Service Delivery and Customer Satisfaction in Nigerian Banks

FARAYIBI, Adesoji

Centre for Allied Research and Economic Development, Ibadan, Oyo State, Nigeria

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FARAYIBI, Adesoji Oladapo
Centre for Allied Research and Economic Development, Ibadan, Oyo State, Nigeria.
E-mail: afarayibi2000@gmail.com

ABSTRACT

The study examined the impact of the quality of service delivery on customer satisfaction in the Nigerian banks using Ordinary Least Square (OLS) methodology. The study established a relationship between better banks performance in service delivery and customer satisfaction through effective customer relationship management (CRM). Findings revealed that increase in the number of working days and number of bank branches led to better levels of customer satisfaction. Empirical evidence also revealed that increase in PROFIT margin is a function of improved level of customer satisfaction while number of bank branches (NNB) has a positive but insignificant relationship with customer satisfaction because the spread of branch networks or channels has better effects on customer satisfaction than number of banks. It also emphasized the role of the number of working days in achieving better bank services and profitable customer relationship management. The study thus recommends that the Nigeria banking industry should improve the quality of service delivery as it is a prerequisite for achieving a high level of customer satisfaction.

Key words: Service Delivery, Customer Satisfaction, Nigerian Banks, Bank Branches, Profit Margin.

1. INTRODUCTION

Customers' expectation in the post-consolidation era of the Nigerian banking sector is very high. This is justified by the belief that the exercise had crowded out incompetent banks and left only those ones which are able to compete in both domestic and global marketplace. However, in recent times, most Nigerian banks have fallen short of this expectation. Customers have experienced challenges ranging from delay transaction notification, stock out, non-availability of staff at service points, unprofessional conduct or rude behaviours by the staff of the banks, poor standard of records or improper information, failed promises among others. Ogunnaike and Ogbari (2008) opined that customer service in Nigerian banking industry can be mistaken to mean customer delay and frustration. Almost every Nigerian bank encounters similar problem in meeting customers' expectation of services and customer satisfaction. For instance, the issue of delay in posting transactions such as money transfer and payments made between customers is a major problem that customers of Nigerian banks have been made to experience. In most cases, the customer hardly receives the notification that an account has been credited or debited immediately. The account holder may have to wait endlessly before seeing the notification or in worse cases, may have to visit the bank to confirm such transaction.

Also, the long queues and huge crowds in the banking halls can be highly devastating and discouraging, especially when the weekend is near. Most times, these long queues are as a result of the breakdown of the networks on the computers used for operation. Sometimes, it occurs as a result of the cash officers pushing duties to one another, as to who is to attend to the customer or not. Consequently, there is a problem of customer loyalty and profitability of the bank. One of the major requirements for banks' efficiency is to match their service facilities with the needs of customers without much delay. However, the common experience in Nigeria is that most banks do not have the facilities and capacities to service the number of customers without

much delay on the part of the customers. This situation has led to poor efficiency in banking service delivery in Nigeria and has thus caused low customer satisfaction. Many Nigerian banking public has thus wondered when the endless desires of spending the least possible time for banking transactions will be met by banks in the country. Although one of the strong objectives of banks is want to attract, retain customers and at the same time optimize profit, however, profit maximization in banking industry is a function of the management's ability to provide efficient services to customers at little or no time wastage (Agbadudu, 1995).

With these numerous challenges facing the discharge of banking service in Nigeria, the questions that call for empirical research include: What is the influence of poor customer service on customer satisfaction in the Nigerian banks? Why haven't Nigerian bank fortified their service delivery by employing the right number of personnel? What is the rate of customer switch due to poor customer satisfaction? Does customer satisfaction matter for customer retention in the Nigerian banks? Does large branch network matter for efficiency in service delivery of the Nigerian banks? Does staff strength affect service delivery in the banking industry? In view of the above research questions, the objective of this study is to examine the effect of customer service delivery on customer satisfaction in the banking industry in Nigeria. The rest of the paper is as follows: section two is the literature review. Section three presents the theoretical framework and research methodology while section four presents the empirical analysis and results. The last section five covers the conclusion and recommendations.

2. STYLIZED FACTS ABOUT BANK SERVICES AND CUSTOMER SATISFACTION IN NIGERIA

2.1. Trend Analysis of Customer Focused Banks in Nigeria
Table 2.1 and the corresponding graph on Fig 2.1 below present the top 10 most customer-focused banks from 2004 – 2014 for both the retail and SME categories. The data, retrieved from the Global Financial Index (2014) and KPMG (2014), indicate the customer satisfaction index (CSI) for the top ten customer focused banks in Nigeria. This was based on their service delivery during the years under study.
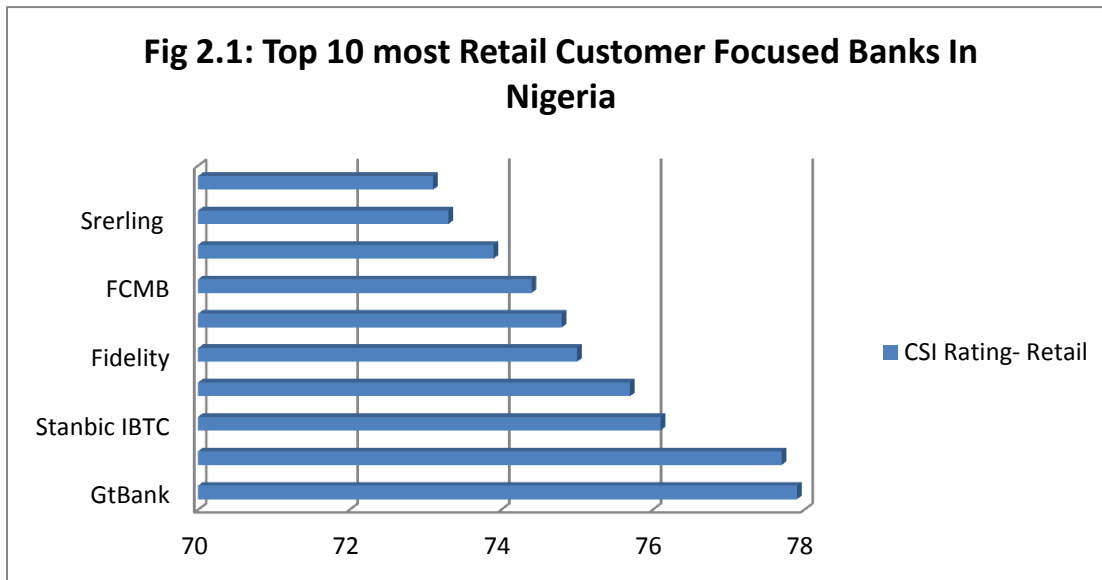
Table 2.1: Top 10 Most Customers Focused Banks- Retail.

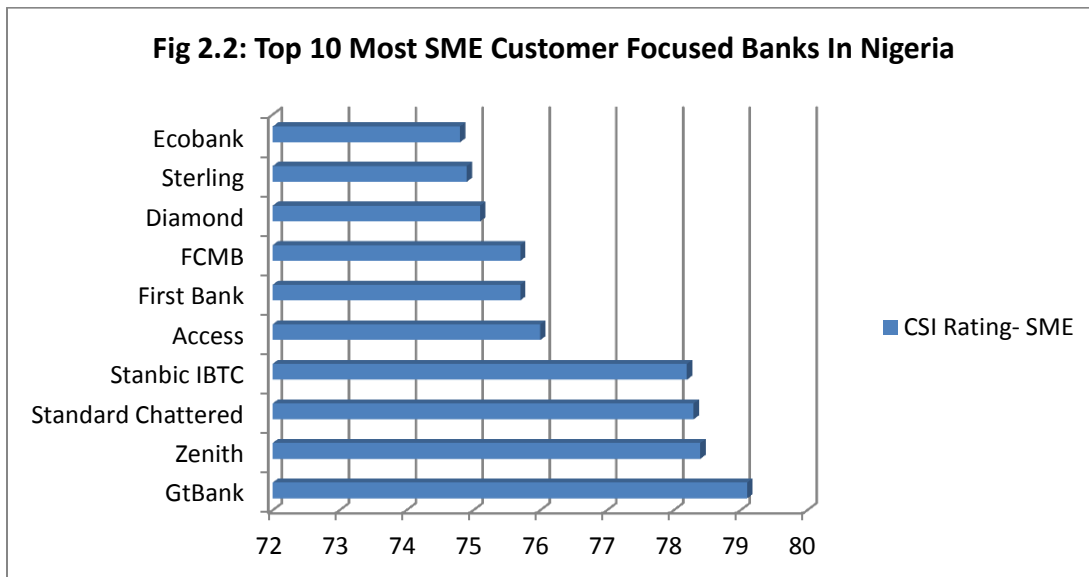| Most Customer Focused Banks- Retail		Most Customer Focused Banks-SME	
Bank	CSI Rating (%)	**Bank**	CSI Rating- SME
GtBank	77.9	**GtBank**	79.1
Zenith	77.7	**Zenith**	78.4
Stanbic IBTC	76.1	**Standard Chattered**	78.3
Diamond	75.7	**Stanbic IBTC**	78.2
Fidelity	75.0	**Access**	76.0
Standard Chattered	74.8	**First Bank**	75.7
FCMB	74.4	**FCMB**	75.7
First Bank	73.9	**Diamond**	75.1
Sterling	73.3	**Sterling**	74.9
Access	73.1	**Ecobank**	74.8

Source: Data from Global Findex (2014) and KPMG (2014)

As shown in Fig 2.1 below, GTBank emerged as the most customer focused bank in the retail category with a CSI rating of 77.9% in this segment, while Zenith Bank came second with a rating of 77.6%. Both banks showed significant improvement in overall customer satisfaction levels by an increase of three and two

percentage points respectively from their last rating. We have thus seen an increase in the number of retail banking customers that are either planning to or have recently switched banks as well as the prevalence of customers with multi-bank relationships.

Fig 2.1: Top 10 most Retail Customer Focused Banks In Nigeria

Source: Drawn with Data from Global Findex (2014) and KPMG (2014)

Fig 2.2: Top 10 Most SME Customer Focused Banks In Nigeria

Source: Drawn with Data from Global Findex (2014) and KPMG (2014)

**2.2 Most Customer Focused Banks- Commercial/Corporate.**
Corporate customers expect banks to provide higher levels of reliable service and support their businesses throughout the entire value chain. The data on Table 2.2 and Fig. 2.2 present the top ten customer focused bank in Nigeria in the commercial/corporate category. From the data, GTBank led the pack in the corporate/commercial customer service delivery. The overall CSI rating was not too impressive during the year under review because banks often face regulatory constraints that affect their degree of flexibility in interacting with corporate clients. Corporate customers expect their banks to demonstrate innovation that anticipates

evolving regulations and their business needs. Also, corporate customers expect user friendly internet banking services and seamless transactions processing across channels. Corporate customers appear increasingly unwilling to conduct transaction type activities from the branch.

Table 2.2: Top 10 most customer focused banks- Commercial/Corporate.

Bank	CSI Rating- Commercial/corporate (%)
Gtbank	72.5
Zenith	71.3
Standard chattered	70.2
Stanbic IBTC	68.6
Access	68.4
FirstBank	68.3
FCMB	68.3
Diamond	68.2
Sterling	67.8
Ecobank	67.8

Source: Data from Global Findex (2014) and KPMG (2014)
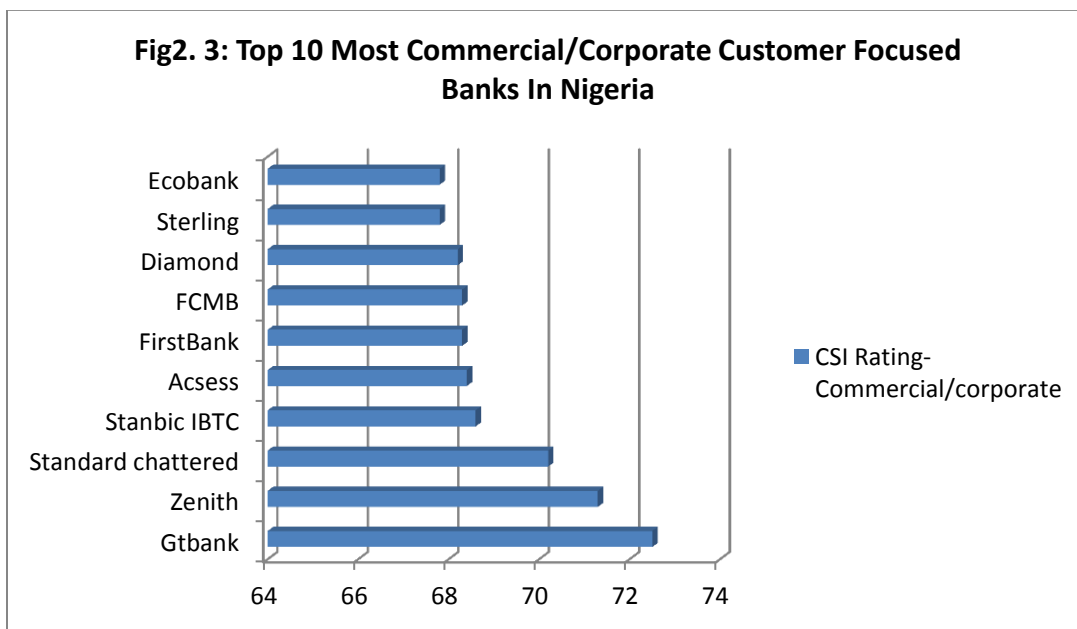
Source: Drawn with Data from Global Findex (2014) and KPMG (2014)

## 2.3 Linking Customer Expectation with Customer Satisfaction.

Managing customer experience can be quite a daunting challenge especially as customers have diverse needs that can often be at different ends of the same spectrum. In times past, branch staff had a more personal relationship with customers, sometimes even knowing customers by name, but today, with millions of customers, this will pose a significant challenge. Nevertheless, today's customers are looking for personalized service and attention thus making the bank's frontline staff critical to shaping the customer's experience with the bank. Customers across the retail and SME segments believe that staff attitude and efficiency in handling complaints and enquiries are the most important customer care issues. This highlights the importance of getting the right caliber of staff, especially for customer-facing roles. Banks need to continue to empower frontline

staff with training in relationship management and other requisite technical capabilities to enhance the quality of service delivery and link expectation to satisfaction. Table 2.4 below shows the various services sought by various categories of bank customers in Nigeria from with 2008 and 2014. These data were thereafter presented on Fig 2.4 to showcase the trends in the different kinds of services sought by Nigerian banking customers.

Table2.4: Services Sought by Bank Customers in Nigeria

Year	Savings Account	ATM	Current Account	Fixed Deposit Account	Prepaid/ Cash Card	Credit Card	Loans
2008	91	64	38	11	16	11	3
2010	94	62	26	5	4	5	2
2012	86	65	30	10	8	3	10
2014	93	76	28	3	3	2	3

Source: Data from Global Findex (2014) and EFinA (2014).
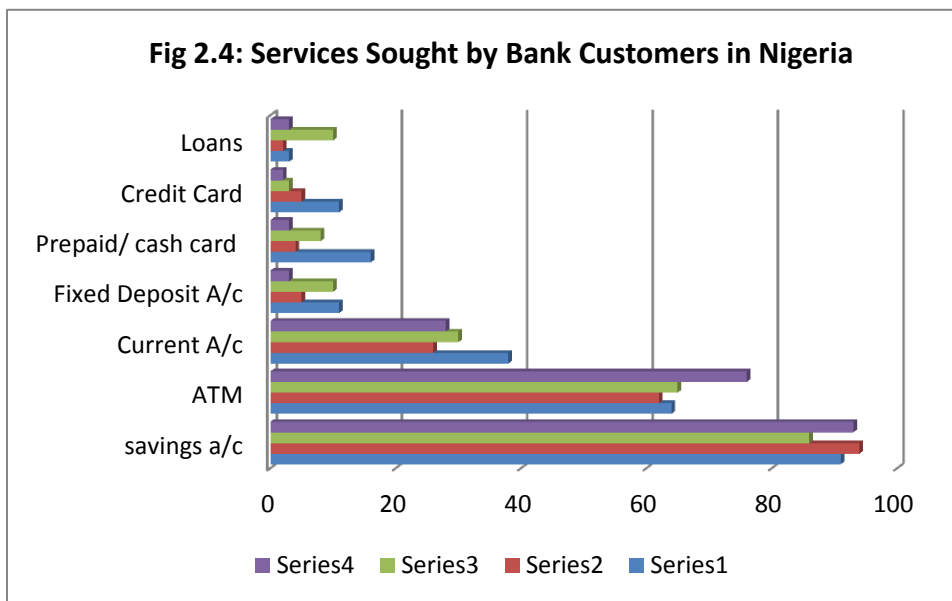
Source: Drawn with data from Global Findex (2014) and EFinA (2014)
Note: Series 1-4 in the graph above represent year 2008, 2010, 2012 and 2014 respectively.

Based on the information presented on Fig 2.4, we observed that Savings Account, ATM and Current Account services were those frequently sought by customers during the year under review. Services such as Fixed Deposit Account, Prepaid/Cash Card, Credit Card and Loan followed closely behind as they were below 20% during the period. The more these services are being provided, the more customers' expectation would be met.

3. THEORETICAL FRAMEWORK/LITERATURE

3.1 Customer Relationship Management in Banking Industry

Stakeholders in the service sector are beginning to underscore the importance of customer relationship management (CRM henceforth) and its potential to help them acquire new customers, retain the existing ones and their life time value. Onut *et al* (2007) argues that CRM is a business strategy of identifying the banks

most profitable customer and prospects, and devotes time and attention to expanding account relationships with those customers through individualized marketing, reprising, discretionary decision making and customized service all delivered through the various sales channels that the bank uses. Joyner (2002) stated that, the banking industry is facing an ever increasing level of competition around the world as the dynamics of the business change. Technology, commoditization, deregulation and globalization forever change the face of the bank. Banks have understood the need to capitalize on the new technologies to gain advantage in the competition by exploiting their customer base, brand value and costly infrastructure investments in order to increase profits as there is a direct link between the customer satisfaction and the profitability (Pokharel, 2011).

Since, relationships are not the same; customers want and expect different things from their relationship with the different organization, just as they have different needs and expectations from their varying personal relationships (Bollen and Emes, 2008). With new technology, power has shifted towards customers since the imbalance in the flow of information between customers and suppliers has been addressed. Also, customers now not only have more information and a greater choice but also the ability to voice their dissatisfaction more loudly. This shift in the balance of power has contributed to a change in customer's expectations. Companies are now expected to pay more attention to caring for customers, and customers put greater emphasis on honesty and integrity, demanding more transparency from suppliers.

3.2 Theories Relating to CRM
3.2.1 CRM Theory and the Art of Profit:
This theory took a clue from the Economic and management theory which emphasized on examining options with relative scientific objectivity to determine the most efficient and profitable process to increase revenue. Simply put the quickest and most effective way to make a profit. Frederick Hertzberg (1959), a psychologist, found that job satisfaction and job dissatisfaction acted independently of each other. The theory states that there are certain factors in the workplace that cause job satisfaction are called motivating factors while the factors that cause dissatisfaction are called hygienic factors. Basically put, motivational factors tend to increase job satisfaction Hygienic factors are necessary to prevent dissatisfaction, but only serve to de-motivate job satisfaction if the factors are not present. This theory was related to CRM, safely stated that the hygienic factors are those things that the customer expects whenever they purchase your goods and services, for instance, phone is answered in a timely fashion, orders are fulfilled correctly and the many things customer simply expect from the company every time they interact with the company. Motivational factor defined in relation to CRM as those factors that increase your sales, lowering your price, customer loyalty rewards, holiday specials, etc. Gifford (2002).

3.2.2 The Traditional and Modern Theory of CRM:
Basically, the traditional approach to customer relationships was based on a simple transaction or trade, and little more, one person on each side. All communication and dealings would be between these two people, even if the customers' organization contained many staff, departments, and functional requirements (distribution, sales, quality, finance, etc.). However, the modern CRM theory involves integrating the customer (more precisely the customer's relevant people and processes) into all aspects of the supplier's business, and vice versa. This implies a relationship that is deeper and wider than the traditional arms-length supplier-customer relationship. This theory is based on satisfying all of the needs of people, system; processes etc. -across the customer's organization, such as might be affected and benefited by the particular supply. Thus, the theories and approach presented here are either drawn from fields outside marketing or are based on individual understanding of customer relationship. While the first was based on interpersonal relationship which calls for mutual benefit for the customers and the organization in the relationship, the second lays emphasis on profit

maximization drawn from economic background. The modern approaches rely on customer satisfaction which is the core issue in customer relationship management today (Gifford (2002).

In terms of empirical literature, many studies have provided evidence on the importance of CRM in business organizations. For instance, Taylor (1994) studied a survey of delayed airline passengers and finds that delay decreases service evaluations by invoking uncertainty and anger affective reactions. Deacon and Sonstelie (1985) evaluated customers' time value of waiting based on a survey on gasoline purchases. Although surveys are useful to uncover the behavioral process by which waiting affects customer behavior and the factors that mediate this effect, they also suffers from some disadvantages. Forbes (2008) analyzed the impact of airline delays on customer complaints, showing that customer expectations play an important role mediating this effect. Campbell and Frei (2010) study multiple branches of a bank, providing empirical evidence that teller waiting times affect customer satisfaction and retention. Their empirical study reveals significant heterogeneity in customer sensitivity to waiting time, some of which can be explained through demographics and the intensity of competition faced by the branch. Aksin-Karaesmen et al (2011) modelled callers' abandonment decision as an optimal stopping problem in a call center context, and find heterogeneity in caller's waiting behavior. Our study also looks at customer heterogeneity in waiting sensitivity but in addition we relate this sensitivity to customers' price sensitivity. This association between price and waiting sensitivity has important managerial implications; for example, Afeche and Mendelson (2004) showed that it plays an important role for setting priorities in queue and it affects the level of competition among service providers.

Despite these studies, there is still a gap in the literature as regards studies that empirically investigate the impact of customer service delivery on customer satisfaction in the Nigerian banks using econometric methodology. None of the studies also used the measurement of variables that we used. Therefore, as a contribution to the existing literature on queue theory and service delivery-customer satisfaction nexus, the present studies makes use of ordinary least square (OLS) estimation techniques and uses variables such as customer satisfaction proxy by numbers of account holders, number of working days, number of banks in Nigeria, number of bank branches, profitability, number of bank staffs and customer switch proxy by savings volatility.

4. THEORETICAL FRAMEWORK AND METHODOLOGY
4.1 Theoretical framework
In measuring Customer Satisfaction in the Banking Industry, The Customer Satisfaction Index (CSI) is often used. CSI is simply a weighted score that assigns importance ratings of service measures to the satisfaction ratings of those measures as provided by customers on the service delivery of their banks (KPMG, 2013). To empirically calculate Customer Satisfaction Index (CSI) therefore, the following formular can be used:

$$CSI = \frac{S \, X \, I}{\sum I} \qquad \qquad (4.1)$$

Where; CSI = customer satisfaction index, S = satisfaction, I = importance.
Most times, there are conflict between employee's individual state of mind, behavioural attributes and the economic pursuit of an organization. Work-life balance presents a significant ideology which is based on the fact that living a fulfilled and satisfactory adult life requires that the economic and social life of an individual should be classified as less compelling priorities but rather complementary element of a full life. However the conflict situations encountered by working adults in managing their routine obligations between paid work and private life domains still dominates most work – life studies with abundance of literature stressing the realities

of role conflict and negative outcome that present challenges exacerbating work – life behaviour agendas (Akanji, 2013).

4.2 Model Specification

Following the theoretical framework and the review of the relevance of queue theory in economic theory particularly as it relates linking service delivery with customer satisfaction, the interest in this sub-section is to attempt to model the influence of queue theory on customer satisfaction in the Nigerian banks, taking the objectives and scope of our study into consideration. Therefore the model to empirically test the service delivery-customer satisfaction linkages in the Nigerian banking industry is specified as:

$$CS = F \text{ (BSF, NNB, NBB, NWD, PROFIT, SCW)} \qquad (4.2)$$

The regression form of the model specification is thus:

$$CS_t = \beta_0 + \beta_1 \text{ BSF}_t + \beta_2 \text{NNB}_t + \beta_3 \text{NBB}_t + \beta_4 \text{NWD}_t + \beta_5 \text{ PROFIT}_t + \beta_5 \text{ SCW}_t + \mu_t \qquad (4.3)$$
$$(\beta_1, \beta_2, \beta_3, \beta_4, \beta_5 > 0, \beta_6 < 0)$$

Where the dependent variable is CS and other variables on the right-hand side are independent variables.
CS = Customer Satisfaction proxy by Number of Adult Bank Account Holders in Nigeria.
BSF = Number of Bank Staff.
NNB = Number of Nigerian Banks.
NBB = Number of Bank Branches in Nigeria Excluding the Branches In Diaspora.
NWD = Number of Working Days.
PROFIT= Bank Profitability.
SCW = Customer Switch Proxy by Savings Volatility.
μ_t = Error term.

4. 3 Data Sources and Measurement

The time series data used for this study were obtained from various sources which include; Banks Annual Reports (various issues from 2005-2014), Central Bank of Nigeria (CBN) Statistical Bulletin (2014), and Global Findex (2014). The period covered spans from 2004 to 2014, representing commercial banks performance in service delivery and customer satisfaction in the post-consolidation era in Nigeria. Specifically, data on Customer Satisfaction as proxy by Number of Adult Bank Account Holders in Nigeria (CS), number of Nigerian banks (NNB), number of bank branches (NBB), Number of working days (NWD) and customer switch (CSW) were sought from CBN statistical bulletin (2014) while data on banks' profitability (PROFIT) were sought from Banks Annual Reports. Data on the number of bank staff (NBS) were sought from Global Findex (2014).

4.4 Estimation Procedure

To underscore the relationship under study, a multiple regression model with the aid of Ordinary Least Square (OLS) methodology was employed. The study went further to engage in descriptive statistics of variables with the aim of determining the mean, median, maximum, and minimum value for each of the variables under consideration. Also, in the determination of the stationarity of the variables, the traditional Augmented Dickey-Fuller was employed, while Johansen co-integration technique was used to capture the long-run dynamics.

5. RESULTS AND INTERPRETATION

5.1 Descriptive Analysis

The summary statistics of the variables drawn for the study is presented on Table 5.1 below. Deviations of variables used in the estimation did not show much variation. The results further revealed that the average CS over the period was about 2.61%, with a maximum of 2.84% and minimum of 2.39% respectively.

Table 5.1: Summary of Descriptive Statistics

	LCS	LBSF	LNWD	LNNB	LNBB	LSCW	LPROFIT
Mean	2.609587	4.764952	1.792315	1.429906	3.670546	2.760549	1.442062
Median	2.663376	4.759298	1.788861	1.380211	3.735279	2.885729	1.535800
Maximum	2.840263	4.889408	1.806180	1.949390	3.764101	3.522482	1.997168
Minimum	2.398966	4.662465	1.785330	1.322219	3.509606	1.648458	0.717671
Std. Dev.	0.166648	0.071120	0.008223	0.167274	0.096093	0.532043	0.420912
Sum	114.8218	209.6579	78.86187	62.91587	161.5040	121.4642	63.45073
Sum Sq. Dev.	1.194180	0.217496	0.002908	1.203163	0.397059	12.17199	7.618185
Observations	44	44	44	44	44	44	44

Source: Author's Computation

Note: *lcs, lbsf, lnwd, lnnb, lnbb, lscw and lprofit* are the log of *customer satisfaction, bank staffs, number of working days, number of banks, number of bank branches, customer switch and profitability respectively.*

The BSF averaged 4.76% with a maximum of 4.88% and minimum of 4.66%. The NWD averaged 1.79% over the study period with a maximum of 1.81% and minimum of 1.79%. The NNB was at the average of 1.43% and it fluctuated between the upper limit of 1.94% and a lower limit of 1.32%. The average NBB over the period was about 3.67%, with a maximum of 3.76% and minimum of 3.51% respectively. The SV averaged 2.76% with a maximum of 3.52% and minimum of 1.65%. The PROFIT averaged 1.44% over the study period with a maximum of 1.99% and minimum of 0.72%.

5.2 Unit Root Test Results

This study commences its empirical analysis by testing the properties of the time series used for investigation. The stationarity tests on the variables were carried out using the Augmented Dickey-Fuller (ADF). The augmented Dickey-Fuller (ADF) is based on the McKinnon critical values. The unit root tests results for stationarity for ADF at levels and at first difference are presented. From the results presented in Tables 5.2, it was observed that all the variables were non-stationary at 5 per cent level of significance in their level form, thus leading to test at first differences, which revealed that all the variables except number of working days (NWD) are stationary at first difference, that is, integrated of order one I(1). However, NWD is stationary in its level form at 5% level of significance. After establishing stationarity, next is the examination of the co-integration relationship among the variables.

Table 5.2: Unit Root Tests Results for Stationarity: ADF at levels and first difference

Variables	ADF: Levels		ADF: First Difference		Order of Integration
	Intercept	Intercept And trend	Intercept	Intercept And Trend	
CS	-0.1500 (0.9370)	-2.8591 (0.1854)	-7.0881 (0.0000)	-7.0535 (0.0000)	I(1)
BSF	-0.5271 (0.8758)	-1.8067 (0.6840)	-6.4820 (0.0000)	-6.5434 (0.0000)	I(1)
NBB	-1.1474 (0.6882)	-1.1115 (0.9152)	-6.6496 (0.0000)	-6.6677 (0.0000)	I(1)
NNB	-3.5099 (0.0124)	-3.0632 (0.1279)	-6.4850 (0.0000)	-6.8237 (0.0000)	I(1)
NWD	-11.1045 (0.0000)	-11.0191 (0.0000)	-6.8703 (0.0000)	-6.7440 (0.0000)	I(0)
PROFIT	-0.2999 (0.9164)	-2.4393 (0.3553)	-6.7350 (0.0000)	-6.7257 (0.0000)	I(1)
SCW	-1.6334 (0.4564)	-1.9876 (0.5896)	-6.8054 (0.0000)	-6.7084 (0.0000)	I(1)

Note: significance at 1% Level and * at 5% Level; Figures within parenthesis indicate p-values.

MacKinnon (1991) critical value for rejection of hypothesis of unit root applied.

5.3 Cointegration Test Results

The cointegration test results of trace statistics and maximum Eigen-value statistics are presented in tables 5.3 and 5.4 respectively below;

Table 5.3: Johansen Unrestricted Cointegration Rank Test (Trace)

Null	Alternative	Trace Statistics	95% Critical Values	Prob.**
r=0	r≥1	126.8625	125.6154	0.0419
r≤1	r≥2	62.27176	95.75366	0.9185
r≤2	r≥3	43.76409	69.81889	0.8677
r≤3	r≥4	26.70658	47.85613	0.8651
r≤4	r≥5	26.70658	47.85613	0.8651

Trace test indicates 1 cointegrating eqn(s) at the 0.05 level
 * denotes rejection of the hypothesis at the 0.05 level; **MacKinnon-Haug-Michelis (1999) p-values.

Table 5.4: Johansen Unrestricted Cointegration Rank Test (Trace)

Null	Alternative	Max-Eigen Statistic	95% Critical Values	Prob.**
r=0	r≥1	64.59069	46.23142	0.0002
r≤1	r≥2	18.50767	40.07757	0.9887
r≤2	r≥3	17.05751	33.87687	0.9195
r≤3	r≥4	10.74591	27.58434	0.9715
r≤4	r≥5	9.847017	21.13162	0.7589

 Max-eigenvalue test indicates 1 cointegrating eqn(s) at the 0.05 level
 * denotes rejection of the hypothesis at the 0.05 level
**MacKinnon-Haug-Michelis (1999) p-values

From the customer satisfaction model involving CS, BSF, NWD, NNB, NBB, SV, PROFIT; it was observed that the null hypothesis of no co-integration, for r=0, was rejected by the trace statistics while r=0 was rejected by the maximum Eigen-value statistics. The statistical values of these tests were greater than their critical values. The null hypothesis of no co-integration for r≤1, r≤2, r≤3, r≤4 and r≤5 could not be rejected by trace statistics while the null hypothesis of no co-integration for r≤1, r≤2, r≤3, r≤4 and r≤5 could not be rejected by the maximum Eigen-value statistics.

5.4 OLS Regression Result

Table 5.5 below shows that the overall significance of the OLS regression results for the model shows that it is statistically significant at 1 percent level of significance. More so, about 87 percent of the total variation in customer satisfaction (CS) is explained by bank staffs (BSF), number of working days (NWD), number of banks (NNB), number of bank branches (NBB), customer switch (SCW) and profitability (PROFIT). The model result tells us that CS has a positive and significant relationship with NWD, NBB and PROFIT but negative and significant relationship with BSF and SCW. Thus a 1% increase in NWD, NBB and PROFIT will result into about 20%, 7% and 60% increases in CS respectively. This implies that increase in the number of working days affects customer satisfaction, because if banking services are available during public holidays and weekends, customers would still be able to carry out certain level of transaction. Also, increase in number of bank branches increases access to banking services and thus lead to better level of customer satisfaction. PROFIT margin would also increase when customers are satisfied because of increased patronage by various categories of customers.

Table 5.5: OLS Regression Result.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	78.64113	524.5370	0.149925	0.0016
BSF	-0.001516	0.002118	0.715986	0.0005
NWD	0.209279	8.226151	0.025441	0.0002
NNB	0.090102	0.609276	0.147883	0.5532
NBB	0.068214	0.015180	4.493587	0.0001
SCW	-0.004633	0.012848	0.360590	0.0005
PROFIT	0.600532	0.747122	3.480733	0.0013

R-squared	0.870878	Mean dependent var	438.2309
Adjusted R-squared	0.849940	S.D. dependent var	164.4899
F-statistic	41.59186	Durbin-Watson stat	1.960097
Prob(F-statistic)	0.000000		

Source: Author's computation using E-Views 7.2

However, the negative relationship between bank staffs (BSF) and customer satisfaction (CS) reveals that increase in the number of bank staffs do not have statistically significant effect on the level of customer satisfaction because of low productivity. Increase in the level of information technology (IT) has changed nature of banking services with a rise in e-banking services. Perhaps, this is the reason why queuing has remained unabated in the Nigerian banking halls. Thus, instead of increasing the number of staffs, Nigerian banks should rather provide better channels to provide efficient banking service delivery. This would also help the banks to cut down on their overhead costs. Also, the negative relationship between customer switch (SCW) and customer satisfaction (CS) implies that increases in the level of customer satisfaction would reduce the number of customers switch the banks records as revealed by the saving volatility. Bank loyalty would definitely be maintained if bank customers are satisfied with a bank level of service delivery.

The R^2 of 0.8709 indicates that about 87% of total variation in the dependent variable (CS) is accounted for by the explanatory variables (i.e. BSF, NWD, NNB, NBB, SCW and PROFIT). This result remains robust even after adjusting for the degrees of freedom (d.f.) as indicated by the value of adjusted R^2, which is 0.8499 (i.e. $\approx$ 85%). Thus, the regression has a good fit. The F-statistic, which is a test of explanatory power of the model is 41.59 with the corresponding probability value of 0.0000, is statistically significant at 1%. Therefore, this implies that the explanatory variables (BSF, NWD, NNB, NBB, SCW and PROFIT) have joint significant effect on the customer satisfaction using number of account holders as a proxy. The Durbin-Watson statistic of 1.9601 indicates we can completely rule out autocorrelation.

6. SUMMARY, CONCLUSION AND POLICY RECOMMENDATION

The study evaluates the post consolidation level of service delivery in the Nigerian banking industry in relation to the level of customer satisfaction. The long-run relationship among the variables was tested by Johanson cointegration approach. The model built to establish the relationship among the variables was estimated using Ordinary Least Square (OLS) methodology. The results of the cointegrating technique suggest that there is a long-run relationship among number of bank staff, number of Nigerian banks, number of bank branches, number of working days, bank profitability, customer switch and customer satisfaction in the Nigerian banks. That is, customer satisfaction (CS) was cointegrated with BSF, NWD, NNB, NBB, SCW and PROFIT. Estimation results show that the coefficients of all the regressors have the hypothesized signs and are statistically significant at the 5 per cent level. The model result tells us that CS has a positive and significant relationship with NWD, NBB and PROFIT but negative and significant relationship with BSF and SCW. Thus a 1% increase in NWD, NBB and PROFIT will result into about 20%, 7% and 60% increases in CS respectively. This implies that increase in the number of working days and number of bank branches led to better level of customer satisfaction. Study results also revealed that increase in PROFIT margin is a function of improved level of customer satisfaction. NNB has a positive but insignificant relationship with customer satisfaction because the spread of branch networks or channels has better effects on customer satisfaction than number of banks. The study however showed that increase in the number of bank staffs (BSF) does not have statistically significant effect on the level of customer satisfaction because most banks have automated their operations, hence the rise in e-banking services. This probably is the reason why queuing has remained unabated in the Nigerian banking halls. Also, a negative relationship exists between customer switch (SCW) and customer satisfaction (CS) because bank-customer loyalty is often sustained on the platform of high level of quality service delivery.

The study therefore concludes that there is a direct relationship between service delivery and customer satisfaction in the Nigerian banks. Better service delivery, customer relationship management and bank profitability increases the customer base. Banks' management should ensure banking operations with quality service delivery in order to reduce the incidence of customer switch due to dissatisfaction and also survive in today's competitive banking environment.

The Nigeria banking industry must understand that quality service delivery is a prerequisite for achieving a high level of customer satisfaction. The following recommendations are made in order to enable them achieve this:

- Since improved customer service delivery is a reliable tool to increase customer base, Nigeria banks should ensure customer satisfaction at all time by ensuring that queue vanishes in our banking halls. Banks should always notify customers before making adjustments in their service delivery.

- Banks should work towards gaining speed and promptness in their service delivery so as to reduce the duration of waiting time and number of queues in the banking halls.
- Banks should increase their branch networks in order to increase their coverage and customers' convenience in accessing banking services.
- The banks should provide additional channels such as ATM, POS, on-line banking etc. and improve the quality of service provided by the existing ones. For instance, banks should provide additional ATM outlets to avoid poor services and reduce long queue. Also, attach an employee to ensure orderliness in using ATM machine and quickly report to the management in case of any machine malfunctioning.

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