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Customer Satisfaction with Retail Banking Services in Ghana

By

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Recent studies indicate high competitiveness of the Ghanaian banking industry, making it difficult for banks to satisfy and retain customers. However, little empirical knowledge exists on the determinants of customer satisfaction toward the services delivered by the banks. This article reports a study of the determinants of customer satisfaction of retail bank services in Ghana. An extensive review of the extant literature was used to identify the theoretical determinants of customer satisfaction in retail banking and their measurement scales. These were adapted to build a conceptual framework for the empirical investigation conducted. Data were collected using a questionnaire administered through personal interviews to 650 customers of retail banks, and the results were factor analyzed and regressed. The empirical results indicated that relational, core, and tangible dimensions of service were positively associated with customer satisfaction in retail banks in Ghana. The study discusses the strategic implications of the findings for the management of customer satisfaction for retail banks operating in Ghana. © 2014 Wiley Periodicals, Inc.

Introduction

There is a general understanding among economists that an efficient financial system greatly helps a nation's economy to grow (Alfaro, Chanda, Kalemli-Ozcan, & Sayek, 2004; Kleimeier & Versteeg, 2010). The newly emerging market economies have, therefore, been strongly advised by scholars to liberalize their financial systems in order to speed up the process of their economic growth (De Haas & Peters, 2004; Kinda & Loening, 2010; Mishkin, 2006). Financial liberalization seeks to reduce the imperfections of financial markets through deregulation of the financial sector and increase competition, capitalization of banking systems, and the development of new financial portfolios and service offerings (Harris, Schiantarelli, & Siregar, 1994).

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One consequence of this growing financial liberalization is a significant increase in academic interest in studying how financial systems work in emerging markets and the degree of customer satisfaction with the services offered by the new financial institutions. Recent insight into this development has come from many scholars, including Bena (2010) for Romania; Thuy and Hau (2010) for Vietnam; Kaur, Sharma, and Seli (2010) for India; Sadeghi and Hanzaee (2010) for Iran; Alhemoud (2010) for Kuwait; and Hossain and Leo (2010) for Qatar.

Contributions from African countries have been few, partly due to the belatedness of financial reforms in most African countries (Edvardsson & Olsson, 1996; Greenland, Coshall, & Combe, 2006). They include Woldie (2003), who studied customers' assessment of the quality of services offered by Nigerian banks, and Bick, Geoffrey, Andrew, and Abratt (2004), who examined South African customers' perceptions of the value delivered by retail banks in the country. In Ghana, Owusu-Frimpong (2001) studied marketing practices in retail banks; Blankson, Omar, and Cheng (2009) studied bank selection behaviors of students in Ghana. In addition, Hinson, Owusu-Frimpong, and Dasa (2009) as well as Narteh and Owusu-Frimpong (2011) also studied the key motivations for bank patronage in the country.

The received knowledge from some of these studies is that as the intensity of competition increases within the financial sector, the propensity of customers shifting from monogamous status (i.e., unflinching bonding with a single bank) to polygamous status (i.e., switching freely among banks) increases (Aurier & N'Goala, 2010; Owusu-Frimpong, 2001; Woldie, 2003). Empirical knowledge about consumers' satisfaction/service quality evaluation is therefore vital for service redesign/development within the retail banking sector (Nasserzadeh, Jafarzadeh, Mansouri, & Sohrabi, 2008). Furthermore, some of the studies have also shown that theoretical models and frameworks developed to study customer behavior and satisfaction in Western contexts may not be appropriate for studying customers in emerging markets (Kaur et al., 2010; Sadeghi & Hanzaee, 2010; Thuy & Hau, 2010). Thus, there is still a lot to learn about bank service management and customer behavior in Africa. The aim of this study was to investigate the determinants of customer satisfaction with retail bank services and the moderating role of demographic variables in predicting customers' satisfaction.

The present study is a response to the need for additional knowledge in the field of customer satisfaction with retail bank services. First, it contributes to an understanding of the determinants of Ghanaian customers' satisfaction with retail banking services in the wake of the dynamic developments within the sector. This knowledge should provide Ghanaian bank managers with additional guidelines for the design of banking service portfolios, segmentation, and customer relationship management strategies. Second, it examines the extent to which models developed to study customer satisfaction in the developed countries and other emerging economies can be effectively applied within the Ghanaian context.

The aim of this study was to investigate the determinants of customer satisfaction with retail bank services and the moderating role of demographic variables in predicting customers' satisfaction.

The article continues after this brief introduction with a discussion of the contextual information about retail banking in Ghana. This is followed by a review of the pertinent literature on customer satisfaction with the service sector in general and the retail banking sector in particular. The literature review provides a theoretical foundation for the model developed and the subsequent hypotheses formulated and tested within the Ghanaian context. This is followed by a description of the data collection and analysis methods. Subsequently, we discussed the main findings of the empirical investigation as well as their policy, strategy, and research implications. The last section of the article provides the limitations of the study and directions for possible future research.

Background Information: The Ghanaian Retail Banking Industry

Ghana, a country on the west coast of Africa, is one of the most thriving democracies on the African continent. With an estimated population of 24.658 million (Ghana

Statistical Service, 2012), the country has in recent times made improved economic strides. In 2011, the country recorded its highest gross domestic product (GDP) growth rate to date of 14.4% (Ghana Statistical Service, 2012) and was described as one of the fastest-growing economies in the world (World Bank, 2013). Moreover, the country is the world's second-largest producer of cocoa and also joined commercial oil-producing countries in the world in October 2010 (Dagher, Gottschalk, & Portillo, 2010).

Like most other African countries, Ghana experienced drastic economic decline, high rates of inflation, and unemployment in the 1970s (Loxley, 1988). During the beginning of the 1980s, the government agreed to implement an Economic Recovery Programme (ERP) under the auspices and support of the World Bank and the International Monetary Fund. As part of this package, the Financial Sector Adjustment Programme was launched in 1983 (Mmieh & Owusu-Frimpong, 2004). As a result, deliberate policy initiatives were taken to overhaul the financial sector and reduce the imperfections of financial markets through improvements in the regulatory framework, restructuring of financially distressed banks, and infusion of additional domestic and foreign capital into the sector (Owusu-Frimpong, 2008). By the early 1990s, Ghana was acclaimed by the World Bank and other international economic monitors to be at the threshold of economic lift-off (Hutchful, 2002).

The policy changes within the financial sector in particular have resulted in dramatic growth of the retail banking sector. In 2011, Ghana had 27 banks (up from 8 in 1990) with a total of 856 branches (Ghana Banking Survey, 2011); most of them are located in the major towns and cities. In addition, there were also a number of financial service institutions such as insurance companies, investment houses, rural banks, stock exchange, cooperative credit unions, savings-and-loan institutions, mutual funds, and other microfinance institutions. The new generation private-sector banks established during the past two decades have gained a substantial market share from the older state-owned banks (Owusu-Frimpong, 2008; Hinson et al., 2009). The intensification of competition within the sector has generated interest in understanding the determinants of bank selection decisions of Ghanaian customers and their degree of satisfaction with the new portfolio of bank products and services available to them (Blankson et al., 2009; Narteh & Owusu-Frimpong, 2011). It is within this operational context that the empirical investigation reported in this article was conducted.

Literature Review

Marketing scholars have argued that there are definitional and conceptual problems with customer satisfaction (Al-Eisa & Alhemoud, 2009; Giese & Cote, 2000). Meng, Tepanon, and Uysal (2008) argued that the differences in definition could be traced to the diverse perspectives scholars have employed to model customer satisfaction. There is, however, general consensus in the literature that customer satisfaction is a postconsumption experience and, as such, Olorunniwo, Hsu, and Udo (2006) conceptualized customer satisfaction as a customer's fulfillment response following the consumption experience. More specifically, customer satisfaction is defined as the individual's perception of the performance of the product or service in relation to expectations (Torres & Kline, 2006). Similarly, Kotler and Keller (2009) opined that customer satisfaction is an evaluative process in which customers compare the level of service obtained with their prior expectations.

A view in the literature suggests that customer satisfaction is cognitive based (Mano & Oliver, 1993; Oliver, 1980; Sharma & Ojha, 2004). This school of thought holds that customer satisfaction occurs as a result of a rational evaluation of the performance of products and services against prepurchase expectations. Satisfaction is thus related to the size of the disconfirmation often explained as the difference between postpurchase and postusage evaluation of the performance of the product or service and the expectations held prior to the purchase (Molina, Martin-Consuegra, & Estabeban, 2007; Sharma & Ojha, 2004). When perceived performance exceeds a customer's prepurchase expectation, a positive disconfirmation results and the customer could be highly satisfied or delighted (Fournier & Mick, 1999). However, when postpurchase performance falls below prepurchase expectation, a negative disconfirmation occurs and the customer is dissatisfied. In a situation where the product or service performs as expected, a simple confirmation occurs (Oliver & DeSarbo, 1988).

An alternative perspective also posits that satisfaction should be viewed as an affective construct (Dubé-Rioux, 1990; Liljander & Strandvik, 1997; Olsen, 2002; Westbrook, 1980). Contributing to this line of research, Liljander and Strandvik (1997) postulate that satisfaction cannot be understood without the study of its affective dimension. Dubé-Rioux (1990) even suggests that consumer's affective response could be used to predict satisfaction more accurately than the cognitive evaluation. The position of the affective school of thought is that the feelings resulting from the postusage evaluation of the products or services could also influence satisfaction judgment (Olsen, 2002). This fits well into the definition of customer satisfaction as a person's feelings of pleasure or disappointment that result from comparing a product's perceived performance against expectations (Tsiros, Mittal, & Ross, 2004).

A composite perspective, which suggests that the cognitive and affective components are not mutually exclusive and that satisfaction could have both components, has also been adopted in the literature. Following this line of argument, Al-Eisa and Alhemoud (2009) argued that customer satisfaction response can be evaluative or emotionally based. Similarly, Lin (2003) also views customer satisfaction as the outcome of a cognitive and affective evaluation of comparison between expected and perceived performance, based on how customers appraise delivery of goods and services. The current study endorses this proposition and views customer satisfaction from both cognitive and affective perspectives. Using this integrated perspective, the study takes the position that customer satisfaction with retail bank services will first be based on how customers evaluate the performance of the services delivered by banks against a set of a prior criterion, as well as the accompanying feelings that emanate from the outcome of the evaluations.

Determinants of Customer Satisfaction in Retail Banking

The past two decades have witnessed an upsurge of studies in customer satisfaction in the retail banking sector in both developed and emerging-market economies. Some recent contributions have come from such scholars as Levesque and McDougall (1996); Hennig-Thurau, Gwinner, and Gremler (2002); Lymperopoulos, Chaniotakis, and Soureli (2006); Walker, Smither, and Waldman (2008); Nasserzadeh et al. (2008); and Al-Eisa and Alhemoud (2009). The extant literature suggests that the ability of firms to satisfy customer needs in retail banks is key to their long-term business success (Day, 2003; Gursoy & Swanger, 2007). Moreover, other studies found that when customers are satisfied, they remain loyal to their banks (Donio, Massri, & Passiante, 2006; Lemon, White, & Winer, 2002; Ndubisi, 2007). Satisfied customers also communicate more positively about their banks to potential customers (Chi & Gursoy, 2009; Edvardsson, Gustavsson, Johnson, & Sandén, 2000; Olorunniwo et al., 2006), and therefore positively impact the competitive positions of the banks within their market space (McColl-Kennedy & Schneider, 2000).

Recent studies in bank marketing have found relational, core, and tangible dimensions as key determinants of customer satisfaction in retail banking (Al-Eisa & Alhemoud, 2009; Jamal & Naser, 2002; Levesque & McDougall, 1996). The current study replicates these dimensions and empirically investigates them in the Ghanaian banking industry. These determinants are discussed in the next section.

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Customer Relationship and Satisfaction

Customer relationship management emerged in the 1990s as a key strategic option for many companies operating in highly competitive environments (Grönroos, 1994; Morgan & Hunt, 1994). The services marketing literature, therefore, conceptualizes some service encounters as relational exchanges, with relational benefits being the added values that customers receive over and above the core service (Bitner, Booms, & Tetreault, 1990; Hennig-Thurau et al., 2002; Molina et al., 2007). Within the banking industry, in particular, there is evidence that banks have adopted relationship marketing strategies in order to attract, satisfy, and retain customers (Leverin & Liljander, 2006; Molina et al., 2007; O'Loughlin, Szmigin, & Turnbull, 2004). It has been argued that customer relationship management enables companies to differentiate their bank service offerings (Aurier & N'Goala, 2010), facilitates cross- and up-selling (Molina et al., 2007), and enhances customer lifetime value (Gupta, Lehmann, & Stuart, 2005; Gustafsson, Johnson, & Roos, 2005) and is therefore seen as a more effective route to sustainable competitive advantage for banks (Dimitriadis, 2010). Thus, a retail bank's ability to enhance its relationship quality is an important determinant of its customers' overall satisfaction (Day, 2003; Ndubisi, 2007) and is directly linked to its performance (Leverin & Liljander, 2006; Wong & Sohal, 2002).

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Front-line employees have been recognized as vital in fostering the relational dimension of bank services (Wilson, Zeithaml, Bitner, & Gremler, 2008). Their skills and competence (Ndubisi, 2007), friendliness and willingness to help customers (Al-Eisa & Alhemoud, 2009), and service recovery effectiveness (Priluck & Lala, 2009) have all been found to positively impact on customer satisfaction. Based on these discussions, we formulate the first hypothesis as follows:

Hypothesis 1*: The stronger the degree of relationships between Ghanaian retail banks and their customers, the more satisfied the customers will be.*

Core Banking Services and Customer Satisfaction

The core service refers to all the components of a service (Sureshchander, Rajendran, & Anantharaman, 2002) and represents the basic product or service being offered by the service provider. According to Brogowicz, Delene, and Lyth (1990), core service represents the "what" of a service offering. Marketing scholars encourage firms to deliberately adopt strategies that emphasize the core benefits of their services to existing and potential customers (Al-Eisa & Alhemoud, 2009). This helps customers to form realistic expectations about the services and their role in the coproduction process (Garry, 2008).

Previous studies in retail banking have shown that the sophistication of core service delivery impacts on customer satisfaction (Al-Eisa & Alhemoud, 2009; Jamal & Naser, 2002). Sophistication in this context includes the variety of services provided as well as the competence and accuracy with which the services are delivered, how the bank branches are networked, the hours within which the services are delivered, how fast the services are delivered, and the price at which the services are offered. For instance, Al-Eisa and Alhemoud (2009) found that the core services of retail banks in Kuwait included accurate and fast services, competitive interest rates, and extended banking hours.

The introduction of electronic banking systems such as automated teller machines (ATMs) and Internet banking has added extended dimensions to how the core service is delivered by retail banks. Electronic banking enables banks to standardize service delivery, lower the cost of services, ensure improved customer relationship management, and, above all, achieve higher levels of customer participation in the service delivery process (Bauer, Hammerschmidt, & Falk, 2005; Chen, 2005).

The core service is so important that the banks' failure to deliver on it could cause customer switching to other competitive providers. Keaveney (1995) found core service failure as the dominant factor, accounting for 44% of the reasons for customers switching service providers. Similarly, Al-Eisa and Alhemoud (2009) found speed with banking service delivery a major determinant of customer satisfaction in Kuwait retail banking. Based on these discussions, the current study hypothesizes as follows:

Hypothesis 2*: There is a direct positive association between the degree of sophistication of a retail bank's core services and the degree of satisfaction of Ghanaian customers with the bank.*

Tangibles and Customer Satisfaction

Customers have been reported to infer the quality of service from the tangible cues provided by banks (Al-Eisa & Alhemoud, 2009; Jamal & Naser, 2002). Due to the perceived importance of the tangible dimension of service delivery, researchers have developed specific scales to measure the construct. TANGSERV (Raajpoot, 2002) and DINESCAPE (Ryu & Jang, 2008) were developed to enhance the measurement of tangible dimension in service delivery.

Tangibility in the retail banking sector may be reflected in physical attractiveness of the bank, the degree of modernity of its equipment and technology, and the appearance of its employees (i.e., dress codes) (Jabnoun & Al-Tamimi, 2003; Tuzovic, 2008). Tangibles may also include the ambient conditions, such as temperature, ventilation, noise, and scent prevailing in the bank's premises; extent of the physical layout of equipment; and visually appealing signs and symbols (Barber & Scarcelli, 2010; Jamal & Naser, 2002).

The advent of information technology into the banking sector also has implications for customers' perception of the tangible and core dimensions of bank services (Reimer & Kuehn, 2005). It is now generally acknowledged that electronic banking in particular has provided alternative channels for routing banking services to customers (Al-Eisa & Alhemoud, 2009) and has exerted profound influence on how service providers interact with their customers (Ibrahim, Joseph, & Ibeh, 2006; Lallmahamood, 2007). For example, ATM installations, electronic funds transfers (EFTs), credit cards, and point-of-sale (POS) terminals have enabled banks to offer their customers quick and efficient products/services 24 hours a day. This has increased the tangibles of the banks as well as the degree of sophistication with which retail banks deliver their services (Almossawi, 2001). The study of Al-Eisa and Alhemoud (2009) indicates that such self–banking services have stronger impact on customer satisfaction. These perspectives justify the third hypothesis:

Hypothesis 3*: There is a direct positive association between the tangibles and the degree of satisfaction of Ghanaian customers with their retail banks.*

Key Moderators and Customer Satisfaction

Prior research has typically identified demographic characteristics such as age, gender, level of income, education, and experience with bank services as moderators of customer satisfaction in a wide range of service industries (Clarkson, Stone, & Steele, 1990; Dadzie, Winston, & Afriyie, 2003; Jamal & Naser, 2002; Meidan, 1996; Stafford, 1996; Strombeck & Wakefield, 2008). Within the retail banking sector, gender, age, education, and income have been shown to be associated with customers' bank service preferences as well as their associated satisfaction with the services (Cohen, Gan, Yong, & Chong, 2007). In this section, we discuss some of the demographic variables and how they are expected to moderate the relationship between service delivery and customer satisfaction.

Gender has often been used as a moderator variable in marketing in general, and consumer behavior in particular (Evanschitzky & Wunderlich, 2006). Srivatsa and Srinivasan (2008) conducted a gender psychographic study of banking customers in India and found that male and female customers exhibited different behavior in their preferences of banks, banking channel choice, and bank product usage. While female bank customers tended to emphasize channel convenience and savings, male customers tended to prefer safety and the convenience of electronic channels, and attached greater importance to the value of a loan product. Similarly, Omar (2008) studied retail bank selection decisions in Nigeria and found that while male customers emphasized safety of funds and speed of transaction, female customers emphasized "recommendation by relatives and/or friends" more than other factors. This implies that men are more prone to risk than women. Evanschitzky and Wunderlich (2006) attributed gender differences to social roles and evolutionary processes. Due to the gender differences in banking service preferences, we expect that gender will be a significant moderator of customer satisfaction, with females being more satisfied than males.

With respect to age, Cohen et al. (2007) showed that younger customers (between 18 and 30 years) tended to be less loyal to their banks than older customers (i.e., those above 60 years). Empirical evidence suggests that older customers are less likely to seek new information in decision making relating to their buying behavior, while younger customers are more likely to seek alternative information that affects their satisfaction and loyalty (Evanschitzky & Wunderlich, 2006). Empirically, Homburg and Giering (2001) found that age moderates the link between satisfaction and loyalty with products and services purchased. As such, we expect age differences to moderate the link between services offered by the banks and customer satisfaction such that the link will be stronger for older customers than for younger customers.

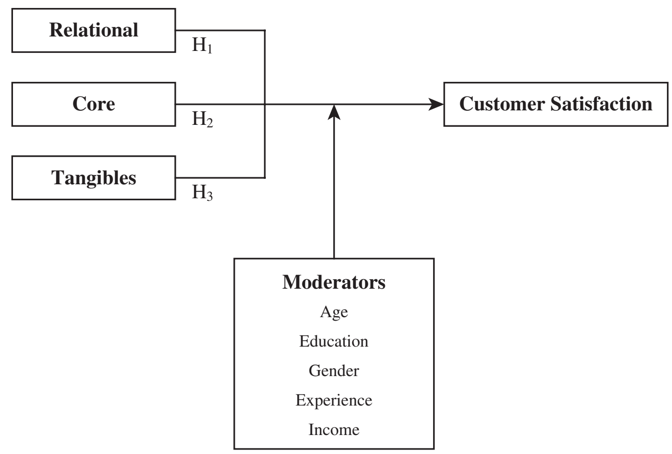
Due to the gender differences in banking service preferences, we expect that gender will be a significant moderator of customer satisfaction, with females being more satisfied than males.

Previous research has also suggested that formation of performance expectations during product or service evaluation can be moderated by customers' expertise with bank services (Alba & Hutchinson, 1987). Jamal and Naser (2002) argue that experienced customers with banking operations are likely to have a superior knowledge of existing alternative products and services in the retail banking industry, and this will affect their service delivery expectations and overall satisfaction. Experienced customers are also likely to have superior ability to encode new information and to discriminate between relevant and irrelevant information emanating from service providers. Furthermore, Alba and Hutchinson (1987) argue that customers may differ in terms of the product-related experience that they have accumulated over time from the service providers. This partly defines their expertise with respect to a given product and thereby their expectations regarding service delivery (Jamal & Naser, 2002). In addition, length of service or experience with banking services has been found to correlate with customer service expectations and, consequently, satisfaction with service delivery (Jamal & Naser, 2002). New customers might have lower expectations about banking service delivery. However, as customers mature with the banks, their service expectations could be significantly raised due to word-of-mouth as well as experience with the standards of service delivery in the banking industry. For example, Lindgaard and Dudek (2003) argue that users' interactive experience with the Internet has a profound influence on their online service expectations. Moreover, Jamal and Naser (2002) found a negative relationship between experience and customer satisfaction with bank services. As such, we expect length of service with the bank, defined as the number of years a customer has had an account and operated with the bank, to moderate customer satisfaction with the banks' service delivery. The link is expected to be stronger for experienced customers than inexperienced customers.

The extant literature indicates a paucity of research on the link between education and satisfaction with bank services. Generally, we expect people with higher education to be better informed about their rights and engage in more information gathering and processing in their buying decisions than those with less education. As highly educated customers are better informed, they will have low tolerance for poor services in general. Mittal and Kamakura (2001) found support for the moderating role of education in predicting satisfaction and retention, but the link is weak for highly educated customers. As such, the current study also proposed that education will moderate the relationship between bank services and customer satisfaction, with the link being stronger for less educated customers than highly educated customers.

Finally, the study also considers the moderating role of income in predicting customer satisfaction. Wealthier customers have higher expectations and better service options than lower-income customers. Income has been extensively used as a market segmentation variable in the Ghanaian banking industry by both international and local banks. Both Standard Chartered Bank and Barclays Bank have designed a bouquet of services for the high-net-worth customers, which Standard Chartered Bank classifies as Excel and Barclays Bank classifies as Prestige or Premier customers. Other local banks have also emulated the concept, as the largest commercial bank in Ghana, the Ghana Commercial Bank, also introduced its "Royal Customers" package to offer first-class services to its top-notch customers. These wealthy customers are often given priority in the banking halls and are also insulated against petty charges, which are often levied on lower-income customers. As a result of these differential services offered to customers, we expect income to moderate the relationship between bank services delivery and customer satisfaction, with the link being stronger for wealthy customers than for low-income customers.

FIGURE 1 Conceptual Framework and Hypotheses



Conceptual Framework for the Study

The empirical study in Ghana was guided by the model presented in Figure 1. Building on existing knowledge from the literature, we have adopted the theoretical classification of bank services in terms of relational, core, and tangible dimensions and postulate that they will be directly associated with customer satisfaction. We have also used age, gender, income, education, and banking knowledge as well as duration of relationships as moderating variables.

Methodology

Consistent with previous studies on customer satisfaction with retail banking services (Al-Eisa & Alhemoud, 2009; Jamal & Naser, 2002), the survey methodology was used.

Survey Instrument

The design of the questionnaires was based on multiple-item measurement scales adopted from previous research on customer satisfaction in retail banking. The questionnaire was a Likert scale type, and anchored on 1 ("strongly disagree") to 5 ("strongly agree"). Core service was adopted from the literature (Al-Eisa & Alhemoud, 2009; Jamal & Naser, 2002) and measured with ten items, including accurate services, fast services, competitive interest rates, extended banking hours, and Saturday banking. The relational dimension was also adopted from previous studies (Hennig-Thurau et al., 2002; Molina et al., 2007; Ndubisi, 2007) and measured with seven items, including willingness of bank employees to help customers, courtesy of employees, individual attention paid to customers, skills and knowledge of employees, complaint-handling procedures, communication with customers, and conveying best wishes on customers' special occasions (e.g., birthdays). Moreover, the tangible dimension was gleaned from the literature (Al-Eisa & Alhemoud, 2009; Jabnoun & Al-Tamimi, 2003; Tuzovic, 2008) and measured with five items: appealing physical facilities; convenient branch locations; smart, neat, and well-dressed staff; and provision of electronic banking. Finally, the dependent variable, customer satisfaction was measured with four statements, including: "you are satisfied with your bank," "you will patronize the bank in future," and "you will recommend the bank to others." The variables were adopted from the works of Molina et al., (2007) and Al-Eisa and Alhemoud (2009).

Data Sources and Data Collection Process

Letters were sent to all the 26 banks operating in Ghana at the time of the investigation (i.e., June 2010) to invite them to participate in the study. Sixteen agreed to participate. We selected three branches with the highest level of customer activity in each of the 16 banks on the basis of information provided by managers of the banks. All the branches selected were located in Accra, the capital city, due to the concentration of major economic activities there and the presence of many bank branches in the capital. Three research assistants from the University of Ghana Business School who were trained in mall-intercept methods of data collection were assigned to each branch to select customers who used the branch for most of their financial transactions. The purpose of the study was explained to the customers, and those who agreed to cooperate were assisted to fill in the questionnaires. The data collection process lasted for 16 working days (1 day for each bank) and generated 650 useable questionnaires out of the total of 850 distributed. The response rate and sample size were found adequate for the data analysis.

Data Analysis

Pallant (2003) suggested that data should first be subjected to descriptive analysis before validation and further analysis. The descriptive statistics using the mean and standard deviation were used to show the reliability of the individual variables used in the research instrument. Further, a correlation matrix was constructed to determine the interfactor correlation among the variables used

The descriptive statistics using the mean and standard deviation were used to show the reliability of the individual variables used in the research instrument.

(Blankson et al., 2009). Moreover, due to the number of variables used for the survey, a data reduction strategy (Malhotra & Birks, 2007) using exploratory factor analysis was deemed appropriate. Hair, Black, Babin, and Anderson (2006) postulate that exploratory factor analysis is used to define the underlying dimensions among the variables in a study. The common underlying dimensions are referred to as factors (Hair et al., 2006). By convention, the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy test must produce a value of 0.5 or more (Hair et al., 2006) for the data to be considered appropriate for factor analysis. Similarly, factors must have an eigenvalue of at least 1, and the variables used must have a loading of at least 0.5 for them to be retained (Hair et al., 2006; Malhotra & Birks, 2007).

In addition, due to the many explanatory variables utilized in the current study, it was felt that a stepwise regression analysis will be plausible to establish the relationship between the services provided by the banks and customer satisfaction. The purpose of a stepwise regression is to select from a large number of predictor variables, a subset of variables that explains most of the variation in the dependent variable (Malhotra & Birks, 2007). In such a regression, variables are added to or deleted from the regression model at each stage of the model development process (Jamal & Naser, 2002). The regression ends with the best-fitting model where no variable can be added or deleted.

Presentation and Findings

A descriptive breakdown of the data reveals that 68% (n = 442) of the respondents were male while 32% (n = 208) were female. Ninety-three percent were between the

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TABLE 1 Descriptive Statistics

Variable	Mean	Std. Deviation	T	Df	P
Competence	3.73	0.83	84.67	357	0.00
Accurate services	3.51	0.88	75.08	357	0.00
Fast service delivery	3.36	1.05	60.35	357	0.00
Interest rates	3.22	0.99	61.39	357	0.00
Relevant information	3.35	1.07	59.01	356	0.00
Extended bank hours	3.29	1.27	49.08	357	0.00
Saturday banking	3.23	1.63	37.58	357	0.00
Willingness to help	3.54	0.98	68.44	357	0.00
Courteous	3.46	0.97	67.05	357	0.00
Individual attention	3.33	1.06	59.55	357	0.00
Specific needs	3.07	0.99	58.53	357	0.00
Complaints are handled effectively	3.23	0.99	61.42	357	0.00
Information on new products	2.02	1.14	33.65	357	0.00
Appealing physical facilities	3.59	1.03	66.01	357	0.00
Convenient branch locations	3.80	1.13	63.58	357	0.00
Smart, neat, and well-dressed personnel	3.91	1.00	73.77	357	0.00
E-banking	3.85	1.14	64.13	357	0.00
Reliable services	3.19	1.15	52.45	357	0.00
Electronically networked	4.37	0.88	93.76	357	0.00
Knowledge	3.61	0.96	71.03	356	0.00
Experience	3.46	1.00	65.35	357	0.00
Frequent user	3.85	0.88	82.12	357	0.00
Recommendation	3.45	1.11	59.02	357	0.00
Will continue with bank	2.99	1.391	40.62	357	0.00
Service quality	3.37	1.03	62.051	357	0.00
Satisfaction	3.30	1.04	59.83	357	0.00

ages of 21 and 50 years, while the rest were above 50 years. The sample also contained 80.4% salaried workers, 10% students, and 6.6% self-employed. About 90% of the respondents had been customers of their banks for up to 15 years, and 10% for more than 15 years. The respondents also had varied educational backgrounds; 22% with bachelor degrees, 46% held diploma and professional qualifications, while 21% had high school and other qualifications. The respondents also had wide variations in income due to the fact that some were workers while the others were students. The average monthly income of the respondents was found to be GH¢ 850 (approximately US$500).

Table 1 provides the descriptive statistic of the variables. All the variables were found with moderate to high mean values. Table 2 presents the correlations for the variables used in the study, which indicates that the variables are highly correlated.

Exploratory Factor Analysis

In order to identify the dimensions of the variables perceived to be important in explaining customer satisfaction in the retail banks, the variables were factor analyzed. The KMO measure of sampling adequacy test produced a value of 0.926, while Bartlett's Test of Sphericity provided a chi-square value of 3251.57 (df = 190; sig = 0.000). These values indicate that the sample was adequate for factor analysis.

The results of the exploratory factor analysis, using Varimax rotation are presented in Tables 3 and 4. The initial analysis produced four factors that account for 59.5% of the variance explained. Cumulatively, factor 1 accounted for 39.7% of the variance, factor 2 accounted for 47.9% of the variance, factor 3 accounted for 54% of the variance, while factor 4 accounted for 59.5% of the variance.

TABLE 2 Variable Correlation Matrix

Variables	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
Required skills	1.000																		
Accurate services	0.527**	1.000																	
Fast service delivery	0.441**	0.599**	1.000																
Interest rates	0.204*	0.261*	0.202*	1.000															
Relevant information	0.364**	0.500**	0.572**	0.291**	1.000														
Extended bank hours	0.326**	0.373**	0.426**	0.295**	0.433**	1.000													
Saturday banking	0.236**	0.231*	0.263*	0.178	0.229*	0.499**	1.000												
Willingness to help	0.409**	0.471**	0.604**	0.147	0.591**	0.414**	0.274*	1.000											
Courteous	0.399**	0.437**	0.564**	0.157	0.514**	0.339**	0.239*	0.734**	1.000										
Individual attention	0.365**	0.467**	0.516**	0.206*	0.552**	0.414**	0.315**	0.646**	0.663**	1.000									
Specific needs	0.274*	0.390**	0.450**	0.290**	0.489**	0.428**	0.302**	0.529**	0.522**	0.705**	1.000								
Complaints handling	0.343**	0.479**	0.561**	0.264*	0.518**	0.374**	0.268*	0.617**	0.618**	0.610**	0.591**	1.000							
New products information	0.190	0.304**	0.385**	0.209*	0.347**	0.374**	0.250*	0.377**	0.387**	0.419*	0.462**	0.400**	1.000						
Physical facilities	0.354**	0.426**	0.516**	0.133	0.457**	0.337**	0.224*	0.497**	0.458**	0.455**	0.376**	0.456**	0.305**	0.168	1.000				
Branch location	0.231*	0.263*	0.311**	0.169	0.306**	0.177	0.193	0.289**	0.298**	0.252*	0.215*	0.306**	0.198	0.183	0.483**	1.000			
Smart, neat, and well-dressed personnel	0.333**	0.292**	0.412**	0.132	0.326**	0.241*	0.146	0.355**	0.377**	0.310**	0.251*	0.299**	0.264*	0.199	0.521**	0.441**	1.000		
E-banking	0.372**	0.364**	0.364**	0.151	0.348**	0.246*	0.295*	0.316**	0.316**	0.256*	0.223*	0.264*	0.218*	0.169	0.453**	0.424**	0.374**	1.000	
Reliable services	0.385**	0.505**	0.494**	0.170	0.434**	0.417**	0.280**	0.450**	0.433**	0.409**	0.402**	0.423**	0.336**	0.236*	0.494**	0.280**	0.318**	0.487**	1.000
Electronically networked	0.311**	0.312**	0.281**	0.215*	0.404**	0.188	0.097	0.318**	0.244*	0.198	0.205*	0.290**	0.172	0.105	0.446**	0.294**	0.272*	0.478**	0.453**

Note: * correlation significant at the 0.05 level (two-tailed) and **correlation significant at the 0.01 level (two-tailed).
Extraction method: Principal component analysis, Rotation method: Varimax with Kaiser Normalization, KMO = 0.926, Bartlett's Test of Sphericity: Chi-square = 3251.57, df = 190, $p < 0.0000$.

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TABLE 3 Principal Component Analysis

Variable	Communality	Factor	Eigenvalue	Percent of Variance	Cumulative Percent
Competence	0.518	1	7.93	39.65	39.65
Accurate services	0.573	2	1.66	8.30	47.95
Fast service delivery	0.611	3	1.26	6.28	54.23
Interest rates	0.414	4	1.05	5.26	59.49
Relevant information	0.554				
Extended bank hours	0.599				
Saturday banking	0.469				
Willingness to help	0.729				
Courteous	0.718				
Individual attention	0.729				
Specific needs	0.646				
Complaints are handled effectively	0.639				
Information on new products	0.567				
Appealing physical facilities	0.646				
Convenient branch locations	0.616				
Smart, neat, and well-dressed personnel	0.570				
E-banking	0.623				
Reliable services	0.552				
Electronically networked	0.512				

TABLE 4 Varimax-Rotated Component Loadings

Variables	Factor 1	Factor 2	Factor 3	Factor 4
Individual attention	0.809			
Courteous	0.801			
Willingness to help	0.788			
Complaints are handled effectively	0.726			
Specific needs	0.693			
Fast service delivery	0.622			
Relevant information	0.577			
Competence		0.631		
Accurate services		0.562		
Reliable services		0.556		
Electronically networked		0.524		
Convenient branch locations			0.757	
Smart, neat, and well-dressed personnel			0.694	
Appealing physical facilities			0.616	
E-banking			0.567	
Interest rates				0.601
Information on new products				0.561
Extended bank hours				0.553
Saturday banking				0.550

Revised Factor Structure and Reliability Tests

Following the decision relating to the internal reliability and in line with Hair et al. (2006), the factors were respecified. One item (fast service delivery) was removed from factor 1 and added to factor 2 because of conceptual fit, and factor 2 was consequently modified. Factor 3 was retained, but factor 4 was merged with factor 2 due to conceptual coherence. The initial factors and the final revised factors are presented in Tables 5 and 6. As a result of the respecification, a three-factor solution emerged as the major determinants of customer satisfaction in the Ghanaian retail banking. Factor 1 covers the relational dimension and has six items; factor 2 covers the core service dimension and has eight items; and factor 3 relates to the tangible dimension and has four items. Reliability estimates for the factors were further determined using Cronbach's alpha, and based on the recommendations of Hair et al. (2006), a cutoff value of 0.7 was adopted. The results indicated that all the factors surpassed the reliability threshold of 0.7 with reliabilities of 0.905 for the relational dimension, 0.811 for the core dimension, and 0.763 for the tangible dimension.

The variables measuring customer satisfaction were also checked for their loadings and Cronbach's alpha. The results indicated that all the three variables had high loadings between 0.753 and 0.803, with a Cronbach's alpha value of 0.872. The three variables thus formed a single structure that measured customer satisfaction with their bank service delivery. The result is illustrated in Table 7.

Stepwise Regression

In order to establish the relationship between the service dimensions and customer satisfaction, a multiple regression was used. The results of the initial multiple

TABLE 5 Internal Consistency and Related Decision of First Structure

Factors and Items	Item-Total Correlation	α Value	Decision
Factor 1		0.905	Retained, sent 1 variable to factor 2 due to conceptual fit
Individual attention	0.769		
Courteous	0.751		
Willingness to help	0.777		
Complaints are handled effectively	0.727		
Identify customer needs	0.675		
Fast service delivery	0.670		
Relevant information	0.663		
Factor 2		0.737	Retained and modified
Required skills	0.515		
Accurate services	0.585		
Reliable services	0.586		
Electronically networked	0.458		
Factor 3		0.763	Retained
Convenient branch locations	0.565		
Smart, neat, and well-dressed personnel	0.555		
Appealing physical facilities	0.620		
E-banking	0.517		
Factor 4		0.673	Merged with factor 2 due to conceptual fit
Interest rates	0.324		
Information on new products	0.448		
Extended bank hours	0.566		
Saturday banking	0.429		

TABLE 6 Internal Consistency of Final Revised Structure

Factors and Items	Number of Items	Item-Total Correlation	Weighted Mean	α Value
Factor 1/Relational	6		3.335	0.905
Individual attention		0.769		
Courteous		0.751		
Willingness to help		0.980		
Complaints are handled effectively		0.727		
Specific needs		0.675		
Relevant information		0.663		
Factor 2/Core service	8		3.471	0.811
Required skills-competence		0.423		
Accurate services		0.523		
Reliable services		0.626		
Electronically networked		0.597		
Extended banking hours		0.335		
Interest rates		0.599		
Fast service delivery		0.391		
Saturday banking		0.407		
Factor 3/Tangible	4		3.789	0.763
Convenient branch locations		0.565		
Smart, neat, and well-dressed personnel		0.555		
Appealing physical facilities		0.620		
E-banking		0.517		

TABLE 7 Internal Consistency of Dependent (Customer Satisfaction) Variable

Variables	Number of Items	Item-Total Correlation	Weighted Mean	α Value
Recommendation	3	0.782	3.28	0.872
Patronize the bank in future		0.805		
Satisfied with bank's services		0.846		

regression presented in Table 8 show that the model, comprising relational, core, and tangible dimensions of service delivery by the banks is highly significant and explains 70.2% of the variations in customer satisfaction. The results, therefore, support Hypotheses 1, 2, and 3.

A stepwise regression was also performed to ascertain the moderating effects of the demographic variables on the bank's services and customer satisfaction. The demographic variables of age, income, occupation, gender, education, and experience with bank service delivery were added to the initial model to determine their impact on the dependent and independent variables. The results indicated that customers' level of education, income, and number of years with the bank moderate the relationship between the service dimensions and customer satisfaction because the addition of each of them eventually resulted in a higher R-square from 70.2% to 73.5%. Occupation, gender, and age played no moderating role between the independent and the dependent variables because their addition brought no change to the R-square. The results of the stepwise regression are presented in Table 8.

TABLE 8: Stepwise Regression

Model	Variable	*t*-Statistic	Prob > *T*	R^2	*F*-Statistic	Prob > *F*	Standard Error
1	(Constant)	5.435	0.000	0.702	131.488	0.000	0.41
	Relational	6.135	0.000				
	Core service	6.256	0.000				
	Tangible	4.653	0.000				
2	(Constant)	5.309	0.000	0.726	58.858	0.000	0.38
	Relational	6.024	0.000				
	Core service	6.184	0.000				
	Tangible	4.404	0.000				
	Education	2.890	0.004				
3	(Constant)	5.184	0.000	0.728	51.354	0.000	0.40
	Relational	5.983	0.000				
	Core service	6.169	0.000				
	Tangible	4.398	0.000				
	Education	2.885	0.004				
	Income	1.048	0.001				
4	(Constant)	5.139	0.000	0.735	45.546	0.000	0.36
	Relational	5.957	0.000				
	Core service	6.152	0.000				
	Tangible	4.357	0.000				
	Education	2.859	0.005				
	Income	1.045	0.002				
	Experience	2.187	0.029				

Discussion

The findings from this study are consistent with results from previous studies by scholars such as Bick et al., (2004), Jamal and Naser, (2002); Woldie (2003), Greenland et al. (2006), and Al-Eisa and Alhemoud (2009) that customer satisfaction in retail banks is driven by multiple factors. The results show that Ghanaian bank customers attach significant importance to relational, core, and tangible dimensions of banking services offered by retail banks just as their counterparts in Western societies do. The results, therefore, suggest that a three-factor solution, containing 18 variables, is robust and provides an improvement over the two-factor solution consisting of only relational and core service found in Levesque and McDougall's (1996) study on the determinants of customer satisfaction in retail banks in Canada.

The relational factors have, however, emerged as the most significant determinant of customer satisfaction, emphasizing the need for banks to relate well with their customers. The individual attention that a bank gives to its customers, the ability of the bank to determine the needs of customers, the courtesy as well as the consistency of the interaction process and content all have significant impact on customer satisfaction. The finding resonates with other marketing scholars who have highlighted the continued importance of relationship marketing in banks (Hennig-Thurau et al., 2002; Molina et al., 2007; Wilson et al., 2008). Moreover, Leverin and Liljander's (2006) view that the relationship built with customers itself could be a source of satisfaction is also confirmed in this study.

Apart from the relational aspect, the study also revealed that the core service delivered can also be a major driver of customer satisfaction. The competence and accuracy with which the service is delivered and the hours within which the service is delivered as well as how fast the service is delivered are important core service variables that determine customer satisfaction in the retail banks. The findings also support the views of researchers who argue that core service delivery impacts on customer satisfaction (Al-Eisa & Alhemoud, 2009; Jamal & Naser, 2002; Keaveney, 1995; Levesque & McDougall, 1996). For instance, the study confirmed the work of Al-Eisa and Alhemoud (2009), who found that fast service delivery enhances customer satisfaction in retail banks in Kuwait. Significantly, most Ghanaian banks have implemented extended banking hours on weekdays and in selected branches on Saturdays. The objective is to provide more contact hours for customers. Though this policy came at an extra cost to the banks and inconvenienced the staff (lack of time for personal development), the study indicates that it has impacted positively on customer satisfaction.

Finally, the tangibles were also a significant determinant of customer satisfaction. The physical appearance of staff, visually appealing facilities and modern equipment used, convenient branch locations, and the use of electronic banking facilities such as ATMs have an impact on how customers view bank service delivery, which subsequently influence satisfaction in the retail banks. These findings confirm the views in the literature that tangible cues also drive customer satisfaction in retail banks (Al-Eisa & Alhemoud, 2009; Jamal & Naser, 2002; Wakefield & Blodgett, 1999).

The results also show that the relational, core, and tangible dimensions of the service delivery have a significant influence on customer satisfaction, but the income level of customers, education of customers, and experience with the banks moderated this relationship. The rest of the variables (age, occupation, and gender) have no moderating effects on customers' satisfaction with retail bank services. These findings do not support the results from Jamal and Naser's (2002) study in the United Arab Emirates, which found that these demographic variables moderate the relationship between the core, relational, and tangible dimensions of service delivery and customer satisfaction.

Implications of the Study

The study was conducted to find out the determinants of customer satisfaction with retail bank services in Ghana. Empirical research conducted with 16 retail banks in Ghana, involving 650 customers, indicated that the relational, core, and tangible dimension of service were the significant drivers of customer satisfaction. The study makes a modest contribution to the literature on bank marketing.

Prior research often argues that theories developed in the Western societies are not appropriate for studying customer behavior in developing countries (Kaur et al., 2010; Thuy & Hau, 2010). The current study found that core, relational, and tangible dimensions of banking service design, which were found to be the determinants of customer satisfaction in the Western societies as well as other emerging markets such as Kuwait, also drive customer satisfaction among retail bank customers in a developing country such as Ghana. The conclusion drawn from the study is that some theories developed in other societies for studying consumer behavior are appropriate for studying consumer behavior in developing countries. Thus, for multinational banks, such as Barclays Bank, Standard Chartered Bank, and Société Générale, among others, that are operating in Ghana and are often torn between standardization and adaptation of their services to the local environment as they enter into other developing countries, the study provides a modest solution. The need to standardize some of the core, relational, and tangible services has been supported in the findings of this study.

The findings also carry some useful implications for managing retail bank customers in Ghana. The increasing level of competition within the retail banking sector in Ghana suggests that customer relationship management strategies must be emphasized to offer personalized services to customers and raise their overall level of satisfaction with their banks. Day (2003) refers to it as *customer-relating capability*. The importance of relational factors to customer satisfaction also suggests that

Ghanaian retail banks must also endeavor to understand the special needs of their customers and design the core service to offer more value to customers.

frontline staff must be trained to be polite and courteous to customers and must be willing to help customers at all times. Relationship marketing in retail banking also requires that staff must communicate often with customers, handle potential conflicts, provide social and financial bonds to deserving customers, and, above all, ensure an enduring trustful relationship with customers.

Ghanaian retail banks must also endeavor to understand the special needs of their customers and design the core service to offer more value to customers. Increased service portfolios to meet customers' ever changing needs, offered in a timely manner and also without errors, are likely to be appreciated by the customers. The banks must also develop effective service recovery strategies to remedy occasional service failures. Although some customers appear loyal to their banks, the intensity of competitive pressures within the retail banking sector suggests that frequent service failures experienced in any particular bank can seriously erode customers' image of the bank and encourage them to switch to other retail banks.

Finally, banks must also ensure that they provide tangible cues to assure customers of service quality and increase their overall satisfaction. Staff must always appear smart and neat. Branches must not only be conveniently located but must also be well furnished with modern facilities and appealing brand images. Furthermore, the banks must consider increasing their investments in information and communication technology (ICT)-facilitated services since most customers now consider them standard components of retail bank services.

Limitations and Directions for Future Research

In terms of future research, the findings suggest that the extent to which demographic characteristics such as age, gender, and occupation of customers impact their service delivery expectations remains empirically unsettled. Although the findings from this study suggest that these demographic characteristics have a limited impact on customer service delivery expectations, it is important to bear in mind that the respondents in the present study lived in Accra, the capital city of Ghana. This may partly explain the limited impact of these demographic characteristics on customer satisfaction. A study covering respondents from the other major cities such as Kumais, Tema, and Sekondi-Takoradi, as well as other rural communities, may determine the validity of our results.

Furthermore, it has been argued in the extant literature that customer satisfaction may not necessarily translate to customer loyalty. Alhemoud (2010) informs that satisfaction reflects short-term emotional and transaction-specific feeling, while loyalty reflects enduring attitude. Since customer loyalty is an important marketing management objective in dynamic business situations, additional investigations are needed to determine the extent to which the satisfaction of Ghanaian customers with their retail banks will translate into loyalty.

Finally, since relational quality is found to have a strong impact on customers' overall satisfaction, it would be interesting to explore the constituents of this dimension more closely in subsequent studies. Trust has been noted as an important attribute in relationships and must receive explicit attention in a future investigation. For example, Verhoef, Francis, and Hoekstra (2002) have suggested that trust may be stronger in the early stages of the relationship when clients lack familiarity or expertise. Thus, an examination of the variations in the importance of trust between Ghanaian retail banks and their customers over time will enrich our insight into the construct and provide strategy implications for improving customer satisfaction with retail bank services.

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