

## A Conceptual Paper the Analysis of Customer Satisfaction in the Nigerian Banking Industry

Okoli Precious, Adedire Mary

Covenant University Ota, Ogun State, Nigeria

Corresponding Author: Okoli Precious

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**Abstract:** In Nigeria for instance, there is high competition in creating satisfaction and loyalty for customers in the banking sector. Consumer's satisfaction is a widely acceptable perception in terms of promoting, consumer inquiry, monetary brain research, etc. consumer satisfaction is viewed in quite a number of conditions and it also has a connection with products and services. This is a great evaluation that is influenced by the requirement of customers. Consumer's satisfaction is also built on their experience with organization and the outcome from that experience. Some scholars explained a fulfilled customer in the isolated section as an individual who gets notable included esteem to their main worry. The meaning also fits in the public sector. Hanan and Karp (2006). The goal to be achieved in this conceptual paper is trying to measure the impact of consumer satisfaction in the banking industry, to inquire the effect service quality has on consumers' satisfaction, to assess methods the bank uses in satisfying their customers, and to also know the various challenges the customers encounter while carrying out transactions with the bank. The overall findings from this conceptual paper suggests that the setting up of a more elevated amount of administrations will prompt an expanded level of satisfied customers, which is also steady with past research that found a solid connection between method in use and consumer satisfaction in the Nigerian banking industrial. Moreover, outcomes of this conceptual paper likewise demonstrates that the impact of service quality and the methods adopted in satisfying customers are related.

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### I. Introduction

Retailers remain components that interact through consumers as the last chain of dissemination network. Working up incredible relationship with consumers, satisfying clients and attaining loyalty from consumers are excessively essential in transaction. Nigeria for instance, have strife situations, fashioning a satisfied consumer and also gaining client devotion in retailing gives an unending viable edge with separation from competitors for retailers.

Consumer satisfaction is seen as a notable and entrenched idea in areas such as promoting, consumer inquiry, monetary brain research welfare and general financial aspects. Latiff (2007) ascertain recent well-known understanding acquired by different scholars' states that satisfaction or fulfillment are that sensation which occur, starting with a procedure of assessing what was gotten in contradiction of what is normal, counting the buy choice itself and the requirement related through the procurement (Armstrong and Kotler, 1996). Bitner & Zeithaml (2003) asserted that fulfillment is consumer's assessment of any product/invention or service to know if the product or service in particular meet the needs and expectancy. (Kessler in Khattak, and Rehman, (2010) stated that expanding satisfaction/fulfillment involves in-depth comprehension of what fulfillment or satisfaction entails and how it is to be taken care of.

Rose & Marquis (2006) asserted that customer satisfaction is seen as a major factor in discovering the reason why consumers go and/or remain with a particular bank. However, banks has to be aware of how to retain her consumer's, whether they appear to be satisfied/fulfilled. Rivalry among the financial/monetary service segment is now to the extreme unlike past occurrence. In the banking sector' service menus are ending up attracting progressively tantamount, justification to comprehend bank customer satisfaction are important.

The important elements in ascertaining customer satisfaction are Service quality and product quality. The key factor in this condition is quality, this is similar by shoppers' capacity toward choosing from a wider cluster of goods plus services that gives a closer tie to the needs and wants of the customer (Ho, Lau, Lee & Ip, 2005). The expanding view of product and service quality may bring about a rise in the consciousness of customers, which will at the end increases satisfaction.

### **Problem Statement**

Customer satisfaction on organization performance is a research carried out by different lines of study and in different disciplines (Bashir, 2012). Notwithstanding, cross-referencing is occasional, and the results are not always rational.

Part of the major issue faced by the Nigerian banking industry is that most of these banks are still operate using outdated programs. Secondly, they lack qualified and experienced workforce which in turn lead to the reduced standard of service provision to the customers (Ali, 2011).

Because of this, many financial institutions tend to come up with several approach to attack the problems of those customers. Part of this includes providing recommendation chest at the institutions entrance and also, conducting research for the purpose of giving utmost consumer satisfaction/fulfillment. We consider it essential for financial institutions to bring up suggestions and places one can lay complains. For example, we have numbers to call, also the introduction of E-service in other to have customers' attention and loyalty. (Freed, 2012).

In this ongoing research, study factors including service quality, methods adopted by the bank, challenges customers encounter are embraced from previous literatures. Consumer satisfaction is said to be the reaction or attitude a customer get in the direction of a firm product or service after the consumption or use of such product or service.

### **Purpose of Inquiry**

The main objective regarding this conceptual paper is to evaluate the effect of customer satisfaction on banking services, to find out the effect of service quality on customer satisfaction, to assess the various methods used by the bank in satisfying their customers, and to also know the challenges the customers encounter while carrying out transactions with the bank.

### **Significance of the Inquiry**

This conceptual paper is significant because it will help with the analysis of customer satisfaction in the banking industry. This paper will look into those analysis and make recommendations for further studies.

### **Literature Review**

This chapter examines empirical review of the literature, theoretical frame work as well as conceptual framework of the study. This section has been discussed und the following sub-headings:

- Conceptual Review
- Theoretical Review
- Empirical Review

## **II. Conceptual Review**

### **Definition of Customer Satisfaction**

In a way of assessing quality there is rising managerial interest in customer satisfaction. The high ranking on customer satisfaction are generally concluded as the top pointer of the organizations upcoming earnings. Satisfaction will remain extensively portrayed as an after purchase assessment of product quality assumed before-purchase prediction Kotler, (1991)

Customer satisfaction will be seen in varieties of positions and can also be linked with products and services. It is critically influenced by the anticipations of customers. Satisfaction can likewise be built on the knowledge of customers of the two contacts with the organization and individual results. Few scholars defined a fulfilled consumer in the context of the private sector as "one who receives significant added value" to his/her main concern a definition that may apply similarly also to public services Hanan and Karp (2006)

Looking at Nigeria today, the present aggressive business condition showcasing managers are more impacted from customer desire and taking care of the demand for consumer loyalty is critical for them. Each company must characterize consumer loyalty with respect to their market. So consumer loyalty couldn't be characterized just by standard or quality of the product. Nick (2004) noted that "customer satisfaction is about relationships between the customer and product or service and the provider of a product or service".

Consumer satisfaction is an exceedingly personal assessment which is extraordinarily influenced via individual requirements. Some definitions determines the perception that customers satisfaction or dissatisfaction is as result of the endorsement or disconfirmation of individual presumptions regarding an organization or thing. To avoid inconveniences originating from complex pattern of the customer expectation which contrasts few specialists to ask administrations to "focus on an objective that is all the more firmly connected to customer value." Instead of inquiring if customers is satisfied, they impulse companies or

organizations to make decisions on how consumers ruminates them as responsible/accountable Reed, John, Hall & Nicholas, (2007)

### **Measuring Customer Satisfaction**

Starting from the beginning, “customer service revolution” roughly twenty (20) years back, a makeup of business investigation studies has its attention on consumer’s satisfaction or fulfillment and organizations that focus on consumers. Zemke, Ron, Schaaf & Dick (2008) believed that entire studies on consumer loyalty share the same fundamental guideline: which is “to assess the performance of an organizations’ products or services on the basis of how they are perceived by the customer”. Regardless of if the observations remain lost, fall behind recent execution or are an exceptionally precise elucidation, client acknowledgment matter. Indeed, considerate of these observation gives basic comprehension of forthcoming consumer conduct. Zemke, et al, (2008).

In the new economy information is an asset and, progressively, an item: with unmistakable products getting to be without exception regulated what's more, prescribed procedures voyaging quick, organizations increase upper hands through steady advancement, better focusing of clients and extra administrations. In the safe distance sort of customer relations, those strategies cannot be applied.

Hanan and Karp (2006) proposed that “measuring customer satisfaction is beyond the constitution happy customers, which is about profit and competitive advantage”. Making an elongated haul progress in the marketplace, firm must screen the consumer fulfillment signs with respect to products, administration and association. Estimating customer satisfaction give an extensive understanding to the client pre and post buy conduct. Without this approach understanding, enhancing and growing better customer services without this approach understanding may not be thinkable. Subsequently, trade advisors, enterprises what's more, others have attempted to recognize the attributes of associations that reliably satisfy their customers, to create devices aimed at checking consumer fulfillment, also to fabricate constant, superiority change frameworks that react to customer response. Hayes, (2007) identified three measures of customers’ satisfaction on business, these includes:

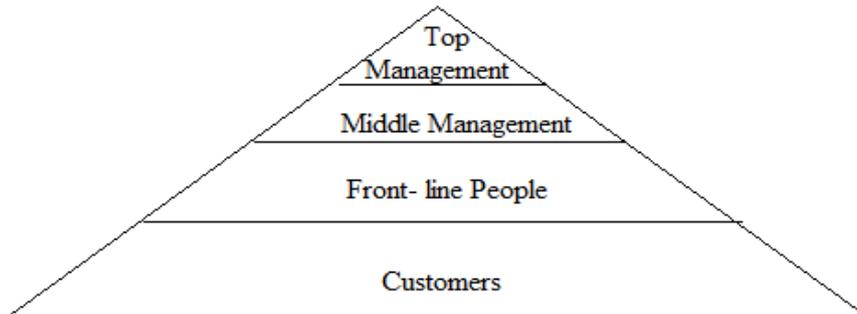
- i. Determine how well the industry procedure is functioning
- ii. Determine how to roll out improvements to make change, if modifications are required;
- iii. Find out if the progressions prompted change

Having the information of customers’ viewpoint and attitudes about the business of an organization will enhance greatly its opportunity to make better business decisions. These various organizations will tend to know the requirement or expectation of their customer and will be able to know if they are meeting up with those necessities.

### **Customer Contentment**

“In the sense of the customer, the satisfaction is meeting the needs degree at the end of a purchase” (Oliver; 2005). “The satisfaction is an evaluation about how much could the retailer meet or exceed customers’ expectations” (Levy & Weitz, 2007). Comparing expectancy and performance in after sales phase is what defines the level of satisfaction of the consumer. Consumer contentment is seen as a focal idea in advertising works and is an essential objective of all commercial events. “Today, companies face their toughest competition, because they move from a product and sales philosophy to a marketing philosophy, which gives a company a better chance of outperforming competition” (Kotler, 2000). General purchaser fulfillment turn to extra earnings for the company and increase in market share. Customers has been displayed as significant by researchers such as Mccoll, Janet, Schneider (2000) “the main concern of marketing is to associate with customers by building a solid customer relationship so as to live up to their desires”. Thus, administrators which consider consumers to be the main method of benefit, look at the outdated chart in a pyramid with the president at the best, administration in the inside, and forefront individuals and clients at the base.

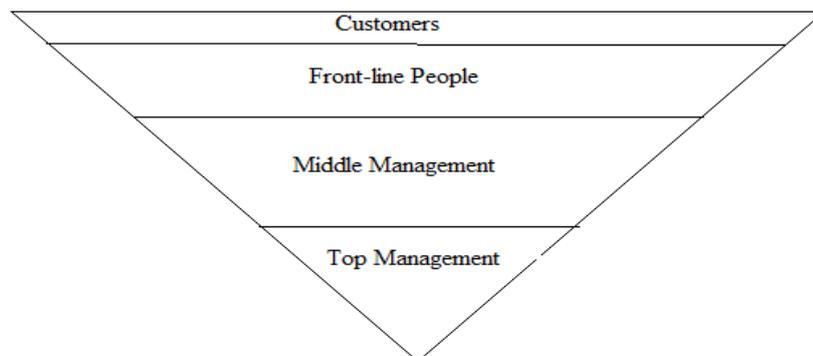
**Fig. 2: Traditional Organizational Chart**



**Source:** Kotler et al. (2000)

Establishments which claim to be effective alter the chart, as represented below. At the best are clients, next according to the centrality are bleeding edge people that encounter, attend, and fulfill customers, below are focus bosses, whose action is to enable the forefront individuals so they function admirably for consumers, and at the base is top administration, whose activity is to contract and bolster great center chiefs. For customer focused organizations, consumer loyalty is both a goal and an advertising instrument. Along these lines, establishments need to be concerned about the satisfaction level of the customer, due to the innovation of the internet whose job is to help the fast spread of dreadful unwritten promoting, and additionally, great informal trade to whatever is left of the world.

**Fig 3. Modern Customer-Oriented Organization Chart**



**Source:** Kotler et al. (2000)

According to Oliver (1981), he described fulfillment “as a summary of psychological state resulting when the emotion surrounding disconfirmed expectations is coupled with the consumer’s prior feelings about the consumption experience” Kotler (2000) described fulfillment as: “a person’s feelings of pleasure or disappointment resulting from comparing a product perceived performance (or outcome) in relation to his or her expectations”. Hansermark and Albinsson (2004) said “satisfaction is an overall customer attitude towards a service provider, or an emotional reaction to the difference between what customers anticipate and what they receive, regarding the fulfillment of some need, goal or desire”.

Besides, scholars separate amongst attitude and fulfillment. So attitude is an ostensible administration quality though, fulfillment is recognized through a specific transaction. Oliver (1981) compresses the transaction specific nature of fulfillment, and isolates it from attitude, as takes after: "State of mind is the buyer's for the most part driving forward brimming with feeling presentation for a thing, store, or process (e.g., client benefit) while fulfillment is the enthusiastic reaction following a disconfirmation experience which follows up on the base disposition level and is usage specific.

(Parasuraman, Zeithaml, and Berry, 1988) separate facility quality and fulfillment: “perceived service quality is a global judgment, or attitude, relating to the superiority of the service, whereas satisfaction is related to a specific transaction”. Consumer fulfillment resembles a decision following a purchase act or then again in light of course of action of consumer-product interactions (Yi, 1989).

Consumer satisfaction positively affects the productivity of an organization. “The happy the customers are with the product or services presented, the more the chances for an effective business as consumer

satisfaction prompts recurrence purchases, product trustworthiness and good words of mouth” (Zairi, 2000). Those consumers satisfied with the product always tend to continue to buy more of that product. They will definitely be moved to say decent things and also tell other about the good of the product or services. Dissatisfied customers on the other hand have a different response. “Dissatisfied customers may try to reduce the dissonance by abandoning or returning the product, or they may try to reduce the dissonance by seeking information that might confirm its high value” (Kotler, 2000). Organizations need to improve various approaches on how to deal with those customers who are not satisfied. No business can deal with losing customers, for the reason that if one look at the price involved in substituting any lost customer is actually big. Therefore, those organizations have to find a way of getting back those dissatisfied customers by scheming up exclusive plans for service recovery. Businesses should always endeavor to handle customer’s grievance with adequate attention and not looking at them as time wasters.

## **II. Theoretical Review**

### **Disconfirmation Theory**

Consumer satisfaction is an aftereffect of the examination procedure amongst expectation of apparent service presentation. Consumer’s satisfaction which is summed via “Disconfirmation Theory”. Disconfirmation theory can be said as the evaluation of the execution state on utilizing the produce from the organization or service with the expectancy grade before making use of the produce from the organization or service which may be greater/bad. If the result from the product or service is bad than what is expected then (Expectation > Performance) “negative disconfirmation”, however it is read greater (Expectation < Performance) “positive disconfirmation”, but if it shows as expected then it will be Expectation = Performance “confirmation” should be involved (Oliver, Rust, & Varki; 1997).

Consumer satisfaction/fulfilment take place in a condition where “confirmation” as well as “positive disconfirmation”. Where there are negative disconfirmation conditions the result will be dis-satisfaction. There is provision of customer satisfaction if that product or service matches with expectations of the consumer. The situation of “positive disconfirmation”. On off chance that the clear execution of an item or administration is under the clients’ desire an item or administration can’t fulfill the client. This will result to the situation of “negative disconfirmation”. On off chance that the evident execution of a product or service of which the expectation while applying a product/service are proportionate there is shaped consumer satisfaction. The situation of “confirmation” however, organizations create diverse investigations to measure the clients satisfaction. It secure a few evidence alongside the studies, on thereason backing why customers slant toward them and in which criteria they give hugeness when obtaining and if the organization can meet customers’ needs. An example, is a cargo company which played out the customer satisfaction questionnaire over the site. The questionnaire slogan states “Participate Customer Satisfaction Questionnaire, state your satisfaction or dissatisfaction and win a prize.” The administration sent 10% refund program to every consumer and give extraordinary bonus to the fifth, fiftieth, and the two hundred fiftieth customer appreciated the overview. By thusly, by methods for the win-win technique of which the two has given the consumers who won the award and refund, which has increased consumer quantity of spoken questionnaire with skillful activities.

### **Empirical Review**

Diverse research have asserted the importance of consumer recognition in the financial industry (Göksu & Becic, 2012; Hamid, Yaakub, Mujani, Sharizam & Jusoff, 2011). Notwithstanding, there has been little or no effort to inspect commercial banks with major hint to the elements that may prompt consumer fulfillment.

Major factors that impact consumers’ bank determination incorporate the variety of services, the rates, and the expenses and costs charged (Abratt and Russell, 1999). To satisfy customers’ superior service alone, is not adequate. The prices are essential, if not more critical than service; correlation superiority is likewise imperative. Besides, product greatness, addressing customer wants, and giving ground-breaking products are basic to the achievement in the success of the financial institution. “Many private institutions assert that making and keeping up consumer associations is vital to them and they know about the positive esteem relationships provide” (Colgate, Stewart and Kinsella, 1996). “Customers in Islamic banks genuinely consider whether the bank follows Shari’ah standards in all its banking activities” (Ahmad and Haron, 2002; Metawa and Almosawi, 1998). “To gain a competitive advantage in the market, banks have to focus on the quality of the service they render and how to create consumer satisfaction” (Caruana, 2002). “Additionally, it is proposed that an organization in the managing an account segment’s service execution evaluation system ought to be enhanced in accordance with consumer satisfaction” (Kayis, Kim and Shin, 2003).

Customer awareness on the quality of products and services is imperative since it has a connection to consciousness. Companies should obviously comprehend varying customer impression of both product and service quality since this perception impacts consumer consciousness. Othman and Owen (2001) affirmed that

“there is a solid connection between service quality and consumer satisfaction”. Hamid and Nordin (2001) discovered an “abnormal state of consciousness of Islamic banking however a poor information of particular Islamic banking products, including a poor comprehension of the distinction amongst Islamic and conventional banks”. Othman and Owen (2001) analyzed “the execution of the Islamic banking industry in Kuwait. They found a solid connection between service quality and consumer satisfaction”. Naser et al. (1999) saw that “consumer satisfaction is frequently identified with components, for example, service quality and service features. Consideration has been given to the significance of awareness and use in shaping customer behavior”.

Dusuki and Abdullah (2007) found that “the determination of Islamic banks in Malaysia depends on a blend of Islamic and monetary reputation and the nature of services offered by each bank”. Research by Erol and El-Bdour (1989) found that “the most imperative criteria considered by customers in bank choice are quick and productive administrations, a bank's reputation and picture, and secretly”. Customers' preferences frequently often rest on the quality of services offered. With regards to services, customers' fulfillment as a predecessor of service quality (Bitner, 2001; Cronin and Taylor, 1992).

“The accomplishment of any product and service very relies upon customer acknowledgment and fulfillment. High quality service produces consumer satisfaction, customer loyalty and growth of market share by seeking new customers”. (Bashir, Machali and Mwinyi, 2012; Hassan, Chachi and Latiff, 2008; Hassain and Leo, 2009).

### **Methods for Collecting and Analyzing Literature**

This research paper is constructed completely in light of the survey and examination of investigation and data from the literature. A few techniques were likewise used to gather the literature.

The informations gathered were from the internet and some other research materials from textbooks, bank reports, etc. but where most of the materials for this work came from is from the internet because so many works have been carried out on customer satisfaction. Although some research works found were more helpful than others, but it went a long way in addressing this topic. Two-three books were deemed useful in carrying out this research also, similar terms that were used in the database search was also same terms used in searching out textbooks used in this work.

### **Data Collection and Data Sources for Future Research**

This research paper is built wholly on a review of literature on the topic the analysis of customer satisfaction in the banking industry. For further studies, a quantitative research would be carried out to secure relevant information on this topic to make it a valid and reliable research. Also, a specified bank and branch will be used for further studies to get a valid data, one can also intend to use a bank or maybe 2 different branches of the said bank. The measure to be used for carrying research would be to build a credible instrument that measures attitude into customer satisfaction. The test populace to be examined would be grown-ups, extending from ages 20 and upwards. A populace of that age range would be utilized in light of the fact that they are more probable to own an account and also be banking with the said bank. The sample would be made up of people who may have had a form of experience with the bank as well.

### **III. Conclusions**

The overall findings from this conceptual paper suggests that formulation of high levels of services tend to lead to a greater level of customer satisfaction, which is also persistent with past research that establish a connection between methods in use and consumer fulfillment in the Nigerian banking sector. Moreover, the results from this conceptual paper also show that the impact of service quality and methods adopted in satisfying customers are related.

### **Recommendations for Further Research**

Based on this conceptual paper, we coined out the following recommendations for further studies below:

1. More investigations need to be carried out based on the quantitative aspect to get a valid and reliable data.
2. A specific bank should be used while carrying out this research to get a streamlined and accurate information. For example, this research can be carried out in any of the branches of Skye Bank or it can be carried out in two or more branches.

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