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THE EFFECT OF SERVICE QUALITY ON CUSTOMER SATISFACTION AMONG M-PESA AGENTS: A CASE OF COMMERCIAL BANKS IN NAIROBI COUNTY, KENYA

CHRISTINE WAHU WANYOIKE

REG NO 191430

A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS OF THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION AT STRATHMORE UNIVERSITY BUSINESS SCHOOL, STRATHMORE UNIVERSITY

JUNE 2026

DECLARATION

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 dissertation contains no material previously published or written by another person except where due reference is made in the dissertation itself.

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Approval

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DEDICATION

To my beloved parents, Mr. and Mrs. Wanyoike, whose unwavering love, steadfast support and constant guidance have been the foundation of my academic journey. Your prayers and sacrifices have been a source of strength, enabling me to persevere through every challenge.

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ABBREVIATIONS AND ACRONYMS

B2B	Business-to-Business
DFID	Department for International Development
EVT	Expectancy–Value Theory
NACOSTI	National Commission for Science, Technology and Innovation
PLS-SEM	Partial Least Squares Structural Equation Modeling
SEM	Structural Equation Modeling
SERVQUAL	Service Quality
SERVPERF	Service Performance
UK	United Kingdom
USA	United States of America

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DEFINITION OF KEY TERMS

Assurance

Assurance involves employees' knowledge, courtesy, and ability to convey trust and confidence, which is especially crucial in financial services where security and trust are paramount (Raza et al., 2020). For M-PESA agents, this includes trust in the bank's personnel to manage financial concerns professionally.

Customer Satisfaction

Customer satisfaction in this study was defined as a positive evaluation that arises when the perceived performance of a service aligns with or exceeds the customer's expected benefits and the value attached to those benefits (Hallencreutz & Parmler, 2021).

Empathy

Empathy refers to the provision of caring, personalized attention, such as understanding an agent's unique liquidity needs or business constraints (Vidani, 2024).

Reliability

Reliability refers to the ability of a service provider to deliver promised services dependably and accurately (Parasuraman et al., 1988). In banking, this includes consistent performance, accuracy in transactions, and dependable float provision to agents (Raza et al., 2020).

Responsiveness

Responsiveness captures the willingness and speed with which service staff assist customers and resolve issues such as the timeliness of resolving agent float shortages or system downtimes (Vidani, 2024).

Service Quality

Service quality is defined as the gap between customer expectations and perceptions of actual service performance (Parasuraman et al.,, 1988). The SERVQUAL model was used to

operationalize service quality using five dimensions of reliability, responsiveness, assurance, empathy, and tangibles with each measured through paired expectation–perception items.

Tangibles

Tangibles relate to the physical appearance of facilities, equipment, communication materials, and personnel, which contribute to how agents perceive professionalism and service quality (Parasuraman et al., 1988; Raza et al., 2023).

ABSTRACT

M-PESA agents play a critical role in Kenya's financial inclusion ecosystem by facilitating cash deposits, withdrawals, and other mobile money transactions that connect customers to digital financial services. To effectively perform these functions, agents rely heavily on commercial banks for float replenishment, liquidity management, transaction processing, and operational support. Consequently, the quality of banking services provided to agents has important implications for their satisfaction, operational efficiency, and the sustainability of the broader mobile money ecosystem. This study examined the effect of service quality on customer satisfaction among M-PESA agents in Nairobi County, Kenya. Service quality was operationalized through five dimensions: reliability, responsiveness, assurance, empathy, and tangibles. Specifically, the study sought to determine the effects of reliability, responsiveness, assurance, empathy, and tangibles on customer satisfaction. Unlike most prior studies that focus on retail banking customers or end-users, this research uniquely conceptualized M-PESA agents as customers of commercial banks whose satisfaction depends on the quality of services supporting core operations such as float management and transaction processing. The study was anchored on the SERVQUAL model and the Expectancy–Value Theory. The study adopted a positivist research philosophy and a descriptive cross-sectional research design. The target population comprised 83,845 registered M-PESA agents in Nairobi County. A sample of 382 agents was selected using the Krejcie and Morgan sample size determination table, out of which 365 valid responses were obtained. Primary data were collected using a structured questionnaire based on a five-point Likert scale. Data were analyzed using the Statistical Package for the Social Sciences (SPSS) version 29, employing both descriptive and inferential statistics. The findings revealed that all five dimensions of service quality were positively and significantly associated with customer satisfaction. Correlation analysis indicated very strong positive relationships between each service quality dimension and customer satisfaction. The regression results showed that responsiveness and empathy were the strongest predictors, followed by tangibles, assurance, and reliability. However, descriptive findings indicated that all variables were rated at a moderate level, suggesting that although service quality dimensions were strongly associated with satisfaction, respondents did not consistently perceive service delivery as highly satisfactory. The study concludes that service quality dimensions remain an important determinant of customer satisfaction among M-PESA agents, although the findings should be interpreted within the limitations of a cross-sectional and perception-based research design. The study recommends that banks prioritize responsiveness through improved support systems and faster issue resolution, enhance empathy through personalized and flexible service delivery, strengthen reliability by improving transaction accuracy and timeliness, reinforce assurance through staff competence and transaction security, and invest in functional banking infrastructure and technology. These measures are critical for strengthening agent–bank relationships and supporting the sustainability of Kenya's mobile money ecosystem.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Service quality has become a critical source of competitive advantage in modern financial services, particularly in digital and agent-based banking systems where customer interactions increasingly determine satisfaction and loyalty (Hallencreutz & Parmler, 2021). Globally, studies conducted in developed and emerging economies consistently demonstrate that dimensions such as reliability, responsiveness, assurance, empathy, and tangibles significantly influence customer satisfaction across banking and financial service settings (Pattanayak et al., 2017). As financial institutions continue shifting from product-based competition to service-based differentiation, understanding the quality of customer experiences has become increasingly important.

Across Africa, agency banking and mobile money platforms have expanded financial inclusion by bringing financial services closer to previously underserved populations. However, the sustainability of these systems depends heavily on the quality of support provided to agents who serve as the operational link between financial institutions and customers. Studies from Nigeria, Ghana, Uganda, and Tanzania indicate that challenges such as transaction failures, delayed support, float shortages, and inadequate responsiveness negatively affect service quality and customer satisfaction within agent banking ecosystems (Simukoko & Phiri, 2026; Ofosu-Boateng & Acquaye, 2020).

Kenya represents one of the world's most successful mobile money markets following the introduction of M-PESA in 2007. By 2024, the platform was supported by over 262,000 agents nationally, with approximately 83,845 located in Nairobi County alone (Safaricom, 2025). These agents play a dual role within the financial ecosystem. While they serve end users by facilitating deposits, withdrawals, and money transfers, they also operate as customers of commercial banks, relying on them for float financing, liquidity management, transaction reconciliation, and operational support (Ndung'u, 2018).

This agent-bank relationship is characterized by significant operational interdependence. M-PESA agents depend on banks for timely float replenishment, secure transaction processing, and rapid

resolution of operational disruptions. Delays in any of these services can result in liquidity shortages, interrupted transactions, reduced customer confidence, lost business opportunities, and ultimately reduced agent profitability (Kalei, 2021). Consequently, the quality of services provided by banks directly affects not only agent satisfaction but also the effectiveness of the broader financial inclusion ecosystem.

The SERVQUAL model developed by Parasuraman et al. (1988) provides a useful framework for evaluating service quality through the dimensions of reliability, responsiveness, assurance, empathy, and tangibles. While the model has been widely applied in banking and financial services research, existing studies have primarily focused on retail banking customers and end-users of financial services (Janahi & Al Mubarak, 2017; Gong & Yi, 2018). Limited attention has been given to M-PESA agents as business customers of commercial banks despite their strategic role within Kenya's mobile money ecosystem.

Furthermore, existing literature reveals conceptual differences in the measurement of service quality, contextual limitations arising from studies conducted outside the Kenyan agency banking environment, and methodological reliance on generalized customer populations. Consequently, there remains limited empirical evidence on how service quality dimensions influence customer satisfaction among M-PESA agents who depend on commercial banks for operational support. This study therefore sought to examine the effect of service quality dimensions on customer satisfaction among M-PESA agents in Nairobi County, Kenya.

1.1.1 Service Quality

Service quality is widely recognized as a central construct in service management and an important determinant of customer satisfaction, especially in service-intensive sectors such as banking (Hallencreutz & Parmler, 2021). Despite its extensive application, scholars define and measure the concept differently, which reflects variations in theoretical perspectives and service contexts. Parasuraman et al. (1988) offer one of the most influential definitions by conceptualizing service quality as the gap between customer expectations and perceptions of actual service performance. Their SERVQUAL model operationalizes service quality using five dimensions of reliability, responsiveness, assurance, empathy, and tangibles each measured through paired expectation–

perception items. This gap-based approach views service quality as a comparative judgment arising from how well performance meets or fails to meet expectations.

Cronin and Taylor (1992), through the SERVPERF model, challenge the expectation–performance framework and define service quality strictly as customers' perceptions of service performance. They argue that expectations are unstable and subjective; therefore, service quality should be measured through performance-only indicators. SERVPERF retains the five SERVQUAL dimensions but operationalizes them solely through performance measures, with no gap score.

Grönroos (1990) conceptualizes service quality more broadly by distinguishing between technical quality (the actual service outcome) and functional quality, which refers to how the service is delivered, including communication, courtesy, and responsiveness. Operationally, Grönroos (1990) assesses service quality using qualitative and quantitative indicators of interaction processes and the final service result, recognizing that both shape perceived quality.

Lehtinen and Lehtinen (1991) further expand the concept by identifying three dimensions, which include physical quality (tangible aspects such as facilities and equipment), interactive quality (the interaction between providers and clients), and corporate quality (the organization's overall reputation and image). Their operationalization emphasizes the physical service environment, employee behavior, and institutional credibility.

Although these authors agree that service quality is multidimensional, they diverge in (a) whether expectations are necessary (SERVQUAL vs. SERVPERF), (b) whether technical and functional elements should be separated (Grönroos, 1990), and (c) whether corporate image should be included (Lehtinen & Lehtinen, 1991). Their operationalizations also differ, with some using gap scores, others performance-only scores, and others integrating qualitative assessments of processes and outcomes.

For this study, the SERVQUAL conceptualization and operationalization were adopted. Three reasons support this choice. First, the SERVQUAL model (Parasuraman et al., 1988) is widely validated in financial services research, including in banking and mobile money contexts; thus, making it appropriate for studying commercial banks' service delivery to M-PESA agents (Raza et al., 2020; Raza et al., 2023; Vidani, 2024). Second, its five dimensions directly reflect the service encounters experienced by M-PESA agents during float replenishment, liquidity management, and

support interactions with banks. Third, the model offers structured, quantifiable indicators that align well with the study's positivist and quantitative research approach (Ampaw et al., 2020; Nguyen et al., 2018).

Despite its widespread application, SERVQUAL has attracted criticism from scholars who argue that the expectation–perception gap approach may produce unstable measurements and that the model assumes service quality dimensions are universally applicable across industries and cultures (Buttle, 1996). Other researchers contend that customers may find it difficult to distinguish between expectations and perceptions, thereby affecting measurement accuracy (Cronin & Taylor, 1992). Nevertheless, SERVQUAL remains one of the most widely validated frameworks in financial services research because of its comprehensive multidimensional structure and strong empirical support across diverse service contexts.

Reliability refers to the ability of a service provider to deliver promised services dependably and accurately (Parasuraman et al., 1988). In banking, this includes consistent performance, accuracy in transactions, and dependable float provision to agents (Raza et al., 2020). Responsiveness captures the willingness and speed with which service staff assist customers and resolve issues such as the timeliness of resolving agent float shortages or system downtimes (Vidani, 2024). Assurance involves employees' knowledge, courtesy, and ability to convey trust and confidence, which is especially crucial in financial services where security and trust are paramount (Raza et al., 2020). For M-PESA agents, this includes trust in the bank's personnel to manage financial concerns professionally. Empathy refers to the provision of caring, personalized attention, such as understanding an agent's unique liquidity needs or business constraints (Vidani, 2024). Finally, tangibles relate to the physical appearance of facilities, equipment, communication materials, and personnel, which contribute to how agents perceive professionalism and service quality (Raza et al., 2023; Parasuraman et al., 1988).

Reliability was measured through timely service delivery, accuracy of transactions, timely service delivery and dependability of services (float provision) (Parasuraman et al., 1988; Raza et al., 2020). Responsiveness was assessed through prompt handling of customer requests, speed of complaint resolution and availability of support staff (Kalei, 2021; Vidani, 2024). Assurance was examined through competence of bank staff, courtesy and trustworthiness of employees, and the security of banking operations (Raza et al., 2020; Raza et al., 2023). Empathy was evaluated based

on personalized customer attention, flexibility in service provision, and courtesy and individualized communication (Vidani, 2024). Lastly, tangibles was measured through the condition of physical facilities, modern technologies and systems, and professional appearance of staff (Parasuraman et al., 1988; Raza et al., 2023).

1.1.2 Customer Satisfaction

Customer satisfaction is a central construct in marketing and service management, yet scholars conceptualize and measure it differently depending on the theoretical lens and service context. Oliver (1997) provides one of the foundational definitions, describing customer satisfaction as a cognitive and affective evaluation that arises from comparing pre-service expectations with actual service performance. This Expectation–Disconfirmation approach operationalizes satisfaction by measuring (a) customer expectations before service and (b) perceived performance afterward, with satisfaction being the degree of positive or negative disconfirmation.

In contrast, Kotler and Keller (2022) define customer satisfaction as a person's feeling of pleasure or disappointment resulting from comparing perceived service performance with expectations, emphasizing the emotional aspect of the evaluation. Their operationalization focuses on measuring overall satisfaction levels, likelihood of reuse, and perceived value of the service, often through single-item or multi-item Likert scales. Zeithaml, Bitner, and Gremler (2020) conceptualize satisfaction as a broader, cumulative assessment of all service encounters over time rather than a single transaction. Their measurement approach captures satisfaction as a multidimensional construct that includes perceived service quality, service value, and relational intentions such as loyalty or recommendation behavior.

The Expectancy Value Theory (Fishbein & Ajzen, 1975) offers a different perspective. According to the Expectancy–Value Theory (EVT), customer satisfaction is formed when individuals evaluate a service or product based on the outcomes they expect from it and the subjective value they attach to those outcomes. In this view, satisfaction results from the belief that the service will produce desirable outcomes combined with the importance the customer assigns to those outcomes. Thus, customer satisfaction is defined as a positive evaluation that arises when the perceived performance of a service aligns with or exceeds the customer's expected benefits and the value attached to those benefits (Ampaw et al., 2020; Nguyen et al., 2018).

Other contemporary scholars emphasize the behavioral manifestations of satisfaction. Mahmoud et al. (2018) view satisfaction as a driver of retention and long-term relational commitment. Herjanto and Amin (2020) operationalize it through repurchase intention, while Zeithaml et al. (2020) highlight word-of-mouth recommendation as a key measure. Phabmixay et al. (2021) include complaint behavior as an observable indicator, and de Oliveira et al., (2023) emphasizes confidence as an expression of customer trust and satisfaction in financial services.

These definitions differ in important ways. Some authors (Oliver, 1997; Kotler & Keller, 2022) focus on satisfaction as a psychological evaluation; others (Zeithaml et al., 2020) view it as a cumulative, long-term assessment; while Expectancy Value Theory–based scholars (Fishbein & Ajzen, 1975; Mahmoud et al., 2018) extend satisfaction into behavioral outcomes that signal customer–organization relationship strength. Their operationalizations also vary, with some using expectation–performance comparisons, others using single global satisfaction scores, and others using behavioral measures such as retention, loyalty, and confidence.

For this study, customer satisfaction was conceptualized through the Expectancy Value Theory (Fishbein & Ajzen, 1975) as a multidimensional behavioral construct. In this regard, customer satisfaction in this study was defined as a positive evaluation that arises when the perceived performance of a service aligns with or exceeds the customer's expected benefits and the value attached to those benefits (Hallencreutz & Parmler, 2021). This definition was adopted for three reasons. First, it aligns with the study context, where M-PESA agents are ongoing clients of commercial banks and satisfaction is expressed through continued engagement, complaints, or trust-behaviors better captured by EVT than by single emotional evaluations. Second, EVT's behavioral indicators, retention, repurchase intention, recommendation, complaint behavior, and confidence (de Oliveira et al., 2023; Mahmoud et al., 2018; Phabmixay et al., 2021), reflect how agents respond to the quality of banking services that directly influence their operations. Third, the multidimensional nature of EVT supports robust quantitative measurement consistent with the study's positivist and descriptive research design. Accordingly, this study operationalized customer satisfaction using three behavioral indicators adopted from the integrative framework of Janahi and Al Mubarak (2017), who synthesized key satisfaction outcomes in service settings: customer retention, recommendation, and complaint behavior. This operationalization provides a

behaviorally-anchored measure that is directly applicable to the ongoing, high-stakes relationship between M-PESA agents and their banks.

1.1.3 M-PESA Agents In Nairobi County

Safaricom, Kenya's largest telecommunications provider, was founded in 1997 as a joint venture between Telkom Kenya and Vodafone Group. Initially established to provide mobile communication services, the company soon evolved into a dominant force in Kenya's digital economy (Jelassi & Martínez-López, 2020). The turning point for Safaricom came in 2007 with the launch of M-PESA, a mobile money service developed in partnership with Vodafone and the UK's Department for International Development (DFID) as a solution for microfinance loan repayments (Hughes & Lonie, 2007). While initially designed to facilitate small loan transactions, M-PESA rapidly expanded beyond its pilot objectives, becoming a platform for peer-to-peer money transfers, bill payments, and later a comprehensive suite of financial services including savings, credit, merchant payments, and international remittances (Kingiri & Fu, 2020; Mbiti & Weil, 2016).

M-PESA's success is globally recognized as one of the most significant financial innovations of the 21st century. It has been credited with driving financial inclusion, reducing transaction costs, and enabling millions of Kenyans to participate in formal financial systems. By 2024, M-PESA had more than 32 million active customers in Kenya, contributing over 99.9 billion Kenyan shillings to Safaricom's service revenue (Safaricom, 2025). Scholars such as Mas and Radcliffe (2011) and Kingiri and Fu (2020) emphasize that M-PESA has redefined financial accessibility by offering services that transcend traditional banking, especially in regions with low banking penetration.

A critical factor behind this success is the extensive agent network that underpins the M-PESA system. Agents are the operational backbone of mobile money, functioning as the interface between digital money and physical cash. They enable customers to deposit and withdraw funds, purchase airtime, and access Safaricom's broader ecosystem of services (Kimenyi & Ndung'u, 2009). According to Safaricom's 2024 Annual Report, Kenya has 298,890 registered M-PESA agents distributed across rural and urban areas. These agents ensure that even in remote areas,

customers can seamlessly convert digital balances into cash, thus maintaining the trust and usability of the platform (Safaricom, 2025).

Nairobi County hosts approximately 83,845 agents, accounting for 32 percent of the national total (Safaricom, 2025). This concentration reflects Nairobi's role as Kenya's economic hub, with high population density, vibrant commerce, and elevated financial activity. Nairobi-based agents face particularly demanding operational conditions due to high transaction volumes, constant liquidity needs, and heightened customer expectations. As Burns (2015) notes, agents in Nairobi often report operational challenges such as float shortages, system downtimes, and limited responsiveness from supporting institutions, which directly influence their satisfaction and efficiency.

Academic literature consistently highlights the centrality of agents in sustaining M-PESA's dominance. Kingiri and Fu (2020) demonstrated that M-PESA agents accelerated adoption by building customer trust in digital money through localized and reliable service. Later research by Eijkman et al. (2009) found that agents' ability to maintain adequate float liquidity and provide timely services was directly linked to customer satisfaction and repeat usage. More recently, Ndung'u (2018) argued that agents are not just service facilitators but strategic stakeholders whose satisfaction with service quality, reliability, and responsiveness determines the stability of the entire ecosystem.

Comparative studies further underscore the unique role of M-PESA agents in Kenya's financial ecosystem. In South Asia, for example, mobile money platforms such as bKash in Bangladesh and Easypaisa in Pakistan rely on similar agent models, but issues of inconsistent liquidity management and weaker institutional support have limited their efficiency (Davidson & Leishman, 2010; Noor et al., 2026). In contrast, Kenya's agent network has been better integrated, partly due to Safaricom's strategic support and continuous investment in agent relationships. In Africa, countries such as Tanzania and Ghana have replicated the agent-led model, but adoption and agent sustainability remain uneven, reinforcing the uniqueness of Kenya's success (Aker & Mbiti, 2010; Asongu & Odhiambo, 2019).

The Nairobi context is particularly relevant because of its high density of agents and customers, which creates unique operational pressures not experienced in smaller towns or rural areas. Agents

in Nairobi must balance rapid customer service with efficient float management while navigating system downtimes and banking-related challenges (Kalei, 2021). Given their critical role in the delivery of M-PESA services, understanding the factors that shape their satisfaction is essential.

From this perspective, this study situated M-PESA agents not merely as distribution points but as partners of Safaricom and the financial institutions they depend on for liquidity and operational support key among these being commercial banks. Their experiences of service quality, measured through responsiveness, reliability, assurance, empathy, and tangibles, directly affect their satisfaction, operational sustainability, and willingness to continue engaging in the M-PESA ecosystem. Focusing on Nairobi-based agents provided a strategic lens through which to assess how service quality influences customer satisfaction in a high-demand, high-competition urban market.

1.2 Problem Statement

M-PESA agents are a critical component of Kenya's financial inclusion infrastructure because they provide the interface between digital financial services and cash-based transactions. To perform this role effectively, agents rely heavily on commercial banks for float replenishment, liquidity support, transaction processing, and resolution of operational challenges. Consequently, the quality of services provided by banks directly affects agents' ability to serve customers efficiently and sustain their businesses.

Despite significant investments by commercial banks in digital banking infrastructure and customer service improvement initiatives, operational challenges such as delayed float replenishment, transaction failures, prolonged system downtimes, and inadequate support continue to affect many M-PESA agents (Kalei, 2021). These challenges can disrupt agent operations, reduce transaction volumes, increase customer waiting times, and ultimately weaken confidence in mobile financial services. Beyond individual agents, dissatisfaction among agents may undermine the efficiency of the wider financial inclusion ecosystem and negatively affect the performance of both commercial banks and mobile money platforms.

Although the relationship between service quality and customer satisfaction has been extensively studied, existing research has largely focused on retail banking customers, hospitality clients, healthcare users, telecommunications subscribers, and end-users of mobile financial services

(Janahi & Al Mubarak, 2017; Gong & Yi, 2018; Mutinda, 2020). As a result, M-PESA agents have primarily been examined as service providers rather than as customers of commercial banks. This overlooks a unique business-to-business service relationship in which satisfaction is shaped not only by interpersonal service encounters but also by operational support factors such as liquidity management, float availability, transaction continuity, and system reliability.

In addition, existing studies reveal conceptual inconsistencies in the measurement of service quality, contextual limitations arising from non-agency banking settings, and methodological concentration on generalized customer populations. For example, studies have operationalized service quality using different models and dimensions, thereby limiting comparability across findings (Janahi & Al Mubarak, 2017; Gong & Yi, 2018). Similarly, much of the existing evidence has been generated from retail banking, hospitality, healthcare, telecommunications, and other service sectors outside the agency banking environment (Ampaw et al., 2020; Mutinda, 2020; Shava, 2021). Methodologically, many studies have relied on cross-sectional designs and geographically concentrated samples, limiting the contextual applicability of their findings to Kenya's agency banking ecosystem (Gong & Yi, 2018; Hallencreutz & Parmler, 2021). Consequently, there remains insufficient context-specific evidence on how reliability, responsiveness, assurance, empathy, and tangibles influence customer satisfaction among M-PESA agents operating within Kenya's agency banking environment. This study therefore sought to address this gap by examining the effect of service quality dimensions on customer satisfaction among M-PESA agents in Nairobi County, Kenya.

1.3 Objectives

This study aimed to achieve one general objective and five specific objectives. These are addressed below.

1.3.1 General Objective

The general objective of this study was to assess the effect of service quality of banking services on customer satisfaction among M-PESA agents in Nairobi County, Kenya.

1.3.2 Specific Objectives

The specific objectives of this study were:

i. To determine the effect of the reliability on the customer satisfaction among M-PESA agents in Nairobi County, Kenya.
ii. To determine the influence of responsiveness on the customer satisfaction among M-PESA agents in Nairobi County, Kenya.
iii. To determine the effect of empathy on the customer satisfaction among M-PESA agents in Nairobi County, Kenya.
iv. To determine the effect of assurance on the customer satisfaction among M-PESA agents in Nairobi County, Kenya.
v. To determine the effect of tangibles on the customer satisfaction among M-PESA agents in Nairobi County, Kenya.

1.4 Research Questions

i. What is the effect of the reliability on the customer satisfaction among M-PESA agents in Nairobi County, Kenya?
ii. What is the influence of responsiveness on customer satisfaction among M-PESA agents in Nairobi County, Kenya?
iii. What is the effect of empathy on the customer satisfaction among M-PESA agents in Nairobi County, Kenya?
iv. What is the effect of assurance on the customer satisfaction among M-PESA agents in Nairobi County, Kenya?
v. What is the effect of tangibles on customer satisfaction among M-PESA agents in Nairobi County, Kenya?

1.5 Scope of the study

The conceptual scope of the study was limited to service quality dimensions namely reliability, responsiveness, assurance, empathy, and tangibles as conceptualized under the SERVQUAL model (Parasuraman, Zeithaml, & Berry, 1988), and customer satisfaction as informed by the Expectancy-Value Theory (Fishbein & Ajzen, 1975). The study examined the effect of these service quality dimensions on customer satisfaction among M-PESA agents.

Geographically, the study was conducted in Nairobi County, Kenya, which hosts the largest concentration of M-PESA agents in the country. Nairobi was selected because of its high

transaction volumes, intensive agent-bank interactions, and strategic importance within Kenya's mobile financial services ecosystem. However, because Nairobi is predominantly urban, the findings may not fully reflect service quality experiences of agents operating in rural or less densely populated regions where operational conditions, infrastructure availability, and customer transaction patterns may differ.

Methodologically, the study adopted a quantitative cross-sectional research design and collected primary data using structured questionnaires administered to M-PESA agents. The study focused on data collected during the designated fieldwork period in March 2025.

1.6 Significance of the study

The researcher anticipated that the findings of this study may be valuable to several key stakeholders, particularly among policy makers, industry players and academia.

1.6.1 Policy Makers

The study provided important insights for policymakers and regulators, including the Central Bank of Kenya (CBK) and other financial sector oversight bodies. Understanding the quality of service that commercial banks provide to M-PESA agents will help these institutions identify policy gaps and implement frameworks that promote efficient, responsive, and inclusive agent banking. The findings can guide the development of regulatory standards that ensure M-PESA agents who form a critical part of the financial inclusion infrastructure receive timely and professional banking support to sustain their operations.

1.6.2 Practitioners

The study was also beneficial to managers of commercial banks, especially those in charge of agency banking departments and operational support. By identifying specific service quality dimensions such as reliability, responsiveness, assurance, empathy, and tangibles that influence M-PESA agents' satisfaction, bank managers can redesign internal processes to better meet agent needs. Improving service delivery to agents will not only enhance agent satisfaction and loyalty but also reduce transactional delays and reputational risk for banks.

For M-PESA agents themselves, this study highlighted their often-overlooked role as bank customers and provides a platform for their concerns to be acknowledged and addressed. The results can empower agents to better understand the standards they should expect from commercial banks and advocate for improved service delivery where gaps exist.

1.6.3 Academicians

Academically, the study contributed to the limited empirical literature on the relationship between service quality and customer satisfaction in the context of agent banking. While most studies focus on agents as service intermediaries, this research repositions them as clients filling a gap in the understanding of their experiences and satisfaction as bank customers. The findings support future scholarly work and serve as a reference point for researchers studying agent banking, customer experience, and financial service delivery in Kenya and comparable contexts.

1.7 Chapter Summary

This chapter presents the background, the problem statement, the general and specific objectives as well as the research questions. The chapter also presents the scope and the significance of the study.

VT OMNES VNVM SINT

CHAPTER TWO

LITERATURE REVIEW

2.1. Introduction

This chapter presents a detailed review of empirical and theoretical literature on the study area of service quality and customer satisfaction. It begins by outlining the theoretical review, which consists of the SERVQUAL model and the Expectancy-Value Theory. The chapter also critically examines existing knowledge on the service quality and customer satisfaction in order to outline the knowledge gaps. Lastly, it presents a conceptual framework and the operationalization of the study variables.

2.2. Theoretical Review

This section reviews the theories underpinning the study. The SERVQUAL Model anchors the independent variable (service quality), while the Expectancy-Value Theory informs the dependent variable (customer satisfaction). Together, the theories provide a framework for understanding how perceptions of service quality influence customer satisfaction among M-PESA agents.

2.2.1 SERVQUAL Model

The SERVQUAL Model was postulated by Parasuraman, Zeithaml, and Berry (1988). The model emphasizes that service quality is the gap between customers' expectations of service and their perceptions of the actual service delivered (Parasuraman et al., 1988). It identifies five dimensions of service quality: tangibility, reliability, responsiveness, assurance, and empathy which jointly determine customer satisfaction. The theory highlights that customers are not passive recipients but active evaluators who continuously assess services against what they expect, making perceived quality a critical driver of satisfaction.

Although the SERVQUAL model conceptualizes reliability, responsiveness, assurance, empathy, and tangibles as distinct dimensions of service quality, scholars have noted that these dimensions may exhibit conceptual interdependence in practical service environments (Buttle, 1996; Brady & Cronin, 2001). For instance, prompt responsiveness may enhance perceptions of empathy, while assurance may be reinforced through reliable and responsive service delivery. This overlap is

particularly likely in relationship-based service contexts such as agency banking, where customer evaluations are formed through integrated service experiences rather than isolated service attributes. However, despite this interrelatedness, the dimensions remain analytically distinct because each captures a unique aspect of service quality. Consistent with prior SERVQUAL-based studies, the present study examined the dimensions separately in order to determine the specific contribution of each dimension to customer satisfaction among M-PESA agents.

A major strength of SERVQUAL is its multidimensional approach, which allows organizations to identify specific areas of strength and weakness in service delivery (Zeithaml et al., 1990). This makes it highly practical for industries such as banking, where customer interactions are frequent and multi-layered. However, the model has been criticized for its one-size-fits-all structure, with scholars arguing that service quality dimensions may vary across industries and cultures (Buttle, 1996). Additionally, it assumes customers can clearly differentiate between expectations and perceptions, which may not always hold true in real-world contexts.

A further criticism relates to the model's assumption that service quality dimensions remain stable across different service environments. In practice, the relative importance of reliability, responsiveness, assurance, empathy, and tangibles may vary considerably depending on industry characteristics and customer roles (Dauda & Lee, 2016). This limitation is particularly relevant in agency banking, where customers simultaneously function as business operators whose service evaluations are influenced by operational dependencies such as liquidity management and transaction continuity. Consequently, direct application of SERVQUAL without contextual adaptation may overlook critical service attributes unique to agent banking environments.

The model has been widely applied in recent studies. For instance, Alzaydi and Elsharnouby, (2023) used it to demonstrate that service quality strongly influences customer loyalty in the banking sector. Similarly, Mwiya et al. (2022) applied SERVQUAL in digital banking and confirmed its relevance in evaluating electronic service delivery, while Wang and Zhou (2023) showed its applicability in mobile financial services in emerging markets. These applications underscore SERVQUAL's enduring utility across service-intensive industries, including financial intermediation.

Despite its widespread application, the SERVQUAL model has been criticized for assuming that service quality dimensions are universally applicable across all service environments without sufficient contextual adaptation (Buttle, 1996). In particular, the model was originally developed within traditional consumer service settings and may not fully capture the operational realities of hybrid financial ecosystems such as agency banking. In the context of M-PESA agents, service quality extends beyond conventional customer service interactions to include operational support functions such as float management, liquidity availability, transaction reconciliation, and support during system downtimes.

To address this contextual limitation, the current study adapted the SERVQUAL dimensions to reflect the unique business-to-business relationship between commercial banks and M-PESA agents. For example, reliability was examined in terms of float replenishment accuracy and dependability of transaction processing, responsiveness incorporated resolution of operational disruptions and support accessibility, while empathy emphasized flexibility in addressing agents' liquidity and operational challenges. Consequently, the study did not apply SERVQUAL as a generic retail banking model but contextualized its dimensions to reflect the realities of agent banking within Kenya's mobile financial services ecosystem. Accordingly, the study's contribution lies not in developing a new service quality model, but in extending and contextualizing the SERVQUAL framework within an underexplored B2B agency banking environment.

In the Kenyan context, SERVQUAL is particularly relevant to M-PESA agents, who depend on commercial banks for float provision, liquidity management, and dispute resolution. The five dimensions translate directly to this context: tangibles such as reliable banking infrastructure, reliability in float availability, responsiveness in resolving downtime, assurance in transaction security, and empathy in handling agent-specific challenges (Hughes & Lonie, 2007). Therefore, the SERVQUAL Model anchored the independent variable of this study on service quality by offering a structured way to assess how service quality dimensions shape customer satisfaction among M-PESA agents.

The need for contextual adaptation is particularly evident when applying SERVQUAL within agency banking environments. In conventional banking settings, reliability is typically assessed in terms of accurate transaction processing, whereas for M-PESA agents it extends to float availability and continuity of transactions (Mbiti & Weil, 2015). Similarly, responsiveness in

traditional banking often focuses on the speed of customer service responses, but within agency banking it encompasses timely resolution of liquidity shortages, float-related challenges, and system downtimes. Assurance, which is commonly associated with staff competence and professionalism, must also incorporate transaction security and confidence in banking systems due to the high-value financial transactions undertaken by agents (Kingiri & Fu, 2020). Empathy extends beyond personalized service to include flexibility in addressing agents' liquidity constraints and operational challenges, while tangibles encompass not only physical facilities and equipment but also the reliability and functionality of banking infrastructure and transaction support systems (Hughes & Lonie, 2007). Consequently, although the SERVQUAL dimensions remain relevant, their operational meaning within the M-PESA agent–bank relationship differs from that of conventional retail banking, thereby necessitating contextual adaptation to reflect the realities of Kenya's agency banking ecosystem.

2.2.2. Expectancy Value Theory

The Expectancy-Value Theory (EVT) was advanced by Martin Fishbein and Icek Ajzen (1975) to explain how individuals form attitudes and behavioral intentions toward an object or service based on their expectations and the value they attach to specific attributes. The theory postulates that people evaluate an object or experience by multiplying the expectancy (belief) about the likelihood that the object possesses a given attribute by the value (importance) they assign to that attribute. The overall attitude, and consequently satisfaction, results from the sum of these expectancy–value products across all salient attributes. In service contexts, satisfaction emerges when the perceived performance of a service aligns with or exceeds customers' expectations regarding key attributes they value, such as reliability, responsiveness, and professionalism (Fishbein & Ajzen, 1975).

A major strength of the Expectancy-Value Theory is its predictive clarity and empirical robustness in explaining how expectations shape attitudes and satisfaction across different service sectors. It provides a logical foundation for measuring satisfaction through cognitive comparisons between expectation and performance and offers quantifiable indicators that can predict behavioral intentions such as repurchase or recommendation (Wang & Zhou, 2023). However, the theory has notable limitations. It assumes that individuals always make rational evaluations of expectancy and value, overlooking emotional or situational influences that may also affect satisfaction. In addition, the model treats expectations as static, whereas in real service interactions they may

evolve over time through repeated experiences. Despite these weaknesses, EVT remains a widely accepted theoretical lens in service quality and satisfaction research due to its explanatory power and operational simplicity (Naini et al., 2022).

Several empirical studies have applied the Expectancy-Value Theory to investigate customer satisfaction in various service domains. Wang and Zhou (2023) used the theory to examine satisfaction in digital banking, finding that perceived service performance exceeding expectations led to greater loyalty and recommendation intentions. Jahan and Shahria (2021) applied the theory to mobile financial services in Bangladesh and found that responsiveness and assurance strongly influenced satisfaction through expectation–performance alignment. Similarly, Pattanayak et al. (2017) employed EVT in assessing e-banking satisfaction in India, demonstrating that reliability and empathy were key determinants of customer loyalty when expectations were met. These studies confirm the relevance of EVT in explaining satisfaction within technology-driven financial services.

Applied to this study, the Expectancy-Value Theory informed the conceptualization of customer satisfaction among M-PESA agents by explaining how satisfaction develops from the congruence between expected and perceived service performance (Naini et al., 2022). M-PESA agents value attributes such as reliable float provision, timely responsiveness, professionalism, and empathetic support from commercial banks. When these expectations are met or exceeded, agents form positive evaluations that manifest in behavioral outcomes such as retention, repurchase intention, recommendation, reduced complaint behavior, and enhanced confidence (Hughes & Lonie, 2007). Thus, EVT provided the cognitive foundation for understanding how service quality dimensions translate into satisfaction among M-PESA agents as customers of banks in Nairobi County.

The integration of SERVQUAL and Expectancy-Value Theory provides a theoretically coherent explanation of customer satisfaction. SERVQUAL identifies the service quality attributes that M-PESA agents evaluate when interacting with commercial banks, while Expectancy-Value Theory explains the cognitive mechanism through which those evaluations influence satisfaction. In this regard, reliability, responsiveness, assurance, empathy, and tangibles represent the salient service attributes whose perceived performance is assessed by agents (Kalei, 2021). Satisfaction occurs when performance on these attributes meets or exceeds expectations and the value attached to them. The two theories therefore operate sequentially rather than independently: SERVQUAL

specifies the evaluation criteria, while Expectancy-Value Theory explains the satisfaction outcome arising from those evaluations.

2.3. Empirical review

This section provides the empirical studies mapped against the study objectives.

2.3.1. Reliability of Services and Customer Satisfaction

Reliability refers to the ability of a service provider to deliver promised services dependably and accurately (Parasuraman et al., 1988). Reliability has long been recognized as a vital component of service quality and a critical determinant of customer satisfaction. It is generally conceptualized as the ability to perform promised services dependably and accurately, encompassing timeliness, consistency, and accuracy in service delivery. In banking, this includes consistent performance, accuracy in transactions, and dependable float provision to agents (Raza et al., 2020). Empirical studies reveal a strong consensus on its importance; however, significant controversies and gaps exist regarding its conceptualization, operationalization, and contextual relevance, particularly when applied to agency banking in emerging economies.

A synthesis of previous research highlights a consistent finding: reliability exerts a strong positive influence on satisfaction. Studies in European retail banking (Šević et al., 2022), U.S. commercial banking (Allred & King, 2026), and Bangladeshi banking (Yesmin et al., 2023) all confirm reliability as a primary or among the strongest predictors. This consistency extends beyond finance to sectors like airlines (Siqueira et al., 2023) and hospitality (Deb, 2025), underscoring its universal valence. However, key controversies and variations emerge in how reliability is defined and what aspects are emphasized. In technologically advanced contexts, reliability is often equated with system uptime and digital platform stability (Bekiris, 2022). In contrast, studies in developing markets or those focusing on face-to-face services emphasize transactional accuracy and consistency of human-assisted delivery (Kalei, 2021). This divergence points to a critical conceptual gap: a lack of an integrated operationalization that captures the multifaceted nature of reliability, encompassing accuracy, timeliness, and dependability, required in hybrid service environments like agency banking.

Furthermore, analysis revealed a pronounced contextual gap. The majority of influential studies are situated in developed economies with mature financial infrastructure, such as Serbia (Šević et al., 2022), Spain (Monferrer-Tirado et al., 2016), USA (Allred & King, 2026), Finland (Deb, 2025) or in non-financial sectors such as airlines and hospitality (Siqueira et al., 2023; Deb, 2025). Their focus has predominantly been on end-user customers in retail banking or other industries. Even studies within emerging economies like Nigeria, Bangladesh, and Brazil primarily examined individual consumers or specific demographics rather than institutional clients like mobile money agents (Yesmin et al., 2023). This creates a significant void in understanding reliability from the perspective of M-PESA agents as business customers, whose operational continuity depends critically on banks' reliable provision of liquidity (float), timely transaction processing, and dependable support systems, which is a context characterized by high-volume, cash-intensive, and liquidity-sensitive operations not fully mirrored in previous study contexts.

The few studies within Kenya that touch on related themes further illustrate both the importance of reliability and the limitations of existing evidence. For instance, Nyabundi et al. (2021) found that service consistency positively influenced satisfaction among microfinance clients, while Bita, (2024) established that reliability significantly influenced customer satisfaction within the retail banking sector. Kalei (2021) came closest to the current study by highlighting the importance of float reliability and system uptime among M-PESA agents. Similarly, Njoki (2021) reported that transaction accuracy significantly enhanced customer trust within the insurance sector, while Kipkemboi and Yin (2023) found that dependable digital transaction processing positively influenced customer satisfaction in financial services. Collectively, these studies reinforce the importance of reliability within Kenya’s financial services sector, although most focus on end-users rather than intermediary agents operating within hybrid banking ecosystems.

Despite this general consensus, inconsistencies remain in the literature. While many studies identify reliability as the strongest predictor of satisfaction, Kaur et al. (2021) found that responsiveness exerted a greater influence than reliability among users of digital financial services. Such differences suggest that the importance of reliability may vary depending on service context, customer expectations, transaction risk, and the extent of operational dependence on service providers.

Methodologically, most reviewed studies relied on cross-sectional survey designs and self-reported customer perceptions, limiting their ability to establish causal relationships. In addition, many studies were conducted within single institutions or geographical locations, creating potential sample bias and limiting generalizability. Furthermore, reliability was frequently measured using broad indicators of service consistency without decomposing the construct into its constituent dimensions of accuracy, timeliness, and dependability. Consequently, existing evidence provides limited insight into how the multidimensional nature of reliability influences satisfaction among M-PESA agents whose operations depend on continuous liquidity availability, transaction continuity, and dependable banking support systems.

Therefore, this study was designed to directly address these identified conceptual and contextual gaps. Conceptually, it adopted and tested a comprehensive, tripartite operationalization of reliability, encompassing accuracy of transactions, timeliness of service delivery, and dependability of services, as derived from the foundational SERVQUAL framework (Parasuraman et al., 1988). This moves beyond the narrow, context-specific definitions prevalent in the literature. Contextually, it uniquely focused on M-PESA agents as the unit of analysis, explicitly positioning them as commercial banking clients within the high-intensity environment of Nairobi County. By doing so, the study generated evidence on which specific facets of reliability are most critical to satisfaction in this underserved but vital segment, filling the empirical void left by studies focused on end-users or conducted in dissimilar environments. The justification for this focused inquiry is clear: without understanding the reliability drivers for agents, who form the backbone of Kenya's digital financial ecosystem, interventions to enhance agent satisfaction and ecosystem stability will lack precision and empirical grounding.

2.3.2. Responsiveness and Customer Satisfaction

Responsiveness, defined as the willingness and speed with which service staff assist customers and resolve issues (Vidani, 2024), is consistently identified in the literature as a core driver of customer satisfaction across diverse sectors and geographic contexts. Responsiveness captures the willingness and speed with which service staff assist customers and resolve issues such as the timeliness of resolving agent float shortages or system downtimes. A critical synthesis of empirical studies reveals a strong consensus on its importance but also exposes significant controversies

regarding its conceptual breadth and the contextual relevance of existing findings for hybrid service models like Kenya's agency banking.

The consistency in findings is clear with studies from digital banking in retail banking in Bangladesh (Yesmin et al., 2023) and Ghana (Omoregie et al., 2019) all affirming that prompt attention and swift complaint handling significantly enhance customer satisfaction. This pattern holds true even in non-financial sectors, such as airlines, where timely updates and rebooking are paramount (Siqueira et al., 2023). However, a major controversy and conceptual gap lie in the narrow operationalization of responsiveness. The predominant focus across these studies is almost exclusively on speed and timeliness in terms of response time, complaint handling duration, or queue management (Allred & King, 2026). This emphasis overlooks other critical dimensions intrinsic to the SERVQUAL construct, such as the willingness to help, the accuracy and completeness of the resolution provided, and the proactivity of service support. For instance, studies in digital environments often measure responsiveness as system or chat reply speed, neglecting the human element of helpfulness (Šević et al., 2022). This creates an incomplete picture since for business clients like M-PESA agents, a fast but inaccurate or unhelpful response can be more detrimental to satisfaction than a slower, more thorough one.

Furthermore, an analysis of the existing literature highlights a pronounced contextual gap. The focus of previous studies has largely been on one of two domains, which include end-user customers in traditional or digital retail banking in developed economies such as USA (Allred & King, 2026, Spain (Monferrer-Tirado et al., 2016), and China (Kim et al., 2024) and service delivery in non-financial, low-stakes industries such as airlines (Siqueira et al., 2023). These contexts are characterized by either high digital maturity, stable infrastructure, or transactions lacking the immediate liquidity implications critical to agency banking. For example, research in Spain and the U.S. examines digitally-oriented customers (Allred & King, 2026; Monferrer-Tirado et al., 2016). Even studies within Africa, such as in Ghana and Nigeria, concentrate on conventional retail banking customers rather than on agents as institutional clients interfacing with banks for operational survival (Omoregie et al., 2019).

This contextual mismatch renders existing findings of limited transferability to the Kenyan M-PESA agent ecosystem. In this respect, responsiveness is not merely about quick answers but about accurate and dependable solutions to liquidity crises, timely float replenishment, and effective

support during system downtimes. These needs that are acute, financially consequential, and require a blend of digital and interpersonal service channels.

Kenyan studies similarly highlight the importance of responsiveness in shaping customer satisfaction. Mugambi and Imaita (2022) found that timely service delivery positively influenced customer perceptions of banking services, while Bita (2024) reported that prompt resolution of customer concerns significantly enhanced satisfaction levels among bank customers. Similarly, Muraru and Mwanzia (2022) established that prompt complaint resolution improved customer satisfaction in commercial banking institutions, while Mulili (2024) found that accessibility of support staff and timely feedback positively influenced customer experiences in digital financial services. These findings collectively demonstrate the relevance of responsiveness within Kenya's financial services environment.

However, the literature does not present entirely consistent findings. Whereas many studies identify responsiveness as a major determinant of satisfaction, Kim et al., (2024)) found assurance and reliability to be stronger predictors of customer satisfaction among fintech service users. Such inconsistencies suggest that responsiveness may not operate uniformly across service environments and may be influenced by factors such as service complexity, customer expectations, and the availability of alternative support channels.

Methodologically, many studies investigating responsiveness rely on convenience or purposive samples drawn from accessible customer groups, increasing the risk of sample bias. In addition, responsiveness is often operationalized as response speed alone, overlooking dimensions such as willingness to assist, quality of support provided, and effectiveness of problem resolution. The predominance of cross-sectional research designs further limits understanding of how responsiveness influences customer satisfaction over time, particularly during periods of operational stress or service disruption. These limitations create uncertainty regarding the applicability of existing findings to M-PESA agents who require both timely and effective operational support from commercial banks.

Therefore, this study was needed to fill these interconnected conceptual and contextual gaps. Conceptually, it adopted and tested a comprehensive, multi-dimensional operationalization of responsiveness, encompassing prompt handling of requests, speed of complaint resolution, and the

availability and willingness of support staff, as derived from the full SERVQUAL framework (Parasuraman et al., 1988). This moves beyond the prevalent reduction of responsiveness to mere speed. Contextually and in terms of focus, the study uniquely targets M-PESA agents as business-to-business (B2B) customers of commercial banks within the high-pressure, hybrid-service environment of Nairobi County. By investigating which dimensions of responsiveness are most salient for this specific stakeholder group, the research generated insights that are directly applicable to improving service delivery in Kenya's flagship financial inclusion platform. The justification for this study was evident in terms of enhancing the agent-bank relationship through a precise understanding of responsiveness is essential for reducing operational friction, which ensures liquidity flow, and sustains the overall health of an ecosystem.

2.3.3. Empathy and Customer Satisfaction

Empathy, defined as the service provider's ability to understand and respond to customers' individual needs, presents a complex and sometimes contradictory relationship with customer satisfaction in the extant literature (Raza et al., 2020). Empathy involves provision of caring, personalized attention, such as understanding an agent's unique liquidity needs or business constraints (Vidani, 2024). A critical synthesis reveals a general consistency regarding its positive valence, yet significant controversies and gaps emerge concerning its conceptual depth, operationalization, and contextual salience, particularly when applied to the business-to-business (B2B) dynamics of agency banking.

The literature demonstrates a consistent finding that empathetic service delivery positively influences customer satisfaction and relational outcomes such as trust and loyalty. This holds true across diverse contexts including commercial banking in Pakistan, Indonesia and Ghana (Raza et al., 2023; Putra et al., 2022; Narteh, 2018). Notably, some studies, such as that by Palese and Usai (2018), even rank empathy as the most influential SERVQUAL dimension. However, this apparent consensus masks a significant conceptual controversy and gap. A prevalent trend across these studies is the reduction of empathy to superficial, easily observable behaviors such as general friendliness, politeness, and courteous communication tone (Ampaw et al., 2020; Mazikana, 2020). This operationalization neglects the deeper, more substantive dimensions of empathy embedded in the SERVQUAL framework: personalized customer attention, a genuine understanding of unique client circumstances, and flexibility in service provision. For instance, research in digital

banking environments often equates empathy with responsive chat etiquette (Kaur et al., 2021), while studies in various national contexts conflate it with staff availability or helpful demeanor (Nguyen et al., 2021). This conceptual narrowing is problematic, as for M-PESA agents, whose business viability hinges on operational support, empathy must translate beyond courtesy into actionable understanding and adaptive solutions for liquidity crunches or system failures.

Furthermore, the review of the literature uncovered contextual and focal gaps. The focus of the vast majority of previous studies is squarely on business-to-consumer (B2C) relationships, primarily examining end-user customers in retail banking across developed nations, such as USA (Kaufman & Hwang, 2015) or urban centers in emerging economies such as Vietnam (Nguyen et al., 2021). This body of research is also characterized by contexts with either mature digital infrastructure, formalized grievance procedures, or service interactions that are less frequent and financially consequential than daily cash management. Consequently, the empathy required in these settings, often about polite advice or handling complaints, differs fundamentally from the empathy needed in Kenya's agency banking ecosystem. Here, empathy is operationalized as the bank's proactive understanding of an agent's cash-flow cycle, flexibility in float management during peak hours, and personalized attention to business-threatening disruptions.

This contextual disparity is highlighted by the limited number of Kenyan studies. While Muli and Mwirigi (2018) and Onuonga et al. (2025) examined empathy within banking environments, their studies maintained a business-to-consumer focus on retail customers and did not adequately capture the hybrid service environment of agency banking. Bita (2024) represents a step toward addressing this context but still analyzed empathy in a limited manner without decomposing it into its core SERVQUAL dimensions. Additional Kenyan evidence from related financial sectors also supports the importance of empathy. For instance, Karume et al. (2025) found that personalized attention significantly enhanced customer loyalty within healthcare settings, while Oruko (2019) established that customer-specific support improved satisfaction in SACCO account holders.

Nevertheless, findings concerning empathy are not always consistent. While studies such as Palese and Usai (2018) identify empathy as one of the strongest predictors of customer satisfaction, other studies report relatively weak or insignificant effects when compared with reliability and assurance. For example, Agustian et al. (2023) found that operational efficiency exerted a stronger influence on customer satisfaction than personalized attention within digital financial services.

These contrasting findings suggest that the influence of empathy may depend on service context, customer expectations, and the nature of customer-provider interactions.

Methodologically, most studies rely on self-administered questionnaires that may not adequately capture the complexity of empathetic service interactions. Furthermore, empathy is frequently measured using broad indicators such as friendliness and courtesy while neglecting deeper dimensions such as understanding unique customer circumstances and flexibility in service provision. The concentration of studies within retail banking and consumer-oriented services also limits transferability to agency banking contexts where service relationships are shaped by operational dependence and business continuity concerns. Consequently, further investigation is required to understand how empathy influences satisfaction among M-PESA agents as business customers of commercial banks.

Therefore, this study was justified and designed to address these identified conceptual and contextual deficiencies. Conceptually, the study applied the SERVQUAL model to operationalize empathy as a tripartite construct comprising personalized attention, understanding of customer needs, and flexibility in service provision. This approach examines the depth of the construct, moving decisively beyond the superficial measures of courtesy prevalent in the literature. Contextually and in terms of focus, the research zeroed in on the unique principal-agent relationship between commercial banks and M-PESA agents in Nairobi County, treating agents as business clients. By investigating how these deeper dimensions of empathy drive satisfaction in this specific, high-pressure operational context, the study generated insights that are directly transferable to policy and practice. The need for this focused inquiry was clear: fostering empathetic bank-agent relationships is not merely a soft-skills issue but a strategic imperative for ensuring the liquidity, resilience, and ultimate sustainability of Kenya's pioneering financial inclusion infrastructure.

2.3.4. Assurance and Customer Satisfaction

Assurance, defined as the confidence instilled in customers through a service provider's professionalism, security, and trustworthiness (Raza et al., 2020), is a well-established dimension of service quality. A critical synthesis of the literature reveals a consistent affirmation of its positive role in driving satisfaction, yet it also exposes a significant bifurcation in its conceptualization and

a pronounced contextual mismatch when considering the specific needs of M-PESA agents as banking clients.

The consistency in findings is evident across diverse geographical and sectoral landscapes. Studies confirm that assurance enhances customer confidence and satisfaction, whether in the retail banking sectors of Canada (Omoregie et al., 2020), Bangladesh (Saha and Kabir, 2021), or within the digital banking environments of China (Kim et al., 2024)). However, this surface-level agreement obscures a fundamental conceptual controversy and gap. The literature diverges sharply into two distinct streams of operationalization. One stream, often prevalent in studies of digital and technologically advanced contexts, narrowly defines assurance as technical and system reliability, data security, and platform integrity (Alzaydi, 2023). The other stream, more common in studies of traditional or interpersonal service settings, focuses on human-centric elements such as staff competence, knowledge, and courteous behavior (Omoregie et al., 2020; Mugambi & Imaita, 2022). There are scant studies that integrate these technical and interpersonal facets into a holistic construct as originally posited by Parasuraman et al. (1988). This creates a fragmented understanding, and leaves a gap regarding how systemic security and interpersonal trustworthiness jointly function to build the comprehensive assurance required by clients like M-PESA agents, for whom both digital transaction safety and the competence/courtesy of a relationship manager are critically intertwined.

This conceptual shortfall is compounded by a clear contextual and focal gap. The focus of previous studies is predominantly on end-user customers in settings that differ fundamentally from Kenya's agency banking model. This includes research in mature, low-cash economies like Australia (Monferrer-Tirado et al., 2016), highly digitalized markets like China (Kim et al., 2024), or studies confined to specific service channels such as mobile or online banking (Jahan & Shahria, 2021). Even studies within Africa, such as those in Nigeria, Ethiopia, and South Africa, largely examine conventional retail banking customers rather than the unique intermediary role of mobile money agents (Dauda & Lee, 2016; Shava, 2021). These contexts typically assume either robust institutional trust, low levels of cash-handling risk, or service interactions that are less frequent and operationally critical than the daily liquidity management faced by agents.

Consequently, the nature of assurance explored in these studies, centered on digital fraud prevention or general staff politeness, does not fully translate to the Kenyan agent's reality. For an

M-PESA agent, assurance is a composite of trust in the bank's systems to securely and accurately process high-value float transactions, confidence in staff expertise to resolve liquidity challenges, and confidence in the institution's ability to safeguard business deposits. Local Kenyan studies by Mugambi and Imaita (2022) addressed staff competence and professionalism, while Samoei and Gatobu (2024) focused on transaction security within digital financial services. Similarly, Mengesha (2021) found that staff competence positively influenced customer satisfaction.

Despite broad support for the importance of assurance, contradictory evidence exists regarding which aspects of assurance matter most. While some studies emphasize transaction security and technological safeguards as the primary drivers of satisfaction, others identify staff competence, professionalism, and trustworthiness as more influential. These divergent findings suggest that assurance may comprise multiple dimensions whose relative importance varies across service environments and customer groups.

Methodologically, many assurance studies rely heavily on subjective customer perceptions of trust and competence without triangulating these assessments using objective indicators of service quality or security performance. In addition, studies frequently operationalize assurance differently, with some focusing exclusively on technological security and others emphasizing interpersonal interactions. Such inconsistencies limit comparability across studies and create uncertainty regarding how assurance functions within hybrid service environments such as agency banking. These methodological limitations underscore the need for a more integrated examination of assurance among M-PESA agents.

Therefore, this study was designed to bridge these interconnected conceptual and contextual gaps. Conceptually, it adopted an integrated, two-fold operationalization of assurance that captures both the competence and trustworthiness of bank staff and the security and safety of transactions, thereby reflecting the complete SERVQUAL dimension. This extends beyond the diverged approaches in the literature to examine how technical and interpersonal assurance interact. Contextually and in terms of focus, the research was exclusively centered on M-PESA agents as a distinct business clientele within Nairobi's high-stakes agency banking sector. By investigating how both dimensions of assurance collectively and individually influence agent satisfaction, this study provided a contextually-grounded understanding that is absent from the current body of work.

2.3.5. Tangibles and Customer Satisfaction

Tangibles, which refer to the physical and visible aspects of service delivery such as facilities, equipment, staff appearance, and increasingly digital interfaces, remain an important driver of customer satisfaction across different regions and industries (Ampaw et al., 2020). Tangibles relate to the physical appearance of facilities, equipment, communication materials, and personnel, which contribute to how agents perceive professionalism and service quality (Parasuraman et al., 1988; Raza et al., 2023). A critical synthesis of the literature, however, reveals that while the importance of tangibles is consistently acknowledged, their conceptualization varies widely across contexts, leading to significant gaps in understanding their role within the specific operational ecosystem of agency banking.

There is agreement in the existing literature that tangible elements positively influence customer perceptions and satisfaction. This is affirmed in diverse settings, from retail banking in Canada and the United States (Allred & King, 2026; Yesmin et al., 2023; Kaufman & Hwang, 2015) to banking in emerging Asian economies (Wang et al., 2023) and Ghana (Omoregie et al., 2019). The effect holds even in non-financial sectors such as hospitality, retail, and healthcare (Mazikana, 2020). Despite this consensus, a critical conceptual controversy and gap emerges regarding what constitutes the core of "tangibles." Research diverges into three, often isolated, streams of operationalization. One stream, prominent in studies of physical service environments like branches, hotels, or hospitals, defines tangibles almost exclusively in terms of aesthetic and ambient qualities, including cleanliness, décor, layout, and staff uniforms (Yesmin et al., 2023). A second stream, evident in research on digital or technology-driven services, focuses on system attributes and digital interfaces, such as website design, app functionality, or ATM uptime (Zeithaml et al., 2021; Kim et al., 2024). A third, less emphasized stream considers staff professionalism and appearance as a tangible cue (Kaufman & Hwang, 2015). Few studies integrate these streams into the comprehensive, tripartite conceptualization, consisting of physical facilities, modern technology/systems, and professional staff appearance implied by the SERVQUAL model (Parasuraman et al., 1988). This fragmented approach creates a gap since it fails to capture how these elements collectively signal reliability and trustworthiness to a client whose business depends on all three.

Contextual gaps also exist in the literature. The focus of previous studies is largely on contexts with limited relevance to Kenya's agency banking reality. This includes research in mature, aesthetically-driven retail environments in developed nations (Canada and USA) where tangibles may enhance experience but are not operationally critical (Allred & King, 2026; and studies in fully digital or non-financial sectors like e-commerce, telecom, or hospitality, where the stakes and nature of tangible assets differ fundamentally (Zeithaml et al., 1990; Mazikana, 2020). Even studies within Africa and Kenya itself often examine conventional retail, hospitality, or healthcare, which are not the unique B2B interface of agent banking (Samoei & Gatobu, 2024; Toili, 2017). These contexts do not replicate the high-frequency, cash-intensive, and liquidity-sensitive operations of an M-PESA outlet, where tangibles are not merely about ambiance but are direct, functional enablers of business continuity, such as a reliable agency banking terminal, a secure premises for cash handling, and a professionally presented bank representative who inspires confidence during large float transactions.

Therefore, understanding tangibles as conceptualized in these studies, branch décor, website appeal, or store cleanliness, offers limited insight into their role for M-PESA agents. For these agents, tangibles are perceived through a lens of operational utility and risk mitigation, including the reliability of transaction technology, the functionality of banking infrastructure, and the professional appearance of bank personnel. Existing Kenyan studies provide some support for the relevance of tangible service attributes. For example, Toili (2017), Mulili (2024), and Muraru and Mwanzia (2022) found that service facilities, technological infrastructure, and staff presentation positively influenced customer perceptions within banking and other service sectors. Similarly, Onuonga et al. (2025) reported that modern banking facilities enhanced customer satisfaction among commercial bank customers.

However, findings concerning tangibles are not entirely consistent. While several studies identify tangibles as significant predictors of satisfaction, others report that customers place greater emphasis on relational and operational dimensions such as reliability, responsiveness, and assurance. For example, Mwiya et al. (2022) found that service reliability exerted a substantially stronger influence on customer satisfaction than physical facilities among users of digital financial services. Such contrasting findings suggest that the importance of tangibles may vary depending

on the nature of the service environment and the degree to which customers rely on physical or technological infrastructure.

Methodologically, many studies assess tangibles primarily through customer perceptions of physical facilities and service environments without examining their actual contribution to service outcomes. Furthermore, the majority of studies are conducted within retail banking, hospitality, healthcare, or other consumer-oriented sectors where tangibles serve experiential rather than operational purposes. This raises concerns regarding cross-sector comparability because tangibles within agency banking perform a more functional role related to transaction continuity, security, and operational efficiency. Consequently, existing findings provide limited guidance on how tangible service attributes influence satisfaction among M-PESA agents operating within Kenya's cash-intensive financial ecosystem.

This study focused on addressing the identified conceptual and contextual shortcomings. Conceptually, it employed a holistic, three-fold operationalization of tangibles that incorporates physical facilities, modern technology and systems, and the professional appearance of staff, thereby providing a complete test of the SERVQUAL dimension as it applies to a hybrid service setting. Contextually as well as in terms of focus, the research deliberately targeted the unique environment of M-PESA agents in Nairobi County, for whom tangibles are integral to daily operational efficiency and trust. The imperative for this research stemmed from the fact that optimizing the tangible service interface for agents is a practical strategy for reducing transactional friction, enhancing perceived security, and strengthening the overall resilience of a mobile money ecosystem that is pivotal to Kenya's financial inclusion.

2.4 Summary of Research Gaps

The reviewed literature reveals interconnected conceptual, contextual, and methodological gaps that collectively justify the present study. Conceptually, many studies operationalize service quality dimensions in fragmented ways, often emphasizing only selected aspects of reliability, responsiveness, assurance, empathy, or tangibles rather than capturing their multidimensional nature as proposed by the SERVQUAL model (Bekiris, 2022; Yesmin et al., 2023). For example, reliability is frequently reduced to system uptime, responsiveness to speed of service, empathy to friendliness and courtesy, and tangibles to physical appearance and aesthetics. This creates

inconsistencies in how service quality is understood and measured across studies, thereby limiting comparability of findings (Kim et al., 2024).

Contextually, most empirical evidence originates from conventional retail banking, hospitality, healthcare, telecommunications, and other service sectors, particularly in developed economies such as the United States, Canada, Spain, Germany, Australia, and China (Allred & King, 2026; Monferrer-Tirado et al., 2016; Kim et al., 2024). Even studies conducted in emerging economies and African countries largely focus on retail banking customers rather than intermediary service actors operating within agency banking ecosystems (Omoregie et al., 2019). Although Kenyan studies by Kalei (2021), Mugambi and Imaita (2022), and Bita (2024) provide useful local insights, they either focus on retail banking customers or examine only selected dimensions of service quality, leaving limited evidence regarding M-PESA agents as business customers of commercial banks.

These conceptual and contextual gaps are reinforced by methodological limitations. Most studies rely on cross-sectional survey designs and self-reported customer perceptions collected from generalized customer populations, limiting their ability to establish causal relationships and reducing contextual applicability to specialized customer groups such as M-PESA agents (Mugambi & Imaita, 2022; Bita, 2024). Furthermore, many studies are conducted within single institutions, sectors, or geographical locations, creating potential sample bias and limiting generalizability across different service environments.

Taken together, these gaps indicate not merely an absence of studies, but a broader limitation in the current understanding of service quality within agent-bank relationships. Consequently, there remains insufficient empirical evidence on how the multidimensional aspects of reliability, responsiveness, assurance, empathy, and tangibles influence customer satisfaction among M-PESA agents operating within Kenya's hybrid, cash-intensive, and liquidity-dependent financial ecosystem. The present study addresses this integrated research problem by applying a comprehensive SERVQUAL framework to examine customer satisfaction among M-PESA agents as business customers of commercial banks in Nairobi County.

Table 2.1: Summary of Research Gaps

Author(s)	Focus of Study	Findings of the Study	Type of Gap	Research Gap	Current Study Focus
Šević et al. (2022)	Reliability in retail banking	Accurate transactions and consistent service delivery predicted satisfaction	Contextual	Conducted in Serbian banks with direct customer relationships, not intermediary agents in financial networks	Examined how reliability of bank transactions, timeliness, and dependability influence satisfaction among M-PESA agents
Bekiris, (2022)	Digital banking reliability during COVID-19	Reliable online platforms enhanced satisfaction during lockdowns	Contextual	Focused on temporary crisis period and fully digital clients, excluding hybrid agency models	Investigated the reliability of digital and in-branch services supporting M-PESA agents' daily float operations
Monferrer-Tirado et al., (2016)	Comparison of reliability and responsiveness in financial services	Responsiveness dominated in competitive markets	Conceptual	Did not capture responsiveness in handling liquidity and cash support for intermediaries	Explored how bank responsiveness to agents' liquidity needs and complaints influences satisfaction
Siqueira et al. (2023)	Service quality in airlines	Reliable schedules and empathetic care improved loyalty	Contextual & Conceptual	Focused on transport, not finance; empathy conceptualized as courtesy rather than operational understanding	Focused on MPESA agents
Zeithaml et al. (2021)	Service quality in e-commerce	Reliable delivery and order accuracy outweighed aesthetics	Conceptual	Focused on delivery reliability, overlooking transaction accuracy and system dependability	Applied e-commerce reliability principles to analyze transactional reliability and tangibles in agency banking
Omoregie et al. (2019)	Service quality in Ghanaian banks	Reliability and responsiveness	Contextual	Did not consider mobile money agents as	Assessed how bank reliability and responsiveness influence

		strongest predictors of satisfaction		institutional clients dependent on banks	satisfaction among M-PESA agents as unique customers
Nyabundi et al. (2021)	Reliability and tangibles in microfinance	Consistent service and branded facilities improved satisfaction	Conceptual	Examined microfinance clients; did not include agent-bank operational relationships	Evaluated how bank tangibles and reliability affect M-PESA agent satisfaction in Nairobi
Kalei (2021)	M-PESA agents' satisfaction with commercial banks	Float reliability and system uptime were critical; liquidity delays reduced satisfaction	Conceptual & Methodological	Focused descriptively on operational reliability; lacked multidimensional SERVQUAL framework	Tested all five SERVQUAL dimensions - reliability, responsiveness, assurance, empathy, and tangibles - holistically among M-PESA agents

Source (Author, 2026)

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2.5. Conceptual Framework

The conceptual framework shows the relationship between the two main variables diagrammatically in Figure 2.1.

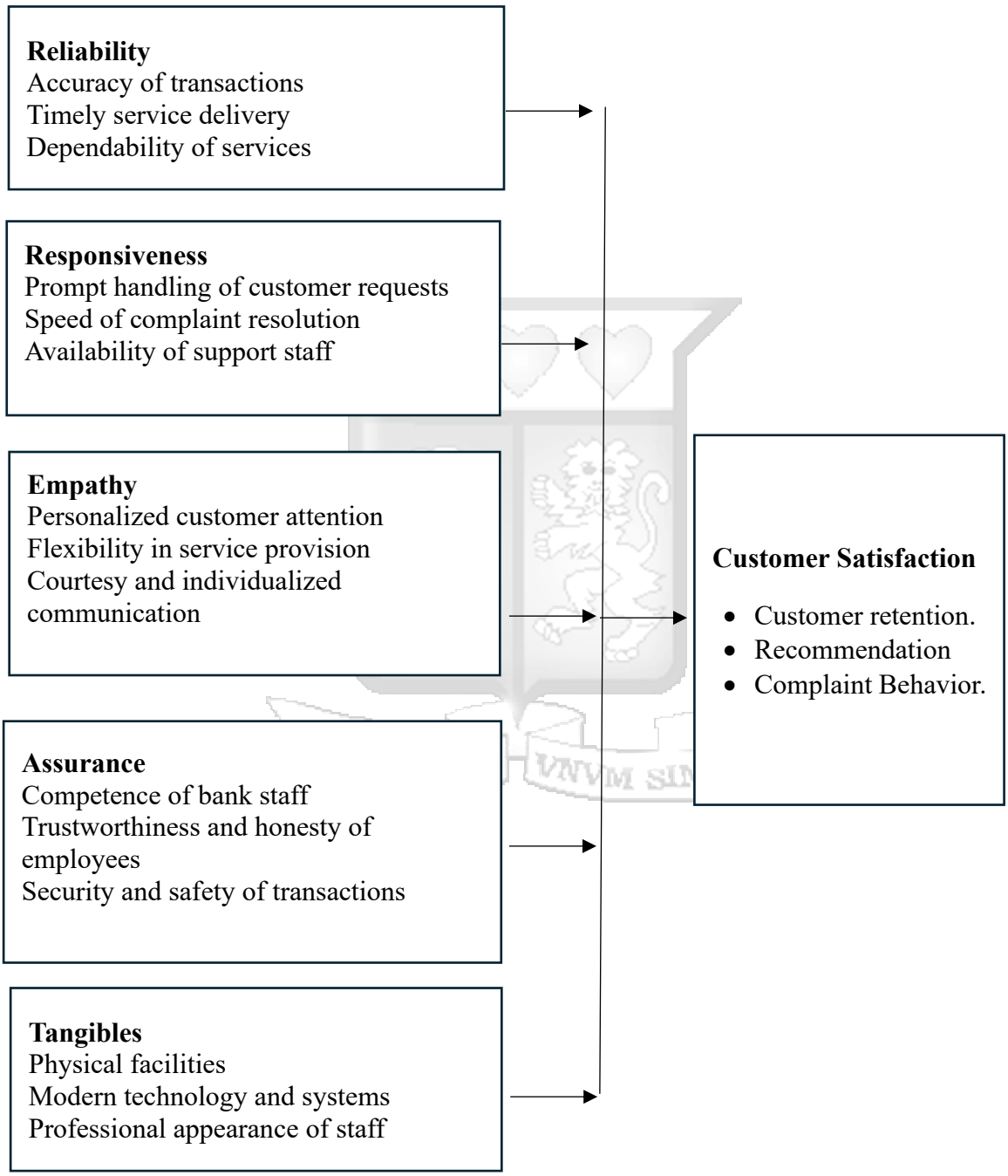


Figure 2.1: Conceptual Framework

Source: Author (2026)

2.6 Operationalization of Variables

The study operationalized the dependent and the independent variables as per the Table 2.1 below.

Table 2.2: Operationalization of Study Variables

Source	Variable	Data Analysis	Indicator(s)	Measures for Rating	Type
Parasuraman et al. (1988); Zeithaml et al. (1990)	Tangibility	Descriptive statistics, Correlation, Regression	Physical facilities Modern technology and systems Professional appearance of staff	5-point Likert scale (1 = Strongly Disagree, 5 = Strongly Agree)	Independent Variable
Parasuraman et al. (1988)	Reliability	Descriptive statistics, Correlation, Regression	Accuracy of transactions Timely service delivery Dependability of services	5-point Likert scale	Independent Variable
Parasuraman et al. (1988); Cronin & Taylor (1992)	Responsiveness	Descriptive statistics, Correlation, Regression	Prompt handling of customer requests Speed of complaint resolution Availability of support staff	5-point Likert scale	Independent Variable
Parasuraman et al. (1988); Oliver (1997)	Assurance	Descriptive statistics, Correlation, Regression	Competence of bank staff Trustworthiness and honesty of employees Security and safety of transactions	5-point Likert scale	Independent Variable
Parasuraman et al. (1988);	Empathy	Descriptive statistics, Correlation, Regression	Personalized customer attention Flexibility in service provision Courtesy and individualized communication	5-point Likert scale	Independent Variable

Oliver (1997); Kotler & Keller (2022)	Customer Satisfaction	Descriptive statistics, Correlation, Regression	Customer retention Recommendation Complaint Behavior.	5-point Likert scale	Dependent Variable

Source (Author, 2026)

2.7. Chapter Summary

This chapter discussed the two theories on which the dependent and independent variables were anchored. It also presented a detailed review of literature from which a research gap was exposed, the conceptual framework and finally a table of operationalization of variables and their measures.

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CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Introduction

This chapter explains the methodological approach used in the study. It outlines the guiding research philosophy, the research design, the target population, the sampling technique and sample size, the procedures and tools for data collection, validity and reliability considerations, data analysis techniques, ethical issues, and the expected limitations of the study. The chosen methodology is aligned to the study objective, which is to examine how service quality specifically reliability, responsiveness, assurance, empathy, and tangibles influence customer satisfaction among M-PESA agents in Nairobi County.

3.2. Research Philosophy

The study was grounded in the positivist paradigm. Under positivism, reality is considered objective, can be observed directly, and can be measured and quantified without influence from the researcher's personal beliefs or biases. Positivism prioritizes the use of standardized instruments, empirical evidence, and statistical techniques to test hypotheses and assess relationships between variables (Saunders et al., 2019).

This philosophical position fits the current study because the goal is to evaluate how dimensions of service quality that is reliability, responsiveness, assurance, empathy, and tangibles affect customer satisfaction among M-PESA agents, using indicators that can be quantified and compared. By adopting a positivist stance, the study relies on established theoretical constructs drawn from SERVQUAL and the Expectancy-Value Theory to generate measurable evidence from M-PESA agents in Nairobi County.

Alternative research philosophies such as pragmatism, realism, and interpretivism were considered but found less appropriate for this investigation. Pragmatism, which emphasizes practical solutions and the use of multiple methods to address real-world problems, was unsuitable because this study was not exploring interventions or mixed-method solutions but rather testing specific hypothesized relationships using quantitative data (Saunders et al., 2019). Realism, which assumes that reality exists independently but can only be imperfectly understood, was also rejected because it typically

involves qualitative or mixed approaches aimed at uncovering underlying mechanisms rather than measuring observable relationships. Similarly, interpretivism, which focuses on understanding subjective meanings and individual experiences through qualitative inquiry, was not aligned with the study's objectives. The current research sought to test predefined constructs statistically rather than interpret lived experiences (Saunders et al., 2019). Therefore, positivism was deemed most appropriate since it supports a structured, objective, and hypothesis-driven approach consistent with the study's aim of quantifying the influence of service quality dimensions on customer satisfaction.

While the positivist paradigm was appropriate for testing hypothesized relationships among measurable variables, it is important to acknowledge its limitations. By emphasizing quantifiable indicators and statistical relationships, the approach may not fully capture the nuanced experiences and subjective interpretations of M-PESA agents regarding service quality. Similarly, the exclusive reliance on quantitative methods limits opportunities to explore deeper contextual explanations that could emerge through qualitative inquiry. Nevertheless, the study prioritized breadth of coverage, objectivity, and statistical generalizability, which were considered most consistent with the study objectives.

3.3. Research Design

A research design provides the overall plan that directs how a study will be carried out in a logical and organized way (Kothari, 2013). This study adopted a descriptive cross-sectional research design. This design was suitable because the aim is to collect quantitative data at one point in time from M-PESA agents within Nairobi County.

In line with the positivist stance described above, the study used a descriptive, cross-sectional survey approach. The descriptive element allowed the study to summarize and report the current state of perceptions and experiences as they are. The cross-sectional survey element made it possible to gather data from a relatively large number of M-PESA agents at a single point in time in March 2026. The quantitative approach supports objective measurement using structured questionnaires, and it enables statistical analysis of the relationship between service quality and customer satisfaction.

Despite its suitability, the cross-sectional design has inherent limitations. Since data were collected at a single point in time, the study could identify associations between service quality dimensions and customer satisfaction but could not establish definitive causal relationships. In addition, customer perceptions may evolve over time in response to changes in banking services, operational conditions, or market dynamics, aspects that cannot be captured through a cross-sectional approach. However, the design was considered appropriate because it enabled efficient collection of data from a large population of M-PESA agents within the available study period.

3.4 Population of the Study

A research population refers to the total set of individuals or entities relevant to the study (Mugenda & Mugenda, 2003). The target population of this study comprised registered M-PESA agents in Nairobi County who transact through commercial banks. According to Safaricom's 2025 Annual Report, Kenya had 298,890 registered M-PESA agents, of which 83,845 were located in Nairobi (Safaricom, 2025). Nairobi County represents the highest concentration of M-PESA agents in the country representing 32%. This makes the County appropriate for this study since the agents operate in high-volume environments, experience intense customer interactions, and maintain frequent reliance on commercial banks for essential services such as float financing, liquidity management, and dispute resolution. According to the Ministry of devolution 2024, there are 17 sub-counties in Nairobi County. The 83,845 M-PESA agents in Nairobi are distributed within the 17 sub-counties.

3.5 Sampling Design

Sampling involves selecting a portion of the population to represent the entire group (Orodho, 2009). This study employed a stratified sampling. Nairobi County was stratified into its 17 sub-counties to ensure representation across different geographical areas, after which agents were selected conveniently from each stratum. This technique minimizes sampling bias and ensures generalizability of findings.

The sample size was determined using the Krejcie and Morgan (1970) table. For a population of 83,845, the recommended sample size is 382**.** Thus, 382 M-PESA agents were targeted proportionately across the 17 sub-counties of Nairobi County. Due to the absence of a verified distribution of M-PESA agents across Nairobi County's sub-counties, proportional allocation

could not be undertaken. Consequently, equal allocation was adopted as a pragmatic approach to ensure representation from all sub-counties. While this approach enhanced geographical coverage, it may not fully reflect the actual distribution of agents across the County and therefore may limit representativeness. Similarly, convenience sampling within each stratum was adopted because of the absence of a comprehensive sampling frame and the operational challenges associated with identifying eligible respondents. Although this approach improved feasibility and access to respondents, it introduced the possibility of selection bias because not all agents had an equal probability of inclusion. Accordingly, the findings should be interpreted with appropriate caution when generalizing beyond the study population. The allocation of the 382 agents across the 17 sub-counties equally based on the Krejcie and Morgan table attached on appendix V. Dividing 382 across all the 17 sub counties yields 22.47, which was rounded up to 23 agents. Approximately 23 respondents were targeted from each sub-county, although the final number varied slightly depending on respondent availability and willingness to participate.

To minimize the effects of non-response, the researcher targeted slightly more respondents than the minimum required sample and conducted follow-ups where necessary to encourage participation. In cases where selected respondents declined participation or were unavailable, replacement respondents meeting the study criteria were approached within the respective sub-counties to maintain adequate representation. Additionally, respondents were assured of confidentiality and anonymity to improve participation and response accuracy.

3.6 Data Collection Methods

The study collected primary data using a structured questionnaire administered physically to M-PESA agents across the 17 sub-counties of Nairobi County. Data collection was conducted with the assistance of two trained research assistants. The researcher and assistants visited selected M-PESA outlets, introduced the study, obtained informed consent, and administered the questionnaires directly to eligible respondents. A fill-and-wait approach was adopted whereby respondents completed the questionnaire on-site and returned it immediately after completion. This approach minimized non-response, allowed respondents to seek clarification where necessary, and enhanced questionnaire completion rates. Only active M-PESA agents maintaining banking relationships with commercial banks were eligible to participate in the study.

The questionnaire comprised closed-ended questions based on a five-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree). The use of a five-point Likert scale facilitated standardization and statistical analysis across all constructs. However, it is acknowledged that complex constructs such as empathy and assurance may involve nuanced perceptions that cannot be fully captured through fixed-response categories. Despite this limitation, the Likert scale was considered appropriate because it provided a practical and widely accepted approach for measuring attitudes and perceptions across a large respondent population.

The questionnaire was divided into three sections: The first section A was on demographic information of respondents and section B was on statements measuring service quality dimensions (reliability, responsiveness, assurance, empathy, tangibles) and section C was the dependent variable which is customer satisfaction. Collection of data was facilitated by a team of two trained research assistants. This is because of the vast geographical scope involved. A fill and wait strategy was adopted to enhance the response rate and provide clarifications for respondents. To minimize the possibility of common method bias, respondents were assured of anonymity and confidentiality, and questionnaire items were structured clearly to reduce evaluation apprehension and response pattern tendencies.

3.7 Research Quality

To uphold research quality, the study evaluated both the reliability and validity of the questionnaire.

3.7.1 Reliability

Reliability refers to the degree to which an instrument yields stable and consistent results when administered under comparable conditions (Heale & Twycross, 2021; Taherdoost, 2021). This study assessed internal consistency using Cronbach's alpha. As a general guide, alpha values can be interpreted as follows: ≥0.90 (excellent), ≥0.80 (good), ≥0.70 (acceptable), ≥0.60 (questionable), ≥0.50 (poor), and <0.50 (unacceptable) (George & Mallery, 2003). Many methods regard values between 0.70 and 0.90 as indicative of good internal consistency (Cooper & Schindler, 2006; Gliem & Gliem, 2003). Several authors note that a threshold of at least 0.70 is

typically considered acceptable for research purposes (Tavakol & Dennick, 2011). In line with these recommendations, this study adopted 0.70 as the minimum acceptable alpha coefficient for each construct. Table 3.1 shows the Cronbach coefficients for the variables.

Table 3.1: Reliability Statistics

Variable	Cronbach's Alpha Coefficient	Number of Items	Interpretation
Reliability	0.912	9	Reliable
Responsiveness	0.909	9	Reliable
Assurance	0.913	9	Reliable
Empathy	0.941	9	Reliable
Tangibles	0.883	9	Reliable
Customer Satisfaction	0.802	9	Reliable

Source: Researcher (2026)

Although the reliability coefficients exceeded the recommended threshold of 0.70, several constructs recorded values above 0.90. While such results indicate excellent internal consistency, extremely high alpha coefficients may also suggest potential item redundancy or overlap among measurement items. Consequently, the questionnaire items were reviewed to ensure that each item captured a distinct aspect of the construct rather than merely repeating similar statements. The retention of all items was justified because each represented a unique indicator derived from the SERVQUAL framework and the customer satisfaction literature.

3.7.2 Validity

Validity concerns the extent to which the instrument accurately represents and measures the intended constructs, ensuring the items reflect the study concepts (Sekaran & Bougie, 2020; Creswell & Creswell, 2023). A pilot involving 39 M-PESA agents approximately 10% of the planned sample was undertaken to refine the questionnaire for clarity, reliability, and validity prior to the main survey. Methodological guidance suggests that a pilot of about 10% is typically sufficient to check feasibility, question wording, and instrument reliability before full data collection (Van Teijlingen & Hundley, 2001). To prevent bias, pilot participants were not included in the final sample. Each service-quality dimension and the customer-satisfaction scale were examined for internal consistency during the pilot.

The pilot study served not only to assess clarity and comprehensibility of questionnaire items but also to evaluate the extent to which the items adequately represented the underlying study

constructs. Respondents indicated that the questionnaire items were clear, relevant, and easy to understand, with only minor modifications required to improve wording and eliminate ambiguity. In addition, the pilot provided preliminary evidence regarding construct representation by confirming that the items reflected the dimensions of reliability, responsiveness, assurance, empathy, tangibles, and customer satisfaction as conceptualized in the study framework. The internal consistency of the scales was assessed using Cronbach's alpha, and all constructs recorded acceptable reliability coefficients ($\alpha \geq 0.70$). Consequently, the instrument was considered both understandable and conceptually appropriate for the main study.

Content validity was established through expert review by the supervisor. Construct validity was examined using the Kaiser–Meyer–Olkin (KMO) measure and Bartlett's Test of Sphericity. Sampling adequacy will be confirmed where KMO ≥ 0.50, and factorability was supported by a significant Bartlett's test ($p < 0.05$). In this study, the KMO value was 0.931, which is well above the recommended threshold. This indicates excellent sampling adequacy, suggesting that the data are highly suitable for factor analysis and that the variables share sufficient common variance. Bartlett's Test of Sphericity examines whether the correlation matrix is significantly different from an identity matrix, where a significant result ($p < 0.05$) indicates that the variables are sufficiently correlated to justify factor analysis. The results show that Bartlett's test was statistically significant ($\chi^2 = 5544.172$, df = 15, $p = 0.000$), confirming that there are meaningful relationships among the variables (Table 3.2).

Table 3.2: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.931
Bartlett's Test of Sphericity	Approx. Chi-Square	5544.172
	df	15
	Sig.	.000

Source: Author (2026)

While the KMO and Bartlett's Test results confirmed sampling adequacy and factorability, these statistics do not by themselves eliminate the possibility of construct overlap among the study variables. Given the conceptual relatedness of SERVQUAL dimensions, some degree of association among reliability, responsiveness, assurance, empathy, and tangibles was anticipated. However, the dimensions were retained as separate constructs because the underlying SERVQUAL framework conceptualizes them as distinct aspects of service quality. Further assessment of

multicollinearity was undertaken during regression diagnostics to ensure that construct overlap did not adversely affect the analysis.

Since both the independent and dependent variables were collected from the same respondents using a single self-administered questionnaire at one point in time, there was a possibility of common method bias. To assess whether common method variance posed a significant threat to the validity of the findings, Harman's Single-Factor Test was conducted using exploratory factor analysis. According to Creswell and Creswell (2023), common method bias is considered problematic if a single factor accounts for more than 50% of the total variance. The results of the unrotated factor analysis revealed that the first factor accounted for 38.4% of the total variance, which is below the recommended threshold of 50%. The findings therefore suggest that common method bias was not a serious concern in this study, and the data were considered suitable for further statistical analysis.

Table 3.3: Harman's Single-Factor Test

Measure	**Value**
Total Variance Explained by First Factor	38.4%
Recommended Threshold	50%
Conclusion	No serious common method bias

Source: Author (2026)

Although Harman's Single-Factor Test is widely used as an initial diagnostic tool for assessing common method bias, researchers have noted that it may not detect all sources of common method variance. Consequently, the study complemented this statistical assessment with procedural remedies during questionnaire design and administration. These included assuring respondents of anonymity and confidentiality, using clear and concise questionnaire items, minimizing ambiguous wording, and reducing evaluation apprehension. The combination of procedural and statistical controls provided additional assurance that common method bias was unlikely to substantially influence the findings.

3.8 Data Analysis and Presentation

After data collection, responses were cleaned, coded, and entered into SPSS version 29 for analysis. The analysis proceeded in two phases. First, descriptive statistics frequencies, percentages, means, and standard deviations summarized the data. Second, inferential statistics

were applied. Correlation analysis assessed the direction and strength of associations among variables. Multiple linear regression estimated the effect of the service-quality dimensions on customer satisfaction.

The regression model was specified as:

$CS_i=\beta0+\beta1REL_i + \beta2RES_i + \beta3ASSURi + \beta4EMP_i + \beta5TANG_i + \varepsilon_i$

Where:

CS_i: Customer Satisfaction

REL_i: Reliability

RES_i: Responsiveness

ASSURi: Assurance

EMP_i: Empathy

$TANG_i$:Tangibles

β0: Constant,

β1- β5: Coefficients of predictors

ε : error term

The significance of coefficients was tested at the 5% level of significance ($p < 0.05$). Findings were presented using tables, charts, and figures.

In multiple regression analysis, diagnostic tests are used to ensure that the underlying assumptions of the model are met. Prior to conducting the regression analysis, several diagnostic tests were undertaken to verify that the assumptions underlying multiple linear regression were not violated. The normality of the data was examined using the Kolmogorov-Smirnov and Shapiro-Wilk tests, while the assumption of linearity was assessed through scatter plots. Multicollinearity among the independent variables was evaluated using the Variance Inflation Factor (VIF), and homoscedasticity was checked using residual plots. Additionally, the Durbin–Watson statistic was

applied to test for independence of errors. If assumptions are violated, remedies include transforming variables (such as log or square root for non-normality), adding or removing predictors to address multicollinearity, using weighted least squares or robust standard errors for heteroscedasticity, and including lagged variables or generalized least squares to correct autocorrelation. These steps help ensure valid, reliable, and unbiased regression estimates.

The study employed multiple linear regression because it is appropriate for examining the independent effects of multiple predictors on a single outcome variable. However, the analysis primarily focused on direct linear relationships between service quality dimensions and customer satisfaction and did not explicitly model interaction effects or potential non-linear relationships among variables. Consequently, the findings should be interpreted as estimates of direct effects rather than a complete representation of the potentially complex dynamics underlying customer satisfaction.

3.9 Ethical Considerations

Ethical conduct safeguards participants' rights, safety, dignity, and data through informed consent, confidentiality, voluntary participation, and truthful reporting (Resnik, 2020; Saunders et al., 2019; Creswell and Creswell (2023). This study complied with these principles in full. Prior to fieldwork, approval was obtained from the Strathmore University Research Ethics Committee and the National Commission for Science, Technology and Innovation (NACOSTI). Informed consent was sought from all respondents before any data are collected. The study purpose and procedures were clearly explained, participation was entirely voluntary, and respondents were not asked to disclose identifying details. Participants were assured of anonymity and confidentiality and retained the right to withdraw from the study at any time without penalty. Collected data was securely stored and used strictly for academic purposes. In terms of dissemination, a summary report of key findings was shared with participants and relevant industry stakeholders (such as participating commercial banks), to inform policy and practice.

3.10 Chapter Summary

This chapter detailed the methodology for the study, covering the research philosophy, design, target population, sampling technique and sample size, data-collection procedures and instruments,

and the analysis plan. It also outlined the strategies for ensuring research quality and the ethical safeguards guiding the research process.

CHAPTER FOUR

PRESENTATION OF RESULTS

4.1 Introduction

This chapter presents the analysis and interpretation of data collected to examine the effect of service quality on customer satisfaction among M-PESA agents in Nairobi County, Kenya. The chapter is structured in line with the study objectives and provides the findings derived from the collected data using the SPSS. It begins with the response rate and demographic characteristics of the respondents, followed by descriptive statistics for each study variable. Inferential analysis, including correlation and regression analysis, is then conducted to establish the relationships between service quality dimensions and customer satisfaction.

4.2 Response Rate

The study targeted a total of 382 respondents, from whom 365 completed questionnaires were successfully obtained and used for analysis as shown in Table 4.1. This represents a response rate of 95.5%, which is considered excellent for survey-based research and is sufficient for reliable statistical analysis. The high response rate enhances the validity and generalizability of the study findings, as it minimizes non-response bias.

Table 4.1: Response Rate

Category	**Frequency**	**Percentage (%)**
Questionnaires Distributed	382	100.0
Questionnaires Returned	365	95.5
Non-response	17	4.5
Total	**382**	**100.0**

Source: Author (2026)

4.3 Demographic Information

This section presents the demographic characteristics of the respondents, including age, level of education, years of operation as M-PESA agents, number of outlets managed, role at the outlet, sub-county distribution, transaction volumes, and the main channels used to interact with banks. These characteristics provide important contextual insights into the profile of the respondents and help in understanding the nature of the sample used in the study.

Table 4.2: Respondents' Demographic Information

		Count	Column N %
Age	18-24	106	29%
	25-34	79	22%
	35-44	45	12%
	45-54	101	28%
	55-64	34	9%
	65 or older	0	0%
	Total	365	100%
highest level of education	No formal education	0	0%
	Primary school	32	9%
	Secondary school	54	15%
	Diploma/Certificate	241	66%
	Bachelor's degree	38	10%
	Master's degree or higher	0	0%
	Total	365	100%
Years operating as an M-PESA agent	0-2 years	89	24%
	3-5 years	84	23%
	6-8 years	118	32%
	Over 8 years	74	20%
	Total	365	100%
Number of M-PESA outlets under your management	1 MPESA Outlet	176	48%
	2-4 MPESA Outlets	189	52%
	5 or more MPESA outlets	0	0%
	Total	365	100%
Role at the Outlet	Owner/Principal Agent	174	48%
	Manager/Supervisor	191	52%
	Attendant/Cashier	0	0%
	Total	365	100%
Sub-County	Westlands	22	6%
	Dagoreti North	31	8%
	Dagoreti South	16	4%
	Langata	15	4%
	Kibra	23	6%
	Roysambu	25	7%
	Kasarani	13	4%
	Ruaka	13	4%
	Embakasi South	25	7%
	Embakasi North	20	5%
	Embakasi Central	24	7%
	Embakasi East	25	7%
	Embakasi West	15	4%
	Makadara	20	5%
	Kamukunji	25	7%
	Mathare	18	5%

	Starehe	35	10%
	Total	365	100%
Average number of M-PESA transactions per day	0-20	48	13%
	21-50	156	43%
	51-99	109	30%
	100 and more	52	14%
	Total	365	100%
Main channels used with banks	Agency Banking Desk	348	36%
	ATM	30	3%
	Branch Counter	343	35%
	Internet Banking	155	16%
	Mobile/USSD	60	7%
	Relationship Manager	33	3%
	Total	969	100%

Source: Author (2026)

The findings indicate that the respondents were fairly distributed across different age groups, with the majority being between 18–24 years (29%) and 45–54 years (28%), suggesting a mix of both younger and more experienced individuals in the M-PESA agency business. The absence of respondents aged 65 years and above indicates that the sector is largely dominated by the active working population.

In terms of education, the majority of respondents (66%) had attained diploma or certificate qualifications, while smaller proportions had secondary education (15%), bachelor's degrees (10%), and primary education (9%). This suggests that the M-PESA agency business is largely operated by individuals with moderate levels of formal education, although a notable proportion also possess university-level qualifications. The findings imply that the sector attracts individuals with sufficient educational and technical capacity to manage transactional, operational, and customer service requirements associated with agency banking. Regarding experience, the largest proportion of respondents (32%) had operated as M-PESA agents for 6–8 years, followed by those with 0–2 years (24%) and 3–5 years (23%). This indicates that a significant number of respondents have considerable experience in the business, thereby enhancing the reliability and credibility of the responses provided.

The findings further show that slightly more than half of the respondents (52%) managed between 2–4 outlets, while 48% managed a single outlet. This implies that a substantial proportion of agents operate multiple outlets, reflecting business expansion and growth within the sector. In terms of

roles, the majority of respondents were managers/supervisors (52%) and owner/principal agents (48%), with no attendants or cashiers participating in the study. This suggests that the data was collected from individuals with decision-making authority and a deeper understanding of banking service interactions.

The distribution across sub-counties shows that respondents were drawn from all parts of Nairobi County, with Starehe (10%) having the highest representation, followed by Dagoreti North (8%) and several sub-counties at 7%. Minor variations in the number of respondents across sub-counties were observed due to differences in accessibility and response rates during data collection. This indicates a fairly representative geographical spread of respondents. With regard to transaction volumes, the largest proportion of agents (43%) handled between 21–50 transactions per day, while 30% processed between 51–99 transactions daily. In addition, 14% of the respondents reported handling more than 100 transactions per day, whereas 13% processed between 0–20 transactions daily. These findings suggest that most M-PESA agents in Nairobi County operate moderately to highly active outlets, reflecting the high demand for mobile money services within the urban business environment.

Finally, the main channels used to interact with banks were predominantly the agency banking desk (36%) and branch counter (35%), followed by internet banking (16%) and mobile/USSD (7%). This suggests that despite the availability of digital channels, agents still rely heavily on physical and agent-based banking interfaces for their operations.

Beyond describing the characteristics of the respondents, the demographic profile provides important insights into how customer satisfaction perceptions may have been formed. The findings show that a substantial proportion of respondents had several years of experience operating M-PESA businesses and managed one or more outlets. This suggests that most respondents had extensive and sustained interactions with commercial banks, making them well positioned to provide informed assessments of banking service quality. More experienced agents are likely to have encountered a wider range of service situations, including liquidity challenges, transaction failures, customer complaints, and support requests, thereby enabling more comprehensive evaluations of service quality dimensions.

Similarly, respondents operating multiple outlets are likely to engage more frequently with banking institutions due to higher transaction volumes and greater operational demands. Such agents may have heightened expectations regarding reliability, responsiveness, and transaction support compared to those managing a single outlet. Although the study did not explicitly test differences in satisfaction across demographic categories, the profile of the respondents suggests that customer satisfaction perceptions may vary according to business scale, operational complexity, and experience within the M-PESA ecosystem. This represents a potentially valuable area for future research.

The findings also indicate that a majority of respondents were owner-managers or individuals directly involved in decision-making and daily operations. Consequently, the responses are likely to reflect both operational and strategic perspectives regarding banking services rather than purely transactional experiences. This enhances the credibility of the findings because respondents possessed firsthand knowledge of how banking services affect business performance and customer service delivery.

Although the study achieved a response rate of 95.5%, which substantially exceeds the minimum threshold recommended for survey research, the possibility of non-response bias cannot be entirely ruled out. It is possible that the small proportion of agents who did not participate may have had different service experiences from those who completed the questionnaire. However, given that only 4.5% of the targeted respondents did not participate, any resulting bias is unlikely to have materially influenced the findings.

Furthermore, the use of convenience sampling within the selected strata may have increased the likelihood of including respondents who were more accessible, available, or willing to participate in the study. As a result, the sample may underrepresent agents operating under highly constrained conditions or those less inclined to engage in research activities. While stratification across all sub-counties improved geographical representation, this potential accessibility bias should be considered when interpreting and generalizing the findings to the broader population of M-PESA agents in Nairobi County.

4.4 Diagnostic Tests

Prior to conducting further analysis, several diagnostic tests were undertaken to verify that the assumptions underlying multiple linear regression were not violated. The normality of the data was examined using the Kolmogorov-Smirnov and Shapiro-Wilk tests, while the assumption of linearity was assessed through scatter plots. Multicollinearity among the independent variables was evaluated using the Variance Inflation Factor (VIF), and homoscedasticity was checked using residual plots. Additionally, the Durbin–Watson statistic was applied to test for independence of errors. The results from these diagnostic tests indicated that all the necessary assumptions were satisfied, confirming that the data was suitable for regression analysis.

The assumption of linearity was assessed using scatter plots of each independent variable against customer satisfaction, as shown in Figures 4.1 to 4.5. Visual inspection of the plots indicates that all the relationships exhibit a clear upward linear pattern, with data points closely clustered around the fitted regression line in each case. Specifically, the scatter plots for reliability, responsiveness, assurance, empathy, and tangibles all show a consistent positive linear trend, suggesting that increases in each service quality dimension are associated with increases in customer satisfaction. Additionally, there is no evidence of pronounced curvature or non-linear patterns in any of the plots, which would have indicated a violation of the linearity assumption. The relatively tight clustering of points around the line of best fit further supports the presence of strong linear relationships, consistent with the high R^2 values observed in each plot. Based on these observations, it can be concluded that the assumption of linearity was satisfied for all independent variables.

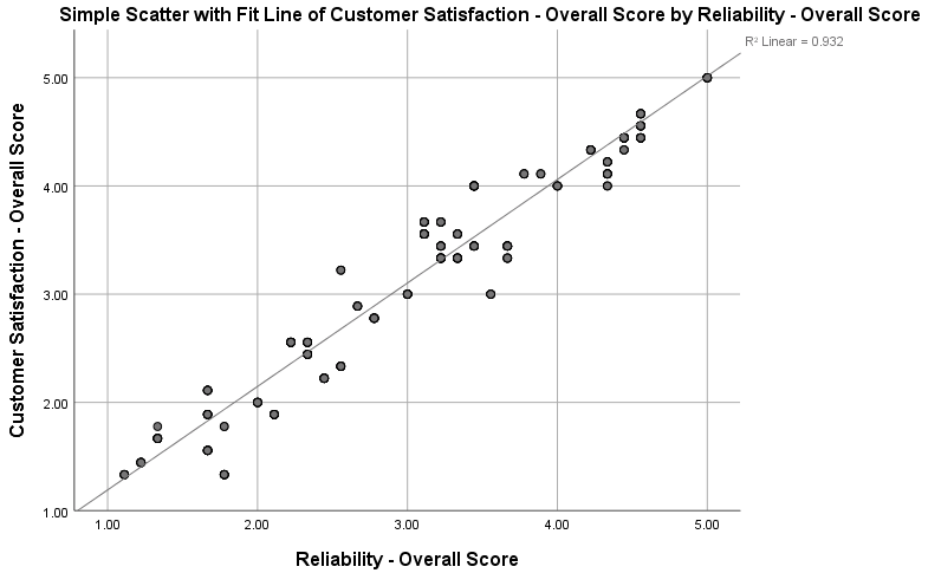


Figure 4.1: Scatter Plot – Customer Satisfaction by Reliability
Source: Author (2026)

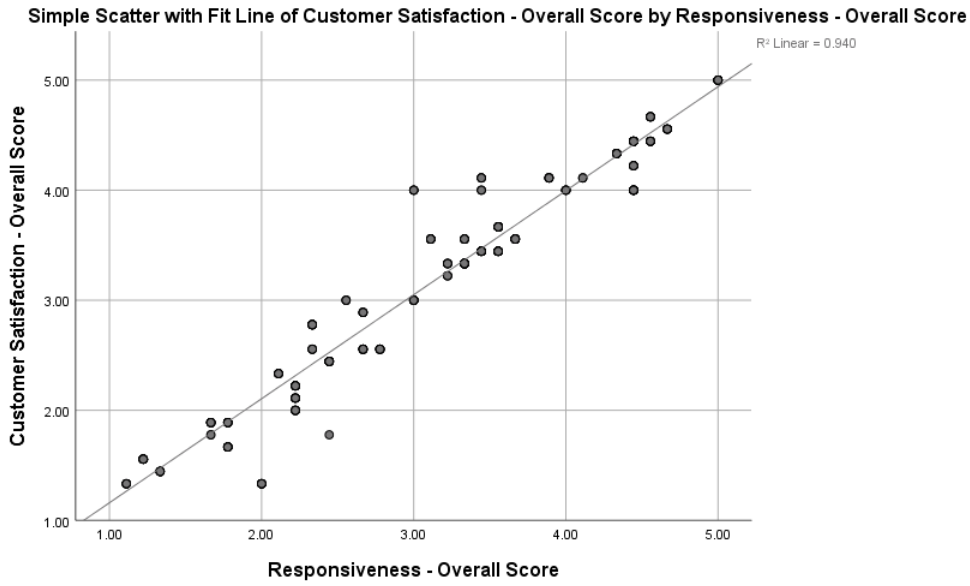


Figure 4.2: Scatter Plot – Customer Satisfaction by Responsiveness
Source: Author (2026)

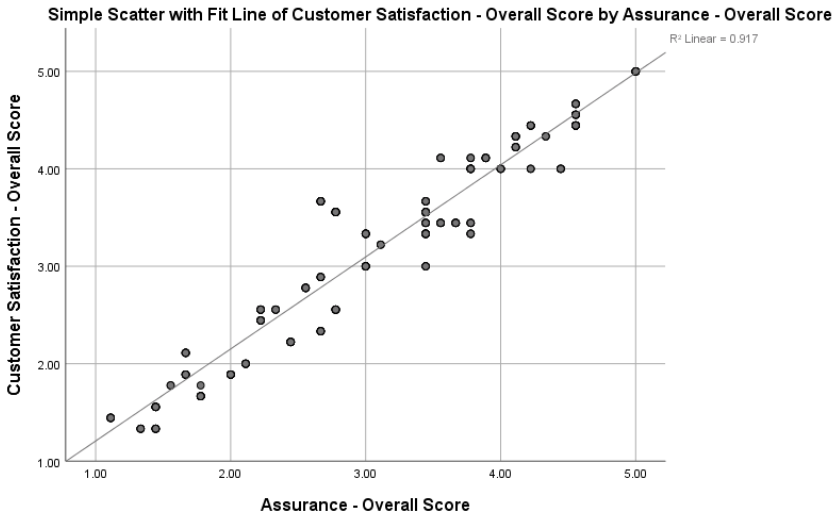


Figure 4.3: Scatter Plot – Customer Satisfaction by Assurance
Source: Author (2026)

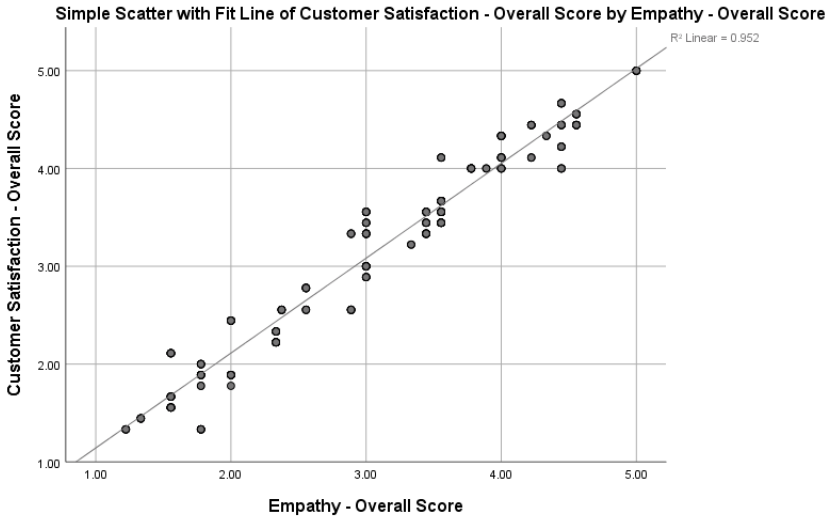


Figure 4.4: Scatter Plot – Customer Satisfaction by Empathy
Source: Author (2026)

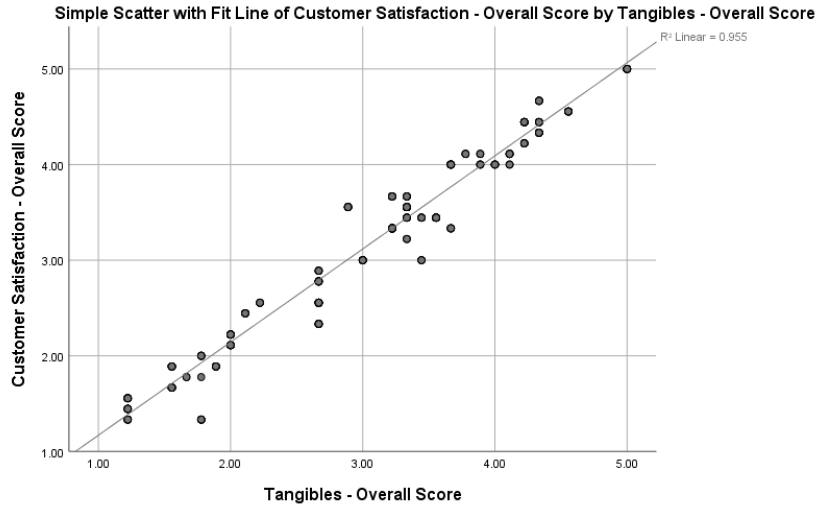


Figure 4.5: Scatter Plot – Customer Satisfaction by Tangibles
Source: Researcher (2026)

Normality of the data was assessed using the Kolmogorov–Smirnov and Shapiro–Wilk tests, which evaluate whether the distribution of variables significantly deviates from a normal distribution. A significance value (p-value) greater than 0.05 indicates that the data is normally distributed, while a value less than 0.05 suggests a violation of the normality assumption. Table 4.3 presents the findings of the normality tests.

Table 4.3: Normality Tests

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Reliability	.097	365	.302	.964	365	.226
Responsiveness	.097	365	.235	.961	365	.296
Assurance	.133	365	.224	.964	365	.372
Empathy	.119	365	.157	.954	365	.415
Tangibles	.130	365	.323	.955	365	.298
Customer Satisfaction	.134	365	.374	.953	365	.257
a. Lilliefors Significance Correction						

Source: Author (2026)

The results show that all study variables, including reliability, responsiveness, assurance, empathy, tangibles, and customer satisfaction, recorded significance values greater than 0.05 in both the Kolmogorov–Smirnov and Shapiro–Wilk tests. Specifically, for the Kolmogorov–Smirnov test, p-

values ranged from 0.157 to 0.374, while for the Shapiro–Wilk test, p-values ranged from 0.226 to 0.415. These values indicate that none of the variables significantly deviate from normality. This implies that the data for all variables is approximately normally distributed. As a result, the normality assumption required for multiple linear regression analysis was satisfied. This confirms that the data is suitable for further inferential analysis, including regression modeling, without the need for data transformation.

Table 4.4: Collinearity Diagnostics

Model		Collinearity Statistics	
		Tolerance	VIF
1	Reliability	.38	6.111
	Responsiveness	.69	4.461
	Assurance	.52	5.285
	Empathy	.47	4.05
	Tangibles	.23	4.382
a. Dependent Variable: Customer Satisfaction - Overall Score			

Source: Author (2026)

Multicollinearity was assessed using tolerance and Variance Inflation Factor (VIF) values, as presented in Table 4.4. Tolerance values below 0.10 and VIF values above 10 typically indicate serious multicollinearity concerns, while acceptable models generally exhibit tolerance values above 0.10 and VIF values below 10. The results show that all tolerance values range from 0.23 to 0.69, which are well above the minimum threshold of 0.10. This indicates that none of the independent variables is excessively explained by the others. Similarly, the VIF values range from 4.05 to 6.111, all of which are below the critical threshold of 10. Although some variables, such as reliability (VIF = 6.111) and assurance (VIF = 5.285), show moderately higher VIF values, they still fall within acceptable limits and do not indicate problematic multicollinearity. The VIF results indicate that multicollinearity was not severe since all VIF values were below the commonly accepted threshold of 10 and tolerance values exceeded the minimum threshold of 0.10. Therefore, the independent variables were considered suitable for inclusion in the regression model.

However, a closer examination of the results reveals that some variables recorded moderately elevated VIF values. While these values do not indicate problematic multicollinearity, they suggest that the service quality dimensions share a degree of common variance. This finding is not unexpected given that reliability, responsiveness, assurance, empathy, and tangibles are

conceptually related dimensions derived from the SERVQUAL framework and collectively represent different aspects of a broader service quality construct.

From a practical perspective, the results imply that improvements in one service quality dimension are likely to be accompanied by improvements in other dimensions. For example, banks that invest in staff training may simultaneously enhance assurance, responsiveness, and empathy, while investments in technology and operational systems may improve both reliability and tangibles. Consequently, although the regression analysis estimates the unique contribution of each dimension, the findings should not be interpreted as suggesting that these dimensions operate independently in practice. Rather, they function as interconnected components of the overall service experience provided to M-PESA agents.

The presence of moderate overlap among the service quality dimensions may also partly explain the strong correlations observed between the independent variables and customer satisfaction. Nevertheless, because the diagnostic thresholds were satisfied and each variable remained theoretically distinct, multicollinearity was not considered sufficiently severe to compromise the validity or stability of the regression estimates.

Homoscedasticity was assessed using a scatterplot of standardized residuals against standardized predicted values, as presented in Figure 4.6. This test examines whether the variance of residuals remains constant across all levels of the predicted values. A key assumption of regression is that the residuals should be randomly distributed with no clear pattern; the presence of patterns such as a funnel or cone shape would indicate heteroscedasticity. The scatterplot shows that the residuals are fairly randomly dispersed around the horizontal axis, with no clear systematic pattern or distinct shape. The points appear to be evenly spread across both positive and negative residual values, and there is no visible evidence of increasing or decreasing spread as the predicted values change. This suggests that the variance of the residuals is relatively constant. Based on these observations, the assumption of homoscedasticity is satisfied. This indicates that the regression model provides reliable estimates, and the standard errors are not biased due to unequal variance of residuals.

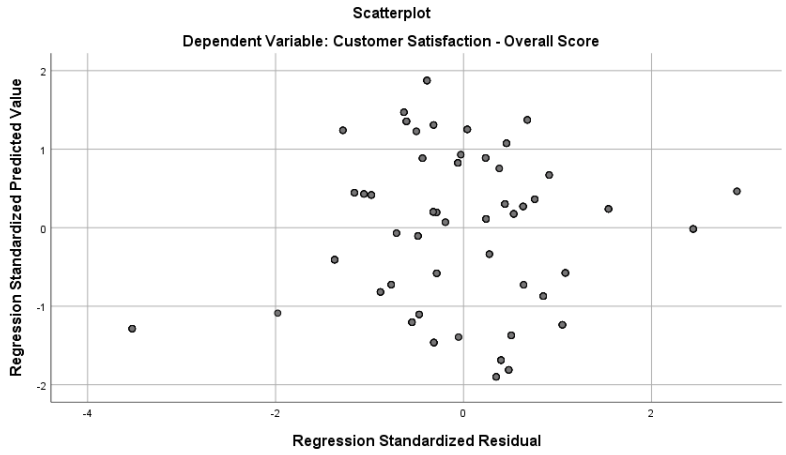


Figure 4.6: Scatter Plot of Standardized Predicted values by Standardized Residual

4.5 Descriptive Statistics

This section presents the descriptive statistics of the study variables, focusing on the respondents' perceptions of service quality dimensions and customer satisfaction. The analysis is based on mean scores and standard deviations derived from Likert scale responses. The descriptive results provide an overview of the extent to which respondents agreed or disagreed with various statements related to the study variables, thereby offering preliminary insights into the patterns within the data. For purposes of interpretation, the mean scores were categorized into five levels. Scores ranging from 4.51 to 5.00 were interpreted as indicating strong agreement, while those between 3.51 and 4.50 reflected agreement. Mean values between 2.51 and 3.50 were considered neutral, whereas scores from 1.51 to 2.50 indicated disagreement. Finally, mean scores between 1.00 and 1.50 were interpreted as strong disagreement, consistent with established Likert scale interpretation guidelines (Lindner & Lindner, 2024).

4.5.1 Reliability

The first objective of the study was to determine the effect of reliability on customer satisfaction among M-PESA agents in Nairobi County, Kenya. Reliability was measured using nine items focusing on three key indicators: accuracy of transactions, timely service delivery, and

dependability of services. Respondents were asked to indicate their level of agreement with each statement using a five-point Likert scale. The descriptive statistics are presented in Table 4.5.

Table 4.5: Descriptive Statistics for Reliability

	N	Mean	Std. Deviation
The bank processes my float and withdrawal requests without errors, which prevents financial losses and increases my satisfaction.	365	3.09	1.153
I receive accurate transaction records and statements, which makes reconciliation easy and increases my trust in the bank.	365	3.04	1.162
The financial value of every transaction is correctly reflected in my account, giving me peace of mind and enhancing my satisfaction.	365	3.03	1.120
The bank provides float replenishment within the promised time, ensuring I never run out of cash for customers and increasing my satisfaction.	365	3.00	1.096
I get timely updates on my transaction requests, which allows me to plan my operations effectively and reduces my anxiety.	365	3.21	1.160
The bank's systems (e.g., mobile banking, ATMs) have minimal downtime, ensuring I can access my funds when I need to and boosting my satisfaction.	365	3.15	1.198
When the bank promises to do something by a certain time, it does so, which makes me feel I can depend on them and strengthens our relationship.	365	3.19	1.222
The bank provides consistent service quality during operating hours, which makes my daily operations predictable and increases my overall satisfaction.	365	3.05	1.267
The dependable service from my bank gives me confidence in managing my M-PESA outlet's liquidity, which is crucial for my business success and satisfaction.	365	2.99	1.112
Reliability - Overall Score	365	3.0828	1.02508

Source: Author (2026)

The findings on accuracy of transactions indicate generally neutral perceptions among respondents, suggesting that confidence in the correctness and consistency of banking transactions exists but is not sufficiently strong to generate clear positive evaluations. The mean scores for error-free processing of float and withdrawal requests (M = 3.09), accuracy of transaction records (M = 3.04), and correctness of financial values reflected in accounts (M = 3.03) all fall within the neutral range. From the researcher's perspective, these findings are particularly significant because

transaction accuracy forms the foundation of trust within the agent-bank relationship. M-PESA agents depend on accurate processing of transactions and records to manage liquidity, reconcile accounts, and serve customers effectively. The absence of stronger positive ratings suggests that while banks generally perform adequately in this area, some agents may continue to experience occasional discrepancies, delays in reconciliation, or uncertainties regarding transaction accuracy. The relatively high standard deviations further suggest that experiences differ across respondents, potentially reflecting variations in service quality across banks, branches, or service channels.

With respect to timely service delivery, the findings similarly reveal cautious rather than strongly favorable perceptions. The mean score for timely float replenishment (M = 3.00) suggests that respondents were uncertain about the consistency with which banks meet expected timelines. Likewise, the scores relating to timely updates on transaction requests (M = 3.21) and minimal system downtime (M = 3.15) indicate that agents did not express strong confidence in the timeliness of service delivery. This finding is particularly important because agency banking operations are highly dependent on uninterrupted access to liquidity and banking systems. From the researcher's perspective, even occasional delays in float replenishment or transaction processing may have significant operational implications for agents by disrupting service continuity, reducing transaction volumes, and affecting customer experiences at the outlet level.

Regarding dependability of services, respondents also expressed generally neutral views. The mean scores for banks fulfilling promises within the expected time (M = 3.19), maintaining consistent service quality during operating hours (M = 3.05), and providing dependable services that enhance confidence in liquidity management (M = 2.99) suggest that respondents were not fully convinced about the consistency of banking support. This finding may indicate that while banks are able to meet service expectations in some situations, performance is not sufficiently consistent across all interactions. Given the operational dependence of M-PESA agents on banking services, any perceived inconsistency in service delivery may affect confidence in the reliability of the banking relationship and create uncertainty in day-to-day business operations.

The overall mean score for reliability was 3.0828, indicating a generally neutral perception of reliability among M-PESA agents. Importantly, this neutrality should not be interpreted as evidence that reliability is unimportant. Rather, it suggests that respondents experienced varying levels of transaction accuracy, timeliness, and service dependability, resulting in moderate overall

evaluations. The variation in responses may reflect differences in operational experiences across banks, branches, transaction volumes, and service channels. From the researcher's perspective, the findings indicate that although banks have established systems and processes to support agent operations, there remains considerable room for improvement in ensuring consistent and dependable service delivery. Strengthening transaction accuracy, reducing delays, and improving operational reliability may enhance confidence in banking services and contribute to higher levels of customer satisfaction among M-PESA agents.

4.5.2 Responsiveness

The second objective of the study was to determine the influence of responsiveness on customer satisfaction among M-PESA agents in Nairobi County, Kenya. Responsiveness was measured using nine items focusing on prompt handling of customer requests, speed of complaint resolution, and availability of support staff. Respondents were asked to indicate their level of agreement with each statement using a five-point Likert scale. These findings are shown in Table 4.6.

Table 4.6: Descriptive Statistics for Responsiveness

	N	Mean	Std. Deviation
The bank's staff promptly attend to my service requests, which makes me feel valued and reduces my waiting time.	365	2.95	1.147
When I have a question, I get a prompt response from the bank, allowing me to resolve issues quickly and continue my business.	365	2.86	1.197
The bank shows a willingness to help me whenever I need assistance, which builds a positive relationship and increases my satisfaction.	365	3.12	1.197
My complaints are resolved quickly by the bank, which minimizes disruption to my M-PESA operations and restores my confidence.	365	3.33	1.172
The bank provides a clear and timely resolution process for my problems, which reduces my frustration and increases my trust in them.	365	3.34	1.233
I do not have to repeatedly follow up on my complaints, which saves me time and effort and makes me more satisfied with the service.	365	3.30	1.201
The bank's customer support staff are easily accessible when I need them, ensuring I can get help during critical operational hours.	365	3.27	1.051
I can readily get in touch with a bank representative, which gives me a sense of security and support for my business.	365	3.08	1.218

The availability of the bank's support staff, even during peak hours, ensures my issues are addressed promptly, enhancing my satisfaction.	365	3.01	1.112
Responsiveness - Overall Score	365	3.1400	1.04076

Source: Author (2026)

The findings on prompt handling of customer requests indicate that responsiveness remains an area of concern within the agent-bank relationship. Although banks appear to provide some level of support to M-PESA agents, the mean scores for prompt attention by staff (M = 2.95) and timely responses to questions (M = 2.86) suggest that respondents were not fully convinced that service requests are handled promptly and consistently. The relatively lower scores on these items are noteworthy because delays in responding to agent concerns can directly affect transaction continuity, liquidity management, and customer service at the outlet level. While the willingness of staff to assist recorded a slightly higher mean score (M = 3.12), the findings suggest that willingness alone may not be sufficient if it is not accompanied by timely action and effective support.

Regarding the speed of complaint resolution, respondents expressed somewhat more favorable perceptions, although these remained within the neutral category. The mean scores for quick complaint resolution (M = 3.33), clear and timely resolution processes (M = 3.34), and reduced need for repeated follow-ups (M = 3.30) suggest that banks have established mechanisms for handling complaints. However, the absence of stronger positive evaluations indicates that these mechanisms may not consistently meet agents' expectations. From the researcher's perspective, this finding may reflect variability in service experiences across different banks, branches, or service channels, where some agents receive effective support while others continue to experience delays and procedural inefficiencies.

With respect to the availability of support staff, the findings reveal a similar pattern of cautious rather than enthusiastic evaluations. The mean scores for accessibility of support staff when needed (M = 3.27), ease of contacting bank representatives (M = 3.08), and staff availability during peak hours (M = 3.01) suggest that access to assistance remains inconsistent. This is particularly significant given the operational nature of M-PESA businesses, where agents frequently require immediate support to address transaction failures, liquidity shortages, and customer-related issues.

The findings therefore imply that the availability of support services may not always align with the time-sensitive demands of agency banking operations.

The overall mean score for responsiveness was 3.1400, indicating a generally neutral perception of banks' responsiveness among M-PESA agents. Importantly, this neutrality should not be interpreted as an indication that responsiveness is unimportant. Rather, it may suggest that respondents experienced varying levels of service quality, resulting in moderate aggregate evaluations. The relatively high standard deviations across the responsiveness items further support the possibility of heterogeneous experiences among agents. From the researcher's perspective, the findings indicate that while banks have made efforts to improve customer support and complaint handling processes, there remains considerable room for improvement in ensuring timely, accessible, and consistent service delivery. Strengthening responsiveness may therefore provide banks with an important opportunity to enhance customer satisfaction and strengthen relationships with M-PESA agents.

4.5.3 Assurance

The third objective of the study was to determine the effect of assurance on customer satisfaction among M-PESA agents in Nairobi County, Kenya. Assurance was measured using nine items focusing on the competence of bank staff, trustworthiness and honesty of employees, and the security and safety of transactions. Respondents were asked to indicate their level of agreement with each statement using a five-point Likert scale. The descriptive statistics for this variable are presented in Table 4.7.

Table 4.7: Descriptive Statistics for Assurance

	N	Mean	Std. Deviation
The bank's staff have the knowledge to answer my questions, which gives me confidence in their guidance and increases my satisfaction.	365	2.93	1.182
I feel confident in the technical competence of the bank's employees to handle my complex transaction needs.	365	3.02	1.131
The bank's staff are professionally trained, which makes my interactions efficient and builds my trust in their services.	365	3.01	1.140
The bank's employees are honest in their dealings with me, which fosters a strong sense of trust and loyalty.	365	3.00	1.209

I trust that the bank's staff have my best interests at heart when providing services, making me feel secure and valued.	365	3.25	1.246
The bank's employees maintain a high level of integrity, which assures me that my financial dealings are in safe hands.	365	3.16	1.138
I feel my transactions with the bank are secure and protected from fraud, which is fundamental to my peace of mind and satisfaction.	365	3.13	1.092
The bank has strong security measures in place, which makes me confident in depositing and withdrawing large sums of money.	365	3.21	1.149
The overall sense of safety I get from transacting with the bank allows me to focus on my business without worry.	365	3.10	1.194
Assurance - Overall Score	365	3.0919	1.02902

Source: Author (2026)

The findings on the competence of bank staff indicate generally neutral perceptions among respondents, suggesting that confidence in employee expertise is present but not sufficiently strong to generate clear positive evaluations. The mean scores for staff knowledge in answering questions (M = 2.93), technical competence in handling complex transactions (M = 3.02), and professional training of employees (M = 3.01) all fall within the neutral range. From the researcher's perspective, these findings raise concerns because M-PESA agents often rely on bank personnel for guidance on transaction-related issues, liquidity management, and resolution of operational challenges. The absence of stronger positive ratings may therefore indicate inconsistencies in the quality of support provided by bank staff, where some agents experience competent assistance while others encounter limitations in employee knowledge and expertise.

With regard to the trustworthiness and honesty of employees, the results similarly reveal cautious rather than enthusiastic perceptions. Respondents reported neutral views concerning whether bank employees are honest in their dealings (M = 3.00), have customers' best interests at heart (M = 3.25), and maintain high levels of integrity (M = 3.16). Although the latter two indicators recorded relatively higher mean scores, respondents did not express strong confidence in the trustworthiness of banking personnel. This finding is noteworthy because trust plays a critical role in business relationships involving financial transactions and liquidity management. The results suggest that while respondents do not perceive widespread integrity concerns, banks may not have fully established the level of trust and confidence necessary to strengthen long-term relationships with M-PESA agents.

In terms of the security and safety of transactions, respondents again expressed largely neutral perceptions. The mean scores for transaction security and protection from fraud (M = 3.13), existence of strong security measures (M = 3.21), and overall sense of safety when transacting with the bank (M = 3.10) indicate that respondents generally acknowledge the presence of security mechanisms but are not fully convinced of their adequacy or effectiveness. Given the financial risks associated with M-PESA operations, including high transaction volumes and the management of significant float balances, security concerns are likely to influence agents' confidence in banking services. The findings therefore suggest that existing security measures may be viewed as satisfactory but not sufficiently robust to generate strong assurances among all respondents.

The overall mean score for assurance was 3.0919, indicating a generally neutral perception of assurance within banking services. Importantly, this neutrality should not be interpreted as evidence that assurance is unimportant to M-PESA agents. Rather, it suggests that respondents experienced varying levels of confidence in staff competence, trustworthiness, and transaction security, resulting in moderate aggregate evaluations. The variation in responses may reflect differences in service experiences across banks, branches, or customer support channels. From the researcher's perspective, the findings indicate that although banks have established foundational mechanisms to promote confidence and trust, significant opportunities remain to strengthen employee competence, enhance relationship trust, and reinforce transaction security. Improvements in these areas are likely to increase customer confidence and contribute to higher levels of satisfaction among M-PESA agents.

4.5.4 Empathy

The fourth objective of the study was to determine the effect of empathy on customer satisfaction among M-PESA agents in Nairobi County, Kenya. Empathy was measured using nine items focusing on personalized customer attention, flexibility in service provision, and courtesy and individualized communication. Respondents were asked to indicate their level of agreement with each statement using a five-point Likert scale. The descriptive statistics for empathy are presented in Table 4.8.

Table 4.8: Descriptive Statistics for Empathy

	N	Mean	Std. Deviation

The bank gives me individual attention, which makes me feel like a valued partner rather than just a number.	365	3.14	1.212
The bank's staff understand my specific needs as an M-PESA agent, which leads to more relevant and helpful service.	365	3.26	1.230
The bank's employees remember my preferences and transaction history, making my service experience feel personalized and efficient.	365	3.25	1.101
The bank is flexible in its procedures to accommodate my unique business needs, which helps me operate more smoothly.	358	3.11	1.150
The bank shows willingness to adjust its services to help me during periods of high transaction volume or liquidity challenges.	365	3.01	1.179
The bank offers flexible solutions for float management that suit my specific operational hours and cash flow needs	365	2.91	1.187
The bank's staff are consistently courteous and respectful, which creates a positive and stress-free interaction.	365	3.02	1.175
The bank communicates with me in a way that is easy to understand, ensuring I am always well-informed about my transactions.	365	3.04	1.295
The bank's employees take the time to listen to my concerns, making me feel heard and increasing my overall satisfaction	365	3.20	1.151
Empathy - Overall Score	365	3.1034	1.02072

Source: Author (2026)

The findings on personalized customer attention indicate generally neutral perceptions among respondents, suggesting that banks provide some level of individualized service but not to an extent that creates strong positive impressions among M-PESA agents. The mean scores for receiving individual attention (M = 3.14), staff understanding of specific needs (M = 3.26), and employees remembering preferences and transaction history (M = 3.25) all fall within the neutral range. From the researcher's perspective, these findings are particularly important because M-PESA agents operate under unique business conditions that often require tailored support, especially in relation to liquidity management, transaction processing, and operational continuity. The absence of stronger positive evaluations suggests that many agents may perceive their interactions with banks as largely transactional rather than relationship-oriented. While some respondents may have experienced personalized attention, the findings indicate that banks may not consistently demonstrate a deep understanding of agents' individual business circumstances and operational needs.

With regard to flexibility in service provision, the results similarly reveal cautious rather than strongly favorable perceptions. Respondents reported neutral views regarding the bank's flexibility

in accommodating business needs (M = 3.11) and willingness to adjust services during periods of high demand or liquidity challenges (M = 3.01). Notably, the lowest mean score within this dimension was recorded for flexible float management solutions (M = 2.91), suggesting that respondents were least satisfied with banks' ability to adapt to one of the most critical operational requirements of agency banking. This finding is significant because liquidity constraints and float shortages directly affect an agent's ability to serve customers and generate revenue. From the researcher's perspective, the relatively low score on this indicator may imply that existing banking products and support mechanisms are not sufficiently responsive to the dynamic operational realities faced by M-PESA agents.

In terms of courtesy and individualized communication, respondents also expressed generally neutral perceptions. The mean scores for staff courtesy and respectfulness (M = 3.02), clarity of communication (M = 3.04), and willingness of employees to listen to concerns (M = 3.20) indicate that while interpersonal interactions are generally acceptable, they do not consistently exceed customer expectations. Effective communication is particularly important in agency banking because agents frequently require clarification on transaction issues, liquidity challenges, and service procedures. The findings therefore suggest that although banks have established communication channels and customer engagement practices, these may not always create a strong sense of support, partnership, and responsiveness among agents.

The overall mean score for empathy was 3.1034, indicating a generally neutral perception of empathy within banking services. Importantly, this neutrality should not be interpreted as evidence that empathy is unimportant to M-PESA agents. Rather, it suggests that respondents experienced varying levels of personalized attention, flexibility, and communication, resulting in moderate overall evaluations. The variation in responses may reflect differences in service delivery across banks, branches, relationship managers, or service channels. From the researcher's perspective, the findings imply that while banks demonstrate some customer-centered practices, there remains considerable room for improvement in tailoring services to the unique operational needs of agents. Strengthening personalized engagement, providing more flexible support during liquidity challenges, and enhancing communication quality may contribute significantly to improving customer satisfaction and strengthening long-term agent-bank relationships.

4.5.5 Tangibles

The fifth objective of the study was to determine the effect of tangibles on customer satisfaction among M-PESA agents in Nairobi County, Kenya. Tangibles were measured using nine items focusing on physical facilities, modern technology and systems, and professional appearance of staff. Respondents were asked to indicate their level of agreement with each statement using a five-point Likert scale. These results are shown in Table 4.9.

Table 4.9: Descriptive Statistics for Tangibles

	N	Mean	Std. Deviation
The bank's branches are clean and well-maintained, which creates a positive and professional impression that I appreciate.	365	2.99	1.112
The waiting areas at the bank are comfortable, making my visits more pleasant and reducing the stress of waiting.	365	3.00	1.096
The physical layout of the bank allows for efficient service, which saves me time and improves my overall experience.	365	2.93	1.182
The bank's technology (e.g., mobile app, USSD) is modern and up-to-date, making my transactions fast, easy, and reliable.	365	3.14	1.212
The bank's systems (like ATMs and agency banking terminals) are consistently functional, which is critical for my daily operations and satisfaction.	365	3.25	1.246
The bank provides modern and easy-to-use electronic statements, which helps me manage my records efficiently and saves me time.	365	3.04	1.162
The bank's employees have a neat and professional appearance, which instills confidence in me about the bank's standards.	365	2.91	1.187
The materials associated with the bank's service (e.g., brochures, receipts) are visually appealing and well-organized.	365	3.33	1.172
The modern and professional look of the bank's physical facilities and technology makes me feel confident in the institution's stability and reliability.	365	3.01	1.112
Tangibles - Overall Score	365	3.0670	1.01821

Source: Author (2026)

The findings on physical facilities indicate generally neutral perceptions among respondents, suggesting that the physical banking environment meets basic expectations but does not create particularly strong positive impressions among M-PESA agents. The mean scores for cleanliness and maintenance of bank branches (M = 2.99), comfort of waiting areas (M = 3.00), and efficiency of physical layout (M = 2.93) all fall within the neutral range. From the researcher's perspective, these findings imply that while banks have invested in maintaining acceptable service

environments, the physical facilities may not be sufficiently optimized to support the operational needs of agents who frequently interact with banking institutions for liquidity management, cash deposits, and transaction support. The relatively lower score for the efficiency of physical layout may further suggest that branch configurations and service processes are not always designed with agent convenience and efficiency in mind.

With regard to modern technology and systems, respondents expressed somewhat more favorable but still largely neutral perceptions. The mean scores for the modernity of banking technology (M = 3.14), functionality of systems such as ATMs and agency banking terminals (M = 3.25), and usability of electronic statements (M = 3.04) suggest that technological infrastructure is generally viewed as functional and reasonably effective. However, the absence of stronger positive ratings indicates that agents may still encounter occasional system disruptions, downtime, or operational inefficiencies that affect their overall service experience. This finding is particularly significant because M-PESA operations rely heavily on seamless integration between digital platforms, banking systems, and transaction processing infrastructure. From the researcher's perspective, even infrequent technological failures can have a disproportionate impact on agents by disrupting customer transactions, delaying service delivery, and affecting business performance.

In terms of the professional appearance of staff and service materials, respondents similarly expressed mixed views. The mean scores for employee neatness and professionalism (M = 2.91), visual appeal and organization of service materials (M = 3.33), and the overall modern appearance of facilities and technology (M = 3.01) all fall within the neutral range. While service materials received relatively more favorable evaluations, the lower score relating to employee appearance and professionalism suggests that respondents may not consistently perceive a strong image of professionalism across all banking interactions. This finding is important because tangible cues often shape customers' perceptions of organizational competence, credibility, and service quality, particularly in financial service environments where trust and confidence are essential.

The overall mean score for tangibles was 3.0670, indicating a generally neutral perception of the tangible aspects of banking services. Importantly, this neutrality should not be interpreted as evidence that tangibles are unimportant to M-PESA agents. Rather, it suggests that respondents experienced varying levels of satisfaction with physical facilities, technological systems, and professional presentation, resulting in moderate aggregate evaluations. The variation in responses

may reflect differences in service quality across banks, branches, and technological platforms. From the researcher's perspective, the findings indicate that while banks have established the fundamental physical and technological infrastructure required to support agent banking operations, there remains considerable opportunity to improve the quality, reliability, and consistency of these tangible service elements. Enhancing branch efficiency, strengthening technological reliability, and reinforcing professional presentation may contribute to stronger perceptions of service quality and ultimately improve customer satisfaction among M-PESA agents.

4.5.6 Customer Satisfaction

Customer satisfaction was the dependent variable in this study. It was measured using nine items focusing on customer retention, recommendation, and complaint behavior. Respondents were asked to indicate their level of agreement with each statement using a five-point Likert scale. The descriptive statistics for customer satisfaction are shown in Table 4.10.

Table 4.10: Descriptive Statistics for Customer Satisfaction

	N	Mean	Std. Deviation
I intend to continue using this bank's services for my M-PESA operations in the foreseeable future.	365	3.26	1.230
I do not plan to switch my primary transaction bank for my M-PESA business.	365	3.21	1.160
If I need additional banking services, my first choice will be this bank.	365	3.20	1.151
I would recommend this bank to other M-PESA agents.	365	3.04	1.162
I speak positively about this bank to my peers in the agency business.	365	3.25	1.246
I would actively encourage other MPESA agents to try the bank that I use.	365	3.12	1.197
When issues arise with my bank, they are handled well enough that I do not pursue complaints.	365	3.25	1.101
I feel comfortable voicing my complaints to the bank because I believe they will be addressed.	365	3.33	1.172
I do not feel frustrated enough to escalate issues into formal complaints with my bank	365	2.99	1.112
Customer Satisfaction - Overall Score	365	3.1830	1.01484

Source: Author (2026)

The findings on customer retention indicate generally neutral perceptions regarding respondents' commitment to their current banks, suggesting that existing banking relationships are being maintained but may not be sufficiently strong to inspire high levels of loyalty. The mean scores for intention to continue using the bank (M = 3.26), reluctance to switch primary transaction banks (M = 3.21), and preference for the same bank when seeking additional services (M = 3.20) all fall within the neutral range. From the researcher's perspective, these findings imply that many M-PESA agents may continue banking with their current institutions primarily because of convenience, established operational arrangements, or the absence of significantly superior alternatives rather than because of strong satisfaction or attachment to the bank. This suggests that banks may be retaining customers, but not necessarily cultivating deep loyalty that would protect them from future competitive pressures.

Regarding recommendation, the findings similarly reveal cautious rather than enthusiastic perceptions among respondents. The mean scores for recommending the bank to other agents (M = 3.04), speaking positively about the bank (M = 3.25), and encouraging others to use the bank (M = 3.12) all fall within the neutral category. These results suggest that while respondents do not appear strongly dissatisfied with their banking experiences, they are also not sufficiently impressed to become active advocates for their banks. This finding is significant because positive recommendations and word-of-mouth communication often reflect a higher level of satisfaction than simple customer retention. From the researcher's perspective, the neutral ratings indicate that banks may be meeting basic service expectations without consistently delivering the quality of service required to generate strong customer advocacy within the closely connected M-PESA agent community.

In terms of complaint behavior, respondents also expressed generally neutral views. The mean scores for issues being handled well enough to avoid further complaints (M = 3.25) and feeling comfortable voicing concerns to the bank (M = 3.33) suggest that respondents have a reasonable degree of confidence in existing complaint-handling mechanisms. However, the relatively lower score regarding not feeling frustrated enough to escalate complaints formally (M = 2.99) indicates that some agents continue to experience unresolved frustrations or service challenges. This finding may suggest that while banks have established channels for receiving and addressing customer concerns, the effectiveness of these mechanisms varies across respondents. Some agents appear

satisfied with complaint resolution processes, whereas others may perceive that their concerns are not always addressed promptly or comprehensively.

The overall mean score for customer satisfaction was 3.1830, indicating a generally neutral level of satisfaction among M-PESA agents. Importantly, this neutrality should not be interpreted as evidence of widespread dissatisfaction. Rather, it suggests that respondents experienced varying levels of satisfaction across different aspects of their banking relationships, resulting in moderate aggregate evaluations. The findings portray a customer base that is generally content with the services received but not sufficiently satisfied to exhibit strong loyalty, advocacy, or confidence in complaint resolution processes. From the researcher's perspective, these results point to an opportunity for banks to strengthen customer satisfaction by improving key service quality dimensions such as reliability, responsiveness, assurance, empathy, and tangibles. Enhancing performance in these areas is likely to deepen customer commitment, encourage positive recommendations, and reduce customer frustrations among M-PESA agents.

4.6 Inferential Analysis

This section presents the inferential statistical analysis conducted to examine the relationships between the independent variables and customer satisfaction. The analysis includes correlation and regression techniques to determine the strength, direction, and significance of the relationships between service quality dimensions and customer satisfaction. These tests provide deeper insights beyond descriptive statistics by establishing whether the observed patterns in the data are statistically significant and generalizable to the broader population.

4.6.1 Correlations

Pearson’s correlation analysis was used to examine the strength and direction of the relationship between the independent variables and customer satisfaction. The Pearson correlation coefficient (r) ranges from -1 to +1, where values close to +1 indicate a strong positive relationship, values close to -1 indicate a strong negative relationship, and values around zero indicate no relationship. The significance value (p-value) indicates whether the relationship is statistically significant, with

values less than 0.05 suggesting that the relationship is unlikely to have occurred by chance. Table 4.11.

Table 4.11: Correlations

		Reliability	Responsiveness	Assurance	Empathy	Tangibles	Customer Satisfaction
Reliability	r	1					
	p						
Responsiveness	r	.538	1				
	p	.000					
Assurance	r	.467	.323	1			
	p	.000	.000				
Empathy	r	.559	.453	.551	1		
	p	.000	.000	.000			
Tangibles - Overall Score	r	.477	.660	.668**	.672	1	
	p	.000	.000	.000	.000		
Customer Satisfaction	r	.966	.969	.958**	.976**	.977	1
	p	.000	.000	.000	.000	.000	

Source: Author (2026)

The results show that reliability has a very strong and positive relationship with customer satisfaction ($r = 0.966$, $p < 0.05$). This implies that improvements in reliability, such as accurate transactions, timely service delivery, and dependable services, are strongly associated with higher levels of customer satisfaction among M-PESA agents. Similarly, responsiveness exhibits a very strong positive and statistically significant relationship with customer satisfaction ($r = 0.969$, $p < 0.05$). This indicates that prompt handling of requests, faster complaint resolution, and accessibility of support staff are critical in enhancing satisfaction levels. The findings further reveal that assurance has a very strong positive and significant relationship with customer satisfaction ($r = 0.958$, $p < 0.05$). This suggests that the competence, trustworthiness, and ability of bank staff to ensure secure transactions play a key role in influencing customer satisfaction. In addition, empathy demonstrates a very strong positive and significant relationship with customer satisfaction ($r = 0.976$, $p < 0.05$). This indicates that personalized attention, flexibility in service provision, and effective communication significantly contribute to higher satisfaction among M-PESA agents. Finally, tangibles also show a very strong positive and statistically significant relationship with customer satisfaction ($r = 0.977$, $p < 0.05$). This implies that physical facilities, modern technology, and the professional appearance of staff are important factors that influence satisfaction.

In addition, the results indicate that the correlations among the independent variables, including reliability, responsiveness, assurance, empathy, and tangibles, range from 0.323 to 0.672. The highest correlation is observed between empathy and tangibles (r = 0.672), followed by responsiveness and tangibles (r = 0.660). All other correlations are moderate and fall well below the threshold of 0.80. Although these relationships are statistically significant ($p < 0.05$), their magnitudes do not indicate problematic multicollinearity. These findings suggest that while the independent variables are related, they are not excessively correlated to the extent that they measure the same underlying construct.

The correlation coefficients between the independent variables and customer satisfaction were notably high, suggesting strong associations among the constructs. While this may partly reflect the conceptual closeness between service quality perceptions and satisfaction outcomes, it also raised potential concerns regarding measurement overlap and common method variance. However, further multicollinearity diagnostics using tolerance and Variance Inflation Factor (VIF) values indicated that multicollinearity was within acceptable thresholds and therefore not severe enough to invalidate the regression analysis.

4.6.2 Regression Analysis

This section presents the regression analysis conducted to determine the effect of service quality dimensions on customer satisfaction among M-PESA agents in Nairobi County. Regression analysis was employed to establish the extent to which the independent variables predict the dependent variable and to assess the significance of these relationships.

Table 4.12: Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.988[a]	.976	.975	.15913	2.094
a. Predictors: (Constant), Tangibles, Responsiveness, Assurance, Empathy, Reliability					
b. Dependent Variable: Customer Satisfaction					

Source: Author (2026)

The regression model summary presented in Table 4.12 provides information on the strength and explanatory power of the relationship between service quality dimensions and customer satisfaction. The results show a very high correlation coefficient (R = 0.988), indicating a strong positive relationship between the combined independent variables (reliability, responsiveness,

assurance, empathy, and tangibles) and customer satisfaction. This suggests that the model fits the data very well. The coefficient of determination ($R^2 = 0.976$) indicates that 97.6% of the variation in customer satisfaction is explained by the five service quality dimensions included in the model. The adjusted R^2 value of 0.975 further confirms this, showing that even after adjusting for the number of predictors, the model still explains a very large proportion of the variance. This implies that the independent variables collectively provide a strong explanation of customer satisfaction among M-PESA agents. The standard error of the estimate (0.15913) is relatively low, indicating that the predicted values of customer satisfaction are close to the observed values, and thus the model has high predictive accuracy. The Durbin–Watson statistic is 2.094, which is close to the ideal value of 2. This indicates that there is no significant autocorrelation in the residuals, meaning the errors are independent. Overall, the model demonstrates a strong fit, high explanatory power, and meets the key assumptions of regression analysis, confirming its suitability for explaining the effect of service quality on customer satisfaction.

Table 4.13: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	365.790	5	73.158	2888.937	.000[b]
	Residual	9.091	359	.025		
	Total	374.882	364			
a. Dependent Variable: Customer Satisfaction						
b. Predictors: (Constant), Tangibles, Responsiveness, Assurance, Empathy, Reliability						

Source: Author (2026)

The ANOVA results presented in Table 4.13 assess the overall significance of the regression model in explaining customer satisfaction. The findings show that the regression model has a sum of squares of 365.790 compared to a residual sum of squares of 9.091, indicating that a large proportion of the variation in customer satisfaction is explained by the independent variables. The total sum of squares is 374.882, confirming that most of the variability in the dependent variable is captured by the model. The model has 5 degrees of freedom for regression and 359 for residuals. The mean square for regression (73.158) is substantially higher than the mean square for residuals (0.025), suggesting that the model explains significantly more variation than the unexplained error. The F-statistic is 2888.937, which is very large, and the associated significance value is 0.000 ($p < 0.05$). This indicates that the overall regression model is statistically significant. In other words, the combination of reliability, responsiveness, assurance, empathy, and tangibles significantly

predicts customer satisfaction among M-PESA agents. Therefore, the null hypothesis that the independent variables do not jointly influence customer satisfaction is rejected. The results confirm that the model provides a good fit and that the independent variables collectively have a significant effect on customer satisfaction.

Table 4.14 presents the regression coefficients used to determine the individual contribution of each service quality dimension to customer satisfaction. The unstandardized coefficients (B) indicate the magnitude and direction of the relationship, while the standardized coefficients (Beta) show the relative importance of each predictor. The significance values (p-values) indicate whether each variable has a statistically significant effect on customer satisfaction.

Table 4.14: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.100	.027		3.708	.000
	Reliability	.118	.042	.119	2.830	.005
	Responsiveness	.322	.030	.330	10.555	.000
	Assurance	.125	.036	.127	3.506	.001
	Empathy	.296	.038	.298	7.842	.000
	Tangibles	.132	.055	.132	2.412	.016
a. Dependent Variable: Customer Satisfaction						

Source: Author (2026)

To address the study objectives, the regression coefficients were examined to determine the individual relationship between each service quality dimension and customer satisfaction while controlling for the influence of the remaining dimensions. The findings are presented according to the specific objectives of the study before considering the overall multiple regression model.

The first objective of the study sought to determine the effect of reliability on customer satisfaction among M-PESA agents in Nairobi County. The regression results indicate that reliability had a positive and statistically significant relationship with customer satisfaction ($B = 0.118$, $p = 0.005$). This suggests that respondents who reported higher levels of reliability also tended to report higher levels of customer satisfaction. However, compared to the other service quality dimensions, reliability recorded a relatively smaller standardized coefficient ($\beta = 0.119$), suggesting that its unique predictive contribution to customer satisfaction was comparatively lower when

responsiveness, assurance, empathy, and tangibles were considered simultaneously. The findings therefore support Objective One and indicate that reliability is significantly associated with customer satisfaction among M-PESA agents.

The second objective sought to determine the effect of responsiveness on customer satisfaction among M-PESA agents. The findings show that responsiveness had a positive and statistically significant relationship with customer satisfaction ($B = 0.322$, $p < 0.05$). Furthermore, responsiveness recorded the highest standardized coefficient ($\beta = 0.330$), indicating that it was the strongest predictor of customer satisfaction in the model. This suggests that respondents who perceived higher levels of prompt service delivery, timely complaint resolution, and accessibility of support staff also tended to report higher levels of customer satisfaction. The findings therefore support Objective Two and indicate that responsiveness is significantly associated with customer satisfaction among M-PESA agents.

The third objective sought to determine the effect of assurance on customer satisfaction among M-PESA agents. The regression results reveal that assurance had a positive and statistically significant relationship with customer satisfaction ($B = 0.125$, $p < 0.05$). This indicates that higher perceptions of staff competence, trustworthiness, and transaction security were associated with higher levels of customer satisfaction. Although assurance was a significant predictor, its relative contribution ($\beta = 0.127$) was lower than that of responsiveness and empathy. The findings therefore support Objective Three and indicate that assurance is significantly associated with customer satisfaction among M-PESA agents.

The fourth objective sought to determine the effect of empathy on customer satisfaction among M-PESA agents. The findings indicate that empathy had a positive and statistically significant relationship with customer satisfaction ($B = 0.296$, $p < 0.05$). With a standardized coefficient of $\beta = 0.298$, empathy emerged as the second strongest predictor in the model. This suggests that respondents who perceived higher levels of personalized attention, flexibility in addressing operational challenges, and effective communication also tended to report higher levels of customer satisfaction. The findings therefore support Objective Four and indicate that empathy is significantly associated with customer satisfaction among M-PESA agents.

The fifth objective sought to determine the effect of tangibles on customer satisfaction among M-PESA agents. The regression results show that tangibles had a positive and statistically significant relationship with customer satisfaction (B = 0.132, p = 0.016). This finding suggests that more favorable perceptions of physical facilities, technological infrastructure, and professional presentation were associated with higher levels of customer satisfaction. Although the standardized coefficient (β = 0.132) indicates a relatively smaller predictive contribution compared to responsiveness and empathy, the results demonstrate that tangibles remain significantly associated with customer satisfaction. The findings therefore support Objective Five and indicate that tangibles are significantly associated with customer satisfaction among M-PESA agents.

Overall, all five service quality dimensions demonstrated positive and statistically significant relationships with customer satisfaction, suggesting that more favorable perceptions of service quality were associated with higher levels of customer satisfaction among M-PESA agents.

The final regression equation derived from the analysis is:

$CS_i=0.100+0.118REL_i + 0.322RES_i + 0.125ASSUR_i + 0.296EMP_i + 0.132TANG_i$

Where:

CS_i: Customer Satisfaction

REL_i: Reliability

RES_i: Responsiveness

ASSURi: Assurance

EMP_i: Empathy

$TANG_i$:Tangibles

This model shows that responsiveness and empathy are the most influential predictors of customer satisfaction, followed by tangibles, assurance, and reliability.

A notable pattern emerging from the findings is that respondents reported largely neutral perceptions across all service quality dimensions and customer satisfaction indicators. The overall

mean scores for reliability (M = 3.1319), responsiveness (M = 3.1400), assurance (M = 3.0919), empathy (M = 3.1034), tangibles (M = 3.0670), and customer satisfaction (M = 3.1830) all fall within the neutral category. At first glance, these findings may appear inconsistent with the subsequent correlation and regression results, which reveal very strong positive relationships between service quality dimensions and customer satisfaction.

From the researcher's perspective, this apparent inconsistency does not necessarily indicate a contradiction. Descriptive statistics assess the absolute level of respondents' evaluations, showing that M-PESA agents generally perceived banking service quality to be moderate rather than exceptionally high or exceptionally low. In contrast, correlation and regression analyses assess the extent to which variations in one variable are associated with variations in another variable. Consequently, even when average perceptions remain neutral, respondents who reported relatively higher service quality perceptions also tended to report higher levels of customer satisfaction, thereby producing strong statistical relationships between the variables.

The neutral mean scores may also reflect variability in respondents' experiences across different banks, branches, service channels, and operational contexts. M-PESA agents operate under diverse conditions characterized by differences in transaction volumes, liquidity requirements, customer traffic, and levels of interaction with banking institutions. As a result, some respondents may have experienced highly satisfactory service encounters while others reported less favorable experiences, leading to moderate overall averages despite the existence of strong associations among the constructs.

Another possible explanation relates to the multidimensional nature of service quality. The findings suggest that banks may be meeting basic service expectations but not consistently exceeding them. Consequently, respondents may neither strongly agree nor strongly disagree with many service quality statements, resulting in neutral mean scores. However, the strong inferential relationships indicate that improvements in service quality dimensions remain closely associated with improvements in customer satisfaction. This suggests that service quality continues to play a significant role in shaping satisfaction even when overall evaluations remain moderate.

Nevertheless, the exceptionally high correlation coefficients observed in the study warrant cautious interpretation. Because both service quality and customer satisfaction were measured

using self-reported questionnaire data collected from the same respondents at the same point in time, some degree of common method influence may exist despite the procedural and statistical controls employed. In addition, the conceptual proximity between service quality and customer satisfaction may naturally produce stronger associations than would be expected between more distinct constructs. However, the diagnostic tests conducted, including assessments of reliability, validity, common method bias, normality, multicollinearity, and model fit, provided sufficient evidence to support the robustness of the measurement model and the credibility of the inferential findings.

Overall, the findings suggest that M-PESA agents do not perceive banking service quality as exceptionally strong, but variations in service quality perceptions remain highly influential in shaping customer satisfaction. This reinforces the strategic importance of improving service quality dimensions even where overall customer evaluations appear only moderate.

4.7 Chapter Summary

This chapter presented the analysis and interpretation of data on the effect of service quality on customer satisfaction among M-PESA agents. It covered descriptive statistics for all study variables, followed by inferential analysis including correlation and regression. Diagnostic tests were conducted to confirm that regression assumptions were met. The results revealed that all service quality dimensions were significantly associated with customer satisfaction, with responsiveness and empathy emerging as the strongest predictors.

CHAPTER FIVE

DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the discussion, conclusions, and recommendations of the study based on the findings reported in Chapter Four. It begins with a summary of the main results, followed by a discussion of the findings in relation to the study objectives, theories, and existing literature. The chapter then outlines practical and policy recommendations, highlights the limitations encountered during the study, and concludes with suggestions for further research

5.2 Summary of Main Results

The study sought to examine the relationship between service quality and customer satisfaction among M-PESA agents in Nairobi County, Kenya. The findings revealed that reliability, responsiveness, assurance, empathy, and tangibles were all positively and significantly associated with customer satisfaction. Among these dimensions, responsiveness and empathy emerged as the strongest predictors within the regression model, suggesting that prompt support, effective problem resolution, personalized attention, and operational understanding are particularly important within agency banking environments.

The findings further indicate that although respondents reported largely neutral perceptions of service quality, variations in perceived service quality remained strongly associated with variations in customer satisfaction. This suggests that M-PESA agents attach considerable importance to service quality dimensions even where current performance levels are viewed as only moderate. Consequently, customer satisfaction within agency banking appears to be closely linked to both operational and relational aspects of banking service delivery.

However, the findings should be interpreted within the methodological boundaries of the study. Because the study employed a cross-sectional design and relied on self-reported perceptions collected at a single point in time, the results indicate statistical associations rather than definitive causal relationships. Nevertheless, the findings provide important evidence regarding the role of service quality within the M-PESA agent–bank relationship and offer useful insights for improving service delivery within Kenya's agency banking ecosystem.

Although the study found statistically significant relationships between all service quality dimensions and customer satisfaction, descriptive findings indicated that respondents generally rated service quality at only moderate levels. This suggests that the practical service experience of M-PESA agents remains less positive than the strength of the statistical relationships might imply. Therefore, the findings should not be interpreted as evidence that service quality is currently high, but rather that improvements in service quality have the potential to generate meaningful gains in customer satisfaction. The practical significance of the findings lies in identifying those dimensions, particularly responsiveness and empathy, where service improvements may yield the greatest benefits.

5.3 Discussion of Findings

5.3.1 Effect of Reliability on Customer Satisfaction Among M-PESA Agents

The first objective of the study was to examine the relationship between reliability and customer satisfaction among M-PESA agents in Nairobi County, Kenya. The findings indicated that reliability was positively and significantly associated with customer satisfaction, although descriptive responses suggested that agents did not consistently perceive banking services as highly reliable. This pattern is analytically important because it suggests that reliability remains a central evaluative criterion for M-PESA agents even where service experiences are mixed or inconsistent. In practice, this may imply that agents place substantial operational value on dependable banking support due to the liquidity-sensitive nature of their businesses. Consequently, even moderate improvements in transaction accuracy, system consistency, and timely float replenishment may strongly shape satisfaction evaluations within agency banking environments.

From a theoretical perspective, the findings generally support the SERVQUAL model proposed by Parasuraman et al. (1988), which conceptualizes reliability as the ability to deliver promised services dependably and accurately. The strong statistical association observed in this study suggests that reliability continues to function as a foundational dimension through which service quality is evaluated. However, the findings also expose an important tension within SERVQUAL's traditional assumptions. Whereas the model often assumes relatively stable customer evaluations of service delivery, the moderate descriptive ratings observed in this study imply that reliability may be judged more critically in operationally intensive contexts such as agency banking. For M-

PESA agents, reliability is not merely a perceptual or convenience-related issue but a business continuity concern directly linked to cash flow stability, transaction processing, and customer retention at the outlet level. This suggests that the operational meaning of reliability in agency banking may be more consequential than in conventional retail banking settings where service interruptions are less immediately disruptive.

The findings also partially support the Expectancy–Value Theory (Fishbein & Ajzen, 1975), which proposes that satisfaction is shaped by the extent to which perceived service performance aligns with valued expectations. The positive association between reliability and satisfaction suggests that M-PESA agents attach considerable value to dependable banking support. Nonetheless, the coexistence of strong inferential relationships and relatively neutral descriptive perceptions may indicate that agents maintain high expectations that are only partially fulfilled in practice. In this regard, the findings extend EVT by suggesting that satisfaction within high-dependency service ecosystems may not necessarily require consistently excellent service experiences; rather, customers may continue to evaluate certain service dimensions as critically important even when actual performance remains uneven. This highlights the possibility that expectations among M-PESA agents are shaped not only by prior experiences but also by the operational risks associated with service failure.

A further implication of the findings is that they challenge the common assumption within service quality research that highly positive customer perceptions are necessary for strong service quality–satisfaction relationships to emerge. In the present study, respondents reported largely neutral evaluations of reliability, yet reliability remained strongly associated with customer satisfaction. This suggests that within agency banking environments, the importance attached to a service attribute may be as influential as the actual level of performance perceived by customers. In other words, M-PESA agents may not necessarily evaluate reliability positively, but they continue to regard it as a critical determinant of business success (Jack & Suri, 2011). Consequently, dissatisfaction may arise not because reliability is absent, but because performance falls short of the exceptionally high standards required within liquidity-sensitive operations (Eijkman et al., 2009). This interpretation provides an alternative perspective to conventional service quality studies, which often assume that stronger perceptions and stronger relationships should occur simultaneously.

The findings are broadly consistent with prior empirical studies that identify reliability as a significant predictor of customer satisfaction in banking and service industries (Allred & King, 2026; Šević et al. (2022); Yesmin et al., 2023). Similar studies have emphasized the importance of accurate transactions, dependable systems, and consistency in service delivery in shaping positive customer evaluations. The current findings also align with Kalei (2021), who observed that reliability of float management significantly influences operational efficiency among M-PESA agents in Kenya. However, unlike several previous studies that reported relatively strong positive perceptions of reliability, the present study recorded more cautious evaluations despite the strong statistical relationship. One possible explanation for this divergence lies in contextual differences. Most previous studies were conducted among conventional retail banking customers whose service interactions are less operationally dependent than those of M-PESA agents (Jahan & Shahria, 2021; Kim et al., 2024). In contrast, agency banking involves continuous transaction flows, liquidity pressures, and real-time financial obligations, which may heighten sensitivity to even minor service failures.

Methodological differences may also help explain the divergence. Several earlier studies relied on generalized customer populations or focused primarily on interpersonal service experiences, whereas the present study examined a specialized business-to-business relationship where reliability includes operational elements such as float replenishment, transaction continuity, and system uptime (Kaufman & Hwang, 2015; Muraru & Mwanzia, 2022). This broader operational interpretation may have produced more critical evaluations from respondents. Additionally, because the study employed self-reported perceptual measures within a cross-sectional design, respondents may have evaluated reliability based on recent operational frustrations or peak-demand experiences rather than long-term service patterns. Therefore, while the findings reinforce the importance of reliability within service quality theory, they also suggest that reliability may operate differently in agency banking environments characterized by high operational dependence and elevated service expectations.

5.3.2 Influence of Responsiveness on Customer Satisfaction Among M-PESA Agents

The second objective of the study was to examine the relationship between responsiveness and customer satisfaction among M-PESA agents in Nairobi County, Kenya. The findings indicated that responsiveness was positively and significantly associated with customer satisfaction and

emerged as the strongest predictor among the service quality dimensions examined. However, despite the strong inferential relationship, descriptive findings reflected only neutral perceptions regarding responsiveness. This contrast is analytically important because it suggests that responsiveness may carry substantial operational significance for M-PESA agents even where actual service experiences are perceived as inconsistent. In the agency banking environment, delays in resolving issues, responding to inquiries, or providing operational support may directly affect transaction continuity and liquidity management. As a result, responsiveness appears to function not merely as a convenience-related service attribute, but as a critical operational requirement within the day-to-day activities of agents.

From a theoretical perspective, the findings broadly support the SERVQUAL model advanced by Parasuraman et al. (1988), which identifies responsiveness as a central dimension of service quality. SERVQUAL assumes that customers evaluate service providers partly on their willingness and ability to provide prompt assistance and resolve problems efficiently. The strong statistical relationship observed in this study suggests that responsiveness remains a highly salient dimension through which M-PESA agents evaluate banking services. Nevertheless, the findings also reveal certain limitations in the conventional interpretation of responsiveness within SERVQUAL. In many traditional service contexts, responsiveness is often conceptualized primarily in terms of speed of service or employee willingness to assist. However, in the context of agency banking, responsiveness appears to extend beyond interpersonal attentiveness to include operational responsiveness such as timely float support, rapid system recovery, and immediate resolution of transaction-related disruptions (Simukoko & Phiri, 2026). This suggests that the practical meaning of responsiveness may vary substantially depending on the operational dependency between service providers and customers.

The findings also offer partial support for the Expectancy–Value Theory (Fishbein & Ajzen, 1975), which proposes that satisfaction depends on the extent to which service performance aligns with valued expectations. M-PESA agents appear to place high value on prompt support and immediate responsiveness because delays can have direct financial and reputational consequences for their businesses. The strong association between responsiveness and customer satisfaction therefore suggests that responsiveness represents a highly valued service attribute within this context. However, the relatively neutral descriptive ratings imply that banks may not consistently meet the

elevated expectations held by agents. This creates an important theoretical tension: although responsiveness strongly shapes satisfaction evaluations, respondents may still perceive existing service responsiveness as inadequate relative to their operational needs. The findings therefore suggest that expectations within agency banking environments may be substantially higher and more demanding than those assumed in conventional customer satisfaction models.

An additional implication of the findings is that they challenge a common assumption within service quality literature that customers who perceive responsiveness as highly important will necessarily report highly positive evaluations of responsiveness. In the present study, respondents expressed largely neutral perceptions regarding responsiveness, yet responsiveness emerged as the strongest predictor of customer satisfaction. This suggests that within agency banking environments, the significance of responsiveness may stem less from how positively it is evaluated and more from the operational consequences associated with its absence (Simukoko & Phiri, 2026). M-PESA agents operate in environments where delays in resolving transaction failures, liquidity shortages, or system disruptions can immediately affect revenue generation and customer service. Consequently, agents may continue to regard responsiveness as a critical determinant of satisfaction even when they perceive current performance levels as only moderate. This interpretation challenges conventional service quality assumptions by suggesting that in high-dependency service ecosystems, the perceived strategic importance of a service attribute may outweigh customers' overall evaluation of its performance.

The findings are generally consistent with previous empirical studies that identify responsiveness as a significant predictor of customer satisfaction across banking and service industries (Omoregie et al., 2019; Yesmin et al., 2023). Similar studies have emphasized that prompt service delivery, efficient complaint resolution, and timely customer support are associated with more favorable customer evaluations. The findings also align with Siqueira et al. (2023), who observed that responsiveness is particularly important in service environments characterized by time sensitivity and operational continuity. However, while many earlier studies report relatively strong positive customer perceptions regarding responsiveness, the present study recorded more cautious descriptive evaluations despite the strong inferential relationships. One possible explanation for this divergence relates to contextual differences between conventional retail service environments and agency banking operations. Unlike ordinary banking customers, M-PESA agents depend on

continuous transaction processing and uninterrupted liquidity flows, making them considerably more sensitive to even minor service delays.

Methodological variations may also explain some of the divergence from earlier studies. Several prior studies examined responsiveness primarily through generalized customer surveys focused on interpersonal service encounters, whereas the current study adopted a broader operational interpretation incorporating complaint handling efficiency, accessibility of support staff, and response effectiveness during critical operational periods. This expanded conceptualization may have encouraged respondents to evaluate responsiveness more critically. Furthermore, because the study relied on self-reported perceptions collected at a single point in time, evaluations may have been influenced by recent operational frustrations, peak-hour experiences, or temporary service interruptions. Consequently, while the findings reinforce the importance of responsiveness within service quality theory, they also suggest that responsiveness in agency banking environments may involve more complex operational expectations than those typically captured in traditional customer satisfaction studies.

5.3.3 Effect of Empathy on Customer Satisfaction Among M-PESA Agents

The third objective of the study was to examine the relationship between empathy and customer satisfaction among M-PESA agents in Nairobi County, Kenya. The findings indicated that empathy was positively and significantly associated with customer satisfaction and emerged as one of the strongest predictors within the regression model. Nevertheless, descriptive findings showed only neutral perceptions regarding empathy, implying that many agents did not consistently experience highly personalized or flexible banking support. This contrast between the strong statistical relationship and the relatively cautious descriptive evaluations suggests that empathy may represent an important but insufficiently realized service expectation within the agency banking context. For M-PESA agents, empathetic service may extend beyond interpersonal friendliness to include practical understanding of liquidity pressures, operational constraints, and business-specific needs. Consequently, even where empathy is not consistently perceived, it remains a highly valued aspect of the banking relationship.

From a theoretical standpoint, the findings generally support the SERVQUAL model proposed by Parasuraman et al. (1988), which conceptualizes empathy as the extent to which service providers

offer individualized attention, understanding, and care to customers. The positive association observed suggests that M-PESA agents evaluate banks more favorably when they perceive service interactions as personalized and responsive to their unique operational realities. However, the findings also expose important contextual limitations in the traditional SERVQUAL interpretation of empathy. In many conventional service settings, empathy is often associated primarily with courteous interactions and emotional attentiveness. In contrast, the present findings suggest that empathy within agency banking may be interpreted more pragmatically. Agents appear to associate empathetic service not only with politeness and communication, but also with operational flexibility, responsiveness during liquidity shortages, and willingness to accommodate business-specific challenges. This indicates that empathy in high-dependency financial relationships may involve both emotional and functional dimensions, thereby extending the conventional SERVQUAL understanding of the construct.

The findings also align partially with the Expectancy–Value Theory (Fishbein & Ajzen, 1975), which proposes that customer satisfaction is shaped by the extent to which service performance fulfills valued expectations. The strong inferential relationship between empathy and customer satisfaction suggests that M-PESA agents place substantial value on individualized support and understanding from banking institutions. However, the relatively neutral descriptive ratings imply that banks may not consistently meet these expectations in practice. This tension is theoretically significant because it suggests that agents may maintain high expectations regarding relational support even when actual experiences remain mixed. The findings therefore imply that customer evaluations within agency banking environments may be influenced not only by interpersonal interactions, but also by the extent to which banks demonstrate practical understanding of agents' operational realities. In this regard, the study extends EVT by highlighting the role of context-specific operational expectations in shaping satisfaction outcomes.

An additional implication of the findings is that they challenge the common assumption that customers only attach importance to service attributes that they evaluate positively. In the present study, respondents reported largely neutral perceptions of empathy, yet empathy emerged as one of the strongest predictors of customer satisfaction. This suggests that within agency banking environments, empathy may function as a latent service expectation that customers highly value even when they do not consistently experience it. The findings imply that M-PESA agents may

judge banks not only on current service performance but also on the extent to which they believe banks understand and accommodate their operational realities. Consequently, neutral evaluations of empathy should not necessarily be interpreted as evidence of irrelevance or weak performance effects. Instead, they may indicate the existence of an unmet but highly valued expectation. This interpretation extends existing service quality literature by suggesting that the strength of a service attribute's relationship with satisfaction may reflect its strategic importance to customers rather than simply the positivity of its evaluation.

In relation to empirical literature, the findings are broadly consistent with studies that identify empathy as an important determinant of customer satisfaction and loyalty in service industries (Ali & Raza, 2020; Narteh, 2018; Prashar, 2020). Previous studies similarly emphasize that customers respond positively to service providers who demonstrate individualized attention and understanding of customer needs. However, unlike many earlier studies that reported relatively strong customer perceptions of empathy, the current study recorded more reserved evaluations despite the strong statistical association. One possible explanation for this divergence lies in the distinctive nature of the M-PESA agent–bank relationship. Whereas most prior studies focused on retail banking customers whose interactions are primarily transactional or advisory, M-PESA agents operate within a business-to-business environment characterized by continuous operational dependency on banks. Under such conditions, empathy may be evaluated less through interpersonal warmth and more through tangible support mechanisms such as flexibility in float management, responsiveness during system failures, and accommodation during liquidity constraints.

Methodological and contextual differences may further explain the observed divergence from previous findings. Several prior studies examined empathy within traditional retail banking or hospitality settings where customer expectations are largely relational and experience-oriented. By contrast, the present study examined empathy within an operationally intensive financial ecosystem where service interruptions may directly affect business continuity and revenue generation. As a result, respondents may have adopted a more critical evaluative standard when assessing empathetic service. Additionally, because the study relied on self-reported perceptions collected at one point in time, respondents' evaluations may have been shaped by recent operational experiences or unresolved service frustrations. Therefore, while the findings reinforce

the relevance of empathy within service quality theory, they also suggest that empathy within agency banking environments may require deeper operational responsiveness and contextual sensitivity than is typically emphasized in conventional customer satisfaction literature.

5.3.4 Effect of Assurance on Customer Satisfaction Among M-PESA Agents

The fourth objective of the study was to examine the relationship between assurance and customer satisfaction among M-PESA agents in Nairobi County, Kenya. The findings indicated that assurance was positively and significantly associated with customer satisfaction, although descriptive evaluations of assurance remained largely neutral. This suggests that assurance constitutes an important evaluative dimension within the agent–bank relationship even where respondents do not consistently perceive high levels of competence, trustworthiness, or transactional security. The findings may imply that M-PESA agents place substantial value on assurance-related attributes because of the financial and operational risks inherent in agency banking. In contexts where agents routinely manage liquidity, cash transactions, and digital financial systems, confidence in banking institutions may become a critical operational necessity rather than merely a desirable service attribute.

From a theoretical perspective, the findings broadly support the SERVQUAL model proposed by Parasuraman et al. (1988), which conceptualizes assurance as the extent to which service providers inspire trust and confidence through competence, credibility, and security. The significant relationship observed in this study suggests that assurance remains central to how M-PESA agents evaluate banking services. However, the findings also reveal complexities that extend beyond the traditional SERVQUAL interpretation of assurance. In many service settings, assurance is often understood primarily through interpersonal trust and professional conduct. In the present study, however, assurance appeared to encompass both human and technological dimensions, including transaction security, system reliability, staff competence, and institutional credibility. This suggests that within digitally mediated financial ecosystems such as agency banking, assurance may function as a hybrid construct integrating both interpersonal confidence and technological trust. Consequently, the findings indicate that conventional interpretations of assurance may require contextual expansion when applied to operationally intensive financial environments.

The findings also provide partial support for the Expectancy–Value Theory (Fishbein & Ajzen, 1975), which proposes that customer satisfaction depends on the extent to which service performance aligns with valued expectations. The strong inferential relationship between assurance and customer satisfaction suggests that M-PESA agents highly value secure and trustworthy banking relationships. Nevertheless, the relatively neutral descriptive ratings imply that banks may not consistently satisfy these expectations in practice. This creates an important theoretical tension because it suggests that agents maintain elevated expectations regarding security, competence, and professional support, possibly due to the high-risk nature of their operations. Under such conditions, even isolated experiences involving system downtime, transaction errors, or inadequate staff support may significantly shape perceptions of assurance. The findings therefore suggest that satisfaction in agency banking contexts may depend not only on the presence of security mechanisms and competent personnel, but also on the consistency with which these elements are experienced during routine operations.

In addition, the findings challenge the conventional assumption that customer confidence and trust must be strongly positive before assurance becomes an important determinant of satisfaction. In the present study, respondents reported largely neutral perceptions regarding assurance, yet assurance maintained a strong statistical association with customer satisfaction. This suggests that within agency banking environments, assurance may function as a threshold expectation rather than a differentiating service attribute. M-PESA agents may regard competence, security, and trustworthiness as fundamental requirements that must be present for normal business operations rather than as exceptional features deserving particularly favorable evaluations (Prodan & Dabija, 2023; Raza et al., 2023). Consequently, respondents may evaluate assurance cautiously even while considering it critically important. This interpretation suggests that strong service quality–satisfaction relationships can emerge not only from highly favorable perceptions but also from customers' recognition that certain service attributes are indispensable to business continuity. The findings therefore extend existing service quality literature by highlighting the possibility that the strategic importance of assurance may outweigh the positivity of customers' day-to-day evaluations of assurance-related performance.

The findings are generally consistent with previous empirical studies that identify assurance as an important predictor of customer satisfaction within banking and financial service environments

(Omoregie et al., 2020). Similar studies have emphasized that customer confidence in staff competence, institutional integrity, and transaction security contributes positively to satisfaction evaluations. However, the present findings diverge from some earlier studies that reported relatively stronger positive perceptions regarding assurance. One possible explanation for this difference lies in contextual variation between conventional retail banking customers and M-PESA agents. Unlike ordinary banking customers, agents operate within a high-frequency transaction environment where operational disruptions, fraud risks, or liquidity challenges may have immediate financial consequences (Hughes & Lonie, 2007). As a result, agents may apply stricter evaluative standards when assessing security and competence-related service dimensions.

Methodological differences may also contribute to the divergence from prior studies. Several earlier studies operationalized assurance narrowly by focusing either on employee professionalism or digital security independently. In contrast, the present study adopted a broader multidimensional interpretation incorporating both technological and interpersonal components of assurance. This more comprehensive operationalization may have encouraged respondents to evaluate assurance more critically across multiple service domains simultaneously. Furthermore, because the study relied on self-reported perceptual measures within a cross-sectional design, respondents' evaluations may have been influenced by recent operational incidents or short-term service experiences rather than stable long-term assessments. Consequently, while the findings reinforce the relevance of assurance within service quality theory, they also suggest that assurance in agency banking environments may require stronger integration of technological reliability, institutional trust, and professional support than is typically emphasized in conventional banking literature.

5.3.5 Effect of Tangibles on Customer Satisfaction Among M-PESA Agents

The fifth objective of the study was to examine the relationship between tangibles and customer satisfaction among M-PESA agents in Nairobi County, Kenya. The findings indicated that tangibles were positively and significantly associated with customer satisfaction, although their relative contribution within the regression model was comparatively lower than responsiveness and empathy. At the same time, descriptive findings revealed largely neutral perceptions regarding the quality of tangible service elements. This suggests that while physical facilities, technological systems, and professional presentation remain relevant in shaping customer evaluations, respondents did not consistently perceive these elements as highly satisfactory. The findings may

imply that tangibles function more as enabling operational conditions within agency banking rather than as primary drivers of relational attachment. In environments where uninterrupted transactions and liquidity management are central, agents may evaluate tangibles largely in terms of operational efficiency rather than aesthetic appeal.

From a theoretical perspective, the findings generally support the SERVQUAL model developed by Parasuraman et al. (1988), which identifies tangibles as one of the core dimensions through which customers evaluate service quality. Within the SERVQUAL framework, tangibles traditionally refer to physical facilities, equipment, communication materials, and employee appearance. The positive relationship observed in this study suggests that visible and functional aspects of banking services remain important in shaping customer perceptions even within digitally mediated financial environments. However, the findings also reveal important contextual nuances that extend beyond the conventional SERVQUAL interpretation of tangibles. In many traditional service settings such as hospitality or retail banking, tangibles are frequently associated with comfort, ambiance, and visual attractiveness. In contrast, the present findings suggest that tangibles within agency banking are evaluated more pragmatically, with greater emphasis placed on system functionality, accessibility of banking infrastructure, transaction support technologies, and operational convenience. This indicates that the practical meaning of tangibles may shift substantially depending on the functional demands of the service environment.

The findings also provide partial support for the Expectancy–Value Theory (Fishbein & Ajzen, 1975), which posits that satisfaction is shaped by the extent to which service outcomes meet valued expectations. M-PESA agents appear to attach significant value to tangible aspects of banking services that facilitate smooth business operations, particularly modern transaction systems, accessible infrastructure, and professional service environments. Nevertheless, the relatively neutral descriptive ratings suggest that banks may not consistently meet these expectations. This tension may reflect the possibility that agents evaluate tangible service elements according to operational reliability rather than appearance alone. For instance, modern systems may still be perceived negatively if they experience occasional downtimes, delays, or accessibility challenges during peak operational periods (Gong & Yi, n.d.). The findings therefore imply that customer satisfaction within agency banking contexts may depend less on the symbolic image conveyed by tangible elements and more on their ability to support uninterrupted operational performance.

An additional implication of the findings is that they challenge the conventional assumption that tangible service elements exert their greatest influence on customer satisfaction when customers evaluate them positively. In the present study, respondents expressed largely neutral perceptions regarding tangibles, yet tangibles remained significantly associated with customer satisfaction. This suggests that within agency banking environments, tangible service elements may derive their importance from their functional necessity rather than their perceived excellence. M-PESA agents depend on banking infrastructure, transaction systems, branch accessibility, and technological support to sustain daily business operations. Consequently, even when these tangible elements are evaluated only moderately, their availability and functionality remain closely linked to satisfaction outcomes (Muraru & Mwanzia, 2022). The findings therefore suggest that customers may assign considerable value to service attributes that are viewed as operational necessities rather than differentiating features. This interpretation extends existing service quality literature by indicating that the strength of the relationship between tangibles and customer satisfaction may reflect their role in enabling business continuity rather than the extent to which customers perceive them as outstanding.

The findings are broadly consistent with prior empirical studies that identify tangibles as an important determinant of customer satisfaction within banking and service industries (Allred & King, 2026; Yesmin, 2023). Similar studies have demonstrated that modern facilities, professional presentation, and technological infrastructure positively shape customer evaluations of service quality. However, some differences emerge when comparing the present findings with studies conducted in retail banking, hospitality, and other consumer-oriented sectors. Whereas earlier studies often reported strong customer appreciation for aesthetic and environmental aspects of tangibles, the current findings suggest a more operationally focused evaluation among M-PESA agents. One possible explanation for this divergence lies in the nature of agency banking itself. Unlike conventional retail customers who may prioritize comfort and visual appeal, M-PESA agents interact with banking infrastructure primarily as part of their daily business operations. Consequently, they may judge tangibles more critically based on system functionality, transaction efficiency, and accessibility rather than purely physical appearance.

Methodological and contextual factors may also explain the relatively moderate descriptive perceptions observed in this study. Several previous studies examined tangibles using customer

populations whose interactions with service environments were largely experiential or consumption-oriented. In contrast, the present study focused on agents whose livelihoods depend directly on the operational effectiveness of banking systems and facilities. Under such conditions, even minor technological inefficiencies or infrastructure limitations may substantially shape evaluations of service quality. Additionally, because the study employed self-reported perceptions within a cross-sectional design, respondents' evaluations may have been influenced by recent operational challenges such as system downtimes or congestion during peak transaction periods. Therefore, while the findings reinforce the relevance of tangibles within service quality theory, they also suggest that tangible dimensions within agency banking environments may be interpreted primarily through their functional contribution to operational continuity and business efficiency.

5.4 Recommendations

5.4.1 Policy Recommendations

The findings of the study demonstrated that all five service quality dimensions were significantly associated with customer satisfaction among M-PESA agents, although responsiveness and empathy emerged as the strongest predictors. Consequently, policy interventions should be prioritized according to the relative influence of these dimensions rather than treating all service quality elements as equally critical. In particular, policies targeting operational responsiveness within the agency banking ecosystem are likely to generate the greatest improvement in customer satisfaction and service efficiency.

Given that responsiveness emerged as the most influential predictor of customer satisfaction, the Central Bank of Kenya and other financial sector regulators should prioritize the development of operational response standards for commercial banks serving M-PESA agents. Existing regulatory frameworks governing agency banking focus heavily on compliance, security, and financial integrity but provide limited guidance regarding response timelines for operational support. Regulators should therefore require banks to establish formal service-level agreements (SLAs) specifying maximum response times for float replenishment requests, failed transactions, liquidity emergencies, and complaint resolution. Additionally, commercial banks should be required to maintain dedicated agency banking support channels that remain operational during peak transaction periods and system disruptions. Such interventions are particularly important because

delays within the agency banking ecosystem may directly interrupt business operations and reduce customer confidence at the outlet level.

The findings further revealed that empathy was the second strongest predictor of customer satisfaction, suggesting the need for policy frameworks that recognize M-PESA agents not merely as transactional intermediaries but as business partners operating within highly demanding financial environments. Policymakers should therefore encourage customer-centric agency banking policies that allow greater flexibility in responding to agent-specific operational challenges. For example, regulatory guidelines could support differentiated service models for high-volume agents, flexible liquidity support mechanisms during peak demand periods, and structured relationship management systems within commercial banks. Such policies may help shift agency banking from a standardized transactional model toward a more context-sensitive support framework capable of accommodating variations in agent operational realities.

Although assurance demonstrated a comparatively lower predictive influence than responsiveness and empathy, the findings suggest that trust and security remain essential within digitally mediated financial systems. Policymakers should therefore strengthen oversight of cybersecurity standards, transaction authentication protocols, and fraud management systems within agency banking operations. In addition, regulatory authorities should require continuous professional training for frontline banking staff supporting agents, particularly in areas relating to digital transaction security, ethical conduct, and dispute resolution. This is important because confidence in both technological systems and human support structures remains central to sustaining trust within agency banking relationships.

The findings on reliability similarly indicate the need for stronger operational accountability mechanisms within the banking sector. Policymakers should require commercial banks to adopt performance monitoring systems capable of tracking service interruptions, transaction processing errors, and float replenishment delays affecting agents. Periodic reporting on system uptime and operational reliability could further improve transparency and accountability within the sector. Such measures are particularly important in agency banking environments where even temporary operational failures may significantly disrupt liquidity management and business continuity for agents.

Finally, while tangibles recorded the comparatively lowest predictive contribution, the findings suggest that functional infrastructure and technological systems remain important enabling conditions within agency banking operations. Policymakers should therefore support investments in stable digital banking infrastructure, secure transaction systems, and accessible banking facilities, particularly within high-volume transaction areas. Rather than focusing solely on physical appearance or branch aesthetics, policy emphasis should prioritize operational functionality, system reliability, and technological efficiency, since these aspects are more directly linked to the day-to-day operational needs of M-PESA agents.

5.4.2 Managerial Recommendations

Given that responsiveness emerged as the strongest predictor of customer satisfaction, commercial banks should prioritize investments in rapid-response support systems for M-PESA agents. Specifically, banks should establish dedicated agency banking support desks, implement real-time complaint escalation mechanisms, and strengthen support availability during peak transaction periods. Since agents operate in highly liquidity-sensitive environments, delays in resolving transaction failures or float shortages may significantly disrupt operations and negatively shape satisfaction perceptions. Consequently, improving operational responsiveness is likely to yield the greatest improvement in customer satisfaction.

The findings further showed that empathy was the second strongest predictor of customer satisfaction, suggesting that agents value practical and individualized support from banking institutions. Banks should therefore move beyond generalized customer care approaches and adopt more relationship-oriented agency banking models. This may include assigning dedicated relationship officers for high-volume agents, providing flexible float management support during liquidity constraints, and tailoring communication based on the operational realities of different agent categories. Such interventions may strengthen agents' perceptions that banks understand and support their business needs.

Although assurance, reliability, and tangibles demonstrated comparatively lower predictive influence, the findings suggest that these dimensions remain important in shaping customer evaluations. Banks should therefore strengthen transaction security systems, improve consistency in float replenishment processes, and invest in stable digital infrastructure to minimize service

interruptions. Particular attention should be directed toward reducing system downtimes and improving transaction accuracy, since operational failures may undermine trust and confidence among agents even when other service dimensions are perceived positively.

Commercial banks should establish dedicated agency banking support desks staffed by personnel trained specifically in agency banking operations. These support units should operate during peak transaction periods and be supported by real-time escalation protocols for float shortages, failed transactions, and system-related complaints. Banks should also implement service-level standards requiring critical operational issues affecting agents to be acknowledged and resolved within predefined timelines. Such interventions would directly address the responsiveness concerns identified in the study and could be implemented within existing operational structures at relatively low cost.

Commercial banks should invest in integrated agency banking management systems capable of monitoring transaction failures, liquidity pressures, complaint patterns, and agent performance in real time. Such systems would enable proactive identification of operational challenges before they disrupt agent activities. In addition, banks should develop segmented relationship management frameworks that differentiate support based on transaction volumes, liquidity requirements, and operational complexity. These longer-term investments would strengthen both responsiveness and empathy by enabling more personalized and data-driven support for agents.

5.4.3 Theoretical Recommendations

The findings of this study provide several theoretical implications for the refinement and contextual extension of the SERVQUAL model and the Expectancy–Value Theory (EVT) within digitally mediated and business-dependent financial service environments. Although both theories were useful in explaining customer satisfaction among M-PESA agents, the results suggest that certain theoretical assumptions require adaptation to better capture the operational realities of agency banking relationships.

First, the findings relating to responsiveness indicate the need to extend the SERVQUAL conceptualization of responsiveness beyond traditional interpersonal service speed toward what may be termed *operational responsiveness*. Existing SERVQUAL applications largely interpret responsiveness in terms of prompt communication, willingness to help, and speed of customer

support. However, the present study demonstrated that within agency banking, responsiveness also encompasses rapid float support, timely system recovery, resolution of transaction failures, and immediate intervention during liquidity disruptions. Since responsiveness emerged as the strongest predictor of customer satisfaction, future theoretical applications of SERVQUAL within digital financial ecosystems should explicitly incorporate operational continuity and real-time support responsiveness as distinct subdimensions. This would allow the theory to better explain customer evaluations in high-dependency transactional environments where service delays directly affect business performance.

Second, the findings on empathy suggest that SERVQUAL's traditional interpretation of empathy as individualized attention and courtesy may be too narrow when applied to agency banking relationships. The study revealed that M-PESA agents evaluate empathy not only through interpersonal warmth but also through practical flexibility, contextual understanding, and business-oriented support. Consequently, the theory may benefit from introducing a distinction between *relational empathy* and *operational empathy*. Relational empathy would capture interpersonal attentiveness, whereas operational empathy would reflect the institution's ability to adapt services to customers' operational realities, such as liquidity fluctuations and transaction pressures. Such an extension would strengthen SERVQUAL's applicability within business-to-business and digitally enabled financial service contexts.

Third, the findings concerning assurance suggest that the SERVQUAL model should further integrate technological trust into the conceptualization of assurance. Traditional SERVQUAL applications often emphasize employee competence, courtesy, and credibility. However, the current findings indicate that assurance within agency banking environments is increasingly shaped by confidence in digital systems, cybersecurity protections, transaction reliability, and technological stability. The study therefore recommends extending the assurance dimension to explicitly incorporate *digital assurance*, particularly in financial ecosystems characterized by technology-mediated transactions. This would make the model more responsive to contemporary digital financial environments where trust is simultaneously placed in both human service providers and technological infrastructures.

Fourth, the findings relating to tangibles indicate that SERVQUAL's conventional focus on aesthetics and physical appearance may require contextual refinement within operational financial

ecosystems. In this study, tangibles were evaluated less in terms of ambiance and visual appeal and more in terms of system functionality, infrastructure reliability, and operational efficiency. The theory may therefore benefit from distinguishing between *symbolic tangibles* (appearance-related elements) and *functional tangibles* (technology performance, accessibility, and operational infrastructure). This refinement would allow the theory to better explain service quality evaluations within technologically intensive environments such as agency banking.

The findings also provide important implications for the Expectancy–Value Theory. EVT traditionally assumes that satisfaction results from the extent to which perceived service performance aligns with valued expectations. However, the present study demonstrated that respondents often maintained neutral descriptive evaluations despite strong statistical relationships between service quality dimensions and customer satisfaction. This suggests that customers operating in high-risk operational environments may maintain persistently elevated expectations even where service performance is relatively acceptable. The study therefore recommends extending EVT to account for *operational dependency intensity* as a contextual condition influencing expectation formation. Within agency banking environments, expectations may be shaped not only by prior experiences and perceived value, but also by the operational consequences associated with service failure.

Finally, the study recommends greater theoretical integration between SERVQUAL and EVT in future service quality research. Rather than treating the theories independently, future frameworks should conceptualize service quality dimensions as the mechanisms through which customer expectations are operationalized and evaluated. The findings suggest that service quality dimensions such as responsiveness and empathy do not influence satisfaction uniformly; instead, their significance depends on the extent to which customers perceive them as essential to achieving operational stability and business continuity. Consequently, future theoretical models should incorporate contextual dependency and operational risk as moderating conditions shaping the relationship between perceived service quality and customer satisfaction in digitally mediated financial ecosystems.

5.5 Study Limitations

Despite generating important insights into the relationship between service quality and customer satisfaction among M-PESA agents, the study was subject to several limitations that should be considered when interpreting the findings. First, the study employed a cross-sectional research design in which data were collected at a single point in time. Consequently, the findings reflect statistical associations rather than definitive causal relationships between service quality dimensions and customer satisfaction. Perceptions of banking services may change over time due to technological developments, operational disruptions, or evolving customer expectations. The cross-sectional nature of the study therefore limited the ability to examine how satisfaction and service quality perceptions evolve within dynamic agency banking environments. As a result, while the study found significant associations between service quality dimensions and customer satisfaction, the direction and long-term stability of these relationships cannot be established with certainty.

Second, the study relied on self-reported perceptual data collected using a single questionnaire administered to the same respondents. This may have introduced common method bias and response-related limitations such as social desirability bias, subjective interpretation of questionnaire items, and consistency tendencies in responses. Although procedural controls and Harman's Single-Factor Test suggested that common method bias was not severe, the use of a single data collection method may still have contributed to the strong statistical relationships observed among some variables. In addition, respondents' evaluations may have been influenced by recent positive or negative operational experiences rather than long-term assessments of banking service quality. This limitation may partly explain the coexistence of relatively neutral descriptive evaluations and strong inferential relationships observed in the study.

Third, the study recorded very strong correlations among certain constructs and a high coefficient of determination within the regression model. While diagnostic tests indicated that multicollinearity was within acceptable statistical thresholds, the findings may partly reflect conceptual overlap between some service quality dimensions and customer satisfaction measures. This overlap may have strengthened the observed relationships and therefore requires cautious interpretation, particularly because service quality perceptions and satisfaction evaluations were measured using closely related perceptual indicators. Consequently, the exceptionally strong

statistical relationships reported in the study should be interpreted as evidence of close association rather than definitive proof of the relative importance of individual service quality dimensions.

Fourth, the study utilized convenience sampling within stratified sub-counties due to the absence of a comprehensive sampling frame for M-PESA agents. Although this approach facilitated access to respondents and the study achieved a high response rate, the possibility of selection bias cannot be entirely eliminated. Agents who were more accessible, available, or willing to participate may have been overrepresented, while those operating under more constrained conditions may have been underrepresented. Consequently, the findings should be interpreted as reflecting the experiences of the sampled M-PESA agents rather than as definitive representations of all agents operating within Nairobi County or Kenya as a whole.

Fifth, the study was geographically limited to Nairobi County, which is characterized by relatively high transaction volumes, advanced digital infrastructure, and intense agency banking activity compared to many other regions in Kenya. As a result, the findings may not be fully generalizable to rural or less commercially developed counties where banking infrastructure, customer behavior, and operational challenges differ substantially. Agents operating in other regions may evaluate service quality differently due to variations in technological access, liquidity availability, or competitive conditions. Therefore, the findings should be interpreted as context-specific evidence regarding agency banking within Nairobi County rather than as universally applicable to all agency banking environments in Kenya.

Finally, the study focused specifically on the SERVQUAL dimensions of reliability, responsiveness, assurance, empathy, and tangibles as predictors of customer satisfaction. Although these dimensions explained a substantial proportion of variation in customer satisfaction, other potentially important factors were not examined. Variables such as pricing structures, commission policies, competitive pressures, regulatory changes, digital literacy, and bank-agent contractual relationships may also shape customer satisfaction among M-PESA agents. The exclusion of these variables may therefore limit the comprehensiveness of the explanatory framework adopted in the study and suggests that the findings represent only part of the broader set of factors influencing customer satisfaction within agency banking.

Despite these limitations, the study provides valuable insights into how service quality dimensions relate to customer satisfaction among M-PESA agents. The findings should therefore be interpreted as context-specific evidence that contributes to understanding service quality within agency banking while recognizing the methodological and contextual factors that may have influenced the observed relationships

5.6 Suggestions for Further Research

Future research could build on this study by adopting longitudinal designs to examine how service quality and customer satisfaction evolve over time, particularly in the dynamic mobile money ecosystem. Studies could also expand the geographical scope beyond Nairobi County to enhance generalizability and capture regional variations in agent–bank relationships. In addition, future researchers may incorporate other relevant factors such as pricing structures, competitive dynamics, and regulatory frameworks to provide a more comprehensive understanding of customer satisfaction. Further studies could also explore qualitative approaches to gain deeper insights into the lived experiences of M-PESA agents, as well as extend the analysis to other stakeholders within the mobile money ecosystem, such as end-users and financial service providers.

5.7 Chapter Summary

This chapter presented the discussion, conclusions, and recommendations of the study based on the findings from Chapter Four. It summarized the main results in relation to the study objectives and provided an in-depth discussion of how each service quality dimension influences customer satisfaction among M-PESA agents. The chapter also outlined policy, managerial, and theoretical recommendations informed by the findings. In addition, it highlighted the limitations of the study and proposed areas for further research to extend knowledge in this field.

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APPENDICES

Appendix I: Introduction letter

TO WHOM IT MAY CONCERN

Dear Respondent,

RE: REQUEST TO PARTICIPATE IN ACADEMIC RESEARCH STUDY

I am a postgraduate student at Strathmore University Business School, currently undertaking a research study titled ***"The Effect Of Service Quality On Customer Satisfaction Among M-Pesa Agents: A case of Commercial Banks in Nairobi County, Kenya "***

The purpose of this study is to examine how service quality dimensions namely: reliability, responsiveness, assurance, empathy, and tangibles influence the satisfaction of M-PESA agents when dealing with commercial banks. The study is purely academic and forms part of the requirements for the award of my Master of Business Administration (MBA) degree.

You have been identified as a potential respondent because you are an M-PESA agent in Nairobi County who interacts with commercial banks for float and related services. Your participation will involve responding to a structured questionnaire, which will take approximately 15 minutes to complete. Participation in this study is voluntary, and you are free to withdraw at any time, responses will be treated with the strictest confidentiality and used solely for academic purposes and that you will not be required to provide your name or personal identifiers.

I kindly request your cooperation in completing the questionnaire honestly and to the best of your knowledge. Your feedback will be invaluable in contributing to the success of this study and may also help banks improve service quality for agents.

Thank you in advance for your time and valuable contribution.

Yours faithfully,



Christine Wahu

Appendix II: Participant Information and Informed Consent

PARTICIPANT INFORMATION AND CONSENT FORM

THE EFFECT OF SERVICE QUALITY ON CUSTOMER SATISFACTION AMONG M-PESA AGENTS: A CASE OF COMMERCIAL BANKS IN NAIROBI COUNTY, KENYA

SECTION 1: INFORMATION SHEET

Investigator: Christine Wahu Wanyoike

Institutional affiliation: Strathmore Business School (SBS)

SECTION 2: INFORMATION SHEET–THE STUDY

2.1 : Why is this study being carried out?

The general objective of this study is to assess the effect of service quality of banking services on customer satisfaction among M-PESA agents in Nairobi County, Kenya.
The specific objectives of this study will be:

i. To determine the effect of the reliability on the customer satisfaction among M-PESA agents in Nairobi County, Kenya.
ii. To determine the influence of responsiveness on the customer satisfaction among M-PESA agents in Nairobi County, Kenya.
iii. To determine the effect of empathy on the customer satisfaction among M-PESA agents in Nairobi County, Kenya.
iv. To determine the effect of assurance on the customer satisfaction among M-PESA agents in Nairobi County, Kenya.
v. To determine the effect of tangibles on the customer satisfaction among M-PESA agents in Nairobi County, Kenya.

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2.2 : Do I have to take part?

No. Taking part in this study is entirely optional and the decision rests only with you. If you decide to take part, you will be asked to complete a questionnaire to get information on your demographic details, such as age and gender. You will also provide information related to reliability, responsiveness, empathy, assurance and tangibility of services offered by your bank and your level satisfaction with the services. If you are not able to answer all the questions successfully the first time, you may be asked to sit through another informational session after which you may be asked to answer the questions a

second time. You are free to decline to take part in the study from this study at any time without giving any reasons.

2.3 : Who is eligible to take part in this study?

- MPESA agents
- Those aged 18+ years
- Those who do not have any cognitive impairments

2.4 : Who is not eligible to take part in this study?

- Those who have cognitive impairments
- Those who are below the age of 18 years

2.5 : What will taking part in this study involve for me?

You will be approached by Christine Wahu and requested to take part in the study. If you are satisfied that you fully understand the goals behind this study, you will be asked to sign the informed consent form (this form) and then taken through a questionnaire to complete.

2.6 : Are there any risks or dangers in taking part in this study?

There are no risks in taking part in this study. All the information you provide will be treated as confidential and will not be used in any way without your express permission.

2.7 : Are there any benefits of taking part in this study?

The information will contribute to a better understanding of how banks can improve the services they offer to MPESA agents.

2.8 : What will happen to me if I refuse to take part in this study?

Participation in this study is entirely voluntary. Even if you decide to take part at first but later change your mind, you are free to withdraw at any time without explanation.

2.9 : Who will have access to my information during this research?

All research records will be stored in securely locked cabinets. That information may be transcribed into our database but this will be sufficiently encrypted and password protected. Only the people who are closely concerned with this study will have access to your information. All your information will be kept confidential.

2.10 : Who can I contact in case I have further questions?

You can contact me, Christine Wahu, at SBS, or by e-mail (XX@strathmore.edu), or by phone (+254 720 714 000). You can also contact my supervisor, Dr. Olgha Adede, at the Strathmore Business School, Nairobi, or by e-mail (XXXXX@strathmore.edu) or by phone (+254 XXX XXX XXX)

If you want to ask someone independent anything about this research please contact:

The Secretary–Strathmore University Institutional Ethics Review Board, P. O. BOX 59857, 00200, Nairobi, email ethicsreview@strathmore.edu Tel number: +254 703 034418

I, _____, have had the study explained to me. I have understood all that I have read and have had explained to me and had my questions answered satisfactorily. I understand that I can change my mind at any stage.

Please tick the boxes that apply to you;

Participation in the research study

☐ I AGREE to take part in this research

☐ DON'T AGREE to take part in this research

Storage of information on the completed questionnaire

☐ I AGREE to have my completed questionnaire stored for future data analysis

☐ DON'T AGREE to have my completed questionnaire stored for future data analysis

Participant's Signature: **Date: _____/_____/_**

_____ ***DD / MM / YEAR***

Participant's Name: **Time: _____/_____**

_____ ***HR / MN***

(Please print name)

I, _____(Name of person taking consent) certify that I have followed the SOP for this study and have explained the study information to the study participant named above, and that s/he has understood the nature and the purpose of the study and consents to the participation in the study. S/he has been given opportunity to ask questions which have been answered satisfactorily.

Investigator's Signature: **Date: _____/_____/_**

_____ ***DD / MM / YEAR***

Investigator's Name: **Time: _____/_____**

_____ ***HR / MN***

(Please print name)

Appendix III: Ethical Approval and NACOSTI License

Strathmore UNIVERSITY

12th February 2026

Ms Wanyoike Christine,
christine.wahu@strathmore.edu

Dear Ms Wanyoike,

RE: The Effect of Service Quality on Customer Satisfaction Among M- Pesa Agents: A Case of Commercial Banks in Nairobi County, Kenya

This is to inform you that SU-ISERC has reviewed and **approved** your above **SU-masters** research proposal. Your application reference number is **SU-ISERC3330/26.** The approval period is from **12th February 2026 to 11th February 2027.**

This approval is subject to compliance with the following requirements:

i. Only approved documents including (informed consents, study instruments, and MTA) will be used
ii. All changes including (amendments, deviations, and violations) are submitted for review and approval by SU-ISERC.
iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to SU-ISERC within 72 hours of notification
iv. Any changes, anticipated or otherwise, that may increase the risks or affect the safety or welfare of study participants and others or affect the integrity of the research must be reported to SU-ISERC within 72 hours
v. Clearance for the export of biological specimens must be obtained from relevant institutions.
vi. Submission of a request for renewal of approval at least 60 days prior to the expiry of the approval period. Attach a comprehensive progress report to support the renewal.
vii. Submission of an executive summary report within 90 days of completion of the study to SU-ISERC.

Before commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology, and Innovation (NACOSTI) https://research-portal.nacosti.go.ke/ and obtain other clearances needed.

Yours sincerely,

Mr Ambrose Rachier,
Chairperson; SU-ISERC

Ole Sangale Rd, Madaraka Estate. PO Box 59857-00200, Nairobi, Kenya. Tel +254 (0)703 034000
Email admissions@strathmore.edu www.strathmore.edu

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: **914580**

Date of Issue: **19/February/2026**

RESEARCH LICENSE



This is to Certify that Ms.. CHRISTINE WAHU WANYOIKE of Strathmore University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Nairobi on the topic: THE EFFECT OF SERVICE QUALITY ON CUSTOMER SATISFACTION AMONG M- PESA AGENTS: A CASE OF COMMERCIAL BANKS IN NAIROBI COUNTY, KENYA for the period ending : 19/February/2027.

License No: **NACOSTI/P/26/4185323**

914580

Applicant Identification Number

Ag. Director General
NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Verification QR Code

NOTE: This is a computer generated License. To verify the authenticity of this document, Scan the QR Code using QR scanner application.

See overleaf for conditions

Appendix IV: Questionnaire

Section A: Respondents Profile

1. **Age in years**
   i. 18-23 Years [ ]
   ii. 24-29 Years [ ]
   iii. 30-35 Years [ ]
   iv. Over 36 Years [ ]
2. **Level of education**
   i. Form Four [ ]
   ii. College Diploma [ ]
   iii. Degree [ ]
   iv. Masters and above [ ]
3. **Years operating as an M-PESA agent**
   i. 0-2 Years [ ]
   ii. 3-5 Years [ ]
   iii. 6-8 Years [ ]
   iv. Over 8 Years [ ]
4. **Number of M-PESA outlets under your management**
   i. 1 M Pesa outlets [ ]
   ii. 2- 4 M Pesa outlets [ ]
   iii. 5 or more M Pesa outlets [ ]
5. **Role at the outlet**
   i. Owner/Principal Agent [ ]
   ii. Manager/Supervisor [ ]
   iii. Attendant/Cashier [ ]

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6. **Select your Sub-county**

No	Sub County	Select sub-county
1	Westlands	[ ]
2	Dagoretti North	[ ]
3	Dagoretti South	[ ]
4	Langata	[ ]
5	Kibra	[ ]
6	Roysambu	[ ]
7	Kasarani	[ ]
8	Ruaraka	[ ]
9	Embakasi South	[ ]
10	Embakasi North	[ ]
11	Embakasi Central	[ ]
12	Embakasi East	[ ]
13	Embakasi West	[ ]
14	Makadara	[ ]
15	Kamukunji	[ ]
16	Starehe	[ ]
17	Mathare	[ ]

7. **Average number of M-PESA transactions per day.**

i. 0-20 [ ]

ii. 21-50 [ ]

iii. 51-99 [ ]

iv. 100 and more [ ]

8. **Main channels used with banks (select all that apply)**

i. Branch counter [ ]

ii. ATM [ ]

iii. Agency banking desks [ ]

iv. Mobile/USSD [ ]

v. Internet banking [ ]

vi. Relationship manager/phone [ ]

Section B: Service Quality: Perceptions of Commercial Bank Services to Agents

Based on the scale 1= Strongly Disagree (SD), 2= Disagree (DA), 3 = Neutral (N), 4= Agree (A) 5= Strongly Agree (SA), use (√) to indicate the extent to which you agree or disagree with the statements below regarding the ***Effect Of Service Quality On Customer Satisfaction Among M-Pesa Agents in Nairobi County, Kenya*;**

Reliability

Statement	**SD - 1**	**DA - 2**	**N - 3**	**A – 4**	**SA - 5**
The bank processes my float and withdrawal requests without errors, which prevents financial losses and increases my satisfaction.					
I receive accurate transaction records and statements, which makes reconciliation easy and increases my trust in the bank.					
The financial value of every transaction is correctly reflected in my account, giving me peace of mind and enhancing my satisfaction.					
The bank provides float replenishment within the promised time, ensuring I never run out of cash for customers and increasing my satisfaction.					
I get timely updates on my transaction requests, which allows me to plan my					

operations effectively and reduces my anxiety.					
The bank's systems (e.g., mobile banking, ATMs) have minimal downtime, ensuring I can access my funds when I need to and boosting my satisfaction.					
When the bank promises to do something by a certain time, it does so, which makes me feel I can depend on them and strengthens our relationship.					
The bank provides consistent service quality during operating hours, which makes my daily operations predictable and increases my overall satisfaction.					
The dependable service from my bank gives me confidence in managing my M-PESA outlet's liquidity, which is crucial for my business success and satisfaction.					

Responsiveness

Statement	**SD - 1**	**DA - 2**	**N – 3**	**A – 4**	**SA - 5**
The bank's staff promptly attend to my service requests, which makes me feel valued and reduces my waiting time.					
When I have a question, I get a prompt response from the bank, allowing me to resolve issues quickly and continue my business.					

The bank shows a willingness to help me whenever I need assistance, which builds a positive relationship and increases my satisfaction.					
My complaints are resolved quickly by the bank, which minimizes disruption to my M-PESA operations and restores my confidence.					
The bank provides a clear and timely resolution process for my problems, which reduces my frustration and increases my trust in them.					
I do not have to repeatedly follow up on my complaints, which saves me time and effort and makes me more satisfied with the service.					
The bank's customer support staff are easily accessible when I need them, ensuring I can get help during critical operational hours.					
I can readily get in touch with a bank representative, which gives me a sense of security and support for my business.					
The availability of the bank's support staff, even during peak hours, ensures my issues are addressed promptly, enhancing my satisfaction.					

Assurance

Statement	SD - 1	DA - 2	N – 3	A – 4	SA - 5
The bank's staff have the knowledge to answer my questions, which gives me confidence in their guidance and increases my satisfaction.					
I feel confident in the technical competence of the bank's employees to handle my complex transaction needs.					
The bank's staff are professionally trained, which makes my interactions efficient and builds my trust in their services.					
The bank's employees are honest in their dealings with me, which fosters a strong sense of trust and loyalty.					
I trust that the bank's staff have my best interests at heart when providing services, making me feel secure and valued.					
The bank's employees maintain a high level of integrity, which assures me that my financial dealings are in safe hands.					
I feel my transactions with the bank are secure and protected from fraud, which is fundamental to my peace of mind and satisfaction.					
The bank has strong security measures in place, which makes me confident in depositing and withdrawing large sums of money.					

The overall sense of safety I get from transacting with the bank allows me to focus on my business without worry.					

Empathy

Statement	**SD - 1**	**DA - 2**	**N – 3**	**A – 4**	**SA - 5**
The bank gives me individual attention, which makes me feel like a valued partner rather than just a number.					
The bank's staff understand my specific needs as an M-PESA agent, which leads to more relevant and helpful service.					
The bank's employees remember my preferences and transaction history, making my service experience feel personalized and efficient.					
The bank is flexible in its procedures to accommodate my unique business needs, which helps me operate more smoothly.					
The bank shows willingness to adjust its services to help me during periods of high transaction volume or liquidity challenges.					
The bank offers flexible solutions for float management that suit my specific operational hours and cash flow needs					
The bank's staff are consistently courteous and respectful, which creates a positive and stress-free interaction.					

The bank communicates with me in a way that is easy to understand, ensuring I am always well-informed about my transactions.					
The bank's employees take the time to listen to my concerns, making me feel heard and increasing my overall satisfaction					

Tangibles

Statement	**SD - 1**	**DA - 2**	**N – 3**	**A – 4**	**SA - 5**
The bank's branches are clean and well-maintained, which creates a positive and professional impression that I appreciate.					
The waiting areas at the bank are comfortable, making my visits more pleasant and reducing the stress of waiting.					
The physical layout of the bank allows for efficient service, which saves me time and improves my overall experience.					
The bank's technology (e.g., mobile app, USSD) is modern and up-to-date, making my transactions fast, easy, and reliable.					
The bank's systems (like ATMs and agency banking terminals) are consistently functional, which is critical for my daily operations and satisfaction.					

The bank provides modern and easy-to-use electronic statements, which helps me manage my records efficiently and saves me time.					
The bank's employees have a neat and professional appearance, which instills confidence in me about the bank's standards.					
The materials associated with the bank's service (e.g., brochures, receipts) are visually appealing and well-organized.					
The modern and professional look of the bank's physical facilities and technology makes me feel confident in the institution's stability and reliability.					

Customer Satisfaction

Statement	**SD – 1**	**DA - 2**	**N – 3**	**A – 4**	**SA - 5**
I intend to continue using this bank's services for my M-PESA operations in the foreseeable future.					
I do not plan to switch my primary transaction bank for my M-PESA business.					
If I need additional banking services, my first choice will be this bank.					
I would recommend this bank to other M-PESA agents.					
I speak positively about this bank to my peers in the agency business.					

I would actively encourage other MPESA agents to try the bank that I use.					
When issues arise with my bank, they are handled well enough that I do not pursue complaints.					
I feel comfortable voicing my complaints to the bank because I believe they will be addressed.					
I do not feel frustrated enough to escalate issues into formal complaints with my bank					

END

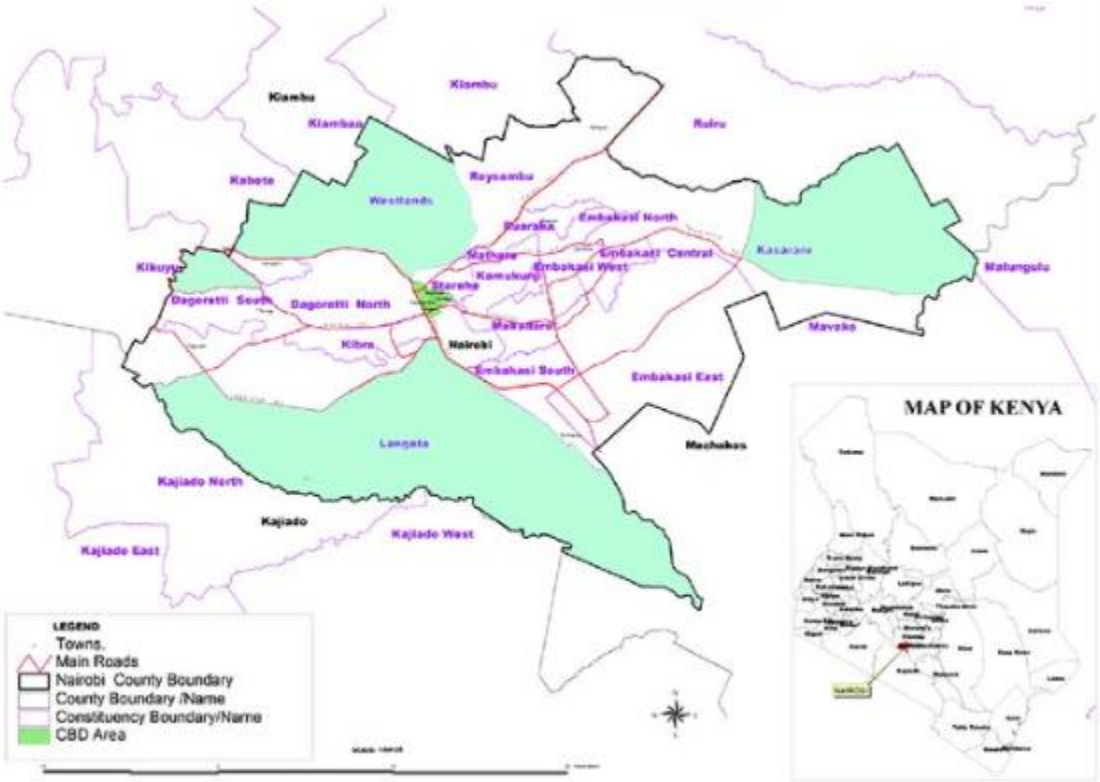
Appendix V: Sample Size Determination Using Krejcie and Morgan Table (1970)

N	*S*	*N*	*S*	*N*	*S*
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	1000000	384

Note.—*N* is population size. *S* is sample size.

Source: Krejcie & Morgan, 1970

Appendix VI: Nairobi County with 17 Sub-counties (IEBC,2024)



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