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EFFECTIVE BANKING SERVICE DELIVERY: A TOOL FOR ACHIEVING SUSTAINABLE CUSTOMER SATISFACTION

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ABSTRACT: ***This paper presents recent research on effective banking service delivery on customer satisfaction. The study examined the relationship between effective banking service delivery and customer satisfaction of deposit money banks in Nigeria. The research methods applied were questionnaire survey and observation to gather information from bank customers and employees of selected banks. The methods were further supplemented with a semi-structured interview with bank customers. The obtained data were analyzed by statistical methods. In association with the conducted researches it can be generally stated that the respondents agree with the statement that effective banking service delivery influences customer satisfaction. The study concluded that effective banking service delivery is crucial to an organization, banks are therefore encouraged not to view profitability as an overriding motive in forming service delivery strategy but based on customer patronage and loyalty with long run profitability and survival.***

Keywords: Service Delivery, Customer Satisfaction, Patronage, Loyalty, Survival and profitability

INTRODUCTION

The corporate objective of any business firm, including banking institution, which is maximization of shareholders' wealth, can only be achieved if customers are satisfied. In banking industry, customer services are the various activities designed to enhance the level of customer satisfaction. That is the feeling that a product or service has met the customer's expectation and needs and even beyond his or her expectation. Zairi, (2000) suggested that to achieve an effective banking service delivery there must be a good relationship between the customer and quality of service rendered by the bank. Every relationship is a strategy and banker-customer relationship is not an exemption (Kinni, 2004).

This is in line with Hoyer and Maclnnis (2001) perception that the key to captivating marketing of financial services is identification and packaging of customers' requests to their satisfaction. Service delivery has been defined by Kotler (2000) as the channel through which a bank sells its diverse products, either through e-banking or across the counter at a mortar and brick outlet. The competition in banking sector in Nigeria is not excluded, is getting more intense and stiff, partly due to regulatory imperatives of globalized banking and also due to increased customers' awareness of their rights. Bank customers have become more and more demanding, as they need high quality, low priced and immediate service delivery. They are satisfied when they get the service they want at the right time, the right place, the right price and in the right manner (Olaniyi, 2004). A queue occurs where facilities are limited and cannot satisfy demand made against them at a particular period. According to Cold well (2001), customers are ready not to spend more cost of waiting or queuing. The time wasted on the queue would have been judiciously utilized elsewhere (the opportunity cost of time spent in queuing). In Nigeria, some of the reasons for poor banking service delivery are congestions, long queues and jam-packed banking halls. Other problems that are being encountered by Nigerian banks in delivery of an effective service in other to bring about satisfaction to customer include: high lending rate, political instability, low profitability, insufficient legal frame work, high provision for non-performing loans, poor management, high price of financial services, high risk, network failure, poor corporate governance and so on. The above mentioned issues have affected the quality of service delivery offered by banks to their customers and in turn affect customers' patronage and competitive advantage of deposit money banks.

LITERATURE REVIEW

Customers are dynamic in nature, whose interest and patronage or taste can change as service rendered to them changes in quality and quantity. It is expedient that in banking, all staff should focus on efficient and effective service delivery which results into customer delight. It therefore goes from the above that for excellent service in a bank, every member of staff should be a marketer, strategic manager and a practitioner of total quality management (Gupta, McDaniel and Herath, 2005). Empathy is an essential tool for excellent customer service. This implies that bankers should put themselves in the position of the customer, identifying with their needs and being patient in dealing with them while endeavoring to give error-free services. Service delivery is simply delivering the services effectively and efficiently to the customer (Anderson and Jacobsen, 2000). For a bank, a customer is a person who is utilizing one or more of the services provided by the bank. Mittal and Kamakura (2001) opined that a customer is also a person through whom the bank gets an opportunity to make an earning in return for the service it can provide the customer.

For Example, an individual who has a demand deposit account with a bank or fixed deposit or a loan account with the bank is a customer of the bank. Satisfaction is the customer‘s estimate of a product or service in provisions whether that product or service has met their unfulfilled needs and expectations (Zeithaml and Bitner, 2000). Happy and satisfied customers behave in a positive manner. They will buy more products and will give a large share of their business. Consequently, obtaining competitive advantage is secured through intelligent identification and satisfaction of customer's needs better and sooner than competitors and sustenance of customer's satisfaction through better products/services (Wilson, 2002). Technology is then essential in providing faster and more efficient services to customers. Technology acquisition must be based on actual needs and the proven ability to deliver customer – friendly solutions. But with globalization, Nigerian banks have no choice but to adopt electronic banking services to enhance effective service delivery that translate to customer satisfaction, if they actually want to stay in the business (Madureme, 2009).

Human Service Theory

Services are fundamentally intangible. They cannot be touched or handled. They exist as events and cannot be resold or shared between parties. Delivering a service to a person involves having a real person interact with her and meet her needs. For delivering any service to a person, the system designer must first consider the human element involved. The people delivering the service must be capable of interacting in a positive and effective manner. Given that services exist as events, they tend to be more variable than other products that an organization can provide. The quality of one service to the next will differ more sharply. Organizations can improve the quality and consistency of their services only by great effort. A constant attempt must be made to gain customer feedback and to understand the ways that service can be improved. Often it is necessary to institute a training program. The fundamental limit on the service that any organization can provide is the number of people that it has in its workforce. One person can be stretched only so far in how many tasks she can accomplish in a given amount of time. In order to increase the quality or quantity of any service, it is often necessary to increase the people involved. The more difficult the service, the more costly it will be. Many theorists of human service delivery stress the importance of an internal credo or ideology for an organization. In order to motivate the people delivering services, and to provide them with broad guidelines, it is necessary to communicate a greater mission. By having a broader vision before them, people will be better able to process a diversity of challenges and to justify their own work. Internal ideologies tend to work best by being aspirational (Andrey Pomyantovskiy and Casey Reader, 2017).

Concept of Banking Service Delivery

Banking service is defined as the various ways in which a bank service can help a customer's financial needs such as operating accounts, lending, making domestic and international transfer services, save custody, business advisory services, agency services, paying standing orders and selling foreign currency (Bowen, Chen and May, 2001). Bank services could be conceptualized by visualizing it in four levels which will move banking the commodity mind-set to creating unique experiences for the customer at all times. These levels are: (i) Core bank Service; this provides the basic and fundamental benefits which make the service to be of interest.(ii) Expected bank Services; this gives the minimum set of expectation of customer; (iii) Augmented bank Services; this is about offering services that are over and above the expectation of the customer; or over what the customer is accustomed to and (iv) Potential bank service; this is about everything which can be done with service that will be of utility to the customer (Bansal and Gupta, 2001).

Customer Satisfaction

Satisfaction is an overall customer feeling towards a service provider, or an emotional reaction to the discrepancy between what customers anticipate and what they receive, regarding the accomplishment of some need, goal or desire (Hansemark and Albinsson, 2004). Customer satisfaction is derived largely from the quality and reliability of a firm's products and services. It is a state of intelligence in which the customer's needs, wants, and expectations throughout the product or service life have been met or exceeded, resulting in future repurchase and loyalty. Customer satisfaction is also defined as a customer's overall evaluation of the performance of a bank service delivery. This overall satisfaction has a well-built positive effect on customer loyalty intentions across a wide range of product and service categories {Gustafson, 2005}.Customer satisfaction is an organization's ability to attract and retain customers and to improve customer relationship over time. It is often seen as the satisfaction with an organization's products or services. Furthermore, it is considered to be the key to success and long-term competitiveness. The knowledge of customer satisfaction is the source for the fulfillment of customer expectations, the informed source for gaining their retention and the source for studying organizational effectiveness in the process of service delivery. An organization can decide on the actions required to meet customer needs if it understands perceptions. Furthermore, it can identify its own strengths and weaknesses and chart out the strategy of future progress and improvement of the work practices and processes used within the organization. According to Hoyer and Maclnnis (2001), happy customers form the basis of any successful business as customer satisfaction leads to repeat purchase, brand loyalty and positive word of mouth. Satisfied customer contributes revenue to a company while dissatisfied customer decreases a firm's revenue. Clarke (2001) posited that high customer satisfaction will result in increased loyalty for the bank and that customers will be less prone to overtures from competition. Wangenheim, Evanschitzky and Wunderlich (2007) observed that satisfied customers are more likely to replicate patronage (and even become loyal) customers. Sivadas and Baker-Prewitt (2000) reported that satisfaction also influences the likelihood of recommending a bank as well as become a customer. Once customers recommend a bank it fosters both repeat patronage and loyalty towards that bank. Kotler (2000) stated that firms with satisfied customers have a good opportunity to translate them into loyal customers – who purchases from those firms over an extended period. Bansal and Gupta (2001) opined that the strategic imperatives for building a loyal customer base include the following issues. (i) focus on key customers (ii) proactively generate high level of customer satisfaction with every interaction (iii) anticipate customer needs and respond to them before the competitor does (iv) build closer ties with customers (v) create a value perception.

Methodology

Survey method was adopted to collect data for analysis. The target population of this study was the selected deposit money banks in Nigeria where a census survey was carried out on bank which comprised insured deposit money banks. The study made use of primary data. The primary data was obtained through a structured questionnaire and observation. These methods were further supplemented with a semi-structured interview with employees of the banks. The target respondents were bank customers and employees of selected banks. The bank employees responded to the section on the banking service delivery while the customers responded to the section on the customer satisfaction. Ninety five (95) out of one hundred and twenty (120) questionnaires were properly completed, returned and analyzed using regression analysis. Simple regression analysis was used to establish the nature and magnitude of the relationship between effective banking service delivery and customer service. Descriptive statistics such as frequencies and percentages were computed for organizational data and multiple choice questions in order to describe the main characteristics of the variables of interest in the study. Mean scores were computed for Likert type of questions. SPSS software was used for analysis. Data was presented in form of tables.

Data Analysis and Discussion of Results

This study sought to establish the influence of effective banking service delivery on customer satisfaction. The tests were carried out using simple regression analysis at 5% significance level (a=0.005).To test the hypotheses, it was necessary to compute composite scores for variables that had several measures. In this regard, composite scores were calculated to represent the responses to the various attributes that defined effective banking service delivery which were used as input to the evaluation. The outline and the results from the evaluation were as presented below:

H_O: There is no significant relationship between effective banking service delivery and customer patronage

This hypothesis was tested by regressing effective of banking service delivery on customer patronage guided by the equation $Y=\beta o+\beta_1 X$ where X represented effective banking service delivery and Y denoted customer patronage in table 1 below

Table 1: Regression results for the influence of effective banking service delivery on customer patronage

Model Summary

Variables	Coefficients	Std. Error	T-Stat	Prob.
Constant	1.301	0.115	11.325	0.000
Effectiveness of bank service delivery	0.206	0.078	2.627	0.009
R-Square	0.025			
F-Stat	6.903			
Prob. Value	0.000			
DF	269			

The results presented in table1 indicate that the influence of effective banking service delivery on customers' patronage was positive and significant (R^2 = 0.25, F= 6.903), $p<0.05$). From the table, 25% of the variation in customers' patronage was explained by variation in effective banking service delivery. It also suggested that effective banking service delivery accounted for 25% of the variation in customers' patronage in bank. (R square =0.25, $p<0.05$), β was also statistically significant (β=0.206, t=2.627, $p<0.05$). The probability value of the first hypothesis tested showed 0.000 which was less than 0.05 ($p<0.05$). The p-value is statistically significant and therefore the null hypothesis is rejected. Overall regression results presented in table 1 indicate that effective banking service delivery has a significant positive effect on customers' patronage. The hypothesis that says there is no significant relationship between effective banking service delivery and customer patronage is rejected. The hypothesis that effective of banking service delivery influences customer patronage was therefore confirmed.

Ho: There is no significant relationship between effective banking service delivery and customer loyalty

The regression model used was similar to the one used in table 1. The influence of effective banking services delivery on customer loyalty was tested and the results were as presented in table 2 below.

Table2: Regression results for the influence of effective banking service delivery on customer loyalty

Model Summary

Variables	Coefficient	Std. Error	T-Stat	Prob.
Constant	10.471	0.144	3.265	0.000
Effectiveness of bank service delivery	0.933	0.098	9.502	0.001
R-Square	0.252			
F-Stat	9.292			
Prob.	0.000			
DF	269			

The results presented in table 2 show that the influence of effective banking service delivery on customer loyalty was positive and significant (`$R^2 = 0.252$, F=9.292, $p< 0.05$). From the table, 25.2% of the variation in the customer loyalty was explained by variation in effective banking service delivery (R square=0.252, $p< 0.05$). β =0.933. t=9.502, $p< 0.05$). Overall regression results presented in table 2 indicate that effective banking service delivery has significant effect on customer loyalty. The hypothesis that effective baking service delivery has no significant relationship with customer loyalty is rejected and alternative hypothesis that effective banking service delivery influences customer loyalty is confirmed.

Conclusion and Recommendations

The study revealed that effective banking service delivery has helped increase customers' satisfaction and retention rate. The study also showed that effective banking service delivery has helped banks in attaining high level of profitability with improved customer patronage, and loyalty, attraction of new customers and retention of existing customers. The major conclusion from the result of the study is that effective banking service delivery is critical and important in maintaining a strong banking system in Nigeria. With excellent service delivery banks can improve their ability to attract wealthy customers, elevate the banks' profitability performance, lower bank operation costs and/or create greater customer loyalty. Where banks offer poor service delivery they would not be able to satisfy their customers which often increases customer dissatisfaction and reduces the inflow of income. Monetary and regulatory authorities and bank management should lay more emphasis on the training and development of front-line customer service team. Deposit money banks must be focused in terms of their customer needs and using the correct marketing strategy in rendering their services to achieve corporate goals, rather, than acquiring formal strategy because other banks are in competition with them. Banks should encourage a level of education on both the part of the bank's staff and customers for better satisfaction and retention of customers to effectively achieve their objectives.. It is important that banks offer their services at moderate price the customers can afford. Their cost of services should not be too high and at the same time not be low so as to ensure profit realization. Much needs to done in the area of creating awareness about the availability of banking products and services and the benefits associated. No business can exist without customers. Customer value is an asset to the organization. In order to retain the customer, banks need to ensure that right promotion and marketing is available at the right time for the customers. It is essential that banks get to know their customers and establish a professional relationship with their customers so as to empower them with the knowledge of what the customer needs. Finally, a winning bank is the one that makes customer satisfaction a priority. Each bank should not just aim at increasing gross earnings: it should create a reservoir of repeat buyers and buyers for additional products and services. Each bank should always value customers' relationship and be generous in praising or complimenting customers for their patronage.

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