

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Satisfaction is a crucial concern for both customers and organizations including banks. Satisfaction is a subjective concept and therefore difficult to determine. It depends on a myriad of factors and varies from person to person as well as products to products. Some of the concepts of satisfaction in the literature include value and quality. Value according to Zeithaml (2020) is the importance attached to services based on their usage and the amount paid in exchange. Quality on the other hand, is the meeting of the needs and expectation of customers, (Parasuman et al. 2019). Oliva, Oliver & MacMillan (2022), Fecikova (2021) and ISO (2020) are of the view that satisfaction is the meeting of the needs or wants of customers. From the forgoing, it can be seen that all these concepts are the same and are used interchangeably.

It is believed that the goal of every bank is to meet the needs and the requirements of its stakeholders. Meeting the needs and the requirements of the stakeholders will not only ensure the survival of the organization but also allow it to flourish. Customers are presumed to be one of the most important stakeholders in any organization because without them, organizations are not likely to succeed.

Titko and Lace (2020) accentuate that the competitive power and survival of a bank lies in the degree of its customer satisfaction. Banks therefore pay particular attention to customer satisfaction, (Kattack and Rehman 2019). According to Stafford (2021), due to the fact that banks sell undifferentiated products, the only effective tool they can use to survive in the market is the quality of service. Bowen and Hedges (2022) claim that banks that offer very high-quality service have a competitive advantage because the benefits of improved quality of service are large market shares increase in profits and increase in customer retention. In addition, Zeithmal, Berry & Parasuraman (2020) submit that the reputation of the bank is enhanced, new customers are captured and there is an increase in financial performance. Yeung (2022) on the other hand intimate that customers bring new customers to the bank through word-of-mouth and thereby reducing the cost of marketing. Sureshchandar (2023) think otherwise. They posit that the quality service and satisfaction are the most important indicators of cementing the relationship between the organization and its customers. Satisfaction does not only emanate from the services provided but also from other important factors.

Oliver (2020) contends that the attitude of the service organization can help customers evaluate the quality of services being offered to them. Customers on the other hand want the best value for their money. Therefore, they spare no effort in searching high quality services. Customers perceptions are determined by myriad of factors. Kotler (2019) posit that individual's consumption behaviour is influenced by personal characteristics like age and life-cycle, occupation, economic situation, lifestyle, personality and self-concept. Similarly, Abdullah & Rozario (2019) posit that the level of customer satisfaction may be influenced by various internal and external factors.

In Nigeria, the customer service unit is more effective in the banks than in all other organizations of the economy. Yet, the banks still have a long way to go in order to satisfy the customers of banks worldwide. The banking business today has gone beyond armchair banking era where the customers had to look for the banker to transact business. It is now the era of highly competitive business among banks. These financial institutions now engage in aggressive search of the customer to patronize their products and services.

It is clearly noted in the literature that the effects of customers behaviour or satisfaction on the performance of the banking sector are perceptible. 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 a chance at a-better deal. Quality levels and features between competing brands and organizations are often comparable. What separates competitors is their level of service. It is not unusual for customers to switch back and forth between products or organizations simply because of pricing, a bad first impression from the organization or lack of quality service. This is sometimes referred to as service churn (Lucas, 2022).

Satisfaction is the customer's evaluation of a product or service in terms of whether that product or service has met their needs and expectations (Zeithaml and Bitner, 2020). Happy and satisfied customers behave in a positive manner. They will buy a lot from you and will give you a large share of their business. Customer satisfaction is derived largely from the quality and reliability of your products and services (Curry and Curry, 2020). However, almost every Nigerian bank encounters similar problems in meeting customer's expectation of services and customer satisfaction. For example, the issue of money transfer in banks is one major problem that customers of certain banks have been made to experience. In most cases the customer hardly receives the payment of the money transferred into his account immediately. The long queues and huge crowds in the banking halls can be highly devastating and discouraging most times, especially when the weekend is near. Most times, these long queues are

as a result of the breakdown of the computers used by these cashiers, sometimes it occurs as a result of the cashiers, absolving them from duty and passing the bulk to someone else. Therefore this study examined the circumstances that make customers satisfied with their bank and therefore enhance bank performance.

1.2 Statement of the Problem

The problem for this study is propelled by need to empirically measure customer satisfaction in the performance of bank using Guaranty Trust Holding Company, a case reference. The state of customer satisfaction with service delivery is not clear as there is scanty documentation on the issue hereby affecting the bank performance. However there have been many complaints from customers about the service delivery of the banks in Nigeria. Despite the appreciable growth recorded by the financial industry in Nigeria, “The quality of service delivery and customer satisfaction is still poor”. Also, the economical and market benefit of the banks in Nigerian economy was equally hampered by marketing, product and service deficiencies and financial advisory service of GTCO in the dynamic business environment which required management research and attention to the banking sector.

It is imperative to conduct empirical analysis in the banking industry on satisfaction surveys in marketing and also on the financial advisory service of GTCO in the sector for any useful growth to yielded performance. Hence, there is currently no literature material on customer satisfaction as it relates to banking industry in Nigeria. Some of the literature available only focus on financial performance, the non-financial performance in the banking industry in Nigeria does not provide empirical support for the claim that customer is satisfied with the products’ and service delivery in Nigeria.

Therefore, the gap created by this information necessitates a further research study that will determine the empirical effect of customer satisfaction on the performance of Bank Using GTCO as a case study in Ilorin, Kwara State.

1.3 Research Questions

Based on the statement of problem, the following research questions were raised:

1. To what extent does the customer loyalty improve bank performance growth in GTCO?
2. Does the service delivery impact on customer satisfaction in GTCO?
3. What are the significant effects of financial advisory service on the performance growth in GTCO?

1.4 Objectives of the Study

The broad objective of this study is to examine the effects of customer satisfaction on the bank performance of Guaranty Trust Holding Company (GTCO). The specific objectives are to:

1. To examine the impact of customer loyalty on the bank performance growth in GTCO.
2. To determine the impact of service delivery on customer satisfaction in GTCO.
3. To examine the significant effect of financial advisory on the performance growth in GTCO?

1.5 Research Hypothesis

H₀₁: There is no significant impact of customer loyalty on the performance growth of GTCO.

H₀₂: Service delivery has no significant impact on customer satisfaction in GTCO Ilorin branch

H₀₃: There is no significant effect of financial advisory on the performance growth of GTCO

1.6 Significance of the Study

The significance of this study is that it helps to provide better understanding that customer satisfaction to some extent affects customer loyalty which in turn may affect retention and bank performance growth. The literature review fails to evaluate and measure this area and this is what this study attempts to cover by looking at the various factors that constitute customer satisfaction and how they affect the organization growth and performance of bank.

The findings of the study will be of importance to the government as it will go a long way to assist in setting up specific management policies that will enhance effectiveness in banking sector in Nigeria.

The study is also of significance to scholars and professional managers in understanding the role that service delivery, financial advisory and customer loyalty scheme played in protecting customers in the industry. Finally, this study contributes to the future development of this area of research, particularly in a developing country like Nigeria.

1.7 Scope and Limitation of the study

The scope of the study shall be limited to banking industry. However, for the purpose of this study, respondent's opinion when garnering this data were limited to some selected banks and the employees of GTCO Banking customer relation Department of the GTCO bank office in Ilorin. These banks are expected to provide information regarding their satisfaction on the products and financial advisory service provided by the GTCO bank staff particularly those in the customer care unit were

asked of their responsibility in getting acquaintance to resolving customers problems and requests. Therefore, the study has become imperative to critically focus attention in examining the impact of customer satisfaction in the organizational performance of the GTCO bank.