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Exploring the Impact of Service Quality on Customer Satisfaction in Nigerian Banking Industry

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Abstract. Banks require customers to survive and grow. To retain customers and to protect and sustain long-term customer interest, banks need to maintain an ongoing relationship with their customers by providing quality services. The study examined the effect of service quality dimensions on customer satisfaction in banking. A total of two hundred and fifty (250) customers of Nigeria Banks were given questionnaires for the study. The techniques employed for data analysis include multiple correlation, descriptive analysis, and Multiple Regression. The study's findings show that there is relationship between service quality and customer satisfaction in banking industry and that tangibles, reliability and responsiveness have a significant impact on customer satisfaction. The study concluded that since service quality has proved to be an important factors and the driving force behind customer satisfaction in banking Industry. The study recommends that the management should improve quality services so as to satisfy customer's needs. The study further recommended that for Nigerian banks to be more responsive, it needs to look at service render from the view point of the customer rather than the banks' perspective and dimensions.

Keywords: Service Quality, Customer expectations, Customer Satisfaction, Satisfaction Model, Banking Industry

1. Introduction

The present Nigeria banking market is characterized by an empirical justification of their large number consisting of both banking and other financial institutions. Essentially, these banking and other financial institutions are competing for the potentially large market in the country. One of the major trends in the Nigerian banking sector today is the gradual and incremental transaction from traditional orientation to aggressive drive. By this, management is compelled to go out of their shells or enclaves to partake in the sharing of the large market in order to satisfy various needs of customers. It is important to note that customer satisfaction and service quality are closely inter-related. The higher the service quality provided by an organization, the higher is the level of customer satisfaction (Jayaraman, Shankar & Hor, 2010).

Like any other services industry, bank provides services to the public with the aim of maximizing profit. One of the function of the commercial bank is to mobilize saving by attracting and collecting deposits from customers for safe keeping. The customers' deposits are important to bank's operation and its overall objective of profit minimization. Banks are therefore complete for the customer deposit mostly in terms of services rendered. Hence, there is a strong need for effective quality service of bank services to enable banks to attract more customers. In proving quality enactment of banking industry. It was further stressed that customers are the most important for any organisation and can be maintained as long as service quality to customer is taking as essential part of the organisation (Naeem, Adeel, Hammad, Wasim & Tayyaba, 2016).

According to Lovelock and Wirtz (2004), people learn to recognize quality only through experience gained and through repeated exposure. The product based approach holds the view that quality can be judged by the presence or absence of particular characteristics of the product or service itself. It sees quality as a precise and measurable variable. However, Lovelock and Wirtz (2004) were of the view that the approach though highly objective, it fails to account for differences in the tastes, needs and preferences of individual customers (or even entire market segments). A critical understudy of the operations and activities of most banks in Nigeria within the last five years indicates that they have failed in meeting the customers' expectation arising from network failure, wrong charges, long queues, failure of ATM machine to dispense money after debiting account, among others. The external factors that have contributed to the failure of banks also include ineffective deregulation of interest rate, flexibility of the exchange rate, money laundry, fraud, etc.

The banking industry today is highly competitive with many banking and financial institutions such as Merchant bank, Mortgage society etc, striving to offer wide range of financial services. Until recently, banking industry in Nigeria has failed to embrace an aggressive marketing stand point. However, recent development shows that many banks have been increasingly a new and different orientation because the market situation has changed service to customer in banking industry there is need to identify and stimulate the customers' needs. If the banks render quality service to customer it will increase the deposit base of the banks and the credit worthy customers to borrow at a profit (Kotler, 1998). It was suggested that customer satisfaction and service quality and customer loyalty has been measured very important in order to expand the overall

appreciably. The customers will only patronize the banks that render quality service and meet their needs. The individual bank should be conscious of the emergence of other financial institutions which is in a very keen competition with the banking sector today in Nigeria.

Banks should therefore graduates from the state of sale orientation which has characterized the marketing of services of most banks in Nigeria to the state of providing other services that can be beneficial to their customers owing to the keen competition in the industry. According to Tran, Nguyen, Taikoo, (2015) for any bank to be relevant the banking industry, the key to success is to improve the quality of services by meeting the meet customers' needs in a unique way. Moreover, the survival and profitability of the bank in Nigeria depends mainly on the extent to which they have been able to satisfy the specific needs of their customers. There is also stiff competition among banks and other financial institutions. Increase in bank branches have also lead the problem of competition and the banks that will survive need to provide quality service and introduce new and improved services to customer in order to enjoy continuous patronage. Service quality is therefore regarded as a measure of how well the service level delivered matches customer expectations of customer in any system (Parasuraman, Valarie & Leonard, 1985).

Cudjoe, Anim, and Nyanyofio (2015) reported that customer defection due to dissatisfaction is a curious research subject that attention must be given to particularly in banking industry. This is because service quality is touted as the sine qua non of every successful organization.

It has been noted that in Nigeria that there are problems and challenges in the banking sector, banks have not lived up to expectation of achieving optimum customer satisfaction. Customer satisfaction in Nigerian banking Industry becomes a crucial factor that can be used in increasing performance. Consequently therefore its practice needs to be carefully studied in the banking environment. This study therefore focuses on effect of service quality dimensions on customer satisfaction in Nigerian banking industry. It further examines the relationship between service quality and customer satisfaction in Nigerian banking industry.

2. Research Questions

The research questions from this study based on the background information discussed above attempt to address the research questions as follows:

(i) How do service quality dimensions affect customer satisfaction in Nigerian banking industry?
(ii) Is there any relationship between service quality and customer satisfaction in Nigerian banking industry?

3. Objectives of the Study

Given the background information discussed above, the objectives of the study are as stated below:

(i) To examine the effect of service quality dimensions on customer satisfaction in Nigerian banking industry; and
(ii) To examine the relationship between service quality and customer satisfaction in Nigerian banking industry.

4. Literature Review

Service quality is defined as the degree of discrepancy between customers' normative expectations for service and their perceptions of service performance (Parasuraman et al., 1985; Aremu, Mustapha, Apara & Okpara, 2016). Consumers usually shop at specific stores, because they like the service provided and they are assured of certain service privileges; thus, the performance of salespeople stimulates bonding through trust between them and customers, which affects the latter's perception of the store or brand (Lau , Chang, Moon, & Liu, 2006; Leung & To, 2001). Service quality can be defined as meeting the needs and expectations of the customer (Smith, 1998).

Service quality is an important issue in service management (Clottey & Collier, 2008); besides, with the development of the service sector, the notion of service quality has become increasingly significant (Ma Q., Pearson & Tadisina, 2005). In the related literature, Plausible definitions for service quality have been suggested, Parasuraman, Zeithaml, & Berry, (1988), defined Customer perceived service quality as a global judgment or attitude related to the superiority of a service relative to competing offerings. According to Bitner and Hubert (1994), it is the customer's overall impression of the relative inferiority/superiority of the organization and its services. Zeithaml and Bitner (1996) see service quality as the delivery of excellent or superior service relative to customer expectations. The service quality in the banking industry will be enhanced and meet the customer expectation if the service providers in the system increase their internet baking facilities as suggested by Adeyemi and Aremu, (2008).

Mccleary and Swan (1996) defined service quality as the difference between customer expectations for service performance prior to the service encounter and their perceptions of the service received. Gefan (2002) sees service quality as the subjective comparison that customers make between the quality of the service that they want to receive and what they actually get.

Sasser, Olsen, and Wyckoff, (1978) and Caruana (2002) have pointed out that service quality is the result of the comparison made by customers about what they feel service firms should offer, and perceptions of the performance of firms providing the services. Gronroos (1984) also defines service quality as the outcome of the comparison that consumers make between their expectations and perceptions. Service quality is defined as customer perception of how a service meets or exceeds their expectations (Czepiel, 1990). Several practitioners defined service quality as the difference between customer's expectations for the service encounter and the perceptions of the service received (Munusamy , Chelliah, and Mun, 2010).

4.1 Benefits of Services Quality

Without the focus on service quality, financial service organizations may face complaints from customers. Further, a proportion of dissatisfied customers will complain and tell a number of others, generally it is stated that, if a financial company gives a service to one customer, it gain three, and loses nine when give poor service to one customer, hence it is better to gains three than looing nine, generating adverse word of monthly publicity and some may switch to companies. However, with focus on service quality, an organization can expect a number of benefits. Customer loyalty through satisfaction increased business and this may lead to attract new customers; hence customer retention is more cost effective than trying to attract new customers. Customer satisfaction lead to increase in opportunities for cross-selling, comprehensive and up to date service knowledge and sales techniques among employee, combined with developing relationships. Good service quality enhance corporate image and may provide insulation from price competition.

4.2 Consequences of Poor Quality Service

According to Wimershirch et al., (1994), it is important that management recognized the diverse ways the quality of a firms' product or service affects the organization. This can be achieved by taking into account or by developing and maintaining a quality assurance program. He then went further to outline some major ways poor quality affects an organization thus:

Loss of business: Since the major aim of a business is profit and that can be achieved through satisfied customers, failure to devote adequate attention to quality may damage a profit oriented organization's image, thereby a decrease in market share, criticism and control from government agency or non- profit organization.

Liability: Since good quality product will attract more customers and create name for the organization, poor quality may do otherwise by creating potential liability for a firm due to damages or injuries resulting from faulty design or poor service.

Productivity: Productivity and quality are often closely related, poor quality can adversely affect the outcome of production process through rework. Conversely, improving and maintaining good quality can have a positive effect on productivity.

Cost: Certain cost may be incurred by the organization given a poor service quality. These costs may include discounts payments to customers to offset the inferior quality, rework costs, warranty cost, replacement costs and so on.

4.3 Conceptual framework

Customer Satisfaction is to degree at which the product or services rich the standard of the buyer in his or her expectations. It deals with what people called as surprise quotient. This is to extend at which firms give out unexpected technical characteristics or personal service to a customer. There is general agreement that, satisfaction is a person's feelings of pleasure or disappointment resulting from comparing a product's performance in relation to its expectations. Customer satisfaction is a result of the provision of services and goods that either meets or exceeds customer needs (Kotler, 2013, Siew-Peng & Sedigheh, 2015). Customer satisfaction is actually a term most widely used in the business and commerce industry. It is a business term explaining about a measurement of the kind of products and services provided by a company to meet its customer's expectation. To some, this may be seen as the company's Key Performance Indicator (KPI). In a competitive marketplace where businesses compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy. It is well established that satisfied customers are key to long-term business success (Kristensen, Dahlgaard, & Kanji, 1992; Zeithaml, Berry, & Parasuraman, A. (2006); McColl-Kennedy & Schneider, (2000). It is also defined as a global issue that affects all organizations, regardless of its size, whether profit or non-profit, local or multi-national. Companies that have a more satisfied customer base also experience higher economic returns (Aaker & Jacobson, 1994).

Apparently, many researchers conceptualize customer satisfaction as an individual's feeling of pleasure (or disappointment) resulting from comparing the perceived performance or outcome in relation to the expectation (Brandy & Robertson, 2001; Lovelock, Patterson, & Walker, 2001). There are two general conceptualizations of satisfaction here, namely, the transaction-specific satisfaction and the cumulative satisfaction (Boulding & Zeithaml, 1993; Jones & Suh, 2000; Yi & La, 2004). Transaction-specific satisfaction is the customer's very own evaluation of his or her experience and reaction towards a particular service encounter (Cronin & Taylor, 1992; Boshoff & Gray, 2004). This reaction is expressed by the customer who experiences a product or service for the first time. However, in general customers assess their level of satisfaction after the consumption of a product or a service.

4.4 Customer Expectations

In the beginning of a service experience delivery process, customers are looking forward to service encounters with eager anticipation. In other words, what customers expect to acquire from service providers can define diverse customer expectations. Moreover, customer expectations are regarded as desires or wants of customers, i.e. what they feel a service provider should offer more than what would offer.

Parasuraman et al. (1991a, b) proposed that understanding customer expectations of a service played an important role for delivering satisfactory services. Previous researchers such as Aremu, Mustapha, Nageri, & Aremu, 2015) had presented that how customers assess the performance of a service provider was based on the single level of expectation standard, which meant customer felt a service provider should offer. However, past researchers kept evolving and extending the conceptual model of expectations, putting a lot of effort to pinpoint the critical element within customer expectations. These researchers offered multi levels of customer expectations (Parasuraman et al., 199; Zeithaml et al., 1993; Walker and Baker, 2000). According to their propositions, multiple standards would be more likely to completely understand.

4.5 Customer Satisfaction Model

4.5.1 Disconfirmation Model Propounded by (Oliver R. L., 1980)

According to Oliver (1980), the customer satisfaction model explains that when the customers compare their perceptions of actual products or services performance with the expectations, then the feelings of satisfaction have arisen. Any discrepancies between the expectations and the performance create the disconfirmation.

He identified three (3) types of disconfirmation. And they are:

1. Positive disconfirmation: This occurs when product or service performance exceeds performance. In this case, the customers are highly satisfied.

2. Negative disconfirmation: This on the other hand occurs when products or service performance is less than expectations. In this case, the customers are highly dissatisfied.

3. Zero disconfirmation: it occurs when product or service performance is equal to expectations. In this case, customers are neither well satisfied nor less satisfied. They feel 'ok' by the turn of events. Disconfirmation theory argues that 'satisfaction is related to the size and direction of the disconfirmation experience that occurs as a result of comparing service performance against expectations'. Szymanski and Henard (2001) found in the meta-analysis that the disconfirmation paradigm is the best predictor of customer satisfaction.

4.6 Theoretical framework

4.6.1 SERVQUAL Model

The SERVQUAL scale is a principal instrument in the services marketing literature for assessing quality (Parasuraman et al., 1991; Parasuraman et al., 1988 ;). This instrument has been widely utilized by both managers and academics to asses customer perceptions of service quality for a variety of services 9e.g banks, credit card companies). Based on Parasuraman et al's 1988 conceptualization of service quality, the original SERVQUAL instrument included 22 item sections that intended to measure (a) customer expectations for various aspects of service quality and (b) customer perceptions of the service they actually received from the focal service organization. In short, the SERVQUAL instrument is based on the gap theory and suggest that a customer's perception of service quality is a function of the difference between his/her expectations about the performance of a general class of service providers and his/her assessment of the actual performance of a specific firm within that class (Cronin & Taylor,1992).

4.7 Definitions and Descriptions of Constructs

SERVQUAL dimensions instruments indicated that five dimensions of service quality emerged across a variety of services. This was operationalized and adopted for this study. These dimensions include: tangibles, reliability, responsiveness, assurance and empathy.

i. Tangibility

Tangibles entail the physical evidence of the service. Tangibles in details depict the physical facilities of the service provider, the appearance of personnel, materials associated to the service (credit and debit sheets, cheque books etc.), decorations and business hours the tools and equipment used to provide the service including other customers in the service facility. Tangibles are used by firms to convey image and signal quality (Zeithaml, Berry, & Parasuraman, 2006).

ii. Reliability

According to (Zeithaml et al., 2006) reliability is "the ability to perform the promised service dependably and accurately" or "delivering on its promises". Does the firm perform the service right at the first time? Does the firm honours it promises? These are some of the questions which need to be answered by service providers if they are to achieve reliability. This dimension of service quality according to (Parasuraman et al., 1985) is how the service provider is able to provide service to a customer as promised, dependable in handling customers' service problems, performs service right the first time, provide service at promised time and keep customers informed about when services will be performed.

iii. Assurance

Assurance entails the knowledge and courtesy of employees and their ability to convey trust and confidence. It also includes competence, courtesy, credibility and security. Andaleeb and Conway (2006), noted that assurance may not be so important relative to other industries where the risk is higher and the outcome of using the service is uncertain. For instance, in the medical and healthcare industry, assurance is an important dimension that customers used as criteria in assessing a hospital or a surgeon for an operation. The trust and confidence may be represented in the personnel who connect the customer to the organization (Zeithaml et al., 2006)

iv. Responsiveness

Responsiveness concerns the willingness or readiness of employees to provide service (Parasuraman et al., 1985). This dimension is concerned with dealing with the customer's requests, questions and complaints promptly and attentively. A firm is known to be responsive when it communicates to its customers how long it would take to get answers or have their problems dealt with. To be successful, companies need to look at responsiveness from the view point of the customer rather than the company's perspective (Zeithaml et al., 2006).

v. **Empathy**

Empathy entails caring and provision of individualized attention to customers by personnel of the firm (Zeithaml et al., 2006). In this respect, the customer feels unique and special. In an attempt to develop empathy, personnel of the firm should endeavor to know the names of their customers, their preferences and needs and take steps to satisfy them. Small Scale enterprises through the provision of customized services to clients are in a better position to achieve empathy than large firms.

4.8 Empirical Review

Every organization knows that key to success for every business is consumer. Organizations that provide superior customer values gain chance to take consumer from the opposite competitors. The study determined that banks should concentrate on refining the consumer services. The study finds that there is a positive and significant association between customer satisfaction and creates of service quality like compliance, (Hafeez, 2012).

Rahaman, Abdullah, and Rahman (2011), explored service quality of the private commercial banks in Bangladesh, the findings from their study revealed that, one of the primary causes of service quality design failure is the lack of understanding of the evolving need and preferences of targeted customers. Research conducted by (Sackey, Adebayo, Oppong, Mensah, & Annor, 2012) on the effects of service quality on customer satisfaction, loyalty and retention using the SERVQUAL model revealed that Barclays bank in Ghana implements all the five service quality dimensions (Empathy, Assurance, Tangibility, Reliability, and Responsiveness), which is to say that the bank strives to be at its best when it comes to quality. This quality service has also become a major critical cause of satisfaction for the banks customers. However on Empathy level, staffs do not give customers their utmost attention and also make decisions without considering the impact those decisions might have on their customers. The research further showed that when it comes to responsiveness, customer requests and complaints are not authorized and resolved on time enough by the staff and managers of Barclays bank.

Also, Ojo, (2010) investigated the relationship between service quality and customer satisfaction in the telecommunication industry with a focus on Mobile Telecommunication Network (MTN) Nigeria. A total of 230 respondents participated in the study. Regression analysis and Pearson product moment correlation coefficient were employed in analyzing the data. The study revealed a positive relationship between service quality and customer satisfaction. The researcher therefore recommended that organizations should focus more attention on service quality, because of its effects on customer satisfaction. To ensure that customer satisfaction level is high organization must first of all know the expectations of the customers and how they can meet such expectations. Customer satisfaction helps in customer loyalty and retention. It has been discovered that the cost of attracting new customer far exceeds the cost involved in retaining existing ones. Again, (Kheng, Mahamad, Ramayah, & Rahim, 2010) employed the SERVQUAL model developed by (Parasuraman, et al., 1988) with five dimensions to evaluate the impact of service quality on customer loyalty among bank customers in Penang, Malaysia. Customer satisfaction was used as an intermediate variable. The findings show that improvement in service quality can enhance customer loyalty. The service quality dimensions that play a significant role in the equation are reliability, empathy, and assurance. The findings indicate that the overall respondents evaluate the bank positively, but still there are rooms for improvements.

5. Methods

5.1 Approach

It is very important to determine the choice of research approach because it determines how the necessary data will be obtained. Hence, survey research is adopted for this study. According to Blaxter, Hughes and Tight (2001) a survey research is a method of obtaining research information by asking a set of pre-determined questions from a given sample of individuals drawn from a defined population. Also, primary source of data is adopted for this study which is in line with the survey research design.

5.2 Population of the Study

A population is any group of individuals that have one or more characteristics in common and that are of interest to the researcher (Best and Kahn, 2006).The target population for the study was customers of Nigeria Commercial Bank in the Ilorin Metropolis. The list of elements in the population of interest from which the sample is actually drawn from three (5) branches of Nigeria Commercial Bank which include First bank, Gtbank ,UBA, Skye bank and Zenith bank respectively.

5.3 Sample Frame and Size

The sample size is defined as the number of people who were sampled for the study. For the purpose of conducting this study, two hundred and fifty (250) customers of Nigeria Commercial Bank were given questionnaires for the study. This included fifty customers (50) each, purposively selected from five branches of Nigeria Commercial Bank, specifically First bank, Gtbank ,UBA, Skye bank and Zenith bank to constitute a final sample size for the current study. These branches were selected due to the fact that they were the busiest and nearness branches to the researcher and had majority of customers visiting the bank for transactions day in and day out. Purposive sampling technique as a non-probability sampling was used as the technique for the research. This method was selected to enable the researchers to elicit vital and quality information from respondents who have reasonable knowledge about the issues under investigation and were in position to provide the information needed for the study.

5.4 Research Hypotheses

Based on the conceptual framework the following hypotheses were developed and tested.

$H_{0.}$ Service quality dimensions do not have effects on customer satisfaction in banking sector

$H_{1.}$ There is no relationship between service quality and customer satisfaction in banking industry

5.5 Method of Data Analysis

Descriptive statistics allow the researchers to present the data acquired in a structured, accurate and summarized manner (Huysamen, 1994). The researchers employed the descriptive statistics such as frequency distribution in order to assess the demographic profile of the respondents. The researchers carried out a quantitative research and this involved some quantitative analyses with the use of statistical tools (descriptive).The researcher unanimously agreed to use the Statistical Product for Social Solutions (SPSS) version 20 for the analysis of data since descriptive statistics mainly involve the mean, and standard deviation in the data analysis.

Model specification

CS = F (SQ)

$CS = \beta_0 + \beta_1TAN + \beta_2RES + \beta_3REL + \beta_4ASS + \beta_4EMP \ldots\ldots\ldots\ldots + \mu$ --------- Equation 1

Where: CS = Customer satisfaction

TAN= tangibility

RES= responsiveness

REL= reliability

EMP= empathy

ASS= assurance

Table 1: Reliability Test and Validity Test

Cronbach's Alpha			No of Items		
0.879			30		
Validity Test					
	Tangibility	Responsiveness	Reliability	Empathy	Assurance
Tangibility	1	0.833	0.789	0.842	0.932
responsiveness	0.833	1	0.822	0.746	0.870
Reliability	0.789	0.822	1	0.850	0.778
Empathy	0.842	0.746	0.850	1	0.871
Assurance	0.932	0.870	0.778	0.871	1

Source: SPSS Output Correlation is significant at the 0.01 level (2-tailed)

The study revealed the reliability, the estimate obtained for the Cronbach's Alpha which is 0.879; which is far greater than the required benchmark of 0.75 (Asika, 2001). The study further revealed the results of the validity test that is obtained from the Pearson Product Moment Correlation Coefficient (PPMC) with a value greater than 0.70. This implies that that the instrument of analyses employed for this current study is both reliable and valid appropriate for a study. Furthermore the rate of usable questionnaires from the number of questionnaire administered is 85 percent. This further reinforces the reliability of the instrument employed for the analyses of this study as shown in Table 1 above.

5.6 Data Analysis and Test of hypotheses

Test of Hypothesis 1

H_{01}: Service quality dimensions do not have effects on customer satisfaction in banking sector

Table 3: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.976[a]	.952	.952	.33792

Predictors: (Constant), tangibility, reliability, responsiveness, empathy, assurance

Source: Authors' computation, 2016

From the regression analysis result in table 3, it was found that R value is (0.976), R-square adjusted (0.952) and the standard error of estimate is (0.33792). the value of R square (R^2) indicates a strong relationship between service quality dimensions and customer satisfaction. In other words, the R^2 value (0.952) means that 95.2% customer satisfaction was explained by service quality dimensions. More so, the value of adjusted R^2 (95.2%) showed that the value of R square (R^2) closely reflected the goodness-of-fit of the data to the regression line.

Table 4: ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1479.109	5	295.822	2590.629	.000[b]
	Residual	74.337	651	.114		
	Total	1553.446	656			

a. Dependent Variable: customer satisfaction

b. Predictors: (Constant), tangibility, reliability, responsiveness, empathy, assurance

Source: Authors' computation, 2016

In table 4, F-statistics shows that the model is useful in determining service quality by customer satisfaction, as the computed F-statistics which is 2590.629 is greater than the tabulated F-statistics value, with the p-value 0.000 less than the critical value is 0.05. This validates the rejection of the null hypothesis that Service quality dimensions do not have effects on customer satisfaction in banking sector

Table 5: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.370	.039		-9.586	.000
	TAN	.683	.040	.633	17.078	.000
	REL	.125	.035	.112	3.544	.000
	RES	.362	.045	.262	7.960	.000
	EMP	.075	.028	.077	2.718	.007
	ASS	.540	.026	.453	21.049	.000

a. Dependent Variable: customer satisfaction

Source: Authors' computation, 2016

Based on table 5 shows (coefficient table), it was observed that the relationship between service quality tangibility and customer satisfaction was significant and positive (t-value=17.078, $p<0.05$) with 63.3% prediction. The relationship between service quality reliability and customer satisfaction was significant (t-value=3.544, $p<0.05$) with 11.3% prediction. The relationship between service quality responsiveness and customer satisfaction was significant (t-value=7.960, $p<0.05$) with 26.2% prediction. This analysis suggested that service quality dimensions are statistically significant for customer satisfaction.

Test of hypothesis 2

$H_{02.}$ There is no relationship between service quality and customer satisfaction in banking industry

Table 6: Correlations

		Service quality	Customer satisfaction
Service quality	Pearson Correlation	1	.935**
	Sig. (2-tailed)		.000
	N	657	657
Customer satisfaction	Pearson Correlation	.935**	1
	Sig. (2-tailed)	.000	
	N	657	657

**. Correlation is significant at the 0.01 level (2-tailed).
Source: Authors' computation, 2016

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This table shows that there is a positive relationship of 93.5% between service quality and customer satisfaction. This means that service quality has a positive relationship of 93.5% with customer satisfaction and the results is significant as the p-value is less than 5% significant level. This further implied that service quality highly correlated with customer satisfaction. Consequently, the null hypothesis which states that there is no relationship between service quality and customer satisfaction in banking industry is rejected and its alternative is accepted.

6. Findings and Discussion

A total of 250 questionnaires were administered out of which 208 were completely filled and returned. This represented a response rate of 83.2% and this was considered satisfactory for the analysis. Results from the descriptive statistics indicate that 174 were within 31-39yrs this shows that majority of the respondent are within the age of 31-39 with a cumulative percentage of 43.5%. With this, the banking sector has a large number of young men and women who can participate actively in banking activities as a result of their creativity and exposure. 152 were female with a cumulative percentage of 38.0%, 178 respondents were undergraduate with 44.5%, 214 respondents has 5-10 years of doing business with the bank with represent 53.5% and which 154 respondents operates savings account representing 38.5%.
Hypothesis 1 analysis suggested that service quality dimensions are statistically significant for customer satisfaction. Hypothesis two shows that service quality and customer satisfaction are positively significant to each other.

7. Conclusion and Recommendations

From the overall outcomes and association in this research paper the researcher found that service quality create impact on consumer satisfaction. The data were collected from the customer of money deposit banks in Ilorin metropolis. The result shows that services provided by the bank are good and customers are satisfied services delivered by the bank. From the data collected from customers found that positive service can increase the customer's satisfaction. This study demonstrates that service quality can affect the overall customer satisfaction. In the present competitive Nigeria banking context, bank customers are presented with a wider choice of services and products. Therefore, to gain customer loyalty, banks need to deliver superior services which exceed customer expectations. To achieve this objective, banks need to understand how customers evaluate the quality of the services they offer, how customers choose a bank in preference to another bank, and on what principle customers give their long-term patronage. Banks should not just focus on improving customer satisfaction but also target on improving customer perceptions of overall service quality and simultaneously, increasing customer's perceived value of the bank.

Customer satisfaction is a critical business requirement. Customer value is an asset to the organization. While, quality service is essential in today's competitive market. The objective of this study was to find out service quality on customer satisfaction with respect to service quality dimensions. A list of recommendations has been presented based on the findings of the survey conducted on customers of banking sectors in Ilorin metropolis.

The management needs to 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 and delivering on its promises to the customers will bring high level of reliability.

The study further recommended that for Nigerian banks to be more responsive, it needs to look at service render from the view point of the customer rather than the banks' perspective and dimensions.

The bank can set itself as a market leader in customer service delivery by going beyond the conventional way of dealing with customers that is attending to customer in a unique way in order to make them more reliable to customers.

Nigerian bank managers need to ensure that they improve the methods of service delivery to customers in order to maintain and enjoy continuous patronage from their customers.

The study finally recommended that banks employees should be knowledgeable and have courtesy and ability to convey trust and confidence at all times. This will bring high level of assurance to the stake holders in the industry.

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