# EFFECTIVE MANAGEMENT OF QUALITY CUSTOMER SERVICE IN THE BANKING INDUSTRY IN NIGERIA: A STUDY OF SELECTED BANKS.

By:

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## ABSTRACT

*A major problem facing the Nigerian banking industry has been a less than primary attention to quality customer service. Consequently, customers are not very satisfied with the level of quality provided. The banks have not fared very well in their effort to stimulate favourable attitude and impression toward their products and services. In most cases lack of innovativeness and strategic flexibility, which are the key determinants of service quality and basic ingredients for sustainable competitive advantage have been deliberately encouraged.*

*This study, "Effective Management of Quality Customer Service in the Nigerian Banking Industry: A study of Selected Banks" was designed to (among other objectives) find out how Nigerian banks manage service quality.*

*A primary objective of the study was the identification of they determinants of service quality, bases for differentiating bank services, and what banks do to consistently provide quality customer service.*

*The survey research method was used, using semi – structured questionnaires. The four banks used (First Bank of Nigeria PLC, Union Bank of Nigeria PLC, United Bank for Africa PLC, and Citizen International Bank) were selected on the basis of years in operation. Data for the study were collected from both management staff and customers of the four banks under study.*

*Data collected were collated and analyzed using simple percentages. The study revealed that:*

*a) The key determinants of service quality included: receptiveness of customer service people, courtesy, and prompt service delivery.*

*b) The bases used by banks to differentiate their services from the competition include: prompt service delivery, competent personnel, reliability, responsiveness, communication, systems, and flexibility.*

*c) Standardization, employee training and effective supervision were among the strategies used by banks to achieve consistency of service quality between employees, between visits, and between geographical locations.*

*d) 70.6% of bank customers were not satisfied with the quality of services provided by their banks.*

*A major recommendation of the study was that the banks should add value to their services by making customer services accessible and consistent with simplified processes.*

## INTRODUCTION

A service is often described as an intangible solution that is provided to a clients problem(s). Kotler (1998), defines service as "any act of performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything." Quality service refers to how a product or service is packaged and how it is

delivered. The entire focus of the quality customer service paradigm is customer satisfaction (Uduk, 1995: 2). For the service provider, it is not enough to have a vision or mission. Whatever the mission of the institution must be translated into concrete action by the way it relates to its customers, and for sustainable competitive advantage.

Banks will need to be more efficient and innovative to withstand competition. The quality management concept is now being used in various contexts in the banking sector. The concept and its related practices is now generally referred to as Total Quality Management (TQM). It involves a disciplined search for answers to the following basic questions (Ambachtsheer, 1994:42-43):

(a) Who are the customers?
(b) What do they want?
(c) How is the product or service best delivered?
(d) What is the best path to continuous improvement?

A careful search for and application of such answers determine the mood of the customers after each visit to the bank.

Recently, there has been a strong awareness within the Nigerian Banking industry that the provision of quality service has dramatically reshaped the fortunes and images of some banks. These banks became successful because of their strong commitment to satisfying the needs and wants of customers by providing quality customer service. Such quality oriented attitude calls for a complete shift from traditional methods of satisfying customers to new and challenging methods that add value to services provide.

## *STATEMENT OF THE PROBLEM*

The problem of the banking industry seems to have been intractable over the years. Ever since its inception, the sector has suffered one form of distress or the other contrary to public expectation.

Various reasons have been cited for the problems facing banking services in the country. Ofoma (1999:12), Olayinka (1999:20), and Olatoun (1998:15) have cited the incidence of poor service and prevalence of lack of confidence in the system. Uduk(1995:6), agrees that the increasing mortality rate among Commercial banks in the country while adding to the severe turbulence within the industry has also contributed to the bank's overall poor image rating and unfavourable customer impression of their services. Dayer (1999:25), believes that the major problem facing the industry focuses, on efficiency, acceptability, and service satisfaction. Oruma (1998:20), in his submission points out that customer demand and expectation for quality banking services have generated problems for those banks that cannot consistently provide such quality services. He further identifies poor management as one of the barriers to quality customer service in the banking industry. Uduk (1995:5), also identifies systemic distress and the poor service record of Nigerian banks as the endemic problems of this sector. According to him, banks are seen as generally unresponsive to customers' needs. In his words, "in the majority of the banks, customers have to wait long hours to cash their cheque; most banks do not bother to send account statement to customers; most bank staff are unfriendly and lacking in courtesy, and short payment of customers is common.

Generally, Nigerian banks lack consistency in service delivery. Unfortunately for these banks, consistency of service delivery happens to be a core customer expectation. With all these problems cited, it appears as if our bank managers do not know how to manage their services effectively.

## OBJECTIVES OF THE STUDY

Today, in the Nigerian banking industry, the ability to provide quality customer service has become a core competence, and a critical success factor. Effective and efficient management of customer service has therefore become a strategic skill that generates and sustains customer traffic and profitability for the bank.

The major objective of this study is to find out how banks manage quality customer service. Specifically the study aims to identify

(a) The key determinants of service quality in the Nigerian banking industry
(b) How banks differentiate their services from the competition.
(c) How banks consistently provide quality customer service.

## JUSTIFICATION OF THE STUDY

This study is justified on the following grounds:

(a) The quality customer concept, though extensively practiced in Japan, the United States of America, Western Europe, and recently in some Asian countries, is new in Nigeria. Its study therefore will increase the level of awareness of the subject within the country.

(b) Quality service is widely regarded as a core competence. Adoption of quality management practices will mean that Nigerian Banks will be regarded as reliable partners to do business with by the international banking community especially in these days of globalization.

(c) The major goal of quality management is to achieve continuous improvement in customer satisfaction. According to Schnaars (1998:188), customer satisfaction is the only forward looking indicator of business success. Pursuit of customer satisfaction will certainly restore confidence to the banking industry. This will lead to increased customer traffic and high earnings to the banks.

## SCOPE OF THE STUDY

The study was designed to provide information on how banks (commercial banks) manage quality customer service. Four Commercial banks – First Bank of Nigeria Plc, Union Bank of Nigeria PLC., United Bank of Africa PLC., and Citizens Internal Bank – were selected for the study. The selection was based on their years in operation. The first three are considered "old generation" banks while the last one is a "new generation" bank. Also the four selected banks provide a range of banking services similar to those offered by other commercial banks in the country.

## RESEARCH QUESTIONS

In carrying out the above stated objectives of the research, the following questions were asked:

a) What are the key determinants of service quality in the Nigerian banking Industry?
b) How do Nigerian banks differentiate their services from the competition?
c) How do Nigerian banks consistently provide quality customer service?

The answers obtained from the research questions for the study will form the major contribution of the research work.

## RESEARCH METHOD

The survey research method was used for this study.

**Population:** The study examines how First Bank of Nigeria Plc, Union Bank of Nigeria Plc, United Bank for Africa Plc and Citizens International Bank manage service quality. The population of the study therefore, covered all the customers and management staff of these selected commercial banks.

**Sampling:** Random sampling was used to select the samples from the total population in each of the banks covered. In each of these banks, respondents were randomly picked by means of balloting. The researcher believed that the random sampling procedure would drastically reduce the degree of error, thus enhancing the chance of obtaining representative opinions on the subject under study. Some of the ballot paper were marked "X" while some were marked "Y". Those who picked "X" were the ones who were given the questionnaires. Eight (8) managers from each bank were picked at random while two hundred and fifty (250) customers in each of the four (4) banks were also picked at random. Based on the above procedure, a total number of 1,032 respondents were used for the study, comprising 1,000 customers and 32 managers.

### *Research Instrument and Administration*

The study used a semi-structured questionnaire to collect relevant information. The questionnaires were administered to customers within and outside bank premises. Questionnaires were administered to two hundred and fifty (250) customers per bank over a period of three months. A total of one thousand (1,000) customers of the four banks under study were therefore administered with questionnaires. Eight questionnaires each were administered per bank to the managers of the selected banks. A total of thirty-two questionnaires for managers were therefore administered.

### Method of Data Analysis

The study used simple percentages for data analysis. This method was used because of its relevance to the study, ease of interpretation, and understanding.

## LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK

### Service Quality

To some extent managing service quality is more difficult because some elements are intangible and difficult to measure. A survey of service employees by a company (Inset Systems Company of Brookfield, Connecticut, U.S.A), concerning what 'quality' means in terms of job performance yielded the following responses (Badiru and Ayeni, 19931:38).

a. Providing extremely polite, prompt, and accurate service;
b. Viewing the customer as having done us a favour by buying our product;
c. Knowing as much as possible about products in order to support them better;

d. Researching problems to come up with good, solid solutions;
e. Maintaining good relationships with distributors and dealers to make customers feel comfortable;
f. Giving your all and going out to die for the customer; and
g. Providing the customers with simple solutions that enable them to do their own work more efficiently.

Despite the difficulty in defining service and measuring some service elements, one advantage of managing service quality can be that a greater percentage of a company's employees are in contact with the external customer, therefore customer orientation can be easier to achieve. This increased customer contact has been described as 'moments of truth' by Jan Carlson, then president of the Scandinavian Airlines systems (SAS). He says " each time customers come into contact with an organization, they form an impression; each time is a moment of truth." The sum of the moments of truth forms the overall company quality rating. To be successful, companies need to manage the moments of truth so that a good quality impression is formed and the customers will come back (Liswood 199:15-16).

**Common Practices with Respect to Service Quality**

Various studies of excellently managed service companies show that they share a number of common practices with respect to service quality. Among them are the following (Kotler, 1998:486):

a. **A History of Top Management Commitment to Quality**: Companies such as Marriot, Disney, Delta, and MacDonald's have thorough commitments to quality. Their managements look not only at financial performance on a monthly basis but also at service performance. Ray Kroc of McDonalds insisted on continually measuring each McDonald's outlet on its conformance to QSCV, namely, quality service, cleanliness, and value. Franchisers that failed to conform were dropped.

b. **The Setting of High Standards:** The best service providers set high service quality standards. Swissair, for example, aims for 96 per cent or more of its passengers rating its services as good or superior, otherwise it takes action.

c. **Systems for Monitoring Service Performance:** The top service companies audit service performance, both their own and competitors', on a regular basis. They use a number of devices to measure performance: comparison-shopping, ghost shopping, mystery shopper, customer surveys, and suggestion and complaint forms. General Electric sends out seven hundred thousand response cards a year to households to rate its service people's performance. Citibank checks continuously on measures of ART, namely, accuracy, responsiveness, and timeliness. It does 'ghost shopping' to check on its employees' delivering good service.

d. **Satisfying the Employees as well as the Customers:** Excellently managed service companies believe that employee relations will reflect on customer relations. Management creates an environment of employee support and rewards for good service performance. Management regularly audits employee satisfaction with their jobs.

**The Service Quality Model**

Berry *et al* (1985:4), have formulated a service quality model that highlights the main requirements for a service provider delivering the expected service quality. The model is shown in figure 1: It identifies five gaps that cause unsuccessful service delivery. 1 It identifies five gaps that cause unsuccessful service delivery. The gaps are described below:

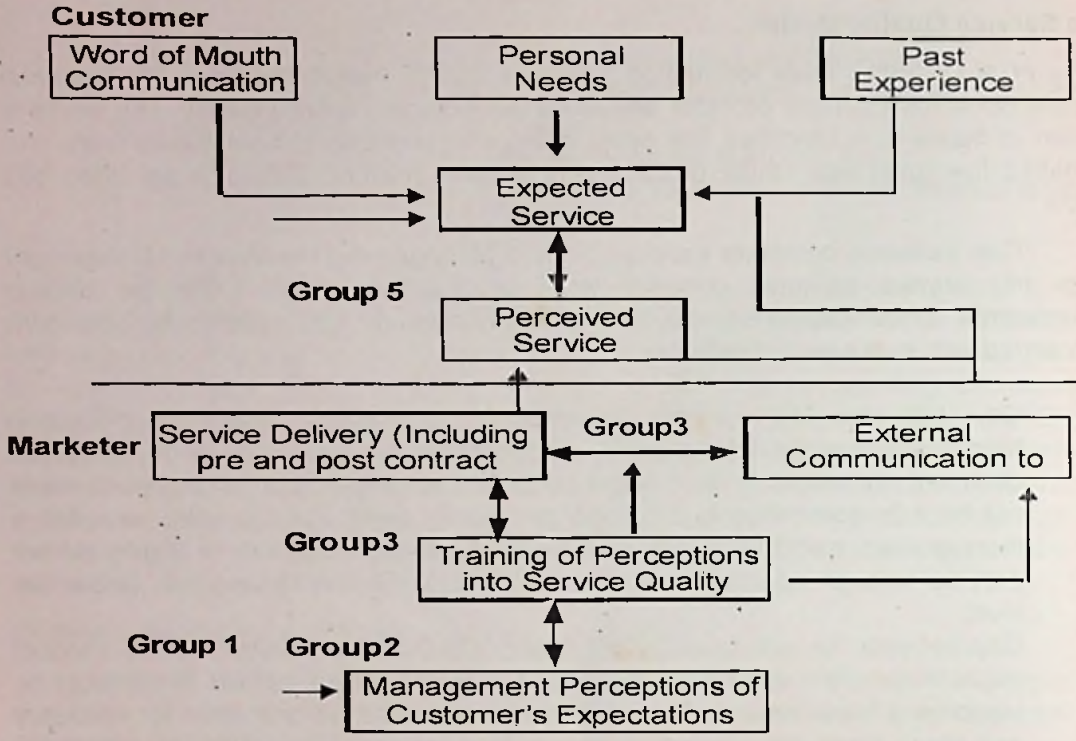
1. Gap between customer expectation and Management Perception: Management does not always perceive correctly what or how customers judge the service components Thus hospital service by the food quality whereas patients may be more concerned with nurse responsiveness.

2 Gap between Management Perception and Service Quality Specifications Management might not set quality standards or very clear ones or they might be clear but unrealistic or they might be clear and realistic but management might not be fully committed to enforcing this quality level. For example, an airline s management wants phones to be answered within ten seconds of ringing but not provide enough operators nor do much about it when service fails below this level.

3. Gap between Service Quality Specifications and Service Delivery: The personnel might be poorly trained or overworked The morale might be love There might be equipment break downs. Those handling operations typically drive for efficiency and some times this runs counter to a drive for customer satisfaction. Consider the
cross-pressure on a bank teller who is told by the operations department to work fast and by the marketing department to be customers friendly.

Figure 1: Service Quality Model Highlighting the Main Requirements for a Service Provider Delivering The expected Service Quality.

4. Gap between Service Delivery and External Communication: Consumer communications. If a resort hotels brochure shows a gorgeous room but the guest arrives and finds the rooms to be cheap and tacky looking, then the fault lies in the expectations created by the external communication.
5. Gap between Perceived Service and Expected Service: This gap results when one or more of the previous gaps occur. It becomes clear why service providers have a hard time delivering the expected service quality.




Source: Berry et al 1985

**ORGANIZATIONAL CULTURE AND QUALITY IMPROVEMENT**

A fundamental change in the culture of the organization is required to sustain long-term quality improvement. Changes in the corporate culture in turn demand more than executive support or involvement. They necessitate leadership by example, objective analysis, the courage to take risks and a intense commitment to the ideal of creating value and satisfaction for customers Robert Galvin, Chairman of Motorola, says the commitment has to be "deeply personal" and real change won't take place until this personal feeling is transmitted throughout the ranks. And John C. Marous. chairman of Weatinghouse Electric adds, 'total quality is a cultural change which requires an emotional experience" (Uduk, 1995:68). Strong leadership is the crucial ingredient to create and sustain a quality culture. The leadership must completely embrace the quality process in everything it and its organization does (Liswood, 1981:xxxiv).

Managing quality customer service as Sewell and Brown 1992 241 point out requires the key elements of strategy, systems, standards. staff communication, coordination, cooperation, and measurement. A quality service strategy must be guided by a compelling vision, built around customers priorities, communicated throughout the organization and be subjected to frequent and formal measurement. Customer oriented systems that are designed for the convenience of the customers, constantly reviewed, provide the customer with added value and allow swift and effective recovery. Quality staffs have the following characteristics they are carefully selected, undergo excellent training are empowered to work for the customer and are generously rewarded (Sewell and Brown. 1992:241.

## PROACTIVE TOOLS FOR QUALITY IMPROVEMENT STRATEGIES

On the whole, pro tools of assessment as essential element of the improvement strategies are needed. The techniques identified below are representative of the sort of proactive methods from which an organization should select an appropriate mix and develop its own strategies. To devise a strategy for service it is essential to have a vision of the sort experience you want the customers to have A seller of fried chicken. It is important to have a vision of how the service strategy will make a difference. You should express your core purpose in a mission statement and communicate it to your staff. This is what will provide a sense of commitment. Know your customers, their needs and satisfaction levels.

Understand how service can be used to create a competitive edge and also why some customers choose to use your competitors. Build an organization designed to respond to the customer, and develop systems, which ensure quality of your product, service, environment and delivery importantly, create a climate in which staff wishes to respond to customers need, and provide them with the skills and Knowledge to do so. Above all, establish people systems, policies and procedures, which facilitate excellent service.

### Managing Quality Services in the Banks

Ansell (1993:2-3). points out that, applying quality in the financial services industry is not just a matter of taking the techniques developed in other industries and using them without change. There are some important differences that need to be understood:

a. Customers are usually suppliers as well as buyers
b. Many areas require cooperation with competitors for example, money transmission.
c. Customers often have only a very limited understanding of what they are buying
d. Most banks are large integrated companies with central purchasing and relationship management for large clients.
e. Manufactured goods can have tolerance level: money must be accurate (a customer would not be pleased if he paid in _$1,000 and found his account was credited for $999.99 (an error of only 0.001%). Being close is not enough.

Managing quality customer service in the banking industry is difficult but, it is certainly attainable. The first step in that journey is the need to pay great attention to details. Bank management thinks in terms of hundreds of millions of naira and tens or hundreds of thousands of customers, but that one customer whose cheques are bouncing, a deposit did not get credited promptly is thinking in equal great terms on a personal level. To the bank manager, a N100 returned cheque might seem trivial; to the customer, it can mean the difference between a good or bad credit rating. To the cashier, a long queue may be a normal way of doing banking business, to the customer; it may be the difference between meeting or losing an appointment. The issue is customer empathy. As Laura Liswood points out. Many banks are so caught up in their internal policies, procedures, and systems that managers and frontline employees forget or never learn, how to be empathetic towards the customer. For that matter, the delivery chain itself may contain built-in-barriers to empathy (Liswood, 1991:110).

In the delivery of a product or service there is a chain of events cutting across departmental boundary, which need to be diagrammed and continuously audited to

ensure that all its links are in place. Someone should have an overview of how the chain fits together and be in a position to predict where breaks may occur. This is nowadays called "Business Process Management or Mapping" (BPM) or "Business Process Re-engineering" (BPR). This involves re-examining the fundamental ways in which the business is operated. Re-engineering is even a more relevant phrase as it involves taking processes to pieces and building a better, different, more effective process that more closely meets the objectives of the customer and the business.

In the Trustee Saving Bank, their BPM consisted of six phases, as reported by Peter Ellwood, (1993:91-92), Group Chief Executive, TB Group. These were:

a. Identifying, mapping and costing the core business processes.
b. Selecting the process on which to work and establishing stretching goals for their redesign.
c. Conducting a detailed analysis of the process, asking fundamental questions like "what does the customer want?" and "what would we have to do to be, and be seen as, the best?"
d. Radically redesigning the process by simplifying and rationalizing.
e. Managing the change closely to ensure that real benefits are obtained.
f. Establishing measurement and improvement programs to ensure that the process continues to improve.

In a paper written for the 21st Cambridge Seminar of the Chartered Institute of Bankers, held at Christ's College, Cambridge, in September 1993, Peter Ellwood whose bank was implementing TQM said:

We have already identified and mapped 54 key processes, including their associated costs for our business. The first process we selected for redesign was home buying because it incorporates major contact with customer. Even the first measurements we made showed that there was considerable waste, which could be avoided thereby removing hassles both within TSB and for our customers. The average turnaround time from mortgage application to formal offer was 30 days, with less than one third achieved within 20 days. It took an average of four to five interviews with the customer to achieve completion, and there were five forms covering 167 questions of which only 24 were unique-for instance we asked them to fill in their account number no less than seven times. Not only was this an inefficient process, it also put us at some competitive disadvantage for a key product area. Our only comfort is that in the year to October 1992, we grew mortgage balances at a rate two and a half times the rate of national market growth, and in six months to April 1993 this rose four times the rate of national market growth detracting from credit quality or varying our criteria for lending, which remain in line with those of the competition. Clearly the strength of our products and our promotion of them have more than made up for any deficiencies in processing. But I also suspect that the issues we have identified are not unique within the industry or indeed to the home buying process. TSB's redesigned process cuts the cost by more than 25% and cuts the time from application to formal offer to less than seven days. The customer needs to complete only one form, which has been greatly simplified. We believe we have proved the principle of BPM, and we are now carrying this sort of analysis forward to other parts of the business.

Having mapped out the chain, the question arises: At what juncture is it most likely that a customer can become dissatisfied? One believes it does not require complex mathematical calculations to establish the weak link in the service chain. What is needed is the organization's willingness to see things from the customer's viewpoint. Seeking and understanding the customers' requirements and putting in place a system for regular customer feedback is therefore the necessary starting point. Liswood (1991), suggests using simple devices such as telephone surveys, mail surveys (with pre-paid envelops), in-house suggestion boxes, mystery shoppers, focus groups, mail "intercept" interviews; interactive video systems, in detecting how the customer feels.

Another is the willingness of the top management to put in place an organization that encourages employees to constantly question the status quo. Employees must be positively motivated to question "the way we do things around here." Biand statements that "constructive criticism" is welcome are never enough. Such gimmicks, as Liswood (1991:107-108), points out can even be counterproductive if employees sense unwillingness on the part of the management to effect changes in the way things are carried out despite management's claimed intentions. Take a simple case of almost any bank on a Friday afternoon. The typical scene is usually the long line of frustrated customers. What the banks in these cases fail to recognize or refuse to accept is their own responsibility for repairing this weak link in their service chain. With same Friday afternoon scenes recurring week in and week out, year in and year out, its about time somebody in the bank said "we have got a service problem." All the customers cannot always be wrong. They must be trying to tell us something. To ask these sorts of questions and initiate an action process of change requires courage (Liswood, 1991:107-108).

A typical banking relationship involves the basic processes of opening the account, running or servicing the account and closing the account. In between you have account statements, returned cheques, opening and closing hours, forms used, information about available services, Mistakes and errors, procedures to control queues or lines and to direct the customer how the account should be operated. Sometimes you have a customer who has diligently operated his account for five or eight years and has had his cheque bounced for minor infringement without attempt to find out if there was a death in the family or something happened that took him away from his normal routine. Somebody in the bank may blame the computer for such lapses but the customer's loyalty to your company may be suddenly and seriously diminished. The message you have sent to the customer as Liswood (1991:107-108), says is "we are interested in you when all is well, we do not really appreciate your loyalty, in fact, we do not even know about it."

Organizations and their employees always have to be alert to the customer-satisfaction implications of all the company's standard procedures and policies. There are a number of simple but effective actions that will show customers the bank really cares about what happens to them. Liswood suggests for example, somebody can call the customer a day after a new cheque booklet is supposed to arrive and ask whether the booklet arrived and if the cheques were printed correctly. After the first statement is sent, somebody can call and ask whether it is accurate and if the customer needs anything explained. On the first anniversary of the account's opening, a phone call or letter might ask: "are you pleased with our services? What can we do better? Can we advise you on anything involving finances or perhaps help you with some major purchase you are planning to make (Liswood, 1991:107-108)?

One bank sends birthday cards, and sometimes presents to its important customers and members of their families. Using information technology each customer's birthday appears on Visual Display Unit (VDU) screens once the account is accessed. As was pointed out, Citibank checks its customer's accounts continuously on measures of ART, namely, accuracy responsiveness and timeliness (Kotler, 1988:486).

Table 1 represents an excerpt from a commercial bank's 'service attributes' checklist.

**Table 1. Commercial Bank's Attributes Checklist**

| Function | Timeliness | Reliability | Responsiveness |
|---|---|---|---|
| Loan Request | Chief loan officer will meet within 5 days | Loan documents to credit dept. 100% accurate and complete | Chief Loan Officer will provide commitment/answer within 30 days |
| Teller line | Limit % of time customer wait to 3 minutes | Transaction completed accurately | Teller greets, thanks, and uses customer's name |
| Customer complaint | Responses wanted within 24 hours | | All resolution of errors within 5 working days |

Source: Laura A. Liswood (1991)

Looking at the customer complaint column we see there is a wide gap between the customer's want and the bank's response. The customer wants a response within 24 hours while the bank's standard is 5 working days (or 7 where a weekend intervenes). This presents an opportunity for improvement to align the bank's standard with the customers' requirement (Liswood 1991;110).

As Deming (1982), points out, and Beskett (1994), confirms, "it is no longer adequate to satisfy the customer, it is necessary to delight, even astonish him or her". Fred Crawley (1993:62), admonishes, "if quality was once a winning ticket, it is now no more than an admission ticket." The Japanese are already bringing to bear on service the same intensity, passion, and detailed implementation that they brought to product quality. Quality has become no more than a staging post enroute to a destination that seems always to recede. This suggests that the sooner we get it done and dusted, the better.

For us in Nigeria this suggests that the sooner we got into the "Quality Train" the less likelihood that we shall be left marooned in a wilderness of underdevelopment as the 21st century dawns (Uduk, 1995:77).

## DATA PRESENTATION AND ANALYSIS

The data presented here is based on returned questionnaires. Out of the 32 questionnaires (marked "A") administered to senior management staff of the four banks under study, 24 were completed and returned. 1000 questionnaires (marked "B") were administered to customers, and out of the number, 850 were completed and returned.

This analysis is therefore, based on 24, and 850 returned (management staff and customers) questionnaires respectively.

## ANALYSIS OF QUESTIONNAIRE "A"

**TABLE 2 Existence of Marketing Department in the Four Banks**

| Responses | No of Respondents | Percentage: % |
|---|---|---|
| Yes | 24 | 100 |
| No | 0 | 0 |
| Total | 24 | 100 |

**Source: Questionnaire 2002**

Table 2. shows that all the banks under study have marketing departments.

**Table 3. Functions Performed by the Marketing Departments.**

| Functions | Yes | No |
|---|---|---|
| Consumer Research | 24 | 0 |
| Product - service design | 24 | 0 |
| Research on service quality | 24 | 0 |
| Measurement of Customer satisfaction | 22 | 2 |
| Customer care | 24 | 0 |

**Source: Questionnaire 2002**

Table 3. indicates that all the four banks carry out consumer research, research on service quality, product/service design, and customer care. Only two banks do not measure customer satisfaction.

**Table 4. Number of Banks that have Adopted Total Quality Management (TQM)**

| Responses | No of Banks | Percentage % |
|---|---|---|
| Have Adopted TQM | 24 | 100 |
| Have not Adopted TQM | 0 | 0 |
| Total | 24 | 100 |

**Source: Questionnaire 2002**

Table 4. shows that all four banks under study have adopted Total Quality Management (TQM).

**Determinants of Service Quality**

100% of the management staff cited the following as the major determinants service quality: Receptiveness of customer service people, courtesy, competence, effective communication, credibility, Responsiveness, Reliability, and understanding.

**Basis for Differentiating Bank Services**

The managers of the four banks under studying cited the following commonly used bases for differentiating their services from the competition. They are: ease of transaction, customer education, customer consulting, competent personnel, courtesy, credibility, reliability, responsiveness, communication, symbols, media, atmosphere and events, systems, convenience, flexibility, and creativity.

**Strategies for Consistent Quality Service Delivery.**

The strategies cited include: standardization of service delivery, employee training, effective supervision, analysis of customers' complaints, quality circles, and effective communication.

**ANALYSIS OF QUESTIONNAIRE "B"**

When asked what factors attracted them to their banks, the customer cited the following various factors: (a). proximity to bank premises, (b). image attraction, (c). advertisement, and (d). security of deposit.

However, when asked to state what they need most from their banks, the customers of the four banks were unanimous in stating "quality service."

**Table 5. Level of Satisfaction with Quality of Service**

| Level of Satisfaction with Quality of Service | No. of Respondents | Percentage Rating |
|---|---|---|
| Satisfied | 250 | 29.4 |
| Not Satisfied | 600 | 70.6 |
| **Total** | **850** | **100** |

**Source: Questionnaire 2002**

Table 5. Shows that 600 customers representing 70.6% of bank customers are not satisfied with the quality of service provided by their banks.

**MAJOR FINDINGS**

The study's major findings are summarized below:

a) All the managers of the four banks under study identified the following the key determinants of service quality: (i). receptiveness of customer service people, (ii). courtesy of employees, (iii) employee competence, (iv). employee reliability, responsiveness, and credibility, (v). effective communication. (vi). prompt service delivery.

b) The banks use the following bases to differentiate their services from the competition: customer education, customer consulting, competent personnel, courtesy, reliability, credibility responsiveness, communication, symbols, media, atmosphere, events, systems, convenience, flexibility, prompt service delivery, creativity and flexibility.

c) The banks use the following strategies to achieve consistency of quality service delivery: (i). standardization, (ii). employee training,(iii). effective supervision, (iv). analysis of customers complaints,(v). quality circles and effective communication,

d) The customers cited proximity to bank premises, image attractions, advertisement and security of deposit as the major factors that attracted them to their banks. However, they cited quality service " as the thing they need most from their banks.

e) 70.6% of bank customers are not satisfied with the quality of service provided by their banks.

## RECOMMENDATION

In the light of the findings, the following recommendations are made:

a). Commercial banks must deliberately stimulate customer familiarly with their services through purposeful communication, and at the same time initiate and sustain favourable impression of their services through selective advertising, personal selling, publicity and sales promotional efforts. For this effort to be meaningfully successful, the author further recommends effective customer and competitor analysis for effective service positioning.

b). The commercial banks should create and sustain positive customer impression of their services by going into rapid modernization of the banking system to keep pace with the rapid development going on all over the industrialized world. The use of more computers and other electronic devices and modern techniques of operation for faster dispensation of banking services in both urban and rural centers will immensely add to this awareness and positive image.

c). It is also recommended that commercial banks should initiate and maintain favourable impression of their services by:

i) monitoring the degree of customer satisfaction with their services on a continuous basis. This can be achieved through consumer research. It is generally agreed that satisfied customers are more loyal, less likely to switch to a competitor who offers lower prices, and could spread favourable word-of-mouth communication. In recent years there has been a growing interest in measuring customer satisfaction using observation methods. "mystery shoppers" are sent into banks to see if employees meet or exceed service standards set by the banks.

ii) establishing human resource departments in their head offices to be charged with the responsibility of selecting, training, and empowering employees to provide quality service to customers. Effective training provides employee confidence and competence. Confident employees know their job and they are prepared to handle any situation that might be presented to them. Confident employees mean reassured customers. This is very important because customers want to be reassured; they do not want to worry that what

they are buying is substandard or unreliable. Contact with a confident and seemingly competent employee reduces the uncertainty of the purchase.

iii) infecting the customer service people with transparent humility, hard work, friendliness and knowledge of their bank's offerings as well as those of the competition to enable them provide consistency of service quality between employees, visits, and geographical locations.

(d). adding value to their services, making customer services accessible, and consistent with simplified process. They should also reduce attractiveness of switching by developing services with features or prices that are more appealing to a specific segment of current customers, while deliberately seeking new customers both within and outside their target markets.

## CONCLUSION

A service is an intangible. Since people buy solutions and benefits, each time a service is paid for, we are actually paying for intangible solutions and benefits. Managing quality customer service in the banking industry is difficult but, it is certainly attainable. It calls for management to pay attention to details, show commitment to service quality, and the willingness to question the status quo.

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