**BANK CHARGES AND CUSTOMER SATISFACTION IN THE NIGERIA BANKING SECTOR**

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**Abstract**

This study is on the bank charges and customer satisfaction in the Nigeria banking sector. The total population for the study is 200 staff of UBA, Onitsha. The researcher used questionnaires as the instrument for the data collection. Descriptive Survey research design was adopted for this study. A total of 133 respondents made human resource managers, accountants, customer care officers and marketers were used for the study. The data collected were presented in tables and analyzed using simple percentages and frequencies

**CHAPTER ONE**

**INTRODUCTION**

* 1. **Background of the study**

Customers are presumed the stakeholders of an organization and for an organization to flourish, the needs of the customers must be met. Without the presence of customers, the goals and objectives of an organization will not be achieved. It is therefore pertinent to carry out a research on the behaviors of customer, because knowledge of this will help an organization know how to deal rightly with their customers. In the 80s, the banking sector of Nigeria did not have many policies as regards the way customers’ services should be met. During this era, the number of banks increased, there was availability of foreign reserves, the GDP increased and there was job creation. The banking sector contributed enormously to the economic growth of Nigeria (Adeoye, 2007). In 2005, 2006, 2007 and 2008 were 8.1, 9.2, 9.8 and 10.6 respectively (CBN, 2009). The truth still remains that the banking sector does not only contribute to the growth of Nigeria alone, but in a way contributes to the economic growth of surrounding African countries. The satisfaction of customers should be the primary aim of any organization. Retail banks use customer satisfaction as a tool to measure their quality and management of customer relationship with customers (Mihelis et al., 2001). In addition, customer satisfaction as a marketing tool helps an organization know its strengths and weaknesses while offering its products and services. Customers could prove dissatisfaction of either the products or services of a bank either through complaints or raining abuses on the bank. When customers complain of dissatisfaction, it can affect the customers’ loyalists and further make them to patronage other competitors. However, when customers are satisfied, it makes them happy, fulfilled and excited (Hoyer and MacInnis, 2001). It creates this impression that the value of their money is fully achieved and they will not think of switching banks. Also, it will make customers good referrals of their banks, subsequently bringing in new customers. There are four factors that assess the customer satisfaction in banks: optimum facilities of a branch, economic satisfaction (bank charges and interest rates), presence of e-banking and Automated Teller Machine (ATMs) (Chakrabarty 2006). Service and product quality are the measures banks need to put in place to serve their customers efficiently. Meanwhile, banks in Nigeria through their services, most especially when it has to do with charges make their customers dissatisfied. Recently, the Central Bank of Nigeria approved some laws with regards to charges on banks’ customers. Some of those charges include: a charge of N1.00 for every debit transaction done on a current account, the N50 stamp duty on non-oil revenue transactions, N100 e-DMMS Application fee for investors, the N65 ATM withdrawals from other banks and NSE/CSCS Trade Alert. Charges of these sorts have the tendency of affecting the customers and purposively, the bank. There are cases of bank customers storming the bank, most especially the customer service unit to find out why some certain amounts were deducted from an account. Cases like this can leave the customer angry, lost of customers’ trust, customers’ switching to other banks and the reputation of the bank being at risk. However, Nigerians complain a lot about the charges of banks on their customers, and United Bank for Africa plc (UBA) is a clear culprit of this. This is why this study is meant to discover how bank charges affect customer satisfaction.

**BRIEF HISTORY OF UNITED BANK FOR AFRICA (UBA)**

UBA’s has more than 65 years of providing uninterrupted banking operations dating back to 1948 when the British and French Bank Limited (“BFB”) commenced business in Nigeria. BFB was a subsidiary of Banque Nationale de Crédit (BNCI), Paris, which transformed its London branch into a separate subsidiary called the British and French Bank, with shares held by Banque Nationale de Crédit and two British investment firms, S.G. Warburg and Company and Robert Benson and Company. A year later, BFB opened its offices in Nigeria to break the monopoly of the two existing British owned banks in Nigeria then. Following Nigeria’s independence from Britain, UBA was incorporated on 23, February 1961 to take over the business of BFB. UBA eventually listed its shares on the Nigerian Stock Exchange (NSE), in 1970 and became the first Nigerian bank to subsequently undertake an Initial Public Offering (IPO). UBA became the first sub-Saharan bank to take its banking business to North America when it opened its New York Office (USA) in 1984 to offer banking services to Africans in Diaspora. Today’s UBA emerged from the merger of then dynamic and fast growing Standard Trust Bank, incorporated in 1990 and UBA, one of the biggest and oldest banks in Nigeria. The merger was consummated on August 1, 2005, one of the biggest mergers done on the Nigerian Stock Exchange (NSE). Following the merger, UBA subsequently went ahead to acquire Continental Trust Bank in the same year, further expanding the UBA brand. UBA subsequently acquired Trade Bank in 2006 which was under liquidation by the Central Bank of Nigeria (CBN).

**1.2      Statement of the problem**

It is very obvious the way bank customers in Nigeria are switching from one bank to the other seeking for a bank with lower bank charges. Bank charges by banks in Nigeria have left Nigerians unsatisfied with the services offered. However, the high level of illiteracy among Nigerians contributes to the bank charges meted on them. In the sense that, Nigerians unknowingly accept to some terms without a clear understanding of its implication. For instance, some bank customers subscribe for some alerts (credit, debit and ATM alerts) without the knowledge that it will be deducted from their accounts. In addition, customers are not well enlightened about the services of the bank and what follows, and this poses a problem at the end of the day. Another problem bank charges can have on its customers; is that it can affect the reputation of the bank. Customers will go about complaining to friends and family members about how their bank charges and this will discourage prospective customers, thereby reducing productivity. In conclusion, the tenet of business which refers to customers as king is being forfeited; as they are left unhappy and discouraged through the products and services of the bank.

* 1. **OBJECTIVE OF THE STUDY**

The major objective of this study is to examine bank charges and customer satisfaction in the Nigerian banking sector.

Other specific objectives include:

1. To determine the significant difference between bank charges and customer satisfaction.
2. To determine how well Nigerians are informed about bank charges.
3. To determine the relationship between bank charges and the economy.
4. To determine if bank charges affect bank’s productivity.
5. To determine if the Federal government can scrape out bank charges.
6. To determine if bank charges can discourage Nigerians from saving in the bank.
   1. **RESEARCH HYPOTHESES**

For the successful completion of the study, the following research hypotheses were formulated by the researcher;

**H0:** there is no significant difference between bank charges and customer satisfaction

**H1:** there is significant difference between bank charges and customer satisfaction

**H02:** there is no relationship between bank charges and the growth of Nigeria economy.

**H2:** there is relationship between bank charges and the growth of Nigeria economy.

* 1. **SIGNIFICANCE OF THE STUDY**

This study is meant to educate the general public, the banking sector and the government on bank charges and customer satisfaction in the Nigerian banking sector. It is meant to bring to the knowledge of the banking sector on the need to carry their customers along in other to grant them the needed satisfaction they require. In addition, the study is meant to inform the banking sector, that many charges on their customers can affect their patronage. However, this study is meant to bring to the knowledge of the government that they can through the CBN help curtail these chargers on customers. This study will be of immense benefit to other researchers who intend to know more on this topic and can also be used by non-researchers to build more on their work. This study contributes to knowledge and could serve as a guide for other work or study.

* 1. **SCOPE AND LIMITATION OF THE STUDY**

This study is restricted to bank charges and customer satisfaction in the Nigerian banking sector, a case study of UBA plc, Onitsha. The researcher encounters some constrain which limited the scope of the study;

**a) AVAILABILITY OF RESEARCH MATERIAL:** The research material available to the researcher is insufficient, thereby limiting the study

**b) TIME:** The time frame allocated to the study does not enhance wider coverage as the researcher has to combine other academic activities and examinations with the study.

**c) Organizational privacy**: Limited Access to the selected auditing firm makes it difficult to get all the necessary and required information concerning the activities.

**1.7 DEFINITION OF TERMS**

**Bank charges:**This covers all charges and fees made by a bank to their customers. In common parlance, the term often relates to charges in respect of personal current accounts or saving account. These charges may take many forms, including: monthly charges for the provision of an account.

**Customer satisfaction:**Is a marketing term that measures how products or services supplied by a company meet or surpass 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.

**Banking sector:**This is the section of the economy devoted to the holding of financial assets for others, investing those financial assets as leverage to create more wealth, and the regulation of those activities by government agencies.

**1.8 ORGANIZATION OF THE STUDY**

This research work is organized in five chapters, for easy understanding, as follows

Chapter one is concern with the introduction, which consist of the (overview, of the study), historical background, statement of problem, objectives of the study, research hypotheses, significance of the study, scope and limitation of the study, definition of terms and historical background of the study. Chapter two highlights the theoretical framework on which the study is based, thus the review of related literature. Chapter three deals on the research design and methodology adopted in the study. Chapter four concentrate on the data collection and analysis and presentation of finding. Chapter five gives summary, conclusion, and recommendations made of the study

**CHAPTER TWO**

**REVIEW OF RELATED LITERATURE**

**2.1 INTRODUCTION**

Croxford et al (2005) state that banking as a single industry entails a dozen businesses, such as corporate banking, investment banking, small business banking, wealth management and capital markets. The authors further mention that retail banking is characterized by large numbers of customers, accounts and transactions, a variety of products and services, a high level of dependency on technology and terrific levels of cooperation between banks, retailers, businesses and consumers. Therefore, retail banks use customer satisfaction as a modern approach to monitor their quality and also as a tool for ensuring the development of a truly customer-focused management and culture (Mihelis et al., 2001). The authors further state that assessing the level of a company’s customer satisfaction enables immediate, meaningful and objective feedback about customers’ preferences and expectations. Furthermore, the authors state that as a result of assessing, the company is able to know its strong and weak links in provision of their services and products that are focused on ensuring customer satisfaction. This is key for the long-term survival of companies. In this respect, customer satisfaction can be differentiated in two ways: transaction-specific and cumulative. According to Anderson et al. (1994) transaction-specific perspective refers to post-choice evaluative judgment of a specific purchase occasion and cumulative refers to the overall evaluation of a good or service after purchase. Failure to ensure maximum customer satisfaction leads to customer dissatisfaction. Dissatisfied customers usually switch banks, involve themselves in negative words-of-mouth (Abubakar et al., 2014) and customer complains (Shi and Zhao, 2007). However, proper handling of dissatisfied customers, for instance those with complaints usually reinforces their loyalty (Kitapci and Dortyol, 2009). Therefore, it can be concluded that customer satisfaction is associated with feelings of happiness, acceptance, excitement, relief and delight (Hoyer and MacInnis, 2001). These feelings can be achieved by customers when employees are also satisfied (Babakus et al., 2003). Employee satisfaction is created when there is a favorable working environment for employees, good remuneration, availability of promotional opportunities and fair treatment from management and the company at large. Besides employee satisfaction, customer satisfaction is also influenced by seven other factors namely: employee responsiveness, appearance of tangibles, social responsibility, service innovation, positive word-of-mouth, competence and reliability (Singh and Kaur, 2011). According to Gupta and Dev (2012), satisfaction of customers in the banking industry is key because satisfied customers are able to bring in 100 new other customers because of their ambassadorial roles in communicating positively about their experiences with their respective banks. However, dissatisfaction of customers proves more costly to banks because of the charges that can be involved in bringing in new customers, for instance advertising costs. In addition, dissatisfied customers can be involved in constant complains and return of sold items (Hoyer and MacInnis, 2001) and usually they can influence 1,000 potential customers to have a negative feeling about the company (Gupta and Dev, 2012). Furthermore, for banks to ensure that no dissatisfaction is encountered by their customers, they need to take note of the important elements of customer satisfaction. Service quality is one of the elements of customer satisfaction (Chakrabarty, 2006). This is because provision of quality services ensures retention and survival of companies. Price is the second element of customer satisfaction (Wruuck, 2013). Furthermore, price is the main reason why customers switch banks (Matzler et al., 2006). Other elements of customer satisfaction are future intentions, situational factors, service features and complaint handling (Molina et al., 2007).

**2.2 BANK SERVICES**

Banks as financial intermediaries have two basic traditional functions: deposit collection and lending. All services rendered by banks are more or less incidental to these two functions. For instances when banks collect deposits from customers for safe-keeping, they go ahead and pay interest to these customers. This is a way of encouraging the customers to save more. Other bank services either help to retain the deposit of customers by providing them with a one-shop facility where they can have access to other services or help to create an outlet for lending.

**2.3 BANKING SECTOR IN NIGERIA**

Banks play a role of considerable economic significance as intermediaries in mobilizing public savings and channelizing the flow of funds for productive purposes, keeping on the process of the economic growth of the country. In realizing the importance of the role of the banks in economic development, government of Nigeria took several major initiatives after the country attained independence in 1960 to gear the banking system to serve the national objective which is to maintain the country’s steady financial flow and to also safe guide the cash deposits of Nigerian’s (Singh and Arora 2011:45). These major steps became imperative because an efficient financial sector is an engine for economic growth of any nation. Infact, it converts the fuel of savings into kinetic energy for the economy (Singh and Arora 2011:46). Another government financial reform in Nigeria began in 2004 which is just a consolidation programme, necessitated by the need to strengthen the banks. Thus, these reforms actually got to the climax following the banking crisis of 2008. The Central Bank of Nigeria articulated a blue print known as “The Project Alpha Initiative” for reforming the Nigerian financial system in general and the banking sector in particular. As a result, banks were consolidated through mergers and acquisitions, raising the capital base from N2 billion to a minimum of N25 billion, this reduced the number of banks from 89 to 25 in 2005, and later to 24 (Sanusi 2012:117). As reported by Ayo et al. (2007), virtually all the 24 banks in Nigeria that survived the recapitalization exercise engaged the use of ICT for efficient service delivery. All the banks have one form of e-Payment system or the other (Gbolahan, 2005). E-payment systems simply involve automated processes of exchanging monetary value among parties in business transactions and transmitting this value over the information and communication technology (ICT) networks. The common e-Payment channels include the payment cards (debit or credit), online web portals, point of sales (POS) terminals, automated teller machines (ATM), mobile phones, automated clearing house (ACH), direct debit/deposit and real time gross settlement (RTGS) system (Nnaka, 2009). Presently, banks in Nigeria are adding value to their services for customer’s satisfaction. The customers have more choices in choosing their banks because the new age IT (Information Technology) is bringing about sweeping changes in the banking industry, forcing them to reengineer many of their basic processes and systems. Few of the technology-driven electronic banking services being offered are viz. Automated Teller Machines ATM, Electronic Clearing Service (ECS), Electronic Funds Transfer (EFT), tele-banking, internet banking etc. New technological capabilities are now being effectively used to create value and to better manage customer relationship. Without mincing word, Ayo and Ukpere (2010: 1153) affirmed that out of all the information technology innovations that awashed the banking industry, the automatic teller machine (ATM) is the most widely used e-Payment instrument in Nigeria. It is responsible for about 89% (in volume) of all e-Payment instruments since 2006 to 2008, before the emergence of better e-banking technologies. Reddy (2001) stated that technology in banking service in Nigerian banking sector today has become a veritable tool for achieving greater success owing to the fact that the efficiency of a banking sector depends upon how best it can deliver services to its target customers, in order to survive in today’s competitive environment and provide continual customer satisfaction. Most importantly, the providers of banking services are now required to continually improve the quality of services to meet customer’s satisfaction.

**2.4 REASONS WHY PEOPLE USE A BANK‟S SERVICES**

1. To keep their funds safe and secure. There can be little doubt that this is the most fundamental and important reason of all. Cash kept at home will always represent a serious security hazard, and the greater the amount of cash kept there, the greater the hazard.

2. To obtain interest payments and other return on investment. In many respects this reasons goes hand-in-hand with the first one: people rightly regard interest payments and other returns as the reward for putting their money in a safe place.

3. To obtain convenient access to cash. Once the customer’s funds are in safe hands and interest is being earned on them, the next most important reason for using bank’s services is to give the customers access to cash. The majority of counter transaction undertaken at a bank branch involved the cashing of a cheques or

4. To obtain convenient access to payment facilities. After the need to obtain access to cash, obtaining access to payment facilities is clearly the customer’s next big priorities. The new banking reform has brought about revolution in banking by proving customers with a remarkable range of payment facilities, mainly based around the plastic bank card.

5. To obtain access to loan facilities. Most customers -even very wealthy ones need access at some point in their lives to facilities to borrow money especially in order to buy especially in order to buy expensive items like machinery, vehicles or property. Facilities could also be in form of overdraft, which allows a customer to withdraw funds from his account or make payments from it over and above what his has in the account. Overdraft limits will typically be marked in advance and the customer is expected to adhere to them. The principal difference between loan and overdraft is that the loan is regarded as drawn as soon as it is made, with interest being levied on the whole amount of the loan, and whereas with the overdraft, interest is only levied on funds withdraw as part of the overdraft facility.

6. To obtain status and equality with peer groups. This is an increasingly important customer motivation for using a bank’s services. Typical examples of products that seek to exploit the status-seeking desire of some customers are gold and platinum credit cards which usually come with certain special privileges, as well as access to a range of banking services. Products that confer equality with peer groups are mainly important to the young. Most banks have some products designed to be targeted at younger customers, and usually marketed and advertised according to a youthful theme. Status seeking on the part of well-paid professional is an increasingly important motive for using and buying banking services, and likely to become even more important in the recent times. Banks are keen to increase their customer base of hardworking people with high incomes and will take all sorts of steps to win customers over using products that convey status.

**2.5 THE FACTORS AFFECTING DEMAND FOR BANK SERVICES**

These are the factors that can cause a customer to buy or not to buy a particular service. These are:

1. The Price of the service

2. The Technology

3. Changes in Taste & Preference

4. The Price of other commodities (services)

5. Population (i.e. number of people demanding for the service)

6. Changes in income and wealth of customer

**2.7 SETTING THE RIGHT PACE**

Many commercial banks will say that price or interest rate is the most important factor in winning or losing business. If this is so, it implies that in all other respects of the bank relationship there is no difference between offerings in the market place. That is to say, banking services are no more or less than the sale of commodities which is solely a function of price. Clearly, this is not so and no self-respecting banker would deny his skills as a businessman able to solve business problems for his customers. Consequently, we need to consider what exactly is meant by price and what its role is in selling banking service. To find the answer it is important to look at the question from the customer’s point of view. Indeed, think back to when you last made a purchase of a significant item. Were you guided solely by considerations of price or was it a more subtle decision? If one considers the purchase of a portable television set, the reality is that you will consider the following points;

1. The quality of the picture

2. The record of reliability for this type of set

3. Whether a guarantee is provided for what period of time

4. The general image of the manufacturer

5. Availability of set/delivery time

6. Maintenance facilities

7. Credit Facilities

Price is not mentioned above although, of course, it is an important factor. In deed it is likely that in reviewing the range of sets available, you will have had as much if not greater influence on decision. Taking this into the banking field, the reality is that whilst price, plays its part, other factors are also important. So, in looking at a mortgage facility, the prospective customer is very interested to know the following:

1. How much can be borrowed?

2. How long the repayment period will be?

3. How quickly a mortgage can be arranged?

4. Whether any assistance can be given on bridging a sale to purchase a transaction.

5. If the bank can introduce a solicitor, surveyor and other professionals.

6. If the provision of a mortgage will have any effect on obtaining a loan to improve the property.

These are dominant factors and only after they have been resolved satisfactorily will the question of price come into play. In fact, price in this case is defined in interest rate terms and yet the customer is generally more interested in how much it will cost each month. As an example in the corporate sector, let us consider a long term loan for buying plant and property to assist in the expansion of a company. Here, it must be remembered that the decision maker is not as straight forward as in personal sector and indeed may include more than one person. Consequently, a decision will be taken after careful appraisal of:

1. How much will be lent?

2. Duration to return the borrowed sum

3. What security will be needed?

4. Is there a repayment holiday on the phase of the loan?

5. Is it necessary to supply large amount of data/information to the bank to get agreement?

6. As the finance director, does it make my life easier?

7. As the owner of the business, does this have any adverse effect on getting my capital out of the company when I sell or retire?

Of course, „price‟ also has its impact but it will come at a later stage in the research. Indeed, it is very often the last factor to discuss and resolve. It will therefore be seen that price does not figure as large in the customer’s assessment as others thought it to be the case.

**2.8 WHAT DOES PRICE MEAN FOR A BANK?**

Price for a bank comes in a variety of forms, including the following:

**Interest rates**

When agreeing an interest rate on an overdraft for a business or individual, the price quoted is a percentage sum over and above base rate. The base rate for a bank is essentially set by the Central Bank of Nigeria. In Nigeria and whilst there are occasions when individual bank have different base rate these are exceptional periods and usual exist for a very short time. The individual bank, therefore, has very little control over this aspect of pricing. However, the percentage sum above base rate is entirely in the hands of the bank and will be determined by factors such as risk assessment, length of facility, capacity to meet payment and view of what the customer will pay. When setting this rate, careful review of the other elements of the marketing mix should be made. So for example, if you are able to meet more clearly the needs of the customer by lending for a long period of time, have a repayment holiday, and negotiate at the business address and if the facility is agreed quickly, it will then be possible to charge a higher rate than a competitor. Do not automatically assume you have to match or reduce the interest rate compared with other banks. Indeed, in examining car dealer-based finance schemes, these are often the most expensive forms of personal finance. Their attraction to the car buyer lies essentially in the ease, simplicity and convenience when compared with having to raise finance separately from the bank. Similarly, the building societies were able to increase their market share for savings significantly during a period when the best rate was always available from Government schemes. This was because of promotional activity which positioned the building society in a superior way

**Transaction costs**

Charges are levied for items passing through an ordinary current account. Progressively, the most banks have found it difficult to raise the charges on current accounts due to competition of other finance institutions supplying similar services. This was predominant during the financial liberalization era where upsurge of finance houses. This particular too was used by the smaller banks to gain increased market share and demonstrates how effectively price can be use tactically to win business.

**Fees**

As the revenue from transaction charges has declined and competitive pressure on the large scale loans/overdraft facilities has moved margins lower, so the need for fresh, more controllable sources of income has arisen. Fees have therefore become more important and have been introduced for a range of personal and commercial operations.

**2.9 THE MAJOR CHARACTERISTICS OF BANK SERVICES**

The banking services have the following characteristics

1. Intangibility – Banking services, except in particular instance, meets a general rather than a specific need. Particular benefits are not readily apparent and therefore banks are dependent on getting their message across to the public effectively and ensuring that their image and services are attractive. Indeed, a service such as bank credit that cannot appeal to a buyer’s sense of touch, smell, sight or hearing, places a burden on the bank’s marketing organization. The credit a bank offers is represented by its acceptance of demand and time deposits, and by making loans. Since a bank is often selling an intangible or an idea, and not necessarily a physical product, it must tell the buyer what the services will do. It is not always able to illustrate, demonstrate or display the services in use. Therefore, since banks market intangible products, the concern with storage, transportation and inventory control are not relevant for the bank market. This is partially attributable to the absence of middlemen. As a result, it severely limits the alternatives available to the bank marketer and often necessitates the use of direct channels of distribution.

2. Inseparability – Because of the simultaneous production and distribution of bank services, the main concern of the marketer is usually the creation of time and place utility, which is to have the services available at the right place and at the right time. This implies that direct sale is almost the only feasible channel of distribution. But as can be seen later, one way of overcoming the inseparability factor is the use of bank credit cards, whereby the service is transferable.

3. Highly individualized marketing system. When selecting channels of distribution, the goods marketer will usually have a marketing system containing several established middlemen. More often than not, such systems are the most efficient. Unfortunately, this is not the case for the banker, who has few traditional channels of distribution. Hence, the banker is induced to locate branches of the outlets as conveniently as possible. In many bank transactions, a client relationship exists between the buyer and seller, as distinguished from a customer relationship. This would be especially true in the case of many corporate and trust accounts. Where such a close personal, professional client relationship must exist, direct channels may be the only feasible choice.

4. Lack of special identity – To the public, one bank’s service is very much like another. The reason a particular bank or branch is used is often due to convenience. Each bank must find a way of establishing its identity and in planning this in the mind of the public. As the competing producer similar, the emphasis is on the package rather than the product. The package consists of branch location, staff, services, reputation, and advertising and from time to time, new services. As the major competitors offer similar services, the emphasis will be on the promotional aspect, rather than on the inherent uniqueness of a particular bank’s services. This is one of the reasons why banks do very little positive selling but mainly rely on indirect methods.

5. Wide range of products/services – Banks have to offer a very wide range of products and services to meet a variety of financial and related needs from different customers in different areas. On the one hand it provides a special one-off management services for an industrial customer and on the other hand, retail services covering money receipt, storage, supply and transmission.

6. Geographical dispersion – There has to be a branch network in any bank of size and scope, in order to provide benefits of convenience and to meet both national and local needs. Therefore, all services or promotions must have and appeal and wide applications. The Nigerian banking reforms has made this achievable by way of mergers and acquisitions which resulted into have more than one branch of a bank in a particular location.

7. Growth must be balanced with risk. When selling loans, the bank is buying risk. There has to be well-controlled balance between expansion and prudence.

**2.10 CONCEPTS OF CUSTOMER SATISFACTION**

Both customers and banks attach much importance to satisfaction. Frantic efforts are being made by banks to offer high quality products and services to their customers. Customers also want the best value for their money and are sparing no efforts in selecting the best products and services, (Strategic Direction, 2007). Once customers are satisfied and have a positive image or intentions about a particular firm, it will take some time for competitors to snatch or convince them to switch to them. Benefits derived by companies from customer satisfaction include loyalty, repurchasing to increase sales or profit, speak well about the products or services to others to purchase, (He and Song, 2009 and Sit et al., 2009). As pointed out by Assael (1995), the economic viability of firms lies in the hands of consumers. According to Solomom et al (1999), there are various types of customers or consumers. They may be individuals, groups, organisations, communities or nations. The banking industry like any other industry has intensified its efforts to satisfy consumers through the provision of quality services. This stem from that fact that competition has been stiff and every bank is trying to retain old customers and woo new ones. Quality, satisfaction and value are the concepts that featured prominently in the customer satisfaction literature. Explaining these concepts will be very useful.

**2.11 CUSTOMER SATISFACTION AND QUALITY**

Oliver cited in Ting (2004:408) have enumerated the differences between service quality and satisfaction. They indicated that the dimensions of service quality are specifically or directly connected with the rendering of the service whilst satisfaction is based on many factors, both directly and indirectly relating to the delivery of the service. Customers do not base their perceptions of the quality of service on experiences/encounters with both the service provider and the service environment. On the other hand, past experiences form the basis for evaluation of satisfaction. In addition, quality is supposed to be ascertained by external cues such as price and reputation whilst satisfaction is prompted by conceptual cues like equity and regret. Also ideals and excellence in connection with the service delivery are the clues to service quality. In the same vein, satisfaction perceptions are based on predictions or norms for the service delivery. Oliver however indicated that it is very difficult to draw a line between satisfaction and quality of service. Parasuraman et al (1988) postulate that satisfaction can be experienced and happened during or at the transactional level whilst quality is seen to be taking place at the global level. Oliver (1997) believes that quality judgments are more specific and that of satisfaction are holistic. Quality judgments have a connection with cognitive judgments whilst that of satisfaction relates to affective judgments. As noted by Ting (2004), researchers are divided over the antecedents of service quality and satisfaction. Whilst some believe service quality leads to satisfaction, others think otherwise. Authors like Parasuraman et al (1988) and Bitner (1990) are of the view that satisfaction leads to quality whilst others such as Cronin and Taylor (1992) and Anderson Sullivan (1993) have a contrary view. Empirical studies regarding the above issue support the assertion made by the latter. The studies of Tam (2000), Petrick and Backman (2002) and Cronin and Taylor (1992) suggest that satisfaction leads to quality. Newman (2001) also submits that there is a correlation between the quality of service and customer satisfaction. Enhanced service quality leads to customer satisfaction with its ripple effects such as; customer loyalty and improvement in the existing relationship between the organisation and customers. Others are that customers will bear with the service provider when the organisation is not able to deliver as well as customers canvassing for the organisation to get more customers. It can be gathered from the above that the two concepts are the same and are being used interchangeably. Authors such as DeRuyter et al (1997) Rust and Zahorik (1993) and Boulding et al (1993) think that quality and satisfaction are closely connected and are synonymous and interchangeable. Thus, both concepts are referring to meeting the requirements of customers. Therefore making a clear distinction between them will be a difficult task

**CHAPTER THREE**

**RESEARCH METHODOLOGY**

* 1. **Research design**

The researcher used descriptive research survey design in building up this project work the choice of this research design was considered appropriate because of its advantages of identifying attributes of a large population from a group of individuals. The design was suitable for the study as the study sought bank charges and customer satisfaction in the Nigeria banking sector

**Sources of data collection**

Data were collected from two main sources namely:

(i)Primary source and

(ii)Secondary source

**Primary source:**

These are materials of statistical investigation which were collected by the research for a particular purpose. They can be obtained through a survey, observation questionnaire or as experiment; the researcher has adopted the questionnaire method for this study.

**Secondary source:**

These are data from textbook Journal handset etc. they arise as byproducts of the same other purposes. Example administration, various other unpublished works and write ups were also used.

* 1. **Population of the study**

Population of a study is a group of persons or aggregate items, things the researcher is interested in getting information bank charges and customer satisfaction in the Nigeria banking sector. 200 staff of UBA Onitsha were selected randomly by the researcher as the population of the study.

* 1. **Sample and sampling procedure**

Sample is the set people or items which constitute part of a given population sampling. Due to large size of the target population, the researcher used the Taro Yamani formula to arrive at the sample population of the study.

n= N

1+N (e) 2

n= 200

1+200(0.05)2

= 200

1+200(0.0025)

= 200 200

1+0.5 = 1.5 = 133.

**3.5 Instrument for data collection**

The major research instrument used is the questionnaires. This was appropriately moderated. The secretaries were administered with the questionnaires to complete, with or without disclosing their identities. The questionnaire was designed to obtain sufficient and relevant information from the respondents. The primary data contained information extracted from the questionnaires in which the respondents were required to give specific answer to a question by ticking in front of an appropriate answer and administered the same on staff of the two organizations: The questionnaires contained structured questions which were divided into sections A and B.

* 1. **Validation of the research instrument**

The questionnaire used as the research instrument was subjected to face its validation. This research instrument (questionnaire) adopted was adequately checked and validated by the supervisor his contributions and corrections were included into the final draft of the research instrument used.

* 1. **Method of data analysis**

The data collected was not an end in itself but it served as a means to an end. The end being the use of the required data to understand the various situations it is with a view to making valuable recommendations and contributions. To this end, the data collected has to be analysis for any meaningful interpretation to come out with some results. It is for this reason that the following methods were adopted in the research project for the analysis of the data collected. For a comprehensive analysis of data collected, emphasis was laid on the use of absolute numbers frequencies of responses and percentages. Answers to the research questions were provided through the comparison of the percentage of workers response to each statement in the questionnaire related to any specified question being considered.

Frequency in this study refers to the arrangement of responses in order of magnitude or occurrence while percentage refers to the arrangements of the responses in order of their proportion. The simple percentage method is believed to be straight forward easy to interpret and understand method.

The researcher therefore chooses the simple percentage as the method to use.

The formula for percentage is shown as.

% = f/N x 100/1

Where f = frequency of respondents response

N = Total Number of response of the sample

100 = Consistency in the percentage of respondents for each item

Contained in questions

**CHAPTER FOUR**

**PRESENTATION ANALYSIS INTERPRETATION OF DATA**

**4.1 Introduction**

Efforts will be made at this stage to present, analyze and interpret the data collected during the field survey. This presentation will be based on the responses from the completed questionnaires. The result of this exercise will be summarized in tabular forms for easy references and analysis. It will also show answers to questions relating to the research questions for this research study. The researcher employed simple percentage in the analysis.

**DATA ANALYSIS**

The data collected from the respondents were analyzed in tabular form with simple percentage for easy understanding.

A total of 133(one hundred and thirty three) questionnaires were distributed and 133 questionnaires were returned.

Question 1

Gender distribution of the respondents.

TABLE I

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Gender distribution of the respondents** | | | | | |
| Response | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Male | 77 | 57.9 | 57.9 | 57.9 |
| Female | 56 | 42.1 | 42.1 | 100.0 |
| Total | 133 | 100.0 | 100.0 |  |

From the above table it shows that 57.9% of the respondents were male while 42.1% of the respondents were female.

Question 2

The positions held by respondents

TABLE II

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **The positions held by respondents** | | | | | |
| Response | | Frequency | Percent | Valid Percent | Cumulative Percent |
| **Valid** | HRMS | 37 | 27.8 | 27.8 | 27.8 |
| Accountants | 50 | 37.6 | 37.6 | 65.4 |
| Customer care officers | 23 | 17.3 | 17.3 | 82.7 |
| Marketers | 23 | 17.3 | 17.3 | 100.0 |
| Total | 133 | 100.0 | 100.0 |  |

The above tables shown that 37 respondents which represents27.8% of the respondents are human resource managers respondents which represents 37.6 % are accountants 23 respondents which represents 17.3% of the respondents are customer care officers, while 23 respondents which represent 17.3% of the respondents are marketers

**TEST OF HYPOTHESES**

There is no significant difference between bank charges and customer satisfaction

**Table III**

|  |  |  |  |
| --- | --- | --- | --- |
| **there is no significant difference between bank charges and customer satisfaction** | | | |
| Response | Observed N | Expected N | Residual |
| Agreed | 40 | 33.3 | 6.8 |
| strongly agreed | 50 | 33.3 | 16.8 |
| Disagreed | 26 | 33.3 | -7.3 |
| strongly disagreed | 17 | 33.3 | -16.3 |
| Total | 133 |  |  |

|  |  |
| --- | --- |
| **Test Statistics** | |
|  | there is no significant difference between bank charges and customer satisfaction . |
| Chi-Square | 19.331a |
| Df | 3 |
| Asymp. Sig. | .000 |
| a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 33.3. | |

Decision rule:

There researcher therefore reject the null hypothesis there is no significant difference between bank charges and customer satisfaction as the calculated value of 19.331 is greater than the critical value of 7.82

Therefore the alternate hypothesis is accepted that there is significant difference between bank charges and customer satisfaction

**TEST OF HYPOTHESIS TWO**

There is no relationship between bank charges and the growth of Nigeria economy.

Table V

|  |  |  |  |
| --- | --- | --- | --- |
| **there is no relationship between bank charges and the growth of Nigeria economy.** | | | |
| Response | Observed N | Expected N | Residual |
| Yes | 73 | 44.3 | 28.7 |
| No | 33 | 44.3 | -11.3 |
| Undecided | 27 | 44.3 | -17.3 |
| Total | 133 |  |  |

|  |  |
| --- | --- |
| **Test Statistics** | |
|  | there is no relationship between bank charges and the growth of Nigeria economy. |
| Chi-Square | 28.211a |
| Df | 2 |
| Asymp. Sig. | .000 |
| a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 44.3. | |

Decision rule:

There researcher therefore rejects the null hypothesis there is no relationship between bank charges and the growth of Nigeria economy as the calculated value of 28.211 is greater than the critical value of 5.99

Therefore the alternate hypothesis is accepted that state there is relationship between bank charges and the growth of Nigeria economy.

**CHAPTER FIVE**

**SUMMARY, CONCLUSION AND RECOMMENDATION**

**5.1 Introduction**

It is important to ascertain that the objective of this study was to ascertain bank charges and customer satisfaction in the banking sector. In the preceding chapter, the relevant data collected for this study were presented, critically analyzed and appropriate interpretation given. In this chapter, certain recommendations made which in the opinion of the researcher will be of benefits in addressing challenges of bank charges and customer satisfaction in the banking sector

* 1. **Summary:**

This study was bank charges and customer satisfaction in the banking sector. Six objectives were raised which included: To determine the significant difference between bank charges and customer satisfaction, to determine how well Nigerians are informed about bank charges, to determine the relationship between bank charges and the economy, to determine if bank charges affect bank’s productivity, o determine if the Federal government can scrape out bank charges, to determine if bank charges can discourage Nigerians from saving in the bank. In line with these objectives, two research hypotheses were formulated and two null hypotheses were posited. The total population for the study is 200 staff of UBA, Onitsha. The researcher used questionnaires as the instrument for the data collection. Descriptive Survey research design was adopted for this study. A total of 133 respondents made human resource managers, accountants, customer care officers and marketers were used for the study. The data collected were presented in tables and analyzed using simple percentages and frequencies

* 1. **Conclusion**

The overall level of customer satisfaction in commercial banks in Nigeria is above 50%. Presence of bank branches is the most important factor for customer satisfaction in Nigeria. People with university education prefer presence of bank branches more than those with primary and university education. High bank charges is the most important factor of customer dissatisfaction in Nigeria. More than 50% of the members across all the social groups prefer this factor. Future research should focus on the ways that commercial banks can tackle customer dissatisfaction by considering demographic factors such as gender, age and educational level.

**5.4** **Recommendation**

Recommendation, banks should lower prices of their products and services so as to prevent customers from switching to other banks.

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**QUESTIONNAIRE**

**INSTRUCTION**

Please tick or fill in where necessary as the case may be.

Section A

1. Gender of respondent

A male { }

B female { }

1. Age distribution of respondents
2. 15-20 { }
3. 21-30 { }
4. 31-40 { }
5. 41-50 { }
6. 51 and above { }
7. Marital status of respondents?
8. married [ ]
9. single [ ]
10. divorce [ ]
11. Educational qualification off respondents
12. SSCE/OND { }
13. HND/BSC { }
14. PGD/MSC { }
15. PHD { }

Others……………………………….

1. How long have you been UBA
2. 0-2 years { }
3. 3-5 years { }
4. 6-11 years { }
5. 11 years and above……….
6. Position held by the respondent in UBA
7. HRM { }
8. Accountant { }
9. Customer care officer { }
10. Marketer { }
11. How long have you been working in UBA
12. 0-2 years { }
13. 3-5 years { }
14. 6-11 years { }
15. 11 years and above……….

SECTION B

1. UBA is the best bank in Nigeria
2. Agrees { }
3. Strongly agreed { }
4. Disagreed { }
5. Strongly disagreed { }
6. UBA do not satisfy her customers

(a) Agrees { }

(b) Strongly agreed { }

(c) Disagreed { }

(d) Strongly disagreed { }

1. UBA chargers to customers is higher than others bank
2. Agreed { }
3. Strongly agreed { }
4. Disagreed { }
5. Strongly disagreed { }
6. Customers patronize UBA to others bank
7. Agreed { }
8. Strongly agreed { }
9. Disagreed { }
10. Strongly disagreed { }
11. There is no bank charges in UBA
12. Agreed { }
13. Strongly agreed { }
14. Disagreed { }
15. Strongly disagreed { }
16. UBA have more customers than others bank
17. Agreed { }
18. Strongly agreed { }
19. Disagreed { }
20. Strongly disagreed { }
21. There is no significant difference between bank charges and customer satisfaction.
22. Agreed { }
23. Strongly agreed { }
24. Disagreed { }
25. Strongly disagreed { }
26. There is no relationship between bank charges and the economy?
27. Agreed { }
28. Strongly agreed { }
29. Disagreed { }
30. Strongly disagreed { }
31. There is Poor hostel accommodation is one of the major factors responsible for poor academic performance among students
32. Agreed { }
33. Strongly agreed { }
34. Disagreed { }
35. Strongly disagreed { }