

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

**Customer Evaluation of Service Quality in Banking: The Case of Customers in
the Techiman Municipality**

KNUST

By

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fulfilment of the requirements for the degree of Master of Business
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DECLARATION

I hereby declare this submission is my personal work duly executed by me towards the award of a Masters of Business Administration and that, to the best of my knowledge, it contains no material previously published by another person or accepted for the award of any other degree by the university, except where due acknowledgement has been made in the text.

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ABSTRACT

The Ghanaian banking industry has witnessed an unprecedented growth in the number of players and as such has become keenly competitive. Competition is believed to be a panacea to improved and quality service offering. This however does not work in a vacuum, it requires the ability of banks to determine and satisfy the ever-changing needs of the customer which continually get sophisticated due to global trends. Banks understanding this resort to the introduction of customer friendly products, technologically driven innovations and the adaptation of persuasive marketing communication tools to promote and position their services as being quality. The customer however remains paramount in every effort and their views count the most. This informed the study to identify how they evaluate the service quality of banks using the case of customers in Techiman- a commercial town in Ghana that has witnessed an influx of banks in recent time due to its commercial nature. A crosssectional exploratory approach was adopted and involved the administering of 500 questionnaires to customers of the banks understudied, recording a response rate of 87.2%. Questionnaires were pre-tested and administered with the help of field workers using the non-probability sampling procedure, adopting the purposive technique in selecting respondents. The technique offered the opportunity to select persons who seemed willing to participate in the research and understood its purpose. In line with its objectives, the study identified how customers evaluate the quality of services rendered by banks in Techiman. An overall SERVQUAL score of -0.458 was recorded, indicating low service quality levels by banks in Techiman. Prudential Bank realized the highest gap score amongst major dimensions followed by ADB. It's recommend that management of the banks identify and close the service delivery gaps

to ensure customer perception matched or exceeded expectations.

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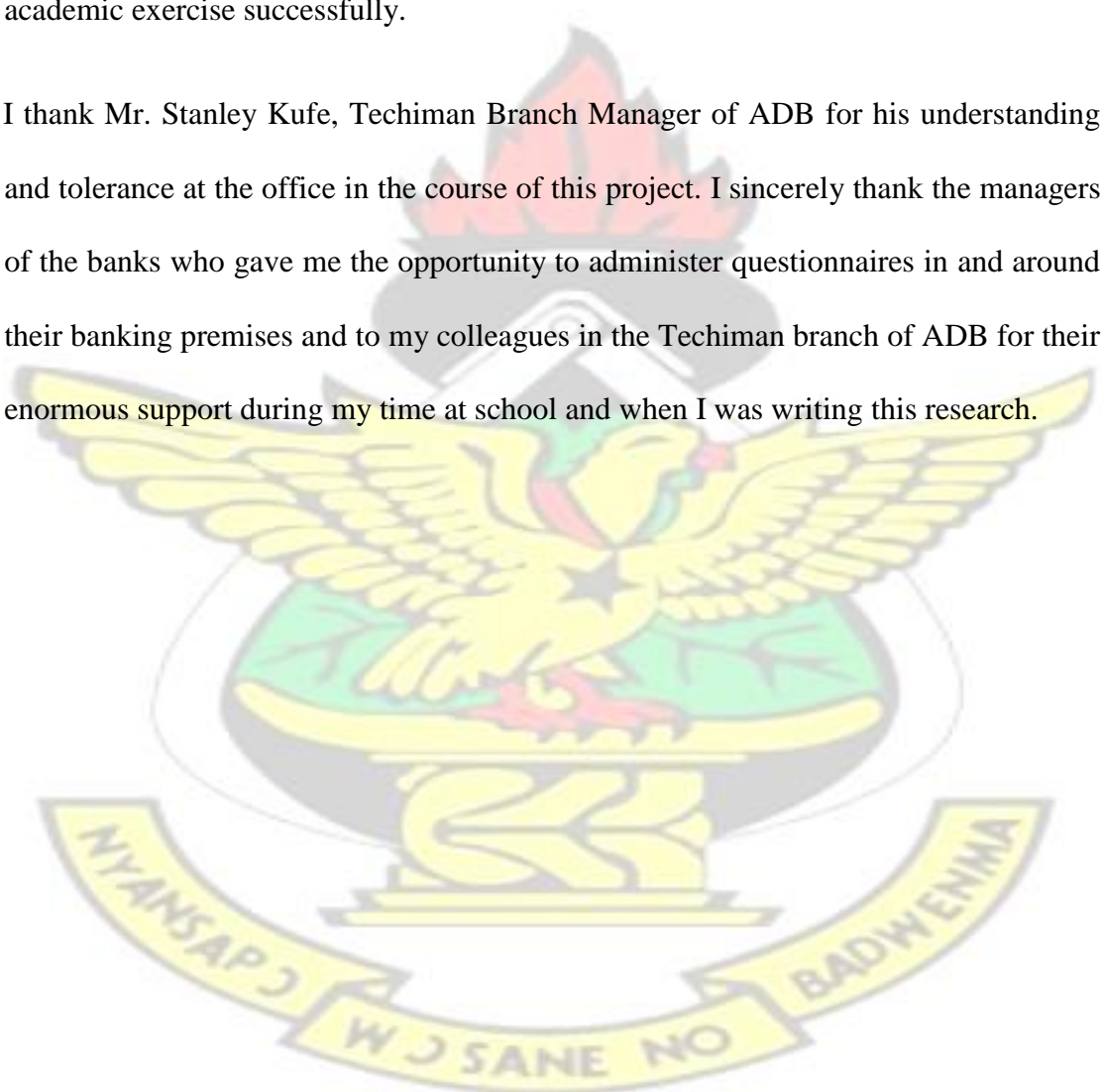


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DEDICATION

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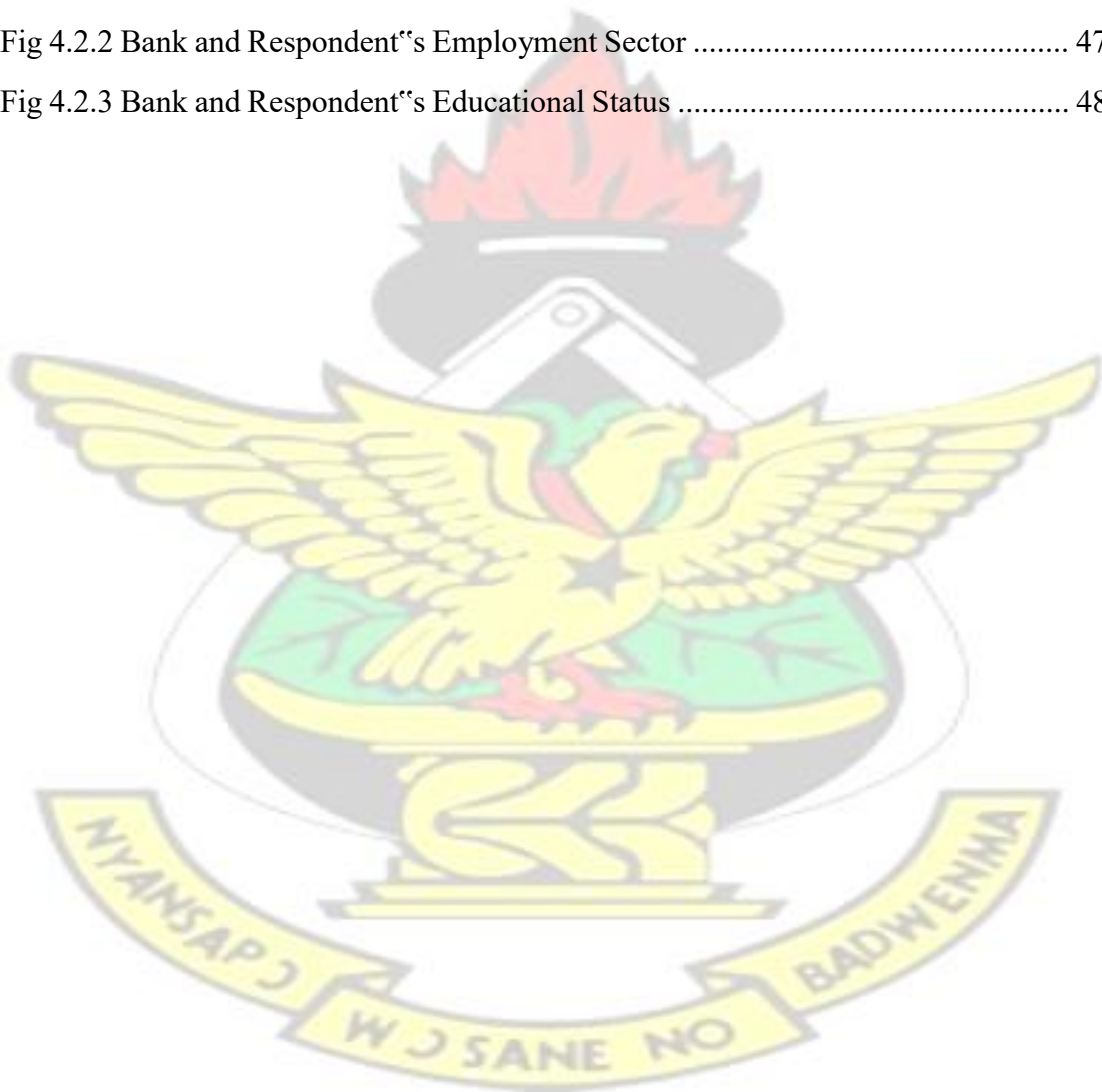
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CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

The banking industry is one in the Ghanaian economy that faces stiff competition amongst players. The industry has seen a proliferation of banks between the periods of 1990 to date. It has witnessed an unprecedented increase in the number of banks operating in the country. The sector currently hosts twenty-eight (28) universal banks (WEB, ghanaassociationofbankers.com) and is believed to be facing stiff competition amongst players and from non-bank financial institutions. The fast growing nature of the industry with its heightened competition and ever changing customer needs requires banks to acquire the best human resource, develop expertise and adopts best industry practise coupled with the use of current and efficient technology to meet the demands of their customers.

It is well known that banks play a major role in the financial and economic development of every nation. Having an effective banking sector has a positive influence on the growth of a country in its various economic sectors. The importance of banks can therefore not be overlooked by any developing country, including Ghana. Banks make capital available to industries to promote their activities- this they do through the mobilisation of excess funds from customers and distribute them in the form of credits to sectors in need of them. Cetorelli et al (2012) reinforces this importance of banks to economies by describing them as essentially serving the role of deposit-taking entities which primarily engages in the business of lending. They linked the 2007-2009 financial crises to the failure of financial intermediation which they directly didn't relate to the banks. However, it can be inferred that the major role of banks being

financial intermediaries (Heffernan, 1966) puts them at the heart of their assertion which goes a long to emphasise the importance of banks to every economy.

In our part of the world, banks“ smoothing trade and commerce by making funds transfer easier across-the-board; provide an avenue for saving; offer financial advice and less costly services as compared to other nonbank institutions and have the arduous task of mobilising funds from excess hands and making it available to those in need of these funds whilst ensuring they are recovered in time. Banking practitioners across the globe may be faced with complex challenges (Mei et al., 2013) diverse in nature including risk management, government regulations, payment systems and core business application all of which relates to making them viable through the acquisition and retention of profitable customers. This makes it imperative for banks to better understand the ever changing customer needs and adopts the latest information technology system to enable them effectively compete on the global market (Malhotra & Mukherjee, 2004). With an understanding of the changing needs of the customer, appropriate service delivery tools must be adopted including that of current information technology systems. This presents an opportunity for banks to offer quality services to the satisfaction of the customer.

The services sector is the largest in the Ghanaian economic sector. It contributed 49.5% to the country“s GDP in 2013. In the face of Ghana“s economic challenges, financial and insurance activities continue to grow contributing 23.2% of GDP which is among the highest in 2013 (Ghana Statistical Service GDP Report, April 2014). According to the Ghana Banking Survey (2013), the industry in 2012 registered very impressive growth which together with its current rating could be attributed to the pressures from shareholders on banks to show significant returns on their investment.

The impressive postings and contribution to GDP reinforces the industry's significance in the Ghanaian economy. Recognising its importance in the economy, the Government of Ghana has continued to show strong commitment to the development of the financial sector, evidenced by the approval of the Financial Sector Strategic Plan (FINSSP) by Cabinet in 2003 to serve as a blueprint for development of the country's financial sector and the continual reviews of the banking act to reinforce strict regulations by the Bank of Ghana.

The bottom line for banks is they want to hold the largest number of a profitable customer base. The bigger the customer base, the most likely it is to mobilise deposit and increase revenue- implying availability of cheaper funds for investment. In a keynote address delivered by the governor of the Bank of Ghana, Dr. Kofi Wampah (July, 2014), banks are largely urban-based and concentrated in the southern part of the country. According to him, there were a total number of 892 branches across the country as at end-May 2014 with an average per branch population of 28,027 yet an overwhelming percentage of over 80% of the Ghanaian population still remain unbanked. This offer banks growth opportunities and a greater responsibility of reaching out to the pool of prospects in the economy. The large unbanked population with the growing numbers of banks in Ghana heightens competition, with players jostling for positions to be seen as banks of the future; acquiring the right expertise and leveraging on information technology systems to provide innovative solutions so to increase market share and profit. With this, the new generation of banks are well established and have set new standards in their style of management and deliver service in a much efficient manner. Customer exposure due to globalization coupled with a fast changing environment renders the industry's operating environment more dynamic and competitive and such banks have no option than to conform to industry demands.

Contemporary customers are abreast with information and global trends; such do not accept anything less than what should be of value to them. This phenomenon has caused banks to offer improved services; ones which could be seen as quality by the customer. Understanding that the only value a company can create is the one that comes from customers (Kotler & Keller, 2013), banks are engaged in intense poaching and luring of quality personnel amongst themselves. They live to the understanding that the factors of influence on a customer's selection of bank include services, rates, fees and price charges (Abratta and Rusell, 1999). A situation causing them to continually engage in effort towards the introduction of new customer friendly, technologically driven innovations and the adaptation of persuasive marketing communication tools to promote products and services. Their industry's products offering and services are however identical and such quality has become the ultimate differentiator and pivot for a competitive edge. Extra miles are taken to provide services that could be felt and perceived by the customer as quality so to make gains from the assertion by Kumar et al (2010) that banks which master the delivery of quality service can gain competitive edge in relation to higher revenue, customer loyalty and retention. Providing such superior service quality, again, contributes to long term profitability due to improved customer loyalty with an accompanying higher customer rate of retention (Chi Cui *et al.*, 2003; Ladhari *et al.*, 2011; Abdullah *et al.* 2010).

The spate of competition among banks in Techiman is intense due to the high growing presence of the number of banks in the municipality. Banks have therefore become sales and marketing conscious reaching out more to customers rather than waiting for them in the comfort of their offices. Direct sales team and marketers are always on the market

prospecting for customers. The claim that it costs five to eight times as much to get new customers than to hold on to old ones is key to understanding the drive towards benchmarking and tracking customer satisfaction (Cacioppo,1995) informs the extent to which relationship managers grow close to their customers to points of escalating such relationships to an informal height. Every effort is geared towards creating long-term customers since they take less of the company's time and are less sensitive to price changes (Healy, 1999). This reduces the rate of customer defection and accrues to banks benefit of profit increase as espoused by Healy (1999) that reducing customer attrition rate by as little as 5% can double profits.

In the face of all efforts by banks to satisfy customers, there are those who still engage in bank switching and constantly demanding better and improved quality services from their bankers. The plethora of advertisement by banks describing their services as being quality and the equal rhetoric by customers being in demand of quality services makes it imperative to situate quality banking service in its right context from the view point of the customer. Since they remain the main-stay of every organization and such target of banks, it is important to understand what the quality of a bank's service is supposed to be and how they evaluate the quality of services received from their banks.

1.2 Problem Statement

A bank's competitive power resides in the ability to conform to customer needs. This implies that customer satisfaction and loyalty are paramount in the quest to achieving long-term profitability by banks. Customer satisfaction however, depends on the provision of quality service with its accompanying perception by customers (Titko & Lace, 2012). Banks providing such quality services lay the foundation for attracting new customers through word-of-mouth recommendations, achieve higher market share,

reduce operational cost, improve productivity and enhances organizational image (Lewis, 1991; Julian & Ramaseshan, 1994). Banks therefore stand in better stead to gain competitive advantage by delivering services considered quality by customers and meet their needs and expectations (Ennew & Waite, 2007).

Competition is observed to have heightened amongst banks due to their increasing presence in the country over the period and the undifferentiated nature of their offerings. This get banks to focus attention on service quality as a key differentiator in gaining competitive advantage as espoused by Mei (2013). They compete fiercely for customers and have instituted several customer satisfaction schemes which have further become key business strategies. The sophisticated and dynamic nature of contemporary customers and their exposure to information and current global trends serve as an influence on their choice of providers and expectation of the level of services rendered: they require providers that will offer value for money services. Unfortunately, the Ghanaian banking industry is plagued generally with poor service delivery (Hinson, 2012) as compared to international trends. In their study on the “determinants of Ghanaian banks service quality in a universal banking dispensation” Hinson et al (2006) identified that customer expectation on all dimensions of services had not been met by Ghanaian banks. With the ever increasing competition within the banking industry and customers expectation of high value offering, banks creates the impression of providing the best quality services. Customers however compare their perceptions to expectations when judging the quality of a firm’s offering (Parasuraman et al., 1988), hence the need for banks in their quest to position themselves as institutions of the future; to know how customers assesses the quality of their services and what the expectations of these customers are in relation to service quality. It is on

this basis that the study is conducted; to ascertain how customers of banks within Techiman evaluate the service quality of the banks they patronize in order to capture empirical evidence and provide feedback to management and other stakeholders.

1.3 Objectives of the Study

In this study, the researcher attempts to evaluate customer perception of the quality of services rendered by banks in Techiman. This shall be indicative of the level of customer's satisfaction with services rendered by banks in Techiman. The study seeks to meet the below objectives:

1. Provide empirical evidence on the performance of Techiman banks in relation to quality of services they render.
2. To ascertain customer satisfaction using the service quality module (SERVQUAL).
3. To measure the difference between what customers expectation of services in the banking industry is and their perception on how these expectations are met.
4. To provide suggestions on which variable of the service quality dimension needs improvement by banks in Techiman.

1.4 Research Questions

The study seeks to provide answers to the following questions:

1. How do customers of banks in Techiman evaluate the service quality of their banks?
2. What attributes of service quality is most salient to Techiman banking customers?
3. Are customers of banks in Techiman satisfied with the services they receive?

4. Is there any service delivery point that needs improvement by banks in Techiman?

Besides the above, the researcher aims at identifying reasons behind customers switching from one bank to the other, factors that influence Techiman customers to patronize a bank's service and the most important trait of an ideal bank's branch employee.

1.5 Significance of the Study

Discussions above show the basic and important role banks play in the economic development of Ghana. They do so through the execution of a range of economic activities such as credits creation and facilitation of transfers and payments. In this regard, quality in the services provided is paramount. This study thus provides knowledge on the service quality of Techiman banks as per the customers' evaluation.

The research is relevant in the sense that it shall provide banks an insight into customer's view of quality and what influences the customer's choice of banking services in the Techiman municipality. This should influence management decision making in terms of service delivery and strategy and provide opportunities for customers to enjoy improved and quality services. Customer exceptions could be best predicted: management shall be in the know-how of their strengths and weakness as a bank and be in the position to respond to the expectations of their customers increasingly in order to ensure survival, since the absence of a customer would mean no business (Drake and Hall, 2003).

The study findings shall add to the existing stock of knowledge relating to the quality of services offered by banks in Ghana and serve as a basis on which further empirical

research relating to the subject will be conducted. It shall serve as a platform for customers to make known their perception of service quality as offered by their banks to regulators and other stakeholders. This shall impact policy and regulations and inform appropriate stakeholders on the performance of banks in Techiman. The study shall again serve as a manual by which management of banks may use to benchmark services of competitors whilst customers on the other hand both existing and prospective shall be availed with information on the performance of banks relating to the quality of their services and aid in decision making on their selection of a particular bank over the other, reducing customer information asymmetry..

1.6 Scope of the Study

The study was carried out on ten (10) universal banks operating in Techiman. Though eleven (11) banks existed in the municipality as at the time of the research, an opportunity was offered the researcher by ten amongst them to be researched. The study covered customers of these ten banks as identified: Agricultural Development Bank (ADB), Ghana Commercial Bank (GCB), International Commercial Bank (ICB), National Investment Bank (NIB), Universal Merchant Bank (UMB), Access Bank, HFC Bank, Barclays Bank, Prudential Bank and GT bank.

It's worth noting the changes that has occurred in the banking sector within the municipality less than a year after collecting data for the research. There currently exist fourteen (14) universal banks operating in the municipality; it includes two (2) new entrants- Fidelity Bank and the First Capital Plus Bank with the GN Bank which hitherto operated as First National Bank acquire a universal banking license. Two (2) acquisitions included the takeover of Procredit by Fidelity Bank and ICB by FBN Ghana. The Ghana commercial Bank (GCB) has also witnessed some rebranding with

its name changed from the previous to GCB Bank. These changes have not affected the local operations of the banks except in the case of Fidelity where new products seems to have being introduced which might be largely due to the fact that they acquired a nonbank institution making the depart from their operations visible.

The study in its geographic scope was confined to the Techiman municipality which is one of the most buoyant commercial centres in Ghana and the Brong-Ahafo region to be precise. The town is strategically located in terms of its accessibility to the Southern and Northern part of Ghana. It is acclaimed that the town operates the biggest and most patronized market in the sub region. The volume of trading activities at the Techiman market is remarkably high due to it unrestricted nature. Trading is opened to both Ghanaians and non-Ghanaians, transcending the boundaries of the country. Due its location, traders from wide and near within the sub region (Burkina Faso, Mali, Benin, Nigeria and Togo) patronize the market. It is against this backdrop that the municipality has witnessed an influx of both major and smaller banks; a phenomenon that has influenced the researcher's choice to confine this study within the municipality.

1.7 Organization of the Study

The study is organized into five (5) chapters which are the Introduction, Literature Review, Research Methodology, Data Analysis, and Result and Conclusion. Chapter One provides an introduction to the study and summarizes what it is set to accomplish. It contains the background of the study, the statement of the problem, objectives of the study, research questions, significance of the study, its scope and limitations.

Chapter Two is a review of the literature on the topic under discussion and covers previous researches done by experts relating to the topic and gives the researcher an

insight into better understanding the topic and drawing conclusions. Chapter Three covers the methodology and looks at the various methods to be used in collecting and analysing the data for the study. The Fourth Chapter covers the results and discusses and analyses the research findings and highlight the important issues. The Final is Chapter five, which contains the research conclusion and offers recommendations to banks, customers and the world of academia at large.

CHAPTER TWO

LITERATURE REVIEW

2.1 The Ghanaian Banking Industry

The Ghanaian banking industry witnessed an unprecedented entry of new banks after the enactment of the banking Law in 1989. However, the periods between 1990 and 2009 according to the Ghana Banking Survey (2009) registered a massive number of 17 new banks making entry into the industry which currently hosts twenty-eight (28) universal banks and has grown to become central to the economic growth of the country. Fewer than thirteen (13) amongst the twenty-eight (28) players are Ghanaian owned whilst the remaining are foreign of notably South Africa and Nigeria descent.

The high number of industry players coupled with the ever changing regulatory environment requires conformance to new global standards: technology that keeps changing with time; society and its quest to benefit from the reward of investors; the threats of new entrants and customer's need for cyber security, business transparency, personalised products and convenient services, all forces that has heightened competition in the banking sector. The Bank of Ghana (BOG) for instance raised the industry's minimum capital requirement to GHS60million (\$24million) in 2009 and

subsequently GHS120million (\$60million) as that required by new banks willing to join the industry. In 2003, the BOG replaced the merchant, development and commercial banking system known as the three- pillar banking module with the Universal Banking module. The new module according to the regulator has offered an equal playing field to players and opened the industry to competition, innovative products and entry (Bank of Ghana). At the heart of the new entrants are other nonbank institutions such as Beige Capital Finance and Bond Financial Services which has expressed interest in entering the industry after the successful acquisition of licenses by First National Bank now GN Bank and First Capital Plus which are now fully-fledged banks.

Faced with such intense competition and stringent regulatory requirement, the banking industry has in recent times witnessed some takeovers and mergers with both banks and some nonbank institutions. In 2011, the Bank of Africa group acquired 60% stake in the then Amalgamated Bank (Amalbank). The year also saw Ecobank take over 61% stake to merge with then The Trust Bank (TTB). Access bank acquired 75% stake in the defunct Intercontinental Bank, a Nigerian owned player in 2012. The most current amongst these takeovers is that of Procredit Savings and Loans- a microfinance institution, by Fidelity Bank and the ICB by FBN Ghana in 2015. The BOG at the early stages of the development described the takeover and mergers as one that espoused satisfaction whilst describing it as one to enhance competition (thechronicle.com). In 2011, the regulator described the banking industry as one having a continuous steady growth. An observation that seems to be in sync with Kunateh's (2012) description of the industry as being solvent and holding a Capital Adequacy Ratio (CAR) above 10% with various indicators projecting positive signals.

As it is with every business, customers are the lifeblood of banks, and every activity undertaken is for their adoption and satisfaction (Matthews & Thompson, 2007, 7980). Banks therefore stand a chance in their highly competitive environment by delivering customer loyalty driven services not overlooking how sophisticated customers have become and their insatiable demand for better and favourable services (Berger & Humphrey, 2008). According to Hinson, the Ghanaian banking industry registers low level customer satisfaction in relation to services offered. In spite of this, the industry is always inundated with the introduction of new products and services ranging from bank assurance to internet banking portals, SMS alert services, mobile banking and other card usage platforms including Smart Cards, GH link, VISA, Master card and etc. Others engage in branch and network expansion to expand their scope of operation and feed into the over 80% unbanked population whilst giving existing customers accessible service across the country.

Speaking to branch expansion, the banks under study as at end-2012 operated a total of 456 branches in the country (Ghana Banking Survey, 2014). The Ghana Commercial Bank (GCB) operated the highest number of branches with 158 branches followed by the Agricultural Development Bank (ADB) with 77 branches. Barclays Bank operated 59 branches, Access Bank had 33 branches; the National Investment Bank (NIB) operated 28 branches with HFC Bank and GT Bank operating 24 branches each. The Universal Merchant Bank (UMB) had 22 branches whilst Prudential Bank and International Commercial Bank (ICB) operated 19 and 12 branches respectively. A careful observation shows that banks continuously engage in expanding their branch network services to provide reach to their customers in the quest to offer them improved quality services.

2.1.1 Service Quality and the Ghanaian Banking Industry

Banks are considered active and important players in the financial and economic development of a country (Mei, 2013). In developing and transitional economies like Ghana- where the financial market is known to be less developed, banks are the major institutions that address financial intermediation needs and direct investment support services (Rahnama et al., 2012) to the various sectors of the economy. In this regard, a weak banking sector will be a considerable threat to macroeconomic stability as espoused also by Naderi (2008). Ghana's banking sector regardless the underdeveloped nature of its financial sector fortunately shows strong signs and continues to prove its worth by making significant contribution to economic growth and holding an appreciable share of the nation's Gross Domestic Product (GDP).

According to PriceWaterhouseCooper's (PWC) 2013 survey of the Ghana banking industry, services and products offered by both bank and nonbank institutions partly accounted for the growth of the services sector by contributing 50% share of the country's GDP in 2012. The survey recognized the significant growth of the industry in the reviewing year and attributed key success factors to banks strengthening existing relationships with customers and clients through dedicated and improved customer services. In relation to this, the Bank of Ghana (BOG) - the main regulatory body of banks in the country, has committed to continually creating awareness and developing the interest of Ghanaians in the country's financial sector and its services. They do this through the creation of an environment conducive to facilitate branchless banking, promote innovation and ensure consumer protection (Jaising, 2013). Further identified in Jaising's study is the non-existence of consumer protection regulations required to protect the interest of consumers. However, government through the Ministry of

Finance and Economic Development (MoFEP) seem to have shown intentions to address this situation. In a study on the efficiency of Ghanaian banks, Frimpong (2010) espoused that the entry of foreign banks and acquisition of universal banking licences by existing banks have heightened the banking industry's competition. He emphasised the relationship between competition and efficiency; competition and productivity growth and advised banks to operate at a high efficiency level in order to remain in business. Thus a careful integration of quality and productivity improvement in service performance shall improve the long term profitability of their business (Lovelock & Wirtz, 2004). Ghanaian banks are called as a result to wither the storm to provide high quality services that are of value to the customer and have the ability to satisfy their needs and meet expectations in order to remain competitive and survive the industry; an assertion that seems to be confirmed by their recent efforts as a result of their activities including rebranding especially by the long existing ADB and GCB in 2014 so as to appeal more to their customers.

Other activities include the listing on the Ghana Stock Exchange by HFC Bank and GCB and the processes by ADB to do so in 2015; some other mergers and acquisitions have also been witnessed as identified earlier. The gains of synergy could be realized in these efforts through the availability of a larger pool of capital, expertise and the opportunity to expand branch network whilst improving service processes and delivery.

Existing between customer satisfaction, customer loyalty and organizational profitability is an important relationship (Dumond, 2000; Payne et al., 2000; Jamal & Anastasiadou, 2009; Beerli et al., 2004) that cannot be overlooked by banks. Satisfaction can only be realised by customers after experiencing a product or service

through contact. It is through such contact and experience that consumers form perceptions about service quality. This perception, according to Titko and Lace (2012) is the most significant determinant of customer satisfaction. Offering quality service enhances customer loyalty which consequently results in customer retention, hence contributing to company profitability (Chi Cui et al., 2003; Lovelock & Wirtz., 2004; Abdullah et al., 2010; Ladhari et al., 2011). Justifiably, Ryan et al (1999) identified that loyal customers tend to repurchase from the same firm causing an increase in revenue in the long run. Service provides heterogeneous chances in its performance which may offer providers the opportunity to influence and shape customer perceived value, satisfaction and to an extent loyalty. Creating loyal customers therefore will demand banks to build appropriate relationships with its customers so to best understand their needs and influence positively the result of the services they receive. Such relationships as identified by Mei (2013) and Ennew and Waite (2007), is a major key that provide banks an insight into service improvement in order to aid their quest to gain competitive advantage.

By the reasons espoused, quality services could be said to breed repetitive patronage culminating into customer loyalty and long-term revenue growth. This contributes to the significance of the research which adopts the use of the SERVQUAL module by Parasuraman et al (1988; 1990) to determine how customers evaluate the quality of services rendered by banks in Techiman. On this this score, extant literature on the subject is explored for better appreciation of the module and how it can best be applied to the study. It is instructive however to note that, review of literature as captured is not exhaustive but rather remains crucial for unearthing previous debates that relate to this

study, using observed patterns as identified to justify, clarify and contribute to its foundation thereof.

2.2 Perspectives on Service Quality

International competition, slow growth rates and matured markets forms the current trend of the global business environment (Fornell, 1992; Storbacka, Strandvik, & Gronroos, 1994). In order to retain customers and assume competitive edge, many businesses are prioritizing the delivery of quality services to inform customer perceptions (Berry, 1995; Zeithaml & Bitner, 1996). According to Schneider et al (1998), recent interest in customer perceptions of service quality is built on the premise that a customer having positive perceptions of a business' service quality is likely to remain loyal to that business. Such loyalty yields several benefits: retained customers form a potential base for cross selling, and provide valuable sources of new ideas for strategic purposes (Congram, 1991; Juttner & Wehrh, 1994). More importantly, it cost less to retain a current customer than to create new ones as stated by Kotler and Keller (2013) and can cost five (5) times more to create new customers than to satisfy and retain current ones. This situation renders service quality a key factor for organizational success.

Attempting to define customer satisfaction, Juran and Gryna identified product features- referring to the quality of product design; and freedom from deficiencies- referring to quality of conformance as the two main components of customer satisfaction. Quality in their perspective is viewed from the customer's point and is explained as fitness for use and further opined that quality refers to both internal and external customer satisfaction. The idea that quality is dependent upon use brings the customer into the picture, because it's the customer who decides the use (creating customer loyalty) of

products and services. This leads to the definition that “quality is what the customer says it is”. Quality is also explained as the totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs (Kotler & Keller, 2014). This juxtaposed with earlier points reinforce that quality is customer centred as captured by Lovelock & Wirtz (2006) that most research into service quality is user oriented. Although researchers (Grönroos 1984; Parasuraman, Berry and Zeithaml 1985, Parasuraman, Zeithaml and Berry 1988; Zeithaml, Parasuraman and Berry 1990) have focused on different aspects of service quality, they all agree that the emphasis should be on customers

Due to production differences and variability in products and services delivery, customers evaluate quality and attributes of material goods and services in different ways (Mathe and Shapiro 1993). This informs the sub-division of service quality image by Hansen and Deutcher (1977) as they constructs service quality image into categories namely: access- location convenience such as distance from work and home and dimensions such as convenience in service accessibility and acquisition. David Garvin, according to Lovelock & Wirtz (2006) also identified quality as having different meaning to customers depending on their context and goes on to identify five perspectives from which quality is viewed: The transcendent view of quality argues that customers recognize quality through repeated exposure only. Thus, a mark of uncompromising and high achievements standards is applied to the performance and visual appeals of a product or service. The transcendent view quality is synonymous with innate excellence; The product-based approach also recognizes quality as a variable that is precise and can be measured. This approach argues that difference in quality is a reflection of the differences in the amount of attribute that a product

possesses; The user-based definition equates quality with maximum satisfaction and recognizes that different customers have different requirements hence the premise that quality lies in the eyes of the beholder; The manufacturing-based approach views quality from the line of conformance to internally developed specification. From the service point, quality is considered as operations driven;

“Affordable excellence” is how the value-based approach defines quality. This approach considers the trade-off between performance and price.

There are other extended perspectives from different writers which includes support services- defined in terms of the support provided after the product or service is purchased and the psychological criteria which defines quality as focusing on judgmental evaluations of what constitutes product or service excellence. The various perspectives explain that, customers judge service quality after experiencing or coming into contact with a service. Such judgement however differs from customer to customer depending on individual needs and requirement. Regardless however, service quality is customer value offering, inherent in service provision and informed by high performance and conformance ability. For the purposes of the study, service quality is viewed from the dimensions defined by Parasuraman et al (1985): as the degree of discrepancy between customers’ normative expectations for service and their perceptions of service performance.

2.2.1 Customer Perceived Service Quality

Customers usually patronize specific services repeatedly because of the satisfaction they derive from them. According to Fiore and Kim (2007), consumption experience influence adds to customers’ perception of quality. They identified environmental variables such as the physical elements of the environment where the service is

acquired; individual variables attributes and situations as providing such influence on customer perception of a business or brands' image. Edvardsson (2005) pointed out in a similar direction that customer perceptions on service quality are formed during the process of production and consumption as is also identified by Zeithamlan and Bitner (2000). It could be inferred that though customers perceive service quality in different ways as earlier established, their perception similarly varies on the multiple factors or variables that may inform service quality. Their perceived value of service could be said to be determined based on their experience with the delivery of that service. This re-affirms the results of some psychological studies that conclude that non-verbal behaviour by service providers greatly affects service evaluation (Gabbott and Hogg, 2000).

According to Lovelock and Wirtz (2004), the inseparable nature of service whereby customers often are involved in production- particularly in people-processing services- offers the need to distinguish between the service delivery process (referred to by Christian Gronroos as functional quality) and the actual output of service (referred to as technical quality)). Gronroos and others further suggest that a customers' perceived quality of a service result from an evaluation process where their perceptions on the delivery of service and its outcome is measured against their prior expectations (Lovelock and Wirtz, 2004). Customers' expectations, service delivery process and service outcome as stated by Ghobadian, Speller and Jones (1994) influences perception on service quality. Service delivery therefore becomes another important dimension that needs emphasis. Yoo and Park (2007) speak to this by identifying employees as being integral to the service delivery process and a critical element in enhancing perceptions of service quality. A single employee may affect service efficiency and consequent customer satisfaction with the service (Barnard 2002), for example, the

quality of interaction between customer and service provider influences customers' perception of service quality. Customers' own involvement and participation in a service may affect its delivery (Kelly, Skinner et al, 1982) hence the need to keep customers informed and guided through their contact with a bank's service.

Perceived service quality is a judgement resulting from customers comparing expectations to perceptions of actual performance of service received (Lewis, 1989). Edvardsson (2005) espouse that customers experience may either be favourable or unfavourable and that a customer's emotions being positive or negative may have significant influence on their perceptions of service quality. Other influences on a service may include receivers past experience. Explained by O'neil and Palmer (2003), customers' perceive quality on services may be shaped to a large extent, by the degree of previous experience with a similar service. Perceived service quality in the banking sector therefore results from the difference between customers perceptions on services delivered by the banks and their expectations of such services in relation to that of other banks offering (Bahia & Nantel). A customer's evaluation of quality is high when performance exceeds expectation and is low when performance does not meet their expectation (Asubonteng et al., 1996).

Many studies have been conducted in the banking industry to identify attributes that customers find important when evaluating performed quality service. The Literature review suggests that product quality and usability coupled with safety of transactions as identified by Titko & Lace (2012) are the most important service quality element for bank customers. Titko & Lace further identified factors such as the emotional component of service and staff competency as also having a critical role in customer relationships, an assertion that buttress earlier findings that bank-customer relationships

has a major influence on customer loyalty. Customers who perceive a service to be quality also have higher chances of becoming loyal as earlier espoused. According to Rahnama, Alei & Shafaei (2012), customers may remain loyal when provided with quick and prompt banking services, have access to information relevant to the service delivery process (reduction in information asymmetry), have expanded or alternative methods of banking (eg. Electronic banking opportunities) and have access to a conducive banking atmosphere. Captured by Titko and Lace is Jones'' (2004) reference to a banking survey result by the Institute of Banking Studies identifying the principal drivers of customer satisfaction as the following: excellent staff, efficient operations, convenience services, competitive costs and an excellent organizational image. Providing quality service therefore requires banks to meet the customers'' need at every stage of the service delivery process to exert the influence required to shape the perception of the service delivered as quality.

2.2.2 Customer Expectation

According to Bob Hinson (2006), the role of African service marketers is basically to produce goods and services to meet and/or satisfy the needs of customers at a reasonable profit and defined service simply as an act or performance offered by one party to another. Although the process may be tied to a physical product, the performance is transitory, often tangible in nature, and does not normally result in ownership of any of the factors of production. Humorously, service can again be described as something that can "be bought and sold, but which cannot be dropped on your foot". In service provision, the customer plays an important role. Many services require customers to participate in creating the service product. In using an ATM as a money withdrawal

tool, or in cooperating with hairdressers, hotels, and schools, the role of customers is central in any good/service delivery.

Customers are motivated to take an action to fulfil a need when it arises. When that specific need is met, there is a conscious or unconscious comparison of what have been received against what was expected, especially since money, effort, and time have been expended on obtaining provider's service rather than its substitute or alternative. As a result, customer expectations as to what constitutes good service vary from one provider to another. This situation takes us back to banks building relationships with customers to better understand their needs and keep them informed on service processes and transactions. This will largely increase the potential to meet customers' expectation and have them perceive services received as quality.

When individual customers or corporate purchasing department employees evaluate the quality of service, they may be judging it against internal standards that existed prior to the service experience. Hence, people's perception about a service quality is as a result of the comparison they make between the services they have received against what they expected to receive. Expectations about services are most invariably influenced by the factors as outlined by Lovelock & Wirtz (2004). These are;

- Prior experience of customers with a peculiar service provider, with competing services provider in the same industry, or with related services in different industries.
- If they have no relevant prior experiences, customer may base their prepurchase expectation on; word-of-mouth comments, news stories, or the firm's own marketing efforts.

The above explains the demanding nature of the present day customer. The growth in the number of banks and proliferation of news outlet including social media and availability of marketing award schemes and policy think tanks which may provide performance analysis on banks and escalate bad services to the populace informs and keeps customers to date with industries best practices hence the influence on their high expectation.

2.2.3 Who is a Bank Customer?

The purpose of every business is to create and retain customers (Peter Drucker). This simply implies that organizations regardless the type of activities they engage in demands an end-user. Since there could be no business without a customer, banks across the globe is observed as engaging several communication activities to be viewed as customer centred and oriented. The GCB has on its website that they are committed to giving their customers the best service at all time (www.gcb.com.gh); the ADB also has a customer centred value that seeks to provide excellence services to satisfy its customers (www.agricbank.com); Access bank on the other seeks to organize their services around their customers (<http://subs.accessbankplc.com/gh>). This further brings to life the importance of the customer as described by Mahatma Gandhi that the most important visitor on a business premises is the customer who gives the business an opportunity. In the banking industry, customers are the main component for survival and profitability hence the need to satisfy and absorb them (Matthews & Thompson, 2007).

Understanding the importance of the customer presents the need to understand who a bank's customer is. This importance is made clear by Gummesson (2002) who claims that „customer focus“ not only „compels management to realise the firm's primary

responsibility- to serve the customer”, but also to recognise that customer knowledge is paramount to achieving market orientation. A customer is described in general according to Juran and Gryna as anyone impacted by a product or process of an institution. A bank’s customer can therefore be described in simple terms as the end-user of a bank’s services and products. Further espoused by Juran and Gryna is that there exist two categories of customers- the external customers and internal customers. According to them, internal customers do not only include departments of a company that are provided with components for an assembly but includes also, departments and personals in the organization that are affected by business activities. Internal customers are in many cases involved in service provision and may influence customer’s perception of a service with their involvement on how they offer the service. They identified external customers as not only including ultimate users but also intermediate processors, merchants and other customers not purchasers but have connection to the product. Internal customers could therefore be referred to as workers or employees of an organization whereas external customers refer to the stakeholders outside the working force of an organization who are affected by the organizations activities. Nimako and Azumah (2009) opine that within the two identified categories are other sub-categories, which includes the large external customer group made up of: clients, consumers, compliers and constituents. The focus of the study is on customers of the consumer group who are best identified as end- users of the banks’ services and have regular encounter with these services. The internal customers are recognised as the service providers and their views are also ascertained through interaction, observation and product information available on fliers relating to services offered customers.

2.2.4 Service Quality verses Customer Satisfaction

Customer satisfaction is defined by Bruhn (2003) as customer assessment of how prior expectations about service characteristics and overall functionality have been fulfilled by the provider after it's been experienced. According to Kotler & Keller (2013), customer satisfaction is the feeling of pleasure or disappointment that result from comparing a product or services perceived performance to expectation; it is a measure of how products and services supplied by a provider meet or surpass customer expectation (Kotler, 2000). Customer satisfaction is also defined by Oliver (1997) as customer's judgement that result from product or service features and its ability to provide pleasurable consumption related fulfilment. Stevenson (2005) defined customer satisfaction as the result achieved when service or product features respond to customer needs and when the company meets or exceeds customers' expectations over the lifetime of a product or service. Oliver (1992) argued from the same angle, defining it as a consumer's post-purchase evaluation and effective response to the overall product or service experience. The World Trade Organization (1985) on also defined customer satisfaction as a "psychological concept that involves the feeling of well-being and pleasure that results from obtaining what one hopes for and expects from an appealing product and/or service".

It is revealing from these definitions that customer satisfaction has received enormous attention and interest amongst scholars and practitioners. According to (Anderson, Fornell, and Lehmann, 1994; Gronroos, 1984; Lovelock & Wirtz, 2007) this might perhaps be due to its significant role as a business strategy element especially in contemporary competitive market. Regardless its importance and some-how

undifferentiated definitions with service quality, it should be noted that most authors have identified perceived service quality as a customer satisfaction antecedent (Churchill and Suprenant 1982; Oliver 1997). This assertion is affirmed by Rowley's (1998) argument that perceived service quality is an attitude related to, but not the same as satisfaction. Rust and Zahorik (1993) explored the relationship between service quality and customer satisfaction and its subsequent effects on purchase intentions and concluded that perceived service quality leads to satisfaction. According to Parasuraman et al (1985); Satisfaction is a 'post- consumption' experience which compares perceived quality with expected quality, whereas service quality refers to a global evaluation of a firm's service delivery system. The fact that perceived service quality is an antecedent to customer satisfaction is further established by Ghylin et al., (2008) that companies by improving service quality will be able to deliver satisfaction to customers. Vavra (1997) looking at the two from a back-to-front perspective, espoused that customer satisfaction is the leading criterion for determining the quality actually delivered to customers. It is evident so far that the relationship that exists between the two concepts is complex and provides a logical conclusion and understanding.

2.3 The Service Quality Dimension

Service quality is a multidimensional concept, incorporating a number of aspects of both past and present service experience (Abdullah et al., 2011). According to Parasuraman et al (1988), customer perceived service quality can be seen as a global judgment or attitude relating to the superiority of a service relative to competing offerings. Though service quality has been identified to be multidimensional (Gronroos, 1982, 1990; Parasuraman et al., 1985), there is no general agreement on the nature or

content of the dimensions (Brady and Cronin, 2001). Quality is sought by all organizations, especially in the service sector; this is no different with the banking sector. Banks however have no publicly recognized available and standard scale to measure the perceived quality of their services in general (Bahia & Nantel). There exist however, several tools that offers the opportunity to measure service quality across a broad spectrum of services. The most popular amongst such main instrument used in measuring quality of the service industry is the SERVQUAL model developed by Parasuraman, Berry and Zeithaml; and Parasuraman, Zeithaml, and Berry (1985;1988). The model according to, Nyeck, Morales, Ladhari, and Pons (2002) remains the most complete attempt to conceptualize and measure service quality.

The SERVQUAL model contains twenty-two (22) items used in measuring customer perceptions and expectations regarding service quality. Findings are rated on their level of agreement or disagreement with a given item on a seven point Likert-type scale. The level of service quality is determined by identifying the gap between a perceived and expected service. The model earlier involved ten (10) dimensions of service quality which was later modified into five (5), forming the RATER model of contemporary times. The RATER dimensions are: Reliability, Assurance, Tangibles, Empathy and Responsiveness. Reliability relates to the ability of a service provider to execute services as promised dependably and accurately. Assurance involves the knowledge and courtesy of staff and the ability to gain trust and confidence from customers. Tangibles on the other hand involve the physical appearance of the service facilities including equipment, personnel and environment and the landscape and ambience of the office. Empathy is the ability to step into the customer's shoes and provide

individualized attention. The final dimension- Responsiveness, is the willingness to meet customer needs on time.

The SERVQUAL model has been used extensively in past years to determine service quality. Amongst the fields of usage are: health spas (Snoj and Mumel 2002; Markovic, Horvat and Raspor 2004), Banking (Mei *et al*, 2013), Finance (Abubakar, 2013), Telecom (Van der Wal *et al*, 2002), public-transport (Pérez *et al*, 2007), restaurants (Andaleeb and Conway 2006; Namkung and Jang 2008), travel agencies (Martinez Caro and Martinez Garcia 2008) and many other sectors. Although the SERVQUAL has acclaimed wide usage, it has also been subjected to criticism (Asubonteng *et al*., 1996; Buttle, 1996). Doubts have been expressed about its conceptual and operational base, including the methodological limitation (Babakus and Boller, 1992; Cronin and Taylor, 1992). Despite its criticisms however, there is a general agreement to the effect that the SERVQUAL model is a reliable evaluator of service quality (Khan 2003) hence its adoption for the study.

Alternative service quality measurement models have been developed as a result of criticisms to the SERVQUAL. Work done by Cronin and Taylor propose the "confirmation/disconfirmation" theory which combines the "gap" described by Parasuraman, Zeithaml and Berry (1991) as two different measures (perception and expectation of performance) into a single measurement of performance according to expectation. According to Garbrand, customer satisfaction equals perception of performance divided by expectation of performance. Grönroos (1982; 1990) and Lehtinen and Lehtinen (1982) argue also that, the quality of a service perceived by customers will differ depending on what strategy the company chooses to deliver and promote that service. They view perceived service quality from three dimensions being:

functional (or process) dimension, technical (or outcome) dimension, and image. It was further argued by Richard and Allaway (1993) that using attributes of functional quality to explain or evaluate behaviour might be misspecification of service quality and has low predictive validity. Cronin and Taylor (1992) developed a performance based scale called SERVPERF and argued that performance is variable to measure perceived service quality.

Regardless the several modules that have been developed however, there is still the question of whether service quality is to be evaluated as the difference between customer perceptions and expectations, or whether some other approach is more appropriate, extensively remains a debate in service quality literature.

2.3.1 Gap 5 of the Service Quality Gap Module

According to Hinson (2012), the creation of customer value, anticipating and identifying customer requirements and providing appropriate required services is the primary purpose of every service firm. Lovelock and Wirtz (2004) opined that customers who perceive services to be unsatisfactory are quick in taking their businesses to competitors. It is therefore important to ascertain what customers' expectation of services are in order to institute appropriate systems to fulfil such expectations and build a positive perception about service offering. Customer perception of service quality as espoused by Gronroos, (1982) and Parasuraman et al, (1985) is based on a comparison of their perceptions on how a service performed to what they expected an organization to render.

Expectation is viewed by literature from different perspectives. Literature on satisfaction according to Parasuraman et al., (1988) views expectation differently from that of service quality. Satisfaction literature according to them, view expectation as

customer's predictions about the likely outcome of a particular transaction whereas service quality literature views expectation as consumer wants or desires (what a customer feel „must“ be offered by a service provider rather than „would“ offer). The researcher therefore adopts the service quality definition of expectations to assist in measuring the discrepancy between expected and perceived banking services or otherwise in this study.

The SERVQUAL dimension is used to ascertain between customer expectation and perception. It is an important tool used in identifying service quality problems as captured in the Gap five (5) of the Service Quality Module by Zeithmal, Berry and Parasuraman which measures customer expected service as opposed to what is perceived to have been received. The module based on its nature is referred according to Parasuraman et al (1988) as the perception gap or perceived service quality (Kumar et al., 2009). It is notable to reinforce that customer expectation is greatly influenced and shaped by external factors as identified earlier. The Gap 5 of the Service Quality Gap module with its influences is captured in the diagram below.

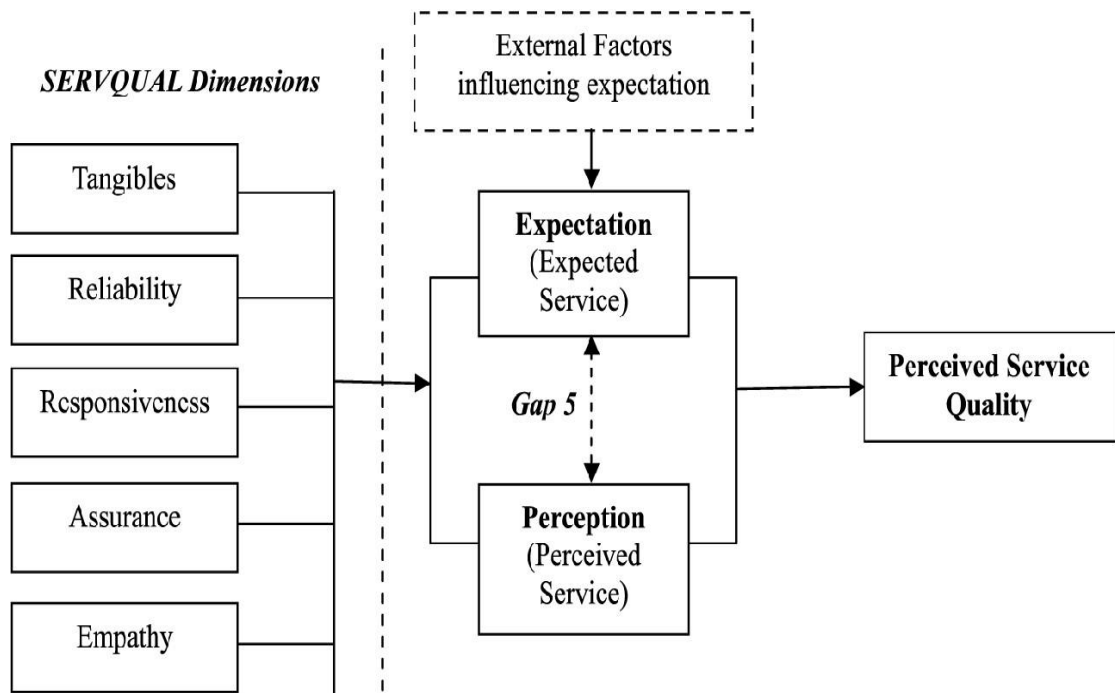


Fig 2.1 Adopted from Kumar et al, (2009), measuring service quality using SERVQUAL

CHAPTER THREE

METHODOLOGY AND RESEARCH DESIGN

3.1 Research Design

The research was exploratory in nature and conducted under strict academic timelines, hence was cross-sectional. Its exploratory nature provided the flexibility and opportunity to seek as Robson (2002) captures; new insight into what is happening and to assess new phenomena in a different form. Reinforcing this point and to admonish researchers, Adams and Schvaneveldt (1991) opines that the flexibility offered by exploratory research does not mean lack of direction to the study. The flexibility and advantages inherent in the use of exploratory research as identified offered the researcher an opportunity to search literature, obtain primary data using questionnaires and in some cases observations and non-structured enquiries.

Amongst the strategies available in exploratory studies, the researcher employed the survey strategy. This enabled the collection of large amount of data in an economical manner data from the banking population in Techiman. AS identified by Saunders et al (2009), the survey strategy is popular because they allow the collection from a sizeable population, large amount of data in an economic manner. The gains out of this included the opportunity offered by the strategy to administer questionnaires to the research sample. As expressed again by Saunders et al (2009), the survey strategy across board is perceived to be authoritative and comparatively easy to explain and understand. With the strategy, the researcher was able to collect quantitative data from individual respondents who are customers of the banks understudied, patronized banking services and availed themselves to the researcher as at the time of administering questionnaires.

With the large customer population of banks in the study area, it would have been impossible to draw data from each customer. Hence, the researcher drew a sample from the large customer base of the banks. Sample according to many writers including Saunders et al (2009) should be representative of the entire population enough. In order to achieve this, the researcher resort to the use of a well-known and accepted sample size determinant formula and table in arriving at it sample size (see 3.5). Data collected from the sample was coded and collated using statistical software and the results extracted and analysed

3.2 Sources of Data

The research adopted the use of data from both primary and secondary sources. A blend of the data collected from respondents was used alongside that from other secondary

sources. According to Saunders et al (2009), there is the need to carefully identify how to gain access when conducting research and to consider the ethical issues involved. On this premise, the researcher sought permission from the branch managers of the banks understudied. This offered the opportunity to collect data from respondents who were customers of the respective in and around the banks premises. Details explanation as to the purpose of the study and the form in which it was going to take was given prior to approval. This enabled the collection of primary data through the administering of questionnaires and observation which equally informed the conclusion of the research. The primary data collected offered unadulterated firsthand information from customers since they patronize and therefore experience the services of the banks. Saunders and Thornhill. (2003: 486) identifies primary data as

“the data collected specifically for the research project being undertaken”.

Secondary data was gathered from published materials, official documents, strategic reports and product and services catalogues from the banks under study. According to Robson (2002; P: 552) secondary data is “the data already collected in some other context than the present study”. The secondary data provided information on existing knowledge on the field of study and made available a pool of other relevant data needed to best understand, analyse and conclude the research.

3.3 Unit of Analysis

The unit of analysis for the study is the individual customer who patronizes services by banks in Techiman. The perception of customers in relation to the quality of services they receive from their banks is evaluated. According to Kotler and Keller (2009), the sampling unit refers to who the researcher want to survey and further enumerate that one the unit has been identified, the researcher must proceed to develop a sampling

frame so that everyone in the population has an equal or known chance of being selected. Respondents therefore represent the larger banking population in Techiman, as such findings could be generalized as the industry's perception amongst customers.

3.4 Population and Sample Frame

The first step in collecting data is to determine its source. This provides a guide for the researcher to identify the population of interest and define the research's sample frame. According to Schofield (1996), determining the research sample is to first identify clearly and accurately the population of interest. Sankoff (1974: 21) points out that "every researcher must make a decision about their "sampling universe," namely, the groups or communities they want to". Population in the social sciences is referred to as the entire members of a community (Buchstaller & Khattab, 2014). Also espoused by Kumar (2000) is an elaborate and suitable definition that identifies population as a set of objects with some common set of predetermined characteristics with respect to a particular research problem. The population could therefore be described as the total pool of elements from which a sample is drawn.

The study involved the population of persons who patronized banking services in Techiman. They form the customer base of the various existing banks in Techiman who accesses their products or services. It included persons who engaged in banking transactions; being bank account holders, those who undertook remittance transactions and third parties who deposited or withdrew monies on behalf of other bank account holders. The sample frame for the study covered customers of the ten universal banks understudied. Questionnaires were purposively distributed to persons belonging to the frame and who availed themselves at the banking premise as at the time of the study.

The frame is made up of an estimated customer population of 56000 (data collected from banks) of the ten banks.

3.5 Sampling Size

It's an established fact that a greater population variance presents a higher potential sample error, hence ensuring the reliability of results demands a larger sample size. According to Buchstaller and Khattab (2014) the most reliable means of collecting data is to pick information from every single entity in a population. This however, they argued was impractical, expensive and time consuming. Hence the need to sample by targeting "some people in the group in such a way that their responses and characteristics reflect those of the group from which they are drawn... This is the principle of sampling" (De Vaus 2001:60). In order to ensure the results of a sampled population is representative and reliable, DeVaus (2002: Tables 6.3-6.4) opines that at a confidence level of 95% and with a high degree of diversity amongst response rates, the desired sampling size for a survey should be 400 at minimum as shown in the table below.

Table 3.5 Relationship between sample size and sampling error at 95% confidence level. (DeVaus 2002: 81)

| Sampling error ^a % | Sample size ^b | Sampling error | Sample size |
|-------------------------------|--------------------------|----------------|-------------|
| 1.0 | 10000 | 5.5 | 330 |
| 1.5 | 4500 | 6.0 | 277 |
| 2.0 | 2500 | 6.5 | 237 |
| 2.5 | 1600 | 7.0 | 204 |
| 3.0 | 1100 | 7.5 | 178 |
| 3.5 | 816 | 8.0 | 156 |
| 4.0 | 625 | 8.5 | 138 |
| 4.5 | 494 | 9.0 | 123 |
| 5.0 | 400 | 9.5 | 110 |
| | | 10 | 100 |

*Note: ^a This is in fact two standard errors. ^b
This assumes a 50/50 split on the variables*

However, applying Yamane's (1967:886) formula as identified below at a confidence level 95% and 0.5 precision level results in a sample size of 397. Aside the attained results however and in agreement with Karma (1997) that the appropriateness of a sample size solely depend on the discretion of the researcher, a sample size of 500 was considered prudent because it ensured reliability and had an inherent advantage to mitigate the effect of non-responses including incomplete responses to questionnaires. Below is a simplified equation by Yamane for calculating sample sizes.

$$n = \frac{N}{1 + N(e)^2}$$

n = sample size N = population size e = level of precision

3.6 Sampling Techniques and Procedures

A non-probability sampling procedure was used to select respondents for this study. It involved the use of purposive or judgemental sampling technique in selecting respondents to questionnaires. Sampling is described by Yin (1993) as the process of selecting from a population a subset on which a research may be conducted for the purposes of generalizing its findings. A total of five-hundred (500) questionnaires were administered. Fifty (50) questionnaires were administered each at the premises of the individual banks understudied and data was collected from the sampled customers who were present at the bank premises on the day of data collection. A bank's customer in this study was defined as a person who assesses banking services or is impacted by a bank's product or service. Data collection was however restricted to those who operated accounts with the banks.

The homogenous, purposive non- probability sampling method as employed is thought to be the appropriate technique to enable the researcher acquire accurate and concrete information. It provided an opportunity to identify individuals who seemed willing to participate in the research, held an understanding of what they were responding to and are likely to contribute information that were appropriate and relevant to the study. The sampling technique again provided room to restrict data collection at the various bank branches.

3.7 Data Collection Instrument

Questionnaire was used as the main tool for the collection of primary data. The questionnaires were delivered to the respondents and answered in the presence of the researcher so that misunderstood questions could be explained. The research adopted the SERVQUAL module by Zeithmal, Berry and Parasuraman to ascertain responses from customers for onward evaluation of their perception about the service quality of banks in Techiman. The questionnaire adopted the use of a modified twenty-one (21) SERVQUAL module to elicit responds. The questionnaire was made up of three (3) parts. The first captured the demographic details of the respondent. The second which was labelled part “B” captured responses on customers’ service expectation with part “C” recording respondents’ perception on quality of service received from the banks. In line with the SERVQUAL as expressed by (Wisniewski & Donnelly, 1996) that a question appears the first time to measure customers’ general expectations (E) about the service area being measured and the second time to measure customers’ perceptions (P) about the organization whose service quality is being assessed.

Further modification to the questionnaire included the labelling of the scale from one (1) to ten (7) ranging from the lowest which is 1 indicating strongly disagree, 2 labelled

disagree, 3 represented somewhat disagree, 4 indicated neutral, 5 was somewhat agree, 6 indicated agree and finally 7 which is the highest score indicating strongly agree. The labelling of the scores was to enable easy understanding of the scale which was made known by respondents when questionnaires were first piloted with the original scale method that had no labelling in-between that of strongly disagree as one and strongly agree as seven.

The seven 7-point Likert scale was used to solicit respondents' ratings for each of the twenty-one (21) expectation and twenty one (21) perception related questions. The rating was in ascending degree to a question from one to seven. Respondents are asked to indicate their degree of disagreement or agreement with each statement. The questionnaire also collected demographic details of respondents such as sex, age, educational background and educational status (a copy of the questionnaire is provided in the appendix).

3.8 Pilot Testing

The researcher conducted pilot testing of the questionnaires on ten (10) persons who agreed to be engaged. They provided an understanding and made known their difficulties with the pilot questionnaires in relation to clarity and meaningfulness of the questions and its structure. A review was done and two other persons with marketing backgrounds were engaged to further review the questionnaires. After, final adjustments were made and the final questionnaire was arrived at, approval sought and then administered.

3.9 Data Analysis

Data collected from the respondents was coded, analysed and presented comprehensively. The part B and C of the questionnaire was used to measure the gap

in the five service quality dimensions referred to as RATER. The primary data is analysed with the use of SPSS and the results presented using Microsoft excel.

A negative difference between a customer's expectation and perception represents a gap between what the customer expects the service to be and how the service is currently provided. It represents dissatisfaction on the part of the customer and such a bad service quality which should require improvement. A high score at the perception level should result in a positive indication satisfaction with service and the attainment of service quality or a high service quality.

3.10 STUDY AREA

3.10.1 Physical Characteristics

Techiman is a municipality located in the Brong Ahafo (BA) region, roughly 110 km northwest of Kumasi. The city is noted for its vibrant commercial activities that have witnessed the influx of banks in recent times. A head count reveals the presence of eleven (11) universal banks operating branches in the municipality. Also in operation are several rural and community banks including savings and loans institutions. The high number of institutions in the financial sector heightens the competition within the banking environment; empowering customers in their demands with the numerous alternatives available. The data used in this section is sourced from the Ghana Statistical Service (GSS)

Statistics indicate that the BA region has an unbalanced distribution of resources among districts (GSS, 2013). However, Techiman, Sunyani and Berekum is cited by the GSS as the top three ahead of its neighbouring districts. The population of Techiman is reported in the 2010 Population and Housing Census (PHC) as 206,856 with 9.7% being non- Ghanaian. The town holds a population density of 196.4 inh/ km² and a total land

area of 1053.5 km². Among the population is 80,427 persons falling under the ages of 15yrs; 118,042 falls within the ages of 15yrs- 64yrs with 4,242 falling above 64yrs. The municipality has an average household size of 4.3; a dependency and sex ratio of 75.20 and 94.5 respectively. The female population seem to be dominant with 61.1% and male population of 58.7% in the urban centres which might be due largely to the attraction of females into the town by its vibrant trading nature. A total of 59.9% of the population are urban dwellers.

3.10.2 Level of Literacy

Education is described as adopting procedures to equip individuals with knowledge, skills and values for the advancement of society by influencing positively human resource and economic development (GSS, 2013).

The BA region has a literacy rate of 70%. A significant number of 146,527 of Techiman dwellers above 11yrs form a part of this percentage. Among them 69,965 of males are literate and 76,562 females. Regardless the educational background, both urban and rural dwellers form 56.8% and 38.8% of persons above 12yrs who have access to mobile phones respectively. A small proportion as 4.0% of the population however uses internet- the male form 5.7% of this population with the female population being 2.4%.

3.10.3 Economic Structure of the Municipality

Among the 985,542 gainfully employed persons in BA, 392,520 never had any form of formal education. The employed population houses 62.1% population of selfemployed persons without employees with 4.1% forming those self-employed but with employees. A total of 126,429 within the employable population in Techiman are

employed, this is almost fairly distributed on an even scale between male with 35.0% and female with 36.1%. Amongst this population, 61.4% are urban dwellers with 38.6% dwelling in the rural communities. Employees form 15.8% of the working population within the municipality, 62.3% and 5.7% are self-employed with employees and self-employed without employees respectively

Significantly, 89.2% of the working population are in the private informal sector, with 5.4% being in the public or government sector. Others within the private, semi-public and NGO form 5.0%, 0.1% and 0.3% respectively. 40% of the employed are in the agricultural sector, 25.8% in the sales and service sector, 5.5% are in elementary business, 4.8% are professionals and 1.6% being technicians and associate professionals. Agricultural, forestry and fishing forms 41% of the industry; wholesale, retail and repair of motor vehicles and motor cycles holds 22.7% with manufacturing accounting for 9.4% share.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.1 Profile of the Respondents

This research engaged the banking populace of Techiman. It requested responses from among them, those who patronized the services of any of the ten banks cited. A total number of 500 questionnaires were administered. Fifty questionnaires each were targeted at the customer population of each bank. In all, 436 valid responses representing a rate of 87.2% were captured. Fifty valid responses were received to questionnaires administered to customers of GCB, representing 10% of the total number of questionnaires administered. Questionnaires administered to customers of UMB

captured 9.6% rate of response; that of Barclays Bank captured 9.2% response rate, Prudential Bank recorded a rate of 9.2%, ICB captured 8.8% response rate; a response rate of 8.6% was captured on questionnaires administered to customers of Access Bank; that on customers of GT Bank and ADB recorded 8.2% response rate simultaneously, HFC recorded a response rate of 8.0% , with questionnaires administered to customers of NIB registering a response rate of 7.4%. The rate of response is presented in Fig 4.1 below as per the field survey.

Rate of Survey Response

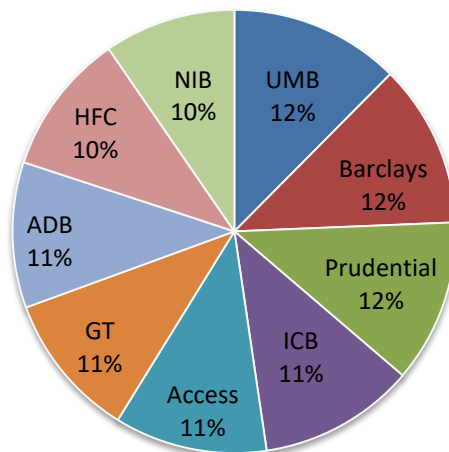


Fig 4.1 Rate of Survey Response

4.1.1 Demographic Characteristics of Respondents

About 62.4% of the respondents were males while 37.6% were females. Amongst them, about 27.3% were within the age group of 18-24, those between the age group of 25-31 formed 32.6%, about 26.8% of the respondent were between the age group 32-38, and about 13.3% .8% of them fell between the age group of 39-45. No respondents aged 46 and above. Regarding their educational background, those with degree formed the majority of respondents with 30.3%. This was followed by those with SHS/SSCE education registering 22.2%, Certificate holders followed next with 16.3%, those with JHS education background were 10.8%, and HND holders formed 13.1% of respondents while individuals with other forms of formal educational

background formed 7.3% of the respondents. Fig 4.1.1 below captures the details as per the field data.

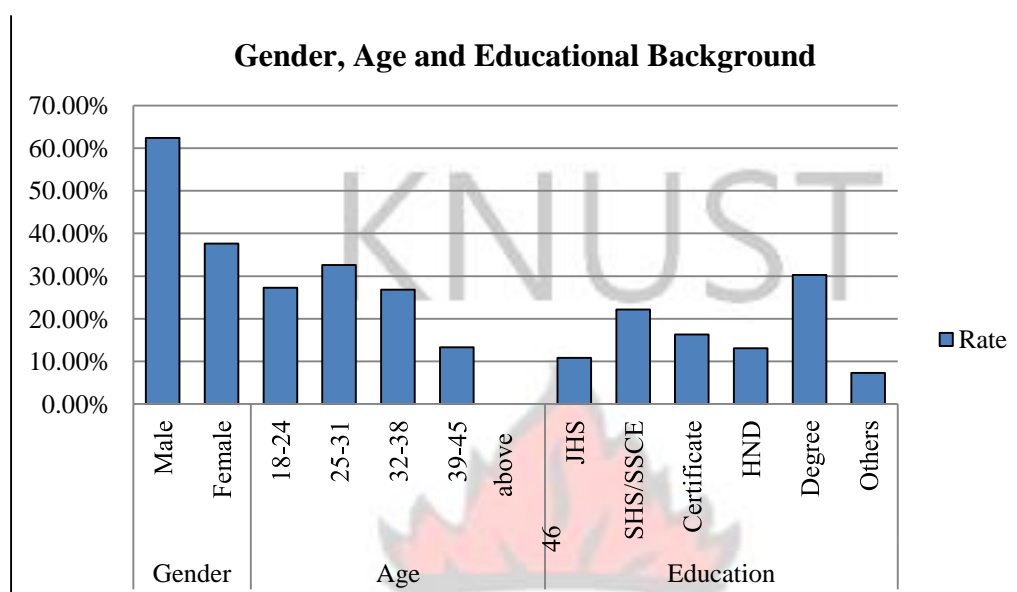
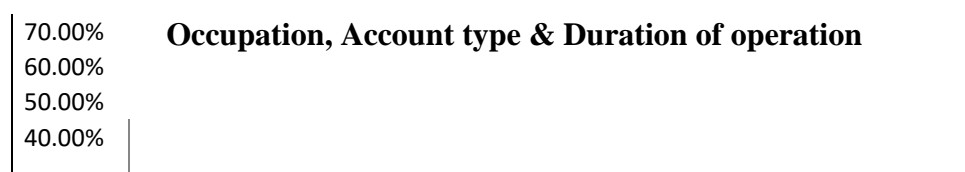


Fig 4.1.1 Demographics: Gender, Age & Educational Background

Among the respondents, 45.2% of them belonged to the public sector, 36.7% of them were in the private sector and 18.1% with the informal sector. Regarding the type of account held with the bank; 58.3% operated savings account, 40.4% operated current account, 1.4% held other forms of account including investment whilst others patronized remittance services. The majority of respondents forming 38.8% have operated with respective banks between 1-3 years. 26.8% of them have operated with them for over five years, 17.9% have operated with the banks between 3-5 years and 16.5% have operated with the bank for less than a year. Fig 4.1.2 captures the frequencies of the demographic variables as per the field data.



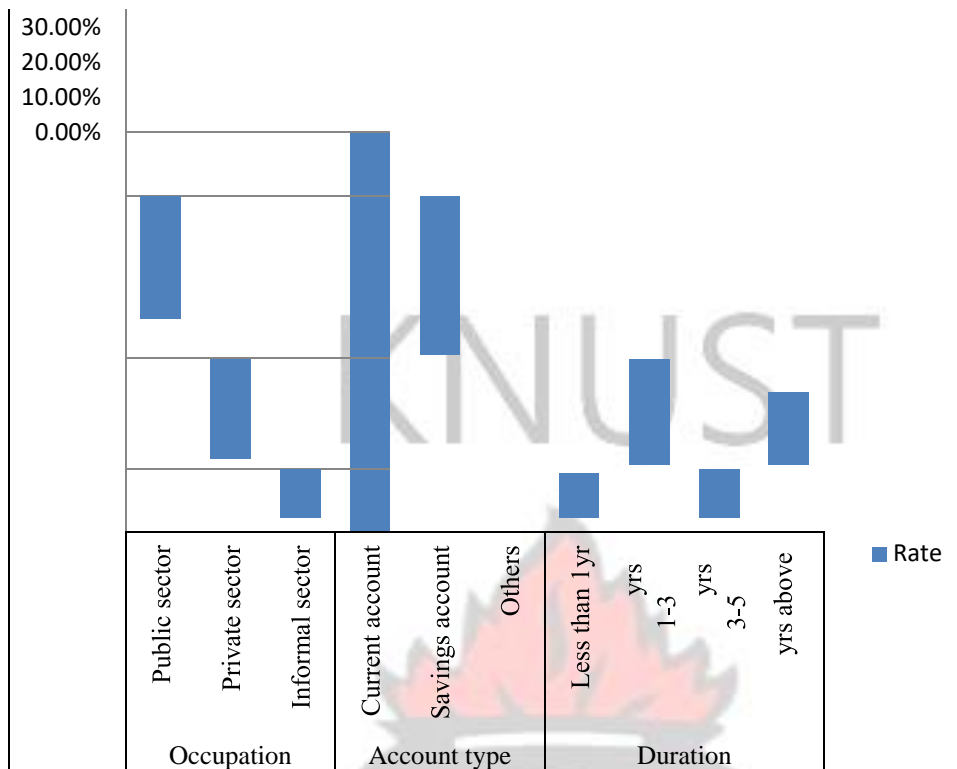


Fig 4.1.2 Occupation, Account type & Length of account Operation

4.2.1 Individual Banks and Age group of Respondents

The average age group of the respondents was 25-31. Within the range, Access bank recorded a rate of 42% being the highest. GT Bank and UMB followed with a rate of 36% simultaneously, respondents of ICB followed with 28%, HFC recorded 26% with ADB and Barclays recording 24% each. ADB recorded the highest frequency of 4% in relation to respondents who fell between 39-45 and those above 46 years. On the other hand, respondents from GCB formed the majority of those within the age group of 18-24, recording a frequency of 52%, followed by ICB with a percentage of 36%, NIB followed with 34%, GCB respondents recorded 26%. Access bank did not register any response from customers within the age group. Respondents from UMB are seen to be of younger and falling between the ages of 25-38. Fig 4.2.1 captures the percentages in relation to the various banks and age group of respondents as per field data.

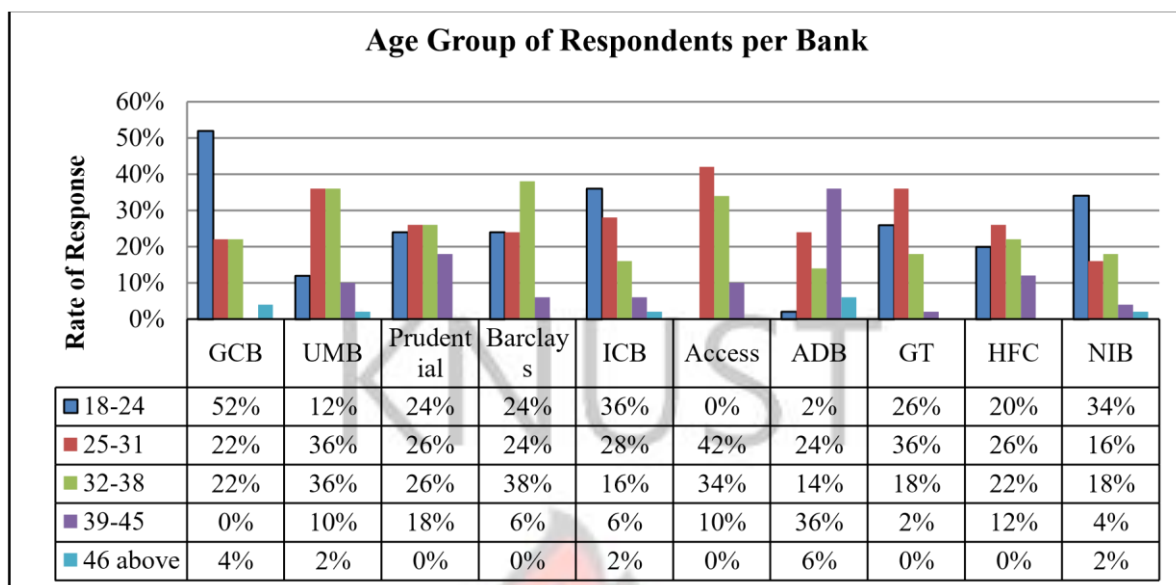


Fig 4.2.1 Bank and Age Group of Respondents

4.2.2 Bank and Respondent's Sector of Employment

An average majority of the respondents belonged to the public sector. ADB recorded the highest percentage of 58% respondents being in the sector. Respondents belonging to Prudential bank followed with 56%. ICB recorded the lowest percentage of respondents in the sector but however registered the highest rate of 48% in relation to respondents belonging to the private sector. Barclays followed, recording a rate of 40% respondents being in the public sector. ADB registered 6% of respondents from the informal sector, being the highest in the category. GCB, ICB and NIB followed with 2% simultaneously. Prudential, Barclays, Access, GT and HFC did not record any respondents from this sector. Table 4.2.2 captures the details of this analysis as per the field data.

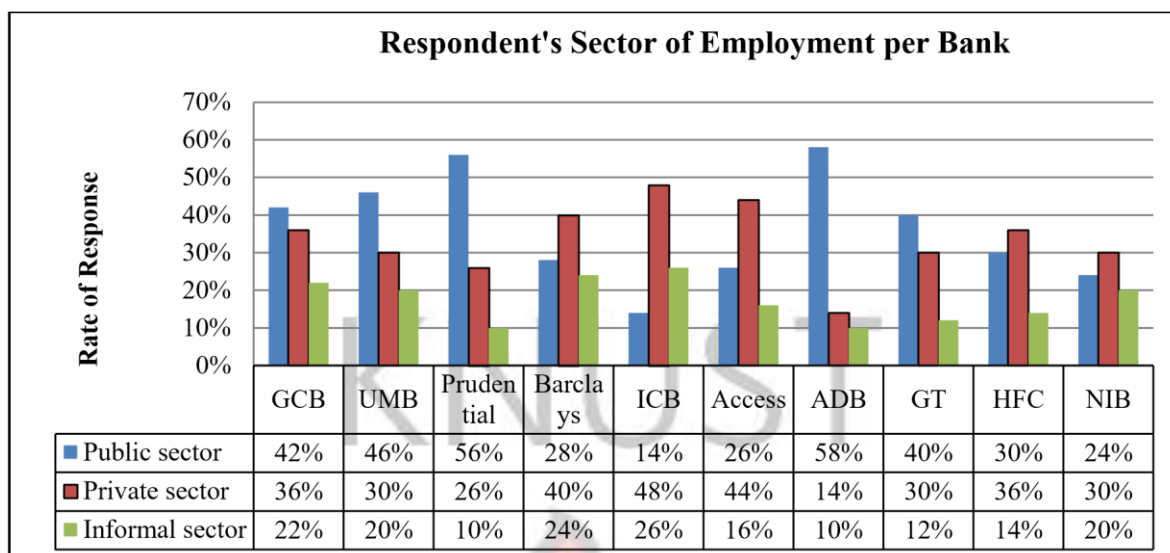


Fig 4.2.2 Bank and Respondent's Employment Sector

4.2.3 Bank and Respondent's Educational Status

The average educational status of the respondents is a degree. Among those with degree, GT recorded the highest rate of 40%, Prudential followed with a rate of 38% whilst GCB, Barclays and HFC followed with 28%. ADB followed with 26% and Access registering the least with rate of 8%. The second majority of respondents possessed a SHS/ SSCE qualification. Respondents from GCB recorded the highest rate with 30%, followed respondents of Access with 24%. Respondents from UMB registered 22% whilst those with Prudential recorded 20%. Certificate holders followed with Barclays recording the highest rate with 28% of respondents forming those with other certificate qualification. ADB followed with a rate of 24%, GCB on the other hand registered a rate of 8%. Fig 4.2.3 captures the details.

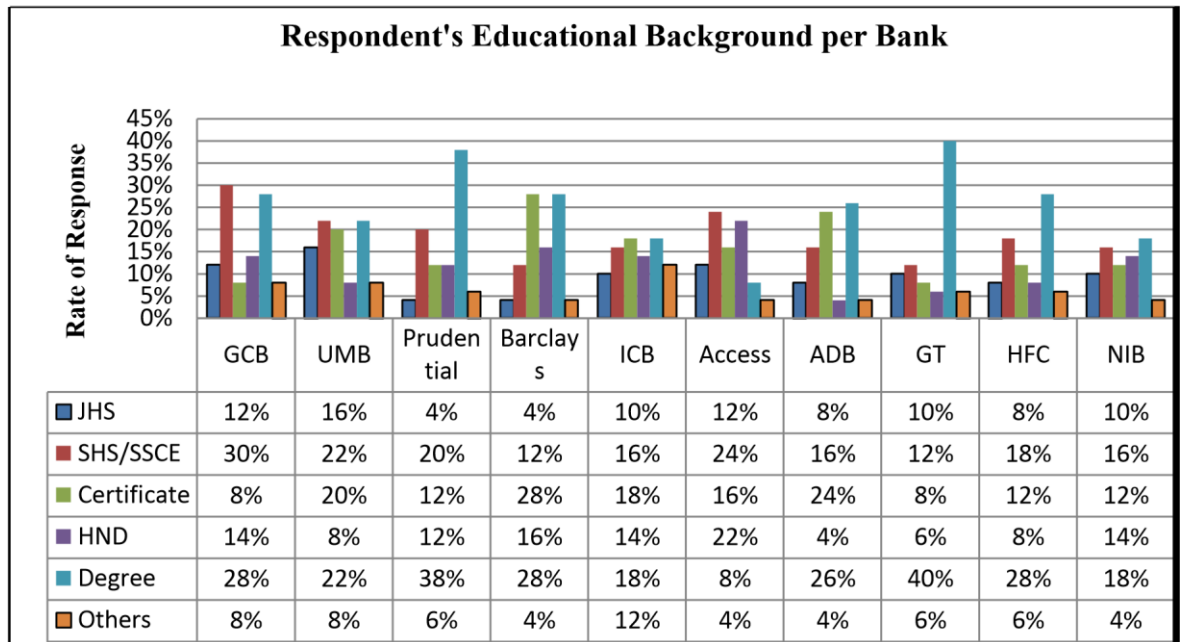


Fig 4.2.3 Bank and Respondent's Educational Status

4.3 Gap Score Analysis by Bank

Respondents were made up of customers from the ten banks identified. As captured in table 4.3.1 and table 4.3.2 below, are the individual Perception (*P*) and Expectation (*E*) scores in respect of the specific banks and their gap scores (*P-E*). Table 4.3.1 captures details of response from customers of GCB, UMB, Prudential bank and Barclays bank. That of Table 4.3.2 captured details of responses from customers of Access bank, ADB, GT bank, HFC bank and NIB. The questions one (1) to four (4) of the questionnaire discusses the tangibility dimension of the SERQUAL model and is identified as one (1) in the table of analysis. The dimension focuses on the appearance of physical elements within banking premises. Prudential Bank recorded the highest gap score of -0.78 within the dimension. Its weakest score in the dimension was however attributed to question four (4) which contributed largely to its weak score. ADB followed with a score of -0.7, and also recording very low scores of -1.32 and -1.07 in questions one and two respectively.

Question five (5) to nine (9) captures the reliability dimension and is represented by two (2) in the gap score analysis tables below. The dimension discusses how dependable and accurate service providers are in their performance. ADB recorded 1.14 in the reliability dimension, making it the highest gap score earner within the dimension. The bank attained very low scores in questions six, eight and five respectively. This was followed by Prudential Bank with a score of -0.73. A very large gap is realized between the first lowest scoring bank and the second lowest. This insinuates that much is required of ADB to close this gap and attain competition standards if possible.

The responsiveness dimension discuss how timely and helpful services are to the customer. The dimension is captured in questions ten (10) to thirteen (13) and is identified as three (3) in the table of analysis. Prudential Bank recorded the highest gap score of -1.11 being the highest gap score within the dimension. With the exception of question eleven (11) which UMB registered the highest perception gap score of -1.85, Prudential Bank recorded the least score in all questions within the dimension. ADB followed with a score of -0.79 with question eleven registering the banks' lowest score of -1.2 within the dimension.

The assurance dimension is captured in questions fourteen (14) to seventeen (17) and is number four (4) on the gap analysis score tables. The highest perception gap score is -0.81, registered by Prudential Bank. This is followed by GCB with a gap score of 0.71. The highest gap score within the dimension was recorded by Prudential Bank in questions fifteen (15) and sixteen (16). This dimension relates to the feeling of safety and security by customers in their transactions with the bank.

Empathy is the fifth and final dimension captured in questions eighteen (18) to twenty (20) and is labelled in the gap analysis score table. The dimension discusses how easy and accessible banks are and how they portray a good understanding of their customers. Prudential bank recorded the highest gap score in this regard. The bank scored -1.3 followed by NIB with a score of -0.88. The highest gap scored within the dimension was by questions 18 and 21; and all by respondents of Prudential Bank. The bank scored high in gap analysis, implying that management need to invest in infrastructure, human resource and exhibit a clear understanding of their customers.

Table 4.3.1 Gap Score Analysis per Bank

| D | GCB | | | UMB | | | PRUDENTIAL | | | BARCLAYS | | | ICB | | |
|---|------|------|-------|------|------|-------|------------|------|-------|----------|------|-------|------|------|-------|
| | P | E | P-E | P | E | P-E | P | E | P-E | P | E | P-E | P | E | P-E |
| 1 | 5.16 | 5.62 | -0.46 | 5.56 | 5.81 | -0.26 | 5.50 | 6.28 | -0.78 | 5.61 | 6.04 | -0.43 | 5.72 | 6.10 | -0.38 |
| 2 | 4.66 | 5.32 | -0.66 | 5.43 | 5.84 | -0.41 | 5.30 | 6.03 | -0.73 | 5.57 | 5.70 | -0.12 | 5.64 | 6.17 | -0.53 |
| 3 | 4.76 | 5.28 | -0.53 | 5.49 | 5.93 | -0.44 | 4.97 | 6.08 | -1.11 | 5.52 | 5.36 | 0.16 | 5.74 | 6.17 | -0.43 |
| 4 | 5.07 | 5.78 | -0.71 | 5.68 | 5.93 | -0.26 | 5.30 | 6.11 | -0.81 | 5.37 | 5.49 | -0.13 | 5.69 | 6.24 | -0.56 |
| 5 | 5.26 | 5.64 | -0.39 | 5.63 | 6.11 | -0.48 | 4.81 | 5.85 | -1.03 | 5.17 | 5.85 | -0.68 | 5.53 | 6.23 | -0.70 |

Source: Field Survey data, July 2014

Table 4.3.2 Gap Score Analysis per Bank

| D | ACCESS | | | ADB | | | GT BANK | | | HFC | | | NIB | | |
|---|--------|------|-------|------|------|-------|---------|------|-------|------|------|-------|------|------|-------|
| | P | E | P-E | P | E | P-E | P | E | P-E | P | E | P-E | P | E | P-E |
| 1 | 5.79 | 5.98 | -0.19 | 5.14 | 5.85 | -0.71 | 5.89 | 6.08 | -0.19 | 5.89 | 5.86 | 0.03 | 5.39 | 5.48 | -0.08 |
| 2 | 5.18 | 5.54 | -0.37 | 4.44 | 5.59 | -1.14 | 5.82 | 5.84 | -0.02 | 5.86 | 6.09 | -0.22 | 5.40 | 5.52 | -0.12 |
| 3 | 5.53 | 5.58 | -0.04 | 5.07 | 5.86 | -0.79 | 5.75 | 5.60 | 0.15 | 5.91 | 6.04 | -0.13 | 5.14 | 5.54 | -0.41 |
| 4 | 5.46 | 5.67 | -0.22 | 5.20 | 5.82 | -0.62 | 5.52 | 5.88 | -0.35 | 6.04 | 6.00 | 0.04 | 5.02 | 5.54 | -0.52 |
| 5 | 5.19 | 5.68 | -0.49 | 5.31 | 5.93 | -0.62 | 5.58 | 6.04 | -0.46 | 5.69 | 6.39 | -0.70 | 4.73 | 5.61 | -0.88 |

Source: Field Survey data, July 2014

A ranking on the performance of the banks in relation to their total scores on the five (5) dimensions is captured in table 4.3.3. One (1) to five (5) on the vertical axis represents the RATER dimensions discussed earlier. The table ranks in a descending order how well or worse the banks have performed per customers' perception on the delivery of quality service. Though all the banks had negative scores, it's instructive to note that some still performed or ranked better than others. GT Bank performed better than all other banks hence coming first, followed by HFC and Barclays bank through to the tenth (10) worst performing bank in relation to quality service delivery, which was Prudential Bank. It is still important to note, though some banks had performed better than others that the overall negative scores from all banks is a worrying phenomenon and indicative of the fact that customer services rendered by banks in Techiman cannot be considered as quality per the findings outlined. Considerable effort is therefore required by the banks to improve on their service delivery. Scores by GT Bank and Barclays Bank is significant and indicative that a little effort to improve their services could have them meet or exceed customer expectation.

Table 4.3.3 Bank Rankings in Terms of Gap Scores

| No | Bank | 1 | 2 | 3 | 4 | 5 | Total |
|----|-------------------|-------|-------|-------|-------|-------|-------|
| 1 | GT BANK | -0.19 | -0.02 | 0.15 | -0.35 | -0.46 | -0.87 |
| 2 | HFC | 0.03 | -0.22 | -0.13 | 0.04 | -0.70 | -0.98 |
| 3 | BARCLAYS | -0.43 | -0.12 | 0.16 | -0.13 | -0.68 | -1.20 |
| 4 | ACCESS | -0.19 | -0.37 | -0.04 | -0.22 | -0.49 | -1.31 |
| 5 | UMB | -0.26 | -0.41 | -0.44 | -0.26 | -0.48 | -1.85 |
| 6 | NIB | -0.08 | -0.12 | -0.41 | -0.52 | -0.88 | -2.01 |
| 7 | ICB | -0.38 | -0.53 | -0.43 | -0.56 | -0.70 | -2.60 |
| 8 | GCB | -0.46 | -0.66 | -0.53 | -0.71 | -0.39 | -2.75 |
| 9 | ADB | -0.71 | -1.14 | -0.79 | -0.62 | -0.62 | -3.88 |
| 10 | PRUDENTIAL | -0.78 | -0.73 | -1.11 | -0.81 | -1.03 | -4.46 |

Source: Field Survey data, July 2014

4.4 Industry Gap Score Analysis

The result of the total industry expectation and perception are discussed. The scores are generated by the difference between customers score on their perception and that of expectation. Negative scores imply expectations are higher than perception (Wisniewski & Donnelly, 1996) and are suggestive of the need for improvement. A summary of the result of respondent's perception and expectation are captured in table 4.4.1 below. Tabulated also is the un-weighted and weighted averages of each dimension captured in table 4.4.2. The un-weighted averages were determined by dividing the average score of each dimension by the number of statements it contains and further multiplied by the weight as assigned by customers. The important weights are labelled weight (W) in the table with accompanying scores labelled (W) score. The values (P) represent Perception, as (E) represents Expectation.

From the analysis, Empathy is identified as the dimension with the highest gap score of -0.67, followed by Assurance registering an un-weighted score of -0.47. Reliability record -0.42, then tangibility with -0.41, responsiveness scored -0.32. The overall average gap score for all five dimension was -0.458, all questions in the entire dimension received negative gap scores implying customer expectation exceeding perception on quality of service provided. This espoused by Parasuraman et al (1991) suggest an improvement requirement in understanding customer better, effective team work, appropriate goal setting and standardization of task. An opportunity therefore exists for the banks studied to improve their entire service provision mechanism.

Per customer weighting as captured in table 4.4.2, responsiveness is the most deficient dimension and such requires enough attention by banks. This is followed by tangibility, reliability, assurance and empathy respectively. Respondents rated assurance as the

most important dimension assigning it a weight of 24, empathy followed with a weight of 22, then reliability, responsiveness and tangibility with a score of 19, 18 and 17 respectively.

Table 4.4.1 Total Industry Perception (P) & Expectation (E) Score

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | (P) | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | (E) |
|----|------|------|------|------|------|------|------|------|----|------|------|------|------|------|------|------|------|
| 1 | 0.02 | 0.02 | 0.21 | 0.38 | 1.24 | 1.51 | 2.15 | 5.53 | 1 | 0.01 | 0.02 | 0.12 | 0.30 | 0.44 | 1.51 | 3.71 | 6.10 |
| 2 | 0.03 | 0.03 | 0.10 | 0.28 | 1.02 | 2.56 | 1.54 | 5.56 | 2 | 0.03 | 0.01 | 0.09 | 0.17 | 0.57 | 2.64 | 2.38 | 5.89 |
| 3 | 0.01 | 0.02 | 0.13 | 0.34 | 0.73 | 2.44 | 2.10 | 5.77 | 3 | 0.03 | 0.04 | 0.08 | 0.17 | 0.37 | 2.02 | 3.26 | 5.98 |
| 4 | 0.00 | 0.12 | 0.10 | 0.47 | 1.04 | 2.26 | 1.40 | 5.39 | 4 | 0.02 | 0.00 | 0.02 | 0.33 | 0.65 | 2.71 | 2.18 | 5.92 |
| | | | | | | | | 5.56 | | | | | | | | | 5.97 |
| 5 | 0.04 | 0.06 | 0.31 | 0.40 | 0.94 | 2.27 | 1.14 | 5.16 | 5 | 0.03 | 0.02 | 0.10 | 0.30 | 0.70 | 2.30 | 2.34 | 5.78 |
| 6 | 0.03 | 0.08 | 0.14 | 0.51 | 0.93 | 2.17 | 1.43 | 5.30 | 6 | 0.02 | 0.02 | 0.04 | 0.16 | 0.62 | 2.35 | 2.83 | 6.03 |
| 7 | 0.04 | 0.09 | 0.17 | 0.38 | 0.88 | 2.22 | 1.53 | 5.30 | 7 | 0.03 | 0.08 | 0.12 | 0.18 | 0.70 | 2.49 | 2.02 | 5.62 |
| 8 | 0.02 | 0.09 | 0.21 | 0.24 | 0.89 | 2.17 | 1.85 | 5.47 | 8 | 0.02 | 0.06 | 0.18 | 0.28 | 0.58 | 2.15 | 2.42 | 5.70 |
| 9 | 0.01 | 0.07 | 0.12 | 0.31 | 0.97 | 2.19 | 1.93 | 5.61 | 9 | 0.04 | 0.02 | 0.07 | 0.22 | 0.80 | 1.91 | 2.75 | 5.81 |
| | | | | | | | | 5.37 | | | | | | | | | 5.79 |
| 10 | 0.01 | 0.04 | 0.23 | 0.36 | 1.03 | 2.15 | 1.69 | 5.50 | 10 | 0.05 | 0.03 | 0.12 | 0.28 | 0.69 | 2.22 | 2.26 | 5.64 |
| 11 | 0.01 | 0.05 | 0.30 | 0.32 | 0.83 | 2.45 | 1.44 | 5.41 | 11 | 0.04 | 0.01 | 0.21 | 0.29 | 0.60 | 1.95 | 2.58 | 5.68 |
| 12 | 0.01 | 0.07 | 0.14 | 0.47 | 0.99 | 2.22 | 1.57 | 5.47 | 12 | 0.02 | 0.02 | 0.04 | 0.38 | 0.86 | 2.02 | 2.47 | 5.81 |
| 13 | 0.04 | 0.06 | 0.25 | 0.35 | 1.08 | 2.08 | 1.40 | 5.25 | 13 | 0.05 | 0.01 | 0.06 | 0.32 | 0.70 | 1.86 | 2.76 | 5.76 |
| | | | | | | | | 5.41 | | | | | | | | | 5.73 |
| 14 | 0.03 | 0.07 | 0.19 | 0.49 | 0.84 | 2.01 | 1.72 | 5.35 | 14 | 0.03 | 0.01 | 0.04 | 0.24 | 0.78 | 2.12 | 2.70 | 5.91 |
| 15 | 0.03 | 0.08 | 0.15 | 0.37 | 1.01 | 1.82 | 2.01 | 5.46 | 15 | 0.03 | 0.02 | 0.06 | 0.24 | 0.73 | 1.79 | 3.03 | 5.91 |
| 16 | 0.04 | 0.07 | 0.21 | 0.30 | 0.81 | 2.17 | 1.78 | 5.40 | 16 | 0.02 | 0.09 | 0.07 | 0.18 | 0.64 | 2.33 | 2.47 | 5.80 |
| 17 | 0.04 | 0.13 | 0.10 | 0.38 | 0.70 | 2.17 | 1.85 | 5.36 | 17 | 0.04 | 0.02 | 0.06 | 0.23 | 0.65 | 2.42 | 2.39 | 5.81 |
| | | | | | | | | 5.39 | | | | | | | | | 5.86 |
| 18 | 0.03 | 0.05 | 0.17 | 0.49 | 0.97 | 1.94 | 1.73 | 5.39 | 18 | 0.01 | 0.01 | 0.13 | 0.17 | 0.85 | 2.11 | 2.63 | 5.92 |
| 19 | 0.07 | 0.06 | 0.29 | 0.48 | 0.86 | 1.72 | 1.59 | 5.07 | 19 | 0.02 | 0.03 | 0.12 | 0.23 | 0.56 | 2.15 | 2.79 | 5.90 |
| 20 | 0.03 | 0.02 | 0.23 | 0.49 | 0.84 | 2.01 | 1.80 | 5.41 | 20 | 0.03 | 0.01 | 0.05 | 0.10 | 0.62 | 2.79 | 2.38 | 5.97 |
| 21 | 0.04 | 0.06 | 0.27 | 0.47 | 0.72 | 1.57 | 2.23 | 5.36 | 21 | 0.02 | 0.01 | 0.11 | 0.16 | 0.34 | 1.78 | 3.72 | 6.14 |
| | | | | | | | | 5.31 | | | | | | | | | 5.98 |

Source: Field Survey data, July 2014

Table 4.4.2 Weighted and Un-weighted Scores

| Dimension | P | E | (P-E) | Weight (W) | (W) Score |
|-------------|------|------|-------|------------|-----------|
| Tangibility | 5.56 | 5.97 | -0.41 | 17 | -6.97 |
| Reliability | 5.37 | 5.79 | -0.42 | 19 | -7.98 |

| | | | | | |
|---|--------------|--------------|---------------|------------|---------------|
| Responsiveness | 5.41 | 5.73 | -0.32 | 18 | -5.76 |
| Assurance | 5.39 | 5.86 | -0.47 | 24 | -11.28 |
| Empathy | 5.31 | 5.98 | -0.67 | 22 | -14.74 |
| Total | 27.04 | 29.33 | -0.458 | 100 | -9.346 |
| Average Unweighted Score= -0.458 / Average Weighted Score= -9.346 | | | | | |

Source: Field Survey data, July 2014

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of findings

The study identified in line with its objectives; how customers measure the quality of service provided by banks in Techiman. An overall SERVQUAL score of -0.458 was recorded indicating a low service quality level by banks in Techiman. In respect of the individual performance by the banks, only three had positive scores in separate dimensions. Barclays and GT scored positive in the responsive dimension with HFC Bank scoring same in the assurance dimension. Prudential Bank per the findings was the worst performer in all dimensions except reliability which the ADB performed worst. As depicted by table 4.3.3, the overall best performer though with a negative score was GT Bank, followed by HFC and in that order. Though Prudential bank recorded the weakest gap score, the bank was barely a year old in Techiman as at the time of the study which implied new staffs might not have acquired the needed expertise hence the effect on their responsiveness. The second weakest score was recorded by the ADB and occurred in the reliability dimension. Per researcher's observation customers complained much about delays in loan processing, unreliable network connectivity and increased ATM downtime which may have influenced their rating.

The result generates an unsatisfactory perception among customers of banks in Techiman and as such indicative of poor service quality levels by the banks.

Customer satisfaction is said to emanate from perceived service quality; an assertion that is shared by many researchers. In line with the fact that perceived service quality is a customer satisfaction antecedent (Churchill and Suprenant 1982; Oliver 1997) and also that service quality leads to customer satisfaction (Rust and Zahorik, 1993), the findings of the SERVQUAL was used to ascertain if customers of the banks were satisfied with the services received. Per the general industry performance, Techiman customers could be said to be dissatisfied with the services rendered by banks within their locality. Customers of Barclays and GT Bank are on the other hand satisfied with the banks' responsive nature whilst customers of HFC feels assured and as such satisfied with the performance of their bank in the assurance dimension.

The total industry analysis showed customer expectations far outweighed their perception on how well banks fared in meeting customer needs. The analysis measured the difference between what customer expectations of services in the banking industry are and their perception on how these expectations have been met. Barclays and GT Bank exceeded the expectations of their customers in respect of their responsive nature. Customers of HFC also had their expectations exceeded in the assurance dimension. Customers were therefore delighted by the services offered by Barclays Bank, GT Bank and HFC in the respective dimensions identified.

The research ascertained which variables within the service quality dimension needed improvement by banks in Techiman. Per customer weightings of the individual dimensions, assurance emerged as the most important dimension, followed by empathy,

reliability, responsiveness and tangibility respectively. The weightings revealed responsiveness as the most deficient variable, followed by tangibility, Reliability, Assurance and Empathy. Responsiveness therefore requires a major attention from the banks. Regardless, all other dimensions also received negative scores indicating customers' perception of poor service quality and such requires appropriate measures to ensure improvement.

5.2 Conclusions

Organizations are said to exist for customers. That is- there can be no business without a customer. Customers however patronize services based on their expectation for some level of delivery. It has therefore become increasingly difficult to attract and maintain customers in the current competitive environment like that of Techiman. The banks are to note and employ well-resourced staff with enough expertise and keep them abreast with the needs of the customer and how to meet these needs through regular training and skills development. In this light, the research has provided an opportunity to banks to identify what customer perception about their services is in order to provide the required measures to improve them.

The research findings provide an insight into the low level of service quality which suggests the need for a review of customer service mechanisms by banks in Techiman. It is notable that though the industry score on the various dimensions are in the negatives, few banks register some weaker levels of satisfaction ratings in the gap analysis. Across the industry, Techiman banks must adopt modern ways of relating to the customers, exhibit an understanding of their customers and relate with them in a professional manner to provide the assurance needed. All this must be done in a much serene environment and be convenient to the customer.

5.3 Recommendations

Per the result of the research, the quality of service provided by Techiman banks does not meet the expectation of their customers. Based on this, there is the need for banks to review their service mechanism and adopt an improvement plan to maximize expectation. Spacious and attractive banking halls with modern equipment must be used. Resource personnel must be well trained and motivated to relate professionally with customers to instil trust and confidence. Banks must be responsive to customer needs and provide services on time as promised and as expectant by customers. Uninterrupted ATM and Point of Sale (POS) services must be efficient and accessible by customers.

The findings and recommendations herein were generated from the results of the study and such the options provided are not exhaustive and conclusive but to contribute towards enhancing service quality and ensure customer perception matches or exceeds customer service quality by banks.

5.4 Further Studies

After a successful completion of the study, the following topics are recommended for further studies.

- The effect of banking hall Queue on customer's perception of service quality.
- SERVQUAL and Model of Service Quality Gaps: A Framework for Determining and Prioritizing Critical Factors in Delivering Quality Services
- An Evaluation of E-Banking Services on Customer Satisfaction

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APPENDICES

APPENDIX A

QUESTIONNAIRE TO CUSTOMERS OF ADB TO ASSIST IN EVALUATING CUSTOMER PERCEIVED SERVICE QUALITY

Kindly note that this questionnaire is strictly for academic purposes and that any information given will be treated with utmost confidentiality.

The questionnaire is in three parts (A, B and C) to measure your expectation of banking services and your perception on how the bank meets that expectation. Please check the appropriate box where applicable. E.g. ☒ Possible answers are indicated in bold text.

1. Sex:

Male ☐ **Female** ☐

2. Age:

18-24 ☐ **25-31** ☐ **32-38** ☐ **39 -45** ☐ **46 and above** ☐

3. Educational status of respondent

JHS ☐ **SHS/SSCE** ☐ **Certificate** ☐ **HND** ☐

Degree ☐ **Others specify, ,.....**

4. Occupation

Public sector ☐ **Private sector** ☐ **Informal sector**

5. Which type of account do you have with the Bank?

Current account ☐ **Savings account** ☐ **Other specify,.....**

6. How long have you been transacting business with the bank?

Less than one year ☐ **1 - 3 years** ☐ **3 - 5 years**

5 years and above ☐

PART B

Expectation: The following statements measure the type of service customers expect from their banks. Please indicate by checking the extent to which it reflects your opinion on what quality banking services should be like. On the dot in the **i** column, assign over a score of 100, a weight of importance to each dimension. The total weight score for all 5 dimensions should be 100.

| i | No | STATEMENT | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|-----------------------|-----------|--|----------|----------|----------|----------|----------|----------|----------|
| Tangibles ... | 1 | Excellent banks will have modern-looking equipment. | | | | | | | |
| | 2 | The physical facilities at excellent banks will be visually appealing. | | | | | | | |
| | 3 | Employees at excellent banks will be neat in appearance. | | | | | | | |
| | 4 | Materials (eg. pamphlets or statements) associated with the service will be visually appealing in an excellent bank. | | | | | | | |
| Reliability ... | 5 | When excellent banks promise to do something by a certain time, they will do so. | | | | | | | |
| | 6 | When a customer has a problem, excellent banks will show a sincere interest in solving it. | | | | | | | |
| | 7 | Excellent banks will perform service right the first time. | | | | | | | |
| | 8 | Excellent banks will provide the service at the time they promise to do so. | | | | | | | |
| | 9 | Excellent banks will insist on error free records. | | | | | | | |
| Responsiveness ... | 10 | Employees of excellent banks will tell customers exactly when services will be performed. | | | | | | | |
| | 11 | Employees of excellent banks will give prompt service to customers | | | | | | | |
| | 12 | Employees of excellent banks will always be willing to help customers. | | | | | | | |
| | 13 | Employees of excellent banks will never be too busy to respond to customers' requests | | | | | | | |
| Assurance ... | 14 | The behavior of employees in excellent banks will instill confidence in customers | | | | | | | |
| | 15 | Customers of excellent banks will feel safe in their transactions | | | | | | | |
| | 16 | Employees of excellent banks will be consistently courteous with customers. | | | | | | | |
| | 17 | Employees of excellent banks will have the knowledge to answer customers' questions. | | | | | | | |
| | 18 | Excellent banks will give customers individual attention. | | | | | | | |

| | | | | | | | | | |
|-----------------|---|--|--|--|--|--|--|--|--|
| Empathy | 19 | Excellent banks will have operating hours convenient to all their customers. | | | | | | | |
| | 20 | Excellent banks will have employees who give customers personal attention | | | | | | | |
| | 21 | Excellent banks will have their customers' best interest at heart. | | | | | | | |
| 100 | TOTAL OF WEIGHT SCORE ASSIGNED IN i COLUMN | | | | | | | | |

Strongly Disagree= 1, Disagree= 2, Somewhat Disagree= 3, Neutral= 4, Somewhat Agree= 5 Agree= 6, Strongly Agree= 7

PART C

PERCEPTION: The following statements measure your perception on the quality of service provided by ADB. Please indicate the extent to which it reflects your opinion on the service quality of ADB.

Check ☒ your degree of acceptance with the statement below as represented by the seven point scale ranging from “**strongly disagree= 1**” through to “**strongly agree= 7**”.

Strongly Disagree= 1 Disagree= 2 Somewhat Disagree= 3 Neutral= 4

Somewhat Agree= 5 Agree= 6 Strongly Agree= 7

| No | STATEMENT | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|----|--|---|---|---|---|---|---|---|
| 1 | ADB have modern-looking equipment. | | | | | | | |
| 2 | The physical facilities at ADB are visually appealing. | | | | | | | |
| 3 | Employees at ADB are neat in appearance. | | | | | | | |
| 4 | Materials (eg. pamphlets or statements) associated with ADB's services are visually appealing. | | | | | | | |
| 5 | When ADB promise to do something by a certain time, they do so. | | | | | | | |
| 6 | When a customer has a problem, ADB show's a sincere interest in solving it. | | | | | | | |
| 7 | ADB performs service right the first time. | | | | | | | |
| 8 | ADB provides service at the time they promise to do so. | | | | | | | |
| 9 | ADB insist on error free records. | | | | | | | |
| 10 | Employees ADB tell customers exactly when services will be performed. | | | | | | | |
| 11 | Employees ADB give prompt service to customers | | | | | | | |
| 12 | Employees of ADB are always willing to help customers. | | | | | | | |
| 13 | Employees ADB are never too busy to respond to customers' request | | | | | | | |
| 14 | The behavior of employees ADB instill confidence in customers | | | | | | | |

| | | | | | | | | |
|----|---|--|--|--|--|--|--|--|
| 15 | Customers of ADB feel safe in their transactions | | | | | | | |
| 16 | Employees of ADB are consistently courteous with customers. | | | | | | | |
| 17 | Employees of ADB have the knowledge to answer customers' questions. | | | | | | | |
| 18 | ADB give customers individual attention. | | | | | | | |
| 19 | ADB have operating hours convenient to all their customers. | | | | | | | |
| 20 | Employees of ADB give customers personal attention | | | | | | | |
| 21 | ADB has their customers' best interest at heart. | | | | | | | |

THANK YOU

APPENDIX B

Banks in Ghana

| Banks | Year of Incorporation | Majority Ownership | Number of branches (as at June 2014) |
|---------------------------------------|------------------------------|---------------------------|---|
| Access Bank Ghana Limited | 2008 | Foreign | 32 |
| Agricultural Development Bank Limited | 1965 | Local | 78 |
| Bank of Africa (Ghana) Limited | 1997 | Foreign | 19 |
| Bank of Baroda | 2007 | Foreign | 2 |
| Barclays Bank Ghana Limited | 1917 | Foreign | 59 |
| BSIC Ghana Limited | 2008 | Foreign | 15 |
| CAL Bank Ghana Limited | 1990 | Local | 20 |
| Ecobank Ghana Limited | 1990 | Foreign | 78 |
| Energy Bank Ghana Limited | 2010 | Foreign | 7 |
| Fidelity Bank Ghana Limited | 2006 | Local | 51 |
| First Atlantic Bank | 1994 | Foreign | 8 |
| First Bank Ghana Limited | 1996 | Foreign | 17 |
| First Capital Plus Bank | 2009 | Local | 15 |
| GCB Bank Limited | 1953 | Local | 158 |
| GN Bank | 1997 | Local | 102 |
| Guarantee Trust Bank Ghana | 2004 | Foreign | 28 |
| HFC Bank Ghana Limited | 1990 | Local | 28 |
| National Investment Bank | 1963 | Local | 28 |
| Prudential Bank Ghana | 1993 | Local | 33 |

| | | | |
|--------------------------------|-----------|---------|-------------|
| Royal Bank Ghana Limited | 2011 | Local | 12 |
| Societe Generale Ghana Limited | 1975 | Foreign | 45 |
| Stanbic Bank Ghana Limited | 1999 | Foreign | 31 |
| Standard Chartered Bank Ghana | 1896 | Foreign | 27 |
| Unibank Ghana Limited | 1997 | Local | 28 |
| United Bank of Africa Ghana | 2004 | Foreign | 27 |
| Universal Merchant Bank | 1971 | Local | 22 |
| UT Bank Ghana Limited | 1995 | Local | 27 |
| Zenith Bank Ghana Limited | 2005 | Foreign | 29 |
| TOTAL | 28 | | 1026 |

Source: 2014 Ghana Banking Survey, PWC

