ABSTRACT

Increased demand for banking services has led to more customers visiting the banks. As a result, the banking halls in Kenya particularly KCB Bank experience long queues of customers who wait for up to one hour as opposed to the banks approved queue time of 15 minutes. E-banking has been introduced to improve access and efficiency of banking services yet adoption of the e-banking channels is still very low especially for the more recent channels. The purpose of the study is to analyze the existing levels of E banking and explain why adoption levels are low. The main objective of this study is to evaluate adoption of e-banking innovations in KCB Kisumu branches. Specific objectives include; assess customer subscription to e-banking channels in KCB Kisumu branches; analyze the use of e-banking channels in KCB Kisumu branches and to examine the barriers preventing customers from using e-banking channels in KCB Kisumu branches. The research was conducted in all KCB branches in Kisumu. The research adopted a cross sectional research design. A sample size of 384 respondents was taken from a total target population of 41833 account holders. Convenient sampling method was used. Data collection was by questionnaires and interview schedules. The researcher ensured validity through discussion of the instruments with the supervisors, reliability was done through test-retest method and coefficient of reliability found to be 0.9. Data collected was analyzed through descriptive statistics. The study established varied subscription levels for e-banking channels with ATM and mobile banking leading at 61.21% and 33.33% respectively. It also established that internet banking subscription is at 0.52% which is still very low. Lack of awareness of the channels and their benefits, lack of trust and perceived risk of loss of account security, perceived difficulty of use and performance risk associated with network outages and other errors were identified as the most predominant barriers to adoption of e-banking; 56.55% of the respondents showed lack of awareness, 68.47% expressed fear due to risk of loss of account credentials, 47.71% said the channels are difficult to use while 65.75% said the channels are prone to errors. The study recommends that the bank should boost customer awareness of the available channels, build confidence on the channels through user skills and knowledge enhancement and also assure the customers of their safety and security while using the channels. Areas for further research include, effectiveness of e-banking government policies in mitigating against losses through identity theft; an evaluation of relationship between personal attributes of age, education level and gender on adoption of e-banking and an assessment of the complementary relationship of the various e-banking channels.