Modelling Consumer Perception of Service Quality in Banks

By

Akintunde Adetayo
School of Business and Accounting,
Linton University College
Mantin, Negeri Sembilan, Malaysia.

Dr. Abdul Rahman bin S Senathirajah*
INTI International University, Persiaran Perdana BBN Putra Nilai, 71800 Nilai, Negeri Sembilan, Malaysia.Senior Lecturer, Faculty of Business and Communications.
Email: arahman.senathirajah@newinti.edu.my

Dr. Syriac Nellikunel Devasia
Associate Professor MAHSA University, Malaysia Email: syriac@mahsa.edu.my

Dr. Rasheedul Haque
Associate Professor MAHSA University, Malaysia Email: rasheedul@mahsa.edu.my

Abstract

The purpose: Examining customers' perceptions of service quality in the banking sector

Methodology: By combining quantitative and qualitative methods, a triangulation approach is used to identify factors that affect customer perceptions of service quality.

Findings: According to the study, there is a positive relationship between customer perceptions of service quality and the dimensions considered important in their assessment. These dimensions have a direct effect on customer's satisfaction and direct effect of customer satisfaction on word of mouth. These dimensions are termed as responsiveness, reliability, tangibility, empathy and assurance.

Research Limitations: In this study, only the younger generation age group which will be the future key users of the banking sector was studied.

Practical Implications: This research has practical implications for changing the conventional view of profit maximization through cost effectiveness in organizations. This will enable managers to focus their attention more on how profit can be made from the quality of service.

Originality/value: The originality of the paper is threefold (1). It fills the gap in literature of banking service quality in Nigeria. Secondly, it used a mixed method to collect diverse perspectives of respondents. Finally, structural equation modelling is used to build the service quality model.

Keywords: Bank, Customers Satisfaction, Service Quality

Introduction

With Nigeria's economy rapidly changing, the banking industry has undergone constant transformations. A dynamic business environment poses many complex challenges to banking practitioners. Banking reformation which started in 2004, followed by mergers and acquisitions coupled with rapid technology advancement in 2022 and globalization have put an enormous strain on Nigerian banks leading to intense competition.

In recent years, the competitive nature of the banking industry has forced banks to shift their attention towards the improvement of the quality of service offered to customers. For the banks to maintain its dominance in the economy, there is a need for the quality of service provided to exceed or or at least meet customer's expectation and satisfaction. According to Lam and Bojei (2007), the greater challenge that is faced by the banking industry is not just to be profitable but to achieve market satisfaction and to cultivate customer loyalty.

Recent studies have indicated an increasing level of dissatisfaction among the customers with the quality of service provided by Nigerian Banks (Woldie, 2003). This is evident in the daily delays in resolving complaints, uncontrollable queues in the banking hall and ATM galleries, inability to solve technical complaints on time, rude attitude of customer service staffs, unnecessary delays in the confirmation of a bank cheque to a third party, untrained staffs with little knowledge of the new products and company values, delays in the clearing of interbank cheques, unnecessary delays in the approval of transactions and many more (Woldie, 2003).

In this context, research is required to assess the extent and how are customer's satisfaction being influenced by service quality. Bank managers need to understand not only the banking experience which is important but also to investigate customer's perceptions of dimensions of bank service quality and how profitably it can be improved to their advantage. It has been proved by Bell and Zemke (1992) as well as Zeithaml, Berry, and Parasuraman (1996) that companies with superior service quality tend to be more profitable because their customers become more loyal to them. As a result, the quality of service is critical for the success and survival of today's banks in a highly competitive environment. According to Lovelock and Wirtz (2011), poor service quality many a times drives away dissatisfied customers placing the firm at a disadvantage in comparison to the rest of the competitors.

One of the best ways to retain existing customers and acquire new ones is to have exceptional service quality which will in turn lead to cost reduction, enhanced corporate image, positive word – of – mouth recommendation, and improved profitability (Ladhari, 2008; Negi, 2009). Consumers tends to patronise companies where they have experienced a good service and they tend to refer friends and family to such places. This indicates that companies are not only profit oriented but also focuses on how customers perceive the quality of their service.

Firstly, this study aims to fill the knowledge gap by exploring the key factors that influencing customer perception of service quality. Secondly, by developing a scale to empirically assess those factors and finally by assessing the homological validity of the scale by assessing its ability to predict theoretically-related constructs (i.e., satisfaction, positive word of mouth, customer loyalty). This study reviews relevant literatures pertaining to service quality, with a particular emphasis on the banking industry. A five-factor model of banking service quality is developed through two studies (qualitative and quantitative). As a final step, the implications are discussed both theoretically and managerially.

Literature Revew

Service Quality

The quality of service can be described as customer satisfaction that reflects how an organization is perceived by its customers (Wisniewski, 2001). According to Grönroos (1990), service quality is a perceived judgement resulting from a comparison process between customers' expectations and the services they receive. According to some studies, service quality is an attitude. According to Peter, Churchill Jr, and Brown (1993), service quality is a significant attitude that sets apart superior organisations from its competitors in the industry. Service quality can also be seen as an antecedent of customer satisfaction which has a strong influence on future purchase (Cronin Jr & Taylor, 1992).

There are different methods for measuring service quality in different industries, making a generalisation of a measurement scale ineffective in some. A generic scale of service quality may not be as effective as industry-specific measures, according to Ladhari (2008). According to Dabholkar, Thorpe, and Rentz (1996) suggested that future research should focus on developing industry-specific quality measures for services, since common quality measures across industries are not feasible. Ladhari (2008) demonstrated that recently, researchers and scholars have been developing tools for measuring service quality tailored to specific industries. In response, industry-specific service quality models and scales have been developed. In addition, Anderson and Sullivan (1993); Berry, Zeithaml, and Parasuraman (1985); Bitner and Hubbert (1994); Grönroos (1993); Johnston and Lyth (1991); Rust and Oliver (1994); Taylor and Baker (1994); suggest several additional sources. An IT-based model has been used to study the relationship between IT-based service quality perceptions and IT-based service in the Information Technology industry (Zhu, Wymer, & Chen, 2002). It examines how the service dimensions are related to IT policies as well as how these policies impact customer satisfaction and service quality percept.

Brady and Cronin Jr (2001) model for measuring service quality was used by Caro and García (2007) to measure perceived service quality in the urgent transport industry. An additional study taking into account ten dimensions of the service quality ring that was developed by Rust and Oliver (1994) included listening to clients, providing reliable service, designing services, recovering from customer problems, surprising customers, working together, conducting employee research, and serving as a servant leader. As a result of their study, service organizations were recommended to develop these factors in order to improve quality of service. Dabholkar et al. (1996) developed a five-dimensional, six-sub-dimensional, and 28 item model of Retail Service Quality Scale (RSQS), which was empirically validated.

A comprehensive review of the service quality literature is beyond the scope and aims of this article. Nonetheless, it is important to emphasize that many service quality researchers have developed their models based on the SERVQUAL model that dominates service quality research. The INTSERVQUAL model was developed by Frost and Kumar (2000) after adapted versions of the GAP Model (Parasuraman, Zeithaml, & Berry, 1988) and the SERVQUAL (Parasuraman et al., 1988). The model measures the service quality of internal customers such as front-line staff and support staff in airline industry. As a result of the study, it was found that internal service quality was affected by responsiveness mostly, however; reliability was found as the most important influencer in SERVQUAL. Also, Cronin Jr and Taylor (1992) developed a performance only model (SERVPERF) based on the measurement of service quality and its relationship with consumer satisfaction and purchase intensions. As a result of this study, it was found that the conceptualization and measurement of service quality based on performance is an enhanced means of measuring service quality – i.e. performance instead of "performance-expectation" determining service quality.

Banking Service Quality

There has been a recent resurgence in research on banking service quality in marketing and business journals. There have been several studies reported in this area, but none stands out as significant. The banking service quality industry has taken many different approaches and emphasized a variety of aspects. Due to the emerging nature of this area, it is important to view the diversity of approaches in a positive light. The majority of studies exploring banking service quality have some methodological or conceptual weaknesses. In generalizing findings from banking service quality studies to other service industries is always limited. Considering the actual quality of banking services rather than expected performance is an inadequate method of evaluating the quality of banking services (Cronin Jr & Taylor, 1992).

Also, studies exploring banking service quality makes use of qualitative method of data collection. This method limits the understanding of how well data could be collected. In order words, customer perceptions are limited by the limitations of this method of data collection. In an empirical study on banking service quality, the use of both qualitative and quantitative method of data collection gives a better perspective of how customers perceive about service quality.

In spite of the shortcomings stated in the above studies certain patterns are starting to emerge through their collective work in service quality. Bebli (2012), concluded in his study which was based on the SERVQUAL and SERVPERF models originated by Cronin Jr and Taylor (1992); Parasuraman et al. (1988), that the higher the level of services offered, the higher the satisfaction associated with product or services being offered.

Camilleri, Cortis, and Fenech (2013) in their study on banks found that clients lay particular emphasis on reliability and access. Customers may also focus on different aspects such as cost, security, convenience and recommendation from acquaintances which may encourage or impede the adoption of internet banking services. Choudhury (2007) undertook a study of the Indian retail banking industry to explore the dimensions of customer perceived service quality using a set of service quality parameters. In India, retail banking quality can be categorized as having four dimensions: attitude, competence, tangibles, and convenience.

Grazhdani, Vërçuni, and Merollari (2015), reviewed banking service quality dimensions in developing countries and found three factors namely analysis of issues related to bank customer perception and expectations, development of bank service quality measurements in different countries or culture and the relationship between bank's customer expectations and the cultural dimensions, having significant impact on service quality. The banking service quality (BSQ) scale used in this study was based on six dimensions (which was derived from the six SERVQUAL dimensions namely; responsiveness, credibility, security, empathy and communication): access, price, tangibles, service portfolio and reliability.

According to the research reviewed, there are common aspects of banking service quality that can be identified. There is a lot of emphasis placed on the reliability and assurance of service quality in studies. Various researches emphasize these dimensions because they are the basis for company patronage. This dimension refers to the bank's ability to deliver on the promises it has made to its customers with accuracy and reliability. The assurance dimension includes the competence of the employees, and how well they can inspire trust and confidence in their customers. Also, other studies emphasise on dimensions which include, tangibility, responsiveness, empathy and access. The tangibility dimension deals with the physical

appearance, facilities and the equipment that aids banking services, giving confidence to customers. Responding to customers' needs and providing prompt service is part of the responsiveness dimension. Several studies demonstrated that banks can build customer loyalty by focusing on this dimension. Furthermore, these studies also indicate that organisations' empathy dimension contributes to customer loyalty through their individual attention to their customers.

Study

During the course of this study, two different types of methods will be used to collect the data a qualitative approach and a quantitative approach. The data for this study were collected through Semi-structured interviews in the initial phase. When the interviewer is not allowed to interview someone more than once and when several interviewers have to go into the field to gather information, semi-structured interviewing is most appropriate (Bernard, 1988). There was a total of 20 interviews conducted. Participants in the first study ranged in age from 18 to 45, consisting of 6 women and 12 men. From undergraduate to postgraduate education, there was a wide range of educational attainment. In most cases, the interviews lasted about thirty minutes, but some lasted up to an hour.

Consumers' perceptions of commercial bank service quality were examined through interviews. The objective was reached by having informants describe their experiences with commercial banks that they find satisfying, using interview guides to ensure that major topics were covered in the interview and that it did not diverge from the objectives (Gubrium & Holstein, 2001). Five themes regarding the quality of commercial bank service emerged from the interview: responsiveness, reliability, tangibility, assurance, and empathy.

As a second step, the qualitative study quantified the five dimensions identified. Using the standardized questionnaire discussed above, 33 items were included for each of the five dimensions for the researcher to collect data. Respondents were asked to answer questions on a five-point Likert scale, which 1= strongly disagree, 2= disagree, 3= neutral, 4= agree, and 5= strongly agree. A sample of 200 Nigerians who are customers to at least a bank was used. The questionnaires were distributed randomly via electronic mail, social media such as twitter, Facebook and blogs.

Qualitative Results Analysis

Responsiveness

Bank service quality is largely determined by responsiveness, according to respondents to the interview. Respondents defined responsiveness as how banks respond to complaints or enquiries from customers. Key aspects of responsiveness which emerged in the interviews was the ability to solve problems quickly and efficiently, follow-up within 24 hours and error free service. Some respondents also termed these dimensions as providing services in a friendly and courteous environment.

The following statements highlight the importance of the responsiveness dimension:

"Responsiveness from the staff allow me to complete my transactions faster." (Male, 45)
"A quicker response helps me to make a fast decision whether to use a service or not." (Female, 21)
"Accurate responsiveness is very crucial to avoid making wrong buying decisions and helps me to buy the right product." (Male, 27)

However, some informants had negative perceptions about the responsiveness of the program:

These sentiments are expressed in the following quotes:

"My complaints were not resolved on time." (Female, 24)
"How do I trust the response given to me when they take forever to answer me?" (Male, 23)

These findings from this research are supported by studies from Zeithaml, Bitner, and Gremler (2010) who concluded that companies need to look at responsiveness from the view point of the customer rather than just from the company's perspective. A firm's level of responsiveness can be measured through its proactive communication to its customers and by asking the following question: how long it would take to get answers or have their problem dealt with? Maister (1984), too confirmed through his studies that slow service delivery has a negative effect on individual's overall perception of the service quality.   So, if companies are able to provide an efficient service delivery, it is more likely that customers will evaluate the service more favourably. Therefore, customers are more concerned with the speed with which a service is offered or delivered.

Reliability

Respondents viewed reliability as the ability of the bank to keep its promise. Key areas which emerged in the interviews were the ability of the bank to perform exactly what they promised and provision of accurate information about services and charges (where necessary). Some respondents viewed it as the most crucial dimension they look forward to in choosing a bank, while others considered it to be the most important factor in determining the quality of banking services.

The following statements highlight the importance of the reliability dimension:

"I would worry less if my bank keeps to its promises." (Male25)
"If you are reliable to me, I will bank with you forever." (Female30)
"Tell me when it will be done, and keep to your promise." (Male20)

However, some informants had negative perceptions about the responsiveness of the program:

These sentiments are expressed in the following quotes:

"I was charged without been informed, this frustrates me." (Female20)
"I waited for a long time just to get my bank statement, this frustrates me." (Male30)

These findings from this research are consistent with the studies conducted by Yang and Fang (2004). According to the authors of this study, reliability is the most important characteristic in determining the quality of service for customers.   The reliability of services delivered should also be a factor that influences customers according to Zeithaml et al. (2010). Therefore, it is crucial that the information provided to customers is accurate and promises made on product or services are to be always kept because reliability affects dissatisfaction more than it affects satisfaction (Berry et al., 1985).

Tangibility

Interview respondents view tangibility as a key dimension of banking service quality. It was viewed as the attractiveness of the physical facilities of the bank. Most respondents also viewed it as the presentable appearance of bank staffs and other facilities involved in the provision of service to the consumers. Key areas mostly discussed by respondents are neat banking environment, neatly dressed staffs (most especially front-line staffs), and attractive facilities (common among the younger respondents).

The following statements highlight the importance of the tangibility dimension:
"I love the interior settings of the bank, it makes me always want to go there." (Female21)
"I am less concerned about the buildings but the neat appearance of the security staff and other staffs impresses me." (Male30

However, some informants had negative perceptions about the responsiveness of the program:

These sentiments are expressed in the following quotes:

"The banking hall is too small so it is always congested." (Male30)
"I don't go the banking hall because it is not attractive." (Female19)
The findings of this study are in line with those from Srinivasan (2012), who asserts that customers evaluate service quality based on tangible evidence surrounding the service. In a study conducted by Bitner and Hubbert (1994), physical appearance was found to have a significant impact on customer satisfaction.

Assurance

Respondents contextualized this dimension to cover knowledge and courtesy of the banking staffs and their ability to solve customer's problems. In the banking service where the risks are high, respondents find this dimension as important as the reliability dimension. Key areas which emerged in the interview is the ability of the bank's employees to convey trust and confidence to the customers and competence of the staffs. Some respondent viewed it as critically important due to the sensitivity of the functions performed by the banks.

The following statements highlight the importance of the assurance dimension:

 "I save more time when I meet an employee with a good knowledge of their service." (Female21)
"I make better decision whenever I am advised by a bank's staff." (Female25)
"In most cases I trust the staffs to decide what's best for me due to their knowledge of the service." (Male25)

However, some informants had negative perceptions about the responsiveness of the program:

These sentiments are expressed in the following quotes:

"If you don't know about your service, I cannot trust you with my money." (Male25)
"I feel very uncomfortable meeting an inexperienced banking staff." (Male33)

Based on the findings of this study, Ravichandran et al. (2010) concluded that assurance is an important factor in customer satisfaction as well as a way to retain customers. As Anderson Jr, Cox III, and Fulcher (1976) found in his banking studies, to make customers comfortable enough to establish a banking relationship, there must be a substantial level of trust in the bank. It is therefore a strong indicator of the overall satisfaction of customers as well as an important source of customer satisfaction (Ndubisi, 2006).

Empathy:

The respondents in the study considered empathy as a key dimension of the banking service quality. Respondents viewed it as the individualized attention given to a customer by the employee of the bank. It also involved the remembrance of name (where applicable), preference of needs (where applicable) and making customers feel unique and special. Some respondents viewed it as the provision of customized service.

The following statements highlight the importance of the empathy dimension:

"I feel special whenever I'm addressed by my name in my bank." (Male25)
"I must feel special and unique if you want me to keep my money with you." (Female21)
"I will love to patronise a bank that will treat me like I am the only customer even if am not." (Female30)

However, some informants had negative perceptions about the responsiveness of the program:

These sentiments are expressed in the following quotes:

"If my specialized needs are not met, I will do my business in another bank." (Male30)
"I feel disrespected if I have to always introduce myself to make the same request." (Female20)

These findings from this research are supported by studies from Andaleeb and Conway (2006), who states that the survival of a particular service organization is building the relation with customers as opposed to transaction marketing. In the study on private sector banks, Ananth, Ramesh, and Prabaharan (2011) concluded that it is the only dimension that has to do with giving individual and personal attention to customer's special needs and the understanding of customer in the evaluation of service quality. A

personalized, flexible, and adjustable service can be offered to meet the needs of customers to achieve customer satisfaction, according to Ndubisi (2006).

Quantative Results Analysis

Figure 1: Path Coefficient Model
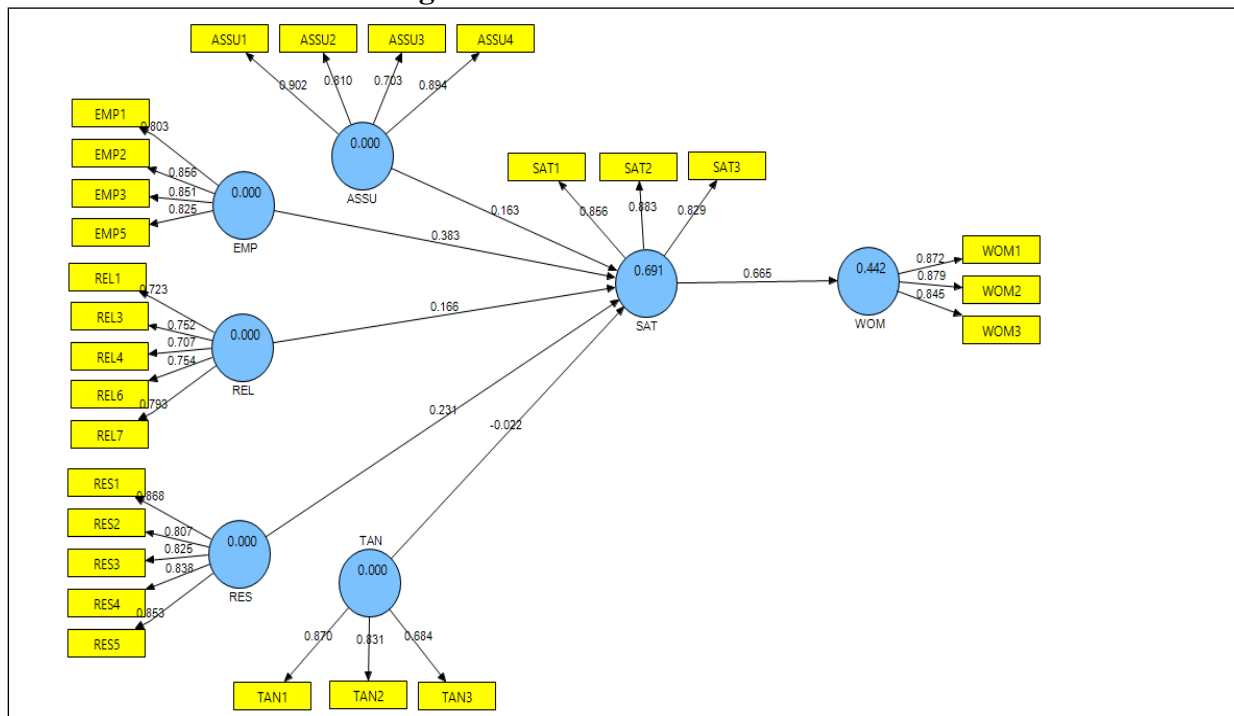
Data Analysis

A partial least square (PLS) model was used to evaluate the model for this study. An examination of the model's results was carried out using the partial least squares method in order to assess all constructs simultaneously. An overview of PLS is provided by Ladhari (2008) which describes it as a sustainable method of assessing cause-and-effect relationships in complex business studies. According to Hwang et al., (2007), the PLS technique is especially suitable when theories are not robust and well-structured. PLS can be used to obtain latent variables' values for predictive purposes. PLS never use the model to clarify all indicators` covariance, but it minimizes all dependent variables` variance, based on the acquired estimated parameters which are found on the capability to minimize residual variance of the dependent variables (Chin, 1988). Finally, the software applied was the SmartPLS 2.0 (Ringle et al., 2005).

Convergent validity

Calculating composite reliability was used to estimate outer-measurement convergent validity (Hulland, 1999). In the outer measurement models and their first-order factors, Nunnally's (1978) reliability criteria of 0.70 is supported by the outer measurement models. As shown in Table 1, the construct composite reliability and its first-order factor range between 0.840 and 0.922. As a result, outer-measurement models comply with the convergence criteria. Table 2 demonstrated the quality criteria of the constructs.

Table 1 Models of outer measurements are presented in Table 1

Content Performance	AVE	Reliability	Loading	T-Value
ASSURANCE	0.691	0.898		
ASSU1			0.902	96.014
ASSU2			0.810	41.288
ASSU3			0.703	19.725
ASSU4			0.894	87.073
EMPATHY	0.695	0.901		
EMP1			0.803	31.955
EMP2			0.856	58.399
EMP3			0.851	59.112
EMP5			0.825	46.275
RELIABILITY	0.557	0.863		
REL1			0.723	26.560
REL3			0.752	35.409
REL4			0.707	21.624
REL6			0.754	29.652
REL7			0.793	33.833
RESPONSIVENESS	0.703	0.922		
RES1			0.868	62.469
RES2			0.807	38.999
RES3			0.825	42.106
RES4			0.838	48.434
RES5			0.853	60.812
TANGIBLE	0.639	0.840		
TAN1			0.870	74.380
TAN2			0.831	50.213
TAN3			0.684	17.807
SATISFACTION	0.733	0.856		
SAT1			0.856	41.287
SAT2			0.883	73.242
SAT3			0.829	39.084
WORD-OF-MOUTH	0.749	0.900		
WOM1			0.872	77.612
WOM2			0.879	61.106
WOM3			0.845	50.127

Table 2: Construct Reliability and Validity

	AVE	AVEsqrt	C. Rel	R Square	C. Alpha	Communality
ASSU	0.691	0.831	0.898	0.000	0.847	0.691
EMP	0.695	0.834	0.901	0.000	0.854	0.695
REL	0.557	0.746	0.863	0.000	0.801	0.557
RES	0.703	0.838	0.922	0.000	0.894	0.703
SAT	0.733	0.856	0.892	0.691	0.818	0.733
TAN	0.639	0.799	0.840	0.000	0.719	0.639
OM	0.749	0.866	0.900	0.442	0.833	0.749

Discriminant validity

It was determined whether the constructs were discriminantly valid by using two approaches. According to Fornell and Larcker (1981), the square root of AVE indicates discriminant validity when it is greater than all other correlations. A discriminant validity at the construct level is demonstrated by AVE square roots consistently exceeding off-diagonal correlations as shown in Table 3. The analysis of Table 3 reveals that no single correlation (ranging from 0.547 to 0.791) was greater than their respective AVE square root (ranging from 0.746 to 0.866), thus indicating sufficient discriminant validity of all constructs. Based on Tables 1 and 3, it appears that the outer model has sufficient psychometric properties to proceed with testing the hypotheses using the structural model.

Table 3: Variable Correlation Matrix based on AVE Square Root.

	ASSU	EMP	REL	RES	SAT	TAN	WOM
ASSU	0.831						
EMP	0.757	0.834					
REL	0.673	0.747	0.746				
RES	0.672	0.756	0.680	0.838			
SAT	0.706	0.791	0.704	0.730	0.856		
TAN	0.594	0.615	0.664	0.552	0.547	0.799	
WOM	0.641	0.702	0.703	0.593	0.665	0.621	0.866

Hypothesis testing and results

Table 1 shows the results of testing hypotheses sufficiency using regression weights, bootstrap critical ratios (t-values) and path variances. A positive impact of assurance on satisfaction is predicted in H1. As shown in Table 4, this hypothesis was confirmed with a t-value of 3.682 and a path coefficient of 0.163. Meanwhile, empathizing with customers is predicted to increase customer satisfaction in H2. Table 4 shows that H2 can be supported by the path coefficient of 0.383 and the t-value of 6.428. A positive impact of reliability on customer satisfaction is predicted in H3. As shown in Table 4, H3 had a path coefficient of 0.166 and a t-value of 3.442 supporting it. H4 predicts that responsiveness contributes to customer satisfaction. With the t-value of 4.558 and the path coefficient of 0.213, Table 4 gives evidence that H4 is valid. Customer satisfaction is predicted to be positively impacted by tangibles in H5. The results indicate that H5 cannot be supported based on the -0.022-path coefficient and the 0.720 t-value. In H6, positive word-of-mouth is predicted to be influenced by customer satisfaction. Table 4 shows that H6 supports the path coefficient of 0.665 and the t-value of 23.459. The results of the hypotheses testing are shown in Table 5.

According to Amato et al., (2004), the goodness-of-fit index (GoF) was used to estimate how well both outer-measurement and inner-structural models fit the data simultaneously. PLS model verification is based on the GoF as a global fit index. A GoF is determined by combining the average communality of all constructs with the average R2 value of endogenous constructs and dividing the result by the square root of the product:

$$GOF = \sqrt{\text{Communality x R2}}$$

Cohen (1988) classified R2 effects by size by using a cut-off value of 0.5 as a measure of commonality (Fornell and Larker, 1981). Therefore, Schoepers et al. (2005) determined GoF criteria for small, medium, and large effects as 0.1, 0.25, and 0.36, respectively. It was calculated that the model had a GoF of 0.35, which indicates that it is well fitted to the data.

Table 4: Path Coefficient and T-value

	Path	**T-value**
ASSU--->SAT	0.163	3.682
EMP--->SAT	0.383	6.428
REL--->SAT	0.166	3.442
RES--->SAT	0.231	4.558
TAN--->SAT	-0.022	0.720
SAT--->WOM	0.665	23.459

Table 5: Hypotheses Result

No	**Hypothesizes Relationship**	**Path Coefficient**	**T-value**	**Conclusion**
H$_1$	ASSU--->SAT	0.163	3.682	Supported
H$_2$	EMP--->SAT	0.383	6.428	Supported
H$_3$	REL--->SAT	0.166	3.442	Supported
H$_4$	RES--->SAT	0.231	4.558	Supported
H$_5$	TAN--->SAT	-0.022	0.720	Not Supported
H$_6$	SAT--->WOM	0.665	23.459	Supported

Discussion & Conclusion

This study seeks to understand how assurance, empathy, reliability, responsiveness, and tangibility affect customer satisfaction and how word-of-mouth is affected by customer satisfaction. The purpose of this study is to establish probable causal relationships among various variables, such as assurance, empathy, reliability, responsiveness, tangibles, customer satisfaction, and word of mouth. In light of this, an analysis of the previous study was conducted in areas such as assurance, empathy, reliability, responsiveness, tangibles, customer satisfaction, and word-of-mouth marketing. Using the findings of academic studies, the model was constructed and was found to have a positive impact on customer satisfaction through assurance, empathy, reliability, responsiveness, and tangibility. An empirical test was performed since theoretically it is difficult to substantiate the superiority of one model over another. A positive and direct relationship between customer satisfaction, empathy, reliability, responsiveness, tangibility, and assurance is tested and confirmed empirically in this study. An analysis of data using the PLS technique was used to achieve this objective.

It was first established that assurance, empathy, reliability, responsiveness, tangibility and customer satisfaction have the strongest relationship. There is a significant relationship between assurance and customer satisfaction measured by the path coefficient of 0.163 and the critical ratio t-value of 3.682. Also, the critical ratio t-value of 6.428 also supports the path coefficient of direct relationship between empathy and customer satisfaction as well as the most widely accepted theories that link empathy with customer satisfaction. Thirdly, a significant relationship between reliability and customers' satisfaction is indicated by the direct relationship path coefficient of 0.166 and the t-value for the critical ratio of 3.442. Fourthly, relationship between responsiveness and customer satisfaction is authenticated as the direct relationship path coefficient between the reliability and customer satisfaction is 0.231 and the

critical ratio t-value is 4.558 which are again significant. Fifthly, relationship between tangible and customer satisfaction is authenticated as the direct relationship path coefficient between the reliability and customer satisfaction is -0.022 and the critical ratio t-value is 0.720 which is not significant. Lastly, relationship between customer satisfaction and word of mouth is authenticated as the direct relationship path coefficient between the customer satisfaction and word of mouth is 0.665 and the critical ratio t-value is 23.459 which is significant. In view of the above outcomes, it is concluded that assurance, empathy, reliability and responsiveness have positive influence and impact on customer satisfaction and customer satisfaction has a positive and significant influence on word of mouth. The research findings suggest that customer satisfaction can get better and enhanced by zooming on factors that can enhance assurance, empathy, reliability and responsiveness, and customer satisfaction.

DISCUSSION

Theoretical Implication

This research has provided contribution to literature on banking service quality by exploring the five dimensions (reliability, tangibility, empathy, assurance, responsiveness) that affect consumers' perceptions on service quality in Nigerian banks and its implications on consumer's satisfactions and loyalty.

As a result of this research, further research on service quality in Africa is being conducted. The quality of service in Nigeria has not been empirically investigated. The goal of this contribution is to enable managers and academicians to gain a comprehensive view of not only maximization of profit and expansion of business, but also service quality and how understanding customer perception can benefit them.

Finally, the uniqueness of this research lies in its combination of quantitative and qualitative data collection methods. This paper's findings are unique because it uses both quantitative and qualitative data collection methods, avoiding the usual quantitative data collection methods used in research papers.

Managerial Implications

The results of the current research study provide several implications for bank managers and service organisations on the utilization of service quality dimensions that could influence customer satisfaction. All the dimensions of service quality are positively correlated with customer satisfaction; it is therefore advisable that managers should use these five dimensions to assess bank service quality. Firstly, the tangible dimension of service quality should be critically viewed by managers in order to satisfy the customer. Customers are attracted by what they see, therefore, managers should use this dimension of service quality to pass a message of quality and attractiveness to their customers (Bitner & Hubbert, 1994; Zeithaml et al., 1996). This can be achieved by using appealing equipments and technologically improved devices in the banking hall and in banking operations such as ATM, hi-tech computers, security systems, entrance control systems, and other technology to improve self-service equipments in a timely manner. Managers should ensure that first line staffs (welcoming staffs) in the banks have a pleasant and appropriate appearance.

Secondly, customers find the responsiveness dimension to be a strong influencer of customer satisfaction. According to Berry et al. (1985), this dimension provides satisfaction and the lack of it provide dissatisfaction. Managers should ensure that banking service is delivered promptly and each and every customer is given attention as when needed. This can be achieved by the use of modern computers and equipments, well trained staffs and the proper co-ordination of staffs.

Based on our findings, customers` continued patronage of banks is mostly influenced by the reliability of the service. This service dimension keeps customers loyal even during periods of downtime as caused by either maintenance or underperformance. Customers always want to count on the service that are provided to them by banks i.e., transactions must be error free, transactions must be done as promised and promises on transactions must be kept. According to Garvin (1987), reliability has become the most attribute customers looks for in the evaluation of service quality. Managers should ensure that staffs are trained and experienced staffs are in charge of handling customer's request, conveying banking experience and reliability to their customer. This will reduce the risk of errors and delays in transactions. Also, updated banking software should be used in order to fulfil promises and requests met without error and in a timely manner.

The results revealed that the assurance dimension enables the bank to convey trust and confidence among customers leading to loyalty among customers. The bank manager should ensure that the brand name and the quality of the staffs are able to inspire confidence in the bank's customers. Managers should always ensure that every employee of the bank has a good knowledge of the services provided by the bank. This can be achieved by training the staffs on a periodical basis. There is a high tendency of a positive feedback from customers if the assurance dimension of service quality is emphasized.

Finally, the service dimension of empathy, though has minimum influence; it is still considered important and could help retain existing customers. Nigerian banks need to assess customers individually. The managerial challenge here is to train employees to give individualised attention to each customer and not to treat them as one in the crowd, despite the fact that the service is normally delivered without a difference.

It is worthy to note that managers should be aware that any changes in service quality signal changes in the value of customer assets. The identification of service quality as a multi – dimensional construct may help corporate decision makers to undertake an accurate assessment of service quality and to take appropriate actions to improve their services.

Limitations of the Study and Future Research

The finding of this study is limited only to the banking industry, specifically Nigerian banks. It does not include banks in other emerging countries in other continents. As a result of this, there is a restriction on the generalisation of the study. Further study should include all types of banks from different continents. One key area emerging in the banking industry is the Islamic Banking because of its growing population. Therefore, further research studies should focus on Islamic banking and finance. There is an increase in the Islamic banking and finance across the world, therefore there is a need for further research into how the banking service is perceived and how it can be improved.

Secondly, the sample size is particularly small compare to the banking industry's consumer population in Nigeria. The current sample size of 200 cannot represent the Nigerian Banking customers. The sample is also skewed towards a largely young adult age group (18-20, 21-29, and 30-39). Further research should include age groups from (40-49, 50-59, 60 and above) for a better representation of the study as there is a difference of perspective on service quality in the young adult and the aged ones.

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