Degree of Service Quality, Customer Satisfaction and Loyalty, A Comparison of Foreign vs Local Banks in Ghana

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Abstract

High service quality leads to competitive advantage as customers feel satisfied and thus are more probable to further buy the company's services, to recommend them to others and to ignore competitors' offerings. The focus of this study was to empirically determine the degree of service quality, customer satisfaction and loyalty among retail banking customers and to compare the individual levels of these constructs between foreign and local banks in Ghana. This study employed a set of survey questionnaire to collect raw data from 1,020 bank customers for analysis. The GAP analysis was used to identify the levels of service quality, customer satisfaction and customer loyalty. Comparisons were then made between foreign banks and their local counterparts. Comparatively, service quality and customer loyalty are higher in foreign banks than in local banks. On the other hand, the local banks performed better than their foreign counterparts on customer satisfaction. But for two banks, the levels of service quality and customer satisfaction are higher across the banking industry of Ghana with respective mean scores of 5.42 and 5.51, against a scale mean of 5.0. The same cannot be said of customer loyalty, which recorded very poor results with overall mean score of 4.62. Banks are generally advised to work at improving the levels of service quality, customer satisfaction and customer loyalty, as these remain key ingredients for bank performance.

Keywords: Service Quality, Customer Satisfaction, Customer Loyalty, Retail Banking

1   Introduction

The word service derives its origins from the Latin word *servitum,* which means 'served by slaves'. Researchers have, over the years, tried to define 'service' in slightly different ways. Wei (2013) gives a relatively modern definition, of services, as an activity or a series of activities in intangible form which usually takes place between customers and service providers. Unlike physical products, services generally exhibit characteristics of intangibility, inseparability, heterogeneity and perceived risk, that set them apart from physical products (Bitran and Lojo, 1993, Zeithaml and Bitner, 1996). The implications of these characteristics are that it is often difficult for customers to evaluate services at pre-consumption, consumption and post-consumption stages of the consumer decision-making process (Legg and Baker, 1996). The intangible nature of services makes it difficult for an organisation to understand how its customers perceive and evaluate the quality of its services (Parasuraman et al., 1985). Customers, however, make inferences about service quality based on other tangible issues such as the state of buildings, physical layout and décor in and around the service environment, and these have significant impact on customers' affective responses and their behavioural intentions (Dabholkar et al., 1996, Wakefield and Blodgett, 1999).

The complex nature of services, coupled with the growing prominence of the services sector, has also increased the need for organisations to improve service quality. In view of this, service quality is increasingly recognized as one of the key strategic values of organisations in both the manufacturing and service sectors (Lewis, 1991). Service quality results in the satisfaction and possible retention of customers and employees, which could lead to a reduction in customer attrition and employee turnover as well as encourage repeat purchase behaviour and attract new customers through positive recommendations, (Caruana, 2002, Lewis, 1991, Newman, 2001, Wang et al., 2003).

Service today has become very crucial in all business industries due to globalisation and IT developments (Angelova and Zekiri, 2011). In Ghana, the banking industry today is characterised by heightened competition, customer sophistication, technological advancement, general high cost of doing business, easy availability of substitute products (from Insurance firms, Savings and Loans companies, Micro-finance institutions, Telecommunications services providers, etc.) as well as stiffer regulatory and legal regimes. The combined effects of these are dwindling incomes and rising costs, and hence affecting profits adversely. Banks therefore require stellar service quality to beat out the competition, as high levels of service quality is correlated with improved customer satisfaction, loyalty, market share growth and higher financial performance. Service quality comprises two major dimensions of; "outcome quality" (Zeithaml et al., 1985) and "technical quality" (Gronroos, 1984). Agreeing with these, Radomir et al. (2011) opined that; high service quality leads to competitive advantage as customers feel satisfied and thus are more probable to further buy the company's services, to recommend them to others and to ignore the competitors' offer. It is therefore necessary to continuously measure service quality in order to establish those areas that need improvement.

Researchers generally share the view that service quality is an important tool for measuring customer satisfaction (Kadir et al., 2011). Service quality has a clear positive and significant impact on customer satisfaction (Ming, 2003) and also influences the financial performance of companies (Ashiqullah, 2006). Many researchers (Firdaus et al., 2011, Mukesh et al., 2010, Parasuraman et al., 1985) believe that service quality is an elusive concept, and there are considerable arguments among researchers on how to conceptualise this phenomenon. It is also acknowledged in extant literature that service quality is a dynamic, multidimensional concept, incorporating a number of aspects of both past and present service experiences (Ab.Aziz et al., 2014).

From the above, the two main objectives of this study are to determine the degree of service quality, customer satisfaction and loyalty among retail banking customers and to compare the individual levels of these constructs between foreign and local banks in Ghana. The specific questions to be answered therefore are;

    i.   What is the degree of service quality, customer satisfaction and loyalty prevalent in the retail banking market of Ghana?
    ii.   How do the levels of service quality compare between foreign and local banks?
    iii.   How do the levels of customer satisfaction compare between foreign and local banks?
    iv.   How do the levels of customer loyalty compare between foreign and local banks?

2   Literature Review

2.1   Service Quality

Service quality is acknowledged as a 'critical prerequisite for establishing and sustaining satisfying relationships with valued customers' (Lassar et al., 2000, p.244). Ab.Aziz et al. (2014) see service quality as a dynamic, multidimensional concept, incorporating a number of aspects of both past and present service experiences. On their part, Schneider and White (2004) theorise that service quality is a subjective phenomenon that hinges on the individual perceptions of customers and this explains why there is a high number of definitions attributed to service quality (Radomir et al., 2011). Siddique et al. (2011) define service quality as the consumer's overall impression of the relative inferiority or superiority of a company and its services. Wei (2013) sees service quality as a measure of the extent to which the service delivered fulfils the customers' expectations. High service quality leads to competitive advantage as customers feel satisfied and thus are more probable to further buy the company's services, to recommend them to others and to ignore competitors' offers (Radomir et al., 2011). It is therefore necessary to continuously measure service quality in order to establish those areas that need improvement".

2.2   Customer Satisfaction

Munari et al. (2013) posit that customer satisfaction represents an important marketing variable for companies. The concept of customer satisfaction has gained increased attention from researchers, as it remains a fundamental tool for enhancing customer loyalty and, ultimately, organisational performance by financial services providers (Mohsan et al., 2011). Hsien-Ta et al. (2010) defined customer satisfaction as the gap between customer expectations and perceptions regarding service quality, whilst Farris et al. (2010) defined satisfaction as the percentage of total customers, whose reported experience with a firm, its products or services exceeds expected satisfaction goals. From a slightly different viewpoint, Dominici and Guzzo (2010) see customer satisfaction as a business philosophy which tends to the creation of value for customers, anticipating and managing their expectations, and demonstrating ability and responsibility to satisfy their needs. The need to continuously measure customer satisfaction, therefore, cannot be overemphasised, as it has the added benefit of enabling organisations to compare their own performance levels with those of their peers, and by extension across industry.

2.3   Customer Loyalty

Customer loyalty is a concept that has enjoyed wide currency and usage within the field of consumer behaviour for many years (Saeed et al., 2011). Customer loyalty has attracted the interest of managers and researchers alike in the recent past (Khan, 2012). Researchers point to many benefits an organisation can derive as a result of improving loyalty levels (Zairi, 2009). This has consequently led companies to initiate various measures to increase the loyalty of their customers (Khan, 2012). Despite efforts to make customers more loyal, researchers have found that even 'loyal' customers are willing to switch, at the least opportunity (Khan, 2012). In separate studies, many researchers have reported increasing numbers of satisfied customers who continue to switch brands. Gierl (1993) found out in Germany that between 40% and 62% of interviewed customers stated that they had changed their brands even though they were satisfied with the previous providers. The percentage of satisfied migrants was even higher from the study of Reichheld and Schefter (2000), who found that between 60% to 80% of defected customers said they were satisfied or very satisfied with their former supplier, just prior to their defection". In eight, out of nine examined product classes, the percentage of these satisfied brand switchers even exceeded the percentage of customers who defected due to dissatisfaction (Gierl, 1993). Mokhtar et al. (2011) accordingly held the view that service firms should be mindful that having just satisfied customers is not good enough, but they must rather have extremely satisfied customers in order to ensure loyalty. Khan (2012) contends

that loyalty research has been unable to produce 'generalizable' results as the concept of loyalty is not fully understood from a customers' perspective. Put together, the above further buttresses the need for further studies into customer loyalty, as it has several implications for long term business survival.

2.4 Financial Market Liberalisation in Ghana

Ghana's financial system has been progressively liberalized with the aim of enhancing the efficiency of resource allocation and strengthening of competition. This is in line with the need for emerging market economies to liberalize their financial systems in order to speed up economic growth (De Haas and Peters, 2004, Kinda and Loening, 2010, Mishkin, 2006a, Mishkin, 2006b). The liberalisation involved, among others, easing entry restrictions into banking, which has undoubtedly had significant effects on t h e banking market today with 34 universal banks. The liberalisation policy, which took place from 1987, comprised the removal of interest rate control, sectoral composition of bank lending and introduction of market-based instruments of money control (Aboagye-Debrah, 2007). Through this, several banks with private sector participation were licensed and some of the government-owned banks were partially privatized (Leith and Söderling, 2000).

2.5 Entry of Private Banks

The banking industry of Ghana has witnessed several new entrants, at various times, since the reforms. There were seven players by the close of 1975, which included; standard chartered bank (SCB), Barclays bank Ghana (BBG), Ghana commercial bank (now GCB bank), national investment bank (NIB), agricultural development bank (now ADB bank), merchant bank Ghana (now UMB) and social security bank (now SG). As indicated on Table 1, the period between 1975 and 1990 saw no new entrants into the industry. The 1990's however, witnessed a rapid growth in the number of banks, as 10 additional banks were set up within that period of ten years, with one of them acquired in 2012. Two merchant banks - CAL bank and Ecobank - began operations in 1990 as joint ventures, involving local public sector shareholders and foreign shareholders. HFC was also established in 1990, first as a home finance company. Four more banks, prudential bank (PBL), first atlantic bank (FABL), Metropolitan & Allied Bank (later UT Bank and now defunct) and ICB (now FBN bank) were established in 1993, 1994, 1995 and 1996 respectively. Amalgamated Bank (now Bank of Africa) and Unibank were both established in 1997, while stanbic bank (a member of the standard bank group) joined the competition in 1999 from South Africa.

No new banks were established again until 2004, when guarantee trust (GT) and united bank for Africa (UBA) joined the competition from Nigeria. Other entrants from then were Zenith Bank (2005 from Nigeria), Fidelity Bank (2006), Bank of Baroda (2007 from India), Access Bank and BSIC (2008 from Nigeria and Libya respectively), Energy Bank (2011 from Nigeria) and The Royal Bank (2012). Capital Bank (defunct), GN Bank and FNB bank (South Africa) were respectively established in 2013, 2014 and 2015. Premium, Sovereign and Omni banks were set up in 2016, while GHL, Heritage, Construction and Beige banks were all set up 2017, bringing the total number to 34 universal banks today. Seventeen out of the thirty-four banks have majority foreign ownership while the remaining seventeen are locally owned. Four of the foreign banks (Ecobank, SCB, HFC and SG) and three local banks (GCB, CAL and ADB) are listed on the Ghana Stock Exchange.

Table 1 Establishment of Banks in Ghana

NO	BANK NAME		YEAR EST	MAJORITY OWNERSHIP	LISTING ON GSE	NO	CUMM
	FULL NAME	ABBREVIATION					
1	Standard Chartered Bank	SCB	1896	Foreign	Yes	1	1
2	Barclays Bank Ghana	BBG	1917	Foreign	No	1	2
3	GCB Bank	GCB	1953	Local	Yes	1	3
4	National Investment Bank	NIB	1963	Local	No	1	4
5	ADB Bank	ADB	1965	Local	Yes	1	5
6	Universal Merchant Bank	UMB	1971	Local	No	1	6
7	Societe General Bank	SG	1975	Foreign	Yes	1	7
8	CAL Bank	CAL	1990	Local	Yes		
9	Ecobank	ECOBANK	1990	Foreign	Yes	3	10
10	HFC Bank	HFC	1990	Foreign	Yes		
11	Prudential Bank	PBL	1993	Local	No	1	11
12	First Atlantic Bank	FABL	1994	Foreign	No	1	12
13	FBN Bank	FBN	1996	Foreign	No	1	13
14	Bank of Africa	BOA	1997	Foreign	No	2	15
15	Unibank	UNI	1997	local	No		
16	Stanbic Bank	STANBIC	1999	Foreign	No	1	16
17	Guarantee Trust	GT	2004	Foreign	No	2	18
18	United Bank for Africa	UBA	2004	Foreign	No		
19	Zenith	ZENITH	2005	Foreign	No	1	19
20	Fidelity Bank	FIDELITY	2006	Local	No	1	20
21	Bank of Baroda	BARODA	2007	Foreign	No	1	21
22	Access Bank	ACCESS	2008	Foreign	No	2	23
23	Sahel Sahara Bank	BSIC	2008	Foreign	No		
24	Energy Bank	ENERGY	2011	Foreign	No	1	24
25	The Royal Bank	TRB	2012	local	No	1	25
26	GN Bank	GN	2014	Local	No	1	26
27	First National Bank	FNB	2015	Foreign	No	1	27
28	Premium Bank	PREMIUM	2016	Local	No		
29	Sovereign Bank	SOVEREIGN	2016	Local	No	3	30
30	Omni Bank	OMNI	2016	Local	No		
31	GHL Bank	GHL	2017	Local	No		
32	Heritage Bank	HERITAGE	2017	Local	No	4	34
33	Construction	CONSTRUCTION	2017	Local	No		
34	Beige Bank	BEIGE	2017	Local	No		
TOTAL						**34**	
Source: Authors' Compilation							

3 Methodology

3.1 Research Design

Quantitative research paradigm emphasizes the importance of generalizability and reliability (Henn et al., 2006) in the choice of a sample, which ought to be statistically representative. Based on this, a sample size of 1,020 was used in a quantitative study to measure and compare the degree of service quality, customer satisfaction and loyalty between local and foreign banks in Ghana. The sample size was deemed appropriate as it is generally agreed that any sample size of between 200 and 500 is accepted for SEM analysis (Baloglu and McCleary, 1999a, Baloglu and McCleary, 1999b, Hair et al., 1998a, Hair et al., 1998b, Sekeran, 2003), as cited in Phau and Shanka (2014).

This study employed a set of survey questionnaire to collect raw data from bank customers for analysis. The questionnaire was made up of initial 10 questions, covering the key profiles of respondents and 22 questions on service quality developed by Cronin and Taylor (1992), as a modification from the original SERVQUAL scale proposed by Parasuraman et al. (1988). Customer satisfaction was measured by soliciting responses to a single question: "Overall, I am satisfied with this bank". The problems associated with the use of a single response variable were mitigated by the simplicity of the question; the suggestion by Yi (1990) that a single overall satisfaction measure score, as this one was, is "reasonably valid" (p. 71). The questions on customer loyalty related

to both behavioural loyalty (13 questions) and emotional loyalty (14 questions), drawn from several researchers (Colwell et al., 2009, Foster and Cadogan, 2000, Kassim and Abdullah, 2010, Thuy and Hau, 2010) as cited in Dehghan and Shahin (2011).

Empirically, the instruments adopted for the study have shown good indexes of reliability and validity in their previous studies. These instruments are thus considered appropriate for this study as well. The questionnaires were designed on a seven-point Likert scale rating of (1) for strongly disagree to (7) for strongly agree. Systematic Random Sampling was used to administer the questionnaire face-to-face. At each selected branch of a bank, every 9th customer who had completed a transaction was contacted at the point of exit to administer the questionnaire. A total of 850 usable questionnaires were generated from the 1,020 given out, representing a response rate of 83%. The data collected was subjected to preliminary statistical analyses that checked for the normal distribution of data, reliability and validity through the application of Cronbach analysis, exploratory and confirmatory factor analyses, and structural equation modelling. The data collected was manually checked to minimize data entry errors.

3.2 Data Integrity and Analysis Methods
Cronbach's Alpha was used to measure the reliability of the various constructs for the study. It ranges between negative infinity and one. Coefficient alpha will be negative whenever there is greater within-subject variability than between-subject variability. As a general rule, a Cronbach's alpha measure of above 0.70 indicates that the reliability is secured and regarded as satisfactory (Drost, 2011, Hair et al., 1998b, Nunnally and Bernstein, 1994, Segars, 1997). A measured level lower than 0.70 is generally considered unacceptable but in practice, a Cronbach's alpha of 0.5 is sometimes regarded accepted (Morse, 2002).

GAP analysis was used to identify the strengths or deficiencies in service quality, customer satisfaction and customer loyalty. Comparisons were then made between foreign banks and local banks. The rationale for using this method is that, the larger the difference or Gap Score, the lower the level of perceived service quality, satisfaction or loyalty. Hence, the variables recording higher Gap Scores would require more urgent or critical management attention.

4. Data Analysis/Findings
As indicated on Table 2, respondent for this study were made up of 56% male and 44% female with about 80.24% of them between the ages of 21 to 50 years. The proportion of respondents with secondary or technical education was 24.94% with 46.12% having a minimum of first degree. The results show that customers largely patronise current and savings accounts (96.47%) with 59% of them engaged in split banking. On the whole, 28% of respondents have been with their banks for up to 5 years while 51% have patronised their banks between 6 and 15 years. Respondents are of diverse professional backgrounds with about 65.06% of them earning monthly incomes of up to GHS2,000 (equivalent of USD500) with 26.24% earning between GHS2,000 and GHS5,000.

Table 2: Profile of Respondents

1	AGE	Frequency	Percentage
	Up to 20	143	16.82%
	21-30	334	39.29%
	31-40	256	30.12%
	41-50	92	10.82%
	51-60	23	2.71%
	61+	2	0.24%
	Total	**850**	100.00%
2	GENDER	Frequency	Percentage
	Male	472	56%
	Female	378	44%
	Total	**850**	**100%**
3	EDUCATIONAL LEVEL (highest)	Frequency	Percentage
	Technical	56	6.59%
	Secondary	156	18.35%
	Bachelor's Degree	392	46.12%
	Master's Degree	72	8.47%
	Doctorate	4	0.47%

		Frequency	Percentage
	Professional	51	6.00%
	Others	119	14.00%
	Total	**850**	**100.00%**
4	**ACCOUNT TYPE**	**Frequency**	**Percentage**
	Current	270	31.76%
	Savings	502	59.06%
	Both	48	5.65%
	Others	30	3.53%
	Total	**850**	**100.00%**
5	**ACCOUNTS WITH OTHER BANKS**	**Frequency**	**Percentage**
	Yes	503	59%
	No	347	41%
	Total	**850**	**100%**
6	**CUSTOMER FOR HOW MANY YEARS**	**Frequency**	**Percentage**
	Up to 5 years	240	28%
	6 to 10 years	160	19%
	11 to 15 years	275	32%
	16 to 20 years	73	9%
	20 years plus	102	12%
	Total	**850**	**100%**
7	**PROFESSION /OCCUPATION**	**Frequency**	**Percentage**
	Accounts Personnel	86	10.12%
	Food Service Personnel	5	0.59%
	Health Personnel	51	6.00%
	H.R Personnel	3	0.35%
	IT Personnel	8	0.94%
	Lawyer	4	0.47%
	Marketer	65	7.65%
	Research Personnel	8	0.94%
	Security Personnel	19	2.24%
	Student	56	6.59%
	Administrative Personnel	37	4.35%
	Self Employed	43	5.06%
	Trader	101	11.88%
	Education Service	64	7.53%
	Auditor	4	0.47%
	Banker	133	15.65%
	Civil Servant	25	2.94%
	Craftsmen	22	2.59%
	Engineer	22	2.59%
	Farmer	16	1.88%
	Financial Service Personnel	78	9.18%
	Total	**850**	**100.00%**
Source: Survey data 2017			

Tables 3 shows each bank's average mean score and Gap Score for overall service quality. The overall service quality Gap Score of 1.58 is considered quite appreciable for the industry with nine banks scoring lower gaps, compared to the industry average and hence, performing better on service quality. The top performing banks for service quality include; SCB, Ecobank and Zenith bank (all foreign banks) with the bottom placed banks being; HFC, Baroda, NIB and ADB. The results further presents that, on the average, the foreign banks performed better than the local banks in terms of the overall service quality. The average Gap Score for foreign banks is 1.48, which is less than the industry score (GAP = 1.5), while the local banks recorded a high Gap Score of 1.68.

Table 3: Bank Gap Scores for Overall Service Quality

	NO	Bank	N	Mean	Std. Deviation	Gap	Category
Service Quality	1	SCB	49	6.16	1.03	0.84	Foreign
	2	ECOBANK	50	6.08	1.05	0.92	Foreign
	3	ZENITH	50	6.02	1.12	0.98	Foreign
	4	STANBIC	50	5.68	1.27	1.32	Foreign
	5	SG	50	5.62	1.60	1.38	Foreign
	6	BOA	50	5.52	1.13	1.48	Foreign
	7	FBN	50	5.44	1.26	1.56	Foreign
	8	GT	50	5.22	1.35	1.78	Foreign
	9	BARODA	50	4.76	1.38	2.24	Foreign
	10	HFC	50	4.72	1.31	2.28	Foreign
		SUB TOTAL		5.52	1.25	1.48	Foreign
	1	CAL	50	5.76	1.06	1.24	Local
	2	FIDELITY	50	5.74	1.14	1.26	Local
	3	PRUDENTIAL	50	5.32	1.17	1.68	Local
	4	UNIBANK	50	5.28	1.34	1.72	Local
	5	GCB	50	5.10	1.37	1.90	Local
	6	ADB	50	5.02	1.52	1.98	Local
	7	NIB	50	5.02	1.24	1.98	Local
		SUB TOTAL		5.32	1.26	1.68	Local
		OVERALL SERVICE QUALITY	849	5.42	1.26	1.58	

Source: Survey data 2017

Table 4 tells a different story, where customers were required to rate their satisfaction with banks, based on a single question on customer satisfaction. The best performing banks for satisfaction are different from those that placed tops for service quality. This further buttresses the views that service quality is not wholly responsible for customer satisfaction in Ghana's retail banking. As indicated per Table 4, BOA, GT, ADB and NIB received the highest ratings for satisfaction while FBN, Zenith, Cal Bank and Baroda received the lowest ratings. On the whole, however, the industry mean score of 5.51 with associated Gap Score of 1.49 is an indication that customer satisfaction was rated higher than service quality. Eight, out of the seventeen banks for this study performed better than the industry average score.

Table 4: Bank Gap Scores for Customer Satisfaction

	No	Bank	N	Mean	Std. Deviation	Gap	Category
Customer Satisfaction	1	BOA	50	5.87	3.00	1.13	Foreign
	2	GT	50	5.86	2.93	1.14	Foreign
	3	SCB	50	5.71	2.86	1.29	Foreign
	4	ECOBANK	50	5.66	2.54	1.34	Foreign
	5	HFC	47	5.43	2.71	1.57	Foreign
	6	SG	44	5.43	3.21	1.57	Foreign
	7	STANBIC	50	5.42	2.71	1.58	Foreign
	8	BARODA	47	5.33	2.67	1.67	Foreign
	9	ZENITH	46	4.93	1.05	2.07	Foreign
	10	FBN	37	4.43	2.21	2.57	Foreign
		SUB TOTAL		5.41	2.59	1.59	Foreign
	1	ADB	45	5.86	2.93	1.14	Local
	2	NIB	50	5.86	3.43	1.14	Local
	3	FIDELITY	36	5.76	2.88	1.24	Local
	4	UNIBANK	50	5.64	3.07	1.36	Local
	5	PRUDENTIAL	50	5.45	2.73	1.55	Local
	6	GCB	44	5.43	3.07	1.57	Local
	7	CAL BANK	50	5.32	2.66	1.68	Local
		SUB TOTAL		5.62	2.97	1.38	Local
		OVERALL SATISFACTION	796	5.51	2.78	1.49	

Source: Survey data 2017

Table 4 further shows that, on the average, the local banks performed better than the foreign banks in terms of Customer Satisfaction. The local banks on the average, recorded Gap Score of 1.38, which is less than the

industry average Gap Score of 1.49 while the foreign banks, on the average recorded Gap Scores above the industry score (GAP = 1.59).

Similar to the discussions for service quality and customer satisfaction, Table 5 shows ratings by respondents regarding how loyal they are to their banks. The findings indicate that customer loyalty recorded the least mean score of 4.62 with associated Gap Score of 2.38 among the three studied variables for the study. The overall best performing banks for loyalty include; Ecobank, SG, Zenith, Stanbic and SCB, while the least performing banks were; GCB, HFC, NIB, GT, Unibank and Baroda. The results presented in Table 5 show that the top-five performing banks in terms of Customer loyalty were all foreign banks however, two of the bottom-five performing banks were foreign banks. Though the average Gap Scores for both groups were higher due to the poor industry scores, the foreign banks (mean score = 4.71 and Gap Score = 2.29) recorded a better score, compared to the local banks (mean score = 4.62 and Gap Score = 2.38).

Table 5: Bank Gap Scores for Overall Customer Loyalty

	No	Bank	N	Mean	Std. Deviation	Gap	Categories
Customer Loyalty	1	ECOBANK	50	5.20	0.65	1.80	Foreign
	2	SG	48	5.08	1.20	1.92	Foreign
	3	ZENITH	49	4.93	0.66	2.07	Foreign
	4	STANBIC	47	4.92	0.80	2.08	Foreign
	5	SCB	46	4.91	0.97	2.09	Foreign
	6	FBN	49	4.72	0.92	2.28	Foreign
	7	BOA	48	4.53	0.95	2.47	Foreign
	8	BARODA	48	4.34	0.99	2.66	Foreign
	9	GT	48	4.26	0.85	2.74	Foreign
	10	HFC	47	4.18	0.62	2.82	Foreign
	SUB TOTAL			**4.71**	**0.86**	**2.29**	Foreign
	11	PRUDENTIAL	50	4.86	0.70	2.14	Local
	12	ADB	47	4.83	1.23	2.17	Local
	13	CAL BANK	49	4.70	0.82	2.30	Local
	14	FIDELITY	50	4.64	0.97	2.36	Local
	15	UNIBANK	50	4.40	0.87	2.60	Local
	16	NIB	49	4.26	0.82	2.74	Local
	17	GCB	49	4.06	0.64	2.94	Local
	SUB TOTAL			**4.54**	**0.86**	**2.46**	Local
	OVERALL CUSTOMER LOYALTY		**824**	**4.62**	**0.86**	**2.38**	

Source: Survey data 2017

Table 6 depicts a summary of the findings so far. The overall construct mean scores are captured alongside the associated Gap Scores for foreign and local banks.

Table 6: Summary findings

Construct	Bank Type	No	Mean	Std. Deviation	Gap
Overall Service Quality	Foreign	499	5.52	1.25	1.48
	Local	350	5.32	1.26	1.68
	Total	**849**	**5.42**	**1.26**	**1.58**
Customer Satisfaction	Foreign	471	5.41	2.59	1.59
	Local	325	5.62	2.97	1.38
	Total	**796**	**5.51**	**2.78**	**1.49**
Customer Loyalty	Foreign	480	4.71	0.86	2.29
	Local	344	4.54	0.86	2.46
	Total	**824**	**4.62**	**0.86**	**2.38**

Source: Survey data 2017

5. Conclusion

This study was aimed at determining the degree of service quality, customer satisfaction and loyalty among retail banking customers and to compare the individual levels of these constructs between foreign and local banks in Ghana. These are addressed here to conclude the study with appropriate recommendations. Service quality (mean score = 5.42 and Gap Score = 1.58) is reasonably high for Ghana's banking industry, against a scale mean of 5.0. The performance of three banks (SCB, Ecobank and Zenith) are very high and worthy of mention. Each of these banks recorded Gap Scores lower than 1.0, compared to the overall average Gap Score of 1.58. The remaining fourteen banks, especially the eight with Gap Scores higher than the industry average, are encouraged to pay close

attention to issues of service quality. Any improvements by Baroda and HFC will significantly improve overall industry performance. General improvement in service quality is imperative, as other studies have found service quality to positively influence customer satisfaction.

The mean score for customer satisfaction is 5.51 (Gap Score = 1.49), demonstrating high satisfaction levels, against a scale mean of 5.0. The disparity between service quality Gap Scores and customer satisfaction Gap Score is an indication that satisfaction is not wholly depended on service quality alone. Improvements by FBN and Zenith will go a long way to benefit industry. This notwithstanding, all players are encouraged to work at improving customer satisfaction as a means to achieving customer retention and loyalty. The findings also indicate that customer loyalty recorded a mean score of 4.62 with associated Gap Score of 2.38. Though positive, this is the least pair of scores among the three variables studied, and thus indicating poor customer loyalty. With the exception of Ecobank and SG, all banks performed below the scale mean of 5.0. There is the urgent need for banks to ensure high customer loyalty with its attendant positive effects on bank financial performance.

The comparative analysis done in this study show service quality Gap Scores for foreign and local banks as 1.48 and 1.68 respectively. The implication here is that the foreign banks performed relatively better than local banks. For customer satisfaction, the combined Gap Score for local banks is 1.38, compared with 1.59 for foreign banks, implying that the local banks are performing better, in respect of customer satisfaction. Notwithstanding the poor levels of customer loyalty across industry, the ten foreign banks performed slightly better (mean score = 4.71 and Gap Score = 2.29) compared to the seven local banks with mean score of 4.54 and Gap Score of 2.46.

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