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## SERVICE QUALITY PERCEPTION OF CUSTOMERS IN NIGERIA COMMERCIAL BANKS.BAUCHI, BAUCHI-STATE, NIGERIA

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### **Abstract**

*The major aim of this research is to measure the service quality offered by commercial banks in Bauchi metropolis. The five dimension of SERVEQUAL model, i.e reliability, assurance, tangibility, empathy and responsiveness were used to measure the quality of service offered by commercial Banks in Bauchi metropolis. To achieve this the primary source of data collection was used. The data was collected through questionnaire.170 questionnaire was administered to Bank customers in Bauchi metropolis while 149 was returned. Mean and standard deviation were used to analyse customers response. The result of the findings showed that the mean score on the dimension of reliability was more than that of assurance, tangibility, empathy and responsiveness. It is recommended that the commercial Banks in Bauchi metropolis should make deliberate effort to achieve more than an average performance on the dimension of assurance, tangibility, empathy and responsiveness.*

Keywords: SERVEQUAL, Assurance, Reliability, Tangibility, Empathy, Responsiveness

### **1. INTRODUCTION**

The banking sector in Nigeria has gone through different phases. The pre-consolidation phase and post consolidation phase. Economic liberalization and rapid technological advancement has contributed to the increasing integration in the financial sector. Banks operating in Nigeria is consequently put into a lot of pressures due to increase in competition which was as a result of the emergence of post consolidation era characterized by aggressive and proactive marketing and the need for banks to retain their customers. The number of banks reduced from 89 to 24 in 2004. Fourteen banks that failed to secure merger partners and were not able to meet the minimum capitalization requirement on their own had their licences revoked. The banks that managed to scale through this process saw the need to rise up to the challenges ahead by formulating policies that will not only make them remain in business but outsmart competitors. One of the major strategies that can be used to achieve this is to provide high level of customer satisfaction. Service quality has a significant impact on a bank's success and performance(Mouawad and kleiner,1996).

Service quality has received much attention and has a great role to play in the development of the banking sector because of its clear relationship with costs, the financial performance, customer satisfaction, confidence and retention .

Kotler(1980) defines a service as “any activity or benefit that one party can offer to another, that is essentially intangible and does not result in the ownership of anything.

Stanton(1981) defines services as” separately identifiable, intangible activities, which provides wants satisfaction when marketed to customers and /or industrial users which are not necessarily tied to the sale of a product or another service. Quality has been defined by various scholars. Some of the prominent definitions include “Quality is predictability”(Deming,1982), “conformance to specification or requirements”,(Crosby,1984 and “customer’s opinion”(Fergenbaum,1945).

Service quality has also been defined in different ways by researchers. Parasuraman et.al(1988)define service quality as a difference between customer expectation of service and customer’s perceptions of the actual service.(Smith,1988) defines service quality as meeting the needs and expectations of the customer.

## 2. LITERATURE REVIEW

Aigbiremolen and Aigbiremolen(2004) established the fact that customers have expectations about a product or service before they use the product or service and that the customers satisfaction with the product or service occurs when his expectations are met.

Increase profit is an output of increase in number of satisfied customers. Service providers should place emphasis on delivery of value to customers, when value is delivered profit increase.

Chastion(1990), Lewis(1991),Baker(2000) came up with what can be referred to as the service excellence model. The essential components of this model are contained in the acronym-SERVICE EXCELLENCE meaning S-solutions E-Expert R-Respect V-Value I-Integrity C-Care E-Empathy E-Excitement X- eXramile C-Commitment E-Elegance L-Listen L-Looks E-Enjoying every minute N-Neat C-Communicate E-Experience.

Berry.L et. al(1989)identified TEN DETERMINANTS of SERVICE Quality based on the research work they carried out in 1980’s. They are :RELIABILITY : The service provider must be consistent, dependable and have knack for following through in spite of all odds. RESPONSIVENESS: This involves going the extra mile, personal focus, willingness to follow and making genuine efforts to solve problems. COMPETENCE: The customer expects the producer to be knowledgeable about his job and be adept at providing the service. ACCESSIBILITY: The customer wants the service provider to be available and approachable. COURTESY: Customers wants to be treated with decency and respect. CREDIBILITY: Customers expect honesty and integrity on the part of the service provider in providing information on the service and in terms and conditions. UNDERSTANDING: Customers wants the service provider to understand their unique needs. COMMUNICATION: Customers wants to be provided with regular and accurate information to guide their decision. SECURITY: Customers care about their personal comfort and wellbeing and expect their safety to be assured. TANGIBLES: Customers look out for the physical features of the environment and available facilities to reassure themselves of the service provider’s ability and readiness for the service.

A customer will keep patronizing a service provider that understands his needs and put all the necessary facilities in place to meet his need(s). Service is about understanding the customer and satisfying him. Service quality is seen to be one of the main determinants of customer satisfaction. A bank can differentiate its firm from competitors through service quality. Service quality is an imperative element impacting customer's satisfaction level in the banking industry (Mamta and Dharmendra, 2008).

Service quality is a critical success factor for firms to build their competitive advantage and increase competitiveness.

Anil Dutta (2009) studied the expectations and perceptions of the customers across the three banking sectors in India and then related it to financial performance of the banks. To explore the customer's perception of service quality the researcher surveyed 263 respondents across the three banking sectors. From the survey results the author found that in the banking sector it is the foreign banks which are perceived to offer better quality of services followed by the private and then public banks.

Santhiyavalli (2011) studied customer perception of service quality of State Bank of India. The result of the findings showed that reliability, responsiveness, empathy and tangibility are the major factors responsible for customer satisfaction regarding the services provided by State Bank of India.

Naceur, et al (2003) developed a modified SERVEQUAL for measuring service quality in the United Arab Emirates commercial banks. The instruments include thirty items that belongs to the five dimensions of SERVEQUAL. The author tested the instrument for reliability and validity and the result indicated that the instrument had only three dimensions.

Kamal (2002) studied the impact of service quality dimensions and customer expertise on satisfaction from a sample of 167 respondents of Abu Dhabi commercial banks. The author reported that both core and relational dimensions of service quality appear to be linked to customer satisfaction.

There is a multiplier effect on customer satisfaction because if a customer is satisfied he informs relatives and close friends who will want to enjoy what he has been enjoying.

Service quality should be the focus of banking institution instead of spending so much money on advertisement. Most often, much money is spent on advertisement and less effort is put into the quality of service provided.

The five dimensions of SERVEQUAL are Parasuraman, et al (1988).

(1) Tangibles, which pertain to the physical facilities, equipment, personnel and communication materials.

(2) Reliability, which refers to the ability to perform the promised services dependably and accurately.

(3) Responsiveness, which refers to the willingness of service providers to help customers and provide prompt service.

(4) Assurance, which relates to the knowledge and courtesy of employees and their ability to convey trust and confidence, and

(5) Empathy, which refers to the provision of caring and individualized attention to customers.

Service Quality is a multidimensional concept(Naser,2002).It means different things to different people(Bennington and Cummane,1998).Gronroos(1984) pioneered this concept and defines service quality as a set of perceived judgements resulting from an evaluation process where customers compare their expectations with the service they perceive to have received.

### 3. METHODOLOGY

The researcher used the primary source of data collection to ascertain the service quality perception of banks in Bauchi metropolis. The researcher used questionnaire administered to 170 bank customers in Bauchi metropolis while 149 questionnaires were returned. The questionnaires were analysed to ascertain their perception of the services of banks in Bauchi metropolis using SERVEQUAL model based on tangibility, reliability, assurance, responsiveness and empathy.

### 4. RESULT OF FINDINGS

Variables	Mean	Standard deviation
Tangibility	3.8043	0.5613
Reliability	4.0620	0.11895
Assurance	3.9832	0.2036
Responsiveness	3.9177	0.3154
Empathy	3.9753	0.0940

### 5. DISCUSSION

The result of the finding showed that based on the five dimensions of SERVEQUAL the banks have performed averagely but recording a higher performance on the dimension of reliability. Even though the banks in Bauchi metropolis are performing well on the average in the discharge of their services to customers, it is expected that they still put more effort to achieve a higher performance level. This study is in agreement with the work of Santhiyavalli (2011) whose findings showed that reliability, responsiveness, empathy and tangibility are the major factors responsible for customer satisfaction which stood at 90 percent regarding the services provided by state Bank of India. Findings from this work however uphold the role of assurance as a factor that is capable of impacting positively on the customer and enhance customer retention. It is recommended that the commercial Banks in Bauchi metropolis should make deliberate effort to achieve more than an average performance on the dimension of assurance, tangibility, empathy and responsiveness

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