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EFFECT OF SERVICE QUALITY ON CUSTOMER SATISFACTION IN RWANDAN COMMERCIAL BANKS

THE CASE OF BANK OF KIGALI LTD, RUBAVU

A Thesis submitted to School of Business, College of Business and Economics as a partial fulfillment of the requirement for the award of the degree of Master of Business Administration by the University of Rwanda

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DECLARATION

This Thesis is my original work and has not been presented for award of a degree by any other researcher, except where due acknowledgement has been made in the text.

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Signature .... Date.....................

DEDICATION

To my Creator, God

To my parents

To my beloved Wife

To my Daughter

To my sisters and brothers

To my friends and relatives

I dedicate this book

ACKNOWLEDGEMENT

The success of this Thesis cannot sorely be attributed to efforts of one individual. Surely, there has been the contribution of many people and it is on that note that other people deserve my sincere thanks and gratitude. It is also practically impossible to mention each and every one's name that might have in one way or another helped in this work.

In the first place, I extend my special thanks to my parents, brothers and sisters for having tirelessly and with love supported me in every step I made in my life.

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MAY GOD BLESS YOU ALL

LIST OF ABBRAVIATION

ATM : Automated Teller Machine

BK : Bank of Kigali

BNR : National Bank of Rwanda

POS : Post of Sale

RWF : Rwandan Francs

SERVQUAL : Service Quality

SME : Small and Medium Enterprises

SPSS : Statistical Package for the Social Sciences

Abstract

The aim of the research is to analyze the effect of service quality on customers' satisfaction in Rwandan commercials banks, a case study of Bank of Kigali Limited, Rubavu District. The three branches understudy was Gisenyi Branch, Rubavu Town Branch and Mahoko Branch.

In conducting the research a convenience sampling technique/procedure was adopted to select the sample size from which data was obtained. Questionnaires and interviews were used to gather data on the activities of Bank of Kigali Limited on service delivery. The data gathered were coded, analyzed with the necessary conclusions, recommendations and suggestions for future research presented.

The study revealed that, Bank of Kigali Limited provides satisfactory banking services to its retail, SME and corporate customers. Recommendations have been made to address and enhance service delivery in order to achieve and even exceed customers' expectations on services delivery.

Suggestion for future researches are hereby called upon to be conducted in measuring service quality delivery by the bank of Kigali limited at Country level, and to ascertain the extent of service quality delivery among others commercial banks in Rwanda

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CHAPTER ONE. GENERAL INTRODUCTION

1.0. Background to the study

Consumers all over the world have become more quality conscious; hence there has been an increased customer demand for higher quality service. Service operations worldwide are affected by this new wave of quality awareness and emphasis (Lee 2004). Therefore service-based companies like the banks are compelled to provide excellent services to their customers in order to have sustainable competitive advantage, especially in the current trend of trade liberalization and globalization.

"High patronage of services depends on the satisfaction customers derived from a service. Sales are directly related to customer satisfaction; sales increase requires improvement in the quality of service delivery to encourage continuous patronage. Generally, it is believed that services which continuously and consistently delight customers make them happy and satisfied. In such situation, they become loyal customers and will continue to demand the service which in turn will result in profit and growth of an organization. As a consequence, there is a shift in quality focus from the original producers" point of view, which goes under different names such as "service-based quality" (Garvin, 1984), "objective and subjective quality" (Shewhart, 1931 cited in Summers 2005), and "operations management quality" (Steenkamp, 1990) towards the customers base quality, recognizing quality as a Subjective matter (summers, 2005). Subjective quality has received much preference and attention, especially in free-market economies (Kondo, 2000), so as to win customers.

According to Saravan and Rao (2007), service quality remains critical in the service industries, as businesses strive to maintain a competitive advantage in the marketplace and achieving customer satisfaction. The financial services, particularly banks, compete in the marketplace with generally undifferentiated products; therefore service quality becomes a primary competitive weapon

(Stafford, 1996). The banking industry is highly competitive; banks do not only compete among each other; but also with non-banks and other financial institutions both local and foreign (Kaynak and Kucukemiroglu, 1992) Literature has proven that providing quality service delivery to customers retains them, attracts new ones, enhances corporate image, lead to positive referral by word of mouth, and above all guarantees survival and profitability (Negi, 2009; Ladhari, 2009).

Bowan and Hedges (1993) claim that banks that offer very high quality service have a competitive advantage because the benefits of improved quality services are large market shares increased in profits and increased in customer retention. In addition, Zeithmal et al (1996) submit that the reputation of banks is enhanced, new customers are captured and there is an increase in financial performance.

Despite the criticality of service quality to businesses, measuring service quality poses difficulties to service providers, because of the unique characteristics of services: intangibility, heterogeneity, inseparability and perishability (Bateson, 1985;Douglas & Connor, 2003).In view of this, services require a distinct framework for quality explication and measurement. Among the prominent frameworks, SERVQUAL model developed by Parasuraman et al. (1985; 1988) is most preferred and widely used model for measuring service quality in the service industry.

1.1. Statement of Problem

Customer satisfaction is the single most important issue affecting organizational survival as well as baking industry. It has the most important effect on customer retention and on the other hand focus on customer service quality is one of the customer satisfaction factors source. The trade liberalization and globalization have resulted in keen competition among firms and industries. The Rwandan banking industry is not exempted to competition especially with the proliferation of banking and financial institutions in the country. With the availability of goods and services, organizations need proactive strategies, the absence of which can lead to a steady decline of market share (Collier, 2006). Since 2007 commercials banks operating in Rwandan financial market has increased with foreign investment in banking sector where commercials banks reach 11 banks from 6 banks in the year 2006, in which banking system assets have nearly doubled ,reaching US Dollars 924 million by the end of the first quarter in 2012 alongside local growth and generating greater , other the hand customers also increased with different expectations as Rwandan population were educated and encouraged to participate in financial services. This resulted in one-third of the adult population opening an account with formal financial institution in 2011(World bank's Findex) while in 2008 more than half of Rwandan population were excluded to financial services. This has lead to stiff competition among banks aimed at retaining, attracting new customers and expanding their market share through service quality, so to as to satisfy to customers' needs and wants. Previous studies have indicated that to be of world-class standard, committed to excellence in customers 'satisfaction and to play a major role in the growing and diversifying financial sector (Balachandran, 2005). Niveben E. and Demanyan N (2013) also found that owing to the increasing competition in banking, service quality is an important part and bank managers should revealing how to improve customer satisfaction with respect service quality. Furthermore Addai M (2011) found that to ensure customer retention, banks needs to revise its quality service strategy giving particular attention to the expectations of customers.

Although studies on relationship between service quality and customer satisfaction have been done in banking industry in other African countries, but such studies are scanty in Rwanda, hence this study will address this gap.

1.2 Objectives of the study

The main objective of this study is to assess the level of service quality delivery at Bank of Kigali.

1.2.1. The specific objectives of the study are

1. To ascertain customers expectations of banking services
2. To assess customers perceptions on services delivered at the Bank of Kigali
3. To assess level of customers satisfaction for the services provided by Bank of Kigali.

1.3 Research Questions

In order to provide answers to the research objectives, the following questions are posed for investigation:

1. What is the level of quality of service provided by Bank of Kigali?
2. What is the level of satisfaction customers derive from the services of Bank of Kigali?
3. What are the expectations and perceptions of customers on service delivered by Bank of Kigali?

1.4 Significance of Study

This study identifies quality dimensions significant to Bank of Kigali to enable the bank to develop strategies to improve the quality of service delivery. This will enhance the Bank's competitive position in the banking industry and ensure survival of the bank, especially in this era of keen competition.

By measuring the satisfaction level of customers, Bank of Kigali can develop customer-centric service approach to deal with customers in order to avoid the tendency of existing customers switching to a competing bank. By identifying what customers expect and perceive to be quality, Bank of Kigali can revise, redesign or repackage its service operations and tailor them to meet the perceptions and expectations of the customers. By this the services delivered will bring satisfaction to the customers and make them stay while attracting new ones. Customers have become quality conscious, so they compare service offering of companies and will opt for superior quality services. The study will serve as a guide for Bank of Kigali to develop policies which will improve its overall service delivery, especially in areas where gaps between expectations and perceptions are so wide to enhance customer satisfaction. This will give Bank of Kigali a comparative advantage and the most preferred bank in the banking industry. By virtue of improved services, banks and companies alike can benchmark the policies and strategies of Bank of Kigali for their quality improvement program leading to overall improvement in the banking sector and possibly translate to other sectors of the economy.

Lastly, the study will serve as a guideline for further research in service quality in the banking industry or related field.

1.5 Scope of Study

The study is limited to service quality practices of Bank of Kigali limited. The Bank has 65 branches in the country. However this study focuses on the three branches of Bank of Kigali limited located in Rubavu district. The financial means, proximity and time period allocated to this study would not allow for an extensive research into the topic. In spite of these limitations, it hoped that this work would provide useful insights into the area of service quality and its effect on customer satisfaction in bank. The study was limited to the period of 2010 up 2014.Conscious efforts would be made to get relevant information

1.6 Organization of the Study

The thesis is structured into five chapters:

Chapter one gives a brief description of the research and highlights salient discussions on the effect of service quality on customer satisfaction and retention. The chapter also presents a statement of the problem, objectives of the study, research questions, and significance of the study, brief methodology and the structure of the thesis.

Chapter two describes quality management from historical perspective, the concept of quality and description of service based on the literature from numerous writers. Service quality dimensions/models, customer satisfaction and the importance of service quality to businesses are also discussed in this chapter. The chapter also presents the conceptual framework of the study.

Chapter three presents the methodological perspectives of this study. The strategies adopted in the study are fully discussed in this chapter. The strategies included sample/sampling procedures and the questionnaire survey.

Chapter four presents the analysis and discusses of the results of the study.

Chapter five presents a brief summary of the study and the main findings, conclusions with regards to the new knowledge derived from the research and recommendations for improving service quality.

1.7. Profile of Bank of Kigali Ltd

The Bank was incorporated in the Republic of Rwanda on 22 December 1966. It was founded as a joint venture between Government of Rwanda and Belgolaise, with each owning 50% of the ordinary share capital. The Bank commenced operations in 1967 with its first branch in Kigali. Belgolaise was a subsidiary of Fortis Bank operating in Sub-Saharan Africa and in 2005 began to withdraw from its operations in Africa in line with Fortis' strategy. Belgolaise still exists as a corporate entity under Belgian Law and is part of the BNP Paribus Fortis Group. In 2007 the Government of Rwanda acquired the Belgolaise shareholding in Bank of Kigali, thereby increasing its direct and indirect shareholding in the Bank to 100% of the entire Issued Shares. In 2011, the Bank changed its name under the new law relating to companies from Banque de Kigali S.A to Bank of Kigali Limited.

Bank of Kigali is a leading banking institution in Rwanda, offering a wide spectrum of commercial banking services to corporate, SME and retail customers. The Bank has approximately 1,140 employees and serves over 356,941 retail clients.

The Bank has a network of 75 branches spread across all provinces and major commercial districts in the country. According to BNR data, Bank of Kigali is the largest bank in the country with leading market share by assets (33.9%), net loans (31.2%), customer deposits (32.0%), and shareholders' equity (43.8%) as of 31 December 2014. For the twelve months ended 31 December 2014, the Bank generated net income of Rwf 18.3 billion , had total assets of Rwf482.6 billion and shareholders' equity of Rwf 88.54 billion. The bank's CAR was 26.7% as at 31 December 2014.

1.8. Business of the Bank of Kigali limited

The Bank's two principal business areas are retail banking and corporate banking. In addition, the Bank has completed the preparatory work and intends to offer domestic private banking services imminently. The Bank is a leader in the Rwandan retail banking market, currently serving over 356,941 retail clients through its branch network and electronic distribution channels. The Bank's retail banking activities include retail lending (including micro-financing loans, mortgage loans, general consumer loans, automobile loans, payroll loans and overdrafts and credit cards), current, savings and term deposit accounts, bank card products and services, ATM services, Internet and SMS banking, utilities and other bill payments, money transfers and remittances, standing orders, direct deposit services for wages and other monetary entitlements and other retail banking services. As of 31 December 2014, the Bank had the second largest branch network in Rwanda, with 75 branches, including full-service flagship branches, service centers and smaller-scale sales outlets and the second largest ATM network in Rwanda, comprising 84 ATMs. As at 31 December 2014, the Bank's retail banking business had total depositsand loans of Rwf 313.53 billion and Rwf 233.4 billion respectively.

The bank's vision is: Bank of Kigali limited aspires to be the leading provider of most innovative financial solutions in the region. Its mission is: Our mission is to be the leader in creating value for our stakeholders by providing the best financial services to businesses and individual customers, through motivated and professional staff. Its values are:

- Customer focus
- Integrity
- Quality
- Excellence

In order to ensure that the Bank's services give its customers the maximum satisfaction, Bank of Kigali limited maintains high ethical standards in all its internal and external relationships. This is guided by the principle that service quality of the Bank is determined by customers. The Bank exhibits professionalism, fairness and equity in all dealings. The Bank has in place customer service unit where all grievances are channeled for redress.

CHAPTER TWO. LITERATURE REVIEW

This chapter reviews works done on service Quality, especially empirical studies done in banking sector using SERVQUAL Model. The review focuses on the overview of concept of quality, concept of service, service quality, service quality measurements and models, customer satisfaction, and the role of service quality in ensuring customer satisfaction and retention. This chapter will further present service quality concept adopted in this study and explain in detail the constructs of the study.

2.1. Banks

According to Skye (1982: 12) banks are an establishment for custody of money, which it pays out on a customer' order. For the purpose of this study the researcher defines a financial institution or banks as an establishment or organization that provides financial services to retail, SME and corporate customers. Commercial banks came into existence in 19th century .They further contracted that ,the major feature of the commercial banks is that they are all mutually competitive in order to magnetize and retain customers .This feature distinguishes them from other financial institutions such as central banks ,stock exchange etc.. Which are much more concerned with some special types of transactions, (Kolter and Ronald 1993).Basically, and banking is a business that is registered to accept deposits from the public and make out loans. Technically, banks mobilize funds from the surplus units and channel it to the deficit units of the economy (Luckett, 1994). The objective of this fund channeling is to earn profit. This function makes banks one of the most important financial intermediaries in every economy and also assists Central Banks in achieving their monetary policies. Banks earn money in servicing beyond selling money. Banking services are about the money in different types and attributes like lending, depositing and transferring procedures. These intangible services are shaped in contracts. The structure of banking services affects the success of institution in long term. Besides the basic attributes like speed, security and ease in banking services, the rights like consultancy for services to be compounded are also preferred.

2.2 Studies in banking industry using the SERVQUAL Model

Various studies in service management have shown that the perception of the quality of services through the eyes of the customer is formed by a judgment of many encounters, with an organization. Customers perceive services in terms of quality of the service and how satisfied they are overall with their experiences. However, these encounters are mainly the joint effort of the employees who have contacts with the customers, and the customers themselves, who therefore may be in better position to understand them, and solve their service related problems (Zeithaml et al (2006)). A study conducted in India banking system on influence of service quality on customer satisfaction, with the application of SERVQUAL model has showed that customers are satisfied with the quality of banking services in all 5 dimensions but with different levels. With regards to overall satisfaction of banks services, responsiveness is the only significant dimension (Ravichandran et al 2010).

According to (Lee & Hwan 2005) a research conducted in Taiwan on Relationships among services quality, customer satisfaction and profitability in the Taiwanese banking industry using SERVPERF & Profitable Model has found that the performance scale developed in the SERVPERF model and satisfaction in the profitability model were confirmed in Taiwanese banking industry. Perception of quality is an antecedent of attitude and service quality is an antecedent of customer satisfaction and customer satisfaction is antecedent of profitability.

However customer satisfaction affects directly purchase attention; the gap between customers and service providers are found and thus demonstrates that profitability is positively affected by service quality improvement. A research done in Malaysia on determining the relative importance of critical factors in delivering service quality of banks, using an application of dominance analysis in SERVQUAL model after analysis found that factor analysis have been reduced into 4 factors ; tangibility ,reliability ,competence and convenience.

In general banks services are of poor quality as customers ‘perceptions are low than their expectations. There are significant differences between 4 dimensions;

-Tangibility and reliability have the lowest gap indicating respondents perceptions are close to expectation and are therefore satisfied; however both competence and convenience have the largest gaps indicating respondents' banks are not competent and convenient in doing their business.

-The gap of convenience is relatively larger than competence (Kumar et al 2009).

Other study on service quality perspective and satisfaction in private banking done in USA and South American countries with SERQUAL and functional quality model shows that functional based model is better than SERVQUAL based model in predicting customer satisfaction when customers are actively involved or highly interested in service delivery. Various dimensions of service quality differentially predict the three measures of services satisfaction.

In instances involving particular elements of quality and satisfaction, both the incidence of service failure and the type of communication between service providers and consumers may influence the effects of quality on satisfaction (Lasser et al 2000).

2.3 Service

Service is defined by Meyer (2001) as services are intangible when compared to physical goods (Levitt, 1981:94). Skye (1982:34) defines service as the activity of working for other people or for an organization. For the purpose of this research, service will be defined as the interaction between the financial institutions and the customer. Bateson and Hoffman (1999) define services as deeds, efforts or performance whilst Regan (1963) sees services as activities, benefits or satisfactions offered for sale or provided in connection with the sale of goods. Heizer and Render (1999) describe services as “those economic activities that typically produce an intangible product such as education, entertainment, food and lodging, transportation, insurance, trade, government, financial, real estate, medical repair and maintenance like occupations”. Johns (1999) adds that service could mean an industry, a performance, an output or offering or a process. As compared to manufactured products, services are less tangible and less measurable. Service organizations have a significant proportion of their employees in direct contact with their external customers. According to Fox (1993), customers” perception of the company is often determined by the behavior of these employees.

Service providers perceive service as a process which contains elements of core delivery, service operation, personal attentiveness and interpersonal performance which are managed differently in various industries. Customers on the other hand view service as an experience of life which consists of elements of core need, choice, and emotional content (Johns, 1999). These service elements are present in different service outputs and encounters and affect each individuals experience differently. The factors critical to services include value (benefit at the expense of cost), service quality and interaction. Service quality is a concept that has aroused considerable interest and debate in research. There are difficulties defining and measuring it with no overall consensus emerging on either (Wisniewski, 2001). While Eshghi et al. (2008) define service quality as the overall assessment of a service by the customers, Asubonteng et al. (1996) and Wisniewski and Donnelly (1996) define it as the extent to which a service meets customer’s needs or expectations. Lewis and Booms (1983) describe service quality “as a measure of how well the service level delivered matches customer expectations. Service is said to be quality when it consistently conforms to customer expectations. Parasuraman et al. (1985) argues that service quality is the measure of service delivered as against expected service performance.

2.4 Characteristics of Service

Johns (1999) argues that services are mostly described as „intangible" and their output viewed as an activity rather than a tangible object, but also admits that some service outputs have some substantial tangible components like physical facilities, equipments and personnel. Gummesson (1994) posits that, a service design which consists of a service, service system and the service delivery process considers customers, staff, technology, the physical environment, and the consumption goods. The physical aspects are important for high quality service delivery. Bateson (1985) outlines four unique characteristics of a service to be intangibility, heterogeneity, inseparability and perishability. Unlike a product where tangible cues exist to enable consumers to evaluate the quality of the product, the quality of the service is ascertained by parameters that largely come under the domain of experience and credence properties and are as such difficult to measure and evaluate (Parasuramanet al 1985; Zeithaml and Bitner, 2003).

2.5. Concept of Quality

The British Standard BS 4778 defines quality as the totality of features and characteristics of a product or service that bear on its ability to satisfy a given need (Wille, 1992).An organization identifies a need in the market and produce with the mind to fulfill that need. When the need is satisfied, such organization is deemed quality organization. However, it is argued that who describes the need limiting the need rather than generalizing it. Juran (1988) defines quality as "fitness for use". The definition raises the question of who defines fit and use. The only way a product is said to be, fit" is when it has been tried and tested or used. A company can test a product and approve it as fit for use but a customer may disapprove it. This definition considers standard as the key element for quality. When a product is certified it is described as fit for use. Crosby (1979) defines quality as conformance to requirements. The definition maintains that when a company sticks to the pattern provided by the customers, such product or service is deemed quality. Before the product or service is said to conform to requirement, it should be devoid of defects, meets all deadlines and ensures proper safe delivery. This definition is critiqued of its sufficiency; the requirement is seen as limited. The provider is likely to settle on just meeting the specification while another may come up with product or service which will better suit the underlying requirements of the customers. In other words, the customers may lack technical expertise to provide accurate specification and something better will be welcomed.

Quality has been defined from diverse perspectives. Quality was primarily seen as a defensive mechanism but it is seen as a competitive weapon for emergence of new markets as well as growing market share (Davis *et al,* 2003). Quality can be defined as satisfying or exceeding customer requirements and expectations, and consequently to some extent it is the customer who eventually judges the quality of a product (Shen*et al.,* 2000).According to Albracht, (1994:33) defines it as the distinct formula, approach, or principle for delivery of service quality, which is both important to the customer and deliverable. Milakovich (1995:9) argues that service quality is a powerful, yet simple method of process improvement to achieve customer satisfaction. Total quality service anticipates customer needs and encourages employee participation and ownership of work processes. Nowadays, with the increased competition in business, service quality has become a popular area of research and has been acknowledged as an observant competitive advantage and supporting satisfying relationships with customers, service is assumed to be quality when it meets customer's needs or expectations (Zeithmal, 2000).

Service quality consists of five dimensions: tangibles (appearance of physical facilities, equipment, personnel and written materials), reliability (ability to perform the promised service dependably and accurately), responsiveness (willingness to help customers and provide prompt service), assurance (knowledge and courtesy of employees and their ability to inspire trust and confidence), and empathy (caring and individual attention the firm provides its customers). Reliability is considered the vital core of service quality. Other dimensions will matter to customers only if a service is reliable, because those dimensions cannot compensate for unreliable service delivery (Berry *et al.,* 1994).

Perceived quality has been defined as a form of attitude, related but not equal to satisfaction, and fallout from a consumption of expectations with perceptions of performance. Consequently, having an improved understanding of consumers‟ attitudes will facilitate knowing how they perceive service quality in banking operations (Parasuraman*et al.,* 1988).

Studies on service quality conducted in banking industry shown that the banks had to have a vital identity to provide excellent services. Banks nowadays have to be of world-class standard, committed to excellence in customers‟ satisfaction, and to play a major role in the growing and diversifying financial sector (Balachandran, 2005). There has been a remarkable change in the way of banking in the last few years. Customers have also accurately demanded globally quality services from banks. With various choices available, customers are not willing to put up with anything less than the best. Banks have recognized the need to meet customer's aspirations. Consequently service quality is a critical motivating force to drive the bank up in the high technology ladder.

Banking sector has a dominant importance because it is a main component of the Rwandan financial sector, and as efficiency in the utilization of the savings of the depositors and the banking sector resources is essential to improve the growth rate of the existent sectors of the economy (BNR report). The purpose of banking operations is supposed to be to progress the quality of life for the overall society not just the maximization of shareholders' wealth. Studies have been investigated on quality perception of bank customers and the differences in relative importance they attach to the various quality dimensions using the SERVQUAL model. SERVQUAL appears to be a reliable scale to measure banking service quality, and provide a useful diagnostic role to play in assessing and monitoring service quality in banks. The research finding

Customer Satisfaction in banking services is significantly affected by Reliability, Empathy, Assurance and responsiveness. Result shows that the bank's customers are prefer to deal with the human being rather than machines. It is also, shows that Tangibility has relationship but no significant effect on customer satisfaction. Bank services such as the infrastructure facilities are not important so this study concludes that tangibility is a need in providing quality service, but not a must. The results of the research suggest that there is a significant positive relationship between the empathy and customer satisfaction, so the customers prefer a face-to-face service by the banks.

2.5.1 Categories of Quality Definition Approaches

Garvin (1980 cited in Rao et al, 1996) in an attempt to establish a common understanding of quality from the numerous definitions categorizes the definition into five approaches: transcendent, product-based, user-based, manufacturing-based and value-based. The transcendent approach defines quality as achieving or reaching for the highest standard as against being satisfied with mediocrity. Such quality is seen in artwork and literature. Product of this quality description may not appear quality to everyone. The product-based approach identifies specific measurable features or attributes to indicate high quality. With the user-based approach, the user is the determiner of quality of a product or service. The approach links customers satisfaction to quality; when the product or service satisfies the user, it is described as high quality. The manufacturing-based approach describes quality much the same as Crosby as "conformance to requirement". Thus quality depends on the closeness of the product or service to the specified requirement. The specification provides standards (control limits) for tolerance (Rao et al., 1996). The value-based approach defines quality as the degree of excellence at an acceptable price and the control of variability at an acceptable cost. There is a view that purchasing decision involves trading off the quality against the price. They sought for value – more features, better reliability and more support for their money. In other words, choice of a particular product depended on the value the customers derived from the product (Rao et al., 1996).

2.5.2 Importance of Service quality

Service quality has been viewed as a significant issue in the banking industry by Stafford (1994).

Since banking services are generally characterized with undifferentiated products, it becomes imperative for banks to strive for improved service quality if they want to distinguish themselves from the competition. Positive relationship between high levels of service quality and improved financial performance has been established by Roth and van der Velde (1991) and, Bennet (1992). Similarly, Bowen and Hedges (1993) documented that improvement in quality of service is related to expansion of market share.

In the current marketing literature, much attention on the issue of service quality as related to customers' attitudes towards services is focused on the relationship between customer expectations of a service and the perceptions of the quality of provision. This relationship known as perceived service quality was first introduced by Gronroos (1982). Gronroos suggested that the perceived quality of a given service is the result of an evaluation process since consumer makes comparison between the services they expect with perceptions of the services they receive. Hence, he concluded that the quality of service is dependent on two variables: expected service and perceived service. Parasuramanet. Al (1985) considered that a customer's assessment of overall service quality depends on the gap between the expected and perceived service. Thus, the key to managing perceived service quality is to minimize this gap. Zeithaml (1988) defined perceived service quality as the customers' assessment of the overall excellence of the service.

2.6 Measuring Service Quality using SERVQUAL Models

An array of factors or determinants has been identified in the literature for measuring service quality. For instance, Sachdev and Verma (2004) measure service quality in terms of customer perception, customer expectation, customer satisfaction, and customer attitude. Despite the numerous models for measuring service quality, Nyeck et al. (2002) admit that the SERVQUAL model remains as the most complete attempt to conceptualize and measure service quality. The model is extensive and widely used to measure service quality in the literature. Therefore this study adopts the SERVQUAL dimensions to measure service quality in Bank of Kigali Limited. The SERVQUAL dimensions: tangibles, reliability, responsiveness, assurance and empathy are the basis for service quality measurement (Parasuramanet al., 1988; Zeithamlet al., 1990). Implementing and evaluating service quality is a very complex process, because of the intangible nature of service and the difficulty in measuring customer's expectations and perception. Zeithaml and Bitner (1996) believe that content and delivery of a service are essential factors for evaluating service quality. While customers evaluate the quality of delivery, service providers determine the content of the service. Edvardsson (1998) contends that the concept of service should be approached from the customer's perspective. Because the customers total perception of the outcome is the service and the customer outcome is created in a process where service is generated through that process. Customer's involvement in the service process is necessary, since they are co-producer of service. The service process can be a delivery of service, interpersonal interaction, performance or customer's experience of service. Several models have been identified in the literature for measuring service quality. Among the approaches or models are: expectancy-disconfirmation approach, performance-only approach, technical and functional dichotomy approach, service quality versus service satisfaction approach and attribute importance approach. The expectancy-disconfirmation model focuses on identifying customer expectation versus what they actually experienced. It compares the service performance with the expectations of the customers, which is assessed after the services encounter (Oliver, 1980). The performance-only approach assesses service quality by enquiring from the customers about their level of satisfaction with the various features following a service encounter (Babakus and Boller, 1992; Cronin & Taylor, 1994). The technical and functional dichotomy approach identifies two service components that lead to customer satisfaction: technical quality of the product which is based on product characteristics such as durability, security, physical features; and functional quality which is concerned with the relationships between service provider and the customer such as courtesy, speed of delivery and helpfulness (Gronroos, 1984). Customers usually lack information on the technical aspects of a service, therefore rely on functional quality to form perceptions of service quality (Donabedian, 1980). Service quality versus service satisfaction model mainly focuses on two service components that are interrelated; the transition-specific assessment which evaluates specific features of quality and the overall assessment which evaluates overall quality. This approach links perceived quality at the time of the service encounter or immediately after it and overall satisfaction with the service. The attribute importance model focuses on the relative weight on the importance the consumer places on attributes found to be linked with service satisfaction (Gilbert et al., 2004).

Among the models for measuring service quality, the most acknowledged and applied model in variety of industries is the SERVQUAL (service quality) model developed by Parasuraman et al. The model originally provided a list of ten determinants of service quality: access, communication, competence, courtesy, credibility, reliability, responsiveness, security, understanding and tangibles. Further studies merged correlated variables and reduced the determinants into five consolidated dimensions: tangibles, reliability, responsiveness, assurance and empathy as the instruments for measuring service quality (Parasuramanet al., 1988; Zeithamlet al., 1990).

2.6.1 Tangibles

The tangibles encompass the appearance of the company representatives, facilities, materials, and equipment as well as communication materials. The condition of the physical surroundings is seen as tangible evidence of care and attention to detail exhibited by the service provider (Fitzsimmons & Fitzsimmons, 2001). Davis et al. (2003) summarize tangibles as the physical evidence of the service.

2.6.2. Reliability

The reliability and consistency of performance of service facilities, goods and staff is seen as important (Johnston, 1997). This includes punctual service delivery and ability to keep to agreements made with the customer. According to Fitzsimmons and Fitzsimmons (2001), reliability is the ability to perform the promised service both dependably and accurately with error free.

2.6.3. Responsiveness

Johnston (1997) describes responsiveness as the speed and timeliness of service delivery. This includes the speed of throughput and the ability of the service to respond promptly to customer service requests, with minimal waiting and queuing time. Fitzsimmons and Fitzsimmons (2001) argue that when the customer is kept waiting for no apparent reason creates unnecessary negative perceptions of quality. Conversely, the ability for the bank to recover quickly when service fails and exhibit professionalism will also create very positive perceptions of quality.

2.6.4 Assurance

This considers the knowledge and courtesy of employees as well as their ability to convey trust and confidence. The assurance dimension includes the following features: competence to perform the service, politeness and respect for the customer, effective communication with the customer and the general attitude that the server has the customer's best interest at heart (Fitzsimmons & Fitzsimmons, 2001).

2.6.5 Empathy

According to Chase et al. (2001), empathy is the provision of caring, individualized attention to customers. Fitzsimmons and Fitzsimmons (2001) posit that empathy includes approachability, sensitivity, and effort to understand the customer's needs. Johnston (1997) describes empathy as the ability to make the customer feel welcome, particularly by the contact staff.

The SERVQUAL models identify a gap which maintains that satisfaction is related to the size and direction of disconfirmation of a person's experience vis-a-vis his/her initial expectations (Churchill &Surprenant, 1982; Parasuraman, Zeithaml& Berry, 1985; Smith & Houston, 1982).

The SERVQUAL model assesses customer expectation and perceptions of service quality by capturing the gap between expectation and experience.

2.7. Customers' Expectation of Service Quality

Customer expectations are beliefs about a service that serve as standards against which service performance is judged (Zeithaml et al., 1993); which customer thinks a service provider should offer, rather than on what might be on offer (Parasuraman et al., 1988).This is influenced by their personal needs, past experience, word-of-mouth and service providers communications. Literature explains expectation as predictions made by consumer about what is likely to happen from a transaction.

2.8. Customers' Perception of Service Quality

Customers" perception of performance is what they experienced (Parasuraman et al., 1988). Literature maintains that customers total perception of a service is based on their perception of the outcome and the process; where the outcome is either value added or quality and the process is the role undertaken by the customer (Edvardsson, 1998).The customer's perception of quality of service is based on the degree of agreement between expectations and experience (Kandampully, 1998). The result of this comparison is perceived service quality (Gronroos, 1982, 1984; Takeuchi and Quelch, 1983; Parasuraman et al., 1985, 1988).Parasuraman et al, (1988) define perceived quality as a form of attitude, related but not equal to satisfaction, and results from a consumption of expectations with perceptions of performance. Therefore, having a better understanding of consumers attitudes will help know how they perceive service quality in banking operations. The pivot to the concept of service quality is gap model, which stipulates that service quality is a function of the difference scores or gap between expectations and perceptions (P – E). The gap between expectation and performance can be positive (satisfactory), when performance exceeds expectations or negative (dissatisfaction), when performance falls short of expectations (Anderson, 1973).Service quality is low, if what is perceived is below expectation, and is high, if what is perceived meets or exceeds expectation. The result of this comparison is perceived service quality (Gronroos, 1982, 1984; Takeuchi and Quelch, 1983; Parasuraman et al., 1985, 1988).

2.9. Need for quality service

Gronroos (1993) has indicated that research on service quality is entering its third phase and a more dynamic model is needed of how the quality of service is perceived by customers (Payne, 1995:200). The first phase has been concerned with understanding what service quality is and the context in which quality perceptions are determined through what has been termed the "confirmation/disconfirmation" concept of perceived quality. According to Payne (1995:199) for managers in service organizations, the emergence of service quality as a key issue in their business is a vital concern. In particular, they are confronted with how to translate service quality into a tool for improved marketing results, increased customer retention and long-term profitability. The importance and benefits of providing service quality are well documented and business practitioners strive to design and implement programs to ensure that the customer is satisfied with his/her encounters with a service firm and in turn with the various dimensions of service quality. However quality discrepancies and shortfalls are likely to occur, especially when human input is largely responsible for the "production" and delivering of the offering. The problem that arises for organizations is what happens when a service shortfall occurs, and how they can recover from service failures.

Today, bankers are realizing the importance of service quality in keeping existing customers and acquiring new ones. One of the ways in which banks are making concerted efforts to improve quality in servicing customers is to find out what they really want. The customer's perception of quality service may be quite different from the banker's definition. Thus, the way to ensure that the bank is providing the services customers want is by asking them. Banks are assessing customer's opinions and preferences not only by putting comment cards in their branches, but also by setting up customer focus groups as well as telephone and in-person surveys; (Mahoney, 1994:66).Banks need to practice service excellence in addition to service quality. Service excellence delights the customer. Examples include letting the customer choose his own PIN, improving the readability of account statements, and giving branch managers flexibility on consumer loan rates. Employees should be empowered to do what it takes, within reason, to satisfy the customer; (Madsen, 1993:2). However, striving for improved service is only one facet of the total picture. In the ever-consolidating banking world and with increased non-bank competition, banks must differentiate themselves. They need to find ways to become more valuable to their customers and actually exceed expectations.

According to Mahoney (1994:66) in the January 1994 issue of Marketing Update, Paul Diesel discerned that even good service quality could only make banking a "neutral experience". In order to keep "fervently loyal" customers, banks must offer products that provide added value. For example, Diesel's bank calls him when new services are introduced and explains them in the context of his whole banking relationship.

The essence of service marketing is service. Most information sources on marketing stress the four "P's" of marketing as product, place, promotion and price, but Zeithaml et al. (1990:10) state that in a service business, the most important competitive weapon is the fifth “P” being that of performance.

According to Zeithaml, et al. (1990:21) through focus-group interviews, one can learn a great deal about how customers view service quality. The most revealing and unique insights emerging from the focus groups concerned do customers in judging service quality use the criteria. From this exploratory study they were able to:

i. Define serious quality as the discrepancy between customers’ expectations and perceptions;
ii. Suggest key factors: word-of-mouth communications, personal needs, past experience, external communications that influence customers’ expectations
iii. And identify ten general dimensions to assess service quality.

Meyer (2001) notes that while customers rated many items as important to them, satisfaction with customer service was the most important factor that determined whether a consumer was satisfied overall with their banking, insurance or investment provider. Consumers were asked about two specific aspects of customer service: being treated as a valued customer and responsive service. How well a financial services institution provided these two aspects of customer service was the most important factor that determined whether it had satisfied customers. Meyer (2001) reveals that consumers around the world want their financial services providers to treat them as a valued customer by providing personal, caring service. In addition, they want their financial services providers to offer responsive service, quickly resolving problems and providing requested information. While other factors play a role in customer satisfaction in certain countries and industries, the foregoing attributes of customer service are almost always the important drivers of overall satisfaction.

Executives may lose sight of the fundamental importance of customer service, while other issues claim management attention such as the introduction of online services, building a strong brand, and increasing efficiency to become more prices competitive. However on the other hand, consumers are more concerned with the quality of their interactions with their financial services providers, so-called “moments of truth”. Is needed information provided quickly? Is it easy to resolve problems? Are personnel friendly and eager to help? Am I recognized? Etc… The way of financial institutions handle customer problems is particularly critical and needs much attention. The study commissioned by the American Bankers Association found that roughly two thirds of customers who complain to their bank are not completely satisfied with the response they receive. These customers are not only less likely to purchase additional products; they are also much more likely to tell others about their unhappy experience. Customers who are satisfied with how their financial provider handles their problems become more loyal customers and active advocates for the institution; (Deloitte and Touche, 2000:7).

2.10. Need for service excellence

Banking system environment has changed with an increasingly innovative and aggressive financial services competition and products variation. These forces of change have led to banks moving toward customer-orientated strategies, so that it is the quality of service that becomes the ultimate factor which differentiates one organization from another and indeed determines whether or not it will survive. The banks need to adapt itself to a changing environment and to provide employees with a vision of service quality; these empowered employees share this vision and improve their knowledge for better customer service. Alongside this, applications of technology, such as automated teller machines (ATMs) networks and electronic data warehouse systems help the banks to improve the efficiency of their operating processes. This in turn provides the bank with more and better information on customers, increasing the opportunities for service quality improvement (Kleiner and Kim, 1996:26). Furthermore in his detailed research done on Bank of America; City Bank and

One Valley Bank in West Virginia are that these three high performing banks share common elements of service excellence such as:

i. A clear banking culture provided by committed management;
ii. employment empowerment by enhancing knowledge and skills, and
iii. Improvement of operating processes with technological applications.

2.11. Ensuring Customer Satisfaction, Retention and customer loyalty

Murphy (2000:27) has argued that customer satisfaction is the minimum acceptable levels of service that provide customer satisfaction in the key areas that are critical and where service quality thresholds need to be set. To fall below the minimum threshold in any key area puts the financial institution into the danger zone and its customer will not be satisfied. For the purpose of this study, customer satisfaction will be defined as the minimum requirement to meet customer service needs. Customer satisfaction is a widely used term in business to measure the kind of products and services provided by a company to meet its customer's expectation. Customer satisfaction is believed to be the company's key performance indicator (KPI), particularly when organizations compete for customers. Hall (1997:100) defines customer retention as keeping customers for life. The lifetime value of a customer to any industry can be valued in monetary terms. For the purpose of this research, customer retention will be defined as the ability to retain one's existing customer base.

Many of the research in customer retention and customer exit investigate the processes separately without linking the two processes together (Colgate and Norris, 2001). Gan et al. (2006) argue that most banks in the financial service sector choose not to engage in price but rather make use of service as an effective competitive tool. In this light, Colgate and Varki (2001) argued that nothing can replace quality service. Quality service as perceived by the customer has an effect on the perceived value of the service rendered (Gan et al., 2006). Once customers are satisfied with the service of a particular organization, the propensity to stay and lure other potential customers is high. Customers normally set objectives in respects to measuring a desired value

(Spreng et al., 1996).The customer value hierarchy suggests that desired value is composed of a preference for specific and measurable dimensions, the attribute performances, and consequences linked to goals for use situations. Desired values, in turn, guides customers when they form perceptions of how well or poorly a product has performed in the use situation (Oyeniyi and Abiodun 2008) .Chong E.(1997) found that both customer satisfaction and customer perception of service quality were important predictors of attitude loyalty, but that satisfaction had the strongest relationship with the loyalty construct.

Indeed, it was found that service organization employees form particularly close relationship with customers because employees and customers often work together in the creation of many services. This is so where services are produced by employees and consumed by customers simultaneously (Lovelock, 1980). In addition, because of the intangibility of services, customers often rely on employee's behaviors in forming opinion about the service offering (Gronroos, 1984). As a result, employees actually became part of the service in the customers' eyes. Similarly, repurchase intentions were positively influenced by satisfaction across product categories and that customer were more likely to be retained as satisfied. To achieve customer satisfaction and loyalty, Oliver (1999) maintains that all service encounters offer an opportunity to provide superior service quality and distinguish the firm from its competitors. Changing customer preferences and spending patterns will influence consumer's behavior, for example, it was found that banks customers transferred their account to alternative providers because of lifestyle changes, such as marriage or moving house. In contrast, Riggall (1980) confirmed that the convenience factor is the most important for bank customers, followed by friend's suggestions and lowservice charges. Lewis (1991) indicated that convenience and recommendation by friends and family were the most decisive bank selection criteria.Clearly, the effectiveness of the level of customer service will enhance customer retention; reduce switching between and among service providers and serve as the edge over other competitors. In the past customer retention strategy was just one weapon to use against competitors and was downplayed because marketing professionals focused primarily on attracting new customers. However, firms that continue to acquire new customers but are unable to retain them are unlikely to see positive results and customer retention has become essential to survival. Indeed, the relationship between the customers and the banks seems to be built around two different types of factors: social bonds, namely relational components that result in direct relationships, and structural bonds, namely structural components which provide knowledge about the parties involved. According to Patterson and Spreng, (1998) the services market is becoming ever more competitive, as price competition intensifies and the shifting of loyalty becomes an acceptable practice. Many industries have already experienced a rearrangement of marketing budgets in order to devote more resources to defensive marketing, namely customer retention. Several initiatives have been undertaken to improve retention, including value chain analysis, customer satisfaction and loyalty programmes (Gummerson, 1998). Satisfaction has a significant impact on customer loyalty (Sharma and Patterson, 2000) and, as a direct antecedent, leads to commitment in business relationships (Burnham et al., 2003), thus greatly influencing customer repurchase intention (Morgan and Hunt, 1994). Indeed, the impact of satisfaction on commitment and retention varies in relation to the industry, product or service, environment, etc. Relational switching costs, which consist in personal relationship loss and brand relationship costs and involve psychological or emotional discomfort due to loss of identity and breaking of bonds (Burnham et al., 2003), have a moderating effect on the satisfaction –commitment link (Sharma and Patterson, 2000). Since relational switching costs represent a barrier to exit from the relationship, they can be expected to increase the relationship commitment. High switching barriers may mean that customers have to stay (or perceive that they have to) with suppliers who do not care for the satisfaction created in the relationship. On the other hand, customer satisfaction is usually the key element in securing repeat patronage; this outcome may be dependent on switching barriers in the context of service provision (Jones et al., 2000). In fact, in certain conditions, a customer might be less than satisfied with a service supplier, but still continue to deal with it because the costs of leaving are perceived to be too high. In businesses where the underlying products have become commodity-like, quality of service depends heavily on the quality of its personnel. This is well documented in a study by Leeds (1992), who documented that approximately 40 percent of customers switched banks because of what they considered to be poor service. Leeds further argued that nearly three-quarters of the banking customers mentioned teller courtesy as a prime consideration in choosing a bank. The study also showed that increased use of service quality/sales and professional behaviors (such as formal greetings) improved customer satisfaction and increased customer retention.

Indeed, customer satisfaction has for many years been perceived as key in determining why customers leave or stay with an organization. Organizations need to know how to keep their customers, even if they appear to be satisfied. Reichheld (1996) suggests that unsatisfied customers may choose not to defect, because they do not expect to receive better service elsewhere. Additionally, satisfied customers may look for other providers because they believe they might receive better service elsewhere. However, keeping customers is also dependent on a number of other factors. These include a wider range of product choices, greater convenience, better prices, and enhanced income (Storbacka et al., 1994).

Fornell (1992), in his study of Swedish consumers, notes that although customer satisfaction and quality appear to be important for all firms, satisfaction is more important for loyalty in industries such as banks, insurance, mail order, and automobiles. Ioanna (2002) further proposed that product differentiation is impossible in a competitive environment like the banking industry. Banks everywhere are delivering the same products. For example, there is usually only minimal variation in interest rates charged or the range of products available to customers. Bank prices are fixed and driven by the marketplace. Thus, bank management tends to differentiate their firm from competitors through service quality. Service quality is an imperative element impacting customers' satisfaction level in the banking industry. In banking, quality is a multi-variable concept, which includes differing types of convenience, reliability, services portfolio, and critically, the staff delivering the service.

Customer satisfaction and retention improves profitability and business turnover principally by reducing costs incurred in acquiring new customers. A prime objective of retention strategies must therefore be "zero defections of profitable customers" (Reichheld, 1996a). There is, however, a distinction between customers who are simply retained and those who are loyal. The concept of consumer inertia implies that some customers are only being retained, rather than expressing loyalty. Truly loyal customers are usually portrayed as being less price-sensitive and more inclined to increase the number and/or frequency of purchases and business turnover. They may become advocates of the organization concerned and play a role in the decision making of their peers or family. Satisfaction with a bank's products and services thus also plays a role in generating loyalty that might be absent in the retention situation. Customer loyalty is therefore not the same as customer satisfaction and retention, as loyalty is distinct from simple repurchase behaviour. Loyalty is only a valid concept in situations where customers can choose other providers. Companies thus need to understand the nature of their consumers' reasons for staying and must not assume that it is a positive, conscious choice (Colgate et al., 1996).

2.12. Impact of Service Quality on Customer Satisfaction

With the ever increasing competition in the marketplace resulting from trade liberalization and free economy model, it is imperative for banks to achieve customer longevity, through excellence service delivery (Lassar et al., 2000).Service quality is recognized as potential for ensuring customer satisfaction and retention, operational efficiency and profitability of an organization (Cronin, 2003). File and Prince (1992) argue that satisfied customers are comfortable repeating business with the firm and even recommend it to others. The customers sell the company to others by word-of-mouth when they are satisfied with the services (Gee et al., 2008) and thus increase firm's customer-base. Parallel to this, is the study by Martins and Toledo (2000), which maintains that service quality increases market share by maintaining current customers and acquiring new ones. Krishnan et al (1999) establish that the cost of retaining existing customers by providing high quality products and services is significantly lower than the cost of winning new customers.

Literature establishes that customer satisfaction has a strong positive correlation with customer retention in the retail banking (Siddiqi, 2010; Kandampully and Suhartanto, 2000). The strong positive correlation means the customers will recommend the bank to other people. As a consequence, the bank can be assured of repeat and stable customer base. Cohen et al. (2007) found that a loyal customer takes less of the company's time during transactions and are less sensitive to price changes. Reichheld (2006) states that companies with higher customer loyalty experience growth in revenue twice as much as their competitor.

2.13. Relationship of Satisfaction and Retention

Satisfaction enables a company to keep existing customers which costs substantially less to the company than acquiring new ones. Most customers leave a company because they feel they're not satisfied with the service or product offering (Rust and Zahorik, 1993).Hoyer and MacInnis (2001) said that satisfaction can be associated with feelings of acceptance, happiness, relief, excitement, and delight of a service. To achieve satisfaction and retention, customer needs and wants must be fulfilled (La Barbera and Mazursky, 1983). Bowen and Chen (2001) opine that extremely customer satisfaction leads to customer retention/loyalty. Thus extremely satisfied customers are less prone to overtures from competition (Fornell, 1992). Similarly, Anton (1996) asserts that "satisfaction is positively associated with repurchase intentions and the likelihood to recommend a product or service offering.

The above discussions indicate that satisfaction is a determinant of customer retention to service organizations like bank. An organization needs to ensure that customers are satisfied in order to enhance their repurchase decision. Rust and Zahorik (1993) conclude that numerous publications treat satisfaction as the necessary premise for customer retention.

It revealed that studies on relationship between service quality and customer satisfaction have been done in banking industries in other African countries, but such studies are scanty in Rwanda.

CHAPTER THREE: METHODOLOGY

3.0 Chapter Summary

This part consists of the research design, area of the study, population of the study, sampling strategies, sample size, data collection methods, research procedure, data analysis and presentation and limitations to the study.

3.1 Research design

Research designs a set of advanced decisions that make up the quantitative research plan specifying the methods and procedures for collecting and analyzing the needed information hence by knowing which research design is needed to solve the problem, help researcher to predetermine procedures that likely be needed in the study. In scientific research there are three main research design; qualitative research, quantitative research and the mixed approach which can be adopted for a study.

The decision to use any research design depends on the nature of the work, the study objectives, nature of the research questions and the practical consideration to the research environment among others (Shih, 1998 cited in Mary O, 2012). The researcher chosen to use quantitative method as quantitative method allows explanation of a phenomenon by collecting numerical data then analyzed them before finding presentation using mathematically based method, particularly statistical package for social sciences (SPSS).To collect the data for the study, the researcher employed questionnaire survey administrated the respondents by the researcher himself.

3.2 Study population

The research was conducted in three branches of Bank of Kigali limited in Rubavu district with 7,326 total customers. Those branches are Gisenyi branch with 4,870 total customers, Rubavu town branch with 1,564 total customers and Mahoko branch with 892 total customers. The choice of Rubavu branches was based on the fact that this area is in remote areas and has been neglected by researchers.

3.3. Sampling procedure

The convenient sampling technique was used to get respondents, because it was not possible to determine in advance how many customers that would come for the services so that any probability sampling technique would be used to collect information for the research.

3.4. Data needs and sources

To conduct the study the researcher used primary and secondary data to get the needed information. In the collection of primary data, a questionnaire was used to collect information from the respondents. Secondary data was obtained through review of written documents.

3.4.1. Secondary data

These are data which have already been collected by some other agency and which have already been processed and used to satisfy its own need but it is being used by others under reference;Business magazine, Journals, Papers from internet, newspapers, relevant articles and others which cover the area of study, were used.

3.4.2. Primary data

These are fresh and raw collected data that you use first to test the working objectives and then as evidence to support your claim. In collection of primary data, a questionnaire was used to collect information from respondents to solicit their views on the banking process and how products and services are delivered to customers.

3.5. Sample size

The study was conducted in three branches of bank of Kigali limited in Rubavu district. A sample size of 90 respondents was chosen, determination of respondents was guided by nature of the study and population size, the population size in Bank of Kigali limited Rubavu branches. Given the nature of bank‘s clientele; when the population is homogeneous a small sample size is sufficient for the study (Neuman, 2007), a sample of 90 respondents was selected for the study. As the customers different in numbers per branch it was necessary to use proportional stratified sampling technique so that to get a representative sample proportional to the number of customers in each branch. The sample size was calculated with the recourse to Neyman proportionate stratification approach (Neyman, 1958).The sample sizes are determined by the use of following equation:

$n_h = (N_h / N) * n$

n= Total sample size

n_h= Sample size per branch

N_h= Population sizes

N= Total population

The researcher took 90 customers only from all the three branches as respondents. From the total numbers of customers equal to 4,870 +1,564 +892=7,326Customers.

Table 1.3. Using the above formula the numbers of customers from each branch that was included in the sample is;

Branch	Gisenyi Branch	Rubavu Town Branch	Mahoko Branch
Sample size	4,870*90/7,326=59.82	1,564*90/7,326=19.21	892*90/7,326=10.95
Rounded numbers	60	19	11

Source: Primary Data

The researcher rounded numbers because he wanted a sample of 90 respondents. The researcher chose to round up the first and last columns because they were the highest of the three decimals. Random sampling was further used to select the respondents. Respondents were contacted and they were willing and available to participate in the study hence the use was convenient method was apparent.

3.6. Instrument development

The questionnaire was the only research instrument used to collect information needed to the study. The questionnaire was administered to the targeted the population (Bank of Kigali limited customers of Rubavu branches). All respondents were asked the same questions in as far much as possible except in technical circumstances. The multiple choice question was preferred in order to minimize vague and unwarranted responses. The questionnaire was prepared in English, for easy understanding and reading, the questionnaire was designed into four parts. The first and second parts of the questionnaire sought information on customers' services needs and perceptions of service quality delivery of the bank. The respondents were required to rate their expectations and performance of banks services on level of importance on a predefined five-point Likert Scale:1 – very bad, 2 – Bad, 3 – Neither bad nor good, 4 – Good, and 5 – Very Good. These intended to measure the customers 'level of expectations for the bank services when they joined the bank and their perceptions after getting the services. The customer's perceptions were assessed by using likertscale using the terms such as 1–Very bad, 2– Bad, 3– Neither bad nor good, 4 –Good and 5– Very good. The third part intended to measure customer's level of satisfaction with the services provided by the bank using the likert scale with the terms such as; 1–Highly dissatisfied, 2– Dissatisfied, 3–Neither dissatisfied nor satisfied, 4– Satisfied and 5– highly satisfied. The final part of the questionnaire sought information on demographic characteristics of the respondents (Malhothra, 1996 cited in Aborampahamoah 2010). Structured questionnaire was used to gather relevant data for the study. Since it was simple and easy to understand, the response rate was encouraging and Likert scale is easy to construct and administer, it is also easy for respondents to understand.

3.7. Data collection techniques

The primary data were collected from the selected respondents of the bank understudy. The study employed self -administered questionnaire in collecting the primary data and the analysis was substantially based on primary data.

3.8. Data analysis

The statistical package for the Social Sciences was used to analyze the data and to obtain descriptive statistics in form of frequencies and percentages and mean scores. Research findings were then presented discussed and analyzed in form of tables, and other descriptive methods that were backed by percentage presentation.

3.9. Limitations

The study is limited to service quality practices of Bank of Kigali limited. The Bank has 75 branches in the country. However this study focuses on the three branches of Bank of Kigali limited located in Rubavu district. The financial means, proximity and time period allocated to this study would not allow for an extensive research into the topic. In spite of these limitations, it hoped that this work would provide useful insights into the area of service quality and its effect on customer satisfaction in thebank. The study was limited to the period of 2010 up 2014.

CHAPTER FOUR. DATA ANALYSIS AND INTERPRETATION

4.1. Chapter summary

This chapter presents the findings of the study through the interpretation of the data from the field. The findings are analyzed and interpreted using the information given by the selected respondents in accordance with study objectives. The Statistical Package for Social Sciences (SPSS) version 20 was used to perform the data analysis, to generate the tables and then to explain the results. The questionnaire was administered to 90 customers of three branches of bank of Kigali limited located in Rubavu district. The respondents profile information in terms of sex, age, education, Occupation and service received was collected for general knowledge. All questionnaires administered, were obtained and were valid for the data analysis.

4.2. Distribution of respondents according to the sex

The sex was included because it was the assumption of the researcher that there should be a balance between both sexes who attend the bank of Kigali for the services.

Table 2.4.Distribution of respondents by Sex

SEX	Frequency	Percentage
Male	21	23.3
female	69	76.7
Total	**90**	**100**

Source: Primary Data

The descriptive statistic from illustrated table 4.2 shows that the majority of respondents were female represent 76.7% of the participants in the study. This shows that there is limited use of bank of Kigali's banking service by the male population.

4.3. Distribution of respondents according to the Age

The age structure of respondents was also investigated and table 4.3 below shows the results.

Table 3.4. Distribution of respondents by age

Age	frequency	Percentage
From 0 up to 35 years	55	61.1
Between 36 and 60 years	31	34.4
61 years and above	4	4.4
Total	**90**	**100**

Source: Primary Data

As for age, the majority of the study participants were in the age between 20 and 35 years where they were represented by 61.1% of the total respondents. This shows that the majority of the bank of Kigali' customers were at youngest age, who are prospects for the business in the future. The bank could retain them through services quality delivery.

There are in employment or doing their own economic activities, hence they are able to save.

4.4. Distribution of respondents according to the level of education

Table 4.4.Distribution of respondents by level of education

Education level	frequency	Percentage
Illiterate	8	8.9
Primary	38	42.2
Secondary/college	26	28.9
Graduate	18	20.0
Postgraduate	-	-
Total	**90**	**100**

Source: Primary Data

Therefore the majority of the respondents who provided the data for this research had attended formal schooling of university level and bellow.
It shows from table 4.4 that majority of the respondents are well educated;
the findings on the education level from descriptive statistics shows that 42.2 have attended primary.

4.5. Distribution of respondents according to the occupation

Table 5.5.Distribution of respondents by occupation

Occupation	Frequency	Percentage
Students	11	12.2
Services	28	31.1
Unemployed	10	11.1
Others	41	45.6
Total	**90**	**100**

Source: Primary Data

It shows from table 4.5 that majority of the respondents are well occupied making a total of the total number of respondents.

The statistics descriptive result shows that 45.6% of the respondents were others traders/proprietors of businesses.

4.6. Distribution of respondents according to the frequency of using the bank

The frequency of using the bank by respondents was also investigated and table 4.6 below shows the results

Table 6.4.Distribution of respondents by frequency of using the bank

Education level	frequency	Percentage
Daily	33	36.7
Once a week	34	37.8
Once in two weeks	19	21.1
Once a month	4	4.4
Total	**90**	**100**

Source: Primary Data

From the above table it shows that the majority of the study participants were visit the bank for service once a week and they were represented by 37.8% of the total respondents.

After all the quality of the services delivered by Bank of Kigali limited can be measured on daily basis as the customer visit the bank and transact business with the bank.

4.7. Distribution of respondents according to service received

The service mode of respondents was also investigated and table 4.7 below shows the results.

Table 7.4.Distribution of respondents by service received

Service mode	Frequency	Percentage
Physical cash deposit and withdraw/ office	65	72.2
Online banking/ATM, internet	25	27.8
Office and internet	-	-
Total	**90**	**100**

Source: Primary Data

The Descriptive statistics findings on service received had revealed that 72.2% of the respondents attended the bank of Kigali Limited premises for counter services. The users of internet channels are still low compared those ones of counter or ATM users.

4.8. Customers' levels of expectations when joined the bank

Customer expectations are beliefs about a service that serve as standards against which service performance is judged (Zeithaml et al., 1993); this is influenced by their personal needs, past experience, word-of-mouth and service providers' communications. Literature explains expectation as predictions made by consumer about what is likely to happen from a transaction.

These were measured using thirteen items for which Likert scale was used to understand the views of customers concerning their levels of expectations for the services provided.

Table 8.4.Customers' levels of expectations when joined the bank.

Items	Frequency		%	Mean Score
	Bad	Good		
Bank statement availability		90	100	4.9000
Competitive loan rates		90	100	5.0000
Distribution of branch networks		90	100	5.0000
Helpful employees		90	100	4.1333
Convenient service hour		90	100	4.9000
Promptly errors correction	38	52	100	3.6778
Variety of products		90	100	4.8333
Safe feeling for transaction		90	100	4.2000
Provide services when promised		90	100	4.1444
Well maintained waiting queue		90	100	4.2444
Faster operation with modern technology		90	100	4.3778
Time taken to receive a service		90	100	4.0222
Promotion of services e.g. media channels used		90	100	4.0667
Average Mean score				**4.4231**

Source: Primary Data

The descriptive statistics findings from above table 4.8 shows that customer's levels of expectations on Competitive loan rates and distribution of branch networks are the highest mean scorer (5.0000), these are followed by Bank statement availability and Convenient service hour all with a mean score of 4.9000this is was due to the fact that the bank customers expect an affordable rates on different loans products of the bank (salary advance, mortgage loan, personal loan, car loan, etc….), where the customers expect also that the bank has branches in the developed locations of all districts of country, it mean that customers expect to get services everywhere in the country ;through full-service flagship branches, service centers and smaller-scale sales outlets and ATMs.

Therefore it was found that bank of Kigali customers expect a general well-structured loan products package and the customers expected to get a better service while they are requesting for bank statement within the bank. It was highlighted that customer convenience opening hour's item in the Bank of Kigali is expected generally highly convenient to customers with long branches opening hours with weekend and holidays branches opening, ATM and internet banking services availability 24 hours seven day (24/7), BK mobibank and Bank of Kigali Agent banking.

The Time taken to receive a service and promptly errors correction items are the lowest customer expectations mean scorers with respectively (4.0222 and 3.6778), this was attributed to the fact that Bank of Kigali customers expect that while staff are effective in delivering services to customers with professionalism; they have sometimes to take a wait on the queue before being served. They expect that the respect of service turnaround time (TAT) is practical behavior within the bank of Kigali limited. And prompt errors correction item is the lowest mean scorer on the basis that the customers expect accurate bank transactions processing so that they didn't much expect errors.

The average mean score of all customers' expectations measurement items is also high (4.4231), this was attributed to the fact that Bank of Kigali customers expect to be well serviced with a very good package of variety of services and products within largest branch network distribution.

4.9. Customers' levels of perceptions when joined the bank for services

Customers perception of performance is what they experienced (Parasuraman et al., 1988). Literature maintains that customers total perception of a service is based on their perception of the outcome and the process; where the outcome is either value added or quality and the process is the role undertaken by the customer (Edvardsson, 1998).The perceived service quality as a form of attitude, related but not equal to satisfaction, and results from a consumption of expectations with perceptions of performance. Therefore, having a better understanding of consumers attitudes will help to know how they perceive service quality in banking operations.

These were measured using eleven items for which Likert scale was used to understand the views of customers concerning their experiences for the services provided by the bank.

Table 9.4.customers' levels of perceptions when joined the bank

Items	Frequency		%	Mean Score
	Bad	Good		
Faster operation with modern technology		90	100	4.6444
Helpful employees	3	87	100	4.0111
Convenient service hour		90	100	4.9556
Provide services when promised		90	100	4.1111
Bank statement availability		90	100	4.1667
Promotion of services e.g. media channels used		90	100	4.0889
Variety of products		90	100	4.7889
Promptly errors correction		90	100	4.0889
Well maintained waiting queue		90	100	4.0667
Time taken to receive a service		90	100	4.0333
Safe feeling for transaction		90	100	4.1000
Average Mean score				**4.2778**

Source: Primary Data

The descriptive statistics findings from above table 4.9 shows that customer's levels of perceptions on convenient openings hours and bank offering variety of products items are the highest mean scorer respectively (4.9556 and 4.7889) Therefore customer convenience opening hours in Bank of Kigali is highly meeting customers' expectations through long branches opening hours with weekend and holidays branches opening programs, ATM and internet banking services availability 24 hours seven day (24/7), BK mobibank and Bank of Kigali Agent banking. These are accompanied with high positive customer's perceptions on bank services with a very good package of variety of services and products which are served through a largest branch network distribution. Those services and products included current account, saving account, term deposit account, business loans, mortgages loans, personal loans, salary loans, ATMs, POS, internet banking, debit cards , credit cards, BK mobibank and among others.

Furthermore descriptive statistics findings shows that Faster operation with Modern equipment is followed at third place with high positive perception mean score of 4.6444 ,this means that the bank use a standardized modern equipment while serving its customers.

Time taken to receive a service and helpful employees items also were used to measure customer's perceptions have high mean score but at latest place respectively (4.0333 and 4.01111), this is due to the fact it was revealed that though staff presence is always available to serve customers**.** The customers noted that they can easily get any banking services within the bank because the bank staff have sufficient knowledge in the bank's products and services while it was also revealed that it would take few minutes to get response on the customer inquiries and get served.

The overall customer's perceptions measurement items mean score is also high (4.2778), this was attributed to the fact that Bank of Kigali limited staff are effective in delivering services to customers with professionalism**,** it has proven by the customers that the bank is always welcoming clients for any help needed where service turnaround time (TAT) is practical behavior within the bank of Kigali limited and Finally customers feeling safely while transacting within the bank of Kigali Ltd.

4.10. Measurement of Service Quality of Bank of Kigali using SERVQUAL Dimensions

The pivot to the concept of service quality is gap model, which stipulates that service quality is a function of the difference scores or gap between expectations and perceptions (P – E). The gap between expectation and performance can be positive (satisfactory), when performance exceeds expectations or negative (dissatisfaction), when performance falls short of expectations (Anderson, 1973)

To assess customers' satisfaction on the service quality delivered at the bank of Kigali limited, five service quality dimensions made up of twenty factors questionnaire was developed to measure service quality in bank of Kigali limited. Question was based on a 5-point weighted likert scale as shown below: 5= highly satisfied, 4= satisfied, 3= neither dissatisfied nor satisfied, 2=dissatisfied and1= highly dissatisfied

In order to measure the level of service quality delivery at the bank of Kigali, the five dimensions: tangibles, empathy, responsiveness, reliability and assurance developed by Parasuraman et al (1988) was used. The performance of the services delivered was measured by the customers' expectations and perceptions of the SERVQUAL dimensions, a descriptive statistics on the responds from the customers were used to undertake the needed measurements.

Table 10.4. Measurement of Service Quality of Bank of Kigali using SERVQUAL Dimensions

	Frequency		%	Mean Score
1.Tangibility dimension	**Dissatisfied**	**Satisfied**		
Distance to the office /premises of the bank	-	90	100	4.9556
Bank has modern equipment and tools		90	100	4.7556
Bank operating hours convenient to me		90	100	4.7000
Bank's physical facilities virtually nice		90	100	4.1556
I feel safe in my transactions with the bank		90	100	4.1778
2.Reliability dimension				
Banks fulfills its promises at the time indicated		90	100	4.0444
Bank's staff tell you exactly the time the service will be performed	12	78	100	4.0556
Bank insists on error free records		90	100	3.8667
3.Responsiveness dimension				
Bank's staff give you prompt service		90	100	4.1333
Bank show a keen interest in solving your problems	4	86	100	3.9778
Bank staff are not too busy to respond to my request		90	100	4.0333
Bank's performs the services exactly at the first time		90	100	4.0778
4.Assurance dimension				
Bank has my interest at heart		90	100	4.0444
Bank's staff have the knowledge to		90	100	4.0889

answer all questions				
Bank’s staff behavior instills confidence in me	1	89	100	4.0333
Bank’s employees are neatly appealing		90	100	4.0222
5.Empathy dimension				
Bank gives me individual attention		90	100	4.0000
Bank’s staff always willing to assist you		90	100	4.1111
Bank’s staff understand my specific needs		90	100	4.0778
Overall satisfaction with your bank’s services offer		90	100	4.0778
Average Mean score				**4.1695**

Source: Primary Data

The descriptive statistics findings from below above 4.10 shows that customer’s satisfaction factors on tangibility dimension; Distance to the office /premises of the bank and Bank has modern equipment and tools items are the highest mean scorers respectively (4.9556 and 4.7556),these are followed by Bank operating hours convenient to me item with mean score of (4.7000) it was revealed that customers were highly satisfied with bank of Kigali branches network distribution channels where the bank have branches in the developed locations of all districts of country, it mean that customers are satisfied by services that they get everywhere in the country through full-service flagship branches, service centers and smaller-scale sales outlets and ATMs , at other hand customers were satisfied by the fact that bank use a standardized modern equipment and tools when serving its customers. The descriptive statistics findings shows that the bank customers found satisfaction on the Bank operating hours convenient item thus the bank have long branches opening hours with weekend and holidays branches opening program, ATM and internet banking services availability 24 hours seven day (24/7), BK mobibank and Bank of Kigali Agent banking service.

Furthermore the descriptive statistics shows that Bank show a keen interest in solving your problems and Bank insists on error free records customer's satisfaction factors items have also high mean score but the lowest of all customers' satisfaction factors items (3.9778 and 3.8667) respectively, the customers highlighted the possibility of some errors and issues in the bank transactions services where it need an improvements in order to reach the very highest level of satisfaction.

The average mean score of all overall customers' satisfaction factors items is also high (4.1695) It shows that there is an overall high customers' services quality satisfaction though a well variety products and services served through a largest branches network distribution channels and E-banking channels with efficient modern equipment and tools with aesthetically well appealing.

It was revealed that among the customers services quality dimensions measurement, tangibility dimension was the highest ranked while reliability dimension is the latest scorer thus Bank of Kigali Ltd customers are highly satisfied on tangibility dimension factors than any other of the service quality dimensions factors while reliability dimension factors are at latest level to satisfy to bank of Kigali Ltd customers.

4.11. CORRELATION

Table 11.4. Correlation Relationship between customer perception and satisfaction

		Perception on service delivery	Customer satisfaction
Perception on service deliver	Pearson Correlation	1	.355**
	Sig. (2-tailed)		.001
	N	90	90
Customer satisfaction	Pearson Correlation	.355**	1
	Sig. (2-tailed)	.001	
	N	90	90

**. Correlation is significant at the 0.01 level (2-tailed).

The independent variable (perception on service delivered) influences the dependent variable (customer satisfaction) because the p-value of 0.001 is less than the significance level 0.01. The Pearson product-moment correlation coefficient between the two variables is 0.355 which is weak correlation.

Levels of correlation

$r = 1$: Perfect correlation

$0.9 \leq r < 1$: Strong or very high correlation

$0.7 \leq r < 0.9$: High correlation

$0.5 \leq r < 0.7$: Moderate correlation

$0.1 \leq r < 0.5$: Weak or low correlation

$r = 0$: Absence of correlation

CHAPTER FIVE. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter gives a major finding of key findings of the research presented according to the research objectives. Conclusions are drawn from the findings and recommendations are given to help improve the quality of the services delivered by Bank of Kigali Limited and give suggestive measure for further studies.

5.1 The following are the major findings:

- In this research the majority of participants were female represented by 76.7 percent of respondents, this shows that female were using bank of Kigali services than male.
- The was find that majority of bank of Kigali ltd customers were youth between the ages of 20-35 years old, this indicate that the bank has youthful customers which are employed or doing their owner economics activities so that they are able to bank with the bank.
- To find out how service quality is important tool to bank of Kigali Limited's business success, the study revealed that bank of Kigali Limited has been in operations since 1964(50 years) and is managed 65 branches networked.
- To assess customer satisfaction level of the services provided by bank of Kigali, Likert scale questionnaire was designed and administered to customers of bank of Kigali Limited to rank to the bank service level. The study information gathered on field from customers, after information analysis it has shown that the bank service level is satisfactorily
- To measure customer's expectation and perception level according the customers' needs and experiences on the banking services provided within the bank of Kigali Limited, customer expectations were compared to perceptions. The use of descriptive statistics show that customer's

expectations exceeded perceptions or experience of the services delivered by Bank of Kigali Ltd. However there were no significant differences among these service quality delivery dimensions which confirm a general customer's satisfaction with the bank's services.

5.2. Conclusions

Service quality is based on the level satisfaction of the services received or experienced by a customer, in this study customer perceptions service dimensions were used to measure the service quality delivery by the Bank of Kigali limited in Rubavu district.

Evidently, it was found that all the service quality dimension factors used, had higher mean scores, thus indicating a higher customer satisfaction comparative to the scale of measurement. It was revealed that only one tool that has been used by many of the banks in keen competition for market share has been service quality.

The importance that bank of Kigali Limited attaches to service quality is given expression by the effort of every one of the bank's senior management. This has yielded positive results towards the growth of the bank are due to effective service quality delivery. This study sought to test, by the use of services factors, the study confirmed that effective service quality leads to customer satisfaction which in turn makes new customers acquiring through word of mouth marketing mix, many customers to become loyal and patronize the bank's products and services.

Therefore, the major role of services quality delivery satisfaction towards the bank's business is attraction of new customers, increasing sales volume, increasing profitability, improving customer loyalty, increased customer retention, improvement in corporate image and market share growth.

It provides excellent banking services to its retail and corporate target customers. The study has revealed that products and services delivery by bank of Kigali Limited has seen very important in Rwandan banking system.

5.2.1 Customers expectations and perceptions on banking services delivered

Customers' expectations were factors measuring the bank services quality delivery expected by customers; fourteen expectations items were tested and computed with various mean scores. Out of these variables, customers are very much interested in the efficiency and effectiveness while bank respond to daily customers' needs which have the highest average mean score 4.4231.The measurement of customer's expectations on service delivery computed high mean score for each item. But the result established that customers expect bank of Kigali limited to react timely towards their needs, so that they can get memorable experience. Irrespective of the various mean scores of the factors for both expectations and perceptions, the mean scores for the expectations were found to be relatively higher than its perceptions for the factors considered.

The bank should be hand in hand with its customers in order to understand their expectations and respond them accordingly and try to go beyond those expectations.

5.2.2 Level of service quality Dimensions delivered by bank of Kigali

The perceived service quality dimensions show the most utilized service quality dimension of the bank, clearly it was found that, Bank of Kigali limited have very good services, the factors of the dimensions were aggregated and the mean scores were computed and were found higher in general. It was confirmed that the bank of Kigali limited has highest service quality level. By comparing the responses from the customers to the service level delivered, the average mean scores established that the most utilize dimension of Bank of Kigali is the tangibility which had the highest mean score relatively to the rest of the servqual dimensions. Reliability dimension factors of service delivery measurement have latest average mean score; this means that bank needs some improvement on this dimension factors while delivering services to its customers, this to make them more and more satisfied.

5.3. Recommendations

The research analysis and the findings, lead to the following recommendations that will help the bank of Kigali limited to improve its service delivery performance so that SERVQUAL dimensions measuring customer perception will exceed the expectations of the customers.

The given information from prospect customers the level of satisfaction on the SERVQUAL dimensions of the banking services, Bank of Kigali will be informed about the area that require improvement to enhance service quality delivery . It will also be informed the areas that needs more attention, so that decision will be made to adjust those areas.

It is recommended that since the service quality dimensions did not meet the customer's expectations; certain service quality dimensions needs effort to ensure its improvement. Service dimensions like reliability, responsiveness and Empathy, a realistic effort is needed to ensure an improvement in these dimensions will help in the overall service quality delivery and a general customers satisfaction within the bank.

To start with, there is the need for bank of Kigali Limited to improve their operational procedures to ease the queue service time in the banking hall. This would help the bank to capture the large swathe of potential customers in these areas who would also like to enjoy the good services delivery at bank of Kigali Limited

The Bank of Kigali Limited to always stay ahead of the other commercials banks in delivering a variety of products and services which satisfy to its esteemed customers, the bank need to constantly carry out research on the taste of customers in order to develop corresponding products to suit these tastes which become more changeable with the technology development, such as the fast communication within the globe with the use of internet and others. This also comes from intense competition among commercials banks and others financial institutions for customers; with differentiates products and services offers, especially with the foreigner banks entrance in Rwandan banking market.

Again, there is the need for service training and refresher courses for the staff of bank of Kigali Limited this to reinforce staff knowledge on bank's products as well as eventually changes and update them on some new customers' needs and about a few of the staff of the bank in terms of continuously relationship building. These trainings and courses will always position the staff of the bank to be ready for the needs of the customers anytime.

There is the need for bank of Kigali Limited to consider continuous on improving their electronic products to operate as promised to its customers. The researcher believes this will reduce the pressure of customers entering services queues in the banking halls to transact their business i.e. withdrawing, balance enquires or depositing and enhanced customers' satisfaction. Thus, the bank can serve their customers at home or their offices through internet banking service and mobile banking.

A comparison between expectations and perceptions indicate a gap. Thus, customer expectations scores are higher than customer perceptions; however, these significance gaps might be due to high expectation rankings from customers, so the bank management should keep an eye on customers' needs to meet customer's expectations. Also the bank of Kigali limited is required by this revelation to consider repackaging and redesigning of its service operations when necessary to match up with customer's expectation. This can be done by finding out from customers what they expect from the Bank and provide them accordingly. By this customers will be compelled by virtue of superior service to stay than switching to a competitor.

There is need to carry out customization by the bank in order to ensure that customer needs are met. It requires that the bank adapts its product, service or communication in such as way have something unique for each customer. Communication can be customized to address the specific needs and profile the customer, and bank also makes use of personalization as part of this process. Products can be customized as to the specific desires that the customer has of the bank. In the case of the financial services, it refers to the product package that is offered to the customer. The purpose of customization is to increase customer satisfaction, and the loyalty that is exhibited by customers. The level of customer service is increased if customized service is offered according to each individual client's needs.

5.4 Suggestions for Further Studies

Future researches are hereby called upon to conduct a research to measure the service quality level delivery by the bank of Kigali limited at Country level, and to ascertain the extent of service quality delivery among others commercial banks in Rwanda.

Secondly, Future researchers on this topic could concentrate on what various efforts are needed by banks and others financial institutions in their competitive environment to attract and retain customers.

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APPENDICES

QUESTIONNAIRE

NATIONAL UNIVERSITY OF RWANDA

QUESTIONNAIRE

IMPORTANT: THIS IS AN ACADEMIC EXERCISE AND THE INFORMATION OBTAINED WILL BE TREATED AS CONFIDENTIAL

QUESTIONNAIRE RESPONDENTS ARE BANK OF KIGALI LIMITED CUSTOMERS

A.GENERAL INFORMATION

Please tick where applicable

1. Male ( ) Female ( )

2. Age Up to 35 ( ) 36- 60 ( ) 61& above ( )

3. Educational level primary ( ) secondary/ college ( ) graduate ( ) postgraduate ( ) Illiterate ( )

4. Occupation; Student ( ) services ( ) manufacturing ( )

Unemployed ( ) others ( )

5. Frequency of using the bank; daily ( ) once a week ( ) once in two weeks ( ) Once in 3 weeks ( ) once a month ( )

6. Services received from the bank; physical cash deposit and withdraw /office ( ) online banking /ATM, internet ( )
office& internet ( )

B. BANK OF KIGALI SERVICES ASSESSMENT

***Please indicate your level of expectation for the following service when you joined this bank for service by placing an "x" in front of each service:**

Type of service	**Very bad**	**bad**	**Neither bad nor good**	**good**	**Very good**
Loan availability					
Bank statement availability					
Competitive loan rates					
Distribution of branch networks					
Helpful employees					
Convenient service hour					
Promptly errors correction					
Variety of products					
Safe feeling for transaction					
Provide services when promised					
Well maintained waiting queue					
Faster operation with modern technology					
Time taken to receive a service					
Promotion of services e.g. media channels used					

***Please indicate your level of perception for each of the following service that you get at the bank by placing "x" in front of each factor:**

Type of service	**Very bad**	**bad**	**Neither bad nor good**	**good**	**Very good**
Modern-looking equipment					
Interest in solving clients' problems					
Convenient opening hours					
Bank staff provide prompt service					
The bank understand clients' specific needs					
Available and clear information in the bank					
Offering variety of products					
Bank staff provides personal attention					
Bank staff instills confidence					
Willingness to help clients					
Feeling safe and secure					

d

***Please rank your views by placing an "X" in front of each factor using the scale 1- 5 on whether you are satisfied or not with the services provided by the bank you deal with often and the general environment under which it operates**

Scale:

5= highly satisfied

4= satisfied

3= neither dissatisfied nor satisfied

2= dissatisfied

1= highly dissatisfied

Items	**Scale**				
	Highly Dissatisfied Highly Satisfied				
1.Tangibility dimension	**1**	**2**	**3**	**4**	**5**
Distance to the office /premises of the bank					
Bank has modern equipment and tools					
Bank operating hours convenient to me					
Bank's physical facilities virtually nice					
I feel safe in my transactions with the bank					
2.Reliability dimension	**1**	**2**	**3**	**4**	**5**
Banks fulfills its promises at the time indicated					
Bank's staff tell you exactly the time the service will be performed					
Bank insists on error free records					

3.Responsiviveness dimension	**1**	**2**	**3**	**4**	**5**
Bank's staff give you prompt service					
Bank show a keen interest in solving your problems					
Bank staff are not too busy to respond to my request					
Bank's performs the services exactly at the first time					
4.Assurance dimension	**1**	**2**	**3**	**4**	**5**
Bank has my interest at heart					
Bank's staff have the knowledge to answer all questions					
Bank's staff behavior instills confidence in me					
Bank's employees are neatly appealing					
5.Empathy dimension	**1**	**2**	**3**	**4**	**5**
Bank gives me individual attention					
Bank's staff always willing to assist you					
Bank's staff understand my specific needs					
Overall satisfaction with your bank's services offer					