

AN INVESTIGATION INTO CUSTOMER
SATISFACTION AT A COMMERCIAL BANK IN
BOTSWANA

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ABSTRACT

Despite continued growth and relatively superior financial performance, the banking industry in Botswana is blighted by the problem of low customer satisfaction. Customer satisfaction has become so pivotal in the banking sector given the proliferation of banks in Botswana that brings with it pressures on banks to be competitive for survival.

The purpose of this research was to examine customer service at First National Bank Botswana (FNBB). This research was designed as a survey and was conducted in Gaborone. All the six FNBB branches in Gaborone were included in the research. All in all, 114 customers participated in the survey of which 52.6% were males and 47.4% were females.

For the purposes of this research a modified version of the servqual questionnaire with 20 items was utilized. All the five dimensions of the servqual model (tangibles, reliability, responsiveness, assurance and empathy) were examined. A Five-point Likert scale was used to measure the customers' expectations and perceptions. A gap analysis was performed to establish the difference between the perceptions and expectations of the customers.

The research established that there is pervasive customer dissatisfaction with the bank's services stemming from a gulf between customer expectations and the customer perceptions of service.

Keywords: Customer satisfaction, Service quality, Measurement, Bank,

Introduction

The Botswana banking sector has registered years of uninterrupted economic growth; that has been characterised by an increase in the number of customers, an increase in the number of banks and also a widening of the product range offered by the banks. Low customer satisfaction, however, is an intractable problem in this. A pilot survey done by the researchers revealed that most of the customers are not satisfied with the services they receive from the banks thereby resulting in low customer satisfaction.

A further review of the Banking Adjudicator's Annual Report (2007/08) [1] showed that customer complaints were still prevalent in most banks. For instance, out of 83 files opened, 35 cases were resolved with total money recovered and refunded to customers amounting to P133, 472.83. Of the complaints received, 20% belonged to *unfair treatment category* in which customers felt that the services they got from the banks were not of satisfactory level while 10% were of *negligence*.

Earlier studies done on customer service in banks also revealed that some of the causes of poor customer service are negligence and transaction errors; long queues in banking halls; unreliable ATMs; long processing time; high cost of banking services; as well as inaccessible management teams (Tswilo[2]; Bareki [3];). The quality of customer service is an on-going concern in the Botswana banking industry.

The specific research objectives were to examine customers' perception and expectations of the quality of services provided by FNBB and to examine factors contributing to low customer satisfaction.

Literature Review

Customer Service

Service, in conventional economics literature, is defined as intangible goods with the focus on *people interacting with people and servicing the customer* (Ifm & IBM [4]; Wolfi [5]). According to Zeithaml, Bitner and Gremler [6], customer service is the service provided in support of a company's core products, which can occur on site or over the phone or via the Internet; while Kotler and Keller [7] defines it as any act or performance that one party can offer to another.

As the definitions posit, the outcome of these services is mostly intangible.

A service can be deemed to consist of the process of the service delivery and the outcome of that

delivery process. Customer satisfaction or dissatisfaction can arise from the process or from the outcome or indeed from both. It is therefore imperative to keep a close eye on both.

Importance of Customer satisfaction

Customer satisfaction should be regarded as central to optimal performance of any bank especially in current and future banking. This is supported by Karjaluo [8] who gives the rationale for the new focus on customers. According to him, increasing competition; co-operation and convergence between banks, insurance companies and telecommunications companies; and changing customer needs; have made it imperative that new strategies to attract and maintain customers become of key importance to managers.

As noted earlier, customer service has a bearing on Customer satisfaction and consequently bank performance. Grönross [9] documents that improving on services could lead to increased customer satisfaction, which in turn results in a number of benefits to the bank. Some of these benefits are retention of clients and increased business. Poor service will contribute to low customer satisfaction with the following disadvantages or negative consequences to the bank: dissatisfied customers seeking alternative banking arrangements or switching. In a study by Colgate and Hedge [10] it was found that, service failure, pricing and denied service were the reasons for switching banks.

Customer Satisfaction

Good customer service according to Amoako [11] will only be defined by the experience of the bank customers. Regardless of what was purchased or what service was rendered customers do post-purchase evaluations. This maybe formal, but in most cases it is an informal process in which the customer evaluates the service that was rendered. This evaluation assesses whether the service lived up to the expectations the customer had before the service was given.

The post-purchase evaluation is very important because it is in this stage when satisfaction or dissatisfaction with a service is arrived at. It will affect whether the customer closes the account or not (Kotler [12]). It may also determine whether the customer is going to give a good report of the bank leading to increased referrals or not.

SERVICE QUALITY AND CUSTOMER EXPECTATIONS

Kotler, Hayes and Bloom [12] define service quality as “the delivery of a superior level of service in relation to client expectations”. A very salient point in this definition is the concept of customer expectations. Before the service is rendered customers come through the doors with

expectations. After the service is rendered the same customers walk out of the doors with perceptions of the extent to which the expectations have been met or exceeded.

The service gap is one approach to measuring customer satisfaction [13]. It measures this gap in various ways: between customer expectations and perceptions; between customer expectations and managers' perceptions of those expectations, and so on. The benefit of this analysis is that it enables companies to understand in more detail the various causes of customer dissatisfaction, and so take appropriate corrective action."

The servqual is one of the most widely accepted models of measuring service quality and the quality gap. The servqual questionnaire was developed by Parasuraman, Zeithaml and Berry [13] as an instrument to aid with the measurement of service quality. This instrument is based on the five dimensions of service quality that were developed by the same authors. These five dimensions are reliability, responsiveness, assurance, empathy and tangibles. The current study employed an abridged version of the SERVQUAL questionnaire. In section one there were two questions to cover each dimension. These questions were designed to measure customers' expectations of FNBB services. The customers were requested to indicate the degree to which they agreed or disagreed with given statements on customer expectations on a Likert scale. Section two contained ten questions. There were two questions for each dimension. These questions were designed to measure customers' perceptions of the service they get from FNBB. The respondents were asked to indicate the degree to which they agreed or disagreed with certain statements designed to elicit information on customer perceptions.

Target Population

The target population for this study was the retail customers of the FNBB bank in Gaborone, Botswana. It is estimated that the bank has at least 250 000 customers in Gaborone. However, because of time and resource constraints this study focused on FNBB customers in Gaborone only. A representative sample of 120 was used in this study. The sampling method was a combination of stratified sampling and systematic sampling. Questionnaires were distributed to the bank's customers as they waited for service in the queues in the banking halls and at the automated teller machines. In this study the random start was the customer at the end of the

queue of the targeted age group and the skip interval was five, which means every fifth customer of the desired age group in the queue starting from the back was included in the sample. However, there were few customers below the age of twenty and above the age of fifty. For these age groups the researcher modified the approach and included all customers that were identified.

Data Analysis

Data analysis was carried out at various levels. The first stage involved analysing the questionnaire item by item beginning with the first section of the questionnaire. For analysis purposes the responses were scored as follows:

Strongly Agree	5
Agree	4
Neither Agree nor Disagree	3
Disagree	2
Strongly Disagree	1

The aggregate score for each dimension was calculated as the sum of the scores from the different respondents on that dimension. Higher aggregate scores were indicative of higher expectations. A similar analytical approach was adopted for the second section of the questionnaire. The mean score for each service dimension was calculated. The dimension with the least score is the dimension, which customers perceived to have the least customer satisfaction.

The second level of analysis involved calculation of service gaps. The Expectations score (E) was subtracted from the perception score (P) for each pair of corresponding questions. The dimension with the biggest P-E score is the dimension with the worst customer satisfaction.

Results and Discussions

A total of 120 questionnaires were distributed, of these 114 usable questionnaires were returned. This translates to a 95% return rate, which is acceptable for this study. Of these 52.6% were from males and 47.4% from females. 87.7% of the respondents were between the age of 21 and 50 years. This is hardly surprising since the majority of the working population in Botswana falls into this age category.

Tangibles.

An overwhelming majority of the respondents agree that the physical facilities of the banks

should be visually appealing. This is in keeping with Kotler [12] assertion that customers tend to look for cues on the quality of services to be offered from tangible things such as buildings, equipment and personnel. The mean score of 4.56 indicates that the FNBB customers are strongly in favour of visually appealing physical facilities

Regarding the neatness of employees the majority of the customers; 99.2%, agree or strongly agree that the employees of excellent banks should be neat in appearance. A mean score of 4.62 confirms the same fact. This finding is consistent with Laabs [14] who reported anecdotal evidence to the effect that casual business dress created the perception of lower service quality thus implying that customers expected employees of excellent banks to dress neatly and in business attires. The mean score for males was 4.55 while that for females was 4.7 showing that females placed more importance on dressing than males. This confirms the findings reported by Shao, Baker and Wagner [15] who asserted that “the effect of appropriateness of dress on expectations of service quality was stronger for females than for males.”

Reliability

A total of 88.57% agree or strongly agree that employees at excellent banks should provide service right the first time. Only 3.51% disagrees. Performing service right the first time means that errors are minimized, which in turn means the reliability, security and credibility of transactions is guaranteed. This is in keeping with business and economics literature. For example Sobel [16] argues that credibility and reliability are established through consistent and accurate actions which are important to bank customers.

Responsiveness

A total of 93.7% of the customers indicated that they either agreed or strongly agreed with the statement, showing that they expect that the bank employees will always give prompt service to their customers. This is consistent with the findings of Avkiran [17] that, “willingness to provide prompt service is important to bank customers.”

A total of 92.98% of the customers expect the employees of the excellent banks to be always willing to assist their clients. A minute 1.75% disagrees with this. This is consonant with the findings of Avkiran [17] that, “willingness to help is important to bank customers.” There were no significant differences between the scores along the gender dimension (p value=0.798).

Willingness to help customers and delivery of prompt service are the key ingredients of

responsiveness. This study shows that these elements of responsiveness are highly valued by FNBB customers. These findings are in keeping with the findings of Yavas [18] and Ruskin [19] who reported that responsiveness is closely linked to customer satisfaction with a bank and their continued patronage of that bank.

Assurance

A total of 93.8% of the customers expect the customers in excellent banks to be made to feel safe in their transactions. This indicates that the majority of customers place great importance in the security of their transactions.

According to Schneider, White and Paul [20] teller competence is a reflection of teller knowledge and training, and is a distinguishable fact of bank service which is important to customers. The high percentage of respondents who felt that bank employees should have knowledge to answer customers' questions validates Scheinder's [20] statement.

Empathy

The overwhelming majority of respondents, 87.7%, expect excellent banks to give customers individual attention. The second item in this dimension read, "The employees of excellent banks will understand the specific needs of their customers." A total of 92.97% of the respondents were in agreement with the statement.

Analysis of the two items of the Empathy dimension show that the majority of FNBB customers expect the bank to understand their specific needs as well as to give them individualized attention. These high expectations are consistent with other studies, for example Razak, Chong and Lin [22], which show an increased tendency of customers to have high expectations of their banks.

The provision of individualized service and the understanding of specific needs is best met when there is direct contact of a face to face nature between the bank employees and the customers. However, according to Combs and Bourne [21] "There is an emerging trend among banks to discourage retail customers to use live teller services. Instead, customers are encouraged to use cost effective automatic teller machines by imposing fees for contact between customer and teller." The high expectations of the customers on the Empathy dimension show that short term efficiency gains from use of automated teller machines have a detrimental effect on long term customer satisfaction.

Customers' Perceptions of FNBB service In the Tangibles Dimension.

A total of 107 respondents, representing 93.8% agreed or strongly agreed that the FNBB facilities are visually appealing. According to Sureshchandar, Rajendran and Anantharaman [23] tangibles are a service factor critical from the customers' point of view. At first glance it seems that FNBB is doing well in this dimension. However, it should be borne in mind that 98.2% of the respondents had indicated that they expect excellent banks to have visually appealing physical facilities. It is clear that there is a gap between the expectations and the perceptions.

A total of 88.6% agree that FNBB employees are always neat in their appearance. The mean score for males was 4.23 and that for females was 4.18. Statistically these were not significantly different when using the t test measured. The p value was 0.719. There were also no statistically significant differences between the scores of the various age groups.

Customers' Perceptions of FNBB service in the Reliability Dimension

The total number of respondents agreeing or strongly agreeing with the statement was 57.45%. A total of 19.26% did not believe that FNBB performs service right the first time. This is in keeping with the findings of Allred and Addams [24] who reported that inaccurate record keeping, multiple mistakes and failure to take responsibility were among the main causes of account closures by bank customers. In an American sample, Barret [25] reported that up to a quarter of bank customers reported mistakes on their current accounts.

A total of 50.7% of the customers believes that FNBB provides service at the time it promises. However 21.93% of the customers disagree with this view. This is not an insignificant proportion. Ability to render service at the promised time depends to some extent on the availability of staff. Allred and Addams [24] reported that banks often suffer due to staff shortages, as a result of which they may not always give service at the time promised.

Customers' Perceptions of FNBB service in the Responsiveness Dimension.

The proportion of customers agreeing or strongly agreeing that employees of FNBB give them prompt service was 69.29% whereas 12.28% disagreed. The ability to give customers prompt service is severely curtailed by staff shortage as well as skills shortage, both of which according to Allred and Addams [24] are common in banks. The findings in this study are in keeping with that observation.

A total of 77.1% of the customers perceive that employees at FNBB are always willing to help them while 6.14% disagree.

Customers' Perceptions of FNBB service in the Assurance Dimension.

83.33% of the customers feel safe in their transactions with FNBB while 4.38% do not feel safe indicating that security is a concern to them.

64.9% either agree or strongly agree that employees in FNBB have knowledge to answer their questions. 5.26% feel that FNBB employees do not have the knowledge to answer their questions. This finding is in keeping with Allred and Addams [24] who reported that competence and knowledge were lacking in bank employees. This was attributed to the high turn-over of bank tellers, which resulted in banks constantly hiring new front line staffs that were not always knowledgeable enough to address the specific questions of customers.

Customers' Perceptions of FNBB service on the Empathy Dimension

A total of 67.5% either agree or strongly agree that FNBB gives them individual attention, while 14.9% disagree. A total of 65.78% either agree or strongly agree that employees of FNBB understand their specific needs while a total of 14.02% either strongly disagree or just disagree. These findings are in keeping with Allred and Addams [24] who asserts that turnover among frontline employees in banks is often high with the net effect being that employees do not stay long enough to understand and master the customers' specific needs.

Gap Analysis

The gap between expectations and perceptions of customer service shows a negative gap between the perceptions and the expectations in which expectations invariably exceed the perceptions of service quality. The pervasive negative expectancy disconfirmation on all service dimensions in keeping with the findings of Razak, Chong and Lin [22] who reported similar findings in a study on Malaysian banks. The dimension showing the least gap is tangibles. This was in keeping with the findings of Parasuraman, Zeithaml, and Berry [13] that the attributes of tangibles tends to be the least important in the view of customers and therefore tends to show the least gap. On the performance perception the least score was for the reliability dimension with a mean of 3.43. This shows that the customers are concerned about the reliability of FNBB more than all other issues.

Conclusions

On all the dimensions and on all the items the mean expectation scores were above 4.1 indicating that the customers tended to express high expectations on every item. FNBB is therefore operating in an environment characterised by very high customer expectations of quality service. Although the perceptions about the service that is being offered by FNBB were positive in every dimension, on all dimensions there were negative gaps between perceptions and expectations. Two conclusions can be made from this. The first conclusion is that FNBB is offering good service. If this were not the case, the perceptions would have been negative. The second conclusion is that although the service is good, the customers believe that it is not good enough. If the service was good enough there would be no gap between the expectations and the perceptions. It can therefore, be surmised that the problem lies with customer centricity. The bank should focus on not just providing a good service, but a service that is in sync with customer needs and expectations.

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