

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY, KUMASI
SCHOOL OF BUSINESS

KNUST

**SERVICE QUALITY, CUSTOMER SATISFACTION AND CUSTOMER LOYALTY IN
THE COMMERCIAL BANKING INDUSTRY: A CASE STUDY OF SELECTED BANKS
IN ASHANTI REGION OF GHANA**

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DECLARATION

CANDIDATE’S DECLARATION

I, PERPETUAL AMA OFORIWAA, hereby declare that this thesis is the result of my own effort and that no part of it has been presented for another certificate in the University or elsewhere

CANDIDATE SIGNATURE DATE.....

SUPERVISOR’S DECLARATION

I hereby declare that, the preparation and presentation of this thesis was supervised in accordance with the guidelines on supervision of the thesis laid down by the Kwame Nkrumah University of Science and Technology

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DEDICATION

I dedicate this thesis to God Almighty for giving me strength, courage and knowledge for the thesis. I also dedicate this work to my lovely parents, Mr. and Mrs. Ofori.

KNUST



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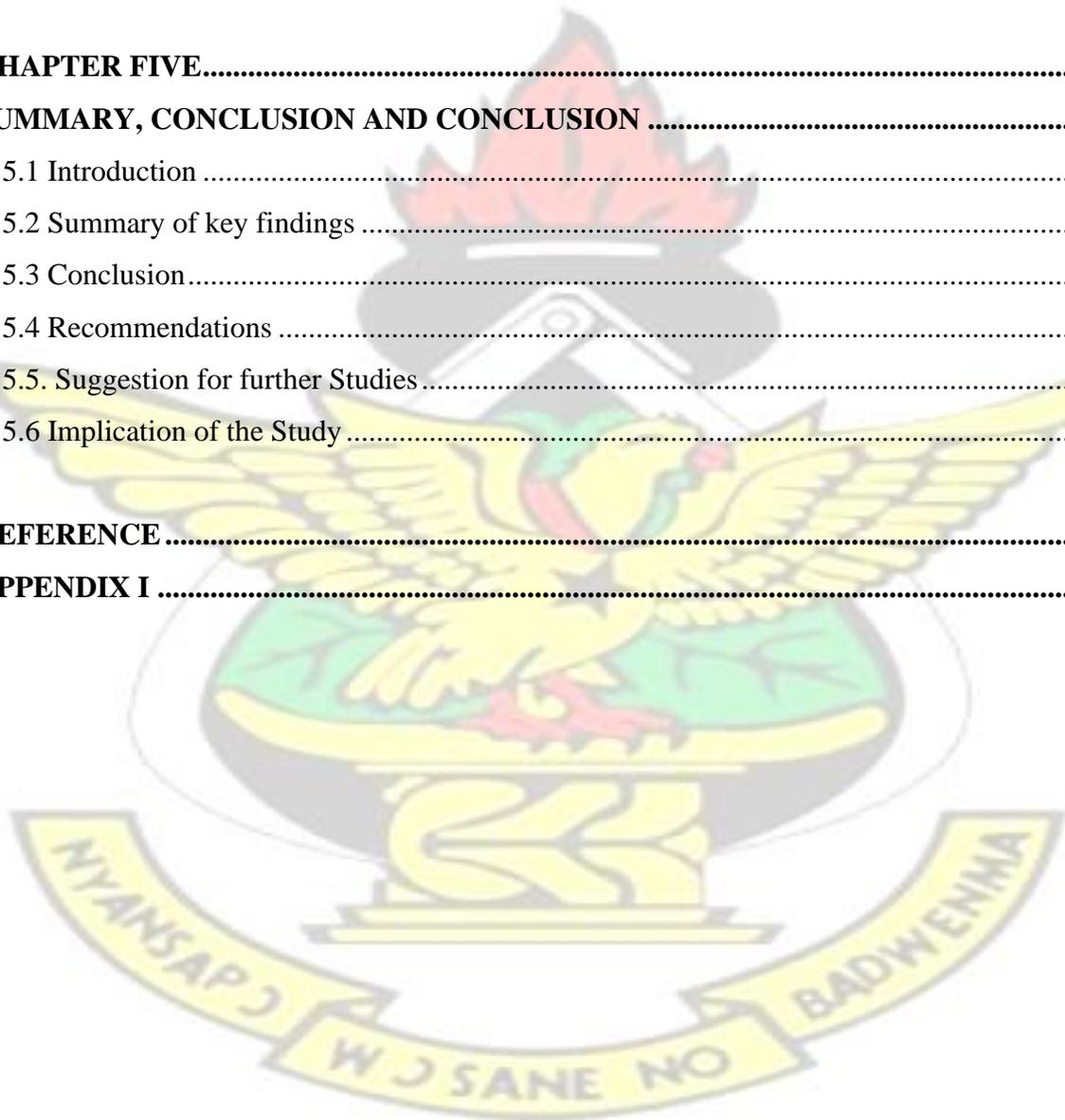
TABLE OF CONTENT

DECLARATION	ii
DEDICATION	iii
ACKNOWLEDGEMENT	iv
TABLE OF CONTENT	v
LIST OF TABLES	ix
LIST OF FIGURES	x
ABSTRACT	xi
CHAPTER ONE	1
INTRODUCTION	1
1.1 Background of the Study	1
1.2 Statement of the Problem	3
1.3 Objectives of the Study	4
1.3. 1 Specific objectives.....	4
1.4 Research questions	5
1.5 Significance of the Study.	5
1.6 Scope of the study	6
1.7 Summary methodology	6
1.8 Limitations of the Study	6
1.8 Organization of the study	7
CHAPTER TWO	8
LITERATURE REVIEW	8
2.1 Introduction	8
2.2 Theoretical framework	8
2.2.1 Reciprocity Theory.....	8
2.2.2. Self-Determination Theory (SDT)	10
2.2.3. Expectation-Confirmation Theory (ECT)	11
2.2.4 The theory of attitude	12
2.2.5 Behavior Theory.....	13

2.3 Overview of the Ghanaian banking industry.....	14
2.4 Concept for Services	15
2.5 Quality of service concept.....	16
2.5.1 Banking service quality.....	17
2.6 Service quality metrics.....	19
2.6.1 Reliability	21
2.6.2 Realisticism/Existence.....	21
2.6.3 Assurance/Conviction	23
2.6.4 Responsiveness/Reactivity	25
2.6.5 Empathy.....	26
2.7 Customer satisfaction	27
2.8 Things that make it difficult to satisfy customers.....	30
2.8.1 Price equity	31
2.8.2 Excellent value.....	32
2.8.3 Recovering services.....	33
2.8.4 Brand perception.....	34
2.8.5 Worker satisfaction.....	35
2.8.6 Employee customer-focused behaviour.....	36
2.9 How customer loyalty is impacted by service quality.....	37
2.9.1 Client loyalty	38
2.9.2 The link between excellent customer service and repeat business.....	40
2.9.3 Customer satisfaction and service quality.....	41
2.10 Empirical review.....	44
2.10.1 Trustworthiness, client happiness, and loyalty.....	45
2.10.2 Response time, customer happiness, and loyalty.....	46
2.10.3 Confidence, customer delight, and loyalty.....	47
2.10.4 Compassion and client satisfaction	48
2.10.5 Tangible assets and client satisfaction.....	49
2.11 Research Hypothesis.....	50
2.12. Conceptual framework	50

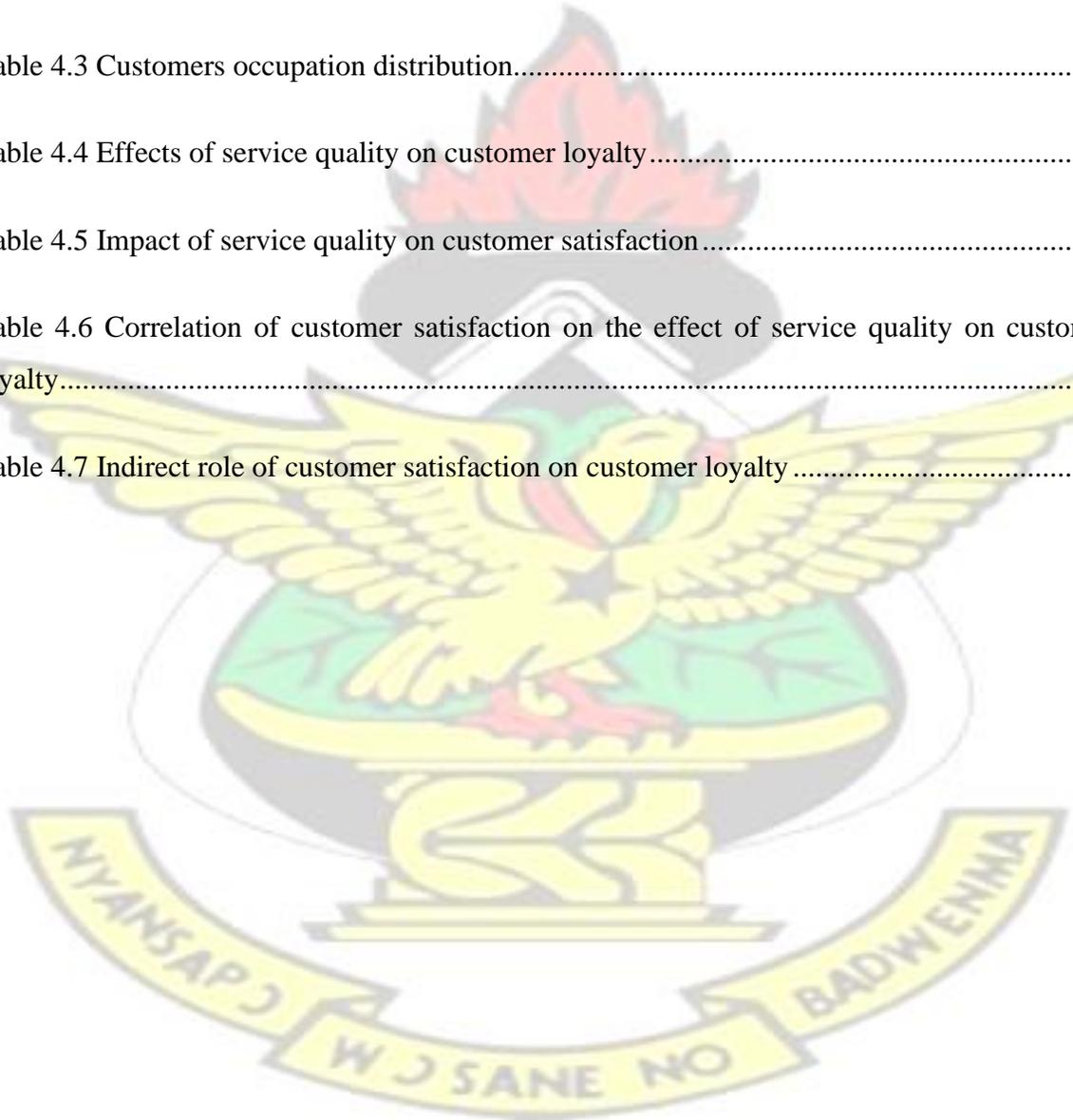
CHAPTER THREE	52
RESEARCH METHODOLOGY	52
3.1 Introduction	52
3.2 Study Design	52
3.2.1 Research approach.....	53
3.3 Study population.....	53
3.4 Sampling frame	54
3.4.1 Sampling techniques.....	55
3.4.2 Sample size.....	56
3.5 Data sources	58
3.5.1 Primary Data Sources	59
3.5.2 Secondary Data Source	59
3.6 Data Collection Tools.....	59
3.6.1 Questionnaire protocol	60
3.7 Validity and Reliability	61
3.7.1 Validity of Content.....	61
3.7.2 Face validity	62
3.7.3 Reliability	62
3.8 Data analysis.....	62
3.9 Ethical considerations.....	63
CHAPTER FOUR.....	64
PRESENTATION OF RESULTS AND DISCUSSION	64
4.1 Introduction	64
4.2 Demographic information of respondents	64
4.2.1 Gender	64
4.2.2 Respondents age range	65
4.2.3 Educational level of respondents.....	65
4.2.4 Occupation of respondents	66
4.2.5 Number of times visiting bank	66

4.3 Effect of service quality on the loyalty of the bank customer	67
4.3.1 Discussion on effect of service quality on the loyalty of the bank customer	71
4.4 Impact of service quality on customer satisfaction	72
4.4.1 Discussion on impact of service quality on customer satisfaction	77
4.5 Customer satisfaction on the effect of service quality on customer loyalty	77
4.5.1 Discussion on customer satisfaction on the effect of service quality on customer loyalty	80
CHAPTER FIVE.....	82
SUMMARY, CONCLUSION AND CONCLUSION	82
5.1 Introduction	82
5.2 Summary of key findings	82
5.3 Conclusion.....	83
5.4 Recommendations	84
5.5. Suggestion for further Studies.....	85
5.6 Implication of the Study	85
REFERENCE.....	87
APPENDIX I	94



LIST OF TABLES

Table 3.1 Distribution of targeted population	54
Table 3.2 Summary of the Population and Sample Size	58
Table 4.1 Age distribution of respondents	65
Table 4.2 Gender distribution of respondents	65
Table 4.3 Customers occupation distribution.....	66
Table 4.4 Effects of service quality on customer loyalty	68
Table 4.5 Impact of service quality on customer satisfaction	73
Table 4.6 Correlation of customer satisfaction on the effect of service quality on customer loyalty.....	80
Table 4.7 Indirect role of customer satisfaction on customer loyalty	81



LIST OF FIGURES

Figure 1. Research Conceptual Framework.....	51
Figure 4.1: Gender distribution of respondents	64
Figure 4.2: Number of times visiting bank	67



ABSTRACT

The world has become a global village as competition among banks is now intense. Globalization is fueling increased competition in Ghana banking industry and as a result, banks are challenged to adopt customer centred strategies that would enable them to gain customer loyalty. The aim of the study was to examine the indirect role of customer satisfaction on the impact of service quality on customer loyalty in the Ghanaian Commercial Banking sector in the Ashanti Region. The study specifically sought to examine the effect of service quality on the loyalty of the bank customer, assess the impact of service quality on customer satisfaction in the banking industry and analyse the indirect role of customer satisfaction on the effect of service quality on customer loyalty in the banking sector. The study adopted a descriptive study design with quantitative approach. The study employed simple random sampling to select customers and purposive sampling for the management members. The study utilised a sample of 169 respondents and analysed the findings using mean and standard deviation. The findings of the study revealed that majority 56.0% of the respondents agreed to the items that measured the effect of service quality on the loyalty of the bank customer, tangibility and empathy had the highest mean (3.9 and 3.7) which depicted statistically significant effect of service dimensions on customer satisfaction, the findings of the study further revealed overall mean score and standard deviation (3.4 and 1.0) of the items which analysed the indirect role of customer satisfaction on the effect of service quality on customer loyalty in the banking sector. The study concluded that banks be giving prompt service, always ready and willing to help customers, and never too busy to respond to customer request. The study recommends bank managers should also follow up the actions of bank employees for their ability to give attention to individual customers and willingness to help them.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Service quality has grown in significance in today's highly competitive global business environment. In the banking industry, in particular, the profitability levels of banks in the banking industry today, due to heightened competition and contracting spreads, have fallen (Girma, 2017:2). On the basis of. According to Saravanakumar and Jayakrishnan (2014:87), services are how banks make money a rate return in the tightly controlled market. Essentially, consumers make decisions, choosing banks based on their requirements and preferences (Saravanakumar et al., 2014:87). The banks must achieve orderly good service quality to boost profitability and keep customers offering of a service. Among the most powerful is quality a way to increase profit and forge a competitive position effectiveness (Saravanakumar et al., 2014:88).

As Consumers all over the world have evolved, as noted by Lien, Wu, Chen, and Wang (2014:399) higher standard fully awake and consequently, there has been an increase in customer demand for services of higher quality. Service sectors like banks are required to give their customers excellent service in with a view to sustainably advantageous position in the market (Lien et al., 2014:399). Despite its significance of the level of service because of this, businesses find it challenging to measure the quality of their services the distinguishable characteristic services are perishable, inseparable, heterogeneous, and intangible (Lien et al., 2014:340). As companies work to improve, service quality is a crucial issue in the service sectors maintain (Murugiah and Akgam, 2015:674). This gives them an advantage over rival companies in the market its caliber a service's quality has a positive impact on a customer's

level of satisfaction, so it is essential. Customer contentment is important (Kaura, Datta, & Vyas, 2012:65).

Higher levels of customer satisfaction can be attributed to quality service, which has a direct impact on performance maintaining customer confidence, which is crucial for competitiveness, is a function of customer satisfaction. in their favour (Girma, 2017:3). Customer satisfaction and service quality. on have a positive relationship; Understanding and exceeding customer expectations through superior service sets one apart. the company's services from those of rivals (Girma, 2017:3). Customer satisfaction entails total satisfaction of the demands that consumers have for goods and services, one of the major factors influencing client loyalty is service quality (Kaura et al., 2012:66). According to Al-Maamari and Abdulrab (2017:25), there is widespread belief that customer service will increase client loyalty in the business, a company that provides an excellent service, claim customer experience will have a much higher probability of producing more devoted customers.

Ghana's banking industry provides a wide range of goods and services and is crucial. in the economy of Ghana. In the context of banking, service quality is particularly critical. as it guarantees high levels of customer satisfaction. Consequently, it becomes the key to. superiority in a given market (Al-Maamari et al., 2017:26). Consumers have a propensity to make, which is why comparisons between the services they anticipate and how they perceive the services they actually receive (Ackah, Kwabena, and Kodua, 2013:5). Therefore, regarding, it is essential that banks put quality first customer retention in the banking industry has received; service as their main competitive strategy highest level of recognition (Ackah et al., 2013:5). Given the current state of banking services offered. whether customers are affected by

commercial banks and the emergence of other banks is a question. whether they are satisfied or not, and which aspects of banking make them feel satisfied or unsatisfied (Girma, 2017:3).

1.2 Statement of the Problem

As a means of ensuring organizational sustainability, customer service quality has emerged as a topic of great importance in a variety of industries, and banks are not exempt from this situation (Ackah et al., 2013:5). One of the key drivers of customer loyalty is service quality (Girma, 2017:5), which is also seen as a necessary condition for attracting and keeping loyal customers as well as a driver of long-term competitive advantage. According to a study by Atingah, Yanga, and Adanse (2018), customer satisfaction aids in customer retention, which boosts revenue, market share, and return on investment. Due to Ghana's rich cultural heritage and alluring services, the banking industry there is thriving. But given the fierce competition in the market, the banking sector must incorporate customer satisfaction and service quality as a strategic marketing tool to compel consumers to remain loyal.

Services are visible to the customer in a business where providing excellent customer service is the main focus given the high level of employee-customer interaction in the banking sector, it makes sense that these services would have a significant impact on customer satisfaction (Al-Maamari et al., 2017:27). Customers are now more concerned about the quality of the services offered, and banks are vying for positions that maximize customer satisfaction and loyalty. Due to the large number of customers, they have in Ghana, financial institutions are now working to satisfy and retain customers over the long term in order to remain competitive. Because the majority of customers are dissatisfied with the services they receive from banks' customer service centers, the banking industry has a lot of issues with customer loyalty (Atingah et al.,

2018:39). The current situation necessitates an evaluation of the connection between service quality, customer loyalty, and satisfaction in order to assist the banking sector in improving both in order to benefit from engaging in these activities.

In recent times, there has been more customer complaint about poor service quality of the bank, however, as far as the researchers know, no empirical study has been conducted to explore the dimensions of service quality for which customer are satisfied or dissatisfied with in Ghanaian banking sector in the Ashanti region. There are a number of researches that investigate the relationship between service quality and customer loyalty in different industries across the globe, there is not that much of importance given to the researches on customer loyalty in Ghanaian banks particularly in the Ashanti Region. Since there were few studies found in testing the relationship between the constructs service quality and customer loyalty, still there is a need to fill the empirical gap. The current study focuses on indirect role of customer satisfaction on the impact of service quality on customer loyalty in the Ghanaian Commercial Banking sector

1.3 Objectives of the Study

The study's main goal was to investigate the indirect relationship between customer satisfaction and the effects of service quality on customer loyalty in the Ghanaian commercial banking industry, using a few specific banks in the Ashanti region as a case study area.

1.3. 1 Specific objectives

The study's particular goals are as follows;

- i. to research how customer loyalty to banks is affected by service quality.
- ii. Analyze how customer satisfaction in the banking sector is affected by service quality.

iii. examining the indirect impact of customer satisfaction on the relationship between service quality and customer loyalty in the banking industry.

1.4 Research questions

- i. What impact does service quality have on a bank customer's commitment to the institution?
- ii. What effect does service quality have on client satisfaction in the banking sector?
- iii. Does customer loyalty and service quality in the banking industry suffer as a result of the indirect role that customer satisfaction plays?

1.5 Significance of the Study.

The Ghanaian banking sector will greatly benefit from this work because it will shed light on the various service quality dimensions banks must meet to win over patronage. The study's conclusions will aid banks in creating and putting into action service quality improvement programs that work. This will unavoidably draw attention to the aspect of service quality that banking sector customers value most as well as the likelihood that they will switch banks. The results of this study will give banks an empirical understanding of what clients anticipate from banks in terms of service quality as well as an evaluation of the level of service rendered by clients.

Additionally, it will give empirical data on how customers perceive service quality to vary depending on their backgrounds. In order to design a workable strategy to improve service delivery to create and deliver customer value, achieve customer satisfaction and loyalty, build long-term mutually beneficial relationships with customers, and achieve sustainable growth in banking, this study offers empirical support for strategic management decisions in several key

areas of their work. In the end, the study's conclusions will help the entire banking sector in Ghana better understand and clarify customer expectations and perceptions of service quality.

1.6 Scope of the study

This study aims to investigate how customer loyalty is affected by service quality in the banking sector in Ghana's Ashanti region. The management, personnel, and clients of a few Commercial Bank Limited locations in the Kumasi Metropolitan Area will be the subject of the study. In conclusion, respondents will be chosen from the management, staff, and customers of different branches located throughout the city of Kumasi.

1.7 Summary methodology

The study adopted a descriptive study design with quantitative approach. In order to obtain deeper understanding in the present study, a non-probability sampling procedure was adopted, thus, purposive, convenience and simple random sampling to select managers, staffs and customers for the study. The study utilised a sample size of 169. Questionnaire was used as the main instrument to collect data. The collected data was analysed using SPSS tools which included mean, standard deviation, correlation and regression on distribution tables.

1.8 Limitations of the Study

Constraints on time and resources were the main drawbacks of this study. This is because the study was unsponsored and the student researchers were under pressure to submit the study report by a specific deadline. Additionally, the study's ability to be generalized is increased by the fact that it was limited to three banks. Other restrictions included some customers who declined to take part in the survey and some who failed to complete and return the distributed

questionnaires on time. Because not all bank customers in Ghana were included, the study's scope was constrained. This is because getting information from the respondents was the biggest problem because they weren't eager to answer the questions on the survey. The information gathered from the respondents was also presented in the form of perceptual measurements (Likert Scale).

1.8 Organization of the study

Each chapter will concentrate on a different aspect of the study, with the study being divided into five main chapters. The first chapter focuses on the context of the study, problem statement, study objectives, research questions, hypothesis, significance of the study, limitation, and study design. The theoretical, conceptual, and empirical literature that is pertinent to the study is reviewed in the second chapter. The study design, population, sample, and sampling techniques, research instrument, data collection methods, data analysis, and ethical considerations are all covered in chapter three. The discussion and analysis of the study's findings based on the empirical review are covered in chapter four. The study's results are summarized in the final chapter, which also looks at the best course of action by drawing conclusions from the major findings.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews the literature that is pertinent to the study's subject. Additionally, it illustrates the theoretical framework, a summary of the Ghanaian banking industry, and the idea of service quality. The research objectives, conceptual framework, empirical analysis, and connection between service quality and customer loyalty are the main topics of the literature review.

2.2 Theoretical framework

Bank products are immaterial, and a customer's loyalty to a bank's brand is a customer's loyalty to the products the bank offers. According to Lin, Li, and Chen (2018), customer loyalty also refers to a customer's promise to repurchase a service product they are interested in. To achieve loyalty, it is crucial to recognize the pre-existing variables and mediate them, allowing management strategies to boost loyalty to be successful (Lin et al., 2018). Despite the fact that customer loyalty has become a hot topic in academia, there is still no consensus on what it exactly means because the term originates from marketing practice. So, the following theories serve as the study's foundation.

2.2.1 Reciprocity Theory

Why people behave and act differently from others is explained by the reciprocity theory (Pringviriya, 2015). In this theory, there are two different categories. Reciprocity on an emotional level comes first, followed by material reciprocity. By saying nice things like "thank you," "it's my pleasure," "it was a pleasure working with you," or "I really appreciated what

you did for me," people can feel good and appreciated, which is what emotional reciprocity is more about. Positive reciprocity is anything you did or said that made them feel better (Wicks & Roethlein, 2019). Financial or material support is preferred for actions toward people; it will be expressed through deeds rather than words (Pringviriya, 2015). When people receive something good or bad they naturally want to give it or take it back. This illustrates how the reciprocity theory is put to use in real life (Awuor, 2014). The first thing in a business is the relationship between the seller and the customer; reciprocity theory can also be applied to marketing (Awuor, 2014).

Both the seller and the buyer will benefit from a solid, long-lasting relationship with the buyer. Reciprocity theory can be applied to marketing because it will boost sales. According to Hidayat, Akhmad, and Machmud (2015), the seller will gain the buyer's trust if he continues to offer good services and maintain a positive relationship with him. According to the inter-marketing theory, if a seller provides their customers with good things, they will be rewarded with their satisfaction and loyalty (Hidayat et al., 2015). According to Bostanji (2016), it's a big plus to make sure that every action you take not only influences your target customers but also enables them to positively reciprocate; the sales organization can only make sales if it wins over the hearts of customers. In order to receive a favourable response, the theory states that the industry should be the one to make the first act of kindness. Positive actions may boost market growth and share (Bostanji, 2016). In accordance with Hidayat et al., (2015), a company should not only treat its customers well but also its employees. Satisfied workers will be more productive and, ultimately, provide better customer service.

Bostanji (2016) proposed that the reciprocity principle be used internally within the organization. Competition in the market was fierce for the current business. The company needs to investigate and transform its marketing strategy into a market-driven one (Hidayat et al., 2015). Profit can result from setting the company apart from competitors. Businesses must gain their customers' trust and maintain their satisfaction with their goods and services in order to be profitable (Caruana, 2016). Customers are more likely to return to you in the future and choose your goods and services over those of competitors the longer they are happy with you. As stated by Hidayat et al., (2015) customer retention is another step in upholding loyalty.

2.2.2. Self-Determination Theory (SDT)

The theory of self-determination is based on customer satisfaction, motivation, and future behaviour (and, consequently, loyalty) (Selnes, 2013). According to Selin, Howard, Udd, and Cable (2014), SDT has been widely used to study consumer perceptions of educational services. However, its application to comprehending how customers perceive other commercial services is still insufficient and merits more focus (Selnes, 2013). The four constructs intrinsic regulation, intervening regulation, and extrinsic regulation as they are influenced by satisfaction, produce a favourable impact on loyalty (Selin et al., 20014). SDT is an organic and dialectical motivational framework that assumes people seek out new experiences by using their abilities and connections (Hidayat et al., 2015).

SDT maintains that people are motivated to pursue various goals while receiving the service (Selnes, 2013) by taking into account the individual as a being with a purpose. The following is a succinct summary of Selnes' (2013) four self-motivational dimensions. i. The term "intrinsic regulation" describes a customer's decision to use a service for the enjoyment and interest they

can obtain solely from using it. A regulation is accepted as one's own when it is identified, which is a relatively autonomous regulatory style. A customer is more likely to be able to utilize a service if they see it as being instrumental in achieving a personal goal. iii. Verbal regulation is a type of extrinsic motivation that is characterized by the internalization of external rules by the individual. When customers use a service out of self-guilt or lack of confidence, rather than because they want to, this is an example of an inserted regulation. iv. External regulation is defined as actions directed against people by external forces, such as rewards, threats of punishment, etc.

2.2.3. Expectation-Confirmation Theory (ECT)

According to Tseng, Wang, and Yen (2014), the theory of validating expectations (ECT) is frequently used to investigate customer satisfaction, repeat business (or loyalty), and their precursors. By comprehending the direct impact of satisfaction, ECT alone may be used to predict customer loyalty (Hidayat et al., 2015). Evaluations of a company are frequently based on both the expectations that existed prior to the service being found and the service performance that was perceived after, especially for customers in the service industry. The service should be met with the organization's stakeholders (Tseng et al., 2014). Therefore, being aware of how service confirmation and satisfaction are affected over time by these two factors service expectations and perceived service performance and how they might contribute to fostering, sustaining, and enhancing loyalty (Tseng et al., 2014).

Consequently, ECT is an anticipatory capability to consider a variety of service and product purchase contexts (Hidayat et al., 2015). In ECT, service satisfaction is influenced by service expectation and perceived service performance, whereas service approval is influenced by both

(Hidayat et al., 2015). Expectation is defined as "the extent of what customers predict (will occur) about the occurrence of a service and what customers believe about the capability of the service provider (Tortoriello, 2015). According to the expectation validation model, the gap between service expectations and actual performance is what determines a customer's level of satisfaction with a product or service (Tortoriello, 2015). The direct impact of expectations on post-service satisfaction is significant in ECT because expectations represent the sum of individual beliefs or beliefs about the levels of service characteristics, which are frequently a significant source for generating post-service customer satisfaction or preference (Hidayat et al., 2015). According to ECT theory, service expectations play a significant role in determining service satisfaction because they serve as clients' starting point when making evaluations of the focal service (Tseng et al., 2014). Customer satisfaction is more likely to increase when base expectations are high than when they are low.

2.2.4 The theory of attitude

Customers who consistently display a preferred brand are said to exhibit behavioural loyalty (Tseng et al., 2014). Tortoriello (2015) defined attitude loyalty as the encouragement of customers to recommend their brand-loyal goods and services to their family and friends, the intention of customers to keep using such goods and services for a long time, the willingness of customers to pay a higher price for such goods and services, etc. As a result, the cognitive, affective, and conative stages of the process of loyalty formation all fall under the umbrella of attitudinal loyalty, according to Tortoriello (2015). Customers enter the cognitive stage when they look for information about a product or service from various sources (Tortoriello, 2015).

Customers are encouraged to compare the current product or as a result of cognitive loyalty. service, such as appearance, character, attributes, psychological factors, etc. , along with additional options (Tseng et al. , 2014). The affective stage results from a customer's emotional satisfaction and positive attitude toward a good or service (Tseng et al., 2014). Due to the fact that vertical loyalty focuses on the psychological traits of customers, it is thought that this emotion is essential for the formation of vertical loyalty (Tseng et al., 2014). In the conative stage, the client reaffirms their resolve to take action in order to realize their objectives (Tortoriello, 2015). To put it another way, consumers are strongly motivated to buy a particular good or service (Tortoriello, 2015). Because it combines the coexistence phase of vertical loyalty and the action phase of behavioural loyalty, this stage can be thought of as being higher level than the previous two (Tortoriello, 2015).

2.2.5 Behavior Theory

Han and Ryu (2017) proposed that the final stage of building trust the stage of action includes behavioural trust. During this stage, customers act independently to obtain the goods or services they desire, or they frequently put a strong emphasis on their behavioural attitudes. However, Tortoriello (2015) argued that most behavioural perspectives measure brand loyalty from consumers' repeat purchase behaviour, ignoring the factors that negatively affect brand loyalty and failing to express the fundamental nature of behaviour. This implies that the company is unable to identify the fundamental factors fostering brand loyalty. Adopting the proper marketing tactics and strategies to win over customers' loyalty to a brand will be challenging (Tortoriello, 2015).

2.3 Overview of the Ghanaian banking industry

The banking industry in Ghana is very complicated. According to Anderson, Fornell, and Lehmann (2014), it consists of domestic banks, foreign banks, old private banks, and public sector banks. Public sector banks used to be very important, but that has changed recently. The banking industry is still dominated by it. In the commercial banking sector, there are about 10 public sector banks that the state owns a controlling interest in (more than 51 percent). There are roughly 29 foreign banks and an additional 13 commercial banks. According to Anderson et al., (2014), the Central Bank of Ghana is in charge of overseeing bank operations and management of the money supply. In accordance with the Banking Act, only 24% of all banks may be owned by foreign financial institutions.

According to Chaoprasert and Elsey (2014), this government control exposes banks to ongoing government oversight and results in significant under-lending. Since the late 1960s, government ownership restrictions on Ghanaian banks have become more stringent. The government later nationalized the banks; this was referred to as social control over banks, the bank must be directly credited (Chaoprasert, et al., 2014). In Ghana, public banks (also known as public sector banks) dominated the banking industry until 1991. More than 90% of the assets in the banking industry were under the control of these banks. The majority of these banks, though, lacked adequate capital (Chaoprasert, et al., 2014). Ghana's banking industry is an interesting case study for several reasons. To improve productivity and profitability, the industry tried out liberalizing the banking industry. A market-driven, productive, and competitive economy was required in order to support higher levels of investment and emphasize growth, which led to the second significant change in the banking sector (Atingah et al., 2018).

The liberalization of Ghana's banking industry was seen as having its foundation in interest rate deregulation. Ghanaian banks gradually transitioned from having a rate structure that was entirely determined by the government to one that is almost entirely determined by the market (Atingah et al., 2018). The central bank has also acknowledged the value of competition, and as a result, laws have been changed to facilitate the easier entry of foreign bank branches into Ghana as well as the opening of new private sector banks.

2.4 Concept for Services

Services are functions, processes, and performances; in addition, a service is a process that entails a number of more or less intangible activities that typically, but not always, take place in the interaction between a customer and an employee of a service and/or resource or product and/or systems from service providers that are made available as remedies for client issues (Zeithaml and Bitner, 2014). Zeithaml et al., (2014) claim as much defines services as all economic activities whose outputs are not physical products or construction, are typically consumed at the time of production, and add value to their first purchaser primarily through intangible concerns. According to Kotler (2012), a service is a virtually invisible act or performance that one party can perform for another without transferring ownership. Karunaratna (2014) defines service as a process leading to an outcome in a production and consumption process that is partially concurrent. This definition emphasizes the concurrent nature of the activities involved in the creation/acquisition and consumption of services.

The services provided to customers before, during, and after a purchase are referred to as customer service. Tyran & Ross (2016) define customer service as a set of actions intended to raise customer satisfaction and, as a result, the perception that a good or service has met the

customer's expectations. Customer service should be considered as part of an overall strategy for systematic improvement because it plays a significant role in an organization's ability to generate revenue and revenue from the standpoint of an overall sales process engineering effort. According to Tyran et al., (2016), a customer's experience with a company's customer service can completely alter that perception. Aside from that, according to Anderson et al., (2016), it can be difficult to focus on the appropriate key points when working in customer service measured by the appropriate key performance indicators. The focus must be on those key performance indicators, which will bring the most value to the overall goal. It should also be done in such a way that employees genuinely believe that they can make a difference through their own efforts (Tyran et al., 2019).

2.5 Quality of service concept

The service sector demands close communication between staff and clients. The result of this interaction leads to a high or low quality of service level. The high standard of service quality attracts more customers and builds a significant and loyal customer base. Customers' satisfaction or dissatisfaction with a service determines its quality, and attracting new customers is much harder than keeping hold of the ones you already have (Mosahab, Mahamad & Ramyah, 2016). Nowadays companies invest a significant amount of money in different management programs where they can learn how to get and keep new customers. Investing in these programs is worthwhile, as a loyal customer base is an indicator of great service. Customer evaluation of a service, according to Ehigie (2016), is a good indicator of service quality.

Brady, Cronin and Brand (2014) point out that by defining service quality, companies will be able to provide services at a higher level of quality, which is presumably to be the case leads to increased customer satisfaction. Quality is described as the standard of something as measured against similar things in the Oxford Dictionary based on Anderson et al., (2012) contends that quality is determined by the value that a customer derives from a specific good or service; as a result, it is not determined by the specifications. The difference between expectations and performance on a quality dimension is a function of the quality of service, according to Parasuraman (2014), quality service promotes customer confidence in service providers, draws in more new customers, grows business with current customers, decreases dissatisfied customers with fewer mistakes, maximizes profits from a business, and boosts customer satisfaction (Brady et al., 2014). Customer loyalty and satisfaction are correlated with service quality in Ghanaian banking. In today's global and competitive banking environment, quality customer service is now recognized as being crucial for success and survival by banks (Wang & Hing-Po, 2017).

2.5.1 Banking service quality.

Service According to Cheserek, Kimwolo and Cherop (2015), the banking service is a process of back-end and front-end activities where the clients' service providers interact with one another. The goal of this interaction is to satisfy the customer's needs and wants in the manner that the customer expects and to add value for the customer. Furthermore, Wang et al., (201) emphasize that providing quality service is equivalent to meeting customers' needs and expectations. As a result, quality of service to a customer is determined by the customer and is a subjective category because it depends on the needs and expectations of the customer. Juhari, Bhatti and Piaralal (2016) define banking service quality as the degree of characteristics of bank

products and services to satisfy the various needs of customers. According to Juhari et al., (2017), every type of banking service facility must fulfil customer needs and offer timely, secure bank and customer support. Customer needs are influenced by the business's goals in serving them, their income, and their level of awareness and education (Cheserek et al., 2015).

Quality, according to the Oxford Dictionary, is the norm for something when compared to other similar things, whereas services are a system that has been approved by the public or the private sector to provide a good or service. Loyalty is one of the key factors affecting an organization's long-term financial growth, according to Lien et al., (2014). Customer loyalty is also correlated with service quality. According to some researchers, the customer's satisfaction rather than the quality of the service has a greater impact on the customers' intentions to make a purchase. According to Cheserek et al., (2015), the level of service provided has a big influence on whether or not customers will make additional purchases and remain loyal. In addition to being one of the few ways to differentiate a service, draw in new clients, and grow market share, Lien et al., (2014) claim that service quality is also a key factor in retaining existing clients.

According to Hidayat et al., (2016), the gap between customer perceptions of the ideal bank and its service and actual customer perceptions of the particular bank and its service is the typical definition of service quality. When a service is provided, customers interact closely with the service providers and gain inside knowledge of the service organization, according to Han et al., (2017), who claims that service quality is essential to the success of any service organization. With this information, they can assess the service being offered and the service provider critically. Comparison of expectations and performance is a component of service quality. In order to improve customer satisfaction and loyalty, develop their core competencies,

and improve their business performance, banks have realized the importance of focusing on the quality of services (Hidayat et al., 2016). It is significant to remember that service quality is assessed not only in terms of the final product but also in terms of how it is provided throughout the service process and how it ultimately affects customer perceptions (Lien et al., 2014).

Selvakumar (2016) asserts that the quality of customer service for banking services has increased and can be used as a foundation for service excellence to compete in a market where distinguishing one bank from another is based on providing exceptional customer service. The idea of service quality is compliance and compliance with requirements, meaning that the services offered to customers by service organizations like banks must meet certain criteria. According to Al-Marri, Ahmed and Zairi (2017), service quality is "the standard for matching between actual service delivery and customer expectations for this service.". "Banks are trying to go above and beyond the quality and meet their expectations by offering a different banking service, creating a sense of satisfaction in the customers with the service they receive (Al-Marri et al., 2017).

2.6 Service quality metrics

According to Lin (2018), the degree to which a service satisfies the needs and expectations of the customer can be viewed as a measure of service quality. According to Selvakumar (2016), determining the level of service quality is a crucial task because it enables the service provider to assess and contrast the state of things both before and after changes have been made. Thus, the distinction between what customers expect from a service and how they actually receive it can be referred to as service quality. In addition to being crucial for customer satisfaction, service quality is also seen as a customer-driven value and a means of positioning the product

in a changing market (Selnes, 2013). Understanding customer expectations for service quality and satisfying those needs are advantageous in a variety of ways (Zeithamal et al., (2014). Service quality is defined by Zeithamal et al., (2014) as SERVQUAL with its five dimensions: dependability, responsiveness, assurance, empathy, and concreteness.

The consumer's standards for assessing the quality of a service are generally represented by these dimensions. The SERVQUAL tool has gained wide acceptance as the best tool for examining, assessing, and measuring the level of service provided by many industries, including banking, healthcare, hotels, and others. (Mosahab et al., 2016). As a result, while it is an extremely useful tool, not all industries can use it the same way. Additionally, depending on the circumstances, it needs to be modified. The SERVQUAL instrument tools had to be modified to meet the unique requirements of the bank, according to Mosahab et al., (2016), for such a unique situation in the banking industry. Comparing what the customer wants or expects with what he actually receives or perceives allows him to judge the quality of the service.

The SERVQUAL measurement tool, according to Archi and Srivastava (2016), remains the most comprehensive attempt to shape and measure service quality. Parasuraman, Zeithaml and Berry (2015) developed a model based on the criteria for evaluating a service's quality that customers use. There are ten potential overlapping dimensions: Tangibles, Reliability, Responsiveness, Communication, Reliability, Security, Competence, SERVQUAL Assurance, Trustworthiness, Tangibles, Empathy, Responsiveness, Customer Satisfaction and Retention Courtesy, Understanding/Knowing the Customer, and Reach. The SERVQUAL model's categories, as modified by Parasuraman et al., (2015), now include twenty-one (21) different

subcategories, each of which includes five (5) different sizes that the customer can specifically purchase from the service provider.

2.6.1 Reliability

According to Parasuraman et al., (2015), this aspect of service quality refers to how the service provider can be trusted to deal with customer service issues, perform the service correctly the first time, deliver the service in the promised timeframe, and inform the customers of the service delivery date. The SERVQUAL model's reliability construct denotes the ability of the service provider to deliver the promised service precisely and reliably. The company keeps its promises with accuracy in pricing and proper record keeping, availability of goods, and error-free sales transactions and records (Newman, 2018). This is accomplished by keeping promises about certain things, providing the right service, consistency of performance and reliability, and the service is done right the first time. The more customers value reliability, the higher the overall rating of retail service quality, according to Newman (2018). Reliability also refers to accurate command execution, precise file, accurate quote, accurate in billing, accurate calculation of commissions, and keeping the promise of services. Reliable, then, is the capacity to deliver the promised service precisely and reliably.

2.6.2 Realisticism/Existence.

Tangibility has to do with the tangible components or proof of a service. The equipment and furnishings are part of the retailer's physical structure. physical facility service-related materials Convenience of physical facilities and their forms, personnel characteristics, and communication media (Parasuraman et al., 2015). In addition to how the facilities look, it also considers the ease with which the customer can use the physical facilities (Newman, 2018). The

client is more appreciative of the physical aspect. The higher the overall rating of retail service quality (Newman, 2018). Furthermore, Newman (2018) discovered convincing evidence that the physical environment's layout and related sensory qualities can have a significant influence on consumer satisfaction and decision-making regarding repeat business. A key method of representing intangible service products is through the staff's polished appearance.

Additionally, the outward manifestation of a service or service provider can be represented by the physical attributes of the staff members and other physical infrastructures; this has led to the introduction of a dress code or uniform for bank employees across the nation (Kim & Kim, 2014). The atmosphere in the bank has a big impact on how well services are provided. Consumers are responsive to features as well as products, according to Cronin & Taylor's (2018) research. Kim et al., (2014) asserted that "consumers make purchasing decisions and respond to the product as a whole, not just the physical product or service offered; one of the most significant characteristics of an entire product is the place it is bought or delivered. According to Juhari et al., (2016), sensory input connected to a product evokes emotional arousal and prompts consumers to recall events surrounding their interaction with the product or product, or to imagine a sequence of future events inspired to. In some cases, this sensory information was remembered more vividly than the product itself, and consumers' final decisions were influenced more by the emotions evoked than by the product's usefulness. Environmental cues affect consumers' moods and emotions, which in turn affect purchase behaviour and product response (Juhari et al., 2016).

The interior design of the facilities and equipment is the other tangible aspect. the facilities' and the location's interior architecture. influences how customers perceive the level of service quality, customer satisfaction, and brand loyalty. According to Parasuraman et al., (2015), the internal business environment has an effect on consumer purchasing behaviour, particularly on intentions or decisions regarding repeat patronage. In conclusion, tangibility refers to physical assets like buildings, machinery, and staff appearance.

2.6.3 Assurance/Conviction

This aspect of service quality demonstrates how skilled employees can give clients high-quality services. To put it another way, this refers to an employee's capacity to maintain customer confidence, to make them feel secure during their transactions, to consistently treat customers with respect, and to be able to provide pertinent answers to their inquiries (Parasuraman et al., 2015). The components of the insurance structure are competence (having the abilities and knowledge required to perform the service), courtesy (taking into account the assets of the customer), the tidy and presentable appearance of the public-facing personnel, the reliability and security of the employees, and the capacity to inspire trust. as well as assurance (Sandip & Kailash, 2016). In UK banks, insurance, according to Sandip et al., (2016), entails courteous and friendly staff, financial advice, comfort at home, simple access to account information, and a skilled and experienced management team. This includes staff members who are knowledgeable enough to respond to inquiries, exude confidence, deliver prompt service, are eager to address customer concerns, offer individualized customer care, are consistently polite to customers, and even treat them fairly on the phone (Sandip et al., 2016).

According to Juhari et al., (2016), the overall evaluation of retail service quality is based on how well-informed and polite employees are at instilling confidence and trust in their customers. The higher the level of personal interaction customers value, the higher the overall evaluation of retail service quality is. The degree to which a customer trusts a provider and their level of trust in a company's ability to deliver a service securely and competently are at the heart of all the assurance attributes (Juhari et al., 2016). Customers need to feel confident in the bank to develop a banking relationship, so it has a high level of trust and the necessary capabilities. Customers are concerned or interested in security issues related to online, credit card, telebanking, and internet transactions from the standpoint of their perception of their sense of security when transacting with the bank. Safety and security also rank highly when evaluating the level of service provided, which in turn increases client loyalty (Sandip et al., 2016).

Customers have high expectations for how safe they feel when transacting, according to Sandip et al., (2016), this can be attributed to the nature of the services offered by banks. The risk of fraud and identity theft is significantly higher for banking customers. This may help to explain why banks go above and beyond to reassure their clients that doing business with them is safe and secure. Whether or not bank customers have always been confident in their employees, it is important to acknowledge that customers want to trust and have faith in the staff's ability to deliver the service (Juhari et al., 2016). If the customer is not assured of the service provider's effectiveness, he will not be satisfied. As one's confidence in one's ability to influence the firm grows, trust between the parties deepens, and the cost of changing the firm rises, according to Juhari et al., (2016) research.

Additionally, before choosing to continue or end their relationship with the bank, customers give accumulated satisfaction a lot of thought (Lien et al., 2014). Due to the highly interactive nature of service, customers frequently exhibit demanding expectations of employee courtesy, making employee courtesy an important characteristic for evaluating service quality. It is a crucial factor for service quality due to the extensive contact and interaction between customers and employees (Parasuraman et al., 2015). In conclusion, assurance refers to the knowledge and courtesy of employees as well as their capacity to instil confidence and trust. This includes competence, courtesy, credibility, and safety.

2.6.4 Responsiveness/Reactivity

In line with Parasuraman et al., (2015), this aspect of service quality reflects employees' readiness, ability, and willingness to serve customers as soon as possible. Customers typically want a prompt response to their request because they don't want to be kept waiting. Response time and willingness to assist clients are determined by responsiveness. It is the readiness and desire to help clients and render prompt service. The length of time the customer must wait before receiving the service is among its features (Lien et al., 2014). It also includes information about the service provider's working hours and the employees' politeness. Or, to put it another way, it describes how quickly and effectively a customer responds to helping customers is likely to have a significant and positive impact on customer satisfaction and perceived service quality in retail banking (Lien et al., 2014).

Accountability also includes knowing what customers need and want, having flexible hours, giving employees individual attention, paying attention to issues, and ensuring that customers are safe during transactions (Lien et al., 2014). Customers are concerned about whether their

bank will give the right information to the right customers right away, according to Kim et al., (2014) research on banking services. Because of the public trust this fosters, the client is better able to make the best choice at the appropriate time. The impact of responses on customer satisfaction is typically very positive (Kim et al., 2014). Problem-solving is rated by customers on a scale of 1 to 5, with 5 being the highest and 1 being the lowest. In conclusion, being responsive means being ready to assist clients and offer quick service.

2.6.5 Empathy

Empathy is the final SERVQUAL model dimension. According to Parasuraman et al., (2015), "compassion is the personal care and attention an organization provides to its customers; this is reflected in the provider's provision of access, communication, and customer understanding.". The main factors considered in the evaluation of empathy included individual attention, convenient working hours, staff understanding when a problem occurs, and knowledge employees have about customers' needs (Lien et al., 2014). This dimension includes service quality components like convenient parking, friendly customer service, and convenient hours that are directly impacted by the policy of the service provider (Ndubisi, 2016). The level of empathy a customer experiences will determine whether they accept or reject the service interaction; the higher the level of empathy, the higher the overall assessment of retail service quality is (Ehigie, 2016).

Employees' ability to address customer needs or requests is one of empathy's key components. To give its employees the knowledge and abilities they need to interact with customers, the bank makes significant investments in their training (Ehigie, 2016). Marketing studies on how employees treat clients on an individual basis reveal that clients perceive higher levels of service

quality from service providers who do so (Ehigie, 2016). This is brought on by the service's high degree of intangibility and heterogeneity, which causes a greater emphasis to be placed on the interaction process. Accordingly, it's essential for workers to be capable of quickly identifying client needs in order to boost the caliber of their services (Parasuraman et al., 2015). In conclusion, the company's ability to empathize with its clients and provide them with access, communication, and understanding.

2.7 Customer satisfaction

Customer satisfaction is the courteous concept of customers who believe their service experience was in line with their expectations; as a result, customer satisfaction occurs when the service satisfies the needs and wants of the customer (Zahir, Liana & Ratna, 2015). The customer's emotional reaction to the perceived discrepancy between their past experiences and expectations of our product and company and the actual is called satisfaction. After interacting with our company and using our product, performance was perceived as being experienced (Zahir et al., 2015). By outlining the characteristics of a highly satisfied customer, Kotler, Ang, Leong and Tan (2014) defined customer satisfaction. According to Kotler et al., (2014), a highly satisfied customer remains devoted, stays longer, and purchases more as the business upgrades and introduces new products; he also speaks favourably of the business and its products, pays less attention to competing brands and is less price sensitive, offers the business services or product ideas, and it costs him less to serve existing customers because transactions are routine (Zahir et al., 2015).

Customer satisfaction with a particular organization's services increases the likelihood that they will retain that customer and draw in additional potential customers (Zahir et al., 2015). Customer satisfaction with a particular organization's services also increases the perceived value of the service provided. According to Dalia, Hesham, Elham and Osman (2016), satisfaction has a significant impact on customer loyalty and, as a direct antecedent, it results in commitment in the business relationship and significantly influences the customer's intention to make a repeat purchase. Contrarily, customer satisfaction is typically the most important factor in securing repeat business; however, this result may be influenced by barriers to switching in the context of service delivery (Dalia et al., 2016). Quality, satisfaction, and transfer costs were chosen as factors that affected customer loyalty in the banking sector, according to Zahir et al., (2015). Banks are starting to understand that no single bank can serve as the best/leading bank for every customer and offer all products.

Customer satisfaction is a term used in business to describe the quality of products and services provided by companies to meet the needs of their customers, according to Auka (2012). It involves more than just a happy customer. Customers' desire to make additional purchases is significantly influenced by their level of satisfaction (Auka, 2012). Customer satisfaction, defined as a customer's attitude or feeling toward a product or service after use, is the primary outcome of a marketing activity that serves as a link between different stages of consumer purchasing behaviour (Zahir et al., 2015). The level of customer satisfaction with a market must be determined by each organization. So, standard or product quality alone cannot be the sole definition of customer satisfaction. According to Dalia et al., (2016), customer satisfaction is a function of how well a customer and a product or service provider get along. Directly tracking

and measuring customer satisfaction is valuable to forward-thinking businesses as one of the primary strategic success indicators.

There is mounting evidence that emphasizing customer satisfaction is essential for enhancing corporate performance in a global economy (Dalia et al., 2016). According to Zahir et al., (2015), measuring customer satisfaction encourages the company to put a greater emphasis on customer outcomes and drives improvements to work procedures. This approach typically considers customers as information system users and focuses mostly on user satisfaction with websites. Customer satisfaction is often related to two basic attributes, including the customer's assessment of product quality and their assessment of the interactive experience they have had with the product supplier (Auka, 2012). According to Dalia et al., (2016), satisfaction is the emotion of pleasure or disappointment that results from a comparison between the actual performance of the product and the expectations.

According to marketers and researchers from various fields, customer satisfaction has always been a hot research topic. In fact, according to studies in related fields, the banking sector is just one of many where customer satisfaction is becoming more significant. This is primarily due to the banking industry becoming more competitive and customer-focused (Ehigie, 2016). The banking and finance sector now uses customer satisfaction as a key benchmark. Since most financial institutions and banks provide comparable goods and services, boosting customer loyalty and satisfaction are the most crucial elements in maintaining and growing market share for these businesses (Ehigie, 2016). Customer satisfaction is a crucial component of a successful business strategy, according to Dalia et al., (2016), for product differentiation and the growth

of solid client relationships, a bank's capacity to produce a high level of satisfaction is essential (Ehigie, 2016).

2.8 Things that make it difficult to satisfy customers.

Customer satisfaction is influenced by a wide range of variables. According to Girma (2017), the products that banks provide to their clients can either make them happy or unhappy. Customers don't purchase goods or services for their own sake; rather, they do so in order to benefit from the advantages that the product provides. Because they satisfy consumer needs, products are therefore necessary. The fundamental quality or advantage that the customer anticipates from using the product drives purchasing behaviour (Atingah et al., 2018). A product's characteristics can set it apart from others in its category. With a specific product from a specific service provider, characteristics like dependability or high performance may be connected (Atingah et al., 2018). A product can also be distinguished from rivals by its unique qualities. Once more, when a bank charges high interest rates on loans, for instance, customers may find it challenging to repay such loans and may grow dissatisfied and open accounts with other banks where the interest on loans is lower (Atingah et al., 2018).

A friendly employee or employee boosts customer satisfaction and helps the company's reputation with clients and the general public, claims Girma (2017). However, regardless of the caliber of the training, rewards, and recognition programs offered to them, some employees will perform better in terms of customer satisfaction than others (Atingah et al., 2018). Customer satisfaction is also influenced by tangible evidence. The physical evidence consists of the building or buildings and their decorations, a grand banking hall with plush seats, convenience stores, etc. The building or buildings, as well as their exterior and interior decoration, can satisfy

a customer (Hidayat et al., 2016). Customers might be satisfied by the technology banks use to offer services. For the technology in use to be beneficial, it must have service system quality, behavioural service quality, service transaction accuracy, and machine service quality (Khan & Fasih, 2014). Studies have long focused on the significance of understanding the antecedents or determinants of customer satisfaction as well as the role that it plays in marketing theory and practice (Khan et al., 2014). The customer's ultimate and final assessment of the good or service he receives from the business is called customer satisfaction. It is determined by how well the company performs or how well the customer perceives the company to be performing based on the following factors.

2.8.1 Price equity

Customers' satisfaction is typically influenced by the cost imposed on them and the quality of the service offered to them. While Stanton Price Fairness refers to the consumer's assessment of whether the seller's price is fair, acceptable, or justifiable, Iddrisua, Noonib, Fiankoc and Mensah (2015) define price as the amount of money charged for a product or service, or the sum of values that customers exchange for the benefits of owning or using the product or service. Price fairness is a very important issue that leads to satisfaction, and fair price helps to improve customer satisfaction and loyalty. The service charge in addition to the price is determined by a number of variables, including the buyer's willingness to pay, willingness to accept, costs, elevation, legal environment, intensity of substitute products for price competition, etc. Iddrisua et al., (2015).

The relationship between performance potential and subsequent efficiency and satisfaction judgment is moderately influenced by price volatility in many service industries, according to

Lin et al., (2016). Customer loyalty in the case of banks is influenced directly or indirectly by perceived price fairness linked to various levels of intangible services. Price fairness can be seen as a direct effort to determine consumers' willingness to use a product or service because they perceive its value to be proportionate to its performance (Kotler et al., 2015). According to research, a customer's choice to accept a particular price has both a direct and indirect effect on how satisfied and loyal they are (Iddrisua et al., 2015). Customer satisfaction is directly influenced by price perception and indirectly by perception of price fairness, according to a 2007 study by Ehigie (2016), satisfaction is significantly impacted by the fairness of the price and the manner in which it is set and provided. According to research by Bansal et al., the price factor is crucial for ensuring customer satisfaction.

2.8.2 Excellent value.

According to Ehigie (2016), value is the perception that customers have of a good or service based on their willingness to pay for it, regardless of whether it satisfies their needs or wants. Product, offer, and price sensitivity have all been identified as crucial elements in e-commerce (Iddrisua et al., 2015). Value, in Zeithaml's definition from 2006, is the value that customers receive in exchange for the price they pay. According to Lin et al., (2016), value creates a standard for gauging customer satisfaction by allowing customers to identify their needs and expectations. All features that make sense from a customer's point of view, such as product variety and price, are included in the definition of value, which goes beyond intrinsic benefits. According to Iddrisua et al., (2015), product offerings and customer satisfaction are positively correlated. The customer's psychological assessment of a product or service's usefulness in relation to expectations is known as perceived value. To explain customer satisfaction and loyalty, marketing researchers and managers have recently focused on value perceptions (Lin

et al., 2016). Companies that prioritize marketing work to add value for their customers in order to draw in new clients and keep existing ones. Customers frequently have to choose among a bewildering variety of goods and services; they choose the business that offers the highest customer perceived value, which is the customer's evaluation of the difference between all the advantages and disadvantages of a marketing offer compared to that of a competitor (Kotler, 2015).

2.8.3 Recovering services.

The actions an organization takes in response to a service failure are referred to as service recovery. Gronroos (2017). Any service-related mistake or issue, whether real or perceived, that arises between the customer's experience and the business is referred to as a service failure (Gronroos, 2017). Khan et al., (2014) held the opinion that service failure can result in unfavourable uncertainty and ultimately dissatisfaction, though appropriate service restoration efforts may return dissatisfied customers to a state of satisfaction. Even though some researchers contend that fail-safeing the initial service delivery is the best strategy, it is nearly impossible to completely eradicate failures. Therefore, businesses will be in a better position to keep lucrative customers if they can respond to service failures effectively and implement some kind of service recovery (Khan et al., 2014).

However, while service restoration also takes into account the company's capacity to react swiftly to service failures, claims management is based on the company's response to customer complaints. Before a customer feels compelled to file a complaint, they should be satisfied (Khan et al., 2014). Recovery management is considered to have a significant impact on the customer assessment," according to Gronroos (2017). Customers typically observe recovery

services with greater emotional investment than they would with routine or new services, which explains why. and are frequently more disappointed with the organization's inability to recover. due to the service's own failure. According to Khan et al., (2014), efficient service recovery increases customer satisfaction overall as well as goodwill. That is, customers who are successfully retrieved tend to recommend the business to others or exhibit a strong propensity to spread favourable information about the experience (Gronroos, 2017).

2.8. 4 Brand perception.

In recent years, academics have become increasingly interested in corporate-level marketing, which is a broad managerial philosophy that holds that a company's corporate image, identity, or brand should serve as the primary anchor or motivator for its strategies and management (Gronroos, 2017). The basic premise underlying these corporate marketing strategies is that a company's various constituencies or stakeholders primarily direct their behavior toward the company in accordance with their corporate identity. about what they comprehend and how they assess it (Khan et al., 2014). The significance of corporate image was emphasized by Gronroos (2017), who claimed that there was a correlation between how a person perceives an organization and how they behave toward it.

According to Han et al., (2017), satisfaction will happen when personal expectations are met or exceeded. It is also reasonable to anticipate that if these expectations are met or exceeded, a positive pre-consumption image and subsequent expectation of a leisure experience will be the outcome. the fulfilment of customers. However, there is an irreversible risk that the organization's positive reputation will have a detrimental impact on satisfaction. especially

when consumers form irrational expectations based on images. Customers may become very dissatisfied if these expectations are not met (Han et al., 2017).

2.8.5 Worker satisfaction

Employees must be treated and thought of as customers by the organization. It is crucial for bank managers to treat their staff members with respect and to make them feel valued members of the organization (Han et al., 2017). When employees feel valued and appreciated, they are more likely to work hard to improve customer satisfaction, promote the bank's reputation, and bring in new clients. based on Khan et al., (2014) states that employees who provide customer satisfaction will not be dissatisfied; this means that employees must possess the knowledge, skills, and abilities necessary to carry out the task and must also be effectively interactive. The recruitment, selection, training, and compensation of employees for the complex roles they play in customer interactions are just a few of the issues related to the added complexity and ambiguity created by customer interaction (Khan et al., 2014).

The reasons why employee satisfaction influences customer satisfaction is discussed in detail by Khan et al., (2014). i. Employees who interact with customers are in a position to become aware of and respond to customer goals and needs (Khan et al., 2014). ii. Employees who are satisfied with their jobs are motivated to work hard and with care (Khan et al., 2014). iii. Employees who are happy with their jobs have more power. In other words, they are equipped with the knowledge, skills, and duties necessary to comprehend and meet customer needs and demands (Khan et al., 2014). In addition to having high energy and a willingness to provide good service at the very least, satisfied employees can give a more favourable impression of the service or product offered (Khan et al., 2014). v. Interpersonal sensitivity and social

engagement can be provided to customers by content employees (i. e. adequate justifications for undesirable outcomes). The idea is that these elements of interactional justice (i. e., the manner in which people are treated during a negotiation or exchange) have a big impact on how satisfied customers are. This perspective holds that because satisfied workers have experienced interactive justice, they can provide it; in other words, happy workers have the emotional capacity to treat others with empathy, understanding, respect, and care (Khan et al., 2014).

2.8.6 Employee customer-focused behaviour.

It is the outcome of the service's interactive and intangible nature. When assessing the quality of a service, customers frequently look to the behaviour of the staff. Because of this, it is believed that employee customer orientation is a key factor in the financial success of service firms (Juhari et al., 2016). According to Juhari et al., (2016), customer orientation is defined as a sales strategy in which salespeople assist customers in achieving their long-term wants and needs. This is in contrast to sales orientation, which puts the selling organization and/or salespeople ahead of the customers.

Khan et al., (2014) argued that despite its crucial role in the value chain, few studies have examined the idea of service employees' customer orientation and how it affects the success of service businesses. It is crucial to look at market orientation from the perspective of the sales force because salespeople's perceptions of the firm's market orientation and their interactions with sales managers have an impact on their behaviour and attitudes. Employees who work in customer service are known for being aware of things like the need to pamper, read customers, and need for personal. relationships, the need to deliver, and the "need to communicate (Juhari et al., 2016). Customers have expectations for how bank service employees will behave in

customer interactions, and when they are not met, customer satisfaction with the service provider suffers (Juhari et al., 2016).

2.9 How customer loyalty is impacted by service quality.

Long regarded as necessary for success and survival in today's cutthroat marketplace, quality of service and client loyalty. To gain a competitive advantage, it is crucial to comprehend what factors lead to customer satisfaction. Customers who are satisfied with the company's service are thought to be loyal and logical in their decision-making because they will stick with the business because they perceive doing business with it as less risky (Khan et al., 2014). Juhari et al., (2016) note that many authors, particularly in the service industry, support the idea that one of the factors influencing customer loyalty is customer satisfaction. Karunaratna (2014) contend that satisfaction serves as the foundation for loyalty and that loyalty is a result of satisfaction.

Additionally, Kaura et al., (2012) emphasize the need for businesses to raise customer satisfaction levels in order to keep customers. There are two different ways that one can define customer loyalty. First, loyalty is a mentality. A variety of emotions combine to form a general attachment to a person's organization, service, or product. The (pure cognitive) level of loyalty of the person is determined by these feelings. According to Kaura et al., (2012) another definition of loyalty is behavioural. A recommendation process, expanding the scale and scope of the relationship, or continuing to purchase services from the same supplier are a few examples of loyalty behaviour. According to Karunaratna (2014), customer loyalty is correlated with a customer's propensity to purchase again, recommend a business to others, and spread the

word about the company. However, customers who are retained might not always be happy, and customers who are happy might not always be retained (Karunaratna, 2014).

According to Kaura et al., (2012), customers may remain loyal because there are significant barriers to change or few viable alternatives. Customers may also remain loyal because they are happy and want to continue the relationship. One of the most important building blocks for a solid and cooperative relationship is trust. According to Karunaratna (2014), customer trust is a crucial component in developing solid customer relationships and long-term market share. According to Kaura et al., (2012), trust is the ability to rely on a partner in an exchange.

2.9.1 Client loyalty

One definition of customer loyalty, known as repurchase behaviour, encompasses all of the experiences that customers have had throughout their use and is one of the many definitions of this concept. Supplier goods and services (Sandip et al., 2016). According to research by Kaura et al., (2012), using a loyalty strategy can help businesses retain more customers while spending less on advertising. Accordingly, the findings of the study conducted by Karunaratna (2014) showed that perceived value, service quality, and branding significantly affect customer quality in the Pakistani banking industry. Since there are numerous predictors that can affect customer loyalty, many additional studies have been conducted to identify its antecedents. Customer loyalty is positively influenced by employee loyalty and service quality, according to Sandip et al., (2016). more so in the high-contract service sector.

Furthermore, Sandip et al., (2016) made an effort to research how perceived service quality and customer satisfaction, which have an impact on Saudi customers' loyalty, as well as relevant prior studies that looked at the connections between these three variables. Karunaratna (2014)

defined loyalty as an ongoing, non-random purchase made by a decision-making unit. According to the definition, loyalty seems to be focused on a behaviour, indicated by consistent purchases, based on the unity of decision-making. Customer loyalty plays a significant role in a company; maintaining it requires improving the performance of the business; it is the primary driver of customer acquisition and retention (Sandip et al., 2016).

Indicators, such as customers' willingness for the, can be used to gauge customer loyalty. customers' willingness to recommend the business to others, their willingness to buy products that other customers offer, their willingness to make the company their first choice, and their willingness to say positive things about the business (Karunaratna, 2014). In contrast, Kotler et al., (2015) aim that a sign of customer loyalty is a are referrals (connections of a fully corporate entity), repeat purchases (loyalty in product purchase), and retention (resistance to the negative impact of the company). According to Ngo and Nguyen (2016), loyal customers will view themselves as such because they prioritize choosing a product, being willing to make repeat purchases, and making referrals to others. According to Osaiga and Onowe (2014), positive wording, repeat business, and repurchase intention all contribute to the development of customer loyalty. Customer loyalty has undergone changes in conceptualization over time.

According to Osaiga et al., (2014), customer loyalty is characterized as a client's continued patronage over time. Additionally, Karunaratna (2014), loyalty was defined by as a steadfast intention to consistently repurchase or patronize a preferred product in the future. When customers are happy with a product or service, they become loyal customers. According to Ngo et al., (2016), regular clients are frequently advised to pay for the service in front of friends and family. Customer loyalty, according to Iddrisu (2011), is attained when a company consistently

exceeds its clients' expectations. According to Osaiga et al., (2014), a high-quality product, along with coupons, freebies, extended guarantees, and low interest rates, can help customers become loyal customers.

2.9.2 The link between excellent customer service and repeat business.

Consumer performance and expectations have been conceptualized as influencing service quality. It evaluates how well consistently high customer expectations are met by the quality of service offered. Because it can increase customer satisfaction, profitability, cost savings, customer loyalty, and customer retention, service quality is seen as being extremely important (Wong, 2016). Osaiga et al., (2014), who argued that establishing and sustaining a loyal and lucrative customer base require high-quality service, backed up this assertion. Because service quality has been linked to behavioural outcomes, particularly in the form of word-of-mouth, complaint, recommendation, and switching, Wong (2016) noted that perceived service quality has a positive impact on customer loyalty. However, some customers might continue to do business with a company because there are significant barriers to conversion or no real alternatives, while other customers might do business with a company because they are happy with the services they receive.

Osaiga et al., (2014), however, in today's highly dynamic and competitive environment, it can be challenging for many organizations to achieve higher levels of customer satisfaction and customer loyalty, especially in the service industry (Wong, 2016). Additionally, a lot of researchers have pointed out that the willingness to repurchase and the intention to recommend are important aspects of customer loyalty. Ehigie (2016) also discovered that service quality has a significant positive impact on these aspects of client loyalty. i. Customer Loyalty and

Tangible Assets: Osaiga et al., (2014) contend that banks with better environments are more successful at fostering customer loyalty. In the Swedish banking industry, Ehigie (2016) also investigates the relationship between customer loyalty and service quality. In this instance, it was also true that banks can forge enduring relationships with their clients by incorporating both concrete and abstract qualities of high caliber into the goods and services they offer. ii. Customer Loyalty and Reliability: In a study conducted in the Malaysian banking industry to look into the connection between customer loyalty and service quality. In addition, Mitchell et al. The strongest component of service quality, according to, is reliability, iii. Customer loyalty and assurance: Osaiga et al., (2014) found that assurance has the greatest impact on customer loyalty of any aspect of service quality. The resulting customer loyalty raises customer satisfaction levels and boosts the banks' financial performance. iv. Empathy and Customer Loyalty: Due to intense competition in the service sector, especially banking, it may be difficult to grow the number of loyal customers without providing them with individualized care and attention (Osaiga et al., (2014). When service delivery staff are highly committed to delivering quality service and are able to manage conflicts in a timely and effective manner, a larger customer base of devoted customers can be gained (Osaiga et al., 2014).

2.9.3 Customer satisfaction and service quality.

One of the most critical components of a first-rate customer experience in the banking sector is the quality of the provided services. In order to maximize customer satisfaction and increase customer retention and loyalty, the majority of businesses routinely evaluate the quality of their services (Iddrisu, Nooni, Fiankoc & Mensah, 2015). Customer satisfaction is attained, in accordance with Osaiga et al., (2014), by providing services that are up to par with industry standards and meeting the needs and expectations of the clientele. Positive consumer

experiences guarantee that consumers have favourable opinions of the goods or services they use. However, client satisfaction does not ensure repeat business, client loyalty, or client retention (Iddrisu et al., 2015). Numerous organizational researchers have suggested that service quality is a powerful predictor of customer satisfaction and retention. Customer loyalty is impacted by service quality, which is a driving force behind customer satisfaction (Cronin et al., 2018). Customer satisfaction is largely based on service quality.

According to Muchtar and Astuti (2013), it is a crucial tool for banks to boost their profits and market share. These aspects of customer satisfaction are significantly influenced positively by service quality. i. Customer satisfaction and tangibleness: Muchtar et al., (2013) discovered that banks with more welcoming environments perform better when it comes to boosting customer satisfaction. Muchtar et al., (2013) looked into the connection between high-quality service and customer satisfaction in the Swedish banking industry and discovered that banks can build solid, long-lasting relationships with their clients by integrating both tangible and intangible aspects of high quality into their goods and services. This service-quality indicator takes into account the banking environment, service facilities, human resources (employees), and communication channels. The most significant impressions are made by tangible things, to put it simply. Focusing on this specific dimension will enable them to maximize the first impression that their customers receive, which is something that all businesses strive for (Muchtar et al., 2013).

The Siew-Peng and Sedigheh (2015) succinctly explain the concept of tangible's role in the banking industry. Service quality is a key tool to capture customers' attention, and a variety of customer behaviours and attitudes necessitate high service quality to influence how they perceive the quality of the service. In order to maintain a standard, the banking sector installs

similar service equipment and generally uses identical office setups. Customers feel more at ease and loyal when businesses make some effort to accommodate local cultural needs (Siew-Peng et al., 2015). ii. Customer satisfaction and dependability: Muchtar et al., (2013) looked into the relationship between customer satisfaction dimensions and service quality. They discovered a strong link between service dependability and customer satisfaction levels. When the only consideration is the face-to-face behaviour of the customer and employee, the literature reveals an increased degree of positive relationships between service quality, customer satisfaction, and performance (both financial and non-financial) (Muchtar et al., 2013). The development of technology has had a significant impact on the standards of service delivery and service marketing strategies; as a result, many anticipated competitive advantages have emerged, such as increased productivity and increased revenue from new services (Parasuraman et al., 2015). iii. Customer satisfaction and assurance: in addition to tangibles, dependability and responsiveness. By Parasuraman et al., (2015) assurance was recognized as a crucial aspect of service quality.

All of these dimensions, they contend, will significantly boost customer satisfaction. The level of customer satisfaction is thought to significantly rise if financial institution employees behave in a trustworthy manner. Customers' intentions to make purchases may also be positively influenced (Rahim, 2016). iv. Customer satisfaction and empathy: According to Rahim (2016), there is a strong and positive correlation between these two variables. Another study found that if there is a lack of empathy, customers may continue to be unsatisfied with the level of service. Al-Marri, Ahmed and Zairi (2017) also established that "empathy has a significant impact on customer satisfaction. Customers find it appealing, and it serves as a crucial predictor in enhancing the organization's long-term financial performance. According to an empirical study

by Wieseke, Geigenmüller and Kraus (2017), empathy plays a crucial part in determining how well a service is provided to its clients. It was discovered that most loud customers are tourists who are understanding of any potential mistakes. Empathy fosters an emotional bond with the customer, adding value to both the customer and the business. This results in customer pool expansion and retention (Wieseke et al., 2017). Al-Marri et al., (2017) also investigated the link between customer satisfaction in the banking sector of Bangladesh and various service quality dimensions. It has been discovered that showing compassion can win you customers for life. Customer loyalty, service quality, and overall satisfaction can all be improved through the use of empathy. Tyran et al., (2016) investigated the effects of reliability and empathy in the service environment on customer loyalty. Quality and customer satisfaction can be mediated by empathy. A client's behaviour may eventually change as a result of empathy.

2.10 Empirical review.

Customers evaluate services based on the level of satisfaction they feel with their overall experience and the caliber of the provided services (Zeithaml et al., 2014). Zeithaml et al., (2014) have pointed out that satisfaction and quality are conflated terms. However, there has been a lot of discussion as a result of researchers' attempts to measure and define the two concepts more precisely. Customer satisfaction is influenced by perceived service quality (Mughtar et al., 2013). Numerous studies have been carried out to assess the connection between customer satisfaction and service quality. The majority of the research has concentrated on how the critical components of service quality (reliability, responsiveness, confidence, empathy, and value) influence client satisfaction and loyalty.

2.10.1 Trustworthiness, client happiness, and loyalty.

A study on the banking industry's service quality delivery and its effects on client satisfaction and loyalty was carried out in Malaysia in 2011 by Malik, Naeem and Arif (2011). At a level of confidence of 99 percent, it was discovered that reliability has no discernible impact on customer loyalty or satisfaction ($p\text{-value}=0.240$). This is attributed to the expansion of telephone and online banking. In their study evaluating service quality and customer satisfaction using the SERVQUAL model, Malik et al., (2011) came to the conclusion that the SERVQUAL model is not the best tool for gauging service quality. Because they don't really overlap and customer expectations and their perception of satisfaction take precedence over service quality. They discovered in their study that reliability had an impact on client loyalty. According to research on service quality conducted on three banks in Accra by Bonsu & Mensah (2013), there is a direct correlation between service quality factors and client loyalty in the banking sector. Reliability was one of the major factors affecting client satisfaction.

A study on the effect of service quality on patron loyalty was also carried out in Pakistan by Zeithaml et al., (2014). Customer loyalty and trust were found to be positively and significantly correlated in the results ($r=0.570$, $p 0.01$). In a different investigation into customer satisfaction and service quality, Khan et al., (2014) evidence from the banking sector showed that reliability produced a positive and significant correlation with customers, in their study on the impact of service quality on customer satisfaction and customer loyalty. ($r=0.187$, $p 0.01$) contentment. The same goes for Cheserek et al., (2015) discovered that there was a strong and statistically significant correlation between reliability and customer satisfaction and loyalty in their study on the impact of quality financial services on customer satisfaction of commercial banks in Kenya.

2.10.2 Response time, customer happiness, and loyalty.

Numerous researchers have also evaluated how responsiveness affects customer satisfaction. By examining the correlation between perceived service quality (SERVQUAL) and bank customer loyalty, which are thought to be the most significant in the banking industry key factor create and attract customer loyalty, Dalia et al., (2016) found a significant relationship between service quality dimension (SERVQUAL) and customer loyalty. It was discovered that responsiveness had the biggest effect on client satisfaction and loyalty. In order to understand how service excellence, client happiness, and client loyalty interrelate in the Hong Kong retail banking industry, Lin et al., conducted a study in 2013. The study's findings demonstrate that all facets of service quality, including responsiveness, contribute to customer satisfaction. Both customer satisfaction and accountability were discovered to be statistically significant ($p < 0.01$). By examining the impact of service quality on customer satisfaction with bank employees, came to the conclusion that there is a significant and positive correlation between response and customer satisfaction. Therefore, the more consistently high-quality services are provided, the higher the level of customer satisfaction, whereas consistently low-quality services lower customer satisfaction and may even drive away customers. Similar to this, Asubonteng, McCleary and Swan (2016) carried out a study with a focus on Asokore Rural Bank Limited to investigate the effect of service quality on client retention in the Ghanaian banking industry. The study demonstrated that, after tangibility, assurance, and credibility of the bank, empathy and accountability play the most significant roles in customer retention levels. According to the research done by Cheserek et al., (2015) on the impact of quality financial services on customer satisfaction by Commercial Banks in Kenya, it was discovered that responsiveness and

customer satisfaction and customer loyalty have a positive and statistically significant relationship.

2.10.3 Confidence, customer delight, and loyalty.

Numerous researchers have also looked into assurance as one of the aspects of service quality to determine how it affects client satisfaction. Cheserek et al., (2015) conducted a study on the delivery of service quality and its effect on client satisfaction in the Malaysian banking industry. It was discovered that there is a correlation between insurance and customer satisfaction ($r=0.869$). The relationship between the two variables, however, was not statistically significant, demonstrating that assurance has no statistically significant impact on customer satisfaction ($p\text{-value}=0.577$) at the level of 95% confidence. Apostolos, Dimitris and Petros (2014) found that the SERVQUAL model is not a suitable tool for measuring service quality. The study evaluated customer satisfaction and service quality using the SERVQUAL model. Because they do not naturally overlap and because customer expectations and satisfaction levels are more important than service quality. They discovered through their research that assurance has an impact on customer satisfaction.

The SERVQUAL model was used in a 2014 study by Anderson et al., to examine the effects of service quality on client satisfaction and loyalty. One of the key elements that has a significant impact on customer satisfaction, according to the study, is assurance. This was attributed to employee behaviour; communication, dependability, and staff behaviour are the most crucial elements for customer satisfaction. Cooperativeness, courtesy, friendliness, and efficient handling of customers are also important factors.

2.10.4 Compassion and client satisfaction

Naik, Gantasala, and Prabhakar (2010) examined the relationship between service quality (SERVQUAL) and customer satisfaction and discovered that the SERVQUAL dimensions of reliability, responsiveness, empathy, and assurance (tangible factors, reliability, and assurance) have a positive impact on customer satisfaction. As a result, service quality dimensions are a crucial component of customer satisfaction in general. They claimed that the greatest influence on customer satisfaction was compassion. Nitin, Deshmukh, Vrat, (2017) are nonetheless in the banking industry found that the SERVQUAL model is the wrong tool for measuring service quality in their study titled "Evaluation of service quality and customer satisfaction by using SERVQUAL model.". Because it does not interact well and because customers' expectations and their perception of satisfaction go beyond service quality. They discovered through their research that empathy had an effect on customer satisfaction.

According to research done by Asubonteng et al., (2016) on the effectiveness of service at three banks in Accra. in the banking sector, there is a direct correlation between service quality factors and customer satisfaction. One of the key factors influencing customer satisfaction was empathy. Empathy, dependability, image, and reputation, according to Nitin et al., (2017), are significant indicators of customer satisfaction in the banking industry in Ghana. However, they discovered that in the Ghanaian banking sector, competitive pricing had no impact on how well customers perceived the quality of the services. Nitin et al., (2017) used the SERVQUAL Model to study the effect of service quality on client satisfaction in 2014. One of the key elements influencing customer satisfaction, according to the study, is empathy. Last but not least, a study by Cheserek et al., (2016). Empathy and customer satisfaction have a positive and statistically

significant relationship, according to a study on the effect of high-quality financial services on customer satisfaction with commercial banks in Kenya.

2.10.5 Tangible assets and client satisfaction.

Cheserek et al., (2016) carried out research on the Malaysian banking industry's service quality delivery and its effect on client satisfaction. At a confidence level of 98%, it was discovered that only material values significantly affect customer satisfaction (pvalue= 0.000). This is related to service quality and customer satisfaction. Cheserek et al., (2016) came to the conclusion that the SERVQUAL model is not the appropriate tool for measuring service quality in their study evaluating service quality and customer satisfaction using the SERVQUAL model. This is due to the lack of a good overlap, as well as the fact that customers' expectations and their perceptions of satisfaction go beyond service quality. They discovered in their study that tangibles have an impact on client satisfaction. based on the Bonsu et al. study on service quality. There is a direct correlation between service quality factors and customer satisfaction in banking, according to Asubonteng et al., (2016) study with three banks in Accra. Tangibility was one of the main elements that affected customer satisfaction, there is not a strong enough correlation between concrete issues and customer satisfaction. They discovered that while infrastructure facilities are necessary to deliver high-quality services, their importance is debatable.

This was at odds with a study by Awuor et al., (2014) on the impact of the quality of e-banking services on online customer satisfaction and trust in terms of the role of bank reputation, in which they came to the conclusion that the customer would prefer a bank. While banks are utilizing modern technology for their operations, choosing a convenient location and having

well-placed wait signals will result in customers' insights being comparatively of lower importance. Nuchsarapringviriya and Fadzil (2015) study of the effect of service quality on customer satisfaction on bank employees found a significant positive correlation between service quality and customer satisfaction. As a result, customers are more satisfied with long-term high-quality services than they are with shorter-term low-quality services, which can even result in customer loss. It was discovered that one of the aspects of service quality that affected customer satisfaction was tangibles.

2.11 Research Hypothesis.

H1. Customer loyalty is positively impacted by service quality.

H2. Customer satisfaction is significantly influenced by the quality of the service.

H3. Customer loyalty and service quality are both positively impacted by indirect customer satisfaction.

2.12. Conceptual framework

A concept is a representational image or set of symbols for an abstract idea. A conceptual image, according to Nuchsarapringviriya et al., (2015), is a mentally sophisticated formulation of a research experience. The mediating function of customer satisfaction was where the conceptual framework was positioned. To investigate the mediating effect shown in Figure 1, Baron and Kenny (2016) offer a procedure. Three regression equations must be calculated in this case: the first one is the regression of the mediator (customer satisfaction) on the independent variable (service quality); the second is the regression of the dependent variable (service loyalty) on the independent variable (service quality); and the third is the regression of the dependent variable (customer loyalty) on both the independent variable (service quality) and on the mediator

(customer satisfaction). According to Baron et al., (2016) for mediation to be valid, the independent variable must be shown to have an effect on the mediator in the first regression equation, the dependent variable must be shown to have an impact on the independent variable in the second equation, and the mediator must have an impact on the dependent variable exclusively in the third equation.

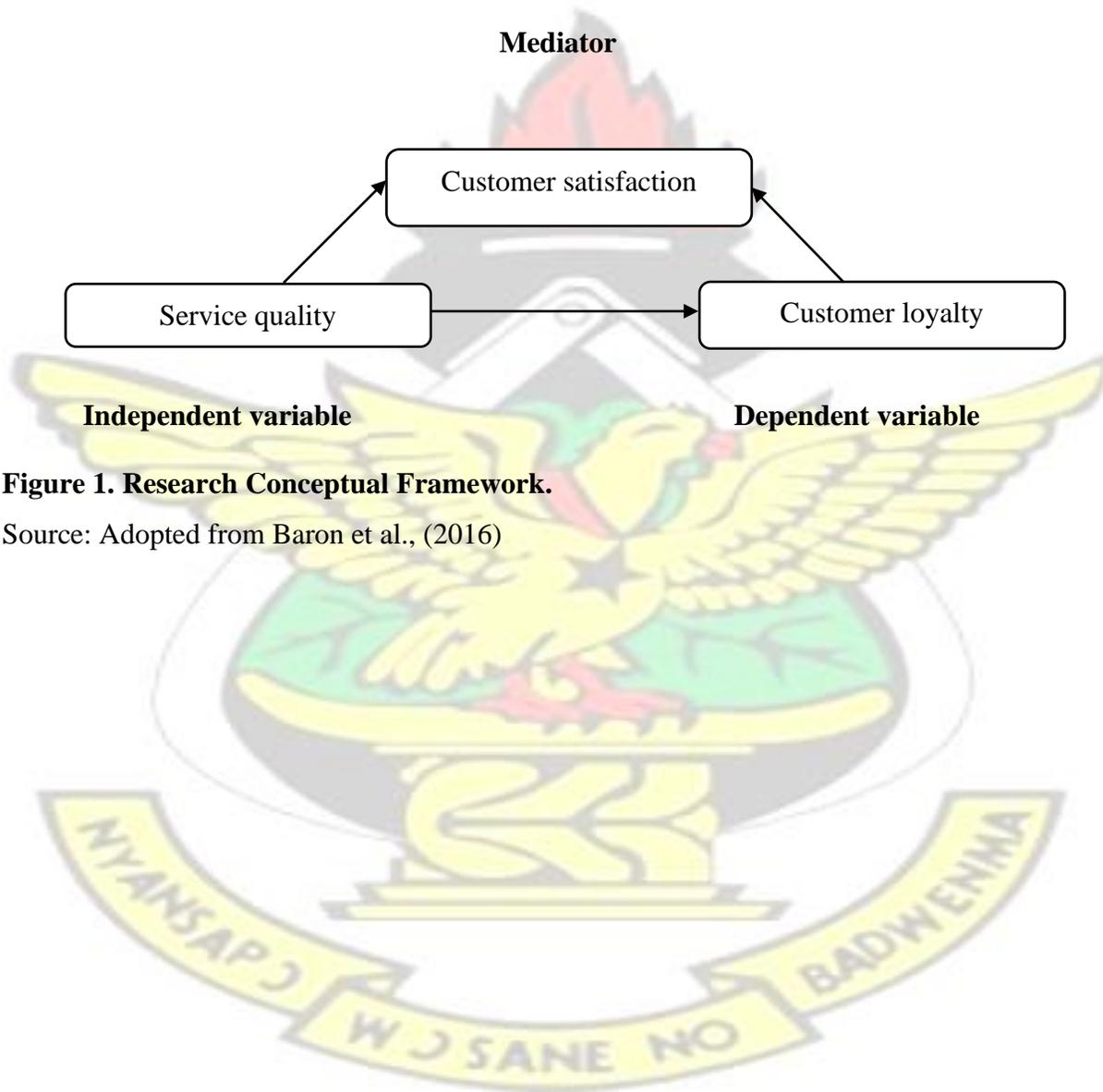


Figure 1. Research Conceptual Framework.

Source: Adopted from Baron et al., (2016)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the procedures adopted to examine the impact of service quality on customer loyalty in the Ghanaian Commercial Banking sector in the Ashanti region. The chapter discusses the methods used to address the research questions. The scope of the chapter includes research design, population, sampling and sampling technique, data collection tools preliminary field survey, data analysis, and ethical considerations.

3.2 Study Design

A research design is the program that guides the researcher through the process of collecting, analysing, and interpreting data. Snowden and Martin (2014) define a research design as the framework used to guide a researcher in conducting a study; this includes how the data will be collected, the procedure that will be adopted to determine what data will be needed collected for the study. The study adopted a descriptive study design form to provide solutions to the study's problems. The descriptive design ensures the objectivity of the research and allows the researcher to summarize the data using descriptive and inferential statistics. Descriptive research depicts an accurate profile of people, events or situations (Saunders, Lewis & Thornhill, 2014). Descriptive research involves collecting data that describes the phenomenon and then organizing, tabulating, delineating and describing the data collection (Saunders et al., 2014). Thus, a descriptive research method was used in order to gather pertinent data from the population.

3.2.1 Research approach

Snowden et al., (2014) defines the research approach as a general framework for organizing theory and research that includes basic assumptions, key questions, quality research designs, and methods for finding answers. The two main types of research approaches are quantitative (quantitative) and qualitative (interpretive). Quantitative research approach involves collecting and converting data into numerical form so that statistical calculations can be made and conclusions drawn (Snowden et al., 2014) whereas the qualitative approach is concerned with subjective assessment of attitudes, opinions and behaviour (Snowden et al., 2014). Saunders et al., (2014) describe quantitative research that involves measuring variables and distributions numeric detection where research results are described with meaningful text, confidence intervals, and mathematically proven relationships.

To achieve the research objectives and solve the research problem, the study used quantitative approaches to gather information to answer the research questions. The purpose of using the approach was to bring together the different strengths and overlapping weaknesses of quantitative methods. Thus, the quantitative approach involves the use of a questionnaire, in gathering information from the respondents who are the bank's customers and bank employees (management and staff).

3.3 Study population

Population in research refers to items that constitute the object of study and that correspond to fixed criteria (Saunders et al., 2014). Snowden et al., (2014) define a study population as a set of items or objects from which statistical samples are drawn. Likewise, Saunders et al. (2014) define a study population as the overall set of items with common observable properties on

which a researcher is interested in conducting a study. For this study, the total number of people are customers, managers and employees of selected commercial banks in the Ashanti Region and the beneficiaries of this study are three commercial banks, namely the Agricultural Development Bank (ADB), the Commercial Bank of Ghana (GCB) and ABSA Bank Ghana Limited in the capital city of Kumasi. The target audience is the sum of the situations about which the researcher wants to make generalizations.

Table 3.1 Distribution of targeted population

Bank and branch	Respondents	Estimated number
ADB-Adum Prempeh II street	Management staffs	3
	Non-management staffs	15
	Customers	80
Total		98
GCB- Ahinsan branch	Management staffs	3
	Non-management staffs	15
	Customers	80
Total		98
ABSA- Asafo branch	Management staffs	3
	Non-management staffs	15
	Customers	80
Total		98
Total population		294

Source: Author's Field survey, (2022)

3.4 Sampling frame

According to Snowden et al., (2014), sample frame as an entire list in which all study items are listed only once. The sample frame includes all managers, employees and customers of the three selected commercial banks in the metropolitan Kumasi. The three bank branches selected for

the study were, ADB, Adum-Prempeh II Street branch, GCB- Ahinsan branch and ABSA-Asafo branch.

3.4.1 Sampling techniques

Sampling refers to the process of selecting a sample from a given population with the intention that the sample accurately represents that population (Snowden et al., 2014). Saunders et al., (2014) define a sampling technique as the process used by a researcher to determine how to select or identify the actual sampling units, which will be used as study respondents. In order to obtain deeper understanding in the present study, a non-probability sampling procedure was adopted, thus, purposive, convenience and simple random sampling. Purposive sampling targets a specific group of people; when the desired population for a study is rare or very difficult to find and recruit for a study (Saunders et al., 2014). The study used purposive sampling for the management members consisting of the Director and Operations Manager.

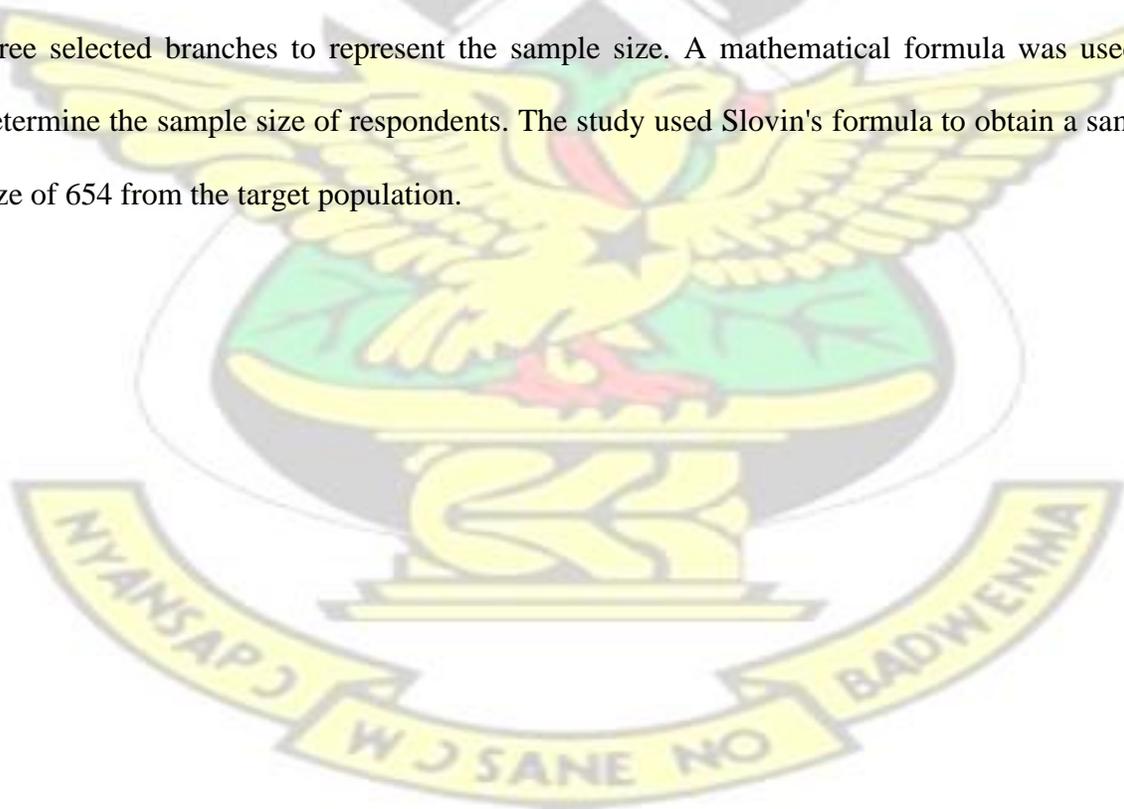
The researcher chose the sampling technique because it gives the possibility to select the target population member that provides the accurate information or data. Saunders et al., (2014) stated that purposeful sampling is a method of sampling in which researchers use their purpose to select members of a population with good prospects for precise information. Saunders et al., (2014) stated that convenience sampling is where members of the population are chosen based on their relative ease of access; it is used to sample friends, colleagues and shoppers in a single mall. In this study, convenience sampling was used to select employees from each branch. However, the simple random sampling method used to select the sample for each individual in the population has a single chance of being selected (Snowden et al., 2014). In the present study, a simple random sample was used so that each of the customers has an equal and known chance

of being selected. This was done by choosing a sheet of folded paper in a box, where customers from each branch of the bank were given an equal opportunity to choose (Yes/No) to take part in the study.

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3.4.2 Sample size

A sample size is the sampling unit that proportionally represents the entire population. (Creswell, 2017). The sample size is a small fraction of the population used to infer the total population (Creswell, 2017). Creswell, (2017) argue that the sample size is a representative group of subjects so that the results can be generalized to this population. Purposeful, convenient, and simple random sampling was used in the study to select 169 respondents consisting of management, staff, and clients of ADB, GCB, and ABSA in Kumasi city from three selected branches to represent the sample size. A mathematical formula was used to determine the sample size of respondents. The study used Slovin's formula to obtain a sample size of 654 from the target population.



Slovin's Formula

$$n = \frac{N}{(1 + Ne^2)}$$

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Where; n= Sample size, N= Total population and Ne^2 = Error tolerance

The study used 95% as the confidence level which gave the margin of error (risk of being wrong) of 5% or 0.05 therefore error of tolerance used was 0.05. Using the total population of 654 and error margin of 0.05, the sample size was calculated as follows.

$$n = \frac{294}{(1 + 294 \times 0.05^2)}$$

$$n = \frac{294}{1 + 0.735}$$

$$n = \frac{294}{1.735}$$

$$\therefore n = 169.45$$

Therefore, the sample size required for the study was 169. To represent equal proportion of sample of respondents in each bank, William's (1977) formula was used. This was done by dividing the targeted sample respondents (169) with the total population in the sample banks (294) and multiplied by total number of respondents in each bank (98).

Table 3.2 Summary of the Population and Sample Size

Name of Bank	Respondents	Sample size	Total	Percentage
ADB	Management staffs	1	57	33.3%
	Non-management staffs	5		
	Customers	51		
GCB-Bank	Management staffs	1	56	33.3%
	Non-management staffs	5		
	Customers	50		
ABSA	Management staffs	1	56	33.3%
	Non-management staffs	5		
	Customers	50		
Grand total		169	169	100%

Source: Field survey, (2022)

From Table 3.2, purposive sampling technique was used to select three (3) management staffs one (1) respondents from each bank branch. Again, convenience sampling technique was used to select fifteen (15) non-management staff, five (5) respondents from each bank branch and simple random sampling was also used to select hundred and fifty-one (151) customers, fifty-one and fifty respondents respectively from each bank branch.

3.5 Data sources

According to Saunders et al., (2014), there are two main data sources, primary data and secondary data. For the purpose of the study, data related to the study were obtained from primary and secondary sources.

3.5.1 Primary Data Sources

Creswell (2017) defines primary data as data collected afresh and for the first time and original in character. Saunders et al., (2014) also define primary data as data that is collected for the first time for a particular study or purpose. In this study, the research tools used to collect raw data were self-administered questionnaires and in-depth interviews.

3.5.2 Secondary Data Source

This is data that has already been collected by other people for other purposes, sometimes referred to as second-hand information. Secondary data includes both raw data and published data (Creswell, 2017). Saunders et al., (2014) noted that, secondary data are data that have already been collected, that have been published and for which new researchers can rely as a source of information; It is data collected for a purpose other than the problem itself, including journals, textbooks, manuals, reports, and publications and articles from the Internet. This secondary data for this study was collected from reports, internet, articles related to banking industry and online magazines.

3.6 Data Collection Tools

Research tools used in data collection include questionnaires for the in-depth interview method and leading questions or a checklist for the focus group discussion and observation method (Creswell, 2017). The selection of the data collection method for the study was based on the objectives of this study, the population sample and the geographic distribution. Structured questionnaires and interview questionnaires were used as data collection tools in the study.

3.6.1 Questionnaire protocol

Creswell (2017) state that questionnaire is a series of written questions that are offered to the respondent for a written response. A questionnaire can also be called a series of questions designed to elicit accurate information from each member of the sample (Saunders et al., (2014). To achieve this, a questionnaire should be clear, easy to understand, unbiased and should maintain the respondents' interest, and motivations (Saunders et al., 2014). Self-assembly questions to gather information from study respondents. The questionnaire was developed based on the research objectives and questions to collect data from non-managerial staff and customers and was designed to include both open-ended and closed-ended questions. The five-point Likert scale type was used in the structured questionnaire. The Likert scale is commonly used in survey research and is used to measure the attitudes of respondents by asking the extent to which they agree or disagree with a statement or question.

The structured questionnaire used a five-point Likert scale type. The Likert scale is commonly used in survey research and it is used to measure respondents' attitudes by asking the extent to which they agree or disagree with a statement or question. The five scale Likert was weighted in descending order and interpreted as follows; 1-strongly disagree; 2- disagree; 3-uncertain; 4-agree and 5- strongly agree. The questionnaire consists of four sections: Section A, B, C and D; section A: Demographic; Section B: to determine the service quality metrics that lead to bank customer satisfaction; Section C: identification of factors that hinder customer satisfaction in the banking sector of the Region and Section D: analysing the effect of service quality on customer loyalty in the banking sector (See Appendix I).

3.7 Validity and Reliability

The survey instruments were tested in the bank that did not participate in the actual survey; the bank was ADB Nyiayeso branch in Subin Sub-metro. Piloting ensured the reliability of the final instruments for actual data collection. The main reason for the pre-test helps to evaluate the means of the study. Validity of a research study is the degree to which the study accurately answers the questions it was intended to answer. Validity is defined as the degree to which the results obtained from data analysis actually represent the phenomenon under study (Saunders et al., 2014). It therefore relates to whether the data obtained in the study represent the variables of the study. The research tools were validated at two levels of content validity and face validity.

3.7.1 Validity of Content

According to Saunders et al., (2014), the content validity of the tool provides adequate coverage of the topic; the credibility of the content has been improved through peer review.” The researcher sought expert advice and help from supervisors to help improve the content validity of the instruments. The accuracy of the content is done by asking experts (my supervisor) commented on the relevance of questionnaires and interview questions. The questions administered and the interview guide were hard copies sent to my supervisor. The questionnaire and interview guide were representative of the material to be measured and the items in the questionnaire were tested for content validity. The different sections of the questionnaires and the interview guide covered all the objectives of the study, ensuring that the tool measured what it was intended to measure. My supervisor indicates whether each question in the questionnaire and interview guide is relevant and based on his recommendations, questions deemed invalid will be removed from the questionnaire.

3.7.2 Face validity

Facial accuracy is related to how the tool appears to the respondents. To obtain face validity, a pilot study was conducted with 20 clients that the researcher contacted in the ADB-Nyiayeso branch. A printed questionnaire was presented to each customer and discussions were held. After the clients completed the questionnaires, the researchers asked them to collect. The reason for the pilot study was to assess the clarity and relevance of the equipment items so that those found to be inadequate were either discarded or modified to improve the quality of the research equipment.

3.7.3 Reliability

According to Saunders et al., (2014), reliability measures the extent to which a research instrument maintains a reliable outcome or data after repeated trials". The research was also reliable as relevant people such as teachers and parents participate during the pilot study. The questions asked and the method used were included in the research. According to Mugenda (2013), an instrument is reliable when it can measure a variable accurately and consistently and achieve the same result under the same conditions over a period of time. Mugenda (2013) further states that if a research tool is consistent and stable, and therefore predictable and accurate, it is said to be reliable.

3.8 Data analysis

Data and analysis involve reducing raw data to a manageable size, developing summaries, and applying statistical references. (Saunders et al., 2014). Data has been edited to detect and correct potential errors and omissions that are likely to occur, to ensure consistency among respondents. The data was then coded to enable the respondents to be grouped into limited number of

categories. Two types of data were collected in this study, namely qualitative and quantitative data and hence two types of analysis were used. Quantitative data were analysed manually and with the use of computer software such as Microsoft Excel and the Statistical Package for Social Scientists (SPSS). Study findings including central tendency; Analysis of mean, standard deviation, correlation and regression on distribution tables, statistics and other distributions.

3.9 Ethical considerations

Mugenda (2013) envisages that researchers should not compel respondents to participate in research, and thus protecting their rights is central to every study. Provision of adequate information about the study was therefore important to allow participants to decide whether they wanted to participate or not (Mugenda, 2013). The following measures were undertaken to ensure the study complied with all the ethical issues. Permission was sought from the human resource department and management of ADB, GCB and ABSA as well as management of the various branches was contacted for their approval and consent. The management, the employees and the customers or interviewees were assured of the highest level of confidentiality with regard to the information provided. The data obtained was treated confidentially. Those who participated in the study were not coerced but did so voluntarily. Respondents' consent was obtained prior to participating in the study. As a much as possible, the researcher exercised a great deal of circumspection and objectivity throughout the research period.

CHAPTER FOUR

PRESENTATION OF RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the empirical findings from the research. The information gathered from the interviews were reported here. Response/ comments not relevant to our research aim and question were removed. The data gathered summarised and arranged into subsections, and each topic can be identified.

4.2 Demographic information of respondents

4.2.1 Gender

From Figure 4.1, majority 94 (55.6%) of the respondents were females and 75 (44.4%) were males.

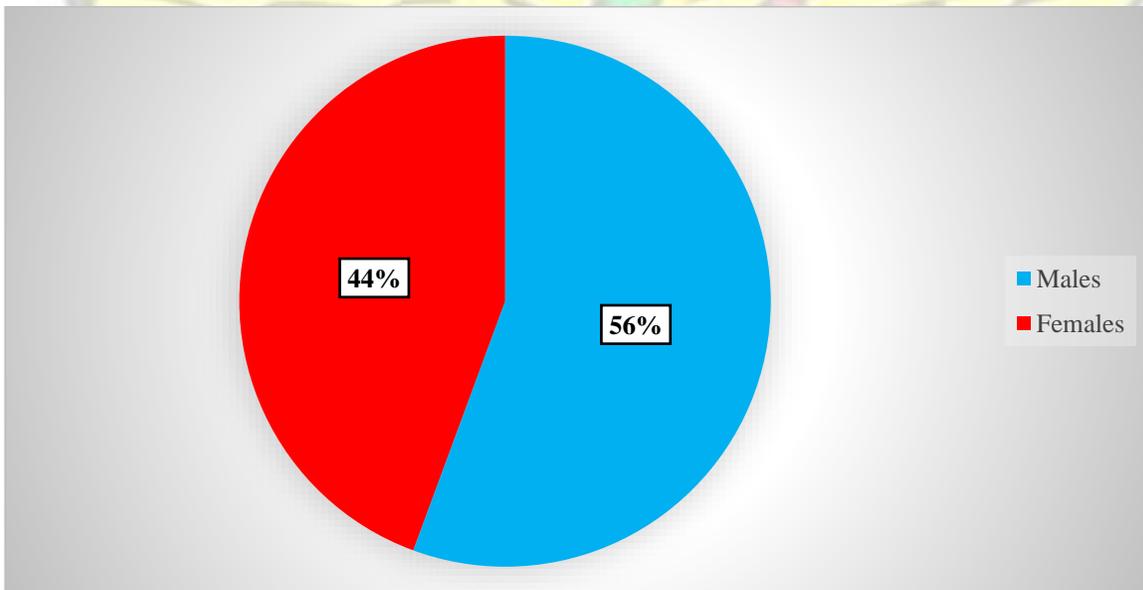


Figure 4.1: Gender distribution of respondents

Source: Filed survey, 2023

4.2.2 Respondents age range

From Table 4.1 most 72 (42.6) of the respondents were between the above 35 years, 56 of the respondents representing 33.1% were between 31-35 years, 25 (14.8%) of the respondents were also between 26-30 years and the remaining 16 representing 9.5% were 18-25 years.

Table 4.1 Age distribution of respondents

Age range	Frequency	Percentage (%)
18-25 years	16	9.5
26-30 years	25	14.8
31-35 years	56	33.1
Above 35 years	72	42.6
Total	169	100

Source: Field survey, 2023

4.2.3 Educational level of respondents

With regards to educational level, majority 98 (58.0%) of the respondents have attained tertiary education, 59 (34.9%) have also attained secondary education with the remaining 12 representing 7.1 % of the respondents indicated attaining basic education. as shown in Table 4.2.

Table 4.2 Gender distribution of respondents

Educational level	Frequency	Percentage (%)
Tertiary	98	58.0
Secondary	59	34.9
Basic	12	7.1
Total	169	100

Source: Field survey, 2023

4.2.4 Occupation of respondents

This part sought from customers their occupational status, from Table 4.2 most 53 (35.1%) of the respondents were traders, 39 (25.8%) of the respondents were also public/civil servants, 33 (21.9%) of the respondents were construction workers, mining workers were 24 (15.9%) with few 2 (1.3%) of the respondents been farmers.

Table 4.3 Customers occupation distribution

Occupation	Frequency	Percentage (%)
Public/Civil servant	39	25.8
Trading	53	35.1
Farming	2	1.3
Construction	33	21.9
Mining	24	15.9
Total	151	100

Source: Field survey, 2023

4.2.5 Number of times visiting bank

From Figure 4.2, majority 76 (50.3%) of the respondents affirmed visiting the bank monthly, 37 (24.5%) of the respondents affirmed visiting the bank on daily base, 21 (13.9%) also affirmed visiting the bank every week while 17 (11.3%) of the respondents indicated visiting the bank yearly.

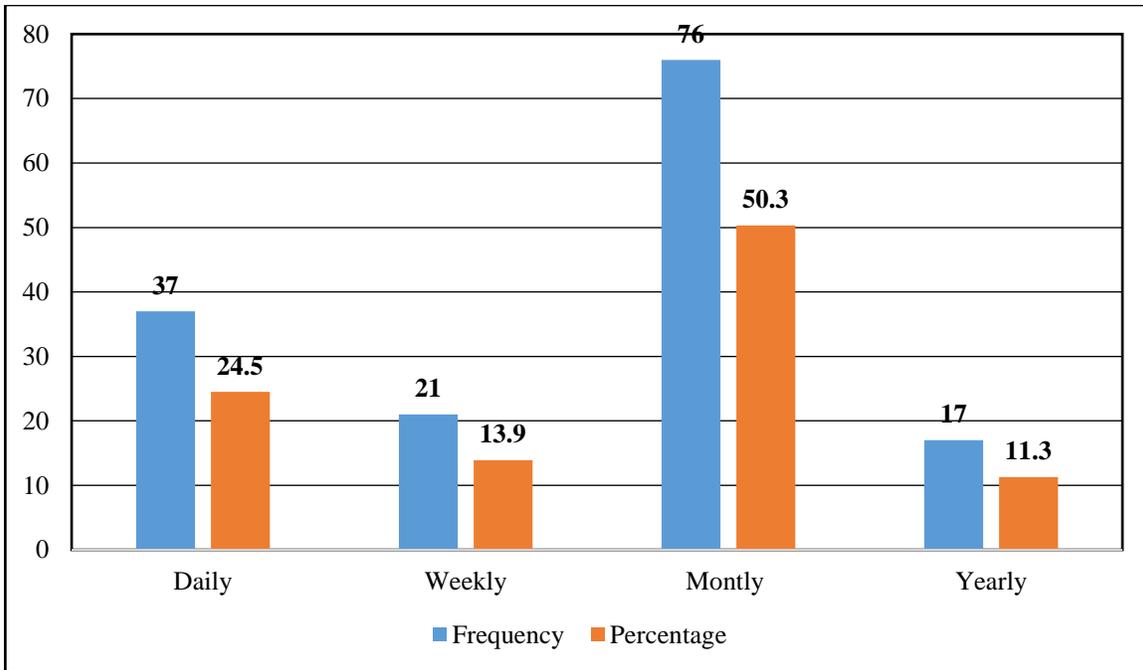


Figure 4.2: Number of times visiting bank

Source: Field survey, 2023

4.3 Effect of service quality on the loyalty of the bank customer

This section of the study sought from respondents their views on the effects of service quality on the loyalty of the bank customer. The respondents were asked whether they agree or disagree to the questions on the effects of service quality on the loyalty of the bank customer with regards to research question one. Results representing the views of the respondents are presented in Table 4.4. The responses of the respondents were analysed using percentages and mean to understand the data. Strongly disagree was represented by a mean of 1-1.4, disagree was represented by a mean of 1.5-2.4, uncertain was represented by a mean of 2.5-3.4, agree was represented by a mean of 3.5-4.4 and strongly agree was represented by a mean of 4.5-5.0.

Table 4.4 Effects of service quality on customer loyalty

Statement	Responses			Mean
	Disagreed N (%)	Uncertain N (%)	Agreed N (%)	
The bank performs the service correctly at the first time	29 (17.2)	19 (11.2)	121 (71.6)	3.7
My online transactions are always accurate	27 (16.0)	36 (21.3)	106 (62.7)	3.6
The bank keeps my records accurately	39 (23.1)	26 (15.4)	104 (61.5)	3.5
I receive prompt responses to my requests by e-mail or other means	52 (30.8)	79 (46.8)	38 (22.5)	2.8
The bank quickly resolves problems I encounter	38 (22.5)	54 (32.0)	77 (45.6)	3.2
The bank employees give me prompt service	0	13 (7.7)	156 (92.3)	4.3
The behaviour of employees instils confidence in me making it safe in transactions with the bank	34 (20.1)	9 (5.3)	126 (74.6)	3.5
The bank does not misuse my personal information	87 (51.5)	24 (14.2)	58 (34.3)	2.8
I feel secure in providing sensitive information (e.g. credit card number) for online transactions	44 (26.0)	29 (17.2)	96 (56.8)	3.6
The bank gives individual attention and understand the specific needs of customers.	0	34 (20.1)	135 (79.9)	4.1
The bank E-service is assured and completely secured	93 (55.0)	9 (5.3)	67 (39.7)	2.9
Searching for information on my bank product is very convenient	118 (69.8)	0	51 (30.2)	2.3
Total	27.7	16.4	56.0	3.4

Source: Field survey, 2023

To assess whether the respondents' regards the effects of service quality on the loyalty of the bank customer, seventeen items were used and the responses they accrued are provided below; Majority 121 (71.6) of the respondents agreed to the statement the bank performs the service correctly at the first time, 29 (17.2) of the respondents also disagreed to the statement whiles 19 (11.2) neither agreed nor disagreed to the statement. However, the statement had a mean

score of 3.7, which depicted that most of the respondents agreed to the statement. With regards to the statement online transactions are always accurate, majority 106 (62.7%) of the respondents agreed to the statement, 36 (21.3%) of the respondents were uncertain with 27 (16.0%) of the respondents disagreeing to the statement. The mean score of statement was 3.6 indicating that most of the respondents agreed to the statement. The bank keeps my records accurately saw most 104 (61.5%) of the respondents agreeing to the statement, 39 (23.1%) of the respondents have contrary responses by disagreeing to the statement while 26 (15.4%) of the respondents neither agreed nor disagreed, therefore was neutral to the statement.

The statement had a mean score of 3.5 depicting that respondent agreed to the statement. The statement I receive prompt responses to my requests by e-mail or other means saw most 79 (46.8%) of the respondents were uncertain to their response, 52 (30.8%) of the respondents disagreed with the remaining 38 (22.5%) of the respondents agreeing to the statement, however a mean score of 2.8 equivalent to 3 demonstrated that there was neutrality in the responses of the respondents. With regards to the bank the bank quickly resolves problems I encounter, most 77 (45.6%) of the respondents agreed to the statement, 54 (32.0%) of the respondents were uncertain while 38 (22.5%) of the respondents disagreed to the statement, however the statement had a mean score of 3.2, which indicated neutrality in the responses of the respondents.

The statement the bank the bank employees give me prompt service saw almost 156 (92.3%) of the respondents agreed to the statement with few 13 representing 7.7% of the respondents neither agreed or disagreed to the statement, however the mean score of 4.3 equivalent 4 depicted agreement in the responses of the respondents. Regarding the statement behaviour of

employees insists confidence in me making it safe in transactions with the bank, majority 126 (74.6%) of the respondents agreed to the statement, 34 (20.1%) also disagreed to the statement with few 9 (5.3%) uncertain to the statement. The statement had a mean score of 3.5 which indicated agreement in the responses of the respondents. The statement the bank does not misuse my personal information had most 87 (51.5%) of the respondents agreed to the statement, 58 (34.3%) have contrary responses thus disagreed to the statement while 24 (14.2%) of the respondents neither agreed nor disagreed, however the mean score of 2.8 depicted neutrality in the responses of the respondents.

More than 96 (56.8%) of the respondents agreed that they feel secure in providing sensitive information (e.g. credit card number) for online transactions, 44 (26.0%) of the respondents disagreed to the statement while 29 (17.2%) of the respondents indicate uncertain to the statement. The mean score of 3.6 demonstrated agreement in the responses of the respondents. Majority 135 (79.9%) of the respondents agreed that bank gives individual attention and understand the specific needs of customers, 34 (20.1%) of the respondents were uncertain to the statement, however the mean score of 4.1 depicted that respondent's responses were in agreement to the statement. The statement the bank E-service is assured and completely secured saw more than half 93 (55.0%) of the respondents disagreed to the statement, 67 (39.7%) of the respondents also agreed with few 9 (5.3%) of the respondents neither agreed nor disagreed to the statement. The mean score of 2.9 indicated neutrality in the responses of the respondents. With regards to the statement searching for information on my bank product is very convenient., majority 118 (69.8%) of the respondents disagreed to the statement, while 51 (30.2%) of the respondents agreed to the statement, however the mean score of 2.3 shows disagreement in the responses of the respondents.

4.3.1 Discussion on effect of service quality on the loyalty of the bank customer

The overall mean score of the statements that examine views on the effects of service quality on the loyalty of the bank customer was 3.4 which indicated that there was neutrality in the responses of the respondents. The findings conformed to Arokiasamy and Abdullah (2013) recent study which was conducted in Malaysia using the SERVQUAL model to examine the impact of service quality dimensions on customer satisfaction showed that all service quality dimensions positively influenced customer satisfaction in terms of loyalty and attitudes. The findings of this study are in concord with previous research conducted by Hidayat, Saifullah, and Ishak (2016), who discovered that service quality had a positive and significant influence on customer loyalty. Loyalty is loyalty, it can be interpreted as a situation where a consumer always uses the same product or service and never uses other similar products or services.

Unidha (2017) stated that loyalty is a positive attitude and commitment by a consumer towards a brand and that consumer wants to continue such purchases in the future. The findings affirm Wolfenbarger and Gilly (2014) who mentioned that customer loyalty and intentions to repurchase can be predicted from reliability ratings and that reliability formed from on-time and accurate delivery, accurate product representation, and other fulfilment issues. The finding agrees with Voss (2013) assertion that service providers must be able to respond sharply to requests and suggestions, and to give assistance for customers in case of problems, customers have recognized a fast response as a tool of high-quality service. The finding is in line with Iqbal and Shah (2016), trust is essential for service provider companies, because they make promises to their customers, who purchase products that cannot be seen; trust plays a vital role in shaping loyalty; it represents a promise by the company to its customers, and the company must commit to keeping such promises.

The finding is in line with Yang and Jun (2012) assertion that security is a great concern for a number of consumers as online fraudulent activities are in abundance. E-service providers need to assure the consumer that the transactions are completely secured. Consumers are often concerned about the information storage policy of the retailers. The finding is in line with Yang et al., (2012) assertion that people who searched for information regarding the products banks and the convenience of using the information is crucially important and determine the ease of using the product and service.

4.4 Impact of service quality on customer satisfaction

This section of the study assesses the impact of service quality on customer satisfaction with regard to the research question two. The data were analysed using descriptive statistics and means score analysis. Service quality of the bank was measured with five dimensions, such as tangibility, reliability, responsiveness, assurance and empathy. The calculated percentages and means are shown in the Table 4.5

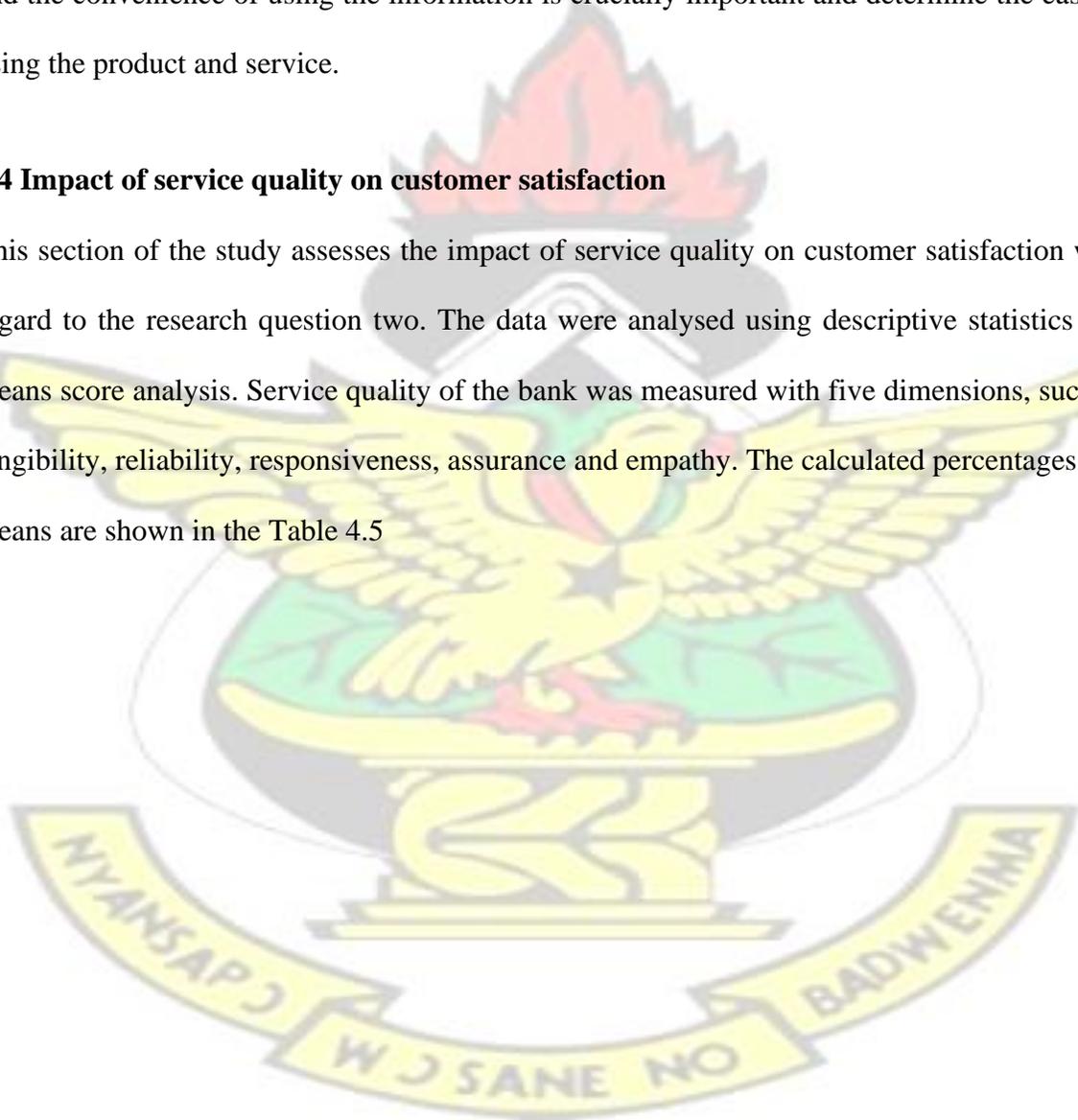


Table 4.5 Impact of service quality on customer satisfaction

Statement	Responses			Mean
	Disagreed N (%)	Uncertain N (%)	Agreed N (%)	
<i>Tangibility</i>				
The bank is equipped with good facilities and has up - to - date equipment and technology	49 (29.0)	0	120 (71.0)	3.6
Appropriate materials such as bank statements, deposit and withdrawal slips, and bank cards are visually appealing	17 (10.0)	5 (3.0)	147 (87.0)	4.2
Guide signs indicating as to which counters are offering which services are readily showcase	15 (8.9)	0	154 (91.0)	4.0
				3.9
<i>Reliability</i>				
The bank maintains error-free and up-to-date records such as accounts and statements	95 (56.2)	11 (6.5)	63 (37.3)	2.8
Bank meets their promised time-frames for customer responses.	51 (30.2)	11 (6.5)	107 (63.3)	3.5
The bank shows a sincere interest in solving problem	43 (25.4)	19 (11.2)	107 (63.3)	3.5
				3.3
<i>Responsiveness</i>				
The bank employees provide prompt services to the customer	51 (30.2)	11 (6.5)	107 (63.3)	3.5
The bank employees exactly tell when services will be performed	45 (26.7)	88 (52.1)	36 (21.3)	3.0
Bank staffs are always willing to help it customers even outside of business hours	45 (26.7)	36 (21.3)	88 (52.1)	3.3
				3.3
<i>Assurance</i>				
The bank ensures that the confidentiality of customers' transactions and records is maintained	45 (26.7)	0	124 (73.4)	3.7
Customers feel safe while making deposit transactions with the bank.	33 (19.5)	12 (7.1)	124 (73.4)	3.7
Employees of the bank have the knowledge to answer customer questions	69 (40.8)	14 (8.3)	86 (50.9)	3.0

				3.5
<i>Empathy</i>				
The bank employee does the services best interest at their heart	52 (30.8)	17 (10.1)	100 (59.2)	3.4
Convenient operating hours of the bank to all its customers	36 (21.3)	13 (7.7)	120 (71.0)	3.5
The employee of the bank understands the specific needs of the customer	12 (7.1)	9 (5.3)	148 (87.6)	4.1
				3.7

Source: Field survey, 2023

Customer satisfaction with tangibility was assessed based on three statements. Respondents are asked to rate their opinion for each statement. The statement bank is equipped with good facilities and has up - to - date equipment and technology, majority 120 (71.0%) of the respondents agreed to the statement, 49 (29.0%) also disagreed to the statement. however, the mean score of 3.6 saw that respondents regard the facilities in the bank. Majority 147 (87.0%) of the respondents agreed that deposit and withdrawal slips, and bank cards are visually appealing, 17 (10.0%) of the respondents disagreed with few 5 (3.0%) neither agreed nor disagreed, however, with a mean score of 4.2 depicted agreement in the responses of the respondents. The last statement, guide signs indicating as to which counters are offering which services are readily showcase saw almost 154 (91.0%) of the respondents agreed to the item with few 15 (8.9%) who disagreed to the item. However, the mean score of 4.0 which demonstrated that the respondents regard the item.

With regards to reliability of service quality on customer satisfaction, three items were analysed. The first item bank maintains error-free and up-to-date records such as accounts and statements saw most 95 (56.2%) of the respondents disagreed to the item, 63 (37.3%) of the respondents agreed to the item while 11 (6.5%) of the respondents uncertain to the item,

however the mean score of 2.8 depicted neutrality in the responses of the respondents. Majority 107 (63.3%) of the respondents agreed that bank meets their promised time-frames for customer responses, 51 (30.2%) of the respondents have different view by disagreeing to the item with few 6.5% of the respondents uncertain to the item. The mean score of 3.5 indicated that there was agreement in the responses of the respondents. The last item bank shows a sincere interest in solving problems saw most (63.3%) of the respondents agreed to the item, 25.4% of the respondents disagreed with 11.2% of the respondents uncertain, however the mean score (3.5) depicted that respondent agreed to the item.

On responsiveness on customer satisfaction three statements were used to assess the respondents. Majority 107 (63.3%) of the respondents agreed to the statement, 51 (30.2%) of the respondents disagreed with the remaining 11 (6.5%) also uncertain to the statement. The mean score of 3.5 depicted agreement in the responses of the respondents. The statement bank employees exactly tell when service will be performed saw most 88 (52.1%) of the respondents uncertain to the statement, 45 (26.7%) of the respondents disagreed with 36 (21.3%) of the respondents agreed, however the statement had a mean score of 3.0 which depicted neutrality in the responses. The last statement bank staffs are always willing to help it customers even outside of business hours saw more than half (52.1%) of the respondents agreed to the statement, follow by 26.7% of the respondents who disagreed and 21.3% of the respondents neither agreed nor disagreed to the statement. The statement yielded a mean score of 3.3 indicating neutrality in the responses of the respondents.

Regarding assurance of service quality on customer satisfaction three items were used. The first item bank ensures that the confidentiality of customers' transactions and records is maintained had almost 124 (73.4%) of the respondents agreed to the item, with 45 (26.7%) of the respondents disagreed to the item, however the mean score of 3.7 equivalent to (4) demonstrated that the item was agreed by respondents. Majority 124 (73.4%) of the respondents agreed that customers feel safe while making deposit transactions, 45 (26.7%) of the respondents had contrary view with 12 (7.1%) of the respondents uncertain to the item. The statement yielded a mean score of 3.7 which shows that the respondents agreed to the item. The last item, employees of the bank have the knowledge to answer customer questions saw most 86 (50.9%) of the respondents agreed to the item, 69 (40.8%) of the respondents disagreed and 14 (8.3%) of the respondents were uncertain, however the mean score of 3.0 depicted neutrality in the responses of the respondents.

Customer satisfaction with empathy was assessed on three items. The first item bank employee does the services best interest at their heart saw most (59.2%) of the respondents agreed to the item, followed by (30.8%) who disagreed to the statement while (10.1%) of the total respondents uncertain to the item. The item yielded a mean score of 3.4 indicating neutrality in the responses. Convenient operating hours of the bank to all its customers had majority (71.0%) of the respondents agreed to the item, it was followed by (21.3%) of the respondents who disagreed whereas (7.7%) of the respondents neither agreed nor disagreed, however the mean score of 3.5 depicted agreement in the responses. The last item the employee of the bank understands the specific needs of the customers, majority (87.6%) of the respondents agreed to the item, followed by (7.1%) who disagreed and (5.3%) of the respondents were also uncertain,

however the item yielded a mean score of 4.1 which demonstrated agreement in the responses of the respondents.

4.4.1 Discussion on impact of service quality on customer satisfaction

Findings from the study shows that tangibility had overall mean of (3.9), reliability with overall mean of (3.3), responsiveness had overall mean score of (3.3), assurance with overall mean score of (3.5) and empathy had overall mean score of (3.7). From the findings of the study, it can be deduced that tangibility and empathy had the highest mean which depicted statistically significant effect on customer satisfaction. The findings of the study support Saravanakumar et al., (2014) finding that both tangibility and empathy significantly influence on customer loyalty in the Co-operative banks in India. Setiawan and Sayuti (2017) affirmed that service quality had a positive and significant effect on customer satisfaction; it indicates that every time the company improves the quality of its service, customer satisfaction can increase. Similar findings were also obtained in a study by Selvakumar (2016), where tangibles had a significant impact of customer satisfaction. The findings of another study by Nuchsarapringviriya and Fadzil (2015) also support the findings obtained in the current study. In their study, they found that empathy is one of the major factors that influence customer satisfaction.

4.5 Customer satisfaction on the effect of service quality on customer loyalty

This section of the study sought from respondents their views on the indirect role of customer satisfaction on the effect of service quality on customer loyalty. The respondents were asked whether they agree or disagree to the questions on the indirect role of customer satisfaction on the effect of service quality on customer loyalty in the banking sector with regards to research question three. Results representing the views of the respondents are presented in Table 4.6.

The responses of the respondents were analysed using mean and standard deviation to understand the data. Strongly disagree was represented by a mean of 1-1.4, disagree was represented by a mean of 1.5-2.4, uncertain/neutral was represented by a mean of 2.5-3.4, agree was represented by a mean of 3.5-4.4 and strongly agree was represented by a mean of 4.5-5.0. Standard deviation showed deviation from the mean.

To analyse the indirect role of customer satisfaction on the effect of service quality on customer loyalty in the banking sector, seven items were used. From Table 4.6 the mean score of the item harmonious relationship with the bank management and staffs was 3.5 which depicted majority of the respondents' agreement to the item and a standard deviation of 1.1 which demonstrated heterogeneity in the responses of the respondents. The item banking products meet my needs and expectations in terms of quality and performance had a mean score of 3.1 and a standard deviation of 1.0. The mean score depicted that most of the respondents showed neutrality in their responses, however the standard deviation indicated heterogeneity in their responses.

The mean score of the item increases the frequency of attendance at corporate events was 2.8 and a standard deviation of 1.3. The results showed that majority of the respondents were uncertain/neutral in their responses, however the standard deviation depicted heterogeneity in the responses of the respondents. The item bank commitment is in line with my delivery expectations had a mean score of 3.5 and a standard deviation of 0.8. The mean score equivalent to (4) indicated that the respondents agreed to the item. However, the standard deviation of 0.8 depicted homogeneity in the responses of the respondents.

The fifth item which states bank service quality demonstrate self-success to the organization saw a mean score of 3.3 and a standard deviation of 0.9. The mean score demonstrated neutrality in the responses of the respondents, however with the standard deviation of 0.9 showed that there was homogeneity in the responses of the respondents. The item my banking products and services represent the best value for the total cost paid had a mean score of 3.7 which indicated that majority of the respondents agreed to the item. The item yielded a standard deviation of 0.9 which depicted homogeneity in the responses of the respondents. The last item which states general prices of products and services make me loyal to my bank had a mean score of 4.0 and a standard deviation of 1.3. The mean score of the item depicted that most majority of the respondents were in agreement to the item, however the standard deviation of 1.3 indicated that there was heterogeneity in the responses of the respondents.

The correlation coefficient of -1 means a robust negative relationship. Therefore, it imposes a perfect negative relationship between the variables. If the correlation coefficient is 0, it displays no relationship. Moreover, if the correlation coefficient is 1, it means a strong positive relationship, therefore, it implies a perfect positive relationship between the variables. From Table 4.6 the correlation was 0.49 which is equivalent to (1) which indicated that there was correlational relationship customer satisfaction on the effect of service quality on customer loyalty, thus, the correlation coefficient of 0.49 indicates a stronger positive correlation relationship between the independent variables and dependent variables.

Table 4.6 Correlation of customer satisfaction on the effect of service quality on customer loyalty

Responses (x)	Frequency (y)	xy	x²	y²
Strongly disagree (1)	4	4	1	16
Disagree (2)	43	86	4	1846
Neutral (3)	26	78	9	676
Agree (4)	69	276	16	4761
Strongly agree (5)	27	135	25	729
Σx=15	Σy=169	Σxy=582	Σx²=55	Σy²=8028
Pearson correlation coefficient (r)= 0.49				

Source: Field survey, 2023

4.5.1 Discussion on customer satisfaction on the effect of service quality on customer loyalty

From the findings the overall mean score and standard deviation of the items which analysed the indirect role of customer satisfaction on the effect of service quality on customer loyalty in the banking sector was 3.4 and 1.0 respectively. The overall mean score depicted that the respondents were neutral in their responses, however the standard deviation of 1.0 demonstrated heterogeneity in the responses. Based on the results of the analysis that examined the indirect role of customer satisfaction on the effect of service quality on customer loyalty, it was known that customer satisfaction could increase the loyalty of banking. The findings of Soliha, Basiya, Rochmani, Darmawan and Udin (2019), who uncovered that consumer satisfaction had a positive and significant effect on customer loyalty. The findings further affirmed Teich (2017) assertion that customer loyalty is developed over a period of time from a consistent record of meeting, and sometimes even exceeding customer expectations. Kotler, Ang, Leong and Tan (2014) asserted that the cost of attracting a new customer may be five times the cost of keeping a current customer happy.

This is in agreement with the findings of Iddrisua, Noonib, Fiankoc and Mensah (2015) that assurance has a significant effect on customer loyalty. This finding is considered as an addition to the body of knowledge pertaining the importance of higher levels of customer loyalty in service sector. It also suggests that, the managers of service companies should employ more cogent strategies on customer loyalty, since retaining the existing customers is found to be more cost effective than attracting fresh ones (Iddrisua et al., 2015). The findings affirmed Cronin and Taylor (2018) assertion that customer satisfaction can be related to the overall performance of a product/service or the overall performance of an organization’s products/services. In this study customer satisfaction is related to the overall performance of services delivered by banks in Ghana because we sought to generalise the findings for managerial implications. This is in conformity with Anderson, et al., (2014) who find that the concept of service quality differs from organization to organization. Price is of vital importance; the price of service has the strongest impact on customer satisfaction in Liberia.

Table 4.7 Indirect role of customer satisfaction on customer loyalty

Items	N	Mean	SD
Harmonious relationship with the bank management and staffs	169	3.5	1.1
The banking products meet my needs and expectations in terms of quality and performance	169	3.1	1.0
Increase the frequency of attendance at corporate events.	169	2.8	1.3
The bank commitment is in line with my delivery expectations	169	3.5	0.8
Demonstrate self-success to the organization	169	3.3	0.9
My banking products and services represent the best value for the total cost paid	169	3.7	0.9
General prices of products and services make me loyal to my bank.	169	4.0	1.3
		3.4	1.0

Source: Field survey, 2023

CHAPTER FIVE

SUMMARY, CONCLUSION AND CONCLUSION

5.1 Introduction

This chapter ends the study by given an overview of the research study, methods of the study, summarising the main findings, providing concise conclusions to the study and making some recommendations.

5.2 Summary of key findings

The primary purpose of the study was to examine the indirect role of customer satisfaction on the impact of service quality on customer loyalty in the Ghanaian Commercial Banking sector, using selected banks in the Ashanti region as a case study area. The study specifically sought to examine the effect of service quality on the loyalty of the bank customer, assess the impact of service quality on customer satisfaction in the banking industry and analyse the indirect role of customer satisfaction on the effect of service quality on customer loyalty in the banking sector. The study adopted a descriptive study design with quantitative approach. The study employed simple random sampling to select customers and purposive sampling for the management members. The study utilised a sample of 169 respondents and analysed the findings using mean and standard deviation.

With regards to the objective one the study revealed that majority 56.0% of the respondents agreed to the effect of service quality on the loyalty of the bank customer, however the overall mean score of the statements that examine views on the effects of service quality on the loyalty of the bank customer was 3.4 which indicated that there was neutrality in the responses of the respondents. The findings of the study with regards to the objective two revealed that that

tangibility had overall mean of (3.9), reliability with overall mean of (3.3), responsiveness had overall mean score of (3.3), assurance with overall mean score of (3.5) and empathy had overall mean score of (3.7). It can be deduced that tangibility and empathy had the highest mean which depicted statistically significant effect of service dimensions on customer satisfaction. From the findings of the study the overall mean score and standard deviation of the items which analysed the indirect role of customer satisfaction on the effect of service quality on customer loyalty in the banking sector was 3.4 and 1.0 respectively. The overall mean score depicted that respondents were neutral in their responses, however the standard deviation of 1.0 demonstrated heterogeneity in the responses.

5.3 Conclusion

Customer loyalty in the study area was affected by service quality. Banking sectors providing quality service at promised time to do so, show sincere interest in the presence of problem, and keeping records accurately have a significant effect on customer loyalty. Besides, giving prompt service, always ready and willing to help customers, and never too busy to respond to customer request have significant effect on customer loyalty. A clearer understanding as to the sequence of relationship between service quality, customer satisfaction and customer loyalty can help to ensure better targeting of customer using limited marketing resources.

The results showed that the customers were given more importance to service quality dimension. There was positive and significant impact on customer satisfaction, meaning that the increase in the trust will also increase customer loyalty. At last, consumer satisfaction had a positive and significant influence on customer loyalty, meaning that increasing customer satisfaction will also increase customer loyalty. The study accomplished that quality service is

an important factor to customer satisfaction. In the world of global economy, banking sector needs has become more diverse and exotic than ever before. Therefore, banks should focus in service quality to satisfy their customers in every dimension of service quality.

Service quality is an important indicator for brands and companies to compete. Therefore, they should offer their customers high quality services. In this way, they may satisfy and provide customers to trust them. It is important for them because satisfied and trust customers repurchase the same brand, product and services. Banks giving prompt service, always ready and willing to help customers, and never too busy to respond to customer request have significant effect on customer loyalty. Likewise, employees' confidence, making customers feel and secure in their transaction, appropriate behavior of the concerned staff, and employees knowledge to answer customer's question affects the customer loyalty positively and significantly.

5.4 Recommendations

Based on the findings of the study the following recommendations were made;

The management of the banks should improve quality services so as to satisfy customer's needs.

The bank needs to pay much attention on the customer complaints in order satisfy the customer's expectation. Individual attention should be given to customers in order to better understand their needs and better satisfy them.

The management of the bank should provide continuous training to the employees on issues like courtesy, etiquette and communication skills while dealing with customers.

Customer loyalty service needs to be evaluated from time to time to provide managers of banks better tools to make informed decisions to meet changing needs of the industry and the complex nature of customers.

The bank employees should give attention for individual customers and willing to help them. Bank managers should also follow up the actions of bank employees for their ability to give attention to individual customers and willingness to help them.

5.5. Suggestion for further Studies

Future studies should consider expanding the scope of the study especially, the number of customers. The study should go beyond customers of banks to the public sectors in the country. The method used (questionnaire) in this research to collect the data is a very common research instrument. Other methods could have been used for this research study, e.g. focused group discussions/discussion forum etc. Further research can be done on the perceived service quality and what actually customers receive.

5.6 Implication of the Study

The study has a number of implications for management and policy in Commercial Banks in Ghana. First, the study provides empirical evidence on the state of customer satisfaction in the banking sector in Ghana in general. Management of the banks should improve upon their performance to improve service quality for dimensions that customers were typically dissatisfied. Previous studies have shown that customer dissatisfaction has many serious consequences on consumer behavioral intentions (Wong, 2016). With regard to theoretical implications, the study contributes to the general body of knowledge in customer satisfaction measurement. Specifically, it develops customer satisfaction measurement instrument in the

context of banking services. It also provides evidence that customer satisfaction could be measured for many dimensions of service quality. This study provides a detailed assessment and analysis of dimensions of service quality that customer satisfaction could be measured, and provides the foundation of future research to be conducted in similar banking contexts.



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APPENDIX I

QUESTIONNAIRE FOR RESPONDENTS

Introduction

Dear Respondent, I am a final year Master of Business Administration student of the Kwame Nkrumah University of Science and technology, School of Business conducting research on the *MEDIATING ROLE OF CUSTOMER SATISFACTION ON THE RELATIONSHIP BETWEEN SERVICE QUALITY AND CUSTOMER LOYALTY IN THE COMMERCIAL BANKING INDUSTRY* using your bank as a case study area. Thank you for agreeing to participate in this study and please spend some time to read and answer all the questions. I want to assure you that all information given will be treated confidentially. Please do not write your name.

SECTION A: DEMOGRAPHIC INFORMATION

Please tick (✓) appropriate in the box provided beside the question. Thank you

A1. Gender

- a. Male []
- b. Female []

A2. Age range

- a. 18-25 years []
- b. 26-30 years []
- c. 31-35 years []
- d. Above 35 years []

A3. Educational level

- a. Primary []
- b. JSS/JHS []

c. SSS/SHS []

d. Tertiary []

A4. Occupation/Profession

a. Commerce/Business []

b. Public/Civil servant []

c. Farming []

d. Construction []

e. Mining []

f. Other specify.....

A. 5. Marital Status

a. Single []

b. Married []

c. Divorced []

A. 6. How often do you visit the bank?

a. This is my first time []

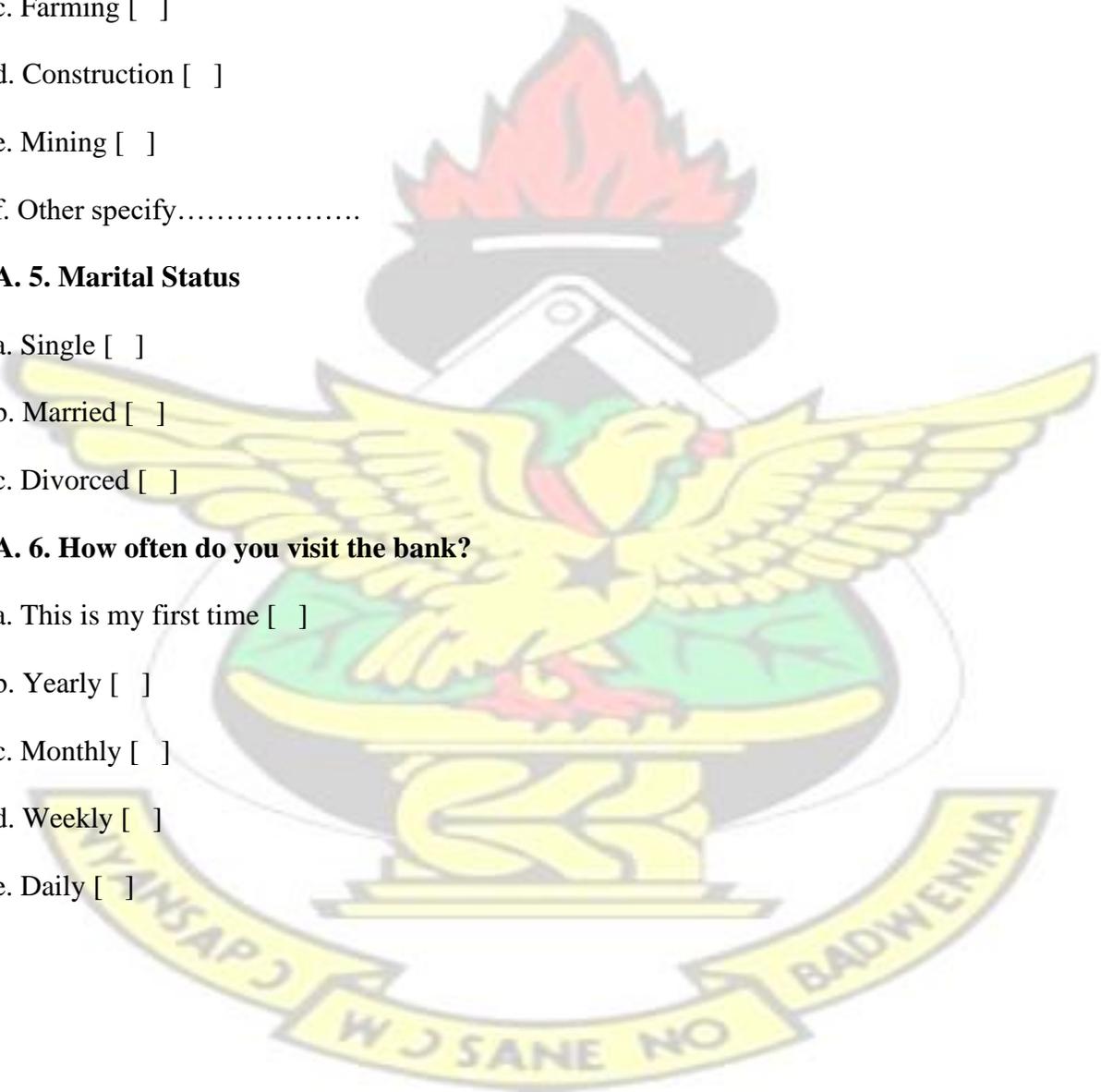
b. Yearly []

c. Monthly []

d. Weekly []

e. Daily []

KNUST



SECTION B: Effect of service quality on the loyalty of the bank customer

The service quality of the bank has been measured with 5 dimensions, such as tangibility, reliability, responsiveness, assurance and empathy. *Please tick (✓) appropriate in the box provided beside the question that best represent your views.* 1-Strongly Disagree (SD), 2-Disagree (D), 3- Uncertain (U), 4-Agree (A), 5-Strongly Agree (SA).

Statement	Responses				
	SD	D	U	A	SA
1. The bank performs the service correctly at the first time					
2. My online transactions are always accurate					
3. The bank keeps my records accurately					
4. I receive prompt responses to my requests by e-mail or other means					
5. The bank quickly resolves problems I encounter					
6. The bank employees give me prompt service					
7. The behaviour of employees instils confidence in me making it safe in transactions with the bank					
8. The bank does not misuse my personal information					
9. I feel secure in providing sensitive information (e.g. credit card number) for online transactions					
10. The bank gives individual attention and understand the specific needs of customers.					
11. The bank E-service is assured and completely secured					
12. Searching for information on my bank product is very convenient					

SECTION C: Impact of service quality on customer satisfaction

Please tick (√) appropriate in the box provided beside the question that best represent your views. 1-Strongly Disagree (SD), 2-Disagree (D), 3- Uncertain (U), 4-Agree (A), 5-Strongly Agree (SA).

Statement	Responses				
	SD	D	U	A	SA
<i>Tangibility</i>					
1. The bank is equipped with good facilities and has up - to - date equipment & technology					
2. Appropriate materials such as bank statements, deposit and withdrawal slips, and bank cards are visually appealing					
3. Guide signs indicating as to which counters are offering which services are readily showcase					
<i>Reliability</i>					
4. The bank maintains error-free and up-to-date records such as accounts and statements					
5. Bank meets their promised time-frames for customer responses.					
6. The bank shows a sincere interest in solving problem					
<i>Responsiveness</i>					
7. The bank employees provide prompt services to the customer					
8. The bank employees exactly tell when services will be performed					
9. Bank staffs are always willing to help it customers even outside of business hours					
<i>Assurance</i>					
10. The bank ensures that the confidentiality of customers' transactions and records is maintained					
11. Customers feel safe while making deposit transactions with the bank.					
12. Employees of bank have the knowledge to answer customer questions					
<i>Empathy</i>					
13. The bank employee do the services best interest at their heart					

14. Convenient operating hours of the bank to all its customers					
15. The employee of the bank understand the specific needs of the customer					

SECTION D: Indirect role of customer satisfaction on the effect of service quality on customer loyalty

Please tick the appropriate box to indicate your degree of satisfaction. Where: 1-Strongly disagree (SD), 2-Disagree (D), 3- Uncertain (U), 4-Agree (A), 5-Strongly agree (SA)

Statement	Responses				
	SD	D	U	A	SA
1. Harmonious relationship with the bank management and staffs					
2. The banking products meet my needs and expectations in terms of quality and performance					
3. Increase the frequency of attendance at corporate events.					
4. The bank commitment is in line with my delivery expectations					
5. Demonstrate self-success to the organization					
6. My banking products and services represent the best value for the total cost paid					
7. General prices of products and services make me loyal to my bank.					