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THE EFFECT OF CUSTOMER SATISFACTION ON CUSTOMER LOYALTY IN SAVINGS AND LOANS COMPANIES IN GHANA: CASE STUDY OF MULTI CREDIT SAVINGS AND LOANS LIMITED

BY

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ABSTRACT

Modern business organizations are faced with huge challenges owing to the turbulent nature of the business terrain. This challenges call for organizations to discard the old marketing philosophies and strategies and concentrate more on customer-driven initiatives that seek to attract, retain and build intimate long term relationship with profitable customers. The study sought to assess the effects of customer satisfaction on customer loyalty in savings and loans companies in Ghana, with Multi Credit Savings and Loans Limited (MCSL) as the focus. The study administered 120 questionnaires to customers and interviewed 10 staffs of MCSL to obtain the primary data. The staffs were purposively sampled based on their academic qualification and job description, while the customers were conveniently sampled. The study reveals that 'customer satisfaction indicators' such as Visits or calls by management, Good attitude and professional conduct of staffs, Swift turnaround time for customers, Value for customers than goals of MCSL, Convenient location of the bank and High quality of services rendered by MCSL are factors that positively affect customer loyalty. The survey reviews that several or almost all the variables have high coefficients of variation which give an indication of greater dispersion of the individual values around the mean. A multiple correlation coefficient of (R) =0. 844 was derived which indicates a strong positive significant correlation between customer loyalty (dependent variable)and the predictor variables as earlier statedIt was also obtained that the independent variables can reliably be used to statistically predict the dependent variable. Thus, the overall significance test indicates that the independent or predictor variables when used together will have positive impact/influence on the loyalty of customers to the MCSL. Even though there are few barriers to customer service, this had not negatively affected the service provided by the Bank and so loyalty of customers was also not affected. It was concluded that an extremely satisfied customer is more likely to be a loyal customer.

DECLARATION

I, author of this thesis do hereby declare that apart from the references of other people's work which has duly been acknowledged, the research work presented in this thesis was done entirely by me at the Department of Accounting & Finance, Kwame Nkrumah University of Science and Technology (KNUST), Kumasi.

I do hereby declare that, this work has neither been presented in whole nor in part for any degree at this University or elsewhere.

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DEDICATION

I dedicate this work to my lovely twin daughters, Janice Osei Owusu-Ansah and Janita Osei Owusu-Ansah, for their patience, love and support given me throughout this course.

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CHAPTER ONE

1.1 INTRODUCTION

Modern business organizations are faced with a huge challenge owing to the turbulent nature of the business terrain. This challenge calls for organizations to discard the old marketing philosophies and strategies and concentrate more on customer-driven initiatives that seek to attract, retain and build intimate long term relationship with profitable customers, (Kotler, 2003, Gronroos, 1984; Naver & Slater, 1990).

Customer relations have been unavoidably embraced by business organizations with the understanding that customer satisfaction, as a matter of fact, will lead to greater customer loyalty (Anderson & Sullivan, 1993), which in a long–run turns into profitability. Many organizations that relied on having superior service quality, have been found to be market leaders in terms of long term customer loyalty and retention as well as sales (Anderson & Sullivan, 1993).

It is therefore not an error for today's business organizations to increasingly spend vital energy in acquisition of new customers whilst struggling to retain the existing customers. The facts below could be considered if one really wants to understand customer satisfaction: Customers with problems do not usually react and only 4% of them do complain. A customer with problems normally tells nine (9) other people of it while satisfied customer tells five (5) other people of his/her good experience, keeping a current customer costs about one out of seven (1/7) of the cost of acquiring a new customer. To further this, retaining a current employee costs one out of ten (1/10) of hiring a new one (Reichheld, 1990; Reichheld, 1996).

The above stated facts highlight the crucial role played by customer satisfaction which is a reflection of employee satisfaction; hence profit maximization of companies. Business organizations therefore need to understand the extent to which customers should be satisfied and what should be done to satisfy customers.

Satisfaction is a crucial concern for both customers and organizations, including financial institutions. Some of the main concepts of satisfaction in the literature include value, quality and satisfaction. According to Zeithaml (1988), value is the importance attached to services based on their usage and the amount of money paid in exchange. On the other hand, quality is meeting the needs and expectations of customers, (Parasuraman et al., 1991), while Oliva et al. (1992) are of the view that satisfaction is the meeting of customers' needs or wants.

A check from Bank of Ghana shows an increasing number of players in the financial sector of Ghana. Twenty-eight (28) banks are currently licensed to operate as commercial banks, fortyfour (44) non- bank financial institutions have also been licensed while one hundred and twenty-nine (129) rural/community banks are also licensed to operate by Bank of Ghana (Bank of Ghana, 2015). There are other micro finance institutions, cooperative Credit Unions, as well as insurance firms all being competitive players in the sector engaging in either the same basic activity of taking funds from their clientele and paying them returns on their investment and/or granting them loans. Owing to the highly competitive nature of the financial sector, most companies including Multi Credit Savings and Loans Limited had their market share either dwindled or recorded little growth over the years. The researcher during his preliminary interview with branch managers of Multi Credit Savings and Loans Limited learned that the reduction in growth is as a result of competition which has mainly compelled management to seriously embrace the concept of customer satisfaction as a competitive strategy with the believe that customer satisfaction will lead to customer loyalty. For instance, Multi Credit Savings and Loans Limited motto reads "Customer Satisfaction is our

Priority". This study therefore sought to find out the extent to which customer of Multi Credit Savings and Loans Limited are satisfied and whether that satisfaction affects customer

loyalty.

1.2 STATEMENT OF THE PROBLEM

Though Multi Credit Savings and Loans Limited has been enjoying some level of growth generally over the years, this achievement has been contributed by a small proportion of the entire clientele, with a sensory view into customers' performance (Multi Credit, 2015).

These trends pose a critical question of why some customers keep doing repeated transactions with Multi Credit Savings and Loans Limited while other customers within a short period quit or reduce the level of business transactions.

Though customers have been encouraged to offer feedback through channels such as 24 hour call service, customer hotlines and internet services, suggestion boxes at each branch and reports by sales teams, most of the concerns raised have not been investigated to find the causes, let alone addressed.

To a company that focuses on short-term profitability such as Multi Credit Savings and Loans Limited, customer satisfaction with its measurement becomes a new concept. Multi Credit Savings and Loans Limited has begun to realize the new dawn of business challenges posed by globalization and innovation as a means of responding to new taste and preference, the growth of multinationals, high level of competition and service-rendering with little differentiation, which cause companies to wake up and craft strategies that are very proactive.

A service company such as Multi Credit Savings and Loans Limited which fails to face the challenge to measure customer satisfaction fails to secure the first step in gaining competitive edge. The most strategic step is finding the cause of customer dissatisfaction and relating it to the current marketing strategy and reality in the field. There seems to be a paradigm shift from the concept of short term profitability to that of customer value.

Multi Credit Savings and Loans Limited as a company in transition must strategize to keep its customers extremely satisfied and work further harder to achieve the concept of loyalty as a competitive edge.

Very few business management teams such as Multi Credit Savings and Loans Limited, interestingly, do appreciate the role customer satisfaction metrics play in the growth of business.

The researcher observed during his preliminary interview with the management of Multi Credit Savings and Loans Limited that less importance had been attached to customer satisfaction metrics instead.

The researcher observed that Multi Credit Savings and Loans Limited has wrongly been sacrificing customer loyalty for customer satisfaction. As differentiated by McIlroy and Barnett (2000) that customer satisfaction is critical of how well a customer's needs and demands are met whilst customer loyalty is a measure of how likely a customer is to repeat purchases and engage in relationship activities. Customer satisfaction is an important concept to consider when an organization is- building a customer loyalty program.

The researcher has a good number of friends doing business with Multi Credit Savings and Loans Limited as customers, who complain of low standard of service as well as numerous complaints unaddressed. These continuous complaints interested the researcher to investigate into the level of customer satisfaction being provided by Multi Credit Savings and Loans

Limited, and whether or not it has any effect on customer loyalty.

1.3 Objective of the Study

The main objective of this study was to find out the effects of customer satisfaction on customer loyalty in a service organization, thus Multi Credit Savings and Loans Limited. The study specifically aimed to:

- To examine whether customers are satisfy with the MCSL
- To examine the determinants of customer satisfaction
- To examine whether customers are loyalty to MCSL
- To examine measure some determinants of customer loyalty, and
- To examine the overall effect of customer satisfaction on customer loyalty at MSCL

1.4 Research Questions

The following research questions were addressed in the study:

- What factors render the customer satisfied at MCSL?
- What factors render customers loyal at MCSL?
- What is the effect of customer satisfaction on customer loyalty at MSCL?

1.5 Significance of the Study

The overall objective of the study was to assess the effects of customer satisfaction on customer loyalty. Customer satisfaction to many businesses should be sufficient but that is far from right. Satisfaction must lead to loyalty in order to yield long term profitability. The study is envisaged to equip MCSL that has over the years not embraced customer satisfaction as a means to attain success, to inculcate it into their business strategy as a competitive edge in order to avoid being kicked out of business. It would also prompt MCSL to fish for factors that render customers extremely satisfied and further apply them to address customers' concerns.

Multi Credit Savings and Loans Limited in particular and other service-rendering companies in general, would benefit from the study as a strategy to achieving higher long-term productivity, lower cost on customers, word-of-mouth advertisement and lower intention to quit, thus equipping it to respond positively to today's global challenge since the best concept in business today is customer loyalty.

Academic/research institutions will benefit immensely from the study since it has the potential to add to the literature on customer satisfaction and loyalty as well as stimulating further research into the area of customer satisfaction and customer loyalty.

1.6. Scope of Study

The study comprises workers and customers of Multi Credit Savings and Loans Limited, Kumasi Branches. Due to competition in recent times in the banking sector, the study covers employees of the bank who are always in contact with the customers and the difficulties they face in delivering their service as well as the customers experiences with the employees of the bank. The reason why Multi Credit Savings and Loans Limited was selected is because the researcher first of all stays at Kumasi and works with Multi Credit Savings and Loans Limited and secondly, because Multi Credit Savings and Loans Limited is growing very fast in Ghana as a whole and in Kumasi in particular. Ccurrently; there are ten branches in Kumasi within a space of about sixteen years. But this research will be carried out at the major two branches, which is at Adum and Suame in Kumasi.

1.7 Limitations to the Study

The findings of this study are subject to certain limitations caused by the circumstances under which the study was conducted. Firstly, there was a little bit of financial constraint on the funds allotted to transportation which affected the number of branches chosen for the study, hence, the choice of Kumasi branches. The number of questionnaires administered to customers was also reduced. Costs of electronic materials and stationery also affected the study.

Secondly, there was some delay on the part of MCSL staff in completing the questionnaires, with others not able to complete theirs. There was perceived fear of data leakage into the hands of competitors. Strategic information leakage through researchers has been the fear of management teams in many companies, though they were assured of confidentiality.

Thirdly, the limited time allotted for the completion of the study as against the quantum of work that needed to be done made the work difficult. Problems of disappointments were often encountered. In some instances, a whole day was wasted owing to indiscipline in time management on the part of some respondents either owing to lack of confidence in researcher or assigning little value to the study. However, these limitations, notwithstanding, the findings of this study could constitute a launching pad upon which future research could be undertaken to provide more insight into the topic.

1.8 Organization of the Study

The study is organized into five (5) chapters. Chapter One (1) provides a general introduction and brief background to the study, discusses the research problem, objectives and research questions, significance, limitation and organization of the study. Chapter Two (2) reviews both theoretical and empirical literature on customer satisfaction and customer loyalty. The chapter throws light on the meaning of customer satisfaction and customer loyalty. It also touches on the benefits of customer satisfaction, components of customer satisfaction, determinants of customer satisfaction which comprise service quality, service features, situational factors and complaints handling. The chapter finally discusses customer satisfaction, loyalty and the banking sector. Chapter Three (3) presents and explains the methodology applied in the study. It looks at case selection as well as population and sampling for the study. It discusses questionnaire design and data collection for the study; reliability and validity are also discussed. Finally, the profile of the organisation is reviewed. Chapter Four (4) provides analysis and discussion of the empirical data collected, and presents the findings from the study. Chapter Five (5) presents summary of the findings and provides recommendations as well as draws conclusion on the study.

CHAPTER TWO

LITERATURE REVIEW

2.0 INTRODUCTION

This chapter reviews the theoretical literature on customer satisfaction and its effects on customer loyalty. Issues discussed include: the meaning of customer satisfaction, meaning of customer loyalty, benefits of customer satisfaction, components of customer satisfaction, determinants of customer satisfaction, loyalty and the banking sector.

2.1 MEANING OF CUSTOMER SATISFACTION

Customer satisfaction has been gaining increasing attention as both researchers and practitioners recognize it as a field of scholarly study. It has also been used by most businesses as a fundamental tool to enhance customer loyalty which translates to organizational performance and profitability. Khirallah (2005) defines customer satisfaction as a customer's perception that his or her needs, wishes, expectations, or desires with regard to products and service have been fulfilled. Again, it is an attitude or behaviour that customers vocalize or exhibit. The implication is that the financial institution consciously and proactively strives to meet numerous expectations of its many customers. Customer retention is the ability to hold on to customers' overtime. Customer retention is therefore basically a product of customer loyalty and value which is a function of the level of customer satisfaction or dissection (Reichheld, 1996). One of the importance of customer loyalty, no doubt, is free advertising for the organization by a happy customer. Even though business organizations that have taken the lead in satisfying their customers are realizing the benefits of customer-centric approach, that is making the customer the centre of business operations and processes, they are therefore being much interested, not just in acquiring new customers, but more importantly, retaining existing customers. Figures of surveys have shown that the costs of acquiring a new customer are more expensive than retaining existing customers (Reichheld, 1990; Reichheld, 1996). It is therefore more profitable retaining an old customer who is likely to repurchase or reuse an organisation's product or service and recommend them to prospective customers.

Cacioppo (2000) defines customer satisfaction as the state of mind that customers have about a company when their expectations have been met or exceeded over the lifetime of the product or service. Satisfaction is an overall customer attitude or behavior towards a service provider, or an emotional reaction towards the difference between what customers expect and what they receive regarding the fulfillment of some desire, need or goal. (Hansemank &

Albinsson, 2004; Kotler, 2000; Hoyer & MacInnis, 2001)

It has been suggested by Anderson and Sullivan (1993) that a dissatisfied customer is more likely to search for information on alternatives and more likely to yield to competitors' overtures than a satisfied customer. Customers perceive service in terms of quality, but how satisfied they are with the overall experience defines their satisfaction. The offers performances determine whether or not they are satisfied.

Zeithaml, et al, (2004) defines customer satisfaction as the customers' evaluation of a product or service in terms of whether the product or service has met their needs or expectations.

Customer satisfaction, in short, is the meeting of customers' expectation after a product or service has been used. It is a deeply held commitment of customers of various business organizations to be offered a high standard product and/or service without the usual excuses of resource as well as situational constraints. Customer satisfaction measures how well a customer's expectations are met: If customers received what they expected, they are satisfied.

If their expectations were exceeded, they are extremely satisfied. An unsatisfied customer harbours an intention to switch.

2.2 COMPONENTS OF CUSTOMER SATISFACTION

Customer satisfaction is generally described as the full meeting of one's expectations. Customer satisfaction is the feeling or attitude of a customer towards a product or service after it has been used. A review of the existing literature indicates that there can be potentially many antecedents of customer satisfaction, as the dimensions underlying satisfaction judgments are global rather than specific (Taylor & Baker, 1994; Patterson & Johnson, 1993; Rust & Oliver, 1994). The customer satisfaction literature has paid a great deal of attention to the confirmation paradigm, which concerns the comparison of product or service performance expectations and evaluations (Goode & Moutinho, 1995).

The confirmation model treats satisfaction as a meeting of customer expectations and is generally related to habitual usage of products (Oliver 1997). However, research on customer satisfaction has moved towards the disconfirmation paradigm which views satisfaction with products and brands as a result of two cognitive variables: pre-purchase expectations and disconfirmation (Churchill & Surprenant, 1982; Peter & Olson, 1996). According to Peter & Olson (1996) "pre-purchase expectations are beliefs about anticipated performance of the product; disconfirmation refers to the differences between pre-purchase expectations and post-purchase perceptions" (p.509). In an earlier study, Churchill & Surprenant (1982) reported that disconfirmation positively affected satisfaction.

That is, when subjects perceived the product performing better than expected, they were more satisfied (Churchill and Surprenant, 1982). Further empirical research supports the notion that satisfaction is caused by expectations and requires considerable cognitive effort on the part of customers (Bearden & Teel, 1983; Goode & Moutinho, 1995; Cadotte, 1987).

Kristensen et al. (2001) calculated the relationship between customer satisfaction and customer loyalty in Danish retailing business using the European Customer Satisfaction Index (ECSI). The model links customer satisfaction to its drivers: customer expectation, perceived company's image, perceived quality and perceived value. It is therefore, established empirically that the customer's cognitive or affective evaluation is based basically on service quality but the customer's perception about the performance of the service quality encountered, is compared with some cognitive standard such as perceived quality or perceived value.

McColl-Kennedy and Sparks (2003) studied the reactions of over 700 hotel reactions to service recovery strategies patrons to videos depicting different scenarios of service recovery. They found important differences in the perceptions of males and females on how service recovery should be handled. Females, more than males, required to be capable to voice their concerns through the service recovery time. There is also some connection between the length of customer relationship and satisfaction. In the literature, many scholars have developed several models to explain the components of satisfaction. While some authors perceive satisfaction as overall component, others, notably the disconfirmation school of thought, conceptualize satisfaction as a product of customers comparison of perceive performance of product/service with some cognitive or affective standards like desire, expectation, perceived value or perceive quality of service (Oliver, 1980; Parasuraman et al.,1988, Gronroos,1994,2001)

Expectation is one important component in the discussion of customer satisfaction. It has been found that expectation plays a major role in determining satisfaction. This view was heralded by proponents of popular expectancy disconfirmation theory (Oliver, 1980;

Parasuraman et al., 1988)
These components are chosen because each of them is empirically validated to have significant impact on customer satisfaction (Oliver, 1980, Parasuraman et al.1988).

In summary, the main components of customer satisfaction are the customer's expectation that is pre-purchase expectation (i.e. beliefs about anticipated performance of the product) and disconfirmation (differences between pre-purchase expectation and post-purchase perceptions)

According to expectancy disconfirmation theory, (Oliver & Desarbo, 1988), customers, after consuming a product/service compare their conception of product/service performance against their expectations before the service encounter. Confirmation is achieved when perceived performance equals expectation. Negative disconfirmation is achieved when perceive performance is less than expected. Customer expectation is achieved by either confirmation or positive disconfirmation of consumer expectation.

Management has to craft effective strategies to manage the customer's expectation and perceived service performance in order to reap the full benefits of customer satisfaction measurement (Gronroos, 1994).

2.3 DETERMINANTS OF CUSTOMER SATISFACTION.

After reviewing a host of factors corresponding to customer satisfaction in retail banking discussed in Richens (1983), Lele and Sheth (1988), Levesque and McDougall (1996), and Manrai and Manrai (2007), four main items which include subcategories were reached. The main items are as follows:

- Service Quality
- Service Features
- Situational Factors
- Complaint Handling

2.3.1 Customer Satisfaction and Service Quality

In the service literature, strong emphasis is placed on the importance of service quality perceptions and the relationship between customer satisfaction and service quality (see for example, Bitner & Hubbert, 1994; Cronin & Taylor, 1992; Taylor & Baker 1994; Rust & Oliver, 1994).

Customer expectations are beliefs about services that serve as standards against which service performance is judged (Zeithaml et al, 1996) which a customer thinks a service provider should offer (Parasuraman et al., 1988). Gronroos (1982) argued that customers, while evaluating the quality of a service, compare the service they expect with perceptions of the services they actually receive. It has been argued that the quality of service is not a onedimensional construct. Rather, service quality incorporates various dimensions that relate to both core and augmented service offerings (Bitran & Lojo, 1993; Gronroos, 1984; Lewis 1993). Parasuraman et al. (1985; 1988) initially described five dimensions of service quality: reliability, tangibles, responsiveness, assurance and empathy.

Parasuraman et al. (1991) argued that reliability was mainly concerned with the outcome of service whereas tangibles, responsiveness, assurance and empathy were concerned with the service delivery process. Moreover, customer expectations are beliefs about a service that serve as a standard against which a service performance is measured (Zeithaml et al., 1993); which customers think service providers must over, rather than what must be on offer (Parasuraman et al., 1988). The customers not only judge the accuracy and dependability of the delivered service but they also judge the other dimensions as the service is being delivered (Parasuraman et al, 1991a). Customer satisfaction can thus be based not only on the judgment of customers towards the reliability of the delivered service but also on customers' experiences with the service delivery process.

Employees and their contributions to customer satisfaction must be considered. Quality services are provided through employees' interaction with customers. These interactions being either face-to-face or via other media, have a lot of influence on customers. Employees are internal customers who must be carefully treated so that they do not block message flow to customers.

On the basis of their review of service quality literature, McDougall and Levesque (1994), however, argued on the fact that there are two overriding dimensions to service quality: The core or outcome aspects (contractual) of the service, and the relational or process aspects (customer-employee relationship) of the service.

It is generally accepted that customer satisfaction often depends on the quality of product or service offering (Anderson & Sullivan, 1993; Levesque & McDougall, 1996). For this reason, research on customer satisfaction is often closely associated with the measurement of quality.

Thus, both service quality and customer satisfaction share a close relationship, though they are normally conceptualized as unique (or separate) constructs (Bitner & Hubbert, 1994; Cronin & Taylor, 1992; Patterson & Johnson, 1993; Taylor & Baker, 1994).

There is some empirical evidence suggesting that service quality is a causal antecedent of customer satisfaction (Cronin & Taylor, 1992). In a recent study, Levesque and McDougall (1996) found that the performance of the service provider on core and relational dimensions of service was an important driver for customer satisfaction in retail banking in the UK.

However, in a non-Western context, the link between core and relational dimension of service and customer satisfaction is yet to be established empirically. According to service quality theory, (Oliver, 1980), it is perceived that customers will judge that quality as low if performance does not meet their expectations. In the view of the researcher, since service quality is related to customer satisfaction, improved service quality might raise the level of customer satisfaction, which would be more likely to increase customers' loyalty to their supplier.

Moreover, the literature dealing with services outlines some major characteristics of services that make them unique and different from physical products (Bitran & Lojo, 1993; LeBlanc & Nguyen, 1988; Parasuraman, 1985; Zeithaml & Bitner, 1996). Services are often characterized by their intangibility, inseparability, heterogeneity, and perish ability. The implications of these characteristics are that it is often difficult for customers to evaluate services at pre-consumption, consumption and post consumption stages of the consumer decision-making (Legg & Baker, 1996). Service is consumed as soon as it is made available.

Because of the intangible nature of services, it becomes difficult for an organization to understand how its customers perceive and evaluate the quality of its services (Parasuraman et al., 1985). Customers, however, make inferences about the service quality on the basis of tangibles (the buildings, the physical layout etc.) that surround the service environment. Support for this argument comes from empirical evidence suggesting that the tangible, physical surroundings of the service environment can have a significant impact on customer's affective responses and their behavioural intentions (Wakefield & Blodgett, 1999).

Dabholkar et al. (1996) reported similar findings that the tangible aspects of department stores do influence customers' perceptions of service quality. Hence, there are reasonable grounds to assume that customer satisfaction is also related to customers' evaluation of physical surroundings of the service environment.

In summary, customer satisfaction often depends on quality of products or service offering thus measurement of quality is often used to determine satisfaction levels.

Customer satisfaction and service quality are inter-related, thus, the higher the service quality, the higher the satisfaction of customers. Comparative advantage through high quality services is a strong weapon to survive.

Service quality is not just about the outcome of the service but also the customer's experience with the service delivery process which is contractual and customer – employee relationship respectively. Customers may be moved from satisfaction to loyalty when they appreciate particular level of quality, especially in product or service, thus reducing intentions to switch.

The bank's ability to deliver quality service on continuous basis probably might have a significant impact on the level of customer satisfaction, which consequently, is a necessary prerequisite for building long-term customer relationships, is likely to enhance loyalty (Anthanassopoulos et al., 2001).

2.3.2 Customer Satisfaction, Service Features and Situational factors

According to Levesque and McDougall (1996), convenience and competitiveness of the bank are two important factors which are likely to influence the overall satisfaction levels of a customer. Consumers' adoption of banks selection criteria has been researched into by a number of researchers (Anderson & Sullivan, 1993; Erol & El-Bdour, 1989; Erol et al., 1990; Khazeh & Decker, 1992; Laroche & Taylor, 1988; Levesque & McDougall, 1996). Empirical findings from this stream of research suggest that convenient location is a critical factor influencing the choice of a bank by customers. A convenient bank location means customers can easily do business with their banks on a regular basis (Levesque and McDougall, 1996). Banks should not relegate to the background, their responsibility of location as a strategic weapon to keep their customers loyal.

Accessibility is also a related factor which, while acting together with convenience, enables customers to deal with their banks more easily (Levesque & McDougall, 1996). Furthermore, customer satisfaction in retail banking is also likely to be influenced by the perceived competitiveness of the bank's interest rates (Laroche & Taylor, 1988; Levesque & McDougall, 1996).Charging high interest rates has been a major issue of most young customers switching their financial institutions. Customers of retail banks have put the criteria of customer satisfaction towards service quality provided by their banks. Fast and efficient service, confidentiality of banks, speed of transaction, friendliness of bank personnel, accuracy of billing, billing timeliness, competitive pricing and billing clarity are some of the key factors that significantly affect customer’s satisfaction (Hokanson, 1995)

In summary, the more a location and the other key factors are convenient and accessible to customers, the higher the perceived customer satisfaction level. Customers’ perceived satisfaction level is higher when they are offered competitively lower interest rates, more convenient location and accessibility to their bank. Customers therefore become loyal when they enjoy these services on continuous basis.

2.3.3 Customer Satisfaction and Complaint Handling

Many customers get amazed at the number of times and amount of unaddressed complaints made about services offered by their banks since services exist in real time, services are consumed at the very moment they are made available to customers. They cannot be stored and checked for their quality like a physical product. Hence, every service production failure is likely to be experienced by a customer. Consequently, dissatisfaction with a service might occupy most of the time over which service is consumed. However, customers might not instantly switch their banks after experiencing a problem during the service production. This is mainly because of the fact that the perceived costs of switching are relatively high in retail banking. Customers, however, might display a passive response to a problem, which can be in the form of making a formal complaint. Customer satisfaction in such cases can depend upon the efficient and effective response of the service provider (Levesque & McDougall, 1996).The level of professionalism, the respect for the customer and the value attached to the problem would either retain or switch the customer. This study would be interested in investigating how the NRBL handles complaints of customers and whether or not this has effect on retention of the Banks' customers.

2.4 BENEFITS OF CUSTOMER SATISFACTION

Figures of surveys have shown that the costs of acquiring a new customer are more expensive than retaining accessible ones (Reichheld, 1990; Reichheld, 1996).

Investments in customer satisfaction, customer relationships and service quality leads to profitability and market share. Customer satisfaction and high quality service often results in more repeat purchases and market share improvements, thus customer satisfaction leads to customer loyalty and this leads to profitability (Hallowell, 1996). Furthermore, as Anderson (1994) asserts that there is a positive relationship between customer satisfaction and profit for the company.

According to Reichheld and Sasser (1990), the costs of customer acquisition are much higher than the costs of retention. They have recognized the benefits that customer retention delivers to a bank. For instance, the longer a customer stays with a bank the more utility the customer generates. This is a result of a number of factors relating to the time the customer spends with a bank. These comprise the higher initial costs of introducing and attracting a new customer, increases in both the value and amount of purchases, the customer's better understanding of the bank, and positive word-of-mouth promotion. According to Sivadas and Baker-Prewitt (2000), satisfaction also influences the likelihood of recommending a bank as well as repurchase. It fosters loyalty to the extent that it is a prerequisite for maintaining a favourable relative attitude and for recommending and repurchasing from the bank.

In summary, customer satisfaction is cost effective, it leads to loyalty and this leads to profitability while customer dissatisfaction leads to intention to quit.

2.5 BARRIERS TO CUSTOMER SATISFACTION

Most financial institutions have realized the need to offer customer services to their customers. Even though this exists on paper, the actual service is not done many a time, leading to customer dissatisfaction. Customer service interactions can, meanwhile, be frustrating as clients' requests can often appear demanding. There may be barriers in your organization that might cause reasonable consumer requests seem excessive. Financial institutions have the responsibility of understanding the barriers to customer satisfaction and take it into consideration if they want to satisfy their customers (Ako-Nai, 2011; Chang & Chen, 2007; Chen & Hu, 2010).

Some of the specific barriers include the following enumerated below.

2.5.1 Overworked staff

This can be as a result of understaffing, lay-offs rapid growth or assigning too much work to too few people. The staff might soon lose energy as a result. Others will be stretched too thin and no single customer will appear as priority to them. Steps will be skipped, staff and customers become frustrated and clients receiving insufficient attention to their issues, since employees will have too many clients to (Ako-Nai, 2011; Chang & Chen, 2007; Chen & Hu, 2010).

2.5.2 Underworked staff

The exact opposite can have similar effect on the service rendered. Staff would feel less challenged, under-appreciated and unimportant, if they under worked. Work has the habit of expanding to fit whatever timeframe is allotted, meaning case handling turnaround time drugs on longer than reasonably expected, if staff is underworked, which get customers frustrated (Ako-Nai, 2011; Chang & Chen, 2007; Chen & Hu, 2010).

2.5.3 Poor Accountability

Staff should be held accountable, if they are to make sure customers are made happy. Staff can always place the blame elsewhere and know they can never get into trouble for letting a customer leave unhappy (Ako-Nai, 2011; Chang & Chen, 2007; Chen & Hu, 2010)

2.5.4 Insufficient systems

If the system used in working with client performs poorly, are slow, contain insufficient data, or does not track clients' data appropriately, there are always problems. Customers would get frustrated, if turnaround time is long. They may therefore start looking elsewhere (Ako-Nai, 2011; Chang & Chen, 2007; Chen & Hu, 2010)

2.5.5 Lack of Understanding about Customer Needs

It becomes very easy to make the claim that an organisation is customer-centric in absence of reliable data. Information might reveal the gap between the performance of an organisation and what customers do experience. Management now faces a lot of uncomfortable decisions about what to change, once the gap is surfaced. Reliable information can lead to meaningful innovation that will find greater customer acceptance and market success (Ako-Nai, 2011; Chang & Chen, 2007; Chen & Hu, 2010).

2.5.6 Lack of Incentive

There should be an institution of appropriate staff who render outstanding service to customers. In the absence of any incentive, the staff has no business going an extra mile for the customer. Provide rewards, both money and non-monetary to ensure the staff is motivated and empowered enough to want to service clients to best of their (staff) abilities (Ako-Nai,

2011; Chang & Chen, 2007; Chen & Hu, 2010).

2.5.7 Failure to Deliver on Brand Promise

The old advice of "under-promised and over-deliver" was never truer than it is in the World dominated by customers. Companies should make sure their marketing claims are aligned with the way the customer really sees the firm (contextrule.typepad.com/transformer cited in Ako-Nai, 2011; Chang & Chen, 2007; Chen & Hu, 2010).

2.6 MEANING OF CUSTOMER LOYALTY AND ITS RELATED BENEFITS

Although previous studies have attempted to examine the link between customer satisfaction and customer loyalty, not much has been seen in the banking industry in Ghana although there has been some work on customer satisfaction. Accepting this calls for customer loyalty to be well defined in the banking sector.

According to Subkhan (2005), loyal customers are those who have the enthusiasm about the brands or products they use. The more enthusiastic a customer is, the higher the profit contributed to the brand. The desire of a customer of a financial institution to continue doing business with the firm over time is described as loyalty. As stated by Evans and Lindsay (1996), companies with satisfied customers have a good opportunity to convert them into loyal customers who purchase from those firms over an extended period of time. Customer loyalty is very significant since without loyal customers, an organization does not have business. Loyal customers are individuals who remain clients of their organisations even if more profitable conditions are offered by competitors. The high level of competition in the banking sector, today, coupled with the influx of foreign banks, compels banks to focus beyond the level of customer satisfaction to that of customer loyalty, where a customer does repeat business with an institution.

Khirallah (2005) also writes that a customer's demonstration of faithful adherence to an institution (or merchant) despite the occasional error or indifferent service is Loyalty. As the definition implies, a customer, having entered into a business relationship with a financial institution, has to maintain and continue to do business overtime. In this view, customer loyalty is an attitude or behavior that customers explicitly vocalize or exhibit.

The majority of early studies define loyalty as the repeat purchasing of a particular service or product (Homburg & Giering, 2001).

The modeling of loyalty has a long tradition in academic literature research (Jacoby & Knyer, (1973). This approach has been long criticized by numerous scholars for the missing differentiation between true and spurious loyalty. True customer loyalty is created when customers become free advocates for their organizations without any incentive (Oliver,

1997). “The key point is that spurious loyalty buyers lack any attachment to brand attributes, and they can be immediately captured by another brand that offers a better deal…" (Day, 1969,29-35). In order to avoid the pitfall of equating repeat purchasing with loyalty, the combination of attitudinal and behavioral attributes is recommended (Clarke, 2001; Grisaffe, 2001).

The positive outcomes of loyalty have been the subject of several theoretical articles and empirical studies. Reichheld and Sasser (1990) found that reducing defections by 5% yields improvements in profitability of 20% to 85%. When Reichheld and Schefter (2000) analysed customer life-cycle economics in several e-commerce sectors (e.g. online selling of books, groceries and consumer electronics) they found that on the Internet, the same rules applied as in the offline world. Early losses, which are caused by expenses for acquiring new customers, are followed by rising profits, caused by a higher willingness to pay and more tolerance on the part of the customer if problems occur (Zeithaml et al, 1996). In fact, the success of several online companies is attributed to their high ratio of repeat sales (Gefen, 2002).
Amazon.com, for example, generates about 66% of its sales from purchases made by retaining customers a couple of years ago.

Loyal customers are also more inclined to recommend an online service provider to other customers (Heskett et al., 1994).More to this is that loyal customers tend to be the most profitable ones who serve as free communication channels in terms of word-of-mouth advertisement. Referrals increase the customer base by lowering the costs of attracting new ones (Reichheld, 1996). Organizations should be able to anticipate the needs of their customers if they really want to keep their customers loyal.

According to Kandampully and Duffy (1999), a customer's interest in maintaining a loyal relationship is depended on the firm's ability to anticipate customers' future needs and offering them before anyone else does it. Increasing and preferably maximising profitability are obviously at the end of the service profit chain developed by Heskett et al, (1994) as they constitute the final goal of every organisation. In order to achieve profitability, companies need to pass through many different stages including employee satisfaction, retention and productivity to be able to achieve high level of customer satisfaction resulting in high customer loyalty and eventually profitability (Heskett et al. 1994)

In summary, Loyalty is customer's demonstration of faithful adherence to an institution despite the occasional errors. The major factors that determine loyalty are likelihood to repurchase a product or do business again with an institution, likelihood to recommend a product or an institution to others and last but not the least, the length or duration of stay of a customer with a company. The crust of the relationship is that maintaining loyal customers is a current strategy of sustaining a financial institution. Prospective customers are to be identified and served according to the needs of the various segments.

Loyalty, however, could be different from retention. The former is an inherent value which cannot be bought, whereas the latter, which can be bought with appropriate incentives or stimuli, is the outcome or event that the customers are retained by their current provider.

Loyalty is internal to the customer and can only be changed by a shift in the customer's own value system. Retention, however, can be manipulated by the provider through application of incentives. It becomes, therefore, not easy a task retaining customers owing to competition in the banking sector. There is therefore the need to critically consider customer loyalty as an indispensable weapon.

Extremely satisfied customers would have a positive relationship on loyal to their banks; loyal customers would be motivated to do repeat business with the Bank, recommend the Bank to others and are willing to stay longer with the Bank.

2.7OTHER STUDIES INTO CUSTOMER SATISFACTION AND LOYALTY

2.7.1 Customer Satisfaction as an antecedent tool of customers' loyalty.

Retailers and manufacturers argue that Customers' satisfaction is a necessary predecessor to customers' loyalty. According to Sivadas & Baker-Prewitt (2000), academicians and practitioners are agreed that customers' satisfaction is an important precursor to customers' loyalty. Bennett & Rundle-Thiele (2004) assumed that customers are likely to increase their loyalty but it should not be only business goal oriented by the business organizations, as it also should also fulfill the customers' actual perceived values on the products and services offered. The study by Srinivasana et al. (2002) formulated that customers' satisfaction is deeply associated with the brand loyalty and service quality. Therefore, customers' satisfaction is defined as matters that concern the post purchase of a particular product or service. Hoq & Amin (2010) posited that Customer satisfaction was the emotional behavior or cognitive attitudes towards the buying of products and services. In retail strategy, the customer is the key element, because the customer's satisfaction is the nature of the relationship between the consumers and the service providers of the manufacturing goods and services. Product and service quality are both prerequisite dimensions for customers' satisfaction of particular products (Hoq & Amin, 2010). Sivadas & Baker-Prewitt (2000) indicated that the customer's satisfaction is the customer's response to determine the repeat buying of goods or services. Satisfied customers are the loyal customers (Rowley, 2005) as this has been examined by many researchers that there is a significant relationship between the customers' satisfaction and customers' loyalty (Kandampully & Suhartanto, 2000; Szymanski & Henard, 2001; Bowen & Chen, 2001). Customers are satisfied by achieving expected perceived values of goods and services. As Singh (2006) explained that customers' satisfaction could occur when a company could be able to provide better product and service than the customer's expectation. Each business firm has a positive and a negative impact on a relation with the customers.

2.7.2 Pricing as a Customer Satisfaction and Loyalty

According to Zeithaml (1988) price is something that consumers sacrifice for obtaining a product or service. Retail pricing is one of the most critical decisions in the retail business sector (Grewal & Levy, 2007). Many researchers have been conducted on the advantages of developing and maintaining a loyal customer database (Reichheld, & Sasser, 1990; Rust & Zahorik, 1993). The level of satisfaction is always more when customers pay less but receive more in return. Monroe, (1990) argue that a customer's perceptions towards its price depend on the trade-off between quality of the benefits they receive and they pay for a product while they buy it. Price transparency is another important factor of satisfying customers which is represented by the overview of company's quoted prices (Matzler et al., 2006). Price has heavy influence where there is a consistency between price and performance. On the other hand, price transparency effects on the reverse way in case of inconsistency in price and performance of the product or service. It means price-quality ratio can enhance customers' satisfaction (Lam et al., 2004) and thus brings loyalty for the company (Bolton and Drew, 1991; Sirdeshmukh et al., 2002). Customers also look for the relative competitive price when market is highly dense. Undoubtedly, the price is an important indicator in aspect of its quality, relative price, price confidence and price transparency which has strong impact on satisfaction and ultimately on loyalty (Matzler et al., 2006). Negative consumer responses occur when customers feel that a company is practicing unfair price for them. If there is a change in price, the customers should be well informed in order to build trust and keeping long term relationships which results customers' loyalty. Studies found that customers' perception is negative towards demand based price, such as dynamic pricing, which is harmful for building trust (Garbarino and Lee, 2003).

2.7.3 Quality Service as a Retail Customer Satisfaction and Loyalty.

The main function of the retail marketing strategy is delivery of better and satisfactory services. The retailers should perform delivery of quality service to their potential customers besides their regular customers. Service quality is an important dimension of customers' loyalty through customers’ satisfaction in the retail industry. It is a subjective, complex and abstract concept that means different people have different views of product perspectives and concepts. According to Parasuraman et al. (1985) and Grönroos (1984), service quality is the assessment made by the consumers’ perceptions and expectations of received services as these factors comprise corporate image and functional quality. Service quality is the consumers’ perception of particular dimensions of products or services, such as, reliability, assurance, tangibility, courteousness, personalization, communication and responsiveness all of which have to be incorporated into the company’s strategic policy which in itself rationally affects the consumers’ satisfaction by providing excellent services including personal factors, situational factors and product quality. Parasuraman et al. (1985) and many researchers have developed the SERVQUAL scale which is very important for measuring the customers’ service quality. There were ten dimensions of service quality, but later these were reduced to five dimensions which included tangibility, reliability, assurance, responsiveness and empathy. Service quality has a tangible link to customers’ satisfaction, as in fact, the consumers’ satisfaction is represented by the service quality in one way or another. Hence, service quality is an antecedent to customers’ satisfaction and loyalty (Su, 2004; Jamali, 2007). Service quality is a cognitive assessment which may invariably influence the customers’ satisfaction (Oh, 1999). In this literature, the customers’ loyalty through satisfaction is the outcome of the proper enforcement of the service quality in the retail marking strategy.

2.7.4 Quality Product as a Retail Customer Satisfaction and Loyalty.

In this study, five most important elements have been considered to measure the dimensions of a product quality for the customers’ satisfaction and loyalty such as product durability, product variety, product freshness, product attractiveness and brand equity. All these attributes are important to be used for measuring customers’ satisfaction and loyalty (Yuen and Chan, 2010), but most other relevant elements are also useful for improving the customers’ satisfaction and loyalty (Garvin, 1987). Product variety is important for the retailers to serve the customers' buying behavior, because different customers have different preferences of product quality (Dhar et al., 2001). Mosa & Omar (2011) demonstrated that the business firms had begun to develop the customers' satisfaction and loyalty by offering good quality products and services. According to Bolten et al. (2006) posited that the main determinants of customer satisfaction and loyalty are the service and product quality. The study by Minguela (2011) and Minguela-Rata et al. (2006) point out that product quality is a key component through which retailers or business firms can differentiate themselves from their competitors and they can gain competitive business advantages.

2.7.5 Location has moderating effect between Customer Satisfaction and loyalty. Location is one of the key factors for getting retail customers loyalty through satisfaction in hypermarket. If any hypermarket wants to get customer satisfaction, first, they should ensure accessible and convenient location, meaning hypermarket location must be near to residential area, entrance of the city and heart of the city. Second, availability of transportation facility is very important for a store location otherwise consumers cannot visit the store easily; therefore, the sale margin will collapse. Additionally, consumers also prefer to have a routine shopping experience that is simple and efficient in a convenient place (Hassan & Rahman 2012). Third, hypermarket location must be in urban and semi urban areas, because it is obvious that in rural areas the density of population is less than city. Besides, the affordability of city people is much higher as they earn more. Apart from these three (mentioned above) preferences regarding the location of a hypermarket, there are other factors as well, which will inevitably affect this business and customer's loyalty. The first thing to consider is the availability of maximum number of products of various kinds. In the city area, people are too busy that is why they prefer to shop in a place where everything is available. As Hassan & Rahman (2012) stated that due to urban lifestyle pressure, shoppers will always look for convenience where everything can be done at one particular place with minimum hassle (2012). Service is an instrument that can be used to establish customer loyalty in the long term and customers always expects a good location of shopping place whereas they can easily park their car (Swoboda & Schramm-Klein, 2007). Car parking facility has a weighty impact to develop loyal customer, as a result we see that all hypermarkets provide free parking for consumers as a basic service (Hassan et al., 2013). Every hypermarket is providing car parking facility but in some location people are facing hassle to park their car because of insufficient parking area. Nowadays, people are not likely to carry cash so that they seek which hypermarket has the more convenient ATM or Bank services. Malaysian people enjoy to shop in a location where they do their shopping and are able to entertain themselves. For those shoppers who have children, a playground or indoor play-land may become an attraction to spend time together with family members. A covered parking area is highly suitable for Malaysian weather to reduce heat from the sun or provide shelter against rain, which makes it convenient for the shopper to push the shopping trolley. A food and beverage area, such as a food court, restaurant or kiosk, is a suitable place for shoppers who would like to have a short break while shopping (Hassan & Rahman 2012).

2.8 CUSTOMER SATISFACTION, LOYALTY AND THE BANKING SECTOR

Banking in the Western world is one of the many service industries where customer satisfaction has been the focus of research (Holliday, 1996).The banking sector is increasingly experiencing a high level of competition both locally and internationally. This puts a tremendous amount of pressure on banking sector as argued by Levesque and

McDougall (1996); Good and Moutinho (1995); File and Prince (1992) and Nicholls et al. (1993).

The pressure on banks is widespread, for instance, the banking sector in Pakistan has become competitive in recent years. The government in recent years has pushed the industry from state ownership towards privatization. Related to this are the liberalization policies followed by the government which has encouraged some international players to intensify their activities in the market as well as globalization which is breaking all political barriers to trade. The researcher is of the view that customers are increasingly becoming sophisticated in terms of type and level of service demanded from their banks, as they have a wide range of banks with offered product and services to compare, either through the internet or other technological media.

Many banks, today, have to focus on the need to make customer satisfaction a primary goal so as to enhance loyalty, which serves as a differentiation which has the potential to ward off competitors. In order to achieve customer satisfaction, organisations must be able to build and maintain a long lasting relationship with customers through satisfying various customer needs and demands which resultantly motivates them to continue to do business with the organisation on an on-going basis (La Barbera & Mazurky, 1983). The bank's ability to deliver expected benefits by its customers on a continuing basis will probably impact on customer satisfaction.

A good number of customers have been concerned about the waiting time at their respective banks which costs them much time being lost on simple transactions.

Earlier research by Brownlie, (1989) has recommended that some consumers have positive attitudes towards ATMs based on dominant perceptions of convenience/accessibility/ease of use. In addition, Leonard and Spencer (1991) argue that consumers perceive that ATMs are indicative of achievement and contribute towards a positive organizational image. On the other hand, an amount of negative attitudes towards ATMs have been recognized. Customers, again, welcomed the introduction of E-Zwich, which allows customers of a bank to transact business at a designated shop without exchanging money. This allays the fears of customers since customers have to risk carrying huge sum of money from the bank to shop centres. To most customers, customer satisfaction should be measured by quality of service enjoyed by customers. Customers look at speed, accuracy in performance, lower competitive pricing, respect for customer and other factors.

The introduction of effective communication systems such as mobile banking, where customers sit in their comfort and instruct their banks to undertake a transaction, and electronic alert, which updates the customers on any latest transaction that hits their accounts, are positive moves to address customers' complaints, thereby boosting the customer's satisfaction.

The inability of banks to retain customers is a a result of factors that cause customer defection, which affect the future growth of banks. Reichheld and Sasser (1990) have recognized the benefits that customer retention delivers to a bank. For instance, the longer a customer stays with a bank, the more utility they generate. This is a result of a number of factors relating to the time the customer spends with a bank. These comprise the higher initial costs of introducing and attracting a new customer, increases in both the value and amount of purchases, the customer's better understanding of the a bank, and positive word-of-mouth promotion (Verhoef, 2003).

Levesque and McDougall (1996) indicate that customer satisfaction and retention are critical for retail banks. They study the major determinants of customer satisfaction (situational factors, service quality, service features, and customer complaint handling), and future intentions in the retail bank sector. Bloemer et al. (1998) study how satisfaction, image, and perceived service quality determine loyalty in a retail bank.

Study by Hallowell (1996), moreover examined customer satisfaction but in relation to loyalty. Conversely, Levesque and McDougall (1996) comprehensively analysed the effects of service quality, service features and customer complaint handling on customer satisfaction in the Canadian retail banking sector. Their result proposes that satisfaction determinants in retail banking are driven by an amount of factors including service quality dimensions.

Wong and Kanji (2001) discussed and experienced an extended customer satisfaction model in the retail-banking industry in Hong Kong. They built the extended model on the thought that evaluation of customer satisfaction in the retail banking industry is a function of overall customer expectation, perceived value and quality perception, whereas customer loyalty is a function of both perceived value and customer satisfaction.

2.9 OVERVIEW OF SAVINGS AND LOANS COMPANIES OVERSEAS

A savings and loans companies also known as thrift, is a financial institution that specializes in accepting savings deposits and making mortgage and other loans. The terms savings and loans or 'thrift' are, mainly used in the United State. The United Kingdom, Ireland and some Commonwealth countries include building societies and trustee savings banks. They are often mutually held, meaning that the depositors and borrowers are members with voting rights, and have the ability to direct the financial and managerial goals of the organization, similar to the policyholders of a mutual insurance company. It is possible for a savings and loans to Joint Stock Company and even publicly traded.

However, this means that it is no longer truly an association, and depositors and borrowers no longer have managerial control. By law, thrift must have at least 65 percent of their lending in mortgages and other consumer loans making them particularly vulnerable to housing downturns such as the deep one the U.S has experience since 2007.

2.9.1 Early History of the Savings and Loans Companies

At the beginning of the 19^{th} century, banking was still something only done by those who have assets or wealth that needed safekeeping. The first savings bank in the United States, the Philadelphia Savings Fund Society, was established on December 20, 1816, and by the 1839s such institutions has become widespread.

In the United Kingdom, the first savings bank was found in 1810 by the Reverend Henry Duncan, Doctor of Divinity the minister of Ruthwell Church in the Dumfriesshire, Scotland. It is home to the Savings Bank Museum, in which there are records relating to the history of the savings banks movement in the United Kingdom, as well as family memorabilia relating to Henry Duncan and other prominent people of the surrounding area. However, the main type of institution similar to U.S savings and loans companies in the United Kingdom is not the savings bank, but the building society and had existed since the 1770s.

The savings and loans companies became a strong force in the early 20^{th} century through assisting people with home ownership, through mortgage lending, and further assisting their members with basic savings investing outlets, typically through passbook savings accounts and terms certificates of deposit. The savings and loans associations of this era were famously portrayed in the 1946 film it's a wonderful life.

The earliest mortgages were not offered by banks, but by insurance companies and they differed greatly from the mortgage or home ownership, through mortgage lending, and further assisting their members with basic saving investing outlets, typically through passbook savings accounts and term certificates of deposit. The savings and loan associations of this era were famously in the 1946 film its wonderful life.

The earliest mortgages were not offered by banks, but by insurance companies, and they differed greatly from the mortgage or home loan that it familiar today. Most early mortgages were short term with some kind of balloon payment (a lump sum/oversized payment due at the end of a mortgage period) at the end of the term, or they were interest only loan which did not pay anything toward the principal of the loan with each payment. As such, many people were either perpetually in debt in a continuous cycle of refinancing their home purchase, or they lost their home through foreclosure when they were unable to make the balloon payment at the end of the loan.

2.9.2 Decline of Savings and Loans Companies

During the savings and loans crisis, form 1986 to 1995, the number of U.S federally insured savings and loans in the United States declined from 3,234 to 1,645. This was primarily, but not exclusively, due to sound real estate lending. The market share of savings loans for single family mortgage loans went from 53% in 1975 to 30% in 1990.

The following is a detailed summary of the major causes for losses that hurt the savings and loans business in the 1980s according to the United States League of Savings:

Lack of net worth for many institutions as they entered the 1980s and a wholly inadequate net worth regulation.

Decline in the effectiveness of Regulation Q in preserving the spread between the cost of money and the rate of return on assets, basically stemming from inflation and the accompanying increase in market interest rates.

Absence of the ability to vary the return on assets with increases in the rate of interest requires to be paid for deposits.

Increased competition on the deposits gathering and mortgage origination sides of the business, with a sudden burst of new technology making possible a whole new way of conducting financial institutions generally and the mortgage business specifically.

A rapid increase in investment powers of associations with passage of the Depository Institutions Deregulation and Monetary Control Act (the Gran St Germania Act).

Elimination of regulations initially designed to prevent lending excesses and minimize failures. Regulations relaxation permitted lending, directly and through participations, in distant loan markets on the promise of high returns. Lenders, however, were not familiar with these distant markets. It also permitted large volumes of nonpresidential construction loans.

Fraud and insider transaction abuses were the principle cause for some 20% of savings and loan failures the past three years and a greater percentage of the dollar losses born by the FSLIC.

A new type and generation of opportunistic savings and loan executives and owners some of whom operated in a fraudulent manner whose takeover of many institutions was facilitated by a change on FSLIC rules reducing the minimum number of stockholders of an insured assured association form 400 to one.

Dereliction of duty on the part of the board of directors of some savings associations. This permitted management to make uncontrolled use some new operating authority, while directors failed to control expenses and prohibit obvious conflict of interest situations.

A virtual end of inflation in the American economy, together with overbuilding in multifamily, condominium type residences and in commercial real estate in many cities. In addition, real estate values collapsed in the energy states taxes. Louisiana Oklahoma Particularly due to falling oil process and weakness occurred in the mining and agriculture sectors of the economy.

Pressure felt by the management of many associations to restore net worth ratios. Anxious to improve earnings, they departed from their traditional lending practices into credits and markets involving higher risks, but with which they had little experience.

The lack of appropriate, accurate, and effective evaluation of the savings and loan business by public accounting firms, security analysis, and the financial community.

Organizational structure and supervisory laws, adequate for policing and controlling the business in the protected environment of the 1960s and 1970s, resulted in fatal delays and indecision in the examination/supervisory processes in the 1980s.
Federal and state examination and supervisory staffs insufficient in number, experience, or ability to deal with the new world of savings and loan operations.

The inability or unwillingness of the now defunct Federal Home Bank Board and it legal and supervisory staff to deal with the problem institution in a timely manner. Many institutions, which untimely closed with big losses, were known problem cases for a year or more. Often it appeared, political consideration delayed necessary supervisory action. (Source; Wikipedia, the free encyclopedia, Navigator search).

2.9.3 Overview of Financial Industry in Ghana

The financial services industry encompasses a board range of organizations that deal with the management of money. In Ghana, the financial services industry is categorized into three main sectors:

Banking and Finance (including Non-Bank Financial Services and Forex Bureau) Insurance and Financial market/capital markets

The operating institutions include both foreign and local major banks, Rural and Community Banks (RCBs), Savings and loans Companies (SLCs) and other finance and leasing companies. Through the implementation of the financial Sector Strategic Plan (FINSSP) the Government of Ghana intends to promote the evolution of a financial sector which is appropriate for the needs of a country moving towards middle income status. The particularly given the prospect of greater international and regional competition and opportunity for Ghanaian financial market participants.

Investment opportunities

There is a high demand for various financial services in Ghana, as evidenced by the consistent high growth of companies in the sector. The relatively underdeveloped financial services sector in neighboring countries is an opportunity for financial services forms in Ghana to supply needed services in those countries.

Investment opportunities exist for the following range of businesses, amongst others:

Universal banks; Development banks; Insurance companies; Reinsurance companies; Mortgage finance institutions; Leasing companies; Venture capital companies; Hire purchase companies; Export finance companies; Investment banks; Mutual funds; Investment trusts; Savings and loans companies; Specialized finance houses.

Key players

Key players in the industry include the following banks and supporting institutions: banks: Standard Chartered Bank Limited; Ghana Commercial Bank Limited; SGSSB Limited; The Trust Bank Limited; BPI Limited; International Commercial Bank Limited; UniBank Ltd; National Investment Bank Limited; Agricultural Development Bank Limited; Prudential

Bank Limited; Merchant Bank (Ghana) Limited; CAL Bank Limited; HFC Bank Limited; United Bank of Africa (Ghana) Limited; Stanbic Bank Ghana Limited; Bank of Baroda (Ghana) Limited; Zenith Bank (Ghana Limited; Guaranty Trust Bank (Ghana) Limited; Fidelity Bank; First Atlantic Merchant Bank Limited; Amalgamated Bank Limited; Intercontinental Bank Ghana limited; Barclays Bank of Ghana Ltd; ARB Apex Bank; Citibank N.A. Ghana Rep. Office; Ghana International Bank plc (Bank of Ghana, 2015).

Supporting Institutions;

Bank of Ghana; Securities and Exchange Commission: ARB Apex Rural Bank; National Insurance Commission; Association of Rural Banks; Ghana Cooperative Credit Unions Association; the Microfinance Institutions Network (Bank of Ghana, 2015).

The Market

Developments in the banking system as of January 2008 show a continuous surge in asset growth resulting mainly form credit expansion. Banks’ deposits and borrowings were used fund the growth in assets. Total assets of the banking industry grew on an annual basis by

46.2 per cent to GH₵7,807.0 million as of January 2008, compared with 38.1 per cent growth for same period in 2007 (Bank of Ghana, 2015).

The financial industry is one of the few industries in the country that have undergone some major transformation since the colonial era (Databank, 2015). During the colonial period, banking services were geared towards the facilitation of trade between the British merchants and the colony. The financial system then transformed the colonial economy from a barter system to modern currency system. At the time, there were virtually no non-bank financial institutions in the country except some insurance companies which provided commercial risk coverage for the trading houses.

According to Databank (2015), the post independence era up to 1983 saw the adoption of a planned and closed economy with a wide range of restrictions on the financial sector and a complete domination and control of the banking industry by the government.

The non-bank financial sector was relatively undeveloped except for the existence of state Insurance Corporation (now SIC Insurance Company Limited) and National Trust Holding Company (now NTHC Limited). The control systems created serous distortions in the financial sector and also in the whole economy. Financial resources including development of money and capital markets and promotion of the development of nonbank financial institutions, (Databank, 2015)

The banking sector is regulated under the Central Bank's authority with three main laws; The Companies code 1963 (Act 179) as amended; The Banking Act 2004 (Act 673) as amended; and The foreign Exchange Act, 2006 (Act 723).

A new Banking Act 2004 (Act 673) and a new Bank of Ghana Act 2002 (Act 621) have been passed to replace the hitherto existing status. These new Acts, which have also seen further amendments, provide the legal and regulatory framework for operating banks in Ghana. The Bank of Ghana has been strengthened in its independence to effect monetary policy changes.

The new legislation also sets an increase in capital requirements to GH₵7.0 million by end of 2012 for Savings and Loans companies and defines capital adequacy and prudential lending standards. In line with these developments, the nation has seen some stabilization in its macroeconomic indicators including inflation, exchange rate, and interest rates, (Bank of Ghana, 2015).

Moreover, a Credit Reporting Act, 2007 (Act 726) has recently been passed that it is expected t further enhance Ghana’s debt market. The Act will ensure that credit ratings and assigned to institutions and individual to facilitate the appropriate assignment of risk and interest rate pricing to clients. The Institute of Chartered Accountants Ghana in conjunction with The

Bank of Ghana and the Securities and Exchange Commission has adopted the International Financial Reporting Standards which came into effect from January 2009, (Bank of Ghana, 2015)

2.9.4 The Non-Bank Financial Sector

The non-bank financial sector plays a very critical role in the development and promotion of micro and small scale enterprises in the country. The sector is regulated by the Bank of Ghana under the Financial Institutions (Non-bank) Law, 1993 (PNDCL 328) (the “NBFI law”). Conscious effort over the years been made to promote the non-bank financial sector in the country through the promulgation of the NBFI Law, which formalizes and regulates the activities of players within the sector. Prior to that, the sector haw paved the way for the establishment of numerous non-banking financial institutions.

According to Bank of Ghana (2015), the categories of non-bank financial institutions (NBFIs) currently licensed in the country are:

- Acceptable Houses
- Finance Houses
- Leasing and Hire Purchase Companies
- Building Societies
- Mortgage Financing
- Venture Capital Companies
- Savings and Loans Companies and,
- Credit unions

2.10 COMPETITION AMONG SAVING S AND LOANS COMPANIES

Competition in the financial sector matters for a number of reasons. As in other industries the degree of competition in the financial sector matter, for the efficiency of production of financial services, the quality of financial products and the degree of innovation in the sector. The view that competition in financial services is unambiguously good, however, is more naïve than in other industries and vigorous rivalry may not be the first best. Specific to the financial sector is the effect of excessive competition on financial stability, by recognized in theoretical and empirical research and, most importantly, in the actual conduct of prudential policy towards banks.

There are other complications, however as well. It has been shown theoretically and empirically, the degree of competition in the financial sector can matter (negatively or positively) for the access of forms and households to financial services in turn affecting overall economic growth. In terms of the factors driving competition in the financial sector and the empirical measurement of competition, one needs to consider the standard industrial organization factors, such as entry/exit and contestability.

But financial services provisions also has man network properties, in their production (e.g.; use of information networks), distribution (e.g.; use of ATM) and their consumption (e.g.; the large externalities of stock exchange and agglomeration effects in liquidity). This makes for complex competition structures since aspects such as the availability of networks used or the first mover advantages introducing financial contrast become important.

The financial crisis has also shown the need to strengthen market discipline, addressing key information gaps and encouraging more robust private governance and risk management system. One other lesion the financial crisis calls for is to revisit the institutional infrastructure for financial services provision, including the role of rating agencies and the need for derivatives trading to move to more regulated market. The crisis also confirms the need for competition policy to adjust and adapt to developments in financial markets.

As some has suggested, in the context of regulatory failure and weaknesses in private discipline, increased in competition can lead to excessive risk-taking, implying the need for competition policy to consider broader aspects, when considering these and other changes, the new architecture will need to take into account the inherent limitations of regulation and supervision and guards against over regulation (Stijn, 2009).

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 INTRODUCTION

The purpose of this study was to assess the effects of customer satisfaction, as a concept being practiced by MCSL, and the effects that customer satisfaction has on the customers' loyalty.

This chapter begins with an explanation of the chosen method for this research, followed by case selection and sampling, questionnaire design and data collection. The reliability, validity as well as statistical analysis tools will be explained. Finally, the profile of the organization under review is considered.

3.1 RESEARCH DESIGN

According to (Saunders et al, 2009), enquiries can be classified in terms of their purposes as well as the research strategy which is used (Robson, 1993). Three categories of the enquiries are identified as exploratory, explanatory and descriptive. The study used is a descriptive study because the study sought to describe a reality regarding customer satisfaction dimensions and to better understand those dimensions that render customers satisfied or unsatisfied. Secondly, descriptive study was used since the researcher was not sure of the answers but wanted to produce objective results.

There are two helpful research methodologies: quantitative and qualitative. Bryman and Bell (2003) pointed out that the connection between theory and research, epistemological considerations and ontological considerations, quantitative and qualitative research can be considered as two distinctive clusters of research strategy. A researcher using qualitative method does not primarily seek statistical results where as in the quantitative method, the researcher makes use of statistics, surveys, and randomized trials to study given objects, with the aim to generalize the findings to a greater extent (Shiu et al., 2009)

This study mainly used quantitative approach since the purpose of the study is to understand and answer the questions that seek to assess the effects of customer satisfaction on loyalty.

3.2 TARGET POPULATION

According to Kumekpor (2002) cited in Osman (2007), the population of a study may be considered as the number of all units of the phenomenon to be investigated that exists in the area of investigation. Also, Schindler et al. (2001) cited in Osman (2007) postulate that the population is the total collection of elements about which some inferences can be made. The population of study is the census of all items or a subject that possess the characteristics or that have the knowledge of the phenomenon that is being studied (Asika, 1991). For this study, the population consists of 42 senior staff of Adum and Suame branches and 18,000 active customers of Adum and Suame branches of Multi Credit Savings and Loans Limited.

3.3 SAMPLE SIZE

A sample refers to a set of people or objects chosen from a larger population in order to represent that population to a greater extent (Mason et al., 1997). Therefore, the size of the study sample and the way in which it is chosen will certainly have implications for the confidence in the results and the extent to which generalizations can be made. For this research, the sample included 10 staff and 120 customers of Multi Credit Savings and Loans Limited.

3.4 SAMPLING TECHNIQUES

Given that not all people connected with the Multi Credit Savings and Loans Limited are concerned with customer's satisfaction; convenient sampling was used to choose customers for the study. The researcher gave customers the convenience to be part of the study. With respect to the staff of Multi Credit Savings and Loans Limited, purposive sampling technique was used. It is often impossible to study the entire population in a research. Hence, some researchers do overcome this constraint in situations where the study population itself is scanty and also not very dispersed. To address the challenge of access to the complete population, representative samples are thus prescribed and accepted in any scientific study.

3.5 RELIABILITY AND VALIDITY

3.5.1 Reliability

Reliability is defined as fundamentally concerned with issues of consistency of measures (Bryman & Bell, 2003). There are three prominent factors related to considering whether a measure is reliability: stability, internal reliability and inter observer consistency. In this study, internal reliability was considered. Bryman and Bell (2003) suggest that a multipleitem measure in which answers to each question are aggregated to form an overall score, we need to be sure that all our indicators are related to each other. Cronbach's alpha method was used for this test. The result of 0.7 and above implies an acceptable level of internal

reliability.

3.5.2 Validity

Validity is defined as how much any measuring instrument measures what it is intended to measure. Bryman and Bell (2003) also suggested that the important issue of measurement validity relates to whether measures of concepts really measure the concept. "Validity refers to the issue of whether an indicator (or set of indicators) that is devised to gauge a concept really measures that concept. Several ways of establishing validity are: face validity; concurrent validity; predictive validity; construct validity; and convergent validity.” (Bryman & Bell, 2003, p 77). However, there are two major forms of validity: External validity and internal validity. The external validity of research finding refers to the data’s ability to be generalized across persons, settings and times. Internal validity, on the hand, is the ability of the research instrument to measure what is purposed to measure (Cooper & Schindler, 2003)

A number of steps were taken to ensure the validity of the study:

- Data were collected from a reliable source, that is, from respondents who really transact business with Multi Credit Savings and Loans Limited;

- Survey questions were constructed based on theory and research questions to ensure validity of results;

- Questionnaire has been pre-tested before conducting survey.

- **Pilot Test**

A pilot test is conducted to detect the weakness in design and instrumentation and to provide a proxy data for a probability sample. It should therefore draw subject from the target population and simulate the procedures and protocols that have been designated for data collection (Cooper & Schindler, 2003). A pilot test was conducted at Adum and Suame magazine branches. These branches were selected because of their accessibility and strategic location. The outcome of the pre-Test informed the re-designing of the tools used.

3.6 STATISTICAL ANALYSIS

The results of the survey were analyzed using descriptive statistics. There are many basic techniques for analyzing quantitative data. In this study, the researcher chose the software of

SPSS for Windows to analyze the exploratory factors. SPSS for Windows is probably the most widely used computer software for analysis of quantitative data for social scientists. SPSS, which originally was short for Statistical Package for the Social Sciences, has been in existence since the mid-1960's and over the years has undergone many revisions, particularly since the arrival of personal computers (Bryman & Bell, 2003). This is comparatively easier to use.

3.7 ORGANIZATIONAL PROFILE

3.7.1 History of Multi Credit Savings and Loans Limited

Multi Credit Savings & Loans Limited started as a Community Bank in Kumasi. It was incorporated as a private limited liability company under the Companies Code 1963 (Act 179) on September 17, 1998 and licensed by the Bank of Ghana on July 5, 1999 with the authority to carry out non-banking financial activities under the Financial Institutions (NonBanking) Law 1993 (PNDCL 328). Having complied with the provisions of Sections 7 and 28 of the Companies Code, it commenced business on August 9, 1999.

From this humble beginning, the then Garden City Community Bank grew from strength to strength with massive increases in the number of customers - mainly petty traders and service providers wanting to deposit their monies and access soft loans to expand their businesses.

The Bank's Board of Directors then thought it wise to expand by way of giving out financial assistance to its loyal contributors. To legalize the loans aspect of their operations, and as stipulated by Bank of Ghana, Garden City Community Bank had to migrate into a savings and loans entity – a move that culminated in the change of name to Garden City Savings and Loans Limited.

Garden City Savings & Loans was one of the first non-bank financial institutions to be established in the Ashanti Region and Ghana. Its aim was to create a profitable financial institution that would contribute to economic growth by creating jobs and extending loans to small and medium scale businesses so they could expand.

Garden City Savings & Loans re-branded in February 2010, changing its name to MULTI CREDIT SAVINGS AND LOANS LIMITED. This name reflects the variety of

unmatchable products and services we now have to offer to customers.

3.7.2 Vision, Mission and Strength

Our Vision

Multi Credit Savings & Loans Limited's vision is to develop and maintain an outstanding reputation as the leading savings and loans institution in Ghana.

Our Mission

Our mission is to develop demand-driven financial products and services and make them easily accessible to our target market.

Our Strengths

- Taking banking to our clients' doorsteps through our well trained sales executives
- Cultivating a savings habit among our clients, thus helping to improve their standards of living

- Giving over 140,000 customers and beneficiaries access to our unparalleled products and services

- Encouraging investments by 'the ordinary person' and giving them access to financial services and products that they would not otherwise be able to access from traditional banks

Looking Forward

Multi Credit Savings and Loans Limited, as it marks its 15th anniversary, looks ahead to a successful future in which we hope to:

- Realize our vision of becoming the leading savings and loans institution in Ghana
- Improve upon our expansion drive and establish branches in all regions of Ghana
- Double our unmatchable products and services
- Increase our social responsibility activities

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSIONS

4.0. INTRODUCTION

Preceding the understanding of different perspectives on the concepts of customer satisfaction and customer loyalty, and how to an extent customer satisfaction with financial institutions influence the level of customers' loyalty, and the design of research methodology, data were collected from the field and analysis was carried out. This section of the study thus presents and discusses the analysis and research findings, to address the objectives of the study.

Analysis of the field data was done both qualitatively and quantitatively in order to establish whether customer satisfaction indicators had influence on their loyalty towards operations of the Multi-Credit Savings and Loans Limited (MSCL). Data was analysed broadly under two sub-sections; responses from the customers and the staff of the financial institution (MSCL).

The presentation of findings and discussions are done under the three objectives of the study.

4.1 SOCIO-DEMOGRAPHIC CHARACTERISTICS

The customers who participated in the survey were aged 20 years and above with Seventytwo of the respondents being males whilst forty-eight were females. Majority (65) of the customers who participated in the research has business relationship with the company for over three years (*M*=1.69, *SD=0*.72) making them able to understand the operations of the company and not just providing answers to the questions. The age of 20 years means that the bank is complying with the laws governing banking practice in Ghana by ensuring that persons below the age of 18 years do not establish banking relationship as they have no capacity to do so.

4.2 DESCRIPTIVE STATISTICS OF THE VARIABLES

The general customer satisfaction variables that influence the loyalty of customers were revealed to be: Generally satisfied with MCSL, Visits or calls by Management, Attitude of staff towards customers, (Professional), Service provided by staff, Turnaround time for customers, Periodic information from management about new products (Information systems), Value for customers than just goals of MSCL, Location of the bank and State of the art banking hall.

The descriptive statistics including the Minimum, Maximum, Mean, and Standard deviation (SD) of customer satisfaction with independent variables such as Generally satisfied with MCSL, Visits or calls by Management, Attitude of staff towards customers, Turnaround time for customers, Value for customers than goals of MSCL, Location of the bank and MCSL rendering quality services to customers are provided in Tables 4.1.

The descriptive statistics of as depicted by Table 4.1 showed that much of greater dispersion of the independent variables around the mean. Generally, Table 4.1 indicates that several or almost all the variables have high coefficients of variation (which is obtained by the standard deviation divided by the mean). These high values of coefficients of variation give an indication of greater dispersion of the individual values around the mean. This is much explained in the subsequent session under the Multiple Regression and Correlation Results in Table 4.1 between the dependent and independent variables.

Table 4.1: Descriptive Statistics/Mean Analysis of Customer Satisfaction

Variables/Items	N	Minimum	Maximum	Mean	Standard Deviation
I am generally satisfied with MCSL	120	1	5	3.73	1.075
Visits or calls by Management	120	1	5	3.73	0.840
Attitude of staff towards customers is good	120	1	5	3.91	0.830
Turnaround time for customers	120	3	5	3.93	0.670
MCSL value customers thanits goals	120	1	5	3.95	0.633
Location of the bank	120	2	5	3.96	0.666
MCSL rendered High quality service	120	1	5	3.85	.83666

Source: Field Survey And Author's Construct, May 2015

From table 4.1 when customers were asked whether they were generally satisfied with MCSL, the mean above shows that the average response was 3.73 which is approximately 4. An average response of 4 according to the scale means that customers agree that they are generally satisfied with MCSL. The same mean applies when it came to visits or calls by official of the bank. An average response of 3.73 was recorded as shown in table 4.1 above. Thus, the respondents agreed that the have visits or calls from officials of MCSL. With respect to attitudes and conduct of staff of MCSL, a mean of 3.91 is recorded which implies that on the average, the respondents agree that the attitude of staff are good and their conduct is professional. Similar mean was recorded for turnaround time for customers. A mean of 3.93 means that the respondents on the average agree that customer turnaround time is very swift under MCSL. This reflects the bank preposition that customer's time is value much under MCSL.

The researcher further run for the mean regarding MCSL value for customer relationship more that it goals. The mean obtained was 3.95 which signify that the respondents on the average agreed that MCSL value customer relationship more than the company goals. With respect to the convenience of the location of the branches of MCSL to customers, a mean of 3.96 is obtained. Thus, the respondents averagely agree that the bank branches location is very convenient and hence the reason why they operate with MCSL. Finally, respondents were asked whether the services rendered by MCSL are of high quality. The mean for this questions 3.85 which means that averagely, the respondents agreed that the quality of services rendered by MCSL is very high which is one of the reasons why the customers will stay with the company for the next ten years.

The descriptive statistics including the Minimum, Maximum, Mean, and Standard deviation (SD) of customer loyalty (dependent) such as Staying with MCSL for the next 10 years, Recommending MCSL to other people, Patronizing other products and services of MCSL, quality of services keeping customer with MCSL are provided in table 4.2 below.

Table 4.2 Descriptive Statistics/Mean Analysis of Customer Loyalty

Variables/Items	N	Minimum	Maximum	Mean	Standard Deviation
I will stay with MCSL for the next 10 years	120	1	5	3.43	1.090
I will recommend MCSL to others	120	1	5	3.74	1.104
I intend patronizing other products of MCSL	120	1	5	3.47	.952
Current quality of service kept me with MCSL	120	1	5	3.35	1.058

Source: Field Survey And Author’s Construct, May 2015

From table 4.2 when customers were asked whether they will stay with MCSL for the next 10 years, the mean of 3.43 indicated in the table above shows that on the average the respondents were uncertain as to whether they will stay with MCSL for the next 10 years.

However, when the respondents were asked whether they will recommend MCSL to other people, a mean of 3.74 is recorded. This mean implies that the respondents generally agree to recommend MCSL to other people that they came into contact with who want to establish banking relationship with a financial institution. When respondents were asked whether the will patronize other products and services of MCSL, a mean of 3.47 is recorded. Thus, averagely the response is around uncertainty and agreeing to patronize other products and services of MCSL. Finally, when the respondents were asked what kept them will MCSL, a mean of 3.35 is recorded which means that the responses were around both uncertainty and agreeing that is the quality of services of MCSL that kept them doing business with the company.

4.3 RELATIONAL ANALYSIS BETWEEN CUSTOMER SATISFACTION AND CUSTOMER LOYALTY

Table 4.3: Analysis of Correlations – Customer Loyalty

	I will faithfully demonstrate adherence to MCSL despite occasional errors or indifferent services	I will stay with MCSL for the next 10 years	I will recommend MCSL to others	I intend patronizing other products of MCSL	Current quality of service has kept me with IMCSL	I have considered leaving MCSL	customer loyalty
I will faithfully demonstrate adherence to MCSL despite occasional errors or indifferent services	1						
I will stay with MCSL for the next 10 years	$.393^{**}$	1					
I will recommend MCSL to others	$.565^{**}$	$.576^{**}$	1				
I intend patronizing other products of MCSL	$.402^{**}$	$.492^{**}$	$.499^{**}$	1			
Current quality of service has kept me with IMCSL	$.423^{**}$	$.326^{**}$	$.546^{**}$	$.487^{**}$	1		

I have considered leaving MCSL	.272**	-.100	.190*	.407**	.435**	1	
customer loyalty	.727**	.636**	.804**	.767**	.762**	.524**	1

Source: Field Survey And Author's Construct, May 2015 **.

Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Table 4.3 depicts that there are generally a strong significance between all the items of the dependent variable (customer loyalty), with p values lesser than 0.05. The multiple correlation coefficient (R) value of 0.711 thus shows a fair relationship between the independent variables and the measure. This implies that general satisfaction by customers or high quality of service directly and positively led to improvement in customers' loyalty to the bank.

The data further revealed generally there is significance between all the other independent variables as depicted in table 4.4 above. This implies that increases or improvement in the other measures of customer satisfaction will have a significant impact on customer loyalty.

Generally, the data revealed a strong significance between all the predictor variables and the dependent variables whose p vales are lesser than 0.05 and have correlation coefficients of 0.711, 0.725, 0.671, 0.792, 0.866, 0.788, 0.802 and 0.810. This supports earlier research works that improving upon the satisfaction of customers will positively influence or improve upon their level of loyalty to the bank. This also supports findings from Table 4.29 (multiple regression analysis) that all the predictor variables put together would have a positive influence on the loyalty of customers of MSLC with a correlation coefficient of 0.844.

4.4 MULTIPLE REGRESSION ANALYSIS AND RESULTS

In an attempt to examine relationships between the customer loyalty and customer satisfaction (Visits or calls by Management, Good Attitude of staff towards customers with professional conduct, Swift Turnaround time for customers, and value for customers than just goals of MSCL), Location of the bank and MCSL rendering quality services to customers, the study calculated the multiple-linear regression model using customer loyalty as the dependent variable and the customer satisfaction as the independent variable. Visits or calls by Management, Attitude of staff towards customers with Professional conduct, Turnaround time for customers, Value for customers than just goals of MSCL, Location of the bank and MCSL rendering quality services to customers are customer satisfaction variables/items which are ideal measures as they influence customers' loyalty to a bank or financial institution. The parameters of the model were estimated using the multiple squares method and the results are given in Tables 4.3 and 4.4. It should thus be emphasized that this analyses was carried out based on responses from customers of MSCL.

The equation $y=k_0+k_1x_1+k_2x_2+k_3x_3+k_4x_{4+}k_5x_{5+}k_6x_{6+}\ k_7x_{7+}\ k_8x_{8+}\ldots$is the multiple regression equation model that was used in the analysis. In this equation; y-Customer loyalty (dependent variable); k-Constant;

x_1- Visits or calls by Management (independent variable); x_2- Attitude of staff towards customers (independent variable); x_3-(Professional) Service provided by staff (independent variable); x_4- Turnaround time for customers (independent variable); x_5- Periodic information from management about new products (Information systems) (independent variable); and x_6Value for customers than just goals of MSCL (independent variable).; x7-location of the bank (independent variable); and x8-state of art of banking hall.

Table 4.4: Model Summary of the relationship between the dependent variable and the independent variables

M odel Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.844[a]	.502	.244	.410

Source: Field Survey and Author's Construct, May 2015

Dependent variable: Customer Loyalty

Predictors: (Constant), Visits or calls by Management, Attitude of staff towards customers with Professional conduct, Turnaround time for customers, Value for customers than just goals of MSCL, Location of the bank and MCSL rendering quality services to customers

The multiple correlation coefficient (R)=0.718 giving the equation

$y=k_0+k_1x_1+k_2x_2+k_3x_3+k_4x_{4+}k_5x_{5+}k_6x_{6+}\ k_7x_{7+}\ k_8x_8$ .indicates that, there is a strong positive significant correlation between customer loyalty (dependent variable)and the predictor variables (Visits or calls by Management, Attitude of staff towards customers, (Professional) Service provided by staff, Turnaround time for customers, Periodic information from management about new products (Information systems), Value for customers than just goals of MSCL, Location of the bank and State of the art banking hall) as depicted by Table 4.4. The multiple regression model with all eight predictors produced R^2 of 0.712, as depicted in

Table 4.4. Thus, illustrating that 71% of the variation in customer loyalty (Dependent Variable) has been accounted for through the linear effects of the predictor variables (Visits or calls by Management, Attitude of staff towards customers, (Professional) Service provided by staff, Turnaround time for customers, Periodic information from management about new products (Information systems), Value for customers than just goals of MSCL, Location of the bank and State of the art banking hall.).

Table 4.5: Analysis of Variance to Test the Strength of the Multiple Regression Model

ANOVA[b]					
Model	Sum of Squares	df	Mean Square	F	Sig.

1	Regression	.869	6	.145	3.146	.026[a]
	Residual	4.201	11	.382		
	Total	5.070	17			

Source: Field Survey And Author's Construct, May 2015

Predictors: (Constant), Visits or calls by Management, Attitude of staff towards customers, (Professional) Service provided by staff , Turnaround time for customers, Periodic information from management about new products (Information systems), and value for customers than just goals of MSCL

From Table 4.30, the independent variables (Visits or calls by Management, Attitude of staff towards customers, (Professional) Service provided by staff, Turnaround time for customers, Periodic information from management about new products (Information systems), Value for customers than just goals of MSCL, Location of the bank and State of the art banking hall) can reliably be used to statistically predict the dependent variable (customer loyalty) at the bank (MSCL), since the p value of 0.026 is less than the F value of 3.146. Hence, the overall equation was found to be statistically significant ($F=3.146$, $p<0.026$). Therefore, the overall significance test as depicted by Table 4.30 indicates that the independent or predictor variables when used together will have positive impact/influence on the customer loyalty (dependent variable) of customers who bank at MSCL.

Table 4.6: Multiple Regression Model for Multi Credit Savings and Loans Limited

Multiple Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.805	.386		4.675	.000
	Visits or calls by Management	.031	.112	.389	2.742	.009
	Attitude of staff towards customers	.044	.135	.097	.672	.506
	(Professional) Service provided by staff	.0167	.144	.167	1.160	.253
	Turnaround time for customers	.047	.000	.725	2.954	.014
	Periodic information from management about new products (Information systems)	.020	.003	.355	1.715	.047
	Value for customers than just goals of MSCL	.039	.062	.151	.630	.543
	Location of the bank	.020	.003	.355	1.715	.047
	State of the art banking hall	.041	.000	.247	1.036	.025

Source: Field Survey And Author's Construct, May 2015

Dependent variable: Customer Loyalty

Table 4.6 provides the results from the multiple regression models

$(y=k_0+k_1x_1+k_2x_2+k_3x_3+k_4x_{4+}k_5x_{5+}k_6x_{6+}\ k_7x_{7+}\ k_8x_{8+}\ldots)$. The independent variables were found to be significant predictors of customers' loyalty with/at MSCL. All the independent variables exerted a positive and significant effect on the dependent variables. Thus, customers who are generally satisfied with operations of the bank are loyal to it; advertising products of the bank, continuing banking with it, among others as indicated by Reichheld (1996).

Regular visits or calls from management to customers exerted a positive and significant effect on the loyalty of customers to the bank. Always keeping in touch with clients was revealed to be a factor where customers are made to feel appreciated and unique. Thus as this (calls or visits from management) is practiced more, the loyalty of customers to the bank increases significantly (B=0.308; p value=0.009). This is supported by Table 4.3 where 87% of the customers asserted that they received calls from management and of which 46.7% of them indicated received regular calls or visits from the management, including staff of the financial institution.

Furthermore, turnaround time for customers were also strong significant predictors on the loyalty of customers to the bank; as customers are always turned to on time, the more customers would want to work with the bank thus the improves significantly on the loyalty of customers to the bank (B=0.47; p=.014). This supports findings from the survey where approximately 53% of the customers revealed that the turnaround time was swift (see Table

4. 30); and 80% of the staff indicated that the turnaround time was between 1 and 10 minutes (see Table 4.21). These and other customer satisfaction variables as depicted in Table 4.27 had a positive strong influence on the loyalty of customers to the financial institution (MSCL).

In conclusion, the multiple regression analysis results showed that there are significant relationships between all the predictor variables (Visits or calls by Management, Attitude of staff towards customers, (Professional) Service provided by staff, Turnaround time for customers, Periodic information from management about new products (Information systems), Value for customers than just goals of MSCL, Location of the bank and State of the art banking hall) ($B=0.031$, 0.044, 0.0167, 0.047, 0.020,0.039, 0.020,0.041 $p \geq 0.05$ respectively) and the loyalty of customers. This supports most of the findings revealed by both customers and staff of MSCL. For instance, Table 4.7 revealed that 62.5% were happy to continue banking with MSCL; Table 4.10 also showed that 75.8% of the customers were willing to recommend the operations of the bank.

4.5 INTERVIEW RESPONSE FROM STAFF

As much as companies want to satisfy their customers through quality customer service, there are barriers to customer service delivery and for that matter, customer satisfaction. The interview guide for the staff sought to identify if there were some barriers to service delivery which would eventually affect satisfaction of customers and therefore, negatively affecting customers loyalty to their service provider. Barriers usually are from management, systems\processes or the individual providing the service. From literature, some factors that can serve as barriers to customer satisfaction include: Overworked Staff which can result in staff losing energy quickly and since they will have many clients to serve, steps will be skipped, staff and customers will become frustrated and clients will receive insufficient attention to their issues.

The study revealed that out of 10 service personnel that were contacted, 7 said they served above 100 customers every day; and this could be burdensome (Refer to Table 4.20 in Appendix I). Looking at the large number of customers, and the need not to keep them waiting too long in the queue, the attention and patience that should be given to make the customer feel satisfied or enthusiastic might not be present. There is thus a potential barrier to customer satisfaction. The researcher is of the view that customers who have insufficient attention to their issues would have their satisfaction level reduced which would negatively affect their loyalty to the Bank. Management should put measures in place to avoid frustration on customers emanating from overworked staff.

Additionally, as shown in Figure 3, about 80% of the total staff respondents revealed that the average turnaround time for each customer was between 0-10mins (See Table 4.21 in Appendix I). From the results, MCSL had a customer service goal which was to meet customer expectations and hence, delighting the customers. Management's ability to sustain this level of turnaround time is much expected since customers would be extremely satisfied, which would therefore heighten their loyalty to their Bank.

On the question of whether some executive decisions affected customer service delivery, it was identified that that 60% of the interviewed staff said they agreed whilst the remaining 40% disagreed with the issue. From the literature, management decisions have had direct effect on service delivery. When decisions that affect customers are taken without the involvement of customers, their feeling is that it is an imposition on them. According Zenithal (1988), the interaction between customers and service providers is an important determinant of service quality. To ensure high level of satisfaction, MCSL should involve customers in decisions that affect customers. This might increase customer's satisfaction and raising customers' loyalty to the Bank.

Furthermore, Out of 10 staff members, 6 (representing 60%) agreed that employees' mood could affect customer service delivery. An unhappy employee will hardly go an extra mile for a customer. The staff also indicated that, they were always trained on new technologies before they were rolled out as depicted by Table 4.25 (See Appendix I). This is a determination on the promise to improve customer service which could be attributed to system sufficiency. An improved service to customers might raise the customer's satisfaction which would have positive effect on the customer's loyalty to the Bank.

The staff was also asked of other factors that could aid the Bank to improve customer service.

The employees contacted had different views about what else can be done to improve the quality of services in MCSL. Out of the 10 respondents, 40% asserted that they needed more technological aids; example is the internet banking which will eventually reduce the number of customers to the banking hall and make their work faster and efficient (Refer to Table 4.26 in Appendix I). Two (2) of the respondents said employees with good customer relations must be employed. This might mean there are some customer service personnel who do not have good customer relations. Two (2) employees also felt motivation of the employees and the customer service personnel in this case would aid the Bank to improve upon its satisfaction level. Modern financial organizations cannot compete without improvement on technology. From the literature, speed and accuracy are so much needed in order to keep modern customer satisfied, and for that matter win his or her loyalty.

4.6 OTHER FACTORS TO IMPROVE UPON BY THE BANK

Every customer interaction is an opportunity for feedback. Out of 120 respondents, 21 wanted internet banking which means either they did not have access to, or they could not use it. Out of 120 respondents, 13 would like parking space provided for customers, whilst 12 respondents also talked of the limited number of tellers and how fast they must be (Refer to Table 9 in Appendix I). It is certain that most of what respondents wanted were tangible items, things they wanted to see. If these were the expectations of customers, then management should have no other option than providing them because from the literature, customer expectations are beliefs about a service that serve as standards against which service performance is judged (Zeithaml et al.,1993), which customers think service providers must offer rather than what might be on offer (Parasuraman et al., 1988). Therefore, offering customers' preferences in the view of the researcher is likely to raise customers' satisfaction, whilst increasing their loyalty to their bank.

Lastly approximately 75.8% (91 out of 120) of the customers were willing to recommend the operations of the bank to others as indicated in Table 4.10 (see Appendix I). It could be a positive sign that customers saw something good about the Bank. Remember one of the easiest and common- ways to advertise a company is through word-of-mouth. According to Sivad and Baker-Prewitt (2000), from the literature, satisfaction also influences the likelihood of recommending a bank as well as repurchases. It fosters loyalty to the extent that it is a prerequisite for recommending and repurchasing from a bank. The implication is that it takes extremely satisfied customers to recommend a bank to others as it reflect on Table 4.10 (Refer to Appendix I). The findings from the survey have revealed several customer satisfaction variables; responsiveness, empathy, tangibles, among others.

CHAPTER FIVE

SUMMARY OF STUDY FINDINGS, RECOMMENDATIONS AND CONCLUSION

5.0 INTRODUCTION

The preceding chapter presented the study's analysis as well as the discussions of the study's findings. This chapter thus summarises the major findings from the study. Premised on the identified potentials and challenges emanating from the study, the chapter also recommends possible measures to capitalise on the potentials and manage the challenges. The major findings have been presented based on the objectives set for the study.

5.1 SUMMARY OF RESEACH FINDINGS

The general objective of the study was to assess the effects of customer satisfaction on customer loyalty, and make possible recommendations for any identified challenge. Based on the objective analyses of the primary data which was received from 120 customers and 10 staff members, the following were the major findings from the study out of the discussion of results and findings. The presented of the findings is done under the objectives of the research.

5.2 CUSTOMER SATISFACTIONAT MSCL

The study identified basically three major categories of customers at MSCL, namely; retail customers who represented 58.3% of the total respondents, private or executive representing 29.2% and corporate customers who formed 12.5% of the total population. It was further revealed that 79.5% appeared to have done business with the bank since its inception, i.e. above 2 years. The variables revealed that made customers satisfied with MSCL were basically: tangibles, responsiveness, and empathy, on the part of the bank. It was also identified that, 72.5% of respondents had relationship managers. This implies that the Bank, to a large extent, was delivering on its service promises. Approximately 16.7% of the respondents indicated they had no relationship managers whilst 13 do not know whether they had any relationship managers.

Similarly, about 80% of the respondents indicated that they were called by relationship managers; of which about 46.67% were regularly called by their relationship managers. Only

20 % of the total sampled said they were not called at all. On the performance of staff of MSCL, none of the customers indicated that staff of MSCL performed poorly as 80.83% ranked them as good, very good and excellent suggesting that the customer service staff performed their duties to the satisfaction of customers; 19.17% assessed the performance of staff as satisfactory. As much as 86.7% of respondents said that what they liked about the bank was staff attitude. This also support earlier findings where about 80% of the customers indicated that staff of MSCL and were friendly.

With respect to the tangibles as variables of customer satisfaction, about 68.93% (82 out of 120) of the respondents disagreed about the convenience of the bank's location as a means of satisfying customers. Disagreeing might mean that customers were not satisfied about the locations of the bank's branches. From the literature, a convenient bank location is a critical factor influencing the choice of a bank by customers; where Levesque & McDougall, (1996) states that "a convenient bank location means customers can easily do business with their banks on a regular basis". On responsiveness, approximately 53% of the customers stated that the turnaround time was swift, whereas 30% disagreed to the fact that turnaround time was swift, with 16.7% stating that it was satisfactory. Furthermore, approximately 55% of the respondents said they were informed of new products by the staff if MSCL. Product and service information to customers enhances service quality and it is a good demonstration of responsiveness to customers.

Lastly, responses from the staff of MSCL revealed that 70% of the interviewed staff said they served above 100 customers every day; and this could be burdensome and this could directly or indirectly affect the turnaround time of customers. There could thus be a potential barrier to customer satisfaction.

5.3 CUSTOMER LOYALTY AT MSCL

Findings from the study revealed that 17.5% of the customers wanted internet banking to be improved upon which means either they did not have access to, or they could not use it. Also 10% of the customers also complained about the limited number of tellers and how fast they must be. They (10% of the respondents) thus wanted the number of tellers to be improved upon. Similarly, 3.4%, 5.8% and 40% wanted the management to extend banking hours, provide more chairs and provide E-zwich cards respectively. Furthermore, 10.84% of the customers want the bank to provide parking spaces. These were among other factors that customers wanted the bank to improve upon to ensure total satisfaction and loyalty.

Additionally, about 80% of the total staff respondents revealed that the average turnaround time for each customer was between 0-10mins. From the results, MCSL had a customer service goal which was to meet customer expectations and hence, delighting the customers. Furthermore, 60% of the staff agreed some executive decisions could affect customer service delivery, whilst the remaining 40% disagreed with the issue. Lastly, 60% of the staff agreed that employees' mood could affect customer service delivery. An unhappy employee will hardly go an extra mile for a customer. The staff also indicated that, they were always trained on new technologies before they were rolled out. This is a determination on the promise to improve customer service which could be attributed to system sufficiency.

5.4 EFFECTS OF CUSTOMER SATISFACTION ON CUSTOMER LOYALTY

The general customer satisfaction variables that were revealed to have influence on the loyalty of customers were revealed to be: Visits or calls by Management, Attitude of staff towards customers, (Professional) Service provided by staff, Turnaround time for customers, Periodic information from management about new products (Information systems), Value for customers than just goals of MSCL, Location of the bank and State of the art banking hall.

Descriptive statistics including the Minimum, Maximum, Mean, and Standard deviation (SD) of the dependent and independent variables revealed that there was much of greater dispersion of the independent variables around the mean. Generally the survey indicates that several or almost all the variables have high coefficients of variation. The high values of coefficients of variation give an indication of greater dispersion of the individual values around the mean. For instance, the descriptive statistics showed that the attitude of staff towards customers ranged between 3393 and 82101, with a mean of 29936.53 and standard deviation of 25699.65 and had a coefficient of variation of 0.858.

Multiple regression analysis was also carried out to determine the extent of influence of customer satisfaction of customer loyalty. The parameters of the model were estimated using the multiple squares method. Thus, a multiple correlation coefficient of (R) =0. 844 was derived which indicates a strong positive significant correlation between customer loyalty (dependent variable) and the predictor variables as earlier stated. The multiple regression model with all eight predictors produced R^2 of 0.712, illustrating that 71% of the variation in customer loyalty (Dependent Variable) has been accounted for through the linear effects of the predictor variables.

It was also obtained that the independent variables can reliably be used to statistically predict the dependent variable since the p value of 0.026 is less than the F value of 3.146. Hence, the overall equation was found to be statistically significant ($F=3.146$, $p<0.026$). Therefore, the overall significance test indicates that the independent or predictor variables when used together will have positive impact/influence on the loyalty of customers to the MSCL. Lastly, the multiple regression analysis results showed that there are significant relationships between all the predictor variables ($B=0.031$, 0.044, 0.0167, 0.047, 0.020, 0.039, 0.020, 0.041 $p\geq0.05$ respectively) and the loyalty of customers. This supports most of the findings revealed by both customers and staff of MSCL. For instance, about 62.5% were happy to continue banking with MSCL, whereas 75.8% of the customers were willing to recommend the operations of the bank, among others.

5.5 RECOMMENDATIONS

The study recommends that management should improve upon the factors that have been identified as barriers to good customer relationship, since, customers might be much satisfied if they experienced good relationship. The major barrier to be improved upon is overworked staff which can result in staff losing energy quickly and since they will have many clients to serve, steps will be skipped, staff and customers will become frustrated and clients will receive insufficient attention to their issues.

The study also recommends for improving customers' access to relationship managers and service delivery. This is because the Bank has realized that it is less costly retaining an existing customer that prospecting a new one. The implication of this is that MCSL should work tirelessly on the 27.5% who do not have access to relationship managers. Improving their access to relationship managers would give them the opportunity to easily present their complaints for them to be addressed as customers who experience poor relationship from their service providers might be looking for alternatives elsewhere. Also, management must institute professional training in customer relations for the staff. This all should target all customers so that customers appreciate the quality of services provided by the staff since customer satisfaction is dependent on quality of service offered.

Management is also encouraged to make the demands of internal customers a priority since this motivates the staff to effectively implement the policy of customer satisfaction. As a strategy of decongesting the banking halls, management should increase the number of tellers. Further research can look at management's view on facilities such as e-zwich and internet banking as effective steps of achieving customer loyalty at MCSL. Lastly, to ensure high level of satisfaction, MCSL should involve customers in decisions that affect customers.

This might increase customer's satisfaction and raising customers' loyalty to the Bank.

5.6 CONCLUSION

Customer service is a very important issue as far as service delivery in today's competitive banking industry is concerned, more so, when competition is so great in the banking sector of Ghana. The purpose of the research was to find out whether customer satisfaction was critical to, and had a positive impact on customer loyalty at MCSL. Based on the findings of the study, it was recognized that with determined systematic improvement of factors that impact upon customer satisfaction in the entire service delivery, the bank would be able to maintain customers that are very loyal. Even though there are few barriers to customer service provision from MCSL, this had not negatively affected the service provision by the Bank and so loyalty of customers was also not affected. MCSL customers are generally satisfied with the Bank and its service delivery as well as its customer care provisions. Management should put in place measures to implement the recommendations made above of as to ensure total satisfaction of customers and their loyalty in the bank.

It could be concluded that an extremely satisfied customer is more likely to be a loyal customer, and that is the case at Multi-Credit Savings and Loans (MSCL).

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APPENDICES

APPENDIX I

LIST OF TABLES

Table 4.1: Category of Customers

Category	Frequency	Percentage (%)
Retail	70	58.3
Private/ Executive	35	29.2
Corporate	15	12.5
Total	120	100

Gender of respondents

Category	Frequency	Percentage (%)
Male	72	60.0
Female	48	40.0
Total	120	100.0

How long have you been with the company

Category	Frequency	Percentage (%)
1-3years	55	45.8
3 + years	47	39.2
3.00	18	15.0
Total	120	100.0

Age category of respondents

Category	Frequency	Percentage (%)
20-29 years	9	7.5
30-39 years	35	29.2
40-49 years	46	38.3
Above 50 years	30	25.0
Total	120	100.0

I will faithfully demonstrate adherence to MCSL despite occasional errors or indifferent services

Category	Frequency	Percentage (%)
Strongly disagree	6	5.0
Disagree	2	1.7
Uncertain	47	39.2
Agree	28	23.3
Strongly agree	37	30.8
Total	120	100.0

I will stay with MCSL for the next 10 years

Category	Frequency	Percentage (%)
Strongly disagree	5	4.2
Disagree	24	20.0
Uncertain	22	18.3
Agree	52	43.3
Strongly agree	17	14.2
Total	120	100.0

I will recommend MCSL to others

Category	Frequency	Percentage (%)

Strongly disagree	6	5.0
Disagree	4	3.3
Uncertain	44	36.7
Agree	27	22.5
Strongly agree	39	32.5
Total	120	100.0

I intend patronizing other products of MCSL

Category	Frequency	Percentage (%)
Strongly disagree	3	2.5
Disagree	18	15.0
Uncertain	31	25.8
Agree	56	46.7
Strongly agree	12	10.0
Total	120	100.0

Current quality of service has kept me with IMCSL

Category	Frequency	Percentage (%)
Strongly disagree	3	2.5
Disagree	21	17.5
Uncertain	50	41.7
Agree	23	19.2
Strongly agree	23	19.2
Total	120	100.0

I have considered leaving MCSL

Category	Frequency	Percentage (%)
Strongly disagree	15	12.5
Disagree	26	21.7
Uncertain	45	37.5
Agree	25	20.8
Strongly agree	9	7.5
Total	120	100.0

High quality of service is rendered by MCSL

Category	Frequency	Percentage (%)
Strongly disagree	4	3.3
Disagree	3	2.5
Uncertain	19	15.8
Agree	75	62.5
Strongly agree	19	15.8
Total	120	100.0

Your needs are adequately fulfilled by MCSL

Category	Frequency	Percentage (%)
Strongly disagree	1	.8
Disagree	1	.8
Uncertain	17	14.2
Agree	86	71.7
Strongly agree	15	12.5
Total	120	100.0

Location of bank is convenient and so influence your decision to bank at MCSL

Category	Frequency	Percentage (%)
Disagree	2	1.7
Uncertain	23	19.2
Agree	73	60.8
Strongly agree	22	18.3
Total	120	100.0

Staff attitude is good with professional conduct

Category	Frequency	Percentage (%)
Strongly disagree	1	.8
Disagree	3	2.5
Uncertain	32	26.7
Agree	54	45.0
Strongly agree	30	25.0
Total	120	100.0

Turnaround time is very good/swift

Category	Frequency	Percentage (%)
Uncertain	31	25.8
Agree	66	55.0
Strongly agree	23	19.2
Total	120	100.0

Promotion are regularly done to reward customers

Category	Frequency	Percentage (%)
Strongly disagree	7	5.8

Disagree	19	15.8
Uncertain	44	36.7
Agree	28	23.3
Strongly agree	22	18.3
Total	120	100.0

MCSL rates people/customers/clients and relationship ahead of short-term goals

Category	Frequency	Percentage (%)
Strongly disagree	2	1.7
Uncertain	15	12.5
Agree	88	73.3
Strongly agree	15	12.5
Total	120	100.0

Products offered meet my needs and information on products are timely

Category	Frequency	Percentage (%)
Strongly disagree	7	5.8
Disagree	13	10.8
Uncertain	37	30.8
Agree	40	33.3
Strongly agree	23	19.2
Total	120	100.0

I receive regular calls or visits from bank officials

Category	Frequency	Percentage (%)
Strongly disagree	2	1.7

Disagree	3	2.5
Uncertain	42	35.0
Agree	52	43.3
Strongly agree	21	17.5
Total	120	100.0

Customer-management relationships/problem solving is good

Category	Frequency	Percentage (%)
Strongly disagree	5	4.2
Uncertain	54	45.0
Agree	42	35.0
Strongly agree	19	15.8
Total	120	100.0

What customers like about MCSL

Likes	Frequency	Valid Percentage (%)
Staff attitude	104	86.7
Short turnaround time	8	6.7
Information on products	5	4.2
Others	3	2.4
Total	120	100.0

Source: Field work data, May 2015.

What customers will like the bank to do to meet their needs?

	Frequency	Percent

Provide more tellers	61	50.8
Provide more chairs for waiting	48	40
Provide E-Zwich	7	5.8
Extend banking hours	4	3.4
Total	120	100.0

Source: Field work data, May 2015.

Other things customers think the Bank can do to make customers more satisfied

	Frequency	**Percentage (%)**
No response	38	31.7
Avoid delays in transfer	2	1.67
Stop charges on interim statements	3	2.5
Continue with good works	2	1.67
Stop delays in visa card application	3	2.5
Stop displaying bulk cash at counter	3	2.5
Educate customers on products	2	1.67
Improve networks	2	1.67
Introduce internet banking	21	17.5
Increase number of tellers	12	10.0
None	4	3.3
Provide parking space for customers	13	10.84
Provide more chairs in banking hall	2	1.67
Provide visa ATM cards for customers	5	4.17
Provide places of convenience for customers	2	1.67
Introduce SMS transactions to phone	2	1.67
Speed up delivery of tellers	4	3.3
Total	120	100

Source: Field work data, January, 2014.

On the average, what number of customers do you serve in a day?

	Frequency	Percentage (%)
0-10	2	20.0
11-20	1	10.0
41 and above	7	70.0
Total	10	100.0

Source: Field work data, May 2015.

What is the average turnaround time?

	Frequency	Percentage (%)
1-10 minutes	8	80.0
11-20 minutes	1	10.0
31-40 minutes	1	10.0
Total	10	100.0

Source: Field work data, May 2015.

Some executive decisions affect customer service delivery in my organization

	Frequency	Percentage (%)
strongly disagree	1	10.0
Disagree	4	40.0
Agree	4	40.0
strongly agree	1	10.0
Total	10	100.0

Source: Field work data, May 2015.

I am well equipped with the right resources to deliver customer service

	Frequency	Percentage (%)
Agree	8	80.0
Disagree	2	20.0
Total	10	100.0

Source: Field work data, May 2015

Employee mood can affect the effective customer service delivery

	Frequency	Percentage (%)
strongly disagree	1	10.0
Agree	6	60.0
strongly agree	3	30.0
Total	10	100.0

Source: Field work data, May 2015.

We are always trained on new technologies before they are rolled out.

	Frequency	Frequency
strongly disagree	1	10.0
Disagree	1	10.0
Agree	4	40.0
strongly agree	4	40.0
Total	10	100.0

Source: Field work data, May 2015.

Other factors within the set up that can help the bank improve upon its current service level?

Item	Frequency	Percentage (%)

Attend to customers on time	1	10
Employ staff with good customer relation	2	20
Maintaining good customer service	1	10
More technological aids (Visa, internet banking)	4	40
Motivation	2	20
Total	10	100.0

Source: Field work data, May 2015.

Descriptive Statistics/Mean Analysis of Customer Satisfaction

Variables/Items	N	Minimum	Maximum	Mean	Standard Deviation
I am generally satisfied with MCSL	120	1	5	3.73	1.075
Visits or calls by Management	120	1	5	3.73	0.840
Attitude of staff towards customers is good	120	1	5	3.91	0.830
Turnaround time for customers	120	3	5	3.93	0.670
MCSL value customers than its goals	120	1	5	3.95	0.633
Location of the bank	120	2	5	3.96	0.666
MCSL rendered High quality service	120	1	5	3.85	.83666

Source: Field Survey And Author's Construct, May 2015

Descriptive Statistics/Mean Analysis of Customer Loyalty

Variables/Items	N	Minimum	Maximum	Mean	Standard Deviation
I will stay with MCSL for the next 10 years	120	1	5	3.43	1.090
I will recommend MCSL to others	120	1	5	3.74	1.104
I intend patronizing other products of MCSL	120	1	5	3.47	.952

Current quality of service kept me with MCSL	120	1	5	3.35	1.058

Source: Field Survey And Author's Construct, May 2015

Model Summary of the relationship between the dependent variable and the independent variables

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.844[a]	.502	.244	.410

Analysis of Variance to Test the Strength of the Multiple Regression Model

ANOVA[b]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.869	6	.145	3.146	.026[a]
	Residual	4.201	11	.382		
	Total	5.070	17			

Source: Field Survey and Author's Construct, June 2015

Multiple Regression Model for Kind of Enterprise Establishment

Multiple Regression Coefficients[a]				
Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.

		B	Std. Error	Beta		
1	(Constant)	1.805	.386		4.675	.000
	Visits or calls by Management	.308	.112	.389	2.742	.009
	Attitude of staff towards customers	.091	.135	.097	.672	.506
	(Professional) Service provided by staff	.167	.144	.167	1.160	.253
	Turnaround time for customers	1.467	.000	.725	2.954	.014
	Periodic information from management about new products (Information systems)	.020	.003	.355	1.715	.047
	Value for customers than just goals of MSCL	.039	.062	.151	.630	.543

Source: Field Survey and Author's Construct, July 2015 **APPENDIX II**

QUESTIONNAIRE

QUESTIONNAIRE FOR CUSTOMERS

This questionnaire seeks to collect data about the Effect of Customer Satisfaction on Loyalty in Multi Credit Savings and Loans Limited (MCSL). The data collected will be treated confidentially and used for academic purposes only, in partial fulfilment of MBA degree.

Please answer the questions that follow.

Please tick or provide your own answers where applicable.

1. Gender Male ( ) Female ( )
2. Age Under 20 years ( ) 21-30 years ( ) 31-50 years ( ) 51 years+( )
3. What categories of workers are you involved in?

( ) retail ( ) private/executive ( ) corporate

4. What number of years have you been a customer of MCSL? Year ( ) 1-3 years ( ) 3+ Used the **code** below to answer the questions (on measures of customer satisfaction, loyalty and effects of customer satisfaction on customer loyalty) in the Table (Tick appropriately)

1: Strongly Disagree 2: Disagree 3: Neutral/Normal 4: Agree 5: Strongly Agree

Customer Satisfaction

S/N	Item	1	2	3	4	5
5	High quality of service is rendered by MSCL					
6	Your needs are adequately fulfilled by the MSCL					
7	Location of the bank is convenient and so influences your decision to bank at MSCL					
8	Staff attitude is good with professional conduct					
9	Turnaround time is very good/swift					
10	Promotions are regularly done to reward customers					
16	MCSL rates people/customers/clients relationship ahead of short-term goals					
17	Products offered meet my needs and products information is timely					
18	I receive regular calls or visits from bank officials					
19	Customer-management relationship and problem solving is good					

Customer Loyalty

S/N	Item	1	2	3	4	5
20	I will faithfully demonstrate adherence to MCSL despite occasional errors or indifferent services					
21	I will stay with MSCL for the next 10 years					
22	I will recommend MCSL to others (Affective, Behavioral)					
23	I intend patronising other products and services of MCSL					
24	Current quality of services has kept you with MCSL					

25	You have considered leaving MCSL					

26. What would you want your bank to do to meet your needs?

( ) provide more tellers ( ) provide increased seats ( ) provide E-Zwich ( ) extend banking hours.

27. What are other things that you want your bank to do to maximize satisfaction?

( ) avoid delays in transfers ( ) stop charges on interim statements ( ) stop delays in visa card application ( ) stop display of bulk cash at counter

( ) educate customers on products.

APPENDIX III INTERVIEW GUIDE FOR STAFF

1. What are the core duties and operations of MSCL?

   ....

2. What type(s) of services and products are rendered by MSCL?

   ....

3. What number of customers do you serve in a day? ....
4. What is the average turnaround time? ....
5. What best describes the Customer Satisfaction goal of your organization (MSCL)?

   ....

6. What percentage of your customers referred you? ……………………………..……

What percentage of customers grew the number of their accounts they have with you?

....

7. Suggest other factors that can help MCSL extremely satisfy its customers in order to improve the current level of satisfaction

....

8. What do suggest should the bank do to meet your needs and that of customers?

....