

EXPLORING CUSTOMER SATISFACTION IN THE RURAL BANKING SECTOR: A
CASE STUDY OF SOME SELECTED BANKS

BY

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I, ABIGAIL DENTAA AMPONSAH, do hereby declare that except for the references cited in this work, which have been duly acknowledged, the dissertation on EXPLORING CUSTOMER SATISFACTION IN THE RURAL BANKING SECTOR: A CASE STUDY OF SOME SELECTED BANKS IN THE ASHANTI REGION is the result of my own work and that it has not been presented in whole or in part for another degree else where.

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DEDICATION

This work is dedicated to the ALMIGHTY GOD and to my husband, WILLIAM KWAMIVI NUTAKOR and my children SETORNAM AKUSHIKA NUTAKOR, ELIKEM BEDZO NUTAKOR and YAYRA TORNYE NUTAKOR and my entire family.



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ABSTRACT

Customer satisfaction is increasingly considered to be a basic determinant of business success, one that has considerable effect on firm's performance (customer retention, re-purchase and profitability). In today's rapid information communication and technological age, a major revolution is taking place in the market place. As competition has become more global and intense, the only sure way of a business entity to survive depends on its focus on customer needs by creating and delivering quality product and services that satisfy customer needs. The main objective of this research was to explore customer satisfaction in the rural banking sector; a case study of the Ashanti Region. The research revealed that quick response to consumer needs, meeting customer expectation among others, by highly skilled and knowledgeable staff are very important to customer satisfaction. One can conclude that quality customer service is imperative in determining customer satisfaction and retention. It was therefore recommended that quick response to customer service, ability to deliver promised service, customer communication and education, developing standards for quality service, extending working hours of operation as well as computerization of operations were imperative in ensuring customer satisfaction.

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CHAPTER ONE

GENERAL INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Today, a customer loss is a customer gain for a competitor. With so many competitors, companies need to spend as much energy on retaining customers as they do on gaining them. Businesses that understand the game and invest accordingly will need to invest less in placating dissatisfied customers and less in winning new ones to grow. Businesses that do not will find rivals with better retention machines rapidly overtaking them. Customer Satisfaction has been accepted by all businesses both small and large (Abdullahi, 2008). It is something which serves as an indicator, as to whether a customer is delighted about a product or service obtained in an organization and for that matter will make repeated purchases.

With the presence of modern day financial services, it is realized that the rural banking sector in Ghana requires certain service developments. Most of these developments involve a variety of products and services that invariably leads to customer satisfaction.

In today's competitive markets, service and service companies within the same industry is becoming increasingly similar. With rapid information, communications and technological age, a major revolution is taking place in the market. As competition becomes more interesting, it even becomes difficult for firms to compete on price alone (Amuaful, 2008).

Financial Institutions have moved away from transactional-base marketing approach to relationship-based one that has at their core the satisfaction of the lifetime value of the

customer. Satisfaction is a multidimensional construct which has been conceptualized as a prerequisite for building relationships and is generally described as the full meeting of one's expectations and is the feeling or attitude of a customer towards a product or service after it has been used (Oliver, 1980).

Financial institutions, due to their numerous numbers these days in the country, are striving hard to meet their customers' needs, keep them satisfied and in the long run maintain them delighted and therefore loyal in order to survive the competition. However, despite the efforts being made by Rural Banks, it seems some of their customers are not delighted enough as it is expected even though the Rural banks are opening more branches, increasing their staff strength, improving on technology and even introducing more products into their transactions. It is therefore important to delve into the issue of Customer Satisfaction in the Rural Banking Sector.

The survival of any business entity in this current intense competitive environment depends on its focus on customers' needs. This is the only sure way of guaranteeing its long-term survival and bringing benefits to the society as a whole. No organization can afford poor customer value delivery in a competitive environment (Amuaful, 2008).

Satisfaction is widely accepted by marketing scholars and practitioners as an integral part of successful marketing of services like in a banking firm in today's turbulent environment. The most integral part of customer satisfaction is based on customer perception of service quality. Customers perceive services in terms of the quality of the services and how satisfied they are overall with their experience. These customers'

oriented terms – “quality” and “satisfaction” have been the focus of attention for executives and researchers alike over the last years. Service companies today like banks recognize that they can only compete more effectively by distinguishing themselves with respect to service quality and improved customer satisfaction. Perceived service quality is a major compliment of customer satisfaction (Amuaful, 2008).

Ghana, being a developing economy and its banking sector with a wide geographical reach to the needs of a huge clientele, offers an excellent scope of research on customer satisfaction in the rural banking sector.

Building a good relationship with customers by satisfying them is one of the sure ways to survive in this competitive banking business environment. This is done both to attract customers and to maintain their loyalty over a protracted period in the face of severe competition.

The concept of Customer Satisfaction is crucial to the survival of rural banks in a competitive environment, since it depends on how firms take advantage of the opportunities in the market place to satisfy customers. Research has proven that it costs less to retain a customer than it does to attract a new customer. On the average, retained customer is more profitable than new customers (Buttle, 1996).

Most businesses are realizing that taking a short run profit-maximizing approach to a customer does not pay off in the longer run. It pays to invest in quality, customer service and keeping existing customers happy (Buttle, 1996). Satisfied customers (those who stay with the business over the years) tend to be much more profitable than new customers.

First, they do not incur high selling costs of acquiring new ones. (The existing customers most often do it by word-of-mouth). Secondly, satisfied customers do more business with the firm, recommend it to others, and are less price-sensitive when they appreciate the benefits (Zeithaml & Bitner, 2000).

1.2 THE RURAL BANKING INDUSTRY

The first rural bank established in Ghana was at Nyarkrom in the Central Region in the year 1976 to carry on specific banking business. The fundamental aim of introducing rural banks was to help rural communities in banking activities and development projects. This was done after a study was conducted into the problems of the rural communities especially farmers in getting credit facilities from commercial banks which were already in operation but mainly centered in towns and cities.

Some of the rules used by most of the commercial banks (mostly foreign owned) were very harsh. Farmers were to provide collateral securities and in addition, operate either current or savings accounts with them before credit facilities could be extended to them. This meant that farmers who could not meet the requirements stated above were deprived from having access to credit facilities from the rural banks. With respect to this problem, a study was conducted and the report necessitated the introduction of the rural banks. Based on the recommendations from the study, a team from the bank of Ghana was sent to the Philippines to study the operations of their rural banking system. After the study, a project was set up at Nyarkrom in the central region in 1976. Currently, more than two hundred and fifty (250) rural banks are operating in Ghana (2005 Bank of Ghana Report).

The major activities carried out by rural banks include the following:-

- The acceptance of money from the public on savings accounts, current accounts, etc.
- Giving loans to customers.
- Investing part of customers deposit in socio economic development activities that will enhance the development of the communities that they operate within.
- Repayment of monies collected on demand on customers' behalf.

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1.3 PROBLEM STATEMENT

Customers can easily switch from one competitor to another. This has greatly affected the firms in terms of market share, stability, profitability and the competitive position. The rural banking sector is therefore facing a serious decline in its market share. Most customers express their dissatisfaction about their poor quality services. Among them are:

- Service Quality
- Lack of variety of products
- Delays in daily transactions due to absence of ICT in most of their branches
- Poor customer service
- No attention paid to customer complaints
- Long service processes
- Staff attitude
- Absence of internet banking
- Lack of Automated Teller Machines and others.

These have resulted in the rural banking sector losing its valued customers to other competitors, stagnation of the sector, high rate of customer indebtedness, poor image and low staff moral. It follows that management should be able to determine the customers perception of service quality for customers' satisfaction.

Customers are loyal to a firm because they feel they are treated well and are psychologically or physically attached to the firm.

A good and effective Customer Satisfaction framework assists in providing superior customer service, enhancing customer retention strategies making it very difficult for its customers to leave. Customer Satisfaction framework establishes a personal relationship with customers so that customer's loyalty can be maintained to the extent that they would continue to do business with the firm only and no other.

It is therefore imperative that the rural banks understand the basis for developing an effective Customer Satisfaction framework to survive in this current vibrant banking industry and be able to maintain and reacquire a considerable proportion of the market.

The main issue here is how can rural banks identify their target customers' needs, their expectations, achieve the right staffing levels and skills, acquire the appropriate technologies, tools to ensure reduced down time, and develop appropriate products support to satisfy their customers and to sustain a long-term, value laden relationship and profitability.

1.4 RESEARCH OBJECTIVES

There have been significant changes in the banking industry, and the competitive nature of the industry has resulted in various challenges. The development of a detailed framework of customer satisfaction could result in a bank gaining competitive advantage. Customer Satisfaction is the customer's fulfillment response. It is a judgment that a product/service provides a pleasurable level of consumption related fulfillment (Zeithaml et al, 2000).

The problem of customer perception of customer satisfaction warranted examination because a firm can survive in competition only with commitment to creating delighted customers.

The principal objectives were:

- To identify the factors that account for customer dissatisfaction
- To identify the variables of customer satisfaction
- To make recommendations for improving customer satisfaction in the rural banking industry

1.5 RESEARCH QUESTIONS

This project was to address a number of research questions.

- What are the causes of customer dissatisfaction in the rural banking industry?
- What factors determine customer satisfaction?
- What recommendation can be made to improve customer satisfaction in the rural banking industry?

1.6 SIGNIFICANCE OF THE STUDY

This study portrayed customer satisfaction with focus on the rural banking sector in Ghana. Work on customer satisfaction had been done extensively on the banking sector. It is hoped that it would be of great value to students in general to give them a broad perspective of customer satisfaction in the rural banking sector in particular, the financial sector in general.

The suggestions and recommendations made will assist the rural banking sector in its development of an effective customer satisfaction framework for the efficient running of its marketing activities. This study provided useful information on customer satisfaction to various stakeholders in the financial service sector in general.

The increase in competition in the financial sector has resulted in reduction in market share and profits. This trend is likely to continue in the foreseeable future as Ghana's economy grows and investors pour in to establish themselves within the industry. The successful players will eventually be the big players who are likely to benefit from economies of scale and scope thus keep their margins or niche players, effectively identify profit pool areas and deliver services effectively. Those with no clear strategies will therefore be placed in a vulnerable position.

It is hoped that the study will assist rural banks to develop good customer satisfaction skills including gaining customer loyalty. The challenge here will be to achieve the right staffing levels, and skills, acquire the appropriate technology, identify target customer needs and operations, and develop the right customer service to sustain customers and profitability.

1.7 SCOPE OF THE STUDY

The scope of this study was focused on customer perception of customer satisfaction and its determinants as well as recommendations to maintain delighted and loyal customers in the rural banking industry. The research was based in the Ashanti Region, concentrating on about 4 rural banks only.

1.8 METHODOLOGY OF THE STUDY

The population of the study comprised customers of the rural banks in the Ashanti Region because they constitute a complete group of people who share some set of characteristics. Due to the very large and varied nature of the sample, a sample size of One Hundred and twenty (120) was used. Questionnaire as a research instrument was designed and administered to the sample to collect the necessary primary data. In addition to the primary data, secondary data which included both published and unpublished materials from articles, magazines, journals, internet and others were used to buttress responses gathered for the questionnaire. The primary data collected was initially edited to detect and correct any omissions and errors to ensure consistency. Again the edited data was coded and analyzed by the use of Statistical Package for the Social Sciences (SPSS) software. The analyzed data was presented in the form of descriptive statistics in frequency distribution, mainly tables.

1.9 LIMITATIONS OF STUDY

The study only looked at customer satisfaction in the rural banking sector. A greater proportion of the secondary data concerned itself with customer satisfaction in product and services related industries. It could therefore not be conclusive that the literature available

made much reference to customer satisfaction in only the rural banking sector in particular. Generally, questionnaire administration in any study is a major setback. Irrespective of this, the customers were quite helpful in completing the questionnaires with some guidance which resulted in the completion of the study on time. It was quite difficult in administering the questionnaire. Difficult customers would not allow any interview to be conducted on them. Due to time and resource constraints the study was limited to only four of the rural banks in the Ashanti region.

1.10 ORGANIZATION OF THE STUDY

The study was structured into six main chapters. Chapter one was devoted to the introduction of the study, which included the statement of the problem, the objective, significance, scope and limitations and others. Chapter two was the Literature Review, devoted to the review of relevant literature of the concepts of customer satisfaction.

Chapter three focused on the methodology that was employed in the study. This included research design, population, and others. Chapter four was devoted to the presentation of the research findings/results and analysis of data. Chapter five concentrated on the discussion of findings. Chapter six dealt with the conclusions and recommendations of the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

Organizations of all types and sizes have come to realize that their main focus must be to satisfy their customers. This applies to industrial firms, retail and wholesale businesses, government bodies, service companies, nonprofit organizations and every subgroup within an organization (Benbow et al, 2003).

Customer satisfaction is an important theoretical as well as practical issue for most marketers and consumer researchers (Dabholkar et al 1996). Customer satisfaction can be considered the essence of success in today's highly competitive world of business. Thus, the significance of customer satisfaction and customer retention in strategy development for a "market oriented" and "customer focused" firm cannot be underestimated (Kohli and Jaworski, 1990). Consequently, customer satisfaction is increasingly becoming a corporate goal as more and more companies strive for quality in their products and services (Bitner and Hubbert, 1994).

Two important questions about customers:

1. Who are the customers?
2. What does it take to satisfy them?

2.1.1 WHO ARE THE CUSTOMERS?

Customers include anyone the organization supplies with products or services (Benbow et al, 2003). According to Wikipedia the free encyclopedia, "A customer refers to individuals

or households that purchase goods and services generated within the economy. A customer is someone who frequents a particular shop, who makes it a habit to purchase goods there and with whom the shopkeeper has to maintain a relationship to keep his or her “custom”, meaning expected purchases in the future.”

According to the Customer Satisfaction Consulting group, Customers are anyone who purchases products from another individual or organization. Customers can be divided into two groups: internal customers who work for the company, organization, or business. Internal customers can be employees, another department, or even another branch. External customers are the general public as well as businesses, suppliers, bankers, competitors, non-governmental organizations, government bodies, and voluntary organizations (Customer Satisfaction Consulting.com).

2.1.2 WHAT DOES IT TAKE TO SATISFY A CUSTOMER?

Don't assume you know what the customer wants. There are many examples of errors in this area, such as “new Coke” and car models that didn't sell. Many organizations expend considerable time, money and effort determining the “voice” of the customer, using tools such as customer surveys, focus groups and polling. Satisfying the customer includes providing what is needed when it's needed. In many situations, it's up to the customer to provide the supplier with requirements. For example, the payroll department should inform other departments of the exact format for reporting the numbers of hours worked by employees. If the payroll department doesn't do this job properly, it bears some responsibility for the variation in reporting that will occur (Benbow et al 2003).

2.2 SATISFACTION

Satisfaction is an affective state or feeling reaction in which the consumer's needs, desires and expectations during the course of the service experience have been met or exceeded" (Lovelock et al, 2001). According to Oliver (1997), "Satisfaction is the consumer's fulfillment response. It is a judgment that a product or service feature, or the product or service itself, provides a pleasurable level of consumption-related fulfillment".

In less technical terms Zeithaml & Bitner, (2000) translated this definition to mean that satisfaction is the customer's evaluation of a product or service in terms of whether that product or service has met their needs and expectations. Failure to meet needs and expectations is assumed to result in dissatisfaction with the product or service.

The promises made to the customer from signaling can be equated to expectations. Disconfirmation, or the difference between these expectations and the actual performance of the product or service, strongly influences the customer's satisfaction (Patterson et al. 1997). The result of research into business-to-business, high involvement, professional services by Patterson et al indicates "... consumer satisfaction/dissatisfaction is the crucial link in establishing longer-term client relationships and thus the strategic well-being of the organization".

It is satisfaction that allows a basic business relationship to progress to the point where a high level of commitment exists between the parties involved, and where the dissolution of the relationship becomes increasingly difficult because of the strong bond that has developed. Under these circumstances, satisfaction is cumulative in nature (Boulding et al., 1993). Anderson et al describe cumulative customer satisfaction as "... an overall

evaluation based on the total purchase and consumption experience with a good or service over time”.

As an example, the quality of the service that the buyer receives from the seller during the ongoing relationship may be considered a factor in influencing the customers’ overall satisfaction with the relationship (Fornell, 1992).

As indicated above, satisfaction with previous outcomes can lead to a continuance of the relationship between the two parties. Ganesan (1994) indicates that studies have found that commitment in a relationship is significantly related to satisfaction with past outcomes.

2.3 CUSTOMER SATISFACTION

Kotler et al (1999) established that customer satisfaction is ‘the extent to which a product’s perceived performance matches a buyer’s expectations’.

Customer satisfaction is a key and valued outcome of good marketing practice. According to Drucker (1954), the principal purpose of a business is to create satisfied customers. Increasing customer satisfaction has been found to lead to higher future profitability; lower costs related to defective goods and services increased buyer willingness to pay price premiums, provide referrals, and use more of the product and higher levels of customer retention and loyalty (Anderson, et al 1994).

Increasing loyalty, in turn, has been found to lead to increases in future revenue (Anderson, et al, 1994) and reductions in the cost of future transactions (Richens, 1983). All of this empirical evidence suggests that customer satisfaction is valuable from both a customer goodwill perspective and an organization's financial perspective. A firm's future

profitability depends on satisfying customers and retained customers should be viewed as revenue-producing assets for the firm (Anderson, et al, 1994).

Empirical studies have found evidence that improved customer satisfaction need not entail higher costs; in fact, improved customer satisfaction may lower costs due to a reduction in defective goods, product rework, and so on (Fornell, 1992). However, the key to building long-term customer satisfaction and retention and reaping the benefits these efforts can offer is to focus on the development of high-quality products and services. Customer satisfaction and retention that are bought through price promotions, rebates, switching barriers, and other such means are unlikely to have the same long-run impact on profitability as such attitudes and behaviors are won through superior products and services (Anderson, et al 1994). Thus, squeezing additional reliability out of a manufacturing or service delivery process may not increase perceived quality and customer satisfaction as much as tailoring goods and services to meet customer needs (Fornell, 1992).

Customer satisfaction is generally described as the full meeting of one's expectations (Oliver, 1980). It is the feeling or attitude of a customer towards a product or service after it has been used. Customer satisfaction is a major outcome of marketing activity whereby it serves as a link between the various stages of consumer buying behavior. For instance, if customers are satisfied with a particular service offering after its use, then they are likely to engage in repeat purchase and try line extensions (East, 1997). Customer satisfaction is widely recognized as a key influence in the formation of customers' future purchase intentions (Taylor and Baker, 1994). Satisfied customers are also likely to tell others about their favorable experiences and thus engage in positive word of mouth advertising

(Richens, 1983). This positive word of mouth advertising is particularly useful in collectivist Middle Eastern cultures like that of Abu Dhabi where social life is structured in a way to improve social relationships with others in the society (Richens, 1983).

Dissatisfied customers, on the other hand, are likely to switch brands and engage in negative word of mouth advertising.

Furthermore, behaviors such as repeat purchase and word-of-mouth directly affect the viability and profitability of a firm (Dabholkar et al., 1996). A recent study conducted by Levesque and McDougall (1996) confirmed and reinforced the idea that unsatisfactory customer service leads to a drop in customer satisfaction and willingness to recommend the service to a friend. This would in turn lead to an increase in the rate of switching by customers.

Jamal et al, (2002) describes customer satisfaction generally as the full meeting of one's expectations. The writers further describe customer satisfaction as a feeling or attitude of a customer towards a product or service after it has been used.

Lin (2003) sees customer satisfaction as the outcome of a cognitive and affective evaluation of the comparison between expected and actually perceived performance, which is based on how customers appraise delivery of goods or services. A perceived performance which is less than the expected often leads to an unsatisfied customer. Perceived performance that exceeds expectations on the other hand, leads to a satisfied customer. The expectations of a customer are built from past buying experience, advice from friends and counter parts, marketers and competitors' information and promises.

Customer Satisfaction is a key and valued outcome of good marketing practice. According to Drucker (1954), the principal purpose of a business is to create satisfied customers. It is realized that the above authors share the same thought on what customer satisfaction is and what a business should do to maintain its customer base with what previous authors talked about.

Mike Brooke writing on “What is Customer satisfaction” adapted from Lovelock et al (1997) that “Satisfaction is an affective state or feeling reaction in which the consumer’s needs, desires and expectations during the course of the service experience has been met or exceeded”. He also says that “.....customer satisfaction may be one of an organization’s strongest forward indicators of performance. As market competition intensifies, consumers are encouraged to develop higher expectations and naturally become more assertive – this scenario is one of constant change. No business can afford to ignore change in particular when customer expectations are high” (Lovelock et al 1997).

Kevin Cacioppo (2001) suggests that “Customer satisfaction is the state of mind that customers have about a company when their expectations have been met or exceeded over the life time of the product or service. The achievement of customer satisfaction leads to company loyalty and product purchase”. He continues to write that “As markets shrink, companies are scrambling to boost customer satisfaction and keep their current customers rather than devoting additional resources to chase potential new customers” (Cacioppo, 2001).

However, the totally satisfied customer is becoming an increasingly a difficult to find creature. As McKinnon, says, ‘customers are increasingly aware of their rights and are

more confident about seeking redress'. Increasing confidence levels is only partly responsible for declining levels of satisfaction. Many would argue that the increasing expectation that consumers hold is at the root of this problem. Therefore, it is simply unrealistic to expect that there will be no dissatisfied customers. Of course companies should attempt to minimize levels of dissatisfaction by providing a better service. However, at the same time they should also consider what to do for those who are dissatisfied. Analyzing dissatisfied customers, designing efficient systems for handling complaints, and the provision of guarantees are ways in which management can build levels of satisfaction (McKinnon, 1992). Organizations of all types and sizes have come to realize that their main focus must be to satisfy their customers. This applies to industrial firms, retail and wholesale businesses, governmental bodies and every sub group within an organization.

Lawrence et al in 'The Future of Businesses' also share the view that "Customer satisfaction, a business term is a measure of how products and services supplied by a company meet or surpass customer expectation. It is seen as a key performance indicator within business. In a competitive marketplace where businesses compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy." "Total customer satisfaction is used to describe about the quality of a product, such as the price is right, no dent or flaw, the item what the customer has paid for worthwhile, warranty is provided, say one year, the others including the courtesy customer received, good reception and honesty" (www.yahoo/answers.com, 19/07/2009). The text by Yahoo makes it clear that the components of customer satisfaction are not only about the product or service alone, and how well they meet the

needs of the customer. There are issues about staff attitude, honesty on the part of the company and many more.

“Customer satisfaction is an ambiguous and abstract concept and the actual manifestation of the state of satisfaction will vary from person to person and product/service to product/service. The state of satisfaction depends on a number of both psychological and physical variables which correlate with satisfaction behaviors such as return and recommend rate. The level of satisfaction can also vary depending on other options the customer may have and other products against which the customer can compare the organizations product” ((Lovelock et al 1997).

2.4 ANTECEDENTS TO THE FORMATION OF CUSTOMER SATISFACTION

There can be potentially many antecedents of customer satisfaction as the dimensions underlying satisfaction judgments are global rather than specific (Taylor and Baker, 1994). For instance, research on customer satisfaction has largely relied on the disconfirmation paradigm, which views satisfaction with products and brands as a result of two cognitive variables: pre-purchase expectations and disconfirmation (Taylor and Baker, 1994).

According to Peter and Olson (1996), Pre-purchase expectations are beliefs about anticipated performance of the product; disconfirmation refers to the differences between pre-purchase expectations and post-purchase perceptions. Hence, if the perceived performance exceeds a customer's expectations, (a positive disconfirmation), the customer feels satisfied. On the other hand, if the perceived performance falls short of a customer's expectations, (a negative disconfirmation), the customer feels dissatisfied.

There is a considerable amount of empirical evidence that confirms the disconfirmation paradigm (Szymanski and Henard, 2001; Yi, 1990). For instance, in an earlier study, Churchill and Surprenant (1982) reported that disconfirmation positively affected satisfaction. That is, when customers perceived the product performing better than expected, they became more satisfied (Churchill and Surprenant, 1982). Further empirical research supports the notion that satisfaction is caused by expectations and requires considerable cognitive effort on the part of customers. However, others argued that customers develop norms for product performance based on general product experiences, and these, rather than expectations for a focal brand's performance, determine the confirmation/disconfirmation process (Cadotte et al., 1987). Previous research also demonstrated a direct link between actual performance and satisfaction levels (Churchill and Surprenant, 1982).

2.5 CUSTOMER EXPECTATIONS

Customer satisfaction is a result of what customers think will happen (expectations), interacting with what customer think did happen (perceptions). If the product's performance falls short of the customers' expectations, the buyer is dissatisfied. If performance matches expectations, the buyer is satisfied. If performance exceeds expectations, the buyer is delight (Kotler et al 1990).

According to Parasuraman (2004) "Expectations have been found to directly affect satisfaction". Gilbert and Wang (2002) express expectation as pre-consumption beliefs that customers draw upon as the probabilities of the occurrence of positive and negative events. As Parasuraman (2004) discuss, "Different customers have different expectations. Based

on the customer's knowledge of a product or service, a customer may estimate what the performance will be, or may think what the performance ought to be".

Parasuraman (2004) identifies personal needs, past experience, word-of-mouth communications, recommendations and perception of the alternative service that are available to the customers, as significant determinants of service expectations. Another potential determinant is situational factors which are of course beyond the service provider's control. The awareness of customers to situational factors will make them more understanding of the factors that are indirectly affecting the service quality and performance and this will widen their expectations zone of tolerance. This is one of the main aspects that should be considered to study service quality and performance in the rural banking sector.

Kotler et al (1990) discuss an interesting topic that has rarely been studied in the marketing literature. They argue that customer's expectations may vary. The degree which customers adjust their expectations to meet the perceived performance of a product or service can be influenced by the variability of a product's or service's performance, the degree of involvement with the product or service, the ease of assessment, the perfection and accuracy of information that forms expectations, and the precision with which a products level of performance is revoked. Adjustments to expectations are likely to be fast when the product or service is easily assessed, and slow when complicated and with many attributes.

2.6 CUSTOMER NEEDS

“A Customer’s needs vary from customer to customer yet they are often not negotiable. However, all customers want the best value for their money as well as good service. To obtain both of these, customers will often consider several vendors before making a purchase” (Customer Satisfaction Consulting.com 17/07/ 2008). “Customer needs may be defined as the goods or services a customer requires, to achieve specific goals. Different needs are of varying importance to the customer.

Issues on customer needs, basically explains what your customer will use the product or service for. It is because a customer needs to satisfy a particular want or need with specific products or service that is why purchases are made from particular individuals and organizations. Their being loyal customers depend on how satisfied they were with what was purchased.

Customers at times do not have a clear understanding of their needs. Assisting in determining needs can be a valuable service to customers. In the process, expectations may be set or adjusted to correspond to known product capabilities or service.

In order for a business to meet the needs and desires of the customer, the business must know the needs and desires of the customer.

This information is vital not only for successful business, but also for understanding and improving customer satisfaction. This important component helps to set the standards and components of satisfaction from the perspective of the consumer (Hayes, 1998).

2.7 CUSTOMER LOYALTY

Customer satisfaction is an antecedent of customer loyalty. Customer Loyalty (the relationship) is not defined as how customers perceive their relationship with companies, as most often a customer rarely thinks they have any relationship with any company.

In the highly competitive business world of today, customer satisfaction can be seen as the substantial of success, as customer satisfaction can lead to customer retention and therefore to profitability for an organization (Jamal and Kamal, 2002). Satisfaction is a consumer's post-purchase evaluation and response to the overall product or service experience. It is considered a strong predictor for behavioral variables such as repurchase intentions, word-of-mouth recommendations and loyalty.

Asker (1999) discussed the role of loyalty in the brand equity process and specifically noted that brand loyalty leads to certain advantages such as reduced marketing cost, more new customers and greater trade leverage.

In increasing competitive markets, being able to build consumer loyalty is seen as the key factor in winning market share and developing a substantial competitive advantage. Oliver (1991) defines brand loyalty as "a deeply held commitment to re-buy or re-patronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts have the potential to cause switching behaviour". This emphasizes the two different aspects of loyalty described in prior studies – behavioural and attitudinal.

Chaudhuri and Holbrook (2002) suggested that behavioral or purchase loyalty consisted of repeated purchases of the brand, whereas attitudinal loyalty included a degree of

dispositional commitment in terms of some unique value associated with the brand. Thus, customer loyalty here was considered bi-dimensional, including both attitudinal commitment and behavioral re-purchase intentions.

Based on prior studies by Lin and Wang (2006), customer loyalty was defined as the customer's favorable attitude towards a brand, resulting in repeat purchasing behavior.

Customer satisfaction is believed to mediate consumer learning due to prior experience and to explain key post purchase behaviors, such as complaining, word of mouth, repurchase intention and product usage (Oliver, 1980).

Anderson et al (1994) suggested that "a dissatisfied customer is more likely to search for information on alternatives and more likely to yield to competitor overtures than a satisfied customer". In addition, a past research has indicated that satisfaction is a reliable predictor of re-purchase intentions (Wang et al, 2001).

2.8 CUSTOMER RETENTION

In line with the whole concept of Customer Satisfaction, which is being able to build a long lasting trust between the provider and receiver of the good or service, customer retention is the key word. A basic strategy for customer retention is to implement a thorough means of monitoring and evaluating relationship quality over time (Zeithaml & Bitner, 2000). The often quoted axiom that "it costs at least five times as much to get a new customer as it does to keep an existing customer goes without saying that satisfied customers are more likely to be loyal customers and retaining loyal customers is important for company profitability. It is therefore important to measure customer satisfaction, and conduct various surveys and researches in order to be sure that customers are likely to come back or remain loyal or not (Zeithaml & Bitner, 2000).

2.9 WHY DO CUSTOMERS COMPLAIN?

Consumers complain because they are dissatisfied. They are dissatisfied because their expectations are not met, and obviously the higher their pre-purchase expectations, 'the more likely they are to be dissatisfied. This is why a key role for communication in service marketing is the management of expectations. To understand more fully why they complain, we have to examine expectations and satisfaction more closely.

Expectations and satisfaction-what does 'satisfaction' mean? The concept itself is an abstract one. The achievement of satisfaction can be a complex and precarious process. The roles played in the service encounter by individual - personalities contribute to this. In the same way that totally satisfied customers are hard to find, the totally dissatisfied customer is also an elusive creature. Most consumers are satisfied to some extent and there are various research techniques that attempt to measure this. While one should understand the extent of customer satisfaction, it is perhaps more important to understand the underlying cause of this satisfaction. Not only are customers more likely to be dissatisfied with services than they are with products, they also complain less (consumers' Association, 1989). One reason why they do not complain as much comes from the active part that they play in specifying the service. If a trip to the seamstress, results in a bad dress made, who is to say that it is because the seamstress is lousy? It may be that the client did not communicate clearly enough what she wanted (Consumers' Association, 1989).

Miscommunication on the customer's part is only one reason why his expectations may not be fulfilled. Some of these factors are within the control of the service provider, and some are not. It is certainly up to the provider to reduce the likelihood of miscommunication or misinterpretation by making the service clearly understood. It is also the responsibility of

the company to ensure that it clearly understands a client's instructions, and the client also clearly understands what will be delivered. Service providers should take the lead in designing initiatives to reduce these problems. Prior to using a service, the consumer will often have in his mind four different scenarios of the service that he might experience. They are:

- The ideal
- The anticipated
- The deserved
- The minimum tolerable

The consumer can expect any of these. As we have seen before expectations shape satisfaction. If the 'minimum tolerable' is expected then this or anything better may lead to satisfaction. Equally anyone expecting the 'ideal' will be dissatisfied with anything less (Consumers' Association, 1989).

According to Oliver (1997) "Satisfaction is the consumer's fulfillment response. It is a judgment that a product or service feature, or the product or service itself, provides a pleasurable level of consumption-related fulfillment".

In less technical terms (Zeithaml & Bitner, 2000) translated this definition to mean that satisfaction is the customer's evaluation of a product or service in terms of whether that product or service has met their needs and expectations. Failure to meet needs and expectations is assumed to result in dissatisfaction with the product or service.

The promises made to the customer from signaling can be equated to expectations. Disconfirmation, or the difference between these expectations and the actual performance of the product or service, strongly influences the customer's satisfaction (Patterson et al 1997). The result of research into business-to-business, high involvement, professional

services by Patterson et al (1997) indicates "... consumer satisfaction/dissatisfaction is the crucial link in establishing longer-term client relationships and thus the strategic well-being of the organization".

2.9.1 COMPLAINING CUSTOMERS ARE AMONG THE MOST LOYAL CUSTOMERS

This argument is further strengthened by research showing that customers who complain are also more likely to repurchase, even when their complaint is not handled satisfactorily. If the problem is resolved they will tell even more people about this successful recovery than if they had received good service in the first place. Overall, customers will tell five of their closest acquaintances about the way their incident was recovered, whereas if customers receive good service initially, they will only inform three. The recovery of customer complaints is equal to, if not more important than, providing good service initially (Eccles and Durand, 1998).

2.9.2 RECIPROCITY AND COMPLAINT HANDLING

The reason why customers are more likely to say positive things after a problem has been recovered, is best explained by a psychological principle called reciprocity. People like to return favors when something nice has been done for them. They reciprocate the gesture. Companies are so keen on creating reciprocity when mishaps occur that they do not track the money they spend in doing so. As the marketplace continues to become more competitive, customers have greater freedom in choosing where to spend their money. It is therefore through this reciprocity principle that firms can look to increase customer loyalty,

especially as the individual knows the company will go out of its way to ensure the situation is resolved (Eccles and Durand, 1998).

2.9.3 WHAT DO CUSTOMERS WANT WHEN THEY COMPLAIN?

When looking at why customers complain, many different approaches can be identified. In reality, the reason why people take the trouble to complain is that they only want what they were denied. This can be as simple as an apology. So if a company fulfils the needs of a complaining customer then this individual will reciprocate by continuing to do business. Equally, this customer will then comment more positively about the organization. Research in the hotel sector has found that the way complaints are handled is the major factor determining whether customers return. One of the most popular myths concerning complaining customers is that they always require a refund. In fact this is not always the case. For example, fewer than 10 per cent of restaurant diners expect a bill reduction if a specific dish they ordered was unsatisfactory. They would rather have the dish replaced or reheated. In essence it is the service firm that offers the refund, so tearing up the bill or giving a free coupon for a future meal may be handing over money needlessly (Eccles and Durand, 1998).

2.10 DISSATISFIED CUSTOMERS

An essential part of assessing satisfaction includes identifying dissatisfaction. Dissatisfied customers and prospects often hold the information you need to succeed. Understanding when and why dissatisfaction occurs, helps you implement changes to gain new customers and retain old ones. Customers who are unhappy with a service are less likely to complain about the situation than they are when they are unhappy with a product. So what happens

when a customer is dissatisfied with the service he receives? Most of them do not complain to the company. These dissatisfied customers simply do not buy the service again. In doing so, they appear to be causing the least damage to the service organization (Eccles and Durand, 1998).

However, the dissatisfied customer is not likely to keep the bad news to himself. At the same time as deciding not to buy the service again he is probably spreading the bad news. Eccles and Durand, (1998) reckon that dissatisfied customers tell an average of nine or ten others about their problem. Instead of keeping quiet about his dissatisfaction, he could complain. This action is actually helpful to the organization for several reasons.

First, it gives the organization a second chance to 'delight' its original customer. It also diminishes the risk of bad publicity, either from personal word of mouth communication, or in more damaging leaks through the press to the general public, and it provides information that should be useful for development of the service. Historically companies have shied away from the whole issue of customer complaints preferring instead to devote resources to generating business. Retaining business through service recovery is still not widespread (Eccles and Durand, 1998).

2.11 PERCEIVED QUALITY

Customer satisfaction is influenced by specific product or service features and by perception of quality. Services and products are the two major orientations of business.

Products – also referred to as goods, are the physical output of a business. These are tangible objects that exist in time and space. These are first created, then inventoried and

sold. It is after purchase that these are actually consumed (Sureshchander et al, 2001).

Products might include computers, automobiles, or food at a restaurant.

Services, on the other hand, are less materially based. In fact, there is one major distinction between a service and a product. This differentiation is the intangible nature of a service – it cannot be touched, held, and so on. Another difference is the issue that consists primarily of social interactions or actions (Berry, 1980). The consumption of a service involves the interaction between the producer and the consumer. Also, services are produced and consumed simultaneously. Services might include computer repair, automobile sales, or the attendance of a server at a restaurant. Delivering quality service is a business necessity (Cullen, 2001).

2.11.1 PRODUCT AND SERVICE FEATURES

Customer satisfaction with a product or service is also influenced significantly by the customer's evaluation of product or service features. Important feature such as timeliness of services, easy access to loans, timely completion of job, product performance as expected, timely response to complaint and helpfulness by staff are determining factors of satisfaction (Zeithaml et al, 2000). Satisfaction will also be influenced by customers' emotional responses, their attributions, and their perception of equity.

2.11.2 CONSUMER EMOTIONS

Customers' emotions can also affect their perceptions of satisfaction with product and services. These emotions can be stable, pre-existing emotions – for example, mood, state or life satisfaction when a customer is in a very happy stage in life, the good happy mood and positive frame of mind influences how that person feels about the service.

Alternatively, when a customer is in a bad mood, the negative feeling is carried over into responses to services rendered by provider, causing an overreaction or negative response to little issues (Zeithaml et al, 2000).

2.11.3 ATTRIBUTIONS FOR SERVICE SUCCESS OR FAILURE

Attributions – the perceived causes of events influence perceptions of satisfaction as well. When the customers are surprised by an outcome (the service is either much better or much worse than expected), customers tend to look for the reasons, and their assessments of the reasons can influence their satisfaction (Zeithaml et al, 2000).

2.11.4 PERCEPTIONS OF EQUITY OR FAIRNESS

Customer's satisfaction is also influenced by perception of equity and fairness. Customers often ask themselves: have I been treated fairly compared to other customers? Did other customers get better treatment, better prices, or better quality service? Did they pay a fair price for the service? Was I treated well in exchange for what I paid and the effort I expended? Motions of fairness are central to customers' perceptions of satisfactions with products and services (Zeithaml et al, 2000).

2.12 SERVICE QUALITY

Research on customer satisfaction is often closely associated with the measurement of service quality (Anderson and Sullivan, 1993). While satisfaction is a feeling or an attitude of a customer towards a service after it has been used, service quality is simply:

Customers' overall impression of the relative inferiority/superiority of the organization and its services (Bitner and Hubbert, 1994). In this context, some argue that both service

quality and satisfaction are: Best conceptualized as unique constructs that should not be treated as equivalents in models of consumer decision-making (Taylor and Baker, 1994). Hence, many have attempted to establish the nature of the relationship between service quality and customer satisfaction.

Among the many attempts, some have proposed a causal link between customer satisfaction and service quality, due to the fact that satisfaction is viewed as experiential or occurring at the transactional level, whereas service quality is viewed to be an attitude at a global level (Parasuraman et al., 1988). Delivering quality service is a business necessity (Cullen, 2001).

2.12.1 DIMENSIONS OF SERVICE QUALITY

A review of the literature, however, suggests that service quality is not a uni-dimensional construct. Rather, service quality incorporates a number of dimensions such as reliability, tangibles, responsiveness, assurance and empathy (McDougall and Levesque, 1994).

Although the number and composition of service quality dimensions are likely to be dependent on service settings (Carman, 1990), one can argue that there are two overriding dimensions of service quality (Levesque and McDougall, 1996; Parasuraman et al., 1991). The first one refers to the core aspects of the service (e.g. reliability) and the second one refers to the relational or process aspects of the service (e.g. tangibles, responsiveness, assurance and empathy (Parasuraman *et al.*, 1991a)).

This is due to the fact that reliability is mainly concerned with the outcome of service, whereas tangibles, responsiveness, assurance and empathy are concerned with the service delivery process (Parasuraman *et al.*, 1991a).

Tangibles- This quality dimension involves the appearance of physical facilities, equipment, materials, and personnel of the organization. This is the only dimension related specifically to the palpable and readily discernible of service provision (Selber & Streeter, 2000).

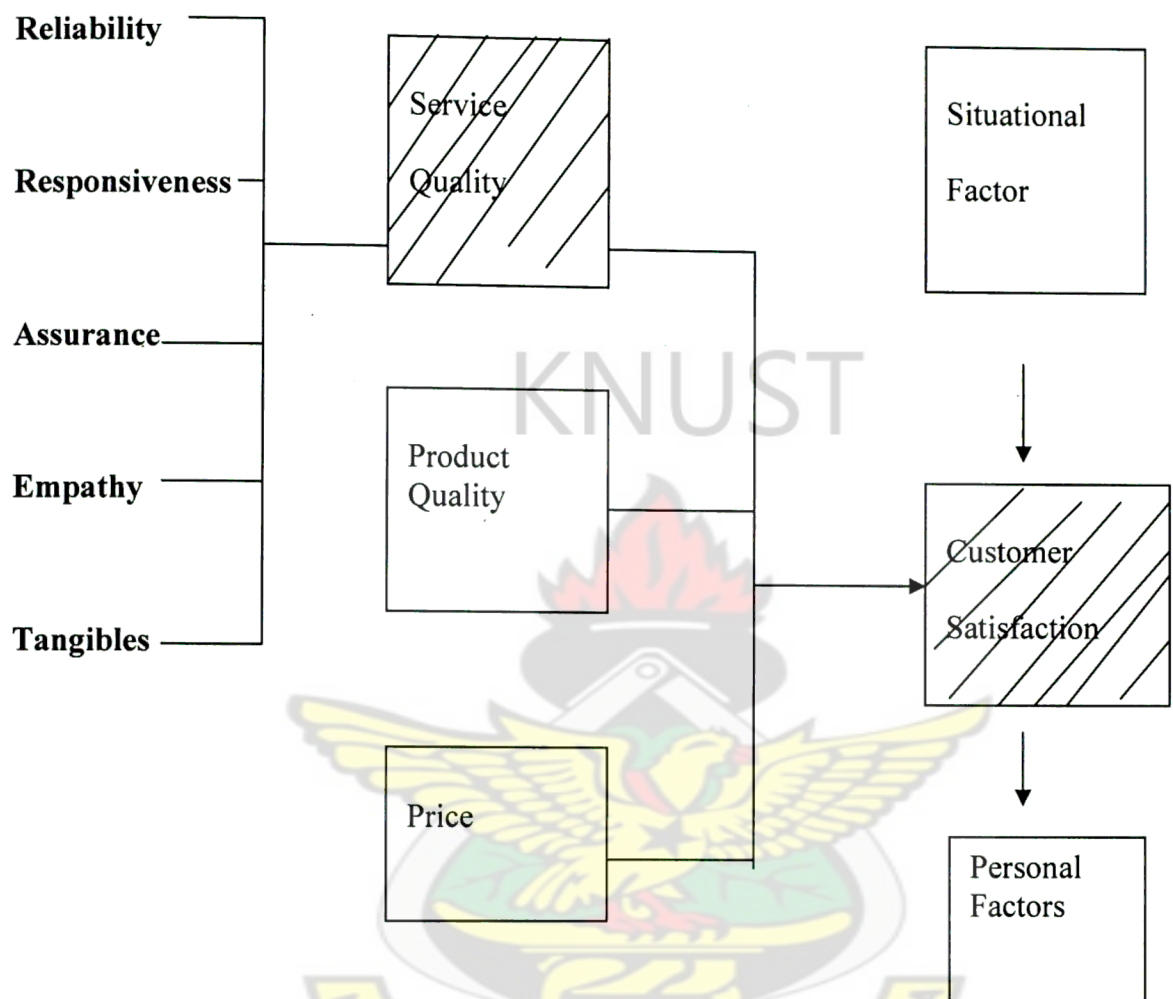
Reliability- This quality dimension involves the consistent, dependable, and accurate delivery of promised services. The actual provision of service is the element in this case (Selber & Streeter, 2000).

Responsiveness- This dimension of service quality encompasses those aspects of personnel that demonstrate a willingness of an organization's personnel to help customers and provide prompt service. The service-orientation of the staff members is the characteristic. In this context, we propose that both the core and relational dimensions of service quality are likely to be antecedents of customer satisfaction (Selber & Streeter, 2000).

Assurance- This dimension includes the knowledge, skill, and ability of personnel, as well as the level of courtesy and ability to inspire trust and confidence from customers. This relates to the expected and perceived aptitude and abilities of personnel (Selber & Streeter, 2000).

Empathy- This dimension of service quality relates to the level of caring, and individualized attention that personnel provides to customers. The "person-to-person" or "people skills" of staff is the question (Selber & Streeter, 2000). Figure 1 below illustrates customer perception of quality and customer satisfaction.

FIGURE 1: CUSTOMER PERCEPTION OF QUALITY AND CUSTOMER SATISFACTION



Source: - Services Marketing, Integrating Customer Focus Across the Firm by Valarie A. Zeithaml & Mary Jo Bitner (2000).

2.12.2 NEED FOR CUSTOMER SATISFACTION

The need for customer satisfaction is necessary for all business, large or small. The satisfaction of the customer is an all important task. No matter what type of business you operate, you have to have customers. Whether your customers are other companies, or individuals they are vital to your business's success. The quality of the experience your customers have while doing business with your company either directly or indirectly

including, marketing, branding, customer support, in-store experience, product design, service, and even through your Web site affects whether or not they will continue to do business with you (customer satisfaction.com, accessed 6/08/009).

The quality of your customer service at any point can affect the overall relationship a customer has with your company. Companies that have excellent marketing and communication practices can harm their sales through poorly executed customer service. Customers are what make a business successful (customer satisfaction.com, accessed 6/08/009).

2.13 MEASURING CUSTOMER SATISFACTION

Zeithaml et al (2000), are of the view that “Organizations are increasingly interested in retaining existing customers while targeting non-customers; measuring customer satisfaction provides an indication of how successful the organization is at providing products and/or services to the marketplace. Customer satisfaction is an ambiguous and abstract concept and the actual manifestation of the state of satisfaction will vary from person to person and product/service to product/service. The state of satisfaction depends on a number of both psychological and physical variables which correlate with satisfaction behaviors such as return and recommend rate. The level of satisfaction, can also vary depending on other options the customer may have and other products against which the customer can compare the organization's products” (Parasuraman et al, 1988). Because satisfaction is basically a psychological state, care should be taken in the effort of quantitative measurement, although a large quantity of research in this area has recently been developed (Parasuraman, et al 1991).

In addition, specific tools for measuring customer satisfaction have been developed in the past, including service quality (Parasuraman, et al, 1991). Thus, an ample literature exists on which to draw when attempting to measure customer satisfaction.

In attempting to measure customer satisfaction, it is possible that attributes can have different satisfaction implications for different consumer and market segments—the usage context, segment population, and market environment can influence satisfaction and product use (Anderson et al 1994).

Furthermore, consumers with similar satisfaction ratings, yet different characteristics, may exhibit different levels of repurchase behavior. It is clear, then, that market and consumer segments should be important factors to consider when measuring customer satisfaction and its implications.

Organizations are increasingly interested in retaining existing customers while targeting non-customers. Measuring customer satisfaction provides an indication of how successful the organization is at providing products and/or services to the marketplace (Mittal and Kamakura 2001).

2.13.1 MEASUREMENT PROCESS & TOOLS

Just as in any measurement process, there are measurement tools appropriate to the measurement task at hand. Some are better than others and the effects of bias, repeatability and other measurement errors need to be considered when deciding on a specific tool. The most common tool is the survey but the delivery method can drastically affect the errors associated with it. As an example, a mailed survey without follow up will typically have a

very low and highly biased response, whereas a survey completed by the salesman, when in front of the customer, will be far more precise. The customers to be contacted need to be defined in terms of numbers, groupings or other attributes that would impact how they perceive the firm's products and services. With this information in place, a satisfaction measurement plan is developed, detailing the tools to be used, the delivery method, sample size, sample frequency, how the data are analyzed and reporting venues/frequency (www.SigmaAffiliates.com 10/7/2009).

2.13.2 MEASURING CUSTOMER SATISFACTION AND LOYALTY

The Customer Satisfaction Archived Article-Our Voice says that "Measuring customer satisfaction is an important goal, but is not enough to increase loyalty". Your customers must be so completely satisfied that they not only buy from you again but they tell their friends about you. Asking them if they are satisfied will not increase their loyalty. The only thing that matters is loyalty. And the only thing that earns loyalty is value. You must provide a service that your customer values. Only then will they be so satisfied that they stay with you and tell their friends.

2.14 CUSTOMER SATISFACTION AND PROFITABILITY

Good customer satisfaction has an effect on the profitability of nearly every business. For example, when customers perceive good service, each will typically tell nine to ten people. It is estimated that nearly one half of American business is built upon this informal, "word-of-mouth" communication (Reck, 1991). Improvement in customer retention by even a few percentage points can increase profits by 25 percent or more (Griffin, 1995). The University of Michigan found that for every percentage increase in customer satisfaction,

there is an average increase of 2.37% of return on investment (Keiningham & Vavra, 2001). Most people prize the businesses that treat them the way they like to be treated; they'll even pay more for this service. However, a lack of customer satisfaction has an even larger effect on the bottom line. Customers who receive poor service will typically relate their dissatisfaction to between fifteen and twenty others. The average American company typically loses between 15 and 20 percent of its customers each year (Griffin, 1995). The cost of gaining a new customer is ten times greater

2.15 CONCLUSION

Customer Satisfaction therefore is a very important aspect of business which should be looked at very critically. This is due to the fact that the success of any business depends on its customers. Customers as they are can make and unmake a business. Their being satisfied or delighted is therefore a very important issue which needs serious attention for the survival of all businesses.

The foregoing spells out clearly that satisfying the customer is a key to making a business profitable and also survive the competition of the day. It is therefore important to listen to the voice of the customer for a business to be more successful. In fact, if the service incident is so negative, the negative effects can last years. The message is obvious – satisfied customers improve business and dissatisfied customers impair business (Anderson & Zemke, 1998). Customer Satisfaction is an asset that should be monitored and managed just like any physical asset. Therefore, businesses that hope to prosper will realize the importance of this concept, putting together a functional and appropriate operational definition. This is true for both service-oriented and product oriented organizations (McColl-Kennedy & Schneider, 2000).

CHAPTER THREE

METHODOLOGY

3.1 INTRODUCTION

This chapter was devoted to the methodology used to achieve the objective of the study and its justification. It presented an account of how data was collected, managed and processed into a dissertation document. This included the research design, population, sampling technique data collection method, data analysis and limitation of the study.

3.2 RESEARCH DESIGN

In this research, survey method was employed to explore customer satisfaction in the rural banking sector in the Ashanti Region. A survey was chosen because it allowed the collection of a large amount of data from a sizable population in a highly economical way. In order to find the factors of customer satisfaction and also the relationship between these factors, a standardized questionnaire was designed. The questions were standardized in order to allow easy comparison (Saunders et al 2007). The questionnaire contained 20 questions which were designed with the objectives of the study in mind.

There were open-ended, scale and close-ended questions. The close-ended questions were used to collect demographic information from respondents, while the scale questions were used to survey perception scores from not satisfied to very satisfied. One point was left on the scale to enable the “don’t know” answer. The essence of this point was to see whether respondents knew what the researcher was talking about or not. The open-ended questions on the other hand gave respondents the chance to express their views on the products and services of their banks.

3.3 POPULATION

The full set of cases from which a sample is taken is called the population (Saunders et al., 2006). The population in this research consisted of customers of all the rural banks in the Ashanti region due to the common characteristics that they share. It was out of this population that a sample of customers drawn from four rural banks, Atwima, Atwima Mponua, Asokore and Kwamangman rural banks was used. These banks were chosen because they are widely spread and not concentrated.

3.4 SAMPLING TECHNIQUE

There were many constraints on budget and time for surveying the entire population; it was even impracticable and results needed to be produced quickly from the data collected. In this study, it was impossible to collect and analyze data from the population available. The sampling frame comprised customers of the 4 selected rural banks - Atwima, Atwima Mponua, Asokore and Kwamangman rural bank out of which a sample size was chosen.

Determining sample size is a very important issue because samples that are too large may waste time, money and resources, while samples that are too small may lead to inaccurate results (Saunders et al., 2007).

Due to the large number and the varied nature of the target population, a sample size of one hundred and twenty (120) was used owing to constraints on time and money as well as access. The number was made up of 30 customers from the 4 rural banks. Two branches of the various banks were chosen randomly and an equal number of questionnaires were given to their customers.

3.5 DATA COLLECTION METHOD

The main resource instrument was the questionnaire, used to elicit information on customer satisfaction. The questionnaire was developed based on the objective of the study and personally administered by the researcher to respondents. The period used to administer the questionnaire was between Wednesday July 1 and Monday July 6, 2009 within which a total of 120 questionnaires were administered.

30 questionnaires were distributed in each of the 4 mentioned rural banks. Because 2 branches were chosen for each of the rural banks, 15 questionnaires were administered in each branch. Participation consent was on the questionnaire to explain the purpose of the study and assure respondents of strict anonymity.

3.6 DATA ANALYSIS

The primary data collected was initially edited to detect and correct any omissions and errors to ensure consistency. Again the edited data was coded and analyzed by the use of Statistical Package for the Social Sciences (SPSS) software.

The analyzed data was presented in the form of descriptive statistics in frequency distribution, mainly tables.

CHAPTER FOUR

RESEARCH FINDINGS/RESULTS

4.1 INTRODUCTION

This chapter was devoted to research findings. The objectives of the study were to identify the factors that account for customer dissatisfaction; identify the variables of customer satisfaction and make recommendations for improving customer satisfaction in the rural banking industry. A questionnaire was used to collect the data and findings were analyzed through the Statistical Package for the Social Sciences (SPSS).

The questionnaire included a section on customer's profile, as various demographic factors are likely to influence the degree of customer satisfaction of products and services. Also, Information on demographic features is useful in formulating customer satisfaction strategy. A five-point scale type of questions was also used to survey perception scores from not satisfied to very satisfied and one point was left on the scale to enable the "don't know" answer as has been said in the previous chapter. There were five open-ended questions to confirm responses in the scale questions as well as explore respondents' views.

4.2 PRESENTATION OF RESPONSES

TABLE 1: GENDER

Gender	Frequency	Percent
Male	75	62.5
Female	45	37.5
Total	120	100.0

A total of 120 respondents were interviewed. Out of this number, 75 were males and the remaining 45 were females. The number of males represented 62.5% while that of the females represented 37.5% as has been illustrated in Table one above.

TABLE 2: AGE

Age Group	Frequency	Percent
18-29 years	42	35.0
30-39 years	42	35.0
40-49 years	9	7.5
50-59 years	6	5.0
60 years and above	15	12.5
Total	114	95.0
No Response	6	5.0
Total	120	100.0

From 120 respondents, age of respondents as per the five age groups is presented in Table 2 above. It was realized that 114 respondents, representing 95% disclosed their age group as against 6 representing 5% who refused to disclose theirs.

The number of respondents who fell between the ages of 18-29 and 30-39 was 42 each.

Each represented 35%, making a total of 70%. Those that fell between the ages of 40-49, 50-59 and 60 and above were 9, 6 and 15, re presenting 7.5%, 5% and 12.5% respectively.

TABLE 3: WHAT TYPE OF ACCOUNT DO YOU OPERATE WITH THE BANK?

Type of Account	Frequency	Percent
Current	57	47.5
Savings	39	32.5
fixed deposit	6	5.0
current and savings	15	12.5
Total	117	97.5
No Response	3	2.5
Total	120	100.0

Table 3 above illustrates the frequency of responses to the type of account respondents

hold at their various banks. The table shows a total of 117 responses which gives 97.5%.

This means that 3, representing 2.5% of respondents did not answer to the question.

Current account holders constituted the highest number of 57, representing 47.5% of respondents. Those who operated savings account were 39, representing 32.5% of the respondents. Fixed deposit account holders were the least. They were a total of 6, representing 5%. There were some respondents who held both current and savings accounts. These respondents numbered 15 which represented 12.5.

TABLE 4: HOW LONG HAVE YOU BEEN OPERATING WITH THE BANK?

Period of transaction	Frequency	Percent
Less than 1 year	33	27.5
1-5 years	48	40.0
6-10 years	36	30.0
Total	117	97.5
No Response	3	2.5
Total	120	100.0

Table 4 above illustrates the period respondents have been transacting business with their various banks. Out of the 120 respondents interviewed, 3, representing 2.5% did not respond to the question. Thus a total of 117 people responded. Those who have been transacting business for less than one year represented a total of 33 which is 27.5%. The highest number of 48 giving 40% was those who have been transacting business between 1 and 5 years. The remaining 36, representing 30% showed that of respondents who have been doing business for 6years and above with their banks.

TABLE 5: WHAT IS THE MAIN REASON FOR TODAY'S VISIT?

Reason for visit	Frequency	Percent
Withdrawal	72	60.0
Make a deposit	42	35.0
Open a new account	6	5.0
Total	120	100.0

The question asking what respondents came to do in the banks on the day of their interview generated various answers. 72 out of the total number of respondents were in the banks to withdraw money. This number represents 60% of respondents. 42, representing 35% were there to deposit money while the remaining 6 which represents 5% were in the banks to open a new account. These can be seen in table 5 above.

TABLE 6: THE VARIETY OF PRODUCTS/SERVICES OFFERED

Responses	Frequency	Percent
Very satisfied	69	57.5
Satisfied	27	22.5
Moderately satisfied	12	10.0
Not satisfied	6	5.0
Not known	3	2.5
Total	117	97.5
No response	3	2.5
Total	120	100.0

Table 6 above is about the level of satisfaction with respect to the variety of products. It can be seen that 67 respondents representing 57.5% were very satisfied. 27 of the respondents representing 22.5%, 12 respondents representing 10% were satisfied, moderately satisfied and not satisfied respectively. 3, representing 2.5% do not know about their level of satisfaction and the remaining 3 also representing 2.5% did not even know about the variety of products and services being offered at their banks.

TABLE 7: PRODUCTS AND SERVICES ABILITY TO MEET CONSUMERS' EXPECTATIONS

Responses	Frequency	Percent
Very satisfied	0	0.0
Satisfied	45	37.5
Moderately satisfied	15	12.5
Not satisfied	6	5.0
Not known	0	0.0
Total	66	55.0
No response	54	45.0
Total	120	100.0

With reference to the meeting of customer expectation, no respondent was very satisfied nor could tell whether they were satisfied or not in table 7 above. However, 45 respondents which is 37.5% were satisfied, 15 of them representing 12.5% and 6 which represented 5% were satisfied, moderately satisfied and not satisfied respectively. 54 respondents will on the other hand not give any response in this respect. Thus 45% of the respondents did not respond to the question.

TABLE 8: THE INTEREST RATES OFFERED ON SAVINGS

Responses	Frequency	Percent
Very satisfied	6	5.0
Satisfied	3	2.5
Moderately satisfied	18	15.0
Not satisfied	33	27.5
Not known	6	5.0
Total	66	55.0
No response	54	45.0
Total	120	100.0

Table 10 above illustrates the level of satisfaction with the interest on savings. A total of 66 respondents making 55% responded to the question. Out of this, 6 (5%) were very satisfied and 3 (2.5%) were satisfied. 18 (15%) and 33 (27.5%) were satisfied and moderately satisfied respectively. The remaining 6(5%) were not aware of the interest on savings. 54 (45%) out of the 120 respondents on the other hand did not give any response at all.

TABLE 9: THE INTEREST RATE CHARGED ON LOANS

Responses	Frequency	Percent
Very satisfied	48	40.0
Satisfied	21	17.5
Moderately satisfied	12	10.0
Not satisfied	30	25.0
Not known	9	7.5
Total	120	100.0

Table 9 above pictures about the interest rate charged on loans. The highest number of 48 (40%) were very satisfied. 21 (17%) were satisfied whiles 12 (10%) were moderately satisfied. 30 (25%) were not satisfied and 9 (7.5%) did not know about the interest charged on loans at all.

TABLE 10: THE COMMISSIONS CHARGED

Responses	Frequency	Percent
Very satisfied	36	30.0
Satisfied	24	20.0
Moderately satisfied	15	12.5
Not satisfied	30	25.0
Not known	9	7.5
Total	114	95.0
No response	6	5.0
Total	120	100.0

In table 10 above, responses on satisfaction levels have been illustrated. Out of a total of 120 respondents, 6 (5%) did not give any answers to the question. In the above table, 36 (30) were very satisfied, 24 (20%) were satisfied, 15 (12.5%) were moderately satisfied, 30 (25%) were not satisfied and the remaining 9 (7.5) did not know of the banks' commission charges.

TABLE 11: THE HOURS OF OPERATION

Responses	Frequency	Percent
Very satisfied	42	35.0
Satisfied	18	15.0
Moderately satisfied	15	12.5
Not satisfied	24	20.0
Not known	3	2.5
Total	102	85.0
No response	18	15.0
Total	120	100.0

Responses to the hours of operation have been presented in table 11 above. Here, a total of 102 respondents, making 85% responded to the question. Thus, 18 (15%) of the respondents did not answer. Out of the 102, 42 (35%) were very satisfied, 18 (15%) were satisfied, 15 (12.5%) were moderately satisfied and 24 (20%) were not satisfied. 3 representing 2.5 % of the 120 respondents were not even aware of the hours of operation within their banks.

TABLE 12: ERROR FREE TRANSACTION

Responses	Frequency	Percent
very satisfied	18	15.0
Satisfied	6	5.0
Moderately satisfied	21	17.5
Not satisfied	12	10.0
Not known	60	50.0
Total	117	97.5
No response	3	2.5
Total	120	100.0

Respondents were asked to express themselves about error free transactions they have with their banks. It was surprising to know that 60 Out of the 120 respondents, representing exactly 50% did not know whether their transactions are always correct or not. 3 respondents did not even answer this question. 18 respondents (15%) were however very satisfied, 6 (5%) were satisfied, 21(17.5%) were moderately satisfied and 12 (10%) were not satisfied. The figures above can indicate that people do not even check if there are mistakes in their dealings with their banks.

TABLE 13: EXISTENCE AND OPERATION OF ATM

Responses	Frequency	Percent
Very satisfied	9	7.5
Not known	108	90.0
Total	117	97.5
No response	3	2.5
Total	120	100.0

Data collected in table 13 above was about the existence and operation of ATM in the banks. From the above table, it is realized that 3 (2.5%) respondents did not give any answer to the question. Majority of the respondent, 108 representing 90% did not know of ATM in their banks. This showed that there may be none in their banks. The remaining 9 respondents (7.5%) were however very satisfied, signifying the existence and operation of ATMs in their banks.

TABLE 14: PERSONAL RELATION BETWEEN CLIENTS AND STAFF

Response	Frequency	Percent
Very satisfied	69	57.5
Satisfied	21	17.5
Moderately satisfied	3	2.5
Not satisfied	12	10.0
Not known	9	7.5
Total	114	95.0
No response	6	5.0
Total	120	100.0

Table 14 above illustrates the level of responses obtained when respondents were asked to tell about the staff and client relations. It is realized from the table that 9 (7.5%) out of the 120 respondents claimed they did not know and 6 (5%) would not give any response at all. One can see that of the remaining respondents the majority of 69 which represents 57.5% of respondents were very satisfied with the staff/client relationship pertaining in their banks. 21, representing 17.5% of them were satisfied and 3 (2.5%) were moderately

satisfied. However, the remaining 12 respondents who constituted 10 % were not satisfied with the personal relationship existing between staff of the banks and their clients.

TABLE 15: RESPONSE TO REQUESTS

Response	Frequency	Percent
Very satisfied	54	45.0
Satisfied	30	25.0
Moderately satisfied	9	7.5
Not satisfied	18	15.0
Total	111	92.5
No response	9	7.5
Total	120	100.0

Respondents were asked to express themselves about their banks’ response to their requests when ever there are any. The table 15 above shows the frequency of the various responses obtained while respondents answered the questionnaire.

It can be seen from the table that the highest number of respondent, 54 (45%) said they were very satisfied, followed by 30 (25%) who said they were satisfied and 18 (15) were not satisfied and 9 (7.5%) were moderately satisfied. However, 9 respondent representing 7.5% did not respond to the question.

TABLE 16: WHAT DO YOU LIKE ABOUT THE BANK'S PRODUCTS AND SERVICES?

Responses	Frequency	Percent
Prompt service delivery	27	22.5
Christmas bonus given to customers	3	2.5
Giving loan and overdraft to salary workers	9	7.5
Giving long term loan to farmers	9	7.5
Granting loan facility to customers	15	12.5
The savings product has benefited us	3	2.5
Staff are always on time at work	3	2.5
Giving overdraft to customers	15	12.5
The bank does not demand high amount of security	3	2.5
Giving funeral loans to customers	3	2.5
Giving branch managers discretionary power to help customers	6	5.0
Providing short term loans	3	2.5
Increasing interest on savings	3	2.5
Good customer care	6	5.0
Total	108	90.0
No response	12	10.0
Total	120	100.0

There were open-ended questions which demanded respondents to write their own answers. Various answers were generated in this type of questions. Table 16 above illustrates responses given by respondents when they were asked about what they liked about the products and services in their banks. 27 (22.5%) of them said they liked prompt

service delivery which existed in their banks. 15 (12.5%) liked loan facilities given to them and another 15 (12.5%) also liked the giving of overdrafts in their banks. Giving loans to salaried workers were the response given by 9 respondents who represented 7.5%. Another 9(7.5%) were rather happy about long term loans given to farmers in their banks. 6 (5%) respondents said they liked the fact that branch managers had the discretionary powers to help customers. Another group of 6 liked the good customer care pertaining in their banks. There were 7 different groups of respondents each being made up of 3 representing 2.5%. One group liked Christmas bonuses given to customers at the end of the year and the second liked the benefits accrued from savings. The third group liked the fact that staff are always on time at work.

A group was also of the view that their bank does not demand high amounts of security while another was enthused about the funeral loans their banks give to customers. For the last two groups, short term loans and increasing the interest on savings is what they liked. 12 respondents representing 10% however, did not give any response to the question.

TABLE 17: WHAT DO YOU DISLIKE ABOUT THE BANK'S PRODUCTS AND SERVICES?

Responses	Frequency	Percent
Delay in processing loan application	3	2.5
Loan deduction system (monthly deduction even in December)	9	7.5
The time the bank closes	3	2.5
Low interest rate	18	15.0

Bank not granting loans to customers who go into debts	3	2.5
High commitment fees	3	2.5
The bank not providing comfortable seats to customers in banking hall	3	2.5
Long queues at the end of the month	6	5.0
High commission charged on turnover	6	5.0
Limited parking space for customers	3	2.5
Managers referring all loan application to the Director for approval	9	7.5
Bad staff attitude towards customers / poor customer relation	15	12.5
Not all products listed are offered	3	2.5
Charges on current account is high	3	2.5
Poor service delivery	3	2.5
The use of legal action against loan defaulters	6	5.0
Use of manpower instead of computerizing operations	24	20.0
Total	120	100.0

Respondents were asked to express themselves about their dislikes in their banks and their responses are illustrated in table 17 above. The majority of 24 respondents were unhappy

about the lack of computers in their banks. This delays transactions a lot since everything is being done manually. 18 respondents disliked low interest rates in their banks and 15 did not like the staff attitude/poor customer relations. 9 disliked managers referring all loan applications to the Director for approval and another 9 disliked loan deduction systems in their banks. 6 respondents disliked long queues at the end of the month and 6 also disliked high commissions charged on turnover while another 6 disliked the use of legal action against loan defaulters. 3 of the respondents were not happy about the delay in processing loan application another 3 also disliked the time the bank closes and another 3 disliked their banks not granting loans to customers who go into debts. Another set of 3 respondents were not happy about high commitment fees while another 3 were not happy about the banks not providing comfortable seats to customers in banking hall. A different set of 3 disliked the limited parking space for customers and another disliked the fact that not all listed products are offered. The last 2 sets of 3 respondents disliked the high charges on current account and poor service delivery.

TABLE 18: WHAT WOULD THE BANK NEED TO DO TO SATISFY YOUR REQUIREMENTS EVEN MORE?

Responses	Frequency	Percent
Loan application should be processed quickly	3	2.5
More qualified persons should be employed	3	2.5
Working hours should be	6	5.0

extended		
Interest rate on savings should be increased	9	7.5
The bank should increase loans given to petty traders and businessmen	9	7.5
Increase the cashiers at the counter	3	2.5
The bank should inform customers of current commission charged on turnover	3	2.5
Reduce commitment fees on loans	3	2.5
ATM services must be provided	9	7.5
Managers should be given discretionary power to assist customers	3	2.5
Reduce commissions charged on turnover	3	2.5
Staff should report for duty on time	3	2.5
Housing loan should be	3	2.5

introduced		
The bank should		
computerize its operations	18	15.0
The bank should give		
more loans to the farmers	6	5.0
The bank should improve		
upon its customer care	12	10.0
Total	96	80.0
No response	24	20.0
Total	120	100.0

Respondents were also asked to tell what they would want their banks to do to satisfy their requirements the more. Series of answers were generated from this question but 24 respondents did not give any answers at all.

Out of the 96 respondents who gave valid answers, 18 were of the view that their bank should computerize their operations. 12 needed their bank to improve upon customer care. Three groups made up of 9 respondents each want their banks to increase interest rate on savings, increased loans given to petty traders and businessmen and provide ATM services in their banks. 6 respondents said that working hours should be extended and another 6 said the bank should give more loans to the farmers.

The following responses came from different groups of 3: Loan application should be processed quickly; more qualified persons should be employed; increase the cashiers at the

counter; the bank should inform customers of current commission charged on turnover; reduce commitment fees on loans; managers should be given discretionary power to assist customers; reduce commissions charged on turnover; staff should report for duty on time and housing loan should be introduced.

TABLE 19: WOULD YOU BE PREPARED TO RECOMMEND THE BANK TO OTHERS

Responses	Frequency	Percent
Yes	93	77.5
No	24	20.0
Total	117	97.5
No response	3	2.5
Total	120	100.0

One of the questions asked was to see if respondents would be willing to recommend their banks to others. Despite the numerous dislikes exhibited in table 16 above, respondents most of the respondents, 93 in number were willing to recommend their banks to others. 3 respondents did not give any answer but the rest of them, 24 in number would not recommend their banks to others. This is what has been illustrated in table 19 above.

TABLE 20: COMMENTS / SUGGESTIONS THAT WOULD HELP THE BANK IMPROVE UPON ITS QUALITY OF CUSTOMER SERVICES?

Responses	Frequency	Percent
The bank should extend its working hours	6	5.0
The bank should computerize its operations	21	17.5
The bank should be more professional in its operations	3	2.5
The bank should organize refresher / orientation courses for the staff	24	20.0
The bank should introduce raffle draw for its customers	3	2.5
The bank should provide suggestion box in the banking hall	6	5.0
No comment	9	7.5
The bank should increase the interest on savings and fixed deposit to attract more customers	3	2.5
The bank should rotate	6	5.0

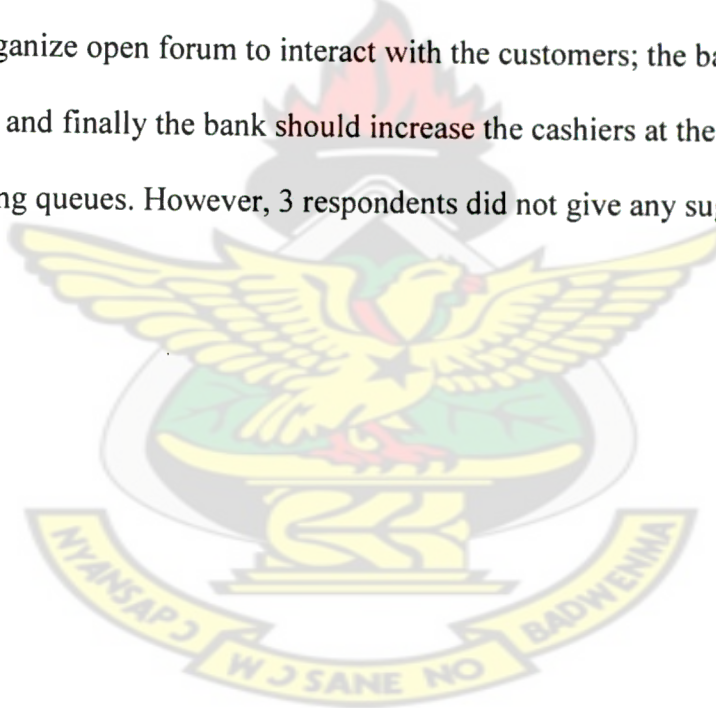
staff quarterly		
The bank should organize open forum to interact with the customers	3	2.5
The bank should check their staff behavior	3	2.5
The bank should increase the cashiers at the end of the month to reduce long queues	3	2.5
The bank should provide ATM services	6	5.0
The bank should employ more qualified staff	9	7.5
The bank must improve upon its customer care service	12	10.0
Total	117	97.5
No responses	3	2.5
Total	120	100.0

Finally respondents were given the chance to give their comments and suggestions that would help the bank improve upon its quality of customer services. A series of interesting comments and suggestions came out as a result. 24 respondents suggested that the bank should organize refresher / orientation courses for the staff. 21 suggested that the bank should computerize their operations. The bank must improve upon its customer care

service was the response given by 12 respondents. No comment and the bank should employ more qualified staff are the responses given by 2 groups of 9.

6 wished their bank should extend their working hours and another 6 said their banks should provide suggestion box in the banking hall. Another group of 6 respondents commented that the bank should rotate staff quarterly and the last group of 6 suggested that their bank should provide ATM services.

The following responses were given by three respondents each: The bank should be more professional in its operations; the bank should introduce raffle draw for its customers; the bank should increase the interest on savings and fixed deposit to attract more customers; the bank should organize open forum to interact with the customers; the bank should check their staff behavior and finally the bank should increase the cashiers at the end of the month to reduce long queues. However, 3 respondents did not give any suggestions or comments.



CHAPTER FIVE

DISCUSSION OF FINDINGS

5.1 INTRODUCTION

This chapter is mainly on the discussion of the findings that have been presented in chapter 4 above. Questions on the questionnaire were set with the hope that the objectives of the study can be achieved and also that answers could be provided to the research questions.

5.2 DISCUSSION ON DEMOGRAPHIC PROFILE OF RESPONDENTS

It was realized that most customers of the rural banks surveyed were males and also the most active customers were between the ages of 18 and 39. These are the young ones who are up and coming and have decided to do more savings and the like for the future. The less active group being the 50-59 shows the obvious situation. These people are approaching their retirement and might not have enough money for savings and other investments as they would have if they were a little younger and also may be putting things together prior to pension and are spending rather than saving.

The responses received on the type of account operated by respondents show current account holders were the majority being 47.5% and savings account holders being 32.5% signify the fact that interest rates on investments are not high enough. Thus people will operate currents account just for their salaries and rather do investments elsewhere.

When asked about what respondents went to do in their banks whiles administering the questionnaire, it came out that most people were there to withdraw cash rather than make

investments or opening new accounts. This can qualify the responses on the type of account people operate. Most people operate current accounts as one that they can quickly withdraw money from at any time.

Information on the above demographic features is useful in formulating the bank's customer satisfaction strategy. They can serve as a direction for policy formulation (Jamal and Kamal, 2004).

5.3 PERCEPTIONS ABOUT PRODUCTS AND SERVICES AND ABILITY TO MEET EXPECTATION

Responses in table 6 about the variety of products and services revealed a total of 57.5% who were satisfied and very satisfied. However, those who were moderately satisfied and not satisfied signify that there may be certain products and services they may be aware of in other financial service providers that are lacking in their banks. It could also mean that those satisfied may not be abreast with the varieties existing in other areas and therefore, are satisfied with what they have.

What does it take to satisfy a customer? In chapter 2, it was said by Benbow et al (2003) that one should not assume to know what the customer wants because there may be errors in this area. Thus, asking respondents about product and service ability to satisfy their expectations was in the right direction. This gave respondents the opportunity to bring out their needs which have not been met yet. The available products and services being able to meet customer's expectations is a major concern. It was gathered from chapter two that a product's performance falling short of one's expectations leads to dissatisfaction. It was

also gathered that customer satisfaction is a result of what customers think will happen-expectation. Thus, responses captured in table 7 above reveals the fact that customer's expectations are not met in the rural banks. Even 45% of respondents did not give any responses. It can mean that the product or service quality does not meet customer requirement.

Found in the literature, products and services are the two major orientations of business, products being the tangible objects that exist in time and space and service being less materially based. Delivering quality services is a business necessity (Cullen, 2001). The Rural Banks should take the issue of product or service quality very seriously. According to Bitner et al (1994), 'Service quality is simply customer's overall impression of the relative inferiority or superiority of the organization and its services'. Thus, delivering quality service is a business necessity.

5.4 INTERESTS AND COMMISSIONS

It was quite interesting to gather information on the satisfaction of interest rates offered on savings. Only 55% of customers responded to this question, out of which 27.5% were not satisfied. This indicates that interest rates on savings are not attractive to rural bank customers and therefore there should be improvement in order to satisfy customers. Also, interest rates charged on loans brought about mixed feelings and for that matter something needs to be done in order to win the hearts of customers. Even though 40% of respondents claimed they were very satisfied, the 25% who were not satisfied is an indication that there are better offers being given in other areas that they may be aware of and therefore may be comparing to their banks which makes them unhappy. It would

therefore go a long way to benefit the rural banks if they could research into what exists in other banks and come out with something that will satisfy their customers and meet their expectations as well.

5.5 WORKING HOURS

Table 11 above indicates that customers would like it if there is an extension of the hours that the rural banks open to customers. While administering the questionnaire what was realized is that all the banks visited close at 2:00pm. On the other hand, this does not pertain in commercial banks these days. Most of these banks have extended their hours of operation to 4:00pm and also operate half day on Saturdays. Responses in table 11 above show 20% who are not satisfied. It is the ultimate aim of service providers to satisfy all their customers. For that matter, there should be extension in the hours of operation that exists in the rural banks.

5.6 ERROR FREE TRANSACTION

Probing into the issue of error free transactions, it was quite surprising to know that 50% of respondents did not know what that meant. This means that customers need some form of education on what entails in the existing products and services as well as the operations in the bank. With the rest of the 50% only a total of 20% were very satisfied, indicating that there are sometimes errors in the transactions at the banks. Care should be taken so as to reduce the errors committed during bank transactions because according to Bitner et al (1994), 'Service quality is simply customer's overall impression of the relative inferiority or superiority of the organization and its services'. Thus, delivering quality service is a business necessity.

5.7 AUTOMATED TELLER MACHINES (ATM)

The existence and operation of ATM is something lacking in the rural banks. Only 7.5% said that an ATM existed and operated in their banks as illustrated in table 13. Majority of the respondents, 90% to be precise did not know about the subject matter. It is about time that rural banks introduced ATMs. This will help to reduce long queues in the banking halls if any. Customers will also not complain so much about delays in transactions which will go a long way to make them happy. It is some of these products that can help retain customers every time. Retained customers lead to profitability (Jamal and Kamal, 2004).

5.8 CLIENT STAFF RELATIONS

Personal relations that relate between staff and clients is encouraging according to the information gathered in table 14. A total of 75% of the respondents were satisfied with the relationship that exists between clients and staff. According to the information at hand, only 10% of respondents said they were not satisfied at all with the staff/client relationship. It would be of good help if these respondents including those who are moderately satisfied are brought into the satisfied group.

In times of the banks responding to requests from customers the 7.5% who were moderately satisfied and 15% who were not satisfied as can be seen in table 15 show that majority like the rate at which their banks respond to their requests. One can say that the banks are not doing badly at all when it comes to responding to requests. For those who have problems, it may mean that their requests are not properly stated, they come in late or they come at the wrong time that is why they do not get the satisfaction they need.

5.9 VIEWS OF CUSTOMERS

There are a lot of things that customers like about their banks as has been illustrated in table 16 above. Majority of them liked the prompt service delivery, loans and overdrafts given to them, the discretionary powers that some managers have and good customer care among others as have been captured in table 16 in the previous chapter. The bank should make sure that they continue to do and maintain things that their customers would always like. It may be due to one or two of these things that existing customers would recommend the bank to new ones.

On the other hand, table 17 revealed what the customers disliked about their banks. The manual system of operations in the banks is what most of the customers disliked. This is so because the use of the manual systems instead of computers leads to delays in the banks. Other concerns raised including bad staff attitude, low interest rates and the uncomfortable nature of the banking halls are things that scare away new customers. The banks should do well to better most of the issues captured in the table so that they can attract new customers in this competitive era. Respondents telling what they dislike are very important because they brought out things the banks need to do which they do not and things that the banks have been doing which customers wish for a change. These are all aspects which relate to customer needs and expectations. It is said in chapter 2 that 'If a product's performance falls short of the customer's expectations, the buyer is dissatisfied. If performance matches expectations, the buyer is satisfied. If performance exceeds expectations the buyer is delighted' (Kotler, 2001).

Another thing to talk about is what the banks need to do to satisfy client requirements even

more. A qualifying literature says that in order for a business to meet the needs and desires of the customer, the business must know the needs and desires of the customer (Hayes 1998). According to him, this information is vital not only for successful businesses but also for understanding and improving customer satisfaction. Computerizing operations is an issue here as well. This as said earlier will help reduce the time spent at the banks and also the level of human error committed during transactions. Increasing interest rate on savings, introducing ATM, increasing the amount of loans given to petty traders are some other things that customers wish for. All these and the others raised in table 19 above are all issues that help banks to gain more customers and for that matter increase their profitability.

Despite the numerous dislikes expressed in previous chapters, customers are still willing to recommend their banks to others. It is realized in table 19 that 77.5% of the respondents are willing to recommend their banks. This is an indication that there are certain good things enjoyed that they want others to experience as well. This is a sign of loyalty to the banks. If customers were not satisfied, they would not recommend them to others. Jamal et al (2004) say that 'Customer satisfaction is an antecedent of customer loyalty. Again, 'Satisfaction is a consumer's post purchase evaluation and response to the overall product or service experience. It is considered a strong predictor for behavioral variables such as repurchase intentions, word-of-mouth recommendations and loyalty'.

Lastly, suggestions to improve the quality of service as captured in the last table are similar to the responses given in table 18 about what customers want their banks to do.

Suggestions include computerization of operations, extension of working hours,

introducing ATM, improving on customer care and many others. These responses exhibit some of the things customers expect to experience for them to be satisfied. Zeithml and Bitner (2000) say that 'In line with the whole concept of customer satisfaction which is being able to build a long lasting trust between the provider and the receiver of the good or service, customer retention is the key'. Also, a firm's future profitability depends on satisfying customers and the retained customers should be viewed as revenue producing assets for the firm (Anderson et al, 1993).

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5.10 SUMMARY

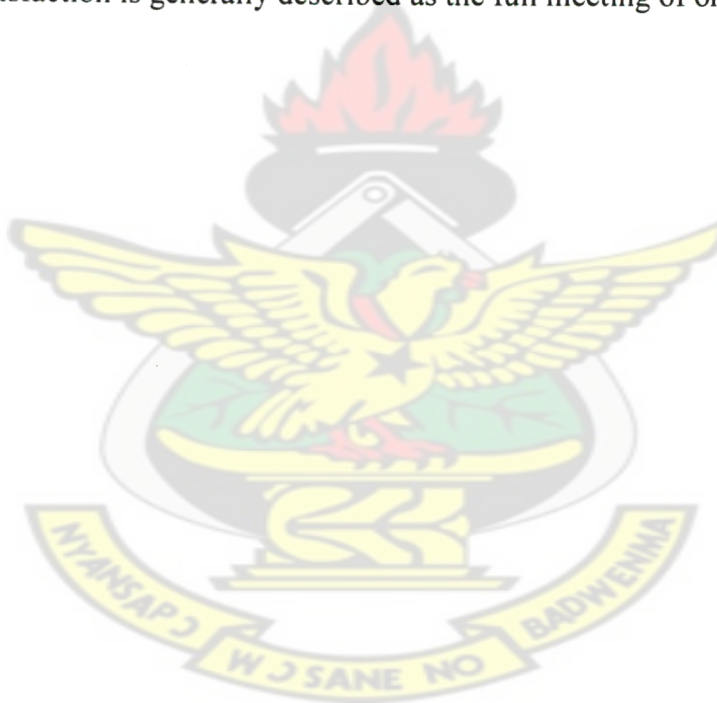
As it was mentioned in chapter 2 and as every person at least felt this feeling once, all can agree that satisfaction has a major role in being loyal to a brand, company and others.

Satisfaction in the banking industry means that the product or service which is offered to the customer makes him or her satisfied and meets his/her expectations. This means that the customers feel good to have the service from the bank another time. In the competitive environment which the competitors are trying to have the other's customers, this antecedent can be vital. By this, the company can gain more profit. The indirect one which can be for example advertising by word-of-mouth process or others can be the means of profit gaining.

Exploring customer satisfaction in the Rural Banking sector has indeed revealed a lot of things which are so critical to the success of the sector. The various questions which probed into the satisfaction of customers produced the results elaborated from table 1-20 in the previous chapter. Respondents are generally satisfied with products and services offered, hours of operation, client/staff relationship, response to requests and interest

charged on loans, commissions charged and a series of others captured in table 16. On the other hand, respondents were not satisfied with the interest on savings, the issue of error free transactions and the lack of Automated Teller Machines and others that are in table 17. These include delays in transactions, uncomfortable banking halls, lack of computers and others.

Where there is general satisfaction in the responses means the rural banks have been meeting their customers' expectations in that respect, while dissatisfying responses show that expectations are not met in those areas. This confirms what has been said by Oliver that 'Customer Satisfaction is generally described as the full meeting of one's expectations.



CHAPTER SIX

CONCLUSIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

The aim of this chapter is to provide an overall conclusion and recommendations for further studies. From the analysis and discussions of findings in chapters four and five, the researcher wishes to put forward the following conclusions and recommendation, with the hope that it would go a long way to improve Customer satisfaction in the rural banks in the Ashanti Region of Ghana. Referring from chapter four, it is clear that most of the questions did not receive answers from 120 respondents.

6.2 CONCLUSIONS

In conclusion the study revealed the following with respect to customer satisfaction: -

- 62% out of the 120 respondents were males and 37.5% were females
- The most active age groups were 18-29 and 30-39 each representing 35%
- Majority of the respondents were current account holders. They represented 47.5% while savings account holders were 32.5%
- Those who have been operating with their banks for a period of 1-5 years constituted majority of respondents. They were 40% followed by 6-10 years who were 30%
- It was also revealed respondents often go to the banks for withdrawal. 60% of those interviewed qualified this position.

- Again, it was realized that most people were satisfied with the variety of products and services but were however not satisfied with the ability of these products and services to meet their expectations.
- Respondents were generally satisfied with commission charges, staff/client relationship and interest on loans but were not satisfied with the interest on savings, the lack of ATM and error free transactions.
- When given the chance to spell out their like, issues including prompt service delivery, granting of loans and overdrafts and good customer care were raised.
- On the other hand issues raised for the dislikes about products and services included delay in processes, lack of ATM, low interest on savings, bad staff attitude and the use of manpower.
- Respondents generally want their banks to bring in more qualified staff, improve on the problem of interest rates, computerize their systems and improve on customer care.
- Lastly a series of suggestions like computerizing operations, introducing ATM, and employing more qualified persons were mentioned.

One can conclude from the above that quality service is imperative in determining customer satisfaction, thus service quality is the basis of customer satisfaction.

6.3 RECOMMENDATIONS

Definitely, some recommendations can be made to improve customer satisfaction in the rural banking industry. First of all, the responses on what respondents want their banks to do to satisfy their requirements can be used as a set of recommendations. Secondly,

suggestions made by respondents are another set of recommendations. Based on these, the following recommendations are given. It is recommended that:

- The banks should develop standards for quality service. Meeting these standards, results in customer satisfaction. This will provide the banks with a set of rules by which to measure customer satisfaction based upon customer requirements and still remain within their specifications.
- The rural bank should extend its working hours of operation and if possible introduce Saturday banking.
- The banks should computerize their operations as this can hasten the process of transactions, reduce delays in operations, reduce the level of human errors committed and the time one needs to spend in the banks.
- Professionalism should prevail in the banks. The bank should organize refresher courses for their employees to make them more qualified staff. Qualified staff will know how to care for customers and therefore retain them.
- Develop training programs and employee rewards. Training programs should emphasize and support empowerment such that employees will take the initiative to keep customers. Reward and compensate those employees involved in development and delivery of service quality.
- Suggestion boxes must be provided in the banking halls so that customers can suggest and also make complaints
- There should be improvement in the interest on savings and fixed deposit to attract more customers
- The bank should provide Automated Teller Machines to ease tension and congestions in the banking halls, especially at the end of the month. This also

necessitates networking the various branches.

- The bank should improve upon its customer care
- The bank must improve upon its customer care service
- Suggestion for further research. It is my hope that this study will serve as the basis for further research, especially those who are interested in similar or related areas.
- It is suggested that in future research the sample size should cut across the whole country.



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APPENDIX 1

QUESTIONNAIRE

This seeks to collect data about customer satisfaction in the rural banking industry in the Ashanti Region. The information collected is intended purely for academic purposes only and would be held in strict confidence. Please, take some time to answer the questions that follow. Tick or provide your own answers where applicable.

1. Your gender: Male ☐ Female ☐
2. Age: 18-29 ☐ 30-39 ☐ 40-49 ☐ 50-59 ☐ 60 and above ☐
3. What type of account do you operate with the bank?
Current ☐ Savings ☐ Fixed Deposit ☐ All of the above ☐
Other (specify).....
4. How long have you been operating with the bank?
Less than 1year ☐ 1-5 years ☐ 6-10 years ☐ 10 years and above ☐
5. What is the main reason for today's visit?
Withdrawal ☐ Make a Deposit ☐ Open a new account ☐
Lodge a complain ☐ Close down an account ☐
Other
(specify).....

Kindly **circle** the number corresponding to your level of satisfaction in the ratings below.
VS: very satisfied (5); S: satisfied (4); MS: moderately satisfied (3); NS: not satisfied (2); NK: not known (1)

	VS	S	MS	NS	KN
6. The variety of products/services offered	5	4	3	2	1

7. Products and services ability to meet customer expectations

54321
8. The interest rate offered on savings

54321
- 9 .The interest rate charged on loans

54321
10. The commissions charged

54321
11. The hours of operation

54321
- 12 .Error free transactions

54321
- 13 .The existence and operation of ATM

54321
14. Personal relation between clients and staff

54321
15. Response to requests

54321
16. What do you like about the bank’s products and services?

Please give as many examples as you can.....

.....
17. What do you dislike about the bank’s products and services?

Please give as many examples as you can.....

.....
18. What would the bank need to do to satisfy your requirements even more?

.....
19. Would you be prepared to recommend the bank to others?

.....

20. Do you have any comments or suggestions that would help the bank improve upon its quality of customer service?

.....

