Money Lending FinTechs

4.3 The Effect of Tangibility On Customer Loyalty

The study to sought to examine the effect of tangibility on customer loyalty at Branch International. Tangibility was measured using the only physical asset that Branch International has which is its mobile application by finding out customer expectations and perceptions on its user-friendliness, its fastness and if it hangs or freezes. These expectations were measured using a five-point Lickert scale with a score of 5 indicating high expectations or perceptions.

Table 4.1 Customer Expectations and Perceptions of Tangibility

Customer Expectations of Tangibility	N	Mean	Std. Deviation
An excellent FinTech has a user friendly mobile application	344	4.35	.939
An excellent FinTech has a fast mobile application	344	4.06	1.044
An excellent FinTech has a stable mobile application that does not hang or freeze	344	4.21	.930
Overall Mean for Tangibility expectations	344	4.21	.555
Customer Perceptions of Tangibility	N	Mean	Std. Deviation
Branch International has a user friendly mobile application	344	3.92	1.167
Branch International has a fast mobile application	344	4.20	1.080
Branch International has a stable mobile application that does not hang or freeze	344	4.02	1.093
Overall Mean for Tangibility expectations	344	4.05	.652
Gap		-0.16	

From the study findings presented in Table 4.1 Branch customers had high expectations on the tangible aspects of the mobile money lending as evidenced by an overall mean of 4.21 out of a possible 5. Specifically, the customers had the highest expectations of the user-friendliness of the app (4.35), followed by expectations that it does not hang or freeze (4.21) and finally, expectations that is fast (4.06). These findings imply that Branch customers have very high expectations on the user-friendliness of the mobile App, its speed and that it does not hang or freeze. Further, the results show that Branch customers expected user-friendliness the most, then that the application does not hang and finally its speed.

On the other hand, Branch customers' perception of the tangible aspects of the services were also high with an overall mean score of 4.05 out of 5. Specifically, customers had the highest perception on the speed of the mobile application (4.20), followed by perceptions that it does not hang or freeze (4.02) and finally on its user-friendliness (3.98). Despite these high perception scores, there was a small negative perception – expectation gap (-0.16) which shows that the tangible aspects of Branch's service did not meet the expectations of their customers. The key aspect of the application that did not meet customer expectations is its user-friendliness.

A regression analysis was carried out to determine the influence of tangibility on customer loyalty as shown on table 4.2 below.

Table 4.2 Regression table of tangibility

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.131	.059		-2.219	.037
	Tangibility	.458	.095	.450	4.817	.000

The study found that taking all the other independent variables at zero, then an increase in tangibility will lead to a 0.458 (45.8%) increase in customer loyalty;

4.4 The Effect of Service Reliability On Customer Loyalty

The aim of the study was to determine the influence of reliability on customer loyalty at Branch International. Reliability was measured using the timeliness, consistency and accuracy of services offered.

Table 4.3 Customer Expectations and Perceptions of Reliability

Customer Expectations of Reliability	N	Mean	Std. Deviation
An excellent FinTech provides services in a timely manner	344	4.23	1.015
An excellent FinTech provides services in a consistent manner	344	4.22	1.048
An excellent FinTech provides services in an accurate manner	344	4.29	.899
Overall Mean for Reliability expectations	344	4.25	.578
Customer Perceptions of Reliability	N	Mean	Std. Deviation
Branch International provides services in a timely manner	344	4.25	.953
Branch International provides services in a consistent manner	344	4.37	.901
Branch International provides services in an accurate manner	344	3.81	1.246
Overall Mean for Reliability expectations	344	4.14	.585
Gap		-0.11	

The study established, as presented in Table 4.3, that customers had high reliability expectations (4.25) out of a possible 5. Customers had the highest expectations on accuracy (4.29), timeliness (4.23) and consistency (4.22). These findings show that customers have high expectations of services that are reliable and dependable. Moreover, the findings show that customers have very high expectations on the accuracy of Branch’s services.

With regards to actual customer perceptions on the reliability of Branch’s services, the study determined that they perceived it to be high (4.14). Specifically, customers had a high perception of Branch’s consistency (4.37) and timeliness (4.25). Nevertheless, they had an average perception

of Branch's accuracy (3.81). Overall, the timeliness and consistency of Branch's services exceeded customer expectations (0.02 and 0.15), signaling service quality, nonetheless, its accuracy was below customer expectations (-0.48) bringing its overall reliability score to negative (-0.38) implying that the reliability of its services was below customer expectations.

A regression analysis was carried out to determine the influence of reliability on customer loyalty as shown on table 4.4 below.

Table 4.4 Regression table of reliability

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.131	.059		-2.219	.037
	Reliability	.389	.981	.397	3.578	.000

The study found that taking all the other independent variables at zero, a unit increase in reliability increases customer loyalty by .389 (38.9%). This shows that reliability has a positive and significant impact on customer loyalty.

4.5 The Effect of Customer Care Responsiveness On Customer Loyalty

The third objective was to establish the effect of responsiveness on customer loyalty at Branch International. Responsiveness was measured using company's willingness to help customers, its speed in solving customer problems and if it handles customers with courteousness.

Table 4.5 Customer Expectations and Perceptions of Responsiveness

Customer Expectations of Responsiveness	N	Mean	Std. Deviation
An excellent FinTech willing to help customers	344	4.26	.598
An excellent FinTech responds promptly to customer issues	344	4.35	.953
An excellent FinTech treats its customers in a courteous manner	344	4.08	1.045
Overall Mean for Responsiveness expectations	344	4.23	.504

Customer Perceptions of Responsiveness	N	Mean	Std. Deviation
Branch International is willing to help customers	344	3.86	1.212
Branch International responds promptly to customer issues	344	3.61	1.178
Branch International treats its customers in a courteous manner	344	3.73	1.158
Overall Mean for Responsiveness expectations	344	3.73	.668
Gap		-0.5	

The study findings established that Branch customers had high expectations (4.23) on the company's responsiveness. The customers expected the company to respond promptly to their issues (4.35), to be willing to offer them help (4.26) and to respond to them courteously (4.08). These findings suggest that Branch customers have very high expectations on the responsiveness of the company to their queries on the chatbot.

The customers' perception of Branch's responsiveness was neutral (3.73). Specifically, the customers perceived the company's willingness to help the moderately (3.86), as they perceived the courteousness of its responses (3.73) and the promptness of its services (3.61). These findings denote that Branch's customers did not perceive Branch International to be satisfactorily responsive to their queries.

There was a negative perception-expectation gap (-0.5) which shows that the responsiveness of Branch International did not meet the expectations of its customers. This negative gap is seen across all measures prompt responses (-0.74), willingness to help (-0.4), and courteous responses (-0.35). These findings indicate that responsiveness of Branch is below customer expectations.

A regression analysis was carried out to determine the influence of customer care responsiveness on customer loyalty as shown on table 4.6 below.

Table 4.6 Regression table of responsiveness

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.131	.059		-2.219	.037
	Responsiveness	.471	.082	.489	4.947	.000

The study found that taking all the other independent variables at zero, a unit increase in responsiveness increases customer loyalty by .471 (47.1%). This shows that responsiveness has a positive and significant impact on customer loyalty.

4.6 The Effect of Assurance On Customer Loyalty

The fourth study objective was to determine the effect of assurance on customer loyalty at Branch International. Responsiveness was measured using the knowledgeability of its employees about its employees, the convenience that it provides to its clients, the trust that it inspires and the confidence it inspires.

Table 4.7 Customer Expectations and Perceptions of Assurance

Customer Expectations of Assurance	N	Mean	Std. Deviation
An excellent FinTech has knowledge on its products and services	344	3.98	1.086
An excellent FinTech provides services at the convenience of its customers	344	4.02	.944
An excellent FinTech inspires the trust of its customers	344	4.05	1.063
An excellent FinTech inspires the confidence of its customers	344	4.07	1.090
Overall Mean for Assurance expectations	344	4.03	.518

Customer Perceptions of Assurance	N	Mean	Std. Deviation
Branch International has knowledge on its products and services	344	3.91	1.142
Branch International provides services at the convenience of its customers	344	3.84	1.223
Branch International inspires the trust of its customers	344	3.75	1.282
Branch International inspires the confidence of its customers	344	3.80	1.127
Overall Mean for Assurance expectations	344	3.82	.598
Gap		-0.21	

The findings of the study revealed that Branch's customers have high expectations (4.03) about the assurance of Branch's services. The findings presented in Table 4.4 show that the customers had the highest expectations about the company's ability to inspire confidence (4.07) and the lowest expectations on the knowledgability of the company's employees (3.98). These findings imply that customers have high expectations on the assurance of FinTech services.

Further, the study revealed that Branch's customer's had an average perception (3.83) of the assurance of Branch's services. The study findings showed that Branch's customers had the highest perception on the knowledagbility (3.91) of the company's employees and the lowest perception on the ability of the company to inspire trust (3.75).the study findings revealed a negative perception gap (-0. 21). This shows that the assurance of Branch's services does not meet the expectations of its customers especially in inspiring trust and confidence.

A regression analysis was carried out to determine the influence of assurance on customer loyalty as shown on table 4.8 below.

Table 4.8 Regression table of assurance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.131	.059		-2.219	.037
	Assurance	.146	.095	.150	1.962	.002

The study found that taking all the other independent variables at zero, a unit increase in assurance increases customer loyalty by .146 (14.6%). This shows that assurance has a positive and significant impact on customer loyalty.

4.7 The Effect of Empathy On Customer Loyalty

The fifth study objective was to determine the influence of empathy on customer loyalty. Empathy was measured by the offering of personalized services, consideration of customer needs and the speed of the customer service.

Table 4.9 Customer Expectations and Perceptions of Empathy

Customer Expectations of Empathy	N	Mean	Std. Deviation
An excellent FinTech provides personalized services to its customers	344	4.10	.993
An excellent FinTech is considerate of the needs of its customers	344	4.24	.970
An excellent FinTech solves its customers problems in a speedy manner	344	4.17	.730
Overall Mean for Empathy expectations	344	4.17	.638
Customer Perceptions of Empathy	N	Mean	Std. Deviation

Branch International provides personalized services to its customers	344	4.07	.892
Branch International is considerate of the needs of its customers	344	3.73	1.238
Branch International solves its customers problems in a speedy manner	344	3.81	1.066
Overall Mean for Empathy expectations	344	3.87	.633
Gap		-0.30	

The study findings revealed that customers had high expectations of empathy (4.17). They had the highest expectations for consideration of their needs (4.24), followed by speedy problem solving (4.17) and personalized services (4.10). These findings denote that customers require high levels of empathy during service delivery. They expect the company to know their needs and prioritize them. These findings are presented in Table 4.9.

The study findings revealed that customers had an average perception of Branch's empathy (3.87). They had the highest perception of the company's ability to provide personalized services (4.07) and the lowest perception of the company's ability to be considerate of their needs (3.73). There was a negative perception-expectation gap (-0.30) which shows that the company's levels of empathy did not match with the customer's expectations and that the customers perceive that the company does not care about them enough.

A regression analysis was carried out to determine the influence of empathy on customer loyalty as shown on table 4. 10 below.

Table 4.10 Regression table of empathy

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.131	.059		-2.219	.037
	Empathy	.267	.069	.164	2.405	.001

The study found that taking all the other independent variables at zero, a unit increase in empathy increases customer loyalty by .267 (26.7%). This shows that empathy has a positive and significant impact on customer loyalty.

4.8 Customer Loyalty

The study sought to determine the influence of service quality on customer loyalty. Customer loyalty was measured by the willingness to take a loan again, willingness to recommend Branch to family members, willingness to spread positive word of mouth about Branch and the possession of a positive attitude towards Branch.

Table 4.11 Customer Loyalty

	N	Mean	Std. Deviation
I would take a loan from Branch International again	344	4.22	.868
I would recommend Branch International to my friends and family	344	4.19	1.096
I would spread positive word of mouth about Branch International	344	4.05	.920
I have a positive attitude towards Branch International	344	4.12	.882
Overall Mean for Empathy expectations	344	4.15	.494

The study findings revealed that overall, Branch customers were loyal (4.15). The customers expressed willingness to take a loan from Branch again (4.22), willingness to recommend Branch

to their friends and family (4.19), possession of a positive attitude towards Branch (4.12) and spreading positive word of mouth about Branch (4.05). These findings, presented in Table 4.11, indicate the Branch customers are loyal to the company.

4.9 Inferential Statistics

To determine the relationship between the independent variables and the dependent variable, the study conducted regression analysis. The dependent variable was customer loyalty while the independent variables were tangibility, reliability, responsiveness, assurance and empathy. The study found that tangibility, reliability, responsiveness, assurance and empathy explained a significant proportion of variance in customer loyalty, $R^2 = .758$. This implies that 75.8% of the proportion in customer loyalty can be explained by tangibility, reliability, responsiveness, assurance and empathy. Other factors not covered by this study therefore contribute to 24.2%. Findings are as shown in Table 4.12.

Table 4.12 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.794 ^a	.758	.755	.130

a. Predictors: (Constant), tangibility, reliability, responsiveness, assurance and empathy.

The findings indicate that the significance value in testing the reliability of the model for the relationship between tangibility, reliability, responsiveness, assurance, empathy and customer loyalty was $F = 441.453$, $p = 0.00$. Therefore the model is statistically significant in predicting the relationship between the study variables. Results are as presented in Table 4.13.

Table 4.13 ANOVA Table

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	29.631	5	7.408	441.453	.000 ^b
	Residual	.369	343	.017		
	Total	30.000	348			

a. Dependent Variable: Customer Loyalty

b. Predictors: (Constant), tangibility, reliability, responsiveness, assurance and empathy.

The study found that tangibility, reliability, responsiveness, assurance and empathy, $\beta = .450$, $t = 4.817$, $p = .000$; $\beta = .397$, $t = 3.578$, $p = .000$; $\beta = .489$, $t = 4.947$, $p = .000$; $\beta = .150$, $t = .627$, $p = .029$ and $\beta = .146$, $t = 2.405$, $p = .025$ respectively since the p value was less than $<.05$ set by the study.

Table 4.14 Regression Coefficients

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.131	.059		-2.219	.037
	Responsiveness	.471	.082	.489	4.947	.000
	Tangibility	.458	.095	.450	4.817	.000
	Reliability	.389	.981	.397	3.578	.000
	Empathy	.267	.069	.164	2.405	.002
	Assurance	.146	.095	.150	1.962	.001

a. Dependent Variable: Customer Loyalty

As per Table 4. 14 above, the equation ($Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \epsilon$) therefore becomes

$$Y = 0.131 + 0.458X_1 + 0.389X_2 + 0.471X_3 + 0.146X_4 + 0.267X_5 + \epsilon$$

The multiple regression values in the table indicated that all the measures of service quality, that is, tangibility (X1), reliability (X2), responsiveness (X3), assurance (X4) and empathy (X5) studied have a positive and significant influence on customer loyalty. This is because all predictor variables: tangibility, reliability, responsiveness, assurance and empathy β -values were positive. This was an indication that these variables are directly proportional to customer loyalty in mobile money lending FinTechs, in which case an increase in tangibility, reliability, responsiveness, assurance and empathy causes an increase in customer loyalty in mobile money lending FinTechs.

In addition, Table 4.14 above shows that taking all the factors into account, that is, customer loyalty in mobile money lending FinTechs representing the independent variables, then customer loyalty in mobile money lending FinTechs .131 (13.1%). However, taking all the other independent variables at zero, then an increase in tangibility will lead to a 0.458 (45.8%) increase in customer loyalty; a unit increase in reliability increases customer loyalty by .389 (38.9%); an increase in responsiveness enhances customer loyalty by .471 (47.1%); an increase in assurance enhances customer loyalty by .146 (14.6%) and an increase in empathy enhances customer loyalty by .267 (26.7%). This infers that all the service quality dimensions have a positive effect on customer loyalty in mobile money lending FinTechs.

CHAPTER FIVE: DISCUSSION, CONCLUSION AND RECOMMENDATION

5.1 Introduction

The aim of this study was to establish the effect of service quality on customer loyalty in mobile money lending FinTechs, a case study of Branch International. The study's specific objectives were to establish how the service quality dimensions of tangibility, reliability, responsiveness, assurance and empathy affected customer loyalty. This chapter will discuss the study findings and how they relate to previous literature, draw conclusions and present recommendations.

5.2 Discussions

5.2.1 Effect of Tangibility on Customer Loyalty

The study found that customers had very high expectations of tangibility. They expected the company's mobile application to be fast, user-friendly and that it does not hang or freeze. Similarly, the customers had a high perception of Branch's tangibility as they found the app to be fast, user –friendly and that it did not hang. However, there was a slight negative perception expectation gap meaning that the tangible aspects of the company did not fully meet the expectations of the customers.

The findings also revealed that tangibility had a significant positive effect on customer loyalty. These findings are in line with those of Leninkumar (2016) who established that tangibility had a significant positive relationship with customer loyalty in Malaysian banks. Similarly, Dubey and Srivastava (2016) in their study on the impact of service quality on customer satisfaction in the telecommunications industry in India also established that tangibility had the highest impact on customer loyalty. This significance has been explained by Dubey and Srivastava (2016) as being as a result of the fact that in some industries customers only interact with the company through the tangible aspects and thus they are very important in determining customer loyalty. This is the case with Branch International as the App is the only way that customers can interact with the company. This results suggest that FinTech companies should ensure that their mobile applications are user-friendly, fast and do not hang if they are to ensure customer loyalty.

5.2.2 Effect of Reliability on Customer Loyalty

The findings of the study determined that customers had high expectations on the reliability of the company's services. They expected that the company would provide services in a timely, consistent and accurate manner. The findings also revealed that Branch's customers had a high perception of the reliability of the company's services across all dimensions though their perception of the company's accuracy was moderate. This resulted in an overall negative perception-expectation gap score which implies that the reliability of Branch's services does not meet the expectations of the customers.

The study findings also revealed that reliability had a positive and significant effect on customer loyalty. Dandis, Wright, and Cai (2014) also found the reliability dimension as having the highest impact on customer loyalty in Jordanian banks. These findings are also similar to those of Wachira (2017) and Leninkumar (2016) who also studied banks. However, Lo et al., (2010), Kheng, Mahamad and Ramayah (2010) and Annamalah et al., (2011) found that reliability had no significant influence on customer loyalty. These findings indicate that when money or essential services such as healthcare are involved, then reliability has a significant impact on customer loyalty. ChatBot operators should be available at all times, communicate in a polite manner and show a willingness to provide quick help to customers. In the case of FinTech companies, reliability is important because they offer financial services which their customers often need urgently.

5.2.3 Effect of Responsiveness on Customer Loyalty

The study findings also established that customers had high expectations on the responsiveness of the company. They expected the company to be willing to help customers at all times, to respond promptly and to treat them courteously. Nevertheless, the study established that the customers had an average perception of the responsiveness of Branch especially in its ability to respond promptly to their issues. This resulted in a negative perception-expectation gap showing that the responsiveness of the company did not meet the expectations of the customers.

The results of the regression analysis revealed that responsiveness had a significant effect on customer loyalty. These findings are similar to those of Dandis, Wright, and Cai (2014) and Wachira (2017) established that how fast and how well the employees of an organization respond to customer queries had a significant impact on customer loyalty. However, the findings of Dubey

and Srivastava (2016) and Leninkumar (2016) paint a different picture showing that responsiveness has no significant impact on customer loyalty. This variance in results can be explained by the primary method of communication between customers and an institution, if it is through a Chabot, like the case of Branch International then responsiveness affects customer loyalty. For FinTechs, these findings show that their chatbot representatives have to be respond fast and courteously if they are to maintain customer loyalty.

5.2.4 Effect of Assurance on Customer Loyalty

The study findings established that customers had high expectations of assurance from the Branch which was measured using knowledgability, convenience, trust and confidence that the company inspires. The study also found that Branch's customers had a moderate perception of the company's assurance especially on the company's ability to inspire trust. This resulted in a negative perception-expectations gap which denoted that the assurance of branch's services was below the customer's expectations.

Further, the study established that assurance affected customer loyalty but the impact was small. This findings are in line with those of .Kheng, Mahamad, and Ramayah (2010) and Dubey and Srivastava (2016) found that assurance had an effect on customer loyalty. Similarly, Wachira (2017) and Dandis, Wright, and Cai (2014) found that while there was a correlation between assurance and customer loyalty, it had no significant impact. The study findings determined that FinTech customers require that ChatBot operators are knowledgeable enough to solve their issues because they are often the first and last line of contact as these companies have no head offices that customers can visit or customer care lines that they can call to further escalate their issues. Employees should also address customers with courtesy and inspire their confidence by acting in a professional, friendly and knowledgeable manner (Kimiri, 2018).

5.2.5 Effect of Empathy on Customer Loyalty

The findings of the study established that Branch's customers had high expectations on the company's empathy which was measured using personalized services, customer consideration and fast services. The study established that Branch's customers had a moderate perception on the company's empathy leading to a negative perception-expectation gap which showed that the empathy of Branch was not up to par with the expectations of their customers.

The results of the regression analysis determined that empathy had a small effect on customer loyalty. These findings are in line with those of Dubey and Srivastava (2016) and Leninkumar (2016) who established that empathy had a significant impact on customer loyalty. However, Wachira (2017) and Dandis, Wright, and Cai (2014) found that empathy had no significant influence on customer loyalty. FinTech companies should ensure that the entire experience that their customers get shows that they care about their needs and prioritize them (Kimiri, 2018).

5.3 Conclusions

The findings of the study established that Branch's customers had a high expectation on the tangible aspects of the company's services namely the mobile application and an equally high perception of it though the perception slightly fell short of the expectations. This shows that tangibility is an important service quality dimension in the mobile money lending FinTech industry and that it has a significant effect on customer loyalty.

The study also established that Branch's customers have high expectations on the reliability of its services and an equally high perception. Nevertheless, the perception fell short of the expectations on the accuracy dimension. These findings indicate that reliability is a crucial service quality dimension in the mobile money lending FinTech industry and that it has a significant effect on customer loyalty.

The findings of the study showed that Branch's customers have high expectations on the responsiveness of its services and an equally high perception of the same. Nevertheless, the perception fell short of the expectations on the promptness dimension. These findings indicate that responsiveness is a crucial service quality dimension in the mobile money lending FinTech industry and that it has a significant effect on customer loyalty.

The study determined that Branch's customers have high expectations on the assurance of its services but a moderate perception of the same. Nevertheless, the perception significantly fell short of the expectations on the promptness dimension. The findings also indicated that while assurance affects customer loyalty in the mobile money lending FinTech industry it had a small impact on customer loyalty.

The study determined that Branch's customers have high expectations on the empathy of its services but a moderate perception of the same. Nevertheless, the perception significantly fell short

of the expectations on the trust dimension. The findings also indicated that while empathy affects customer loyalty in the mobile money lending FinTech industry it had a small impact on customer loyalty.

5.4 Recommendations

This study recommends that Branch international improves the user friendliness of its mobile application so that it can meet its customers' expectations. The study also recommends that the company improves the accuracy of its services so that it can be more reliable to its customers. Further the study recommends that Branch improves its responsiveness specifically its promptness so that it can improve the quality of its services. From the findings of the study, it is recommended that the company improves its assurance and empathy so that it can meet and surpass the expectations of its clients. These recommendations will help improve the service quality of the company and thus the loyalty of its customers.

This study also recommends that the customers of Branch International acquaint themselves with mobile applications and chatbots so that the quality of the services they receive can improve. Further the study recommends that Branch employees respond, faster, courteously and more empathetically to its customers so as to improve customer loyalty and service quality. To academics, the study recommends that more research should be done on how digital innovations are affecting service quality and customer loyalty. To policy makers and industry regulators, the study recommends that they direct attention to how customers can be protected in the emerging digital platforms of commerce.

5.5 Areas For Further Research

The study of service quality and its influence on customer loyalty is especially important in the digital age where customers have an abundance of options to choose from. Further research should focus on how new ways of shopping such as online shopping have affected service quality and customer loyalty.

REFERENCES

- Aglionby, J. (2016). US FinTech Pioneer's Start-up in Kenya, Financial Times News Article, Available Online: <https://www.ft.com/content/05e65d04-3c7a-11e6-9f2c-36b487ebd80a> [Accessed 7 February 2019]
- Agyei, P. M., & Kilika, J. M. (2013). The relationship between service quality and customer loyalty in the Kenyan mobile telecommunication service industry. *European Journal of Business and Management*, 5(23), 26-36.
- Ali, M., & Raza, S. A. (2017). Service quality perception and customer satisfaction in Islamic banks of Pakistan: the modified SERVQUAL model. *Total Quality Management & Business Excellence*, 28(5-6), 559-577.
- Babakus, E., & Mangold, W. G. (1992). Adapting the SERVQUAL scale to hospital services: an empirical investigation. *Health services research*, 26(6), 767.
- Baran, R. J., Galka, R. J., & Strunk, D. P. (2008). *Principles of customer relationship management*. Cengage Learning.
- Crosby, P. B. (1979). *Quality is free: The art of making quality certain* New York. NY: McGraw.
- Dandis, A. O., Wright, L. T., & Cai, H. H. (2014). The impact of service quality and customer satisfaction on customer's loyalty in Jordan Islamic Bank.
- Deepa, P. (2014). Evolution of Quality: A Study of Quality From Primitive Period to Latest Development in India. *Journal of Management Awareness*, 17(2), 21-32.
- Dubey, A., & Srivastava, A. K. (2016). Impact of service quality on customer loyalty-A study on telecom sector in India. *IOSR Journal of Business and Management (IOSR-JBM)*, 18(2), 45-55.
- Fogli, L. (2006). *Customer service delivery* (Vol. 4). San Francisco: Jossey-Bass.
- Gremler, D. D., & Brown, S. W. (1996). Service loyalty: its nature, importance, and implications. *Advancing service quality: A global perspective*, 5, 171-181.
- Grönroos, C. (1984). A service quality model and its marketing implications. *European Journal of marketing*, 18(4), 36-44.

- Harris, M., & Harrington, H. J. (2000). Service quality in the knowledge age: Huge opportunities for the twenty-first century. *Measuring Business Excellence*, 4(4), 31-36.
- Hill, N., & Alexander, J. (2017). *The handbook of customer satisfaction and loyalty measurement*. Routledge.
- Izogo, E. E. (2017). Customer loyalty in telecom service sector: The role of service quality and customer commitment. *The TQM Journal*, 29(1), 19-36.
- Jones, T., & Taylor, S. F. (2007). The conceptual domain of service loyalty: how many dimensions?. *Journal of services marketing*, 21(1), 36-51.
- Kang, G. D., & James, J. (2004). Service quality dimensions: an examination of Grönroos's service quality model. *Managing Service Quality: An International Journal*, 14(4), 266-277.
- Kheng, L. L., Mahamad, O., & Ramayah, T. (2010). The impact of service quality on customer loyalty: A study of banks in Penang, Malaysia. *International journal of marketing studies*, 2(2), 57.
- KIMIRI, M. (2018). Effect of fintech strategy on financial services delivery to the unbanked low income earners in nairobi county (Doctoral dissertation, SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI).
- Ladhari, R., Ladhari, I., & Morales, M. (2011). Bank service quality: comparing Canadian and Tunisian customer perceptions. *International Journal of Bank Marketing*, 29(3), 224-246.
- Leninkumar, V. (2017). The Relationship between Customer Satisfaction and Customer Trust on Customer Loyalty. *International Journal of Academic Research in Business and Social Sciences*, 7(4), 450-465.
- Muchogu, W. (2016). Service quality, customer satisfaction and customer loyalty a case study of three to five star hotels in Nairobi. *Unpublished Master's Thesis*.
- Neyestani, B. (2017). Principles and Contributions of Total Quality Management (TQM) Gurus on Business Quality Improvement.
- Okuro (2019). Financial technology key to sustained economic growth for Kenya. *The Standard*

- Olbrich, R., & Windbergs, T. (2006). *The Relationship Between Brand Loyalty, Store Loyalty and Performance in the Retail Food Sector: A Causal Analytical Analysis Using the Example of Premium Store Brands.*
- Otemba, A. (2012). Service Quality Dimensions And Customer Satisfaction In The Kenyan Telecommunications Service Industry: A Case Of Nokia Siemens Networks. *Unpublished Master's Thesis.*
- Ou, W. M., Shih, C. M., Chen, C. Y., & Wang, K. C. (2011). Relationships among customer loyalty programs, service quality, relationship quality and loyalty: An empirical study. *Chinese Management Studies, 5*(2), 194-206.
- Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1985). A conceptual model of service quality and its implications for future research. *Journal of marketing, 49*(4), 41-50.
- Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1988). Servqual: A multiple-item scale for measuring consumer perc. *Journal of retailing, 64*(1), 12.
- Pringviriya, N. (2015). *Relationship between service quality and customer loyalty: mediating effect of customer satisfaction and customer trust in Thailand's audit firms* (Doctoral dissertation, Universiti Utara Malaysia).
- Puschmann, T. (2017). Fintech. *Business & Information Systems Engineering, 59*(1), 69-76.
- Rowley, J. (2005). The four Cs of customer loyalty. *Marketing intelligence & planning, 23*(6), 574-581.
- Schweizer, B. (2008). *An examination of factors leading to abating customer loyalty towards magazine subscriptions.* BoD—Books on Demand.
- Van Cooten, J., & Blythin-Hammond, J. (2017). The Development of FinTech in Nairobi: Contributions to Financial Inclusion and Barriers to Growth.
- Wachira, I. (2017). Management Perception of Influence of Service Quality on Customer Satisfaction among Commercial Banks in Kenya: A Case Study of Equity Bank. *Unpublished Masters Thesis. Strathmore University*
- Kerlinger, N. F. (2008). *Foundations of behavioral research.* New Delhi: Surjeet Publications.

- Seuring, S., Müller, M., Reiner, G., & Kotzab, H. (2005). *Is there a right research design for your supply chain study*. *Research Methodologies in Supply Chain Management*, 1-12.
- Stillwell, J., & Clarke, M. (Eds.). (2011). *Population dynamics and projection methods (Vol. 4)*. Springer Science & Business Media.
- Fowler Jr, F. J. (2013). *Survey research methods*. Sage publications.
- Mugenda O. & Mugenda A. G, (2003). *Research methods; quantitative and qualitative approaches*. Nairobi: Acts press.
- Kothari, C. R. (2004). *Research methodology: Methods and techniques*. New Age International.
- Bryman, A., & Bell, E. (2015). *Business research methods*. Oxford University Press, USA.
- Orodho, A. J., & Kombo, D. K. (2002). *Research methods*. Nairobi: Kenyatta University, Institute of Open Learning.

APPENDIX 1: LETTER OF INTRODUCTION

Yasmin Kadii,
Strathmore University,
School of Business Studies,

Dear Respondent,

RE: Request to interview you about Branch International

I hereby request you to participate in a study that is intended to meet my academic requirements of Masters of Business Administration in Strathmore University. The study is titled:

THE EFFECT OF SERVICE QUALITY ON CUSTOMER LOYALTY IN MOBILE MONEY LENDING FINANCIAL TECHNOLOGY COMPANIES IN KENYA: A CASE OF BRANCH INTERNATIONAL.

This study is intended for academic purposes only and all information that you provide will be treated as confidential. Your sincerity in answering the questions provided will be highly appreciated.

APPENDIX 2: QUESTIONNAIRE

My name is YASMIN KADII a postgraduate student at Strathmore University. In partial fulfilment of the course master's in business administration, I am conducting a research on THE EFFECT OF SERVICE QUALITY ON CUSTOMER LOYALTY IN MOBILE MONEY LENDING FINANCIAL TECHNOLOGY COMPANIES IN KENYA: A CASE OF BRANCH INTERNATIONAL. Your participation in this research by responding to this questionnaire will be appreciated. All your responses will be held in confidence and the data collected will only be used for academic purposes. Instructions (tick where appropriate)

SECTION A: Background Information

1. What is your gender

a) Male

b) Female

2. What is your age?

20 – 30

31 – 40

41 – 50

51 – 60

61+

3. How long have you been a Branch Customer?

a) Less than 1 year

b) 1- 3 years

c) More than 3 years

4. Are you a customer of any other mobile money lending companies?

a) Yes

b) No

Section B: Customer Expectations Questionnaire

Directions: Based on your experience as a customer seeking mobile money lending services, think about the FinTechs that would deliver excellent mobile money lending services. Indicate the extent to which the following features describe what you would like to get from such a FinTech. Please tick based on the degree of how you feel about each feature. There is no right or wrong answer. Use a scale of 1-5 (1- Strongly disagree; 2-disagree; 3-Moderate; 4- agree; 5- strongly agree)

Tangibility	1 SD	2 D	3 N	4 A	5 SA
1. An excellent FinTech has a user friendly mobile application					
2. An excellent FinTech has a fast mobile application					
3. An excellent FinTech has a stable mobile application that does not hang or freeze					
Reliability					
1. An excellent FinTech provides services in a timely manner					
2. An excellent FinTech provides services in a consistent manner					
3. An excellent FinTech provides services in an accurate manner					
Responsiveness					
1. An excellent FinTech is willing to help customers					
2. An excellent FinTech responds promptly to customer issues					
3. An excellent FinTech treats its customers in a courteous manner					
Assurance					
1. An excellent FinTech has knowledge on its products and services					
2. An excellent FinTech provides services at the convenience of its customers					

3. An excellent FinTech inspires the trust of its customers					
4. An excellent FinTech inspires the confidence of its customers					
Empathy					
1. An excellent FinTech provides personalized services to its customers					
2. An excellent FinTech is considerate of the needs of its customers					
An excellent FinTech solves its customers problems in a speedy manner					

Section C: Customer Perceptions Questionnaire

Directions: The following statements relate to your feelings about Branch International in mobile money lending services. For each statement, please show the extent to which you believe Branch International has the feature described by the statement. Please tick only one box per row.

There is no right or wrong answer. Use a scale of 1-5 (1- Strongly disagree; 2-disagree; 3- Moderate; 4- agree; 5- strongly agree)

Tangibility	1 SD	2 D	3 N	4 A	5 SA
1. Branch International has a user friendly mobile application					
2. Branch International has a fast mobile application					
3. Branch International has a stable mobile application that does not hang or freeze					
Reliability					
1. Branch International provides services in a timely manner					
2. Branch International provides services in a consistent manner					
3. Branch International provides services in an accurate manner					

Responsiveness					
1. Branch International is willing to help customers					
2. Branch International responds promptly to customer issues					
3. Branch International treats its customers in a courteous manner					
Assurance					
1. Branch International has knowledge on its products and services					
2. Branch International provides services at the convenience of its customers					
3. Branch International inspires the trust of its customers					
4. Branch International inspires the confidence of its customers					
Empathy					
1. Branch International provides personalized services to its customers					
2. Branch International is considerate of the needs of its customers					
3. Branch International solves its customers problems in a speedy manner					

Section D: Customer Loyalty

To what extent are the following statements true? Use a scale of 1-5 (1- Strongly disagree; 2- disagree; 3-Moderate; 4- agree; 5- strongly agree)

	1 SD	2 D	3 N	4 A	5 SA
1. You would take a loan from Branch International again					
2. You would recommend Branch International to your friends and family					
3. You would spread positive word of mouth about Branch International					
4. You have a positive attitude towards Branch International					

Thank You !