An Assessment Of Degree Of Service Quality Of Some Selected Commercial Banks In Central Uganda; Perception Of Bank Customers

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Abstract

This study was concerned with the assessment of degree of service quality provided by some selected commercial banks in central Uganda. The objectives of the study were to determine (i) demographic profiles (ii) degree of service quality and (iii) significant differences between services provided by the selected commercial banks. The study employed ex post facto design, cross sectional survey, correlation design and quantitative paradigm. Self Administered Questionnaires were used with CVI = 0.85 and reliability of r = 0.95 obtained using cronbach alpha method. Data was analyzed using descriptive statistics and t-test. The major findings included male being majority (52%) and female 48%. In terms of age group of (20-39); obtained 81% and 60 and above were 3%. Diploma holders were 32% and Ph.D holders were 1%. UBA customers being majority (58%) and Global Trust Bank score 42%. In terms of determining the degree of service quality in selected commercial banks in central Uganda, the responsiveness, competence, credibility, security, accessibility and understanding of the service were rated successful apart from reliability of the service which was rated was fair meaning not reliable. With t value = 2.401 and sig or p = 0.017 at 0.05 level of significance alternative hypothesis was accepted to the effect that there is a significant difference in degree of service quality as perceived by customers of the two selected Commercial Banks in Central Uganda. The study recommended the banks to change customer perception and win the good will from the customers, the staff should endeavor to provide the service promptly, quickly and accurately and the service provider should have alternative power to enable the service provider work 24 hours,

Key Words

Assessment

Service Quality

Commercial Banks

Perception

1.0   Introduction

To day's business environment is competitive. Business organizations like financial institutions are forced to examine their performances because their survival in the dynamic economies of the coming years will be dependant upon their overall efficiencies. In response, banking firms have been trying to adopt and adjust them selves to improve their efficiencies in the changing social and economic environment. The efficiency of a banking sector depends upon how best it can deliver services to its target customers or how far the expectations of customers are met. Service quality therefore provides a strategic

Competitiveness in dynamic business environment (Khan, 2010). Thus, literature provides that a significant relationship between service quality and firm's performance will yield improved productivity, increased market share, enhanced customer attraction and loyalty, improved staff morale and sustainable profitability. This therefore means that service quality in banks is critical for satisfaction and retention of customers. Banks in Uganda like in any other country have adopted technology to offer services faster to customers. To day the technology has advanced to include e- banking of all forms and Credit Reference Bureaus (CRBs) with several services offered by these banks (Chemonges, 2003; Odoki, 2004; & Muwanga, 2004).

How ever, there are several are several challenges facing the banks including poor systems protection, lack of ready and reliable internet, lack of knowledge of use of service provider among customers, in adequate geographical coverage of the services, cost of operating the service provider, lack of availability of constant and adequate power to run the technology and fraud (Muwanga, 2003 & Ndawula, 2010). In addition, customers persistently complain of high rate of errors and some banks have been sued in courts of law (Monitor, 2000; Muwanga, 2002). The purpose of this study was to asses the perception of customers on the services provided by the selected commercial banks in central Uganda. The objectives of the study included to (i) determine the demographic characteristics of the respondents as age, gender, highest educational qualifications and bank (ii) assess the degree of service quality of the selected commercial banks in this study in terms of reliability, responsiveness, competence, credibility, security, accessibility, and understanding the customers and (iii) establish the significant differences between services provided by the selected banks.

2. Literature Review

2.1 Service Quality

Service quality involves a comparison of expectations with performance. Service quality is a measure of how well a delivered service matches the customer's expectations. Generally the customer is requesting a service at the service interface where the service encounter is being realized, and then the service is being provided by the provider and in the same time delivered to or consumed by the customer. The main reason to focus on quality is to meet customer needs while remaining economically competitive in the same time. The service quality includes its reliability, responsiveness, competence, credibility, security, accessibility and understanding of the service Zeithaml et al (1990).

2.2 Reliability of service quality

Mukesh et al (2009) while looking at Comparative evaluation of critical factors in delivering service quality of banks: An application of dominance analysis in modified SERVQUAL model identified some of the reliability factors as staff keeping promise, sincere interest in solving customers' problems, staff performing service right the first time, provide services at the time they promise to do so, insisting on error-free records and staff telling customers exactly when services will be performed. Al- Fawzan (2005) continue to add to reliability factor items like service provider performing the service the right time it is wanted by the customers, Service is done right from the beginning, having trust that the staff will solve any problem if it occurred and clients' transactions being error free. Wolfinbarger and Gilly (2003) observe that reliability is the strongest predictor of customer of customer satisfaction and second predictor of customer loyalty because it embeds the dynamic capability to perform the promised service dependably and accurately.

2.3 Responsiveness of service quality

Responsiveness in the SERVQUAL dimension is measured in terms of organization quick response when there is a problem, the staffs willing to answer client questions, service provider offering specific times for service accomplishments given to client and the public situations treated with care and seriousness (Zeithaml, Parasuraman & Berry, 1988). Al-Fawzan (2005) observed that responsiveness includes customers always being informed when the service is done, staffs always respond to customer's requests; employees serving customers without delay or hesitation are part of the responsive factor. Magnini et al (2007) observes that responsiveness measures the extend to which the banks put in place measures to requests and suggestions and provide assistance to customers in case of problems. It therefore means that effective response has positive impact on customer satisfaction.

2.4 Competence of service quality

Mukesh et al (2009) identified the factors of competence in SERVQUAL as staff telling customers exactly when services will be provided, prompt service, staff willingness to help, prompt response from staff, behaviors of staff instilling confidence in customer, customers feeling safe in their transactions , friendliness and courtesy of staff, staff having knowledge to answer questions, individual attention given by staff, convenient operating hours, staff giving customers best interest at heart, personal attention given to customers, understand the specific needs of customers and ability to conduct transaction immediately. Mboma (2006) argues that possession of skills and knowledge in the field of that service is an aspect of competence. A car mechanic with the requisite knowledge of a particular car will do better job than one who claims to be a mechanic of all the vehicles in the world

2.5 Credibility of service quality

Credibility as observed by Minjoon et al (2003) while carrying out a study on customers' perceptions of online retailing service quality and their satisfaction

included the Web site showing how long the online retailer has been in the online business, received special rewards and discounts as promised from doing business with the online retailer Percentage of variance explained by each dimension. This means that the credibility of the web service was good in their study. Zeithaml, Parasuraman & Berry (1988) assert that credibility of the service provider should be looked in to in terms of trustworthiness, believability, honesty of the service provider. In other words service organization reputation, staff members refraining from pressuring the client, responses given by staff being accurate and consistent with other reliable sources and the organization guaranteeing its services.

2.6 Security of the service

According to Buchanan and Gilles (1990), security as one of the factors of service quality is the condition of being protected against danger, loss, and criminals. In the general sense, security is a concept similar to safety. It is a condition that results from the establishment and maintenance of protective measures that ensures a state of inviolability from hostile acts or influences (Mukherjee and Nath, 2003). The condition prevents unauthorized persons from having access to official information that is safeguarded in the interests of security. Individuals or actions that encroach upon the condition of protection are responsible for the breach of security (Moloney & Chris, 2006). Minjoon et al (2003) continued to argue that security factors accounted for 7.7 percent of the variance and comprises two scale items, such as customers' secure feelings in providing personal information and customers' perceptions of low risks associated with online purchases while carrying out a study on customer perception of On line retailing services quality on their satisfaction.

2.7 Accessibility of service quality

According to Delvin (2000), accessibility as service quality measure is one of key factors in determining competitive advantage in such a turbulent banking environment and Minjoon et al (2003) observed that accessibility as part of

Service Quality (SERVQUAL) can be measured in terms of four scale items including the availability of a company's street and e-mail addresses, and telephone and fax numbers, and the accessibility of service representatives. How ever Delvin (1995) added convenience and value driven distribution channels to the accessibility factor. According to Mountinho et al. (1997) new-age banks operate with minimal number of physical branches and use remote banking for the bulk of their operations. The remote channels are used to provide basic services while more sophisticated services are provided on a face to face basis (Mitchell, 2000).

According to Woherem (2000) banks need to total change their payment and delivery systems and use ICT for their operations if they are to serve and grow in the competitive business environment. The banks should check their service delivery systems in order to help them use ICT and meet the dynamic technological environment.

2.8 Understanding the service quality.

Zeithaml, Parasuraman & Berry (1988) argue that understanding the service includes someone whom the staff recognize each regular client and address them by name, staffs try to determine what client's specific objectives are, the level of service and cost of service consistent with what client requires and can afford, the service providers being flexible enough to accommodate the client's schedule. Mboma (2009) observed that when customer gets used to a service, he/she uses it more and more and so sales volume will increase, a company will easily know what the customer expects, a company can vary prices and usually increase them with out fear of loosing the customer and will get increased customer satisfaction leading to higher levels of customer retention and positive word of month communication as transactions are immediate and helpful.

3. Methodology

The study employed the ex post facto design where the information on service quality were gathered and described based on recall or what had happened (Cohen et al 2000) and survey designs where data was gathered from a sample derived from a population (Amin, 2005). From an accessible population of 600 using Slovene's formular a sample size 240 was obtained. Standardized Instruments were adopted from SERVQUAL by Parasuraman et al (1988) to collect data. Data was analyzed presented in frequency distribution tables, analyzed using statistical tools like measures of central tendency like mean and student's t-test.

4. Finding

4.1 Demographic Profile of the Respondents

The study realized majority of the respondents were male up to 52% and females about 48%. In relation to age the majority of the respondents were in the early adult hood (20-39) up to 81%, followed by middle adult hood (40-59) up to 16% and the least was late adult hood (60 above) up to 3%. Regarding the educational level of the respondents majority attained diploma level (30%), followed by bachelor degree holders with 29% and the least being Ph.D holder with 1%. Lastly, under demographic pro file the majority of the respondents were customers of UBA up to 58% and 42% were customers of GTB.

4.2 Degree of Service Quality

The degree of service quality was operationalised in to reliability, responsiveness, competence, credibility, security, accessibility and understanding of the service. A mean range on all the responses on the constructs was obtained and was interpreted as as 3.26-4.00 being very satisfactory , 2.51-3.25 being satisfactory, 1.76- 2.50 being fair and 1.00- 2.50 being poor as indicated in table 1

Table 1: Degree of Service Quality

Indicator	Mean	Interpretation
Reliability of service quality	2.48	Fair
Responsiveness of the service	2.56	satisfactory
Competence of the service	2.61	satisfactory
Credibility of the service	2.59	satisfactory
Security of service	2.62	satisfactory
Accessibility of service	2.51	satisfactory
Understanding of the service	2.46	Fair

Source: Primary

The survey results indicate that in relations to the reliability of the service provider the mean score was 2.48 interpreted as fair. This suggested that the perception of customers of selected Commercial Banks in Central Uganda about the reliability of the service provider is negative. The results of the study are consistent with Al-Fawn (2005) but in contradiction with Parasuraman et al (1985,) who identified one of the determinants of service quality as reliability which refers to the ability to perform the promised service dependably and accurately and performing the service right at the first time which was in line with Verhoef (2003), Gruca and Lopo (2005), Korauš (2002) and Anderson et al (2004).

In relation to the responsiveness of the service provider to customer, the mean score was 2.56 which were denoted as satisfactory. This meant that the

perception of the respondents was that the service provider was responsive to customers of the selected commercial banks which in disagreement with Wood (2009) who reported Dare Okoudjou the Head of Mobile Money International Development at MTN as saying we based mobile payment services on the belief that there is a delay for banking services in Africa, and that mobile is a service that can address that delay.

On the issue of competence of the service provider, the mean score was 2.61 which interpreted as satisfactory. This revealed that the customers of the selected commercial banks were satisfied with the service provided like materials used and personnel involved. This view was consistent with Taylor (1911) who asserts that for productivity to increase the right tools should be provided to the workers as cited Prasaad (2001).

The credibility of service scored a mean of 2.59 which interpreted as satisfactory meaning that views of the customers agreed that the services provided by the selected customers are credible. This was consistent with Hossain and Shirley (2009) continues to observe that a series of transactions between customers and banks transform into relationship step by step and Oliver (1981) added that the relationships of both buyer and seller in banking sector are valuable and create dimension of power while Spreng et al 1996 argued that co-operation, commitment and trust are much higher in consumer goods market than other markets as cited in Hossain and Shirley (2009).

In regard to security of the service, the mean score was 2.62 which was denoted as satisfactory suggesting that the customers of the selected bank are satisfied with security of the service like safety of premises, documents and correct provision of services. This view was in line with Szymanski and Hise (2000) and Yoo and Donthu (2001) who empirically found those customers' perceptions of online security played an important role in their satisfaction and purchasing intention. In fact, the perceived lack of security on public networks is

a stumbling block to the growth of e-commerce and online consumers often have serious concerns about the security of online credit card transactions and the interception of their personal information (Fenech and O'Cass, 2001; Madu and Madu, 2002).

In relation to the accessibility of the service, the mean score was 2.51 denoted as satisfactory suggesting that service provider was accessible in terms of meeting knowledgeable staff, easy reach with telephone and location. The access dimension refers to the ease of contact and information gathering from the banks or the service provider. Burke (1997) while looking at the future of virtual shopping and Cox and Dale (2002) while looking at service quality and e-commerce: an exploratory analysis found out that online consumers often need to contact a customer representative over the telephone and by other conventional communication means.

On the issue of understanding the service the mean score was 2.55 interpreted as satisfactory suggesting that the customers of the selected commercial banks understand the service in terms of cost being affordable, the bank staff understanding the customers in addition to recognizing them. This is consistent with Angumya (2011) but disagreeing with   Muteekani (2009) in an article ' How banks make you poor" observed that most accounts holders are often jolted when they either discover that their balances have gone incredibly low at the end of the month or cannot access their money as service charges, including minimum balances.

4.3 Significant Difference in the Degree of Service Quality as Perceived customers of the selected Commercial Banks.

The null hypothesis of the study was there is no significant difference in the degree of service quality as perceived by customers of the selected commercial banks

Table 2: Customer Perception and Degree of Service quality.

Degree of Service Quality	yrogetaC	naeM	SD	Critical t-value	Computed z-value	noitaterpretnI	Decision on H_o
	sremotsuc BTG	2.6235	0.87978	2.401	0.017	tnacifingiS ecnereffiD	Rejection of H_o
	sremotsuC ABU	2.3486	0.56568				

Table indicates that the perception of customers of GTB on the difference in service quality among selected International Commercial Banks was higher (mean = 2.6235) than the perception hold by the customers of UBA (mean = 2.3486), suggesting a difference in the degree of service quality perceived by customers of the two selected Commercial Banks in the Central Uganda. The significance of this difference was supported by the t value (t = 2.401) which was small since its sig or p value (0.017) was less than α = 0.05 resulting in to rejection of the null hypothesis and acceptance of the alternative hypothesis to the effect that there is a significant difference in degree of service quality as perceived by customers of the two selected Commercial Banks in Central Uganda at five percent level of significance.

5.0 Summary and Conclusion

The major findings of the study on demographic profile include majority of the respondents being male almost (52%) and female hardly (48%). The majority of the respondents were in early adult hood with age group of (20-39); which obtained 81% and the least were in late adult hood with age group of 60 and above who obtained almost 3%. In terms of highest educational level attained majority of the respondents were diploma holders making 32% and the least were Ph.D holders obtaining 1%. In terms of response of customers by bank, majority of the respondents were from UBA making 58% and   Global Trust Bank score 42%.

The study was to determine the degree of service quality in selected commercial banks in central Uganda. The reliability of the service was fair

meaning it was not reliable to the customers of the selected international bank, the responsiveness of the service provider, the credibility of the service provider, the competence of the service provider, the security of the service provider, the accessibility of the service provider and understanding of the service provider were already rated satisfactory. With t value = 2.401 and sig or p = 0.017 at 0.05 level of significance the null hypothesis was rejected and alternative hypothesis was accepted to the effect that there is a significant difference in degree of service quality as perceived by customers of the two selected Commercial Banks in Central Uganda.

To improve the reliability of the services provided by the bank it is advised that the selected commercial banks should endeavor to improve and provide services to the customers the first time they are introduced accurately. The banks should train staff and provide information to customers about use and benefits that accrue from such services. The staff of the bank should be encouraged to be courteous and polite towards customers, this can be achieved by offer training to staff on customer relations. To change customer perception and win the good will from the customers, the staff should endeavor to provide the service promptly, quickly and accurately. The service should be dependently like having alternative power to enable the service provider work 24 hours,

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