

**Service Quality, Customer Experience and Customer Satisfaction of Commercial  
Banks in Ibadan North Local Government Area, Oyo State, Nigeria**

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University, Ibadan, Oyo State, Nigeria.**

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Degree (M.Sc) in Office and Information Management**

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## Certification

This is to certify that **Bukola Mayowa AFOLABI** with matriculation number **LCU/PG/002073** carried out this study titled **Service Quality, Customer Experience and Customer Satisfaction of Commercial Banks in Ibadan North Local Government Area, Oyo State, Nigeria**, in the Department of Information Management, Faculty of Communication and Information Sciences, Lead City University, Ibadan, Oyo State, for the Award of Master Degree (M.Sc) in Office and Information Management and that this work has not been previously submitted.

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## **Dedication**

This project is dedicated to the Almighty God.

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## Abstract

Customers play a great role in the banking sector of every country in the world. Without customers of any bank, banking operations will be a thing of a shadow. Certain factors have been identified that can drive customer satisfaction. These factors are: service quality of banking operations and customer experiences. With this understanding, it is deemed okay to investigate the influence service quality (SQ) and customer experience (CE) on customer satisfaction (CS) of commercial banks, Ibadan North Local Government Area, Oyo State. Descriptive research design was adopted. Population consists of 49945 bank customers in Oyo state. Multistage sampling technique was adopted after which 381 bank customers served as the sample size for this study. The reliability coefficient for each of the variable ranged from 0.70 to 0.85. Data collected was analyzed using descriptive and inferential statistics. Findings revealed that SQ had no significant influence on CS (Adj.  $R^2 = .004$ ;  $p = 0.120$ ), CE was also found not to significantly influence CC (Adj.  $R^2 = .028$ ;  $p = 0.606$ ). Jointly, SQ and CE were found not to statistically significantly influence CC (Adj.  $R^2 = .087$ ,  $F_{(2, 351)} = 1.333$ ,  $p < 0.05$ ). The study concluded that both SQ and CE did not independently and jointly influenced CC. It was however recommended that Banks operating in Oyo state should always give assurances to their customers as regards the fact that their financial problems will always be solved. This will restore much confidence in their customers also it was recommended that the ICT department of banks in Nigeria have got to improve on the user interface of their mobile applications as this will make their customers to be more comfortable using the application.

**Key Words:** Service Quality, Customer Satisfaction, Customer Experience, Commercial Banks

**Word Count:** 285

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## List of Acronyms

<b>Abbreviations</b>		<b>Meaning</b>
CS	-	Customer Satisfaction
SQ	-	Service Quality
CE	-	Customer Experience
ASDLSIC	-	Customer Satisfaction, Bank Quality Service and Quality

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## **Chapter One**

### **Introduction**

#### **1.1 Background to the Study**

The improvement of any country's economy depends, generally on the strength of the financial sector of that country and the adequacy of the manufacturing sector to deliver need-fulfilling products and services to satisfy the needs of the general population. A compelling and proficient banking sector is fundamental for the development of effective intermediation as well as for the assurance of the depositors, consolation of sound competition, support of certainty, and dependability of framework, and insurance against efficient danger and breakdown<sup>1</sup>. The banking industry all over the world is going through a transformation and Nigeria is not an exception. The driving force for this mentality internationally is the dynamic changes experienced in the worldwide business and marketing environment. The main impetus incorporates customer service, customer experience, and customer satisfaction of the banking sector to meet with inward contest and globalization<sup>2</sup>.

In the changing financial situation of the 21st century, the banks needed to have an imperative character to offer excellent services. Banks these days must be of a-list standard focused on greatness in consumer satisfaction and to assume a significant part in the developing and differentiating financial sector<sup>3</sup>. There has been an exceptional change in the method of banking over the most recent couple of years. Customers have likewise precisely requested all around the world quality services from banks. With different decisions accessible, customers are not ready to endure anything short of the best. Banks have perceived the need to meet services yearning.

While the role of business traditionally has been the provision of goods and services for individual needs or wants in exchange for profit<sup>4</sup>. The center has created some distance from benefit orientated to customers situated. Customers have now turned into the king, and subsequently, more significant for the market. The market is currently much centered on customers' wants, and customer assumption straightforwardly influences consumer satisfaction. In this manner, information with respect to consumer satisfaction helps service giving firms to further develop their service quality. The degree of satisfaction shifts from one customer to another; according to their requests, assumptions, discernments, and pictures for the service and product.

Consumer satisfaction is an individual experience that depends on the connection between expectations and actual perception<sup>5</sup>. Satisfaction is the result of buying products and services; it is the experience customer accomplishes from past buy. Expanded satisfaction builds customer reliability. To secure or acquire portions of the overall industry, organizations need to beat competitors by offering top-notch products or services to guarantee the satisfaction of customers. Satisfaction implies a sensation of joy since one has something or has accomplished something<sup>6</sup>. It is an activity of satisfying a need, want, request, or expectation. Customers analyze their expectations regarding a particular item or administrations and its real advantages.

The measures to be used for customer satisfaction in this study are bank service, bank product and bank technical service, performance expectation and perceived performance as adapted from literature<sup>7</sup>. Bank services are banking activities that involve accepting and safeguarding money owned by other individuals and entities and then lending out this money in order to earn a profit. It also involves activities such as keeping valuable goods

for customers. Bank products are different bank products that are prepared to entice customers to patronize them such as saving promotions and so on. The issue with these banks is that it has been observed that these banks only render services that earn them profits without considering customers interest. Though, the products and services of the banks do look interesting to the customers at first but it is the customers that are being short changed on the long run. Commercial banks in Ibadan North local government area has been having lots of complaints to deal with as observed by the researcher due to the number of customers that visit the banking hall every day to complain about incomplete transactions, poor network, delay in transaction and so on

The world competition of the business is growing severe in this era of globalization. A firm should provide superior services in order to differentiate from another firm of the market. Customer satisfaction is the crucial for every business in today's market. It is the mindset which comes from the knowledge and past experience. In the competitive world all organizations are focusing the superior satisfaction of the respected customers. Nowadays the banking sectors are the most important bodies among the huge service sector. Customer satisfaction measurement provides a sense of achievement and accomplishment for all employees involved in any stage of the customer service process. In this way, satisfaction measurement motivates people to perform and achieve higher levels of productivity<sup>8</sup>. Customer satisfaction is considered as an ordinary standard of performance and a possible standard of excellence for any business organization in the competitive market. The satisfied customers always maintain contact with the organization and purchase different types of goods and services. The banking sector is increasing day bay day in Nigeria. So it is the big challenge of banking sectors to retain

customers through provided service. Attractive customer satisfaction is the main source to stay in business in the competitive market. Owing to the financial services like banks competition in the market place through undifferentiated products, this highlights service quality as the basic competitive tool<sup>9</sup>. Customer satisfaction is a mental state, which compares the results of customer expectations prior to purchase with performance perceptions after a purchase. Customers are satisfied when they are happy with their purchase outcome, achieve their goals, and experience no hassle. It is believed that satisfied customers maintain contact with the company and purchase more products or services more frequently than dissatisfied customers.

It is through rendering efficient services to customers that would make bank customers satisfied. Hence, its not possible to discuss customer satisfaction without giving an insight into the services that either make customers satisfy or dissatisfy. Bank quality service implies giving a quality item or administration that fulfills the necessities/needs of a customer and keeps them returning<sup>10</sup>. Great service quality empowers a firm to improve its standing among the customers. It helps the staff of a firm in critical thinking and making the capacity to perform multiple tasks in regions like exploring complex data sets and changing between various computers to track down data for the guest. It turns into a benefit for call centre representatives in the present working environment to think rapidly on their feet so they can manage involved information while working under tension.

Thus, service quality is a basic propelling power to drive the bank up in the high innovation stepping stool. Banking industry is an interest-driven industry, which comprises a significant piece of the help business<sup>11</sup>. Banks need to rethink their corporate picture that stresses service quality since it gives many benefits to an organization, for

example, permitting the organization to separate itself from its rivals by expanding deals and pieces of the products and services, giving freedoms to strategically pitching, further developing customer relations accordingly upgrading the corporate picture, reliability, responsiveness, credibility, and correspondence brings about the fulfillment and maintenance of customers and employee, in this way decreasing turnover rate<sup>12</sup>. Four basic dimensions would be used to judge bank quality service namely: reliability, responsiveness, assurance, and empathy as adapted from Serqual theory of customer satisfaction<sup>12</sup>.

Reliability is the capacity to play out the guaranteed services both reliably and precisely. Reliable service performed is a customer's assumption and implies that the service is refined on schedule, in a similar way, and without blunder without fail. Responsiveness is the ability to help customers and to offer quick service. Keeping customers standing by especially for reasons unknown makes a pointless negative impression of value. If a service disappointment happens, the capacity to recuperate rapidly and with polished skill can make an exceptionally certain impression of value. Assurance clarifies information and kindness of representatives just as their capacity to pass on trust and certainty. The assurance aspect incorporates the accompanying highlights: the ability to play out the assistance, courteousness, and regard for the customer, viable correspondence with the customer, and the overall demeanor that the server has the customer's wellbeing on the most fundamental level. Empathy is the arrangement of mindful, individualized consideration regarding customers. Empathy incorporates the accompanying elements: congeniality, affectability, and work to comprehend the customer's requirements. The presence of physical facilities, hardware, workforce, and correspondence materials is

called Tangibles. The state of the actual environmental elements is unmistakable proof of the consideration and meticulousness that are displayed by the service provider. This appraisal aspect likewise can reach out to the lead of different customers in the service.

Assurance of bank service is a positive service to bank customers to give them confidence in the bank operations and services. Commercial banks in Ibadan north local government are lagging in service assurance to their customers due to several observed complaints from the customers. Responsive is the readiness of banks management to support the banks → customers and deliver them a rapid and timely service. Banks in Ibadan north local government are slow in attending to their customers both electronically and physically in the banking hall. Empathy is about understanding and responding appropriately to the emotional state of their customers. To inspire customer satisfaction, banks must minimize risk and provide secure, reliable, responsive, resilient and always available services to their customers. Commercial banks in Ibadan north local government are short of these factors; their customers are always complaining about their service which is the main reason why the customer service departments of the banks are full with complaints like many charges, inaccurate account balance, poor ATM services, insecure mobile applications and so on.

The consideration of sustainable Customer Relationship Management (CRM) has been getting amplified as of late. The idea that drawn-out relationships are more productive than present moment value-based connections has advanced and steadied inside the authoritative methods of reasoning. Relationship is created when a customer sees that a shared perspective exists among the customer and service provider which is the driving force towards customer experience. The good or bad relationship is termed quality

customer experience. Customer experience is the tendency to conform to CRM schemes by quickly attending to issues and proactively proffering solutions to customer complaints<sup>13</sup>. The Quality Customer Experience starts from a bunch of communications between a customer and an item, an organization, or part of its association, which incite a response<sup>14</sup>.

However, successful customer relationship centers around understanding the necessities and wants of the customer and is accomplished by setting these requirements at the core of the business by coordinating them with the organization methodology, individuals, innovation and business processes<sup>15</sup>. Qualities, for example, invitingness, amenability, accommodation, exchange precision and caution, effectiveness in revising botches, speed of services and choice cycle were viewed as more essential to customers than the cost of services<sup>16</sup>. The two dimensions of quality customer experience namely customer orientation and service process which were adapted from literatures<sup>15,16</sup>. However, these two dimensions will be considered for the purpose of this research.

The meaning of customer orientation in the help situated business cannot be overemphasized, not many research works have been done to date approving something very similar. This specific development is of basic significance as customer orientation has been viewed as a key administrative goal since the time administration showcasing ideas appeared. Customer orientation is described as a person's inclination to address customer issues in a hands-on setting. Process is a fundamental component within the whole service marketing mix strategy. The exercises, methodology, conventions, and more by which the assistance is rendered to the customer contain a service process<sup>16</sup>. Service process is distinguished to be a crucial antecedent of customer result i.e consumer

satisfaction or dissatisfaction which points out to close attention to be paid by both academicians and industry directors. With respect to the above discussion, this study tends to investigate the influence of customers service and customer experience on customer satisfaction in commercial banks, Ibadan North Local Government Area of Oyo State, Nigeria.

## **1.2 Statement of the Problem**

Customer satisfaction is the measurement that determines how happy customers are with a bank's products, services and capabilities. It has the most important effect on customer retention and in order to narrow it down, focus on customer service and customer experience as some of the factors that influence customer satisfaction. However preliminary investigation, literature reviewed on financial institutions and other journals revealed that bank management have wrong perception about what their customers really think about their products and services which made them operate in a relaxed and confident state believing that when their customers are dissatisfied they would know about it but are usually shocked when there is a decline in their customer base and competitive edge is threatened. This is evidenced by the long, stagnant queues inside the bank branches and at ATM machines that are often out of service and the seemingly unexplained banking charges, amongst others. All these have a negative ripple effect on the levels of the customer and financial performance of commercial banks.

This may be due to the inability to deploy appropriate and responsive services which can clearly be responsible for the frustrating customer experience and the corresponding decline in the number of satisfied customers of commercial banks in Ibadan North Local Area, Ibadan, Oyo State, Nigeria. The issue of unreliability, delay in responsiveness, lack

of assurance in bank services and many others is another concern as it often leads to customer frustrations, poor service delivery, and customer dissatisfaction. This study argues that the potential influence of bank quality service and quality customer experience on customer satisfaction of the commercial banks may likely be enhanced when they deploy reliable, assured, and responsive banking operations.

Furthermore, empirical evidence shows that studies have been carried out in the area of bank quality service, quality customer experience and customer satisfaction in other parts of the world but not specifically on commercial banks in developing countries. Thus, the study therefore intends to investigate the influence of bank quality service and quality customer experience on customer satisfaction of commercial banks in Ibadan North Local Government Area, Oyo State, Nigeria.

### **1.3 Aim and Objectives of the Study**

The aim of this study is to examine the influence of service quality and customer experience on customer satisfaction of commercial banks, Ibadan North Local Government Area, Oyo State, Nigeria. The objectives were to:

- i. examine the level of customer satisfaction of commercial banks, Ibadan North Local Government Area, Oyo State, Nigeria.
- ii. examine the level of service quality as perceived by bank customers of commercial banks in Ibadan North Local Government Area, Oyo State, Nigeria.
- iii. examine the level of customer experience of commercial banks in Ibadan North Local Government Area, Oyo State, Nigeria.
- iv. examine the influence of service quality on customer satisfaction of commercial banks in Ibadan North Local Government Area, Oyo State, Nigeria.

- v. determine the influence of customer experience on customer satisfaction of commercial banks in Ibadan North Local Government Area, Oyo State, Nigeria.
- vi. ascertain the combined influence of service quality and customer experience on customer satisfaction of commercial banks in Ibadan North Local Government Area, Oyo State, Nigeria.

#### **1.4 Research Questions**

Following from the objectives, the study raised the following questions:

- i. What is the level of customer satisfaction of commercial banks, Ibadan North Local Government Area, Ibadan, Oyo State, Nigeria?
- ii. What is the level of service quality as perceived by bank customers of commercial banks in Ibadan North Local Government Area, Oyo State, Nigeria?
- iii. What is the level of customer experience of commercial banks in Ibadan North Local Government Area, Oyo State, Nigeria?

#### **1.5 Hypotheses**

The following hypotheses were generated for the study and were tested at the significance level of 0.05:

- H<sub>01</sub>:** There is no significant influence of service quality on customer satisfaction of commercial banks in Ibadan North Local Government Area, Oyo State, Nigeria..
- H<sub>02</sub>:** There is no significant influence of customer experience on customer satisfaction of commercial banks in Ibadan North Local Government Area, Oyo State, Nigeria.
- H<sub>03</sub>:** There is no significant combined influence of bank quality service and customer experience on customer satisfaction of commercial banks in Ibadan North Local Government Area, Oyo State, Nigeria.

## **1.6 Significance of the Study**

This study has relevance and is useful to the management of the selected banks in Ibadan North Local Government Area, Oyo State, Nigeria. It is also useful to Staff, customers, and future researchers.

For management of the selected banks, it will help them appreciate the real effect of their services and banking operations on customers→ satisfaction. Subsequently, they can modify and add new features to improve customers→ satisfaction. Other financial institutions will also be informed on how to identify and address the challenges of implementing appropriate operations and services.

Staff will also appreciate the challenges of improving effective customer satisfaction through appropriate and innovative services in order to ease pressure on management and enhance their performance by improving their customers→ satisfaction. The study will also enlighten both existing and new customers on the effect of banking services and experience.

From the educational point of view, future researchers will find this study essential when it comes to matters relating to this subject and banking industry. Finally, the study will contribute to literature on the subject matter and serve as reference material for other researchers engaged in similar studies and for teaching purposes.

## **1.7 Scope of the Study**

This study focused on investigating the influence of service quality and customer experience on customer satisfaction in commercial banks in Ibadan North Local

Government Area, Oyo State. The measures of customer satisfaction are bank services, bank products and bank technical services. The measures of services quality are assurance, responsiveness, reliability and empathy while the measures for customer experience are customer orientation, and service process. The geographical scope covered three selected banks in Ibadan North Local Government Area, Oyo State, Nigeria with three branches each making a total of nine branches. These banks are chosen because the perceived problem of customer dissatisfaction is prevalent among their customers<sup>5</sup>. The selected banks are Guaranty Trust Bank, Access bank and United Bank for Africa (UBA).

### **1.8 Limitation to the Study**

The major issue that limited this study was retrieving information from respondents due to the nature of their work which makes less receptive towards advancing research and time factor for retrieval of information.

### **1.9 Operational Definition of Terms**

**Customer Satisfaction:** This is a measure of how products, services and technical services of commercial banks in Ibadan North Local Government Area, Oyo State, Nigeria.

*Bank Service:* This is the process whereby bank management provide services like giving loans, credit debit cards, digital financial services, saving money and other personal services for customers of commercial banks in Ibadan North Local Government Area, Oyo State, Nigeria.

*Bank Products:* These are facilities or services related to cash management, including treasury, depository, overdraft, credit or debit card, purchase card, electronic funds

transfer and other cash management arrangements of customers of commercial banks in Ibadan North Local Government Area, Oyo State, Nigeria.

*Bank Technical Services:* These are non-lending activities that consist of advisory services, capacity building programs and business linkages that help mitigate loss of bank customers of commercial banks in Ibadan North Local Government Area, Oyo State, Nigeria.

*Performance Expectation:* This is the documented performance plan that details goals, values, outcomes, and requirements related to the position of bank customers in Ibadan North Local Government Area, Oyo State, Nigeria.

*Perceived Performance:* This is how bank customers in Ibadan North Local Government Area, Oyo State, Nigeria rate the services of their banks.

**Bank Quality Service:** This is the provision of quality service to bank customers of commercial banks in Ibadan North Local Government Area, Oyo State, Nigeria before, during and after a purchase.

*Assurance:* This is an all-encompassing paradigm that revolves around the idea that improving customer experience and maximizing customer satisfaction of commercial banks in Ibadan North Local Area, Oyo State, Nigeria.

*Reliability:* This is the quality of trustworthiness of commercial banks in Ibadan North Local Government Area, Oyo State, Nigeria.

*Responsiveness:* This is the situation whereby the commercial banks in Ibadan North Local Government Area, Oyo State, Nigeria react quickly and positively to customers complaints.

*Empathy:* It is the ability of management of commercial banks in Ibadan North Local Government Area, Oyo State, Nigeria to understand and share the feelings of their customers towards the services rendered to them.

**Quality Customer Experience:** It is bank customer's collective experience interacting with various touchpoints, including online banking systems, emails, call centers, and so on in commercial banks in Ibadan North Local Government Area, Oyo State Nigeria.

*Customer Orientation:* This involves bank staff performance with regard to the satisfaction of the needs of commercial bank customers in Ibadan North Local Government Area, Oyo State, Nigeria.

*Service Process:* These are different types of banking services which include individual banking, business banking, digital banking and loans being offered by commercial banks in Ibadan North Local Government Area, Oyo State, Nigeria to their customers.

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## **Chapter Two**

### **Literature Review**

This chapter review the literature relevant to this study. The theories relevant to the study area were also reviewed. The chapter dwell on the concept, theoretical and empirical studies that discuss the link among service quality, customer experience and customer satisfaction with specific emphasis on commercial banks in Ibadan North local government, Oyo State, Nigeria. The chapter is organized as follows;

#### **2.1 Conceptual Review**

2.1.1 Concept of Customer Satisfaction

2.1.2 Concept of Service Quality

2.1.3 Concept of Customer Experience

#### **2.2 Theoretical Review and Framework**

2.2.1 The Expectancy-Disconfirmation Paradigm (EDP)

2.2.2 SERVQUAL Theory of Service Quality by Parasuraman et. al. (1988)

2.2.3 Protection Motivation Theory

#### **2.3 Review of Empirical Studies**

2.3.1 Service Quality and Customer Satisfaction

2.3.2 Customer Experience and Customer Satisfaction

#### **2.4 Conceptual Framework**

#### **2.5 Summary of Literature Reviewed**

#### **Endnotes**

## **2.1 Conceptual Review**

### **2.1.1 Concept of Customer Satisfaction**

Customer satisfaction is a key concept in modern marketing thought and practice, which emphasizes delivering satisfaction to customers and obtaining profits in return. Customer satisfaction is thus crucial to meeting the various needs of customers and firms. The realization of its importance has led to a proliferation of research on customer satisfaction among marketing and psychology researchers over the past five decades, and the pursuit of customer satisfaction has become a strategic imperative for most firms that need to survive and remain competitive<sup>1</sup>. Customer satisfaction has both defensive effects of retaining customers by reducing customer defection and offensive effects of attracting new customers through positive word of mouth or referrals by satisfied customers. Satisfying customer is one of the ultimate goals that service organisations seek, due to the long-term benefits of having satisfied customers such as positive word of mouth comment, customer loyalty, and sustainable profitability<sup>2</sup>. Customer satisfaction has generally been studied in past research as a unidimensional construct that measures the overall satisfaction with the service organisation as a result of the aggregate judgment of all interactions and touch points with the service organisation<sup>3</sup>.

Customer satisfaction indicates the fulfillment that customers derive from doing business with a firm. In other words, it's how happy the customers are with their transaction and overall experience with the company<sup>4</sup>. The fact that everybody know customer plays an important role in the business survival and sustainability. Without the customer, business would not be operating well. Customer is one of the main sources to business revenue. Customer satisfaction helps to improve products or services by business organizations.

There are few important points that are supporting the importance of customer satisfaction in business. Firstly, customer satisfaction is important in business because maintaining the satisfied customer is cheaper than finding new ones. Satisfied customer will keep repeating on buying or using the products and services by a company because they know that the company serves the customers well. From that, the number of new customers will also increase because of the good feedback that have been given from the satisfied customers. It will cost the company less especially in the marketing because they do not have to spend more on finding ways to attract customers to buy and use their products or services<sup>5</sup>.

Obtaining the attention of prospective customers, gaining their interest and converting them costs up to 6 times more than retaining existing customers. This is why it is important to maintain the existing customers in business because it will keep the business going in a long-term period. Secondly, there is no customers want to be treated badly. In order to prevent the customer from feeling unsatisfied, good services from the staffs are important<sup>6</sup>. Majority of the customers will find a business that serve and treat them good and do not care about the price charged. It is because they will assume that good services are compatible with the price charged. Business has no problem if they want to increase the price or cost because they know that the customers will look up to them as they provide the best products and services as well. As mentioned earlier, customers are one of the sources to the business revenue. Happy and satisfied customers will not look up to other brands or business. They will also recommend the brands to everyone and the revenue of the business will keep increasing. In order to keep the business going and revenue increasing, banks have to keep the customers satisfied by measuring their

customers buying pattern from time to time. They have to make sure that the services or products provided will keep the customers stick to their brand or business.

Customer satisfaction will help a lot the business to stand out of the competition. If a customer does not satisfied with the products or services, they will easily switch to other brands and it gives an advantage to other brands to stand out in the market competition. Although customers won't love organizations if they give bad service, the competitors will. Competitors will wait for organizations to make a wrong actions so that they could stand out in the market and they will improve their marketing strategy in order to attract and gain more customers than the current business does. In order to keep the customers satisfied, you have to make sure that you give an excellent products and services to them and know on how to stand out from the other brands. Furthermore, if a customer is satisfied with specific products and services it will give a good impression to the brands and it can avoid the negative thoughts about the said brand. If a specific brand slightly make a wrong move or mistake and do not satisfy the customer, they are eager to share the bad experience and leave bad reviews than good experiences about the business to everyone and it will slowly reduce the brand or business<sup>7</sup>. Most of the people tend to believe more on the review rather than looking or experiencing using the products or services themselves. In this context, losing one customer could affect the whole business as the existing or new customers will believe on the reviews made by the unsatisfied customer.

Satisfaction is the state felt by a person whose requirements have been met. Despite the differences in the approach to defining customer satisfaction that we can find in the literature, the most popular of them is based on the customer expectations. Satisfaction is

a standard of how the offered  $\uparrow$ total $\downarrow$  product or service fulfills the customer expectations. Customer satisfaction can be defined as a state in which his expectations match his perception of the actual service received. Customer satisfaction measurement is one of the most important issues concerning business organizations, which is justified by the customer-orientation philosophy and the main principles of continuous improvement of modern enterprises. Effectiveness of a company depends largely on the proper identification of the customer as well as his understanding of the expectations and impact on the market. Consumer behaviour in the market depends on many factors and relatively complicated processes. Effective functioning of companies and whole of the supply chains requires a detailed knowledge about buyers and recipients, gathering information about their behaviour in order to match the right offers to the individual needs. Customer satisfaction should be measured and translated into a number of measurable parameters. In the recent decades, the importance of customer satisfaction for business organization has been increased<sup>8</sup>.

It is worth to mention that the customers are as important for the companies as the quality of their products, which is the key for ensuring the effectiveness of the company. The quality of services perceived by clients is shaped during three processes: production, experience and quality assessment. Creating optimal quality services does not stop at the production stage and does not focus only concern on the resources of service provider. It is necessary to interact with customers to develop high-quality services. Market is currently transformed under economic, social, political and technological pressure. As a result, there are changes in the value system of customers who focus on personalized service, partnership, speed and reliability of service. The issue of a quality of services is

particularly important in logistics, where it deals with the correct and effective implementation of the processes related to delivering products to the customers on the right place at the right time, in optimal condition and at the lowest possible cost of the project<sup>9</sup>. Even a product with excellent features and characteristics will not fully satisfy the customer if the logistic processes related to its displacement in the supply chain fail. Due to this fact, companies should carry out a thorough assessment of the quality of logistic processes and implement a number of improvement measures that will enable customer satisfaction and loyalty. This is particularly important for the implementation of the new services sector, which can provide immunity on the market. One of them is the e-commerce sector.

Customer satisfaction has important role for business sustainability, especially banking business. Customer satisfaction is able to support the customers to have positive impression on the product and service offered by a business organization. Positive attitude has important role in rebuying the product or service in the future. The satisfied customers will be formed to rebuy in the same shop despite the interesting offer from other shops. In general, a positive relationship between the customer satisfaction and the customer loyalty possibly becomes the main factor or the moderation. In some previous marketing study, it is confirmed that the customer satisfaction on their needs is one antecedent of loyalty either on the brand or the shop<sup>10</sup>. Customer satisfaction is determined by the development of product and quality conducted by the company, also the service and improvement in order to meet the customer expectation. The customer satisfaction can be measured through various methods. One of them is by measuring the customer expectation compared with the benefit and cost.

Satisfaction is a feeling or behavior of a customer related to a specific product or service after their use experience. The definition of satisfaction can also be measured by the customer experience with the service provider. In other words, satisfaction is an after-sales evaluation that compares the expected value in the pre-sales stage and the perceived value in the after-sales stage, after the purchase and the use of products or services. Among several studies, customer satisfaction represents an essential pillar in customer-directed practices by an infinity of companies that operate in many sectors. Customer satisfaction can also be considered one of the elements for success in the highly competitive globalized world of business, especially in financial services<sup>11</sup>.

Customer satisfaction is the key catalyst for customer retention, loyalty, high profitability, sustainability, etc. It remains a valuable asset to product and service providers. More precisely, in servicing, keeping the customer satisfied is vital to service providers because highly satisfied customers become firm ambassadors, leading to the attraction of new customers. Innovation explains how a service provider can improve customer satisfaction through services improvement. Innovative ideas can help firms to gain competitive advantage and give more options to customers. It is argued that favorable perceptions of service innovation result in satisfaction. Earlier studies suggest that customer involvement can be closely related to satisfaction, and/or influences customers' perceptions of a service experience. Yet, greater satisfaction is said to be undoubtedly possible when customers' ideas are sought after and they, in turn, are encouraged to be involved in the innovation process. By so doing, customers' levels of satisfaction of the innovated services receive maximum appreciation and are devoid of unaddressed concerns and other criticisms. This often shows how customers' level of satisfaction

explains significantly the customers → levels of relationship with banks which could be influence by bank service, bank product and bank technical service<sup>12</sup>.

Customer service are activities aimed at a task that includes interactions between clients and the organization and seeks the mutual satisfaction of the expectations of both, so it must be designed with two objectives in mind: Customer satisfaction and operational efficiency. With regard to the service quality term, its definition is very complex since the intrinsic characteristics of the services means, on the one hand, that the quality practices applied must be different from those for tangible products and, on the other hand, a greater difficulty is involved when evaluating the quality of a service. The difference between the evaluation of the quality of a service and that of a good by a consumer is not in the process, but in the nature of the characteristics on which the evaluation is performed<sup>13</sup>. Services are susceptible to different evaluations by clients, which makes the measurement and evaluation of quality difficult. The inseparability in the services of production and consumption, as well as the perishable nature and the potential heterogeneity or variability in the performance, makes the precision of quality difficult. In this context, as already mentioned, there are many definitions in this regard and their review provides two different views or approaches when defining the service quality term: Objective and subjective quality. On the one hand, the objective quality or internal vision of quality focuses on the technical aspects from the producer → perspective, as well as the subjective quality or external vision of quality in which clients → requirements are emphasized, thus emerging the ↑perceived quality↓ concept.

Service quality is an overall assessment of consumer regarding the superiority of the service resulting from the comparison made by customers between the expectations and

perceptions regarding the performance of the service received<sup>14</sup>. This definition of perceived quality became the most widely used way to conceptualize quality from the perspective of services and is the basis of the theoretical and methodological approach in which the quality process in services is explained.

Customer satisfaction is the level of one's feelings after comparing performance or perceived results as expected<sup>15</sup>. Customer satisfaction or dissatisfaction is a consumer response to the discrepancy or discrepancy felt between the previous perception and the perceived performance of the wearer. So basically consumer satisfaction includes differences in perceptions of perceived results by consumers or customers. Customer Satisfaction or often referred to as total customer satisfaction, is the focus of the Customer-Driven Project Management (CDPM) process, even if it is stated that customer satisfaction is of quality. Similarly, the definition of quality is customer satisfaction. Customer satisfaction is the level of a person's feelings after comparing the performance (or results) perceived in the hope. Thus, the level of satisfaction is a function of the difference between the perceived performance and the expectation. Satisfaction consists of three necessary components, a meeting with the product or service, the response to the product or service by the consumer, and the time dimension, after purchase<sup>16</sup>.

Customer satisfaction is a buyer's evaluation where alternatives are selected at least to give the same result or beyond customer perceptions, while customer dissatisfaction arises when the outcome is unsuitable. Customer satisfaction is a function of the performance that is considered to exist on the product and the customer's expectations. To get the advantage of every company demanded to be able to satisfy its customers, so the management commitment to improving the quality of the product is achieved

perfectly. Satisfaction is a physiological response, feeling of pleasure or disappointment of someone who appears after comparing the perceptions or impressions on the performance (result) of a product and its expectations before and after consuming the product or service. Consumer satisfaction or dissatisfaction is consumer response to the evaluation of the perceived mismatch between previous expectations and the actual performance of the product perceived after its use<sup>17</sup>. Consumer satisfaction is an after-sales evaluation where alternatives are at least equal or beyond consumer expectations, while dissatisfaction arises when the outcome does not meet expectations. Thus, it can be concluded that the definition of consumer satisfaction is the response of the behavior shown by the consumer by comparing the performance or the perceived results to the expectation.

Customer satisfaction could be measure by services, products and technical abilities<sup>18</sup>. Product quality is the extent to which the product or service meets its specifications. The consistency of the quality of a product or service can contribute to the success of a company reviewed from customer satisfaction, employee satisfaction, and company profitability. Quality service products play an essential role in establishing customer satisfaction. The more qualified the product and the services provided, the higher the customer satisfaction. When customer satisfaction is higher, it can generate profit for the business entity. Satisfied customers will continue to make purchases on the business entity. That is, if analyzed further, between long-term quality and profit is seen in 2 (two) things, namely external profit factor derived from customer's fraud and internal gain derived from improved product or service efficiency. External benefits may have implications in the production process of goods or services, i.e., the quality of the product

or service provided by the company can create a positive perception of the customer against the company and generate a satisfaction and customer loyalty. In the meantime, what is meant by internal gain is seen at the same time as gaining external gains with a company focus on quality that can bring the company's internal positive value in the process of improving its product quality? Quality is closely linked to customer value and satisfaction. In a more narrow sense, quality can be interpreted as "free from damage." However, most customer-centric companies interpret quality based on value creation and customer satisfaction<sup>19</sup>.

Customer satisfaction is the extent to which a products perceived performance matches a buyer's expectation. Customer satisfaction is the level at which a performance achievement of a product received by a consumer equals the consumers expectation. Customer satisfaction is the individual's perception of the performance of the product or service in relation to his or her expectation. Customer satisfaction is the individual perception of the performance of goods or services related to customer expectations. A companies would be wise to measure customer satisfaction regularly because one key to customer retention is customer satisfaction. A highly satisfied customer generally stays loyal longer, buys more as the company introduces new products and upgrades existing products, talks favorably about the company and its products, pays less attention to competing brands and is less sensitive to price, offers product or service ideas of the company, and costs less to serve than new customers because transactions are routine.↓ Customer satisfaction has been defined in various ways, but the conceptualization, which seems to have achieved the greatest acceptance, is satisfaction is the evaluative evaluation of specific post-transaction choices<sup>19</sup>. Customer satisfaction is the result of the

customer's perception of the value received in the transaction or relationship - where the value is equal to the perceived quality of the service relative to the price and cost of customer acquisition<sup>20</sup>. This study contains significant differences in the definition of satisfaction, all definitions have several common elements. When examined in its entirety, three common components can be identified: Consumer satisfaction is the response (emotional or cognitive), responses related to a particular focus (hope, product, consumption experience), response occurs to a certain time (after consumption, after selection, based on accumulated experience).

Price is a sum of money or value that is exchanged by consumers to get profits from ownership or charged for a product or service. Price is milk for the customer and something else for the seller. For customers, this is the cost of something. For the price seller is the income and the main source of profit<sup>21</sup>. Price is the amount of money exchanged for a product and service. Furthermore, prices are a number of values that consumers exchange for the number of benefits by owning or using an item or service. Price is the amount of money charged for a product or a service; the sum of the values that customers exchange for the benefits of having or using a product or service. Price is a major factor behind satisfaction and product loyalty because a customer carefully perceives if he is getting the most benefit from the product against his spending. Product Quality is the totality of features and characteristics of a product or service that depends on the ability it has to satisfy expressed or implied needs. Quality of better products tends to increase customer loyalty.

Customer satisfaction is feeling happy or disappointed someone who arises because of comparing the perceived performance of the product (or result) to their expectations<sup>22</sup>.

This term is often used as a measure of how the products and services provided by the company meet or exceed customer expectations. In the service environment, customer satisfaction has been seen as a special form of customer attitude. Customer satisfaction can be understood to be the difference between customers' expectation before consumption and realization after consumption of product or service. Customer satisfaction is defined as a measurement that determines how happy customers are with products, services, and capabilities. Customer satisfaction information, reflected by customer reviews and ratings, can help a company improve its products and services<sup>23</sup>. A customer review is a review of a commodity or service offered by a consumer who has purchased and used the product or service. Customer reviews reflect the consumers' satisfaction degree with their purchased goods. For a long time, researchers are trying to find the factors and evaluation indicators of customer satisfaction.

The early theoretical model of customer satisfaction mainly provided a qualitative analysis method for satisfaction evaluation<sup>24</sup>. Simultaneously, researchers and practitioners paid more and more attention to the quantitative analysis of customer satisfaction. Mathematical calculation method of customer satisfaction and consumers' psychological perception were analyzed and proposed by Fornell model, which became the theoretical basis for developing customer satisfaction index models in various countries<sup>25</sup>. American Customer Satisfaction Index (ACSI) with the basic framework of perceived quality, perceived value, customer expectations, customer satisfaction, customer loyalty, and customer complaints was proposed, which has become one of the most popular Customer Satisfaction Index today. Two other representative customer satisfaction index evaluations are the European Customer Satisfaction Index Model

(ECSI) and China Customer Satisfaction Index model (CCSI). In existing studies, the ways to obtain satisfaction include questionnaires, interviews, and other methods. A large amount of data through online questionnaire surveys to determine the relevant evaluation indicators of customer satisfaction was collected<sup>26</sup>.

Customer satisfaction evaluation model was established for budget hotels based on ACSI and took the budget hotels in Shanghai as an example to verify the practicability and effectiveness of the model<sup>27</sup>. However, the path from perceived quality to perceived value in both the ACSI model and the ECSI model cannot be well explained, leading to poor calculation results. In recent years, the development of Internet technology has changed the behavior of customers. Customers are more inclined to shop online and comment on product satisfaction after consumption. These comments reflect the degree of customer expectations and will affect potential customers → purchase decisions. Compared with information obtained through questionnaires and interviews, online reviews are spontaneously generated by customers and better reflect customers → true feelings about product satisfaction. It is not easy to evaluate customer satisfaction using text reviews. Some websites set several characteristics in advance, allowing customers to score different attributes. It was found that text reviews and ratings are emotionally consistent, so online ratings can be used to evaluate customer satisfaction<sup>28</sup>.

Customer satisfaction evaluation methods were provided using different review languages based on online hotel ratings. Hotel service quality evaluation based on online ratings using the PROMETHEE-II method was done<sup>29</sup>. Hotels in the Canary Islands were used as an example, using a multicriteria decision-making method to determine customer satisfaction and preferences. The frequency of clicks, browsing frequency, collection

frequency, and shopping cart frequency in evaluation indicators were used, which is similar to the Promethee-II process. However, these data are not highly differentiated and are easily affected by order scalping.

Customer satisfaction is an overall evaluation based on the total purchase and consumption experience with the good or service over time has been a subject of enduring interest for academics<sup>30</sup>. The importance of customer satisfaction has been justified because empirical studies on customer satisfaction have generally identified a beneficial influence on firm performance for products. Recent research shows cumulative returns on customer satisfaction for the period of 15 years were 518% in comparison to a 31% increase for the S&P 500 while the individual impact of product and services satisfaction on firm outcomes is clear, however, the joint impact of satisfaction with products and services when they are integrated and offered by firms as a consumption system to their customers is unclear and an interesting avenue to explore. This issue of integrated products and services assumes great importance as products and services are increasingly being bundled by firms as complementary components of a consumption system for customers<sup>31</sup>. For example, instead of offering just a physical product, an MRI machine manufacturer may offer both the physical product and associated services including training, maintenance, and service contracts as an integrated bundle to the buyer. The rationale for developing such a services portfolio around physical goods is obvious: augmented services not only remain central to the consumption of the core product experience in highly technical products, they also help deliver growth in saturated markets, stabilize cash flows from traditional product-based exchanges, and more importantly, generate new sources of cash flows beyond firms' core businesses.

Despite these well documented benefits of offering a consumption system to customers, a critical issue remains underexplored: are there any synergies or compensating effects in increasing both customer satisfaction with the product and the associated services in explaining subsequent behavioral intentions toward the provider of the integrated consumption system. While a few studies have explored the issue of customer satisfaction in the context of integrated consumption systems, however, this research differs from extant research in two significant ways. First, unlike prior research that considered product and service subsystems offered by different entities (for example, an auto manufacturer and a franchise dealer), we consider a consumption system wherein the different subsystems are provided by the same entity. This integrated setting avoids agency problems that are rife in consumption systems involving intermediaries. Second, prior work on consumption systems has not considered the inter-relationship between product satisfaction and services satisfaction with the assumption that the effects of product and services satisfaction on behavioral intentions are independent of one another. We relax this theoretical assumption in this paper and demonstrate the significance of the joint impact of product and services satisfaction on behavioral intentions<sup>32</sup>.

Conceptually, the simultaneous consideration of product and services satisfaction implies a fit between the two types of satisfaction in determining behavioral intentions. Firms can thereby devise different strategic scenarios by combining different levels of product and service satisfaction when they are offering consumption systems. Intuitively, firms would benefit most by increasing the quality levels of both their physical product and associated services to the highest possible levels, thereby eliciting very high levels of product and services satisfaction from their customers. However, we contend that this strategy of

increasing satisfaction levels, ad infinitum, to enhance behavioral intentions due to complementarily may be inappropriate for two reasons. First, increasing customer satisfaction, beyond certain levels, can require very high investments, thereby making it an unattractive proposition for firms. Second, past research has shown that increasing satisfaction beyond a certain threshold results in diminished returns for firms<sup>33</sup>. Hence, we believe that it makes rational sense for firms to strive for an optimal configuration of product and services satisfaction, instead of pushing toward the highest possible levels of both types of satisfaction. This begs the following questions: do firms gain by focusing on both product and services satisfaction?

Additionally, if firms focus on only product or services satisfaction, what is the right combination of different levels of product and services satisfaction in order to obtain best returns in behavioral intentions, and why? We address these important questions in this paper by exploring the complementary and compensating effects between product and services satisfaction on behavioral intentions. We investigate these issues within a single industry to control for industry-specific effects that have been documented in previous research<sup>34</sup>. Various empirical tests were conducted on a unique longitudinal database over a 5-year time period that was obtained from a global multinational company that offers both products and associated services as part of a consumption system to its customers. Results indicate that increasing product and services satisfaction up until a point is valuable for firms; however, beyond a point, firms have to focus on product satisfaction vis-à-vis services satisfaction. To the best of our knowledge, the issue of congruence/incongruence in product and services satisfaction levels has not been jointly examined in extant satisfaction research. Our research thus facilitates an improved

understanding of how to evaluate and manage product and services performance in fostering behavioral intentions of customers. From a practical perspective, the finding that product satisfaction and services satisfaction are interdependent factors in a consumption system enables firms to optimally allocate resources and devise appropriate strategies to balance their product and service subsystem offerings.

Moreover, our empirical study focuses on a business-to business (B2B) setting which addresses the need to conduct more research on customer satisfaction in such contexts. This is important because integrated products and services are more often provided in business-to-business contexts. Finally, our paper answers the call for more longitudinal research to better understand the dynamic and complex nature of customer intentions and behavior<sup>35</sup>. Several studies in marketing have confirmed the positive relationship between customer satisfaction and desirable outcomes, such as repeat purchase intentions, loyalty, post-purchase attitude, premium prices, new referrals through positive word-of-mouth, customer acquisition, share of wallet, market share, firm value, CEO bonuses, and firm profitability. Similar to product satisfaction, satisfaction toward the services offered by the manufacturer also help in obtaining repurchase and service upgrade decisions, improving trust and can lead to higher repurchase intentions both in consumer markets as well as industrial markets<sup>36</sup>. Finally, researchers have also demonstrated the mediating role of customer satisfaction on the relationship between customer value and customer loyalty in a business-to-business service setting<sup>37</sup>.

While this impressive body of work has reinforced the significance of customer satisfaction in the realm of products and services, an important gap still needs to be addressed. Firms and practitioners have started employing the strategy of offering both

product and services as a bundled consumption system as a means to differentiate their product offering against competitors and to provide an overall consumption experience and solution to consumers, and as strategic tools for achieving customer satisfaction<sup>38</sup>. However, we need to better understand the joint effects of satisfaction with both products and services simultaneously in a consumption system.

Several methods have been developed to measure e-service quality. In the beginning, the method was purposed to measure the e-service quality of online shopping sites. Some popular methods are WebQual which is used to measure e-service quality in e-commerce by employing five indicators: design, usability, trust, information, and empathy. Another method is SITEQUAL which consists of four indicators: ease of use, aesthetic design, processing speed, and security. However, the method provides a disadvantage. Those respondents can do the assessments without completing purchases. Thereafter, a scholar developed eTailQ consisted of four indicators: website design, fulfillment or reliability, security, and customer service. However, both website design and customer service are considered to be less consistent and distinct. To improve and complete the shortcomings in the previous methods, it was that suggested five indicators of e-SERVQUAL consisted of content and information availability, ease of use, privacy, graphic style, and reliability<sup>39</sup>. These indicators were later refined into a new method called E-S-QUAL with four indicators of efficiency, fulfillment, system availability, and privacy<sup>40</sup>. It is developed to evaluate the e-service quality of online shopping sites, not on other forms of internet sites such as portals, free download sites, job sites, or newspaper sites aimed at special purposes such as advertising other than online shopping. Some other methods such as NetQual, ESELFQUAL were developed after that period.

However, most of the methods aim to evaluate the e-service quality of online shopping sites. Moreover, there were E-GOVSQUALRISK, E-GOV-SQUAL, PUBLIC VALUE OF E-GOVERNMENT to evaluate e-service quality of public sectors, and LibQUAL for libraries<sup>41</sup>. End-user computing satisfaction model was used consisting of user ability, design, playfulness, and support services available to evaluate student satisfaction of the university portal. Dimensions of ease of use, information quality, and system quality were used. Besides, a scholar used dimensions of information quality, system quality, and user ability to evaluate the perceived service quality of university portals in developing countries. Most of the dimensions used in the literature are developed based on E-SERVQUAL dimensions. In this study, we used the latest version of e-SERVQUAL, e-core service quality scale (E-S-QUAL), as a result of the reduction of previously developed dimensions. E-S-QUAL consists of efficiency, fulfillment, system availability, and privacy. Efficiency is the ease and speed of accessing the information on the sites. Fulfillment is the ability of the sites to provide the information required. System availability is the ability of the system to work according to its functions and privacy is the level of trust of the sites in maintaining consumer information confidentiality<sup>42</sup>.

### **2.1.2 Concept of Service Quality**

Service is considered to be an intangible, variable and it is regarded as an integral characteristic, which is seen as unique to the services that are offered. Due to the increase of global competition, providing quality service is considered to be a key for success. Most marketing experts believe that service quality is among the top strategies that are currently shaping the marketing and business strategy<sup>43</sup>. For banks to increase the number of customers that they serve on a regular basis they should not only provide good quality

products; they should also be willing to render excellent services to satisfy their customers' needs. In reference to customer satisfaction, it is a measure of how different products or services that have been supplied by a company will meet or surpass a customer's expectation. It is mainly used by businesses and market owners as a metric in order to manage and improve a business in terms of the products and services that are being offered to the customers<sup>44</sup>. It is also considered to be a leading indicator in terms of assessing a consumer's repurchase intentions and also loyalty. It is important to point out that the brand image of the Islamic banks is determined by the impression that the targeted customers have in relation to that brand. As has been pointed out, banks have managed to build a positive image in Nigeria based on the products that they offer, and that they ensure that the bank customers can manage to conduct their bank transactions.

A service is defined as an action that is meant to be beneficial to a customer. Therefore, service quality is considered to be the difference between the expected performance of a certain service, and its actual performance. Service quality is seen as the extent in which a certain service fulfills the expectations of the customers. It normally determines the impression that a customer will have towards a certain product or service. They indicated that the dimensions of service quality are specifically or directly connected with the rendering of the service whilst satisfaction is based on many factors, both directly and indirectly relating to the delivery of the service. Customers do not base their perceptions of the quality of service on experiences/encounters with both the service provider and the service environment. On the other hand, past experiences form the basis for evaluation of satisfaction. In addition, quality is supposed to be ascertained by external cues such as price and reputation whilst satisfaction is prompted by conceptual cues like equity and

regret. Also ideals and excellence in connection with the service delivery are the clues to service quality. In the same vein, satisfaction perceptions are based on predictions or norms for the service delivery. However, it has been indicated that it is very difficult to draw a line between satisfaction and quality of service<sup>45</sup>.

Some researchers have postulated that satisfaction can be experienced and happened during or at the transactional level whilst quality is seen to be taking place at the global level<sup>46</sup>. It is further believed that quality judgments are more specific and that of satisfaction are holistic. Quality judgments have a connection with cognitive judgments whilst that of satisfaction relates to affective judgments. Researchers are divided over the antecedents of service quality and satisfaction. Whilst some believe service quality leads to satisfaction, others think otherwise. Some authors are of the view that satisfaction leads to quality whilst others have a contrary view<sup>47</sup>. Studies suggest that satisfaction leads to quality and also submits that there is a correlation between the quality of service and customer satisfaction. Enhanced service quality leads to customer satisfaction with its ripple effects such as; customer loyalty and improvement in the existing relationship between the organization and customers. Others are that customers will bear with the service provider when the organization is not able to deliver as well as customers canvassing for the organization to get more customers<sup>48</sup>. It can be gathered from the above that the two concepts are the same and are being used interchangeably. Some other authors are of the opinion that quality and satisfaction are closely connected and are synonymous and interchangeable. Thus, both concepts are referring to meeting the requirements of customers. Therefore, making a clear distinction between them will be a difficult task. Accordingly, there are four main factors that constitute customers

perceptions of service quality, satisfaction and value. These are service encounters, the evidence of service, image and price. Service encounter refers to both verbal and non-verbal attitudes which form the basis for intangible service quality such as the environment where the service is provided like equipment and layout of the room or building.

Evidence of service is whereby customers based their search of the level of service provided on certain proof like employees, process and physical evidence. This is because services are intangible and they are produced and consumed at the same time. Studies have furnished three proofs; employees, process and physical evidence<sup>49</sup>. Studies are of the view that a high service price is associated with an equal high quality consumer expectation. A low price will prompt customers to be apprehensive about the quality of the service and the capability of the organization to render quality service. This point is not wholly true. Normally a low price of things in general does not connote inferior or superior quality. The value is more practicable or is a feasible thing than satisfaction since it includes not only the benefits accrued but the price. This value is dynamic that must be managed.

On the other hand, satisfaction is derived from the value proposition offered in specific products/markets which precedes satisfaction. It can further be accentuated by the fact that quality affects value<sup>50</sup>. Subsequently, there is correlation between service satisfaction and quality and value. It is clear from the literature that value is the worth or the importance attached to or gains and loss derived from purchases or consumption of services. Satisfaction and quality are also seen as the meeting of the requirements of customers. It could therefore be inferred that the requirements are the same as the

importance attached to the services. Therefore, the three concepts; quality, satisfaction and value are the same and are being used interchangeably. The SERVQUAL and the SERVPERF Models The most widely used models in measuring quality in the service industry in general and in the banking sector in particular are the SERVQUAL and the SERVPERF models. Since the SERVPERF was curved out of the SERVQUAL.

SERVQUAL is one of the tools used in measuring the quality of services. This model is also being used to measure the quality of services from the customer's point of view. The originators of the model are Parasuraman, Zeithaml and Berry. The main aim of SERVQUAL is to have a standard and a reliable tool that can be used to measure the quality of services in different service sectors. Originally, those who developed SERVQUAL introduced ten service quality dimensions or attributes. These are: tangibles, reliability, responsiveness, competency, courtesy, communication, credibility, security, access and understanding the customer. However, in the 1988 article, these were pruned to five which are; tangibles, reliability, responsiveness, assurance and empathy<sup>51</sup>.

Tangibility refers to the physical environment in which the service provider operates. It comprises the physical facilities available, workers, and equipment and communication materials. Reliability concerns the ability with which the service organization can deliver the service dependably and accurately. Empathy on the other hand, is about the special care and attention given to individual customers when being served. Responsiveness is also the preparedness of the service provider to assist customers and render as quick or prompt service as possible. Assurance too is in connection with the knowledge and the courteous attitude of staff and their ability to instill trust and confidence in customers. Based on this service quality dimensions, two sets of statements are developed, one set is

about customers→expectations (expectation of service quality before using the service) and the other set measures customer perceptions (perceptions of quality after using the service). The difference between the two; perceptions (P) and expectations (E) constitute the service quality gap<sup>52</sup>. The quality gaps are five. These are:

Gap 1: The difference between what customers really (actually) expect and what management think (perceptions) of customers→expectations. This gap occurs because management did not undertake in-depth studies about customers→needs. Also there are poor internal communication and insufficient management structures. This gap is referred to as the understanding or knowledge gap. Gap 2: This is called the standard gap. It is the difference between management perceptions of customer service quality expectations and service quality specifications. Gap 3: This gap is also known as the delivery gap. The difference between service quality specifications and the actual service quality delivered. This means the failure to ensure that service performance conforms to specifications. The failure emanates from absence of commitment and motivation, insufficient quality control systems and insufficient staff training. Gap 4: This gap too is termed as the communication gap. It is the difference between the delivery of service and the external information (communication) regarding promises made to customers or implied .Examples of medium used for the external communication are media and customer contracts. Gap 5: this is described as the difference between customers' expectation of service quality and the actual service received.

One of the major shortcomings of the model is that the five service quality dimensions are not universal and cannot be applied in all service industries. Researchers have contended that it depends on the context in which the dimensions are applied since the

definitions and the number differ<sup>53</sup>. This has been confirmed by another study where only two dimensions were found. In the same vein, studies has propounded that there was no evidence of the five dimensions. In spite of the numerous criticisms, SERVQUAL has been adopted for conducting many studies. It is therefore held in high esteem. The model in general lays bare the strengths and weaknesses of the quality of service provided by organizations. In this way, areas of weaknesses can be prioritized by the organization<sup>54</sup>. Another important merit of the model is that it serves as the standard for organizations to measure the quality of service in the same industry. Apart from this, it serves as a signal to management to take into consideration the perceptions of both management and customers. It also helps management to know customers' impressions about the service purchased. The analysis of the quality gaps assist management immensely to draw their strategies to meet customers' expectations. Having discussed the SERVQUAL model, the next section dwells on the studies conducted into the banking industry using the SERVQUAL model.

Another model that discusses characteristics of a product or service and how they relate to customer satisfaction<sup>55</sup>. He has categorized these characteristics into three groups: dissatisfiers, satisfiers and delighters. Dissatisfiers are characteristics customers expect to see in a good or service. Customers assume or expect the presence of such characteristics even though they may not mention them when asked about what they are looking for in a product or service. Satisfiers are characteristics that customers expressly say they want in a product or service and their presence leads to satisfaction. Delighters are new and innovative characteristics of a product or a service not expected by the customer. Its presence delights the customer.

Satisfaction has been considered as one of the most important theoretical as well as practical issues for most organizations and customer researchers<sup>56</sup>. Satisfaction reflects a post-purchase evaluation of product quality given pre-purchase expectations. On one hand, within literature on services marketing, satisfaction has traditionally been defined as a cognitive-based phenomenon. Cognition has been studied mainly in terms of the expectations/ disconfirmation paradigm; also known as the confirmation/ disconfirmation paradigm, which states that expectations originate from the customer's beliefs about the level of performance that a product/service would provide.

Many marketing scholars indicate that customer satisfaction is related to the size and direction of disconfirmation, which is defined as the difference between the post purchase and post-usage evaluation of the performance of the product/service and the expectations held prior to the purchase<sup>57</sup>. On the other hand, other studies have recognized that the affect experienced during the acquisition and consumption of the product or service can also have a significant influence on satisfaction judgments. Customer satisfaction is an ambiguous and abstract concept and the actual manifestation of the state of satisfaction will vary from person to person and product/service to product/service. The state of satisfaction depends on a number of both psychological and physical variables which correlate with satisfaction behaviors such as return and recommend rate. The level of satisfaction can also vary depending on other options the customer may have and other products against which the customer can compare the organization's products. Organizations of all types and sizes have come to realize that their main focus must be to satisfy their customers. This applies to industrial firms, retail and wholesale businesses, government bodies, service companies, nonprofit organizations and every subgroup

within an organization. There is a substantial body of empirical literature that establishes the benefits of customer satisfaction for firms. Organizations are increasingly interested in retaining existing customers while targeting noncustomers; measuring customer satisfaction provides an indication of how successful the organization is at providing products and/or services to the marketplace.

Organizations that strive for high customer satisfaction are more likely to receive larger economic returns. It has also been recognized that these economic returns are not immediately realized. Findings from other studies argued that customer satisfaction act as an indicator of future business opportunities, where a satisfied customer is loyal to the company, which implies a stable future cash-flow<sup>58</sup>. This is strengthened by the fact that there is a positive relationship between customer satisfaction and profitability

Consequently, it is noteworthy to state that a customer that is satisfied with a product or service will raise their repurchase frequency and future expectations. Due to the customers higher expectations it will become more difficult for the firm to satisfy the customers in the next purchase cycle which might damage the organizations fame in the long run<sup>59</sup>. An organization that raises customers expectation too high will get problem with retaining the same customer satisfaction in the future. It would be better for the organization to reduce the expectations and then deliver more than expected. Furthermore, satisfactions are a suitable goal that organizations do not gain advantage by seeking a high level of customer satisfaction when it just raises expectations that are hard to reach and, in turn, increases cost for trying to reach these higher expectations. In a related study, it was further argued that, productivity within the company will be damaged because of the cost and the search after customer satisfaction. Furthermore, in addition to higher cost,

the company must add more effort in improving product attributes or overall product design to keep satisfaction at desired level<sup>60</sup>.

Just satisfying customers is not enough, there has to be extremely satisfied customers. The reason is that, customer satisfaction must lead to customer loyalty. Ensuring customer satisfaction is not a choice any longer with organizations: it is the only way of building sustainable competitive advantage. Satisfaction is necessary; In other words, satisfaction is of a great benefit for any organizations. Therefore, researchers have highlighted the following key benefits of customer satisfaction: Customer loyalty: When customers are satisfied, they believe in the organizations brand and become loyal. These loyal customers give brands repeat patronage and form a major part of the revenue<sup>61</sup>. Losing customers takes a huge toll on any organizations → revenue and customer churn numbers. Furthermore, the positive word of mouth to friends and family from loyal customers starts to add up. Satisfied existing customers feel they can promote the brand to their loved ones for the great experiences they had when patronizing an organizations products or services. Sales revenue: Brands focusing on customer satisfaction actively have healthy sales revenue. They do not lose old customers and have a steady revenue stream from repeat business. Customer satisfaction and increased revenue are directly correlated. Satisfied customers stay loyal to your brand, interact with it, buy offer, and make recommendations to their colleagues, friends, and family. Run online customer surveys to note which areas are impacting customer satisfaction negatively and need improvement. This will help improve customer satisfaction and reduce customer churn. Boost brand reputation and popularity: Customer satisfaction impacts brand reputation and popularity. See customer feedback and figure out which areas could be improved and

improve satisfaction. Is it accounts or customer service? Don't be afraid to ask your customers; honest feedback will help manage expectations and act accordingly. Famous brands have dedicated teams and initiatives for improving customer satisfaction, which helps them, achieve high sales figures. Reduce marketing expenses: Satisfied customers are your biggest advocates. Their positive word-of-mouth lends your brand credibility, popularity, and helps acquire new customers. This saves brands a lot of money that they would spend on marketing and promotional campaigns to acquire new customers.

Most companies and banks for that matter have realized the need to offer customer service to other customers. But most often, this is just on paper. The actual service or the quality of the service is most at times not present as promised. This often leads to customer dissatisfaction. Meanwhile, customer service interactions can often be frustrating, and client requests can frequently appear demanding, there may be barriers in your organization that might make reasonable consumer requests seem excessive. Companies therefore need to understand the barriers to customer satisfaction and take that into consideration in order to satisfy their customers. The barriers may range from management, environment, self, processes or systems, and communication. Some of the specific barriers to customer satisfaction could result if the systems used in working with clients perform poorly, are slow, contain insufficient data or doesn't track client data appropriately, there will always be problem. Customers will get frustrated very quickly if the turnaround time is long. Therefore, they may start looking for other services that are efficient enough for their needs<sup>62</sup>.

Furthermore, if there is no proper documentation of data, it is easy to make the claim that an organization is customer-centric. Proper documentation of Information leads to the

realization that there is a gap between what an organization is doing and what the customers are experiencing. Once this gap is surfaced, management is faced with a lot of uncomfortable decisions about what to change. Reliable information can lead to meaningful innovation that will find greater customer acceptance and market success. Consequently, customer satisfaction is the responsibility of the organization; from the management to the service staff on the field. The organization must always consider how valuable customers are, so as to treat clients in the appropriate and valued manner.

Overworked staff can be the result of understaffing, layoffs, rapid growth or assigning too many tasks to too few people. The result is that staff will quickly lose their energy. Those that don't will be stretched too thin and no single client will appear as a priority to them. Since the representatives of the organizations will have many clients to service, steps will be skipped, staff and customers will become frustrated and clients will receive insufficient attention to their issues. Furthermore, the exact opposite can have a similar effect on customer service. If the staff of the organization is under worked, they will feel less challenged, under-appreciated and unimportant. Work has a habit of expanding to fit whatever timeframe is allotted. So if the staff is under worked, case handling turnaround time can drag on longer than reasonably expected, and customers will get frustrated. Similarly, workplace culture can have a substantial effect on how customer service cases are handled. If the workplace climate is one where customers are not cared for, where staff doesn't care about their work, or if the environment is not empowering, your staff will under-deliver whenever presented with a customer service case. This culture prevents your staff from caring enough about your customers to make them happy. Customers are not a priority, and the repercussions of an unhappy client are not apparent

to them. Conclusively, if the staff is not held accountable for customer service, there is no reason for the staff to try harder to make sure customers are happy. Staff can always place the blame elsewhere and know they can never get in trouble for letting a customer leave unhappy.

Presently, banks in Nigeria are adding value to their services for customer satisfaction. The customers have more choices in choosing their banks because the new age is bringing about sweeping changes in the banking industry, forcing them to re-engineer many of their basic processes and systems. This in turn directly affects their level of satisfaction with the product<sup>63</sup>. Therefore, the banking industry will need to understand the factors that contribute to customer satisfaction in its industry. Many things that affect customer satisfaction are not directly related to the product itself. Some researchers are of the view that customer satisfaction is based on the utility a customer draws from a product or service. It plays a major role in the business. If customers are not satisfied with the offerings of the business, they can choose not to bring their business there and impact will be felt by the business<sup>64</sup>. Problems with customer satisfaction are therefore very significant to the business.

This is mainly because the quality of service directly affects how consumers perceive a specific product or service. Positive experiences lead to positive consumer attitudes and higher satisfaction. On the other hand, negative experiences lead to negative consumer attitudes and lower satisfaction. Similarly, user experience greatly affects customer satisfaction. This is mainly because prior user experience creates consumer perceptions, which have an effect on satisfaction. Some researchers suggested that the aim of any organization should be to deliver value to its customers in order to increase satisfaction<sup>65</sup>.

However in the global market place, there are many companies offering similar products and therefore targeting the same market or customers. The company therefore has to come up with a general product that caters for all the customers. This means that the general product will cater for the specific needs of each individual. This lack of specialized products or each customers leads to less customer satisfaction.

The increased technological innovations in the banking industry have changed the ways in which customers are now carrying out transaction<sup>66</sup>. The important question now is has mobile banking enhanced customer satisfaction in the banking industry. Mobile banking is considered to be one of the most value added services in banking. Facilities provided by mobile banking services have helped financial institution to reduce the crowd experienced in the face to face banking transaction through automated services where ever possible. The ease of use and technology proficiency is important for the success of mobile banking platforms. According to the author, users who are able to accomplish transactions on such platforms with ease and great technological proficiency gain feelings of mastery and pride. Therefore it can be noted that mobile-service quality is an important measure when it comes to consumer satisfaction<sup>67</sup>.

### **2.1.3 Concept of Customer Experience**

Quality customer experience encompasses a set of interactions (e.g. rational, emotional, sensorial, physical, and spiritual) between a customer, product and company, the value created through that set of interactions and customers purchasing behaviour<sup>68</sup>.

Customers compare their service expectations and their experiences interacting with firms offerings during different service contacts. By focusing on a few factors at a time, previous studies do not provide a strong enough evidence base for constructing more

robust theories of the links among customer experience attributes, different financial performance measures (FP1 and FP2), and bank marketing. With regards to customer experience measures, The use of NPS, which captures the net result of good experience minus bad experience of what customers know about a firm. They conclude that customer satisfaction occurs when the gap between customers→expectations and experiences has been closed. Thus, banks should constantly seek the opinion of customers about their DB to improve their experience. The above mentioned link between customer experience and purchasing behaviour suggests that customer experience is mediated by marketing to improve customer satisfaction and loyalty, and their impacts on an organisations financial performance<sup>69</sup>.

Quality customer experience is a broad term that comprises of various issues, matters, and subjects related to banking and insurance sector and financial service sector in general. Thus, the study focuses on the literatures that explain the factors influencing customer experience in banking, insurance service, bancassurance channel and financial service, in general<sup>70</sup>. The term customer experience (CE) means the sum of all experiences a customer has with a supplier of goods or services, over the duration of their relationship. It is a journey which makes the customer feel happy, satisfy and justify with a sense of being respected, served and cared, according to his/her expectation or standard. It starts from first contact and continued through the whole relationship. It can also be used to mean an individual experience over one transaction or multiple of them. Customers have favorable experience of buying insurance policy through bank assurance channel.

Experience of customers for insurance service through bank is high, as banks have developed a strong customer focus resulting in simpler and more transparent products designed for the large customers. The need to create integration as fundamental to the customer experience was emphasized. Customer experience is becoming one of the primary drivers of differentiation in banking industry. Delivering an exceptional and unique customer experience improves profitability by reducing costs, increasing retention and achieving a higher share of wallet<sup>71</sup>. Enhance customer experience to improve retention. A report reveals that only 30% of bank customers report a positive bank customer experience and 70% of bank customers are at risk of competitive attack or switching carriers due to absence of positive customer experience. Market leaders in insurance business have viewed customer experience as a means to demonstrate true customer centricity.

Managing the experience of customers has been identified as an integral part of enhancing business performance. The essence of customer experience management has been attributed to heightening the relationship between businesses and customers. The need for customer experience management has been more pronounced in the services sector where quality of a service is determined by the strength of the service interaction<sup>72</sup>. With the same token, the banking industry has been on the fore of enhancing the experience of their customers<sup>73</sup>. The world over, customer experience management has been a phenomenon which has been phenomenal in the banking industry. The majority of all bank interactions were digital in a bid to give customers the banking experience. Customer experience has been enhanced with the adoption of modern banking technologies. The same customer experience management trend was consistent with the

banking services in Africa<sup>74</sup>. Retail banks in Africa had since improved their customer services to exceed customer expectations. The move was to enhance customer satisfaction and customer loyalty. Retail banks in Ghana, Africa, were taking a holistic approach to customer experience management to enhance customer loyalty. The Zimbabwean banking industry, unlike in other nations, has been spotlighted for its inability to exceed customers' expectations<sup>75</sup>.

Long banking queues and inability to offer withdrawal services developed a nomadic behaviour among customers as they switch from one bank to the other in search for better customer experience. That phenomenon coupled with the ever-increasing competition in the banking industry itself led to the exodus of customers from one institution to the other. The economic meltdown which has been experienced in Zimbabwe since 2017 has also affected the financial willpower of banks to exceed customers' expectations. On the backdrop of a low customer experience management practice, what was more worrisome was the high rate of customer churn and portfolio purchasing in the banking industry in Zimbabwe. Consumer switching behaviour recorded an average of 9% between the year 2014 and 2016. However, it rose to 11% in 2017, and alarmingly by the year 2018, it stood at 21%<sup>76</sup>. The banking industry is no longer the sole provider of financial services, as the telecommunications companies and microfinance institutions are now also offering almost the same financial services as traditional banks. This presents a daunting challenge for banks to lock-in customers so as to enhance market share through competitiveness.

Customer experience is the customers' perception of how the organization treats them.

Customer experience is the cognitive and affective outcome of the customer's exposure

to, or interaction with, a company's people, processes, technologies, products, services and other outputs. Customer experience is the process of strategically managing a customer's entire experience with a product or company<sup>77</sup>. An all-encompassing understanding of customer experience was raised by a researcher, who shows that customer experience comprises of the cognitive, emotional, physical, sensorial, spiritual and social elements that mark the customer's direct or indirect interaction with other market actors. Customer experience is thus built through interaction and engagement between the customer and the service provider at touch points<sup>77</sup>. In essence, customer experience management is typically associated with the need to offer exquisite services to customers. Customer experience management acts as a competitive differentiator which makes a company competitive over its competitive rivals. Customer experience management enhances a company market share and further cleared the air as to how it is done<sup>78</sup>. Customer experience management improves customer loyalty which in turn enhances patronage and reduces switching behaviour.

Through customer experience management, companies develop a holistic package that attracts, retains and adds value to their customers. That essentially means that customers of banks should not just do banking, but should enjoy a banking experience. It is the role of the firm to define the intended customer experience through designing firm-controlled stimuli and monitoring and responding to non-controllable stimuli. An elaborate experience reshapes the customer's thinking about the relationship they have with the company<sup>79</sup>.

The term customer experience is one of the marketing concepts that have attracted wide interest among researchers and practitioners recently, this concept began to take on an

increasing resonance as a result of the shifting focus of the service industry from quality to the pursuit of creating a superior customer experience as a new basis for achieving differentiation in performance compared to other competitors. Customer experience is "customer emotions measured through expectations and interactions throughout all stages of service provider communication"<sup>80</sup>. Customer experience is "constitutes an embodiment of the customer's psychological feeling, which is reflected in the form of perceptions or behavioral reactions towards the journey to obtain the service". Customer experience is an expression of the subjective response that customers show in their direct and indirect contacts with the organization. Customer experience is a concept that is difficult to define, and frame within a specific content, because the elements on which this concept is based are multiple and differ in their individual nature. More precisely, the content of the customer's personal experience is related to the values, impressions, and attitudes that differ in their elements from one customer to another, and from one company to another within the different service industries<sup>81</sup>.

In the past few years, interest in the customer experience has increased to evolve from a concept addressed in a number of studies to a widely recognized fact. To date, the concept of customer experience is still emerging from a blurred landscape, but the lack of a coherent vision for this concept and the standards on which it is based did not prevent the marketing literature from publishing emphasizing results of the importance of building a superior customer experience in the field of intangible and heterogeneous services whose success depends primarily on the presence of constructive interactions with customers<sup>82</sup>. Hereby, the performance of banks aimed at achieving customer satisfaction and loyalty cannot be left to the experiences that are led by chance. There

must be a sufficient understanding of customers→requirements, then work to create the necessary grounds to achieve experiences that rise to the level of excellence compared to customer expectations. Undoubtedly, the results of positive customer experiences in the age of technology will not only be reflected in customer satisfaction and loyalty, but that the results of that experience will extend to others from friends via comments, likes, and recommendations that the customer makes on digital networks<sup>83</sup>.

Obviously, the ability of banks to build a sustainable competitive advantage is no longer limited to the innovation of services and discounted prices, but rather it has become mainly dependent on the existence of real efforts to create a convincing experience for the customer in the E-service journey. The marketing literature reveals that there is no unified theoretical path among marketing researchers with regard to determining the dimensions and metrics that can be relied upon in measuring the customer experience. Meanwhile, seems that the banking industry is the Most Active in testing and measuring customer experiences, but these initiatives and viewpoints still differ among themselves about the dimensions by which the customer experience can be measured<sup>84</sup>. Regardless of the difference in opinions, building a Superior customer experience or improving that experience in the banking environment is linked to reconsideration in strategic thinking toward customer expectations. The current study is based on measuring customer experience on the dimensions (convenience, security and privacy, service recovery, customer orientation, service process).

Convenience embodies the first dimension in measuring the customer experience and the main motive or justification from which customers base most of their online purchasing transactions, The Internet has contributed to removing the barrier of space and time in

providing services. In the banking industry, there are many factors that influence customers' attitudes to use E-services. At the forefront of these factors are the simplicity and speed in completing banking operations to obtain services<sup>85</sup>. Convenience expresses the ability to access and benefit from E-banking services at any time the customer desires, within 24 hours, throughout the whole week. It is known that the electronic or digital banking service has sought unremitting efforts to simplify the conduct of financial transactions through the use of artificial intelligence techniques, but building an improved or completely new experience is not limited to the idea of not using papers only, but extends to a rapid and effective response to customer requirements and changes in his behavior). Therefore, banks should continuously strive to build capacities that enable the provision of quick services and simplified procedures to customers in the services of opening accounts, transferring funds, and making payments through the various channels. Thus, the customer's experience in banking services that is comfortable in reducing effort and time and removing complicated procedures for obtaining the service will enhance the concepts of value and will inevitably result in a strong preference towards the concerned bank<sup>86</sup>.

With the current scenario of banking service, customers can perform financial transactions easily and quickly with a click of a button through applications and programs provided by the Internet, however, the banking industry still suffers from security and privacy issues. Security when doing financial transactions via the Internet is a concern that preoccupies the minds of many customers even with the presence of high safety measures taken by the banking industry. On this point, previous research discussions have proven that security and privacy aspects constitute a major obstacle to buying and

selling in an environment such as the Internet, which is characterized by being open and oversight weak. The consequences of these concerns extended to the environment of E-banking services<sup>87</sup>. In this context, reports indicate that the past few years have recorded a rise in the number of hacker, theft, and privacy breach attacks that a group of global websites has been subjected to. Despite the advantages that are unique to E-banking services, a wide audience of customers still avoids using these services as a result of concerns related to the security and privacy dimension. Consequently, the lack of attention to that dimension may cause material loss as a natural result of the customers' → adverse reactions. Hence, the ability of banks to create an environment of E-banking service that prevails in safety and the preservation of privacy will inevitably pave the way for building strong and long-term relationships with customers<sup>88</sup>.

Service process is considered a basic dimension in the process of building a good customer experience in the field of banking services<sup>89</sup>. Especially, after many banks realized that their operations are no longer a competitive advantage, but rather that they have become a prerequisite that cannot be deviated from to survive in the digital age. On the other hand, the efforts of banks to employ technology in providing services contributed to the emergence of many cases the failure of adopted electronic systems. Even though the electronic and digital communities have a high level of efficiency and accuracy in completing financial transactions, the possibility of an error occurring that could lead to service failure is not excluded, this error may occur as a result of the customer's limited knowledge in entering information for forms of E-service applications and software on his phone or personal computer, and in some cases, the error is related to the electronic system approved by the bank<sup>90</sup>. No matter what the reason behind the error,

service failure has negative consequences on customer attitudes and satisfaction, this requires the adoption of effective mechanisms for service failure recovery focused on addressing Possible errors through procedures that are far from complex and do not drain the customer's time.

In examining the direct effect of social influences on customer experience quality, previous research in sociology has suggested that individuals who receive more information about the firm or the product/service from related partners have a higher likelihood of being affected because of the greater joint influential power<sup>91</sup>. Under a high level of social influence, customers will be more easily persuaded, given that the simple repetition increases subjects→belief in their validity. This is in line with scholars who suggested that the mere repetition of social influence irrespective of the nature of the information received can increase positive customer experience. Most importantly, when the information comes from a personal social network in which they have strong trust, customers tend to conform to the opinions of others.

Customer experience has emerged as a crucial dimension in modern-day marketing. It endeavors to create a unique, memorable, and pleasurable experience for customers<sup>92</sup>. Organizations are moving away from traditional features and-benefits marketing to creating experiences for their customers. There are multiple ways of defining customer experience. He elaborated that, at times, it is explained as the quality of experience and interaction on digital platforms like a website. Alternatively, it is focused on retail service or the pace at which a call center solves the consumers→problems. The study suggested that customer experience should be looked at as the sum total of ways in which the consumers engage with a brand. The literature on customer experience unravels that it

has been christened as service experience and customer experience interchangeably. Service experience has been explained by multiple authors. Service experience is an actor's subjective response to elements of the service, emerging during the process of purchase and use, or through imagination or memory. Customer experience is the cognitive, emotional, and behavioral responses that result in a mental conception. Customer experience is an aggregate and cumulative customer perception created during learning about, acquiring, using, maintaining and disposing of a product or service<sup>93</sup>.

Customer experience is the aggregate of feelings, perceptions and attitudes formed during the entire process of decision making and consumption chain involving an integrated series of interaction with people, objects, processes and environment, leading to cognitive, emotional, sensorial and behavioural responses<sup>94</sup>. The explanation of customer experience offered by the above discussions and definitions help us conclude that (a) it is a new way of looking at customer brand relationships, (b) it encompasses the total of the consumers interactions with all customer-facing value chain members and objects offered by an organization, and (c) it will have a long-lasting impression on consumers mind.

The concept of customer experience is facing new valences in the context of the new technologies, including the technologies that sustain fintech development. New mobile technologies and apps will become increasingly present in consumers' lives, influencing the ways consumers search, buy, consume, and share information about products and brands. Fintech companies (fintechs) create new value to consumers by focusing on technology-driven customer experience. Academia is turning its attention to the factors that shape the customer experience along the digital customer journey. From a historical perspective, customer experience has a great relevance to industry and academia, as it

relates to the shortcomings of purchasing behaviour, being based on consumers' → cognition processes. In the consumption process, the customer is not only motivated to maximize utility and obtain information as relevant as possible, but also to enhance her/his experiences and buy those products that are best suited to her/his desires, feelings and needs<sup>95</sup>.

Customer experience is a psychological construct, which incorporates a subjective response, following the customer's → interaction with a company, its brands, services and/or products. Customer experience designates a cognitive and affective state that results from the generation of meanings, in a cultural context. From a managerial perspective, customer experience can be enhanced by enriching and very attractively presenting a product or a brand. The producers try to improve the customers' → buying process and to increase the value perceived by customers. Although companies cannot control customer experience, they can influence it to a certain extent, with the help of stimuli. Companies have understood that by injecting meanings into their products and services, demand will be constantly stimulated, as the customer experience is enhanced. From an individual perspective, customer experience represents a psychological, subjective, and multidimensional response that ranges from an ordinary experience to an extraordinary one. Customer experience is a multidimensional construct based on a cognitive, emotional, behavioural, sensory and social responses of the customer to a company's → offers along the customer's → journey.

Customer experience is a set of cognitive, emotional, social, physical, and sensory responses of the customer following the interaction with an organization, its products, and brands. Cognitive experience illustrates how customers think, emotional experience

reflects how they feel, social experience includes interaction with other people, physical experience captures interaction with tangible products or touchpoints, sensory experience includes customer responses perceived through the senses. More recent studies have identified three key elements of the customer experience: touchpoints, context, and qualities, each in turn having a set of components. It is important for any company to thoroughly evaluate the points of contact with the customer so that all aspects of the offerings can be carefully considered. Customer experience is a dynamic concept that varies not only according to companies→offerings, but also depends on the evolution of the environment, the changes in the consumption practices and the dynamics of touchpoints between business and consumer. Developments, such as digitalisation, e-commerce, mobile applications marketing, and social media marketing influence the dynamics of the customer experience. In the fintech and online environment, the digital and social realms combine to offer a personalized customer experience. Companies navigate to uniform the customer experience across various realms, by improving connectivity and integration<sup>96</sup>.

Press reports of financial and public institutions include customer experience among the success factors that explain the recent fintech sector development. However, the academic literature is scarce on this topic. Customer experience in fintech is mentioned only tangentially in a few studies that we will discuss next. According to a study of digital banking in the UK, customer experience has a positive relationship with customer satisfaction, while customer experience has a positive impact on customer loyalty. The fintech sector comes with newer technologies to enhance customer experience that make the traditional model of the financial-banking sector obsolete, based on the proximity to

customers. Robo-advisors are digital advisory solutions that provide automated investments strategies for customers. Robo-advisors are used to enhance customer experience for those customers who have little investments knowledge and relatively small savings. Fintech services enable customer experience by offering highly personalized services for which traditional banks are yet to design a convincing offer. For example, insurance companies known as Insurtech might offer a car insurance depending on mileage and not on a predefined period. Fintech innovations contribute to financial markets efficiency and deliver an improved customer experience. Mobile payments solutions such as M-Pesa understand and incorporate the customer experience in their services, as a way to adapt their offer to local context<sup>97</sup>.

Fintech companies enhance customer experience with new products, new services, and new functionality such as: blockchainbased markets, cryptocurrencies, global remittances, crowdfunding, online-brokerage, cross-border payments, and open banking. Fintechs also supplement customer experience with improvements in existing functionality such as: faster payment settlement, smart contracts in trade services and lending, cross-border custody services, higher functionality payment cards. Fintechs offering digital wallets contribute to a seamless customer experience by simplifying the procedures and facilitating the online commerce. Customer journey defines the customer interactions with the company in the prepurchase, purchase and post purchases stages. In the prepurchase stage, customers find out about the company, get in contact with proposed firm ↑stimuli↓. The interaction between the customer and the stimuli makes the ↑organism↓ to produce the customer experience along the customer journey. Starting

with the purchase stage, ↑responses↓ build up as a result of customer experience: acquisition, word-of-mouth, and loyalty intentions<sup>98</sup>.

Fintechs usually implement their solutions around customer needs and leverage on emerging technologies, to produce a comprehensive and enhanced customer experience, by gathering different services into one platform. Fintechs are customer-oriented and they are able to offer simple, easy to use, convenient financial services. Fintech companies enrich customer experience by offering access to automated and streamlined processes. Biometrics, which refers to the use of physical characteristics for digital identification, has the potential to augment customer experience. Instead of having to remember different passwords or authentication codes, individuals might access a financial service using a facial scan. At present, customer-centricity is part of the effort of all players, including traditional financial sector companies, the fintech sector and the regulation bodies. We conceptualise customer experience in fintech based on the three dimensions that are applicable to this sector: cognitive, affective and social experience. Cognitive or informative experience captures the fintechs ability to convey new, useful information to the customer, to offer a new perspective. The affective experience is the emotional response of the customer following the interaction with a fintech company. The feelings involved can range from well-being to optimism, enthusiasm, pleasure, surprise, calm, boredom and more. Social experience is formed in the context of interactions with other people and consists in sharing information and feelings, perceiving a sense of belonging to a community<sup>99</sup>. Customer orientation and service process have been identified as factors that influence customer experience<sup>99</sup>.

Customer orientation encompasses the willingness of companies to apply the marketing concept to satisfy customers → needs and for the development of mutually beneficial long-term relationships. Since then, relevant authors have thoroughly studied this construct. Although Customer orientation is a mature concept in marketing, it has gained recent interest amongst academics. However, the current literature about the customer orientation construct still has gaps, and missing is research that examines the most relevant customer experience models for different needs. The answer to this gap in research will likely depend on the purpose and the subject of the research, and the originality and validity of the chosen customer orientation model. For instance, the selling orientation → customer orientation (SOCO) model has been extensively used, as it was the first to be published, however, its main limitation lies on the fact that it was tested only on salespeople and not their customers. Additionally, the model was tested only on product-based companies and not on service companies. The former limitation was confirmed and overcome by a researcher who worked with dyads of customers and sales executives in order to assess their level of customer orientation. A proactive attitude is one of the key social skills an employee must possess to be customer-oriented. However, this study did not imply that there are two categories of customer orientation<sup>100</sup>.

One last limitation found in many studies is the application of a customer orientation model to a context for which it was not originally designed. After a thorough revision of the most accepted definitions of customer orientation and the different variations, in this study customer orientation is defined as the characteristic of a service employee that: has the capacity and skill to identify, understand, and satisfy the needs of their customers; and acts to that end. This definition was adopted because customer orientation is considered

to be a behavioural construct, to be developed and applied by the employee, not the organisation. Despite the importance of customer orientation and the comprehensive nature of the model for service employees, it is surprising that COSE has been only studied in transactional settings, and never in a HRS setting. This study also considers a service process as one where a certain level of tangibility is attained, where there is a relationship with the customer, and where there is a limited supply. In contrast, the tangibility of the service is lower in a HRS as the primary focus is not on the product, but instead on the service and the relationship. As a result, the employee-customer relationship is much closer in a HRS than in a transactional service environment. Additionally, because of the implications of the service employees, a personal level of judgement is crucial. Furthermore, because of the personal nature of the service and the level of customisation required, the method of service delivery will vary according to the customer's needs<sup>101</sup>.

Customer orientation is a culture-based concept that determines the firm's affiliation towards its customers, reflected in its behaviour norms, values and beliefs. Customer-centric behaviour for successful implementation of customer experience has been emphasized. It has been defined as the cultural propensity of the organization to undertake customer relationship management. Therefore, customer orientation will escort the organization's attitude towards the successful implementation of CRM activities leading to the development of longlasting customer relationships. Researchers have found that customer orientation has a positive impact on the performance and loyalty of a bank and is considered one of the dominating factors of CRM capability and have studied customer orientation as a key dimension of CRM capability and influence

both the marketing and financial performance, thus giving distinct competitiveness to a bank. In accordance with the above discussion, it could be concluded that customer orientation is an essential dimension of the CRM capability and is thus expected to contribute to the firm's growth<sup>102</sup>.

Customer orientation is a key focus for any firm's relationship to its market. A company must know which aspects of the firm's service are the ones that deliver value to the customer. There is the need for customer education on financial products and services as a knowledgeable customer is a good customer. Customer-oriented culture has the potential to deliver service quality to enhance customer retention. Customer orientation must be seen as a key driver to organizational performance since its income comes from the services rendered to their customers. Customer orientation is critical in the era of relationship marketing and value creation selling paradigm in sales practice<sup>103</sup>. Customer service expectations in retail banking in Africa was investigated and revealed that customer service expectations differ significantly between countries in Africa<sup>103</sup>. Overall in Africa the dimension ←responsiveness→ was the most important service requirement for retailing bank customers, followed by ←reliability of service→. However, when analyzing results by country clear differences and similarities emerged. It is important for banks to take cross-national differences into consideration when designing and implementing a global marketing strategy, or even Pan-African marketing strategy.

Relationship issues surrounding assurance and empathy were of less importance in an African context. Sales performance is influenced by self-efficacy, effort and performance of salespeople. It is not surprising that companies have realised that if customer orientation of a company is managed well, it must lead to customer satisfaction and

ultimately improved the profitability of the company. Optimal sales force compensation drives salespeople to enhance perceived attributes. Self-efficacy and self-monitoring of a salesman personality were found to be positively related to sales performance. How a salesperson performs is the result of a complex interaction of many factors. Many of those factors are the result of an individual's personal characteristics, motivation, and perceptions of the job. It is vital that sales managers have a clear understanding of salesperson performance so that they can maximize the performance potential of the salespeople in the organization<sup>104</sup>.

Service processes with customer orientation approach increase relationship quality while a selling orientation approach decreases relationship quality with customers. Higher-performing sales personnel have more elaborate, contingent and context-specific procedural knowledge relevant to the sales calls and are more adaptive or responsive to the specific contingency. Listening behaviours of salesmen positively influence customer orientation behaviours, which in turn influence adaptive selling behaviours. Enduring sales success has less to do with special sales techniques but rather essentially depends on personality traits, social competences and professional competences. If a salesperson can connect to a prospect with thoughts and ideas that trigger positive emotions, then the salesperson will be selling from strength. This will make the prospect to feel positive about both the salesperson and what he is saying. The prospects will have fewer objections since they feel comfortable with the salesperson. Easy access and the similarity of financial products and services have levelled the playing field. Not only have all of the products and services begun to look alike but so have the people offering

them. The market for financial products and services has been commoditized. This too often makes the consumer confused<sup>104</sup>.

The secret to competitive advantage resides in the ability of a company to uniquely position its product and services. The authors affirmed that positioning or differentiation provides a business with a competitive advantage. The financial performance of a company is dependent on the competencies and dedication of its staff to help achieve its corporate objectives. Sales revenues are the life blood of most organisations and revenue fluctuations have a direct impact on the bottom line. Salespeople have direct contact with customers and are instrumental in the success or failure of the relationships a company wants to establish with its customers. The author further affirmed that salespeople are often responsible for the level of satisfaction and the positive or negative image a customer might develop toward a company. Salesforce activities affect a customer's results and a customer's results affect a company's result<sup>105</sup>. An understanding of the factors that drive sales performance and how these vary across different contexts is essential for both managers and researchers in sales and marketing. The inherent problems most organisations faced are that they focus on results as opposed to the sales behaviours that drive the results. The author also indicated that the input of the sales person to generate sales is the sales activities. Sales performance is the evaluation of sales people based on what they produce (i.e. outcomes) as well as what they do (i.e. sales behaviours).

Motivation, competitiveness, aptitudes, role perceptions and a set of personal, organizational, and environmental factors influence sales performance. A scholar drawing on socioanalytic theory through 233 customers served by 44 personal finance

advisors at five banking agencies in Canada using structured questionnaires revealed that both perceived stability and perceived plasticity predict salesperson equity and performance. In addition, the empirical results indicated that the relationship between perceived stability and salesperson performance is partially mediated by salesperson overall equity. However, equity fully mediated the relationship between perceived plasticity and salesperson performance. Finally, the salesperson-customer congruence moderated the effect of both perceived stability and plasticity on the salesperson overall equity<sup>106</sup>. Personal characteristics of salespersons can influence their behaviours on the quality of their relationship with customers. Demographic variables have made significant contributions to marketing and sales literature. Sales people's reactions are likely to depend on their personal characteristics and preferences. Gender plays a critical role in the sales profession whereas prior experience in sales brings about the confidence of a salesman to perform a sales task effectively and efficiently. Moreover, the employment status of a salesman can influence performance of sales activities.

Finally, customer-oriented selling requires greater expenditure of effort by the salesperson in customer interactions. As a consequence, salespeople have to be motivated to engage in this mode of selling, but, unfortunately, factors that motivate customer orientation are still not well known. In the study, the authors develop and test a model of organisational drivers of customer-oriented selling and selling orientation on a sample of 326 managers. Such organisational drivers refer to company culture, structure, strategy, and systems. The study also analyses the effect of customer-oriented selling and selling orientation on the creation of superior customer value<sup>107</sup>.

## **2.2 Theoretical Review and Framework**

### **2.2.1 The Expectancy-Disconfirmation Paradigm (EDP):**

The EDP implies that consumers purchase goods and services with prepurchase expectations about anticipated performance. The expectation level then becomes a standard against which the product is judged. That is, once the product or service has been used, outcomes are compared against expectations. If the outcome matches the expectation, confirmation occurs. Disconfirmation occurs where there is a difference between expectations and outcomes. A customer is either satisfied or dissatisfied as a result of a positive or negative difference between expectations and perceptions. Thus, when service performance is better than initially expected, there is a positive disconfirmation between expectations and performance that results in satisfaction, and when service performance is as expected, there is a confirmation between expectations and perceptions that results in satisfaction. In contrast, when service performance is not as good as expected, there is a negative disconfirmation between expectations and perceptions, which causes dissatisfaction. The notion of discrepancy theory may be traced back to Howard and Sheth's definition of satisfaction, which states that it is a function of the degree of congruency between aspirations and perceived reality of experiences<sup>108</sup>. There are, basically, two methods of investigating confirmation/disconfirmation of expectations.

The first is the inferred approach (or the subtractive approach), and the second is the direct approach (or the subjective approach). The inferred approach involves the computation of the discrepancy between expectations and evaluations of performance. This requires researchers to draw separate information relating to customer service

expectations and perceived performance. These scores are then subtracted to form the third variable, the confirmation-disconfirmation, or difference, score. The direct approach requires the use of summary judgment scales to measure confirmation/disconfirmation, such as †better than expected to worse than expected.‡ The calculation of the difference scores by the researcher is avoided, because the respondents can be asked directly the extent to which the service experience exceeded, met, or fell short of expectations. As an alternative approach, subjective disconfirmation represents a distinct psychological construct encompassing a subjective evaluation of the difference between product performance and the comparison standard. That is, subjective disconfirmation encompasses a set of psychological processes that may mediate perceived product performance discrepancies. Both the inferred and the direct methods of EDP have been used by financial institution researchers in various studies that assess customers satisfaction levels as well as in studies investigating customer satisfaction with banking services)<sup>109,110</sup>.

The majority of bank customers→satisfaction studies have assumed that the EDP is a valid and reliable framework that can be confidently used to determine customer satisfaction with banking services. These studies, however, do not seem to have scrutinized the extent to which the EDP measures what it intends to measure, although verification of its validity in determining customer satisfaction is essential. Despite the dominance of EDP, the validity and reliability of the EDP in assessing customer satisfaction with banking services, which are experiential in nature, may be disputable for a number of reasons. First, the use of expectations might be less meaningful for experiential services than for tangible consumer goods that are easy to evaluate prior to

purchase<sup>111</sup>. The EDP predicts that customers will be satisfied (dissatisfied) when their initial expectations are met (unmet); however, this may not necessarily be the case in every consumption situation. Depending on the situation, some customers may be satisfied with the service experience even when the performance falls short of their predictive expectations but above the minimum tolerable level. Second, in line with the conventional EDP, many of these studies have used predictive expectations as the comparative standard. However, there is inadequate research evidence on whether consumers use only predictive expectations in their postpurchase product evaluations, whether they use other standard(s), which they bring into the consumption experience (e.g., minimum tolerable level, desires, ideals), or other standards that may emerge after the purchase (e.g., what others have received). Satisfaction processes may differ across products/services, and the standard used may depend on situation (e.g., low-high involvement). The use of different comparative standard questions may yield different levels with which the performance is compared, and may produce different results in terms of customer satisfaction<sup>111</sup>.

If the relationship between disconfirmation and affective outcomes (e.g., satisfaction) or behavioral outcomes (e.g., return intentions) differs, depending on the comparative standard used, commitment to the conventional EDP might be wrong. For instance, meeting or exceeding predictive expectations may result in indifference, whereas the resultant satisfaction and future behavioral intention levels may be different, and possibly higher, when consumer values, desires, or ideals are met. Another limitation relates to the fact that the EDP cannot accommodate the dynamic nature of expectations. Consumers → initial expectations of a product or service might be substantially different from their

expectations if measured after a service experience that involves several encounters, as in the case of many banking services. If consumers are using these retrospective expectations in their postpurchase evaluations, then the reliability of suggesting the occurrence of a positive or negative confirmation/disconfirmation of initially measured expectations is disputable. Another limitation is that the model is unable to accommodate the potential effect of customer perceptions of performance of alternative product(s) on evaluation judgments of the focal product/service. The EDP does not seem to provide comparative information on performance of competitors, which is necessary for managers in planning competitive actions<sup>112</sup>.

### **2.2.2 SERVQUAL Theory of Service Quality by Parasuraman et. al. (1988)**

Service quality is a concept that has aroused considerable interest and debate in the research literature because of the difficulties in both defining it and measuring it with no overall consensus emerging on either. Besides, there are many different definitions of what is meant by service quality. The most common definition used to define service quality is the extent to which a service meets customers' needs or expectations. Service quality can also be defined as the difference between customer expectations of service and perceived service. If expectations are greater than performance, then perceived quality is less than satisfactory and the result is customer dissatisfaction<sup>113</sup>.

Most of the researchers have recognized and used the service quality measuring model in a variety of industries such as the service quality model improved by. The service quality model suggested a five dimensional structure of perceived service quality assurance, reliability, responsiveness, empathy and security as the instruments for measuring the service quality. Assurance: It is an independent examination of banks' processes and

controls by bank customers who examine the rate at which financial transaction of their bank are free of risk. Reliability: it depends on handling customer service issues, performs the services right the first time; offers services on time, and maintain a record of error-free. Moreover, they define reliability as the most significant factor in conventional service. Reliability also consists of the right order fulfillment; accurate records; accurate quote; right in the bill; Results are more accurate than commissions; keep the promise of service. He also mentions that reliability is the most significant factor in banking services. More specifically, in a study by a scholar, SERVQUAL was applied to gather data in four different companies, including banks, credit card companies, the company's maintenance services, and long-distance phone company. He found high reliability in all four of these companies, with the possible exception of some of the values associated with significant dimensions.

Finally, reliability is defined as the ↑ability to perform the promised service dependably and accurately↓. In this research, reliability is the ability of banking service providers at commercial banks in Ibadan North Local Government Area of Oyo State to execute the promised service banking customers in Ibadan North Local Government Area of Oyo State. Responsiveness: it is defined as "the willingness to help customers and provide prompt service↓. Furthermore, it can also be defined as speed and timeliness of service delivery. This consists of processing speed and service capabilities to respond promptly to customer service requests, and wait a short and queuing time. More specifically, responsiveness is defined as the willingness or readiness of employees to provide services. It contains the timeliness of service. It also contains understanding the needs and requirements of the customer, easy operation time, individual attention provided by the

staff, attention to the problem and customers' safety in their dealings. Finally, in this research, responsiveness is the readiness of banking service providers at commercial banks to provide punctual services as perceived by a commercial bank customers in Ibadan North Local Government Area of Oyo State. Empathy is a caring and individual attention that the firm provides to its clients. It contains giving individual attention to employees who understand the needs of their customers and customer facilities during business hours. Furthermore, it was demonstrated in a research of private sector banks, provide individual attention and easy operation time; give personal attention, and understand the specific needs of customers. Where it was suggested that empathy contains approachability, sensitivity, and efforts to understand customer needs. Also, empathy can be defined as the ability to make customers feel welcome, especially by staff contacts. Additionally, the SERVQUAL model indicates that satisfaction is related to the size and direction of disconfirmation of a person's experience when he/she faces his/her initial expectations. Assurance is all verbal and written communication between bank employees and their customers that deliver trust, faith and confidence to customers. It also includes good manners, attitudes, politeness, and knowledge of employees. Service quality in banking sector is influenced by a good level of assurance. Therefore, good service quality requires staff to be polite with customers, competent, work on providing suitable financial advice, and have easy access to customer account information. In addition, customer satisfaction and confidence in banking sector may be developed by the banks → credibility<sup>114</sup>.

### **2.2.3 Protection Motivation Theory**

Protection motivation theory suggests that information about a threat causes a cognitive mediating process in individuals that appraises positive or negative responses<sup>115</sup>. Thus employees→non-compliance with information security policies represents a maladaptive response, while compliance with them is an adaptive response. The maladaptive response invokes threat appraisal factors, which decrease the likelihood of maladaptive response, such as non-compliance with IS security policies. One of the three threat appraisal factors is rewards (or benefits), which results in any intrinsic or extrinsic motivation for increasing or keeping an unwanted behavior which in our context is an employee→non-compliance with information security policies. In the context of this study, researcher conceptualizes bank services rendered by commercial banks in Ibadan north local government area as a factor of customer→ experience. Research on bank customers account information shows that customers see better bank offer and services as a benefit for both customers and bank management because customer experience will determine their reaction to the bank services which will either enhance the customer orientation either positively or negatively. Protecting customers→account from vulnerable activities will result in positive orientation to the customers and vice-versa. This theory is relevant to the variable, satisfaction.

## **2.3 Review of Empirical Studies**

### **2.3.1 Service Quality and Customer Satisfaction**

Customer satisfaction can be defined as the customer feeling based on the overall service delivered by a service provider compared to the customer expectations. It means that the service delivered must be meeting the customer expectations. Customer will feel happy if the overall service delivered meet or surpass the customer expectations. Service delivery

below the expectations will result to frustration and dissatisfaction. Satisfaction is the measurement used by customer to evaluate their overall customer experiences. The expectations however could be perceived by customer and it is very subjective from one group of customer to another. There is market segment that put high expectations but there are also some who put lower based on their actual needs, wants and demand<sup>116</sup>. The challenge to the service provider is to understand what actually that customer needs and their expectations from the service delivered. To add on the challenge is the type of customer in 21st century. Today, customer is very complicated and sophisticated. They have access to information and knowledgeable. Such thing resulted to high demand from customer since at the same time they have more options due to many competitors in the market. Customers have the choice to choose and they hold high bargaining power. As a result, service provider was forced to work harder in order to get and keep customer. Past research suggested that banking sectors should practice to empower their staff in order to serve customer better. Recent research stated that current customer is different from the past. They want everything to be quick and fast<sup>116</sup>.

Giving empowerment to staff may allow them to serve customer better. Staff can make certain decision making that otherwise will make the customer to wait longer for unnecessary. Staff empowerment may have allowed the staff to make quick decision and at the same time encourage for a more productive staff. Staff at the same time will feel happy since the empowerment shows the trust from the superior to them. Circuitously, staff will take care of the customer through the customer engagement that will make customer happy and satisfied. On top of everything, empowerment according to will certainly improve customer services and that have been proven to significantly positive

towards customer satisfaction. Recent research indicates that customer would prefer to do certain transactions on their own. They prefer to use machine that can expedite their transactions<sup>117</sup>. It is suitable to the majority of current customer where most of them are from generation Y. They have been grown up with the internet and cellular phone. Customers prefer to make transaction through machine where it is quick and fast. Recent research indicates that using machine or any electronic platform highly associate with customer satisfaction. Past studies on the customer services shows that customer prefer to communicate with their service provider at all time. Customer today expects that there is someone to answer their call at midnight. Bank should be prepared to operate 24/7 in order to meet the customer needs and expectations. The trend has change where people no more limit their activities within day time. Customer want to have access 24/7 to enables them to do any banking transactions as and when they wish.

Based on that, banking sectors anywhere in the world started to offer machine and providing services 24/7 and on top of that, there is also an internet based platform or mobile based applications that can offer almost all type of activities that a customer wishes to do<sup>118</sup>. The used of mobile applications or any internet based have been significantly accepted by the current generations as compared the customers in the past. Most of the research conducted 2 decades ago resulted a mixed acceptance on the online banking but recent research lead to a high demand of online services. As mentioned that customer is getting complicated and therefore banking sectors need to handle them correctly with a high level of customer services. Customers do not need just a lender but they need a good advisor in terms of financial. As such it was suggested that banking sectors hire the right employee in the front lines that are committed and enjoy working

with multi type of people. Today, customers need to be address using the adaptive approach. It is was stated that ordinary approach on every single customer is no longer effective. Staff need to be more empathy in order to satisfy the customer. They need someone who can do more than rather a communications<sup>119</sup>. Recommendation made is for the bank to alter their customer based on segments. Bank need to differentiate their customer between loans and depositors. At the same time bank may split the segments into various categories by products. Such thing will enable bank to serve customer better and focusing on their needs and wants.

Customer at the same time will feel more appreciated as the staff is focusing on them and understand their needs. The strong competition between banks leads to all sort of attractions made by the bank for acquisition. Customer satisfaction may help bank to reduce the acquisition cost as they will communicate among them through word of mouth or e-word of mouth. Satisfied customer may tell and share their positive experiences to others while the frustrated customer will tell, the otherwise story. Bank sector need to aware that customer is important for them to survive and sustain in the industry<sup>120</sup>.

Research states that the way to evaluate satisfaction in education sectors may be different compared to other service sectors. If satisfaction is generally the result of a comprehensive evaluation after consumption of products and services or emotional responses to the experience of interactions with an organization, then educational institution satisfaction is obtained through the learning and teaching process and the process is intangible. In research related to e-learning, students are considered as customers of the services provided by educational institutions. To understand student satisfaction, educational institutions need to understand what attributes will then be

factors that will determine the level of student satisfaction on e-learning. Some previous studies show that several factors might affect student satisfaction. For example, the quality of instructional service and non-instructional service is related significantly to perceived satisfaction<sup>121</sup>. In line with the study, course design, interaction with the instructor, and interaction with peer students are related to learning satisfaction. Likewise, the research is more specifically related to technical issues, where information quality, task-technology fit, system quality, utility value, and usefulness are related to e-learning satisfaction. From a university customer's perception, there is a direct positive effect on perceived service quality on satisfaction. In addition, student satisfaction in private universities mostly depends on the tangible factors quality and reliability including comfortable lecture rooms, sufficient library facilities, well-order look of staff, non-discriminated service, and proper academic services provided by the university. Technical quality might have implications or effects on student satisfaction in e-learning. In this study, to evaluate the level of student satisfaction used several attributes, as follows: 1) General satisfaction of e-learning; 2) Satisfaction of the platform/portal/application; 3) Satisfaction of the lecturer; 4) Satisfaction of the IT support; 5) Satisfaction of the e-learning activities; 6) Re-utilization of the platform; 7) E-learning preference compared to face-to-face learning; 8) Comfortability of e-learning; 9) Further expectation of e-learning<sup>122</sup>.

Some previous research shows that e-loyalty is influenced by customer's evaluation of e-service quality. In online transactions, e-service quality is the difference between customers' expectations for service performance priorities the service encounters and their expectations about service performance before the service offering. A key success

factor to survive in a fierce competitive e-environment is a strategy that focuses on services. A bank must deliver superior e-service experiences to its customers so that they would be loyal to the firm. To obtain high levels of customer satisfaction, high service quality is needed, which often leads to customer loyalty (e-loyalty)<sup>123</sup>. A scholar showed that e-service quality has a significant positive influence on the loyalty of customers (e-loyalty). Another result of the research is e-service quality has a significant positive influence on customer satisfaction, and e-service quality has a significant influence on e-loyalty through customer satisfaction.

Meanwhile, in another research on the impacts of e-service quality, e-satisfaction, and e-trust on e-loyalty in online banking. The results showed that e-satisfaction and e-trust play major roles in building e-loyalty in online banking. They also found that e-service quality is not a predictor of e-loyalty in online banking. What these results imply is that e-service quality cannot ensure e-loyalty in online banking. E-loyalty can only be ensured when there is both e-satisfaction and e-trust. The hypothesis that e-service quality has a significant positive influence on e-satisfaction and e-loyalty of B2B (business to business) e-commerce users was strengthened. A scholar identified seven dimensions of e-service quality, which consist of efficiency (easy and fast access of using the site), fulfillment (fulfill a promise regarding delivery and availability of products), system availability (appropriate technical function from a website), privacy (safety and protection of customers information), responsiveness (handling situations effectively), compensation (site should provide compensation when customers have problems), and contact (assistance through telephone or an online representative)<sup>124</sup>.

The e-service quality dimension is seen from two perspectives, which are the company's perspective and the customer's perspective. From the company's perspective, the dimensions of e-service quality that should be considered are the ease of use (in terms of using the website), website design (website should be designed properly and attractively in terms of visual appearance), reliability (performance consistency and web reliability), system availability (appropriate technical function from website), privacy (safety and protection of customer's information), responsiveness (handling situations effectively), and empathy (individuals treatment and attention given to the customers through the electronic site). Meanwhile, if it is seen from the customers perspective, then the dimension of e-service quality that should be considered is customer experience, which is the impression of the company through testimonies and trust of the customers by giving a fast service and information that is complete, accurate and relevant.

Research showed that the improvement in e-service quality will increase customer satisfaction (e-satisfaction) and e-loyalty. Customer satisfaction is the measurement between customer's expectations and the service or products they received from the company. It acts as a key differentiator that enables you to attract new customers in competitive business markets. Not only is it a leading indicator used to measure customer loyalty and retention, but it also enables businesses to identify unhappy customers, reduce customer losses and negative word of the mouth whilst increasing revenue. Service quality and customer satisfaction are the factors of the success of a particular company to achieve a competitive advantage<sup>125</sup>. Research showed that e-service quality has a significant positive influence on e-satisfaction, but e-service quality does not directly influence loyalty. E-service quality has a significant positive influence on e-satisfaction,

and e-service quality has a direct influence on e-loyalty. Based on the background of problems and previous researchs result, this research aims to find out the role of e-satisfaction in mediating the influence of e-service quality on e-loyalty is done. This research is done in Indonesia, where college students who are using Internet banking from one of the private banks in Indonesia have been chosen as the population of this study. Their respondent is chosen because they are the millennials who have a close relationship with technology and could give responses and evaluative behavior towards the implementation of informational technology<sup>126</sup>.

A researcher applied a literature-depended analysis by assessing the relationship among subscribers→bank services and products knowledge and electronic banking transactions. Their investigation made use of the principle of literature review methodology. The results showed that the more knowledgeable customers are partaking to the available e-products and services, the more usage there will be. However, there is a knowledge gap and lack of e-product and services awareness to drive customers to adopt and use available platforms. The effect of trust and quality aspects on the use of banking services<sup>127</sup>. The research model has been validated and evaluated with the utilization of the data gathered from the questionnaire. The present investigation was a two-step analytical method with merging Structural Equation Modeling (SEM) and neural network analysis. The outcomes showed that intention and satisfaction to utilize banking services are two essential variables of actual use. In addition, satisfaction and intention to use e-banking have played a mediating role in information quality, service quality, system quality, and trust. A scholar examined how Self-Service Technologies (SSTs) influence behavioral intentions, customer loyalty, and satisfaction in Pakistan→s service section.

The data were gathered from the 238 SST subscribers via the online inquiry. Structural Equation Modeling has been executed with the utilization of the LISREL program. The outcomes revealed an affirmative and notable relationship among SSTs loyalty, service quality, and behavioral intentions straightly and indirectly through customer satisfaction.

A scholar investigated the factors impacting cloud computing selection in the banking sector from the customers viewpoint. They proposed a selection model for this target. Data had been gathered with the utilization of inquiry and were analyzed utilizing the Partial Least Squares (PLS)<sup>128</sup>. The outcomes showed that the privacy and security structures indicated a powerful positive impact on perceived usefulness, trust, and ease of use. The outcomes also indicated that perceived ease of use, cost, usefulness, trust, and viewpoints toward cloud notably impact subscribers behavioral intention to select cloud computing. The relationship among ATM reliability and responsiveness, customer satisfaction, and service enhancement factors was examined. Research has been conducted where the data were gathered via a questionnaire of 271 responders and visual observations of services. SPSS software had been utilized to analyze data. The outcomes illustrated that three dimensions of service quality, namely stability, reliability, and being on time, maximize customer satisfaction.

Moreover, a scholar investigated factors influencing customer satisfaction<sup>129</sup>. The data were obtained through a questionnaire (200 participants). The five identified factors in this study, which influence customer satisfaction with Internet banking, were service quality, web and content design, security and privacy, convenience, and speed. The results showed that service quality, privacy and security, content and web design, speed, and accessibility influence customer satisfaction. The influence of customer attitude,

perceived quality of e-services, and customer satisfaction on the utilization of e-banking services was examined. The results illustrated that the quality of electronic services has a strong and positive effect on the customer's attitude. In addition, comparative advantage meaningfully influences customer attitude, while complexity and adaptability do not mainly impact customer attitude. Their study results confirmed the importance of traditional service quality attributes ignored in the online environment, such as service competency and samples. Also, the importance of the e-service quality in optimizing customer attitude and enhancing customer satisfaction in using e-banking has been validated.

Furthermore, a researcher examined the e-banking evaluation criteria in Malaysian. The data had been analyzed with the utilization of SEM, making use of AMOS version 21<sup>130</sup>. The results showed that perceived benefit, credibility, and usefulness were the elements influencing subscribers' intention to select mobile banking. Simultaneously, the perceived financial cost and ease of use had been known not to be notable in the present investigation. In the influence of e-banking on consumer behavior and e-service quality, it was critically analyzed with the existing literature, which has concluded that high-quality service delivery in e-banking leads to increased CS, and consequently increases income by minimizing costs. In addition, increasing acceptance of the Internet as an instant delivery channel has a large share in the gradual reduction of overhead costs such as marketing, staffing, etc. A scholar examined the effect of website satisfaction and capability on increasing customer loyalty and affirmative news bomb in e-banking services. The results showed that satisfaction with previous associations with the banks website has an affirmative impact on customer loyalty and affirmative news bomb.

Besides, the availability of a website had a positive effect on customer satisfaction. As expected, loyalty was also related to the positive news bomb.

### **2.3.2 Customer Experience and Customer Satisfaction**

Importantly, a scholar recommends that researchers should explore which dimensions of customer experience are important for organisational performance<sup>131</sup>. This will enable bank marketing to maximise financial performance, through customer experience, loyalty and satisfaction, and share-of-wallet. Their study was conducted in contact services and may not fulfill the needs of DB. However, it reinforces the need to explore significant relationships among customer characteristics and the various explanatory and dependent variables used in this study, since these clarify customer experiences that will support successful digital bank marketing. Most research in customer experience explores consumer perceptions and customer experience management (CEM). A scholar suggests that the first step in CEM should be defining all the clues that a firm communicates to customers, to determine whether the company is meeting them. Findings in this paper could provide clues on interface design, functionality, usability and quality of service, from customers → experience of DB, areas that have previously received limited attention<sup>132</sup>.

Improved customer experience can offer values to both firms and customers, such as enhanced customer satisfaction and loyalty to organisations → offerings, positive word-of-mouth referrals (e.g. captured by NPS), improved retention, reduced complaints and fines, all of which can improve profitability<sup>133</sup>. In sum, using NPS categories to link customer experience (satisfaction, loyalty, and behavioural intentions, such as how strongly customers will recommend products to others) to profit, has become popular in

measuring organisational performance, but has not been widely replicated in DB. A scholar note that perceived usefulness, economic value, and social value predict overall perceived value, which in turn predicts a customer's intention to use social media to interact with a bank. However, a major limitation of previous research in DB is showing how this type of value improves financial performance, instead of a predominant focus on service quality, satisfaction and loyalty<sup>134</sup>.

Recent studies on satisfaction, loyalty and financial performance concentrate attention on traditional banking. A researcher found no relationship between customer satisfaction, loyalty and financial performance in Greek banks, but another researcher found a relationship between customer satisfaction and financial performance in USA hospitality sector<sup>135</sup>. Scholar found that product attributes impact on customer satisfaction, trust/commitment and customer loyalty, and financial performance in Taiwanese banks, again not in DB contexts. Given the conflicting evidence of the links between customer experience variables and financial performance in these various contexts, this paper presents much-needed evidence of these effects in UK DB<sup>136</sup>.

Researchers tend to study customer experience with customer satisfaction and loyalty; for example, a scholar note that social influence, market orientation and service quality relate to customer loyalty, with satisfaction as an antecedent, and advise that banks should invest resources to enhance customer satisfaction and loyalty<sup>137</sup>. Similarly, a researcher indicates that customer loyalty is positively related to customer satisfaction, product image, trustworthiness and customer relationship. Both studies were carried out in Pakistan banks, which is different from the UK context for which the factors affecting satisfaction and loyalty can vary. A scholar studied the online and offline effects of

satisfaction, co-operation, trust, commitment, service quality, complaint handling, image and communication in Iranian banking and finds that all eight variables have a significant relationship with customer satisfaction, which can lead to customer loyalty. Nevertheless, customer satisfaction is an aggregate of past consumption experience, and gives a limited prediction of future customer behaviour, while loyalty offers a better predictor of repeat purchasing intention<sup>138</sup>. Thus, both variables are studied in this paper, since they offer different customer perspectives.

For studies that combine a number of factors, measurements of customer experience comprise six measures, namely convenience, retention, service recovery (part of service quality), risk perception, satisfaction and loyalty intentions, while a different scholar used three factors which are antecedents of trust, loyalty and financial performance<sup>139</sup>. These authors → research instruments are not all related to deposit banks. A researcher investigates the relationship between three factors: customer satisfaction, loyalty, and financial performance. They used financial ratios to measure financial performance of banks (e.g. Return on Assets (ROA) or Investment (ROI), Net Profit Margin (NPM), and Return on Equity (ROE)). Methodologically, some of the above measures are not commensurate across the banks when they are not stated in percentages, which is a limitation; therefore, this study uses percentage measures of ROE, Net Interest Margin (NIM) and Cost-to-Income ratio. A researcher developed a customer experience framework in the Taiwanese leisure industry, using experiential value which customers derive from services. This study incorporates perceived value in the analysis of customer perceptions of UK DB<sup>140</sup>.

With increased competition in the banking industry the world over, there is an impetuous need for banks to enhance the loyalty of their customers. Customer experience is an antecedent factor of customer loyalty. It was reiterated that customer experience drives the cognitive and emotional well-being of the customers to liking the product or brand in a way that eliminates or reduces switching behavioural effect<sup>141</sup>. A researcher emphasize that customers become loyal because of the experience they gain from the service providers at various touch points. Therefore, more companies nowadays are focusing on creating a stronger customer engagement and long-lasting experience for their customers. Loyalty also brings with it high patronage and more sales, which companies cannot risk losing. Customer experience constitutes a crucial factor that influences the customers → willingness to repeat the experience or to recommend it to their friends or colleagues<sup>142</sup>. Scholar empirically tested that experiences which are memorable have a higher propensity to impact a person → future behaviour.

Studies found out that customer experience has a direct positive association with customer loyalty. This follows that when customers perceive the services that they are receiving as exceptional experience, they are more likely to stick with the organization for a while. The impact of customer experience management on loyalty has led many companies into investing in digital technologies to exceed customer expectation at every touch point<sup>143</sup>. A balanced moderation of the association between customer experience management and consumer loyalty was put forward that it is not always a given and granted condition that once customer experience management is enhanced, customer loyalty will increase significantly<sup>143</sup>.

The basis of a researcher's argument was on the notion that customer experience management does not directly always lead to loyalty behaviour, but rather it leads to behavioural intention to stay loyal<sup>144</sup>. However, the extent to which the intention to stay loyal eventually leads to loyalty behaviour is a different issue altogether. The same notion as the former scholar was supported by another that most customers at times admire the services of competitors (intention to switch); however, the actual switching behaviour to competitors is not always a direct association. This is because some customers merely admire and compliment and never make the switching behaviour or the loyalty behaviour. Previous studies have conceptualized the customer experience in different ways<sup>145</sup>. In general, these definitions view the customer experience as a holistic construct, incorporating the customer reaction to all interactions and touchpoints with the firm over time. Within this line of thought, customer experience is conceptualized as the subjective response to the holistic direct and indirect encounter with the firm. It encompasses every aspect of a company's offering in terms of quality of customer care, advertising, packaging, product and service features, ease of use, and reliability<sup>146</sup>.

As with perceptions of product and service quality, individuals could articulate differences in the quality of their experience by making judgments about excellence or superiority. They defined the concept of customer experience quality as "perceived judgment about the excellence or superiority of the customer experience". This was considered a superior construct, as it can help discriminate among different experiences based on their excellence or superiority and, thus, link more strongly to customer relationship outcomes<sup>147</sup>. Building upon social influence theory as our fundamental theoretical basis, we argue that there is a relationship between social influence and

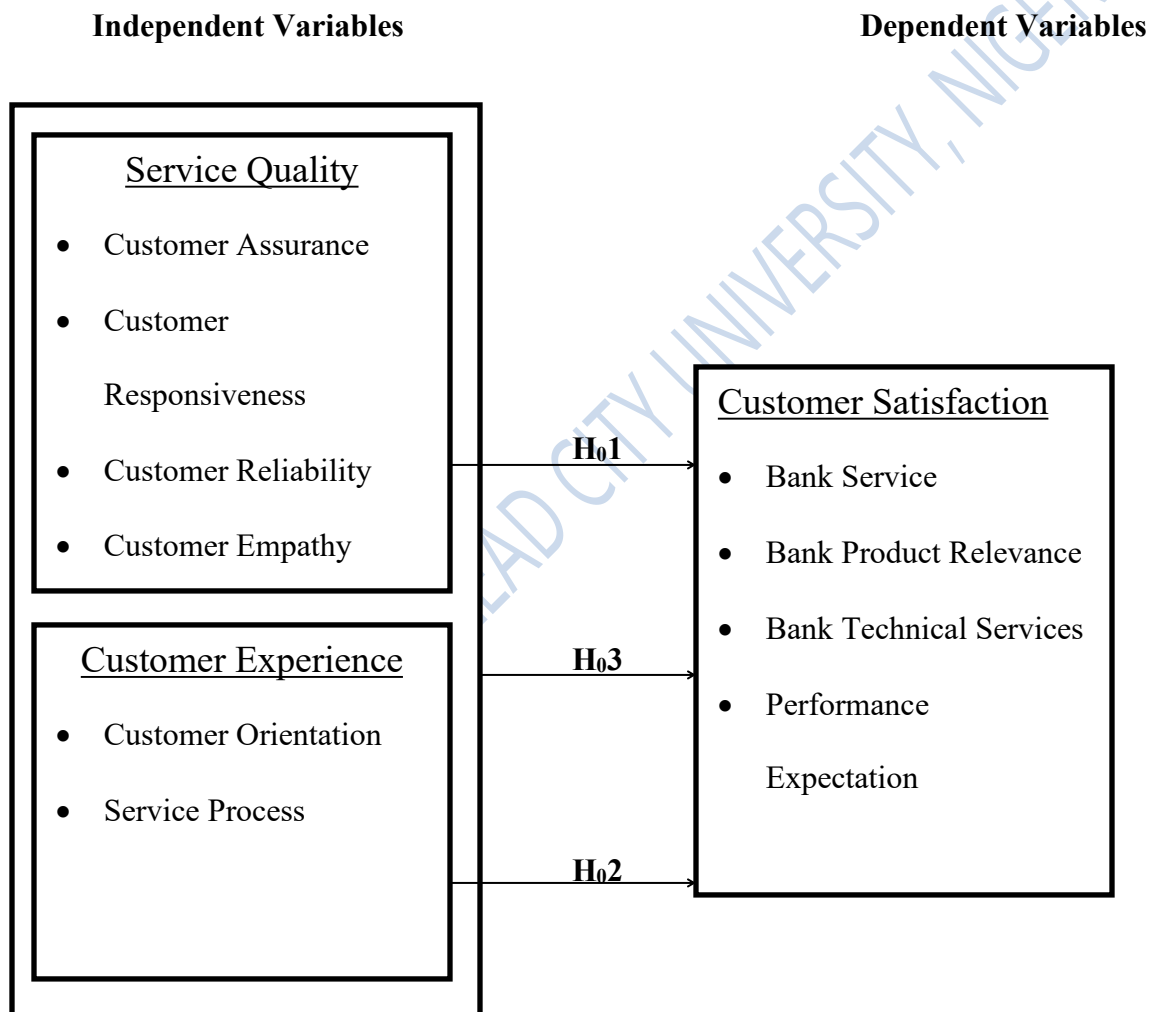
customer experience quality. Specifically, the three determinants of social influence (accuracy, identification, and affiliation) proposed by Cialdini and Goldstein enable us to integrate our arguments in a way that advances the understanding of the moderating role of social influence<sup>148</sup>.

Customers also desire social identification. As symbolic resources for the construction of social identity, brands are helpful for customers to define or strengthen their social identity, since they may reflect specific values or traits that are considered central to communication with others. Thus, a brand presented in social influence may be regarded as identity signaling, thereby serving as an effective communication function of social identity to other customers in a social network, which could be perceived positively by observers. We therefore argue that customers, driven by social identification, tend to align their own brand choices with those of others to ensure that other members make desired identity inferences about them as a way of constructing or enhancing their desired social identity<sup>149</sup>. This therefore strengthens the link between brand equity and the customer experience quality.

Humans are fundamentally motivated to create and maintain meaningful social relationships with others. With the goal of affiliation, customers tend to comply with other members in order to gain social approval. Whereas the literature has previously stressed conformity, recent studies have also emphasized that people in a social group simultaneously experience competing needs to conform and to be unique. However, the need for conformity seems much more prevalent than the need for uniqueness; this suggests that the rewards for conformity and approval tend to be more powerful determinants of behavior. Following this logic, we argue that a customer will maintain a

relationship with a company under conformity pressures in order to improve or maintain their intimacy of relationship with others. This is because such conformity may make them feel more likable and desirable, even when they are aware that such a position is not necessarily correct<sup>150</sup>.

## 2.4 Conceptual Framework



**Figure 2.1: Service Quality, Customer Experience and Customer Satisfaction Conceptual Framework**

**Source: Researchers Conceptual Framework, 2022**

The conceptual model of this study was developed based on the influence of service quality and customer experience on customer satisfaction in commercial banks, Ibadan North Local Government Area, Oyo State. The independent variables are service quality which is measured with assurance, responsiveness, reliability and empathy<sup>113</sup> and customer experience which was also measured by customer orientation, and service process<sup>103,108</sup>. The dependent variable customer Satisfaction which is measured by bank service, bank products and bank technical service<sup>49</sup>. As shown in the framework above, hypothesis 1 shows how customer service and its metrics is influencing the factors of customer satisfaction, hypothesis 2 shows the influence of customer experience on customer satisfaction which implies that a good work relationship between the customers and management of the selected bank which will enhance productivity while hypothesis 3 shows the combined influence of bank quality service and quality customer experience on customer satisfaction in the organization. Overall, these formulated hypotheses were subjected to a statistical test to determine the direction of results, conclusion, and possible recommendations for this study.

## **2.5 Summary of Literature Reviewed**

The influence of service quality and customer experience on customer satisfaction in commercial banks, Ibadan North Local Government, Oyo State is the subject of this chapter, which presents scholars' perspectives on the topic of this research. The study demonstrates the importance of service quality, customer experience and customer satisfaction on organisation products and service, particularly in the banking sector. The concepts have been clarified due to the assessment of the conceptual framework (customer service, customer experience and customer satisfaction). It depicts the link

between the independent and dependent variables (service quality and customer experience) and (customer satisfaction) respectively.

It is widely believed that customer satisfaction is an essential component of an organization's performance; as a result, it is observed that customers patronize banks based on the service rendered by the management and the customers' experience which when positive will increase the bank customers and performance will also improve.

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## **Chapter Three**

### **Methodology**

This chapter presents the methodology used for this study. It comprises the research design, population, sample and sampling technique, research instrument, validation of the instrument, reliability of the instrument, administration of the instrument and data analysis procedure.

#### **3.1 Research Design**

This study adopted the cross-sectional survey design as it attempts to study a subset of a population at a point in time and determine the effect of service quality and customer experience on customer satisfaction in commercial banks, Ibadan North Local Government, Oyo State, Nigeria. As an approach, cross-sectional survey design offers the opportunity to collect data at a point in time, it has an economic advantage over the longitudinal survey design as it is less cumbersome. Its usage is premised on prior related literature on customer service and customer experience and customer satisfaction.

#### **3.2 Population of the Study**

The population for this study comprises of forty-nine thousand nine hundred and forty five (49945) bank customers of the Guaranty Trust Bank, Access Bank and United Bank for Africa (UBA) branches in Ibadan North Local Government Area of Ibadan, Oyo State, Nigeria. Customers being the unit of analysis are premised on these issues such as their services and customer experience towards customer satisfaction under investigation in this study.

**Table 3.1: Population of the Study of Service Quality, Customer Experience and Customer Satisfaction of Commercial Banks in Ibadan North Local Government Area, Oyo State**

S/N	Name of Banks	Number of Bank Customers.
1.	GTB, Mokola	4005
2.	GTB, Awolowo	7510
3.	GTB, Oyo Road	5010
4.	Access Bank, Bodija	8910
5.	Access Bank, UCH	4700
6.	Access Bank, Idi ape	6200
7.	UBA, UCH	5000
8.	UBA, Kenneth Dike Road	4000
9.	UBA, Idi Ape	4810
	<b>Total</b>	<b>49945</b>

**Source: Bank Customer Service Departments, 2022**

### **3.3 Sample Size and Sampling Technique**

The sample size of this study is three hundred and eighty one (381) bank customers of Guaranty Trust Bank, Access Bank and United Bank for Africa (UBA) branches in Ibadan North Local Government Area of Ibadan, Oyo State, Nigeria. This sample size was obtained from Krejcie and Morgan (1970)<sup>1</sup> sample size table as shown in Table 3.2

**Table 3.2: Table for Determining Sample Size of a Known Population**

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	346
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	354
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	191	1200	291	6000	362
45	40	170	118	400	196	1300	297	7000	364
50	44	180	123	420	201	1400	302	8000	367
55	48	190	127	440	205	1500	306	9000	368
60	52	200	132	460	210	1600	310	10000	370
65	56	210	136	480	214	1700	313	15000	375
70	59	220	140	500	217	1800	317	20000	377
75	63	230	144	550	226	1900	320	30000	379
80	66	240	148	600	234	2000	322	40000	380
85	70	250	152	650	242	2200	327	<b>50000</b>	<b>381</b>
90	73	260	155	700	248	2400	331	75000	382
95	76	270	159	750	254	2600	335	100000	384

**Source: Krejcie and Morgan (1970) Sample Size Determination Table**

As seen on the table above, the sample size will be three hundred and eighty - one (381) of bank customers in GTB, Access Bank and UBA.

**Table 3.3 Stratified Sampling Calculation for the Sample Used**

S/N	Name Institutions	% of total population	Calculated no for each sample
1.	GTB, Mokola	$\frac{4005}{49945} \times 100 = 8\%$	$\frac{8 \times 381}{100} = 30$
2.	GTB, Awolowo	$\frac{7510}{49945} \times 100 = 15\%$	$\frac{15 \times 381}{100} = 57$
3.	GTB, Oyo Road	$\frac{5010}{49945} \times 100 = 10\%$	$\frac{10 \times 381}{100} = 38$
4.	Access Bank, Bodija	$\frac{8710}{49945} \times 100 = 17\%$	$\frac{17 \times 381}{100} = 65$
5.	Access Bank, UCH	$\frac{4700}{49945} \times 100 = 9\%$	$\frac{9 \times 381}{100} = 34$
6.	Access Bank, Idi ape	$\frac{6200}{49945} \times 100 = 12\%$	$\frac{12 \times 381}{100} = 47$
7.	UBA, UCH	$\frac{5000}{49945} \times 100 = 10\%$	$\frac{10 \times 381}{100} = 39$
8.	UBA, Kenneth Dike Road	$\frac{4000}{49945} \times 100 = 8\%$	$\frac{8 \times 381}{100} = 32$
9.	UBA, Idi Ape	$\frac{4810}{49945} \times 100 = 10\%$	$\frac{10 \times 381}{100} = 39$
	<b>Total</b>		<b>381</b>

### 3.4 Description of Research Instrument

Data will be collected using a structured questionnaire titled: Service Quality, Customer Experience and Customer Satisfaction (SBCECS). The instrument will be a structured questionnaire adapted from previous empirical studies. This study will also adopt the Likert type scale design which allowed the researcher provide their opinion about the issue under study. The instrument will be collecting opinion and perception of customers from each of the bank branches, this will be done by giving the bank customers the questionnaires to fill through the help of the cashier and the banks customer service department.

**Section A:** This section is designed to collect demographic information of respondents and these contain Bio data of Respondents measured through five factors: Gender, Age, and Educational Qualification.

**Section B:** This section is designed to collect data on bank customer satisfaction (CS). The customer satisfaction measure such bank service, bank products, performance expectation, perceived performance and bank technical service which were adapted from scholar in different context<sup>2,3</sup>. Each of the adapted questionnaires are considered reliable given the reliability tested result reported by scholars. The Cronbach's alpha coefficients for the variables are 0.72, 0.6, and 0.76 respectively. The response options available to respondents following the Likert-type scale include Very high = 4, High = 3, Low = 2, Very low = 1.

**Section C:** This section is designed to collect data on Bank Quality Service. The customer service scale which indicates factors cover measures such as assurance, responsiveness, reliability and empathy which were adapted from scholar in different context<sup>4,5</sup>. Each of the

adapted questionnaires is considered reliable given the reliability tested result reported by scholars. The Cronbach's alpha coefficient for the variables are 0.71, 0.79. and 0.76 respectively. The response options available to respondents following the Likert-type scale include Strongly Agree = 4, Agree = 3, Disagree = 2, Strongly Disagree = 1.

**Section D:** This section is designed to collect data on quality customer experience. The customer experience scale which indicates the longevity and how each customer feel about the service of the banks which covers measure such as customer orientation and service process which were adapted from scholar in different context<sup>6</sup>. Each of the adapted questionnaires is considered reliable given the reliability tested result reported by scholars. The Cronbach's alpha coefficient for the variables are 0.75, 0.73. and 0.79 respectively. The response options available to respondents following the Likert-type scale include Strongly Agree = 4, Agree = 3, Disagree = 2, Strongly Disagree = 1.

### **3.5 Validity of the Research Instrument**

To validate this study, the research instrument constructed through related literature review and adapted from questionnaires that have been used by other researchers. Content and construct validity was also done. Content validity was used to assess the internal validity of the research instruments which was ascertained through the supervisor and other experts in information management field. Corrections made were incorporated in constructing the final questionnaire which was given out to the respondents for the study.

### **3.6 Reliability of the Research Instrument**

The researcher subjected the questionnaire to a reliability test to check the internal consistency of all items measuring each variable in the study. The reliability of the instrument was done through a pilot study using thirty (30) copies of the questionnaire that was administered to bank customers of First City Monument Bank (FCMB) which is located in Ibadan Metropolis but was not part of this study. Data obtained was subjected to Cronbach's alpha reliability test to establish internal consistency of the items. The report of the Cronbach's alpha reliability test is as follows: Service Quality (SQ) - 0.70, Customer Experience (CE) →0.75, Customer satisfaction (CS) →0.95.

### **3.7 Method of Data Collection**

A primary data was collected to address the objectives of the study through an adapted questionnaire in line with the underpinning theory. This instrument works well with a cross-section survey design mainly because it supports the collection of data regarding opinion and perception of respondents at a point in time on current issues. A letter of introduction was obtained from the Department of Information Management, Lead City University which was used to gain permission to conduct the survey from the management of the selected Banks. Due to number of respondents, a three (3) day training was conducted for five (5) research assistants to ease the administration, retrieval and initial sorting of copies of the questionnaires. In all, 381 copies of questionnaires were administered to the bank customers of the nine selected banks.

### **3.8 Data Analysis**

The researcher analyzed the data collected using the descriptive and inferential statistic for the items in all the sections in the questionnaires. The use of the descriptive statistics

is appropriate because it helps to describe and summarize data in terms of frequency distribution, mean, standard deviation, and percentage of response about variables under study, thereby answering the research questions. To test the hypotheses formulated, the inferential statistics through regression analyses one and two were used mainly to test the hypotheses one and two while multiple regression were used to test hypothesis three. The data collected for the study were analyzed using Statistical Package for Social Sciences (SPSS), version 24. All hypotheses in the study are tested at level of 0.05 significance.

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## Endnotes

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## Chapter Four

### Results and Discussions of Findings

This chapter presents the outcome of the analysis of data collected from the respondents in the study and discussions of findings arising from the study which includes:

#### 4.1 Data Presentation and Analysis

##### Demographic Characteristics of Respondents

The demographic data of the participants were collected and examined using descriptive statistics such as frequencies and percentages and presented in tables.

##### 4.1.1 Distribution of Respondents

**Table 4.1: Demographic Characteristics of Respondents**

Variables	Category	Frequency	Percentage
Gender	Male	188	53.1%
	Female	166	46.9%
Age	20-25 years	68	19.2%
	26-30 years	57	16.1%
	31-35 years	34	9.6%
	36-40 years	47	13.3%
	40-45	73	20.6%

	46 years and above	75	21.2%
Academic Qualification	SSCE	60	16.9%
	ND	68	19.2%
	HND	82	23.2%
	BSc	42	11.9%
	MSc	73	20.6%
	Ph.D.	29	8.2%

**Source: Field Survey, 2022**

The gender distribution of respondents for this study is shown in the table above. The table has it that there are a total of 354 respondents, out of which there are 188 male respondents, which is about 53.1% of the total number of respondents for this study. Their female counterpart is about 166 respondents. This account for about 46.9% of the total number of respondents for this study. Going by this, there are more male respondents for this study than female respondents.

The next table as indicated above reveals the age distribution of the respondents for this study. The age range of 46 years and above has the highest number of respondents indicating that they belong to this age range. A total number of 75 respondents indicated that they fall within this age range. This accounts for about 21.2% of the total number of respondents for this study. The next age range that has the highest number of respondents is age 41 to 45 years of age. A total number of 73 respondents affirmed that they fall

within this age range. This also accounts for about 20.6%. The next age range that is third highest is that of 20 to 25 years of age. A total number of 68 respondents affirmed to this age range. A total number of 19.2% of total respondents for this study affirmed to this age range. Age range of 26 to 30 years of age has about 57 respondents saying that they are within this age range. This accounts for about 16.1% of the total number of respondents for this study. Second to the last age range in the above table is that of 36 to 40. 47 respondents attested to the fact that they are within this age range. This is about 13.3% of the total number of respondents for this study. The last age range in this study is that of 31 to 35 years of age. A total number of 34 respondents affirmed that they fall within this age range. This is about 9.6% of the total number of respondents for this study.

The next demographic factor to be considered in this study is that of the educational qualification of the respondents for this study. A total number of 82 respondents attested to the fact that they possess the HND certificate. The number of those that had the HND certificate accounted for about 23.2% of the total number of respondents. 73 of the respondents attested to the fact they do possess the Master's degree. This accounted for about 20.6% of the total number of respondents for this study. 60 of the respondents are of the view that they possess the senior school leaving certificate (SSCE). This is about 19.2% of the total work force. 42, 29 of the respondents do possess the bachelor's and doctorate degrees respectively. These two educational qualifications attracted a percentage of 11.9% and 8.2% respectively of the total number of respondents for this study.

## 4.2 Research Questions

### 4.2.1 Research Question 1:

What is the level of customer satisfaction of commercial banks, Ibadan North Local Government Area, Oyo State, Nigeria?

**Table 4.2 Response on Research Question One**

	SD	DA	A	SA	Mean	Std. Deviation
<b>Bank Service</b>						
The transaction progress in my bank is very much visible	78 (22.0%)	89 (25.1%)	97 (27.4%)	90 (25.4%)	2.56	1.095
The bank I patronize deliver services as expected	62 (17.5%)	146 (41.2%)	58 (16.4%)	88 (24.9%)	2.49	1.049
My bank online services is fast and quick	73 (20.6%)	126 (35.6%)	74 (20.9%)	81 (22.9%)	2.46	1.059
Average Mean:	2.50					
<b>Bank Product</b>						
The products offered my bank are of much necessity to me.	72 (20.3%)	91 (25.7)	129 (36.4%)	62 (17.5%)	2.51	1.005
The products offered by the bank I patronize do make much sense to me.	71 (20.1%)	100 (28.2%)	88 (24.9%)	95 (26.8%)	2.58	1.088

I don't mind carrying out voluntary campaigns for other people to patronize the products offered by my bank.	38 (10.7%)	126 (35.6%)	93 (26.3%)	97 (27.4%)	2.70	.987
Average Mean: 2.59						

**Bank Mobile Services**

I have much confidence in the mobile banking services offered by my bank.	93 (26.3%)	170 (48.0%)	42 (11.9%)	49 (13.8%)	2.13	.959
I believe that my bank's data security and mobile banking financial transaction have legal guarantee mechanisms.	87 (24.6%)	92 (26.0%)	90 (25.4%)	85 (24.0%)	2.49	1.107

I have never encountered any constraints of my bank's mobile app platforms.	87 (24.6%)	164 (46.3%)	38 (10.7%)	65 (18.4%)	2.23	1.019
Average Mean: 2.31						

**Perceived Performance**

The staff of the bank I patronize do give customers personal attention	54 (15.3%)	103 (29.1%)	89 (25.1%)	108 (30.5%)	2.71	1.061
I see the staff of the bank I patronize as people who understand the specific needs of	74 (20.9%)	88 (24.9%)	134 (37.9%)	58 (16.4%)	2.50	.999

their customers.

Customers in the bank I use are given individual attention	50 (14.1%)	108 (30.5%)	94 (26.6%)	102 (28.8%)	2.70	1.035
Average Mean: 2.63						

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**Grand Mean: 2.51**

**Key: Strongly Agree (SA) = 4, Agree (A) = 3, Disagree (D) = 2, Strongly Disagree (SDA) = 1**

**Decision Rule: 1.00 → 1.49 (Very low), 1.50 → 2.49 (Low), 2.50 → 3.49 (High), 3.50 → 4.00 (Very High)**

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**Source: Field Survey, 2022**

In examining the first research question in this study which says ↑What is the level of customer satisfaction of commercial banks, Ibadan North Local Government Area, Oyo State, Nigeria?↓. Certain indicators were used to determine the level of customer satisfaction is concerned as far as this study is concerned. The indicators are: Bank services, bank products, bank mobile services and perceived performance. The mean score for satisfaction with bank services is at 2.50 on a scale of 4. This means that bank customers in Ibadan North Local Government Area of Oyo state are averagely satisfied with bank services at just an average level. Satisfaction with bank products is just at an average level of 2.59 on a scale of 4. This also means that satisfaction with bank products is a little bit above average. The next indicator is satisfaction with bank mobile services. This indicator attracted a mean score of 2.31 on a scale of 4. This means that bank customers in Ibadan North Local Government Area of Oyo state are poorly satisfied with bank mobile services. Perceived performance with bank services in Ibadan is quite okay as attested to by bank customers in Ibadan. This indicator attracted a mean score of 2.63 on a scale of 4. All in all, the overall satisfaction with bank customers in Ibadan is at

2.51 on a scale of 4. This means that the overall satisfaction with bank services in Ibadan is at just at an average level.

#### 4.2.2 Research Question 2:

What is the level of service quality as perceived by bank customers of commercial banks in Ibadan North Local Government Area, Oyo State, Nigeria?

**Table 4.3 Response on Research Question Two**

	Very Low	Low	High	Very High	Mean	Std. Deviation
<b>Reliability</b>						
My bank services is time saving.	74 (20.9%)	90 (25.4%)	82 (23.2%)	108 (30.5%)	2.63	1.124
Banking operation in my bank is flexible.	79 (22.3%)	142 (40.1%)	69 (19.5%)	64 (18.1%)	2.33	1.016
Banking operations both technical and manual in the bank I use is highly professional.	61 (17.2%)	83 (23.4%)	96 (27.1%)	114 (32.2%)	2.74	1.088
Average Mean:	2.56					
<b>Responsiveness</b>						
The systems and network operation of the banks I use is always efficient.	63 (17.8%)	163 (46.0%)	73 (20.6%)	55 (15.5%)	2.34	.945
Customer problem handling capacity is top notch.	67 (18.9%)	95 (26.8%)	88 (24.9%)	88 (24.9%)	2.60	1.058

I will say of full confidence that my bank is the best among all banks in the country due to the way they respond to customer queries.	67 (18.9%)	106 (29.9%)	70 (19.8%)	111 (31.4%)	2.64	1.114
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Average Mean: 2.53

**Assurance**

I see the staff of the bank I use as really being competent and experienced in their operations.	76 (21.5%)	126 (35.6%)	72 (20.3%)	80 (22.6%)	2.44	1.063
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The way and manner customers of the bank I patronize are handled is really satisfying.	81 (22.9%)	102 (28.8%)	77 (21.8%)	94 (26.6%)	2.52	1.114
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Service people especially the customer service department of my bank do handle issues with sincerity and timeliness.	63 (17.8%)	90 (25.4%)	87 (24.6%)	114 (32.2%)	2.71	1.099
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Average Mean: 2.55

Empathy

There is individual interaction between service front liners of my bank and her customers.	44 (12.4%)	75 (21.2%)	105 (29.7%)	130 (36.7%)	2.91	1.035	
Customer attention is highly personalized by the bank I patronize.	30 (8.5%)	99 (28.0%)	91 (25.7%)	134 (37.9%)	2.93	.997	
There is always a staff of my bank readily available to attend to customer queries.	49 (13.8%)	112 (31.6%)	68 (19.2%)	125 (35.3%)	2.76	1.081	
Average Mean:						2.86	
Grand Mean:						2.62	

**Key: Strongly Agree (SA) = 4, Agree (A) = 3, Disagree (D) = 2, Strongly Disagree (SDA) = 1**

**Decision Rule: 1.00 →1.49 (Very low), 1.50 →2.49 (Low), 2.50 →3.49 (High), 3.50 →4.00 (Very High)**

**Source: Field Survey, 2022**

The second research question in this study is to examine the level of service quality as perceived by bank customers of commercial banks in Ibadan North Local Government Area, Oyo State, Nigeria. The overall mean score to determine the level of service quality in Ibadan is 2.62 on a scale of 4. This means that service quality in Ibadan is just quite okay. Furthermore, 4 indicators were used to measure bank quality services and they are:

Reliability, responsiveness, assurance and empathy. The mean score of each of this indicator was at 2.56, 2.53, 2.55 and 2.86 on a scale of 4 respectively. As regards reliability on a scale of 4, the mean score was 2.56. This means that service quality in Ibadan is averagely reliable. In terms of responsiveness, it was just at an average level of 2.53 on scale of 4. This means that the level at which bank officials in Ibadan respond to their customers is also at an average level. In terms of customer assurance, the feedback gotten from the bank staff is also at an average level. Empathy was however acknowledged to be very much on the high side. With an mean score of 2.86 on a scale of 4, bank customers in Ibadan are very much comfortable with the way and manner by which they are being empathized.

#### 4.2.3 Research Question 3:

What is the level of customer experience of commercial banks in Ibadan North Local Government Area, Oyo State, Nigeria?

**Table 4.4 Response on Research Question Three**

	SD	D	A	SA	Mean	Std. Deviation
<b>Customer Orientation</b>						
As a loyal customer of my bank, my queries are always attended to on time.	50 (14.1%)	109 (30.8%)	67 (18.9%)	128 (36.2%)	2.77	1.089
The staffs of my bank are very much friendly.	10 (2.8%)	38 (10.7%)	164 (46.3%)	142 (40.1%)	3.24	.753
The bank branch I use is always neat.	9 (2.5%)	29 (8.2%)	207 (58.5%)	109 (30.8%)	3.18	.680
Average Mean: 3.06						
<b>Service Process</b>						
My bank always releases timely	11 (3.1%)	47 (13.3%)	153 (43.2%)	143 (40.4%)	3.21	.787

information.

The website of my bank is loaded with relevant information	13 (3.7%)	40 (11.3%)	171 (48.3%)	130 (36.7%)	3.18	.772
The banking portal of my bank is very much effective.	10 (2.8%)	53 (15.0%)	126 (35.6%)	164 (46.3%)	3.26	.815
Average	Mean:					
3.21						

**Grand Mean: 3.18**

**Key: Strongly Agree(SA) = 4, Agree (A) = 3, Disagree (D) = 2, Strongly Disagree (SDA) = 1**  
**Decision Rule: 1.00 →1.49 (Very low), 1.50 →2.49 (Low), 2.50 →3.49 (High), 3.50 →4.00 (Very High)**

**Source: Field Survey, 2022**

The last research question in this study looks at level of customer experience of commercial banks in Ibadan North Local Government Area, Oyo State, Nigeria. 2 indicators were used to determine the level of customer experience in this study. They are: customer orientation and service process. Customer experience attracted a mean score of 3.06 while service process attracted a mean score of 3.06. A grand mean score of 3.18 on a scale of 4 served as the level of customer experience for this study. This implies that bank customers in commercial banks in Ibadan North Local Government Area of Oyo state are well experienced. In terms of customer orientation, it seems that bank customers in Ibadan are well orientated going by the mean score that was recorded. A mean score of 3.06 on a scale of 4 was recorded for this indicator. The last indicator for this variable customer quality orientation was service process. Service process as an indicator attracted 3.21 on a scale of 4. What this implies is that bank customers in Ibadan are to a large extent comfortable with bank processes. But all in all, the level of quality of

bank customers experience is quite commendable among bank customers in Ibadan, Oyo state, Nigeria.

#### 4.3 Presentation of Test of Hypotheses

**H01:** There will be no significant influence of bank quality service on customer satisfaction of commercial banks in Ibadan North Local Government Area, Ibadan, Oyo State, Nigeria.

##### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.083 <sup>a</sup>	.007	.004	.41466

a. Predictors: (Constant), service \_quality\_

##### ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.418	1	.418	2.433	.120 <sup>b</sup>
	Residual	60.523	352	.172		
	Total	60.941	353			

a. Dependent Variable: satisfaction

b. Predictors: (Constant), service quality

##### Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	2.711	.134		20.292	.000
	service quality	-.078	.050	-.083	-1.560	.120

a. Dependent Variable: satisfaction

Source: Field Survey, 2022

The first null hypothesis tested in this study is to investigate the influence of service quality on customer satisfaction of commercial banks in Ibadan North Local Government Area, Oyo State, Nigeria. Findings from this null hypothesis reveals that service quality did not significantly influence customer satisfaction. The significant value which is .120 is greater than the level of significance for this study which is 0.05. This means that the null hypothesis has to be accepted. As regards the relationship between bank quality and satisfaction, the model summary table revealed a .083 level of relationship. This means that there is a 83% relationship between bank quality and customer satisfaction. This level of relationship means it is positive and very strong. From the model summary table as well, adjusted R2 revealed a variance level of .004. This means that customer satisfaction is as a result of 4% variance as explained by service quality. The remaining 96% is brought about by other external factors that can also bring about customer satisfaction.

**H02:** There will be no significant influence of customer experience on customer satisfaction of commercial banks in Ibadan North Local Government Area, Oyo State, Nigeria.

#### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.028 <sup>a</sup>	.001	-.002	.41593

a. Predictors: (Constant), customer experience

#### ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.046	1	.046	.267	.606 <sup>b</sup>
	Residual	60.895	352	.173		
	Total	60.941	353			

- a. Dependent Variable: satisfaction
- b. Predictors: (Constant), customer\_experience

		<b>Coefficients</b>				
		Unstandardized		Standardized		
		Coefficients		Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	2.573	.132		19.430	.000
	quality_customer_experience	-.021	.042	-.028	-.517	.606

a. Dependent Variable: satisfaction

**Source: Field Survey, 2022**

The second null hypothesis says “there will be no significant influence of customer experience on customer satisfaction of commercial banks in Ibadan North Local Government Area, Oyo State, Nigeria”. The result of this null hypothesis also positions the researcher to accept this null hypothesis. Reason being that customer experience did not significantly influence customer satisfaction. The significant value was at .606 which is greater than the significant level of study. The significant level for this study is 0.05. As regard the relationship between customer experience and customer satisfaction. The model summary table revealed a value of .028. This means that there is a 28% relationship between customer experience and customer satisfaction. This level of relationship means that the relationship is positive but weak. From the model summary table as well, the adjusted  $r^2$  value was -.002. This means that customer experience has no contribution it will make to bring about customer satisfaction. At 100% level, other external factors will bring about customer satisfaction.

**H03:** There will be no significant combine influence of service quality and customer experience on customer satisfaction of commercial banks in Ibadan North Local Government Area, Oyo State, Nigeria.

#### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.087 <sup>a</sup>	.008	.002	.41510

a. Predictors: (Constant), bank\_quality\_service, quality\_customer\_experience

#### ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.460	2	.230	1.333	.265 <sup>b</sup>
	Residual	60.481	351	.172		
	Total	60.941	353			

a. Dependent Variable: satisfaction

#### Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.773	.185		14.989	.000
	customer_experience	-.020	.042	-.026	-.489	.625
	service quality	-.078	.050	-.082	-1.549	.122

a. Dependent Variable: satisfaction

b. Predictors: (Constant), service quality, customer\_experience

**Source: Field Survey, 2022**

The last hypothesis tested in this study is a joint one. That is investigating the joint influence of service quality and customer experience on customer satisfaction. Interestingly, both independent variables - service quality and customer experience were found not to significantly influence the dependent variable bank customer satisfaction. The significant values in the coefficient table for both independent variable was .625

and .122 respectively. The relationship between the two independent variable and dependent variable was .087. This means that the relationship is positive and very strong. The adjusted r<sup>2</sup> value recorded a value of .002. This means that both service quality and customer experience only explained 2% variation in customer satisfaction. The remaining 98% will bring about customer satisfaction from other factors.

#### **4.4 Discussion of Findings**

The first research question in this study which was centered on the level of customer satisfaction of commercial banks, Ibadan North Local Government Area, Ibadan, Oyo State, Nigeria, revealed surprising findings. It was found that satisfaction with bank services, bank products, bank mobile services and perceived performance attracted mean scores of 2.50, 2.59, 2.31 and 2.63 respectively. Out of each of this indicator, bank mobile services were found to be the lowest. Studies have actually revealed the fact that bank services to a large extent can positively bring about customer satisfaction<sup>1,2,3</sup>. Also studies have also revealed that there are positive links between bank services, bank products and perceived performance and customer satisfaction<sup>4,5,6</sup>. The second research question borders on the level of service quality as perceived by bank customers of commercial banks in Ibadan North Local Government Area, Oyo State, Nigeria. The level of services quality is a little bit high above average. This variable attracted a grand mean score of 2.62 on a scale of 4. Indicators such as reliability, responsiveness, assurance and empathy served as the indicators used to measure quality of banking services in this study. Out of all these indicators, only responsiveness was as an indicator had the least mean score of 2.53 on a scale of 4. The implication of this is that bankers in Ibadan are not well responsive to customer queries in Ibadan. Studies have also

showed that to a large extent responsiveness has a great influence in bringing about customer satisfaction <sup>7, 8, 9</sup>. Other indicators such as reliability, assurance and empathy have also been proven to have significant influence on customer satisfaction <sup>10, 11, 12</sup>.

The last research question in this study is about examining the level of quality customer experience of commercial banks in Ibadan North Local Government Area, Oyo State, Nigeria. Customer experience in this study was measured with two indicators customer orientation and service processes. Customer orientation attracted a mean score of 3.06 while service processes attracted a mean score of 3.21. The overall mean score was 3.18 on a scale of 4. To a large extent, this mean score proves that customer orientation and service processes are quite okay with bank customers in Ibadan. This study tested three hypothesis. Each of the null hypothesis resulted in the negative. The first null hypothesis says there will be no significant influence of service quality on customer satisfaction of commercial banks in Ibadan North Local Government Area, Oyo State, Nigeria↓. The result of the null hypothesis made the researcher to accept the null hypothesis because the findings were in tandem with the way the null hypothesis was formulated. Studies have actually contradicted this findings. Studies reviewed in the literature reviewed section of this study, shows that bank quality service do actually influence customer satisfaction <sup>13, 14, 15, 16</sup>. The second null hypothesis was also accepted by the researcher. The null hypothesis says ↑there will be no significant influence of customer experience on customer satisfaction of commercial banks in Ibadan North Local Government Area, Oyo State, Nigeria. Truly, the findings of this null hypothesis actually showed that indeed customer experience will not significantly influence customer satisfaction. Again, studies reviewed in this study showed that to a large extent customer experience will

significantly influence customer satisfaction. The last hypothesis was a joint one. The findings revealed that both quality customer experience and bank quality service did not significantly influence customer satisfaction.

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## Chapter Five

### Conclusion

#### 5.1 Summary of Findings

This study examined the influence of bank quality service and quality customer experience on customer satisfaction of commercial banks, Ibadan North Local Government Area, Ibadan, Oyo State, Nigeria. The study made use of over 300 bank customers in Ibadan North Local Government Area of Oyo state. The following were specific findings of the study:

- i. Satisfaction with bank mobile services in Ibadan North Local Government Area of Oyo state was low.
- ii. Customer satisfaction with banking services in Ibadan North Local Government Area of Oyo state is just at an average level.
- iii. Quality of services of banks in Ibadan North Local Government Area of Oyo is a little bit above average level.
- iv. The level of quality customer experience of commercial banks in Ibadan North Local Government Area, Ibadan, Oyo State was high.
- v. Quality of services of banks in Ibadan North Local Government Area of Oyo state did not significantly influence customer satisfaction.
- vi. Customer experience was also found not to significantly influence customer satisfaction in Ibadan North Local Government Area of Oyo state.
- vii. Jointly, both customer experience and quality of bank services was found not to significantly influence customer satisfaction in Ibadan North Local Government Area of Oyo state.

## 5.2 Conclusion

**This** study has established that customer experience and quality of banking services will to a large extent bring about customer satisfaction. A situation whereby satisfaction with bank mobile services is low, there is every tendency that customer satisfaction is also low. The study has also proven that when customer satisfaction is high, it could be as a result of high level customer experience and quality of banking services. This study also concludes that service processes by banks in Ibadan North Local government area in Oyo state is very much okay with their customers in that part of Oyo state.

## 5.3 Recommendations

Going by the findings of this study, the following recommendations are hereby given:

- i. The ICT department of banks in Nigeria have got to improve on the user interface of their mobile applications as this will make their customers to be more comfortable using the application.
- ii. Bank operators have got to be responsive real time to their customer queries. This will make them to have faith in the banking sector the more.
- iii. Banking services in general should be improved upon by banking operators in Ibadan North Local government area of Oyo state.
- iv. Banks operating in Oyo state should always give assurances to their customers as regards the fact that their financial problems will always be solved. This will restore much confidence in their customers.
- v. Banking operations in Oyo state should make meeting the queries of their customers their major priority all the time.

#### **5.4 Contributions to Knowledge**

This study has been able to establish the fact that banking mobile services is imperative in driving customer satisfaction. Also, the study has been able to establish the fact that quality of banking services and customer experience will not bring about customer satisfaction especially in a situation whereby the indicators of customer satisfaction (banking services, banking products, banking mobile services) is low.

The findings of the study show the relevance of service quality and customer satisfaction as major areas of Human Capital Management and Office Management and they impacts significantly on the performance and the profitability level of any organisation.

The findings of this study enhanced a better understanding of the concept of service quality, customer experience and customer satisfaction, to both employers and researchers. It revealed the importance of service quality and customer experience in achieving and sustaining the commitment of customers.

The recommendations and the result of the findings will contribute immensely to the knowledge of service quality and customer experience.

#### **5.5 Suggestions for Further Studies**

In expanding the scope of this work, the following researchable topics is hereby suggested.

1. Customer satisfaction with banking mobile applications in Nigeria.
2. Gender differences as an influence on the user interface of banking mobile applications in Nigeria.

3. A qualitative study on quality of banking operations alongside records management practices and information handling of customer records and data in Ibadan, Oyo state, Nigeria.

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## Appendices

### Lead City University

#### Faculty of Communication and Information Sciences (FCIS)

#### Department of Information Management

Dear Respondent,

I am a Master's student of the above named Institution gathering data for the purpose of academic research on the topic ↑Bank Quality Service, Quality Customer Experience and Customer Satisfaction in Commercial Banks, Ibadan North Local Government Area, Ibadan, Oyo State↓. To achieve this, your optimum cooperation is needed; there is no right or wrong answer. All your responses will be kept confidential and used for research purpose alone.

Thank you.

#### Section A: Demographic Information

Gender: Male ( ), Female ( )

Age: 20-25 ( ), 26-30 ( ), 31-35 ( ), 36-40 ( ) 41-45 ( ), 46 and above ( )

Educational level: S. S. C. E. ( ) N. D. ( ) H.N.D. ( ) Bachelor's degree ( ) Master's degree ( ) Ph. D ( ).

How many years have you been operating this bank account? 1 →4 ( ) 5 →10 ( ), 11 →15 ( ), 16-20 ( ), 21-25 ( ), 26-30 ( )

**Section B: Level of Satisfaction of Commercial Bank Customers.**

The statement in this section concerns customer satisfaction as observed by the selected banks. Using the four-point likert scale provided below. Please tick the appropriate choice that indicates how satisfies you are with your bank services. Very low=1, Low=2, High=3, Very High=4

S/N	Items	SA 4	A 3	D 2	SD 1
	<b>Bank Service</b>				
1	The transaction progress in my bank is very much visible				
2	The bank I patronize deliver services as expected				
3	My bank online services is fast and quick				
	<b>Bank Product</b>				
1	The products offered my bank are of much necessity to me.				
2	The products offered by the bank I patronize do make much sense to me.				
3	I don't mind carrying out voluntary campaigns for other people to patronize the products offered by my bank.				
	<b>Bank Mobile Services</b>				
1	I have much confidence in the mobile banking				

	services offered by my bank.				
2	I believe that my bank's data security and mobile banking financial transaction have legal guarantee mechanisms.				
3	I have never encountered any constraints of my bank's mobile app platforms.				
	<b>Perceived Performance</b>				
1	The staff of the bank I patronize do give customers personal attention				
2	I see the staff of the bank I patronize as people who understand the specific needs of their customers.				
3	Customers in the bank I use are given individual attention				

### Section C: Level of Service Quality

The statement in this section concerns customer service as observed in the selected commercial banks. Using the four-point likert scale provided below. Please tick the appropriate choice that indicates your opinion on your bank service Strongly Agree=4, Agree=3, Disagree=2, Strongly disagree=1

S/N	Items	VH 4	H 3	L 2	VL 1
	<b>Reliability</b>				

1	My bank services is time saving.				
2	Banking operation in my bank is flexible.				
3	Banking operations both technical and manual in the bank I use is highly professional.				
	<b>Responsiveness</b>				
1	The systems and network operation of the banks I use is always efficient.				
2	Customer problem handling capacity is top notch.				
3	I will say of full confidence that my bank is the best among all banks in the country due to the way they respond to customer queries.				
	<b>Assurance</b>				
1	I see the staff of the bank I use as really being competent and experienced in their operations.				
2	The way and manner customers of the bank I patronize are handled is really satisfying.				

3	Service people especially the customer service department of my bank do handle issues with sincerity and timeliness.				
	<b>Empathy</b>				
1	There is individual interaction between service front liners of my bank and her customers.				
2	Customer attention is highly personalized by the bank I patronize.				
3	There is always a staff of my bank readily available to attend to customer queries.				

#### **Section D: Level of Customer Experience in your Bank**

The statement in this section concerns the level at which you rate your bank operations as observed. Using the four-point likert scale provided below. Please tick the appropriate choice that indicates your opinion. Strongly Agree=4, Agree=3, Disagree=2, Strongly disagree=1

S/N	Items	SA 4	A 3	D 2	SD 1
	<b>Customer Orientation</b>				

1	As a loyal customer of my bank, my queries are always attended to on time.				
2	The staff of my bank are very much friendly.				
3	The bank branch I use is always neat.				
	<b>Service Process</b>				
1	My bank always releases timely information.				
2	The website of my bank is loaded with relevant information				
3	The banking portal of my bank is very much effective.				

## Biodata

### 2 Personal Data

Name:	AFOLABI, Bukola Mayowa
Address:	45, Alaramimo Street, Oko-Oba Agege, Lagos
E-mail:	<a href="mailto:olamayowaa@gmail.com">olamayowaa@gmail.com</a>
Phone No:	07030674155, 09052678639
Date and Place of Birth:	January 20, 1992/ Agege, Lagos
Nationality:	Nigerian
State of Origin:	Ogun State
Local Government:	Yewa North
Sex:	Female
Marital Status:	Single

### 3 Schools attended with Dates

vi.	Lead City University, Ibadan	2021-2022
vii.	Lead City University, Ibadan	2016-2019
viii.	Federal Polytechnic, Ilaro, Ogun State	2015-2017
ix.	Federal Polytechnic, Ilaro, Ogun State	2012-2014
x.	Brainfield College, Meiran, Lagos State	2007-2010
xi.	Orile Agege Community High School	2004-2006
xii.	First Choice Nursery and Primary School, Agege Lagos	1996-2003

### 4 Academic Qualification with Dates

2.	Result Awaiting University Senate Approval	2022
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- |    |   |      |
|----|---|------|
| 3. | B.Sc. Office and Information Management | 2019 |
| 4. | HND Office Technology and Management    | 2017 |
| 5. | ND Office Technology and Management     | 2014 |
| 6. | Secondary School Certificate (WASSCE)   | 2010 |
| 7. | Junior Secondary School Certificate     | 2006 |
| 8. | Primary School Leaving Certificate      | 2003 |

**Professional Membership**

Member, National Institute of Office Administrators and Information Managers (NIOAIM)

**Working Experience with Dates**

**Transaction Officer,**

Guaranty Trust Bank Plc. Bodija Branch, Ibadan. January 2019 till date.

**National Youth Service Corps (NYSC),**

Ministry of Works and Transport Secretariat, Ibadan, Oyo State, November 2018-October 2019

**Industrial Training,**

Guaranty Trust Bank Plc Ogba I Branch, Ogba, Lagos State 2015-2016

**Secretary and Account Clerk**

Pecox Global Investment Limited, Oniwaya Cement, Lagos State 2010 - 2013

**Administrative Responsibility**

**Vice President,**

National Association of Office and Information Management, Federal Polytechnic

Ilaro

### **Conference/Papers Presented with Dates**

**Jimoh, I. B. & Afolabi, B. M.** Influence of casualization on organisational commitment of commercial banks employees for economic development in Yewa- South local government Ogun State. Journal of management and technology [JORMATECH] Vol. 5(1), December 2019.

**Sofoluwe, T. J. & Afolabi, B. M.** (2020). Effect of transformational and strategic leadership style on employees→task performance. A paper presented at the 2nd International Conference, The Federal Polytechnic, Ilaro, 10th →11th November, 2020.

### **Reference**

This will be provided on Request

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**Signature**

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**Date**

### University Compliance Certification

This is to certify that this Thesis written by **Bukola Mayowa AFOLABI** with Matriculation No. **LCU/PG/002073** in the Department of Information Management of the Faculty of Communication and Information Sciences, Lead City University, Ibadan is in full compliance with the approved University format and style.

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**Signature**

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**Date**

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