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Service Quality in the Banking Sector in Ghana

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Abstract

In the contemporary business milieu and "era of customer", delivering quality service is a sine qua non in ongoing strategy of most business firms and constitutes integral ingredient for success and survival in present day´s competitive environment. This study investigates the role that service quality plays in the Ghanaian banking sector and its impact on service delivery. A sample of 400 customers encompasses four major indigenous and foreign banks. SERVQUAL dimensions of service quality were used to structure the questionnaire. William L. Boyd, Myron Leonard, and Charles White's Standard Instrument for weighting of rating of service quality attributes was the sampling procedure adopted. Data collected was analyzed using one sample T- test of the mean weighted differences between perception and expectation of customers. This, in an attempt to determine whether there is a significant gap between expectation and perception at 5% level of significance. Empirical findings from this study show that gaps exist between customers' expectations and perceptions of service delivery in all the banks even though the banks performed better on the tangibility dimension. Despite this observation, the banks retained their customers. This study, therefore, concludes that where a gap exists between customer expectation and perception of service delivery, service quality is perceived as low and customer dissatisfaction results. However, dissatisfied customers did not necessarily defect. The study therefore confirms the theory that service quality is a necessary but not a sufficient condition for maintaining strong relationship with customers.

Keywords: service quality, SERVQUAL, customers' expectations and perceptions

1. Introduction

Nowadays, delivering quality service is an integral part of ongoing strategy of most business firms and constitutes essential ingredient for success and survival in present day´s competitive environment (Ang and Buttle, 2006; Parasuraman et al., 1985; Zeithaml et al., 1990; Chowdhary and Prakash, 2007; Ulwick and Bettencourt, 2008). The banking sector in developing countries for the last two decades (1990 – 2011) has been the subject of several regulatory changes resulting in increased competition among the banks (Anabila and Awunyo-Vitor , 2013; Sureshchander et al., 2003). Indeed, prior to the 1980s, the banking system in developing countries was largely dominated by state owned banks (Yavas et al., 1997). Developing countries face challenging environments. Some of these challenges have broadly been enumerated: lack of the necessary infrastructure (Njanike, 2008); extreme poverty especially in Sub – Saharan Africa (Nkamnebe and Idemobi, 2011); high debts (Leow, 1999); prevalence of seller's market conditions (Yavas, et al., 1997); growing services sector (Malhotra 2004) and globalization with its attendant effect on local businesses among others. Relating specifically to the banking system the challenges include: high amount of bad debts and low profits and intense competition (Sureschander, 2002).

Some of the changes in consumer banking that have taken place in developing economies in the past decades including, inter alia, the economic crisis in the 1990s; credit crunch that started in late 2000s; cross border bank mergers; the change in banks operating hours; the introduction of telephone banking; rapid growth of internet banking; and the growth of spending power of the customers. (Munusamy et. al (2010) and banking (Ross 1999) branch networks being enabled by Automated Teller Machines (ATMs). In the decade following the

post-liberalization reforms, the banking system in many developing countries responded favourably by absorbing the impact of these reforms (Saviani, 2000). Sureshchander et al., (2003), further postulate that maturing markets and global competition have compelled bankers in developing countries to consider the trade-off between attracting new customers and keeping old ones. As a result, the focus of marketing has shifted to managing relationships with customers. Njanike (2008) however indicated that most developing economies lack the necessary Information Communication Technology (ICT) infrastructure resulting in low service quality and therefore depressing the rate of return on investments in the banking sector.

The liberalization of economies of developing countries have also resulted in the movement of foreign banks to developing countries which according to Njanike (2008) could be attributed to push factors like low profits and regulatory restrictions in the home country. The stiff competition in the banking industry is further deepened by the entry of private sector banks (Sureshchander et al, 2002). Despite the stiff competition that private and foreign banks provide, Panigraphy (2000) reports that they have also played a key role in providing greater benefits and new services options to customers. These banks generally have state–of-the art facilities and better service delivery systems and have therefore posed a real threat to public sector organization including government owned banks (Nerurkar, 2000). Such organizations have therefore been compelled to adopt a more technology market-oriented approach to improve their service delivery and aid in winning and retaining customers. As indicated by Rawani and Gupta (2000), innovative technology – based services such as ATM, electronic transfer, smart cards, Internet banking are no longer new concepts to customers in developing countries. However, the diffusion of technology in developing economics has relatively been slow especially for public sector banks and raises the possible implication of how they are faring with regards to service delivery and quality issues Kumar et al (2011). Service delivery and service quality within developing countries context has not received enough attention in academic literature.

The objective of this paper is to investigate the role of service quality amongst the traditional banking providers and the new entrants in the light of the current diffusion of technology and the unprecedented competition in the industry. The study seeks to understand how service quality issues are being taken into account by both the incumbents and the new players in the banking sector in Ghana in their quest to create a competitive advantage.

2. Service Delivery in Developing Countries Context – Literature Review

Various studies on service delivery within the banking industry in challenging environments as reviewed have focused on marketing themes spanning bank service quality, relationship marketing and customer satisfaction. We sum up the review of the literature by focusing on the findings of key studies in different resource-challenged environments. According to Sureschander et al., (2003) the research literature on service quality contains several models by different researchers across the globe. Gerpott et al (2001) on the other hand indicated that in order to increase the customer confidence in the capabilities of a service provider, customer satisfaction and customer loyalty are the key factors considered in the existing literature. Further, the marketing literature has recognized the importance of developing and maintaining enduring relationships with customers of service businesses (Henning-Thurau et al., 2002) and as cited in So and Speece (2000), Perrien et al (1992) suggested that strong competitive pressure has forced financial institutions to revise their marketing strategies and to stress long-lasting relationships with customers. Indeed, Joseph and Stone (2003) indicated that the importance of service delivery and its impact on improving satisfaction and retention of customers cannot be overstated.

Mobolaji (2009) studied banking development, human capital and economic growth in Sub-Saharan Africa (resource challenged environment) and posited that despite the myriads of hope, growth and performance of Africa has been very poor. He concluded that human capital impacts positively on growth. Since people play a key role in service delivery human capital development should positively impact service delivery. He however indicated that due to poor development of institutions in the region, poor infrastructure facilities, high transaction costs, weak property rights, and inefficient legal systems, financial development has not had much impact on economic growth. These findings provide empirical evidence that the resource –challenged environments have stalled service delivery in these countries. Kaur et al (2009) in their study of the internal market orientation in Indian banking stated that to survive in a highly competitive environment would require organizations to deliver services that might yield satisfied and loyal customers. They argued that in order gain excellent service delivery, an organization need an effective internal system aimed to serve the external customers. They therefore concluded that managements must empower employees, involve them in decision making, understand their needs and give them more authority and responsibility thereby allowing them to become innovative in delivering the service. This study therefore focuses on the people aspect of service delivery.

Muhammad et al (2012) examined the short-run and the long-run relationships between Islamic banking development and economic growth in the case of Indonesia. The study attributed the showdown of Islamic financial institutions to political and economic threats from the government. The paper therefore concluded that political and economic dilemma can either encourage or restrain a global phenomenon like Islamic Banking. Whilst this study relates specifically to Islamic Banking, it highlights the influence of environmental factors, namely economic, political and social variables on the success or otherwise of financial institutions in resource-challenged environments. Hinson et al (2011) discovered that International bank brands fared better than local bank brands in Ghana with regards to specific dimensions of service brand quality and attributed this disparity in performance to factors such as the presence of service standards and exposure to well –structured training programmes. They argument therefore is that geographical context per se does not guarantee success of a bank, but adherence to best practices globally is what guarantees success. The findings hare are revealing as it debunks the myth that geographical location of a financial institutions is a determinant of its success. Thus, foreign banks operating in resource challenged environments which have adopted best practices in the world appear to be doing better as compared to their local counterparts.

Thuy and Hau (2010) studied the concept of service personal values and its ability to predict customer satisfaction and loyalty towards banking services in Vietnam. The study implied that service providers in resource challenged environments should understand personal values of customer that may be different by culture and social demographic characteristics. These findings lend credence to the conclusions drawn by Hinson et at (2011) that training of bank employees is critical to ensure successful service delivery. At the same time the finding also indicate the need for banks operating in resource –challenged environments to consider the influence of culture on customers so as to help deliver services effectively.

Ladhari et al (2011) compared perceptions of bank service quality among Canadian (a developed economy) and Tunisian (resource –challenged) customers. The study concluded that bank priorities vary depending on the origin of their customers. For instance in Canada empathy was identified as the most important dimension for predicting satisfaction and loyalty among customers whilst ‘’reliability” and “responsiveness” dimensions of service quality were identified as the most important predictors of satisfaction and loyalty among Tunisian customers. It can be deduced from these findings that marketing practitioners must identify the dimensions of service quality that determine satisfaction and loyalty in their own country. Thus, it can be argued that a standardized marketing strategy in environment characterized by different economic, social and cultural environment is not appropriate. Ladhari et al (2011) further acknowledge the contribution of internet banking as an alternative for developing, operating and offering bank services and products. They however caution banks operating in resource –challenged environment to consider the challenges posed by adopting internet banking as internet users may have different demand expectations and needs from in-person customers.

In India, Ganguli and Roy (2011) study the impact of generic technology –based service quality dimensions in banking on customer satisfaction and loyalty. The study pointed out that as consumer behaviour patterns are changing with the adoption of technology by banks in their service delivery, boosting of customer confidence is necessary so that customers accept these new –channels of service delivery. The researchers speculate that customer satisfaction and loyalty are key indicators of customers’ confidence in technology –based banking. They therefore counsel practitioners to use the technology-based dimension to segment and profile the customers based on their perceptions about service quality and hence design targeted communication to educate them on technology usage.

In 2007, Alam et al drew conclusions relating to Technology in the banking sector in Bangladesh. The research indicated that some selected segments of the Bangladeshi banking community have embraced technology with reasonable success. The study further indicated that personal computers and the internet are as day-to-day banking tools which are positive indicators and thus favour the prospects of electronic banking in Bangladesh. The research however in postulated that, in order to successfully implement the internet banking in Bangladesh liberalizing the Telecommunication and IT sectors as well as reforming the financial sectors were seen as the preconditions. The study also noted that a better understanding of the potential benefits of internet banking by the policy makers and bureaucrats is vital for a speedy implementation and further reforms.

However, the converse is the case with respect to the findings of Maumbe in 2006 whose study focused on Digital Financial Service Delivery to Poor Communities in South Africa. The study sought to understand how ICT could be extended to banking services. The study however concluded that, some clients still prefer face-to-face interactions and the personal touch characteristics of traditional banking. This was attributed to the absence of computer literacy in rural areas in Africa. There was another contrasting finding in Thailand by Srijumpet in 2007 who studied satisfaction and dissatisfaction in service encounters in the retail stockbrokerage

and corporate banking industry. The aim was to examine the customer satisfaction and dissatisfaction with reference to interpersonal versus internet service encounters in Thai retail stockbrokerage and corporate banking. Interpersonal interaction was preferred to the internet encounter,

In the United Arab Emirates, Al-Marri in 2007 conducted a research on excellence in service in the banking sector. The study sought to examine the critical success factors of total quality management (TQM) implementation in the UAE banking sector. The study revealed that TQM was important in excellent service delivery in the banking sector. The study further reiterated that, in order to sustain competitive advantage TQM is essential to the banking sector in particular and other service oriented organizations in general. Molina et al. (2007) also conducted a research on a relational benefits and customer satisfaction in retail banking. In all the result suggest that scale efficiency takes prominence over the pure technical efficiency effects in the Singapore banking groups' technical efficiency. Spathis et al (2004) research on managing service quality in banks in Greece by looking at the gender effects. It sought to investigate the quality perceptions of male and female Greek bank customers and the difference they attach to quality dimensions using the Bank Service Quality (BSQ). The study found out that, male clients of Greek banks have a more positive perception of the quality of service they receive than do women clients.

A study was conducted by Ehigie (2006) on the correlations between customers' loyalty to their banks. The study specifically sought to examine how customer expectations, perceived service quality and satisfaction predict loyalty among bank customers in Nigeria. The results revealed that it is important to study and understand consumer behavior for the purpose of improving customer services in the banking system in Nigeria. According to Ehigie, in order to improve on customer loyalty, bank management ought to satisfy their customers and can best be done when customers' needs are known and machineries are put in place at getting them satisfied. Thus identifying and satisfying customers' needs is imperative to improving bank customer services because what is offered can be used to separate own services from those of competitors.

Megicks et al (2005) studied market-oriented service development in Indian Regional Rural Banks. Their study aimed to develop a conceptual understanding of the factors influencing market orientation in the Rural Banks and also assess its impact on outreach performance. The research concluded that market orientation is key to attaining organizational performance goals in Indian Regional Rural Bank. The research further found out that, there should a relationship between the constituent variables of the MO thereby developing a proposition that relate to effective New Service Delivery which would inevitably lead to improved outreach performance. In 2007, Petridou et al did a research on Bank service quality with evidence from Greek and Bulgarian retail customers. The paper sought to assess and compare the level of bank service quality provided in Greece and Bulgaria. It also aimed at identifying the dimensions of quality service in the two countries. The results of the study suggest that, Greek bank customers perceived receiving a high level of service quality than their counterparts in Bulgaria. The difference in the perception, they identified, was the result of the bank sector developments related to the level of liberalization and competition and on the differences in sample characteristics in terms of occupation, income and bank status.

Wei and Nair in 2006 did a research on the effects of customer service management (CSM) on business performance in Malaysian banking industry. The study set out to examine how customer service management affects perceived business performance measures (PBPM) in the Malaysian banks. The findings indicated that in order to improve their competitive positions, the Malaysian banks should give high priority to CSM. To successfully implement CSM the research identified market research, customer satisfaction, customer assessment and handling of customers as important drivers.

Günsel in 2007 conducted a study in Northern Cyprus' banking sector. The aim of the study, inter alia, was to identify the determinants of bank failure. The results indicated that capital inadequacy, low asset quality, low profitability, low liquidity and small size increased the risk of bank failure. The research also suggested that high interest rates, high credit risk and low trade significantly increased the fragility of the bank in north Cyprus. Again, Saunders et al in 2007 did a study on the banking patronage motives of the urban informal poor in South Africa. The purpose was to provide an understanding of the banking needs within the urban poor in South Africa. The study identified four factors that respondents indicated as their motives. These factors are; the consumer benefits factor, the promotional factor, the basic credit factor and the consumer accessibility factors. The study further identified four factors that influence the perceived usefulness of specific services in banking the poor, which are; the transactions media factor, the tertiary plan factor, the secondary plan factor, and the primary plan factor.

2.1 Conceptual Framework

The study investigated whether there is a significant difference between customers' expectation and perception of service delivery in the banking sector in Ghana. The following hypotheses will be tested in this study:

H_o: There exists no significant difference between customer expectation and perception of service delivery in the banking sector in Ghana.

H_1: There exists a significant difference between customers' expectation and perception of service delivery in the banking sector in Ghana.

The SERVQUAL model used in this study is based on the seminal contribution by Parasuraman *et al.* (1988, 1985) which asserts that users judge the service in terms of whether the service received is equal or exceeds what was expected. Berry et al (1985) conceptualized the SERVQUAL Model as an instrument to measure service quality based on the proposition that service quality is the difference between customer's expectations and perception of service delivery. In other words, service quality assessment is conceptualized as the gap between what customers expect from a category of service providers and the evaluations of the performance of a specific service provider within that category. The researchers found that high degrees of correlation exist between communication, competence, courtesy and security on the one hand, and access and understanding on the other hand. They then created two broad dimensions of empathy and assurance to make up five consolidated dimensions namely, tangibility, reliability, responsiveness, assurance and empathy. These dimensions are served on the basis for measuring service quality.

In using SERVQUAL (Parasuraman, 2004 & 2010), respondents are required to complete a series of skilled questions which measure customer expectations of a particular firm on a broad area of specific service characteristics, and the corresponding perceptions of the firm's performance. As posited by Lovelock (1983); Lovelock and Wirtz (2007), when perceived performance rating exceeds expectations, the outcome is considered as a sign of good quality whilst the reverse is an indication of a poor quality.

The SERVQUAL model has been criticised on the basis that it does not account for the influence of corporate image and reputation on the scores. To what extent does SERVQUAL measure customer perceptions and expectations engendered by a highly favourable corporate brand and reputation? Does the corporate brand and reputation affect the expectations and perceptions customers have of the service under study? The SERVQUAL is further criticised on the basis that, measuring customer expectation and perceptions separately, necessarily requires that respondents have prior knowledge of the service they are to evaluate. As an alternative, Cronin and Taylor (1994) proposed the SERVPERF model, with the assumption that it is a better reflection of the long term service quality attribute than the SERVQUAL and excludes the measurements of expectation. To corroborate this, Bakakus and Boller (1992) reported that results on SERVQUAL were not compatible with the gap formation for service quality; rather, service quality was directly influenced only by perceptions of performance.

Lovelock and Wirtz (1996) observed that a degree of roles exist in defining service quality primarily on the basis of customer satisfaction with outcomes relative to prior expectation. If customer expectations are relatively low whiles the actual service delivery is perceived to be marginally better than the dismal level that had been expected, the potential claim that customers would be receiving a good quality service would have on basis. Despite these criticisms many researchers still consider the SERVQUAL model as an excellent method of measuring service quality. This study therefore adopts the SERVQUAL method of evaluating service delivery in the banking sector in Ghana.

3. Research Methodology

3.1 Research Design

A Cross Sectional Survey method was used to ascertain the determinants of service quality. The cross sectional method was deemed appropriate and deployed because data was collected once at a particular time period and analysed. The mixed method was also used where both qualitative and quantitative data were collected. The target population of the study was all customers of banks in Ghana. The sampling was drawn from the customers of Ghana Commercial Bank (GCB), Ecobank (ECO), Standard chartered bank (SCB) and Cal bank (CAL) in Ghana. GCB and CAL are wholly-owned indigenous Ghanaian Banks while SCB and ECO are foreign subsidiaries. GCB is state-owned with the largest number of branches in the country while CAL is wholly private and is the most decorated in terms of banking awards amongst the few privately-owned indigenous Ghanaian banks. By purposeful sampling technique, four hundred customers of the four financial service providers were selected based on their market shares. Two hundred (200) customers of GCB, One hundred and

fifty (150) customers of ECO, eighty (80) customers of SCB and sixty (60) customers of CAL bank were used for the survey.

Data Collection: The data sources included both primary and secondary data. The examination of annual reports and financial statements of the selected banks, in order to identify the key variables and state of knowledge in the subject constituted the secondary data. Primary data was also collected using standard questionnaire as the data instrument. This sampling procedure was adopted from William L. Boyd, Myron Leonard, and Charles White's Standard Instrument for weighting of rating of service quality attributes who carried out a related research (Boyd and White, 1994).

Instrumentation: Using the Standard Instrument adopted, the key variables measured included *Reliability, Responsiveness, Assurance, Tangibility* and *Empathy* of services. The uniqueness of this instrument is that rather than the absolute values, it measures the relative weights of the ratings.

Data Analysis: Data resulting from the study was analyzed using one sample T- test of the mean weighted differences between perception and expectation of customers. The test determined whether there is a significant gap between expectation and perception at 5% level of significance. The statistical software packages SPSS and Mini-tab were then used for general analysis of the data.

4. Results

Table 1 below depicts the number of respondents in the sample who accessed the services of Ghana Commercial Bank (GCB), Ecobank (ECO), Standard Chartered Bank (SCB) and Cal bank (CAL) in line with the dimensions of service quality attributes (reliability, responsiveness, assurance, tangibility and empathy) based on customers perception(Per) and expectation(Exp). These services are rated strongly agree, neutral and strongly disagree for both expectation and perception.

Table 1. Frequency distribution of respondents /assessments of service quality

	STRONGLY AGREE/AGREE				Neutral				STRONGLY DISAGREE/DISAGREE							
	GCB	ECO	SCB	CAL	GCB	ECO	SCB	CAL	GCB	ECO	SCB	CAL	TOTAL GCB	TOTAL ECO	TOTAL SCB	TOTAL CAL
Expectation of Reliability	109	56	51	36	13	3	15	2	28	1	10	3	150	60	76	41
Perception of Reliability	61	45	55	29	29	9	12	9	59	6	9	3	150	59	76	41
Expectation of Responsive	117	53	58	35	15	6	16	3	17	1	2	3	150	60	76	41
Perception of Responsive	79	48	62	29	31	8	9	8	40	4	5	3	150	60	76	41
Expectation of Assurance	86	50	50	37	28	7	20	4	36	3	6	1	150	60	76	41
Perception of Assurance	84	44	63	32	31	9	10	7	35	7	3	2	150	60	76	41
Expectation of Tangibility	89	52	55	34	30	4	17	5	31	4	4	2	150	60	76	41
Perception of Tangibility	97	49	61	35	24	9	13	5	29	2	3	1	150	60	76	41
Expectation of Empathy	104	54	62	28	28	4	10	6	18	2	4	7	150	60	76	41
Perception of Empathy	85	46	49	36	27	10	20	2	38	4	7	3	150	60	76	41

Source: Field work 2011

Table 2. Percentage distribution of respondents/ assessments of service quality

	STRONGLY AGREE/AGREE				Neutral				STRONGLY DISAGREE/DISAGREE			
	GCB	ECO	SCB	CAL	GCB	ECO	SCB	CAL	GCB	ECO	SCB	CAL
Expectation of Reliability	73	93	68	88	9	4	19	6	18	2	13	7
Perception of Reliability	41	75	72	72	20	15	16	21	40	10	12	7
Expectation of Responsive	78	88	76	86	10	9	21	7	12	2	3	7
Perception of Responsive	53	79	82	72	21	14	11	20	27	7	7	8
Expectation of Assurance	57	83	66	89	19	12	26	9	24	4	8	2
Perception of Assurance	56	73	83	78	21	16	13	16	23	12	4	6
Expectation of Tangibility	59	86	72	84	20	7	23	12	21	7	5	4
Perception of Tangibility	65	81	80	85	16	16	17	12	19	3	4	2
Expectation of Empathy	70	89	82	69	19	7	13	14	12	4	5	17
Perception of Empathy	57	77	64	89	18	16	26	5	25	7	9	7

Source: Field work 2011

Table 2 shows the percentage of respondents in the sample who accessed the services of Ghana Commercial Bank (GCB), Ecobank (ECO), Standard Chartered Bank (SCB) and Cal bank (CAL) in line with the dimensions of service quality attributes (reliability, responsiveness, assurance, tangibility and empathy) based on customers perception(Per) and expectation(Exp). These services are rated strongly agree, neutral and strongly disagree for both expectation and perception.

Table 3. Weighted of responses of assessments of service quality

	GCB	ECO	SCB	CAL	Total
Expectation of Reliability	382	175	193	115	865
Perception of Reliability	302	157	198	108	765
Expectation of Responsive	400	172	207	114	893
Perception of Responsive	339	164	209	108	819
Expectation of Assurance	350	167	196	118	831
Perception of Assurance	349	157	213	112	830
Expectation of Tangibility	358	167	203	115	843
Perception of Tangibility	368	167	210	116	861
Expectation of Empathy	387	171	210	103	872
Perception of Empathy	347	162	194	116	819
	3581	1659	2033	1125	

Source: Field work 2011

Table 3 contains the weighted responses of respondents. Customers' preferences of service provider attributes were weighted as: Strongly Agree/agree = 3, Neutral = 2 and Strongly Disagree/Disagree = 1.

Table 4. Gaps of weighted responses

	GCB	ECO	SCB	CAL	Total
Reliability	80	17	-4	7	100
Responsive	61	8	-1	6	74
Assurance	1	11	-16	6	2
Tangibility	-10	1	-7	-1	-18
Empathy	40	9	16	-12	53
	171	46	-13	6	

Source: Field work 2011

The table 4 shows differences between weight expectation and perception (gap=expectation – perception) of the five service quality attributes of the selected banks, Commercial Bank (GCB), Ecobank (ECO), Standard Chartered Bank (SCB) and Cal bank (CAL).

Table 5. Weighted means of responses

	GCB	ECO	SCB	CAL	
Expectation of Reliability	0.42	0.49	0.42	0.47	1.80
Perception of Reliability	0.34	0.44	0.43	0.44	1.65
Expectation of Responsive	0.44	0.48	0.45	0.46	1.84
Perception of Responsive	0.38	0.45	0.46	0.44	1.73
Expectation of Assurance	0.39	0.46	0.43	0.48	1.76
Perception of Assurance	0.39	0.44	0.47	0.45	1.74
Expectation of Tangibility	0.40	0.46	0.44	0.47	1.77
Perception of Tangibility	0.41	0.46	0.46	0.47	1.80
Expectation of Empathy	0.43	0.48	0.46	0.42	1.79
Perception of Empathy	0.39	0.45	0.43	0.47	1.73

Source: Field work 2008

Table 5 demonstrates weighted means of the responses of the selected banks,Ghana Commercial Bank (GCB), Ecobank (ECO), Standard Chartered Bank (SCB) and Cal bank (CAL) based on customers' perception (Per) and expectation (Exe).

Table 6. Gaps of mean weights of responses

	GCB	ECO	SCB	CAL	TOTAL
Reliability	0.09	0.04	-0.01	0.03	0.15
Responsive	0.07	0.02	0.00	0.03	0.11
Assurance	0.00	0.03	-0.04	0.03	0.02
Tangibility	-0.01	0.00	-0.02	-0.01	-0.03
Empathy	0.04	0.03	0.04	-0.05	0.05
Total	0.04	0.02	-0.01	0.00	

Source: Field work 2011

The table 6 shows differences between weighted mean expectation and perception (gap = expectation – perception) of the five service quality attributes of customers of Ghana Commercial Bank (GCB), Ecobank (ECO), Standard Chartered Bank (SCB) and Cal bank (CAL). The total difference of expectations and perceptions of CAL customers are equal. The perception of SCB services exceeds its customers expectation while the vice versa holds for GCB and ECO.

Test of hypotheses

H_0: $\overline{D} = 0$

H_1: $\overline{D} > 0$

Since the t-computed or test statistic is less than the t-critical (2.132) for GCB, SCB and CAL, accept the null hypotheses that both absolute and mean weighted deviations are not significantly different from zero. Since the t-computed or test statistic is greater than t-critical (2.132) for ECO, reject the null hypotheses and conclude that there is a significant difference between perception and expectation at 5%.

Tabel 7. One-Sample T: GCB, ECO, SCB, CAL (absolute deviation)

Variable	N	Mean	Stan. dev	SE Mean	95.0% CI	t-computed
GCB	5	34.4	38.4	17.2	(-13.3, 82.1)	2.0000
ECO	5	9.20	5.76	2.58	(2.05, 16.35)	3.5659
SCB	5	-2.40	11.72	5.24	(-16.95, 12.15)	-0.4580
CAL	5	1.20	8.04	3.60	(-8.79, 11.19)	0.3333

Tabel 8. One-Sample T: GCB_1, ECO_1SCB_1, CAL_1 (mean weighted deviation)

Variable	N	Mean	Stan. dev	SE Mean	95% CI	t-computed
GCB	5	0.0380	0.0432	0.0193	(-0.0157, 0.0917)	1.969
ECO	5	0.02400	0.01517	0.00678	(0.00517, 0.04283)	3.539
SCB	5	-0.0060	0.0297	0.0133	(-0.0428, 0.0308)	-0.4511
CAL	5	0.0060	0.0358	0.0160	(-0.0384, 0.0504)	0.375

5. Discussion

The discussion is based on an adaptation of SERVQUAL model by Parasuraman et al (1985, 1988) and covers measurement of the responses on the expectation and perceptions variables of service quality. The total mean weight for the respective variable indicated that in general, majority of respondents do not perceive the banks as doing well enough on the service quality variables. On the average, customers' satisfaction levels were below 50%.The widely-held view in the marketing literature is that satisfied customers are retained while dissatisfied customers defect. However, the findings from the study indicate that in spite of the perceived low level of customer satisfaction, these customers have not defected. They have continuously maintained relationship with the bank service providers. In terms of individual firms, the trend in Table 6 shows that satisfied customers of SCB perceive their experience with the service as exceeding expectations, (customer delight). For CAL customers, they were barely satisfied, (Perception=Expectation). ECO customers are dissatisfied, with GCB customers most dissatisfied. There is therefore no evidence to support any categorization of foreign and indigenous banks or private and state-owned banks in terms of service delivery as research works in other contexts seek to do.

The specific individual variables suggest that relatively banks do well on the *tangible* aspects of their service delivery. These included the appearances of their staff, spick and span premises and attractive billboards and advertising. Respondents were least comfortable with the *reliability* variable followed closely by the *responsiveness* variable. Incidentally, *reliability* variable which relates to responding to customer needs and on time as well as accessibility to the bank 24/7, are perceived to be key performance indicators for the firms. This also applies to the *responsive* variable which relates to the performance of the branches and interest rate and bank charges. This may explain why majority of respondents were not satisfied. Significantly, these customers have still maintained relationship with the firms. GCB is the market leader with the largest market share (with corresponding relationship with its customers) but was the least satisfying firm. Relationship marketing practice therefore does not necessarily imply customers are satisfied with the service quality variables. This again seems contrary to relationship marketing models which consider quality service delivery as antecedent to successful relationship marketing practices.

6. Concluding Remarks and Implications

The role of service quality amongst the traditional banking providers and the new entrants in the light of the current diffusion of technology and the unprecedented competition in the industry was investigated in this study. Included in this objective was to investigate how service quality issues are being taken into account by both the incumbents and the new players in the banking sector in Ghana in their quest to create a competitive advantage. Using the one sample T-test of the mean weighted differences between perception and expectation of customers, five service quality dimensions adopted from Parasuraman, Berry and Zeithaml (1994) were tested. Thus, this study focuses on the people aspect of service delivery. The study shows that customer dissatisfaction with service quality variables does not necessarily discourage firms' successful relationship with customers. While it may be one of the inputs in the relationship marketing theory, in its absence other variable can be used to establish and maintain relationship with customers. Some of these inputs have been mentioned as understanding customer expectation, building service partnership and empowering employees. Firms for example can make switching cost high (unwilling to switch because of the image of the bank or proximity). However when new competitors are perceived to be performing better on the service quality variables it is possible that customer may switch. Relationship marketing not founded on good quality levels may only succeed when there is high barrier to entry and customers perceive little differences between competing firms.

This study concludes that where a gap exists between customer expectation and perception of service delivery, service quality is perceived as low and customer dissatisfaction results. However, dissatisfied customers would not necessarily defect. The study therefore confirms the theory that service quality is a necessary but not a sufficient condition for maintaining relationship with customers. Reliability (meeting needs on time and accessibility to the bank 24/7) and Responsiveness (poor customer service, interest rate and bank charges)

variables attracted low favourable comments from respondents. These incidentally are critical to financial service delivery and consequently satisfaction of customers. Banks must therefore improve upon accessibility through service delivery, ensure that ATMs are reliable, customer service improved and bank branches are made more accessible and responsive to customer needs. This view is in line with those expressed by Kumar et al (2011). This may require investment in new and up-to-date technology. Regulatory bodies like the Bank of Ghana should not only clearly spell out guidelines but also strictly enforce the regulations. No comparable research findings are available in underdeveloped countries and it is therefore recommended that this research be replicated in a country that mirrors the cultural profile of Ghana. The study may be repeated in other branches of the service industry in Ghana to find out users' service quality perceptions in such branches of the industry. A major implication of our findings and those by is that marketing practitioners must identify the dimensions of service quality that determine satisfaction and loyalty in their own country. Thus a standardized marketing strategy in macro environments characterized by different economic, social and cultural environment is not appropriate.

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