

**AN ASSESSMENT OF QUALITY OF CUSTOMER  
SERVICE DELIVERY IN THE BANKING SECTOR OF  
GHANA- A CASE STUDY OF ECOBANK CUSTOMERS**

by

KNUST

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## DECLARATION

I hereby declare that this submission is my own work towards the Executive Masters of Business Administration and that, to the best of my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the University, except where due acknowledgment has been made in the text.

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## **DEDICATION**

I dedicate this work to my entire family, both by consanguinity and by affinity, for believing in me and assuring me that I can make it. I love you all.

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## ACKNOWLEDGEMENT

The Almighty God deserves my thanks for seeing me through this programme successfully. His protection and favour saw me through the hard and difficult times. I would not have made it without Him.

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## ABSTRACT

Delivering excellent customer service is a winning strategy which results in more new customers, more business with existing customers, high customer retention and lower customer attrition. There is general perception that banks in Ghana do not deliver quality customer service and this is a worrying situation that needs investigation and hence the need for a research work such as this. The aim of the work was to investigate the quality of customer service delivery by banks to their customers taking into consideration factors that may cause customer dissatisfaction, the gap between customer perception and expectation of the quality of service and the new trends in customers' expectation. Using the questionnaire method, data was gathered from 150 respondents and analyzed to bring out the findings. The researcher sought to compare two different responses from one sample group. With the help of a five (5) point likert scale responses were gathered for both expectation and perception of customers and the repeated measure t-test was used to allow comparisons among the variables under each condition. For instance, perception of tangibles was compared to expectation of tangibles under that condition. The findings showed that generally overall satisfaction of customers with the quality of service delivered by banks was low. There were gaps between customers' perception and expectation on the various quality dimensions which are tangibles, reliability, responsiveness, assurance and empathy. Customers also indicated that they were expecting their banks to reduce ATM charges, make available small loans, extend closing time, raise the interest on deposits and open more branches in the villages. The recommendation made was that banks must take a critical look at the dimensions used (tangibles, reliability, responsiveness, assurance and empathy) in the study and patch-up gaps that exist between customer expectation and perception.

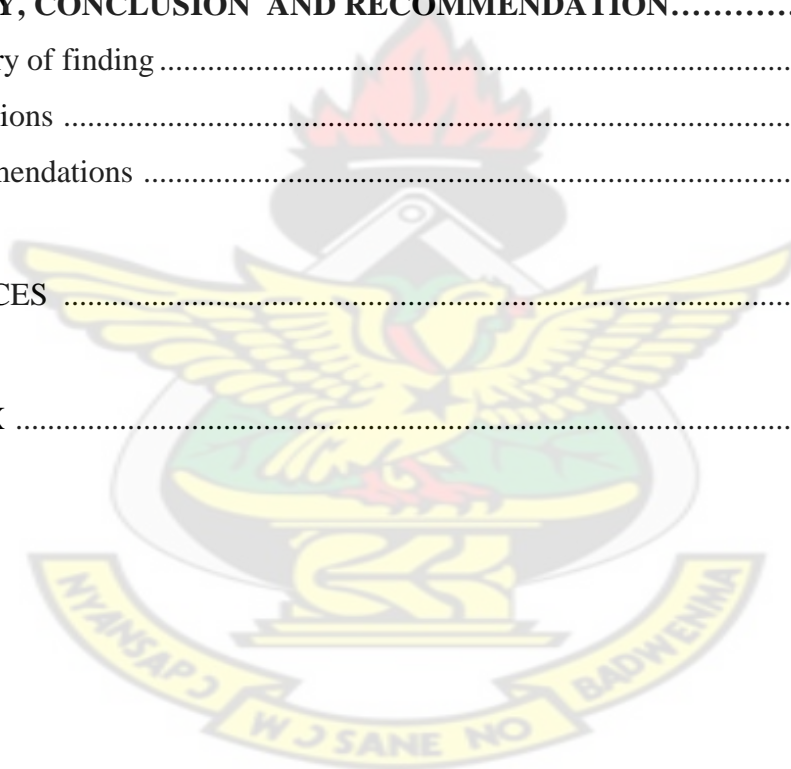
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# CHAPTER ONE

## INTRODUCTION

### 1.1 Background to the study

Service delight is now the philosophy of several progressive companies over the world. With the worldwide increasing emphasis on service delight and service quality in all the sectors of business, the quality of service that retail banks offer has become the platform on which the banking business is now being built. Titko and Lace (2010) have stated that the competitive power and survival of a bank lies in the degree of its customer satisfaction. This assertion by Titko and Lace (2010) is considered to be very true and has been supported by several researchers in the field of service marketing. Kumar et al (2009) in a study they conducted indicated that high quality of service would result in high customer satisfaction and increased customer loyalty. Heskett et al (1997) in their opinion stated that profit and growth were stimulated primarily by customer loyalty which was also a direct result of customer satisfaction.

A work done by Curuana (2000) goes a long way to support the idea that service quality, customer satisfaction and customer loyalty are undoubtedly linked. Curuana (2000) developed a mediational model that linked the service quality and service loyalty via customer satisfaction and applied the model in a research in the retail banks in Malta. The results of the research appeared to prove the links between service quality, customer satisfaction and customer loyalty. Gathering from various works done on quality of service, the conclusion drawn by Boateng (1995) is that an improved service quality has the ultimate goal of achieving overall increased productivity, increased financial

performance and increased profitability which emanates from the following derived advantages; enhanced customer retention rates and higher customer loyalty; attraction of new customers from word of mouth recommendation; lower advertising and promotions cost; a higher market share; improved employee morale as they belong to the winning team; insulation from price competition; and potential cost leadership arising from lower staff turnover, lower cost of training, lower administrative costs and reduced complaints from customers. The above mentioned are the importance of providing quality customer service and underscores why ensuring quality customer service has become the competitive power in today's business world. In the service industry the need for quality is even more pronounced because of the peculiar distinguishing features of service from products.

Among the numerous definitions given for service, Kotler (2000) has defined service as any act, performance or experience that one party can offer to another. According to Lovelock and Wirtz, (2004), "Services are economic activities that provide time, place, form utility, problem-solving while bringing about a change in, or for, the recipient of the service." Services possess the characteristics of perishability, intangibility, inseparability and heterogeneity. Services deliver the intangible value like knowledge, utility or care, and convenience to the party who needs it. Due to the service nature of the banking industry it is easy for one bank to copy new products and new innovations from another bank. This has caused the competition among the banks in the Ghanaian industry to be fierce with each one trying to out-do the other in order to maintain its market share or capture the market of its competitors. Bank executives are continuously cited to be formulating and preaching about policies that will ensure high customer quality standards in their banks.

To know how to provide quality customer service, there is the need to understand the concept of quality customer service. To attempt to define service quality, the definition of customer service and quality must first be given. Turban (2002) has defined customer service as “a series of activities designed to enhance the level of customer satisfaction – that is, the feeling that a product or service has met the customer expectation.” Quality on the other hand has been defined by Fox (1993) as the conformance to requirements and specifications and fitness for the purpose or use respectively. Putting the two together, quality service or service quality can be defined as a series of activities designed in conformance to requirements and specifications of the customer in order to ensure customer satisfaction. Parasunaman et al (1994) have postulated that achieving quality customer service entails conformance to the customer’s specifications. They further opined that it is a conscious effort to continuously learn about the expectations and perceptions of customers and non-customers in order to improve the service. In this regard quality can be said to be the meeting of the needs and expectations of customers.

Owusu-Frimpong (1999) contends that the attitude of the service organization can help the customer to evaluate the quality of service being offered to them by the organization. A receptive attitude of a bank is a key ingredient for giving customers a positive image about the bank and the services provided. Dei-Tumi (2005) argues that customer service is attitude not a department. He further opined that it is the attitudes towards the customer that will help the company create and keep their customers for life. Owusu-Frimpong (1999) further admonishes that, the physical environment regarding the infrastructure, the design and the general atmosphere are equally taken into account by customers when assessing the quality of service of banks. Similarly, the duration of

service delivery gives both positive and negative impressions to customers. A short waiting time for instance, may give a good impression about the bank that its services are of high quality.

Deducing from the premises above, it pays to realize that building beautiful edifices alone and rolling out new products always will not let a bank win the competition. The secret is in the quality of service that the bank gives to the customer. In Ghana, it can be concluded that there is still more work to be done by banks if the general perception by the public that banks do not deliver quality service is anything to go by. There are instances of customer complaints in the news papers of how they have been treated unprofessionally by their bankers or how an expected service was not provided as promised. This study hopes to throw more light on the state of quality of service delivered by banks in Ghana. There is the need for regular assessment of the quality of service being provided by banks so as to be familiar with the level of gap that exist between the perception and the expectation of customers as well as be familiar with the factors that cause customer dissatisfaction.

## 1.2 Problem Statement

The issue of customer service is an important part of the aims and goals of banks in Ghana. For instance Ecobank has its theme for the year 2012 being “customerfirst”. This sudden concentration on customer service excellence by banks is attributed to the fact that over the years there has been serious accusations by the general public over their poor service delivery in the form of rude staff attitude, delays in the delivery of services, unreasonable high charges and commissions on turn-over (COT), high ATM charges and limited access to loan facilities. There is also the issue of network problem where there is continuous breakdown of network connectivity which causes most customers to spend profitable hours in the banking halls which otherwise could have been used productively elsewhere. Another factor that bothers on customer service is the small interest earned on deposits and the high lending rates charged by banks on loans to customers. In recent times for instance, the governor of the Bank of Ghana, Mr Amissah-Arthur, cited by Mensah, (2011, July 9), openly admonished commercial banks to review downwards the rates charged on loans and still the banks maintained their high rates. These are issues that bother on the customers directly and cause customers to be dissatisfied with the service one way or the other. There is the need to know from time to time how customers feel about the quality of service they get from their bankers so as to re-strategize to give an appreciable service quality. This study therefore hopes to document from the customers the truth in the problems indicated above and their perception of the quality of service that they are currently receiving from their bankers and investigate their main sources of dissatisfaction.



### **1.3 Objectives of the Study**

1. The general objective of this study is to investigate the quality of service delivery by banks to customer.

The specific objectives of the study are as follows;

2. To identify factors that may cause customer dissatisfaction.
3. To find out if any gap exists between customer perception and expectation regarding the quality of service
4. To identify the new trends in customer expectations.

### **1.4 Research Questions**

The study will explore the following research questions;

1. To what extent do structures put in place by the banks ensure customer satisfaction?
2. What factors generally make customers dissatisfied with the services of their bankers?
3. What is the extent of the gap between customer expectation and customer perception of the service delivered by banks?
4. What factors are most likely to promote customer loyalty?
5. What services do customers expect from their banks?



### **1.5 Relevance of the study**

Firstly, this study will contribute to the field of service marketing in academia by adding to the vast store of literature in the area of customer satisfaction. The outcome of this study will also put emphasis on the need for banks to continuously improve the quality of their customer service delivery in terms of their products, technology, staff-customer contacts, interest rates and speed of service. It will be of immense importance to banks in Ghana as it gives a brief picture of the quality of service and the level of satisfaction customers perceive they are receiving from the services provided by their banks. Hence the findings will serve as guidelines for the formulation of policies on the quality of banks' services. It also applies the technique of SERVQUAL to the investigation of the quality of service thus helping to establish the efficacy of using such a technique in the investigation of quality service in the banking sector

### **1.6 Scope and Delimitations of the study**

The study considers as its scope the banking sector of Ghana dwelling on the quality of service delivery in the banking sector of the republic of Ghana. It focuses on the service delivery approach employed by bank officials in serving customers of the bank. It will look at the quality of service delivered by staff of banks in terms of speed, reliability, politeness, and everything that ensures the customer is delighted. It will cover opinions from customers of banks on how well their banks meet their needs and the level of the quality of the service they receive with the use of technical and probing questions which will bring out the appropriate responses. Customers views of how they expect to be served additionally would also be gathered. This will enable the research know what new

expectation customers want from their bankers and specific little treatment that are grossed over now and then.

The area of the study is limited to the Accra Metropolitan Assembly and will focus on the main branch of Ecobank Ghana. Not all the 25 banks would be involved in the research as it will be time consuming to do so. The primary data will be collected from one bank, that is ECOBANK, which is selected to represent the whole. Respondents made up of customers were chosen for responses to the questionnaire. The research can be replicated on a larger scale where there is enough time and financial assistance. Time constraints and the limited resources would make it difficult to conduct the research for all the banks and it will also be highly impossible to cover the whole country. Accra, the capital of Ghana, has a representation of all the banks in Ghana and also has the majority of bank customers which is also cosmopolitan than the other metropolis. The choice of this area for this research is very appropriate.

### **1.7 Organization of the Study**

This research work is categorized into five chapters. The first chapter is the introduction and it covers the background of the study, statement of the problem, objectives, research questions, relevance of the study, scope and delimitation and the organization of the study. Chapter two is the literature review and it cover reviews of existing literature on the subject matter and draws meaningful conclusions based on the existing works done in the field. Chapter three tackles the methodology used for the study taking into account the need to achieve a representative sample of the population and accuracy of information provided by respondents. It also covers the research design adopted, the area of study, the sampling methods and the data collection methods that were employed. Chapter four applies data analysis methods to the data gathered and

presents the findings that bothers on the objectives of the study in the form of tables and graphs with explanations. The last chapter, which is chapter five, presents the conclusion, recommendations and summary of the study. This chapter is followed by the reference which acknowledges all persons and institutions cited in the study and the appendix which contains all other materials that bothers on the study but not used in the presentation.



## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

The literature review chapter looks at the various works done that bothers on quality of service in the service sector in general and the banking sector in particular. The review helps to answer some of the questions raised in the objectives and also provides supportive information that is necessary to the study. This review is picked from books, articles and research works that cover the areas of consumer behaviour; the concept of service; service quality, customer satisfaction and loyalty; as well as service quality measurement models.

#### **2.2 Consumer Behaviour**

An understanding of consumer behaviour is an understanding of what makes an individual select a particular bank. Wilson et al (1992) have classified factors that influence consumer behaviour into four, namely, cultural, social, personal and psychological.

##### **2.2.1 Cultural Factors**

Engel et al (1993), has indicated that culture is the values, ideas and symbols that enable people in society to communicate, interpret and evaluate as members of that society. Sociologists posit that every member of society learns the culture of that society through a process called socialization. According to Kottler et al (1999), culture influences a person's wants and behaviour since it is learned. They believe that in

societies where children find themselves, they learn from the various institutions' values, perceptions, wants and behaviours. Thus, a culture has subculture or groups of people like nationalities, religions, racial groups and geographical regions with values which hold them together as has been alluded to by Imrie et al (2002). Corroborating this, Wilson et al (1992) are of the view that variations in ethnic taste, cultural preferences, taboos, attitudes and lifestyles arise out of sub-cultures. This also gives rise to social classes, accentuated by Assael (1995). Kotler et al (1999) opines that social class is the divisions in society whereby members are tied with similar values, interest and behaviours. Wilson et al (1992) and Solomon et al (1999) submit that factors that determine social class include power, prestige, occupation, income, education, family background and wealth. Kotler et al (1999) indicate that the social class one belongs to influences his purchasing and consumption behaviour directly.

### **2.2.2 Social Factors**

The consumer's behaviour to a large extent is influenced by the people to whom he relates. Wilson et al (1992) suggest that, reference groups, family and roles and status constitute the social factors that influence consumers' buying behaviour. Reference groups, according to Wilson et al (1992) are the groups that have direct and indirect influence on the behaviour of their members. These groups according to Wilson et al (1992) are of four types namely, primary groups, secondary groups, aspirational groups and dissociative groups. The primary groups are the ones members interact with and are of the informal types. These include family, neighbours, colleagues and friends. Secondary groups are the formal ones members interact with less often. Among them are trade unions, religious groups and professional associations. Aspirational groups are those

ones people wish to come together with as a group whilst dissociative groups are the ones that people reject their values and behaviour.

The most influential group that exerts pressure on the individual, according to Kottler et al (1999), is the family. They note that there are two types of families, the family of procreation and the family of orientation. The latter comprises of the buyers parents who train him about religion, politics, economics, sense of personal ambition, self-worth and love. The former, which is the family of procreation consist of the consumers spouse and children. Kottler et al (1999), contend that, the family of procreation has influence on everyday behaviour of a person. They further explained that, couples for instance with no children or those who have small family size may spend luxuriously on entertainment and the pattern of expenditure changes as the size of the family begins to increase, as the children become older or as the couples begin to age. Someone from a rich family may spend lavishly as compared to his colleagues from a poor one. Assail (1995), points out that apart from the fact that family members influence themselves in buying decisions, they also undertake collective decisions in buying. Parents tutor their children to make consumption choices. A family's collective decision emanates when the risk involved in purchasing is high. Therefore all members decide to at least reduce the risk to the barest minimum or take risky decisions since all will bear the consequence.

Roles individuals play as well as their status in society influences their purchasing behaviour. According to Kotler et al (1999), roles are the activities individuals are expected to carry out whilst the status is the position one occupies in society which comes



with associated general esteem. Status comes with status symbols which also determine how one lives his life and also influences his or her buying behaviour.

### **2.2.3 Personal Factors**

Individual's decision to buy is influenced by personal characteristics he possesses. These characteristics include age and life-cycle, occupation, economic situation, lifestyle and personality and self-concept, Kotler et al (1999). They further submit that aging correlates with a person's buying behaviour. For example, the demand for food, clothes, furniture, and recreation changes as a person is aging. Likewise the economic situation like the income of a person determines his purchasing behaviour, Engel et al (1993). A person who earns more is likely to lead a luxurious life and vice versa. Kotler et al, (1999), explains that blue-collar workers purchase more suits and ties as compared to those who are not involved in it. Personality and lifestyle also have an impact on one's consumption behaviour. Kotler et al (1999), describe personality as the unique psychological characteristics that are responsive to someone's environment. Personality is seen in terms of traits like self-adaptability, dominance, sociability, autonomy and defensive. Both personality and lifestyle influence a person's buying decision making.

### **2.2.4 Psychological Factors**

Psychological factors include motivation, perception, learning and beliefs and attitudes. Kotler et al (1999), has defined motivation as the force that drives a person to search for satisfaction. Wilson et al (1992), distinguish between two types of needs that motivate a person to crave for satisfaction namely, Biogenic and Psychogenic needs. Biogenic needs are psychological such as hunger, thirst and discomfort whereas psychogenic needs are also psychological which include recognition, esteem and belonging. Perception according to Wilson et al, (1992), is how a motivated person sees a



given situation and how he will behave. Kotler et al (1999), however think that it is the process through which people select, (selective attention), organize (selective distortion) and interpret (selective retention) information to a meaningful picture about the universe. Due to these three perception processes, individuals can see the same object in different ways. Selective attention is where the individual sifts numerous pieces of information that come across his way. Selective distortion is whereby people interpret or distort information to fit what they have already conceived. That means they will accept information that conforms to what they have preconceived. Selective retention is when people remember or retain information that is in accordance with their beliefs, attitudes, values and interest.

Learning is the change in an individual's behaviour as a result of an experience Schewe and Hiam (1998) have defined. Wilson et al (1992) are of the view that when the learning experience is positive, there may be a repeat purchase and vice versa. On the other hand a person is expected to extend the negative learning experience to other products of the manufacturer and even the country of origin.

Belief and attitudes also affect the buying behaviour of people. Kotler et al (1999), posits that a belief is a notion that someone has, and it could be based on real knowledge, opinion and or faith. Attitude on the other hand is the evaluation, feelings and tendencies of a person regarding something.

### **2.2.5 Situational Factors**

Another factor which has been investigated by other researchers is the situational factors which also determine consumers' behaviour. Solomon et al (1999) have said that a person's behaviour depends on the conditions of the person or the environment he finds himself. Engel et al (1993) asserts that situations are one of the most pervasive influences on consumers's behaviour because behaviour always happens within some situational context. The situational factors are grouped into four, namely, communication, purchase, usage and time. Communication situation greatly influences the purchasing behaviour of consumers. There are two types of communication situations; personal and non-personal. Personal communication is the conversation between the consumer and the salesman or with other consumers. Non-personal communication pertains to stimuli such as advertising, consumer-oriented programmes and publications. Both situations influence consumers to make purchasing choices.

In addition, purchase and usage situations have an effect on the behaviour of buyers Assail (1996). Purchases and usage refers to the place where goods are obtained or where the transaction takes place. These are the physical properties of the place such as layout, lights and painting as well as the locations of the place in general and information flow which has to do with data of products or services, example prices, product types and product attributes. Assail (1995) agrees that generally a conducive purchasing environment entices the consumer to make purchases and vice versa.

Time also influences ones consumption behaviour. Solomon et al 1999, explains that the priorities of the individual determines his time style. Again, time is seen in terms of seasons and occasions. For example, consumers travel to buy more during occasions

like Christmas and Easter and they buy different types of products depending on the season.

The forgoing was to give a general idea about consumer behaviour in buying whether products or services. Consumers act by themselves or are induced by environmental forces which include groups or individuals and some actions are also determined by situations. The stage is now set to look at the concept of service and service quality.

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### **2.3 The Concept of Service**

Gronroos (2000) defined service as, "a process consisting of a series of more or less intangible activities that normally, but not necessarily always, take place in interactions between the customer and service employees and/or physical resources or goods and/or systems of the service provider, which are provided as solutions to customer problems".

#### **2.3.1 Features of Service**

Mudie and Pirrie (2006) identified the following features of services:

- **Intangibility**

Intangibility is the main feature of service. Service cannot assure the quality because it cannot be counted, measured, tested, verified and inventoried in advance of sale. Most of the firms find it difficult to understand how customers consider their services and evaluate the quality of their services.

- **Inseparability**

There is a marked distinction between physical goods and services in terms of the sequence of production and consumption. Services are sold, produced and consumed at the same time. Whereas goods are first produced, then stored and finally sold and consumed, services are first sold, then produced and consumed simultaneously.

- **Heterogeneity**

An unavoidable consequence of simultaneous production and consumption is variability in performance of a service. The quality of the service may vary depending on who provides it, as well as when and how it is provided.

- **Perishability**

Services cannot be stored for later sales or use. As services are performances they cannot be stored. If demand far exceeds supply it cannot be met, as in manufacturing, by taking goods from a warehouse. Equally if capacity far exceeds demand, the revenue and/or value of that service is lost.

In the competitive business world, service quality is considered as a competitive factor of an organization. Moreover, it is also considered as an essential determinant that allows an organization to differentiate from other organization. It helps an organization to gain sustainable competitive advantage. We will now turn our attention to service quality, customer satisfaction and loyalty.

## **2.4 Service Quality, Customer Satisfaction and Loyalty**

### **2.4.1 Service Quality**

Fogli (2006) define service quality as "a global judgement or attitude relating to a particular service; the customer's overall impression of the relative inferiority or superiority of the organization and its services. Service quality is a cognitive judgement". ISO 9000 (2005) also defines quality as the extent to which a bunch of inbuilt features (relating to products, a process or a system) meet the requirements. The inbuilt features can be physical, sensory, behavioural, temporal, ergonomic or functional, whilst requirements are the stated need or expectations, be it implied or obligatory. Parasuraman et al 1991 noted that quality is the meeting of the needs and expectations of the customers. Therefore the yard stick for determining service quality is the expectations of customers and not the policy of the bank. This view moreover, has been asserted by Ting, (2004) and Jamali (2007).

Hossain and Leo (2009) stated that most research has indicated that service quality has been increasingly recognized as a critical factor in the success of any business with the banking industry being no exception. Service quality has been widely used to evaluate the performance of banking services according to Cowling and Newman (1995). Dawes and Swailes, (1999), have also opined that the banks understand that customers will be loyal if they provide greater value (quality services) than their competitors. Furthermore, banks can only earn high profits if they are able to position themselves better than competitors within specific markets as postulated by Davies et al (1995). Consequently, Chaoprasert and Elsey (2004) have said that banks need to focus on service quality as a core competitive strategy.

### 2.4.2 Customer Satisfaction

Customer satisfaction is one of the important outcomes of marketing activity, Spreng et al (1996) and Mick and Fournier (1999) have all stipulated. In today's highly competitive banking industry, customer satisfaction is considered as the essence of success, Siddiqi, (2010) has also said. Most of the studies done in the area of service marketing have dealt with satisfaction of customers or consumers of products or services. Marketing researchers generally agree that satisfaction is a response to consumption related experiences and this assertion has been corroborated by Yi, (1990) also. According to File and Prince (1992), customers who are satisfied tell others about their experiences and this increases Word of Mouth (WOM) advertising. According to Drucker (1954), the fundamental purpose of any business is to create customer satisfaction. Increasing customer satisfaction has been found to lead organization to higher future profitability as investigated by Anderson et al (1994), increased buyer willingness to pay premiums, referrals provision, and more products usage as indicated by Reichheld, (1996), and higher levels of customer retention and loyalty as suggested by Fornell, (1992). According to Oliver (1980), the customer satisfaction model explains that when the customers compare their perceptions of actual products and services performance with the expectations, then the feeling of satisfaction have arisen. Any discrepancies between the expectation and performance create the disconfirmation. Oliver further identified three types of disconfirmation, being

- Positive disconfirmation, which occurs when services performance exceeds expectations. In which case the customer is highly satisfied.
- Negative disconfirmation, which occurs when services performance is below expectation. In this case the customers are highly dissatisfied



- Zero disconfirmation, which occurs when services performance is equal to expectation. This is the case where customer is just satisfied

Giese and Cote (2000) identified the components of satisfaction as follows:

Customer satisfaction is one kind of response, either emotional or cognitive, which emphasize on a particular focus, product, consumption, experience or expectations, and which occurs at a particular time, that is, either after choice, based on accumulated experience, or after consumption. Kotler (2000) defined satisfaction as a person's feelings of pleasure or disappointment resulting from comparing a product's or service's perceived performance (or outcome) in relation to his or her expectations. Hoyer & MacInnis (2001) said that satisfaction can be associated with feelings of acceptance, happiness, relief, delight, and excitement.

#### **2.4.3 Loyalty and the Mediation Model**

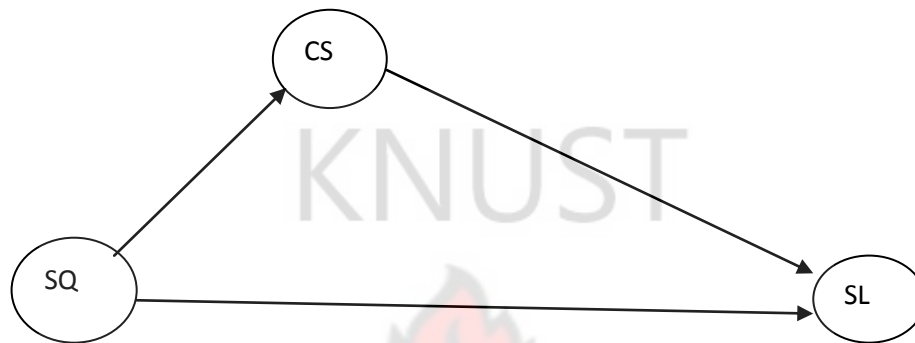
Customer loyalty may be best described as the development of a positive state of mind by the customer towards the organization. Customer loyalty is known to bring some advantages to the organization and which have been categorized as follows;

- Low service cost, five or six times less than serving a new customer
- High payments for a set of products or services and
- Act as word of mouth marketing agents

There are several models established by researchers that link the relationship between service quality, customer satisfaction and customer loyalty. The mediation model developed by Caruana (2000), links the service quality to the service loyalty via customer satisfaction. This is depicted in figure 1.



FIGURE 1: MEDIATIONAL MODEL



SOURCE: CARUANA A. (2000)

SQ= Service Quality, CS= Customer Satisfaction, SL= Service Loyalty

He applied this model to the customers of a retail bank in Malta and the results proved the above mentioned relationship. The result confirmed that SQ is an important input of CS and depicts 53% of its variance. He stated that management of banks should mainly focus on CS, of which SQ is an important antecedent so as to achieve customer loyalty.

Heskett et al, (1997) also developed a model which is known as “Service Profit Chain”. According to Heskett et al, there is a direct and strong relationship between profits; growth ; customer loyalty; customer satisfaction; value of goods and services delivered; employee capability, satisfaction, loyalty, and productivity. The following is the link in the chain:

- Profit and growth are stimulated primarily by customer loyalty
- Loyalty is direct result of customer satisfaction

- Satisfaction is largely influenced by the value of services provided to customers
- Value is created by satisfaction, loyal and productive employees
- Employee's satisfaction, in turn, results primarily from high quality support services and policies that enable employees to deliver results to customers.

#### **2.4.4 Excellent Customer Service**

Customer service is an organization's ability to supply their customer's wants and needs. *Excellent customer service is the ability of an organization to constantly and consistently exceed the customer's expectations.* Therefore, to be able to consistently exceed expectations, there should be the recognition that every aspect of the business has an impact on customer service. Improving customer service involves making a commitment to learning what our customers' needs and wants are, and developing action plans that implement customer friendly processes. The competition in the banking sector now is keen. Coupled with the fact that all the banks are chasing the few elite who are bankable there is constant innovation to win customers from competitors and hence the need to ensure quality customer service. With the banking business now built on the platform of quality of service, the banking business has been revolutionized. It is perceived that the bank customer of late is more knowledgeable, demanding, analytical and aware of his rights and as such would not like to be treated anyhow or given sub-standard service. As Dei-Tumi (2005) puts it, “today, in the traditional democratic sense, customers can decide to vote with their bank accounts and this is affecting most traditional banks”. He further explained that “today in business it is important to treat customer relationship as sacred as never before and that customer service is and has become more an issue of attitude than it is a department”. The effort to provide the

customer with all the satisfaction that he or she requires has become an important component of the agenda of every bank. Care must however be taken so as not to limit the quality and care to only account owning customers of the bank.

A customer of a bank is any person who does business with the bank whether the person has account with the bank or not. The bank owes legal or fiduciary duties to another person before an account is opened and even when an account is never opened. (Banking Operations and Ethics handbook, 2008, CIB Ghana). Though a customer may be young or old it does not change how they should be treated. Everyone served in the bank within the day should be thought of as a customer, in other words both internal and external contacts are all customers and should be treated with care. Every customer likes to be treated well and with care as they think they deserved it after the payment. It is therefore a challenging task before the banking sector to provide excellent customer service to all their customers if they can achieve their profit goals.

The task is further compounded by the fact that the banking sector of Ghana has witnessed tremendous changes because of political, social and economic changes that are taking place domestically and internationally. The concept of banking, which was earlier mainly concerned with accepting of deposits from the public for the purpose of safekeeping, has also undergone a dramatic change. Managing Directors of banks are now challenged to venture into diverse businesses in order to make the bottom-line to satisfy their investors and to stay in business. Aside their basic responsibilities, banks also do other activities such as safe custody, forex transactions, funds transfers, international trade financing and warehousing among others.

Over the last decade there has been a rise in the number of banks in Ghana from the traditional 13 banks to a current number of 25 banks, falling from 27 banks after the acquisition of Intercontinental bank and The Trust Bank by Access bank and Ecobank respectfully (BOG,2011). Banks are therefore wooing existing customers and prospective customers by offering new facilities, products and services in order to retain or increase their market share. The past few years also have seen a phenomenal growth in the Ghanaian banking sector. Ghana's financial sector according to the Bank of Ghana is well capitalized, very liquid, profitable and recording strong asset growth.(BOG 2011) The banking sector has emerged from severe financial and reputational damage resulting from economic recession and government debt in the 1980s and 90s, when Ghanaian banks and other financial institutions stopped lending to the private sector.(BOG, 2011). The banking sector has seen major capital injection partly because of the political stability, attainment of micro and macroeconomic stability and the government's desire to make Ghana the "financial hub" of the African Sub-region. The entrance of the new banks have revolutionized access to banking services, denied the population by the imperialist banks. Several banks have already made determined effort to roll out the use of internet banking, smartcard technology, mobile phone banking and the use of biometric technology to cover all their operation areas.

More recently, there is growing introduction of new products by the banks onto the market. Hitherto, banks that served the interest of the few elite and concentrated on investment banking, now facing an increasing competition from these new banks are opening their doors to the poor in the Ghanaian society. Because of the very fierce but healthy competition in the banking sector, daily newspapers are adorned with catchy adverts of re-branded or new products all in an attempt to lure new customers to their

products and services. Many banks in the commercial centers now work half day on Saturdays, thus making it possible for busy workers to access banking services at the weekend. Above all there is a healthy competition and any bank that wobbles will definitely loose out. The once exploited and abused Ghanaian consumer is now the beneficiary of these new developments in the financial sector.

## **2.5 Measurement Models (SERVQUAL, SERVPERF and BSQ MODELS)**

### **2.5.1 SERVQUAL Model**

Parasuraman, Zeithaml and Berry (1998), were the originators of this model. Their main aim for developing the model according to Curry and Sinclair (2002), was to have a standard and a reliable tool that can be used to measure the quality of service in different service sectors. SERVQUAL is one of the tools used in measuring service quality in general and in the banking industry specifically according to Buttle (1996). Originally it was developed with a ten service quality dimensions or attributes. However, in their 1988 article they pruned the dimensions to five, namely, Tangibles, Reliability, Responsiveness, Assurance and Empathy. The table below, labeled table I, indicates the 22 statements and questions developed based on the five quality dimensions mentioned above.



**Table I: The 22-item SERVQUAL instrument**

SQ1 Having modern looking/up-to-date equipment
SQ2 Appearance of physical facilities
SQ3 Appearance of employees
SQ4 Visual appeal of the materials associated with the service (e.g., pamphlets)
SQ5 Keeping promises to do something by a certain time
SQ6 Interest shown in solving problems
SQ7 Performing the service right the first time
SQ8 Providing the services at the time promised
SQ9 Accuracy of records
SQ10 Telling customers exactly when services will be performed
SQ11 Giving prompt service to customers
SQ12 Willingness of employees to help customers
SQ13 Responding to customer requests
SQ14 Trustworthiness of employees
SQ15 Safety in transactions
SQ16 Politeness of employees
SQ17 The knowledge of the personnel in answering customer questions
SQ18 Individual attention I receive
SQ19 Having convenient operating hours
SQ20 Personal attention given to customers
SQ21 Having the customers best interest at heart
SQ22 Understanding the specific needs of the customers

Source: Parasuraman et al (1988)

### 2.5.2 SERVPERF Model

In 1992, Cronin and Taylor criticized Parasuraman et al (1988) conceptualization of service quality. Parasuraman et al (1988) described service quality as similar in many ways to attitude and hence encouraged researchers and managers to construct their measurement to conform to an attitude-based conceptualization. However Cronin et al (1992) suggested nullifying the expectation portion from the SERVQUAL. They argued that only the performance dimension could predict behavioural intentions so they termed their measurement model as SERVPERF, meaning Service Performance.

### **2.5.3 BSQ Model**

Bahia and Nantel (2000) conducted a research to develop a valid measurement of perceived service quality in the retail banking sector in Canada. They argued that the SERVQUAL approach has not been free from criticism, therefore they developed a new measurement for perceived service quality in the retail banking sector. They proposed a scale that was called BANK SERVICE QUALITY (BSQ). It comprises 31 items classified across six dimensions as follows; effectiveness and assurance, access, price, tangibles, range of services offered and accuracy and reliability. They proved that the dimensions of BSQ are more reliable than that of SERVQUAL. However, other researches such as Angur et al (1999) have found that SERVQUAL is the best measure of service quality in the retail banking industry.

### **2.6 Other Literatures on Service Quality in Retail Banking**

Without any doubt, service quality is gaining more importance in the banking industry and consequently has attracted lots of research work. Both the marketing and service management literatures suggest that there is strong theoretical underpinning among customer satisfaction, customer loyalty and profitability. Levesque and McDougall (1996) pointed out that customer satisfaction and retention are critical for retail banks, and investigate the major determinants of customer satisfaction (service quality, service features, situational factors and customer complaint handling), and future intentions in the retail bank sector. Bloemer et al. (1998) explore how image, perceived service quality and satisfaction determine loyalty in a retail bank. Armstrong and Seng (2000) have also analyzed the determinants of customer satisfaction in the banking industry (purchase intentions, transactional paradigm, and fairness (equity)). Jamal and



Naser (2002) suggest that customer satisfaction is based not only on the judgment of customers towards the reliability of the delivered service, but also with customers' experiences with the service delivery process. Therefore, they report demographic differences (education, gender and income levels) in the degree of customer satisfaction. Hence, customer satisfaction with commercial and retail banking is composed of a wide variety of dimensions.

Thus, consumer satisfaction reveals the general evaluation of the actions carried out by a given business in relation to expectations accumulated after various contact between the consumer and business, Bitner (1990), have said. On employees too, Beatty et al (1996) have said that if customers perceive that they are obtaining additional benefits from their relationship with establishment employees, their satisfaction level with the service provider will increase. Hence relational benefits can then be considered as important factors for customer satisfaction with financial businesses. Therefore, relational benefits meaning special treatment, social benefits and confidence, according to Gwinner et al. (1998), would have a strong influence on customer satisfaction with their habitual establishments.

On criteria for bank selection, the literature shows that the issue of bank selection criteria for broad categories of customers has been widely researched. Kaufman (1967) examined the determinant factors used in bank selection decisions by customers and commercial firms in the USA. He found that the most significant factors reported by households were suitable location to home or place of business, length of bank-customers relationships and quality of services offered by the bank. In another study, Mason and Mayer (1974) investigated the factors used by two groups of checking account customers

in USA, high income and low income, in selecting their banks. Convenient location came on the top of the list. Other factors with high rankings were: friendly personnel; favorable loan experience; advice of friends; and influence of relatives. Laroche et al (1986) investigated 140 households in Montreal, Canada, to realize how people select their banks. In ranking the selection factors, findings show that friendliness of staff plays the important role in the bank selection process, followed by hours of operations, size of waiting lines, convenience of location, and efficiency of personnel. In a study in South East Asia that was conducted by Tan and Chua (1986) who, using a small random sample of Singaporeans, found that, out of ten rated criteria, third party influences, namely family and friends, were the two most important influences relating to bank selection. Convenience of location was given a middle order ranking, while the speed of service delivery was ranked very low.

A study by Javalgi et al (1989) in the USA found that monetary factors are the main criteria in customers' bank selection decisions. Results of this study show that financial factors such as interest on savings accounts, safety of fund, and availability of loans have high scores. Other important factors were found to be convenient location and bank's reputation.

Kaynak and Kucukemiroglu (1992) conducted a research in Hong Kong to find out the significance of selection criteria used by consumers in choosing banks. The major factors were reported to be convenient location, financial counseling, available parking space nearby, vault location, and loans and mortgages. Haron, et al (1994) analyzed 301 Muslim and non-Muslim commercial bank customers in Malaysia to determine the selection criteria used in a dual banking environment. Results show that the highest

scored factors are: speed of transactions, fast and efficient services, friendliness of bank personnel, and confidentiality of bank. Boyd (1994) also used telephone survey to investigate the importance of 10 bank selection criteria in USA. In this study, the respondents were asked to rank, from the selected list of ten criteria. The ranking of bank selection criteria is: reputation, interest on savings accounts, interest charged on loans, quick service, location in city, hours of operation, availability of current accounts, friendliness of employees, modern facilities, drive-in service and other factors. In a study by Holstius and Kaynak (1995), 258 bank customers in Finland were surveyed with the aim of determining the importance of selected criteria used by customers in choosing their banks. Results indicated that the main determinant factors for Finnish customers found to be: fast and efficient services, reception at the bank, friendliness of personnel, lower service charges and perceived confidentiality. Yue and Tom's (1995) study was designed to find out the bank selection criteria used by Chinese-American customers residing in Sacramento, California. The most important factors were reported to be efficiency of services offered, bank's reputation, bank fees, convenient location, and interest rates on saving accounts and loans.

Mylonakis, et al (1998) studied 811 bank customers in the in Greece to spot the important bank selection criteria. The results indicated that selection factors scoring high were location convenience and quality of service (attention to customers, personalized service, no queues).

In another important study, Bick and Brown (2004) examined the perception and expectations of banking customers regarding the value being delivered to them by retail banks in South Africa. The findings show that customers were not satisfied with the

service, products and level of customer intimacy delivered to them by their banks. Thus, customers did not believe that they were getting the value they expected.

By using a survey of households, Omar and Orakwue (2006) evaluated the relative importance of bank selection criteria used by bank customers in Nigeria. The results suggest safety of fund and efficient of service and speed of transaction are the most important factors that customers considered when choosing their banks. Blankson et al (2007) investigate bank choice criteria in a range of cultural and country economic scenarios. More specifically, they try to understand international consumers' selection criteria of banks in the USA, Taiwan, and Ghana. Results show that there is not very significance difference among these countries. In another study, Rehman and Ahmed (2008) analyzed the major determinants of a bank selection by a customer in the banking industry of Pakistan. It is based on a survey of 358 customers of private, privatized and nationalized banks located in the city of Lahore (Pakistan). The results of the study reveal that the most important variables influencing customer choice are customer services, convenience, online banking facilities and overall bank environment.

In a study by Hinson et al (2009), the importance of bank selection criteria was investigated. Data were collected from 2000 customers of 22 retail banks in Ghana. Results show that proximity is the most important factor from customers' view and recommendation by friends (word of mouth marketing) is least important factor.

Lewis (1982) conducted a research on banking behavior among British students. A total sample of 716 students in 11 universities and colleges in England were surveyed for the study. Convenience of location to college and parental advice and influence were the predominant factors that were considered by students. Khazeh and Decker (1993) surveyed the views of 209 university students in Maryland, USA to find out customers'

bank selection criteria. The most important determinant criteria of bank selection identified in their study were service charge policy, reputation, interest charged on loans, quick loan approval and friendly tellers.

The studies and researches reported in the literature review of this research work indicate that banks can be successful by becoming customer-focused. This was approved by Driscoll (1999) who declared that customers choose banks based on five factors: convenience; price; product selection (breadth and depth); service; and ambience (customers' experience).



## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1 Introduction**

This chapter describes the framework upon which the study is conducted. It gives a brief description of the research design employed, the population considered, as well as the sampling and sampling procedures. It also discusses the sources of data, the data collection procedures and the type of research instrument used and finally touches on the type of data analysis tool adopted for the study.

#### **3.2 Research Design**

The research design used for the study is the survey method. The survey method is a way of collecting data from a sample of individuals systematically. This design involves the use of questionnaire to solicit information from a group of respondents selected from the population. The main problem understudy is the quality of customer service delivery by banks in Ghana. Using the survey method the researcher sought to gather respondents who were both customers and non- customers of the bank who walked in to transact business with the bank and interview them to bring out their candid opinions about the quality of service they receive from the bank selected and further make suggestions on any improvement they wished to be made in that regard. Surveys are usually based on a sample of a population and thus the success of such a research is dependent on the representativeness of the population concerned. The choice of the survey method is motivated by the fact that it best helps to describe the preferences, behaviour, or factual information of respondents being considered. The researcher first wrote to the bank to



seek their consent to carry out the distribution of the questionnaires to the customers. Then a sample of customers was selected to answer a series of questions based on the structured interview method so as to elicit information on their experience, opinions, suggestions and views about the kind of service they receive in the bank. These responses were then analyzed using descriptive statistical methods, mainly frequency tables and t-test and discussed to bring out the main findings that bothered on the issues being investigated under this study.

### **3.3 Area of the Study**

The bank chosen for the study was ECOBANK GHANA and no other branch than its main branch in Accra in the Central Business District. The area chosen for this study therefore was the Central Business district of Accra in the Greater Accra region of Ghana. Accra is the capital of the Greater Accra region and also happens to be the Capital City of Ghana. It houses the seat of government of the government of the Republic of Ghana. It has all the major government offices and agencies and also accommodates all the heads offices of the commercial banks in Ghana. It has a cosmopolitan population with diverse banking experience as they are exposed to all the different banks operating in the country currently.

### **3.4 Sampling Methods**

The population for this study was all customers of banks, both account holders and non-account holders. The population was categorized as such because the study wanted to consider the quality of service delivered to all customers of banks both prospective customers as well as existing customers of banks. Non-account holders were also considered because some non-account holders may be very regular visitors to banks

because they need to transact businesses on behalf of their respective companies and hence received all the services on behalf of their companies or agents. Therefore, anyone who transacts business with the bank that was selected, whether an account holder or not, was considered as a customer in this research work. Clearly a sample frame could not be obtained for the population considered for this study as described above. Due to this, the researcher employed the non-probability sampling method. A total of 150 respondents were used for this study, all 150 being customers of the bank. The respondents of 150 customers were chosen using the accidental non-probability sampling method. The accidental sampling method is widely used in marketing studies as you do not need all the population before you can make inferences about their opinion about a subject like the one being understudied in this research. The accidental sampling method is the method where researchers interview respondents as and when they meet them. It involves the researcher standing close to the place where the respondents are mostly found and in the case of this study the banking hall and issuing out questionnaires to them in order to solicit their responses. For this study, a total of hundred (150) respondents were selected through the accidental sampling method from the banking hall of the main branch, Accra Main branch, of Ecobank Ghana which is located at Ridge in Accra.

#### **3.4.1 The choice of bank**

Ecobank Ghana was also selected using the purposive sampling method. The researcher has purposely selected Ecobank for the research because of certain qualities that sets it apart from the other banks. This is because first of all, the bank has chosen the year 2012 as the year of the customer and has adopted as its theme “customerfirst” for the year 2012. Ecobank again is a fast growing bank in Ghana with over 70 branches in Ghana and Over 1,151 branch network worldwide. The bank operates as a “one bank”

with common branding, standards, policies, processes and technology to provide a consistent and reliable customer experience across the entire network. Ecobank has recently purchased The Trust Bank to enhance its service provision in Ghana and due to the acquisition has also become the biggest bank in Ghana in terms of assets. A research in Ecobank was very appropriate at this time as it will help know how well they were achieving their aim of putting the customer first. It was also appropriate for generalization purposes since they are an international bank and hence would be expected to have and provide internationally accepted service standards. With presence in 32 countries across the continent of Africa and a subsidiary in Paris and representative offices in Dubai and London (Ecobank Abridged Annual Report, 2011), one will expect that kind of international service standards.

### **3.5 Data Collection Methods and Instruments**

Data collection methods and instruments are the step-by-step procedures which one follows and the instruments that are used to gather data from the field. The procedure employed in this study was to solicit data through the use of structured questionnaires. The questionnaire included both open-ended and close-ended questions. The first section of the questionnaire solicited the socio-economic characteristics of respondents. This was followed by the questions bothering on the main objectives of the study, which are assessing the gap between service delivery and customers' expectation, finding out the factors that cause dissatisfaction in customers and bringing out new expectations that customers desire from their bankers in order to make them very loyal customers.

The questionnaire was seen as the best tool for the information gathering in this study since the adoption of both open-ended and close-ended questions made it easy for responses to be coded and analyzed. Also, it made it easy for the researcher to speak to a

large number of people within a short period of time. The researcher would basically tick responses after asking the questions and with the responses choices given in most cases, there was no need to be explaining the questions over and over to the respondents.

Questionnaires can be limiting though, as it suggests ideas to the respondents to which he would not otherwise have thought about. Again, respondents could have answered questions anyhow or even misinterpreted some questions. That notwithstanding the questionnaire was the best choice in this regard as time constraint would not permit the researcher to use the unstructured interview method or focus group discussion.



## **CHAPTER FOUR**

### **RESULTS AND DISCUSSIONS**

#### **4.1 Introduction**

The chapter four of this study presents the results of the study based on the data collected using the methodology espoused in the previous chapter. The data was analyzed using the Statistical Package for Solutions and Services (SPSS). This chapter is organized into five main sections. The first two sections delve into the background of respondents and the account holding information of respondents. In the third section, the main findings on the factors that cause dissatisfaction in customers are presented. This is followed by the measurement of the gap between customer expectation and perception of the service using the t-test measure. The final section entails the discussion of the results on new expectations by customers.

#### **4.2 Section A: Demographic Information**

The questionnaire was designed to firstly seek information about the respondents' age, gender, education, and their occupation. This is to give a brief idea of the kind of respondents that were available for the research.

##### **4.2.1 Gender**

The analysis shows that 70.7% of the respondents are males and 29.3% are females. As shown in table 1, the gender distribution gives a brief information about the bank patronage behaviour of Ghanaian males as against females.

**Table 1: Gender of respondents**

	Frequency	Percent
Male	106	70.7
Female	44	29.3
Total	150	100.0

**Source: Data gathered from the field**

Most females as compared to males, do not visit banks to transact business or save their monies in banks. Most researches conducted, have proved the same about the gender distribution of respondents.

#### 4.2.2 Age

The age distribution of our respondents also showed the majority of respondents being within the age group of 18 to 29 years representing about 41 % of the respondents. This was followed by respondents within the age group of 45 to 59 years which also constitute about 30 % of the respondents. The remaining 28.6% is made up of respondents within the ages of 30 to 44 years forming 15.35% and 60 years and above making up 13.3%.

**Table 2: Age of respondents**

	Frequency	Percent
18 to 29 yrs	62	41.3
30 to 44 yrs	23	15.3
45 to 59 yrs	45	30.0
60 and above yrs	20	13.3
Total	150	100.0

**Source: Data gathered from the field**



From this data in table 2 above, it can be deduced that more students and graduates and probably young people who are now searching for salaried jobs and hence do their own businesses are the most frequent users of the banks. A quick and clear picture of the age distribution can be seen in table 2 below labeled age of respondents.

#### 4.2.3 Educational background

The table below which represents the educational distribution of respondents indicates that most of our respondents were either educated up to the secondary level or tertiary level. The two categories formed 48% and 46.7% respectively as can be seen in the table.

**Table 3: Educational level of respondents**

	Frequency	Percent
None	4	2.7
Up to Secondary level	72	48.0
Tertiary level	70	46.7
Post Graduate	4	2.7
Total	150	100.0

**Source: Data gathered from the field**

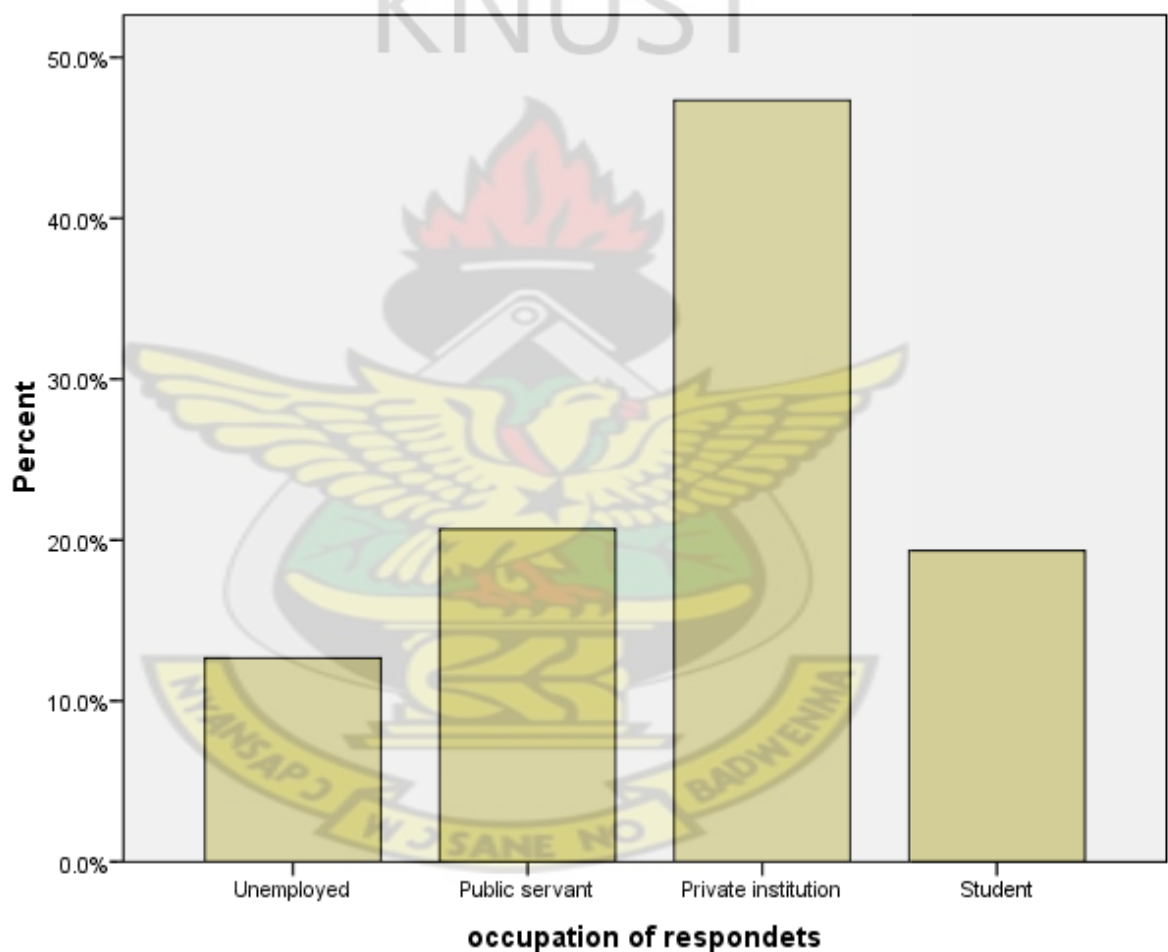
The distribution of respondents who had no formal education was 2.7% being the same as those who had post graduate qualifications. From this data majority of the respondents are well educated and have sophisticated taste in terms of bank preferences.

#### 4.2.3 Occupation of respondents

Respondents' occupation is also of importance to the study. From the data gathered it was realized that the majority of respondents were in private institutions or

self employed. As indicated in the graph, graph 1 below, about 47% of our respondents indicated that they were in private employment. This was followed by about 20.57% being in the public sector and 19.3% being students. There is a percentage of 12.3% who indicated that they were not employed. The employment status also gives an idea of the caliber of people in terms of net-worth that were used for this study.

**Graph 1: Occupation of respondents**



**Source: Data gathered from the field**

### 4.3 Section B: Account holding information

The account holding information was gathered to help the researcher know how well the respondents patronized the banking facility. The discussions that follow capture information collected in this regard.

#### 4.3.1 Number of banks respondents operate account with

On the quest above, most respondents indicated that they operate accounts with 2 banks. This was made up of 48.7% of the respondents as indicated in table 4 below. Moreover, about 41.3% indicated that they have only one bank they operate accounts with as against 10% who indicated they operate account with 3 different banks. From the distribution, it can be deduced that people try to operate two or more accounts due to certain qualities that they may not find in one.

**Table 4: Number of banks respondents operate with**

	Frequency	Percent
One	62	41.3
Two	73	48.7
Three	15	10.0
Total	150	100.0

**Source: Data gathered from the field**

On the enquiry of whether the respondents have accounts with Ecobank, all 150 respondents answered in the affirmative to show that they all have bank accounts with Ecobank. Comparing this information with the data on the number of banks respondents operate accounts with it can be said that about 38% of our respondents have had bank experiences with other banks and can better compare the service quality between banks

#### 4.3.2 Types of accounts owned at Ecobank

Enquiries on respondents' type of accounts they operate at Ecobank yielded the results indicated in the table below. Most respondents revealed that they have only savings and investment accounts. Savings and investment accounts with Ecobank will mostly consist of savings account, Savingsplus accounts, IDA 1, IDA 2, IDA 3 and Junior savers accounts ( Source: Ecobank product brochure).

**Table 5: Types of accounts respondents operate with Ecobank**

	Frequency	Percent
Savings and investment accounts	114	76.0
Current accounts	22	14.7
Both savings and current accounts	14	9.3
Total	150	100.0

**Source: Data gathered from the field**

The majority of respondents making up 76% who operate the savings and investment accounts may fall within one or more of these categories of Ecobank accounts. This category carries the majority because such accounts are interest bearing accounts and hence do not attract deductions like the current accounts. The current accounts are mostly owned by salaried workers and high net worth business persons and hence it is not surprising that it recorded about 14.7% as respondents with such accounts. The lowest percent of 9.3 also indicate customers with both savings and current accounts

#### 4.4 Section C: Factors and actions that cause dissatisfaction

As part of the objectives, the research wanted to enquire from customers some of the factors and actions that cause dissatisfaction as they transact business with the banks. From the table below it can be noticed that a number of responses were given as factors that cause dissatisfaction

**Table 6: Factors that cause dissatisfaction**

	Frequency	Percent
Long turn-around time for cash withdrawal referrals/confirmations	39	26.0
Unwillingness of staff to assist customers	6	4.0
High charges on ATMs and current accounts	13	8.7
Waiting for long minutes before you are served in the bank	5	3.3
Continues breakdown of network connectivity and systems	87	58.0
Total	150	100.0

**Source: Data gathered from the field**

Topping the frequencies on the table is continues breakdown of network connectivity and systems which is made up of 58% of the respondents. Long turn-around time for cash withdrawal referrals and confirmations followed the hierarchy with 26% of responses going in its favour. The remaining factors are high charges on ATMs and current accounts, with 8.7% of respondents, Unwillingness of staff to assist customers forming 4% and waiting for long minutes before you are served in the bank also occupying 3.3% of responses.

#### 4.5 Section D: Customer Expectation and Perception

This section of the analysis and discussions is to measure the gap between customer expectation (E) and perception (P).

Perceptions minus Expectations, that is  $P-E$ , were used to find gap scores because service quality depends on a products perceived performance in delivering value relative to buyers' expectations. Expectations, perceptions and gap scores for each item are given. Thus, based on the expectancy-disconfirmation paradigm, if  $E > P$ , the customer is dissatisfied and if  $E < P$  the customer is satisfied, proposed by Parasuraman et al., (1999). The questionnaire mainly included the scale designed to measure the perceived service quality in the banking sector. This scale evaluates both: the respondent's expectations regarding what a bank ideally has to offer, and his perception of what his bank, in this case Ecobank, actually offers. This double measure had to be done successively for each item, namely Tangibles, Reliability, Responsiveness, Assurance and Empathy. A five-point likert scale from (1) =strongly agree; (2) = agree; (3) = indifferent; (4) = disagree; to (5) = strongly disagree, were used to measure expectations and perceptions. To eliminate the possibility of respondents forgetting the perception score assigned to an item when arriving at the expectations section, the expectations and perceptions scores were not collected in two separate sections {which was the case with SERVQUAL used by Parasuraman et al (1988)}, but rather were collected simultaneously for each item. This was the strategy used by Lewis and Mitchell, (1990) in their research.

Clearly, the researcher was interested in finding out whether there was any gap between customers' perceptions and expectations. The repeated measure t-test at a confidence interval of 99% was used for analyzing respondents' scores on the expectations and perceptions measures. The items measured are Tangibles, Reliability,



Responsiveness, Assurance and Empathy. The t-test score for each item calculated for the expectations and perceptions are presented and discussed in the tables below.

#### 4.5.1 Tangibles

**Table 7: Test results on the measure of Tangibles**

Tangibles	Mean	N	Std. Deviation	df	t-test	P
Perception	19.00	150	3.343	149	8.703	<.001
Expectation	21.527	150	3.471			

**Source: Data gathered from the field**

The mean score on clients' expectation with regards to the tangibles of service is higher than what clients receive in their bank. The mean difference in the tangible scores for clients was -2.527. The repeated measure t-test also revealed a significant difference between what clients expect and what they actually get in the banking institution, as indicated statistically as: [(df = 149) = 8.703,  $P < .001$ ]. This means that respondents' expectations on tangibles are not met. This is because there is a negative difference in the mean scores. It must, however, be mentioned that the results obtained for Tangibles of service is very close to meeting customers' expectation. The gap is only -2.527. This means that, though there is a negative-disconfirmation the banks have achieved much in terms of tangibles and will need to do a little bit more to further close the gap.

#### 4.5.2 Reliability

**Table 8: Test scores on service quality with regards to Reliability**

Reliability	Mean	N	Std. Deviation	df	t-test	P
Perception	15.963	150	3.696	149	11.699	<.001
Expectation	19.472	150	3.110			

**Source: Data gathered from the field**

The repeated measure t-test results revealed a significant mean gap between perception of clients and their expectation on the Reliability measure. The mean score of clients on their perception for Reliability was 15.96 and their expectation for the Reliability facet of the service quality scale was 19.47. It can be realized that the mean difference is -3.51. Thus, expectation of clients is far lower than what should exist in the actual banking sector [ $t(df = 149) = 11.699, P < .001$ ]. In other words what clients expect is lower than what they perceive to be getting from their service providers. In fact the difference between expectation and perception (-3.51) was statistically significant meaning that when it comes to Reliability clients expectations are not being met.

### 4.5.3 Responsiveness

**Table 9: Test results on the measure of Responsiveness**

Responsiveness	Mean	N	Std. Deviation	df	t-test	P
Perception	16.619	150	3.919	149	15.293	<.001
Expectation	21.727	150	3.183			

**Source: Data gathered from the field**

The mean score on the Responsiveness of bank staff to service delivery, as it exists in the banking sector was 16.619 but the mean for what clients expect on the same service quality dimension was 21.727. The repeated measure t-test showed a significant difference in how clients perceive Responsiveness of staff towards service delivery in the banking institutions and what actually exists for them. As can be realized from the table, a negative gap was recorded (-5.108), an indication that customers' expectations are not being met when it comes to the Responsiveness of staff towards service delivery in the banking sector. The statistical representation is:  $[t(df = 149) = 15.293, P < .001]$ . Thus the mean score for client's expectation was significantly greater than their mean score on the expectation measure. This means that staff attitude with regards to their willingness to help customers and provision of quick service with speed in solving problems was very appalling. Bank staff must be responsive by showing willingness to assist customers and by speeding up their processes of solving customers' problems.

#### 4.5.4 Assurance

**Table 10: Test scores on service quality with regards to Assurance**

Assurance	Mean	N	Std. Deviation	df	t-test	P
Perception	14.96	150	12.103	149	11.895	<.001
Expectation	29.98	150	11.676			

**Source: Data gathered from the field**

To ascertain whether clients' expectations are met on the Reliability element dimension of service quality, the repeated measure t-test was used. The results showed a significant gap between the mean scores for clients' expectations (29.98) and their perception (14.96) on the Assurance element indicator of the service quality scale [ $t(df = 149) = 11.895, P < .001$ ]. This means that when it comes to Assurance, expectations of clients far exceed what exists in the financial sector. The gap (-15.02) between what exists in the financial sector and what clients expect is statistically significant. That is with regards to the Assurance item of service delivery, clients perceive the financial institutions not to be doing enough in terms of knowledge of bank services and products, instilling confidence in customers and providing strong security arrangements that make customers feel very safe. Thus the financial institutions can do better than what exists now.

#### 4.5.5 Empathy

**Table 11: Test scores on service quality with regards to Empathy**

Empathy	Mean	N	Std. Deviation	df	t-test	P
Perception	22.4	150	5.080	149	12.764	<.001
Expectation	28.7	150	4..677			

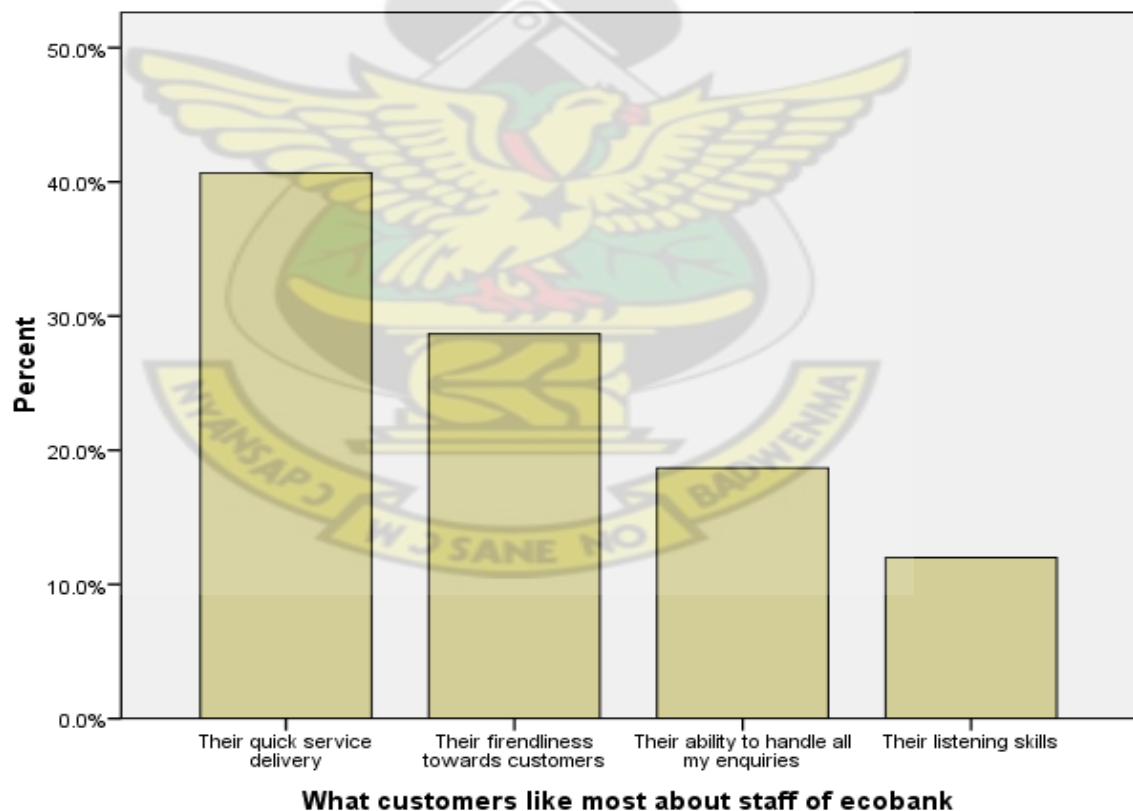
**Source: Data gathered from the field**

The repeated measure t-test indicated that there is a significant difference in the mean scores of respondents' expectations and perceptions on the empathy measure indicated statistically as: [(df = 149) = 12.8,  $P < .001$ ]. The mean score on Empathy which customers' perceive to be receiving from the banking institutions is 22.4 but what they expect is 28.7 indicating a negative difference of -6.3. It can thus be concluded that customer expectations on empathy are not being met by the banking sector. Customers expect that banks will provide products that best suit their needs. That is banks will provide tailored made products. Customers wish to see the banks becoming more concerned about their interest and being ready to give them individual attention.

#### 4.6 Section E: New Expectations from Customers

This area was aimed at finding out from customers what expectations they anticipate their banks to give them in this modern era. As Parasuraman et al (1994) propounded, the achievement of quality customer service entails conformance to the customer's specifications. They further opined that it is a conscious effort to continuously learn about the expectations and perceptions of customers and non-customers in order to improve the service. In this regard quality can be said to be the meeting of the needs and expectations of customers. From the proposed question customers came up with the various options of expectations as indicated in the graph below.

**Graph 2: Customers like about staff of Ecobank**



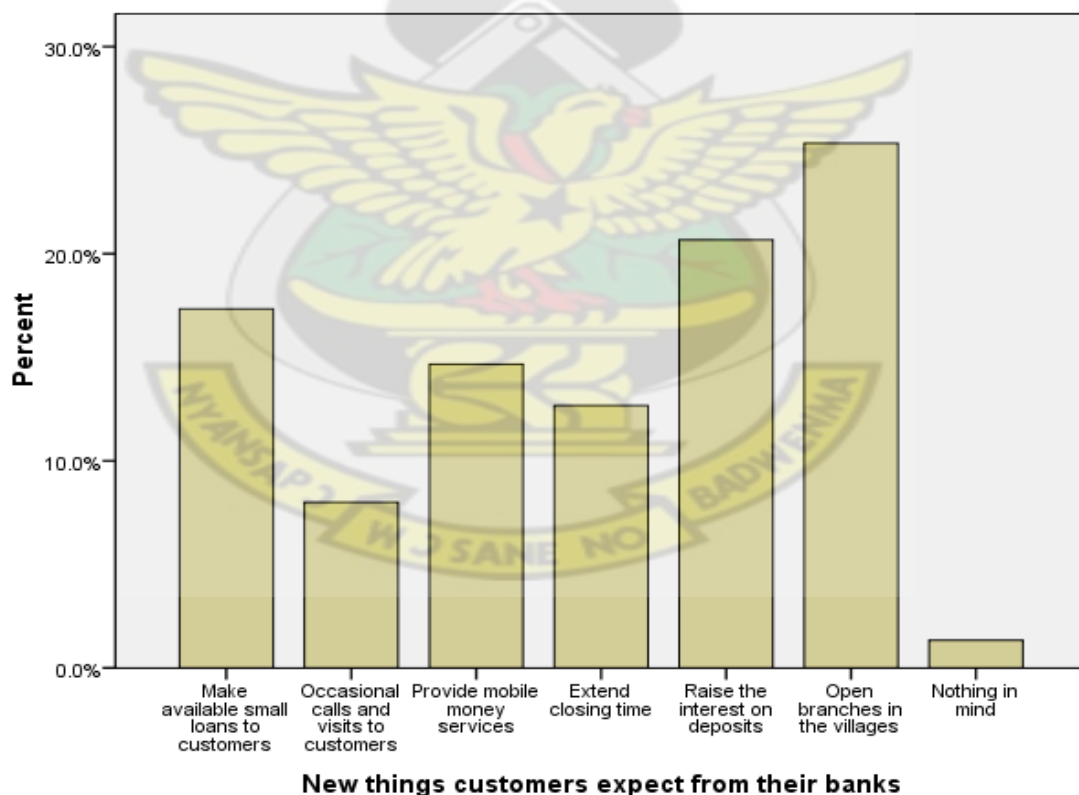
**Source: Data gathered from the field**



A majority of about 40.7% of the respondents indicated that they were satisfied with the quick service delivery by Ecobank staff. This is followed by a percentage of about 28.7 who also indicated that they liked the friendliness of staff towards them and the 18.7% of the respondents who are also pleased with the staff ability to handle all enquiries. The least frequency score went to listening skills of staff which received about 12% of responses from customers who liked the listening skills of Ecobank staff.

Apart from indicating their likes about the staff of Ecobank, respondents also gave their preferences about new things that they wish their bankers could adopt and add to their services.

**Graph 3: New things customers expect from their bankers**



**Source: Data gathered from the field**

As is shown in the graph above, there are a myriad of things customer wish their bankers could add to their services in order to meet their expectations. Most of them requested for more branches in the villages and the outskirts of the city. As the graph depicts, the highest bar which constitutes about 25.3% are responses in favour of opening of more branches in the villages and the hinterlands of the country. Without any doubt, one can confidently argue that a request as this would be attributed to the fact that most people travel to their hometowns and when they do are not able to access funds and other services just because there are no banks there. It is therefore a call on the banks to make available branches or agencies which will cater for such banking needs when people travel to their villages.

The second highest bar corresponds to raising the interest rates on deposits and it sums up to 20.7% of the respondents used for the study. This represents the second highest responses or suggestions from customers and hence must be taken seriously. As reported in the introduction and corroborated by researchers in the literature review, most customers are not satisfied with the interest they earn on their deposits and this could be a factor of dissatisfaction to customers. Customers believe that since their monies which are lent out as loans attract so much interest they should likewise get fair interest on their deposits.

The next item in order of more occurrences is “making small loans available to customers” with a percent of 17.3. Again as the literature indicated, customers’ inability to access loans from their banks is a factor of dissatisfaction and needs to be looked at clearly by banks. As has also been speculated by most people there is very high lending rates on the few loans that are granted and it also discourages people from taking loans. Most of the few customers who qualify are not able to service their loans because they end up paying very high interest on it where as their deposits receive very low interest.

The other areas mentioned by customers are provision of mobile money services; extension in the opening and closing hours; and making of occasional calls and visits to customers. Each of these areas had the percentage of respondents being 14.7%, 12.7% and 8% respectfully. There were a total of 2 respondents, making up 1.3%, who did not have any new thing in mind. All the areas indicated by respondents are areas that need to be looked at closely by banks if they wish to satisfy their customers and hence achieve customer loyalty.



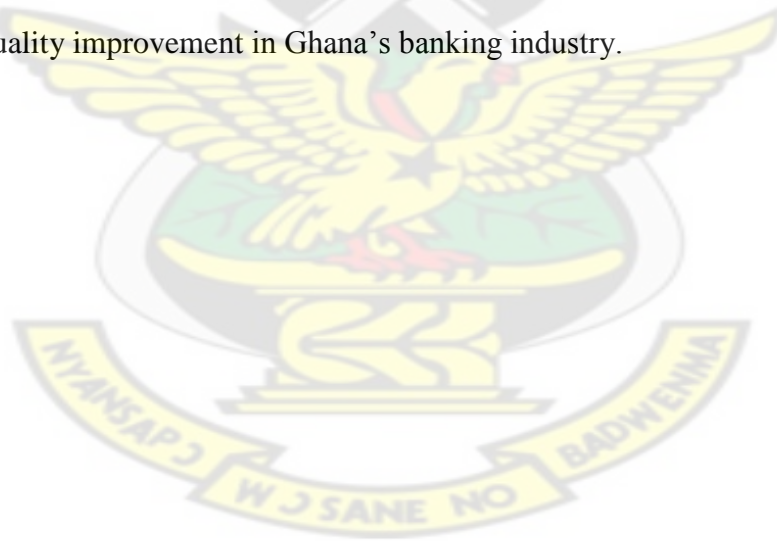
## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Summary of Findings**

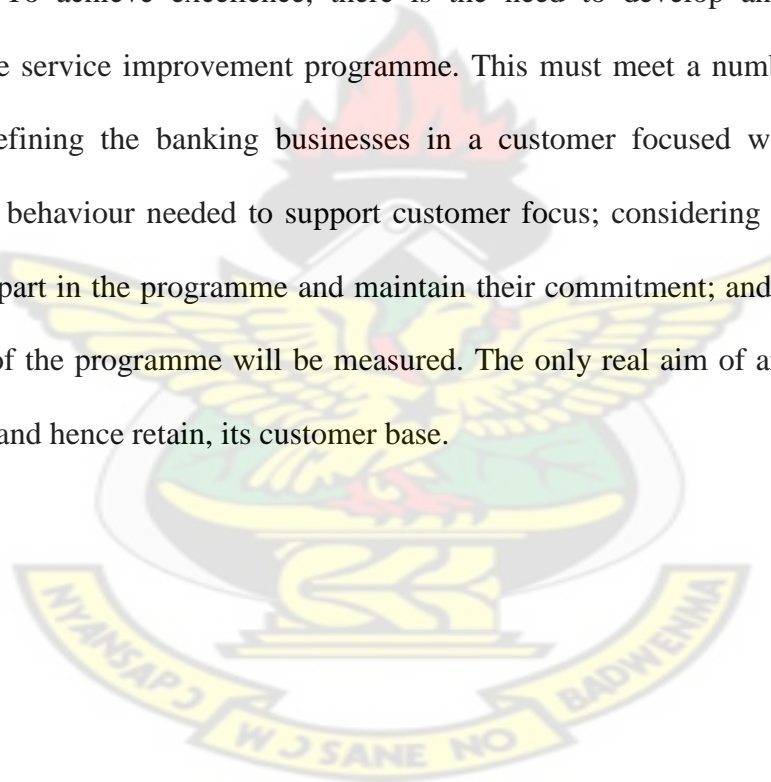
The main aim of the study was to investigate the quality of service delivery by banks to customers and specifically to look at the following; identify factors that may cause customer dissatisfaction; find out if any gap exists between customer perception and expectation; and identify the new trends in customer expectations. Based on these objectives, questions were raised and included; to what extent do structures put in place by banks ensure customer satisfaction; what factors generally cause customers to be dissatisfied with the services of their bankers; what is the extent of the gap between customer expectation and customer perception of the service delivered by banks; what factors are most likely to promote customer loyalty when introduced or practiced by banks; and what new services do customers expect from their banks. To accomplish this task, the researcher set out to sample 150 customers of Ecobank Ghana Limited to answer questions that will bring out their expectation and perceptions about the quality of service they receive at their banks and the factors that are more likely to cause them dissatisfaction as they transact business with their banks. A modified version of the SERVQUAL model developed by Parasuraman et al (1988) was adapted to suite the study with the following dimensions; Tangibles; Reliability, Responsiveness; Assurance and Empathy. This was structured along a five scale likert scale with various quality measurement items under each dimension. In addition there were closed ended and open ended questions to solicit opinions on dissatisfaction factors and new expectations from customers.

The study revealed that all the service quality dimensions contributed significantly to the prediction of service quality in the banking sector. All the service quality dimensions showed that the quality of service was below customer expectation and that more needed to be done by banks to breach the gap. Among all the service quality dimensions, assurance was found to be highly lacking in terms of perceived service quality. This was followed by Empathy with a t-test result of 12.754 and a -6.273 difference between the means of perception and expectation. Tangibility was the least dimension in terms of poor quality of service. The findings also showed that there are a myriad of factors which cause customer dissatisfactions, ranging from long turn-around time for service delivery, high charges on ATM usage, high lending rates and constant break in network connectivity and systems. The findings strongly show that there is room for service quality improvement in Ghana's banking industry.



## 5.2 Conclusions

The study has shown that generally overall satisfaction of customers was low. This means that banks in Ghana are performing poorly in their customer service delivery. As was indicated in the study, customers are getting dissatisfied with the high charges on loans, ATMs and current accounts and continues breakdown of network connectivity as well as long turn-around time for service delivery. All the dimensions on quality that is, the tangibles, reliability, responsiveness, assurance and empathy all received poor remarks from customers hence indicating that the quality of customer service is below expectation. To achieve excellence, there is the need to develop and implement an industry wide service improvement programme. This must meet a number of objectives including: defining the banking businesses in a customer focused way; defining the management behaviour needed to support customer focus; considering how to motivate staff to take part in the programme and maintain their commitment; and identifying how the success of the programme will be measured. The only real aim of any business is to win, satisfy, and hence retain, its customer base.





### 5.3 Recommendations

The researcher's recommendations from this study are that banks must take a critical look at the dimension areas used in the study, namely tangibles, reliability, responsiveness, assurance and empathy and patch up any differences that may exist in customer expectation and perception.

The study also suggests that the SERVQUAL model is a suitable instrument for measuring the bank service quality in Ghana and therefore recommends that bank managers can use this instrument to assess the bank service quality in their banks.

The study again recommend that banks must understand the customers' needs and wants and try to increase satisfaction level of customers by providing tailor made services. There must be a consistent effort to collect information on customers' new expectations so as to fashion products that will meet them. Human needs are insatiable and they continue to change over time. What may be satisfactory to the customer today may not be considered satisfactory service at all in the near future

In as much as measuring service quality is important, service managers should endeavour not only to measure service quality but to take steps to manage and improve service quality. Additionally, managers must also find and manage factors which may be related to service quality and which ultimately affect customer satisfaction. This may lead to service managers spending relatively more on increasing customer satisfaction so, in turn increasing customer's intention to purchase the service. This is particularly important because of the widely acknowledged belief that it is more cost effective to retain an existing customer than to attract a new one.

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KNUST



## **APPENDIX A**

### **Letter submitted to ECOBANK ACCRA MAIN branch**

DATE: 26<sup>th</sup> July, 2012

THE MANAGER  
ECOBANK GHANA  
ACCRA MAIN BRANCH  
ACCRA

Dear Sir/Madam,

#### **PERMISSION TO DISTRIBUTE QUESTIONNAIRES TO CUSTOMERS**

I wish to seek your permission to distribute questionnaires to customers of your branch to gather data for purposes of academy analysis on the subject,

AN ASSESSMENT OF QUALITY OF CUSTOMER SERVICE DELIVERY IN THE  
BANKING SECTOR OF GHANA-A CASE STUDY OF ECOBANK CUSTOMERS.

Attached is a copy of the questionnaire for your perusal.

Thank you,

Anthony Kwasi Boateng Asante

KNUST-IDL

## **APPENDIX B**

### **Questionnaire used to gather data from the field**

#### **KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY-IDL QUESTIONNAIRE**

**ALL INFORMATION OBTAINED WILL BE USED SOLELY FOR ACADEMIC PURPOSES AND WILL BE HIGHLY CONFIDENTIAL. THANK YOU FOR MAKING TIME TO ANSWER THIS QUESTIONNAIRE.**

#### **SECTION A: DEMOGRAPHIC INFORMATION (Please tick where applicable)**

1. Gender      ☐ Male      ☐ Female
2. Age      ☐ 18 to 29      ☐ 30-44      ☐ 45-59      ☐ 60 and above
3. Educational level    ☐ None    ☐ Up to Secondary    ☐ Tertiary    ☐ Post graduate
4. Employment type    ☐ Unemployed    ☐ Public sector    ☐ Private sector    ☐ Student

#### **SECTION B: BANK ACCOUNT HOLDING INFORMATION**

5. How many banks in Ghana do you operate accounts with?  
☐ 1    ☐ 2    ☐ 3    ☐ 4 and above
6. Do you have an account with Ecobank?      ☐ Yes      ☐ No
7. What types of accounts do you operate with Ecobank?  
☐ Savings / investments      ☐ Current      ☐ Both Savings and Current

#### **SECTION C: FACTORS AND ACTIONS THAT CAUSE DISSATISFACTION**

8. Which of these areas would you consider as the most frequent factor that causes dissatisfied with respect to Ecobank's service delivery? Please choose only one (1)
  - a. ☐ Long Turn-around-time for cash withdrawal referrals / confirmations
  - b. ☐ Unwillingness of staff to assist customers
  - c. ☐ High Charges on ATMs and Current accounts
  - d. ☐ Waiting for long hours in the banking hall before getting served.
  - e. ☐ Continues breakdown of network connectivity and systems

## SECTION D: CUSTOMER EXPECTATION AND PERCEPTION

Using the scale below, kindly rate your expectation (in table 1) and perception (in table2).

9. **SCALE: 1=strongly agree, 2=agree, 3=indifferent, 4=disagree, 5=strongly disagree**

TABLE 1: EXPECTATION OF SERVICE QUALITY BEFORE SERVICE RENDERED					
	SCALE				
	Strongly agree				strongly disagree
	1	2	3	4	5
<b>TANGIBLES</b>					
a. Banks physical facilities will be virtually nice					
b. Bank staff will be neatly appealing					
c. Technology and electronic facilities will be up to date					
<b>RELIABILITY</b>					
d. Bank will provide all services as promised					
e. Bank operating hours will be convenient to me					
f. Deliver error free records and up to date records					
<b>RESPONSIVENESS</b>					
g. Bank staff will be willing to help customers					
h. Provide quick service with speed in solving problems					
<b>ASSURANCE</b>					
i. Bank staff will have all the knowledge needed to assist me					
j. Staff behaviour will instil confidence in me					
k. Bank will have strong security arrangements/feel safe					
<b>EMPATHY</b>					
l. Bank will provide products that best suits my needs					
m. Bank will have my interest at heart					
n. Bank staff will give me individual attention					

10. **SCALE: 1=strongly agree, 2=agree, 3=indifferent, 4=disagree, 5=strongly disagree**

TABLE 2: PERCEPTION OF SERVICE QUALITY AFTER SERVICE RENDERED					
	SCALE				
	Strongly agree				strongly disagree
	1	2	3	4	5
<b>TANGIBLES</b>					
a. Banks physical facilities are virtually nice					
b. Bank staff are neatly appealing					
c. Technology and electronic facilities up to date					

<b>RELIABILITY</b>					
d. Bank provides all services as promised					
e. Bank operating hours is convenient to me					
f. Deliver error free records and up to date records					
<b>RESPONSIVENESS</b>					
g. Bank staff are willing to help customers					
h. Provide quick service with speed in solving problems					
<b>ASSURANCE</b>					
i. Bank staff have all the knowledge needed to assist me					
j. Staff behaviour instil confidence in me					
k. Bank have strong security arrangements/feel safe					
<b>EMPATHY</b>					
l. Bank provide products that best suits my needs					
m. Bank have my interest at heart					
n. Bank staff give me individual attention					

## SECTION E: NEW EXPECTATIONS FROM CUSTOMERS

14. What do you like most about the staff of Ecobank?

( ) Their quick service delivery      ( ) Their friendliness towards customers

( ) Their ability to handle all my enquiries      ( ) Their listening skills

15. What new thing do you wish your bankers could add to their service?

Please specify.....

16. Mention one thing that will make you very loyal to your bank.

Please Specify.....

THANK YOU

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