

**CUSTOMER PERCEPTIONS OF RURAL BANKS IN GHANA: A CASE  
STUDY OF SELECTED COMPANIES IN ASHANTI REGION**

KNUST

By

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## DEDICATION

I would like to dedicate this research work to my wife Mrs. Abigail Acheampong Yeboah and my four children namely Christabel Afia Acheampong Yeboah, Elvis Kwasi Acheampong Yeboah, Kelvin Kwame Acheampong Yeboah and Josephine Ewuradwoa Acheampong Yeboah who has protected, guided and sustained my life in making it possible for me to reach this height on the educational ladder. Secondly to my parents, Mr. Kofi Acheampong Yeboah and Mrs. Rosemary Agyemang,



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## ABSTRACT

The study investigated customer perceptions of rural banking in Ghana. The study was descriptive using both primary and secondary sources of data. Data was collected from 360 respondents using the questionnaire and analysed using the SPSS. The study found that rural bank customers have the following expectations from the organization: timely service delivery, knowledgeable staff, and quick response to complaints, adequate support to customers, and more efficient transaction. It was however evident that the most significant expectations were timely service delivery, knowledgeable staff, quick response to complaints. The general finding was that customers largely see rural banks' service delivery to be poor and below their expectation. The various dimension of service quality were found to be generally weak. The study established that customers generally are not impressed with the service delivery of rural banks. Again, most of the customers do not see quality in their service whilst majority also does not consider rural banks to be customer friendly. Most customers reported that they would switch to commercial banks at the appropriate time. The study recommended the need for improved customer support service by rural banks. This is based on the finding that most customers found this aspect of their service delivery to be very low. Further, there is the need for staff to be trained on effective customer relationship management. This will address the general complaint of poor customer relationship found in the study.

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# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

The importance of the service sector continues to grow. This phenomenon has gained a world-wide recognition. According to the Bank of Ghana (2013) “Current Ghana’s service sector has shown significant growth in line with the global trend”. One area of service delivery that has contributed to this situation in Ghana is rural banking. As at the end of 2008, “127 RCBs were in operation with a total 584 service outlets” (Bank of Ghana (2013). According to the Bank of Ghana “this has resulted in the increasing competition among rural banks and stimulating customer-centric approach in the sector; and has helped the diversification of the activities of rural banks, synchronizing with the concept of modern banking”.

In recent times the issue of customer satisfaction has become paramount in most service delivery strategies. Provision of better and quality services to customers has become one of the focal points of the service agenda of rural banks; with their recognition that it is only the quality of the services provided that could help them to attract more and more of customers in a competitive banking. According to Bale (2012) “this has become necessary especially considering the fact that most commercial banks have scaled down their operations to compete with rural banks in some areas”. The question however is “to what extent are they able to satisfy customers”?

This remains an issue service quality and how customers perceive this level of quality. According to Nair and Nair (2013) “the common bank customer now-a-days is not fully satisfied with the services rendered by the banks alone; this is because, the human perception changes from time to time and from individual to individual”.

Nair et al (2010), further state that “the RCB network reaches about 2.8 million depositors and 680,000 borrowers, making RCBs the largest group of licensed financial service providers in rural areas”. Their findings also suggest that “RCBs have a market share of 67 percent of depositors and 48 percent of borrowers in rural areas”. Evidence suggests shows an increase in the performance of rural banks, in terms of profitability and net worth of the RCB network have steadily increased from 2000 to 2008. Generally, it shows the tremendous contribution rural banks are making to economic development in Ghana.

Rural banks are regulated by Ghana’s central bank, the Bank of Ghana, and thereby form part of the rural’s regulated financial sector. Rural banks are “the largest providers of formal financial services in rural areas and represent about half of the total banking outlets in Ghana” (IFAD 2008). According to IFAD “clients of RCBs consist mostly of farmers, government employees, and small and micro entrepreneurs”. RCBs’ increasing outreach to underserved areas has significantly contributed to addressing the credit constraint in rural areas. IFAD has observed that “between 2000 and 2008, the number of depositors grew at an average annual rate of 14 percent, and the number of borrowers grew at an average annual rate of 27 percent”. However, the story is not the same for all rural banks. As reported by Nair et al (2010), “in 2008 seven RCBs were insolvent, and the continued operation of poorly performing RCBs is one of the key issues facing the sector.” Available reports suggests relatively high ratio of nonperforming loans which is a major factor affecting their financial performance. As reported by Nair et al, referring to a study by *Micro Banking Bulletin* “the proportion of the loan portfolio that was in default for more than 30 days was 16 percent, compared with 3 percent for their global peer group”. Similarly, in the RCBs,

loans in default for more than a year were 3.5 percent, compared with 1.5 percent in the peer group.

The performance of rural banks also hinges on the level of customer satisfaction. To properly address customer satisfaction, knowledge of the perceptions of customers of service delivery is crucial. This study therefore aims to investigate into customer perceptions of rural banks in Ghana, using selected rural banks in the Ashanti region as a case study.

## **1.2 Problem Statement**

Rural banks were mandated to fill the financial intermediary vacuum in the rural communities. The rural banking concept is not the preserve of Ghana alone. The world over, rural banking has been used as a tool to reduce the number of unbanked population especially in rural areas. Their rural and community orientation is therefore not a subject of argument.

The prevailing situation in Ghana now however suggests that rural banks are increasingly taking on new functions and roles that suggest a gradual mission drift. Currently, there are rural banks that are operating almost at the level of some commercial banks, in terms of facilities and client targeting strategies.

In the wake of the current operating strategy of rural banks, there is the belief that it is exposing them to some activities and practices that are affecting their growth. This is not making them address properly their core mandate. Again, there is the perception that rural banks provide service below average. For example, the observation is that "they are constantly struggling with their networks whilst their customer service is generally poor using the commercial bank as a yard stick. Most rural banks are also

noted for lack of innovativeness, especially when it comes to the application of IT in service delivery.

The perception of rural banks is however not limited to these challenges. They are increasingly boosting their client base year-on-year. This shows some underlying issues about their operations that requires investigations. The problem however is that there is not enough study in this direction. This is therefore a gap that this study seeks to help bridge. The study therefore seeks to investigate into the perception of rural banks in Ghana, using selected rural banks in the Ashanti region as a case study.

### **1.3 Objectives**

The general objective of the study was to investigate customers' perception of rural banks in Ghana. Specifically, the study seeks to:

1. Examine customers' satisfaction regarding service qualities offered by rural banks.
2. Analyse gap between customer perceptions and customer expectations regarding services delivered by rural banks.
3. Identify factors required to improve service delivery in rural banks in Ghana

### **1.4 Research Questions**

To address the set objectives the following were constituted as the research questions:

1. What is the level of customer satisfaction regarding service qualities offered by rural banks?
2. What is the gap between customer perceptions and customer expectations regarding services delivered by rural banks?
3. What factors can help improve service delivery in rural banks?

### **1.5 Significance of the Study**

The study is important for several reasons. Generally, the study provides insight into customer expectations of service from rural banks. This would provide a more appropriate means for rural banks to meet customer expectations in their service delivery. The study would also bring to bear the gap in service delivery by rural banks and suggest measures to narrow this gap. Further, the study interest groups would find this study a source of information to inform their discourse on the subject matter. Finally, the study would serve as a reference material for researchers engaged in similar studies.

### **1.6 Scope of the Study**

The study was limited to only the Ashanti Region. Accordingly, only rural banks in the Ashanti region were involved in the study. Again, the study does not cover all the rural banks in the region but limited to a selected number of them. Findings are however intended to be generalized for all rural banks in Ghana.

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

The study is composed into five chapters. Chapter one of the study covers the presentation. It includes a brief scope of the study, articulation of the problem, objectives, research questions, scope, the limitation and the organisation of the study. Chapter two is the literature review identified with the study. Chapter three, three is focused on the methodology used for the study. Chapter four covers the findings obtained. It gives a distinct report of the study and in addition the examination of findings. The last chapter concerns the summary of findings, conclusion and suggestions of the study.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Introduction

This chapter focuses on reviewing literature that addresses the need of the current study. The reviewed literature is meant to provide an insight into studies that provide the bases to help draw conclusion in this current study. Accordingly, Sections reviewed include the rural banking concept and its application in Ghana, the concept of customer service in the banking industry, service quality, perception of service delivery and customer satisfaction, among other important Sections.

#### 2.2 The Rural Banking Concept and Its Application in Ghana

The rural banking idea is well known everywhere throughout the world, in both developed and developing economies. A confirmation of its vicinity in the USA for instance is given by Broll, Pausch and Welzel (2002) who report that "the United States has a community Reinvestment Act of 1977 which obliges a bank to meet the credit needs of its whole group, including lower neighbor hoods".

In a few African nations, Ghana not being a special case, rural banking idea was acquainted with "fill vacuums made by the business banks' absence of enthusiasm for the rural groups" (Pausch and Welzel, 2002). As indicated by Gockel (1995) "the Bank of Ghana (BOG) in 1976 made rural banks to fill the vacuum made by Agricultural Development Bank (ADB) and Ghana Commercial Bank (GBC) in the rural territories". Gockel propose that "the rural banking system in Ghana spoke to inventive activity by Bank of Ghana in that split far from conventional keeping money in the nation". He further places that "the Rural banks were autonomous by regional standards possessed

and oversaw and coddled a nearby customers not at all like different banks which were all controlled from focal head workplaces" (Gockel, 1995).

"Section 51 of the previous Bank of Ghana Law (PNDC 291) and segment 18 of the Banking Law 1989 (PNDC225) gave elite forces on Bank of Ghana to regulates all Banks in Ghana Section 13 of the Financial Institutions (Non-Banking) Law 1993 (PNDC 328) gives similar powers to the BOG to supervise non-bank monetary foundations. Okyere (2003) states that "Section 4(2) of the new BOG Act 612 (2002) confers powers on the BOG Board to authorize, by administrative instrument, any person to the power of the Bank to regulate and supervises non-banking financial institutions ". As indicated by him "the equivalent provision for the banks is in clause 3(3) of the new Banking financial Act 2004 which gives BOG powers to authorize the ARB APEX Bank Ltd to supervise rural and community banks "

The rural bank program, obviously, contains numerous components of the Directed Credit Approach .Each bank is a formal financial institution, and its subject to all national commercial bank legislation and requirement. Moreover, each rural bank must hold fast to particular sectoral credit-allocation requirements: at least 50 percent of its advance portfolio must be in agriculture, a maximum of 20 percent can be in trade and transport, and 30 percent ought to go to cottage enterprises. The Rural bank plan, in any case, is not fantastic "traditional rural credit project". Rural Banks, as such, are not simple payment windows for remotely given trusts (i.e. exogenous stuns intended to break the little open doors Circle). Rather, this plan can be deciphered as an early endeavor to utilize Financial System Approach RFM change and improvement.

The focus of Rural Bank system is on the creation of establishments (not "project centers") that ideally will get to be perpetual components of the local economic

environment. Each Banks giving assets for instance, are to be produced at first through express push to activate intentional reserve funds. Moreover, each banks local management has the power to formulate it operational arrangements, seek after branch-office extension, and decided credit terms (i.e., sizes, developments, premium charges) and in this manner tailor its local needs. In this Vein, Rural Banks are urged to engaged in group lending activities, unequivocal rules overseeing such action, like those in all the more surely understood group lending plans, for example, the Grameen Bank of Bangladesh, are incorporated into the project.

In total, the general reason for the plan is to bring financial services to the rural on supportable premise and henceforth to improve the quality and amount of rural monetary intermediation. In this regard the Rural Bank project was relatively revolutionary, for it included huge numbers of the component of the achievement recognized in the Financial System Approach of 1980s and 1990s. At first glance, at any rate, the project seemed built for success.

The first Rural Bank opened for business in 1976, and throughout the following eleven years (1976-87) the system spread to all the 10 regions of the nation. By 1987 fourteen percent of the rural populace, or 553,000 individuals, held account at 117 provincial banks in Ghana. Deposits totaled 2.2 billion cedis, deposit per individual hah climbed 2,913 percent over this period, to achieve 3,978 cadis (USD \$25.87 at the prevailing exchange rate) in 1987.the program's loan portfolio was valued at 634 million cedis, or 4.12 million US dollars. Onlookers presumed that the system had been "quite successful" in mobilizing savings (Nissanke, 1991), and that its provision of safe and secure deposit facilities for rural dwellers was a "major achievement" (Okyere, 1990).

Additionally, the Rural Bank plan had added to the extension of agricultural yield, in light of the fact that its Impact on farm productivity "couldn't be overemphasized" (Okyere, 1990). The sensational development of the plan amid the 1980s, regarding effort, can be followed to the Economic Recovery Program (ERP) started by the legislature government in 1983. The rural bank project was seized upon as the important vehicle through which two of the ERP'S medium-term objective for agricultural would be sought after.

### **2.3 Services as a Product**

As per Looy, Gemmel, and Van Dierdonck, (2003), service is "any action that one party can offer to another that is basically impalpable and does not bring about the responsibility for". Gronroos (2000), characterized service as, " a process comprising of a progression of pretty much impalpable exercises that typically, yet not so much dependably, happen in communications between the client and service employees and/or physical assets or products and/or system of the service provider, which are given as answers for client issues".

Zeithaml, Bitner, and Gremler, (2006), place it in most basic terms "services are deeds, processes, and performances". These definitions give intimation about the way of service as procedures instead of items. The definition that fits more in depicting service in the retail-banking sector is given by Looy, Gemmel, and Van Dierdonck, (2003), as "every one of those economic activities that are in material and suggest a communication to be acknowledged between service provider and customer. This definition puts service as a process involving the worker and the client where the employee is the dealer and speaks to the service being conveyed.

## 2.4 Service Quality

Fogli (2006), characterize service quality as "a worldwide judgment or state of mind identifying with a specific service; the client's general impression of the relative mediocrity or prevalence of the organisation and its services. Service quality is a psychological judgment". As indicated by Looy et al. (2003), service quality as a type of disposition speaking to a long run, general assessment of the service got. Sureshchander et al (2002) depict service quality as the level of error between the clients' regularizing desires of the service and their impression of the service delivery.

With no uncertainty, service quality is essential part in any business related activity. This is particularly so, to marketers a client's assessment of service quality and the subsequent level of satisfaction are seen to influence primary concern measures of business achievement (Iacobucci et al., 1994). To some, service quality can likewise be characterized as the distinction between client's desires for the service experience and the impression of the service got.

Grönroos (2001) contends that in light of the complexity of the attributes of most services, their quality must be mind boggling as well, when contrasted with the nature of products, which is customarily identified with the specialized particulars of the goods. In the case of products, the result or final after effect of the process is exchanged to the client while, in services whether going from cutting edge to hightouch or from discretely used to constant services, the way the service employees perform their assignments, what they say, and how they do it likewise impact the clients perspective of the service and their experience of it.

As per the service quality theory, it is anticipated that clients will judge that quality as `low` if delivery does not live up to their desires and quality as `high` when

performance surpasses expectations (Oliver, 1980). Closing this gap may oblige conditioning down the desires or elevating the view of what has really been gotten by the client (Parasuraman, et al., 1985). As indicated by Gronroos (1982), perceived quality of a given service is the after effect of an assessment process since consumers regularly make examination between the services they expect with view of the services that they get. He presumed that the nature of service is reliant on two variables: Expected service and Perceived service. Quality spells prevalence or brilliance (Taylor and Baker, (1994) (Zeithaml, 1988), or, as the consumer's general impression of the relative inadequacy/predominance of the organisation and its services. Customer behavioral expectations are additionally affected by the norms of service quality (Bitner, 1990; Cronin and Taylor, 1992, 1994; Choi 2004)

## **2.5 Customer Perception**

Recognition is a marketing idea that envelops a client's impression, mindfulness and/or cognizance around an organization or its offerings. Customer perception is regularly influenced by publicizing, audits, advertising, online networking, individual encounters and different channels. As indicated by Kotler (2005), perception is characterized as a process by which data is gotten, chosen, assessed, composed and deciphered by people when they have to buy an item. Solomon, et al (2004) likewise characterized perception as the process by which the jolts (light, shading, sound, smell and surface) are chosen, sorted out and deciphered, so that significance could be added to these crude sensations. Another perspective set forward by Bloom (2006) clarifies perception as the process by which an individual chooses, sorts out and translates data info to make an important picture of the world.

Sheep, et al (2000) gives an exceptionally straightforward perspective of the part of perception as far as client conduct. They present the word boosts, which they characterize as any of the inputs influencing the five detects: sight, smell, taste, touch and listening to; the process by which we select, compose and translate these jolts into a significant and lucid picture is called discernment (Lamb, et al, 2000). This is an astute summation of the essential idea of perception and gives a decent premise to comprehension this idea as far as client conduct patterns.

At this level, perception depends on the physical boosts as well as the jolts identifying with the encompassing field and conditions which influence and impact the person. Consequently, this prompts the critical comprehension of the relativity of observations; i.e. observation can differ between people presented to the same jolts or reality structure. This is likewise affirmed by Sijtsema, et al (2002) who pointed out that, aspects such as experience, atmosphere, product methods and environment also influence perception.

## **2.6 Customer Perception in Relation to Decision Making Behavior**

In a very aggressive market, it is essential to figure out which perceptions drive client conduct with a specific end goal to guarantee need to such key perceptions, in this way guaranteeing achievement in the market place. By contemplating client conduct in connection to perceptual variables, for example, cost, and brand picture, service providers add to an attention to what elements are overwhelming in item improvement and showcasing methodologies. Basically expressed, a top to bottom comprehension of client observation is fundamental to guarantee that the right item is showcased to the right client in the right way (Bloom, et al, 2006).

The thought of 'client quality' or the worth connected to specific items by the client is an inherent piece of the perplexing structure of what constitutes client perceptions which thusly prompts client conduct patterns. In the event that one considers the mental, social and financial elements which can be connected to the larger idea of client qualities and conduct patterns, then one experiences a wide exhibit of perceptual angles that can be joined into the idea of client recognition. The relationship in the middle of value and client esteem recognitions has been wrangled by various researchers and scholars in the field.

For instance, Sánchez-Fernandez and Iniesta-Bonillo (2006) state that, "value and price are tricky constructs that are often befuddled; the idea of price has additionally been characterized to incorporate different perspectives, for example, time, effort, and search that characterize the expense or penance in the utilization experience". Recognition has hence been seen as one of the inward or individual impacting variables that control inner manners of thinking in the client's choice making procedure.

Through recognition, clients decipher their outer, physical world to their inside, mental world. All the promoting boosts (information) exist in the client's outer world and clients need to see the jolts in order to have an effect on their buying behaviour patterns (Jacobs and de Klerk, 2007). Schiffman and Kanuk (2000) likewise underlined that after clients get to be mindful of items, their recognitions or impressions of the items are framed from the information got and this will manage their purchasing conduct and choices.

Aaker, et al (2002) consequently contended that not just do clients follow up on their recognitions, which stem fundamentally from the data they have gotten, yet that advertisers likewise need to comprehend the way of the discernments their clients and

potential clients have of the business world and the items accessible. Seeing how clients acquire and use data and how their discernments are framed to eventually achieve their objectives, is in this manner vital for picking up understanding into client conduct.

The impression of clients of rural banks about service conveyance forms at the purpose of service conveyance may offer ascent to particular conduct, to be specific acknowledgment or dismissal. In such manner note that clients are now capable previously to frame decisions about perceived risks, relative favorable circumstances and similarity with their present needs (Foxall and Goldsmith, 1994).

Another critical aspect of perception is perceptual rebuilding. This alludes to the process through which perception is changed regarding new information (Gouws, et al, 1984). Along these lines a client's perception and translation at the purpose of purchase may change as the client adapts more about the brand.

## **2.7 Service Quality Dimensions**

The SERVQUAL model of Parasuraman, Berry, and Zeithaml (1988) proposes a fivedimensional construct of perceived service quality: tangibles; reliability; responsiveness; assurance; and empathy – with things reflecting both desires and perceived performance.

**Tangibles:** the presence of physical offices, the individual. The instruments or gear used to give the service and correspondence material. As such, it is each material that is utilized to offer substance to benefit.

**Reliability:** this is the consistency of the service delivery, which breeds reliability, from the first run through the service is accurately performed to the capacity of the firm to

stay faithful to its commitments. As per Zeithaml et al. (2006), it is the capacity to perform the guaranteed service constantly and precisely.

**Responsiveness:** this is the ability with respect to the service supplier (worker) to help the client and give brief service.

**Assurance:** the learning capacity and graciousness of representatives towards the clients, their capacity to motivate trust and trust in taking care of the clients.

**Empathy:** This is a nature of the representative to administer to the client and give them individualized consideration. The capacity to put him/herself in the client's shoes by seeing things through the client's eyes. As indicated by Zeithaml et al. (2006), "it means regarding clients as people, giving them modified service".

Further, Crosby (1979) had noted prior that service quality has turned into a critical exploration theme in view of its evident relationship to expenses, benefit consumer loyalty, client maintenance, and positive verbal. There are numerous examination instruments created to quantify the apparent service quality. Among such broad instruments, the most prevalent being the SERVQUAL model. From the above dialog it can be presumed that SERVQUAL is still suitable as an evaluation device to gauge the service quality observations in the retail banking sector.

Zaim et al. (2010), figured out that tangibility, reliability and empathy are critical component for consumer loyalty, while responsiveness and assurance are essential element, found by Mengi (2009). Kumar et al. (2010) and Lai (2004) found that assurance, empathy and tangibles are the vital component, and then again, Baumann et al. (2007), found that tangibles are not identified with consumer loyalty and Ahmed, Nawaz, Usman et al. (2010), figure out that empathy is contrarily identified with consumer loyalty. Researchers have recognized different determinants of consumer

loyalty in the retail banking sector. Arasli et al. (2005) pointed out that unwavering quality measurement of SERVQUAL has the most noteworthy effect on consumer loyalty in Greek Cypriot retail banking sector, while dependability is not identified with consumer loyalty, found by Chaniotakis and Lymperopoulos (2009).

As indicated by Levesque and McDougall (1996), competitive interest rate is one of the imperative determinants of consumer loyalty in retail banking sector. They observed that a decent "employee client" relationship can build the satisfaction level. They called attention to that problem recovery is critical to keep up the consumer loyalty. Be that as it may, the outcomes did not affirm that agreeable problem recovery can expand satisfaction. At any rate, it can keep up the satisfaction level.

At long last, they reasoned that aggressiveness and comfort of the banks are the two essential determinants of consumer loyalty. Then again, Jamal and Naser (2003) found that comfort and intensity are not the discriminating components for all sex, age and wage bunches.

On a watchful investigation of the measurements of value, a noteworthy center lays on the part of human communication in the service conveyance that comprises of human conduct and states of mind. Looy and Van Dierdonck (2003) is additionally of the same assessment that clients are not one-dimensional in judgment, in light of the fact that a considerable measure of different components impact service quality, most scientists concede to these measurements of service quality as a measure of service quality.

Different studies in service have demonstrated that the impression of the nature of services through the eyes of the client is shaped by a judgment of numerous experiences, with an association. As per Zeithaml, et al (2006), "clients see services as far as nature of the service and how fulfilled they are generally with their encounters." However,

these experiences are for the most part the joint effort of the representatives who have contacts with the clients, and the clients themselves, who in this way may be in better position to comprehend them, and take care of their service related issue.

## **2.8 The Banking Industry and Customer Service**

The retail banking sector is seen as an impetus in financial development of a nation and, parcel is normal from the banking sector. The acknowledgment of banking, as an instrument for complete development by business analysts, monetary organizers, reformist and so forth has made it a critical Section in the Government's arranging of financial development (Kirkwood, 2009). The banking sector in Ghana is hence seeing enormous changes due to political, social and monetary changes that are occurring locally and universally. This marvel similarly applies to rural banks.

The idea of banking, which was prior confined to accepting of deposits from public for the purpose of, has also undergone sea change. Today the banking sector is seen as a vehicle for all inclusive economic growth, social responsibility and equity distribution of national resources. Today banks are offering so as to charm existing clients, imminent clients' new offices, items, and services to hold/expand their base in business. The way the banking industry has changed, so has the client changed. The client of today is not what he was yesterday. Today the client is more learned, requesting, scientific and mindful of his rights. It is in this manner a testing undertaking before the banking part to return to their whole meeting expectations modules, up degree of aptitudes, innovation, and arrangements so they are skillful to withstand the universal aggressive environment in future (Bahia & Nantel, 2000).

All clients from distinctive foundations have diverse desires. Unless the service models fit to every individual's desires, he won't be fulfilled. In this way one needs to see every

kind of client altogether to have the capacity to give client particular services. Various analysts have remarked on the idea of client service in the saving money industry. The whole process of client service is subject to taking after.

### **2.8.1 Human Resources**

As indicated by Caruana (2002), any association's prosperity or disappointment is the consequence of accomplishment or disappointment of its representatives all in all. Here the representative doesn't mean just the staff working down the stepping stool, additionally incorporates individuals straight up to the top. Every one of the capacities in an organisation are embraced by people, whether it is determination of staff, improvement of item, making programming, figuring arrangements, conceiving frameworks, systems, characterizing procedures, conveyance channels, undertaking business sector studies and so forth. People may be helped by the innovation for touching base at the choices. In every one of the capacities identified above, distinctive divisions take the necessary steps independently however the same are eventually connected to one another to accomplish the corporate objective (Claessens, and Laeven, 2004).

Caruana (2002) compares HR to adapt however turning autonomously, move the whole structure in the craved course; on the off chance that any rigging breakdowns, it conveys the whole process to end. Along these lines the individuals working in an organisation are vital. Treatment of people by people is an extremely complex employment too. The employment necessities of HRD are to choose, train, create, send, and inspire the HR in the association in order to get ideal results for the association (Claessens, and Laeven, 2004).

### 2.8.2 Products/Services

Banks don't give physical merchandise to its clients. The products which a bank offers are mostly financial products and along with these products also provide other services which are not financial in nature, like safe deposit vaults, Locker facilities etc (Caruana (2002). In financial products there are basically two types of activities, namely deposit procurement and its deployment profitably. These two exercises constitute more than 80% of saving money business in every one of the banks (Cote and Giese 2002).

**Deposits:** Basic structure of deposit is to pull in the client by offering enthusiasm on trusts or some office in lieu of interest. However relying on the needs of distinctive arrangement of clients different sorts of store plans are detailed. Case in point, investment funds financial balances are for the individuals who need fleeting reserve funds with liquidity and to make customary deposits and withdrawals and so forth. Term deposits are for the individuals who need to contribute for more length of time having surplus subsidizes not required quickly. Some may need funds to become step by step by contributing littler sums at set interims. A definitive objective of contributor is to keep his cash securely in the bank and have the capacity to utilize when required. Similarly there are different mixes of store plans in light of liquidity, returns and wellbeing (Cote and Giese, 2002).

**Advances:** Banks, in a comparable manner convey deposits by loaning to the individuals who need it at a cost in the shape of interest. Here again the items contrast contingent on the need of the client. It might be overdraft office, working capital account, term credit, and so on for business or individual needs (scribd, 2009).

**Other Products/Services:** Apart from store and advances, banks offer different offices/services to their customers, similar to settlements, speculation services, reserve

service, money related consultative services, charge accumulations, charge installment services and so forth to procure expense based livelihoods (Cote and Giese, 2002).

As he would see it, Cronin (1992) trusts that adaptability of banks to embrace changing needs and desire of clients and bring out items/services to suit clients is an imperative territory in managing an account services. A powerful Research and Development division which can viably and proficiently bring out more up to date items/services taking into account business sector feel and futurist representation of client inclinations is a vital perspective in managing an account services.

### **2.8.3 Processes**

Today's client is shy of time and feels uncomfortable when the process included in getting the item or service is protracted and bulky. The client needs extremely straightforward processes to finish his work. The processes for any item or service ought to be at the base and at one go. Continuous back references and rehashed information and intemperate documentation disappoint the client (Ferrell and Heartline, 2008). The procedures formulated for getting the services ought to be exceptionally client benevolent, straightforward and complete. The structures, applications, archives ought to be straightforward, straightforward with fitting segment and space to compose. Here and there it is watched that the space accommodated written work is little. The nature of paper, the text dimension and the dialect ought to be fitting (Cronin, 1992).

### **2.8.4 Delivery channels**

Consumer loyalty is likewise subordinate upon the conveyance diverts utilized by banks as a part of giving the services. Today's client needs smooth, proficient, secure, basic and reliable channels of conveyance, whether it is through people or innovation driven channels. To cite an illustration by Scribd, suppose a customer uses internet banking

and made a third party payment. He would like to know what happened to his payment instructions. He should be able to track the payment on line till it reaches the beneficiaries account. If this facility is not available, he may not be comfortable with the internet banking. Another thing mostly observed in Public sector banks is that their websites are not updated regularly and navigation is very tardy. The forms/ applications are scanned and cannot be filled on line. The information/ forms etc. are outdated and not properly tagged (Scribd.com, 2010).

### **2.8.5 Customer feedback and complaints**

Ferrell and Heartline (2008) propose that criticism from clients is of massive help in planning items, tweak services and fitting the escape clauses. However more often than not, sustain backs are for the most part not accessible and open Section banks are typically not enthused about taking criticism on their services. Maybe wherever a client gives his input (read protestation), it is not taken in right soul by the bank/concerned staff. Rather than investigating the genuine reason an exertion is made to give plausible excuses or accuse the staff. It might be conceivable that that the system itself is the reason for dissention or it is a result of reasons which are not under control of the branch (Gilligan, 2010).

Clients may be of three sorts. One kind of client never gripes and proceeds with the relationship. Second sort of client does not gripe but rather changes the bank noiselessly and third kind of client whines. To begin with and second sort of clients does not give a chance to bank to enhance its services. Third sort of client however offers chance to the bank to enhance the service however he may not be favored over the other two sorts of clients. Today no bank is willing to acknowledge grumblings from the clients and typically exertion is made to by one means or another get the grievance pulled back or

determined without dissecting why the protestation has begun. It turns out to be extremely troublesome for field level staff to get the protestation changed when the reason or reason of grumbling is not in view of them (Gilligan, 2010).

Gilligan, (2010) trusts that every dissention when made may be a direct result of such a variety of variables, not so much the flaw of the individual or branch against which it is made. It might be because of framework omission, procedural insufficiency, incompetent innovation, poor in-house work portion, work process module and so forth. Now and again the grievances are silly and made to hassle the individual concerned. In spite of the fact that in client arranged markets, client is constantly right however care ought to be taken that the staff is additionally shielded from negligible complainants. Every dissention of the client ought to be legitimately examined, surveyed. It might be conceivable that course cause may be somewhere else which ought to be amended instead of the concerned staff or branch made the substitute (Lymeropoulos et al, 2006).

### **2.8.6 Grievances Redress Mechanism**

As Gilligan, (2010) puts it, enhancing the services is a progressing procedure. The fundamental inputs are client criticism, business overviews and the dissentions got by an association. No association can say that they have zero client grievances. However an association which has vigorous system to change the protests and determination issue of the client gets acknowledgment as a client agreeable association. Tolerating the slip-up and offering pay goes far in holding the client. The greater part of the banks have turned out with their remuneration approaches and client grievances cells. Notwithstanding they are for the most part on paper and from time to time followed in the soul in which they are confined. Indeed, even where the pay approach gives

programmed installment of remuneration, enthusiasm for instance of postponements and so forth, it is from time to time paid unless the client requests it (Parvez, 2005).

## **2.9 Service Quality in the Banking Environment**

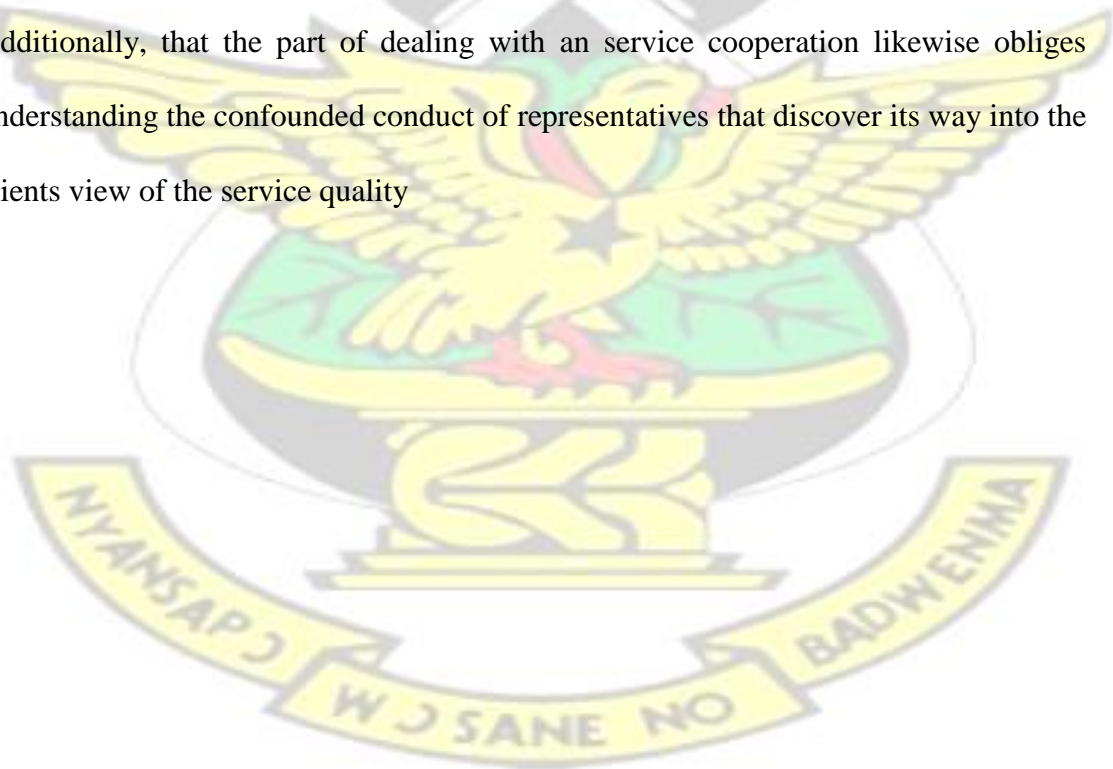
Service quality speaks the truth matching so as to address client needs tastefully to his desires. Service quality in managing an account infers reliably envisioning and fulfilling the needs and desires of clients (Howcrof, 1991). The significance of service quality in Banks has been underlined in numerous studies and saw quality point of interest leads them to higher benefit (Raddon 1987; Buzzell & Gale 1987 in Ssebunnya Henry Abid Naeem). Parasuraman and Berry (1991) referred to in Ssebunnya Henry Abid Naeem hold the perspective that astounding service offers validity to handle deals power. Heskett et al. (1990) watched that the more drawn out an organization keeps a client, the more cash it stands to make.

Adrian (1995) battles that enough proof shows the key advantages of value in adding to benefit, piece of the overall industry and rates of profitability; and bringing down expense and enhancing efficiency. This position is shared by Bateson (1995), Berry et al (1989), Garvin (1983); and Kotler (2003). Amplifying consumer loyalty through quality client service has been depicted as 'a definitive weapon' (Davidow & Uttal, 1989). As indicated by Heskett et al, by creating and coordinating the suitable level of assets, ability, creativity, and experience for effecting particular advantages for service purchasers, service suppliers take an interest in an economy without the confinements of conveying (stock) or the need to fret about cumbersome crude materials. Then again, their interest in mastery does oblige reliable service showcasing and overhauling notwithstanding rivalry which has similarly couple of physical limitations.

## 2.10 The Customer Perceived Service Quality in Rural Banking

Client saw service quality is the clients own view of the service taking into account distinctive variables adding to the service, from the process to the last result. As indicated by Grönroos (2001), "quality is the thing that clients see". Clients purchasing service consider everything that adds to the process and the last result in making their appraisals of the service. However the subjective evaluation of the real service encounters is the client saw service quality as pointed out by analysts, for example, Looy, Gemmel, and Van Dierdonck, (2003), Zeithaml et al. 2006).

Sureshchandar et al. (2002), point out that service firms, for example, rural banks have a trouble imagining and comprehension what parts of the service that characterize high caliber to the customers and at what levels, they are should have been be conveyed. Additionally, that the part of dealing with an service cooperation likewise obliges understanding the confounded conduct of representatives that discover its way into the clients view of the service quality



## CHAPTER THREE

### METHODOLOGY

#### 3.1 Introduction

This chapter describes how the study was conducted. It outlines the choice of study approach and strategy that have been used in undertaking the study. The chapter also defines the participants that were used, including the statistical techniques used to analyze the data.

#### 3.2 Research Design

Researchers, for example, Malhotra and Bryman (2003) identify research designs that can be utilized as a part of a study. This study however utilizes the descriptive design. As indicated by Polit and Hungler (1995) a descriptive study is one in which data is gathered without changing the environment (i.e., nothing is controlled). This design outline has been discovered suitable for studies, for example, the present one. Once more, different studies have demonstrated that it is again suitable for both qualitative and quantitative studies in light of the fact that it can use components of both inside of the same study.

#### 3.3 Sources of Data

To address the various research objectives, the study uses both primary and secondary sources of data.

Primary data is original data collected by the researcher for the research problem at hand. The study uses Primary data collected through the use of the questionnaire and interviews. As Yin puts it, questionnaires and interviews are the most important sources

of case study information, mainly due to the fact that they can provide exact answers to the research questions (Yin, 2003).

### **3.4 Survey Instruments**

The researcher utilized questionnaire and interview guide as the tools for getting the important data for the study. The questionnaire was comprised of structured questionnaires. A Likert scale from 1 (strongly agree) to 5 (strongly disagree) was used. The questionnaire was used to allow the respondents the chance to answer the questionnaire whenever the timing is ideal.

Questionnaires were utilized on the grounds that they are generally simple to examine, they are well known to staff, a huge number of the given populace can be reached at moderately minimal effort; they are easy to direct; the configuration is natural to most respondents; they are normally clear to break down, they can be utilized for touchy points which respondents may feel uncomfortable identifying with a questioner about.

### **3.5 Study Population**

Bryman et al (2003), describe a study population as the whole group that the research focuses on. The target population for this study comprises management and customers of selected rural banks in the Ashanti Region of Ghana.

#### **3.5.1 Sampling Size**

A total of 380 respondents were selected for the study. The formula used was adapted from Godden (2004).

$$SS = \frac{Z^2 * (P) * (1-P)}{C_2}$$

Z = Z – value

P = Percentage of population picking a choice, expressed as decimal

C = Confidence interval, expressed as decimal

Z – Values (cumulative normal probability Table) represent the probability that a sample will fall within a certain distribution.

The Z – values for confidence levels are:

1.645 = 90% confidence level

1.96 = 95% confidence level

2.576 = 99% confidence level

Table 3.1 below presents a breakdown of the sample size used for the study:

**Table 3.1 Sample Size**

Category of Respondents	Population	Sample size
Staff		10
Customers		370
<b>Total</b>		<b>380</b>

*Source: Field Data (2014)*

### 3.5.2 Sampling Method

The study used convenience sampling method to select the customers. In statistics convenience sampling is a type of nonprobability sampling which involves the sample being drawn from that part of the population which is close to hand. The management respondents were however selected using the purposive sampling method.

### 3.6 Data analysis

The study used several techniques in analysing the findings relative to the research objectives. The researcher employed t-test analysis techniques as well as regression analysis techniques in analysing the data. This was facilitated by the Statistical Package

for the Social Sciences (SPSS.). Primary data generated by the study were edited and tested for consistency and reliability. The data were examined, categorized, tabulated and coded to address the research objectives and the research questions. The results generated were then analysed.

### **3.7 Summary**

This chapter discussed the methods employed in the collection of data for the study. Included in the discussion were descriptions of the instruments, the sample size as well as the sampling methods used in the selection of respondents. The chapter also describes the analysis method and processes well as the technique to use. Generally, the issue of ethics was carefully considered in applying all these methods identified and described above.



## CHAPTER FOUR

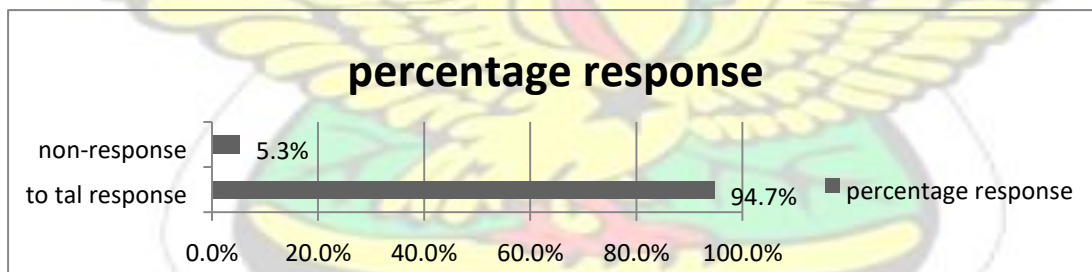
### PRESENTATION OF FINDINGS AND DISCUSSION

#### 4.1 Introduction

This chapter presents and analyses data gathered for the purpose of this study. The findings are presented under each objective and subsequently discussed to address the research question.

#### 4.2 Sample and Response Rate

A total of 380 questionnaires were administered. Out of the number administered 360 responded to the questionnaires, giving an 94.7% response rate. The response rate is quite significant; and gives an indication of the enthusiasm of customers in the issue under study. It is an indication of customers' concern about service delivery in rural banks



**Figure 4.1 Response Rate**

*Source: Field Data (2015)*

#### 4.3 Demographic Classification of Respondents

The study analysed the background profile of respondents used for the study. Areas analysed included their gender, age, level of education and number of years customers have been with the selected bank. Creating a profile of the respondents would help better understand and address issues with respect to mediating the role of customer

satisfaction in the relationship between service quality and customer retention in rural banks. The demographic composition of the respondents therefore reveals the following picture:

#### 4.3.1 Gender of Respondents

The gender of respondents (customers) involved in the study is presented in this section. The table below illustrates the results in the study with respect to gender. It is revealed that, 238 representing 66.1% being the majority of the respondents were males whilst the remaining 122 respondents representing 33.9% were females. The results shows an adequate representation of both gender, although the males were slightly dominant. It also suggests that the banked population is slightly dominated by males. Women activists can therefore be encouraged to improve banking among the women population.

**Table 4.1: Gender of Respondents**

Gender	Frequency	Percentage
Male	238	66.1
Female	122	33.9
Total	360	100.0

*Source: Field work, 2015*

#### 4.3.2 Age of Respondents

The age of respondents on the other hand is also presented in this section. The table below illustrates the results on the distribution of respondents by age. The results indicates that, out of the 360 respondents (customers) involved in the study, 54 respondents representing 15.0% were less than 20 years, 134 also representing the majority (37.2%) on the other hand were within the age group 21-30 years. In addition, 82 respondents representing 22.8% of the total population involved in the study chose

31-40 years as their age group whilst 46 out of the 360 respondents representing 12.8% were within the age group 41-50 years. The remaining 44 respondents representing 12.2% also indicated being in the age range 51-60 years. The statistics on the age distribution of respondents gives an indication that most of the customers in rural banks in Ashanti region are generally within the productive age (21-40 years). It suggests that banked population is dominated by those in their productive age. This may be explained by the fact these age group earn higher and are likely to be engaged in more banking transactions than those under 20 and those approaching retirement.

**Table 4.2: Distribution of respondents by age**

Age in years	Frequency	Percentage
Less the 20 years	54	15.0
21-30 years	134	37.2
31-40 years	82	22.8
41-50 years	46	12.8
51-60 years	44	12.2
<b>Total</b>	<b>360</b>	<b>100.0</b>

*Source: Field work, 2015*

#### **4.3.3 Years Customer have been with Bank**

Respondents were also asked to indicate the number of years they have respectively been or spent with their various rural banks as customers. The table below shows the various numbers of years respondents have spent with their banks as customers.

**Table 4.3: Years spent with Bank**

Years	Frequency	Percentage
Less than 1 year	44	12.2
6-10 years	192	53.3

11-15 years	62	17.2
16-20 years	40	11.1
More than 20 years	22	6.1
<b>Total</b>	<b>360</b>	<b>100.0</b>

*Source: Field work, 2015*

The table reveals that, only 22 respondents representing 6.1% responded they have been with their banks for more than 20 years as customers, 40 respondents also representing 11.1% on the other hand said they have been with their respective banks as customers for about 16-20 years whilst 44 respondents representing 12.2% additionally responded they have been with their respective banks as customers for not more than a year (less than a year). Majority of the respondents 192 representing 53.3% also gave the response that, they have been with their respective banks for about 6-10 years followed by the remaining 62 respondents representing 17.2% who selected 11-15 years as the number of years they have spent with their banks as customers.

The implication of this finding is that about 87.7% of the respondents had spent a minimum of 6 years with their respective rural banks. This suggests that rural banks are able to retain their customers for a long time. In other words, it suggests that customer retention is high among rural banks.

**4.3.4 Education Level of Respondents**

The level of education of respondents (customers) was also looked at. Analysis on respondent’s educational level from the table below revealed that, out of the 180 respondents used for the study, majority representing 30.6% were having first degree as their highest educational qualification followed by forty-three (43) respondents representing 23.9% who had been educated to the basic level. On the other hand, thirty-

three (33) respondents representing 18.3% also chose secondary level as the highest level of education they had attained whilst twenty-three (23) respondents (customers) indicated vocational level as their highest level of education. The remaining twenty-six (26) respondents representing 14.4% also selected second degree (masters) as their highest educational qualification. This analysis with respect to the educational level of respondents indicates that most of the customers of the various rural banks in Ashanti Region have generally been educated.

Further analysis of the findings will reveal that about 45% of the respondents had a minimum of first degree as their level of education. This suggests that rural banks appeal to people across the educational ladder. This rejects the perception that rural banks do not usually attract persons in the formal sector.

**Table 4.4: Highest Educational Qualification of respondent**

Level of Education	Frequency	Percentage
Basic	86	23.9
Secondary	66	18.3
Vocational	46	12.8
First degree	110	30.6
Second degree	52	14.4
<b>Total</b>	<b>360</b>	<b>100.0</b>

*Source: Field work, 2015*

#### **4.3.5 Type of Account**

The study made an attempt to examine the type of account respondents (customers) operates with respective rural banks. The table below indicates that, among the 360 respondents involved in the study, only 8 respondents representing 2.2% chose fixed deposit account as the type of account they operate with their respective banks. 8.3%

representing 30 respondents on the other hand responded that, current account is the type of account they operate with their respective banks as customers whilst 68 respondents representing 18.9% of the entire population selected susu account as the type of account they operate with their banks.

132 respondents representing the majority (36.7%) reported operating savings accounts, whilst the remaining 122 respondents representing 33.9% chose salary account as the type of account they operate with their banks as customers. This analysis therefore gives the indication that, most of the customers of rural banks in Ashanti Region are into savings accounts more than any type of accounts. It also shows that the fixed deposit account of rural banks do not appeal to most customers hence their relatively low interest in this account.

**Table 4.5: Type of Account Respondent operates with Bank**

Type of account	Frequency	Percentage
Savings accounts	132	36.7
Current accounts	30	8.3
Susu account	68	18.9
Salary account	122	33.9
Fixed deposit account	8	2.2
<b>Total</b>	<b>360</b>	<b>100.0</b>

*Source: Field work, 2015*

#### **4.3.6 Correlation Between gender and Account Type**

A test was carried out to establish the correlation between gender and account type of respondents. The test carried out showed a weak correlation between gender and account type of respondents, which was not statistically significant ( $r = .173$ ,  $n = 360$ ) (see table 4.6). Again, the level of significance shows a value greater than 0.5 (Sig.

This suggests that gender does not necessarily influence customers' choice of account type.

**Table 4.6 Correlations between Gender and Account Type**

		Gender	Account Type
Gender	Pearson Correlation	1	.173
	Sig. (2-tailed)		.126
	N	360	360
Account Type	Pearson Correlation	.173	1
	Sig. (2-tailed)	.126	
	N	360	360

*Source: Field Data (2015)*

#### 4.3.7 Correlation between Educational Level and Account Type

A test was carried out to establish the correlation between educational level and account type of respondents. This test carried out also showed a weak correlation between level of education and account type of respondents ( $r = .144$ ,  $n = 360$ ) (see table below). Again, the level of significance shows a value greater than 0.5 (Sig. The implication is that level of education does not necessarily influence customers' choice of account type.

**Table 4.7 Correlations between Level of Education and Account Type**

		Level of Education	Account Type
Level of Education	Pearson Correlation	1	.144
	Sig. (2-tailed)		.126
	N	360	360
Account Type	Pearson Correlation	.144	1
	Sig. (2-tailed)	.126	
	N	360	360

*Source: Field Data (2015)*

#### 4.4 Expectation of Service Delivery

Another key objective was to examine customers' expectations of service delivery. The researcher employed the one-sample mean tests to measure the responses to each of the variables investigated under this factor, using a test value of 1.5. Findings are indicated in the table 4.5 below:

**Table 4.8 Expectation of Service Delivery**

	<i>Test Value = 1.5</i>		
	<i>t</i>	<i>df</i>	<i>Sig. (2-tailed)</i>
timely service delivery	6.254	359	.001
knowledgeable staff	4.350	359	.002
quick response to complaints	2.891	359	.000
adequate support to customers	1.633	359	.010
more efficient transaction	5.656	359	.020

*Source: Field Data (2015)*

From the table above, we can see (moving from left-to-right) the observed *t*-value, the degrees of freedom ("df"), and the statistical significance (*p*-value) ("Sig. (2-tailed)") of the test carried out. The significance of each of the variables tested is measured by the *p*-value (in the column labeled "Sig. (2-tailed)"). The study used a margin of error of 5% (0.05). Therefore a variable is significant if it recorded a *p*-value < 0.05.

Looking at the values recorded for each of the variables tested under customer expectations, it can be seen that all the variables recorded *p*-values that are statistically significant, in other words the *p*-values were less than 0.05 ( $p < .05$ ). It show that Rural Banks customers expect "timely service delivery", "knowledgeable staff", "quick response to complaints", "adequate support to customers", and "more efficient transaction". It is however evident that the most significant expectations are "timely service delivery", "knowledgeable staff", "quick response to complaints".

This was established based on the fact that these variables recorded the most significant *p*-values (see table above).

#### 4.5 Perception of Service Delivery

Another key objective of the study was to assess customers' perception of service delivery. This objective also employed the one-sample mean tests to measure the responses to each of the variables investigated. The assessment was carried out under five different criteria commonly used for assessing service quality. It includes the tangibility, reliability, responsiveness, assurance and empathy of service delivery in the case organisations. Findings obtained are presented under each of the assessment criteria used.

##### 4.5.1 Tangibility of Service Delivery

**Table 4.9 Perception of Tangibility of Service Delivery**

	<i>test Value = 1.5</i>		
	<i>t</i>	<i>df</i>	<i>Sig. (2-tailed)</i>
my rural bank has up to date technology	2.348	359	.524
my rural bank has adequate infrastructure to support its operations	3.221	359	.201
my rural bank is easily accessible	5.150	359	.111

*Source: Field Data (2015)*

From the table above, we find the significance level each of the variables tested under tangibility of service delivery. It is seen that none of the variables recorded a *p*value<0.05. It implies that none of the variables recorded values that were statistically significant. It suggests that most customers perceive the tangibility of their rural bank's service delivery as very weak. According to the respondents, their rural banks do not

have up to date technology, adequate infrastructure to support its operations whilst accessibility is also very poor.

#### 4.5.2 Reliability of Service Delivery

This is the consistency of the service performance, which breeds dependability, from the first time the service is correctly performed to the ability of the firm to keep its promises. According to Zeithaml, Bitner, and Gremler, (2006), it is the ability to perform the promised service dependably and accurately.

The table below also reveals customers' perception of the reliability of rural banks' service delivery. From the table, we find that none of the variables tested recorded a  $p$ -value  $< 0.05$ . All the  $p$ -values recorded were greater than 0.05. The implication is that none of the variables was statistically significant.

**Table 4.10 Perception of Reliability of Service Delivery**

	<i>test Value = 1.5</i>		
	<i>t</i>	<i>df</i>	<i>Sig. (2-tailed)</i>
When my rural bank promises to do something by certain time, it does it	2.128	363	.631
my rural bank shows a sincere interest in solving your problems	2.167	363	.443
my rural bank provides good customer support	3.273	363	.333
staff exhibit good manners and hospitality	-3.633	363	.234

*Source: Field Data (2015)*

It generally suggests that the reliability of rural banks' service delivery is generally weak. According to the respondents, when their rural banks promise to do something by a certain time, they do not do it on time, they do not appear to show sincere interest in solving problems, customer support is very low whilst most staff do not exhibit good manners and hospitality.

### 4.5.3 Responsiveness of Service Delivery

This is the willingness on the part of the service supplier (employee) to assist the customer and provide prompt service (Zeithaml et al 2006). An assessment was also carried out on the level of responsiveness of rural bank's service delivery as perceived by the respondents. The responses were measured using the t-test technique. Findings obtained are shown in the table below:

**Table 4.11 Perception of Responsiveness of Service Delivery**

	<i>t</i> -test Value = 1.5		
	<i>t</i>	df	Sig. (2-tailed)
Employees always respond to your request	3.154	359	.211
my rural bank keeps customers informed about delivery time	1.400	359	.110
Employees give prompt service	1.710	359	.231
customers are confident in employees	2.432	359	.225

Source: Field Data (2015)

From the table a similar trend is observed just as was recorded in the earlier service dimensions assessed. Generally, none of the variables recorded *p-values* that were statistically significant. It generally suggests weakness in the responsiveness of rural banks' service delivery. According to the respondents employees do not always respond to request, rural banks do not always keep customers informed about delivery time, employees do not give prompt service which reflects in a lack of confidence in employees.

### 4.5.4 Assurance of Service Delivery

Another important dimension of service delivery assessed is the assurance of service delivery. This describes the knowledge-ability and courtesy of employees towards the

customers, their ability to inspire trust and confidence in handling the customers. Variables captured under this dimension seek to establish the level of safety and assurance customers have in service from rural banks. Findings obtained using the ttest technique is shown in the table below:

**Table 4.12 Perception of Assurance of Service Delivery**

	<i>t</i> test Value = 1.5		
	<i>t</i>	df	<i>Sig.</i> (2-tailed)
Employees of my rural bank are courteous with customers	2.889	359	.251
customers feel safe in dealings with employees	2.800	359	.232
Employees are very knowledgeable	2.700	359	.030
most customers have a good experience of rural banks' services	1.800	359	.164

*Source: Field Data (2015)*

From the table, it is seen that the only variable that recorded a statistically significant value is the variable "Employees are very knowledgeable" (P=0.030). It shows that the customers believe that rural banks' staffs are very knowledgeable in terms of their job. The other variables however all recorded p-values > 0.05 (see table above). It shows that the level of assurance of rural banks' service delivery is generally low. According to the respondents employees are generally not courteous, whilst it is not all the time safe in dealing with employees.

#### **4.5.5 Empathy of Service Delivery**

The final dimension assessed is the level of empathy shown in the service delivery by rural banks. The table below provides the findings obtained with respect to each variable tested under this dimension. From the table, we find that the variables

“Employees give individual attention to you” and “my rural bank has convenient operating hours” both recorded p-values that were statistically significant (0.000 and 0.004 respectively). It suggests that customers generally are given individual attention whilst their operating hours are generally considered convenient by the most customers. However, the remaining variables “Employees provide prompt information to customers”, “Customer care service is satisfactory”, and “employees understand customers specific needs” all recorded p-values that were not statistically significant ( $p > 0.05$ ). It generally shows a mixed perception about the empathy dimension of rural banks’ service delivery.

**Table 4.13 Perception of Empathy of Service Delivery**

	<i>Test Value = 1.5</i>		
	<i>t</i>	<i>df</i>	<i>Sig. (2-tailed)</i>
Employees give individual attention to you	-3.100	359	.000
Employees provide prompt information customers	-6.167	359	.150
Customer care service is satisfactory	-9.000	359	.290
employees understanding customers specific needs	-10.608	359	.125
my rural bank has convenient operating hours	-4.500	359	.004

*Source: Field Data (2015)*

On the whole, however, it is evident that customers largely see rural banks’ service delivery to be poor and far below their expectation. An initial assessment of their expectation shows a significant gap between their expectation and the service they receive from the rural banks. It shows the need for rural banks to strengthen the quality of its service delivery. According to Manjunatha & Shivalingaiah. (2004) excellent service to customers is one of the primary goals of organisations, and defines the ability to provide promised products or services.

As indicated by Schacter (2011) one of the espoused reasons of quality service delivery is the perception it creates on the minds of customers and its potential effect on performance. As noted by Kabir and Carlsson (2010) if the perceptions would be higher than the expectations the service will be considered excellent, if the expectations equal the perceptions the service is considered good and if the expectations are not met the service will be considered bad

#### 4.6 Effect on Level of Satisfaction with Service Delivery

The study further examined the level of satisfaction of customers with the current state of service delivery. This objective again used the t-test analysis technique in measuring the responses obtained from the respondents. Findings are depicted on the table below.

From the table, it is seen that the customers generally are not impressed with the service delivery of their rural banks. Again, most of the customers do not see quality in their service whilst majority also does not consider their rural bank to be customer friendly.

These were established based on the various p-values ( $p > 0.05$ ) recorded for each of the variables tested under this objective. The implication is that customers are generally not satisfied with the service delivery of their rural banks. As evidenced from the table below, most customers ( $p = 0.01$ ) would switch to commercial banks at the appropriate time.

**Table 4.14 Level of Satisfaction with Service Delivery**

	<i>t</i> -test Value = 1.5		
	<i>t</i>	df	Sig. (2-tailed)
switch to commercial banks at the appropriate time	-7.454	359	.001
Very impressed with service	-7.650	359	.340

Very impressed with quality	-4.591	359	.250
Customer friendly	-3.643	359	.212

Source: Field Data (2015)

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## CHAPTER FIVE

### SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

#### 5.1 Introduction

This chapter presents a summary of the findings to the study. The chapter also includes a general conclusion drawn from the various discussions and analysis; as well as recommendations to address weaknesses identified.

#### 5.2 Summary of Findings

##### 5.2.1 Expectation of Service Delivery

The study found that rural bank customers have the following expectations from the organisation: timely service delivery, knowledgeable staff, quick response to complaints, adequate support to customers, and more efficient transaction. It was however evident that the most significant expectations were timely service delivery, knowledgeable staff, quick response to complaints.

##### 5.2.2 Perception of Service Delivery

The study found that most customers perceive the tangibility of rural banks' service delivery to be very weak. Customers also reported that the reliability of rural bank's service delivery is weak. Again, the study found weakness in the responsiveness of rural bank's service delivery as perceived by the customers. An assessment of the level of assurance in their service delivery also found it to be very low whilst customers gave a mixed perception about the empathy dimension of rural banks' service delivery. The general conclusion was that customers largely see rural banks' service delivery to be poor and below their expectation.

### **5.2.3 Effect on Level of Satisfaction with Service Delivery**

The study found that the customers generally are not impressed with the service delivery of rural banks. Again, most of the customers do not see quality in their service whilst majority also does not consider rural banks to be customer friendly. Most customers reported that they would switch to commercial banks at the appropriate time.

### **5.3 Conclusion**

The study has examined customers' perception of service delivery by rural banks. Several findings were made and discussed. This included the fact that almost all the dimensions of rural banks' service delivery were perceived to be generally weak. This suggests that there is the need for rural banks to ensure that every aspect of service delivery is critically examined so that weaknesses identified are adequately addressed to enhance customer satisfaction.

According to the work of Kumra (2008), service quality is not only involved in the final product and service, but also involved in the production and delivery process, thus employee involvement in process redesign and commitment is important to produce final tourism products or services.

### **5.4 Recommendation**

Based on the various findings and discussions, the following are recommended:

1. There is the need for improved customer support service by rural banks. This is based on the finding that most customers found this aspect of their service delivery to be very low.

2. Again rural banks should improve on its response rate to customer enquiries and complaints. This aspect of their service delivery was also perceived to be very low.
3. Further, there is the need for staff to be trained on effective customer relationship management. This will address the general complaint of poor customer relationship found in the study.
4. Most customers do not perceive rural banks to be sincerely giving the needed assistance to its customers, thus, rural banks should make effort to address customer needs with sincerity.



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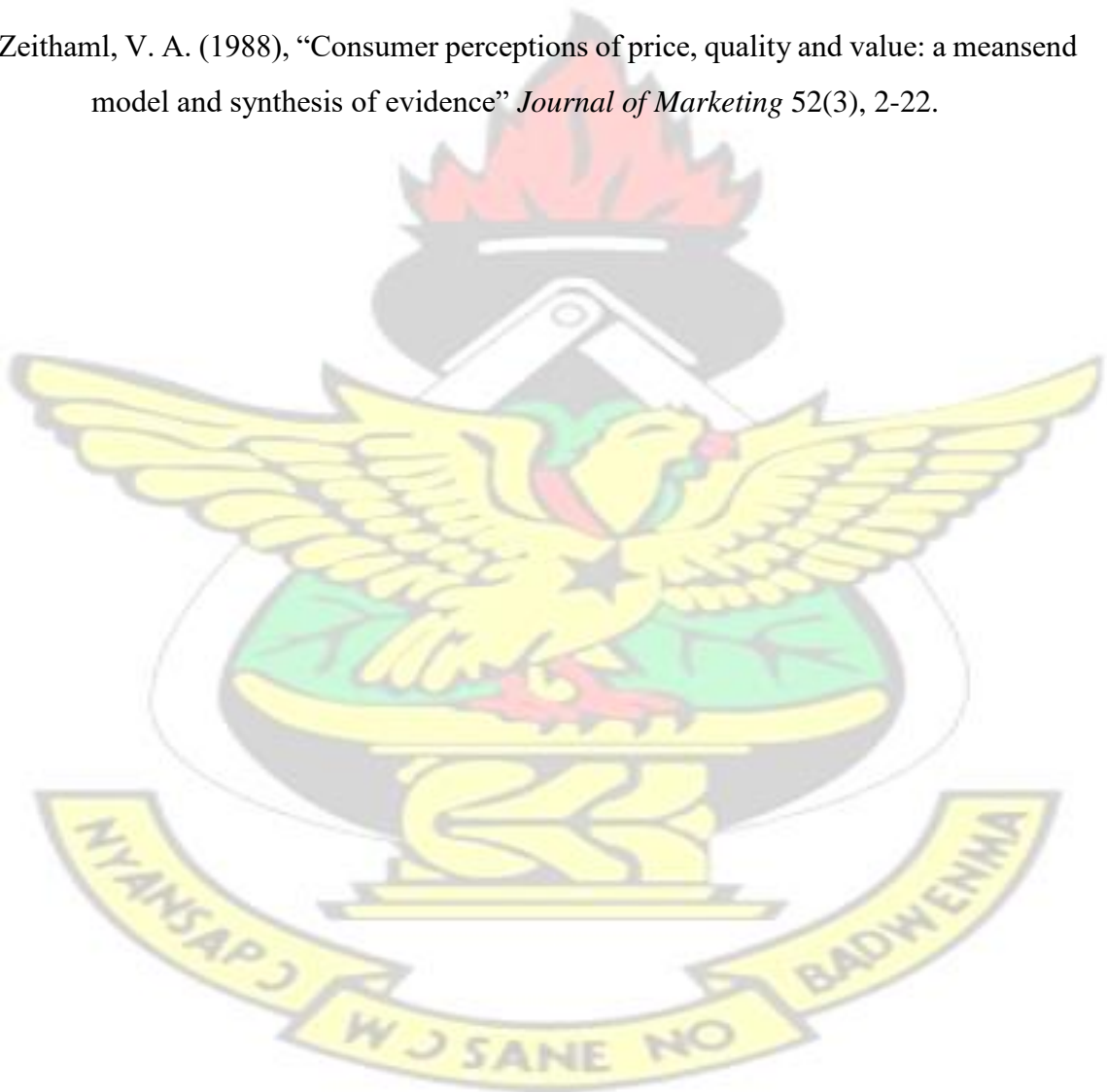
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## APPENDIX

### KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

#### TOPIC: CUSTOMER PERCEPTIONS OF RURAL BANKS IN GHANA: A CASE STUDY OF SELECTED COMPANIES IN ASHANTI REGION

#### Questionnaire (Customers)

This is part of a study that is examining customer perceptions of rural banks in Ghana. Kindly read the questions and answer to the best of your ability. This is purely for academic work and not meant for any other considerations; every information provided will therefore be treated as confidential.

#### 1. Background Information

Gender	Tick
Male	
Female	

Age	Tick
Less than 20 years	
21-30 years	
31-40 years	
41-50 years	
51-60 years	

How long have you been a customer of your rural bank	Tick
Less than 1 year	
6-10 years	
11-15 years	
16-20 years	
More than 20 years	

Level of education	Tick
Basic	
Secondary	
vocational	
First degree	
Second degree	

#### 2. Expectation of Service Delivery

To what extent do you agree with the following as constituting your expectation of service delivery from your rural banks?

(Key: 1-Strongly Agree 2-Agree 3-Neutral 4-Disagree 5-Strongly Disagree)

	1	2	3	4	5
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timely service delivery					
knowledgeable staff					
quick response to complaints					
adequate support to customers					
more efficient transaction					

### 3. Perception of Service Quality

On a scale of 1-5 (1-strongly agree, 2-agree, 3-not sure, 4-disagree, 5-strongly disagree), kindly indicate the extent to which you agree with the following

<b>Tangibility</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
My Rural Bank has up to date equipment					
The bank's physical representation of services attractive					
employees appear neat					

<b>Reliability</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
When the bank promises to do something by a certain time, they do					
The bank shows a sincere interest in solving your problems					
The bank provides error free service					
Service delivery is slow					

<b>Responsiveness</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Employees always respond to your request					
The bank keeps customers informed about delivery time					
Employees give prompt service					
The bank's offering attracts you					

<b>Assurance</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Employees of the bank are courteous with you					
You feel safe in your transactions					
Employees are very knowledgeable					
I have a good experience of the bank's service					

<b>Empathy</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Employees give individual attention to you					
Employees provide prompt information to customers					
Customer care service is satisfactory					
I am satisfied with the cash service of my Rural Bank					
Quality of branch service is satisfactory					
I always expect good service from the bank					
I recommend my Rural Bank to other people					

Any other comment

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