

**The Influence of Service Quality on Loyalty  
through Satisfaction of Customers in the  
Nigeria Banking Sector**

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Submitted to the  
Institute of Graduate Studies and Research  
in partial fulfillment of the requirements for the degree of

Master of Arts  
in  
Marketing Management

Eastern Mediterranean University  
January 2019  
Gazimağusa, North Cyprus

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## ABSTRACT

Globalization in every sector of the world's economy has created a wide spectrum of opportunities which has brought about intense competition in every sector including the banking sector. Banks' ability to gain competitive advantage depends on the level of quality services offered to customers. The main purpose behind this study was to examine the influence of offered dimensions of service quality on the satisfaction and loyalty of customers in the context of banking. The study considered customers of First Bank and Zenith Bank as they are both the largest banks in terms of customer deposit in the Nigeria banking industry. Convenient sampling technique was used to obtain primary data through administered survey questions to the study population made up of First Bank and Zenith Bank customers in Abuja, Nigeria. The result showed that "empathy dimension" of the five-dimensioned service quality measurement tool (SERVQUAL) had the most positive significant influence on satisfaction and loyalty of both First Bank and Zenith Bank customers. Similarly, satisfaction and loyalty had a significant positive association in both banks.

The results of the study assist bank managers in identifying more important dimensions of quality service in need of improvement to achieve customer satisfaction and loyalty.

**Keywords:** SERVQUAL dimensions, Customer loyalty, Customer satisfaction, Banking industry

## ÖZ

Küreselleşme, dünya ekonomisinin her sektöründe, bankacılık da dahil olmak üzere yoğun rekabetle birlikte geniş bir yelpazede fırsatlar yaratmıştır. Bankaların rekabet avantajı kazanabilme becerisi müşterilere sunulan hizmetin kalitesine bağlıdır. Bu bağlamda, bu çalışmanın ana amacı bankalarda sunulan hizmet kalitesinin boyutlarının müşteri memnuniyeti ve sadakati üzerindeki etkisini incelemektir. Çalışma, bu amacı gerçekleştirmek için Nijerya'nın müşteri tabanı açısından en büyük iki bankası olan First Bank ve Zenith Bank alarının müşterileri kullanmıştır. Birincil veriler Nijerya'nın Abuja kentindeki First Bank ve Zenith Bank müşterilerinden oluşan çalışma popülasyonuna, kolayda örneklem tekniği kullanılarak anket soruları aracılığıyla elde edilmiştir. Sonuç, beş boyutlu hizmet kalitesi ölçüm aracının (SERVQUAL) “empati boyutunun”, hem First Bank asının hem de Zenith Bank asının müşteri memnuniyeti ve sadakati üzerinde en olumlu etkiye sahip olduğunu göstermiştir. Benzer şekilde, memnuniyet ve sadakat her iki bankada da önemli bir pozitif ilişki içindedir.

Çalışmanın sonuçları banka yöneticilerine, müşteri memnuniyeti ve sadakatini sağlayabilmek için iyileştirilmesi gereken hizmet kalitesi boyutlarını belirleme konusunda yardımcı olmaktadır.

**Anahtar kelimeler:** SERVQUAL boyutları, Müşteri sadakati, Müşteri memnuniyeti, Bankacılık endüstrisi

To My Family

## ACKNOWLEDGEMENT

It was a great pleasure for me to prepare this thesis report entitled “**the influence of service quality on loyalty through satisfaction of customers in the Nigeria banking sector** – an empirical study” as a partial fulfillment of a Master’s degree program.

First and foremost my sincere appreciation goes to God almighty, for giving me the wisdom and knowledge to successfully complete this project, and great thanks to members of my family especially my beloved parents Mr. Ehiguese Godwin and Mrs. Ehiguese Gladys, my siblings, relatives, friends and colleagues for their advice, understanding, encouragement and financial support.

I also appreciate the endless efforts, positive criticism and necessary corrections of my capable and intellectual supervisor Professor Dr. Seldjan TİMUR who took her time to ensure compliance and orderliness in my work.

My appreciation also goes to all the respondents of First Bank and Zenith Bank Abuja, Nigeria for providing necessary information for the efficient completion of this study.

Finally, I would like to acknowledge the Dean of the College of Business and Economics, Professor Dr. Eralp BEKTAŞ, and special thanks to the Head of the Department Assoc. Prof. Dr. Melek Şule AKER, the university staffs, marketing lecturers that has in diverse ways influenced this project report.

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## **LIST OF ABBREVIATIONS**

ATM	Automated Teller Machine
BVN	Bank Verification Number
SAP	Structure Adjustment Program
SD	Standard Deviation
SERVQUAL	Service Quality
SPSS	Statistical Package for Social Sciences

# Chapter 1

## INTRODUCTION

Bank plays an important role in the economic development of any country. They gather excess savings and transform them into investments. Banks facilitate trading process within and outside a country, they provide credits for businesses and individuals, they also play an important role of capital mobility (Priyanka & Jyoti, 2014). The Nigerian banking industry is no different in these prospects; it is an important sector for the financial and economic growth of the Nigerian economy. The Nigerian banking industry is highly competitive as a result of policies and regulations, which has led to continuous growth and expansion with diverse patterns of ownership as well as differentiated service and product offerings. New systems of banking conduits has characterized the banking sector globally in terms of mobile banking, ATM's (automated teller machines), a growing financial market and global competition, which has propelled the importance of service satisfaction and loyalty of customers in achieving competitive advantage in today's banking industry (Auka, Bosire & Matern, 2013).

Olaleke O. Ogunnaike, 2010 stated that the days of a customer adopting one product or company for life are long gone, with easy access and global competitiveness customers are often swayed by advertising and other promotional strategies offering a chance at better deals to customer. Quality levels and features between competing brands and organizations are often comparable with their unique level of offered

quality service separating them from each other. It is not unusual for customers to switch back and forth between products or organizations simply because a bad first impression from the organization, of cost, or general lack of perceived quality service. That is why management of the Nigerian banking industry needs to apply a different approach that will help them gain competitive advantage in the highly competitive banking industry. Service quality excellence is pertinent in achieving loyalty of customers, today due to the benefits of customer retention company's and businesses has made this one of their primary goals (Benjamin O. 2006), customers are far more likely to pay premium prices for offered services when they are satisfied with you and your business quality service offerings, which ensures profit maximization on the side of the organization. Nigerian Banks must face the challenges in a bid to provide effective quality service to customers to ensure satisfaction and loyalty for sustainable competitive advantage. This research therefore, evaluates the influence of SERVQUAL dimensions on loyalty through satisfaction of customers in the Nigerian banking sector using First Bank and Zenith Bank as case study.

### **1.1 Background of the study**

Despite the tremendous efforts invested by the Nigerian banking industry to improve its quality of offered service, there are still indications of various issues challenging offered quality bank service which leads to loyalty and satisfaction of bank customers. Quality service to customers is crucial in enhancing satisfaction and loyalty in today's highly competitive corporate environment. According to (Ojukwu Dili, 2016) "banks that excel in quality service are likely to have a distinct marketing edge since the connectedness between service quality, customer satisfaction and loyalty often determine customer retention, increased product marketability, and

increased return on investment. Satisfied and loyal Customers need to be maintained by the banks because they positively recommend such bank service to other potential customers. The difficulties surrounding service quality, customer satisfaction and loyalty in the Nigerian banking sector has continued to threaten the commercial banking sector's economic growth and development (Udeh & Igwe, 2014). The high competition among banking firms in Nigeria today highlights the pertinence of quality service as a core competency for gaining competitive advantage, using the SERVQUAL measure of customer perception to examine the effect of quality service on satisfaction and banking loyalty, may further validate the importance of quality service for profitable and sustainable growth and development in the Nigerian banking sector.

## **1.2 Problem identification**

As a result of the financial challenges that had continuously plagued the Nigerian banking industry; from the bank consolidation era in 2005 to the global financial crisis in 2009, the relationship between Nigerian banks and their customers has been uncertain. Also, the lack of trust in the banking system and the ineffective bank customer service had led to further constrains on the customer banking relationship (Kuye et al., 2013). Kuye et al. (2013) contended that despite the government bailout of financially distressed banks in Nigeria during the 2009 financial crisis, customers' trust, satisfaction, and confidence in banking operations and services continued to diminish. Although, the bailout and subsequent consolidation measures were meant to improve the efficiency of the retail banks, it instead led to further lack of trust created by the insurgency which resulted to academic inquiries associated with lack of service quality and satisfaction and loyalty in the Nigerian banking sector (Kuye et al., 2013). The controversies surrounding SERVQUAL, satisfaction and loyalty of



customers are countless, especially in the Nigerian banking sector. SERVQUAL is often mishandled, resulting in dissatisfaction and low level of customer loyalty in the Nigerian banking sector. Researchers continue to question the facts and circumstances that accompanied the consolidation, mergers, and acquisitions of banks in the Nigerian banking industry in 2005 which affected the trust, confidence and reliability of Nigerians in the banking industry (Ebimobowei & Sophia, 2011).

Among various challenges facing the Nigerian banking system are: (1) Long queuing lines ahead of ATMs and in bank halls (especially during weekends and at the beginning of the week mostly Mondays); (2) Delays in executing transfers especially in terms of alerting the receiver (credit alert) on the transaction in terms of salaries deposits, etc., sent from other banks and deposited in the account of the customer, thus leading to complaints from customers; (3) The challenge of inadequate security and fraudulent activities experienced by customers both physically and digitally with their ATM cards and bank account details. However, added efforts have been put in place by the Nigerian banking system to make customers' banking activities more convenient and safe, these measures includes: (1) Connectivity and networking of the Nigerian banking system has made customer identification process much easier for banks. Customers can access their account wherever their located making bank activities much easier and faster; (2) Regular efficient and effective promotional activities by banks, disclosing their new products and services offered to customers with detail information on how to access them, creating customers comfort and confidence in bank offerings; (3) Increase in the number of ATMs and internet banking capabilities has reduced the inconvenience level of cash withdrawal, creating easy access to customers account information without working hours and challenges of long distance, serving customers for a longer period (i.e. within the

weekend and night hours); (4) Also, the introduction of the BVN (Bank Verification Number) system into the banking system has helped provide security over customers account information, reducing the level of fraudulent activities against customer's account and card information. Nigerian banks need to keep doing more in improving the level of customer satisfaction and loyalty in the Nigeria banking sector.

### **1.3 General objective of the study**

The main purpose of this research was to investigate the effect of SERVQUAL dimensions on loyalty through satisfaction of banking customers, using the five (5) SERVQUAL dimensions: (i) reliability, (ii) responsiveness, (iii) assurance, (iv) empathy, and (v) tangibility, evaluating customers of First Bank and Zenith Bank as representatives of the Nigeria banking industry.

### **1.4 Specific objectives of the study**

This research seeks to assess the effect of SERVQUAL dimensions on loyalty through satisfaction of banking customers in the Nigeria banking sector. In particular the research will focus on the following specific objectives:

1. To examine and compare the influence, of service quality dimensions on customer satisfaction at First Bank and Zenith Bank.
2. To determine and compare the extent, of service quality dimension influence on customer loyalty at First Bank and Zenith Bank.
3. To examine the relationship between customer satisfaction and customer loyalty of First Bank and Zenith Bank customers.
4. To determine the relationship between situational factors with satisfaction and loyalty of First Bank and Zenith Bank customers.

## **1.5 Study questions**

To achieve the above desired aims and objective the following questions were developed:

1. Do service quality dimensions influence satisfaction of Nigerian bank customer's?
2. To what extent do service quality dimensions influence loyalty of Nigerian bank customer's?
3. What kind of relationship exists between satisfaction and loyalty of Nigerian bank customer's?
4. Do situational factors have any significant association with the satisfaction and loyalty of Nigerian bank customers?

## **1.6 Study hypothesis**

Based on the study objectives and questions the following hypotheses were developed:

### **Hypothesis 1: Service quality dimensions and Customer satisfaction.**

**H0:** Service quality dimensions influence Customer Satisfaction.

### **Hypothesis 2: Service quality dimensions and Customer loyalty.**

**H0:** Service quality dimensions influence customer loyalty.

### **Hypothesis 3: Customer satisfaction and Customer loyalty.**

**H0:** There is a relationship between customer satisfaction and customer loyalty.

### **Hypothesis 4: Situational factors and Customer satisfaction and loyalty.**

**H0:** Situational factor has a positive impact on customer satisfaction and Loyalty.

## **1.7 Scope of study**

**Geographical scope:** This study was conducted in Abuja the capital city of Nigeria located in the center of the country within the federal capital territory. Abuja is the 10<sup>th</sup> most populous city in Nigeria. According the United Nations, Abuja grew by 139.7% between 2000 and 2010 making it the fastest growing city in the world. As the capital of Nigeria, head-offices of most local and foreign businesses are usually located in Abuja.

**Content scope:** Specifically, the research evaluated the profile of respondent's, level of SERVQUAL dimensions (measured by 22 items of service quality scale sourced from Chun Wang and Zheng Wang, 2006), level of customer loyalty (measured by two items), level of customer satisfaction (measured by one item), the relationship between SERVQUAL dimensions, satisfaction and loyalty of customers and recommended approaches to enhance loyalty and satisfaction of customers in the Nigerian banking sector.

**Theoretical scope:** The research was guided by the SERVQUAL model developed and implemented by the American marketing gurus Valarie Zeithaml, A. Parasuraman and Leonard Berry in 1988, and the relationship marketing concept popularized by Berry in 1983. The idea is based on building a long term relationship with customers, which in return reduces cost, defection rates and increases revenue.

**Case study scope:** Among various customers of different commercial and retail banks operating in the Nigerian banking sector, the study selected customers of First Bank and Zenith Bank as case study for the following reasons;

### **Case study 1: First Bank Plc**

First bank was founded in 1894 and is Nigeria's oldest bank, is the second biggest bank in terms of customer deposit. First bank is a Nigerian multinational bank and financial service company headquartered in Lagos with a secondary HQ in Abuja. First Bank operates a network of over 790 business locations across Africa, the United Kingdom and representative offices in Abu Dhabi, Beijing and Johannesburg. First Bank is the richest and largest bank in Nigeria. It has a total assets estimated to be worth \$21billion dollars. First Bank operates nationally, with an active customer base of over 10 million, and employs over 7,000 staff.

### **Case study 2: Zenith Bank Plc**

Zenith Bank was established in May 1990 and commenced banking operations in July of the same year. Zenith Bank is a Nigerian multinational financial services provider, headquartered in Lagos with a secondary unit in Abuja, Nigeria. It has more than 600 branches and business offices in all states of the federation and the Federal Capital Territory (FCT) Abuja. Zenith bank is the biggest bank in terms of customer deposits, a milestone accomplished in 2018 taking the top spot from First bank that had held it for over a decade. It is the second largest bank in Nigeria with a total asset estimated to be worth more than \$15.7billion dollars. Zenith Bank Plc was rated Nigeria's most customer-focused bank by KPMG In 2016. Zenith Bank topped other Nigerian banks in the Customer Satisfaction Index (CSI) with a total score of 74.6 points to clinch the prime position in the retail banking category thereby re-enacting the feat it achieved in 2013 and 2014.

## **1.8 Study significance**

The study findings could assist bank managers and practitioners in identifying SERVQUAL dimensions with the most influence on satisfaction and loyalty of customers, in order to invest available resources on these dimensions in accordance to their level of significance. Consequently, this study could help managers of banks on ways to efficiently comprehend and satisfy the needs of customers for better satisfaction, attraction and retention of banking customers, which results in profit maximization, and enhanced bank reputation.

The findings could also be used as reference for further research work by any scholar who might be interested in this area of research. The study is likely to academically contribute towards researches in the future by providing a baseline in understanding the different attributes of SERVQUAL dimensions, and its influence on satisfaction and loyalty of bank customers, also providing suitable approaches that would guide service providing organizations in meeting the needs of customers.

The study results could assist policy makers of different banks in the Nigerian banking industry, government and general public, in revising and designing policies and procedures that often act as guiding principles on the strategic approaches considered to ensure and prioritize the satisfaction and loyalty of customers.

Finally, the study is likely to help customers express their feelings and perceived position on the way banks deliver their services, with expectation to receive improved service quality. The consideration that banks will give to findings from this study is taken by customers as a potential upgrading of perceived service.

## **Chapter 2**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

The fundamental objective of this quantitative research is to examine the effect of SERVQUAL dimensions on satisfaction and loyalty of customers in the Nigerian banking sector. The review of available literature therefore attempted to establish whether there is an association between SERVQUAL dimensions the independent variable with loyalty and satisfaction of customers' respective dependent and mediating variables. The review particularly focused on service quality (SERVQUAL) dimensions; empathy, assurance, tangibility, responsiveness, and reliability as components of SERVQUAL. The literature review examined customer loyalty as a dependent variable, evaluating loyalty attitudes and behavior of customers. The review also examines customer satisfaction as a mediating variable influenced by situational and personal factors. The review examines a historical overview of the evolution of the Nigerian banking sector and the subsequent bank crises that challenged the structure and organization of the Nigeria banking system, studies on service quality (SERVQUAL), customer satisfaction and customer loyalty. A focus on the ineffective service quality offered to customers by Nigerian commercial banks, subsequent service quality challenges along with factors that motivate loyalty and satisfaction in Nigeria's banking sector. The study review further examines the "SERVQUAL" and "relationship marketing" theory, and in a

tabular format explained the findings of previous researchers in evaluating SERVQUAL, loyalty and satisfaction in the context of banking in various countries.

## **2.2 What is service?**

The importance of the concept service is growing rapidly among developing and developed nations as a result of its effect on businesses across the world. In order to efficiently explain the term service, a distinction should be made between physical and intangible services for a better establishment of the various features of service.

Grönroos C., (2007, p. 4) referred to 'service' from a customer's perspective:

Customers do not buy goods or services, they buy the benefits goods and services provide them with. They buy offerings consisting of goods, services, information, personal attention and other components. Such offerings render services to them, and it is this customer-perceived service of an offering that creates value for them.

In some definitions, the attempt is made to define 'service' keeping in mind what is done by the marketer and what is the end result of this process on customers. For instance, Harsh V. Verma (2012) looked at service as an activity offered for sale which yields benefits and satisfaction without leading to a physical change in the form of a good. Also Kotler (2006) defined service as a form of product that consist of activities, benefits or satisfaction offered for sale that are essentially intangibles and do not result in the ownership of anything.

In words of Kotler and Keller (2009: 214), the meaning of service is:

A service is an act of performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product. A service is any act or performance that one can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product. Many services include no physical products, and some service firms are purely online, with no physical presence.



The definition that fits more in describing 'service' offered in the banking industry was given by Bart V. Looy (2013) describing service as all those economic activities that are intangible and imply an interaction to be realized between the service providers and consumer. This definition puts service as a process involving the employee and the customer where the employee is the seller and represents the service being delivered.

Various studies agree that the Inequalities in service industries can be better understood based on the qualities of service provided that includes: intangibility, heterogeneity, perishability, and inseparability (Parasuraman, Zeithaml, & Berry, 1985; Alan Wilson, Valarie A. Z, Mary J. B., Dwayne D. G., 2012 & Harsh V. Verma, 2012). The differences between goods and pure services are intangibility; **Intangibility** refers to when a physical product is not felt, tasted, or smelled before procurement. **Heterogeneity** encompasses the differences that come at the level of service delivery in relation to human behaviors of the service provider in relationship to the consumer. The time factor is important when delivering a service; and services use different distribution channels (Beamish & Ashford, 2007). **Perishability** denotes that service cannot be held in reserve for future consumption as it is with general tangibles like goods. That is, service cannot be returned, stored, saved or resold once such service has been rendered to a consumer. **Inseparability** refers to services that are consumed as they are purchased. Inseparability explains that consumers are involved in the creation and distribution of the service (Beamish & Ashford, 2007). Customers have to approach Bank to get services so he/she can be affected by other customers. So how to protect the customer from other customers 'adverse effect is also a challenge.

## 2.3 Service quality

The term “Quality” can be understood as satisfying or exceeding customer requirements and expectations, and consequently to some extent it is the customer who eventually judges the quality of a product (Shen, Tan and Xie, 2000). In service, where production, consumption and delivery can occur simultaneously, the idea of quality refers to the similarity between what is expected and what is experienced by the customer. Generally speaking, service quality is an abstract idea; the cognitive dissonance in service quality judgment by consumers’ is subjective i.e. the comparison between the pre-expected service of consumers and the actual perception after receiving service. It is also the subjective judgment of affairs rather than the quantitative measurement of the property or characteristics of affairs. Regarding service management, higher correctness and rapidness of service is required in banking industry (Liu & Wang, 2017).

The evaluation of quality service by customers involves comparing expectations to actual experience (Berry et al., 1988). The expectations of consumers differ depending on the service providers’ strategic business positioning. In 1984 Grönroos proposed the evaluation of perceived service quality along “Functional Dimensions” (or procedure) and “Technical Dimensions” (or result). The **Functional Component** relates to the relationship between the organization and the customer and the evaluation of the service environment or the methods involved in executing the service to the customer: treatment and behavior of the staff towards the customer; i.e. how the service is provided or offered to the customer. Whereas the **Technical Component** reflects the results obtained from the client by experiencing the content of the offered service.

Wong A. & Sohal A. (1983), Ekinici Y. and Sirakaya E. (2004) different view of quality service, it entailed evaluating SERVQUAL under four (4) viewpoints: “Excellence”, “conformance to specification”, “values” and “meeting and exceeding expectations”. **Excellence** implies when service is performing its designed or intended purpose. **Conformance to specification** implies the design and process involved in making available the best of service. Technical advancement, standardization and mass production all in reducing defects in offered service to consumers. **Values** are the benefits or advantages a consumer receives or experiences in using a service. Finally **meeting and exceeding expectations** of consumers is a dynamic perception as consumers expectation may be shaped by experience with other service providers.

### **2.3.1 Service quality (SERVQUAL) in banking**

The SERVQUAL dimensions plays a significant role in examining the level of quality service offered in the banking sector. **Empathy dimension** relates to how bank employees should care and treat their customers, emphasizing on the unique care and treatment that should be attributed to each bank customer (Mei l, et. al, 2013). **Reliability dimension** on the other hand emphasizes on the timely and accurate delivery of promised service to customers, ensuring adequate provision of transaction and physical security to customers all round banking operations. **Tangibility dimension** centers on the physical attributes unique to the bank and its environment of operation. It entails employee presentation, bank equipment and machinery, physical layout etc. whereas, **Responsiveness dimension** explains the degree of awareness and response bank employees give to customer’s needs. It entails the customization of bank service to address the unique needs of each customer, ensuring adequate and desired response is provided to the complaints and

needs of each bank customer. Lastly, **Assurance dimension** involves the level of trust and confidence customers derive from offered banks products and services. It entails the detail provision of pertinent information regarding bank offering to customers to ensure customers comfort and confidence in engaging in their preferred offered bank products and services.

In conclusion, all five (5) SERVQUAL dimensions are pertinent to enhancing customers' level of satisfaction and loyalty towards bank offered services in the Nigeria banking industry.

## **2.4 Theoretical review**

This study is guided by the "relationship marketing" concept popularized by berry in 1983. The idea is based on building a long term relationship with customers, which in return reduces cost, defection rates and increases revenue (Harrison, 2003a). Relationship marketing is a strategy to attract, maintain and enhance customer relationships, and a key relationship marketing outcome is customer loyalty.

According to Shani and Chalasani (1992), relationship marketing is an integrated effort to identify, maintain and build networks with individual consumers and to strengthen continuously the network for the mutual benefit of both sides, through interactive, individualized and value-added contacts over a long period of time. According to Hennig-Thurau and Hansen (2000), the relationship marketing concept is built on three (3) distinct, yet interrelated theoretical approaches: "the Behavioral Approach", "the Network Approach", and "the New Institutional Economics Approach". The **behavioral approach** encompasses most of the extant models related to relationship marketing, including constructs such as trust, commitment,

satisfaction, and customer retention. The **network theory** conversely, focuses on the interactive character of relationships in the field of business-to-business marketing and takes an inter-organizational perspective. Finally, the **new institutional economics approach** as trying to use modern economic theories, such as transaction cost theory and agency theory, to explain the development and breakdown of relationships, with the overall goal of minimizing the costs of structuring and managing a given relationship.

Singh and Sirdeshmukh, (2000) explained that customers are nonetheless becoming less loyal and apparently more demanding and more sophisticated and customized service due to a number of reasons including abundance of choices, availability and access to information, commoditization of services and insecurity especially with respect to banking services. The existing high competition among banks in Nigeria banking industry calls for the implementation and improvement on relationship marketing strategy for gaining loyalty for sustainable growth.

## **2.5 Service quality in Nigeria banks**

The Nigerian market is primarily dominated by primary products, making the concept of service quality largely new in Nigeria. The visibility of service quality came into prospects when the Structural Adjustment Program (SAP) was introduced in July, 1986. This extraordinary change brought about the need for improvement in service quality especially in the banking sector. This new standard also brought about competition among Nigerian banks which led banks to prioritize improvement in quality service offered to customers so as to achieve superior business advantages in the banking industry. Nigerian banks placed high emphasis on quality service so as to achieve satisfaction and loyalty of customers and by extension to create new

market, maintain and develop market share and general survival in such a highly competitive industry.

The expectations of customers in the post-consolidation era of the Nigerian banking industry is very high, as a result of the belief that the exercise carried out had eradicated incompetent banks from the Nigerian banking industry and left only those banks which are deemed efficient enough to not just compete domestically but globally as well. However, in reality the contrary has been the case in terms of the quality of service offered to customers by banks in Nigeria. Customers have experienced challenges ranging from difficulty and delay in transaction and transaction notification, non-availability of staff at service point, unprofessional conducts or rude and disrespectful behaviors from staffs of the banks to customers, poor standard of records or improper information, failed service promises among others. Ogunnaike and Ogbari, (2008) expressed that; customer service in the Nigerian banking industry can be mistaken to mean customer delay and frustration.

However, not all banks in Nigeria are guilty of this failure in offered service quality. Some banks are doing well in offering quality service year in year out, but some banks still encounter similar challenges in addressing customers' quality service expectations. Possible challenges facing the Nigerian banking system are: issues of delay in posting transactions such as money transfers and payments made between customers of different banks and sometimes same bank but different location, is a major problem that customers of Nigerian banks have been made to experience. In most cases the customer hardly receives a credit alert immediately informing the customer of the successful processing of the transaction. The account holder may sometimes have to wait endlessly or in worse cases visit the bank to confirm the

success of the transaction. Long queues and huge crowds in the banking halls can be highly devastating and discouraging, especially when the weekend is near; most times these long queues are as a result of malfunction of computers used for operation or network breakdown. Sometimes, it occurs as a result of the cash officers pushing duties to one another, as to who is to attend to the customer or not. Also long queues at the ATM (Automated Teller Machine) during the week and mostly during the weekends, customers are forced to wait on the que for hours and sometimes the money gets finished in the ATM and customers are then forced to wait for hours for a reload of cash or come back the next day to complete their bank card transactions. Another issue is the lack of efficient physical and digital security over customer's banking information. Although, the introduction of Information Technology and Communication (ICT) devices such as telebanking, on-line systems, ATM, the BVN (Bank Verification Number) has helped curb these inefficiencies, however the Nigerian banking industry need to do more by ensuring that their service facilities match the needs of customers to reduce service delays to the barest minimum, unauthorized manipulation of customers banking information, fraudulent activities and other customer banking challenges.

## **2.6 Consumer satisfaction**

Customer Satisfaction is a “psychological state”, it is a feeling derived from the evaluation of a peculiar process, that is when the consumer experience, evaluate and compare received service against what is expected the outcome is either satisfactory or not (Kotler et al., 2009). Customers are highly satisfied when service quality exceeds their expectations (Paul, Mittal, & Srivastav, 2016). It is believed that satisfied customers keep a sustainable relationship with the company by regularly purchasing its products and services (Kashif, Suzana, Shukran, & Rehman 2015).

Extensive researches have been executed on the construct “customer satisfaction” as it helps organizations archive profitability and general excellence. High priority is given to satisfaction of customers as it less expensive to retain existing customers than attracting new customers (R. Hussain, A. Nasser, & K. Hussain, 2014).

### **2.6.1 Customer satisfaction in banking**

Survival and profitability of organizations depends on satisfied customers, satisfaction of customers is very pertinent in the service industry such as banking. “Banks are not only expanding their operations to satisfy customer banking needs but they are also integrating quality dimensions in their strategic plans, by providing high quality services, banks can satisfy their customers which can lead towards a sustainable competitive advantage” (Baghla & Garai, 2016). Satisfied customers will not only lead to sustainable growth and survival but will also enhance profitability and market share (Azzam, 2015). According to ACSI (American Customer Satisfaction Index), customer satisfaction is greater quality-pull than price-pull and value pull. Research suggests that satisfaction results in a positive consumer attitude towards goods and services (Bharwana, Bashir, & Mohsin, 2013). Additionally, it also positively affects perceived quality and enhances the customer organizational relationship, i.e. loyalty. Thus, both product and service quality helps attract and retain customers (Azzam, 2015). Earlier studies by (Angelova & Zekiri, 2011) emphasized on the importance of quality service on satisfaction of customers, satisfaction positively affects firm profitability and it is the foundation of customer loyalty, repeat purchase and word of mouth communication. Satisfied customers are likely to become strong advocates of products and help in creating a positive brand image



## **2.7 Customer loyalty**

The term “loyalty” means a strong feeling of support, commitment or allegiance; it is a unique kind of behavior expressed by the customer towards the organization. This special behavior entails a futuristic prediction of customer business intentions with the organization (Zeithaml, Berry, Parasuraman, 1996). An expert in loyalty, Oliver (1999) explains “customer loyalty” as a very strong commitment to re-purchase or support a product or service in a sustainable manner in the future, although it is influenced by the situation and marketing aspects that have the potential to switch or to buy. Alan S. Dick and Kunal Basu (1994) describe “loyalty” as multi-dimensional, further stating that it does not simply indicate whether a customer will make repeat purchases; but also serves as a measure of customer support for a business.

Similar definition was given by Zeithaml et al. (1996) and Bloemer and Odekerken-Schroder (2002) describing “customer loyalty” as a multi-dimensional construct consisting of purchase intention, recommendations, price tolerance, word of mouth, complaint behavior, and propensity to leave. In summary, “customer loyalty” is a customer’s sense of belonging or identification with the employees, services or products of a company; these feelings have a direct impact on customer behavior.

### **2.7.1 Customer loyalty in banking**

Smets et al. (2011) stated that the main focus of customer loyalty is how to keep customers so that they do not switch to other products or companies. (Chu, et. al 2012) specified that in general all banking organizations aim at maximizing profit, business growth and expansion, more diversify business service offerings overtime, and progressive capture of a larger market share, which can all be attained by customer loyalty. Banks operating processes are based on trust; I keep my money

with you trusting that I will access it when I need it. Trust is the main foundation on which a relationship is built upon and this trust right now is a work in progress between the Nigerian banking industry and the Nigerian banking customer's hence the challenge of customer banking loyalty.

In summary, "customer loyalty" is a customer's sense of identification with a business, this sense of identification affects repurchases intentions, spending amount, the possibility of recommendation, and even the willingness to become part of a business. To establish customer loyalty, companies must build good relations between the company and its products with the customers.

## **2.8 Customer satisfaction and loyalty**

### **Hypothesis 3: Relationship between satisfaction and loyalty of customers:**

The satisfaction of customers is a key component for every organization wishing to increase loyalty and create better business achievements. (Dick & Basu 1994) stated that the role of satisfaction in loyalty largely indicates that the former is a key determinant of the latter. "Satisfaction is an attitude", whereas loyalty is described as a behavior". Chen and Wang (2009) suggest a view of satisfaction of customers as a kind of consistency evaluation between prior expectations and perceived service performance. Satisfaction and loyalty of customers represent a top priority of a company's success and profit however, satisfaction does not automatically lead to loyalty it needs a step by step process, which involves customers going through different phases such as awareness, exploration, expansion, commitment, and dissolution. (Chi CGQ, 2005) expressed that loyalty will increase significantly when satisfaction accomplishes a certain level and at the same time loyalty will decline automatically if the satisfaction level drops to a certain point, moreover, highly

satisfied customers are tending to be more loyal than the customers who are merely satisfied. Generally, it is apparent that there exist a positive significant association between satisfaction and loyalty of customers, leading to an increase in both sales and profitability in banking.

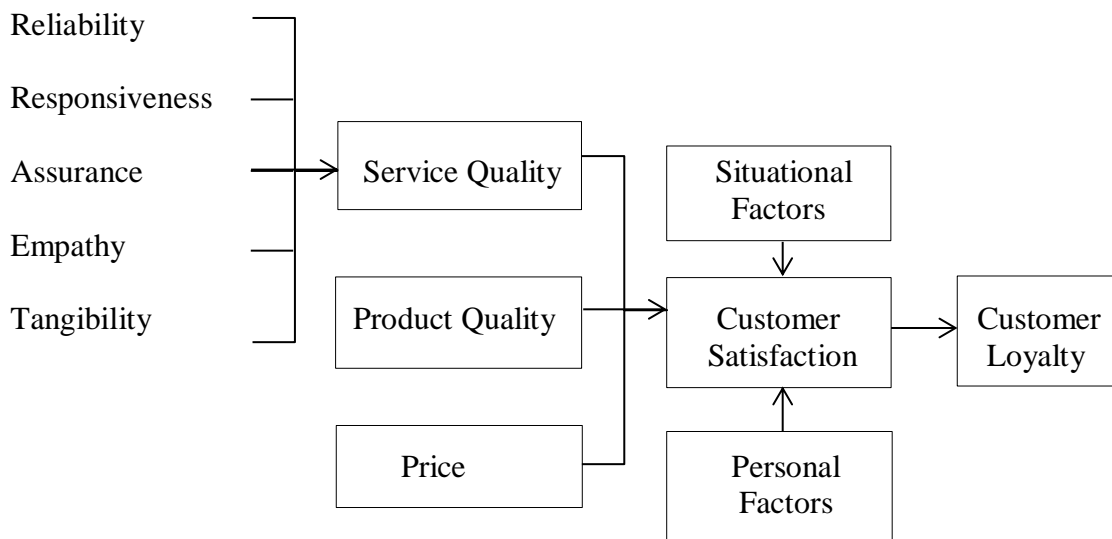
### **2.8.1 Customers satisfaction and loyalty in banking**

In a research conducted by; F. Mohsan, M. S. Khan, Muhammad M. Nawaz and N. Aslaman in 2011 an attempt was made to address two questions as follows. One they sort to find the impact of satisfaction on loyalty of customers in banking and two they sort to find the impact of satisfaction on intentions to switch from a bank service. They hypothesized that satisfaction is significantly and positively associated with loyalty of customers and satisfaction is significantly and negatively associated with intentions to switch. They concluded that loyalty can be vulnerable because even if consumers are satisfied with the services because they can still defect if they feel they can get better value, convenience or quality elsewhere. Thus they pointed out that the satisfaction of customers may not be an accurate indicator of loyalty though it is essential for loyalty formation. Some supporting literature came from Olajide and Israel (2013) who conducted a research on the effect of satisfaction on loyalty among bank customers in the Metropolis of Ado-Ekiti, Nigeria. More openly, the hypothesis tested the relationship between satisfaction and loyalty of customers. The study indicated that there is a significant relationship between satisfaction and loyalty of customers in the banking sector.

## **2.9 SERVQUAL, satisfaction and loyalty of customers**

**Hypothesis 1 and 2: SERVQUAL dimensions, satisfaction and loyalty of customers:**

Past and present scholars have discussed the significant influence of SERVQUAL on loyalty through satisfaction of customers. A theoretical concept which correlates SERVQUAL dimensions, satisfaction and loyalty of customers in one structure was established by Wilson et al, (2012). As presented in the model, SERVQUAL dimensions such as empathy, reliability, tangibility, responsiveness and assurance creates quality service. Also, situational, personal, price and product factors influence the satisfaction level of customers. Wilson et al, (2012) explained customers' perception of satisfaction as well as quality which influences loyalty with the designed model presented below.



**Wilson et al, (2012)**

Figure 1: Customer perception of service quality and customer satisfaction

Figure 1 illustrates the association between SERVQUAL dimensions, satisfaction, loyalty, situational, and personal factors. The above diagram gives a clear understanding that quality service is determined on the bases of the customers' perspective on SERVQUAL dimensions such as, responsiveness, reliability tangibility assurance, and empathy. Therefore, on the bases of these five (5)

dimensions is quality service evaluated. However, due to the complex nature of satisfaction, aspects such as price, quality products, as well as personal and situational factors are used for evaluation. Therefore, the influence of SERVQUAL on loyalty and satisfaction of customers is justifiable.

### **2.9.1 Situational factors**

Wilson et al, (2012) explained that situational factors which are also known as environmental factors, affects satisfaction and loyalty while consuming services, they are one of the general factors that influence satisfaction and loyalty because buying behavior always takes place in certain situational context. Basically purchase and usage situation have a significant effect on the behavior of individual buyers, these purchase and usage situation denote the physical facilities of service provider. Similarly, time is also one of the situational factors which influence consumption; time is viewed in relation to frequency of visit and years of patronage in the banking sector. This study investigates the influence of situational factors in satisfaction and loyalty level of bank customers of the Nigerian banking sector.

### **2.10 SERVQUAL, satisfaction and loyalty in banking**

Numerous scholars have carried out studies on the significance of quality service in satisfaction and loyalty of customers in the banking sector. Many research works identify satisfaction and loyalty as the outcome of efficient quality service. Argyriou Kranias & Maria Bourlessa (2013) in their study established a significant relationship between quality service and loyalty of customers in Greek banking sector. Similarly, Walid Droubi & Nizar Raissi, (2016) also discussed satisfaction of customers as a mediating factor between service quality and customer loyalty, explaining the interrelated relationship that exist amongst them. Similarly, other studies have indicated that perceived quality service mainly affects loyalty through satisfaction of

customers. This outcome is in line with scholars like (Parasuraman, Zeithaml et al. 1988, Taylor and Baker 1994 and Boulding, Kalra et al., 1993) who believes that quality service has a positive influence on loyalty through satisfaction of customers. Although, other scholars like Anderson and Sullivan (1993) and Gotlieb, Grewal et al. (1994) revealed a direct influence of SERVQUAL on loyalty of customers.

Similarly, Benjamin O. Ehigie, (2006) in his study explained the direct influence of customers perceived service quality and expectations on customer loyalty in banking. Johnston (1997) identified responsiveness as the most important service quality element in the service sector. In contrary to Johnston, Yang et al, (2004) identified reliability as the most important service dimension element in the service industry for loyalty and satisfaction of customers. In summary, most scholars have a general opinion that a significant relationship exists between quality service, satisfaction and loyalty of customers. Walid Droubi & Nizar Raissi, (2016) viewed service quality and customer loyalty as being connected by satisfaction.

## **2.11 Overview of previous studies**

A tabular summary of previous studies on the association of SERVQUAL dimension, satisfaction and loyalty of customers in the context of banking was presented in the study. It is obvious that majority of the studies on SERVQUAL and satisfaction and loyalty of customers were carried out in nations like Malaysia, India, Greece, Sri-Lanka, Jordan, Pakistan, United Kingdom, and Iran. However, only a handful of studies have been carried out in Nigeria in regards to SERVQUAL dimensions, satisfaction, loyalty and situational factors in reverence to banking. This study will be considering only studies of recent years' for up to date information on the findings of past studies on the subjects of interest to this research

Table 1: Summary of previous studies

<b>AUTHOR</b>	<b>DEPENDENT VARIABLES</b>	<b>INDEPENDENT VARIABLES</b>	<b>SAMPLE SIZE</b>	<b>FINDINGS</b>	<b>METHODOLOGY</b>
Osman Mahamad & T. Ramayah, (2010)	Customer Satisfaction and customer loyalty	Service Quality (Reliability, Responsiveness, Assurance, Empathy, Tangibles)	147 questionnaires were collected and analyzed.	1) Perceived quality service is positively associated with 2) Satisfaction and loyalty of customers. 3) Satisfaction and loyalty of customers are positively associated. 4) Satisfaction of customers mediates the relationship between perceived SERVQUAL and loyalty.	Descriptive statistics, Regression analysis, ANOVA Test
Arvinlucy Akinyi Unditi (2012)	Customer loyalty	Service quality	400 customers from the four major banks in Homabay county Kenya.	Customer loyalty can be positively manipulated through quality service.	Descriptive statistics and multiple regression analysis were used for analyzing the variables.
Sata Shanka Mesay (2012)	Loyalty and Satisfaction.	Service quality	260 respondents from customers of bank in Hawassa city Ethiopia.	Empathy and responsiveness plays the most important role in satisfaction of customers followed by tangibility and assurance the reliability.	Correlation and multiple regression analysis were used.

Argyrios Kranias (2013)	Customer Loyalty	Service Quality	A sample of 468 customers of Greek banks was used.	SERVQUAL dimensions has a strong influence on loyalty of customer	Descriptive and Cronbach's alpha was performed to test the consistency of the variables. Linear regression analysis was performed to test the relationship of the variables.
Daniel Ongwonga Auka (2013)	Customer loyalty	Service quality	384 current customers of commercials banks in Kenya.	SERVQUAL dimensions have a significant positive influence on loyalty of customers in commercial banks.	Correlation and regression analysis was executed
Abdul Ghatoor Awan (2014)	Satisfaction and loyalty of customers	Perceived value, Quality Service and Trust.	300 respondents of bank customers participated in a self-administered questionnaire in Pakistan	A significant association exists between perceived value, quality service and trust on satisfaction and loyalty of customers.	Used survey method, performed descriptive and regression analysis.
Haslinda Hasan (2014)	Customer loyalty	Trust Perceived Value.	239 customer respondents from foreign banks in kota, Malaysia.	Trust and perceived value has a significant effect on customer loyalty	SPSS software was used to perform descriptive analysis and correlation statistics.



Tabassum Chowdhury & Al Karim Rasheed, (2014)	Satisfaction	SERVQUAL	A sample size of 110 respondents was chosen on a convenient basis.	SERVQUAL has a positive significant influence on attitude OF customers in terms of satisfaction.	SPSS package, Correlation, Multiple Regressions and Reliability analysis,
R. A. Chanaka Ushantha (2014)	Satisfaction	SERVQUAL	450 Respondents from three state banks in Sri-Lanka.	SERVQUAL dimensions have a significant effect on satisfaction of customers.	Interview, descriptive and regression analysis was performed.
Ernest Emeka Izogo (2016)	Loyalty	Trust, satisfaction, customer orientation and information sharing	332 customers of retail banks in Nigeria	Trust, satisfaction, customer orientation and information sharing indirectly affect customers' loyalty.	Online survey , SmartPLS 2.0 software was used to perform exploratory-confirmatory analysis.
H.M.G.T.J Hennayake (2016)	Perceived customer satisfaction	Human related factors: reliability, responsiveness and assurance. Non-human related factors: tangibility	210 respondents from state commercial bank Puttlam district Sri-Lanka.	Human related factors have a great impact on customer satisfaction than that of non-human related factors.	SPSS software was used for data analysis and findings (descriptive statistics was performed AMOS (regression was run)

## 2.12 Study's conceptual model

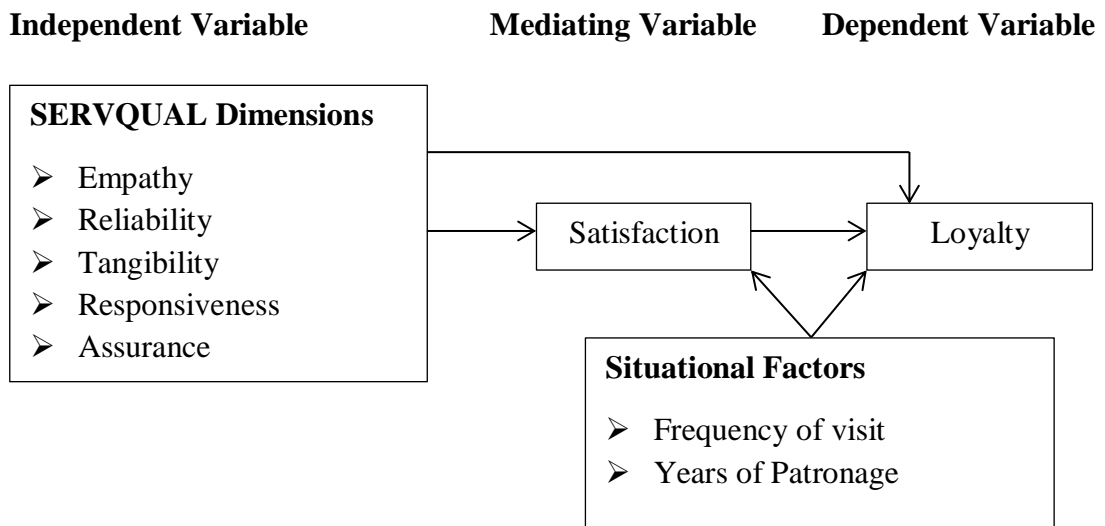


Figure 2: Conceptual model

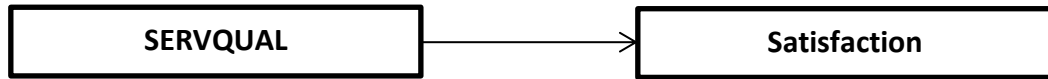
The above conceptual model, examines service quality as an independent variable measured by: reliability, responsiveness, assurance, empathy, and tangibility and its association with loyalty and satisfaction of customers' as respective dependent and mediating variables, similarly to examine the association between situational factors and loyalty and satisfaction of bank customers. The breakdown of each variable helps define the hypothesis, measure and explains comprehensively the influence of SERVQUAL dimensions on customers banking loyalty through satisfaction in the Nigeria banking sector.

## 2.13 Proposed hypotheses to investigate

Based on the study objectives and questions, this study seeks to investigate the following hypothesis;

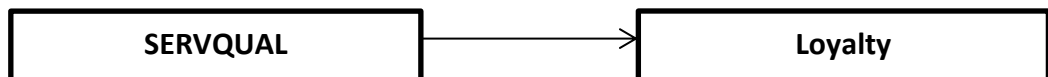
**Hypothesis 1: Service quality dimensions and Customer satisfaction.**

**H0:** Service quality dimensions influences Customer Satisfaction in the Nigerian banking sector.



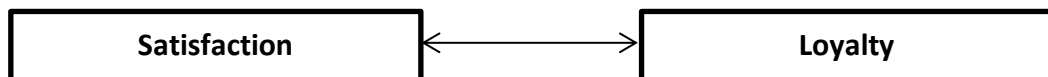
**Hypothesis 2: Service quality dimensions and Customer loyalty.**

**H0:** Service quality dimensions influences customer loyalty in the Nigerian banking sector.



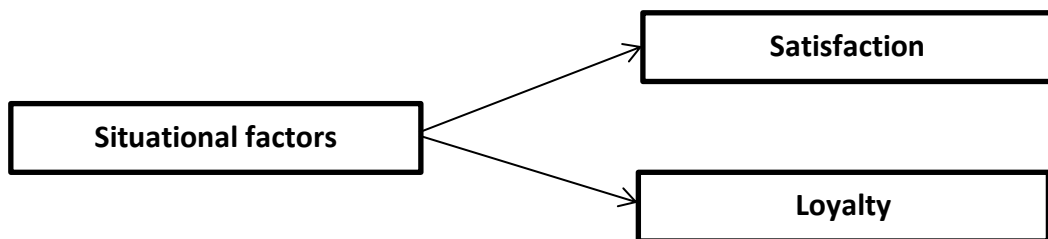
**Hypothesis 3: Customer satisfaction and Customer loyalty.**

**H0:** There is a relationship between customer satisfaction and customer loyalty in the Nigerian banking sector.



**Hypothesis 4: Situational factors and Customer satisfaction and loyalty.**

**H0:** Situational factor has a positive impact on customer satisfaction and Loyalty in the Nigerian banking sector.



## **Chapter 3**

### **METHODOLOGY**

#### **3.1 Introduction**

This section of the research focuses on the procedures and methods used in conducting the study. The purpose of the research methodology is to test the proposition that SERVQUAL significantly influences loyalty and satisfaction of customers in the Nigeria banking sector. This chapter also discusses the research design, the study population that was observed, sample size, the sample selection procedures and the sampling techniques, nature of study instrument, validity and reliability of study instrument, data gathering, data analysis, ethical consideration and chapter summary.

#### **3.2 Research design**

Research design can be defined as a plan, structure and strategy of investigation. It involves the selection of appropriate research approach and provides a guideline for data collection. This is put in place so as to obtain answers to research questions or problems already hypothesized (S.O. Otokiti, 2010). The study was conducted using a combination of research designs particularly surveys, to investigate the population by selecting samples to analyze and discover occurrences. In this case, the samples were customers of two (2) of the biggest banks in terms of customer base operating in the Nigerian banking sector.

The study is cross-sectional and descriptive in nature. The reason for carrying out a cross-sectional and descriptive approach was to describe the unique characteristics and similarities of the different groups of customers of both banks evaluated. A structured questionnaire was designed to collect qualitative information and to specifically measure and evaluate the different features defined in the study questions using a quantitative method. Quantitative analysis was carried out to determine the association between the independent, dependent and mediating variables, and to determine the contributions of the independent variables on the dependent and mediating variable.

### **3.3 Study population**

The population of this study was made up of present customers of First Bank and Zenith Bank branches licensed by the Central Bank of Nigeria (CBN) located in the Federal Capital Territory (FCT) Abuja, Nigeria. The metropolitan area of Abuja was estimated in 2016 to have a population size of six million persons, the country's second most populous metro area.

### **3.4 Sampling frame**

According to Donald R. Cooper & Pamela S. Schindler (2014), a sampling frame is an accurate and complete list of the population from which a sample is actually drawn. The sample frame includes all representative elements of the population selected for a specific evaluation. For this study, the sampling frame was customers of First Bank and Zenith Bank in Abuja at the time of conducting this research.

### **3.5 Sampling size**

Sample size is an important feature of any empirical study; it is the act of selecting or choosing the number of observations to include in a statistical sample, factors such as time, money, population size, statistical method and so on influences the selection of

a sample size. For this study, and for convenience, a sample size of 600 (300 for each bank) was used.

### **3.6 Sampling technique**

Non-probability sampling method was employed in the study for obtaining data from respondents, precisely “convenience sampling technique” because it is inexpensive, fast, easy, and encourage subject’s willful participation. The researcher also used convenience sampling; as it allows the researcher obtain basic data and trends regarding the study without the complications of using a randomized sample. Convenient sampling helped get a sincere and less bias response from subjects. Convenient sampling technique was also used because it provided easy accessibility and proximity of the subjects to the researcher.

### **3.7 Nature of study instruments**

Survey method was employed in collecting data for this study. Precisely questionnaires were administered to respondents under the close supervision of experienced research assistants. Adequate information and explanation was given to all respondents before filling in the questionnaire. In measuring the independent, dependent and mediating variables, Likert scales was used to measure and identify the degree of respondents’ perception of banks offered SERVQUAL, satisfaction and loyalty. A sum of twenty-two (22) questions on SERVQUAL, three (3) questions on loyalty and one (1) question on satisfaction was administered to the centered sample of the study. Respondents was expected to circle their preferred applicable answer, as corresponding to a given mark in Likert scale starting from 1=strongly disagree to 5=strongly agree. The reasons for selecting Likert scale as the measurement of respondents response was because: firstly, it allows the researcher to obtain great

amounts of information at a relatively low cost, secondly, it avoids interview bias ensuring more accurate and precise responses from respondents.

### 3.8 Validity and reliability of study instruments

Attention was given to the validity and reliability of the study instrument (i.e. questionnaire) so as to reduce the possibilities of getting wrong or inappropriate answers from respondents. A number of distinct steps were taken to ensure the study validity and reliability: (I) Data was collected from reliable sources, meaning respondents must be customers of the banks under evaluation. (II) Questionnaire was designed based on reviewed literatures to ensure the validity of the result; specifically the twenty two items of measuring quality service (SERVQUAL scale) as proposed by Zeithaml, Parasuraman and Berry in (1985 and 1988) and has been extensively applied in many studies on service quality was used for this study, making the twenty-two SERVQUAL scale a valid and reliable technique in measuring service quality. (III) The researcher also carried out a pre-test on the questionnaire to ensure it measured what it was designed to measure; data were collected in a short period of time with every suggested adjustments made to the structured questionnaire which guaranteed understandability by respondents. As part of the data analysis, the reliability of the SERVQUAL dimensions, loyalty and satisfaction scales were also interpreted using Cronbach’s alpha ( $\alpha$ ).

Table 2: Reliability analysis

S/N	SERVQUAL DIMENSIONS	Number of items	Cronbach’s Alpha ( $\alpha$ )
1	Empathy	4	0.892
2	Reliability	5	0.891
3	Tangibility	4	0.893

4	Responsiveness	4	0.893
5	Assurance	4	0.893
6	Customer Loyalty	3	0.892
7	Customer Satisfaction	1	0.892

### **3.9 Data gathering procedure**

The researcher carried out a pilot test on the study two (2) weeks prior to the actual study execution. The pre-test purpose was to check the feasibility of the study instrument and to ensure that the elements of the study were clearly stated and similarly understood by all the respondents. At least sixty commercial banking customers of this research case study participated in the pre-test; this being 10% of the research sample size. Though, the result of the pre-test sample was not part of the final study sample but was used to reassure the researcher of the quality of the research instruments, and where the instrument exhibited any weakness corrective measures and necessary adjustments were made. A controlled schedule was used in administering the questionnaire and respondents were guaranteed strict information confidentiality. Secondary data was also utilized by the researcher in reviewing relevant accessible journal articles, publications, text books, periodical, and dissertations in relation to service quality dimensions, satisfaction and loyalty in the context of banking. After data gathering, questionnaires were used to obtain primary data which was completed and returned by respondents to the researcher allowing for coding, editing, categorization and data analysis using the Statistical Package for Social Scientists (SPSS).



### **3.10 Data analysis**

After data gathering, the researcher examined the primary data statistically employing the SPSS (Statistical Package for Social Scientists) computer package in analyzing data. Percentage and frequency distributions were utilized in analyzing obtained data on the profile of respondent's. Means were utilized in analyzing and interpreting obtained data on the degree of difference in respondents' perception of quality service, satisfaction and loyalty. Pearson's linear correlation coefficient and multiple regression analysis was utilized in establishing whether any significant association exists between SERVQUAL, satisfaction and loyalty of customers and the impact of SERVQUAL dimensions on satisfaction and loyalty of customers of First Bank and Zenith Bank respectively.

### **3.11 Ethical considerations**

In ensuring ethical practice and utmost confidentiality of respondents information, the study was guided and executed by the following steps; (i) coding of all questionnaires; (ii) a written statement assuring respondents of the strict confidentiality of their data was stated on the study instrument; (iii) all mentioned authors were duly recognized and stated within the study text; (iv) presentation of study results were in a precise manner.

## **Chapter 4**

### **ANALYSIS OF DATA AND DISCUSSION OF RESULTS**

#### **4.1 Introduction**

This section of the research presents the analysis of data and results of obtained data from respondents by means of questionnaire. The data analysis can be divided into two (2) parts. Part one presents analysis on demographic profile of respondents and part two presents the analysis on SERVQUAL dimensions and satisfaction and loyalty variables of customers in retail banking in Nigeria. The presentations are in form of tables and interpretation which are in accordance with the objectives of the study and the hypothesis generated.

#### **4.2 Demographic profile and interpretations**

The demographic information of respondents was deemed pertinent because of the ability of the respondent to give satisfactory information on the study variables greatly depends on their background information. The summarized demographic information of First Bank and Zenith Bank respondents was presented below categorized into gender, age, education, occupation, frequency of use, income level and years of bank patronage.

##### **4.2.1 Respondents gender characteristics (statement 1)**

The gender characteristic of customers plays a vital role in their perception of quality service, loyalty and satisfaction therefore, it is included as one of the pertinent variables for analysis. Table 3 below shows the result.

Table 3: Percentage of statement one

GENDER	NUMBER OF CUSTOMERS				TOTAL	
	ZENITH BANK		FIRST BANK			
	Frequency	Percent	Frequency	Percent	Frequency	Percent
Male	137	55.7	139	57.4	276	56.6
Female	109	44.3	103	42.6	212	43.4
<b>Total</b>	<b>246</b>	<b>100.0</b>	<b>242</b>	<b>100.0</b>	<b>488</b>	<b>100.0</b>

Table 3 (rounding up the values to a whole number) the above table reveals that 57% out of the 488 total customers examined are males while 43% are females. Among the customers of both Zenith and First Bank male constitutes 56% and 57% respectively, while females comprises of 44% and 43% respectively.

#### 4.2.2 Respondents age category (statement 2)

Customer's age category is one pertinent profile variable, which illustrates their level of maturity and experience with the banks. Hence, the importance of customers age profile information. The age distribution of customers is given in Table 4.

Table 4: Percentage of statement two

AGE (IN YEARS)	NUMBER OF CUSTOMERS				TOTAL	
	ZENITH BANK		FIRST BANK			
	Frequency	Percent	Frequency	Percent	Frequency	Percent
18-22	24	9.8	17	7.0	41	8.4
23-27	39	15.9	49	20.2	88	18.0
28-32	48	19.5	54	22.3	102	21.0
33-37	67	27.2	63	26.0	130	26.6
38-42	25	10.2	20	8.3	45	9.2
43-47	14	5.7	17	7.0	31	6.4
48-52	15	6.1	8	3.3	23	4.7
53-57	5	2.0	3	1.2	8	1.6
58-62	2	.8	1	.4	3	0.6
63 and above	7	2.8	10	4.1	17	3.5
<b>Total</b>	<b>246</b>	<b>100.0</b>	<b>242</b>	<b>100.0</b>	<b>488</b>	<b>100.0</b>

Table 4 (rounding up the values to a whole number) from the table above it is evident that the pertinent age group among customers of both Zenith and First Bank is (33–37) years which comprises of 27% of the total customers of 488 from both banks. The next important age group is (28–32) and (23–27) for both banks comprising of 21% and 18% respectively. Teenage age group of (18–22) years comprises of 8% while (43–47) years makes up 6% of the age group distribution for both banks. The age group of (53–57), (58–62) and (63 and above) which are considered as senior citizen customers of both banks constitutes 2%, 1% and 4% respectively.

#### 4.2.3 Respondents level of education (statement 3)

The educational level of respondents provides information and exposure on the perception of customers on SERVQUAL dimensions offered by the retail banks. Hence the educational level of customers is included as one of the profile variable. The data is computed in Table 5.

Table 5: Percentage of statement three

EDUCATION	NUMBER OF CUSTOMERS				TOTAL	
	ZENITH BANK		FIRST BANK			
	Frequency	Percent	Frequency	Percent	Frequency	Percent
High school diploma	40	16.3	47	19.4	87	17.8
Bachelor degree	105	42.7	113	46.7	218	44.7
Master degree	73	29.7	57	23.6	130	26.6
Doctorate degree	28	11.4	25	10.3	53	10.9
<b>Total</b>	<b>246</b>	<b>100.0</b>	<b>242</b>	<b>100.0</b>	<b>488</b>	<b>100.0</b>

Table 5 (rounding up the values to a whole number) explains the distribution of both banks customers base on their educational level. The dominant educational level among customers of both banks is graduates and post graduates which makes up a total of 45% and 27% respectively. The total percentage of customers with high

school diploma is 18% for both banks, while the total percentage of customers with doctorate degrees comprised of 11% of the educational distribution for both banks.

#### 4.2.4 Respondents occupation category (statement 4)

Respondent's occupation discloses the nature of work done by the customers. Service quality perceptions differ across customers of different occupational groups. It has been shown that people buy products and services that match with the requirements of their occupations. Hence the importance of the information on customer's occupation as presented in Table 6 below.

Table 6: Percentage of statement four

OCCUPATION	NUMBER OF CUSTOMERS				TOTAL	
	ZENITH BANK		FIRST BANK			
	Frequency	Percent	Frequency	Percent	Frequency	Percent
Student	27	11.0	38	15.7	65	13.3
Employee	74	30.1	52	21.5	126	25.8
Business person	65	26.4	84	34.7	149	30.5
Professional	80	32.5	68	28.1	148	30.3
<b>Total</b>	<b>246</b>	<b>100.0</b>	<b>242</b>	<b>100.0</b>	<b>488</b>	<b>100.0</b>

Table 6 (rounding up the values to a whole number) shows that the important occupation category among customers of Zenith and First Bank are business persons and professionals which comprises of 31% and 30% respectively. Students and employees comprises of 13% and 26% respectively.

#### 4.2.5 Frequency of use (statement 5)

Frequency of use information provides us with the knowledge on how frequent customers visit or use the provided services of both banks on a daily, weekly or monthly base. Customers who frequently visit or use the banks service might have a different perception on offered service quality compare to customers who rarely visit

or use the banks service. The frequency of use/visit of customers is illustrated in Table 7 below.

Table 7: Percentage of statement five

Frequency of Use	NUMBER OF CUSTOMERS				TOTAL	
	ZENITH BANK		FIRST BANK			
	Frequency	Percent	Frequency	Percent	Frequency	Percent
Daily	3	1.2	2	.8	5	1.0
Weekly	78	31.7	56	23.1	134	27.5
Monthly	144	58.5	171	70.7	315	64.5
Total	225	91.5	229	94.6	454	93.0
<b>Missing System</b>	<b>21</b>	<b>8.5</b>	<b>13</b>	<b>5.4</b>	<b>34</b>	<b>7.0</b>
Once a while	9	3.7	5	2.1	14	2.9
Rarely	12	4.9	8	3.3	20	4.1
<b>Total</b>	<b>246</b>	<b>100.0</b>	<b>242</b>	<b>100.0</b>	<b>488</b>	<b>100.0</b>

Table 7 (rounding up the values to a whole number) provides information on the degree of customer's visit or usage of both Zenith and First Bank service, measured on a daily, weekly and monthly base. Customers who use services offered by both banks on a monthly bases consists of 65% of the total number of customers followed by weekly then daily bases with 28% and 1% respectively. Furthermore, customers who rarely visit the both banks consist of 4% while customers who use services of both banks once in a while consist of 3%.

#### 4.2.6 Years of patronage (statement 6)

Information on years of patronage provides us with the knowledge on the relationship level of customers with both banks. Customers with high level of patronage are believed to have a long term relationship with the banks which also influences their perception on service quality compare to those with a short term

relationship level. The level of bank and customer relationship is computed in Table 8 below.

Table 8: Percentage of statement six

Years of Patronage	NUMBER OF CUSTOMERS				TOTAL	
	ZENITH BANK		FIRST BANK		Frequency	Percent
	Frequency	Percent	Frequency	Percent		
Below 5 years	31	12.6	21	8.7	52	10.7
5 –10 years	116	47.2	119	49.2	235	48.2
10 –15 years	76	30.9	76	31.4	152	31.1
Over 15 years	23	9.3	26	10.7	49	10.0
<b>Total</b>	<b>246</b>	<b>100.0</b>	<b>242</b>	<b>100.0</b>	<b>488</b>	<b>100.0</b>

Table 8 (rounding up the values to a whole number) above presents information in years of both banks and customers relationship. Among the total number of 488 customers evaluated, 48% (235) has being using the services of both banks between (5 to 10) years which is the highest level of relationship, followed by to 31% (152) of customers who has been using both banks service between (10 to 15) years. Customers who have been using both banks service (below 5 years) consist of 11% while those who have had a much longer relationship with both banks (i.e. over 15years) consist of 10% of the total proportion of customers.

#### 4.2.7 Respondents income level (statement 7)

The level of income provides knowledge about the various income levels of customers. Information on the level of income of customers for both banks is illustrated in Table 9 below.

Table 9: Percentage of statement seven

INCOME	NUMBER OF CUSTOMERS				TOTAL	
	ZENITH BANK		FIRST BANK			
	Frequency	Percent	Frequency	Percent	Frequency	Percent
Below ₦ 50,000	34	13.8	45	18.6	79	16.2
₦50,000 – ₦99,999	52	21.1	66	27.3	118	24.2
₦100,000 – ₦149,999	80	32.5	72	29.8	152	31.1
₦150,000 – ₦199,999	55	22.4	38	15.7	93	19.1
Over ₦ 200,000	25	10.2	21	8.7	46	9.4
<b>Total</b>	<b>246</b>	<b>100.0</b>	<b>242</b>	<b>100.0</b>	<b>488</b>	<b>100.0</b>

Table 9 (rounding up the values to a whole number) above provides knowledge on the categorical distribution of customers income level for both Zenith and First bank. As indicated from the above table, the highest income category among customers of both banks is (₦100,000 – ₦149,999) which comprises of 31%, followed by (₦50,000 – ₦99,999) then (₦150,000 – ₦199,999) income category which consists of 24% and 19% of the total number of customers evaluated respectively. Customers with income level (below ₦ 50,000) consist of 16% while customers with an income level (over ₦ 200,000) consist of 9% of the total number of customers of both banks. Information above reveals that majority of the customers of both banks makes a substantial level of income.

### 4.3 Reliability test

Reliability explains the degree of consistency in scales of measurement (i.e., under the same conditions with the same subject). This study used Cronbach's alpha ( $\alpha$ ) to measure the data reliability level, given by Cronbach in 1951 which involves splitting a test into two (2) possible ways and computing each split correlation coefficient. The average of these values is equal to Cronbach's alpha ( $\alpha$ ) which is the



most common measure of reliability scale. A generally accepted rule is that Cronbach's alpha ( $\alpha$ ) value of 0.6 – 0.7 indicates an acceptable level of reliability, and 0.8 or greater a very good level while values substantially lower than 0.5 indicates an unreliable scale of measurement. However, values higher than 0.95 are not necessarily good, since they might be an indication of redundancy (Hulin, Netemeyer, and Cudeck, 2001). Table 10 below presents the measuring scales reliability values of all dimensions.

Table 10: Reliability Test Analysis

S/N	SERVQUAL Dimensions	Number of items	Cronbach's Alpha ( $\alpha$ )
1	Empathy	4	0.892
2	Reliability	5	0.891
3	Tangibility	4	0.893
4	Responsiveness	4	0.893
5	Assurance	4	0.893
6	Customer Loyalty	3	0.892
7	Customer Satisfaction	1	0.892
	<b>Total Reliability</b>	<b>25</b>	<b>0.896</b>

From the above table it is confirmed that the reliability coefficient of the seven dimensions and their combined total is higher than the standard minimum of 0.70.

#### **4.4 Data analysis of the service quality model**

To determine the variation value of Zenith Bank and First Bank respondents to different statements of service quality dimension, the table below compares the mean and standard deviation values of each statement for both Zenith and First Bank.

Details of these analyses are shown below.

#### 4.4.1 Descriptive statistics on SERVQUAL, satisfaction and loyalty

Table 11 below shows that both Zenith and First Bank mean scores were above 4.0 on majority of the statements indicating a high level on service quality dimensions for both banks. Similarly, the standard deviation values of all statement vary differently for both banks which indicate a significant difference in respondents' response on each dimension of service quality, loyalty and satisfaction.

Table 11: Mean and Standard deviation of each variables statement

CODE	QUESTIONS	Mean		Std. Deviation	
		Zenith Bank	First Bank	Zenith Bank	First Bank
<b>Independent Variables (SERVQUAL DIMENSIONS)</b>					
<b>Tangibility</b>					
TA1	Your bank has modern-looking equipment.	4.2927	4.0702	.65443	.70507
TA2	Your bank employees are formally dressed and presentable.	4.3049	4.2810	.63930	.64058
TA3	Your bank, materials associated with service (such as forms, brochures, statements, ATM etc.) are visually appealing.	4.1626	4.2397	.66239	.65723
TA4	Your bank physical facilities are visually appealing.	4.2195	4.2025	.66439	.63468
<b>Reliability</b>					
RL1	Bank transactions are carried out within promised time in your bank.	4.0285	4.0537	.76878	.71237
RL2	Sincere interest is shown in solving customers banking challenges in your bank.	4.1585	4.0992	.73628	.73901
RL3	Services are performed right the first time in your bank.	4.1057	3.9132	.72069	.76538
RL4	Services offered by your bank are fast and reliable.	4.1504	3.9380	.68641	.83510
RL5	Your bank insists on error free records.	4.1545	4.1116	.60653	.73442
<b>Responsiveness</b>					
RN1	Your bank employees are never too busy to respond to customers.	4.1707	3.8058	.75276	1.01824
RN2	Employees of your bank give prompt and adequate service to customers.	4.0163	3.9298	.72262	.80405
RN3	Your bank employees are always willing to help with customers' complaints.	4.0610	4.0248	.72867	.73403
RN4	Employees of your bank make information easily available and obtainable.	4.0569	4.1033	.69753	.63904

<b>Assurance</b>					
AS1	Employees of your bank are trustworthy.	4.2439	4.1281	.66199	.66016
AS2	You bank employees are courteous and polite with customers.	4.1870	3.8802	.66209	.81867
AS3	Employees of your bank are well knowledgeable about the banks products.	4.1707	4.0744	.58145	.65267
AS4	Your bank provides adequate physical and transaction security.	4.1585	3.9463	.63509	.75754
<b>Empathy</b>					
EM1	Employees of your bank take personal interest in solving customer bank challenges.	4.2439	4.0289	.62390	.75890
EM2	Customers are convenient with the operating hours of your bank.	4.3171	3.8430	.64292	.91559
EM3	Your bank considers customer wishes and needs.	4.2805	3.9380	.64411	.86440
EM4	Your bank provides individual attention to customers.	4.3089	4.0083	.68369	.80451
<b>Dependent Variable</b>					
<b>Customer Loyalty</b>					
LY1	I say positive things about this bank.	4.2683	4.1198	.67701	.73311
LY2	I intend to continue banking with this bank.	4.3171	4.1612	.64923	.66543
LY3	I encourage friends and family to use this bank services.	4.3333	4.1694	.64734	.64433
<b>Mediating Variable</b>					
<b>Customer Satisfaction</b>					
ST1	Overall, I am satisfied with this banks service.	4.4715	4.2975	.66793	.67122

**Note:** Valid N for Zenith Bank and First Bank is 246 and 242 respectively.

#### 4.4.2 Dimension i- tangibility

Table 11 shows the different mean scores in the dimension of tangibility, indicating that there exists a positive response by respondents towards Zenith Bank in comparison to First Bank. The statement with the highest mean in this dimension for both Zenith Bank and First Bank is code TA2 which states “Your bank employees are formally dressed and presentable” with mean scores of (4.3049) and (4.2810) respectively. Whereas the statement with the lowest mean score of (4.1626) for

Zenith bank is code TA3 which states “Your bank, materials associated with service are visually appealing” while for First Bank it is code TA1 “Your bank has modern-looking equipment” with a mean score of (4.0702).

#### **4.4.3 Dimension ii- reliability**

Table 11 shows a positive response exists from respondents of both Zenith and First Bank towards all statements associated with the dimension of reliability. The statement in the dimension of reliability with the highest mean score for Zenith Bank is code RL2 with a mean score of (4.1585) which states “Sincere interest is shown in solving customers banking challenges in your bank”, while for First Bank is code RL5 which states “Your bank insists on error free records” with a mean score of (4.1116) . Whereas the lowest mean score of (4.0285) for Zenith Bank is code RL1 which states “bank transactions are carried out within promised time in your bank” while First Bank has low mean scores of (3.9132) and (3.9380) with code RL3 and RL4 respectively, which states “Services are performed right the first time in your bank” and “Services offered by your bank are fast and reliable”.

#### **4.4.4 Dimension iii- responsiveness**

Table 11 shows the different mean scores in the dimension of responsiveness, indicating that there exists a positive response by respondents towards Zenith Bank in comparison to First Bank. The statement in the dimension of responsiveness with the highest mean for Zenith Bank is code RN1 with a mean score of (4.1707) while for First bank it is code RN4 with a mean score of (4.1033) which states “Employees of your bank are never too busy to respond to customers” and “Employees of your bank make information easily available and obtainable” respectively. Whereas the statement with the lowest mean score of (4.0163) for Zenith Bank is code RN2 which states “Employees of your bank give prompt and adequate service to customers”

while for First Bank it is code RN1 “Employees of your bank are never too busy to respond to customers.” with a mean score of (3.8058).

#### **4.4.5 Dimension iv – assurance**

Table 11 shows the different mean scores in the dimension of Assurance, indicating that there exists a positive response by respondents towards Zenith Bank in comparison to First Bank. The assurance dimension statement with the highest mean for both Zenith Bank and First Bank is code AS1 “Employees of your bank are trustworthy” with mean scores of (4.2439) and (4.1281) respectively. Whereas the statement with the lowest mean score of (4.1585) for Zenith Bank is code AS4 which states “Your bank provides adequate physical and transaction security” while for First Bank it is code AS2 “Employees of your bank are polite and courteous with customers” with a mean score of (3.8802).

#### **4.4.6 Dimension v – empathy**

Table 11 shows the different mean scores in the dimension of Empathy, indicating that there exists a positive response by respondents towards Zenith Bank in comparison to First Bank. The statement in the dimension of empathy with the highest mean for Zenith Bank is code EM2 “Operating hours of your bank is convenient to the needs of customers” with a mean score of (4.3171) while for First Bank it is code EM1 with a mean score of (4.0289) which states “Employees of your bank take personal interest in solving customer bank challenges”. Whereas the statement with the lowest mean score of (4.2439) for Zenith Bank is code EM1 “Employees of your bank take personal interest in solving customer bank challenges” while for First Bank it is code EM2 “Operating hours of your bank is convenient to the needs of customers” with a mean score of (3.8430).

#### **4.4.7 Customer loyalty**

Table 11 shows the different mean scores in the dependent variable of customer loyalty, indicating that there exists a positive response by respondents towards Zenith Bank in comparison to First Bank. The statement in the dependent variable with the highest mean for both Zenith Bank and First bank is code LY3 “I encourage friends and family to use this bank services” with mean scores of (4.3333) and (4.1694) respectively. Whereas the dependent variable statement with the lowest mean score for both Zenith Bank and First Bank is code LY1 “I say positive things about this bank” with respective mean scores of (4.2683) and (4.1198).

#### **4.4.8 Customer satisfaction**

As shown in Table 11 a single statement of “I am satisfied with this banks service” was used to measure Customer Satisfaction (mediating variable) with SERVQUAL dimensions for Zenith Bank and First Bank. Respondents provided their perception in regard to their level of satisfaction with both banks Service and their response shows a mean score of (4.4715) and (4.2975) for Zenith Bank and First Bank respectively. This implies that majority of the customers tend to agree and are satisfied with the level of SERVQUAL dimensions offered by both banks.

#### **4.5 Independent sample t-test**

An independent Sample T-test was conducted to analyze and verify if any statistically significant difference exist between customers’ perception of the dimensions of service quality, loyalty and satisfaction on both Zenith Bank and First Bank. Results of the analysis are depicted in Table 12 below.

Table 12: Group independent t-test, mean and standard deviation statistics

<b>Dimensions</b>	<b>Bank type</b>	<b>Number</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Std. Error Mean</b>					
Tangibility	First Bank	242	4.1983	.52915	.03401					
	Zenith Bank	246	4.2449	.45031	.02871					
Reliability	First Bank	242	4.0231	.56901	.03658					
	Zenith Bank	246	4.1195	.49009	.03125					
Responsiveness	First Bank	242	3.9659	.63124	.04058					
	Zenith Bank	246	4.0762	.47384	.03021					
Assurance	First Bank	242	4.0072	.55337	.03557					
	Zenith Bank	246	4.1900	.43998	.02805					
Empathy	First Bank	242	3.9545	.65295	.04197					
	Zenith Bank	246	4.2876	.44246	.02821					
Loyalty	First Bank	242	4.1501	.57371	.03688					
	Zenith Bank	246	4.3062	.49869	.03180					
Satisfaction	First Bank	242	4.2975	.67122	.04315					
	Zenith Bank	246	4.4715	.66793	.04259					
		<b>Levene's Equality Test of Variances</b>		<b>Equality of Means t-test</b>						
		<b>F-value</b>	<b>Sig-value</b>	<b>t-value</b>	<b>df</b>	<b>Sig. (2-tailed)</b>	<b>Diff. in Mean</b>	<b>S. Error Diff.</b>	<b>95% Difference in Confidence Interval</b>	
									<b>Lower</b>	<b>Upper</b>
TA	Equal variances assumed	4.371	.037	-1.048	486	.295	-.04657	.04445	-.13392	.04077
	Equal variances not assumed			-1.046	471.373	.296	-.04657	.04451	-.13404	.04090
RL	Equal variances assumed	2.204	.138	-2.006	486	.045	-.09637	.04805	-.19078	-.00196
	Equal variances not assumed			-2.003	473.202	.046	-.09637	.04811	-.19090	-.00184
RN	Equal variances assumed	13.112	.000	-2.186	486	.029	-.11031	.05047	-.20948	-.01114
	Equal variances not assumed			-2.181	447.094	.030	-.11031	.05059	-.20973	-.01089

AS	Equal variances assumed	5.255	.022	-4.043	486	.000	-.18281	.04522	-.27166	-.09396
	Equal variances not assumed			-4.035	459.245	.000	-.18281	.04530	-.27184	-.09378
EM	Equal variances assumed	28.515	.000	-6.606	486	.000	-.33306	.05042	-.43212	-.23399
	Equal variances not assumed			-6.586	423.001	.000	-.33306	.05057	-.43246	-.23365
LY	Equal variances assumed	3.767	.053	-3.209	486	.001	-.15610	.04864	-.25166	-.06053
	Equal variances not assumed			-3.206	474.529	.001	-.15610	.04869	-.25178	-.06041
ST	Equal variances assumed	1.673	.197	-2.871	486	.004	-.17402	.06062	-.29314	-.05491
	Equal variances not assumed			-2.871	485.779	.004	-.17402	.06062	-.29314	-.05491

#### 4.5.1 Dimension i- tangibility

Table 12 shows the dimension of Tangibility Levene's Test result,  $f(471) = 4.37$ ,  $P = 0.037$ , indicates that the variance of scores for the two banks was different (i.e., not the same) ( $P < 0.05$ ). Thus the equal variances not assumed were used to interpret the actual analysis of the T- test. The result of the independent T- test was not significant,  $t(471) = 1.05$ ,  $P = 0.296$ , indicating no significant difference statistically, exists in the perception of customers on the dimension of tangibility for both banks. Thus, it can be concluded that both First Bank and Zenith Bank possess quality tangibles as depicted in their computed mean, standard deviation and confidence test score values of First Bank ( $M = 4.2449$ ,  $SD = 0.45031$ ,  $N = 242$ ) and Zenith Bank ( $M = 4.1983$ ,  $SD = 0.52915$ ,  $N = 246$ ), and 95% confidence interval of (-0.13404 to 0.04090).



#### **4.5.2 Dimension ii- reliability**

As shown in Table 12 the dimension of reliability, Levene's Test result,  $f(486) = 2.20$ ,  $P = 0.138$ , indicates that the variance of scores for the two banks was similar (i.e. the same) ( $P < 0.05$ ). Thus the standard test result was used to interpret the actual T- test analysis. The result of the independent T- test was significant,  $t(486) = 2.00$ ,  $P = 0.045$ , indicating that there exists a statistical significant difference in customers perception on reliability dimension of SERVQUAL provided by both banks. Zenith Bank respondents indicated higher degree of agreement to the reliability dimension of service quality provided by Zenith Bank compare to First Bank, as depicted in the variance of their mean, standard deviation and confidence test score values; Zenith Bank ( $M = 4.1195$ ,  $SD = 0.49009$ ,  $N = 246$ ), First Bank ( $M = 4.0231$ ,  $SD = 0.56901$ ,  $N = 242$ ), and 95% confidence interval of (-0.19090 to -0.00184).

#### **4.5.3 Dimension iii- responsiveness**

As shown in Table 12 for the dimension of responsiveness, Levene's Test result,  $f(486) = 13.11$ ,  $P = 0.000$ , indicates that the variance of scores for the two banks was different (i.e. not the same) ( $P < 0.05$ ). Thus the equal variances not assumed were used to interpret the actual analysis of the T- test. The result of the independent T- test was significant,  $t(486) = 2.18$ ,  $P = 0.030$ , indicating that there is a statistically significant difference in customers perception on responsiveness dimension provided by both banks. Zenith bank respondents indicated higher degree of agreement to the responsiveness dimension of service quality provided by Zenith Bank compare to First Bank, as depicted in the variance of their mean, standard deviation and confidence test score values; Zenith Bank ( $M = 4.0762$ ,  $SD = 0.47384$ ,  $N = 246$ ), First Bank ( $M = 3.9659$ ,  $SD = 0.63124$ ,  $N = 242$ ) and 95% confidence interval of (-0.20948 to 0.01114).

#### **4.5.4 Dimension iv- assurance**

As shown in Table 12 the dimension of assurance, Levene's Test result,  $f(486) = 5.26$ ,  $P = 0.022$ , indicates that the variance of scores for the two banks was different (i.e. not the same) ( $P < 0.05$ ). Thus the equal variances not assumed were used to interpret the actual analysis of the T- test. The result of the independent T- test was significant,  $t(486) = 4.04$ ,  $P = 0.000$ , indicating that there exists a statistical significant difference in customers perception on assurance dimension of SERVQUAL for both banks. Zenith Bank respondents indicated higher degree of agreement to the assurance dimension of service quality provided by Zenith Bank compare to First Bank, as depicted in the variance of their mean, standard deviation and confidence test score values; Zenith Bank ( $M = 4.1900$ ,  $SD = 0.43998$ ,  $N = 246$ ), First Bank ( $M = 4.0072$ ,  $SD = 0.55337$ ,  $N = 242$ ) and 95% confidence interval of (-0.27166 to -0.09396).

#### **4.5.5 Dimension v- empathy**

As shown in Table 12 the dimension of empathy, Levene's Test result,  $f(486) = 28.52$ ,  $P = 0.000$ , indicates that the variance of scores for the two banks was different (i.e. not the same) ( $P < 0.05$ ). Thus the equal variances not assumed were used to interpret the actual analysis of the T- test. The result of the independent T- test was significant,  $t(486) = 6.61$ ,  $P = 0.00$ , indicating that there exists a statistical significant difference in customers perception on assurance dimension of SERVQUAL for both banks. Zenith bank respondents indicated higher degree of agreement to empathy dimension of service quality provided by Zenith Bank compare to First Bank, as depicted in the variance of their mean, standard deviation and confidence test score values; Zenith Bank ( $M = 4.2876$ ,  $SD = 0.44246$ ,  $N = 246$ ),

First bank (M =3.9545, SD =0.65295, N =242) and 95% confidence interval of (-0.43246 to -0 .23365).

#### **4.5.6 Dimension vi- loyalty**

As shown in Table 12 the dimension of loyalty, Levene's Test result,  $f(475) = 3.77$ ,  $P = 0.053$ , indicates that the variance of scores for the two banks was similar (i.e. the same) ( $P < 0.05$ ). Thus the standard test result was used to interpret the actual T- test analysis. The result of the independent T-test was significant,  $t(475) = 3.21$ ,  $P = 0.001$ , indicating that there is a statistically significant difference in customers perception of loyalty dimension for both banks. Precisely, the above result depicts that customers are more loyal to Zenith Bank compare to First Bank, as depicted in the variance of their mean, standard deviation and confidence test score values; Zenith Bank (M =4.3062, SD =0.49869, N =246), First Bank (M =4.1501, SD =0.57371, N =242) and 95% confidence interval of (-0.25178 to -0 .06041).

#### **4.5.7 Dimension vii- satisfaction**

As shown in Table 12 the dimension of satisfaction, Levene's Test result,  $f(486) = 1.67$ ,  $P = 0.197$ , indicates that the variance of scores for the two banks was similar (i.e. the same) ( $P < 0.05$ ). Thus the standard test result was used to interpret the actual T test analysis. The result of the independent T-test was significant,  $t(486) = 2.87$ ,  $P = 0.004$ , indicating that there is a statistically significant difference in customers perception of satisfaction dimension for both banks. Specifically, the above result depicts that customers are more satisfied with services provided by Zenith Bank compare to First Bank, as depicted in the variance of their mean, standard deviation and confidence test score values; Zenith Bank (M =4.4715, SD =0.66793, N =246), First Bank (M =4.2975, SD =0.67122, N =242) and 95% confidence interval of (-0.29314 to -0 .05491).

## **4.6 Relationship between SERVQUAL, satisfaction and loyalty**

This section answers all the specific objectives of this study by testing the hypotheses derived from the study's objectives and questions. The association between SERVQUAL dimensions, situational factors, satisfaction and loyalty of customers was examined using Pearson's correlation and multiple regression analysis. Pearson's correlation analysis was used to measure the strength and direction of the relationship while multiple regression analysis was used to test the degree of significance of each SERVQUAL dimension & situational factors on loyalty and satisfaction of customers in the banking sector of Nigeria. The five (5) SERVQUAL dimensions; empathy, assurance, tangibility, responsiveness and reliability were used to operationalize SERVQUAL, situational factors scale of measurement were frequency of use and years of patronage, and well accepted scales were utilized in examining the level of loyalty and satisfaction of customers in the Nigeria's banking sector.

### **4.6.1 Pearson's correlation analysis**

Pearson correlation coefficient was used to calculate the relationships that exist between all variables to determine the strength and direction of any correlations. The correlation coefficients between each dimension of service quality (independent variables), customer satisfaction (mediating variable) and loyalty (dependent variable) for each bank are shown in Tables 13, 14, 15 and 16 below

Table 13 below presents the Pearson's correlations analysis of SERVQUAL dimensions with satisfaction and loyalty for customers of Zenith Bank.

Table 13: Pearson's correlations analysis of variables for Zenith Bank

Dimensions		TA	RL	RN	AS	EM	LY	ST
<b>TA</b>	P. Correlation	<b>1</b>	<b>.608**</b>	<b>.441**</b>	<b>.470**</b>	<b>.462**</b>	<b>.354**</b>	<b>.290**</b>
	Sig. (2-tailed)		.000	.000	.000	.000	.000	.000
	N	246	246	246	246	246	246	246
<b>RL</b>	P. Correlation	<b>.608**</b>	<b>1</b>	<b>.658**</b>	<b>.502**</b>	<b>.566**</b>	<b>.443**</b>	<b>.366**</b>
	Sig. (2-tailed)	.000		.000	.000	.000	.000	.000
	N	246	246	246	246	246	246	246
<b>RN</b>	P. Correlation	<b>.441**</b>	<b>.658**</b>	<b>1</b>	<b>.587**</b>	<b>.555**</b>	<b>.471**</b>	<b>.418**</b>
	Sig. (2-tailed)	.000	.000		.000	.000	.000	.000
	N	246	246	246	246	246	246	246
<b>AS</b>	P. Correlation	<b>.470**</b>	<b>.502**</b>	<b>.587**</b>	<b>1</b>	<b>.516**</b>	<b>.445**</b>	<b>.305**</b>
	Sig. (2-tailed)	.000	.000	.000		.000	.000	.000
	N	246	246	246	246	246	246	246
<b>EM</b>	P. Correlation	<b>.462**</b>	<b>.566**</b>	<b>.555**</b>	<b>.516**</b>	<b>1</b>	<b>.600**</b>	<b>.430**</b>
	Sig. (2-tailed)	.000	.000	.000	.000		.000	.000
	N	246	246	246	246	246	246	246

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Correlation analysis was used to find out the extent and direction of the association between variables. Above 0.7 indicates a strong relationship, 0.5 - 0.7 indicates a moderate relationship and between 0.3 - 0.5 indicates a weak or small relationship, and less than 0.3 indicates none or very weak relationship (Moore, D. S., Notz, W. I, & Flinger, M. A, 2013). The Pearson's correlation table above presents the relationship between scopes of service quality measured by the SERVQUAL five (5) dimensions; Tangibility (TA), Reliability (RL), Responsiveness (RN), Assurance (AS), Empathy (EM) and the scopes of Customer Satisfaction and Loyalty at Zenith Bank. The correlations range from (r= 0.290 to r= 0.608) and the correlations are significant at 5% per cent significance level (i.e.,  $r < .05$ ) in all cases.

Specifically, according to the Pearson's correlation the SERVQUAL dimension with the highest correlation with loyalty and satisfaction is Empathy with a correlation value of (r= 0.430) and (r= 0.600), followed by Responsiveness (r= 0.418) and (r=

0.471) respectively. Assurance dimension has a slightly higher correlation with Customer Loyalty with a correlation of ( $r= 0.445$ ) compare to Reliability dimension with a correlation of ( $r= 0.443$ ) however, Reliability dimension has a higher correlation with satisfaction with a correlation value of ( $r= 0.366$ ) compare to Assurance dimension with a correlation value of ( $r= 0.305$ ). Tangibility dimension has the weakest correlation with Satisfaction and Loyalty with a correlation figure of ( $r= 0.290$ ) and ( $r= 0.354$ ) respectively. In conclusion the result shows that there is positive linear correlation between all SERVQUAL dimensions with loyalty and satisfaction at Zenith Bank.

Table 14 below presents the Pearson's correlations analysis of SERVQUAL dimensions with satisfaction and loyalty for customers of First Bank

Table 14: Pearson's correlations analysis of variables for First Bank

Dimensions		TA	RL	RN	AS	EM	LY	ST
<b>TA</b>	P. Correlation	<b>1</b>	<b>.635**</b>	<b>.649**</b>	<b>.600**</b>	<b>.607**</b>	<b>.615**</b>	<b>.555**</b>
	Sig. (2-tailed)		.000	.000	.000	.000	.000	.000
	N	242	242	242	242	242	242	242
<b>RL</b>	P. Correlation	<b>.635**</b>	<b>1</b>	<b>.661**</b>	<b>.633**</b>	<b>.619**</b>	<b>.588**</b>	<b>.601**</b>
	Sig. (2-tailed)	.000		.000	.000	.000	.000	.000
	N	242	242	242	242	242	242	242
<b>RN</b>	P. Correlation	<b>.649**</b>	<b>.661**</b>	<b>1</b>	<b>.720**</b>	<b>.688**</b>	<b>.591**</b>	<b>.575**</b>
	Sig. (2-tailed)	.000	.000		.000	.000	.000	.000
	N	242	242	242	242	242	242	242
<b>AS</b>	P. Correlation	<b>.600**</b>	<b>.633**</b>	<b>.720**</b>	<b>1</b>	<b>.675**</b>	<b>.593**</b>	<b>.553**</b>
	Sig. (2-tailed)	.000	.000	.000		.000	.000	.000
	N	242	242	242	242	242	242	242
<b>EM</b>	P. Correlation	<b>.607**</b>	<b>.619**</b>	<b>.688**</b>	<b>.675**</b>	<b>1</b>	<b>.639**</b>	<b>.606**</b>
	Sig. (2-tailed)	.000	.000	.000	.000		.000	.000
	N	242	242	242	242	242	242	242

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Correlation analysis was used to find out the extent and direction of the association between variables. Above 0.7 indicates a strong relationship, 0.5 - 0.7 indicates a moderate relationship and between 0.3 - 0.5 indicates a weak or small relationship, and less than 0.3 indicates none or very weak relationship (Moore, D. S., Notz, W. I, & Flinger, M. A, 2013). The Pearson's correlation table above presents the relationship between scopes of service quality; Tangibility (TA), Reliability (RL), Responsiveness (RN), Assurance (AS), Empathy (EM) and the scopes of customer satisfaction and loyalty at First Bank. The correlations range from ( $r= 0.553$  to  $r= 0.724$ ) and the correlations are significant at 5% per cent significance level (i.e.,  $r < .05$ ) in all cases.

Specifically, according to the Pearson's correlation, the SERVQUAL dimension with the highest correlation with loyalty and satisfaction is empathy with correlation values of ( $r= 0.606$ ) and ( $r= 0.639$ ) respectively. However, compare to the Pearson's correlation result of Zenith Bank, at First Bank other dimensions of SERVQUAL correlate differently with satisfaction and loyalty. Notably, tangibility dimension follows after empathy dimension with the highest linear relationship of moderate strength with loyalty with a correlation value of ( $r= 0.615$ ) followed by assurance dimension with ( $r= 0.593$ ), then responsiveness dimension with ( $r= 0.591$ ), follow by reliability dimension with a correlation value of ( $r= 0.588$ ). However, the SERVQUAL dimensions in correlation with satisfaction after empathy dimension is reliability dimension with a linear correlation of ( $r= 0.601$ ) follow by responsiveness with ( $r= 0.575$ ), then tangibility with ( $r= 0.555$ ), follow by assurance with a value of ( $r= 0.553$ ).

In conclusion, the result shows that there is a stronger positive linear correlation of moderate strength between all SERVQUAL dimensions with loyalty and satisfaction of customers at First Bank compare to Zenith Bank.

Table 15 below presents the Pearson’s correlations analysis of all aspects of service quality, situational factors (i.e. frequency of use and years of patronage) with aspects of satisfaction and loyalty for customers of Zenith Bank.

Table 15: Correlation analysis on all variables for Zenith Bank

Variables		Loyalty	Satisfaction
Service Quality	Pearson Correlation	<b>.581**</b>	<b>.456**</b>
	Sig. (2-tailed)	.000	.000
	N	246	246
Satisfaction	Pearson Correlation	<b>.516**</b>	1
	Sig. (2-tailed)	.000	
	N	246	246
Situational factors	Pearson Correlation	<b>-.099</b>	<b>-.086</b>
	Sig. (2-tailed)	.120	.179
	N	246	246

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Above correlation analysis table shows that there exists a positive moderate relationship between dimensions of SERVQUAL with dimensions of loyalty and satisfaction, similarly a positive moderate relationship exist between satisfaction and loyalty. Furthermore, situational factor variables, frequency of use and years of patronage have a negative association with satisfaction and loyalty at Zenith Bank.

Specifically, the result indicates that SERVQUAL correlates with loyalty and satisfaction with correlation values of (r= 0.581) and (r= 0.456) respectively,



similarly a strong moderate linear relationship exist between loyalty and satisfaction with correlation value of ( $r= 0.516$ ). However, situational factors (i.e., frequency of use and years of patronage) have a negative linear association with loyalty AND satisfaction with correlation values of ( $r= -0.099$ ) and ( $r= -0.086$ ) respectively. Furthermore, SERVQUAL has a more moderate positive relationship with loyalty, confirming that a significant relationship exists between SERVQUAL and loyalty of Zenith Bank customers.

Table 16 below presents the Pearson’s correlations analysis of all aspects of service quality, situational factors (i.e. frequency of use and years of patronage) with aspects of satisfaction and loyalty for customers of First Bank.

Table 16: Correlation analysis on all variables for First Bank

<b>Variables</b>		<b>Loyalty</b>	<b>Satisfaction</b>
Service Quality	Pearson Correlation	<b>.713**</b>	<b>.682**</b>
	Sig. (2-tailed)	.000	.000
	N	242	242
Satisfaction	Pearson Correlation	<b>.724**</b>	1
	Sig. (2-tailed)	.000	
	N	242	242
Situational factors	Pearson Correlation	<b>.044</b>	<b>.078</b>
	Sig. (2-tailed)	.494	.225
	N	242	242

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Above correlation analysis table shows that there exists a strong positive relationship between SERVQUAL dimensions with dimensions of loyalty and satisfaction, similarly a strong positive association exist between loyalty and satisfaction. Furthermore, situational factors (i.e., frequency of use and years of patronage) have

no (non-significant) relationship with satisfaction and loyalty at First Bank. Specifically, the result indicates that SERVQUAL has a strong linear association with loyalty and satisfaction with correlation values of ( $r= 0.713$ ) and ( $r= 0.682$ ) respectively, similarly a strong positive relationship exist between loyalty and satisfaction of customers with correlation value of ( $r= 0.724$ ). However, situational factors (i.e., frequency of use and years of patronage) have a weak positive (non-significant) relationship with satisfaction and loyalty with correlation values of ( $r= 0.078$ ) and ( $r= -0.044$ ) respectively. Furthermore, SERVQUAL have a stronger positive relationship with Loyalty, confirming that a significant relationship exists between service quality and customer loyalty at First Bank.

#### **4.7 Multiple regression analysis**

Multiple regression was used to specify the nature of relationship between a variable based on two or more other variables (i.e., one dependent and the other independent). Multiple regression is also used specifically to predict the degree of influence of various independent variables on a single dependent variable. The main purpose of multiple regression analysis in this study was to analyze how well dimensions of SERVQUAL influence loyalty and satisfaction of customers, and which dimension best predicts loyalty and satisfaction in Nigeria's banking industry.

Multiple regression was used to calculate the degree of influence and non-influence of SERVQUAL dimensions i.e., empathy, reliability, tangibility, responsiveness, and assurance on satisfaction and loyalty. Pertinent information related to the objective of the study was extracted and interpreted from the conducted multiple regression analysis on SPSS (Statistical Package for Social Sciences) Version 25.

Interpretation of the Beta, t- value, P-value, R<sup>2</sup>-value, from the multiple regression analysis on how well the dimensions of service quality predicts satisfaction and loyalty is presented in Table 17 and 18 below for both banks.

Table 17: Model summary and coefficient of the five SERVQUAL dimensions on loyalty and satisfaction of Zenith Bank customers

Table 17: Regression analysis on all variables for Zenith Bank

Model Summary	Dependent Variables							
	Satisfaction				Loyalty			
Multiple R	.485				.631			
R Square (R <sup>2</sup> )	.235				.398			
R Square Adjusted	.219				.386			
Estimated Std. Error	.59032				.39085			
Change in R Square	.235				.398			
Change in F	14.730				31.771			
Regression (Df1)	5				5			
Residual (Df2)	240				240			
Sig. F Change	.000				.000			
Predictors	Standardized Coefficients		Std. Error		t		Sig (P-value)	
	Beta (β)							
	Satisfaction	Loyalty	Satisfaction	Loyalty	Satisfaction	Loyalty	Satisfaction	Loyalty
<b>Tangibility</b>	.045	.014	.110	.073	.609	.210	.543	.834
<b>Reliability</b>	.044	.048	.119	.079	.500	.617	.618	.538
<b>Responsiveness</b>	<b>.229</b>	.121	.117	.078	<b>2.751</b>	1.647	<b>.006</b>	.101
<b>Assurance</b>	-.007	.117	.113	.075	-.100	1.770	.921	.078
<b>Empathy</b>	<b>.262</b>	<b>.438</b>	.112	.074	<b>3.520</b>	<b>6.653</b>	<b>.001</b>	<b>.000</b>

Table 17 results above indicates that SERVQUAL dimensions significantly affects customer loyalty (f=31.8, sig=0.001) more compare to satisfaction (f=14.7,

sig=0.001). The regression analysis also indicate that the aspects of the dependent variable (loyalty) accounts for 40% variation in the independent variable (service quality), while the (mediating variable) satisfaction accounts for 24% variation as indicated in the  $R^2$  values for each regressed variable. (Model summary of regressed variables:  $F(5,240) = 46.5$ ,  $P < 0.01$ ,  $R^2 = .64$ ).

In Table 17 The Beta ( $\beta$ ) weight analysis (beta value) indicates that only two variables (empathy and responsiveness) make significant influence on satisfaction, while one variable (empathy) make significant influence on loyalty. Specifically, beta coefficient analysis indicates that only the variable empathy with ( $\beta = 0.262$ ) makes the largest unique contribution to satisfaction compare to the variable responsiveness ( $\beta = 0.229$ ) with less contribution to satisfaction. Also, empathy with ( $\beta = 0.438$ ) makes a statistically significant contribution to loyalty compare to other variables. The t-value and P-value analysis shows that (at alpha  $< 0.05$  and  $t > 2.0$ ) out of the five (5) dimensions of service quality, two (2) were statistically more significant to satisfaction and loyalty. Specifically, empathy with ( $t = 3.520$  and  $P < .000$ ) and responsiveness with ( $t = 2.751$  and  $P < .006$ ) were statistically significant to satisfaction, while only empathy ( $t = 6.653$  and  $P < .000$ ), was statistically significant to loyalty. Other variables were not statistically significant to loyalty and Zenith satisfaction at bank.

Table 18: Model summary and coefficient of the five SERVQUAL dimensions on loyalty and satisfaction of First Bank customers

Table 18: Regression analysis on all variables for First Bank

Model Summary	Dependent Variables							
	Satisfaction				Loyalty			
Multiple R	.689				.721			
R Square	.474				.520			
R Square Adjusted	.463				.510			
Estimated Std. Error	.49183				.40171			
Change in R Square	.474				.520			
Change in F	42.572				51.110			
Regression (Df1)	5				5			
Residual (Df2)	236				236			
Sig. F Change	.000				.000			
Predictors	Standardized Coefficients Beta ( $\beta$ )		Std. Error		t		Sig (P-value)	
	Satisfaction	Loyalty	Satisfaction	Loyalty	Satisfaction	Loyalty	Satisfaction	Loyalty
<b>Tangibility</b>	<b>.138</b>	<b>.240</b>	.087	.071	<b>2.011</b>	<b>3.675</b>	<b>.045</b>	<b>.000</b>
<b>Reliability</b>	<b>.247</b>	<b>.146</b>	.083	.068	<b>3.513</b>	<b>2.170</b>	<b>.001</b>	<b>.031</b>
<b>Responsiveness</b>	.093	.053	.084	.069	1.171	.701	.243	.484
<b>Assurance</b>	.075	.132	.091	.074	.997	1.842	.320	.067
<b>Empathy</b>	<b>.255</b>	<b>.277</b>	.074	.061	<b>3.530</b>	<b>4.006</b>	<b>.000</b>	<b>.000</b>

Table 18 results above indicates that SERVQUAL dimensions significantly affects loyalty ( $f=51.1$ ,  $sig=0.001$ ) more compare to satisfaction ( $f=42.6$ ,  $sig=0.001$ ). The regression analysis also indicate that the aspects of the dependent (loyalty) accounts for 52% variation in the independent variable (service quality) while the (mediating variable) satisfaction accounts for 47% variation as indicated in the  $R^2$  values for each regressed variable. (Model summary of regressed variables:  $F(5,236) = 93.7$ ,  $P < 0.01$ ,  $R^2=.1.02$ )

In Table 18 the Beta ( $\beta$ ) weight analysis (beta value) indicates that three variables (empathy, reliability and tangibility) make significant influence on satisfaction and loyalty. Specifically, beta coefficient analysis indicates that the variable empathy ( $\beta=0.255$ ) make the largest unique contribution to satisfaction followed by reliability ( $\beta=0.247$ ) then tangibility ( $\beta=0.138$ ) with less contribution to satisfaction. While empathy with ( $\beta=0.277$ ) make a statistically significant contribution to loyalty followed by tangibility ( $\beta=0.240$ ) then reliability ( $\beta=0.146$ ) with less contribution to loyalty. The t-value and P-value analysis shows that (at  $\alpha < 0.05$  and  $t > 2.0$ ) out of the five (5) dimensions of service quality, three (3) dimensions are statistically more significant to both satisfaction and loyalty. Specifically, empathy with ( $t=3.530$  and  $P < .000$ ), reliability with ( $t=3.513$  and  $P < .001$ ) and tangibility with ( $t=2.011$  and  $P < .045$ ) are statistically significant to satisfaction, while empathy with ( $t=4.006$  and  $P < .000$ ), tangibility with ( $t=3.675$  and  $P < .000$ ) and reliability with ( $t=2.170$  and  $P < .031$ ) are statistically significant to loyalty. Assurance and responsiveness are not statistically significant to loyalty and satisfaction at First Bank.

#### **4.8 Hypothesis testing**

**H1: SERVQUAL dimension has a positive influence on satisfaction of customers;**

Investigating the influence of SERVQUAL dimensions on satisfaction of customers in Nigeria's banking sector, a multiple regression analysis was used to test the hypothesis inputting SERVQUAL dimensions and satisfaction as the independent and dependent variable respectively. This is illustrated in Table 17 and 18 with (multiple regression  $\beta$  and  $t$  and  $p$  values) for Zenith Bank and First Bank respectively.

Table 17 and 18 showed that at Zenith Bank, SERVQUAL dimensions with the most significant influence on satisfaction were Empathy with ( $\beta= 0.395$ ,  $t= 3,520$  &  $p<.001$ ) and Responsiveness with ( $\beta= 0.323$ ,  $t= 2,751$  &  $p<.006$ ). Other dimensions were also found to be positive but less significant with satisfaction, aside from “assurance” dimension with a negative non-significant association with satisfaction.

While at First Bank SERVQUAL dimensions with the most significant influence on satisfaction were Empathy with ( $\beta= 0.263$ ,  $t= 3,530$  &  $p<.000$ ), Reliability with ( $\beta= 0.291$ ,  $t= 3,513$  &  $p<.001$ ) and Tangibility with ( $\beta= 0.174$ ,  $t= 2,011$  &  $p<.045$ ). Other dimensions were also found to be positive but less significant with satisfaction.

In summary, four (4) SERVQUAL dimensions (empathy, tangibility responsiveness and reliability) have a significant positive relationship with satisfaction at both Zenith Bank and First Bank. Therefore, we can say that quality service plays a pertinent role in improving satisfaction of customers in Nigeria’s banking sector. Hence, hypothesis 1 is supported.

## **H2: SERVQUAL dimension have a positive influence on loyalty of customers;**

In investigating the influence of SERVQUAL dimensions on loyalty of customers in Nigeria’s banking sector, a multiple regression analysis was used to test the hypothesis inputting SERVQUAL dimensions as the independent variable and loyalty as the dependent variable. This is illustrated in table 16 & 17 with (multiple regression  $\beta$  and  $t$  and  $p$  values) for Zenith Bank and First Bank respectively.

Tables 17 and 18 illustrated that at Zenith Bank, the SERVQUAL dimension with the most significant influence on loyalty was Empathy with ( $\beta= 0.494$ ,  $t= 6,653$  &  $p<.000$ ). Other SERVQUAL dimensions were also found to be positive but less significant with loyalty. While at First bank, SERVQUAL dimensions with the most

significant influence on loyalty were Empathy with ( $\beta= 0.243$ ,  $t= 4,006$  &  $p<.000$ ), Reliability with ( $\beta= 0.146$ ,  $t= 2,170$  &  $p<.031$ ) and Tangibility with ( $\beta= 0.260$ ,  $t= 3,675$  &  $p<.000$ ). Other dimensions were also found to be positive but less significant with loyalty.

In summary, three (3) SERVQUAL dimensions (empathy, reliability, and tangibility) had significant positive relationship with loyalty at both Zenith Bank and First Bank. Therefore, we can say that quality service plays an important role in influencing loyalty of customers in the Nigeria's banking sector. Hence, given hypothesis is supported.

**H3: A positive association exists between satisfaction and loyalty of customers in Nigeria's banking sector;**

To examine the association between satisfaction and loyalty of customers in Nigeria's banking sector, a Pearson's correlation was conducted inputting variables of satisfaction and loyalty to test the hypothesis. Tables 15 and 16 present the Pearson's correlation ( $r$ - values) for both Zenith bank and First bank.

Tables 15 and 16 showed that at Zenith bank, satisfaction is moderately positively significant with loyalty with correlation value of ( $r= 0.516$ ,  $p< 0.001$ ), similarly at First bank satisfaction and loyalty has a stronger positive relationship with correlation value of ( $r= 0.724$ ,  $p< 0.001$ ). In summary, the degree of satisfaction of customers is positively associated with loyalty in Zenith Bank and First Bank. Therefore, we can say that satisfied banking customer tend to be loyal to the bank service they receive in the Nigeria banking sector. Hence, hypothesis 3 is supported.



**H4: Situational factor have a positive relationship with satisfaction and loyalty in Nigeria's banking sector;**

To investigate the relationship between situational factors (frequency of use and years of patronage) with satisfaction and loyalty of customer in Nigeria's banking sector, a Pearson's correlation was conducted inputting variables of situational factors with satisfaction and loyalty to test the hypothesis. Tables 15 and 16 present the Pearson's correlation (r- values) for both Zenith Bank and First Bank.

From Tables 15 and 16, we can say that the situational factor variable frequency of use possess a negative association with satisfaction and loyalty with the correlation values of ( $r = -0.242$ ) and ( $r = -0.242$ ) respectively, while years of patronage with correlation values of ( $r = 0.015$ ) and ( $r = 0.008$ ) has no significant relationship with satisfaction and loyalty at Zenith Bank. Whereas at First Bank situational factors of frequency of use and years of patronage have no relationship with satisfaction and loyalty with respective Pearson's correlation values of ( $r = 0.064$ ) and ( $r = 0.061$ ) and ( $r = 0.030$ ) and ( $r = 0.071$ ). In conclusion, situational factors have no relationship with customer's satisfaction or loyalty with Zenith or First Bank services. Therefore, we can say frequency of bank use and years of patronization has no effect on satisfaction and loyalty of customers to banks in Nigeria. Hence, given hypothesis is not accepted.

## **Chapter 5**

### **DISCUSSION AND INTERPRETATION**

#### **5.1 Introduction**

This chapter presents the summary of work done and findings, empirical results, discussion of empirical findings in respect to the study objectives and hypothesis, comparing findings with past theoretical and empirical studies on SERVQUAL, situational factors, satisfaction and loyalty of customers in reverence to banking.

#### **5.2 Summary of work done**

The research findings indicated that offering high-quality service increases satisfaction, which is a determinant of loyalty of customers. The primary purpose of the research was to evaluate customer-perceived service quality with loyalty and satisfaction of customers of First Bank and Zenith Bank operating in Abuja, Nigeria. Furthermore, the relationship between situational factors with loyalty and satisfaction of customers was investigated. The study measured quality service using the five SERVQUAL dimensions: (i) tangibility, (ii) reliability, (iii) responsiveness, (iv) assurance, and (v) empathy. The study utilized primary and secondary data sources; primary data used for the analysis and discussion of findings was obtained through survey questionnaire administration, in which 600 questionnaires (300 for each bank) were administered out of which 488 copies were retrieved for analysis. Convenience sampling technique was utilized in obtaining 242 responses from customers of First Bank and 248 responses from customers of Zenith Bank in Abuja, Nigeria. The items used in the survey questionnaire were adapted and expanded from previously

validated SERVQUAL scales developed by Parasuraman et al. (1988) and Chang et al. (2011), which were then contextualized to suit the banking sector. Cronbach's alpha was used to assess the reliability of the independent, dependent and mediating variables (i.e., SERVQUAL dimensions, loyalty and satisfaction). Secondary data source was obtained through literatures which gave proper insight to the conceptual, theoretical and empirical knowledge on SERVQUAL, situational factors, loyalty and satisfaction of customers in the context of banking.

### **5.3 Summary of findings**

Correlation and regression analyses were used to examine the association between the independent, dependent and mediating variables. The correlation results indicated a positive association between SERVQUAL dimensions, satisfaction and loyalty of customers, while the results of the regression analysis showed that SERVQUAL dimensions has a positive influence on loyalty and satisfaction of customers of First Bank and Zenith Bank. Specifically in First Bank, the correlation result shows that "empathy" dimension plays the most pertinent role in loyalty and satisfaction of customers followed by reliability, tangibility, responsiveness, and finally assurance dimension. Similarly in Zenith Bank, empathy dimension plays the most significant role in loyalty and satisfaction of customers, followed by responsiveness, reliability, assurance, and then tangibility dimension. Furthermore, the correlation analysis showed an existing positive substantial association between satisfaction and loyalty of customers in both First Bank and Zenith Bank. Finally, Situational factors (i.e., frequency of use and years of patronage) had a positive less significant relationship with loyalty and satisfaction in First Bank, while in Zenith Bank situational factors had a negative less significant relationship with loyalty and satisfaction of customers.

The regression results indicated that four out of the five SERVQUAL dimensions (empathy, tangibility, responsiveness and reliability) had a positive significant relationship with loyalty and satisfaction of customers. However empathy dimension had the strongest positive significant impact on loyalty and satisfaction in First Bank and Zenith Bank. The adjusted  $R^2$  value indicated the percentage of variance in satisfaction and loyalty of customers predicted by SERVQUAL dimensions offered by First Bank and Zenith Bank.

## **5.4 Empirical findings**

In this study, five SERVQUAL dimensions (i.e., empathy, assurance, tangibility, responsiveness, and reliability) were used to operationalize quality service, while approved suitable scales were used to measure loyalty and satisfaction of customers, situational factors were measured with frequency of use and years of patronage. The empirical finding of this study was used to answer the designed objective and hypotheses.

### **5.4.1 SERVQUAL dimensions and customer satisfaction**

**Objective 1:** To examine and compare the relationship between SERVQUAL dimensions and satisfaction of customer of First Bank and Zenith Bank.

**H1:** SERVQUAL dimensions have a positive influence on satisfaction of customers in Nigeria's banking sector.

To examine and compare the association between SERVQUAL dimensions and satisfaction of customer of First Bank and Zenith Bank a Pearson's correlation analysis was conducted, which showed a positive correlation between the five SERVQUAL dimensions with satisfaction of customers in both banks. In the case of

First Bank, Empathy dimension had the highest correlation ( $r = 0.606$ ) with satisfaction followed by Reliability with ( $r = 0.601$ ), followed by Responsiveness and Tangibility with ( $r = 0.575$ ) and ( $r = 0.555$ ) respectively, finally Assurance dimension with ( $r = 0.553$ ). In the case of Zenith Bank, Empathy dimension also had the highest correlation ( $r = 0.430$ ) with satisfaction followed by Responsiveness with ( $r = 0.418$ ), followed by Reliability and Assurance with ( $r = 0.366$ ) and ( $r = 0.305$ ) respectively, then Tangibility with ( $r = 0.290$ ). The service quality dimension “empathy” correlates strongly with customer satisfaction in both banks. However, a stronger positive association exists between the dimensions quality service and satisfaction of customers in First Bank than Zenith Bank.

A multiple regression analysis was conducted to examine the contributions of each SERVQUAL dimension on the satisfaction of First bank and Zenith bank customers. The regression analysis depicted that, out of the five dimensions used to measure service quality, three dimensions “tangibility”, “reliability” and “empathy” contributed to customer satisfaction in First Bank. While two dimensions “responsiveness” and “empathy”, contributed to customer satisfaction in Zenith Bank.

Similarly, the regression analysis P-value in (Table 17 and 18) showed that in First Bank, “tangibility ( $P = 0.045$ )”, “reliability ( $P = 0.001$ )” and “empathy ( $P = 0.000$ )” dimensions had positive significant influence on customer satisfaction, while in Zenith Bank “responsiveness ( $P = 0.006$ )” and “empathy ( $P = 0.001$ )” dimensions had positive significant influence on customer satisfaction. The adjusted  $R^2$  indicated that in First Bank, 47% of the changes in satisfaction could be explained by the SERVQUAL dimensions of tangibility, reliability, and empathy while in Zenith

Bank, 24% of the variance in customer satisfaction could be predicted by the service quality element of empathy. Hence, it can be argued that dimensions of SERVQUAL explained variation in satisfaction of customers in both banks. However, more of the variance in satisfaction was explained by aspects of SERVQUAL offered in First Bank compare to Zenith Bank. It could also be argued that there are other factors that influence customer satisfaction in Zenith Bank.

Furthermore, the result of the analysis showed that among all four dimensions with significant influence on satisfaction, “empathy” dimension had the most positive significant influence on customer satisfaction in both First Bank and Zenith Bank. This finding is supported by previous studies of Dawit and Adem (2018), Ananda S. and Sonal Devesh (2017), Abiyot TK, Gemechu ND (2016), Al-Azzam (2015), Lau et al. (2013), Badara, (2012), Siddiqi (2011), and Mahamad & Ramayah (2010) on the effect of SERVQUAL on satisfaction of customers in relation to banking.

The finding of this study concludes that quality service is an essential antecedent of satisfaction of customers in the Nigeria banking sector. Hence, hypothesis 1 is supported.

#### **5.4.2 SERVQUAL dimensions and customer loyalty**

**Objective 2:** To determine and compare the relationship between SERVQUAL dimensions and loyalty of customer of First Bank and Zenith Bank.

**H2:** SERVQUAL dimensions have a positive influence on loyalty of customers in Nigeria’s banking sector.

To determine and compare the association between dimensions of SERVQUAL and loyalty of customers in First Bank and Zenith Bank a Pearson’s correlation analysis

was conducted which showed a positive correlation between the five (5) SERVQUAL dimensions with customer loyalty in both banks. In the case of First bank, Empathy dimension had the strongest correlation ( $r = 0.639$ ) with customer loyalty followed by tangibility with ( $r = 0.615$ ), followed by Assurance and responsiveness with ( $r = 0.593$ ) and ( $r = 0.591$ ) respectively, finally reliability dimension with ( $r = 0.588$ ). In the case of Zenith Bank, empathy dimension also had the highest correlation ( $r = 0.600$ ) with loyalty followed by responsiveness with ( $r = 0.471$ ), followed by assurance and reliability ( $r = 0.445$ ) and ( $r = 0.443$ ) respectively, then tangibility with ( $r = 0.354$ ). A stronger relationship exists between empathy dimension of quality service and loyalty of customers in both banks. Additionally in First Bank, stronger/higher positive correlations were found between service quality dimensions and loyalty than the correlations in Zenith Bank.

A multiple regression analysis was conducted to examine the contributions of each SERVQUAL dimension on loyalty of First Bank and Zenith Bank customers. The findings of the regression analysis depicted that, among the five SERVQUAL dimensions, three dimensions “tangibility”, “reliability” and “empathy”, contributed to customer loyalty in First Bank whereas, one dimension “empathy” contributed to customer loyalty in Zenith Bank.

Similarly, multiple regression analysis (Table 17 and 18) showed that in First Bank, “tangibility ( $P = 0.000$ )”, “reliability ( $P = 0.031$ )” and “empathy ( $P = 0.000$ )” dimensions contribute to customer loyalty. Whereas, only “empathy ( $P = 0.000$ )” dimension had the most positive significant influence on loyalty of customers of Zenith Bank. In First Bank, 52% of the changes in loyalty could be explained by the SERVQUAL dimensions of tangibility, reliability, and empathy while in Zenith

Bank, 40% of the variance in loyalty could be predicted by the SERVQUAL elements of responsiveness and empathy. Hence, it can be argued that dimensions of service quality explained variation in customer loyalty in both banks. However, more of the variance in loyalty was explained by aspects of SERVQUAL offered in First bank compare to Zenith Bank. It could also be argued that there are other factors that influence loyalty of customers of Zenith Bank.

Furthermore, the empirical analysis showed that among all three dimensions with significant influence on customer loyalty, “empathy” dimension had the strongest positive contribution on customer loyalty in both First Bank and Zenith Bank. This finding is supported by previous studies of Mahamad & Ramayah (2010), M.M. Khan & Fasih (2014) on SERVQUAL and loyalty of customers in banking.

The finding of this study concludes that customer loyalty can be positively influenced by efficient and constant practice of quality service offerings to customers in the Nigeria banking sector. Hence, hypothesis 2 is supported.

#### **5.4.3 Satisfaction and loyalty of customers**

**Objective 3:** To examine the association between loyalty and satisfaction of First Bank and Zenith Bank customers.

**H3:** A positive association exists between loyalty and satisfaction of customers in Nigeria’s banking sector.

To examine the association between satisfaction and loyalty of customers of First Bank and Zenith Bank a Pearson’s correlation analysis was conducted (R- value) which indicated that in First Bank, customer satisfaction associates strongly positive



with customer loyalty with (r- value =0.724), while in Zenith Bank customer satisfaction associates moderately positive with customer loyalty with (R- value =0.516). Customer satisfaction correlates positively with loyalty in both banks, however, customer satisfaction correlates more strongly and positively with loyalty in First Bank compare to Zenith Bank. This finding is supported by Chochol'áková, A., Gabčová, L., Belás, J., Sipko, J. (2015), M.M. Khan & Fasih (2014), Lau et al. (2013), Zafar et al. (2012). Similarly, the research conducted by Douglas Chiguvu and Paul T. Guruwo (2017) in the banking sector in Botswana also supports this result. It revealed that there exists a positive association between loyalty and satisfaction of customers.

The finding concludes that the higher customers are satisfied with bank services, the greater the will to be loyal. Therefore, the satisfaction of customers with service quality is very much an important factor that compels customers to remain loyal. Hence, hypothesis 3 is supported.

#### **5.4.4 Situational factors, satisfaction and loyalty**

**Objective 4:** To examine and compare the association between situational factors with satisfaction and loyalty of customers of First Bank and Zenith Bank.

**H4:** Situational factors have a positive association with loyalty and satisfaction of customers in Nigeria's banking sector.

To determine and compare the relationship between situational factors (i.e., frequency of visit and years of patronage) with loyalty and satisfaction of customers of First Bank and Zenith Bank, a Pearson's correlation analysis was conducted (R-value) which showed that in First Bank, situational factor variables "frequency of

use” and “years of patronage” have a positive less significant relationship with customer satisfaction and loyalty with (r- values = 0.078) and (r- values = 0.044) respectively. While in Zenith Bank, situational factor variables have a negative less significant relationship with loyalty and satisfaction of customers with (R- values = – 0.099) and (R- values = –0.086) respectively.

The empirical finding in this study indicates that situational factor variables (frequency of use and years of patronage) have no substantial association with loyalty and satisfaction of customers. This finding is sustained by Mahajan & Dewan (2014) research in India’s public banking sector. The conclusions relayed that frequency of visit has a moderate association with satisfaction of customers while years of patronization has no positive significant association with satisfaction of customers. Hence, hypothesis 4 is not supported.

## **5.5 Discussion of findings**

The Pearson’s correlation analysis showed that all five SERVQUAL dimensions had a positive significant relationship with loyalty and satisfaction of customers and the highest relation is between “empathy” dimension with satisfaction and loyalty in both First Bank and Zenith Bank. The positive correlation indicates an increase in service quality will subsequently lead to increase in loyalty and satisfaction of customers. However, while evaluating the impact of these five SERVQUAL dimensions on satisfaction and loyalty using regression analysis, it was found that customer satisfaction and loyalty in both First Bank and Zenith Bank was influenced more by “empathy” dimension of quality service. This indicates that loyalty and satisfaction of customers was influenced by factors such as: interest at heart in solving customers bank challenges, convenient operating hours, consider customers wish and needs provision of individual attention to customers.

Tangibility dimension was found to be of statistical significance in determining satisfaction and loyalty of customers of First bank, it was found otherwise in Zenith bank. Therefore, it may be discussed that customer satisfaction and loyalty in First bank was influenced by factors such as; physical premises of the bank, up-to-date modern-looking equipment, employee presentation and dress code. One reason for this not having an impact on loyalty and satisfaction of customers in Zenith bank could be that these are considered to be a given and are more or less similar across banks and thus their customers consider them as a general standard for banks.

Reliability dimension, i.e., factors such as; ability to deliver service as promised, interest shown in solving customer bank challenges, service performed right the first time, service fast and reliable, accuracy in record keeping, was considered as a statistically important determinant of satisfaction and loyalty of customers of First Bank, which was not the case among customers of Zenith Bank. This might be as a result of two possibilities; firstly, such aspects of reliability might be considered as a given service to customers. Secondly, might be as a result of the increase and popularity of mobile banking and the efficiency of internet banking, which gives customers an alternative to face to face customer service. Internet banking provides customers with accuracy in the displays of account information and makes execute requested transactions in a quick and accurate manner, which has made customers place more reliability demand on computers/machines than on bank employees.

Responsiveness dimension was found to be of statistical significance in determining customer satisfaction and loyalty in Zenith Bank, but was not statistically significant in First Bank. Thus it may be discussed that customer satisfaction and loyalty in Zenith Bank was influenced by factors such as; promptness in service delivery,

willingness of employees to help customers, bank's performance, timely delivery of bank statements. One reason for this not having an impact in the satisfaction and loyalty of customers at First bank could be as a result of the introduction and efficiency of the ATMs and other banking technologies provided to give prompt and efficient service to customers. Customers would probably prefer to deal with bank machines rather than bank employees as a result of machines; prompt and efficient response provision, clear and understandable display of requested information and constant improvement in general performance, whereas employee degree of responsiveness could be influenced by emotions, external and internal factors, hence reducing efficiency.

Lastly, Assurance as a SERVQUAL dimension was not found to have a significant impact on loyalty and satisfaction of customers in both First bank and Zenith bank. Thus factors such as service trustworthiness, employee politeness, employee knowledgeability, and degree of provided transaction and physical security, have no impact in satisfaction and loyalty of customers of First Bank and Zenith Bank. This might be as a result of two possibilities: Firstly, customers may consider these as a given general banking standard for operation license. Secondly, customers probably have given up in waiting for banks to upgrade their transaction and physical security measures to the level of satisfaction of customers, leading to customer's lack of trust and confidence towards the bank improving the level of assurance in their services.

Furthermore, the result of the Pearson's correlation analysis showed a strong positive correlation between loyalty and satisfaction of customers in First Bank and a moderate positive correlation between satisfaction and loyalty of customers in Zenith Bank. This indicates that customer's satisfaction with the service and products

offered by the bank has a significant positive influence on loyalty of customers to the bank. The satisfaction of First Bank customers had a stronger relationship with their loyalty to the bank compare to Zenith Bank. This could be as a result aspects of service quality offered by First bank explaining more of the variance in customer satisfaction and loyalty compare to Zenith Bank. First Bank customers level of satisfaction and loyalty was more influenced by aspects of quality service offered by the bank compare to customers of Zenith Bank. Therefore, Zenith Bank needs to improve on more aspects of service quality to significantly and positively influence the level of loyalty and satisfaction of customers of the bank.

Similarly, the Pearson's correlation analysis revealed a positive less significant association between situational factors with loyalty and satisfaction of customers in First Bank while in Zenith Bank the result revealed a negative correlation between situational factors with satisfaction and loyalty of customers. Indicating that, the level of satisfaction and loyalty of customers is not significantly associated with situational factors and this might be as a result of a general lack of Trust in the Nigeria banking sector. Although some of the customers of First Bank and Zenith Bank frequently use the banks offered services and have been patronizing these banks for a long time, the lack of trust (assurance dimension) in offered bank services may have resulted in situational factors insignificant influence on satisfaction and loyalty of First Bank and Zenith Bank customers. Therefore, we can conclude that the primary influence on loyalty and satisfaction of customers was the aspects of quality service offered by both First Bank and Zenith Banks to their respective customers.

## Chapter 6

### SUMMARY AND RECOMMENDATION

#### 6.1 Introduction

This chapter presents the study conclusions, implications, limitations, and suggestions for future research, recommendations, and contributions to knowledge.

#### 6.2 Conclusion

As a result of globalization the banking industry has become intensively competitive, thus bank managers need to understand specific areas of service quality dimensions in need of improvement to efficiently invest their resources to gain competitive advantage. The study findings may be used by banks in the Nigeria banking sector to further improve on their quality service and boost customers trust in offered bank services, as evidence exist of a direct positive association between SERVQUAL with loyalty and satisfaction of customers in the context of banking. Irrespective of whether the findings were referring to First Bank or Zenith Bank, respondent indicated that “empathy”, dimension have a strong impact on their satisfaction and loyalty. Hence, banks operating in the Nigeria banking industry need to focus on areas such as sincere interest in solving customers challenges, carrying out service within promised time, convenient operating hours consider the wishes and needs of customers, individual attention provided to customers by the bank, are aspects of empathy to be given due attention.

Furthermore for First Bank, respondents indicated tangibility and reliability dimensions as having a positive significant impact on loyalty and satisfaction of customers, thus managers of First Bank need to ensure that aspects such as physical premises, employee presentation and dress code, use of technological up-to-date equipment's, error free records, adequate, fast and reliable service, are continuously improved upon. However, for Zenith Bank, Responsiveness dimension was found to have statistical positive significant impact on loyalty and satisfaction of customers. Thus managers of Zenith Bank should ensure that bank staffs are never too busy to respond to customers, provide prompt and adequate service to customers, willing to help customers with their bank complaints, and easy access to information by customers are continuously upgraded.

The insignificant influence of assurance dimension and situational factors (i.e. years of patronage and frequency of bank use) on satisfaction and loyalty of customers of First Bank and Zenith Bank indicates that managers of both banks needs to work on aspects of service quality conveying trustworthiness of bank services, politeness and courteousness of bank staffs, knowledgeability of bank staffs, and adequate physical and transaction security provided to customers. Improvement on these aspects of bank service quality would positively and significantly influence the level of customer trust and confidence on bank services, further increasing the degree of satisfaction and loyalty of customers with offered bank services.

Additionally, the study findings advised that the level of satisfaction is a critical determinant of loyalty to offered bank services, as evidence exists in the strong positive relationship between satisfaction and loyalty of customers. Hence, irrespective of the findings being relative to First Bank and Zenith Bank respondents,

bank managers should invest resources in increasing the level of satisfaction in offered SERVQUAL dimensions, so as to increase the level of loyalty of customers in the Nigeria banking industry

In conclusion, based on the findings of this study it is pertinent for banks to get to know their customers. Creating a professional relationship with customers empowers management of the banks with knowledge on the needs and wishes of customers. When banks focus on the delivering what is pertinent to customers, it generates potential for repeat business dealings as well. Also, attributes of quality service such as; empathy, responsiveness reliability, and tangibility all possess substantial positive relationship with customer loyalty and satisfaction. Although it is challenging to measure customers intangible expectations one way to attract loyal customers is to provide great quality service so good that all requirements of customers are met. The feedback from the findings could be used to identify and address challenges facing loyalty and satisfaction of customers in reverence to bank quality service offerings.

### **6.3 Managerial implications**

The environment of the banking sector over the last decade has rapidly changed and is much more competitive (Paul and Trehan, 2011) customers' needs and expectations of bank service quality are changing overtime. In this context, this study presented significant insights for bank managers and practitioners to identify and address such dynamic customers' expectations from service quality. "Service quality" is considered to be the base for the satisfaction and loyalty of customers in the service sector, and since several studies have been conducted in this area, the aspects of SERVQUAL which influences loyalty and satisfaction of customers are known by bank managers. However, no bank manager can invest resources to all



aspects of service quality. Therefore, this study with quantitative analysis (i.e. Pearson's correlation and multiple regression) made adequate attempt to investigate which aspect of SERVQUAL are most pertinent in their impact on loyalty and satisfaction of customers with suggestive recommendations on how to address challenges to offered quality service in the context of First Bank and Zenith Bank.

Managers of First Bank intending to increase the perception of customers on significant aspects of service quality could invest more resources in developing the aspects of "responsiveness" dimension offered to customers. Responsiveness aspects such as, availability of information, willingness to help customers with their complaints, bank staff too busy to respond to customers, and sincere response to customers' needs and wishes, should be improved upon by. Rather than pushing customers from one staff to the other which results to customers avoiding the bank all together, adequate resources should be provided for bank employees' so as to respond efficiently to customer's complaints and needs. On the other hand managers of Zenith Bank need to focus and communicate aspects of service quality in terms of "tangibility" and "reliability" dimensions so as to increase the level of loyalty and satisfaction of customers. It is important for Zenith Bank employee's should be more committed to carrying out transactions within promised time, insist on error free records, offer reliable and fast bank service to customers, utilize technological and up-to-date bank equipment to reduce the lines in ATMs, are aspects to be improved upon.

Similarly, staff knowledge about the banks product and services, degree of trustworthiness, adequate transaction and physical security are the most pertinent aspects of assurance dimension to be improved on by both First Bank and Zenith

Bank. Proper orientation and information about any bank changes should be given to bank staffs so as to equip them with required information for customers' needs, and also adequate round the clock transaction and physical security should be provided to customers so as to increase the level of trust and confidence in the bank service.

Finally, findings revealed that SERVQUAL dimension is pertinent to creating loyalty and satisfaction of customers in the banking context. Therefore, the managerial implication of this study should assist managers evaluate and upgrade the level of their service quality offerings to attract more customers and gain competitive advantage in the highly competitive banking industry.

#### **6.4 Study limitations**

The study however has several limitations. Firstly, the study considered only respondents in Abuja, Nigeria. Secondly, the study is limited to two (2) banks operating in the Nigeria banking sector (i.e., First Bank and Zenith Bank) only. Thirdly, the sample size of 488, with 242 respondents for First Bank and 246 respondents for Zenith Bank, can in no way be considered as a complete representative of the total population. Fourthly, the study considered only retail customers, specifically those who operate accounts with the banks. Fifthly, the use of convenience sampling method does bear the risk of bringing in certain elements of bias. So generalization cannot be made! Lastly, time and finance was also one of the limiting factors to the study.

#### **6.5 Suggestions for future research**

To overcome some of these limitations, more comprehensive future studies should consider using larger sample size across more banks, states and cities in Nigeria. An attempt can also be made to see if there is a difference in the determinants of

customer satisfaction and loyalty among customers in urban and rural areas in Nigeria. An attempt can be made using Gap analysis to assess the perceptions and expectations of customers from offered bank services in the Nigeria banking sector. Also, attempt can be made to evaluate the difference in customer satisfaction and loyalty of service quality between retail banks with international authorization and national authorization in Nigeria. Also, specific type of customers (savings, current, joint account holders etc.) can be studied to see the difference in their level of satisfaction and loyalty.

## **6.6 Study recommendations**

Base on the findings of the survey conducted on customers of First Bank and Zenith Bank in Abuja, Nigeria. The study came up with the following recommendations. Banks as service oriented organizations should:

1. Provide continuous training and development to employees for prompt and efficient service delivery to various segments of their target customers.
2. Hire Human Resource Managers (HRM) to help employ self-motivated, enthusiastic personnel's who are people-oriented and will try to solve customers' bank challenges in an efficient manner.
3. In order to encourage customer loyalty banks should improve service quality, by having the interest of their customers at heart, providing adequate transaction and physical security measures for their customers, and continuously maintaining error-free records since bank information's are sensitive in nature.
4. Nigeria banks should employ up-to-date technologies and ensure that these technologies make for speedy and stress-free banking for customers.

5. There is a need for improvement in queuing technology application for banks in Nigeria, so as to help manage customers waiting in line and general service provision efficiency.
6. Bank management should regularly keep track of customers complains, needs and expectations through regular research activities, so as to identify changes and efficiently address them to ensure customers satisfaction and retention.

### **6.7 Contribution to knowledge**

The study contributed to knowledge in the following ways:

1. This study suggests innovative ways for bank managers to improve quality service and revise current bank services offered to customers by the Nigerian banking industry.
2. Findings contribute to the knowledge of the importance of quality service to customer level of satisfaction and loyalty through enhancing aspects of empathy, reliability, responsiveness and tangibles.
3. Instead of considering just a single bank as case study this study considered two different banks offering bank services in the Nigeria banking industry. This will assist researchers in this area of interest to draw information.
4. Since in the best of the researchers knowledge, much study have not measured customer satisfaction and loyalty in relation to SERVQUAL dimensions and situational factors, this study will serve as a data base for future research work.
5. Lastly, the study findings contribute to the understanding of customer loyalty and satisfaction in reverence to the dimensions of service quality and situational factors in the prospect of First Bank and Zenith Bank of the Nigeria's banking industry.

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## **APPENDICES**



## Appendix A: Service Quality Questionnaire

Please all questions should be answered to the best of your knowledge, for your sincere perceptions and evaluations are pertinent to the validity of this research. Your individual responses to the stated questions below will only be used in my master's thesis. Be assured that your responses will be strictly confidential and shall not be revealed to any third party. (For ethical reasons, if you start to feel uncomfortable at any point of the survey feel free to quit).

Thanks for your time and honesty

**Signed:** Researcher

### SECTION A: Background Information

(Please tick the appropriate box)

1. Gender: Male  Female
2. Your age bracket: 18-22  23-27  28-32  33-37  38-42  43-47   
48-52  53-57  58-62  63 and above
3. Educational background: High School Diploma  Bachelor's Degree   
Master's Degree  Doctorate Degree
4. Occupation: Student  Employee  Business person  Professional e.g.  
teacher, lawyer
5. Frequency of use: Daily  Weekly  Monthly  others \_\_\_\_\_
6. Years of patronage: Less than 5 years  5-10 years  10-15 years   
More than 15 years
7. Income level: Less than ₦50,000  ₦50,000 – ₦99,999  ₦100,000 -  
₦149,999  ₦150,000 – ₦199,999  ₦200,000 and above

## SECTION B: Service quality of the bank

Based on your experiences with the bank, please circle the number that most accurately reflects the extent to which you agree or disagree with the following statements by using the scale below:

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	2	3	4	5

Statements	1	2	3	4	5
Bank has modern-looking equipment.	1	2	3	4	5
Bank employees are formally dressed and presentable.	1	2	3	4	5
Bank materials associated with service (such as forms, brochures, statements, ATM etc.) are visually appealing.	1	2	3	4	5
Bank physical facilities are visually appealing.	1	2	3	4	5
Bank transactions are carried out within promised time.	1	2	3	4	5
Sincere interest is shown in solving your banking challenges.	1	2	3	4	5
Bank performs the service right the first time.	1	2	3	4	5
Services offered by the bank are fast and reliable.	1	2	3	4	5
Bank insists on error free records.	1	2	3	4	5
Bank employees are never too busy to respond to you.	1	2	3	4	5
Bank employees give prompt and adequate service to you.	1	2	3	4	5
Bank employees are always willing to help with your complaints.	1	2	3	4	5
Bank employees make information easily available and obtainable.	1	2	3	4	5
Bank employees are trustworthy.	1	2	3	4	5
Bank employees are polite and courteous with you.	1	2	3	4	5
Bank employees are well knowledgeable about the banks products.	1	2	3	4	5
Bank provides adequate physical and transaction security.	1	2	3	4	5
Bank employees take personal interest in solving my bank challenges.	1	2	3	4	5
Bank's operating hours is convenient to my needs.	1	2	3	4	5
Bank considers my wishes and needs.	1	2	3	4	5
Bank provides me individual attention.	1	2	3	4	5
I say positive things about the bank.	1	2	3	4	5
I intend to continue banking with the bank.	1	2	3	4	5
I encourage friends and family to use the bank services.	1	2	3	4	5
Overall, I am satisfied with the bank's services.	1	2	3	4	5

## **Appendix B: List of Case Study Banks**

<b>S/N</b>	<b>List of banks</b>
1	FIRST BANK OF NIGERIA Plc
2	ZENITH BANK Plc