

THE INTERNATIONAL JOURNAL OF HUMANITIES & SOCIAL STUDIES

Assessing the Impact of Personal Banking Services on Customer Satisfaction and Loyalty in the Upper East Region of Ghana

Joseph Akanyako

Lecturer, Department of Marketing, Bolgatanga Polytechnic, Ghana

John Ayuekanbey Awaab

Lecturer, Department of Statistics, Bolgatanga Polytechnic, Ghana

John Otchere Oti

Business Development Manager, Department of Business Development,
Zoomlion Ghana Ltd, Ghana

Abstract:

The main objective of this paper was to assess the impact personal banking has on customer satisfaction. Descriptive research design was used for the study. 185 participants mainly customers of the bank were chosen from the three branches of the bank. Statistical Package for Social Sciences was used to do the analysis. A relationship between personal banking services and customer satisfaction and loyalty was drawn using multiple regression. The analysis showed that personal banking services had influence on customers' satisfaction and loyalty. Waiting time and long queue was a concern for customers. Staff and customer relationship was not very encouraging. It is suggested that, more customer touch points should be made available within and outside the banking hall to facilitate fast service and reduce waiting time.

Keywords: Customer satisfaction, personal banking, upper east region

1. Introduction

It is asserted that a satisfied customer has tendency of remaining loyal to a brand and the high possibility of patronizing the firms offering (Oliver, 1997). Customer satisfaction, therefore, should be the focus of businesses, especially, the banking industry (Meuter et al., 2000). Oliver (1999) intimated that, customers will continue to patronize a product or service when their initial encounter with it is positive, and this, positively affect customer loyalty. Positive effect on retail banking earnings due to the retention of customers should make banks do all they can to meet customers' expectation. Ehigie (2006), posits that, perfecting the service delivery is the antidote to retain customers, and therefore, should be at the centre of the firm's operations. A study by Chocholakova et al., (2015) on some banks in the Czech Republic showed that satisfied customers had a propensity to suggest their banks to other people and were not going to be persuaded to switch to other banks. According to them, loyal customers have the strong desire to patronize the services offered by their banks. A release by J. D. Power (2019) in the United States of America revealed that, improved customer satisfaction and innovation in banking products has led to customer retention and lower record in bank switching. The report further indicated that "transactional, advisory and problem solving" were ways that could increase customer trust. Thus, banks that seek to experience growth and profit should improve their services by introducing innovative services. Even though, some level of success has been chalked in some banks in Ghana, more effort is needed to enhance personal banking services. For instance, a study by Nartey and Nuamah, (2014), indicate that e-banking has reduced the stress in doing business with banks in Ghana. They also found that, having many branches located at convenient places, the use of ATMs, influence the perception customers have on service delivery. That notwithstanding, e-banking and sometimes, withdrawals have not been so smooth due erratic breakdown in the network system. Referral to higher level of management for authorization before certain amount can be withdrawn does not allow for convenience in banks transactions. There are instances that the Automated Teller Machines (ATM) 'swallow' cards used to withdraw cash and damaged deposit machines unattended to. Alerts on transactions are delayed or not sent at all making tracking transaction cumbersome. This, therefore, has been the motivation for his study; looking at the impact of personal banking on customer satisfaction. Customers' perception about personal banking will be looked and attempting to draw a relationship between customer satisfaction and loyalty. Findings from research will add to existing literature on personal banking.

2. Literature

2.1. Personal Banking

Modern banking has taken a new dimension where customers get access to bank products through Automated Teller Machines (ATM), e-banking, m-banking (Hochle and Hoff, 2012; in Tam and Oliveira, 2017). Other products include savings, current account, withdrawal cards etc. People who patronize personal banking include individuals like public servants, pensioners, self-employed, and students. Some banks also offer prestige banking services that give customers a more flexible way of transacting business with the bank.

Personal Banking is based on four mainstays whose sole and exclusive mandate is to satisfy the needs of the customer. They are; effective customer management, personal treatment, exclusive products and the highest quality that the customer deserves. According to Kombo (2015), studies from the Kenyan banking industry perspective showed that significant predictors to customer satisfaction include inter alia "wide variety of bank Branches". This fact is buttressed by a survey conducted by Roy Morgan on mobile banking services in Australia which concluded that bank branches contribute about 82.5% to consumers' satisfaction (Morgan, 2019).

2.2. Customer Satisfaction

There exists a considerable literature on the service quality and customer satisfaction (Muhammed, 2010). Customer satisfaction has become a "dynamic parameter" of many businesses and critically evaluated, as customers are susceptible of using it to make future decisions (Mihelis et al., 2001). According to these authors, critical dimensions like waiting time scored less in terms of customer satisfaction, while services considered special like bank assurance, factoring, leasing etc. needed improvement. A study on retail banking in Bangladesh by Siddiqi (2014), showed that, there exist a positive relationship between customer satisfaction and loyalty. Culiberg and Rojšek (2010), also concluded in their studies on retail banking in Slovenia that staff conduct contributed significantly to attributes that determines customer satisfaction.

2.3. Loyalty

Loyalty is described as the preparedness of customers to keep faith with a firm's brand, service or product (Kim and Yoon, 2004). Preceding loyalty is satisfaction, which moderates between performance and loyalty (Selness, 1993) in Fraering and Minor (2013). Thus, higher performance may lead to satisfaction and hence, loyalty. Businesses that want to register high customer satisfaction must step up their performance. However, service failure may lead committed customers either being betrayed or "affective committed customers being forgiven and, therefore, remaining loyal (Tax et al., 1988; Goodman et al., and Matilla, 2004; Cited in Johnson et al., 2008). A positive post experience of the service consumed such as commitment, trust, quality of service and perceive value influence customer loyalty Mukhiddin et al., 2012). Firms like banks need to build viable customer loyalty in order to remain competitive to leverage the profits so desired. Firms need to build a viable customer loyalty in order to remain competitive and to leverage the profit so desired (Bansa and Gupta, 2001; cited in Arokiasemy, 2013). Thus, organisations like banks that provide basic financial services, should ensure that their offerings are of higher quality to "enhance satisfaction and boost customer loyalty (Lien-Ti Bei Yu-Ching Chiao, (2006). Loyalty can be maintained to a large extent when customers are satisfied (khan, 2012), and for banks, customers do business with their main banks and are less susceptible to defection (Garland and Gendall (2004)

2.4. Methodology

2.4.1. Research Design

The approach used for this paper was the descriptive design. A sample size of 185 was used for collecting data from respondents who are customers from the three branches in the region. Structured questionnaire was administered over a period of seven weeks to gather data Convenience sampling technique was used to select respondents from the three branches as shown below. For ethical reasons, the actual name of the bank was not used in this write-up.

S/n	Branches	Population	Calculation	Sample size
1	Bolgatanga	18,500	$\frac{18,500}{37,504} * 185$	91
2	Bawku	10,564	$\frac{10,564}{37,504} * 185$	52
3	Navrongo	8,440	$\frac{8,440}{37,504} * 185$	42
Totals		37,504		185

Table 1: Sampling Procedure for the Three Branches
Source: Field Survey

3. Discussions of Results

Account type		Frequency of using the bank				Total
		Daily	Twice in a week	Weekly	Monthly	
	Current Account	1	8	15	25	49
	Savings	0	2	6	8	16
	Salary Account	1	4	13	75	93
	Student Account	0	2	3	18	23
	Mofra Account	0	0	1	3	4
Total		2	16	38	129	185

Table 2: Account Type Frequency of Using the Bank Cross-Tabulation
Source: Field Survey, 2015

Table 2 shows the results of a cross tabulation of how frequent customers transact business with the bank and the type of account.

3.1. Descriptive Statistics for Scale Items

The descriptive statistics of the scale items displayed in table 3 indicates 2.97 as the variable with the highest mean score and 1.9 was the variable with the least mean score. While the mean values' guiding this study is 3.0 and above represents strongly agree, any mean value below 3.5 depicts strongly disagree with a respective statement. The variable with the lowest mean value (1.9) asked whether customers were satisfied with quick service of the bank. The value implies that most customers' disagreed that the bank offered quick service. However, the statement with the highest agreement from respondents was on personal banking. The mean value was 2.97 implying that most of the respondents agreed that the banks personal services was satisfactory and therefore influence overall satisfaction.

	N	Mean	Std. Deviation
Personal Banking	185	2.9730	.58451
Reduced error on transaction			
Enhances security of account info	185	2.8973	.67183
Facilitates speedy delivery of services	185	2.2108	.69462
Generally improves the way of doing business in the bank	185	2.2216	.75150
Reduces the time spent in the bank	185	2.0108	.71467
Customer Satisfaction			
Bank's complete range of services	185	2.0865	.76121
Performance of employees	184	2.0217	.77500
Being a client of this bank	185	2.0054	.86286
Bank employees' professional competence	185	2.0919	.90721
Quick service of this bank	185	1.9081	.81906
Respectful behaviour of employees	185	2.3622	3.91675
Customer Loyalty			
Customers speak positively about the bank	185	2.6649	.85726
Customers have the intention to stay longer with bank	185	2.6595	.85193
Customers will recommend the bank to friends and relatives	185	2.5189	.90944
Valid N (listwise)	184		

Table 3: Descriptive Statistics for Scale Items
Source: Field Survey, 2015

3.2. Exploratory Factor Analysis

Factor analysis was carried out to explore the link the various variables contribute to personal banking. Variables which will help in explaining the linear combination of the variables were extracted. The high probability of using few elements can account for majority of the variations, and therefore, makes it also possible to be used to substitute the original variables (Osborne &Castello,2005).A factor analysis was performed on the 13 variables used to measure the 3 factors (personal banking, customer satisfaction and customer loyalty). The Bartlett test of Sphericity was used for the extraction of factors as follows; Approx. Chi-square=4563.072, df. 435 and sig. 0.000 and the Keyser-Meyer-Olkin (KMO) measure of sample adequacy had a value of 0.731. According to Pallant (2010), KMO of 0.5 and above is appropriate for factor analysis. This confirms that there was a meaningful correlation among the variables, thus factor analysis was appropriate. The displayed in table 4 shows the factor loadings and Cronbach Alpha's of each factor (dependent and independent) used in this study. Malhotra (2007), recommend the selection variable with Eigen values equal to or greater than 1, thus only values variable with Eigen values greater than or equal to 1 were selected. In considering the reliability,

only factors within 0.07 thresholds were selected and variables with loading above 0.5 were also considered (Hair, Black, Babin, Anderson & Tatham, 2005).

	Loadings	No. of Items	Cronbach's Alpha
Factor 1- Personal Banking		5	.742
Reduced error on transaction	.542		
Enhances security of account info	.654		
Facilitates speedy delivery of services	.543		
Generally improves the way of doing business in the bank	.744		
Reduces the time spent in the bank	.792		
Factor 2- Customer Satisfaction		5	.852
Bank's complete range of services	.674		
Performance of employees	.872		
Being a client of this bank	.548		
Bank employees' professional competence	.876		
Quick service of this bank	.746		
Factor 3 – Customer Loyalty		3	.885
Customers speak positively about the bank to other people	.653		
Customer will stay with for a long time	.641		
Encourage friends and relatives	.786		

Table 4: Internal Consistency and Reliability of Dependent Variables
Source: Field Survey, 2015

3.3. Multiple Regression Analysis

In order to address the objectives proposed in this study, a number of multiple regression analysis were estimated. This was to test and accept the objectives or otherwise. The first regression had customer satisfaction being the dependent variable. The second regression had customers' perception of personal banking services and customer satisfaction, the dependent variable. Finally, the third regression had the dimensions of customer satisfaction as independent variable and customer loyalty, the dependent variable. Table 5 shows the detail outcomes of the regression estimates.

According to Frost (2013), for research work dealing with predicting human behaviours or social issues, an R-square (R^2) value below 50% is acceptable to determine the goodness-of-fit of a model. This implies that R-square (R^2) values in the regression models are significant enough to explain the variations in the dependent variables (customer satisfaction and customer loyalty) by the independent variables. The R-squared (R^2) values in the table 5 for the two models indicates how much of the total variation in the dependent variables, personal banking, customer satisfaction. In the case of model 1, 55.0% of the total variation can be explained by the dependent variable (customer satisfaction), while the total variation in model 2 can be explained up to 55%. Model two the total variation in the dependent variable (customer satisfaction) can be explained up to 32.5% by the independent variable (customer loyalty).

		β	T	Sig.
Model 1	(Constant) ^b		17.548	.000
	PERSONAL BANKING	.741	14.901	.000
	R	.741	S.E of Estimate	.32451
	R –Square	.550	F-Statistics	222.044
	Adjusted R-Square	.547	Pro. (F-stats)	.000
		β	T	Sig.
Model 2	(Constant) ^b		7.892	.000
	CUSTOMER SATISFACTION	.570	9.367	.000
	R	.570	S.E of Estimate	.64982
	R –Square	.325	F-Statistics	87.738
	Adjusted R-Square	.322	Pro. (F-stats)	.000

Table 5: Multiple Regression Analysis Results
a. Dependent Variable: Customer Satisfaction
b. Dependent Variable: Customer Satisfaction
c. Dependent Variable: Customer Loyalty

The outcomes of the regressions show that there is a firm and important dependability among the variables used for the analysis. This is depicted in the significance of the F-Statistics in each model. According Hair et al. (2006), a model

reaches its statistical significance if the Sig<.05 making it fit for the data. The two models had Sig<.05 implying that overall, the regression models statistically predict the outcome variable (customer satisfaction and customer loyalty).

The first model indicates personal banking ($\beta=.741$, $t=14.901$, $P=0.000<0.05$). Thus, a percentage change in customers' perception of personal banking services would lead to a 74.1% increase in customer satisfaction. This implies that the more customers perceive personal banking from the bank to be positive, the more likely, it would influence their overall satisfaction. Generally, the variables under personal banking from the bank in the first model had an R-Squared value of .550 indicating that they explained 55% of the variance in customer satisfaction.

In the second model, customer satisfaction construct ($\beta=.570$, $t=9.367$, $P=.000<0.05$) has a definite and meaningful relationship with customer loyalty. Thus, a percentage change in customers' satisfaction would lead to a 57% increase in customer loyalty. This implies the more satisfied customers are with the services from the bank, the more likely it would influence their loyalty towards the bank. The dimensions of the customer satisfaction with the service in the second model had an R-Squared value of .325 indicating that they explained 32.5% of the total variance in customer loyalty.

4. Discussion and Findings

The study has shown that, perception of personal banking services from the bank had a significant influence in predicting customer satisfaction. In addition, customer loyalty would also be significantly influenced by customers' satisfaction with the services from the bank.

According to Muhammed Awan et al. (2011), a good number of literature in the area of service quality and customer satisfaction has been developed over the past years. This research work only contributes to the body of literature in the Ghanaian banking sector customer satisfaction in this regard. Overall, customers' had a positive perception of the personal banking services from the bank. Thus, improvement in the personal banking services would lead to increased customer satisfaction. The major concern of customers was the long queues and waiting time in the banking halls.

Regression results from study (first model) revealed that, customers' perception of the personal banking services had significant influence on customer satisfaction. In this regard, what customers perceive of the personal banking services would influence customer satisfaction to a very large extent.

Regression results from the second model indicate that customer satisfaction is a strong predictor of customer loyalty. Thus, if customers are satisfied with the services from the bank, it would improve their loyalty towards the bank. Qadeer (2013), concluded that a growth in customer loyalty raise the business capacity and produces more profits for the firm. According to Oh and Parks (1997), the understanding about the efficiency of the service provider (the manner in which the services are being performed and delivered) absolutely influence perceived quality service, definite word of mouth, customer satisfaction and eventually result in repurchase intentions of the customer.

5. Implications

This study dwelled on the impact of personal banking on customer satisfaction and loyalty. Drawing respondents who were customers from the three branches of the bank within the region, the results shows that personal banking influence customer satisfaction and loyalty. Customers' negative perception about waiting time and long queues should be a worry to management of banks. The competitive nature of financial institutions, especially banks, makes it imperative for management to continually seek novel ways of improving the services provided to their valued customers, while ensuring prompt services.

6. Conclusion

The overall findings of this study points out the importance of customers' perception of personal banking services from the bank. While considering the various type of account holders who rely mostly on personal banking services and customer service dimensions to gauge their satisfaction. Customer satisfaction was found to have significant influence on customer loyalty. Variables found to be most significant were; banks range of services, performance of employees, professional competence of employees, and respectful behaviour of employees. Thus, where customers' satisfaction level was high, it would lead to customer loyalty with its attendants' benefits. For instance, Tam (2004) asserts that, there is the need to cultivate productive plans that can lead to increased level of satisfaction and loyalty.

7. References

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