

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

INSTITUTE OF DISTANCE LEARNING

**The impact of quality customer service on the performance of some
selected banks in Kumasi Metropolis**

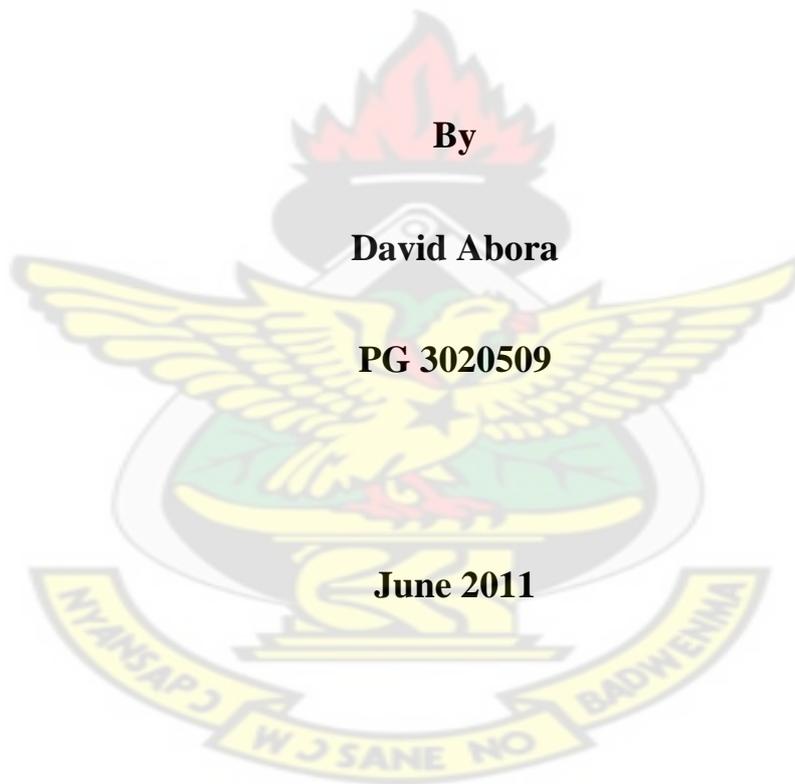
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THE IMPACT OF QUALITY CUSTOMER SERVICE ON THE PERFORMANCE
OF SOME SELECTED BANKS IN
KUMASI METROPOLIS

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A thesis submitted to the Institute of Distance Learning, Kwame
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EXECUTIVE MASTERS OF BUSINESS ADMINISTRATION

JUNE, 2011

DEDICATION

This piece is dedicated to my parents, my fiancé, siblings and all those who played major role in my academic life.

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DECLARATION

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

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ABSTRACT

Recently, Service quality has gained much attention in the Ghanaian banking industry due to keen competition resulting from the influx of new banks. The competition, however, warranted a research into how quality customer service can impact on the performance of banks. Data on the research was collected through desk and primary research. The data was analysed through the use of SPSS. The research unraveled that customers define quality in terms of the characteristics of services that bears on its ability to satisfy stated and implied needs. The study discovered quality service as a major source of differentiation in the banking sector. It was also discovered that quality customer service leads to customer satisfaction and retention which impacts on the profitability of banks. Fees, commissions and interest income of banks are always assured if banks are able to recruit and retain their clients. The research also portrayed that satisfied customers play a major role in assisting banks recruit and retain potential clients. However dissatisfied customer can also increase customer attrition in banks which can negatively impact on profit margins. Internet banking which is gaining popularity in the banking sector has the potential of giving bank cost advantage since it reduces transactional cost. To maximise market share, banks can create innovative products which gives customer convenience to transact business. Rewarding the loyalty of the customers through good interest on products as well as offering prizes through promos enhances the welfare of the client. To enhance service quality in order to impact positively on the profitability of banks it was recommended that, efforts should be made to train staff and make service quality cultural issue in financial institutions. It was also recommended that automation of services should be encouraged since it maintains service standards. Moreover having structures in place to handle service issues is the surest means of giving customers value for their money.

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CHAPTER ONE

INTRODUCTION

1.0 Background of the study

One very intangible but critical driving force towards the pursuit of organisational excellence is the application of quality customer service. In relationship marketing, the term has become synonymous with value addition to the goods and services that are offered at market places. Above all, it is now also known that customer service is a strategic innovative marketing apparatus and currently applies as a needed credibility sign-post for companies operating in modern times. At corporate levels, it is equally acknowledged that some forward-looking, result-oriented executives rely now on customer service as a strategy for total quality management (TQM). This is to aggressively fight competition, maximise sales, increase clientele base and win public confidence. Studies to this effect, disclosed that performance differences exist in corporate achievement when dealing with less aggressive executives who pay little attention to quality client relationship management.

The customer is central to all marketing activities of banks the world over. Banking is one of the many service industries, characterized by high customer contact with individually customized service solutions, where customer satisfaction has been an increasing focus of research. Levesque and McDougall (1996) point out that customer satisfaction and retention are critical for retail banks. They investigate the major determinants of customer satisfaction (service quality, service features, customer complaint handling and situational factors), and future intentions in the retail bank sector. Bloemer et al. (1998) investigate how image, perceived service quality and satisfaction determine loyalty in a retail bank. Similarly, Armstrong and Seng (2000) analyze the determinants of customer satisfaction in the banking industry (transactional paradigm, purchase intentions and fairness (equity)). In all these studies, customer satisfaction and delight is presented as solid bedrock of bank longevity and profitability.

Buchs and Mathiesen (2008) note in an article on “banking competition and efficiency in Ghana”, that despite high overhead costs and sizeable provisioning, Ghanaian banks' pre-tax returns on assets and equity are among the highest in sub-Saharan Africa.

In a speech delivered by the Governor of the Bank of Ghana, Dr. Paul Acquah at the 8th Ghana Banking awards, the governor noted that Ghana's banking sector is "reasonably efficient, financially innovative, profitable and growing rapidly" The governor, who was in 2008 voted Africa's Central Bank governor of the year (www.myjoyonline.com), noted also that the size of the balance sheet of Ghana's banking system expanded by 372 percent to 52.5 percent of GDP in 2008 from 27.3 percent of GDP in 2003. Total deposits have risen to 34.2 percent of GDP from 23.4 percent of GDP in 2003. Ghana's banking industry, the governor noted, also has a branch net of 642 in 2009 compared with 332 in 2003 and noted in conclusion that 'the Ghanaian banking sector is on a sound footing and well positioned to strengthen its inter-mediation role" (news.myjoyonline.com/business; published 5/10/2009).

Ghana's banking system is currently on an upswing and does not seem to have been greatly affected by the global economic crisis. In an article published on www.myjoyonline.com entitled "Central Bank governor lauds Ghana's robust banks" it was noted of the Ghanaian banking industry that “stringent tests indicate the local industry is quite robust to external shocks given the current levels of capital adequacy of banks”. The same article also noted that "over the past years, Ghana's financial sector has been built on a strong regulatory and supervising framework “To the extent that banking public would generally tend to be technologically friendly and generally represent the digital generation; there has also been a recent financial innovation which is worthy of note in Ghana's financial services sector. The E-Zwich, a common electronic platform introduced in 2008, makes it possible to integrate and link all banking institutions with a biometric smart card and is a vehicle for financial inclusion of all Ghanaians.

Ghana’s banking industry is in its growth phase and is attracting a lot of international attention evidenced by the increasing influx of international banks into Ghana. With the recent oil find in Ghana, the growth of Ghana's tertiary sector, the exemplary political stability in a fairly unstable political region and the favourable international press Ghana

enjoys; the Ghanaian banking sector will increasingly become a key economic pillar in Ghana's industrial drive. A Ghanaian Times publication of November 2008 noted that for the first time in 35 years; the cedi appreciated against the U.S. dollar and Ghana issued its first Eurobond (sub-Saharan Africa's first outside of South Africa); which globally; was tremendously over-subscribed.

Over a decade ago, Yavas et al (1997) noted that the banking sector, in many developing countries, is undergoing change in order to keep up with world trends. Ghana is no exception with new banks entering the sector in the last 5 years. Notable among them are Stanbic bank (the most capitalized bank in Africa; originally from South Africa), Zenith Bank (originally from Nigeria), United Bank of Africa (originally from Nigeria) and Fidelity Bank (formally Fidelity Discount House). Some other non-bank financial institutions like Unique Trust Financial Services expanded so much; they acquired BPI Bank and re-branded it as UT Bank. It is worth of note that UT Bank is a local bank and both local and international banks are jostling for market share by defining and re-defining their service delivery positions in order to maintain their relevance on an increasingly competitive banking terrain.

Wang et al (2003) note that delivering quality service and products to the customer, is essential for success and survival in today's global and highly competitive banking environment. The world over, the banking sector is becoming increasingly competitive and with several banks having to carefully re-build after the global economic crisis, the delivery of superior service to key banking segments is going to be more important than it has ever been.

This state of affairs called for an in-depth research into the relationship between quality customer service and its impact on the performance of Ghanaian banks in the face of intense competition.

1.1 Problem Statement

The influx of new banks in the new millennium into Ghana's banking sector has engendered competition that is unprecedented in the annals of Ghanaian banking history. When competition heightens to the level that is now being witnessed in Ghana's banking sector, the power of bank's products in themselves to deliver competitive advantage whittles down dramatically. In fact, any time competition heightens in any industry, the most proven means of effectively differentiating any institution in that industry is the delivery of superior service quality. The Ghanaian banking system has grown in terms of size (total assets), number of banks and level of participation by the consuming public. With the issuance of universal banking licenses to all banks in Ghana, all banks are now striving to grow their retail banking portfolios and superior service quality has been identified as the bottom line for the success in this respect.

In today's competitive banking environment, quality service is critical to corporate success.

Delivering high quality service is closely linked to profit, cost savings and increasing market share. Improved service quality cuts cost because banks would have fewer customers to replace, less service failures to correct, fewer complaints and queries to handle and less employee turnover and customer dissatisfaction to deal with.

From the afore discussion it is imperative for the competitors in the banking industry to adopt various customer service strategies which basically aims at differentiating them from their competitors.

With the increased competition intensity however, it becomes important to address the question: how well do banks attract and maintain its clientele in order to enhance its profitability? One key way of doing this is the delivery of excellent service to curtail switching behaviour in the future and extend the customer lifetime values.

The research assessed the impact of quality customer service on the performance of Ghanaian banks with respect to increased profitability, market share as well as cost reduction.

1.2 Research Objective

In response to the research questions below, the following objectives were achieved by the author.

- To assess how customer service can impact on the profitability of banks
- To examine how quality customer service can contribute to low cost advantage
- To identify some of the quality customer service strategies that can be adopted by banks to maximize market share
- To assess how customer service can enhance the welfare of customers.

1.3 Research Questions

In view of the above problem statement there are number of questions that borders the minds of social investigator in the fields of quality customer service and its impact on the performance of Ghanaian banks, some of which were addressed by this paper. Researchers are exploring to find answers to questions such as the following:

- What is the relationship between quality customer service and the profitability of banks?
- How can quality customer service contribute to a low cost advantage for banks?
- What quality customer service strategies can be adopted by a service industry such as the banks to maximize market share?
- How can quality customer service contribute to the enhancement of the welfare of customers?

1.4 Significance of the Study

In today's competitive banking environment where the product offered alone fails to deliver competitive edge, the most proven means of effectively differentiating any institution in that industry is the delivery of superior service quality. Delivering high quality service is closely linked to profit, cost savings and increasing market share as well as enhancing the welfare of society. The research highlights how superior service offered by banks can contribute to its bottom line, cost savings, increase market share as well as enhancing the welfare of society.

The study would serve as a reference material for the players in the banking industry who want to bet competition through the provision of excellent service to its clientele. Currently, companies do not compete only on price anymore (Owusu-Frimpong, 1999). Being first in the customers' mind is an important competitive weapon. The findings will assist banks to position themselves on the basis of superior service quality they provide to their customers.

Business organizations carry out their activities with a focus on the customer. Thus the emphasis is on creating value and satisfaction for the customer with a view to making profit. Profit can only be made if the organization provides superior satisfaction to their customers, leading to repeat purchase of service thereby creating customer loyalty. So overtime, the organization can be certain of the patronage of those customers. The findings of this research will contribute to enhancing management's understanding of quality and its role in the profitability of banks.

The study is a starting point for further research by students and research institutions that are much concerned with service quality in banks.

Moreover, the study is significant to other organizations engaged in service provision. The research findings are useful for providers of health, communication, electricity, courier and insurance.

1.5 Brief Methodology of the Study

The research used both case study and survey approaches to assess how quality customer service can contribute toward the performance of some selected banks in the Kumasi Metropolis. Model formulation would be fashioned in a way that independent variables and their relationship with dependent variable can be captured.

The author relied upon secondary and primary data as a source of information for the research work. The secondary data sources were textbooks, journals, articles, banks annual reports, and websites. The rationale for use of secondary sources of data is that they are from reliable source which is trusted and also written by scholars who are authorities in this field. The primary data were obtained through the use of questionnaires. The questionnaire helped in soliciting the views of the various stakeholders involved in the research. Thus primary data provided the author with the views from the people who are involved in the research work. Bank officials and customers were the main focus of the researcher in gathering the relevant data from the field.

The research made use of non-probability sampling technique. The reasons for the choice of this sampling technique were for its convenience and economy. The specific non probability sampling method used was convenience sampling, a method by which researchers obtain a convenient sample by selecting whatever sampling units are conveniently available and relevant to the study.

The quantitative data that were collected through the survey were analysed through the use of SPSS and results presented in statistical tables and graphs. The tables and graphs were explained through narrative to give meaning to them.

1.6 Scope of the study

Geographically, the research was conducted in Kumasi Metropolis in some selected banks. These banks include: Barclays Bank Ghana Limited, Guaranty Trust bank, The Trust Bank, Zenith Bank and The Cal Bank who have track record of excellent service. One outlet each of the selected bank was contacted to obtain the necessary primary data to meet the objectives of the study.

Conceptually, the study assessed the relationship between excellent service and profitability of the selected banks. Efforts were also made to look at how superior service offered by the banks impact on cost reduction as well as their market share. Since organizational performance in recent times is measured by social responsibility, the study assessed how excellent service contributes to enhance the welfare of the customer.

The study reviewed literature on service quality as well as the background of the banking industry in Ghana.

1.8 Organisation of the Study

The study is organised into five main chapters with the first chapter being the introduction. The chapter covered areas such as the background of the study, the problem statement, the research questions, objective as well as the significance of the study. The scope was not left out since they are integral part of every research work.

The second chapter was purely desk study. Relevant literature of the study is captured in this chapter. The chapter highlighted the contributions of the various authorities in the field of service quality.

The third chapter focused on the methodology of the study with emphasis on the research approach, the data collection instrument as well as the data analysis.

The next chapter basically concentrated on the data presentation and analysis. The final chapter highlighted the findings and recommendation of the study as well as the conclusion.

1.9 Limitations of the Study

Since every research work has its own challenges, this particular one cannot be left as the author encountered a number of constraints in conducting the study. One of the major challenges has to do with obtaining the needed information for the research. Most of the organization the field officers contacted had it tough to obtain classified information. Through the negotiating abilities of the author the institution agreed to offer the needed assistance.

Funding was a major issue the researcher battled with in conducting the survey. Since the study was not sponsored by any institution the author was challenged with raising the needed funds for the study. Notwithstanding this challenge the researcher raised the needed funds through his personal savings.

Time was also a major resource that the author was constraint with. Since the researcher is a full time banker, he had it difficult getting time to visit the selected institutions. With the support of the competent field officers he recruited the essential data was obtained from all the major stakeholders.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter contains the theoretical framework for the study. Critical analysis is made of previous and current scholarly explorations on the topic under investigation. Issues relating to the concept of service, the concept of service quality its measurement or dimensions as well as the implications of service quality are critically reviewed.

2.1 The Concept of Services

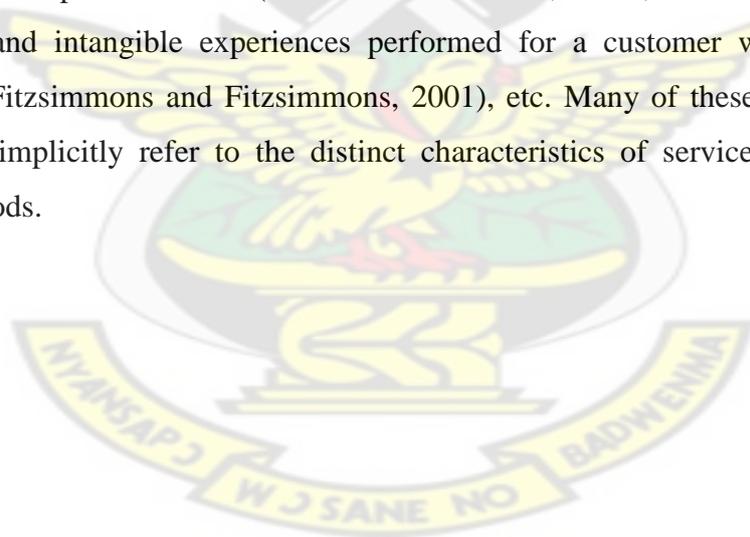
Different scholars have made a lot of invaluable contribution relating to service and service quality. Mention can be made of the works of Dye and Groth (1999) cited in Johns (1990), said the word 'service' is widely used to denote an industrial sector that "do(es) things for you. "They don't make things" (Silvestro and Johnson, 1990) cited in Osman (2007), a meaning which was used by economist to classify economic activities. According Johns (1990), service denotes organizations that meet needs of society such as health service and civil service.

Other scholars have defined the service concept in many different ways. Most often, activities, deeds, processes and interactions are used when defining the concept of service (Solomon et al, 1985; Lovelock, 1991; Zeithaml and Bitner 2003; Vargo and Lusch, 2004), cited in Edvardsson, (2005). According to Lovelock (1999), cited in Edvardsson (2005), service is defined as "a process or performance rather than a thing". This is supported by definitions attributed to Gronroos (2000) and cited by Edvardsson (2005) that most definitions of service focus on the customer, and on the fact that services are provided as solutions to customer problems. In this respect services are frequently describe as "intangible" and their output is varied as an activity rather than a tangible product; a distinction that results in confusion, because much service output has a substantial tangible component (Johns, 1990). Restaurants for example serve food and drinks, retail activities are often classified in terms of the (tangible) of the goods supplied and even haircut is a tangible activity. On the other hand, many products have intangible attributes. The question of whether services are different from manufacture

goods might better ask what proportion of service component a given offering contains (Johns, 1990).

However, Gummesson (1994), cited in Johns (1990) clarifies the confusion by stating that customers do not buy goods or service in the traditional sense. Rather they purchase an offering and value which may comprise of many components, some of which are activities (services) and other being things (goods). In sum, services refer to intangible benefits or acts that people receive.

Although services contribute almost 80% to the world's economy, consensus on the definition of "service" is yet to be reached. *"Despite more than 25 years of study, scholars in the field of service management do not agree on what a service is. Indeed, instead of coming closer to a definition they seem to be less certain"* (Haywood-Services have been defined as intangible and perishable goods, produced and consumed simultaneously (Sasser et al., 1978), activities or series of activities of more or less intangible nature provided as solutions to the customer's problems (Grönroos,1990), processes, and performances (Zeithaml and Bitner, 1996; Grönroos, 2000), time-perishable and intangible experiences performed for a customer who acts as a co-producer, (Fitzsimmons and Fitzsimmons, 2001), etc. Many of these definitions either directly or implicitly refer to the distinct characteristics of services as compared to physical goods.



Differences between Services and Physical Goods

Physical Goods	Services
Tangible	Intangible
Homogeneous	Heterogeneous
Production and distribution separated from consumption	Production, distribution and consumption simultaneous process
A thing	An activity or process
Core value produced in factory	Core value produced in buyer-seller interactions
Customers do not (normally) participate in production	Customers often participate in production
Can be kept in stock	Cannot be kept in stock
Transfer of ownership	No transfer of ownership

Source: Grönroos, 2000

2.1.2 Characteristics of Services

In spite of the assertion that the traditional distinction between service and goods is long outdated (Johns, 1990), service exhibits certain characteristics that set them apart from goods.

Literature has long recognise that services have distinctive qualities or features (Svensson 2006; Sohal and Wong, 2002) According to Wong and Sohal (2002), services exhibit four unique attributes which are intangibility (Bateson, 1977); inseparability (Carman and Langeard 1980); perishability (Grönroos, 1990b) and heterogeneity (Booms and Bitner, 1981).

The most important characteristic of services is that they are “*processes consisting of a series of activities where a number of different types of resources are used, often in direct interactions with the customer, so that a solution is found to the customer’s problem*” (Grönroos, 2000). Most other characteristics are consequences of the process nature of services (Grönroos, 2001). While tangible goods are first manufactured and then stored, transported, sold and used, most services are first sold and then simultaneously produced and consumed. While customers of tangible goods rarely visit a manufacturing plant,

most services require the physical presence of customers to be simultaneously produced and consumed (Berry, 1999). Because of the **inseparability** of production and consumption, services cannot be subject to a predetermined quality control process or marketed in the traditional way (Grönroos, 2000). As services are very often produced during an encounter between humans, service employees and service customers

(Drew-Rosen et al., 2003), services are bound to be **heterogeneous** to the extent that the performance of humans varies. Services are bound to be heterogeneous even when they are not provided through service employees but through automated machines, such as ATMs. Different customers may have varying attitudes towards automated service machines or even different capabilities in handling them.

The essence of service, however, is **intangibility** (Zeithaml et al., 1990) despite some services including certain tangible elements. Because of intangibility services are perceived by customers in subjective and highly abstract ways (Grönroos, 2000).

Czepiel (1999), agrees with Bateson (1997), by referring to the “double intangibility” of service as the most important issue in service management, indicating that intangibility and inseparability present managers with a complex task in satisfying customers under the constrain of economic efficiency and competitive advantage. This is supported by Kandamully (1997), cited in Chow-Chua and Luk (2005) and Edvardsson et al., (2005).

Apte and Martin (1994) had the view that a feature that distinguishes services from manufacturing is co-production, which means that in general, both employees and customers play roles in jointly creating services. Carman and Langeard (1980), cited in Osman(2007) supports their assertion that service production, distribution and consumption are simultaneous processes.

Zeithaml et al (1985) postulate that the unique characteristics provided by services has various implications for managers. Heterogeneity poses the challenges that ensuring consistent quality is daunting. Quality actually depends on many factors that cannot be fully controlled by the service provider. Inseparability makes the customer’s involvement in the production of service very critical.

2.2 Financial Sector Structural Adjustment program and its Impact on bank Services

Ghana can be located in West Africa with a population of about 24 million. In an effort to ensure systematic development of the banking system, the Central Bank (Bank of Ghana), as part of its traditional functions has the responsibility of ensuring that banking is responsive to the needs of the customer. The Central Bank pursues a liberal policy with respect to entry into the banking system, and is actively involved in the promotion of development and rural banking as well as in the establishment of discount houses. The financial system is based on a number of commercial and non-bank institutions (Owusu-Frimpong, 1999).

In 1988 the Central Bank embarked on a number of Financial Sector Structural Adjustment Programme (FINSSAP) to improve the performance of the financial sector. The programme has contributed immensely in the revival of the sector by enhancing the soundness of banks, improving the regulatory framework and restructuring financial diffusion distress banks through the diffusion of new capital and management expertise. Other factors include the abolishing of fixed exchange rate system and the introduction of “forex bureau” which operates in foreign currencies.

According to bank experts, the reform has been very useful since it has resulted in investors, local and foreign, now eager to establish banks in the country. In 1990, the Ghana Stock Exchange was opened for business, primarily as a means of converting the nation’s savings into long term capital for industry. Since then, the commercial and specialist banks have, over the last several years inject modern technology and business practices into their operations (Ghana Review International, 1999) cited in Owusu-Frimpong (1999). In addition to this, the Central Bank has created many rural banks designed to serve farmers.

According to Owusu-Frimpong (1999), prior to the 1990s, because banks were operating in a non-competitive highly regulated environment, banks did not pay much attention to customer service issues. They consider cash security as their primary service and view their mission as expanding into all corners of Ghana. They targeted the mass market for

deposits with basically undifferentiated customer service. Of the banks surveyed only Barclays and Standard Chartered Banks had Automated Teller Machines (ATM).

The survival of banks in this country lies in identifying customer needs and developing new ways of doing business (Owusu-Frimpong 1999); more so in this era of competition, when consumer evaluation of quality service is critical for success.

2.3 Definition of Quality

The term quality comes from the physical goods literature. To most people quality is associated to tangible items but not always to services. Defining quality has always been challenging. Even the quality “gurus”, W. E. Deming and J.M. Juran, struggled to find the exact words to put in a definition of quality. Juran offers two definitions of quality (Juran and Godfrey, 1998): *"Quality means those features of products which meet customer needs and thereby provide customer satisfaction"* and *"Quality means freedom from deficiencies-freedom from errors that require doing work over again (rework) or that result in field failures, customer dissatisfaction, customer claims and so on"*. Deming (1986), on the other hand, goes around a definition of quality, explaining that quality means different things to different people, depending on the situation. Finally, he suggests that the customer's definition of quality is the only one that matters. Quality is also defined as *"conformance to requirements"* (Crosby, 1979) or as *"... a customer's determination"* (Feigenbaum, 1983). Garvin (1984) defined quality as a function of eight dimensions: performance, features, reliability, conformance, durability, serviceability, aesthetics and perceived quality.

The American Society for Quality (<http://www.asq.org/>), in line with Feigenbaum (1983), defines quality as *"a subjective term for which each person has his or her own definition"* adding that in technical usage, quality can have two meanings, i.e. *"the characteristics of a product or service that bear on its ability to satisfy stated or implied needs"* or *"a product or service free of deficiencies"*. International standard ISO 8402(1994) defines quality as *"the totality of characteristics of an entity (product, service, process, activity, system, organization, person) that bear on its ability to satisfy stated and implied needs"*.

Service providers, such as financial service organizations, hospitals, educational institutions etc. define quality in their own terms. Their mission is more difficult because they have to redefine terms like "*customer*", "*supplier*" and "*defect*", the definitions of which in a service context differ dramatically from the traditional manufacturing-based definitions.

Abby (1993) define quality in terms of five generic categorization and demonstrated their relevance to the service organization. According to him quality is define in terms of the following:

(1) *Transcendent*. Here "quality" is defined as innate excellence. The product or service will have unequalled properties. Under this definition much of Plato's philosophical analysis of beauty is transferable to the subject of quality. However, this definition of quality has little practical application because prior identification of determinants of quality is not possible. Implicit in this definition of "quality" is the relationship between individual silence and the perceived quality. The presence of this relationship has important implications for "goods" and "service" quality.

(2) *Product led*. Here "quality" is defined as the units of goodness packed into a product or service. Thus, a "quality" service will contain more units of goodness than a lower "quality" service. This definition relies on the quantification of the service's units of goodness or tangible attributes. In practice, however, it is not easy to clearly identify services' attributes, let alone quantify them. In addition, "goodness" is not absolute but relative to a particular circumstance. For example, customers may judge a theme park's production to be of higher quality than a Covent Garden production. This situation arises despite the fact that a Covent Garden production will invariably possess more units of "goodness". The question is why some people will rate the quality of a theme park's production higher? The higher "service quality" perceived in the theme park is attained by closely meeting customers' demands and expectations. Interestingly, many people perceive that "quality" is somehow synonymous with "attributes".

(3) *Process or supply led*. In this approach, "quality" is defined as "conformance to requirements". The definitions of quality proposed by Crosby (1980) and Taguchi (1986) fall within this category. These definitions lay emphasis on the importance of the management and control of supply-side quality. The focus is internal rather than

external. Such a definition is useful for organizations which perceive their problems as lying within the transformation or engineering process. Alternatively, this definition might be useful in organizations producing either standard products or services, or where the output can be classified as a commodity. Organizations offering a “standard service” involving “low or short customer contact”, such as “refuse collection”, “postal service”, “home deliveries”, “public transport”, “financial services” and “fast food chains”, may find this definition useful. This is partly because of the important role of process in determining the quality of the outcome. Interestingly this is the main area addressed by the “Citizen’s Charter”, irrespective of the nature of the service.

(4) *Customer led*. Here the focus is external. “Quality” is defined as “satisfying customer’s requirements” or “fitness for purpose”. The definitions of quality put forward by Deming (1986), Juran *et al.*(1974), Feigenbaum(1986) and Ishikawa(1985) fall within this category. This approach relies on the ability of the organization to determine customers’ requirements and then meet these requirements. A “customer-led” definition implicitly encompasses the “supply-led” approach. This is because customers’ requirements are built into the service at the design stage, but it is at the transformation stage that the degree of conformance is determined. The “customer-led” definition is probably most appropriate for organizations offering “high-contact”, “skill-knowledge based”, or “labour-intensive” services such as, health care, law, accountancy, hairdressing, education, consultancy, leisure, and hotels.

(5) *Value led*. “Quality”, here, is defined either as the “cost to the producer and price to the customer” or as “meeting the customer’s requirements in terms of quality, price, and availability”. The focus again is external. The approach implies that there is a trade-off between “quality”, “price”, and “availability”. The purchaser evaluates “quality”, “price” and “availability” within the same decision algorithm. Implicit in this approach is the importance of clear market segmentation and greater focus in the provision of service. Grocock’s (1986) definition of “quality” is a good example of a “value-led” definition. This definition of “quality” can be adopted by most service organizations.

A “service”, as discussed previously, is intangible. Thus, the purchaser cannot judge its “quality” or “value” prior to purchase and consumption. Meister (1990) argued that in a

service setting, customers judge quality by comparing their perceptions of what they receive with their expectations of what they should receive. Both expectations and perceptions are experiential sensations rather than necessarily being real. Thus, in the service context, it is necessary to substitute “expectations” for “requirements” or “purposes”.

Most of the service quality definitions fall within the “customer-led” category. For example, Lewis (1989), Moore (1987) and Creedon (1988) define quality as “consistently meeting or exceeding customer’s expectations”.

2.4 Meaning of Service Quality

As a result of the characteristics of services, the principles and practices of product quality control cannot be used for assessing service quality. Service intangibility implies that the criteria for a flawless service are not only less specific than the criteria for a defect-free tangible good (Berry and Parasuraman, 1991) but also exceptionally composite and not easily identifiable. From the marketer’s perspective, service quality can be viewed as the level of service attributes needed to make the service acceptable and profitable in the market place, thus, satisfying the marketers’ needs for profitability and economic success. On the other hand customers view service quality as equivalent to the level of service attributes required to satisfy their own needs and requirements. In this respect marketers try to define service quality in advance while customers make during and after use evaluations.

Customers perceive service quality in a subjective (sometimes irrational and sentimental), way and in clearly human terms (Lewis, 1993) and, because of service intangibility and impermanence, by referring to their general experience and/or memories (George and Hazlett, 1997). One thing is clear, unlike products the quality of services is evaluated by customers not only by the service outcome (core service) but also by the production and delivery process as well as by the “*peripherals*” related to the service (Zeithaml et al., 1990; Zeithaml and Parasuraman, 2004). To assess the quality of services, and form an impression about the relative inferiority/ superiority of a service provider and its services (Bitner and Hubert, 1994), customers compare the level of the service delivered to them with their own personal expectations, shaped by past experience (Grönroos, 1982, 1984; Lehtinen and Lehtinen, 1982; Lewis and Booms,

1983). The result of this comparison is defined as **perceived service quality** (Grönroos, 1982, 1984; Takeuchi and Quelch, 1983; Parasuraman et al., 1985, 1988). Perceived service quality has been defined as the customer's global attitude or judgment "*related but not equivalent to satisfaction*" of the overall excellence or superiority of a service (Parasuraman et al., 1988).

What counts in services is the conformance to the wishes of customers rather than to any predetermined set of specifications (Berry et al., 1988). As Lewis and Booms (1983) put it "*service quality is a measure of how well the service level delivered matches customer expectations. Delivering quality service means conforming to customer expectations on a consistent basis*". This means that, in the final analysis, customers are the exclusive judges of service quality no matter what the marketer thinks.

If customers disagree with the marketer's perspective then the service is problematic (Berry and Parasuraman, 1991). "*There is no other fact or reality about service quality but what customers perceive about a service*" (Lewis, 1993).

Yang (2003) acknowledges that to understand the performance of service quality, firms must first examine whether the service provided will meet the customer requirement and expectation. Firms are therefore advised to focus on the following issues:

- Knowing customer's requirement, especially those quality attributes considered to be important by customers (Deming, 1986).
- Fulfilling customer requirement on quality attributes as much as possible, especially, those that are considered important by the customer (Yang, 2003)
- Investigating whether the service provided is satisfactory to the customer or not and
- Taking appropriate corrective action in case poor service quality is rendered.

Walker et al, (2006), however argue that there is a clear distinction between quality subjectively perceived and objective quality that is embedded in what is offered and can be shown to be comparatively superior with reference to some ideal standard (cited Crosby, 1979; Cury and Faulds, 1986; Garvin, 1988 ; Day, 1990 and Brown, 1999). They explain further that quality may be said to have both intrinsic and extrinsic attributes. This view reflected, to some extent in the work of those who have argued that

quality perceived by a customer has two dimensions: technical (the received outcome) and functional (how the service has been delivered) (Gronroos, 1982, Lehtinen, 1982 and 1991; Rust and Oliver, 1994, Brandy and Gronin, 2001). However, there is as yet no general agreement on this and the intrinsic grounds of both technical and functional quality remains to be established.

DU Kang (2006) disagrees with the definition of the service quality on the basis of the perception of the customer with the reason that it differs from that of objective quality, which involves an objective assessment of a thing or event. According to him, perceived quality is a form of “attitude”, resulting from a comparison of expectation with perception of performance.

A more recent definition of service quality was the one provided by Gronroos (2001) and cited in Pathis et al (2004) as a mixture of three elements: the quality of the consumption process itself; the quality of the outcome of the process; and the image of the service provider. This is in line with that of other proponents like Svensson (2003).

2.5 Service Quality in the Banking Sector

Hinson et al (2006), conceptualize bank service quality as having three sub-components. In respect of the components in the service quality model, they conceptualize bank service quality as having three sub-components. In respect of the components which emphasize human contact and the human interface in the delivery of service, Coskun and Frohlich (1992) have long argued that customers are demanding more humanized banking. In an era of branchless banking; online banking and several digital technologies, it is easy to overlook the importance of customer contact in the retailing of banking services. This phenomenon could be dangerous from a retail banking standpoint since the human face; and more importantly customer service, is seen as an important factor if a retail bank is to achieve competitive advantage.(Wong and Perry, 1991; Kelly, 1990; Javalgi, 1992) There are multiplicity of titles that characterize customer contact personnel in Ghana's banking sector and these range from tellers, personal financial consultants, administrative assistants; customer care representatives, relationship managers, account managers to personal bankers. These categories of personnel are critical in the delivery of bank customer service (Thompson 1989; Hinson and Hammond 2006; File and Prince 1992; and Burton 1991).

In respect of knowledge, it is fair to postulate that more knowledgeable banks/service providers might resonate better with elite customers who would be inquisitive, have a greater capacity to compare banks because of the access to internet facilities. Customers might also require extensive education about bank product/service offerings and might also require knowledge pertaining to key competitor profiles and why a particular bank's product and service offerings constitute the most superior value for their fairly limited financial resources. They might also require knowledge about capital market investment options (e.g. shares listed on the Ghana Stock Exchange) and money market investment instruments as well (e.g. treasury bills and rates). Bankers with superior knowledge postures could also develop effective customer feedback systems and feedback knowledge accrued from such mechanism into improving their service delivery propositions.

It is also worthy of note that effective customer-specific knowledge is critical in customer value chain creation in professional service organizations (Natti et al, 2006). Natti et al (2006) also note that "without customer specific knowledge, a professional service organization is incapable of building the right service offering; maintaining pro-activity and innovativeness; or developing customer relationships on a long-term basis. There is evidence in service management literature linking knowledge management to superior performance (Marr et al, 2004) and further scholarly work stressing the importance of knowledge and information management in a globalized environment (Davenport and Probst, 2001) such as we now have in Ghana's banking sector.

Technology as an enabler of the delivery of superior banking services is well documented in the marketing literature. Pyun et al (2002) for example, note that banks have moved quickly to invest in technology as a way of controlling costs, attracting customers and meeting the convenience and technical expectations of their existing customers. Joseph and Stone (2003) also note that the installment of customer friendly technology (such as menu-driven automated teller machines, telephone and internet banking services has become commonplace in recent years as a way of maintaining customer loyalty and increasing market share. They also note that when a customer freely chooses to use technology as a form of service delivery, the impact on that customer is high in terms of the firm's quality attributes like efficiency and speed.

Dannenburg and Kellner (1998) also believe that the appropriate application of cutting edge technology in the banking industry can lead to a momentous competitive advantage for banks. It would seem that both from the standpoint of the service provider and the customer, technology affords key service benefits; with direct contact with technology actually giving customers a feeling of greater control (Dabholkar, 1996).

Joseph and Stone (2003) in apparent support of the application of technology in the banking sector, argue that as long as the exchange from one of delivery service (human interaction) to another (technology) does not adversely impact the relationship building function played by bank employees, or result in significant deterioration in the quality of service delivered; then technology should be increasingly adopted; especially in offering customers self service options. Curry and Penman (2004) argue that technological development in the U.K. banking sector has led to the depersonalization of the service delivery process and the "human factor" between the banker and customer at the local level can thus be lost. They however admit that improved service provision, with the right mix of human input and technology will retain customers in the long term. This position espoused by Curry and Penman (2004) captures the spirit of the service quality model conceptualized for this study; a focus on customer service, bank knowledge and bank technology.

According to Teixeira and ziskin (1992), cited in zaid (1995), in banking, quality means not just meeting but exceeding customer expectations, requiring banks to use technology to best advantage to improve customer service quality. A link has been established between high quality service and the potential to increase customer satisfaction and improve financial performance (Bennet, 1992; Roth and Van der velde 1991b), cited in Zaid (1995). For this reason service quality, is viewed as a critical issue in the banking industry. Bank customer's perceptions of quality have changed over the years. Today quality includes a commitment to continuous improvement and service relationship with customers measured in terms of customer satisfaction (American Quality Foundation). The need for technology to support superior quality service is viewed as very important (Zaid, 1995). In this respect any activity or relationship that results in customer satisfaction translates into quality.

2.6 Measuring Service Quality

According to Lewis (1993) cited in Yang (2003), many different methods of measuring service quality have been developed; some more complex than others. Some consider quality from the customer perspective, where as others take a management perspective.

Abby (1993) postulate that “quality” in a service organization is a measure of the extent to which the service delivered meets the customer’s expectations. The nature of most services is such that the customer is present in the delivery process. This means that the perception of quality is influenced not only by the “service outcome” but also by the “service process”. The “perceived quality” lies along a continuum. “Unacceptable quality” lies at one end of this continuum, while “ideal quality” lies at the other end. The point in between represent different gradations of quality.

One such point is the “satisfactory quality”. The perceived quality can be represented as follows:

$$\begin{array}{ccccccc} \text{Prior Customer} & + & \text{Actual Process} & + & \text{Actual Outcome} & = & \text{Perceived} \\ \text{Expectations} & & \text{Quality} & & \text{Quality} & & \text{Quality} \\ \text{PCE} & + & \text{APQ} & + & \text{AOQ} & = & \text{PQ} \end{array}$$

This paradigm implies that “prior expectations” are compared with the actual “service delivery process” and the “service outcome” and that, it is through this comparison that the “perceived quality” is fashioned.

“Prior customer expectation” is the *a priori* image of what will be received when the consumer purchases a service. Several factors influence the “*a priori* image”. These include: personal needs; past experience; word of mouth; market communications; image; and price. Thus, the provider of service can be proactive in shaping the “customer’s expectations” through its marketing and external communication efforts.

“Actual quality” is the real level of “service quality” provided. This is determined and controlled by the “service provider”. It is possible to quantify and set standards for some, if not all, of the “service quality” characteristics. (The determinants of “service quality” are discussed in the next section.) It is, however, imperative to note that the “quality” of

a service is determined by the “customer’s perception” and not by the perceptions of the providers of the service. Thus, it is crucial that customer requirements are determined, and service “delivery” and “outcome” designed, to meet these requirements.

“Perceived quality” is the customer’s feel for the “quality” of the service. It determines the extent of the customer’s satisfaction. The three key possible “quality” outcomes are:

- (1) satisfactory quality, where customer’s expectations (CE) are exactly met: that is to say, $PCE = PQ$;
- (2) ideal quality, where perceived quality is higher than customer’s expectations: that is to say, $PQ > PCE$;
- (3) unacceptable quality, where perceived quality is lower than customer’s expectations: that is to say, $PQ < PCE$.

The provider of the service should ensure that either condition (1) or condition (2) is attained each time the service is delivered. It is not practical to focus on the points that may lie in between these three landmarks on the quality continuum. The service provider is more likely to reach conditions (1) and (2) if they have a clear understanding of the customer’s expected quality. Moreover, to be competitive it is necessary to set marginally higher levels of “satisfactory” and “ideal” quality than those of competitors.

2.7 Instruments for Measuring Service Quality

There are a number of models used in measuring service quality in service organizations. The most widely used ones are SERVQUAL and SERVPERF. SERVQUAL which was developed by Parasuraman is a well organized model that has been used by many scholars and practitioners in measuring service quality in the banking sector. The model is well explained in the next sub-title

2.7.1 Servqual

Servqual, developed by Parasuraman et al., (1988) is a well organized model that has been widely used by scholars and practitioners in measuring service quality (Hemmasi et al., 1994), cited in Yang (2003). Servqual is based on the “gap model” of service quality

which defines service quality as a function of the gap between customer expectation of service and their perception of the actual service delivered. But according to Smith, (1995), cited in Yang (2003) because servequal uses complicated questionnaire to measure perceived service quality, it is used by scholars more frequently than business practitioners,

The model was originally developed for application within the financial service sector but it has been developed to measure those components of service that generate satisfaction in other sector such as the telecommunications, healthcare and hospitality (Yang, 2003). Servqual therefore assumes that service quality is critically determined by the disparity between the expectations and perceptions of the customer, and service quality actually delivered (Yang, 2003).

In 1988, Parasuraman et al., redefined the model from ten criteria propounded to five dimensions. These refined criteria or dimensions are tangibles, reliability, responsiveness, assurance and empathy. Tangibles are concerned with the appearance of physical facilities, equipment, personnel and communication materials. Reliability is concerned with the ability to perform the promised service dependably and accurately. Responsiveness has to do with the willingness to help customers and provide prompt service and assurance looks at the competence of the system and its credibility in providing a courteous and secured service. Empathy, lastly, relates to the approachability, ease of access and effort taken to understand customer needs. This is supported by Kang (2005), who postulate that conceptually, the construct of Servqual address respectively, performance standards, expertise and physical element of the facility, employees' willingness to assist in a timely manner with their knowledge and sensitivity.

However, Asubonteng et al., (1996) and Buttle (1996), while agreeing that the Servqual instrument has been widely used, it has been subject to criticisms. Some criticisms include the use of different scores, dimensionally, applicability and lack of validity of the model, especially with respect to the dependence or independence of the five main variables (Babakus and Boller; 1992 Carman, 1990; and Cronin and Taylor, 1992) cited in Kang et al., (2004). Gronroos (1990) and Mangold and Babakus (1991) cited in Kang

et al (2004) have noted that Servqual focuses on the service delivery process and does not address the service encounter outcomes. While Parasuraman et al., (1985) construct of service quality initially suggested that service quality consist functional (process) and technical (outcome) dimensions, the Servqual instrument does not include any measure of the technical quality dimension. Essentially, technical quality has been neglected has been neglected in efforts to study and measure service quality.

In addition Svensson (2003) supported the assertion that much as the Servqual instrument has a wider appeal, it does not usually provide a method of managerial measurement and evaluation of the interactive service quality in service encounter. At best it proposes abstract measurement and evaluations. Therefore, the outcome of the existing service quality models are based upon the interpretations of one of the involve actors in a service encounter, without considering the service providers perspective.

Imrie et al., (2002) concluded that Servqual model does not adequately capture the full range of dimensions used by consumers to evaluate the quality of a service, particularly on a global arena. According to authors, the Servqual model was developed within a North American context and therefore may not be adequately applied in other cultures. In a study conducted by Imrie et al., (2002), they explained that culture endows consumers with unique roles to guide service quality evaluation. Their findings revealed the inclusion of three relational concepts in service quality evaluation. These are sincerity, generosity and politeness which were not captured by the Servqual.

Furthermore, Min and Min (1996, 1997) cited Chow and Luk (2005) assert that Serqual focuses on measuring internal service quality without considering the strategies of competitors. In response to this, John and tyas (1996) cited in Chow and Luk (2005), have extended the use of Servqual to include competitors.

Although literature shows that Servqual model fits only in the banking industries (Cronin and Taylor, 1992), cited in Dedeker (2003), Bahia and Nantel cited in Spathis et al ., (2004) found it inadequate and therefore develop a specific new scale for perceived service quality in retail banking call Bank Service Quality (BSQ) model. The BSQ model was an extension of the original ten dimensions of Parasuraman et al., (1985). In addition, Bahia and Nantel (2000) incorporated additional items of courtesy and access

as proposed by Carman (1990) and items representing the market mix of the 7ps from Boom and Bitner's (1981) framework. After purification, the BSQ had 31 items of the service quality relevant to the banking sector these items were distributed across six dimensions: effectiveness and assurance, access, price, tangibles, service portfolio and reliability. However, as a result of the widespread use and relevance Servqual is the main measurement instrument of service quality measurement in the banking sector. Effectiveness and assurance represent the friendliness and courtesy of employees and personalised attention to inspire confidence. Access signifies the speed with which the service is delivered. Price measures the cost of service delivery. Tangible assessed the appearance and cleanliness of bank's physical facilities. Service portfolio assessed the range, consistency and innovation of bank's product. Reliability measures the ability to perform the promised service accurately and without error. But Wang et al., (2003) still maintain that there is no standard scale to measure perceived quality in the banking sector (cited in Araslib et al., 2005).

Besides Servqual other commonly used techniques for measuring service quality include customer service audits, , critical incident technique and sequential incident technique (Takeuchie and Quelch, 1993; Zaid, 1995). Zaid (1995) also proposed in-flight surveys, market studies, complaint and compliment monitoring, positioning research and employee research as some of the the ways of measuring quality in the airline industry.

According to Yang (2003), other industries measure service quality using customer surveys (Babbar, 1992), customer interviews (Vichas, 1982), internal audits, customer value workshops (Bennington and Cummane, 1998; Rao et al., 1996), integrated model for measuring service quality (Gronroos, 1982; Parasuraman et al 1985; Babbar, 1992; Ferguson and Zawacki, 1993; Headley and Choi, 1992), key customer interview, panel discussion, for front-line service personnel and identification of important quality attributes.

Despite the concerns over the validity of the Servqual instrument, Buttle (1996) argues that it is still a useful tool for measuring service quality and still the most widely used and probably the best available. It has also been argue that the use of gap score to measure service quality is more appropriate due to the fact that service quality is a

multidimensional concept. It can also give an indication of the relative importance of the service quality dimensions, which influence customer' overall quality perceptions, thus, probity areas are brought to the attention of management (Yavos et al; 1997; Augur et al., 1999), cited in Arasli et al., (2005).

2.8 Benefits of Service Quality to Service Firm

Service quality has a lot of inherent benefits to companies. (Arasli et al., 2005). The authors asserted that service quality allows the company to differentiate itself from competitors by increased sales and market shares providing opportunities for cross-selling, improving customer relations and thus, enhancing the corporate image. It results in customer satisfaction and retention and thus reducing attrition rate. With reference to Lewis et al., (1991), Newman (2001) and Caruana (2002), Arasli et al., (2005) maintained that customers are attracted through positive word of mouth.

Research evidence exist to support the view that service quality has been linked with customer satisfaction within the banking industry (Avkira, 1994; Le Blanc and Nguyen, 1988; Blanchard and Galloway, 1994) cited in Arasli et al., (2005). Banks recognise that delivering quality service to customers is essential for the success and survival in today's global and competitive environment (Bisignano, 1992; Lewis and Pescetto, 1996; Wang et al.,2003), cited in Arasli et al (2005).

Parasuraman (2002) proposed that a synergistic effect can be realized from service quality and productivity. His view does not simply state that service quality can automatically lead to increase productivity. He, however, concluded that an organization can benefit from a synergy of the two.

Newman and Payne, (1996) cited in Herstein and Gamliel (2006), maintained that improved service quality endows companies with social and commercial significance. This they said can enhance their business interests. Oliver (1980), Bolton and Drew (1981), Stahl and Bounds (1991), Fitzsimmons (1994), Zeithaml and Bitner (1996), asserted that apart from providing a relative advantage to a service company, service quality is widely acknowledge to also ensure greater customer satisfaction. Zeithaml et

al., (1990) argue that high-quality service contribute to company's profit, cuts cost and encourages word-of-mouth to potential customers.

There is a continuing debate however, on whether service quality leads to service loyalty. The relationship between service quality and customer preference loyalty has been examined, among others by Boulding et al., (1993) and Cronin and Taylor (1992). Cronin and Taylor focused solely on the repurchase intentions, whereas Boulding et al., (1993) focused on the elements of repurchase and willingness to recommend. A study conducted by Cronin and Taylor (1992), indicate that service quality does not have a significant effect on repurchase intentions (in contrast to the significant positive relation between satisfaction and repurchase intention), while Bouding et al., (1993), found positive relationships between service quality and repurchase intentions and willingness to recommend. Similarly, Dabholkar and Thorpe (1994) reported that customer satisfactions with a stall had a positive influence on intention to recommend the shop to others (cited in Ruyter et al; 1998), while a study by Ruyter et al., (1998) found service quality and preference loyalty and price indifference loyalty to be positively related.

2.9 Measuring and Assessing Performance

According to the Baldrige Criteria (1997) cited in Abu (2009) a major consideration in performance improvement involves the creation and use of performance measures or indicators. It further explains performance measures or indicators as measurable characteristics of products, services, processes, and operations the company uses to track and improve performance. It gave the criteria for selecting the measures or indicators as being the ones that best represent the factors that will lead to improved customer, operational, and financial performance. A comprehensive set of measures or indicators tied to customer and/or company performance requirements therefore represents a clear basis for aligning all activities with the company's goals.

Traditionally, performance measurement of businesses has usually been through the use of mainly financial indicators. But financial measures such as returns on investment and earnings per share are historical in nature and therefore have little predictive value to management of an organization. This therefore becomes insufficient for decision making regarding the future performance of the organization.

The goal of making measurements is to permit managers and other external actors to see a company more clearly - from many perspectives - and hence to make wiser and long-term decisions. The Baldrige Criteria (1997) cited in Abu (2009); booklet reiterates this concept of fact-based management as follows:

“Modern businesses depend upon measurement and analysis of performance. Measurements must derive from the company's strategy and provide critical data and information about key processes, outputs and results. Data and information needed for performance measurement and improvement are of many types, including: customer, product and service performance, operations, market, competitive comparisons, supplier, employee-related, and cost and financial. Analysis entails using data to determine trends, projections, and cause and effect - that might not be evident without analysis.”

One model that can be used to assess and manage corporate performance is the Performance Management Model (PMM). It incorporates economic, financial and operational performance indicators that are applicable at all levels of the organization. The above indicators are measured and evaluated in order to obtain a complete critical analysis of a business's overall performance. According to Malina & Selto (2003, 2004 and 2005), PMMs with valid cause-and-effect relations between indicators are more important to organizations since they integrate into organizational objectives.

One of the key performance indicators of service organisations is the number of new customers recruited. A very intangible but critical driving force that underpins the attraction and retention of customers is the application of quality customer service.

2.10 Key Performance Indicator

According to Wikipedia encyclopedia a Performance Indicator or Key Performance Indicator (KPI) is an industry jargon term for a type of [Measure of Performance](#). KPIs are commonly used by an organization to evaluate its success or the success of a particular activity in which it is engaged. Sometimes success is defined in terms of making progress toward strategic goals, but often, success is simply the repeated achievement of some level of operational goal (zero defects, 10/10 customer satisfaction etc.). Accordingly, choosing the right KPIs is reliant upon having a good understanding of what is important to the organization. 'What is important' often depends on the department measuring the

performance - the KPIs useful to a Finance Team will be quite different to the KPIs assigned to the sales force, for example. Because of the need to develop a good understanding of what is important, performance indicator selection is often closely associated with the use of various techniques to assess the present state of the business, and its key activities. These assessments often lead to the identification of potential improvements; and as a consequence, performance indicators are routinely associated with 'performance improvement' initiatives. A very common method for choosing KPIs is to apply a management framework such as the Balance Scorecard (Wikipedia encyclopedia)

2.10.1 Key Performance Indicators for Marketing or Service Organisations

Wikipedia encyclopaedia identify among the following as the key performance indicators for a marketing or service organization:

1. New [customers](#) acquired
2. Demographic analysis of individuals (potential customers) applying to become customers, and the levels of approval, rejections, and pending numbers.
3. Status of existing customers
4. [Customer attrition](#)
5. [Turnover](#) (ie, Revenue) generated by segments of the customer population.
6. Outstanding balances held by segments of customers and terms of payment.
7. Collection of bad debts within customer relationships.
8. Profitability of customers by demographic segments and segmentation of customers by profitability (Wikipedia encyclopedia).

2.11 Drivers of Performance of Bank Branches

It is a widely held belief—originating in the days of the PIMS (Project Impact of Market Strategies) study—that quality is a key driver of profit performance. For example, Schoeffler, Buzzel, and Heany (1974) measured a positive effect of product quality on the return on investment for 57 corporations with 620 diverse business units. Today the focus has been on customer perceived quality, especially when dealing with service operations.

The Bank Administration Institute project (Roth and van der Velde 1991) proclaimed customer-perceived quality as the driver of retail banking in the 1990s. The service-profit chain of Heskett et al. (1994) clarifies the role of quality, and its inter-relationships with operational aspects of a service organization.

The arguments in Heskett et al. proceed as follows: (i) profit and growth are stimulated primarily by customer loyalty; (ii) loyalty is a direct result of customer satisfaction; (iii) satisfaction is largely influenced by the value of services provided to customers; (iv) value is created by satisfied, loyal and productive employees; (v) employee satisfaction results primarily from high-quality support services and policies that enable employees to deliver results to customers.

Customer satisfaction is an important driver for better organizational performance especially in the banking sector due to increased competition. Several studies measured the relationship between customer satisfaction and performance of the firm (Anderson et al., 1994; Al- Hawari and Warid, 2006). However, there is a severe shortage of literature that specifically measured the performance of banks with reference to service quality and customer satisfaction. It is found that there is a significant relationship between service quality and financial performance (Duncan and Elliot, 2002). So it is concluded that superior delivery of services results into superior profitability (Kotler, 2003).

Mukherjee et al. (2003) found a relationship between service quality and performance of banks. It is recommended that profit and loss sharing option is very attractive for the bank. It helps the bank to reduce risk and monitor costs (Ghannadian and Goswami, 2004), while it is found that customer satisfaction plays an intermediate role in the relationship between service quality and financial performance of the banks in Australia (Al- Hawari and Ward, 2006). However, understanding the changing needs and expectations of customers is an essential prerequisite for the financial sector (Joseph et al., 2005).

2.12 Customer Service Strategies used by Banks to Maximise Market Share

Traditionally, banks have grown through an aggressive strategy of acquiring direct competitors and taking over their branch networks. Today, that strategy is no longer sufficient, since it doesn't create organic growth for the financial institution. To build stronger customer loyalty, banks need improved customer knowledge to develop products and deliver services targeted at specific market segments; resulting in more directed marketing, sales and service tactics. Pat Russ (2006)

Customer loyalty that drives organic growth can only be built through a consistent customer experience. This means understanding each individual customer's needs and preferences. One of the largest challenges banks face is how to better understand their customers and provide personalized customer service. Pat Russ (2006)

Another strategy that retail banks use to maximize market share is through the use of contact centre to facilitate integrated and consistent interactions across all channels, offer an inviting "Customer Front Door", integrate self-service with agent assistance, handle calls more intelligently, initiate proactive contact, make more effective use of customer data and segmentation, use inbound marketing to reach customers outside the branch, leverage demographic profiling to establish customer intimacy, create a winning team effort with contact centre virtualisation and boost the productivity of agents through interaction blending. These strategic roles of the contact centre has the potential of enhancing customer experience, cross selling and up selling as well as agent productivity and satisfaction which can contribute to the bottom line.

Pat Russ(2006) posits that safeguarding customer information is a key strategy in building customer loyalty in retail banks. According Pat banks that have policies in place to ensure customer privacy and information security are likely to build public confidence and to attract and retain potential customers.

According to Pat Russ (2006), improving retention of existing customers can increase the market share of retail banks. Customer retention can be achieved by enhancing customer

satisfaction and loyalty, improving problem resolution, and creating the ability to identify and save “at-risk” customers. In fact, an “at-risk” customer actually represents a major opportunity for additional revenue – if handled correctly. However, the greatest danger for banks is either not identifying “at risk” customers or not having the capabilities to do anything to recover them. For example, a customer makes a large withdrawal from his or her account. This may signal that the customer is switching funds to another bank. Or the customer may be buying a house, a boat, or paying college tuition, in which case there are clear opportunities to sell additional products or investments. The identification and treatment of this customer should reflect his or her lifetime value. CRM-driven techniques will help retain customers and can migrate mere “account holders” into loyal, long-term, profitable customers.



CHAPTER THREE

RESEARCH METHODOLOGY AND ORGANISATIONAL PROFILE

3.0 Introduction

This chapter gives account of how data were obtained for the study. Descriptions of the population of the study, sample size determination, data gathering sources, research approach, data collection instruments, data collection process and data processing and analysis are provided.

3.1 Research Design

The research used both the case study and survey approaches as opposed to the experimental approach. The case study method was chosen because the project topic is on some selected banks. The survey approach is chosen for the reason that the researcher needed to contact relatively large number of respondents to obtain data on the issue. Therefore, the need arose for both approaches to be combined in the study.

3.2 Population of the study

According to Kumeckpor (2002), cited in Osman(2007) the population of a study may be considered as the number of all units of the phenomenon to be investigated that exists in the area of investigation. Also, Schindler et al.,(2011), cited in Osman(2007) postulate that the population is the total collection of elements about which some inferences can be made. Further, Nachmias and Nachmias (1996), cited in Osman(2007) assert that population is the “aggregate of all cases that conform to some designated set of specifications. The population of the study is made up the 55 000 customers who dealt with the selected bank in the Kumasi metropolis, as at the time of the study.

3.3 Sample size Determination

Nachmias and Nachmias (1996), cited in Osman(2007) define sample as any subset of sampling units from a population. A subset is any combination of sampling units that does not include the entire set of sampling units that has been defined as the population. Kumeckpor (2002), cited in Osman(2007) also states that a sample of a population consists

of that proportion of the number of units selected for investigation. Jankowicz(2002), cited in Osman(2007) further states that, sampling is the deliberate choice of a number of people who are to provide the data from which conclusions about these people can be drawn. As a result of the cost and time related to covering the entire population, it was relevant for the researcher to draw a sample size of one hundred (100) customers and ten (10) officials of the selected banks. Also, the sample size was drawn because of the greater need of accuracy of result and the greater speed of data collection. A sample representative of the population provides a higher accuracy and speed of data collection compared to the total population.

The table below shows the composition of the sample size:

Composition of Managers Interviewed

Position	Frequency	Percentage
Managers	2	20.0
Customer service managers	4	40.0
Operations Managers	2	20.0
Accountants	2	20.0
Total	10	100.0

Source: Field Survey, July 2011

Composition of Customers Interviewed

Sex	Frequency	Percentage
Male	50	50
Female	50	50
Total	100	100

Source: Field Survey, July 2011

The research made use of non-probability sampling technique. The reasons for the choice of this sampling technique were for its convenience and economy. The specific non probability sampling method used was convenience sampling, a method by which researchers obtain a convenient sample by selecting whatever sampling units are conveniently available and relevant to the study.

3.4 Data Gathering Sources

Data for the research were obtained from primary and secondary sources. Primary data consist of data obtained for the specific purpose at hand (Kotler et al, 1996; cited in Osman, 2007). The researcher used primary data because of the need for current and fresh data to address the objectives of the data. Also, the primary data makes the research original. However, primary data proved very costly as the researcher had to spend substantial sums of money to print questionnaires and bear travel costs to meet respondents. Also, the researcher could not obtain data easily from the respondents since permission had to be sanctioned through the bureaucracy. Secondary data consist of information already in existence somewhere, having been collected for some other purpose (Kotler, et., 1996; cited in Osman, 2007). The researcher made use of secondary data because it serves as the theoretical background for the entire study. The problem however, with the use of secondary data was that the researcher had insufficient information on the methodology for data collection. Another problem was that some very relevant data could not be accessed because the original researcher would not release them unless upon payment of a fee.

3.5 Data Collection Instrument

According to Sproull (1988), cited in Osman(2007) a research instrument is any type of written or physical device which is to measure variables. The type of instrument used for data collection depends on the data and the type of data to be collection. A choice of instrument will depend on many factors including validity and reliability, ease of administering, ease of acquisition of response and ease of interpretation (Sproull, 1988; cited in Osman 2007). The researcher having taken the above factors into consideration used the structured questionnaire with both closed – ended and open- questions. The two sets of questionnaire were self-administered to seek the views of both managers and customers on the subject under investigation. The questionnaire was used as the data collection instrument because the respondents were required to answer the same questions.

The close –ended questions were relevant for the reason that they were easy to ask and quick to answer. This is significant since data had to be collected quickly to meet the time

frame for the research. Another reason was that analysis of closed-ended questions was easy and straight forward. However, the potential for the closed ended questions to introduce bias was duly recognized. On the other hand, the open-ended provided the respondent the opportunity to express their view freely and spontaneously. Further, the open-ended questions offered the researcher the opportunity to probe respondents further if answers provided were unclear. However, the open-ended questions were difficult to answer and more difficult to analyze.

3.5 Data Collection Process

The questionnaires were self administered to the bank officials and customers. In all ten (10) bank officials were captured and all the ten questionnaires were appropriately answered and retrieved by the researcher. Customers were asked to give responses to questions while they waited in queues in the bank to be served. One hundred (100) customers were covered.

3.7 Data Processing and Analysis Technique

Data collected were coded, edited, cleaned and input into a computer. Data were coded by classifying responses into meaningful categories by numbering them. Data editing was performed by checking for errors and omissions and by making sure that all questionnaires have been completed as required. Data cleaning is the proofreading of the data to identify and correct errors and inconsistent codes (Nachmias and Nachmias, 1996; cited in Osman, 2007). The data were then processed using the statistical package for social sciences (SPSS) software. The information generated was presented using frequency distribution table and graphs because of their ease of usage and clarity. Analysis was then made of the findings.

3.8 Organisational Profile

3.8.1 Profile of The Trust Bank Ghana Limited

The Bank

This section deals with the profile of the selected banks for the study. The Trust bank (TTB) was incorporated on 3rd October 1996 and commenced business on 14th October 1996 to provide universal banking services to its valued customers. Operating for a decade, TTB has undergone a lot of strategic transformations to become more competitive in its chosen markets.

The Trust Bank is highly dedicated to serving and assisting its customers, with domestic and foreign-related activities, in their roles as exporters, importers, manufacturers, intermediaries, investors or private individuals. By means of its close working relationship with its principal foreign and local shareholders/partners, the bank provides a bridge between Europe and Ghana.

Locally, the bank also draws upon its dedicated team of local product specialists supported by the recognized Knowledge and expertise of the Fortis group in the area of Corporate Banking, Private Banking, Correspondent Banking, Merchant Banking and Financial Markets.

The majority of TTB's customer value is provided by Small & Medium size Enterprises, the corporate segment, the Middle-class Individual as well as a selected group of institutions (bank and non-bank). Since they provide the core of our activities, TTB concentrates its managerial efforts and available financial means on growing and expanding these core businesses.

3.8.2 Profile of Barclays Bank

Barclays Bank of Ghana Limited is the second largest bank in Ghana and has operated in the country for over 80 years. Barclays Bank of Ghana is a wholly owned subsidiary of Barclays Bank PLC of the UK, one of the largest global financial institutions. The bank has a major commercial banking network in the country with branches in all large commercial centers. The Bank provides services such as personal banking, business banking and securities services.

3.8.3 Corporate Profile of Zenith Bank Ghana

Zenith Bank (GH) Limited is a member of the Zenith Bank Group. The bank was incorporated in April 2005, licensed by the Bank of Ghana on 13th September 2005 and commenced business on 16th September, 2005. The bank presently has sixteen branches across the country.

3.8.4 Corporate Profile of Cal Bank Ghana

CAL Bank Limited is a Ghana-based company active in investment, corporate and retail banking, and brokerage and asset management services. The Bank is engaged in the underwriting of securities; corporate finance operations, loan syndications and securities portfolio management; counseling and negotiation in acquisitions and mergers of companies and undertakings; acceptance of bills of exchange, dealing in bullion, export trade development and financing and hire-purchase financing.

3.8.5 Corporate Profile of Guaranty Trust Bank Ghana

Guaranty Trust Bank (Ghana) Limited was registered in Ghana in October 2004 and obtained its universal banking license from the Bank of Ghana on 23rd February, 2006, thereby paving the way for the commencement of operations.

The Bank is a subsidiary of Guaranty Trust Bank Plc, one of the foremost banks in Nigeria with a Triple A rating; the first indigenously owned sub-Saharan bank to be quoted on the London Stock Exchange. In 2008, it became the first new generation indigenous African bank to obtain a banking license to carry out fully fledged commercial banking activities in the United Kingdom.

GTBank Plc, Nigeria, currently owns 95.72% of the issued share capital of the Bank with Nederlandse Financierings-Maatschappij Ontwikkelingslanden N.V. (FMO) holding 2.14% and Alhaji Yusif Ibrahim, a Ghanaian business entrepreneur, holding the remaining 2.14%. The Bank increased its paid up capital from GH¢10 million to over GH¢76 million well ahead of the Bank of Ghana's deadline of December 31st 2009. Apart from giving the Bank a competitive advantage in terms of business capacity, meeting the new capital requirement early is a reflection of the Bank's belief in the

Ghanaian environment and its readiness to contribute meaningfully to the country's development. Within the five years of its operations in Ghana, it has also become a reference point for good business practice and a role model in the financial services industry.

The Bank is built on the strengths of its staff, its structures, policies and procedures. Out of total staff strength of 490 people, only three members are Nigerian, the rest are all Ghanaian, reflecting the bank's preparedness to invest and develop the country's human capital. The Bank leverages on its robust IT infrastructure to roll out customized e-banking products and services to meet its Ghanaian customer needs, anytime and anywhere within and outside Ghana. The Bank also has an open door policy. This reinforces the informal atmosphere and breeds a feeling of equality. Everyone is accessible and approachable, working in open offices alongside their colleagues. In addition, we have a flat organizational structure that engenders effective communication and prompt decision-making.



CHAPTER FOUR

DATA ANALYSIS AND DISCUSSION OF RESULT

4.1 Analysis of Management Interviewed Questionnaire

Table1. Positions of Bank Officials

Position	Frequency	Percentage
Manager	2	20.0
Customer service manager	4	40.0
Operations Manager	2	20.0
Accountant	2	20.0
Total	10	100.0

Source: Field Survey, July 2011.

The table above presents the profile of the bank officials who were interviewed on the subject under investigation. More customer service managers were interviewed because they have in depth understanding of customer service issues. To have varied views from the employees' perspective other top management who are more knowledgeable were also interviewed on the said topic.

Table 2. Status of the Banks

Status	Frequency	Percentage
PRIVATE	10	100.0

Source: Field Survey, July 2011

All the banks selected for the research were private banks whose survival in the turbulent competitive banking environment depends on differentiated services offered to its clientele.

Table 3 Quality service is an important issue

Response	Frequency	Percentage
Strongly disagree	6	60.0
Agree	3	30.0
Neutral	1	10.0
Total	10	100.0

Source: Field Survey; July, 2011

Majority of the employees interviewed believe that service quality is an important issue for survival of private banks in the country. Because of the intense competition in the banking environment the only source of differentiation for private banks is quality services offered since all banks present similar products for the market. Service quality has the inherent potential of creating good corporate image for banks which makes it easy for them to recruit and retain customers. This explains why service quality is an important issue to banks.

Table 4. Communicating product information to customers

Response	Frequency	Percentage
Strongly agree	7	70.0
Agree	2	20.0
Neutral	1	10.0
Total	10	100.0

Source: Field Survey, July, 2011.

Banks as part of their group strategy to treat customers fairly create a good platform to communicate product information to its clientele. When customers are well informed about a particular product, they get satisfied about their purchase decision. In order to ensure consistent behaviour, financial institutions constantly empower their employees to develop the requisite communication skills to handle customer needs.

Table 5 Access Address

Response	Frequency	Percentage
Strongly agree	7	70.0
Agree	2	20.0
Neutral	1	10.0
Total	10	100.0

Source: Field Survey; July, 2011.

When the bank official were question whether customers are able to do business with them every time and anywhere, the answer was affirmative. Through e-banking and branch network banks are able to offer services to their clients irrespective of the time and the place they find themselves. Customers are always satisfied and prepare to do business with banks which create opportunity for easy access.

Table6. Competence of Service providers

Response	Frequency	Percentage
Strongly agree	8	80.0
Agree	2	20.0
Total	10	100.0

Source: Field Survey; July, 2011.

The competence of the service provider is critical in service delivery. To enhance the skills and knowledge of employees' banks occasionally ran training programmes to equip the service providers. Competent employees always get things done right the very first time which reduces the tendency of rework and litigation which impact negatively on profit margins.

Table 7. Courtesy of Service Providers

Response	Frequency	Percentage
Strongly Agree	8	80.0
Agree	2	20.0
Total	10	100.0

Source: Field Survey, July, 2011.

Banks as part of their customer service drive ensure that employees leave lasting good impressions in the minds of customers. In view of the above, employees are trained to develop the culture of handling customers friendly and politely. Customers always feel special visiting financial institutions whose employees are friendly. Clients receive internal satisfaction when treated with courtesy.

Table 8. Providing Prompt Services to Customers

Response	Frequency	Percentage
Strongly agree	8	80.0
Agree	2	20.0
Total	10	100.0

Source: Field Survey, July, 2011.

The quality of service offered is determined by the promptness of the service. The research findings revealed that bank officials are well trained to be willing and ready to offer prompt services to customers. Customers are satisfied and prepare to do business with banks who offer prompt service to meet and exceed their needs.

Table 9. Providing Reliable Services to Customers

Response	Frequency	Percentage
Strongly Agree	8	80.0
Agree	2	20.0
Total	10	100.0

Source: Field survey, July, 2011

The reliability of a service cannot be left out since it is a major determiner of service quality. Banks believe that providing reliable services to clients differentiate them from their competitors. Getting the right thing done the very first gives customers inward satisfaction and has the tendency of avoiding rework and its consequential effect on transaction cost.

Table10. Securing Customer Information

Response	Frequency	Percentage
Strongly agree	7	70.0
Agree	2	20.0
Neutral	1	10.0
Total	10	100.0

Source: Field Survey, July, 2011

Information security is the pre-occupation of financial institution. Banks always ensure that customer information is secured and free from the risk of fraud. It is in view of this that banks develop comprehensive policies to protect customer information. Customers feel secured doing business with financial institution who denies fraudster access to their account information. Banks believe that fraud creates bad public image for them, as such they always ensure that customer information is protected.

Table11 Promptness in Handling customer Complaints

Response	Frequency	Percentage
Strongly agree	7	70.0
Agree	3	30.0
Total	10	100.0

Source: Field Survey, July, 2011

Since we live in a fallible world, customers are bound to have complaints in doing business with banks. Being able to handle customer complaints effectively and promptly can positively impact on customer retention. Banks agree that handling customer complaints

effectively and promptly is the best way of proactively serving and meeting the needs of the customer. It is in this light that banks develop comprehensive procedures for effective complain resolution.

Table12. Factoring Customer Needs in Product Development

Response	Frequency	Percentage
Strongly agree	7	70.0
Agree	3	30.0
Total	10	100.0

Source: Field Survey; July, 2011.

Financial institutions can meet and exceed the needs of the customers only when they factor expectations of the customers in the development of new products. Banks believe that incorporating the needs of the customer into product development give customers' inward satisfaction on patronising the said product.

Table13. The impact of Service quality on fees, commissions and interest income.

Response	Frequency	Percentage
Certain	8	80.0
Neutral	1	10.0
Uncertain	1	10.0
Total	10	100.0

Source: Field Survey; July, 2011

The research findings revealed that there is a positive relationship between service quality and the profitability of banks. When banks build good corporate image through the provision of quality service they find it easy to recruit and retain customers. Customers who patronise financial product are charged commissions, fees and interest income. The selected banks believe that high service quality accounted for increased revenues over the years. Barclays bank for instance increased its commission, fees and interest income in 2009/2010 financial

year by 26% when it redefined its vision to make lives much easier for customers by enhancing service delivery.

Table14. The relationship between service Quality and recruitment of new customers.

Response	Frequency	Percentage
Certain	9	90.0
Uncertain	1	10.0
Total	10	100.0

Source: Field Survey, July, 2011

The research findings portrayed that service quality contributes significantly in recruiting new customers. Customers are prepared to do business with banks who offer reliable and prompt services. Word of mouth testimonies by customers can also win potential customers for financial institutions. Customers who receive quality services are always prepared to recommend banks to potential customers who seek their counsel.

Table 15.The Impact of Service quality on Customer satisfaction and retention

Response	Frequency	Percentage
Certain	8	80.0
Neutral	1	10.0
Uncertain	1	10.0
Total	10	100.0

Source: Field Survey, July, 2011

When customers receive high quality services they get satisfied and are glued to the said banks. The Banks affirmed that quality services offered to customers leads to customer satisfaction, loyalty and retention. Banks are always assured of their fees, interest income and commissions when they are able to retain their customers.

Table 16. The impact of customer loyalty and retention on cross-selling of financial Product.

Response	Frequency	Percentage
Certain	8	80.0
Neutral	1	10.0
Uncertain	1	10.0
Total	10	100.0

Source: Field Survey, July, 2011

The respondents have strong conviction that when banks retain their loyal customers it creates opportunity for them to sell other products. Selling different products to the same customer increases the revenue which positively impacts on the profitability of the bank.

Table 17. The impact of e-banking on the reduction of transactional cost

Response	Frequency	Percentage
Certain	8	80.0
Neutral	1	10.0
Uncertain	1	10.0
Total	10	100.0

Source: Field Survey, July, 2011.

The respondents believe that the introduction of e-banking by the banks has helped curtail transaction cost to an appreciable level. The introduction of internet banking by banks such as Cal Bank, Guaranty Trust Bank and Zenith Bank for instance has reduced the number of customers who visit the banking hall. This they believe has cut down the usage of stationery significantly.

Table18 Rewarding customer loyalty through promotions and good interest rate

Response	Frequency	Percentage
Certain	8	80.0
Neutral	1	10.0
Uncertain	1	10.0
Total	10	100.0

Source: Field Survey, July, 2011

The respondents confirmed that banks occasionally reward loyal customers by offering them good interest rate and in other instances cash and other prizes to enhance their welfare. Some customers for instance were given cars and Television for opening account in Barclays as part of the Barclays Premier League promo. Rewarding customer loyalty leads to customer retention as well as enhance the welfare of the customer.

Table19 Rewarding customer loyalty through promotions and good interest rate help customer meet their basic needs

Response	Frequency	Percentage
Certain	7	70.0
Neutral	2	20.0
Uncertain	1	10.0
Total	10	100.0

Source: Field Survey, July, 2011

Bankers have a fervent conviction that offering customer's good interest rate as part of banks' customer service strategy help customers to access loan facilities in order to meet basic necessities of life. Apart from offering good interest rate, banks also occasionally ran promos to reward their loyal customers. Some of these customers in some instances are offered houses, cars and other household items which enhance their welfare.

4.2 Analysis of Consumer Questionnaire

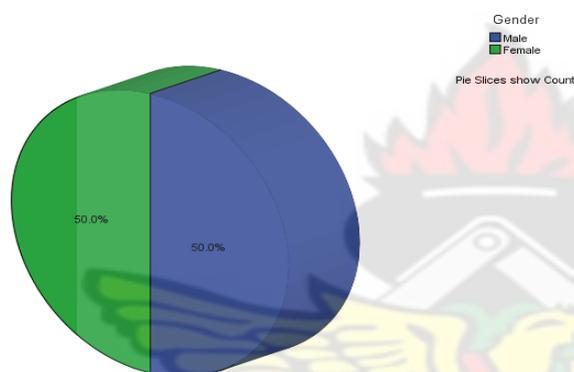
4.2.1 Gender of Respondents

Table 20. Gender of respondents

Gender	Frequency	Percent
Male	50	50.0
Female	50	50.0
Total	100	100.0

Source: Field survey; July 2011

Figure 1 Gender of respondents



Source: Field survey; July 2011

The data above shows the gender as well as the number and the percentage of each interviewed on the topic under investigation. Even though convenient sampling was adopted for the study, 50% of each sex was covered in order to have a fair view of the respondents on the research. In all twenty customers each were interviewed from each of the selected banks.

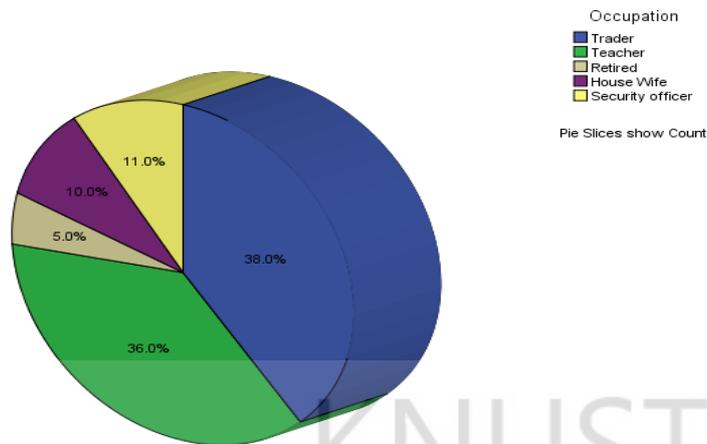
4.2.2 Occupation of Respondents

Table 21. Occupation of respondents

Occupation	Frequency	Percent
Trader	38	38.0
Teacher	36	36.0
Retired	5	5.0
House Wife	10	10.0
Security officer	11	11.0
Total	100	100.0

Source; Field survey: July 2011

Figure 2 Occupation of Respondents



Source: Field Survey; July,2011

In order to have a fair view of the selected bank’s customers on the subject under investigation, the various categories of customers were conveniently selected and interviewed. The respondents were basically traders, teachers, Security Officers, housewives and the retired. The traders were more than the other customers because they frequently visit the banks and since the researcher adopted the convenient sampling technique they were mostly interviewed.

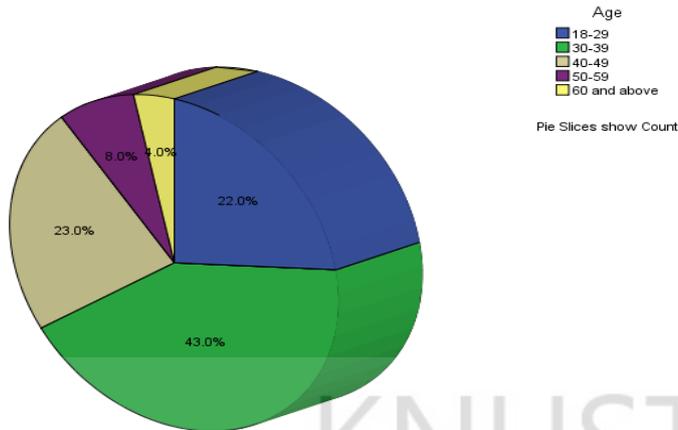
4.2.3 Age Structure of the Respondents

Table 22 Age structure of the respondents

Age	Frequency	Percent
18-29	22	22.0
30-39	43	43.0
40-49	23	23.0
50-59	8	8.0
60 and above	4	4.0
Total	100	100.0

Source: Field Survey; July 2011

Figure 3 Age structure of respondents



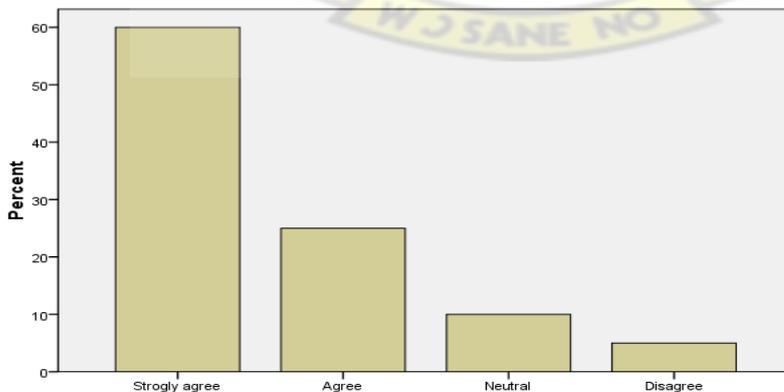
Source: Field Survey; July, 2011

The data above shows the age structure of the respondents interviewed in each of the banks as well as the overall age distribution of all the respondents covered under the study. Basically the active population deals with these banks because of the range of innovative services provided and its associated charges. These active populations who have limited time at their disposal find it convenient to do business with these banks at the comfort of their homes.

4.2.4 Customer Expectation met by perception of services received

Figure 4 Responses from Barclays Customers

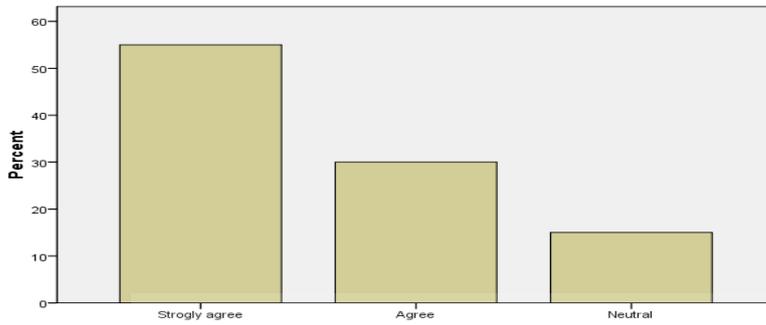
Customer Expectations met by perception of services received



Source: Field Survey, July 2011

Figure 5 Responses from Guaranty Trust Bank Customers

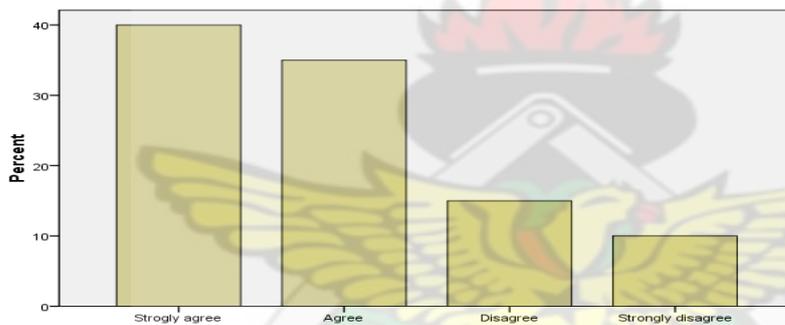
Customer Expectations met by perception of services received



Source: Field Survey, July 2011

Figure 6 Responses from The Trust Bank

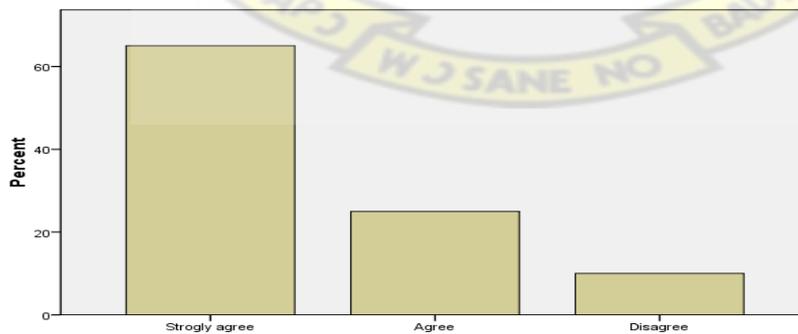
Customer Expectations met by perception of services received



Source: Field Survey, July 2011

Figure 7 Responses from Cal Bank

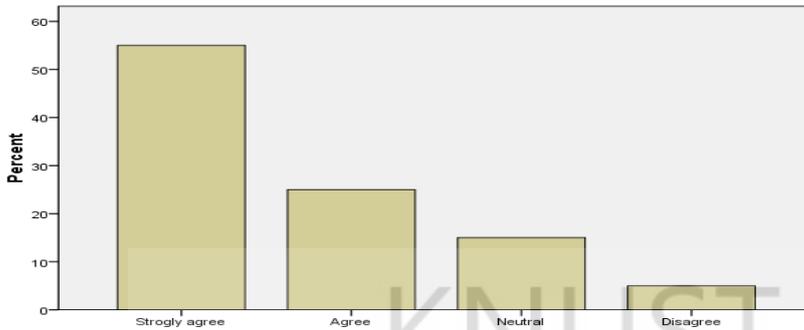
Customer Expectations met by perception of services received



Source: Field Survey; July 2011

Figure 8 Responses from Zenith Bank

Customer Expectations met by perception of services received



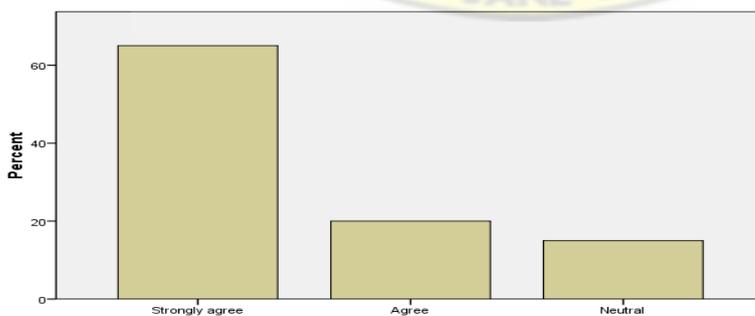
Source: Field Survey; July 2011

Customer service basically looks at the ability of a service organisation to meet and exceed the expectation of the organisations customers as well as that of potential customers. Customers believe that the Banks are able to determine their needs and come out with innovative products and services to meet those needs. Majority of the respondents have a deep conviction that the kind of services perceived to be offered by the selected banks are really in existence and they meet their expectations as well. Meeting and exceeding the expectation of the customer gives them inherent satisfaction which translates to build the loyalty of the customer. Institutions create opportunity for cross-selling when they are able to build strong customer loyalty.

4.2.5 Receiving reliable services from the banks

Figure 9 Responses from Barclays Respondents

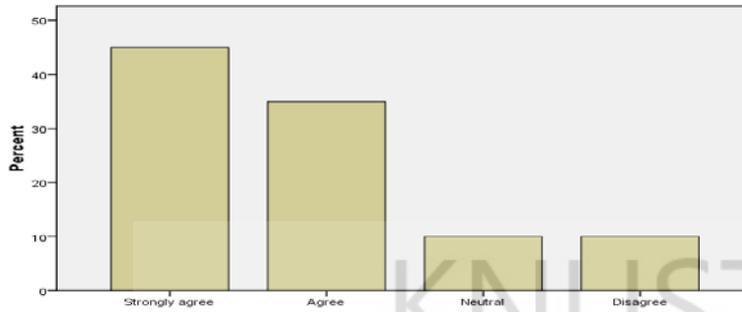
Receiving Reliable services



Source: Field Survey, July, 2011

Figure 10 Responses from Guaranty Trust Bank Respondents

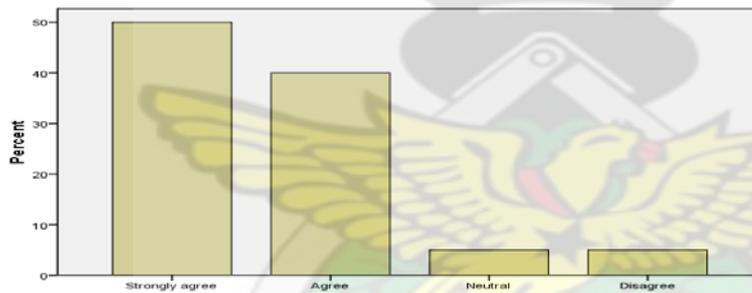
Receiving Reliable services



Source: Field survey, July 2011

Figure 11 Responses from The Trust Bank

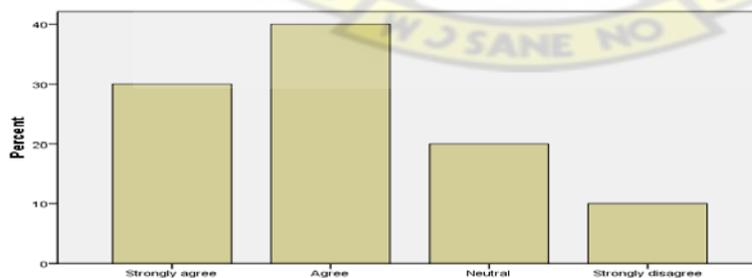
Receiving Reliable services



Source: Field Survey, July 2011

Figure 12 Responses From Cal Bank

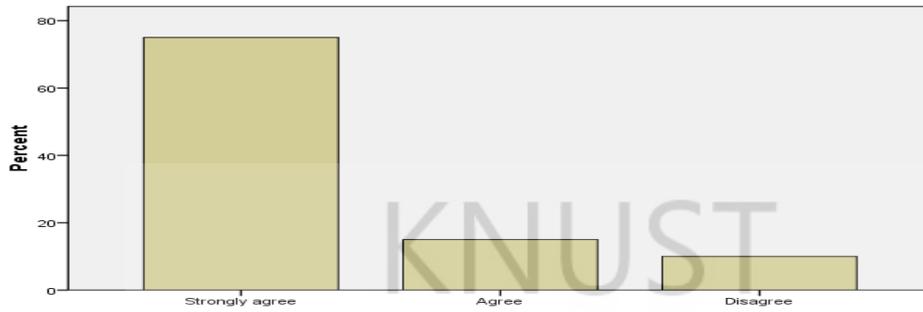
Receiving Reliable services



Source: Field Survey; July 2011

Figure 13 Responses from Zenith Bank

Receiving Reliable services



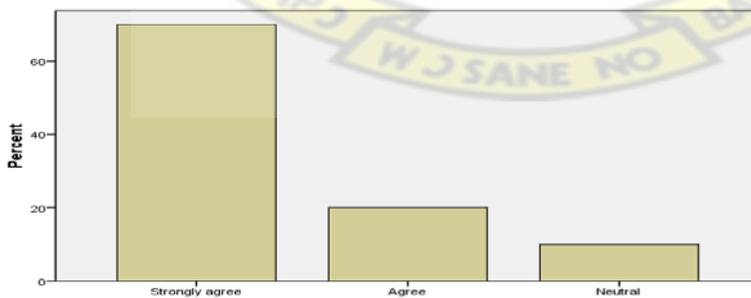
Source: Field Survey; July 2011

One of the dimensions of customer satisfaction is the ability of a service organisation like banks to provide reliable service to its clientele. Since quality of a service is determined by the kind of satisfaction that the customer gets, the respondents were interviewed to assess whether they receive reliable service from their banks. Results of the analysis revealed that the selected banks provide the right kind of service at the right time to its clients. Providing the right kind of services at the right time avoid rework which contribute to reduce transactional cost and affect the profit of the organisation in a positive manner.

4.2.6 Receiving prompt services

Figure 14 Responses from Barclays Customers

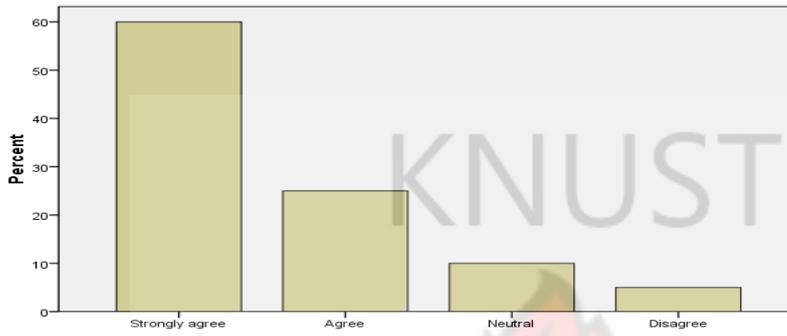
Receiving Prompt Services



Source: Field survey, July, 2011

Figure 15 Responses from Guaranty Trust Bank Customer

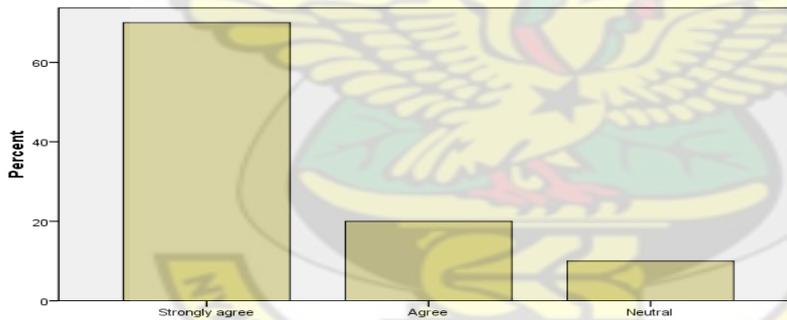
Receiving Prompt Services



Source: Field survey, July, 2011

Figure 16 Responses from The Trust Bank

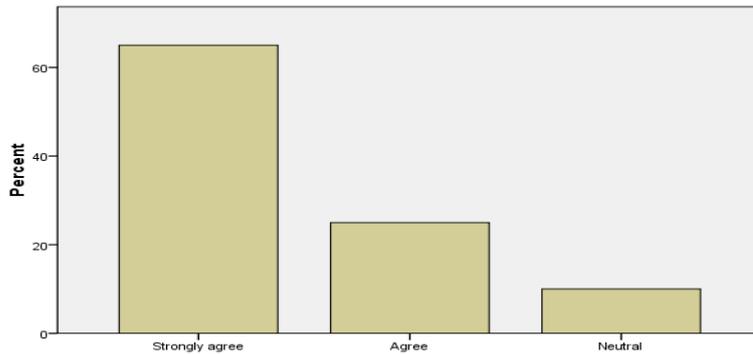
Receiving Prompt Services



Source: Field Survey, July 2011

Figure 17 Responses from Cal Bank

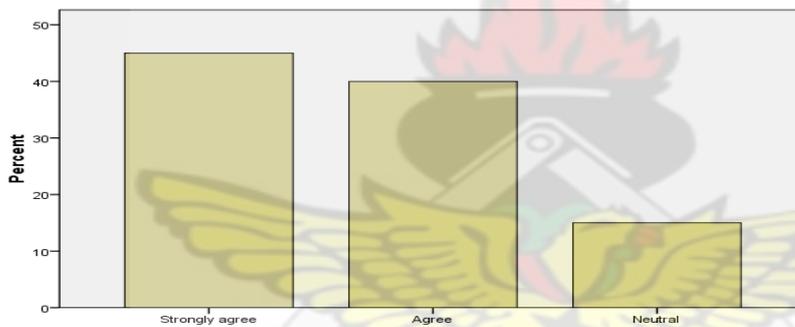
Receiving Prompt Services



Source: Field Survey; July 2011

Figure 18 Responses from Zenith Bank

Receiving Prompt Services



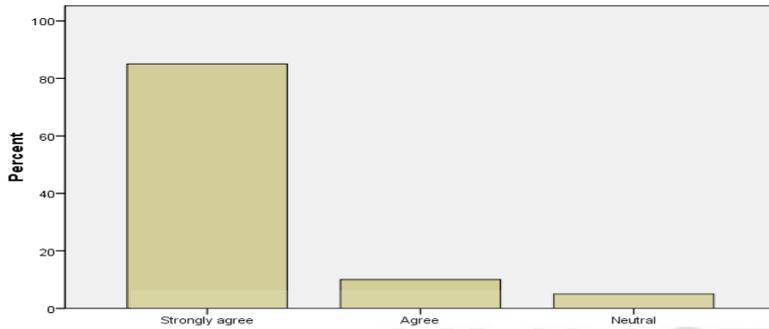
Source: Field Survey; July 2011

The respondents were interviewed to find out whether they receive prompt services from their banks. Results of the analysis indicate that majority of the respondents receive immediate services from their banks. Banks as part of their customer service drive train their employees to demonstrate the culture of willingness and readiness to offer services to clients. Providing immediate service to the customer gives him or her some level of satisfaction which in the final analysis encourages them to always do business with the bank. Customer retention as result of prompt services received leads to loyalty which subsequently contributes to the profitability of the bank.

4.2.7 Receiving detailed product information from the banks

Figure 19 Responses from Barclays Bank

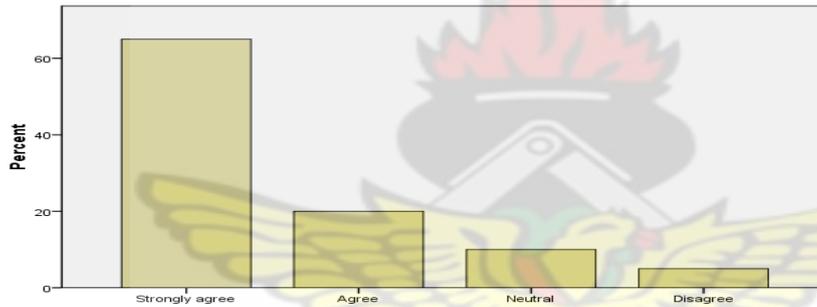
Receiving detailed product information from the bank



Source: Field survey: July, 2011.

Figure 20 Responses from Guaranty Trust Bank Customers

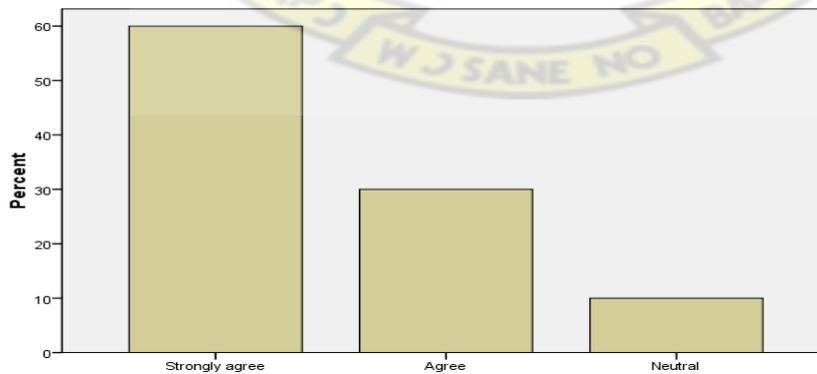
Receiving detailed product information from the bank



Source: Field survey: July, 2011.

Figure 21 Responses from The Trust Bank

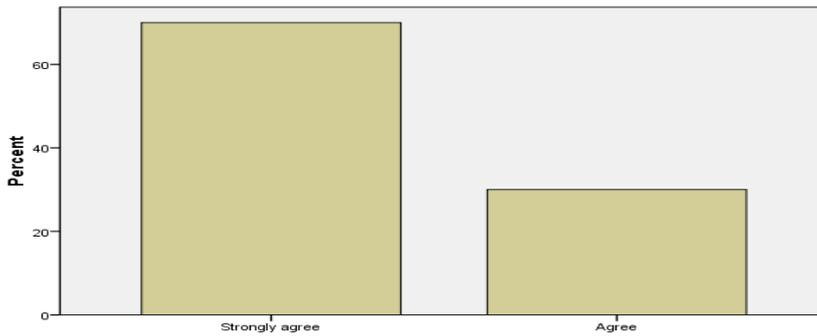
Receiving detailed product information from the bank



Source: Field Survey: July, 2011

Figure 22 Responses from Cal Bank

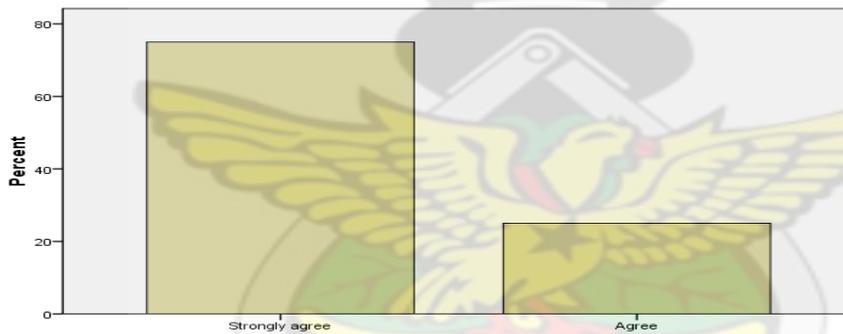
Receiving detailed product information from the bank



Source: Field Survey; July 2011

Figure 23 Responses from Zenith Bank

Receiving detailed product information from the bank



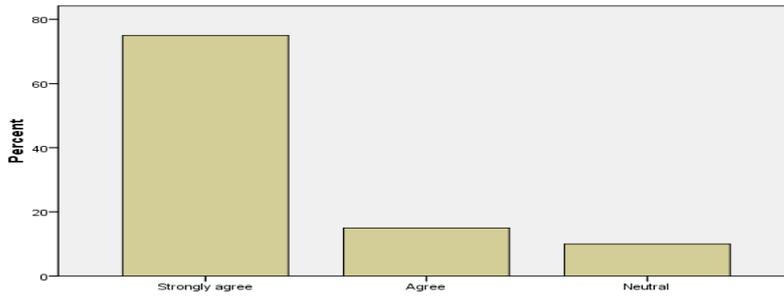
Source: Field Survey; July 2011

Results from the data analysis above revealed that banks constantly keep their customers informed about their product features. Customers are kept informed about banks' products through brochures and promotional campaigns in order to convince them purchase the products. Apart from communicating through brochures, banks train their employees to develop good communication skills to handle customers. Customers get satisfied about their purchase decision when they get the right kind of information. Keeping customers informed about current and future changes in product feature enhances their loyalty which leads to customer retention and its attendant effects on profitability.

4.2.8 Competence of service Providers

Figure 24 Responses from Barclays customers

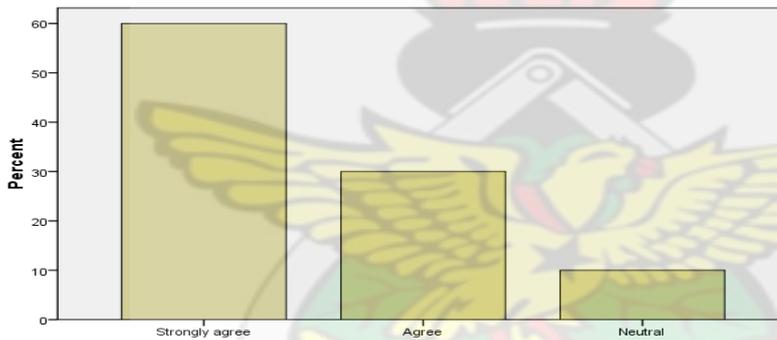
Competence of service providers



Source: Field survey, July, 2011.

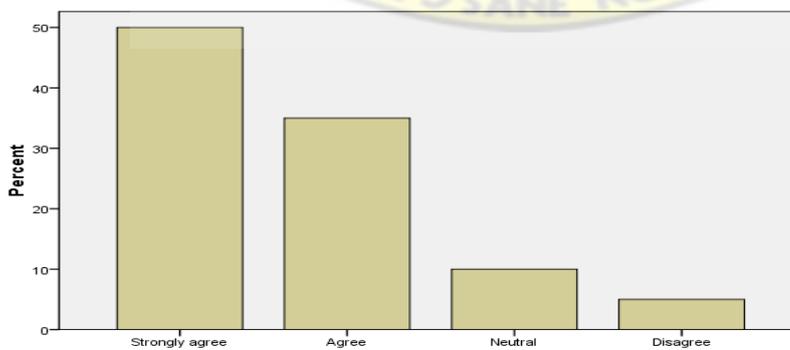
KNUST

Figure 25 Responses From Guaranty Trust Bank
Competence of service providers



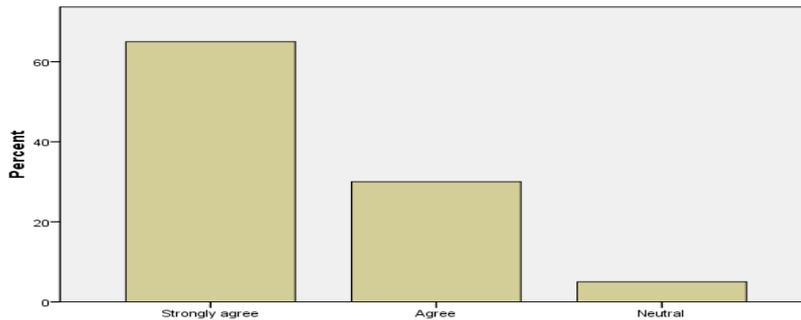
Source: Field survey, July, 2011.

Figure 26 Responses from The Trust Bank
Competence of service providers



Source: Field Survey; July 2011

Figure 27 Responses from Cal Bank
Competence of service providers



Source: Field Survey; July,2011

Figure 28 Responses from Zenith Bank
Competence of service providers



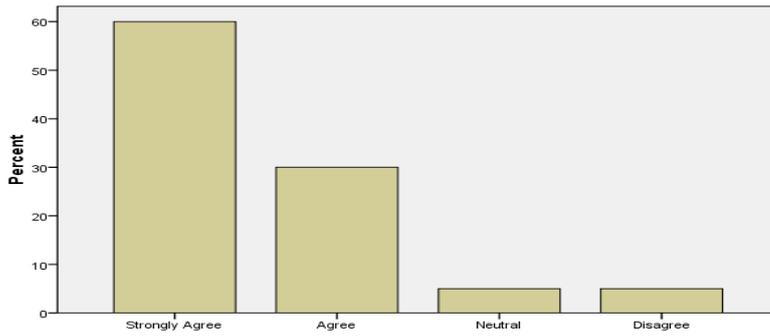
Source: Field Survey; July,2011

Parasuraman (1985) argue that customer satisfaction has ten dimensions. One of such is the competence of the service provider. Since quality is define by the kind of satisfaction that the customer gets, respondents were interviewed to assess whether the service providers are competent enough in service delivery. The results demonstrate that the selected bank’s employees are competent in the delivery of services. Competent employees always get customers satisfied which results in retention and its subsequent effect on profitability.

4.2.9 Courtesy of service providers

Figure 29 Responses from Barclays Customer

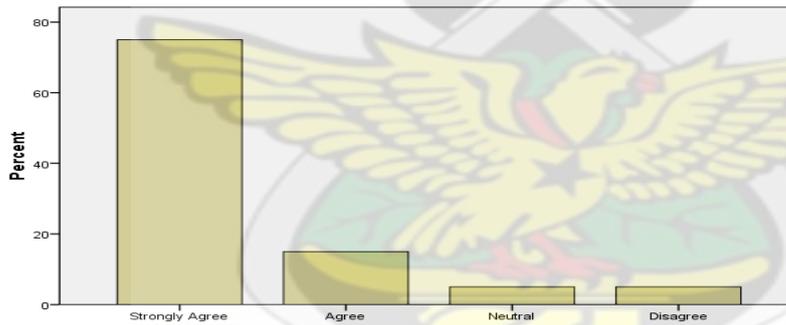
Courtesy of service providers



Source: Field survey, July, 2011.

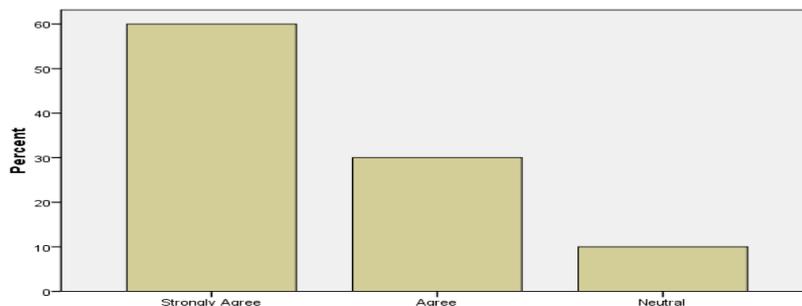
KNUST

Figure 30 Responses from Guaranty Trust Bank
 Courtesy of service providers



Source: Field Survey, July 2011

Figure 31 Responses from The Trust Bank
 Courtesy of service providers



Source: Field Survey; July 2011

Figure 32 Responses from Cal Bank

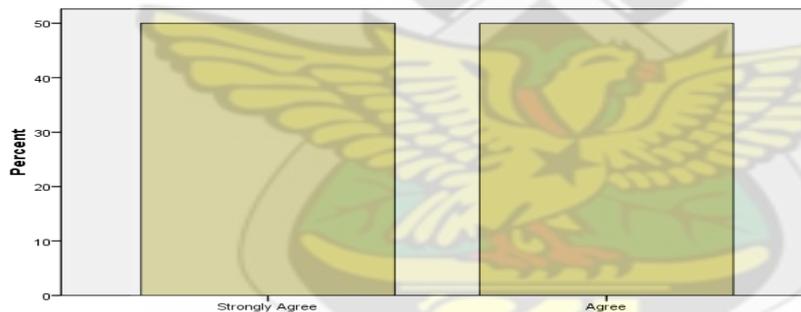
Courtesy of service providers



Source: Field Survey; July, 2011

Figure 33 Responses from Zenith Bank

Courtesy of service providers



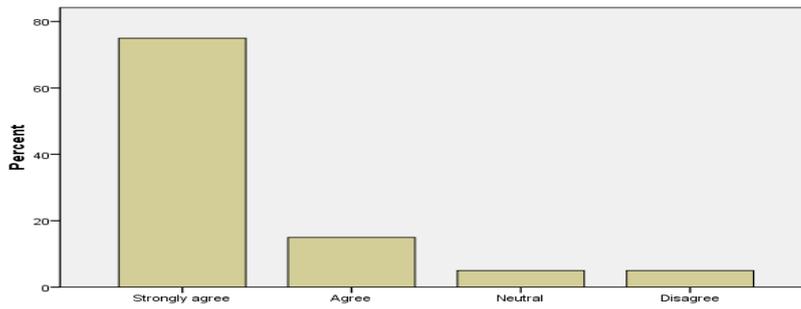
Source: Field Survey; July, 2011

The friendliness and politeness of the service provider impacts on the quality services offered. Customers were asked whether the providers of the services were courteous. The result of the analysis depicts that bank employees are polite to their customers. In today's competitive banking environment if customers are not treated friendly they have the option of quitting to do business with a competitor. Courteous employees create good first and last impression in the minds of the customers which influence them to do business with the bank all the time.

4.2.10 Acknowledging Customers in the Banking Hall

Figure 34 Responses from Barclays Customers

Customers acknowledged by service providers

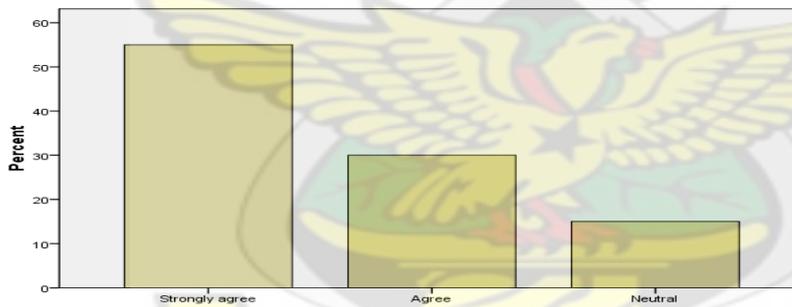


Source: Field survey, July, 2011.

KNUST

Figure 35 Responses from Guaranty Trust Bank

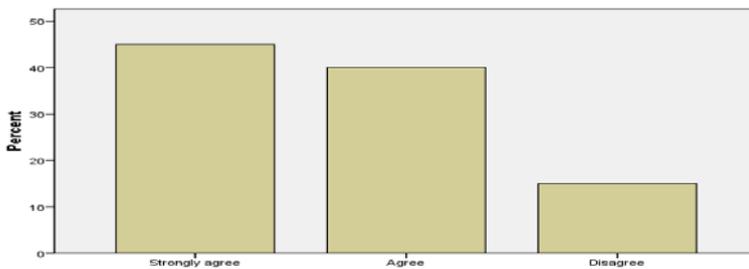
Customers acknowledged by service providers



Source: Field survey; July, 2011.

Figure 36 Responses from The Trust Bank

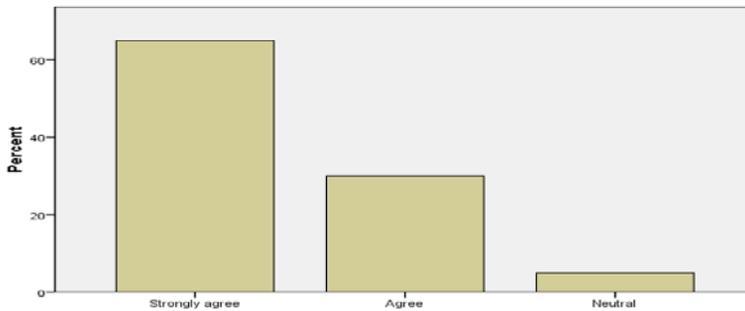
Customers acknowledged by service providers



Source: Field Survey; July, 2011

Figure 37 Responses from Cal Bank

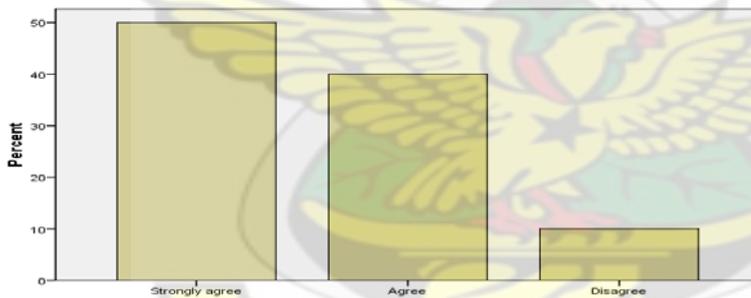
Customers acknowledged by service providers



Source: Field Survey; July,2011

Figure 38 Responses from Zenith Bank

Customers acknowledged by service providers



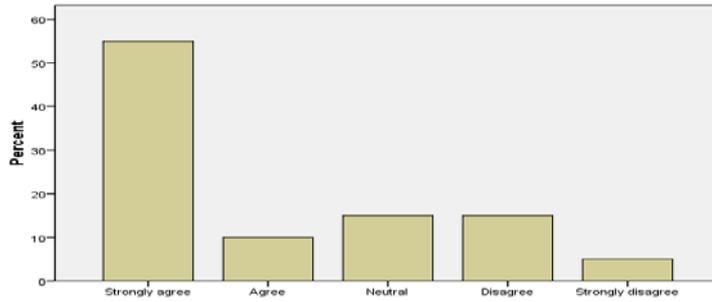
Source: Field Survey; July,2011

Acknowledging the presence of the customer makes them feel special in the banking hall. Customers were questioned whether they are acknowledged by the service providers when they visit the bank. The analysis revealed that bank employees have been trained to acknowledge the presence of customer in the banking hall and assist them access the kind of services they require. Customers are always prepared to do business with banks that treats them with uttermost respect.

4.2.11 Prompt Handling of Complaints

Figure 39 Responses from Barclays Bank

Prompt Handling of Complaints

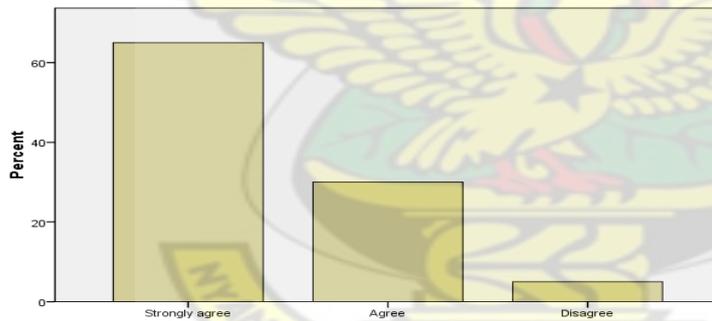


Source: Field survey, July, 2011.

KNUST

Figure 40 Responses from Guaranty Trust Bank

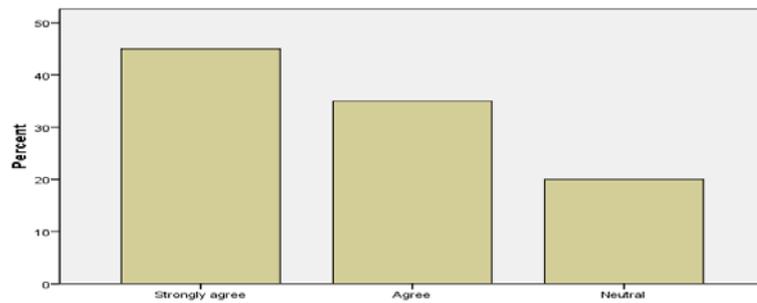
Prompt Handling of Complaints



Source: Field survey, July, 2011.

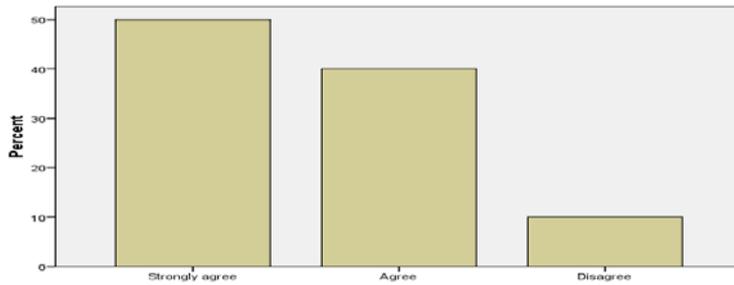
Figure 41 Responses from The Trust Bank

Prompt Handling of Complaints



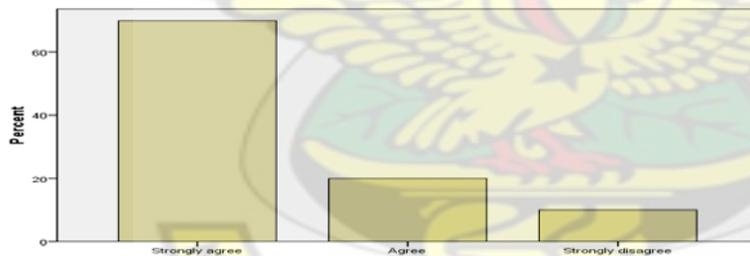
Source: Field Survey, July 2011

Figure 42 Responses from Cal Bank
Prompt Handling of Complaints



Source: Field Survey, July 2011

Figure 43 Responses from Zenith Bank
Prompt Handling of Complaints



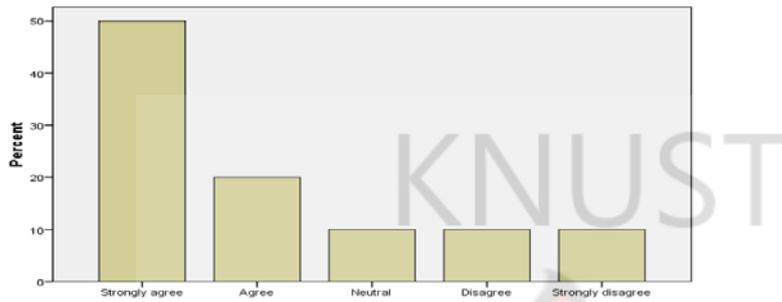
Source: Field Survey, July 2011

Complaint handling serves as a platform for proactively serving as well as meeting the needs of the customer. The views of the customers were sought whether the selected banks handle their complaints with the urgency that it deserves. The analysis revealed that banks as part of customer service drive have developed comprehensive procedures to handle complaints with the swiftness that it deserves. Complaints provide feedback to banks about their service. These shortfalls serves as the basis for enhance service delivery. Effective handling of complaints creates customer satisfaction and retention.

4.2.12 Range of services provided consistent with recent innovations in Banking

Figure 44 Responses from Barclays Customers

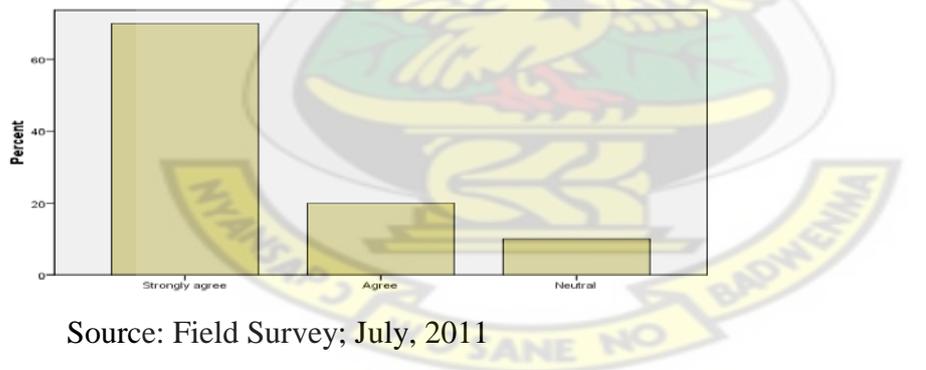
Range of services provided consistent with recent innovations in Banking



Source: Field survey, July, 2011.

Figure 45 Responses from Guaranty Trust Bank

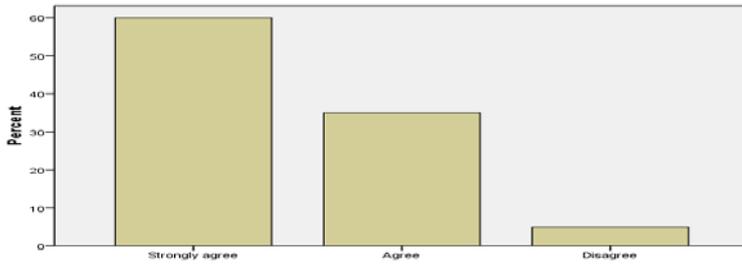
Range of services provided consistent with recent innovations in Banking



Source: Field Survey; July, 2011

Figure 46 Responses from The Trust Bank

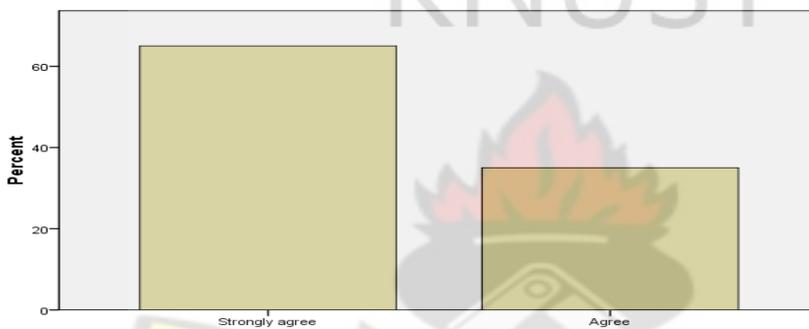
Range of services provided consistent with recent innovations in Banking



Source: Field Survey; July 2011

Figure 47 Responses from Cal Bank

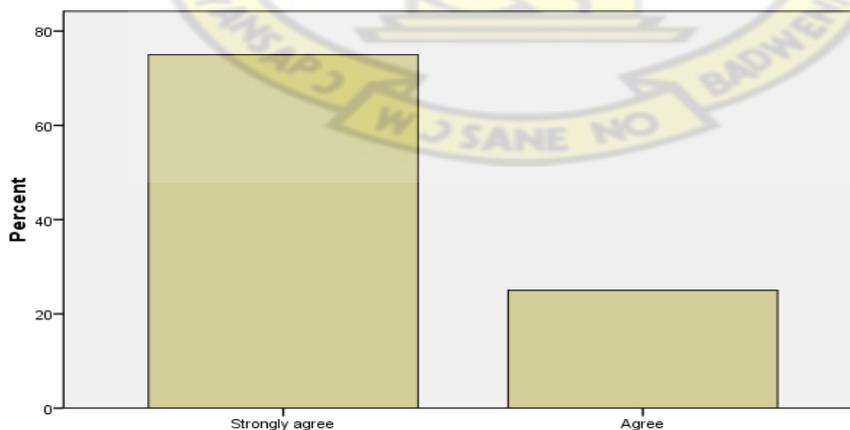
Range of services provided consistent with recent innovations in Banking



Source: Field Survey; July 2011

Figure 48 Responses from Zenith Bank

Range of services provided consistent with recent innovations in Banking



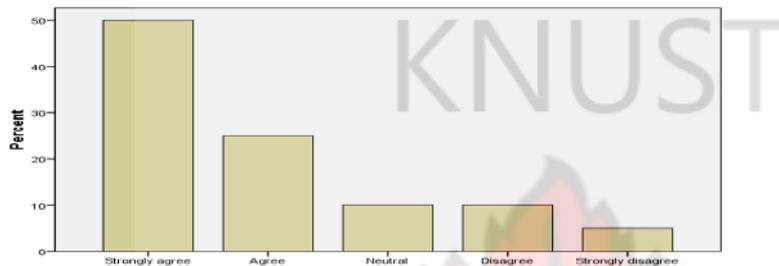
Source: Field Survey; July 2011

In this era of intense competition in the banking sector the only means of survival is to

respond to innovation in the banking sector. The views of the customers on the above subject indicate that the banks have developed innovative products to meet the ever changing needs of their customers. Being able to create innovative products helps a bank to retain and as well attract new customers.

4.2.13 Factoring customer needs in product development
Figure 49 Responses from Barclays Customers

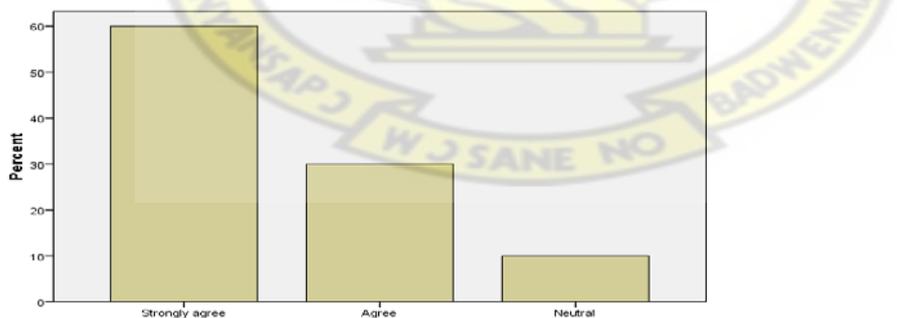
Factoring Customer needs in Product Development



Source: Field survey, July, 2011

Figure 50 Responses from Guaranty Trust Bank

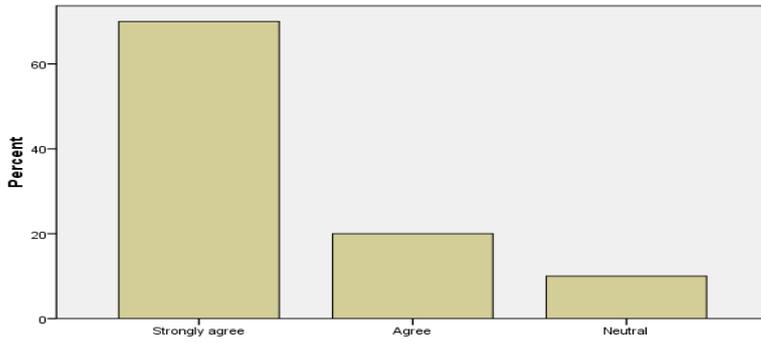
Factoring Customer needs in Product Development



Source: Field Survey; July 2011

Figure 51 Responses From The Trust Bank

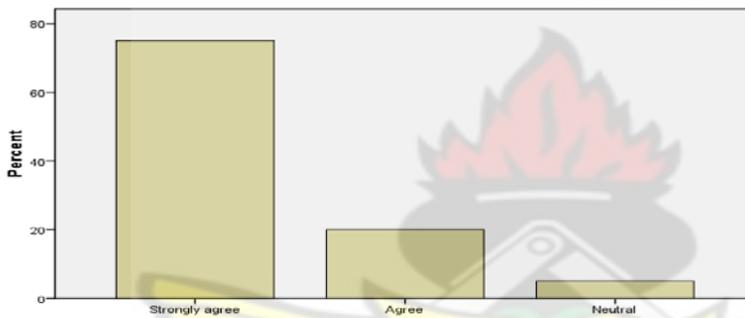
Factoring Customer needs in Product Development



Source: Field Survey; July 2011

Figure 52 Responses from Cal Bank

Factoring Customer needs in Product Development



Source: Field Survey; July 2011

Figure 53 Responses from Zenith Bank

Factoring Customer needs in Product Development



Source: Field Survey; July 2011

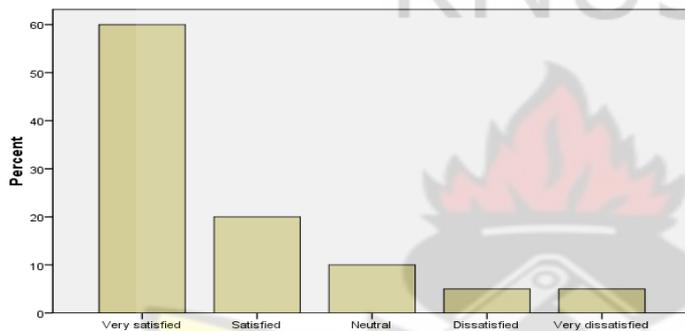
Factoring the needs of the customer in the engineering of new product is a means of treating the customer fairly as well as meeting and exceeding their needs. In assessing whether

customer needs are factored in the development of new products, some customers were sampled and their views heard. The analysis depicts that customer needs are considered in developing new products as confirmed by the respondents. Customers get satisfied and are prepared to have an association with a financial institution when they realized that their needs are well catered for.

4.2.14 Assessing quality of services received by customers

Figure 54 Responses from Barclays

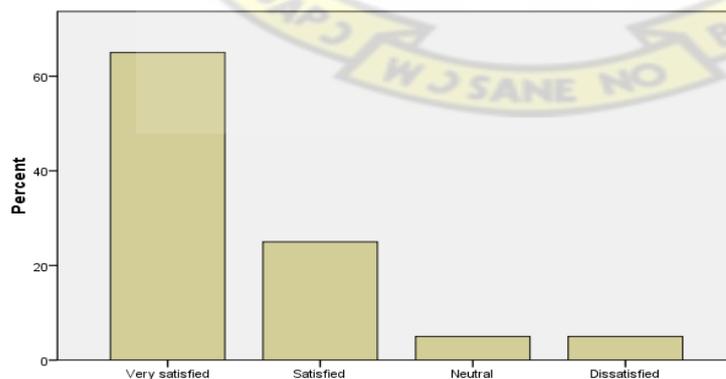
Assessing quality of services received by customers



Source: Field survey, July, 2011

Figure 55 Responses from Guaranty Trust Bank

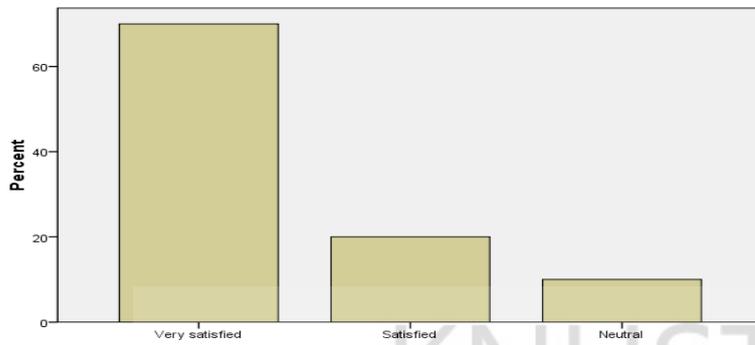
Assessing quality of services received by customers



Source: Field survey, July, 2011

Figure 56 Responses from The Trust Bank

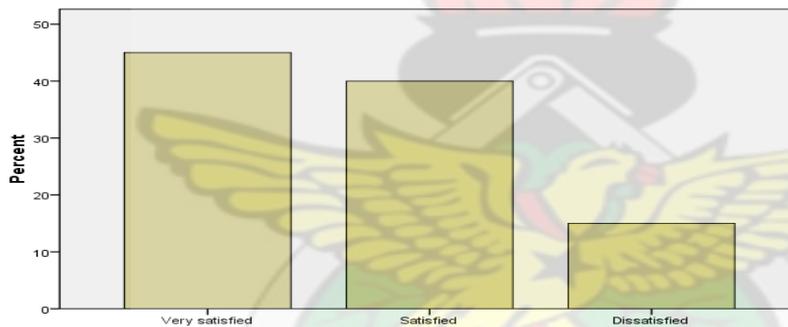
Assessing quality of services received by customers



Source: Field Survey; July 2011

Figure 57 Responses from Cal Bank

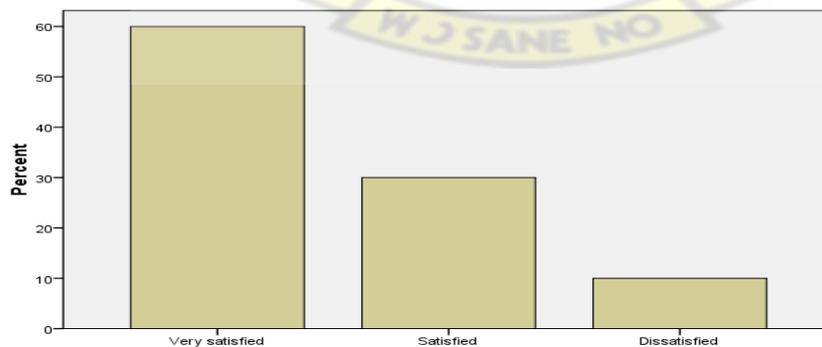
Assessing quality of services received by customers



Source: Field Survey; July 2011

Figure 58 Responses from Zenith Bank

Assessing quality of services received by customers



Source: Field Survey; July 2011

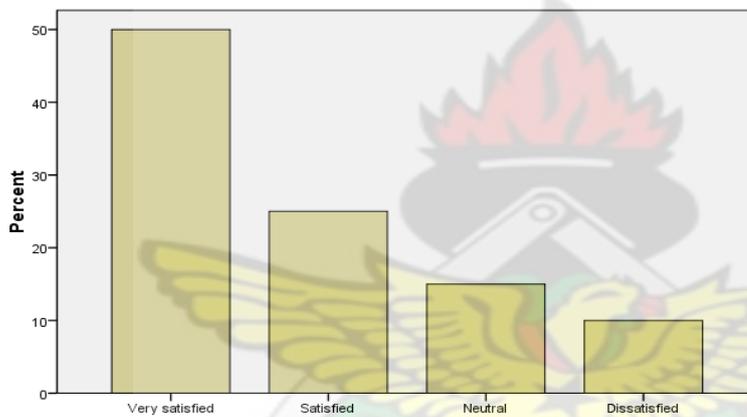
Overall majority of the customers are satisfied with the quality of services offered by the

banks. Even though some customers express their misgivings about the quality of services offered in the banking premises. Some customers of Barclays Bank are not happy about queue management in the banking halls. Since quality management is a continuous process the selected banks can faction out strategies to continually enhance their service delivery.

4.2.15 Customers level of satisfaction with their recent experience with the bank.

Figure 59 Responses from Barclays Customers

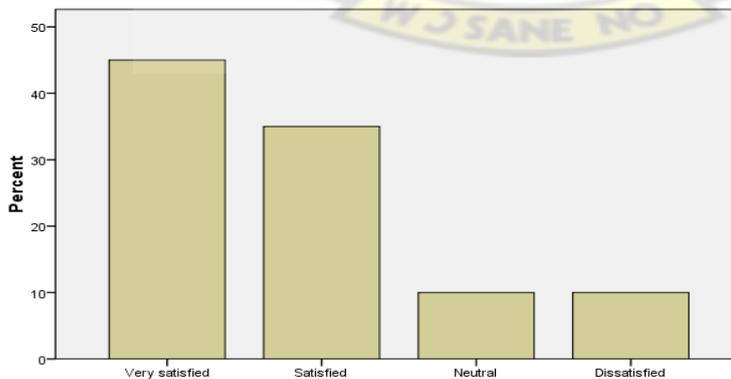
Customers level of satisfaction with their recent experience with the bank.



Source: Field survey, July, 2011

Figure 60 Responses from Guaranty Trust Bank

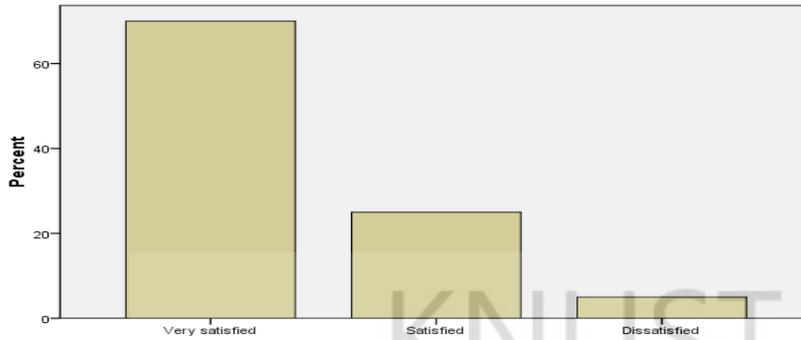
Customers level of satisfaction with their recent experience with the bank



Source: Field survey, July, 2011

Figure 61 Responses From The Trust Bank

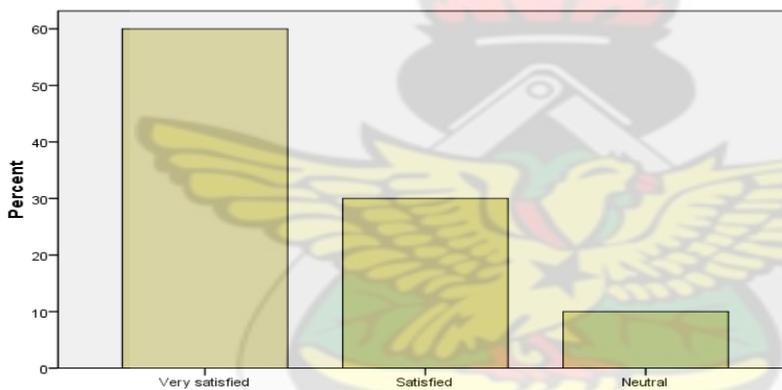
Customers level of satisfaction with their recent experience with the bank



Source: Field Survey; July 2011

Figure 62 Responses from Cal Bank

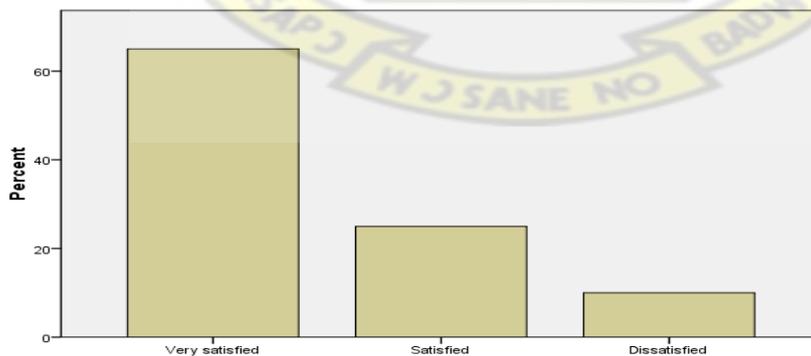
Customers level of satisfaction with their recent experience with the bank



Source: Field Survey; July,2011

Figure 63 Responses from Zenith Bank

Customers level of satisfaction with their recent experience with the bank



Source: Field Survey; July,2011

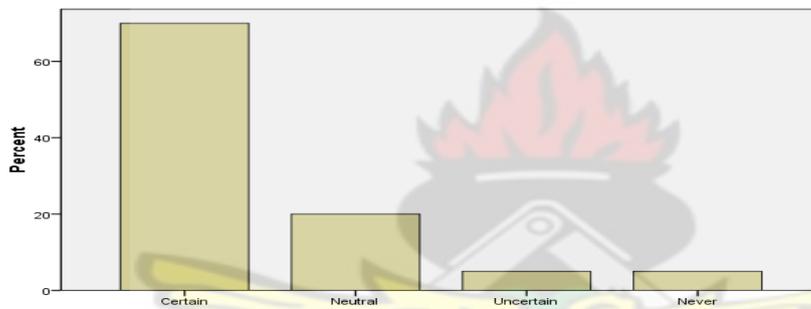
When customers were queried to find out their level of satisfaction with their recent

experience with their various banks, majority of the respondents gave positive answers that they were impress with the kind of services they received. The result proves that service organisations like the banks constantly leave lasting impressions in the minds of their customers. Customers feel happy to do business with banks whose service quality is incomparable. Good last impressions according to research create customer retention which consequently contributes to retain fees, interest income and commissions.

4.2.15 Recommending banks to potential customers on the basis of quality customer service

Figure 64 Responses from Barclays Customers

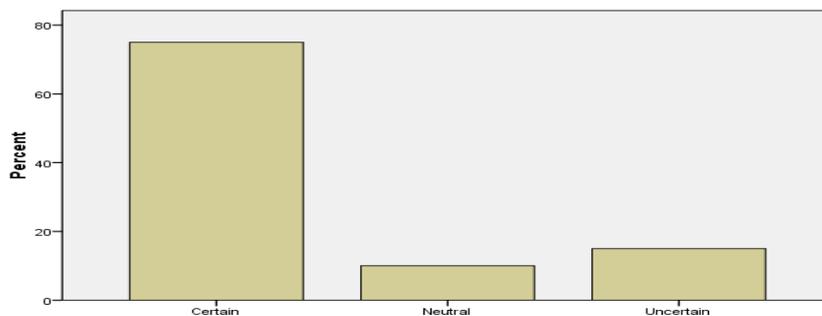
Recommending banks to potential customers on the basis of quality customer service



Source: Field survey, July, 2011

Figure 65 Responses from Guaranty Trust Bank

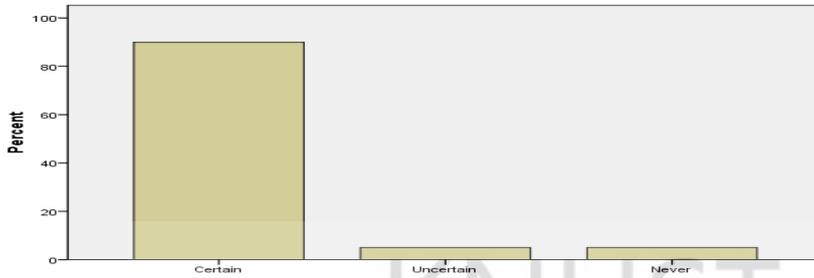
Recommending banks to potential customers on the basis of quality customer service



Source: Field survey, July, 2011

Figure 66 Responses from Cal Bank

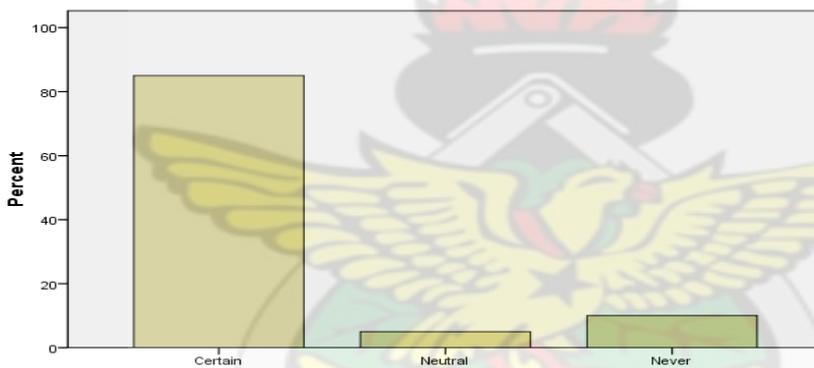
Recommending banks to potential customers on the basis of quality customer service



Source: Field survey, July, 2011

Figure 67 Responses from the Trust bank

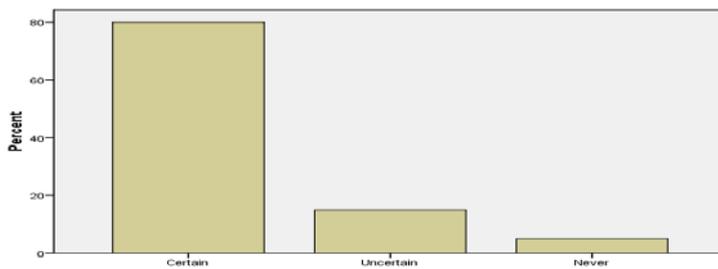
Recommending banks to potential customers on the basis of quality customer service



Source: Field Survey; July, 2011

Figure 68 Responses from Zenith Bank

Recommending banks to potential customers on the basis of quality customer service



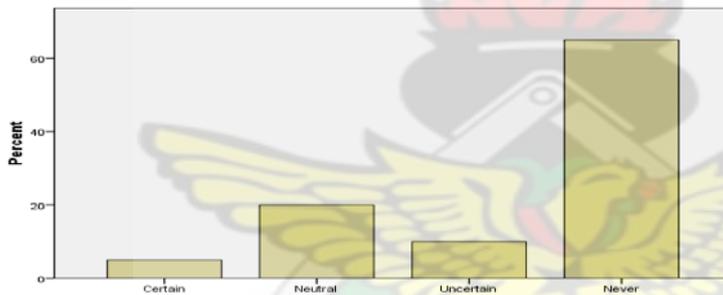
Source: Field Survey; July, 2011

Customers play vital role in assisting financial institutions recruit new customers. In view of this respondent were queried whether they will recommend their banks to potential customers who seek their advice. The analysis portray that customers are prepared to recommend banks to potential clients on the basis of quality services. Research has shown that a customer is willing to recommend a financial institution to 7 potential customers who will also recommend it to other 22 customers on the basis of quality services. Word of mouth testimonies plays a major role in service organisations. The ability of a financial institution to recruit new customers will impact on its profitability.

4.2.17 The likelihood of customers switching to competitor within the next twelve months

Figure 69 Responses from Barclays Customers

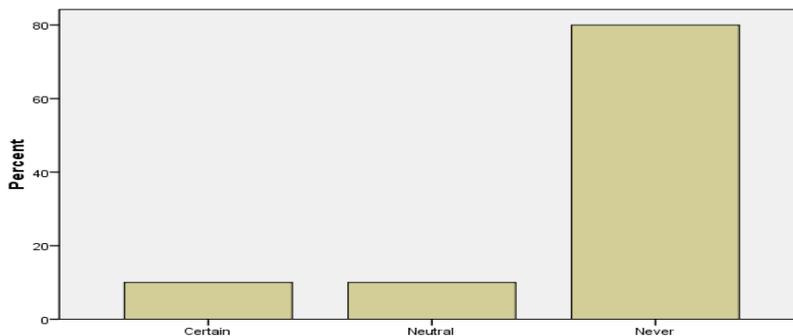
The likelihood of customers switching to competitor within the next twelve months



Source: Field survey, July, 2011

Figure 70 Responses from Guaranty Trust Bank

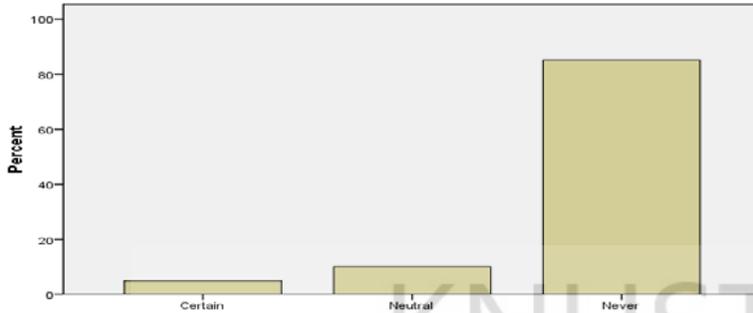
The likelihood of customers switching to competitor within the next twelve months



Source: Field Survey, July, 2011

Figure 71 Responses from The Trust Bank

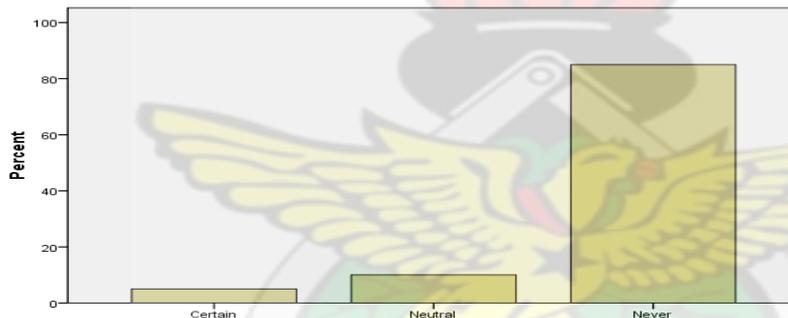
The likelihood of customers switching to competitor within the next twelve months



Source: Field Survey; July 2011

Figure 72 Responses from The Trust Bank

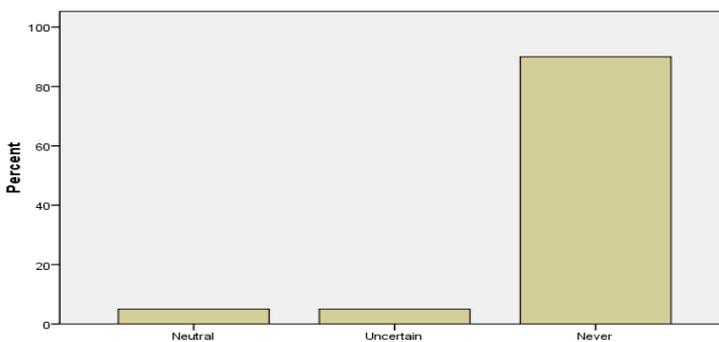
The likelihood of customers switching to competitor within the next twelve months



Source: Field Survey; July 2011

Figure 73 Responses from Cal Bank

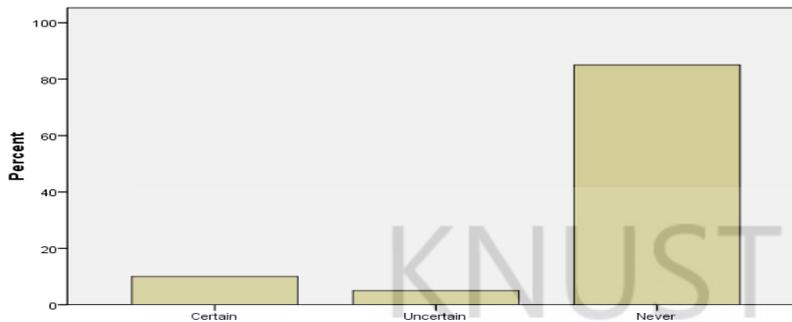
The likelihood of customers switching to competitor within the next twelve months



Source: Field Survey; July,2011

Figure 74 Responses from Zenith Bank

The likelihood of customers switching to competitor within the next twelve months



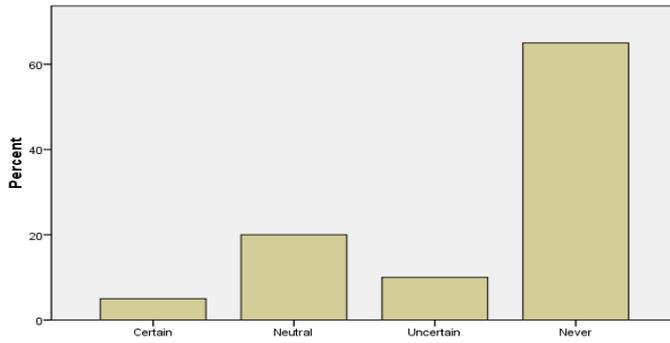
Source: Field Survey; July,2011

The analysis on the above subject indicates that customers are willing to do business with their various banks because they are satisfied with the quality of services offered. With this assertion one can confidently conclude that the respective financial institutions are assured of their revenues in the financial year. The analysis also demonstrates that customers will continue to do business with a financial institution when they get satisfied with level of services they received. Customer retention as we know results in customer loyalty which definitely creates opportunity for cross-selling and enhances profitability all things being equal.

4.2.18 The likelihood of customers Switching to competitor when dissatisfied with the services received

Figure 75 Responses from Barclays Customers

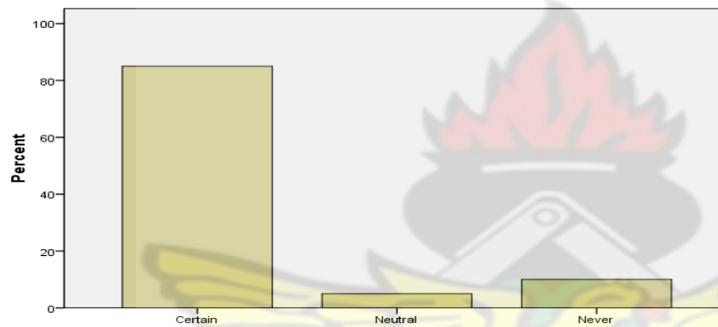
The likelihood of customers Switching to competitor when dissatisfied with the services received



Source: Field survey, July, 2011

Figure 76 Responses from Guaranty Trust Bank

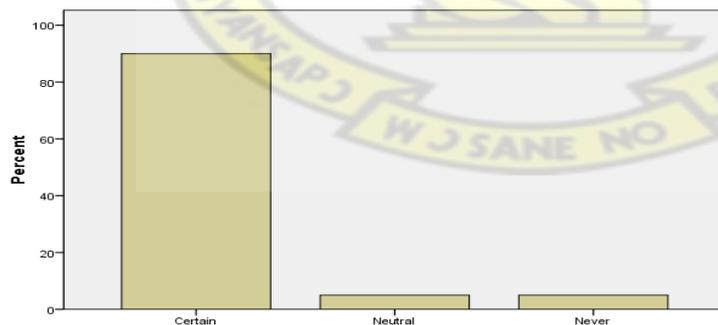
The likelihood of customers Switching to competitor when dissatisfied with the services received



Source: Field Survey, July, 2011

Figure 77 Responses from The Trust Bank

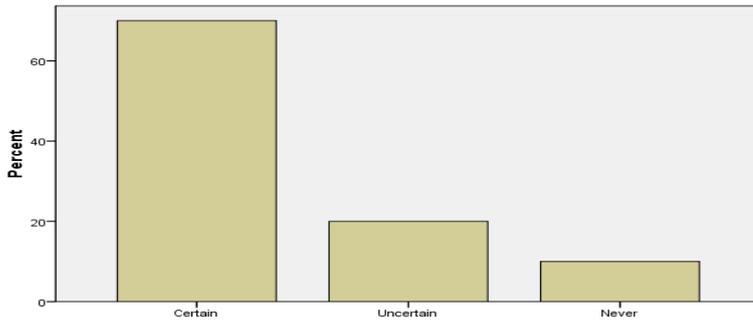
The likelihood of customers Switching to competitor when dissatisfied with the services received



Source: Field Survey, July 2011

Figure 78 Responses From Cal Bank

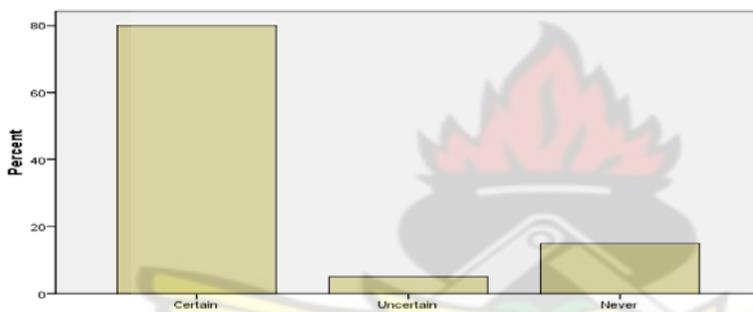
The likelihood of customers Switching to competitor when dissatisfied with the services received



Source: Field Survey, July 2011

Figure 79 Responses from Zenith Bank

The likelihood of customers Switching to competitor when dissatisfied with the services received



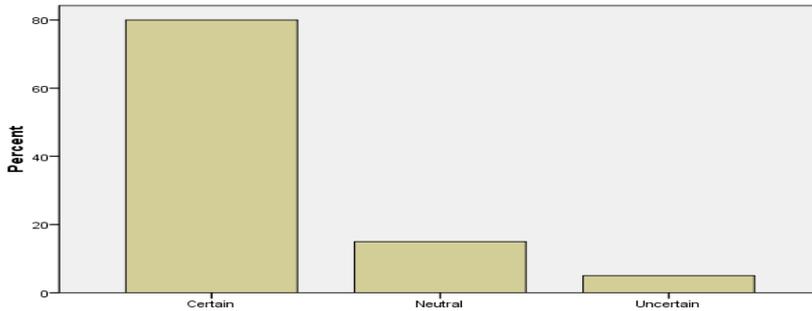
Source: Field Survey, July 2011

Dissatisfied customer they say is an angry customer who will like to seek redress in his own way. When customers were questioned whether they will quit their banks as a result of poor services received, the result was affirmative. Majority of dissatisfied customers are likely to discard a financial institution whereas the few loyal ones will remain to make their complaints known to management. Dissatisfied customers are likely to leave a financial institution unceremoniously. Resolving customer complaints promptly will do banks some good to retain customers.

4.2.19 The likelihood of Customers complaining to other potential clients for dissatisfied services.

Figure 80 Responses from Barclays Customers

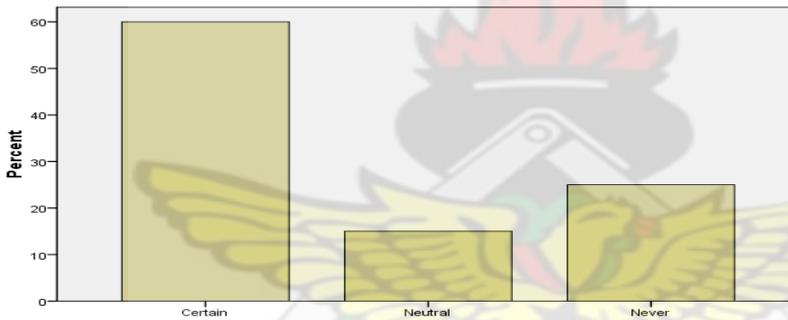
The likelihood of Customers complaining to other potential clients for dissatisfied services.



Source: Field survey, July, 2011

Figure 81 Responses from Guaranty Trust Bank

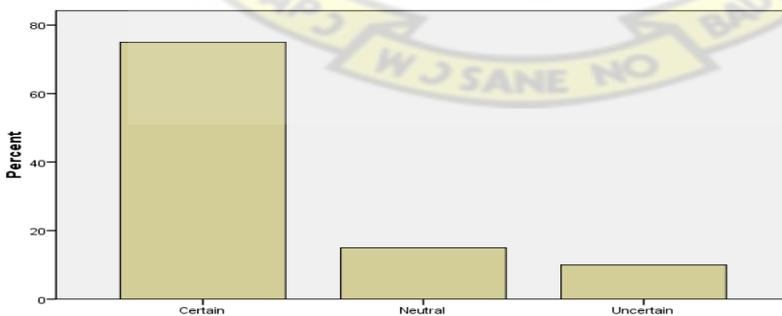
The likelihood of Customers complaining to other potential clients for dissatisfied services



Source: Field survey, July, 2011

Figure 82 Responses from The Trust Bank

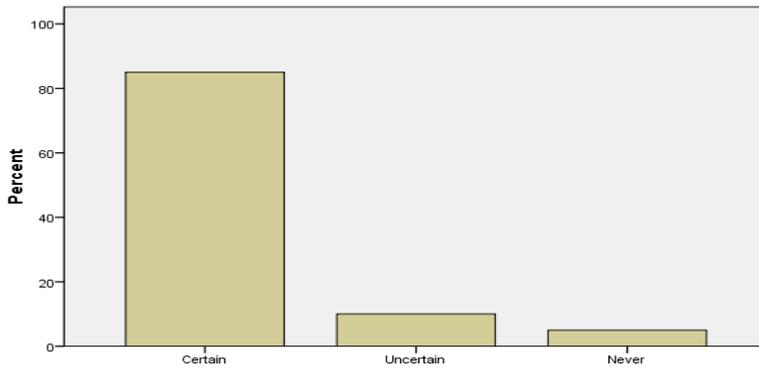
The likelihood of Customers complaining to other potential clients for dissatisfied services



Source: Field Survey; July 2011

Figure 83 Responses from Cal Bank

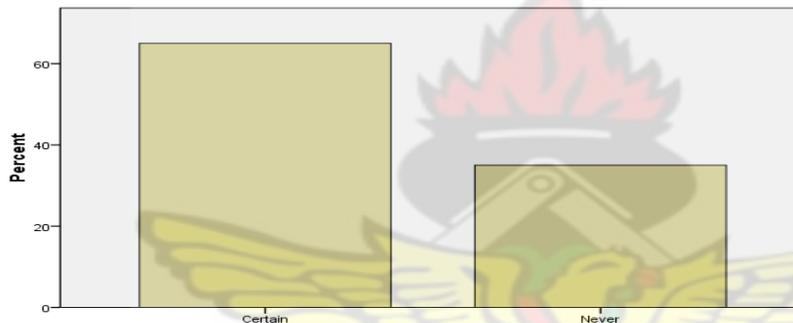
The likelihood of Customers complaining to other potential clients for dissatisfied services



Source: Field Survey; July 2011

Figure 84 Responses from Zenith Bank

The likelihood of Customers complaining to other potential clients for dissatisfied services



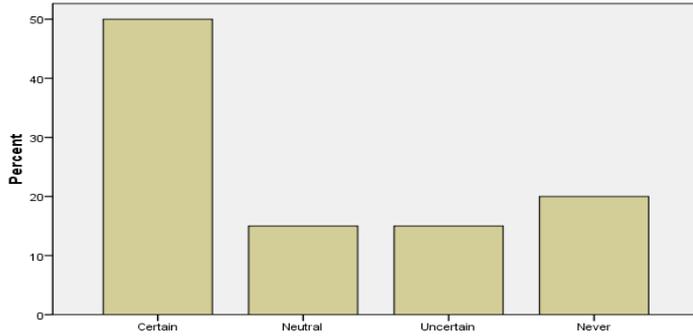
Source: Field Survey; July 2011

Majority of customers will complain bitterly to other potential clients when they are dissatisfied with a bank's services. When complains is made publicly through the mass media it creates bad corporate image which discourage other potential customers from doing business with the affected financial institution. Not only will it deter other potential customers from doing business with the bank but also it will discourage existing customers. Hence, high customer attrition rate for the said institution. The research portray that few loyal customers are likely to seek redress from manage when they are dissatisfied.

4.2.19 Patronage of the banks internet services

Figure 85 Responses from Barclays Customers

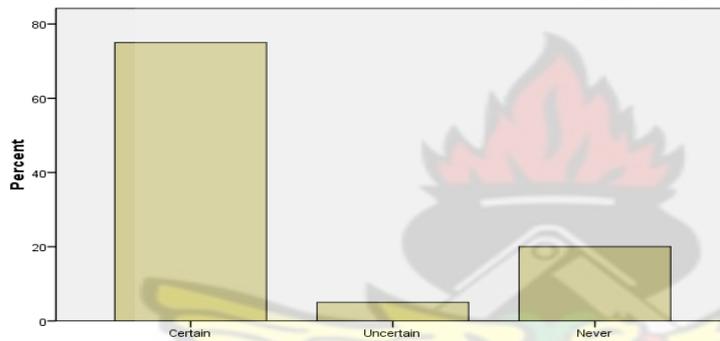
Patronage of the banks internet services



Source: Field survey, July, 2011

Figure 86 Responses from Guaranty Trust Bank

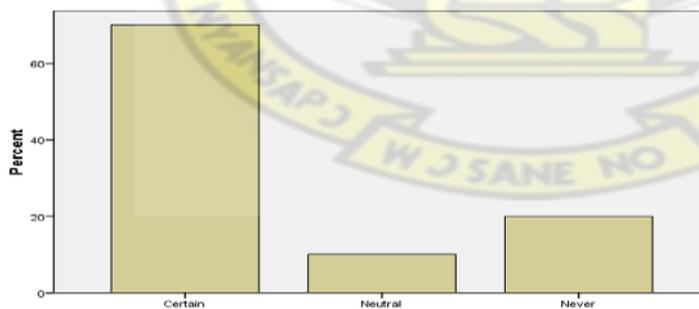
Patronage of the banks internet services



Source: Field survey, July, 2011

Figure 87 Responses from The Trust Bank

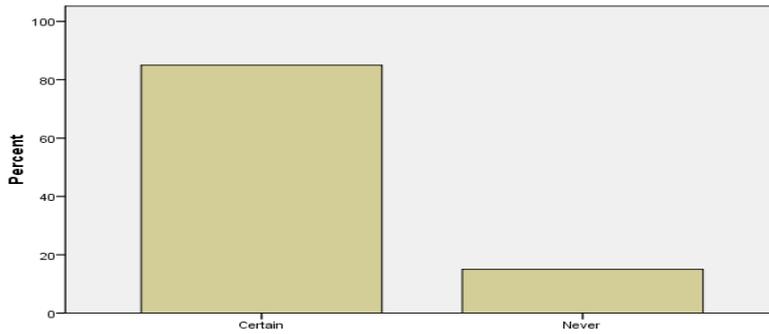
Patronage of the banks internet services



Source: Field Survey ;July 2011

Figure 88 Responses from Cal Bank

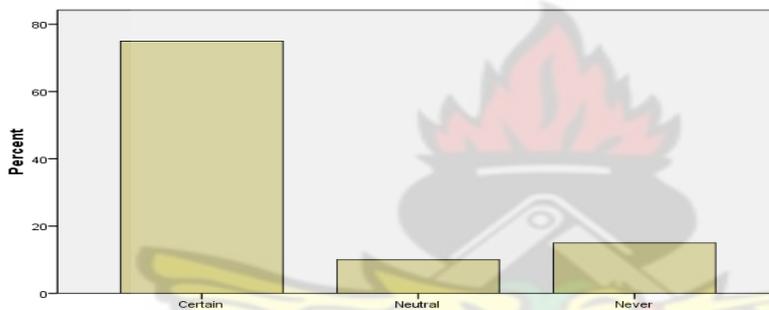
Patronage of the banks internet services



Source: Field Survey; July,2011

Figure 89 Responses from Zenith Bank

Patronage of the banks internet services



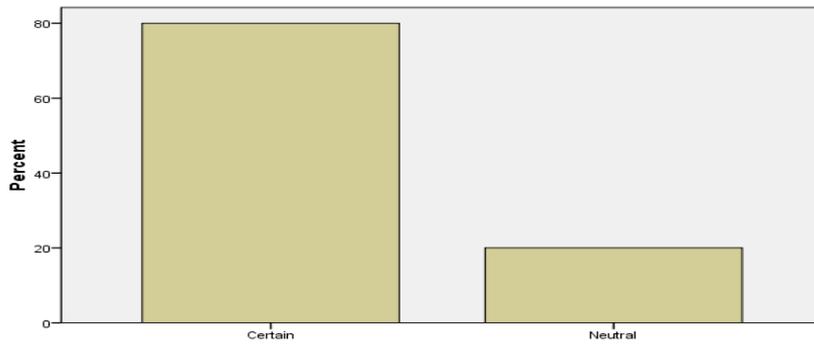
Source: Field Survey; July,2011

The selected banks as part of their customer service drive have introduced e-banking with the aim of decongesting their banking halls and to create convenience in doing business with them. The e-banking also has inherent potential of reducing transactional cost. Majority of the elite customers who patronise these banks use their internet services. This according to the banks has helped reduce their transaction cost and has contributed significantly to enhance their profits over the years. The introduction of the e-banking and its patronage by customers has helped decongest the banking hall except that of Barclays bank where management has just come out with system restructure to introduce some e-banking services. Zenith's e-zone for instance which allows customers to check their balances and transfer funds via the internet has contributed significantly to limit the number of people who visit the bank on a regular basis as well as reducing transactional cost.

4.2.20 Rewarding customer loyalty

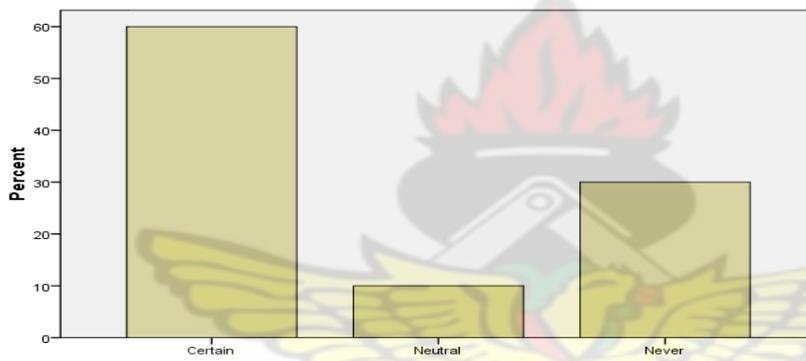
Figure 90 Responses from Barclays Bank

Rewarding customer loyalty



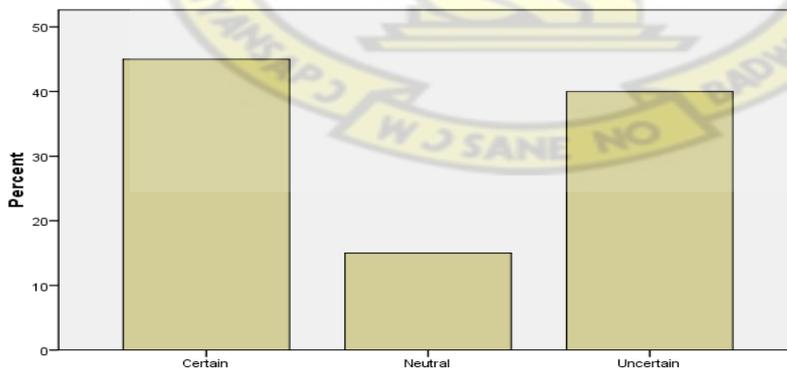
Source: Field survey, July, 2011

Figure 91 Responses from Guaranty Trust Bank
Rewarding customer loyalty



Source: Field survey, July, 2011

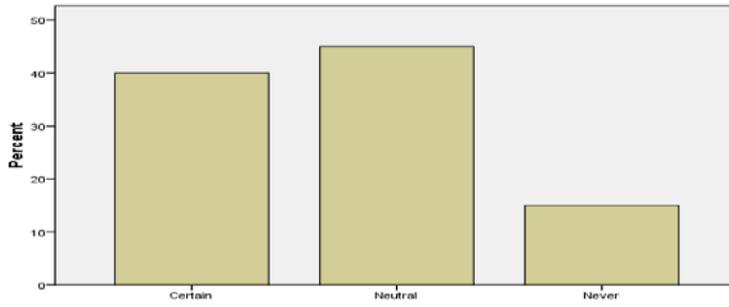
Figure 92 Responses from The Trust Bank
Rewarding customer loyalty



Source: Field Survey; July 2011

Figure 93 Responses from Cal Bank

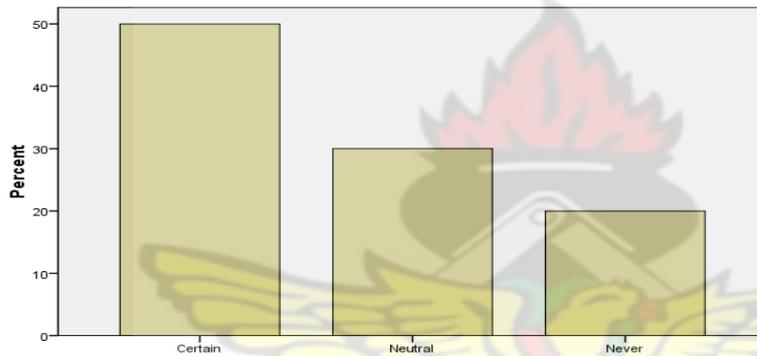
Rewarding customer loyalty



Source: Field Survey; July 2011

Figure 94 Responses from Zenith Bank

Rewarding customer loyalty



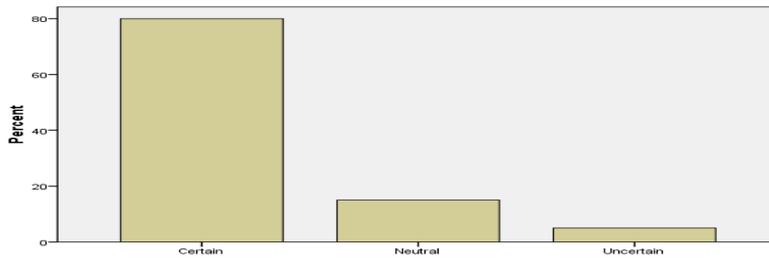
Source: Field Survey; July 2011

Banks as part of their customer services drive reward the loyalty of their clients through promotions and good interest rate. The research unraveled that customer loyalties are reward by banks as confirmed by majority of the respondents. Rewarding the loyalty of the customers reduces attrition rate, since their welfare is enhanced.

4.2.21 Rewarding customer loyalty helps them meet their basic needs

Figure 95 Responses from Barclays Customers

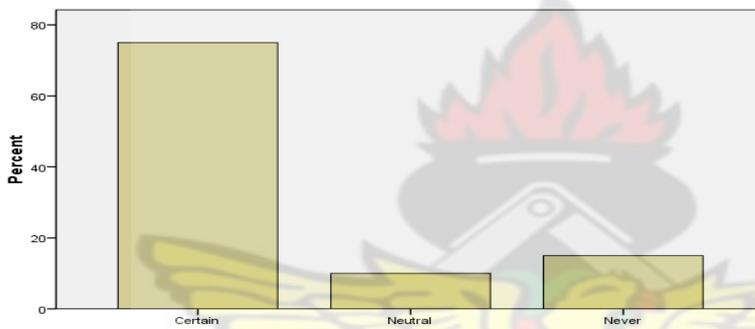
Rewarding customer loyalty helps them meet their basic needs



Source: Field survey, July, 2011

Figure 96 Responses from Guaranty Trust Bank

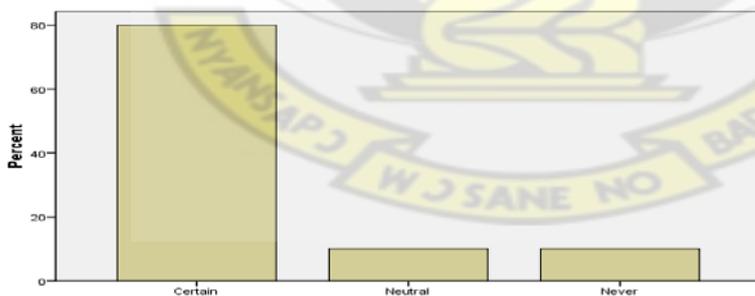
Rewarding customer loyalty helps them meet their basic needs



Source: Field survey, July, 2011

Figure 97 Responses from The Trust Bank

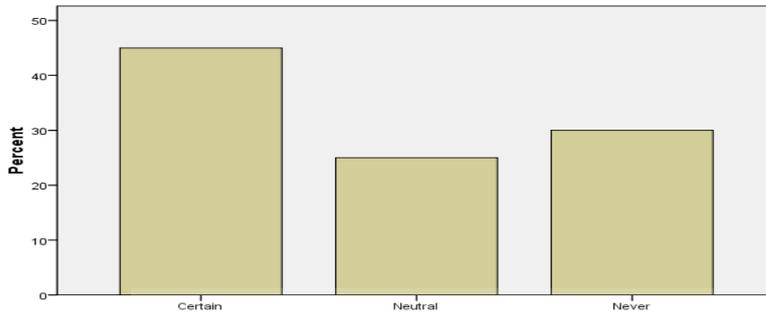
Rewarding customer loyalty helps them meet their basic needs



Source: Field Survey, July 2011

Figure 98 Responses from Cal Bank

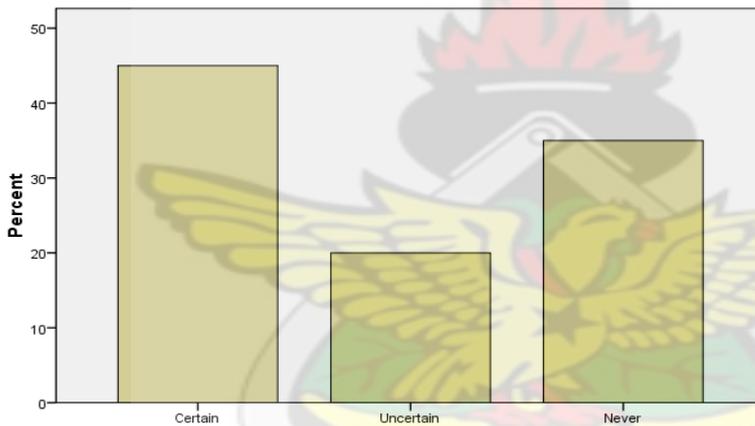
Rewarding customer loyalty helps them meet their basic needs



Source: Field Survey; July,2011

Figure 99 Responses from Zenith Bank

Rewarding customer loyalty helps them meet their basic needs



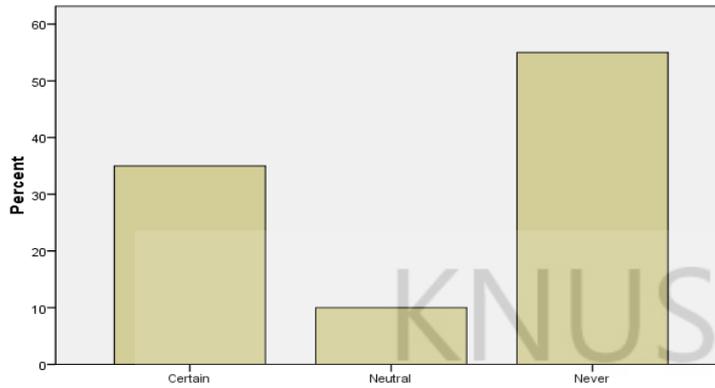
Source: Field Survey; July,2011

The analysis revealed that customers have a fervent believe that if their loyalty is rewarded through promotions and good interest rate they will be able to meet some of their basic necessities of life. When customers are offered good interest on savings products as well as a low interest rate on loan facilities in accordance with the corresponding prim rate they will be able to fulfill their needs. Apart from rewarding the loyalty of the customer through good interest rate, banks can also occasionally reward their customers through promotions. Banks sometimes offer cash prizes as well as other items through promotions to enhance the welfare of their customers.

4.2.22 The ability of customers to perform transactions at the comfort of their homes

Figure 100 Responses from Barclays Customers

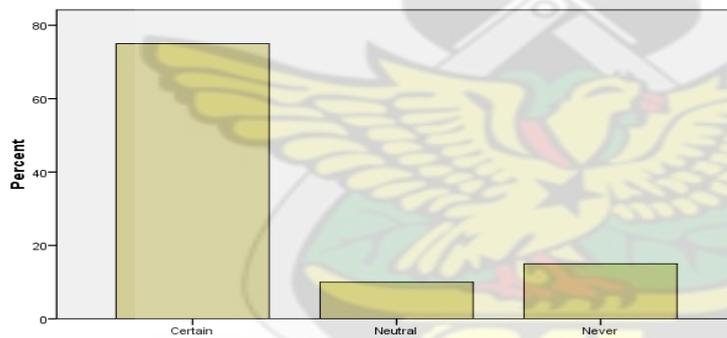
The ability of customers to perform transactions at the comfort of their homes



Source: Field survey, July, 2011

Figure 101 Responses from Guaranty Trust Bank

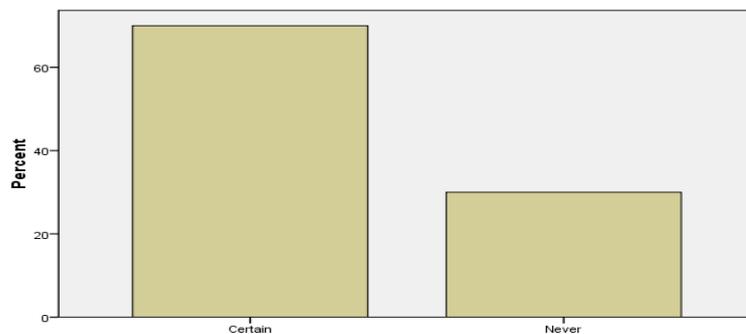
The ability of customers to perform transactions at the comfort of their homes



Source: Field survey, July, 2011

Figure 102 Responses from The Trust Bank

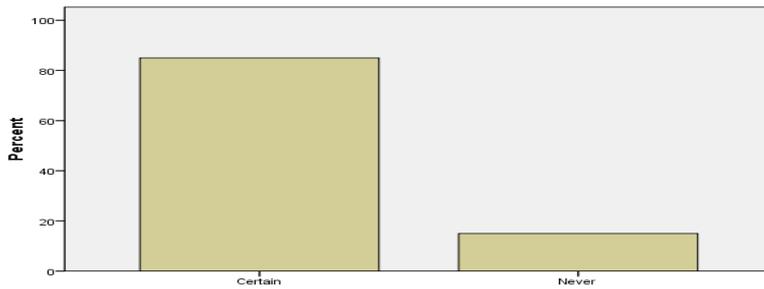
The ability of customers to perform transactions at the comfort of their homes



Source: Field Survey, July 2011

Figure 103 Responses from Cal Bank

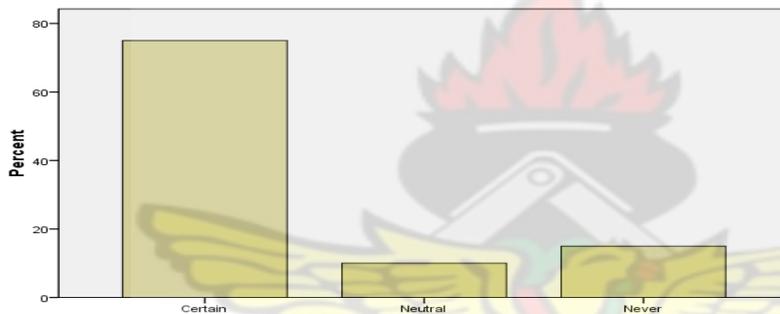
The ability of customers to perform transactions at the comfort of their homes



Source: Field Survey, July 2011

Figure 104 Responses from Zenith Bank

The ability of customers to perform transactions at the comfort of their homes



Source: Field Survey, July 2011

Most of the respondents believe that e-banking services introduced by the banks assist them to transact business at the comfort of their homes. Zenith's e-zone for instance gives customers the opportunity of checking their balances; viewing their statements and making funds transfer via the internet at the comfort of their homes. The introduction of e-statement services by Barclays Bank gives customers the comfort to access their account information through the internet. Customers believe that the introduction of internet banking saves them ample time to attend to other engagements since they need not to spend precious time in queues to be served by bank officials.

CHAPTER FIVE

RESEARCH FINDINGS, RECOMMENDATIONS AND CONCLUSION

This chapter looks at findings from the data analysis, recommendations on the findings as well as the conclusions drawn from the research.

5.1.0 Research Findings

5.1.1 Customers' definition of quality

Bank customers according to this research define quality in terms of the characteristics of services that bears on its ability to satisfy stated or implied needs. They identify the characteristics of quality services to include among the following: effective communication, access address and competence as well as courtesy of the service provider. Reliability and responsiveness of the service is also critical in determining the quality of it. Effective complaint handling as well as incorporating the needs of the customer in product engineering is sources of customer satisfaction.

5.1.2 Quality customer Service as a source of differentiation

Quality customer service has been identified as a major source of differentiation in the banking sector. This explains why private banks invest so much and pay much attention to service issues.

5.1.3 Impact on Profit

The research discovered that there is a positive relationship between quality of customer service and profitability of banks. It was discovered that quality customer service results in customer satisfaction which invariably leads to client loyalty and retention. Banks are always assured of their fees; interest income and commission which forms chunk part of their revenues if they are able to retain and cross sell other products to customers.

Banks are able to curve a niche through quality customer service which assists them in recruiting and retaining new clients. Satisfied customers through their word of mouth testimonies contribute significantly in assisting banks recruit and retain customers.

Majority of dissatisfied customers are likely to quit a particular financial institution to join a

competitor who provides world class customer service. This can negatively impact on the revenue generation of the bank.

5.1.4 Cost Reduction

The introduction of e-banking which includes internet banking, branch networking as well as ATM service has the potential of reducing transactional cost of financial institutions as confirmed by banks.

Improved service quality cuts cost because bank would have few customers to replace, less service failures to correct, fewer complaints and customer dissatisfaction to deal with.

5.1.5 Customer service strategies used by banks to maximize market share

Banks adopt several customer service strategies basically aimed at maximising their market share. The research identify among the following as the strategies used by banks to attract and retain customers:

Banks believe that product innovations in the banking sector especially those that enhance service quality and create comfort for customer are welcoming. This explains why banks are now providing e-banking services to clients.

Information security and ability to prevent fraud build good public image for banks which makes it more convenient for them to recruit and retain customers.

Highly competent and well motivated employees who create lasting impression in the minds of both existing and potential customers always add to the numbers.

Meeting and exceeding the expectations of the customer result in customer satisfaction which creates lasting relationships.

Banks create wide branch network through e-banking to enable customers have access to their service any time anywhere. This is a source of convenience for customers.

Comprehensive complaint handling procedures develop by banks and its effective implementation serves as a buffer in insulating customer attrition in banks.

Cross-selling different products to the same customer create opportunity to increase banks' revenue. Retaining loyal customers through quality services offered is a good platform for

banks to maximise their market share.

5.1.6 Customer welfare

Customers believe that rewarding their loyalty through good interest rates as well as offering them prizes through promotions assist to meet some basic needs in life. This they confirmed enhances their welfare.

5.2 Conclusion

In the era of intense competition in the Ghanaian banking sector resulting from the influx of banks into the country the only source of differentiation is the delivery of high quality services to clients. When competition heightens the power of banks' products to deliver competitive advantage whittle down dramatically. Quality service therefore is critical to corporate success because it is linked to customer satisfaction and retentions which impact on profitability of banks. Quality service also has a strong positive association with cost savings and increased market share. Banks are therefore encouraged to direct their efforts towards quality issues to survive the competition and to enhance their performance.

5.3 Recommendations

5.3.1 Quality

Quality should not be defined in terms of some standards determined by banks but should be viewed from the expectations of the customers. Being able to identify the expectations of the customer and translating them into their needs gives them inward satisfaction. This is what customers see as quality.

5.3.2 Enhancing the competence of the service provider

Quality enhancement is a continuous process but not just a days' achievement. In view of these efforts should be made to develop comprehensive plans to enhance the competence of the service providers through training and development.

5.2.3 Automation of service delivery

Automating some aspects of service delivery will consistently ensure high service standards.

5.3.4 Contact centres

In this era of intense competition in the Ghanaian banking sector where banks offer similar products to the market the only way they can survive is through the delivery of quality services to clients. Banks should therefore have structures in place to handle service issues. Having effective contact centres which oversees service issues is a step in the right direction to ensure consistent service delivery.

5.3.5 Maintaining service culture

Making service quality a cultural issue in banks has the potential of maintaining high service standards. Discussing service standard in huddles and meeting will help in shaping the behaviour of employees.

5.3.6 Treating customers as individuals

Since customers have varied expectations to be met by banks efforts should be made to treat customers as individuals. Treating customers as individuals reduces customer dissatisfaction which also address the issue of customer attrition.

5.3.7 Creating good impressions

Bank officials should always try to create good first and last impressions in the minds of customers because they make clients feel special and creates lasting relationships which assures banks of their revenue.

5.3.8 Encouraging Customers to patronize e-banking services

Customers should be encouraged to patronise internet banking because it reduces transactional cost and give convenience to clients in transacting business with banks. Internet banking reduces the cost of stationery since it involves paperless transactions.

5.3.9 Identifying and resolving the complaints of dissatisfied customers

Banks should train their employees to develop probing question techniques to identify dissatisfied customers and have their complaint resolve because they quit financial

institutions unceremoniously.

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APPENDICES

APPENDIX I

QUESTIONNAIRE FOR MANAGEMENT

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY, KUMASI

INSTITUTE OF DISTANCE LEARNING

Institutional Questionnaire

Purpose: The questionnaire is design to seek data on the impact of quality customer service on the performance of some selected banks in Kumasi Metropolis, in partial fulfillment of the requirement for the award of Commonwealth Executive Master of Business Administration degree. You are assured that any data provided would be treated with utmost confidentiality.

Please tick (✓) the responses in the boxes provided.

1. Position
 - Manager []
 - Customer service manager []
 - Operations manager []
 - Accountant []
2. Status of the bank
 - Public []
 - Private []

The set of questions below provide a clue about the kind of service the bank offers to its clients.

Please use the Scale below to articulate the kind of service you offer to your clientele.

1. Strongly agree
2. Agree
3. Neutral

4. Disagree

5. Strongly disagree

Statement	Scale				
	1	2	3	4	5
3. Service quality is an important issue to Barclays Bank					
4. Our product features are well communicate to clients to inform their purchase decision					
5. Customers find it convenient to do business with us irrespective of the time and where they are.					
6. our staff are highly skilled and knowledgeable in offering services to our clientele					
7. Employees are friendly and polite in service delivery					
8. Willingness and promptness in service delivery is the haul mark of our employees					
9. Employees are well trained to provide the right services the very first time to customers.					
10. customers feel secured doing business with the bank					
11. Customer complaint are handled with the outmost promptness that it deserves					
12. customer needs are factored in product development					

The questions below when answered will show the impact of service quality on the performance of your bank.

Use the scale below to explain how the bank feels about the following statements

1. Certain
2. Neutral
3. Uncertain
4. Never

Statement	Scale			
	1	2	3	4
13. Service quality contribute to increase fees, commissions and interest income of the bank				
14. The bank finds it easy to recruit new customer because of its service quality				
15. The high service quality of the bank results in customer satisfaction and retention				
16. Customer loyalty and retention creates opportunity for cross-selling by the bank				
17. The provision of internet services to clients has helped the bank to cut down transactional cost				
18. The bank rewards the loyalty of its customers through promotions and good interest rate on products.				
19. Rewarding customer loyalty enhances the welfare of our customers by helping them meet their basic needs				

APPENDIX II

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY, KUMASI

INSTITUTE OF DISTANCE LEARNING

Consumer Questionnaire

Purpose: The questionnaire is design to seek data on the impact of quality customer service on the performance of some selected banks in Kumasi Metropolis, in partial fulfillment of the requirement for the award of Commonwealth Executive Master of Business Administration degree. You are assured that any data provided would be treated with utmost confidentiality.

Demographic Data

Please tick (✓) the responses in the boxes provided.

1. Gender
 - Male
 - Female
2. Occupation
 - Trader/Businessman
 - Teacher
 - Retired
 - Housewife
 - Security officer
 - Other (specify).....
3. Age
 - 18-29
 - 30-39
 - 40-49
 - 50-59
 - 60 and above

The set of questions below when answered would portray the kind of services received from your bank:

Please use the scale below to express how you feel about the statement underneath

1. Strongly agree
2. Agree
3. Neutral
4. Disagree
5. Strongly disagree

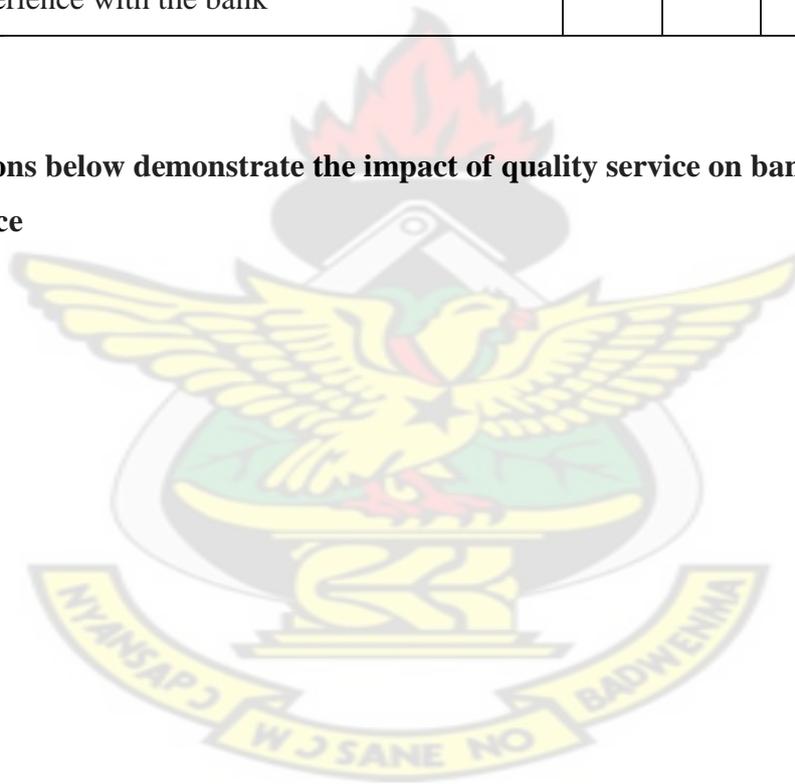
Statement	Scale				
	1	2	3	4	5
4. My expectations of services required was met by my perception of service received					
5. I deal with Barclays Bank because they get things done right the very first time					
6. Bank officials are always willing and ready to provide immediate service to me					
7. Employees of the bank provide detailed product information which informs my purchase decision					
8. Employees of the bank are highly skilled and knowledgeable in providing service					
9. Employees of the bank are friendly and polite me.					
10. I was immediately greeted and acknowledge by the employees of the bank as so as i entered					
11. My complains are resolved within the shortest possible time.					
12. The range of services are consistent with the latest innovation in the banking sector					
13. My views are sought by the bank in designing their products					

Use the scale below to express your level of satisfaction with the bank's services

1. Very satisfied
2. Satisfied
3. Neutral
4. Dissatisfied
5. Very dissatisfied

Statement	Scale				
	1	2	3	4	5
14.How would you rate your assessment of quality of services received					
15.Over all how satisfied are you with your most recent experience with the bank					

The questions below demonstrate the impact of quality service on bank's performance



Use the scale below to indicate how you feel about the statements below:

1. Certain
2. Neutral
3. Uncertain
4. Never

Statement	Scale			
	1	2	3	4
16. I would recommend Barclays Bank to someone who seeks my advice because of the kind of services i receive				
17. I am likely to switch to a competitor within the next 12 months				
18. I will switch to a competitor when am dissatisfied with the bank's services				
19. when i am dissatisfied with the bank's services i will complain to other customers				
20. I patronise the bank's internet services				
21. My loyalty is reward by the bank				
22 Rewarding my loyalty through promotions and good interest rate help me meet my basic needs				
23. I am able to perform transactions at the comfort of my home				