SERVICE QUALITY OF BANKING INSTITUTIONS AND CUSTOMER SATISFACTION IN UGANDA

CASE STUDY: BANK OF AFRICA, KAMPALA ROAD BRANCH

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Dedication

I dedicate this work to my brothers Kayongo William and Male Moses for their invaluable moral support and prayers without which this dissertation would not have been possible.

Special thanks goes to my fellow course mates especially Bonabana Sharon, Baganzi Faraday, Nakire Hellen, Atim Sharon, Birungi Christine, ,Namubiru Robinah and Kibirige Christopher, for their constant support and encouragement right from the time i started the course up to the time of submitting this report.

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LIST OF ABBREVIATIONS

BOA-Bank of Africa

KPI- Key Performing Indicator

SIB - SSembule Investment Bank

SLM-Service Level Management

SQ -Service Quality

QC -Quality Control

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Abstract

The study examined the relationship between service quality of banking institutions and customer satisfaction using Bank of Africa Uganda as a case study. It was guided by four research objectives which were; the relationship between tangibility of service and customer satisfaction, the relationship between responsiveness of service provision and customer satisfaction, the relationship between reliability of service provision and customer satisfaction and the relationship between service assurance and customer satisfaction.

The researcher used a cross-sectional design with both qualitative and quantitative approach to data collection and analysis. Data was collected using questionnaires and interviews.

The study was carried out at Bank of Africa Uganda Kampala road branch with a target population of 650 and a sample of 242 employees. Simple random sampling was used to select customers where as stratified random sampling was used to select staff in marketing, branch operations and sales since these categories interact with customers on a daily basis.

Data was analyzed quantitatively and qualitatively using the Statistical Package for Social Scientists 17.0 (SPSS).Descriptive statistics, frequency percentages, tables and figures were the basis of analysis for quantitative data. Qualitative data was interpreted by composing the explanations and substantiating them using the respondents open responses.

The Study findings revealed that there is a significant positive relationship between tangibility of service and customer satisfaction, there is a significant positive relationship between bank responsiveness and customer satisfaction, a significant positive relationship between reliability and customer satisfaction and a strong significant positive relationship between reliability and customer satisfaction.

Based on the findings of the study, it was concluded that there is a positive significant relationship between service quality and customer satisfaction.

It was therefore recommended that banks need to pay much attention on improved service delivery through timely delivery of services, quick response to customer queries, as well as management ensuring that their branches are in a good conditions to serve customers and making sure that their staff are presentable and knowledgeable of the various bank products to be in positon to attend to all customers at all times without delay through staff inductions and trainings.

CHAPTER ONE

GENERAL INTRODUCTION

1.0 Introduction

Commercial banks are operating through pressures of globalization, competition from nonbanking financial institutions and volatile market dynamics which are constantly seeking new ways to add value to their services. Banks compete in the marketplace with generally undifferentiated products and thus, service quality becomes a primary competitive weapon for customer satisfaction (Stafford, 1996). Technological changes are causing banks to rethink their strategies for services offered to both commercial and individual customers (Hossain and Sherloy, 2010).

This study thus examined the relationship between service quality of banking institutions and customer satisfaction with specific reference to Bank of Africa Kampala road branch. Service quality is conceived as the independent variable expressed in the following dimensions; responsiveness, tangibility, reliability and service assurance while customer satisfaction in the dependent variable measured in terms of; customer retention, product consumption levels, customer referrals and positive feedback. This chapter covers the background to the study, the statement of the problem, objectives of the study, the research questions, the scope of the study, the significance, justification, definition of key terms and conceptual framework.

1.1 Background to the Study

With the advent of increased product development intended to deliver value for all consumers, global competition has been redefined by how best the quality of products and services is commensurate to customer needs and wants (Mohsan et al., 2011). In addition to this, customers globally have become more quality conscious; demanding for increased quality derived from services. Thus, service operations worldwide have been affected by the new wave of quality awareness and emphasis from which service-based companies like the banks in European countries and across the Asian continent were compelled to provide excellent service s to their customers in order to have sustainable competitive advantage, especially with the trend of trade liberalization and globalization (Lee 2004). However, in the view of Strenger et al (2012), this was not the case in Africa until the time African corporations faced more competition at home from subsidiaries of internal corporations that sought to take advantage of African-based firms that were plunged in poor service delivery. African banks then saw the reality of their decimation more evident than before. As a result, African-owned firms adopted the new and better Service Quality Assurance of doing business aimed at taking advantage of opportunities in tapped and untapped markets locally and beyond.

In the past, quality was seen as a measurable aspect for tangible products only; this was due to inferiority of the service sector in the economy. Due to the increasing importance of service sector in the economy, the measurement of service quality began to be of interest to individuals in this field (Ghost & Gnanadhas, 2011). Quality of service is not only a vital factor of customer satisfaction in manufacturing industries but also in service firms such as banks today that are developing (Karim & Chowdhury, 2014). Research indicates that customer satisfaction plays a very important role in customer loyalty and retention although it does not ensure repeat purchase (Mohsan et al., 2011). Firms in the service sector need to strive through service quality. One of the major factors which influence the customer satisfaction is the quality of service (Timothy, 2012). Measurement of service quality enables firms to compare before and after changes, identify the quality-related problems, and establishing clear standards for service delivery since service quality improves customer satisfaction and gives a firm an edge in the market share (Hossan, 2012).

Conceptualization and measurement of service quality began in the marketing literature in 1980s. Parasuraman et al., (1994) explained quality as a gap between what customers feel to be offered and what is provided. In his model, he measured the gap between expected and perception of service among the customers (Ghost & Gnanadhas, 2011). Later it was refined to SERVQUAL scale; a twenty two item scale for measuring service quality that was erode down to five dimensions of responsiveness, reliability, tangibility, empathy and assurance. Parasuraman et al., (1994) contend that the SERVQUAL scale using the expectations/performance gaps method is an acceptable and richer way of measuring service quality. It is a model that is often used for measuring customer service and perceived satisfaction in industries that are more service oriented in their daily tasks (Timothy, 2012)

Service quality is an important driver of customer satisfaction and behavioural intention. Numerous quantitative studies have shown that service quality is a predictor of customer satisfaction (Gefan 2002; Wicks and Roethlein, 2009). Satisfaction means providing goods and services that create specific levels of perceived value for the customer so that the customer remains engaged positively with the organization. It is a marketing term that measures how products or services supplied by a company meet or surpasses a customer's expectation. Customer satisfaction is important because it provides marketers and business owners with a metric that they can use to manage and improve their businesses (Wicks and Roethlein, 2009).

Customer satisfaction provides a leading indicator of consumer purchase intentions and loyalty (Oliver, 1980; Spreng et al. 1996). Customer satisfaction data are among the most frequently collected indicators of market perceptions. Their principal use is twofold: Within organizations, the collection, analysis and dissemination of these data send a message about the importance of tending to customers and ensuring that they have a positive experience with the company's goods and services Taiwo et al. (2011). Although sales or market share can indicate how well a firm is performing currently, satisfaction is perhaps the best indicator of how likely it is that the firm's customers will make further purchases in the future (Giese, & Cote, 2002).

On a five-point scale, individuals who rate their satisfaction level as '5' are likely to become return customers and might even evangelize for the firm. A second important metric related to satisfaction is willingness to recommend (Atlik, 2009). This metric is defined as the percentage of surveyed customers who indicate that they would recommend a brand to friends. When a customer is satisfied with a product, he or she might recommend it to friends, relatives and colleagues which can be a powerful marketing advantage for a company to increase its market share (Saghier & Nathan, 2013).

Wen-Yi et al (2009) also pointed out that satisfaction, a customer's positive attitude towards a product or service, increased the likelihood of repeat purchases. On the other hand, dissatisfaction, which is when customers leave with negative attitudes, was linked with less likelihood of repeated purchases. According to Wen-Yi et al (2009), highly satisfied customers means that the actual performance is greater than their expectations, which causes the customer to purchase the same product again. When the actual performance is worse than expected and customers are dissatisfied, a negative response occurs (Bennett & Barkensio, 2005).

Comparative studies revealed that regardless of the type of service, customers used basically the same general criteria in arriving at an evaluative judgment about service quality. Service companies have since recently focused on having customers receive quality services in order to improve competitiveness Swartz & Brown (2009). Measurement of customer satisfaction regarding the service quality of firms is a necessary means by which organizations delve into the minds of its customers for useful feedback that could form the basis for effective marketing strategy (Mick & Fournier; 1999). In the competitive banking industry, customer satisfaction is considered as the fundamental of success. Businesses recognize that keeping current customers is more profitable than having to win new ones to replace those lost. Good customer satisfaction has an effect on the profitability of nearly every business (Anderson & Zemke 1998)

The Ugandan financial sector has gained increased competition stemming from the need to have more financial inclusion as well as the drive for competing for a limited market share. Service quality of many banking services has been questionable into how they are able to assist the bank in achieving a competitive advantage and supportive long term relationship with satisfied customers (Atlik 2009). A satisfied customer is usually the ultimate goal of service providers and in the banking industry this is not any different. The drive to have Customer satisfaction through a good quality of service is having a lead in the age of throat-neck competition (Eshghi, Roy &Ganguli, 2008).With more recent development in technology, information sharing and competition, Ugandan based banks have placed a high value on customer satisfaction for both commercial and retail customers aimed at having reliable, acceptable, competitive and comprehensive products and services whose quality of service has gradually been improved to achieve the said satisfaction (Louis Kasekende 2009)

In the last ten years, the nature of customer relationships in retail banking in Uganda has particularly changed since the advent of new technologies with a higher demand of more quality in service provision every other year (Bank of Uganda 2008) .

1.1.1 Background to the Case Study (Bank of Africa Uganda)

Bank of Africa Uganda is a member of the BANK OF AFRICA Group (BOA Group), formed nearly 30 years ago. Bank of Africa Group currently operates in 17 countries, 16 of which are in Africa and 1 in Europe (France) – In Africa, the Group has presence in 8 counties in West Africa (Benin, Burkina Faso, Côte D'Ivoire, Ghana, Mali, Niger, Senegal and Togo), 7 in East Africa and Indian Ocean region (Burundi, Djibouti, Ethiopia, Kenya, Madagascar, Tanzania, and Uganda) and one in the Democratic Republic of Congo. Since 2010, Bank of Africa Group has been majority-owned by BMCE Bank, the second largest private bank in Morocco with significant commitment in development on the continent of Africa. BMCE Bank brings strong strategic and operational support to the Bank of Africa Group, as well as direct access to the international market as a result of its presence in Europe and Asia. Majority shareholder of the bank is Bank of Africa - Kenya, a principle member of the Bank of Africa Group. Other shareholders include: Netherlands Development Finance Company (FMO), Central Holdings Uganda Ltd and African Financial Holding.

Bank of Africa Uganda started its operations in 1984 as Sembule Investment Bank (SIB). In 1996, SIB was purchased by Banque Belgolaise and the Netherlands Development Finance Company._The new owners renamed the bank Allied Bank. In October 2006, Banque Belgolaise sold its shares to investors that included the Bank of Africa (Kenya), Aureos East Africa Fund LLC and Central Holdings (Uganda) Limited. The name of the bank was changed to Bank of Africa (Uganda) Limited as it stands today. Bank of Africa Uganda is an "all public" bank providing a full range banking products and services to large corporate companies, retail clientele, as well as Small and Medium Enterprises. The bank's services include personal and private banking, Corporate and SME solutions, Trade Finance, Investment and Treasury services, Funds Transfers and Foreign Exchange services, among others. Our expertise covers a wide range of areas including Currency Markets, Structured Products, and Sector Tailored Solutions including Agriculture, Trade, Commerce, and Construction, among others. We provide both short and long term solutions. Service delivery is through close relationship management to facilitate better understanding of client needs. The bank serves its clients through a network of 35 locations spread across the country, In the central region, the bank operates at Jinja road, Ben Kiwanuka Street- Mukwano Centre, Kitante Road, Ggaba Road, Nakivubo Road- Kikuubo, Kampala road, Bombo Road, Cooper

Road, Port bell Road Luzira, Cooper Road Kisementi, Entebbe Road- Freedom City, Hoima Road - Nansana, Old Masaka Road- Nateete, Masaka Road- Ndeeba, Nakawa Road- Ntinda, Yusuf Lule Road- Oasis Mall, Lumumba Avenue- Rwenzori Courts, Bombo Road- KM Plaza, Mityana Road- Bbira, Kampala Road- Entebbe and Kampala Road- Mukono. In eastern Uganda, Bank of Africa Uganda Ltd. is present in Jinja and Mbale. In northern Uganda, the Bank is present in Arua, Gulu, Lira, and Agago, supported by a mobile bank: Bank on Wheels that serves clients in the Lango sub-region (Oyam, Kole, Apac, Alebtong, and Otuke.). In western Uganda, the Bank is present in Mbarara, Fortportal, Rubirizi and Hoima. The bank has gladly offered quality services to its customers through its committed service charter of efficiency, courtesy as well as effectiveness in the service provision which is clearly exhibited in the customer loyalty from customers of way back as Sembule Investment bank and Allied bank in addition to the new customers brought on board through the relationship management maintained at all the bank branches (Bank of Africa Newsletter 2016).

1.2 Problem Statement

Customer satisfaction has continuously gained increasing attention in banks; it's one of the most effective means of establishing a competitive position and improving profit performance (Lewis, 1993). As such, the banking industry is becoming even more competitive than before and this can only benefit the customer as banks strive to meet their demands through the development of various quality service initiatives like timely processing of customer transactions, 24hr ATM and Online platforms, courtesy of bank employees towards customers' needs in order to win their loyalty. However, in the race to maximize market share and ultimately shareholder value, it has become imperative for banks to keep the voice of the customer at the forefront of their strategies (Al-Rousan & Mohamed, 2010).

According to Gronroos (2000), customers have different perspectives of judging service quality and thus banks focus their energies mainly on areas defined by customers as specific needs and wants. Kotler and Keller (2006) observed that customer satisfaction determines the success or failure of a business and customers are very sensitive to the quality of service that they receive from the service providers. Reichheld (1996) reinstates that once a customer is dissatisfied with the services provided, he or she may opt to turn away and never to return and most likely spread their bad experience to prospective customers thus discouraging them from dealing with the same bank. On the other hand a satisfied customer will bring more customers to the bank thus contributing to its success.

For a bank to be competitive in the market place they should anticipate and respond to the changing interests and demands of different customers as service organizations have difficulties in judging what a good service is and since different customers have different needs and wants at different times Kuo (2003). A customer's expectation of a particular service is determined by factors such as recommendations, personal needs and past experiences. Expected service and the perceived service sometimes may not be equal thus leaving a gap. Despite the efforts to increase customer satisfaction, banks in Uganda have continued to register high dissatisfaction at a rate of 60% due to the issues of long queues in banking halls, unsolved customer queries, incompetent staff, as well as unreliable online and ATM platforms (Bank of Uganda ,2017). This is evident from the increasing number of complaints which are a clear indication of dissatisfaction among customers which is exhibited in the high level of bank switching in the banking industry in Uganda today. This mismatch of event creates the need to undertake a study on understanding the relationship between service quality of banking institutions and customer satisfaction in Uganda.

1.3 Objectives of the Study

1.3.1 General Objective

The general objective of this study was to assess the relationship between service quality of banking institutions and customer satisfaction; case study of Bank of Africa Uganda Kampala road branch.

1.3.2 Specific objectives

i) To examine the relationship between responsiveness and customer satisfaction.

ii) To assess the relationship between reliability and customer satisfaction.

iii) To assess the relationship between tangibility and customer satisfaction.

iv) To assess the relationship between service assurance and customer satisfaction.

Research Questions

i) What is the relationship between responsiveness and customer satisfaction?

ii) What is the relationship between reliability and customer satisfaction?

iii) What is the relationship[between tangibility and customer satisfaction?

iv) What is the relationship between service assurance and customer satisfaction?

1.4 Scope of the Study

1.4.1 Geographical scope

The study was carried out at Bank of Africa Kampala road branch. Kampala road branch was chosen because it in the city centre where many customers can easily access financial services and therefore the researcher can easily collect data for this research with minimal resources.

1.4.2 Time scope

The study research focused on the period of 2014 to 2017. The researcher believes that a three year period was sufficient enough to provide substantial and consistent evidence on service quality and customer satisfaction of Bank of Africa.

1.4.3 Subject Scope

The study focused on the relationship between service quality and customer satisfaction of banking institutions with specific reference to Bank of Africa Kampala road branch .The independent variable was service quality whereas the dependent variable was customer satisfaction. The dimensions the study considered under the independent variable were; responsiveness, tangibility, reliability and service assurance. The dimensions under the dependent variable are: customer retention, product consumption levels, customer referrals and positive feedback.

1.5 Significance of the Study

The study will provide useful information to Bank of Uganda and other financial bodies on how to make financial policies in service delivery that will enable banks increase their financial performance as well as the customers benefiting from the policies made.

To the stakeholders of the banking industry ie top management, shareholders, and directors of banks in Uganda, the findings of this study will provide them with empirical information on what customers expects in terms of service quality from banks as well as customer assessment of the quality of service they provide. It will also provide empirical information on heterogeneity of customers perceived service quality in terms of customer background.

Management of banks will be guided in their strategic decisions on customer acquisition, customer satisfaction, and customer retention. Shareholders and directors of banks in Uganda may also use such information as justification for their service quality decisions and policies that can be used in quality management.

Banks as practitioners in the banking sector will use the findings of the study to find ways of better addressing the quality of the service they offer to customers to enhance the performance of their business since the research has demonstrated that there is a link between quality of service offered and growth in clientele base leading to improved business performance.

The findings of this study will be important to future researchers as it may act as a source of reference on service quality and customer satisfaction in Uganda. In additional, the findings of this study may be valuable as it may suggest areas for further research where future researchers can research on.

The study has helped me as a researcher to develop my research skills and is also a contribution to my academic career in partial fulfilment of my Master’s degree in Business Administration.

1.6 Justification of the Study

The existing research does not offer an in-depth explanation of how service quality delivery has remained below expectation at Bank of Africa as evidenced by a steady increase in the drop of customer portfolio, low bank assets and liabilities as well as less new to bank customers (Bank of Africa 2016). This study intended to make a significant contribution towards generating more knowledge on how service quality can improve customer satisfaction at Bank of Africa and all other banking institutions in Uganda.

1.7 Definition of key Terms

a) **Service:** According toLovelock and Wirtz (2004), service is an intangible act or performance that creates economic value and provides benefits for customer at specific time and place by bringing about a desired change in or on behalf of the recipient of the service.

b) **Quality**: Lewis and Booms (1983) defined quality as meeting the requirements to customer expectations regularly.

c) **Service quality** is defined as the extent to which services meet customers' needs or expectations. In addition, Service quality is defined as the degree of discrepancy between customers' normative expectations for service and their perceptions of the performance of the service (Parasuraman et al., 1994).

Customer Satisfaction: According to Oliver (1981), satisfaction is a summary psychological state resulting when the emotion surrounding disconfirmed expectations is coupled with the consumer's prior feelings about the consumption experience.

1.8 Conceptual Frame work

This conceptual presents the relationship between service quality and customer satisfaction using the banking industry. The study presents service quality as the independent variable with the dimensions of service quality to include; responsiveness, tangibility, reliability and service assurance. The study uses customer satisfaction as the dependent variable.

Figure 1.1 showing Conceptual Framework

INDEPENDENT VARIABLE

Service Quality

Responsiveness

- Tailor made loan products
- Turn-around of cheque processing

Tangibility

- Banking hall ambiance
- Availability of slips

Assurance

- Availability of back-up generators
- Availability of DR sites for banking systems

Reliability

- Availability of ATMs
- 24/7 online banking systems

DEPENDENT VARIABLE

Customer Satisfaction

- Customer retention
- Product consumption levels
- Customer referrals
- Positive feedback

***Source*:** Stiakakis, E., &Georgiadis, C. K. (2009) and modified by the Researcher

The researcher focused on analyzing the relationship between Service quality and Customer satisfaction. Hinging on Stiakakis, E., &Georgiadis, C. K. (2009)**,** it is clear that when it comes to Service quality, customers are always looking for responsiveness of service, tangibility of service, especially with the availability of service tools, the assurance of service and above all the reliability of service. They explain that customers in the banking industry experience satisfaction when they receive the most excellent quality including 24 hours service, perfect and up to date information, and quick process. They also explain that to retain the customers the bank has to improve all the dimensions of the service quality. Customers' satisfaction depends upon the quality of services provided. It's based on this review that the researcher went on to assess the role that the quality of service plays in customer satisfaction in the Ugandan banking sector.

Customers are changing their expectations of everyone especially in the banking industry. The Connected Customer wants banking services that integrate with their connected life. If banks struggle to understand, but if they don't respond, they will lose customers or even worse risk losing market share if quality of service compromises overall customer satisfaction. Financial institutions have to understand and respond to dynamic needs immediately (Barun, Sureka, & Shitika 2014). With new technologies, financial institutions can offer competitive service levels that offer more personal, more contextual and ultimately unique banking experiences for each and every one of the banks customer (Al-Hawari & Ward, 2006). However, the banking experience is guided by Standards, guidelines, protocols and procedures as set by the Bank of Uganda in a range of areas relating to market conduct and performance. This self-regulatory approach has proven to be very effective e, and has delivered substantial benefits to bank customers. These in the long run affect how aspects of service are implemented and how they affect the overall customer satisfaction (Ahmed, Nawaz, Wasin, 2010).

Conclusion

Chapter one established the fundamental bases on which other chapters of the study relied, particularly chapter two on establishing empirical studies and the theoretical framework of the study. It clearly put into light the key concepts and issues of the study as regards the variables to be studied.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter presents a review of related literature on service quality and customer satisfaction in relation to the study objectives based on what other authors and researchers who carried out research in the same field of study have written. The specific areas covered in this chapter are the theoretical review, the actual review of the study focusing on service quality dimensions and how they relate to customer satisfaction. A number of literature materials were reviewed and the findings documented in this chapter.

2.1. Theoretical Review

2.1.1. The Cognitive Dissonance Theory

This study was guided by Festinger's (1957) cognitive dissonance theory suggests that customers have an inner drive to hold all their attitudes and behavior in harmony and avoid disharmony (or dissonance). This is known as the principle of cognitive consistency. When there is an inconsistency between attitudes or behaviors (dissonance), something must change to eliminate the dissonance.

The Dissonance Theory thus suggests that a person who expected a high-quality service and received a low-quality service would recognize the disparity and experience a cognitive dissonance (Cardozzo, 1965). That is, the disconfirmed expectations create a state of psychological discomfort (Yi, 1990). The theory holds that "post exposure ratings are primarily a function of the expectation level because the task of recognizing disconfirmation is believed to be psychologically uncomfortable, thus consumers are posited to perceptually distort expectation-discrepant performance so as to coincide with their prior expectation level"(Oliver, 1977,). For instance, if a disparity exists between service expectations and service performance, consumers may have a psychological tension and try to reduce it by changing their perception of the service (Yi, 1990). Cardozzo argues that consumers may raise their evaluations of those services when the cost to the individual is high.

The relevance of the Cognitive Dissonance theory to the study is that it provides a basis or framework for improving service quality at Bank of Africa. Bank of Africa management and staff could adopt the theory principles by ensuring timeliness, accuracy, promptness, reliability at all times to ensure that customers are satisfied with the banking services the bank offers its customers hence increasing customer portfolio along with increased assets and liabilities that drive the bank's success amidst stiff competition in the industry.

However this theory has not gained much support from researchers, partly because it is not clear whether consumers would engage in such discrepancy adjustments as the model predicts in every consumption situation. In his criticism of the Dissonance theory, Oliver (1977), for instance, argues that "Generally, it is agreed that satisfaction results from a comparison between X, one's expectation, and Y, product performance. Thus, it is the magnitude and direction of this difference, which affects one's post-decision affect level. X serves only to provide the comparative baseline. Moreover, consumers are under no particular pressure to resolve the X-Y difference. Companies have to strive hard to raise expectations substantially above the product performance in order to obtain a higher product evaluation (Yi, 1990). However, the validity of this assumption is questionable; raising expectations substantially above the product performance and failing to meet these expectations may backfire, as small discrepancies may be largely discounted while large discrepancies may result in a very negative evaluation. This suggestion fails to take into account the concept of "tolerance level". The tolerance level suggests that purchasers are willing to accept a range of performance around a point estimate as long as the range could be reasonably expected (Woodruff et al 1983)

Despite the criticism labeled on the Cognitive Dissonance theory, the researcher believes that this theory is suitable for this study because it informs the conceptual framework of the study and provides clear answers to the research questions of the study.

2.2 Actual review

General over view of the Literature

Service or product quality and customer satisfaction both have long been considered crucial for success and survival in today's competitive market. But it is also important to understand what contributes to customer satisfaction that could be a key to achieve competitive advantage (Zeithaml et al., 1988).Consumers are now demanding higher quality in products than ever before (Leonard & Sasser, 1982). The search for quality is arguably the most important consumer trend of the1980s (Rabin, 1983).The important feature of service firms is to focus on quality, the way itis produced and being offered to the final customer. It is seen that continuous improvements in the quality of services perceived according to the consumer expectations positively affects the satisfaction level and customer's perceptions about the company.

However, it is worth noting that there are several distinct conceptualizations of quality. Just as current quality is expected to have a positive influence on overall customer satisfaction (Anderson et al., 1994). Delivering quality service is considered an essential strategy for success and survival in today's competitive environment (Dawkins and Reichheld, 1990). The primary emphasis of the SERVQUAL dimensions of responsiveness, reliability, tangibility, reliability and assurance are essentials in maintaining customer satisfaction under service delivery both academic and managerial effort focused on determining what service quality meant to customers (Parasuman, Zeithaml & Berry 1985)

Service quality is a determinant of whether a customer ultimately remains with or defects from a company (Zeithaml et al., 1996). It is also observed that the increased interest in service quality by the firms is due to the fact that service quality is proved to be beneficial to maintain bottom line performance of the firm. Studies show that the overall experience with the service quality results in customer satisfaction which leads to customer loyalty. Where the overall service quality (as perceived)is viewed as a combination of core and relational aspects. In the service literature, core and relational quality are the most basic elements of services. Where core is “what is delivered “and relational is “how it is delivered**”** **(**McDougall and Levesque, 1992, 2000).

2.2.1 Responsiveness and customer satisfaction

Responsiveness is defined as the ability to respond to customer requirements timely and flexibly. Providing service in a timely manner is highly appreciated by customers. Good service providers understand this aspect (Iqbal et al., 2010). Furthermore, firms that value efficiency pay attention to the services that they offer so that they can have an advantage and use this to keep off competitors (Karim & Chowdhury, 2014). Bank customers look for banks that willingly help them in their banking operations. Customer satisfaction may be achieved in the banking sector when the service provider is willing to assist its customers when required Akbaba (2009) also stated that “responsiveness is positively related to customer satisfaction and customers can refer others if satisfied”. Therefore, word of mouth (WOM) advertisements are important for the banks. Key aspects under responsiveness include keeping customers informed as to when services will be performed, prompt service to customers, willingness to help customers and Readiness to respond to customers request (Armstrong, 2012).

According to Timothy (2012) the steps taken to keep customers informed when problems occur can strengthen or harm the relationship. Keeping customers well informed of what is going on can have lasting effects on the relationship. By letting customers work out their problems and not being proactive, firms miss an opportunity to strengthen customer relationships (Armstrong, 2012). If the customer gets the understanding that you're working hard trying to fix the problem, then the customer will feel well taken care of and feels that he is getting his money worth (Ramzi,2010). Besides being trained on how to deal with customers, employees should be given the product knowledge to enable them use discretion in informing customers on the progress of their demand and a platform of asking when they are not sure (Saghier & Nathan, 2013). Employees should know their customers' needs and what they think of the bank. Banks may be able to develop relationships with customers that will benefit both parties by talking to them about their needs. Moreover banks can form a platform where customers can give their views about products or services to ensure that they meet their needs.

In today's' economy, customers are more aware and have a pool of choice as to where to spend their money thus being concise and getting to the point quickly is a good way to respect customer's time that shows responsiveness Armstrong, (2012). Regular and honest feedback while informing customers is a must. For this to happen properly, firm staff must be proactive and specific. The bank should be able to develop a progress and development plan. Moreover it should be able to link the employee's performance with the banks' goals so that they can offer services that will satisfy customers (Ojo, 2010). Sakhaei et al. (2014) support that important knowledge or skills that relate to the customers should not be possessed by just few people in the bank. This slows down an employee when they need to respond to a customer if they don't have the required information. Banks should have efficient ways of disseminating knowledge among employees in the various departments. This will be widely used and its value and effectiveness are likely to be maximized. Creating a knowledgeable environment in a bank may be beneficial when it comes to informing customers (Munusamy et al., 2010).

Laroche et al (2004) recognized the use of technology in ensuring that banks perform consistently and respond quickly in line with customers' requirement that will bring up the level of customers 'satisfaction. According to Laroche et al (2004), keeping customers happy is key to ensuring that current clients don't become former clients. Failing to meet deadlines or ignoring customer inquiries can increase client dissatisfaction and spur customers to investigate competitors' services. They urge that with customer responsiveness as a priority, opportunities to serve clients increase, while problems and service issues decrease.

Laroche et al (2004) explain that it is crucial for banks to better understand the changing customers' needs and respond with the latest information technology system in order to compete more effectively with global organizations. Shariq and Tondon (2012), however, put a limitation on technology and how it is used to be responsive to customer needs. They argued that customers preferred to use ATM services rather than complicated e-banking services whose adoption can only be understood by the elite customers.

Kumbhar (2011) highlighted the timeliness of service in ensuring that customers are satisfied. Timeliness can be defined as the quality or habit of arriving or being ready on time or punctual. Timeliness is occurring at a suitable time, seasonable, opportune and well-time. Kumbhar (2011) identified that the elements which contributed to timely responsiveness in banking services are speed, high uptime, errors, cash backup, and quality service at reasonable cost. Taking into consideration that the ATMs have been located in strategic locations with enough number of machines.

Kang & James (2004) posit that internet banking cannot replace customer satisfaction derived from brick and mortar banking. They made this comparison with service quality strategies between small and big banks. They argued that smaller banks had higher scores on customer satisfaction because of their focus on the day-to-day, people-to-people service responsiveness. The larger banks were having a misguided notion that internet banking would replace live bankers. However, the larger banks had also understood the importance of customer satisfaction and were improving their customer satisfaction scores. They attributed to complaints that related to responsiveness as a measure of the quality of service (Micheal. & Solomon 2009).

Dharmalingam et al. (2011) assert that customers expect firms to treat them in a consistent way and that they will do what they say they will do promptly. By acting in accordance with these wants, a firm provides the customer with a sense of viewing it as company that gives customers' priority .This builds loyalty. Customers will view the service provider as being competent enough to offer the service. The customer will not be satisfied if he or she does feel that the services offered mostly delay. It brings doubt about the competence of the service provider (Ramzi, 2010). The service that the employees provide and the relationships they build are vital to success of customer satisfaction. The employees need to understand, believe in and be proud of the firm they are a part of. This will lead them to serving their customers promptly (Al-Rousan & Mohamed, 2010). Untimely response to customer requests is one of the stamps of poor customer service. Customers want to feel valued, they want to know their presence and input to the business is appreciated. However when customers feel neglected and unappreciated, there are high chances that they will move to the next competitor (Klemz & Boshoff, 2011). Moreover, they will swiftly do so if they have an immediate need for a service that a firm is failing to deliver, or if they simply do not see work ethics. Poor response time, especially if done repeatedly, results in loss of customers and revenue (Armstrong 2012). The key to generating loyal customers is to provide them with efficient service by the required time frame.

Geetika and Nandan (2010) further explain that to deliver the quality of service that a firm expects hiring and recruiting staff that are willing to assist customers is a prerequisite. In the recruitment environment, a bank has to compete with similar banks to get the best people with this kind of attitude. Demonstrating that you are listening through body language and making eye contact shows a customer that you are willing to assist them. Willingness to help makes the customer feel understood and appreciated. Customers want banks to focus on helping them (Mohsan et al., 2011). Attitude will always have an upper hand compared to aptitude. Most companies will choose the ones with willingness to go the extra mile or show sacrifice over some with greater technical skills when hiring. It is often easy to increase the technical skills of an employee than change reluctant behavior. Employees who thrive in the service industry have a natural desire to serve and express willingness when dealing with customers. This is because their free spirit nature to help the customers helps them in retaining and attracting new customers (Ouyung, 2010). Taiwo et al. (2011) state that many customers have problems that need to be solved. It is important for banks to have creative problem solvers as the employees. They should always make sure they understand the problem clearly, and offer them possible solutions. Often employees need to think of solutions that fit the needs of a specific customer as they occur (Ramzi, 2010). If an employee cannot find a solution that works for the customer, it is valuable to help them locate additional help. Following up with the customer to make sure the issue has been resolved can change customers perception. Customers will appreciate if they see staff have interest in their problem, and their willingness to help, in whatever way possible (Timothy, 2012). Dharmalingam et al. (2011) pointed that the level of a firm’s customer service will make or break a business. Proving to customers that you are willing to assist them at their point of need is one of the most vital aspects of customer retention and satisfaction (Atlik & Arslan, 2009)

According to Toosi and Kohonali (2011) customers expect prompt responses to requests; therefore, they should not be disregarded or delayed simply because there are underlying issues. Some companies offer online support that provides customers with immediate resolution to their inquiries. Email requests and phone calls should be examined on a case-by-case basis and responded to accordingly (Sakhaei et al., 2014). Business opportunity is lost by losing customers. Most businesses put emphasis on earning or gaining customers but are reluctant on following up to retain customers (Al-Rousan & Mohamed, 2010). As a good service provider, a company and its staff should be ready to respond to customers' queries about products and services offered on time (Ojo, 2010). Customers expect to interact with business people who are willing to respond promptly about the product or service they are promoting or offering. This gives a bank a competitive advantage compared to others of retaining customers. It reflects readiness of employees and their ability to serve the customers as soon as required (Hossan, 2012).

2.2.2 ***Reliability and Customer*** **satisfaction**

Jun & Peterson (2004) defined reliability as the ability to deliver expected standard at all time, how the organization handle customer services problem, performing right services for the first time, providing services within promised time and maintaining error free record. In regards to the banking services, reliability deals with customers' confidence that services shall be available to them at any time they desire to use them. In the banking sector, this is mostly visible in the operation of teller machines. Suda and Sarunya (2001) noted that consistency of performance was contingent on the reliability of machine parts or product parts. For ATM environment condition and technical reliability are equated to reliable designs that are functional. Stiakakis and Georgiadis (2009) found reliability as fundamental criterion of superior electronic service quality.

Swartz & Brown (2009) stated that reliability consists of accurate order of fulfilment, accurate record, accurate quote, accurate billing, and accurate calculation of commissions which keep the service promising to the customer. There are two important factors that give effects to the banking service; consistency and dependability. According to Lee&Ritzman, (2005), Consistency refers to uniformity or compatibility between things or parts. This means that the quality is always the same, doing things in the same way and having the same standards. Service quality should include uniformity of service output around an ideal target value determined by customers. Banks need to address the changing needs in predictable and consistent manner which is an attribute to reliability. Dependability refers to the assurance of providing services as expected, all these are what customers consider reliability and thus trust is another key factor influencing the adoption of various types of service in electronic banking. Customers thus depend on these attributes that lead to reliability of a service to get satisfaction (Micheal& Solomon 2009).

Safwan et al. (2010) argued that reliability shows the service provider's ability to perform services in a dependable and accurate manner. Furthermore, it involves doing it right the first time and it is a crucial service component of customers (Messay, 2012). It is noted that being reliable is an exceptionally important quality to have, especially in the banking industry (Ghost & Gnanadhas, 2011). Reliability improvement is key in service quality enhancement efforts. This is because when a firm is unreliable, they communicate less concern to what customers care about. Customers may form a negative perception about the firm and will switch to a competitor without second thoughts (Sakhaei et al., 2014). It is not easy for many types of service businesses to maintain a higher level of reliability day in day out. Customers view, experience and judge mishaps in the service sector immediately they interact with the firm (Mudassar et al., 2013). In such a sector, variability occurs largely when services are being offered. It is difficult for service providers to control such variations since each employee is somewhat different from the others in personality, skills and attitudes (Mohammad & Alhamadani, 2011). Customers are always interested in knowing that the letters of credit will be processed in the set number of days. The same extends to loan application and loan processing, within the banking industry; customers will appreciate timely processing with reliable feedback on any application. The same concept is applied to any form of security such as bid bonds, guarantees among others. These are the various aspects of banking service reliability that will keep the customers satisfied (Micheal& Solomon 2009).

According to Klemz and Boshof (2011), the major reason for customers to choose banks for investment funds is because of the reliability and reputation of banks. Banks usually give their word to customers about security during transactions. If the desired service is offered to customers by employees, customers will have more confidence and trust (Dado et al., 2012). Ramzi (2010) pointed out that providing services as promised is one of the important factors of customer satisfaction. A good way of impressing customers is by doing what you promised and doing it right at the first time experience, this will enhance repeat business. Research has shown that delivery is the most important factor for customers and is one of the main causes of account abandonment if not achieved (Messay, 2012). Providing service as promised is hence fundamental in any business. This will build a firms' reputation and with good reputation, there is high chances of repeat business. In addition, new business will be generated by word of mouth and it will set a firm apart from its competitors as well. This is because they may sell similar products but their company could lack in delivering as promised (Armstrong, 2012)

Lau et al. (2013) further assert that providing services as promised is also important at the bank because if a customer is expecting the bank to do something for them, they should be able to rely on them to do it on the day that they want it done. Consequently, if they don't then the reputation of the bank may be affected and that the customer will not believe that they are reliable. They may lose trust and decide to open another account in another bank if trust is lost (Atlik, 2009). A reliable service may not drastically affect customer satisfaction in a good manner. However a company that is seen to offer unreliable product or service will highly be viewed incompetent hence a negative effect on customer satisfaction (Chau & Kau, 2009).

As a tool to ensure reliability ATMs remains as a vital banking service point despite the increasing usage of other banking services in many countries. ATMs evolve and upgrade to become a more efficient mode of transaction. E-Payment System provides the retail electronic clearing and settlement of system for local banking institutions with the usage of chip based cards from magnetic stripe cards. This aspect greatly requires the reliability component of service quality to boost customer satisfaction (Lee, Lee, &Yoo, 2000).

A major problem faced by consumers in the banking industry is the turnaround time allocated for services offered, they are not flexible (Lau et al., 2013). Usually, most banks operating hours are from Mondays to Fridays – 8.30am – 5.00pm but due to consumer demand, the trend has changed, with some banks beginning services an hour earlier and others operate on weekends. Besides the banking hours, queuing up at some banks while the banks promised quicker services becomes annoying to consumers. Standing in ques for a long time at the banks is non-productive and a pure waste of time (Ouyung, 2010). Even though most banks have introduced seats, no consumer wants to wait longer than required in a banking hall. As such, most banks now have developed a way to address consumer problems. An example is a suggestion box placed at the entrance of the bank (Abdullah & Ariokiasamy, 2013). Building relationship in business is therefore of great importance. If however, that relationship isn't based on trust, it will never amount to anything (Armstrong, 2012).

According to Lau et al. (2013) complaints offer banks chance to solve immediate problems. In addition, they often provide useful ideas for improving products and services, changing marketing practices or adjust material and service information. When customers come with complaints, they should not be ignored. This should give a bank an opportunity to listen to the occasional problems since they can learn to recover from mistakes. Handling problems in a professional manner can turn frustrated customers into loyal customers. This is needed for good reputation (Toosi & Kohonali, 2011). Karim and Chowdhury (2014) argued that banks are competing in every way to retain current accounts, and to sign on new ones to prove that they are dependable.

2.2.3 Tangibility and customer satisfaction

According to Kuo (2003), tangibles include the physical evidence of the service, for instance, the appearance of the physical facilities, tools and equipment used to provide the service; the appearance of personnel and communication materials and the presence of other customers in the service facility. Service Tangibles represent the service physically, they are also looked at as the appearance of physical facilities, equipment, personal, & written communication materials. All of these provide physical representation or image of the quality of service that customers, particularly new customers, use to evaluate and perceive quality. Service industries that emphasize tangibility in their strategic places include banking services where the customer visits the physical bank to receive the service (Kuo, 2003).

According to Jayaraman, Shankar and Hor, (2010) financial institutions' tangibles refer to the physical attributes of the bank and its services, such as the banking building, the banking halls aesthetics, the waiting area, the banking seats, and accessibility Katwalo and Muhanji, (2014). Additionally, Lymperopoulos and Chaniotakis (2008) argue that an organizations' employees form part of organizational tangibles. In most cases bank customers tend to remember employees' interactions, experience, and appearance of buildings. In other instances, employees are dressed code becomes the reference point for professionalism. Equally, when an organization's employees are not professionally nor reflecting the ethics that is due to the services the organization is providing, they form memorable tangibles through which customers perceive the organization (Gupta & Dev, 2012).

Meyer et al., (2006) argues that the banking sector is a very sensitive sector that everything matters. By this, they mean that buildings, people, service, presentation cumulatively matter in shaping a customer's perception about the bank, and customers satisfaction in the banks' ability to provide the needed service by customers. In a study conducted by Jayaraman et al., (2010) in Malaysian banking sector revealed that respondents highly consider the physical appearance of banks as a great deal of concern before opting to receive any service. In as much as customers did not indicate the actual value that caused satisfaction, they nonetheless, ascribed satisfaction purely on perception based on the banks tangibility.

Wicks &Roethlein, (2009) explain that tangibility gives a positive impression with the services yet to be received, the comfort customers feel while being attended to gives them a sense of satisfaction. Al-Hawari & Ward (2006) acknowledged that service tangibility is ideal in measuring customer satisfaction through customer loyalty. They recognised the effect that customer satisfaction had on overall performance owing to having lesser scores on customer loyalty. Even in the presence of increase marketing, Aksoy et al (2008) advise that service tangibility created a considerable breadth and depth with satisfied customers only if banks see tangibility as a valuable intangible asset that generates intangible results. Collier& Bienstock (2006) note that bank service marketing should be integrated with service tangibility to have superior customer satisfaction beyond the physical tangibility.

The key premise of tangibles looking at machinery acquisition in financial institutions is attaining benefits. In particular that emphasizes benefits which translate into the quality of banking services delivered to customers. This is due to the fact that banks are evaluated in terms of competitiveness and attractiveness for the clients of its services (Bhuiyan, 2011; Hwang & Akdede, 2011; Pillania, 2011). Benefits from physical amenities must link in some way into the objectives of the provided bank itself. These benefits are attained both by bank clients as well as the bank itself. Benefits to bank clients include; customer retention, customer referrals which eventually increase the customer base as well as fast service delivery, conducive and safe facilities for financial transactions on the side of the customers (Cordella & Bonina, 2012).

It has been argued that the single most important difference between services and products is the characteristic of tangibility and this has a significant influence on the marketing management of services (Parasuraman et al., 1985 and Grönroos, 1990). This often makes it difficult for customers to understand service quality and, as a result, more difficult for businesses to understand how consumers perceive and evaluate a service. Tangibility implies that a consumer's perception of quality is often based on physical evidence and price rather than the core service. Physical evidence looks at the environment in which the service is delivered and where the firm and the customer interact that facilitate performance or communication of the service (Zeithaml & Bitner, 1996). This demonstrates that the physical evidence of a financial institution production process can influence the customer service experience Parasuraman et al. (1988)

Further establishing the significance of tangibility in the perception of service quality in the financial sector, Sohail (2003) asserts that the quality of services provided by financial institutions with regard to modern equipment, visual appearance of facilities, and professional appearance are related to perceived performance of financial institutions by customers.

Kotler Philip (2006) explains that as against to features of physical products, the services are not given for pre-testing, neither it is felt or smelled before purchase making buyers look for some tangible evidence that will provide information and confidence about service. The exterior of the financial institution is the first thing on arrival of the customer; cleanliness of the banking halls provide clues about the expected service. Bank physical facilities determine customer satisfaction, which affects repeat business, many studies have shown that it costs four to six times to create a customer as it does to maintain an existing one. Banks with visually appealing facilities have more satisfied customers and thus experience higher client loyalty and perform better financially compared to their competitors Roy (2008.)

2.2.4 Service assurance and customer satisfaction

Service assurance according to Bowen & David (2005) is a procedure or set of procedures intended to improve performance and provide management guidance in service based firms. Service assurance can involve quality assurance (QA), quality control (QC) and service level management (SLM). Quality assurance is intended to make certain that a product or service under development meets specified requirements at all stages in the process. Quality control ensures that a completed and manufactured product or performed service adheres to a defined set of quality criteria or meets the requirements of the client or customer. Quality assurance is sometimes expressed together with duality control as a single expression. Service level management involves the monitoring and management of the quality of the key performance indicators (KPIs) of a product or service. This avails the level of certainty that banking customers want to get satisfied with the baking service (Gefan, 2002). Service assurance is therefore an all-encompassing paradigm that revolves around the idea that maximizing customer satisfaction inevitably maximizes the long-term profitability of an enterprise.

Jiang and Wang (2008),argue that service assurance entails the credibility and the ability to inspire trust and confidence in their customers. Most often assurance is measured by the way banks demonstrate ‘competence’ in service provision. When a bank has the right set of skilled and knowledgeable to provide required service, they inspire confidence in customers, which enhance the assurance customers have in the bank (Arasli, Smadi & Katircioglu, 2009). On the other hand, Jiang and Wang (2008) look at service assurance as being polite and friendly when dealing with customers. It is the ability for the bank to provide friendly advice not only when a customer needs it, but when the bank deems it appropriate to provide one. Such friendliness enhances the assurance of customers in the banks’ ability to put the customers’ needs first (Liberati & Mariani, 2012

Service Assurance involves real-time monitoring of a customer’s purchased services and analysing data to note trends, preferences, usage problems and eventually proactive assurance of customer-level or service-level issues. Collier, &Bienstock(2006)advice that the banking sector is capable of guaranteeing service assurance by using monitory tools in order to improve on customer satisfaction

The inseparability of production and consumption and the co-production of services (Grönroos, 1990) implies that the people providing the service play a significant role and therefore the perceptions of the assurance dimension will influence the overall perceived service quality. The assurance perceived by customers can enhance interpersonal relationship with the service provider. This creates trust between the two parties which eventually brings about mutual benefits for both parties involved (Orava & Tuominen 1994).

Service providers are expected to be the experts of the service they’re delivering. Service providers must communicate their expertise and competencies before they do the work. This can be done in many ways that are repeatedly seen by customers, such as: display industry certifications on patches, badges or buttons worn by employees, include certification logos on emails, letters & reports, put certifications into posters, newsletters & handouts which gives customers the expression that an entity is a rightful service provider Jiang and Wang (2008). By communicating competencies, service providers can help manage customer expectations which influence their service quality assessment in advance (Al-Hawari & Ward, 2006).

In today's economy, we no longer have an industry in which good advertisements and corporate social responsibility will earn customers. A firm has to prove to customers why they should stay loyal to them and not switch to a competitor by all means. With the tremendous growth, customers have a pool of options to choose from, and most business will want to have these customers on their side (Hossan, 2012). Customers' service assurance about the services they will get in banks is usually higher than their expectations. Bank customers frequently look to any signs that may be used as pointers of dependability. These enable them to judge the services of the banks and the bank's employees (Mohammad & Alhamadani, 2011). Responding effectively and efficiently to customers' dissatisfaction has been found to be beneficial in banks. Banks that practice and teach its employees complaint management have an advantage over their competitors and look reliable to work with (Angelova & Zekir, 2011).

The assurance perceived by customers is an important dimension of service quality in any industry (Zeithaml et al., 1990 but even more so in the financial industry where customers associate quality with perceptions of service delivery (Butler, Oswald, Turner, 1996). Assurance is especially critical where trust and confidence in the service provider are crucial (Branssington & Pettit, 2000:950) and this clearly is also applicable to the finance sector sector (Van Der Schee, Groenewegen, & Friele, 2006:350). Assurance and the assessment thereof should clearly be an integral part of the financial sector delivery strategy (Ovretveit, 2004:370)

Conclusion

While quality of service and customer satisfaction are important throughout the banking sector with a lot of effort being put in place to ensure that the quality of service improves. The current level of competition in the banking industry today is high; banks have to keep re-engineering their processes to ensure responsiveness and reliability. The Quality of service has to be at the best standard for customers to be satisfied; given that in the current level of competition customers have options to choose from and can easily switch from one bank to another. Understanding the consumer is crucial to satisfaction of different customer needs. Banks must consider scrutinising customer satisfaction in terms of customer decision making, loyalty, experiences, environment and interactions with others, and bank management staff are taught that all decisions about management of the bank should begin with understanding of the customer and determination of which option satisfaction is understood to be predicted by the quality of service.

The researcher noted that, whereas the literature review points out critical factors that influence customer satisfaction, several studies on service quality have been conducted in the health, hotel, tourism and transportation sectors. There is scanty literature showing how service quality affects customer satisfaction in Uganda. This study would like to find out how service quality dimensions such as responsiveness, tangibility, reliability and service assurance are related with customer satisfaction in banking institutions in Uganda particularly with Bank of A

CHAPTER THREE

RESEARCH METHODOLOGY

3.0. Introduction

This section explained the approaches that were adopted in the study. It described the research design, study population, area of study, sample size and sampling technique, data types and sources and, the data collection instruments. It included measurement of reliability and validity of the various instruments, and the data analysis procedures employed in the study.

3.1. Research design

A cross-section design was employed in order to get an in depth understanding of the phenomenon under investigation and to confirm completeness for instruments (Amin, 2005). Cross-sectional research involves using different groups of people who differ in the variable of interest but share other characteristics, such as socioeconomic status, educational background, and ethnicity. Cross-sectional research studies are based on observations that take place in different groups at one time. This means there is no experimental procedure, so no variables are manipulated by the researcher. Instead of performing an experiment, you would simply recording the information that is given by respondents is what is examined for further evaluation, (Lisa Roundy 2003).

Quantitative approaches to data collection and analysis were employed in order to get an in-depth understanding of the phenomenon under investigation and to confirm completeness for instruments (Amin, 2005)

Quantitative method is the best method for statistical presentation. This reduced the problem of reliability caused by extreme subjectivity of qualitative research (Amin, 2005).

The qualitative methods such as interviews are methods that do not involve measurement or statistics. This survey sampling was adopted because it enabled the study to target a large group of respondents to obtain information without making a follow up of the respondents once information from them is obtained.

3.2. Study Population

The study targeted the customers at Kampala Road branch to understand the level of customer satisfaction as a result of quality of service. The branch has 650 active customers and the researcher sampled 242 respondents depending on the Krejcie and Morgan's (1970).These categories of people are actively involved in the day today service delivery to customers and as such the customers have the necessary feedback on the service provided by the bank.

3.3. Sample Size

The researcher sampled 242, the sample size was determined by using Krejcie and Morgan's (1970), table for determining the sample size.

Table 3.1 showing sample size

Kampala Rd Branch customers			
Customers	650	242	Simple Random sampling
Total	**650**	**242**	

Source: BOA (2016).

3.4. Sampling techniques

According to Kothari (2003), sampling is the process by which a relatively small number of individuals, objects or an event is selected in order to find out something about the entire population from which it is selected. Selection of samples from a population allowed the study to assess a deeper insight into research objectives. The researcher used both simple random and stratified sampling methods for selecting respondents into the sample.

3.4.1. Simple random sampling

The researcher used a simple random sampling technique given the nature of the area of study which requires customers to have an equal opportunity to be sampled. Simple random sample is a subset of individuals (a sample) chosen from a larger set (a population). Each individual is chosen randomly and entirely by chance, such that each individual has the same probability of being chosen at any stage during the sampling process, and each subset of *k* individuals has the same probability of being chosen for the sample as any other subset of individuals. This enabled the study to have views from various customers irrespective of their gender, age, occupation and the type of account they hold with the bank.

3.5. Sources of data

3.5.1 Primary sources

This is the first-hand information. It was collected by using self-administered questionnaires and interview guide to obtain information from respondents during the study. It was accurate and focused on the study.

3.5.2 Secondary Sources

The researcher used secondary information to supplement the information gathered.

Secondary data was collected from journals, articles, websites, reports, graphs and books.

The reason for the use of secondary information helped the researcher fill the gaps that existed.

3.6. Data collection tools

The researcher used collect primary data by use of questionnaires and interviews.

3.6.1. Questionnaire

A questionnaire is a form containing a series of questions and providing spaces as well as options to be attempted by the respondents themselves. The questionnaires composed of closed-ended questions, open-ended questions, and leading questions pertaining the research variables and objectives, this is to enable collection of structured data. Questionnaire 2 was answered by the bank customers

3.6.2. Structured Interview guide

This is where the researcher asked a standard set of questions. The researcher conducted face-to-face interactive sessions with the respondents with a view of obtaining relevant information to this research. The face-to-face interviews enabled the researcher to establish rapport with potential respondents and thereafter gain the more needed cooperation and hence more data. The interviews were conducted in English language to enable the researcher articulate the responses in a more realistic manner.

3.7. Quality Control Methods

3.7.1 Validity

In scientific research, validity refers to the extent to which the instruments are relevant in measuring what they are supposed to measure (Amin, 2005).

Expert review where the researcher prepared questionnaires and distributed them to two supervisors to justify their stability before distributing them to respective respondents. The personnel had the opportunity to correct and delete some questions that were irrelevant and not consistent with the study. This helped the removal of ambiguities and facilitated clear understanding of the questionnaires by the respondents.

The researcher requested two supervisors to score the content with the questionnaire and the average percentage of the score was used to determine the Content Validity Index (CVI). In cases where the average percentage was above 50%, the content was considered valid.

The formula below was used to check for validity of the research questions:

$CVI = \frac{R}{R+N+IR}$ = 38/38+0+2= 0.95*100=95%

Where;

R is Relevant, **N** is Neutral, and **IR** is irrelevant. The closer the value is to 1, the more valid the instrument (Amin, 2005)

3.7.2 Reliability

According to Amin, (2005) reliability is the degree to which the instrument consistently measures whatever it is meant to measure. The researcher will use Cronbach reliability test to get a credible alpha co-efficiency. This was done by the use of pretesting (Cronbach alpha, 1946).

Cronbach alpha coefficient method measures the consistency within the instruments and how well a set of items measure a particular behaviour or characteristic with the test. The researcher conducted a reliability test using SPSS to determine the alpha values of variables that determined the reliability of tools as per the table below:

Table 3.2:Cronbach Alpha Value for reliability of the study variables

Variables	Number of items	Cronbach's Alpha Values
Tangibility	06	0.884
Responsiveness	06	0.830
Reliability	06	0.945
Assurance	06	0.901
Customer satisfaction	10	0. 815

Source; Primary Data (2017)

Table 3.9.2 shows that all the dimensions of the independent variable as well as dependent variable gave Cronbach's Alpha values above 0.6 when reliability test was conducted as attached in the appendix four. This implied the tools used in the study were reliable for data collection as asserted by (Sekaran, 2011).

3.8. Data management and processing

3.8.1 Quantitative Data Management and processing

Simple descriptive statistics like frequency counts and percentages was computed to document the demographic information of the respondents. The mean and standard deviation were used to document respondent's opinion on service quality and customer satisfaction. Pearson correlation coefficients were computed to determine the relationship between the independent and dependent variables as suggested by (Sekaran, 2003).

The study involved a descriptive analysis of the research data in which measures of central tendencies were analyzed. These measures included standard deviation, mean, percentages. Collected data was coded, cleaned and entered into Statistical Package for Social Scientists (SPSS 20.0) for analysis.

Computations on correlation were done to assess the relationship between the study variable in accordance to the research objectives.

3.8.2 Qualitative data Management and processing

Qualitative data was analyzed using content analysis. Responses from key informants were grouped into recurrent issues. The recurrent issues which emerged in relation to each guiding questions which was presented in the results, with selected direct quotations from participants offered as illustrations.

3.9. Data analysis

3.9.1. Descriptive analysis

The researcher used descriptive statistics to assess the measures of central tendencies that exist within the responses. The responses were analyzed using percentages, mean, standard deviation. The analysis was tabulated and represented in tables.

3.9.2. Correlation

The study used Pearson's correlation analysis to assess whether a relationship exists between the study variables in accordance to the study objectives. The results as presented in the correlation matrix highlighted the existence of the relationship.

3.10. Ethical consideration

Respondents were assured by the researcher that the study was purely for academic purposes and that the information would not be presented in the right manner as given. An introductory letter from the Dean of Faculty of Business Administration and Management was presented to the management of Bank of Africa Uganda as well as the customers. The researcher maintained absolute confidentiality concerning the respondents' identity. This was the right way that the research instrument could not be used to trace back to those who responded to it.

The responses from the respondents was objectively recorded and analyzed. The researcher made all measures to avoid misrepresentation and her bias from influencing the results of the study.

3.11. Limitations to the Study

Extraneous variables were beyond the researcher's control such as respondents' honesty, personal biases and uncontrolled setting of the study.

Not all questionnaires were returned completely answered nor even retrieved back due to circumstances on the part of the respondents such as travels sickness, hospitalization and refusal/withdrawal to participate. In anticipation to this, the researcher reserved more respondents by exceeding the minimum sample size. The respondents were also be reminded not to leave any item in the questionnaires unanswered and was closely followed up to the date of retrieval.

Though the Likert scale is used widely in the social sciences and not withstanding its advantages (Gilbert, 2008) its limitations cannot be overlooked (Jamieson, 2004). To mitigate these limitations qualitative data was used to enhance the robustness of the data analysis, through the use of unstructured interviews.

Conclusion

This chapter presented the methodology that was adopted during the study. It described and discusses; the research design, sample size and selection, the data collection methods which were used and their corresponding data collection instruments, data management and analysis procedure as well as steps that were taken to ensure validity and reliability during the study and measurement of variable.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS

4.0 Introduction

This chapter presents study findings on the effect of service quality of banking institutions on customer satisfaction. The chapter presents findings according to four research objectives which looked at assessing the relationship between tangibility of service and the level of customer satisfaction attained, analyzing the relationship between responsiveness of service provision and the level of customer satisfaction, assessing the relationship between reliability of service provision and customer satisfaction and analyzing the relationship between service assurance and the level of customer satisfaction attained

The chapter presents descriptive results from the questionnaire in form of means and standard deviations. The study also presents correlations and regressions to show the nature of relationship and magnitude effect the independent variable has on the dependent variable.

The chapter also presents the response rate, which shows the number of participants that actually participated in the study. The study also presents the background information of respondents which shows the common demographic characteristics of respondents that participated in the study.

4.1 Sample characteristics

Sample characteristics contain the academic qualification, age group, gender, years as a bank customer, customer type and occupation of the respondent

4.1.1 Response Rate

The study sample size of 242 respondents of the bank's customers and 140 Bank of Africa staff actually participated representing a response rate of 100% in questionnaires. This response rate was well above the recommended 60% response rate as per Guttmacher

Institute, (2006) which asserts that for a study to be considered with satisfactory results it should have a response rate above 60% in the overall study. This is because the instructions on how to complete the questionnaires were clear, the tool was easy to read and follow, respondents were given enough time to complete the questionnaires and timely interviews were made. Therefore, this implies that the study results can be relied upon for academic and non-academic purposes by readers and users.

4.2 Biographic statistics

4.2.1 Academic qualification of respondents

The study sought to ascertain the education level of respondents of Bank of Africa customers which is categorized as High School, diploma, degree, Masters, Professional and Other specify. The respondents were requested to indicate their education level and the findings were analyzed using descriptive statistics and are presented as below

Table 4.1 showing academic qualification of respondents

Academic qualification	Frequency	Percent
High School	20	8.3
Diploma	40	16.5
Degree	137	56.6
Masters	21	8.7
Professional	19	7.9
Other specify	5	2.1
Total	**242**	**100**

Source: Primary Data (2017)

Table 4.1 shows that 56.6% of the respondents were Bachelor’s degree holders, 16.5% were Diploma holders, 8.7% were Masters holders, 8.3% were High School students,7.9% were professionals at levels of consultancy in Business, Law, Doctors and 2.1% were specialists in technical skilled services such as tailoring, building and craftmanship.According to the results in Table 4.1 above, results conclude that the study involved respondents with sound academic background. This shows that the respondents were relatively educated since many of the respondents had attained education up to the highest level. The presences of people that have gone to school are well informed about financial literacy and as such seek various financial services from the bank. It was also found out that the issues of savings, investments, expansion and diversification of businesses, were all found to be well understood and practiced by the educated customers thereby being in position to understand the subject matter of the effect of service quality of banking institutions on customer satisfaction.

4.2.2 Age of the respondents

The research wanted to ascertain the age of respondents at Bank of Africa which is categorized as; Below 25 years, 26-35 years, 36-45 years, 46-55 years, and Above 55 years. The respondents were requested to indicate their age and the findings were analyzed using descriptive statistics and are presented below.

Table 4.2 showing age of the respondents

Age group	**Frequency**	**Percent**
Below 25 years	31	12.8
26-35 years	112	46.3
36-45 years	89	36.8
46-55 years	9	3.7
Above 55 years	1	0.4
Total	**242**	**100**

Source: Primary Data (2017)

The results in Table 4. 2 show that 46.3% of the respondents in the study were in the range of age 25-35 years, 36.8% of the respondents in the study were of age 36-45 years, 12.8% of the respondents that took part in this study informed the reseacher that they were below 25 years,3.7% of the respondents in the study informed the researcher that they were of age 46-55 years, 0.4% of the respondents in the study of the respondents were above 55 years of age. The study shows that the majority of respondents were between 25-35 years which is a clear indicator attributed to the bank's strategic focus on having bankable employed youths in having various financial products from the bank. This could be attributed to the fact that this age group is starting to embark on various responsibilities and investments in life and as such need various services like loans, saving and business accounts among others to enable them meet these responsibilities and achieve their goals. This is attained through the quality service delivery of banking staff to their customers.

4.2.3 Gender of respondents

The study sought to establish the gender of respondents which was categorized as male and female. The Respondents were asked about their gender and the findings were analyzed using descriptive statistics as presented below.

Table 4.3 showing gender of the respondents

Gender	Frequency	Percent
Male	106	43.8
Female	136	56.2
Total	**242**	**100**

***Source*: Primary Data (2017)**

From the results in Table 4.3, 106 of the respondents were males constituting of 56.2% of the respondents and 136 that took part in the study were female making a 43.8% of the total population. This was so because female respondents took active part in embracing an account termed as "My Business Park " which highly favors women's small businesses with friendly maintenance costs and more so the females were more willing to take apart in this study compared to the male respondents. Furthermore it was found out that women have a special position in making small savings on equally daily or week basis in abid to develop them. The results above provided a close margin of the customers it serves based on the gender of the respondents. This is attributed to the bank's equal opportunity for both females and males to receive quality services from the bank without any form of discrimination which in turn leaves both gender satisfied with the financial services rendered to them by the bank.

4.2.4 Years as a Bank of Africa Customer

The research wanted to ascertain the years a customer has maintained with Bank of Africa which is categorized as; 1-2 Years, 3-5 Years, 6-10 Years, 11-15 Years and Above 15 Years. The respondents were requested to indicate their years a customer has maintained with Bank of Africa and the findings were analyzed using descriptive statistics and are presented below.

Table 4.4 showing years a customer has spent as a Bank of Africa customer.

Years as a BOA Customer	**Frequency**	**Percent**
1-2 Years	41	16.9
3-5 Years	87	36
6-10 Years	90	37.2
11-15 Years	19	7.9
Above 15 Years	5	2.1
Total	**242**	**100**

Source: Primary Data (2017)

The findings in Table 4.4 shows 37.2% of the respondents had maintained their accounts with the bank for 6-10 years, 36.0% of the respondents had maintained their accounts with the bank for over 3-5 Years, 16.9% of the respondents had maintained their accounts with Bank of Africa   for 1-2 years,7.9% had maintained their accounts for over 11-15 years and 2.1%

had maintained their accounts with Bank of Africa for over 15 with Allied Bank before it was taken over by Bank of Africa as it is today. This clearly indicates the customer loyalty exhibited by the respondents based on their maintenance of accounts which for such a period of time.

4.2.5 Customer Type

The research wanted to ascertain the type of accounts customers maintain with Bank of Africa which is categorized as; Personal Account Customer, Joint Account Customer, Business account customer and Institutional Account Customer. The respondents were requested to indicate the type of accounts customers maintain with Bank of Africa and the findings were analyzed using descriptive statistics and are presented below.

Table 4.5 showing the type of accounts customers maintain with Bank of Africa

Customer Type	**Frequency**	**Percent**
Personal Account Customer	172	71.1
Joint Account Customer	34	14
Business account customer	32	13.2
Institutional Account Customer	4	1.7
Total	**242**	**100**

***Source*: Primary Data, 2017**

Table 4.5 shows the various types of accounts that the respondents maintain with Bank of Africa.71.1% maintain personal accounts, 14% hold joint accounts, and 13.2% maintain business accounts, while 1.7% maintain institutional accounts with the bank. These results clearly indicate quality service delivery from which many individuals are satisfied to have more than one product from the bank since many individuals have embraced financial literacy as a result they have continuously gone forward to access various services from the bank for example asset financing, invoice discounting, personal loans and more so saving their finances with the bank as a clear way of reaching their set goals of development. This is attributed to the quality service provision of Bank of Africa where customers are satisfied with having more than one financial product offered by the bank.

4.2.6 Occupation of respondents

The research wanted to ascertain the Occupation of respondents which is categorized as; Self employed, Formally employed and Student. The respondents were requested to indicate their Occupation and the findings were analyzed using descriptive statistics and are presented below.

Table 4.6 showing the Occupation of respondents

Occupation	Frequency	Percent
Self employed	88	36.4
Formally employed	143	59.1
Student	11	4.5
Total	**242**	**100**

Source: Primary Data, 2017

The results in Table 4.6 show that 59.1% of the respondents were formally employed, 36.4% were self-employed and 4.5% were students. The results show that there was consideration inclusion of all the respondents in sample and as such many of Bank of Africa Customers being elites who are salaried earners enjoy the quality of service delivery of Bank of Africa and as such are satisfied with carrying out various financial transactions with the institution regarding their salaries, savings and business related concerns as exhibited in the results above.

4.3 Presentation and analysis of findings from the study objectives

Descriptive statistics were used to examine and establish the effect of service quality of banking institutions on customer satisfaction. The findings were analyzed and interpreted basing on the attached Likert Scale such that a mean close to 5 represents strong agreement, 4-agreement, 3- Not sure, 2- disagreement and 1-strong disagreement.

4.3.1. Responsiveness of Bank of Africa services and customer satisfaction.

The study sought to establish the relationship between responsiveness in service provision of banking institutions and customer satisfaction. Findings from questionnaires were computed to obtain means, standard deviations. Also findings from interviews were obtained and are presented in thematic statements or quotations and results are presented below. The following were the results;

Table 4.8 showing how responsiveness towards customers is exercised; N=242

Statement	**Min**	**Max**	**Std Dev**	**Mean**
BOA Employees are readily available to respond to my financial needs whenever i need any financial assistance	1	5	1.067	3.86
BOA staff respond to all my financial transactions e.g. loan applications, TTs, account debits& credits, bank statements within the specified time frame	1	5	0.761	3.96
BOA staff respond to the complaints i raise satisfactorily	1	5	0.811	3.94
I find Online BOA responsiveness to my financial needs very convenient	1	5	0.845	3.66
BOA Staff are approachable and serve me appropriately	2	5	0.711	4.02
I receive prompt services from Bank of Africa	1	5	1.021	3.89

Source: Primary Data (2017)

The results in Table 4.8 reveal that Bank of Africa employees are readily available to respond to customer financial needs whenever they need any financial assistance, this is shown with a mean response of 3.86 and a standard deviation of 1.067 which conclude that the respondents agreed that the staff response matched their financial needs. The above results have majorly been caused by increasing competition in the banking sector towards responding to the customer financial needs. The results above are coherent with Eshghi,Roy & Ganguli (2008) who acknowledges that the drive to have customer satisfaction through service quality is having readily available responses towards the issues customers raise in the age of throat-neck competition to ensure that the bank's competitive advantage and direction is maintained. Availability of employees to help makes the customer feel understood and appreciated customers prefer a bank that focuses on helping them (Mohsan et al., 2011). Banks that thrive in the service industry have employees who have a natural desire to serve and express willingness when dealing with customers. This is because their free spirit nature to help the customers helps them retain and attract new customers (Ouyung, 2010).

The results in Table 4.8 reveal that Bank of Africa staff respond to customer financial transactions within the specified time frame; this is shown customers in agreement with the mean of 3.96 and the standard deviation of 0.761 indicating wide varying in the responses. This implies that they receive response to their financial transactions within the specified times as stipulated in the bank's Customer Service Charter. These findings affirm that indeed customers trust the timeliness in which the bank processes their financial transactions without being delayed. If a firm consistently responds timely to customers queries, customers feel reasonably assured that their next request will also be responded to as well. Timely response to customer's needs enables customers to meet their financial obligations with various stakeholders which create a positive customer experience (Mudassar et al., 2013). According to Toosi and Kohonali (2011) customers expect timely responses to requests; therefore, they should not be disregarded or delayed simply because there are underlying issues.

Furthermore the results in Table 4.8 indicated that respondents agreed with the satisfactory response for their consultations for their financial needs from the Bank of Africa staff. This was shown by a mean of 3.94 which implied that the majority of the respondents got satisfactory response for their consultations for their financial needs from the Bank of Africa staff and a standard deviation of 0.811 which implied that there were varying views among the respondents. The findings affirm that indeed customers expect that banks give them the necessary assistance for their financial queries in a convincing manner. By acting in accordance with customer wants, a bank provides the customer with a sense of viewing it as a bank that gives customers' what they seek from its services (Ramzi, 2010). This builds customer loyalty since its viewed as a service provider competent enough to offer satisfactory service response. Satisfactory employee response to customer queries builds customer relationships with the bank which are vital for growth of market share for financial institutions (Al-Rousan & Mohamed, 2010).

Results in Table 4.8 further revealed that the Bank of Africa online platform is convenient to customers financial, this is manifested with a mean of 3.66 which implied that the majority of the respondents agreed with the statement and a standard deviation of 0.845 which implied that there were varying views among the respondents. This is in line with Laroche (2004) who argues that it is crucial for banks to better understand the changing customers' needs and respond with the latest information technology system in order to compete more effectively with global organizations. Shariq and Tondon (2012), further asserted that coming up with online platforms like E-banking, B-web where customers can easily make financial transactions at their convenience gives financial institutions a big edge to win a big number of corporate customers whose work schedules are quiet fixed and would greatly prefer to transact from wherever they may be at any time. This is also` in agreement with Ainabor (2011) who revealed that in implementing online platforms creates efficiency improvement which helps to reduce costs and the many layers of organizational processes (the popular bureaucracy) by streamline operating procedures through e-applications. When the right information systems are acquired, organizations can enjoy the ultimate benefit of an all-in-one system that can decrease errors, lower cycle times, reduces turnaround time, and support management decisions (Midowo, 2015).

Results in table 4.8, further showed that Bank of Africa Staff are approachable and serve customers appropriately, the findings indicated a mean of 4.02 which implied that the majority of the respondents agreed with the statement and a standard deviation of 0.711 which implied that there were varying views among the respondents. This means that the majority of the respondents find Bank of Africa Staff approachable and serve them appropriately, the findings agree with Timothy (2012) who argued that keeping customers informed when they approach staff for any financial assistance avails a customer with the desired solution which strengthens their relationship with the bank. By embracing customers whenever they move to a financial institution to get any assistance and being proactive, banks get an opportunity to strengthen customer relationships (Armstrong, 2012). If the customer gets the understanding that a firm is working hard, trying to fix the problem, then the customer will feel well taken care of and feels that he is getting his money worth (Ramzi,2010).

The results in Table 4.8 reveal that customers receive prompt services from Bank of Africa; this is supported with a mean of 3.89 which implied that the majority of the respondents agreed with the prompt service delivery they get from the bank and a standard deviation of 1.021 which implied that there were varying views among the respondents. Customers expect to interact with bank staff that are ready to respond promptly about the product or service they are promoting or offering. This gives a bank a competitive advantage compared to others of retaining customers. It reflects readiness of employees and their ability to serve the customers as soon as required (Hossan, 2012).

4.3.2 Tangibility of Bank of Africa services and customer satisfaction

The study sought to assess the relationship of tangibility and customer satisfaction. Findings from questionnaires were computed to obtain means, standard deviations. Also findings from interviews were obtained and are presented in thematic statements in the results below;

Table 4.7 Showing Tangibility and customer satisfaction in Bank of Africa; N=242

Item	**Min**	**Max**	**Mean**	**Std. Devn**
The interior and exterior of BOA branches are visually appealing and spacious i.e audio visual screen, public notice board, enough waiting queue chairs	1	5	3.85	0.836
BOA specialized tailored banking places which provide prompt customer services	1	5	3.83	.823
BOA staff are professionally dressed and presentable	1	5	4.09	.815
BOA has high standard machines that make their transactions fast eg note counting machines, coin counting machines, Visa facility ATMS.	2	5	4.02	.754
Availability of tangible items eg deposit slips, withdraw slips, e-utilities slips, bank slips in BOA banking halls gives me satisfaction for the services offered	1	5	4.18	.733
Availability of BOA branches in various places across the country gives me convenience to transact wherever I go	1	6	4.20	.802

***Source*: Primary Data, 2017**

The results in Table 4.7 revealed that the interior and exterior of Bank of Africa branches are visually appealing and spacious; this is clearly shown with a mean of 3.85 and standard deviation of 0.836 indicating varying responses. This concurs with Badri et al., (2003) who argues that customers feel safe entrusting their finances with an entity that gives a good expression through its amenities. A customer having a comfortable area while waiting to be served gives them a satisfaction that even when a service is delayed they may not rely on it so much Kuo (2003). Buttle, (1994) further asserts that ill planned service centers leave customers with so many questions in their minds of whether they will actually receive the right service even before being served. This is a question of all service providers to invest in tangibles that give customers comfort.

The results in Table 4.7 revealed that Bank of Africa has specialized tailored banking places which offer prompt services, this is clearly shown with a mean of 3.83 and standard deviation of 0.823 indicating varying responses. These results corresponded to Seo (2013), who suggested that having special tailored provisions at work places reduces the traffic in service centers since all segmented categories of customer wants are clearly given a priority where customers can easily get a service without having to waste much of their time in queues. Cronin & Taylor, (1992) emphasize the need of service providers clearly communicating to customers the availability on any specialized services to keep customers well informed of where they can easily have their concerns worked on.

The results in Table 4.7 further revealed that Bank of Africa staff are professionally dressed and presentable, this is shown with a mean of 4.09 a and the standard deviation of 0.815 indicating wide dispersion in the responses. This concurs with Wicks & Roethlein, (2009) who puts emphasis on top management through the Human resource departments clearly gives staff clear work dress codes to keep the good image of their brand. Handling problems in a professional manner can turn frustrated customers into loyal customers which gives an organization a good reputation (Toosi & Kohonali, 2011). The image of employees at work helps build customer confidence. Some firms use uniforms to create the impression of professionalism. Others develop a corporate culture of service. Companies providing both a professional image and quality service attract and retain customers. Service professionalism involves knowledgeable agents trained to answer questions, deal with problems and know when to transfer customers to supervisors for additional help. Professional customer service relations build trust and meet the needs of clients Lee Grayson (2000).

Further ore the results in Table 4.7 revealed that Bank of Africa has high standard machines that make customer transactions; this is shown with a mean of 4.02 and a standard deviation of 0.754 which indicates varying responses. This is in agreement with Negi (2009) who asserts that high standard machinery controls traffic in service delivery centers which minimizes congestions at such spots hence timely service delivery. Nkisang (1995) observes that technology in the banking industry especially with the ATMs have reduced variability of banking services in that they have made the services standard and customers now spend little time to carry out their transactions. He also emphasizes that the biggest benefit that ATMs have provided is that cash can be withdrawn 24 hours a day. Nyakauma (1994) observes that the introduction of glory machines, computers, coin counting machines, forex detectors in the banking sector have improved speed, accuracy, efficiency and has increased the capacity of the banks of handling large volumes of work in a limited time

The results in Table 4.7 revealed that Bank of Africa has got tangible usable items used in banking processes; this is shown with a mean of 4.18 and a standard deviation of 0.733 which indicated wide dispersion in the responses. This concurs with Agresti, & Finlay (2009) urge that boosting of service in banks and availability of tangible usable items used in banking processes eases the work of the staff as well as the customer who are in position to have their details written down and can act as appoint of reference for any transaction made as and when needed. Amidst banks taking on free-slip banking, customers especially the illiterates still feel comfortable having a slip of authorizations for any of their bank account transactions. This gives customers a sense of confidence that their monies are safe with the bank, Semakula & Muwanga (2016).

In order to ascertain whether the bank can be accessed by customers in various places across the country, respondents were asked whether availability of BOA branches in various places across the country gives them convenience to transact wherever they go, 4.20 of the respondents agreed to this statement due to what was found out that Bank of Africa branches are located in most of the major towns of the country thereby having 36 branches across the country which makes it easy for customers to make various financial transactions when they go to even upcountry places, the standard deviation of 0.802 implied that some of the respondents had wide dispersion in the responses. This concurs with Singh and Kaur (2011) who emphasize bank accessibility in various locations gives customers the convenience to access their monies wherever they may be doing business. This gives banks a competitive advantage to have a big customer base from various parts of the country. The availability of branches is important to customers since most customers prefer banks that are easily accessible and this significantly determines their satisfaction, Fonseca (2014)

During the transcribed interview guide on tangibility and customer satisfaction the respondents had these views;

BOA has come up with innovations to maintain the interior and exterior of its branches convenient and appealing to its customers

Branding in and outside of the bank branches, Branches in clear view/strategically located, Branches fully displayed with the banks products, Brochures on different bank products readily available in banking halls.

Revamped products and services like the ToTs to Teens account for those below 18 years, Young Mullah account for the youth and My Kikapu for the business people which come with special offers that suit the individuals in each category.

Provision of enough comfortable waiting chairs for customers as they await to be served at different service points.

Provision of LG flat screens at all branches to keep customers entertained as they await to be served.

These setups have improved customer satisfaction through; Information readily available on the displays made in banking halls and outside, Corporate dress code of staff makes the customers trust the employees which gives them comfort that they are dealing with professionals, Customers comfortably sit as they wait to be served other than having to keep standing in ques and Customers are kept entertained as they are being served hence taking away the boredom as they wait to be served.

4.3.3 Reliability of Bank of Africa Service delivery and customer satisfaction

The study sought to assess the relationship of reliability and customer satisfaction. Findings from questionnaires were computed to obtain means, standard deviations. Also findings from interviews were obtained and are presented in thematic statements or quotations and results are presented below. Respondents were required to respond to a number of statements on the reliability of Bank of Africa services. The following were the results;

Table 4.9 showing the reliability of Bank of Africa services; N=242

Item	Min	Max	Mean	Std. Devn
Bank of Africa staff show sincere interest in solving customer problems	1	5	4.14	.740
BOA staff work on my transactions within the specified time frames without being delayed	2	5	4.14	.719
BOA ATMs function regularly without any disruptions	1	5	3.72	1.05
BOA staff perform their services right the first time	1	5	3.74	.940
BOA systems are ever on whenever am being served at all work stations i.e. Till area, customer service, credit section, Treasury etc	1	5	3.90	.812
BOA staff handle my cash transactions i.e. deposits & withdraws accurately without errors	2	5	4.13	.772

***Source*: Primary Data, 2017**

The results in Table 4.9 revealed that, Bank of Africa staff show sincere interest in solving customer problems. This is shown with the mean of 4.14 and a standard deviation of 0.740 indicated the respondents had varying views. Warmly welcoming customers and lending a listening ear, shows that bank staff are readily available to involve themselves in determining what they have come for, and responding promptly and accurately to inquiries gives them trust and confidence to deal with such an institution. Failure to do so can result in lost business or damage a firm reputation (Kariru & Aloo, 2014). The most common customer dissatisfaction is being kept waiting and staff reluctant to attend to them when at their work stations or return calls. This may push customers may push customers to switch to another company. They may also engage in negative word of mouth due to the dissatisfaction felt (Armstrong, 2012) Poor response time, especially if done repeatedly, results in loss of customers and revenue (Armstrong 2012). The key to generating loyal customers is to provide them with efficient service whenever they seek any assistance from a company thus employees should have adequate knowledge to enable them quickly respond to customers (Mudassar et al., 2013). By cooperatively answering customers' questions, having information on the customers' records and their progress, the firm conveys a message of wanting to assist the customers bringing about some sense of satisfaction (Abdullah & Arokiasamy, 2013). Taiwo et al. (2011) further asserts that many customers have problems that need to be solved, it is thus important for firms to have creative problem solvers as the employees. They should always make sure they understand the problem clearly, and offer them possible solutions. Often employees need to think of solutions that fit the needs of a specific customer as they occur. If an employee cannot find a solution that works for the customer, it is valuable to help them locate additional help from their superiors. Following up with the customer to make sure the issue has been resolved can change customers perception. Customers will appreciate if they see the firm staff has interest in their problem, and their willingness to help, in whatever way possible (Timothy, 2012).

The results in Table 4.9 acknowledge the accuracy and trustworthiness that Bank of Africa staff exhibit while handling customer cash transactions. This is supported by the mean of 4.14 in agreement and standard deviation of 0.740 implying wide dispersion in the responses that their cash transactions are handled by staff accurately. This means that the accuracy and trustworthiness that Bank of Africa staff exhibit while handling customer cash transactions is satisfactory. The findings affirm that indeed capturing customers' transactions accurately instills the trust they have with an institution and continuously do business with such reliable service providers (Safwan et al., 2010). According to Atlik and Arslan (2009) proper transaction processing enables a bank run more efficiently with limited litigations from customers, this in return leads to profitability. Posting accurate customer transactions allows banks to have complete updated list of customer account records as well as its income, expenses, assets and liabilities properly tracked. With this information, banks are able to know where its strengths and weakness are in their transaction operations (Siddiqi, 2011). A business that fails to keep complete and accurate financial records puts its success and sustainability in jeopardy. Providing accurate records of contact with the customer helps in continuity of relationship between firm and the customers (Ouyung, 2010).

The results further revealed that turn-around time is crucial for any customer seeking a service from the financial institution for it facilitates meeting of tight deadlines in business success thus respondents were asked whether BOA staff work on their transactions within the specified promised time frames without being delayed. The results in Table 4.9 show that respondents agreed with a mean of 4.14 and the standard deviation of 0.719 implying wide varying dispersion in the responses. This is consistent with Swartz& Brown (2009) who stated that reliability consists of consistent service delivery in stipulated agreed times set by firms hence, turn-around time is crucial for any customer seeking a service from the financial institution for it facilitates meeting of tight deadlines in business success. Providing service as promised in their right time frames builds a firms' reputation and with good reputationand thus creates high chances of repeat business (Armstrong, 2012). (Hossan, 2012). Ramzi (2010) pointed out that providing services as promised is one of the important factors of customer satisfaction.

The results in Table 4.9 reveal that functionality of ATMs enables customers to make financial transactions 24/7 throughout the whole week without having to queue up in banking halls, this gives customers convenience to their finances to meet their financial obligations. This is clearly shown by the respondents who are in agreement with a mean of 3.72 and the standard deviation of 1.051 implying wide dispersion in the responses. This is in line with Gbadeyan and Gbonda (2011) who suggests that a key determinant of attracting customers through caring is offering diversity of features of service products that will meet their need and wants in the marketplace. This can be done via different technology mediums like 24 hour ATMs. These features provide customers with unlimited access to financial service products showing concern than ever before (Kadir et al., 2011). ATMs must be maintained properly in all the branches of the bank based upon the number of transactions. Thus, twenty four hours accessibility should be made available for the customers through technology based services Bapat Dhananjay(2013).

The results in Table 4.9 reveal that Bank of Africa staff perform their services right the first times this is shown with a mean of 3.79 and a standard deviation of 0.940 implying wide varying dispersion in the responses. This is in line with Toosi & Kohonali, (2011) who assert that in a service firm, the most efficient method for minimizing mistakes is ensuring activities are done right the first time. This involves ensuring that all tasks are done in the required manner first and every other time in a firm. Karim and Chowdhury (2014) further reinstates that doing things right the first time gives customers confidence in entrusting a financial institution with their money since they are assured of correct postings of their finances as directed. This in return wins the financial institution a big share of customers hence customer retention.

According to the results in Table 4.9 above, the respondents agreed to the Bank of Africa systems being available each time they go to carry out their financial transactions with the mean of 4.14 and standard deviation of 0.740 which indicated the respondents had varying views. This is consistent with CP Foo (2010) who stated that organizational systems improved timely response while mitigating risks of emergency service operations. Mugambi (2013) stated that implementation of information systems allows a company‘s internal and external operations to gain speed, precision, simplicity, outreach and networking capacity, which can then be converted into cost reductions and increased effectiveness which is desirable for any service delivery provider. Information systems give timely responses to user needs thereby improving effectiveness of their operations. This is consistent with Laudon & Laudon (2012) who stated that information systems are interactive tools deeply involved in minute to minute operations and decision making. With use of information systems, organizations are increasingly able to monitor and control their interactions and environments in near real-time with their customers (Ahmad & Methmood, 2015).

The results in Table 4.9 acknowledge the accuracy and trustworthiness that Bank of Africa staff exhibit while handling customer cash transactions. This is supported by the mean of 4.13 in agreement and standard deviation of 0.772 implying wide dispersion in the responses that their cash transactions are handled by staff accurately. This means that the accuracy and trustworthiness that Bank of Africa staff exhibit while handling customer cash transactions is satisfactory. The findings affirm that indeed capturing customers' transactions accurately instills the trust they have with an institution and continuously do business with such reliable service providers (Safwan et al., 2010). According to Atlik and Arslan (2009) proper transaction processing enables a bank run more efficiently with limited litigations from customers, this in return leads to profitability. Posting accurate customer transactions allows banks to have complete updated list of customer account records as well as its income, expenses, assets and liabilities properly tracked. With this information, banks are able to know where its strengths and weakness are in their transaction operations (Siddiqi, 2011). A business that fails to keep complete and accurate financial records puts its success and sustainability in jeopardy. Providing accurate records of contact with the customer helps in continuity of relationship between firm and the customers (Ouyung, 2010).

4.3.4 Service Assurance from Bank of Africa and customer satisfaction

The study sought to assess the relationship between service assurance and customer satisfaction. Findings from questionnaires were computed to obtain means, standard deviations. Also findings from interviews were obtained and are presented in thematic statements or quotations and results are presented below. Respondents were required to respond to a number of statements on Service Assurance on customer satisfaction or service assurance customers expect from the bank's services. The following were the results;

Table 4.10 showing the service assurance customers expect from the bank's services

Item	Min	Max	Mean	Std. Devn
Am assured of getting Boa services any time of the day	1	5	3.63	1.059
BOA staff are knowledgeable of the various products I need from the bank which boosts my satisfaction with their services	1	5	3.96	.687
I always feel safe carrying out various transactions with BOA	2	5	4.05	.677
BOA staff are consistently courteous with me whenever I need any assistance from them	2	5	4.09	.688
Am assured of a timely feedback whenever i raise my complaints to BOA staff	1	5	3.93	.832
The behavior of BOA staff towards any kind of customer irrespective their status, gender, account balances, occupation is embracing	1	5	4.17	.674

***Source*: Primary Data (2017)**

The results in Table 4.10 showed that the respondents agreed that they are assured of receiving financial services from Bank of Africa any time of the day with a mean of 3.63 and a standard deviation of 1.059 which indicated wide dispersion of the responses. This is consistent with (Hossan, 2012) who asserts ideal banks will have their customers' best interests at heart, provide customers with variety of banking options, have effective communication and have good administration related to customers. These results affirm that employees in firms should have flexible, stress free workplaces that will enable them deal with customers hence customers assurance of being attended to any time of the day. The compatibility of the materials used for the service will improve overall employee productivity and mission performance which can be achieved by leveraging modern technologies to help address customers' demands promptly in the work environment (Taiwo et al., 2011). Banks' commitment of understanding the needs of their customer is important, as customers may save a large sum of money in banks. When customers are offered with the services that they want at any particular time, they will have a sense of belonging that can result in them being loyal to a particular firm (Chau & Kau 2009).

During the transcribed interview guide on service assurance and customer satisfaction the respondents said

Initiatives BOA has come up with to serve its customers for long hours and weekends in order for customers to be assured of service delivery any time of the day, 24hr ATM service, 24hr mobile wallet service and 24hr contact centre with an operating branch at garden city that operates throughout the week Monday to Sunday,Nakivubo branch and main branch that also have extension of hours from 8.30am to 9pm Monday to Friday.

The results in Table 4.10 indicate that the respondents agreed with the mean of 3.96 that Bank of Africa staffs are knowledgeable of the products in the market, the standard deviation of 0.687 implied varying dispersions of the data. This is in line with Caruana & Malta (2002) who argue that quality service provision is dependent on the credibility of expertise and experience that the staff exhibit while serving customers. According to Gbadeyan and Gbonda (2011) when dealing with a customer, a true professional should always respond in a way that will show they understand customers' needs. The most successful business relationships also have that idea reciprocated in their operations. Mudassar et al. (2013) argued that besides being trained on how to deal with customers, employees should be given the product knowledge to enable them use discretion in informing customers on the progress of their demand and a platform of asking when they are not sure. Employees should know their customers' needs and what they think of the bank. Banks may be able to develop relationships with customers that will benefit both parties by talking to them about their needs. Moreover banks can form a platform where customers can give their views about products or services to ensure that they meet their needs (Saghier & Nathan, 2013).

During the transcribed interview guide on service assurance and customer satisfaction the respondents said.

Inner comfort and trust while dealing with issues of finances is what every individual customer seeks to experience in abid to have assurance of safety of their money. The respondents were therefore asked whether they always feel safe carrying out various transactions with Bank of Africa, the respondents agreed with the mean of 4.05 and the standard deviation of 0.677 implying varying dispersion of the data. This implies that they feel safe while carrying out their transactions. This concurs with Collier, & Bienstock (2006) Inner comfort and trust while dealing with issues of finances is what every individual seeks to experience in a bid to have assurance of safety of their money. These results are consistent with Gbadeyan and Gbonda (2011) who pointed out that keeping customers valuables such as money, securities safe not only gives the customer trust and comfort to deal with such entities but also gives a service provider a good public image which wins them a big size of potential new customers.

The results in Table 4.10 revealed that Bank of Africa staff are consistently courteous with customers whenever they need any assistance from them, this is shown with a mean of 4.09 and standard deviation of 0.832.This is in line with Saghier and Nathan (2013) who argued that customer satisfaction increases if customers feel that they have been served in a way that considers their own personal needs. When delivering customer service, firms frequently deal with a large number of customers who seem to have different needs, but it is important to remember that each customer is an individual and unique with varying tastes and preferences (Chau & Kau 2009). Anything that can be done to make each customer feel that they have had the firms complete attention and have been dealt with personally increases their sense of satisfaction (Boonitt & Rompho, 2012). (Messay,2012) further asserts that creating a two-way communication between customers and the business, tracking customer activities and providing tailored information to customers makes them have a sense of belonging to a given brand or company (Messay,2012).

Furthermore the results in Table 4.10 revealed that customers are assured of timely feedback from Bank of Africa, this is clearly shown with a mean of 3.93 and standard deviation of 0.832 indicating varying responses to the statement. This is consistent with Lau et al. (2013) who pointed out that firms with good service reputations welcome and accept negative feedback from the individual customers. Although they won't make changes based on all of it, or consider all suggestions realistic, they know that it is only by hearing directly from the customer and paying attention that they can identify what is missing in their service delivery and work towards service quality provision. (Timothy, 2012) further reinstates that every interaction with a customer is a chance to pay attention and learn what's important to that individual. From that advantage point, banks may customize the outcome to make it unique to that customer. When done repeatedly, it may seem normal to the service provider but it should be done in a way that it feels personal and unique to the customer each time they are being served (Akbar & Parvez, 2009).

In order to ascertain whether equal transparency to all customers of conduct was not just emphasized by management of the bank but rather exhibited by staff while attending to all customers with various needs, the respondents were asked on whether the behavior of BOA staff towards any kind of customer irrespective their status, gender, account balances, occupation is embracing. The results in Table 4.10 above showed that customers were in agreement with the mean of 4.17 and standard deviation of 0.674 that equal treatment is given to them while attending to their concerns. This is observed by bank staff under supervision of management that reinstates all financial institutions to follow Bank of Uganda financial consumer protection guidelines in bid to have fair treatment of all customers, these include; promoting fair and equitable financial services practices by setting minimum standards for financial services providers in dealing with consumers, Increasing transparency in order to inform and empower consumers of financial services, Fostering confidence in the financial services sector, provision of efficient and effective mechanisms for handling consumer complaints relating to the provision of financial products and services (Bank of Uganda 2011) According to Klemz and Boshof (2011), the major reason for customers to choose banks for investment funds is because of fair treatment for all and reputation of these banks. Banks have to give their word to customers about attending to all their needs irrespective of their bank balances Ahmad & Methmood, 2015).

4.3.5 Customer Satisfaction at Bank of Africa

The study established customer satisfaction at Bank of Africa. Respondents were engaged in answering questionnaires and results are presented below from questionnaires. Results from questionnaires were computed to obtain means and standard deviations are presented below

Table 4.11 Respondent's Opinion on customer satisfaction at Bank of Africa; N= 242

Item	Min	Max	Mean	Std. Devn
Am comfortable carrying out my financial transactions with BOA without any thought of opting to switch to other banks	1	5	3.99	.825
I encourage and recommend friends and relatives to carry out business with BOA	1	5	4.24	.582
Am satisfied with the customer helpline feedback of BOA	2	5	3.86	.936
I will do more business with BOA in the next few years than I do right now	1	5	4.22	.738
I am satisfied with the innovations and creativity like mobile wallet set up by BOA	1	5	4.33	.649
For the years I have banked with BOA they have met my expectations	2	5	4.10	.645

Source: Primary Data (2017)

The results in Table 4.11 revealed that customers are comfortable carrying out their financial transactions with BOA without any thought of opting to switch to other banks agreed with a mean of 3.99 and the standard deviation of 0.825 with wide varying responses. This is in line with Wicks and Roethlein (2009) who argue satisfaction means providing goods and services that create specific levels of perceived value for the customer so that the customer remains engaged positively with the organization such as ease of comfort to carry out financial transactions with the bank without any thought of opting for the next alternative possible. Customers evaluate the service dimension during the delivery process and it is very difficult Laudon & Laudon (2012) further assert that going beyond customer's expectations by providing the reliable services only gives customers a "WOW" factor in their service offerings hence being loyal to their service provider.

The results in Table 4.11 further indicated that customers encourage and recommend friends, relatives to carry out business with Bank of Africa by the mean of 4.24 and the standard deviation of 0.582 which implied that respondents had wide varying views on the statement Fornell et al. (1996) demonstrated that the ability to explain influential questions raised by customers, gives the customer a mentality that their service provider is ideal to work with .This is further reinstated by Anderson and Sullivan 1993) acknowledge the importance of present customers for it's the present satisfied customers that help improve a firms customer base through referrals of their immediate people they relate with. When a customer talks positively about the services they get from a particular entity their peers will want to no more about such a service provider and eventually enrol to receive their services Ladhari (2009)

The results in Table 4.11 showed that customers are satisfied with the customer helpline feedback of Bank of Africa with the mean of 3.86 and the standard deviation of 0.936 indicating wide dispersion in the responses. Regular and honest feedback while informing customers is a must, for this to happen firm staff must be proactive and precise at all times (Armstrong 2012) (Ojo, 2010). This concurs with Sakhaei et al. (2014) who support that important knowledge or skills that relate to the customers should not be possessed by just few people in the bank. This slows down an employee when they need to respond to a customer if they don't have the required information. Banks should have efficient ways of disseminating knowledge among employees in the various departments. This will be widely used and its value and effectiveness are likely to be maximized. Creating a knowledgeable environment in a bank may be beneficial when it comes to giving timely feedback to custoers (Munusamy et al., 2010).

The results in Table 4.11 revealed that the customers will do more business with BOA in the next few years than they do right now. This is showed by the agreed mean of 4.22 and the standard deviation of 0.738 indicating wide dispersion in the responses. This concurs with Mick and Fournier; (1999) customers will always want to carry out more transactions do their future needs and expansions. This can only be possible in case the present service provider is meeting the customers demands.do more business with BOA in the next few years than they do right now. Kuo (2003) further argues that small scale entrepreneurs will always want to deal with the services providers who they have worked with for some time even when the time for their expansion is reached. This is dully to the customer-service relationship built up by a company with its clients to see them successful their businesses.

The results in Table 4.11 further revealed that customers are satisfied with the innovations and creativity set up by Bank of Africa. This is clearly indicated with a mean of 4.33 and the standard deviation of 0.649 indicating wide dispersion in the responses. This is consistent with Peppard & Ward (2016) who argued that new technological innovation systems improve the efficiency of service delivery based on various functions in organizations when technology is used to automate discrete, structured, repetitive, stable information-intensive tasks. This is supported by Mugambi (2013) who stated that for effective and efficient service delivery, organisations need to have acquired information systems for faster and better communication, efficient storage, and retrieval and processing of data and exchange and utilization of information to individuals, groups and customers. Effectiveness in customer service is highly referred to technological innovations that give customers the liberty and convenience to transact at their own convenience (Igbokwe, & Chinyeaka, 2016).

The results in Table 4.11 show that Bank of Africa has met customer expectations for the years they have banked with them, with a mean of 4.10 and the standard deviation of 0.645 which show varying responses. According to Laroche et al (2004), keeping customers happy is key to ensuring that current clients don’t become former clients. Failing to meet deadlines or ignoring customer inquiries can increase client dissatisfaction since their expectations are not met which spurs customers to investigate competitors’ services. Lau et al. (2013) argues that complaints offer banks chance to solve immediate problems. In addition, they often provide useful ideas for improving products and services, changing marketing practices or adjust material and service information. When customers come with complaints, they should not be ignore instead this should give a bank an opportunity to listen to the occasional problems since they can learn to recover from mistakes and serve the clients to their expectations. Handling problems in a professional manner can turn frustrated customers into loyal customers.

4.4 Correlation analysis

The study sought to assess the relationship between service quality of banking institutions and customer satisfaction.

The relationship between service quality of banking institutions and customer satisfaction was investigated using responsiveness, service assurance, tangibility and reliability as dimensions for the independent variable while number of complaints, customer bank switching, low levels of loyalty and service consumption levels was for dependent variable.

4.4.1 Relationship between responsiveness and customer satisfaction

The study to establish a correlation between ***responsiveness and customer satisfaction*** was carried out and results are presented in the table below.

Table 4.13 Showing the a correlation matrix between responsiveness and customer satisfaction

Variable		Responsiveness	Customer Satisfaction
Responsiveness	Pearson Correlation	1	0.366**
	Sig. (2-tailed)		0.000
	N	242	
Customer Satisfaction	Pearson Correlation	0.366**	1
	Sig. (2-tailed)	0.000	
	N	242	242
**. Correlation is significant at the 0.01 level (2-tailed).			

Source: Primary Data (2017)

The results presented in Table 4.13 show that there is a positive significant relationship between bank responsiveness and customer satisfaction as seen from the correlation coefficient r=0.366** P =0.000). The results conclude that respondents felt that the bank staff was readily available and knowledgeable to respondent to their financial needs, complaints in a timely and professional manner. The results also confirm that the Bank’s online banking facilities were convenient and custom-tailored to meet the needs of the customer and in thus delivering satisfaction from the way the financial transactions were offered, which concurs with Laroche et al (2004) keeping customers happy is key to ensuring that current clients don’t become former clients.

4.4.2 Relationship between tangibility and customer satisfaction

The study sought to establish a correlation between tangibility and customer satisfaction which was carried out and results are presented in the tables below.

Table 4.12 Showing the a correlation matrix between tangibility and customer satisfaction

		Customer Satisfaction	Tangibility
Customer Satisfaction	Pearson Correlation	1	0.332**
	Sig. (2-tailed)		0.000
	N		
Tangibility	Pearson Correlation	0.332**	1
	Sig. (2-tailed)	0.000	
	N	242	242
**. Correlation is significant at the 0.01 level (2-tailed).			

Source: Primary Data (2017)

The results in Table 4.12 show that there is a significant positive relationship between tangibility and customer satisfaction. This is supported by a correlation coefficient r =0.332** & P=0.000. The results in Table 4.12 confirm that the BOA's visual presence, special banking halls and branches, professional mode of customer service delivery, transactional technologies, tangible banking items availability and presence of a wide branch network across the country was having a positive effect on customer satisfaction. This concurs with Negi (2009) customers focus on the service tangibles is defined by the ambiance of the banking halls, presence of note counting machines, the actual availability of functional ATMs.

4.4.3 Relationship between reliability and customer satisfaction

The study to establish a correlation between reliability and customer satisfaction was carried out and results are presented in the tables below.

Table 4.14 showing the a correlation matrix between reliability and customer satisfaction

		Customer Satisfaction	Reliability
Customer Satisfaction	Pearson Correlation	1	0.242**
	Sig. (2-tailed)		0.000
	N	242	242
Reliability	Pearson Correlation	0.242**	1
	Sig. (2-tailed)	0.000	
	N	242	242
**. Correlation is significant at the 0.01 level (2-tailed).			

Source: Primary Data (2017)

The findings in Table 4.14 show that there is a significant relationship between reliability and customer satisfaction as evident from a correlation coefficient r=0.242** & P=0.000. The results conclude that accuracy of first-time transaction execution, consistence of ATM functionality, trustworthiness of customer transaction handling especially cash transactions, timely effecting of transfer of non-cash transactions, availability of BOA's banking systems were having a positive effect on customer satisfaction. This is in agreement Laroche et al (2004) explain that it is crucial for banks to better understand the changing customers' needs and respond with the latest information technology system in order to compete more effectively with global organizations.

4.4.4 Relationship between service assurance and customer satisfaction

The study to establish a correlation between service assurance and customer satisfaction was carried out and results are presented in the tables below.

Table 4.15 showing the a correlation matrix between service assurance and customer satisfaction

Variable		Customer Satisfaction	Service assurance
Customer Satisfaction	Pearson Correlation	1	0.583**
	Sig. (2-tailed)		0.000
	N	242	242
Service assurance	Pearson Correlation	0.583**	1
	Sig. (2-tailed)	0.000	
	N	242	242
**. Correlation is significant at the 0.01 level (2-tailed).			

Source: Primary Data (2017)

The findings in Table 4.15 above show that there is a strong significant positive relationship between customer satisfaction and service assurance as seen from a correlation coefficient r=.583** (P =0.000). The findings indicate that unlimited access to financial services, Staff knowledge of bank's products, safety of financial transaction, staff courtesy and reception, timely feedback to customers, equal treatment of all customers were having a significant effect on the degree of customer satisfaction that was derived from banking services.

Bowen & David (2005) is a procedure or set of procedures intended to improve performance and provide management guidance in service based firms to achieve customer satisfaction.

4.5 Regression Analysis

A regression analysis was carried out to identify the extent to which responsiveness, service assurance, tangibility and reliability predicted the degree of customer satisfaction.

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.625[a]	0.391	0.380	0.36573		
a. Predictors: (Constant), Reliability, Responsiveness, Assurance, Tangibility						
Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.973	0.285		3.415	0.001
	Responsiveness	0.13	0.048	0.155	2.729	0.007
	Tangibility	0.153	0.06	0.145	2.541	0.012
	Assurance	0.535	0.06	0.497	8.919	0.000
	Reliability	-0.017	0.056	-0.017	-0.299	0.765
a. Dependent Variable: Customer satisfaction						

Source: Primary Data, (2017)

The results in Table 4.16 indicate that responsiveness, service assurance, tangibility and reliability predicted only 38.0% to the degree of customer satisfaction as evident from adjusted R squared =0.380. The most significant predictor of customer satisfaction was Service assurance (Beta=0.497, Sig = 0.000) followed by Responsiveness (Beta =0.155, Sig=0.007) and tangibility with a predictor value of Beta=0.145 (Sig=0.012). The finding also indicate that Reliability was not a significant predictor of customer satisfaction (Beta=-0.017, Sig=0.765) because the value of the Beta value was not significant 0.01 and 0.05 significant levels.

4.5 Conclusion

The results in this chapter conclude that responsiveness, reliability, tangibility and service assurance had a positive relationship with customer satisfaction. This relationship was mostly dependent on how the services were delivered to the customers.

CHAPTER FIVE

SUMMARY OF STUDY FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

The study examined service quality of banking institutions and customer satisfaction. The chapter adopted four research objectives that included assessing the relationship between tangibility of service and customer satisfaction, analyzing the relationship between responsiveness of service provision and customer satisfaction, assessing the relationship between reliability of service provision and customer satisfaction and analyzing the relationship between service assurance and customer satisfaction.

This chapter presents the summary of findings, conclusions and recommendations of the study according to the findings in the study objective in chapter four.

5.1 Summary of Study findings

5.1.1 The relationship between responsiveness in service provision and customer satisfaction.

The first objective was to assess the relationship between responsiveness in service provision and customer satisfaction.

The results in Table 4.13 show that there is a significant positive relationship between bank responsiveness and customer satisfaction as seen from the correlation coefficient r=.0366** (P =0.000). This implies that responsiveness has a significant relationship on the degree of customer satisfaction that was derived from banking services.

5.1.2 The relationship between tangibility of banking institutions and customer satisfaction.

The second objective was to assess the relationship between tangibility of service and customer satisfaction,

The correlation results in table 4.12 show that there is a significant positive relationship between tangibility of service and customer satisfaction as seen from the correlation coefficient r=.0332** p= 0.000). The results conclude that the tangibility of Bank of Africa was satisfactory since the customers felt that the bank' ambiance and appearance was appealing to customers to have their financial transactions carried out with Bank of Africa.

5.1.3 The relationship between reliability of service provision of banking institutions and customer satisfaction

The third objective was to assess the relationship between reliability of service provision and customer satisfaction.

The correlation analysis results in Table 4.14 show that there is a significant positive relationship between reliability and customer satisfaction. This is supported by a correlation coefficient r =0.242** (P=0.000). This implies that reliability has a relationship with the degree of customer satisfaction that was derived from banking services.

5.1.4 The relationship between service assurance of banking institutions and customer satisfaction.

The last objective was to assess the relationship between service assurance and customer satisfaction

The correlation results in table 4.15 show that there is a positive significant relationship between service assurance and customer satisfaction as evident from a correlation coefficient r=.583** (P=0.000). This implies that service assurance is related to customer satisfaction derived from banking services.

5.2 Conclusions

Based on the findings of the study, it is concluded that for every timely customer response made, there would be an increase in service delivery. This indicated a positive relationship between responsiveness and customer satisfaction. It was further concluded that responsiveness had statistically a significant relationship with customer satisfaction. This implies that there is a relationship between responsiveness and customer satisfaction. This answered the research question what is the relationship between responsiveness and customer satisfaction? Other factors of timeliness, accuracy, staff availability contributed more to service delivery. There were gaps in the timeliness of customer feedback, however effort in management is working on having more customer feedback platforms to resolve the issue.

The findings also revealed that tangibility of bank premises contributes to customer satisfaction. This was indicated by a positive relationship between tangibility and customer satisfaction. It was further concluded that there is a statistically significant relationship between tangibility and customer satisfaction. Answering the research question what is the relationship between tangibility and customer satisfaction? This was supported by the availability of spacious banking halls with waiting areas, notice boards with bank products, professional staff, high technology machines and wide bank branch coverage which made customer bank transactions faster, prompt and well attended to inquiries. However management should put into consideration the issue of increasing the size of bank branches which brings congestion especially during peak seasons when majority of customers want to make financial transactions.

More to that, from the study findings, it is concluded that for bank staff and systems being reliable at all times increases customer satisfaction. This indicated by a positive relationship between reliability and customer satisfaction. It is further concluded that reliability had a statistically significant relationship with customer satisfaction. This answers the research question, what is the relationship between reliability and customer satisfaction? Implying reliability affects customer satisfaction. Reliable bank systems, online platforms, bank staff were put into place which assist in reduced operational expenses, appropriate for current bank needs and met customer expectations. However there was a problem of system failure with regard to the ATMs and the mobile wallet platform which left customers dissatisfied when they needed to use these facilities. Therefore more effort should be put in backup systems or regular maintenance of these facilities to avoid their break down.

The findings further revealed that service assurance from the bank service provisions gives customers' confidence to keep their accounts with Bank of Africa. This was indicated by a positive relationship between assurance and customer satisfaction. It was further concluded that there is a statistically significant relationship between service assurance and customer satisfaction. Answering the research question what is the relationship between service assurance and customer satisfaction? This was supported with the results from the respondents' responses, which showed that customer complaints were responded to in time, bank staff offered timely responses to customer requests as well as equal treatment of all customers by banking staff. Therefore management should ensure that it has proper systems that customer financial services are assured any time a customer needs a service to keep them satisfied as well as equipping staff with the necessary information and gadgets to serve customers appropriately.

5.3 Recommendations

The following recommendations are drawn basing on the study findings. They are given basing on the results as per the specific objectives; responsiveness, tangibility, reliability, service assurance and their relationship with customer satisfaction.

5.3.1 Responsiveness and Customer Satisfaction

The study recommends commercial Bank of Africa to always be responsive to the needs of customers through ensuring that their employees are readily available to respond to financial needs whenever they are consulted by customers, provision of prompt services and response to all their financial transactions this can be done through refresher product knowledge trainings to keep staff updated with all bank products.

The study further recommends that Bank of Africa and all other banking institutions should maintain a well-documented dispute resolution framework. This helps to guide all parties to fulfill their respective obligations and avoid delays in the execution of transactions.

5.3.2 Tangibility and Customer Satisfaction

The study recommends that Bank of Africa should innovate new ways of service delivery to enhance the way they respond to customer needs so as to avoid delayed service provision. This can well be achieved through the new communication channels such as the mobile banking and embracing the new agent banking system to give customers convenience to transact.

5.3.3 Reliability and Customer Satisfaction

The study recommends that Bank of Africa to put in place backup systems for system failure and also carry out regular maintenance on bank equipments such as counting machines, glory machines, printers to avoid delays in carrying out customer transactions.

Furthermore the study recommends that Bank of Africa should as well carry out system upgrades on the mobile banking and the mobile wallet platforms to avoid any inconveniences to customers due to occasional system failures to maintain reliability of the bank services towards customers.

5.3.4 Service Assurance and Customer Satisfaction

The study recommends that Bank of Africa should institute a well-established framework to monitor all staff while attending to customers to ensure that they carry out their duties as per the stipulated BOA Customer service charter to ensure that customers are well attended to thus being assured of quality services at all times This will minimize the errors likely to occur while offering services, hence improved customer satisfaction.

In addition, the study recommends that Bank of Africa management should regularly hold meetings with staff, this helps to get regular reports on the progress of service delivery and take corrective measures where necessary to ensure the delivery of quality service which enhances customer satisfaction.

5.4 Suggestions for Further Research

The researcher suggests the following areas for further research:

Other studies should be carried out to explain other service quality variables not included in this study.

Furthermore, since the study was carried out only at Bank of Africa and yet there are other commercial banks that have service quality for instance Bank of Baroda (U) Limited, Diamond Trust Bank, Stanbic Bank (U) Limited, and Equity Bank among others, the conclusions may not be applicable to all other banks. Therefore, a similar study may also need to be undertaken in these different commercial banks to have an in-depth view.

Finally, the following other areas could specifically be thought about in respect to customer satisfaction;

i) Employee performance and customer satisfaction.

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APPENDIX I: QUESTIONNAIRE

RESEARCH QUESTIONNAIRE TO BANK OF AFRICA UGANDA CUSTOMERS. (QUESTIONNAIRE 1)

Dear respondent, I am Diana Nansereko Registration Number 2015-M102-20100, a Graduate student of Uganda Martyrs University Nkozi pursuing a Master's Degree in Business Administration, Iam carrying out a research on "The Role of service quality of banking institutions on customer satisfaction (Case Study Bank Of Africa, Kampala road branch) This research is purely intended for academic reasons only. Please spare time and provide response to the questionnaire all submissions will be treated with utmost confidentiality.

Section A

BACKGROUND INFORMATION (Please tick as appropriate)

a) **Highest Academic qualification of the respondent**

High School	Diploma	Degree	Masters	Professional	Other Specify

b) **Age of respondent**

Below 25 years	23 – 35 years	36 – 45 years	46 – 55 years	Above 55 years

c) **Gender of the respondent**

Male	Female

d) **Number of years you have been a BOA Customer**

1-2	3-5	5-10	10-15	15 and above

What type of customer are you?

Personal account customer ☐

Joint Account customer ☐

Business account customer ☐

Institutional account customer ☐

Type of Occupation

Self employed ☐

Formally employed ☐

SECTION B:

The tables below present various aspects of the role of quality of service on customer satisfaction. Kindly indicate the extent to which you agree or disagree with the said issues.

(SD Strongly Disagree **D** Disagree **NA** Not Aware **A** Agree **SA** Strongly Agree)

Responsiveness of Bank of Africa Services and customer satisfaction

ITEM	**SD**	**D**	**NA**	**A**	**SA**
BOA Employees are readily available to respond to my financial needs whenever i need any financial assistance					
BOA staff respond to all my financial transactions e.g. loan applications, TTs, account debits& credits, bank statements within the specified time frame					
BOA staff respond to the complaints i raise satisfactorily					
I find Online BOA responsiveness to my financial needs very convenient					
BOA Staff are approachable and serve me appropriately					
I receive prompt services from Bank of Africa					

Reliability of Bank of Africa services and customer satisfaction

ITEM	SD	D	NA	A	SA
Bank of Africa staff show sincere interest in solving customer problems					
BOA staff work on my transactions within the specified time frames without being delayed					
BOA ATMs function regularly without any disruptions					
BOA staff perform their services right the first time					
BOA systems are ever on whenever am being served at all work stations i.e. Till area, customer service, credit section, Treasury etc					
BOA staff handle my cash transactions i.e. deposits & withdraws accurately without errors					

Service Assurance of Bank of Africa services and customer satisfaction

	ITEM	SD	D	NA	A	SA
1.	Am assured of getting Boa services any time of the day					
2.	BOA staff are knowledgeable of the various products I need from the bank which boosts my satisfaction with their services					
3	I always feel safe carrying out various transactions with BOA					
4	BOA staff are consistently courteous with me whenever I need any assistance from them					
5	Am assured of a timely feedback whenever i raise my complaints to BOA staff					
6	The behavior of BOA staff towards any kind of customer irrespective their status, gender, account balances, occupation is embracing					

Tangibility of Bank of Africa services and customer satisfaction

ITEM	SD	D	NA	A	SA
The interior and exterior of BOA branches are visually appealing and spacious i.e audio visual screen, public notice board, enough waiting queue chairs					
BOA specialized tailored banking places which provide prompt customer services					
BOA staff are professionally dressed and presentable					
BOA has high standard machines that make their transactions fast eg note counting machines, coin counting machines, Visa facility ATMS.					
Availability of tangible items eg deposit slips, withdraw slips, e-utilities slips, bank slips in BOA banking halls gives me satisfaction for the services offered					
Availability of BOA branches in various places across the country gives me convenience to transact wherever I go					

Indicators of Customer satisfaction

Item	SD	D	NA	A	SA
Am comfortable carrying out my financial transactions with BOA without any thought of opting to switch to other banks					
I encourage and recommend friends and relatives to carry out business with BOA					
Am satisfied with the customer helpline feedback of BOA					
I will do more business with BOA in the next few years than I do right now					
I am satisfied with the innovations and creativity like mobile wallet set up by BOA					
For the years I have banked with BOA they have met my expectations					

Thank you for your Time

APPENDIX II: INTERVIEW GUIDE

Dear respondent, I am Diana Nansereko Registration Number 2015-M102-20100, a Graduate student of Uganda Martyrs University Nkozi pursuing a Master's Degree in Business Administration, Iam carrying out a research on "Service quality of banking institutions and customer satisfaction(Case Study Bank Of Africa, Kampala road branch)This research is purely intended for academic reasons only. Please spare time and provide response to the questionnaire all submissions will be treated with utmost confidentiality.

SECTION A:

The role of Responsiveness on customer satisfaction

1. What avenues has BOA come up with to offer prompt services?

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2. Do these platforms operate 24/7 and what is in incase they are off ,how long does it take for you to access them again?

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SECTION B:

The role of service tangibility on customer satisfaction

1. What innovations has BOA come up with to maintain the interior and exterior of its branches convenient and appealing?

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2. Is Bank of Africa strategically located wherever you go? 'If No, which places do you recommend other branches to be set up and why?

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SECTION C:

The role of reliability on customer satisfaction

1. What mechanisms does BOA have in offering its services in the specified time frames?

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2. What controls does BOA have to make sure that its customer's finances are safe and transactions are correctly posted?

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SECTION D:

The role of Service Assurance on customer satisfaction

1. Are bank of Africa staff in position to answer your questions on various products inquiries you make in a satisfactory manner?

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2. What initiatives has BOA come up with to serve its customers for long hours and weekends in order for customers to be assured of service delivery any time of the day?

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Thank you for your Time

Appendix III: Table for Determining Sample Size for a Finite Population

N	*S*	*N*	*S*	*N*	*S*
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	1000000	384

Note.—*N* is population size. *S* is sample size.

Source: Krejcie & Morgan, 1970

APPENDIX IV: RELIABILITY TEST

Reliability Statistics for Tangibility

Cronbach's Alpha	N of Items
.884	06

Reliability Statistics for Responsiveness

Cronbach's Alpha	N of Items
.830	06

Reliability Statistics for Reliability

Cronbach's Alpha	N of Items
.945	06

Reliability Statistics for Assurance

Cronbach's Alpha	N of Items
.901	06

Reliability Statistics for Customer satisfaction

Cronbach's Alpha	N of Items
.815	10