EFFECTS OF BANK SERVICE QUALITY AND CUSTOMERS PERCEPTION IN NIGERIA

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ABSTRACT

The study examined the effect of bank service quality on customers' perception in Nigeria. Objectives were targeted towards determining the effect of reliability responses, responsiveness responses, communication responses, accessibility responses, security responses on customers' perception. The population of this present research comprises customers of the entire 16 banks in operation in Ado-Ekiti metropolis. The table below shows the population strength of each bank customers as at July, 2017. The total sample size for the study were 400 using Taro statistical model. The sampling technique used was stratified random sampling technique. Multiple regressions were adopted to achieve the objectives. The study found that reliability responses have a greater effect on customer perception. It is found significant; therefore we accept alternative hypothesis and reject null hypothesis. This implies that the bank keeps its promises to deliver a service on a specified date and their services are accurately delivered while the transaction processing and customer details are handled without errors. These results showed that responsiveness responses have negative effect on customer perception, communication responses have positive effect on customer perception, accessibility responses have positive effect on customer perception and security responses have positive effect on customer perception. The study concluded that bank keeps its promises to deliver a service on a specified date and their services are accurately delivered while the transaction processing and customer details are handled without errors. The bank can be reached at any time during the week while accounts can also accessed through internet, ATMs and without internet access and even though the bank implements adequate policies against data misuse or fraud but they are still on able to tail the web hackers.

Key Words: reliability responses, responsiveness, communication, accessibility, security, customers' perception

1.1 INTRODUCTION

One significant role of banks is to provide financial services to corporate organisations, governments and individuals which are the backbone of the economy in today's world. The rising competition and liberalization in the banking sector has made them buyer's market. In order to satisfy customers services, banks needs to create an enabling environment which will keep their customers coming back (Singh &Kaur, 2011). The present economic recession facing the nation has have its own effect on the operations of banks in respect to services been provided. Thus, institutions that adopt strategies to compete better are more likely to survive in the long run and retain customer's loyalty which is one way of keeping banking businesses competitive (Maleek, Naeem&Arif, 2011). Quality of service been provided by banks is a determinant of customers loyalty to bank. The consolidation exercise in Nigeria's banking sector has drawn the attention of many banks to application of various technological devices in promoting/achieving better bank service delivery that guarantee customer satisfaction (Oyesola, 2007). However, the revolution in the banking industry in Nigeria started with the advent of various electronic devices to assist in the discharge of quality services to bank customers. The introduction of these electronic devices has increased competition in the banking industry which has gone a long way to reduce customers' waiting time and ensure adequate response to customers complains (Abaenewe, Ogbulu, &Ndugbu, 2013). Appannan, Doraisamy and Hui (2013)Customer service is important in banking industry because by delivering service excellence such as enhanced attentive, flexibility, communication, friendliness and responsiveness, meeting client needs, and providing innovative products are essential to succeed in the banking industry. Moreover, customer service in banking industry via new technology in this digital age helps in building better customer relationship with the bank. The study of customers' perception towards bank service quality might be a determinant factor for consumers' decision in the adoption of choosing a particular bank. Customer's perception as a concept that encompasses a customer's impression, awareness or consciousness about a company or its offering. Customers' perception is typically affected by advertising, reviews, public relation, social media or personal experience (Ajayi, 2016). Excellent bank service can improve the bank's ability to lure affluent prospects, elevate the bank's profitability, lower bank operation costs, and/or create greater customer loyalty.

In view of the above, the essence of this research was to determine differential impact of Service Quality (SERVQUAL) dimensions on customers' loyalty. Consequently, it will strength banking practitioners in not only improving consumers' intents to stay but also to motivate banks which could have favorable influence on their retail business scorecard.

2.0 Literature Review
2.1 Service Quality in Banks

A service is the process that results in the level of satisfaction received simultaneous from production and consumption purposes. Service quality comprises of functional and technical

components (Gronroos, 1990). The functional component combines the behavior of the service personnel, the speed at which the service is delivered, and the competency of the staff. The technical aspects relate to the outcome of the service. The SERVQUAL model encompasses five perceived service quality attributes: tangibles, reliability, responsiveness, assurance and empathy (Parasuraman*et al.,* 1988). Dabholkar et al. (1996) in their research on retail service quality proposed that perceptions of service quality are multilayered and comprise of overall customers' perception of quality (physical attributes, reliability, personal interaction, problem solving, and policy), and sub-dimension (appearance, convenience). The presence of these elements improves the assessment towards the service.

Onafalujo and Isimoya (2016) opined that Customers perceived service quality has been given increased attention in recent years due to its specific contributions to business competitiveness and development of satisfied customers. This implies that service quality is an important construct to be understood by service firm i.e how to measure it and make necessary appropriate improvement in its dimensions, particularly where gaps between customers expectation and perception exist. Karim and Chowdhury (2014) research has established that customers percepition of service quality depends on customers pre service expectations.

In this paper, attention will be focused on five important service quality measures: (1) reliability, (2) responsiveness, (3) communication, (4) access and (5) security. These concepts are described hereunder:

Reliability: This refers to the promptness of delivering the requested service in an accurate way and in line with advertised attributes (Parasuraman*et al.,* 1985; Jun &Cai, 2001).

Responsiveness: Responsiveness refers to delivering services and dealing with problems in a timely and convenient way (Jun &Cai, 2001).
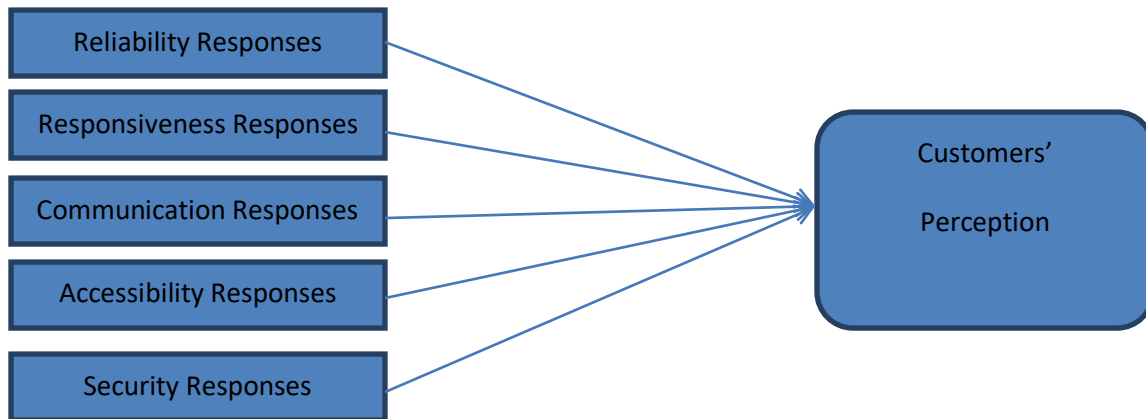
Communication: Both online and traditional communication methods entail that customers receive clear messages in terminology which they can understand (Johnston: 1997). Communication should also be reliable, empathetic and confidentially transmitted (Abdullah *et al.,* 2011).

Access: Access refers to the means through which customers can avail themselves of services provided by the bank. Providing access entails restraining waiting time and making services available in convenient locations, possibly on a twenty four seven basis. Jun and Cai (2001) extended the concept to comprise availability for help, and access to one's bank account even when abroad.

Security: Parasuraman*et al.,* (1985) defined security as the autonomy from danger, risk or doubt. Johnston (1997) extended the concept to include confidentiality obligations. Considering the security aspect in the context of IB, it may also be associated with safe processing of online transactions and preventing unauthorised access to bank accounts and personal information.

Theoretical Framework

Based on the literature review discussed above, research framework designed as below:

Reliability Responses
Responsiveness Responses
Communication Responses
Accessibility Responses
Security Responses

Customers' Perception

2.2   Customer Loyalty

Customer loyalty is a deeply held commitment to rebuy or repatronize a preferred product or service consistently in the future, thereby causing repetitive purchasing of the same brand, despite situational influences and marketing efforts. Gremler and Brown (1996) define it as "the degree to which a customer exhibits repeat purchasing behavior from a service provider, possesses a positive attitudinal disposition toward the provider, and considers using this provider when a need for this service arises. Loyalty is therefore an attitude or behavior that customers explicitly vocalize or exhibit. Loyalty has both behavioral and attitudinal dimensions. The behavioral repurchase consists of repeated purchase of product while attitudinal loyalty refers to attitudinal commitment or favorable attitude toward a product resulting in repeat purchasing behavior. It is a biased purchase response resulting from an evaluative attitude favoring the purchase. Loyalty is thus viewed as the customer's demonstration of faithful adherence to an organization despite its occasional error or indifferent services. Dick and Basu (1994) conceptualize loyalty as the strength between repeat patronage and relative attitude which results from comparing a particular brand with competing brands. Customer loyalty is strong when a high relative attitude leads to repeat buying. A low relative attitude leads to low repeat purchase which equals no loyalty. Anderson and Jacobson (2000) say that customer loyalty is actually the result of an organization creating a benefit for customer so that they will maintain or increase their purchases from the organization. They indicate that true loyalty is created when the customer becomes an advocate for the organization without incentives. Aljasser and Sasidhar (2016) were of the opinion that expectation of customers and their needs is a working factor for providing assurance services to immediate customers while Appannan, Doraisamy and Hui (2013) opined that the most important service quality practice on customer's overall satisfaction is responsiveness as it is perceived as a dominant service quality. Also,in their research they reveal that the service quality dimension (independent variables) of attentive, flexibility,

communication, friendliness and responsiveness are positively and significantly influencing the dependent variables (customer's perception).

3.0 Research Method
3.1 Research Design
This study used descriptive survey research design. Primary data was used for this study. Data were collected through questionnaire that was administered to selected respondents. The questionnaire was made up of five (5) sections with each of the respective sections containing questions on demographic information, reliability, responsiveness, communication, and security and Customers' perception adapted from Avkiran (1994) and Gambo (2013). In collecting the data for this study, questionnaire was distributed to selected customers of banks in operation in Ado-Ekiti Metropolis.

3.2 Population of the Study
The study population of this present research will be customers of the entire 16 banks in operation in Ado-Ekiti metropolis. The table below shows the population strength of each bank customers as at July, 2017;

Table 1: Population of the Study

S/N	Bank Branches in Ado-Ekiti	Customers Population
1	UBA ank	24,000
2	Stanbic IBTC	37000
3	GTBank	51,000
4	FCMB	49,000
5	Zenith Bank	42,000
6	Skye Bank	37,000
7	First Bank	52,000
8	Diamond	21,000
9	Wema Bank	12,000
10	Access Bank	4,000
11	Heritage Bank	27,000
12	Union Bank Ltd	11,490
13	Keystone Bank	7,432
14	Sterling Bank	8,745
15	Fidelity Bank	26,021
16	Unity Bank	14,721
	Total	

Source: Customer care service of various Bank, 2017

From the above table, the population of the study is four hundred and forty-five thousand, four hundred and nine (445,409) bank customers.

3.3 Sample Size and Sampling Technique
Sample Size

The statistical formula applied to determine the sample size from the population of the study as formulated by Muo (2000) cited in Isreal (2009) is stated as follows:

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

Where n = Sample size to be tested

N = Total population size

e = acceptable error term (0.05)

Therefore, the total sample size is calculated thus:

$$n = \frac{445,409}{1 + 445,409(0.05)^2} = 400$$

From the above, the sample size is four hundred (400) respondents

Sampling Technique

For effective coverage, stratified sampling technique was used to select the participating bank customers because not all customers of the population have an equal chance of selection. The research adopts Taro formula by Muo (2000) cited in Israel (2009) model was used to calculate the sample size of each stratum as below:

$$n = \frac{N_i n_i}{N}$$

Where:

n = Number of respondents from each academic staff of universities in Ekiti State

n_i = total sample size

N_i = number in each group

N = population size of the study

Table 2 Customers Sample Size

S/N	Bank Branches in Ado-Ekiti	Customers Population		Sample
1.	UBA Bank	24,000	$\dfrac{(400)(24000)}{N445,409}$	22
2.	Stanbic IBTC	37,000	$\dfrac{(400)(37000)}{445,409}$	33
3.	GTBank	51,000	$\dfrac{(400)(51000)}{445,409}$	46
4.	FCMB	49,000	$\dfrac{(400)(49000)}{N445,409}$	44
5.	Zenith Bank	42,000	$\dfrac{(400)(42000)}{445,409}$	19
6.	Skye Bank	37,000	$\dfrac{(400)(37000)}{445,409}$	38
7.	First Bank	52,000	$\dfrac{(400)(52,000)}{445,409}$	47
8.	Diamond	21.000	$\dfrac{(400)(21,000)}{445,409}$	19
9.	Wema Bank	12,000	$\dfrac{(400)(12000)}{445,409}$	11
10.	Access Bank	4,000	$\dfrac{(400)(4000)}{445,409}$	6
11.	Heritage Bank	27,000	$\dfrac{(400)(27000)}{(445,409)}$	24
12.	Union Bank Plc	11,490	$\dfrac{(400)(11490)}{(445,409)}$	10
13.	Keystone Bank	7,432	$\dfrac{(400)(7432)}{(445,409)}$	7
14.	Sterling Bank	8,745	$\dfrac{(400)(8745)}{(445,409)}$	8
15.	Fidelity Bank	26,021	$\dfrac{(400)(26021)}{(445,409)}$	23
16.	Unity Bank	14,721	$\dfrac{(400)(14721)}{(445,409)}$	13

Source: Field Survey, 2017

Measurement of Variables

To operationalize the research variables, the study first determined the indicators/parameters of each independent variable and then employed a 5-Likert scale to measure the dependent variables. Based on theories and models in the literature review, the scale comprise of 1-5. The

responses to questionnaire are restricted to Strongly Agree (5). Agree (4), Undecided (3), Disagree (4) and Strongly Disagree (5).

4.0   Results and Discussion

The gender distribution revealed that one hundred and eighty-two (48.2%) was male out of three hundred and seventy-five of the respondents and one hundred and ninety-three (51.5%) were Female. This showed that Female are more than Male counterpart among the customers of the selected banks that currently patronizing the banks. The age distribution of the respondents showed that sixty-four are between the ages of 21-30 years, two hundred and eighty-nine are between the ages of 31-50 years old while twenty-two respondents are above fifty years.The income distribution of respondents showed that less than N50,000 are received by forty-four respondents which represents 11.7% who filled the questionnaire, thirty-nine (10.4%) of the respondents received between N50,000 – N100,000, sixty (16%) received between N200,000 – N400,000 while one hundred and one (26.9%) received above N400,000. This implies that they are well paid in their place of work and have substantial some amount of money in the bank.The occupation status of the respondents showed that one hundred and thirty-six (36.3%) are fully employed, one hundred and ninety-eight (52.8%) are unemployed while forty-one (10.9%) are retired employed.

Table 3: Demographic Distribution of Respondents

	Frequency	Percent
Gender Distribution		
Male	182	48.5
Female	193	51.5
Total	375	100.0
Age Distribution		
Between 21-30Years	64	17.1
Between 31-50 Years	289	77.1
Above 50 Years	22	5.9
Total	375	100.0
Income		
Less than N50,000	44	11.7
N50,000-N100,000	39	10.4
N100,001-N200,000	60	16.0
N200,001-N400,000	131	34.9
Above N400,000	101	26.9
Total	375	100.0
Occupation		
Employed	136	36.3
Unemployed	198	52.8
Retired	41	10.9
Total	375	100.0

To test this hypothesis, the respondents' scores on six variables (reliability responses, responsiveness responses, communication responses, accessibility responses, security responses) on customers' perception of banks were computed and subjected to multiple regression analysis. From Table 4, the R (correlation Coefficient) gives a positive value of 0.320; this indicates that there is a weak and positive relationship between bank service quality and customers perception. The R^2 is a portion of the total variation in the dependent variable that is explained by the variation in the independent variables. From the results obtained, R^2 is equal to 0.102, this implies that reliability responses, responsiveness responses, communication responses, accessibility responses, security responses brought about 10.2% variance in customers perception of banks in Ekiti State, this is further proven by the adjusted R^2 that shows the goodness of fit of the model which gives a value of 0.090, implying that when all errors are corrected and adjustments are made the model can only account for 9% by bank service quality while the remaining 91% are explained by the error term in the model.

The unstandardized beta co-efficient of reliability responses and customers perception is 0.346 with t = 4.266 and (p = 0.000 < 0.05). These results showed that reliability responses have a greater effect on customer perception. It is found significant; therefore we accept alternative hypothesis and reject null hypothesis. This implies that the bank keeps its promises to deliver a service on a specified date and their services are accurately delivered while the transaction processing and customer details are handled without errors.

The unstandardized beta co-efficient of responsiveness responses and customers perception is -0.053 with t = -0.614 and (p = 0.539 > 0.05). These results showed that responsiveness responses have negative effect on customer perception. It is found insignificant; therefore we accept null hypothesis and reject alternative hypothesis. This implies that the bank's customer's service is not excellent in a case where service is inefficient, the bank do not offer other alternative to minimize inconveniences.

The unstandardized beta co-efficient of communication responses and customers perception is 0.069 with t = 2.268, and (p = 0.024 < 0.05). These results showed that communication responses have positive effect on customer perception. It is found significant; therefore we reject null hypothesis and accept alternative hypothesis. This implies that the bank offers individual attention to customers and the language which is easily understood.

The unstandardized beta co-efficient of accessibility responses and customers perception is 0.019 with t = 0.323 and (p = 0.747 > 0.05). These results showed that accessibility responses have positive effect on customer perception. It is found insignificant; therefore we accept null hypothesis and reject alternative hypothesis. This implies that the bank can be reached at any time during the week while accounts can also accessed through internet, ATMs and without internet access.

The unstandardized beta co-efficient of security responses and customers perception is 0.102 with t = 0.875 and (p = 0.382 > 0.05). These results showed that security responses have positive effect on customer perception. It is found insignificant; therefore we reject alternative hypothesis

and accept null hypothesis. This implies that even though the bank implements adequate policies against data misuse or fraud but they are still on able to tail the web hackers.

Table 4: Estimated effect of bank service quality and customers perception

Variables	Coeff.	Std. Error	t-value	p-value
Constant	9.082	1.229	7.390	0.000
Reliability Responses	0.346	0.081	4.266	0.000
Responsiveness Responses	-0.053	0.085	-0.614	0.539
Communication Responses	0.157	0.069	2.268	0.024
Accessibility Responses	0.019	0.060	0.323	0.747
Security Responses	0.058	0.045	0.875	0.382
R	0.320			
R Squared	0.102			
Adj. R Squared	0.090			
N	375			
F-Statistics	8.412(0.000)			

Dependent: Customers' Perception
Source: Field Survey, 2017

5.0 Conclusion and Recommendations
Conclusion
Based on the findings, the study concluded that the bank keeps its promises to deliver a service on a specified date and their services should be accurately delivered while the transaction processing and customer details are handled without errors. The bank's customer's service is not excellent in a case where service is inefficient, the bank do not offer other alternative to minimize inconveniences. The bank offers individual attention to customers and the language which is easily understood. The bank can be reached at any time during the week while accounts can also accessed through internet, ATMs and without internet access and even though the bank implements adequate policies against data misuse or fraud but they are still on able to tail the web hackers.

Recommendations
Based on the findings, the study recommends that bank should constantly get feedback from their customers via SMS, performance appraisal or one on one discussion about their perception on various forms of banking services offered and ways of improving future service delivery for customers satisfaction.

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