AN EVALUATION OF CUSTOMERS' SATISFACTION IN THE BANKING INDUSTRY IN NIGERIA, A COMPARATIVE STUDY OF SELECTED BANKS IN KADUNA METROPOLIS

BY

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OCTOBER, 1994.

DECLARATION

I hereby declare that this project has been written by me, and that it is a record of my own research work. It has not been previously presented in any application for any degree.

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CERTIFICATION

This thesis entitled AN EVALUATION OF CUSTOMERS' SATISFACTION IN THE BANKING INDUSTRY IN NIGERIA by **IDAKWOJI, ISAAC ACHIMUGU** meets the regulations governing the award of the degree of MBA of Ahmadu Bello University, and is approved for its contribution to knowledge and literary presentation.

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DEDICATION

This piece of work is dedicated to my beloved late father, MR. IDAKWOJI NOAH OMATIGA for his unflinching support in the course of education of members of the family.

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ABSTRACTS

This thesis is an attempt at examining the services that are rendered to customers by the banking industry with a view to determining whether they are satisfied or not. It is also aimed at assisting bankers in knowing their responsibilities to their customers and in assisting customers to know their rights and obligations.

The choice of the topic of this research study was motivated by the need to look into the incessant complaint of poor customers' services in the banking industry and the quest for more knowledge on banker - customer relationships.

The relationships between a banker and a customer have been examined with a view to highlighting the point at which a legal relation is created. The law and practice of banking impose some duties on the bankers and customers alike, and any breach of those duties can attract court action.

The research study examined different categories of customers in order to clearly distinguish the rights of each of them. If both parties know their rights, duties and/or obligations, the problem of poor customers service will be reduced.

The symptoms of poor customers' service and their effects on the bank as well as the benefits of good customers service have been highlighted.

Finally, the research study made useful recommendations which if implemented, would usher in better customer/banker relationships that may result at efficiency and satisfaction to both parties (customers and bankers) and thereby increasing the profitability of banks in Nigeria.

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CHAPTER ONE

INTRODUCTION

It is generally acknowledged that the availability of financial capital is a pre-requisite for the rapid development and transformation of any nation's economy. The provision and efficient management of this scarce resource is best facilitated by the existence and appropriate functioning of the financial institutions in the economy. The banking industry, is recognised and constitute an important element in the functioning of any financial system.

The Nigerian banking industry has witnessed a phenomenal growth in numerical strength and branch network particularly in the last decade. This has largely been facilitated by the macro-economic policies of the Federal Government in an attempt to revamp the depressed Nigerian economy.

The advent of the Structural Adjustment Programme (SAP) witnessed many banks declaring huge profit while other sectors of the economy were severely hit by the depreciation in the value of the Naira. The pertinent questions one may ask are:

Does the banking sector renders efficient services to their customers to justify their huge earnings?

Are customers adequately compensated by the banking Industry for their patronage?

One common but costly mistake analysts make in evaluating bank's performance is the use of profit as a test of economic efficiency. They even classify banks as performing or non-performing using profit as a yardstick for measuring their efficiency. The efficiency of the banking sector should not be evaluated in relation to their 'superfluous profits' alone but must of necessity be examined from the view point of the satisfaction the customers derive from the services received from banks.

The importance of customers in any business establishment cannot be over-estimated. It is always asserted in many quarters that the social justification for the existence of any business organisation is the satisfaction of customers' wants or needs. Customers therefore, become the focal point of the operations of any business unit that wishes to survive in an environment that is highly competitive. For the banks, customers constitute the most vital 'raw material' for their operations. Therefore, any issue relating to the customers' satisfaction must be given due considerations.

The banking industry, we know, is a service industry. This research work is an attempt to determine the extent of satisfaction that customers derive from the banking services with particular reference to the commercial banks. The banker - customer relationship will also be examined in the course of this research work in order to acquaint both the bankers and customers with their rights and responsibilities.

The research study is motivated because of complains and series of allegations levelled against the banks about their poor customers services. If these complains and allegations are not looked into critically in order to solve the problem, they could eventually affect the profitability of the banks.

The choice of this topic is also informed by the need to educate the customers more on their rights and obligations given the fact that the relationship between the banker and his customer is always described as contractual. The report will be useful to the banking industry as the recommendations will focus on improving the performance of the sector.

1.1 PROBLEM STATEMENT

There is no denial of the fact that banks are service organisations. They do perform a number of valuable services to their customers.

According to the Banking Ordinance of 1952, as incorporated in the Banking Act of 1970, a bank performs the following functions:-

a] acceptance of deposits from the public

b] granting of credit facilities to their customers

c] assumption of guarantee

d] buying and selling of securities to mention but a few.

Banking is a personal service industry. The banking business is with people. All categories of workers, directors, management, senior and junior staff, all employees must at all times provide services that will earn the bank customers

confidence. Furthermore, first class services is essential if the bank is to command a reasonable share of competition within the industry. Banking business is also a commercial trading of services which range from less complex to highly complex ones. This business is not only sensitive because of its impact on the individual customers, but also it is largely due to its impact on the general economy of a country like Nigeria.

A study of this nature which deals with sensitive business in the Nigerian environment will surely centre on the type of services the bank renders to their customers and how satisfactory these services are in the economic development of the nation. The distinctive nature of banking is commitment to the quality of service it renders. This quality services provide to customers enable the bank to win more customers.

It is however, surprising why Nigerian bank staff fail to recognise the importance of these customers to them since they are the main purpose of their (staff), employment.

It is against this background that the researcher wishes to evaluate these services that are being renderd by banks to their customers. There have been public outcry against the poor services performed by the banks to their customers. Is the public crying wolf?

If the industry renders poor services due to the fact that it is understaffed, or there are inexperienced or unskilled staff, lack of modern machines, (for example, computer),

what are the likely consequences to the individual banks, the Banking Industry and the Nigeria economy at large?

The significance of these problems can only be appreciated if one bears in mind the fact that banking services are vital to the customers in particular and to the overall economy in general. Therefore, the research study attempt to find out the extent to which these services rendered by banks are satisfactory.

If not, what is responsible?

i] Could it be due to poor counter services arising from low degree of efficiency of bank officials?

ii] Could it be due to the failure of Nigerian banks to adopt innovations which have eased banking services in other parts of the world?

iii] Could it be due to lack of proper training of banks' staff or inadequate manpower?

iv] Could it be due to lack of adequate incentives given by banks to their staff?

v] Could it be due to lack of motivation of bank staff by management?

vi] Could it be due to lack of honesty by bank staff and customers that accounts for the poor quality of services rendered by the banking industry?

These and many other aspects of banks services are being studied to provide solutions.

1.2 OBJECTIVES OF THE STUDY

The objectives of this study include the following:

i] to carry out a critical analysis of the type of services offered by banks;

ii] to investigate the criticism of poor customers' services often levelled against the banks;

iii] to enlighten the customers and the public at large as to the role that banks are expected to play within the society which will assist in the maintenance of good customer-banker relationship;

iv] to study the staff attitudes and responses to their customers and finally;

v] to profer solutions to the problems which the research study may reveal in the course of this study.

1.3 SIGNIFICANCE OF THE STUDY

The importance of good or quality service in the banking industry cannot be over-emphasized given the competitive nature of our banking environment.

The advent of the Structural Adjustment Programme (SAP), led to the phenomenal growth in the banking sector. Therefore, for the banks to attract and retain customers

they need to serve their customers efficiently. Quality service should be treated with utmost importance in business development to improve customer relations in our ever-changing financial system and to enhance the profitability of this sector.

Banks as financial intermediaries are significant institutions for the mobilisation of capital for economic development. This role becomes especially relevant in capital scarce economies like Nigeria where the intermediating role of banks in channeling financial resources from surplus economic units is called for. The provision of adequate financial resources is necessary for economic transformation. Financial resources channeled into the agricultural and the industrial sectors, which are the real productive sectors of the economy, through the creation of necessary financial instruments can facilitate economic expansion.

It becomes necessary to continue to fine-tune the banking system to help achieve this laudable objective. It is for this reason that the primary focus of this study is on efficient service delivery in the banking sector with particular reference-to commercial banks. The study is of immense benefit to the banking authority in terms of their policy formulation and implementation. It will point out to the bankers the level of undesired treatment the customers receive from them (bankers).

This study will hence provide the information to combat 'banking-out-of-necessity' situation of our society as well as improving the profitability of the banking sector in particular and the economy in general.

LIMITATIONS OF THE STUDY

This study is intended to evaluate the services of banks vis-a-vis customers' satisfaction. Under normal circumstances this type of study is supposed to be on comparative basis involving large number of banks but the researcher intends to restrict the analysis to two banks only due to some unavoidable circumstances.

The banking industry is known for its secrecy regarding its operations. This, definitely, limited my accessibility to important records which the banks classified as 'secret'. Difficulty of seeing the officers assigned to help the researcher with the necessary information is another constraint because in most cases they were said to be pretty busy.

The time allocated for this write up cannot be regarded to be enough to gather all the necessary data for this study. This also limited the extent of coverage given to this study.

Finally, lack of satisfactory answers to questions asked by the researcher is also a limiting factor since this affects the overall findings.

1.5 RESEARCH METHODOLOGY

This study is basically descriptive and as such the main source of data and information is secondary data. Primary data was also collected. The survey method was used in collecting primary data for the study and the questionnaire was utilised.

The study has made an extensive use of various relevant books and magazines, journals, newspapers, and other publications in the libraries relating to banking services as well as banker - customer relationship. Part of the study are largely theoretical and were drawn largely from the works of prominent banking scholars and authors.

1.6 DEFINITION OF TERMS

Account:

A statement of receipts and expenditure showing the balance; a register of debits and credits. It therefore shows debits and/or credits reflecting increases and decreases in the subject of the account.

Current Account:

This is an account running from day to day on which cheques are paid and or drawn.

Deposit Account:

This account is always maintained in credit. The balance is repayable at seven or fourteen days notice or after a fixed term.

Advances:

Payment beforehand, accommodation made available by a money lender, by an employer, or by a banker to a customer by way of overdraft, loan discount or credit card.

Bank:

This is an establishment which deals in money, receiving it on deposit from customers, honouring customer's drawings against deposit on demand, collecting cheques for and lending or investing surplus deposits until they are required for repayment.

Commercial Bank:

Commercial Bank is also known and called clearing bank, which takes cash and collect cheques of their customers drawn on other banks.

Bank Rate:

This is advertised minimum rate at which the Central Bank of Nigeria was prepared to discount approved bills of exchanged.

Bearer:

The person in possession of a bill or note which in payable to bearer.

Bill of Exchange:

It is a note promising future payment.

Dormant Account:

An account which has not been used by the customer for a long time, so that the balance has remained unchanged.

Drawer:

The owner of Account who writes out a sign a cheque or a bill of Exchange.

Drawee:

This is the Bank on which a cheque is drawn of the person to whom a bill of Exchange is addressed.

Endorsement:

A writing on the back of a document mainly cheques.

Executor:

A person appointed by a testator to pay his debts and to carry out the provisions of his will, for example, a Lawyer and a Survived person of a deceased.

Stop Cheque:

This is a cheque which a drawer has written the bank not to pay, the reason which is only best known to him.

Treasury:

This is the strong room or safe of any bank, where cash and valuables are kept.

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

Up to late 1980s, the provision of banking services in Nigeria can be decribed as orthodox and armchair banking affairs. Prior to 1990s banking was only restricted to armchair banking. Customers sought for bank to provide services to them. They almost begged banks to offer them services. This is why Onoh described banking in Nigeria as orthodox. Orthodox banking is a process whereby the bankers sit cosily in his chair waiting for the business which certainly comes. In contrast, unorthodox banking is dynamic as the banker goes out in search of bank business. The orthodox nature of our banking system makes the bank manager to feel that customers are to accept whatever services are offered to them since they were not sought for in the first place.

One expects banking industry to be dynamic and subject to changes depending on which way the wind blows. Nigerian business environment is changing; many companies are being formed, companies are transforming from the traditional sole proprietorship to the more complex private and public limited liability companies. These organisations and individuals need efficient services in order to help them survive.

According to Mr. Foluso Olalusi, banking services in Nigeria are not customer oriented as other services. He argued that banks just offer services without considering the taste of the public. He observed that despite the weakness in the offer of their services to the people, it appears that customers are treated carelessly because the banks feel that they are unimportant. In his opinion, apart from the unruly behaviour of some bank officials at contact points like the gate and the counter, banks are unwilling to lend money to their customers.

Banking is a service which must be marketed and for effective marketing, the service must be convenient, accessible and efficient to the public but unfortunately it is not the case in Nigeria before 1990s. Efficiency and satisfactory services must constitute the cardinal virtues in the provision of banking services.

2.2 THE MARKETING CONCEPT

It is necessary to find out what this commonly used but yet, most frequently misunderstood term is all about. Marketing concept, according to William Stanton is, "a philosophy of business which states that the customer's want satisfaction is the economic and social justification of a company's existence". It is a concept which sees the satisfaction of the consumer of goods and services as the key to satisfying the profit goals of the organisation.

Philip Kotler sees the marketing concept as "a management orientation that holds that the key to achieving organisational goals consists of the organisation's determining the needs and wants of target markets and adopting itself to delivering the desired satisfactions more effectively and efficiently than its competitors". Simply put, it is a customer oriented philosophy which strives to satisfy the customer and in the process be able to achieve the profit motives of the company. The achievement of this noble objective of the concept hinges on integrated efforts of the organisation not just the marketing department.

Kotler further gave three underlying premises of the marketing concept as follows:-

i] Consumers can be grouped into different market segments depending on their needs and wants.

ii] Consumers in any market will favour the offer of that organisation that comes closest to satisfying their particular needs and wants.

iii] The organisation's task is to research and choose target markets and develop effective offers and marketing programmes as the key to attracting and holding customers.

Marketing concept is in essence, away of thinking or reasoning that embraces exchange activities conducted by individuals and organisations for the purpose of satisfying consumers and achieving the marketer's goals of profit making and business survival.

2.3 "EFFECTIVE MARKETING OF BANKING SERVICES IN NIGERIA" BY OLALUSI, F. (1986).

Service is very fundamental to banking and infact it is the pivot around which banks revolve for survival. Since it is the core of real banking, its importance needs not be over emphasised. The term service is very broad in meaning and includes among other things, cheerfulness and politeness at the counter, respect for the fair treatment of customers. Hence it is performed rather than physically produced.

Olalusi sees marketing of banking services as "identifying and stimulating demand for the bank's services; meeting that demand by making available the banking services in the most effective manner to present and potential customer, and achieving the profit and other objectives related to the identification, stimulation and satisfaction of demand for the bank services". The focus of marketing banking services is one that customer will perceive a total commitment to him on the part of the company as a whole otherwise the application of advanced marketing techniques will only have limited effects.

The increasing importance of marketing in the banking industry is as a result of the following factors.

a] Increased competition for customers.

b] Increased sophistication of those customers

c] Advance technology

d] Increased cost of meeting customer needs profitably.

e] The rise of consumerism, and

f] Environmental changes.

Although marketing is now applied to both goods (tangible items), and services, the marketing of service is still essentially different from the marketing of goods.

The special nature of services stem from its characteristics which create special challenges, considerations and opportunities that often result in marketing programmes that are substantially different from those found in goods marketing. Hence, for the effective marketing of banking services, there is need for a close look at the characteristics of services in general and bank services in particular because this enable bankers to know the blend of marketing mix to use at each stage or level of activity.

Given the above justification for marketing in banking services, it is necessary to examine the necessary conditions for effective marketing of banking services.

First, the top management hierarchy of the banks must lend credence both in principle and practice to the marketing concept as being the guiding philosophy of the bank. By adopting this philosophy, training programmes should be geared towards this.

Second, the concept of marketing in banking should not be the sole responsibility of a department. A customer's concern should be seen as the concern of all the departments.

The overall bank policy must be defined in terms of the customers' wants rather than the banks profit. There cannot be profit in the absence of customers' patronage. Definition of the overall bank marketing policy in terms of the customer and market enables the bank to quickly monitor the changing needs of its market.

From the foregoing discussion, the marketing of banking services requires the banker to continuously develop his/her services in terms of the changing needs of his customers and the changing services of his competitors to ascertain where modifications are necessary or new services should be developed. This is in keeping with the focus of this research work which is the satisfaction of the customers' wants.

2.4 "AUTOMATION OF COMMERCIAL BANKING SERVICES:- PROBLEMS AND PROSPECTS IN THE NIGERIAN ENVIRONMENT" BY LAWRENCE AYOTUNDE IDOWU (1990).

If there is any topic on which the general public share a consensus of opinion, it is the perception of the quality of service rendered by commercial banks in Nigeria.

The banks have not been spared of the criticism of the service delivery system which has been attributed to the failure of the banks to embrace modern system in its dispensation of service.

The banks, in the bid to yield to the yearnings and aspirations of thier customers started a gradual adoption of technological aids. This could be seen in the areas of introducing electronic currency counters, fascimile equipment for transmission of messages and computerisation of the job processing methods.

However, with the introduction of the structural adjustment programme (SAP), the situation in the banking industry was transformed. The yearning gap in the banking industry was realised and new banks sprang up in rapid succession. This gave rise to a competitive atmosphere and since banking is monoproduct industry, the nature of competition had to be in terms of the service delivery system.

The new banks, because of the advantage of size, took off using the latest in technology thus forcing the older ones to shun their hitherto lethargic approach and adopt a more purposeful stance. We now have a situation where virtually all the banks are spending colossal sums to bring their service delivery system up to date in terms of technology used in order to maintain a competitive level or gain an edge over other banks.

Automation is being used in the developed world to enhance customer services and also to improve the cost structure of the banks as well as maintaining competitive edge. For example, in countries such as Japan, "Passbooks bearing a magnetic stripe can be used to make withdrawals and deposits of cash at the counter from on-line automated

teller machines. In each case, notes and coins are counted and pass books are updated automatically".

The employment of automation in the commercial banks has been growing in Nigeria. Banks are now using the on-line system while some banks are using the network for their service delivery system. However, the developments in the advanced countries has been on the steady rise with services such as home banking, Electronic funds Transfer, Point of sale and Bankers Automatic clearing services to mention a few.

The researcher identified the problems facing automation of banking services. These include the following:-

a] Since the technology is imported, the tendency has been for out-moded versions to be given to us as new thereby leading to lack of adequate spare back-up as well as the need to replace it within a short period.

b] Lack of supportive infrastructure has been the bane of efficiency in automation. There is erratic electricity, malfunctioning air-conditioning and also unreliable telecommunication system which are all vital to the effective operation of an automated system.

These problems notwithstanding, automation has been found to bring about improved service, reduction in paperwork and timeliness which leads to efficiency and cost reduction. The Nigerian situation augurs well for automation, the market

is vast and with the growing economy, automation has a major role to play.

We have had banks and non-banking institutions introducing cheque guarantee and credit cards and for these products to develop, banking services must be automated.

Banking industry in Nigeria is at the threshold of change, the business is getting more and more competitive, the volume of transactions will continue to grow bigger and there would be the need to process these transactions at maximum speed and accurately at minimum cost.

The Nigerian banking customers are growing in awareness of the opportunities open to them to obtain satisfactory services. They are growing more sophisticated too in their demands and it is only the bank that keeps abreast with latest in technological development that will command the clientele necessary for it to continue in profitable business. Therefore automation becomes part and parcel of the banks efforts at ensuring customers' satisfaction which is the subject matter of this write-ups.

2.5 "GOVERNMENT POLICY AND THE FUTURE OF COMMERCIAL BANKING" BY NWANKWO, G.O. (1986).

This paper attempts first to survey and identify what can be called "Government Banking Policy" in the country today, second to set a few guidelines on Government Policy and the future of Commercial Banking.

To all intents and purposes, 1959 can be regarded as a watershed in the annals of Nigerian banking. Not only was the Central Bank of Nigeria (CBN), established in that year, the foundations of the Nigerian money and capital markets were laid in 1959.

For instance the Treasury Bill Ordinance, which formed the basis for the first issue of Treasury Bills in April 1960, was promulgated in 1959. The report of Barback Committee in 1959 gave birth to the Lagos Stock Exchange in June 1961. Apart from the abortive banking boom and crash of the late 1940s and early 1950s, 1959 saw the largest number of new commercial banks. Out of eight commerical banks established in the country between 1959 and 1962, four were established in 1959 alone.

Inspite of all the above, there was nothing that could be called "a banking policy". The 1952 Banking Ordinance was concerned primarily with ensuring reasonable operations of the commercial banks. Prior to this time, government banking policy by being non-existent, bordered on extreme "laissez faire". This laissez-faire policy has continued till the early 1970s. This is because of the fact that the government regarded banking business as any other ordinary business and did not see the need for any separate policy.

What then can we say has been the banking policy of the Federal Government? This, in the view of the researcher is non-existent, at least in the sense of a document. Yet it is important to know what this policy is in order to assess or forecast the future of commercial banking in the country.

From various official documents and pronuncements, one can deduce what may be called the Government Banking Policy. This has the following objectives:-

i] Securing an independent, indigenous and stable currency with an adequate international reputation.

ii] Providing an effective machinery for monetary management and for the regulation and development of the financial system.

iii] Localisation of the credit base to take account of the monetary, financial and economic conditions of Nigeria, rather than being governed by conditions prevailing in foreign countries.

iv] Ensuring a system of distribution or allocation of bank credit such that Nigerians have improve access to bank credit.

v] Provision and organisation of development finance for the government and the private sector.

vi] Developing the banking habit through improvements in the institutional arrangements and in the accessibility, costs and conveniences of banking facilities.

vii] Eradication of malpractices in Nigerian banking; and

viii] Mobilisation of domestic savings.

It is the above objectives which have largely governed the operations of the monetary authorities (the CBN and the Ministry of Finance), in the country.

In order to attain the much desired economic take-off in the country, it is imperative that the banks must be made to act as catalysts in development and maximize their contributions in creating, mobilising and channeling credit effectively and appropriately in the country. It is to be expected that government policy and commercial banking will, in the very immediate future, assume a dynamic posture, recognise and plan with facts that:-

a] banking is a service industry, and, like all service industries, has to change with and adapt to the changing requirements of the economy;

b] the present ownership structure in the banking system and the present operational orientation of the system is unhealthy and ill-equipped for the task of rapid economic development. This therefore, calls for a thorough structural and operational orientation and rationalisation.

c] The inevitable massive branch expansion and the further development of the banking habit in the country, including a massive development of rural banking; calls for planned, methodical and effective executive development programmes in banking and related fields if banking is not to be a means of throwing money down the drains and if the contribution of banking is to be maximised to attain development objectives of the country.

2.6 "EFFECT OF CUSTOMER AND BANK EMPLOYEE CHARACTERISTICS ON CONFLICT LEVEL IN SOME NIGERIAN BANKS" BY SOTE, G.A. (1993)

This paper investigated the extent of occurence of conflict in a customer's completion of his transaction. It is believed that an incomplete transaction would lead to frustration or an open conflict which could turn the bank into a distressed one, and also adversely affect the socio-economic growth of a nation.150 customers and 45 bank workers from three commercial banks in Lagos participated in this study.

March and Simon (1958) explain conflict as "a breakdown in standard mechanisms of decision making". Conflict is also explained as "the process which begins when one party perceives that the other has frustrated or is about to frustrate, some of his concern (Thomas; 1976"). There could be individual conflict as well as group conflict.

Banking can be considered as an industry established to provide financial related services to the populace where both the operators and the customers expect some satisfaction. The inability of the actors to obtain the much needed satisfaction could result in conflict. Conflict in Nigerian banks could occur from scarcity of banks or lack of genuine competition.

Umoh (1981) observed that the survival and growth of any commercial bank, anywhere in the world, depends on the goodwill of the customers. This goodwill can only be obtained

and sustained if the management and staff of those banks are productive, efficient, honest, and attend to customers promptly. Very few customers will tolerate undue delay during transactions. Nor will they be happy with bank workers who are insolent, rude, or pay little or no attention to their jobs. The cause of conflict between bank employees and customers is not far fetched. The study identified some of the causes of conflict as follows:-

i] Preferential treatment of customers.

ii] Customers jumping queue without moves from bank employees to control such behaviour.

ii] Failure of the bank to add interest to savings' balance in time.

iv] Irregular statement and delay dividend notification.

v] Unfriendly and unco-operative attitude of bank employees.

vi] Too short of working hours.

vii] Lack of good communication system between the bank and the customers.

viii] Lack of adequate facilities and working equipment including seats for customers while waiting.

ix] Lack of autonomy and independence for managers and supervisors to discharge their duties efficiently.

x] Shortage of staff and poor staff recruitment system especially in the use of federal character where political appointments are made without consideration for experience.

xi] Incessant malpractices from the customers by issuing dud cheques believing errorneously that banks cannot go bankrupt.

xii] The government erratic monetary policy in the use of preferred sector instead of making adequate provisions for every bank customer, and the nation's political instability.

xiii] Sudden mopping of the so called excess liquidity in the economy by the Central Bank of Nigeria often creates untold hardship for the banks to fulfil their obligations to their customers.

From the foregoing, we can see clearly that customer service in the banks is characterised by conflict which contributes to the completion or incompletion of banking transactions. Conflict is not necessarily bad as it can bring about changes and or innovations in an organisation. Therefore conflict, if effectively managed, is a necessary pre-condition for 'creativity and innovation' which ensure customers satisfaction in the banking industry.

2.7 "COMMERCIAL BANKING AND ECONOMIC DEVELOPMENT" BY ADEMOLA OYEJIDE AND AFOLABI SOYODE (1986).

The development of banking and the growth of modern economies have often appeared inseparable. So many factors determine the level and the rate of development of any economy. Natural resources endownment, labour supply and of course, capital are some of those factors.

Though other factors are quite important in the development of a modern economy, it is of no use denying the importance of capital.

The large amounts of financial capital required before there could be any meaningful attempt at development also underlines the importance of commercial banks. Banks have a vital role to play by making their vast financial resources available for financing and promoting development. The peculiar circumstances which characterise the situation of under-development make this role more pertinent. Most developing countries, including Nigeria, are bedevilled by low levels of per-capital income and by disparities in both the distribution of the meager income as well as wide variations in the savings propensity at different levels of income. This is further compounded by the vicious circle of poverty in which low levels of per-capital income can only allow for low levels of savings which in turn limits the rate of investment and capital formation and therefore the growth of income. The only relief from these handicaps is best provided by the activities of commercial banks in mobilising financial resources from the surplus sectors of the economy and in channeling the funds so mobilised to the deficit units of the economy through the extension of loans and credit. However, the nature of commercial banks' loans has been of short-term. This is largely due to the short-term nature of their deposits.

Commercial banks are also instrumental to the financing of a large proportion of government budgetary gap (budget deicit). This they do through the investment in Treasury

Bills, stabilisation securities, Treasury certificates, Development stock, Banker unit Fund, Ways and Means Advance and so forth.

Agricultural financing is yet another important role of commercial banks. Agriculture plays a vital role in the development of the economy. It serves as a source of food to the teeming population and as a leading sector in an economy it can spread expansion to other sectors of the economy; it is a source of foreign exchange earnings, contributes to increased labour productivity through good nourishment, provides employment opportunities, serves as source of input to agro-based industries, and provide income which the farmers can utilise in procuring manufactured goods. Given the unique position of agricultural sector, the banks are mandated by the Federal Government through the 'credit Guidelines', to expend certain percentage of their loanable funds as loans to farmers. But the researcher noted with regret the unwillingness on the part of the banks to lower the interest charged on agricultural loans.

The extent to which the banks perform these services leaves much to be desired. The catalogue of complaints about the quality and adequacy of banking services in Nigeria is almost endless. We must appreciate the fact that the existence of banks is based on their reputation for financial integrity and the confidence which customers have in their capability to provide a functioning and secure system for dealing with customers' deposists. Where this

system fails to function as efficiently, as the banking clientele expect it to, there is a crisis of confidence which will eventually have serious implications for our socio-economic system in general and customers' satisfaction in particular.

2.8 "DEREGULATING THE NIGERIAN BANKING SYSTEM" BY OLASHORE O. (1987)

Deregulation refers to those fiscal and monetary measures which seek to remove regulatory controls on the activities of the economic actors in order to enhance their competitiveness in the markets.

The world over banking is one of the most regulated industries with or without government participation. Typically such regulations over licensing, minimum capitalisation, liquidity ratio, credit ceilings, interest rates, creation of reserves, dividend distribution and general supervision to ensure the existence of sound internal check and internal control systems. Deregulation means the removal of all such controls, and the use of market signals to determine the course of action at the enterprise level.

It is a fact that by 1978, the Nigerian Banking system was virtually a part of the public sector, being controlled by either the State Governments or the Federal Government.

All major appointments to their Board and Management were made by the Government. The first sign of deregulation in the banking system occured in 1978, when a few indigenous

or privately owned banks were licensed with no government share holding whatsoever, but with restrictions on individual shareholdings to a maximum of 5% and a provision that promoters should be drawn from across the country to reflect a national character. Another condition for licensing is that a foreign technical partner was necessary in all cases. The BCCI and Society Civil Bank Limited, are the best examples of technical banks.

However, proud changes and actual deregulation did not really take place in the Nigerian banking system until 1986, when the Federal Government adopted the Structural Adjustment Programme (SAP), with economic deregulation as one of its cardinal objectives.

Significant deregulation measures introduced in the banking system as a result of SAP since 1986 include:-

i] Relaxation in the licensing of new banks.

ii] Establishment of Foreign Currency Accounts (Domiciliary Accounts) in Nigeria in 1986.

iii] The introduction of the Inter-bank Foreign Exchange Market (IFEM) (Dutch Auction) in 1986 - 1990.

iv] Withdrawal of public sector fund from commercial and Merchant Bank to the CBN in 1989.

v] Deregulation of the interest rate structure.

vi] Promulgation of the new CBN and Banking Decrees No.24 and 25 (1991).

vii] Deregulation of the Foreign Exchange market by merging the official with the parallel exchange rate of the Naira to the US Dollar; (March 1992).

viii] Licensing of Discount Houses.

ix] Full privatisation of 12 Commercial and Merchant Banks in which the Federal Government was the largest shareholder.

The general objective of the Structural Adjustment Programme wherever it is undertaken is the search for economic efficiency and better resource allocation through less government intervention.

The current effort at deregulation of the banking system is an intergral part of the Structural Adjustment Programme (SAP), aimed at:-

i] Achievement of adequate spread of banking services nationwide.

ii] Promotion of service-drive competition in the industry and improvement in the quality and sophistication of banking services in the economy.

iii] Increased focus on the development of rural and community-based banking culture and services through the establishment of both the peoples bank and the community banks.

iv] Mobilisation of the Finance House (or non-bank finance institutions) to play more active role in the industry, providing needed products and services otherwise

considered too risky and unconventional for the banking institutions.

v] Introduction of foreign currency accounts as a step towards directing the banks to seek for more non-oil, non-government sources of foreign exchange; and positioning the banks to take more active interest in Export promotion.

vi] Authorising banks to take equity positions in non-bank industrial enterprises thereby strengthening their commitment to the post-loan performance of these enterprises.

All these objectives are meant to enhance the services rendered by banks to their customers and make more meaningful contributions to the economy.

2.9 "THE DYNAMICS OF NIGERIAN FINANCIAL SYSTEM" BY OSUNDIJI, M.A (1993)

There is no doubt that the introduction of SAP literally changed the landscape of the Nigerian Financial system. Human factors provided the needed impetus for the many changes witnessed in the system since human beings are agents of change.

The paper attempts to highlight the changes that have taken place in the banking and non-banking sectors of the economy. Of special interest to this research study is the changes that have taken place in the banking sector and their effects on customer satisfaction.

Of significance in the dynamic changes that took place in the banking subsector is the growth in the number of banks. The banking industry is today the fastest growing industry in the country. From a total of 26 in 1980, the number of commerical and merchant banks grew steadily to 40 in 1985 where it stabilized until it increased to 49 in 1987. The year after 1988 marked the beginning of the rapid growth in the number of banks that has characterised the industry up till 1992 when there was a temporary suspension on bank licensing. In that year, (1988) the number or banks increased by 15, representing 30 percent, to reach 66. Additional 15 joined in 1989 while 1990 witnessed 21 new entrants to bring the total number to 102. And to date, the number of commercial and merchant banks stands at about 120 (see appendix page 121).

This rapid growth in the number of banks, however, generated much public interest and debate such that people advocated for either outright ban on new entrants or the raising of the entry conditions. The increase in equity requirement from ₦12 million and ₦20 million for merchant and commercial banks respectively to ₦40 million and ₦50 million was informed by such public interest and debate.

A fall out from the growth in number of banks is the heightening of competition in the industry forcing many banks to adopt various strategies that will enable them consolidate their existence and cater for the needs of their customers effectively.

With the trend of competition, the banking industry witnessed a rapid transformation due mainly to improvement in service delivery. Nigerian consumers became more and more sophisticated and are now demanding the best and highest standard of service which can only be provided through automation and technology. To cope with such customer sophistication, banks commitment to computerisation and technology enhancement has been over-whelming.

And finally, the paper noted another positive spill-over of the increased competion in the industry which is the rapid introduction of new products and services in the market. Some of these new products are technology based such as Automatic Teller Machines (ATM), while a lot of them are existing products repackaged, branded and aggressively marketed and promoted. In the process, value is added, the consumer now has greater choice and now feels more satisfied.

2.10 "BANKS AND THE SOCIETY" BY ADE T. OJO; FCIB (1992).

The issue pertaining to the role, relevance or performance of banks in the society has continued to feature prominently in one form or the other in various discussions recently. It is generally known that banks have been instrumental in making some countries achieve economic transformation. It is apt, therefore, to expect banks in Nigeria to play the same role in the society. This contribution revealed and analysed the manner by which the banks have performed their expected roles in

the society and how such performance could be improved upon. This is to enable them achieve not only their narrow profit maximization motive but also to ensure their customers satisfaction through the performance of efficient services as well as fulfilling their social responsibilities and other broader objectives in the society.

Banks are expected by the society to operate in some special manner that is much more demanding than other institutions, mainly because of the special nature and significance of their products and instruments. Their objectives, functions and modes of operations are expected to be properly adopted to the needs of their respective communities, stage of development, and the changing environment.

In a developing economy like Nigeria, banks are expected to perform their financial intermediation functions in a manner to foster the economic development of the nation.

Banks have, no doubt, tried in certain aspects of meeting their social responsibilities. Some complied more with the prescribed credit and financial guidelines than the others. Some have made voluntary donations towards execution of some community projects.

The recent changes in the competitive environment in which banks operate have made banking more risky and difficult than it was in the past. The main business of banking still involves the two activities of providing deposit services and commercial lending, but commercial banks no longer enjoy the insulation from competition that

they once enjoyed. The industry is characterised by changing competition, regulation, and technology.

In terms of management techniques, the recent years have also seen throughout the business community a growing sophistication in company management. The banks should keep fully abreast of these developments, and should seek to apply them both in their own businesses and in assisting their customers through their advisory services.

To meet the needs of their increased and more diversified business, the banks would have to establish formalised strategic planning systems, embracing the direction of future business and the allocation of capital and personnel resources.

By all these means banks would ensure that the expansion of their business meets the need of customers for a wider range of services to be accompanied by an increase in efficiency, which enable banks' new services to be offered on competitive terms while keeping down the cost of their traditional services.

Particular attention should be paid to the problem of escalating costs which have remained at unacceptably high level. As such it behoves banks to improve operational efficiency in order to minimize costs, maximize returns and remain competitive generally as well as ensuring the satisfaction of the customers' needs.

Banking institutions have been found to be defaulting in the performance of some of their other social responsibilities like the promotion of banking habit and extension of banking and financial services tp the rural communities. The institutions should address more positively the need to:-

i] Improve the quantity and quality of financial services to customers and the Nigerian public, and

ii] Reduce the costs of the services rendered to their customers.

2.11 "INDIGENISATION OF NIGERIAN BANKING" BY NWANKWO, G.O. (1986)

It is now the fashion in most developing countries of the world to indigenise the banking system. It is against this background that the indigenisation Decree in Nigeria stipulating 40 percent indigenous participation in foreign - owned commercial banks has to be viewed. This decree is the latest in a series of measures which Nigeria has taken to indigenise the banking system.

Indigenisation of the Nigerian banking system stems essentially and primarily from:

a] the unsatisfactory currency arrangements and,

b] the unsatisfactory banking facilities in the country.

Prior to the establishment of the Central Bank of Nigeria in 1959, currency in Nigeria was supplied by the West African Currency Board. This Board, established in 1912 is said to be defective because of the following reasons:-

i] It lacked powers of monetary control. It only existed as 'money changer'.

ii] It was operationally rigid.

iii] It was located in London.

Above all, as the World Bank Mission (1953) observed, it did nothing to train Nigerian in monetary management nor to promote the development of indigenous banking and other financial institutions. As a result of these defects, concerted attempts to localise banking activities within Nigeria was made, which culminated in the establishment of the CBN.

Banking facilities in Nigeria are provided by two classes of banks; the expatriate banks and the indigenous banks. On the one hard, dissatisfaction with the facilities provided by the expatriate banks led to the establishment of indigenous banks. On the other hand, dissatisfaction with the facilities provided by the entire banking system has led to attempts to indigenise the system.

Dissatisfaction with the operations of the expatriate banks led to the establishment of indigenous commercial banks in Nigeria, as the following statements show. In an advertisement in the Nigerian Tribune in Febraury 1952. The National Bank of Nigeria, an indigenous bank, delivered a message to Nigerians:-

> By a concerted and well planned process of discrimination the African Merchants were gradually eliminated from the position of middlemen between

the big European firms and the African consumer and in their place was substituted the alien immigrants.

The African according to plan, became small retail traders and civil servants. This economic stragulation could not have been possible if the African had had a strong financial institution of his own. Patronise the National Bank of Nigeria and retrieve your lost birth right.

In the same vein, disappointed and annoyed at the treatment he received from one of the expatriate banks in the country, Dr. Nnamdi Azikiwe vowed to establish his own bank which he did in 1947 (The African Continental Bank Limited).

From the foregoing discussion, it becomes clear that the main reason for indigenisation and subsequent establishment of indigenous banks was the unsatisfactory banking services. Our banking system today must not allow history to repeat itself. This is the more reason why the banking sector, particularly the commerical banks should evolve an efficient service delivery system which will guarantee customers' satisfaction.

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CHAPTER THREE

COMMERCIAL BANKING IN NIGERIA

3.1 INTRODUCTION

Banking business in Nigeria started in 1892 by African Banking Corporation. This bank was taken over by British Bank of West Africa in the same year. The British Bank of West Africa therefore became the first banking establishment to actually practice business in Nigeria. It was formally incorporated in England in 1894 with its head office in Liverpool. The name was changed to Standard Bank of West Africa Limited in 1966, the name it was known until 1968, when in order to comply with 1968 companies Act in again adopted Standard Bank of Nigeria Limited. This was when it was incorporated in Nigeria. The bank again changed its name to First Bank (Nigeria) Limited in 1978 to reflect the Nigerian majority shareholding. It is First Bank Nigeria Plc today and it is one of the largest Banks in Nigeria.

The Barclays Bank DCO (Dominion, Colonial and Official) appeared on the banking scene in 1917. The bank became Barclays Bank Nigeria Limited in 1968 in order to comply with the Companies Act of that year. In 1978, the name was changed to Union Bank Nigeria Limited. It is now Union Bank Nigeria (UBA), which was established initially as the British and French Bank in 1947. It took on its present name in 1961.

The early stages of banking development also witnessed the establishment of indigenous banks such as National Bank of Nigeria (1933), African Continental Bank (1947), Agbonmagbe Bank (1945), Nigerian Penny Bank (1940), Bank of the North (1961) to mention but a few.

The development of banking system was legislativefree. At the initial stage there was no banking legislation. For example neither Central Bank nor Ministry of Finance emerged until 1958. Prior to 1952 there were all kinds of speculative investors who started mushroom banks in Nigeria. The banks used to operate for a while, and after collecting deposits from their customers, would disappear with their funds. The need for legislation for the control of banking operations in Nigeria became very apparent if only to protect depositors. The first attempt at regulating banking operations was made in 1952 with the enactment of the first Banking ordinance. It stipulated minimum capital base and licensing for banks. The period that followed, 1952 to 1959 was called the first banking boom era by Soyibo (1991). However, Nwankwo noted that no new bank was established in Nigeria between 1962 and 1970, presumably because of the impact of regulations and the Civil War (1967 to 1970).

The period 1959 - 1986 witnessed the era of regulations. The Central Bank of Nigeria was established in 1959 with powers to promote and integrate the Nigerian Financial System. The Central Bank encouraged the development of money and capital markets apart from

controlling the operations of both Merchant and Commercial Banks.

The period 1986 to 1993 is referred to as the second banking boom era because of the rapidity with which banks were established due to the deregulation of the Nigerian economy. The public and the private sectors now largely rely more on the market forces for the allocation of financial resources. According to Dada (1991), the banking industry had 12 Merchant and 29 Commercial banks in 1986 but by December, 1990 there were 48 Merchant banks and 58 Commercial banks in the country. As at today the number of Commercial banks operating in the country is put at 66.

3.2 FEATURES OF COMMERCIAL BANKS

Commercial banks are those banks which carry on 'retail' banking services. Their features are as follows:-

a] They are profit-oriented.

b] The banking industry in Nigeria practices 'branch banking system'. There are few banks with many branches.

c] Their deposits are repayable on demand or at short notice.

d] Commercial banks do not generally grant long-term loans due to the short-term nature of their deposits. They concentrate more on short-term loans. They therefore, observe what has come to be known as

'liquidity principle' in lending, because they are influenced in making their loans by the highly liquid nature of their deposits.

e] Commercial banks offer retail banking services. They accept deposits from any member of the community regardless of their size and lend to everybody generally irrespective of the size of the loan, provided such a person has collaterals to support the loan.

3.3 OBJECTIVES OF THE COMMERCIAL BANKING SYSTEM

The objectives of the Commercial banking system in Nigeria as contained in the proposals of the financial system Review Committee (1976) and accepted by the government, are as follows:-

a] The banks should actively facilitate the transformation of the rural environment by promoting the rapid expansion of the banking facilities and services and banking habit in the rural and near Communities. They will thus, serve as paying and receiving stations from hand to hand currency and provide facilities for remittances to and from the rural areas. They will provide savings deposit facilities for their customers and thereby help to mobilise rural savings. Most important of all, they will serve as vehicles for the creation of credit in the rural areas; this credit will take the form of equity and loans for small scale farmers and entrepreneurs;

b] While the banks in the past had concentrated on short term lending, (although some of these loans frequently acquired the character of long-term capital), they should extend consistently with banking prudence, increasingly undertake more medium and long term lending designated as such. The designation is important because it enables the borrower to undertake the long-term investment planning for the application of the proceeds of the loan;

c] They should conform to avoid national objectives and identify fully with Nigerian aspiration by taking a more active part in the financing of the economic programmes of national priority. As a corollary to this, their critical and sensitive position in the financial system necessitates that they be brought under Nigerian control in ownership and management;

d] Dicision making in the main Commercial banking sector must be localized. This would remove the possibility of our major banking institution from being manipulated to the disadvantage of the Nigerian economy;

e] The banks should use a significant part of their profit to improve the quality of the services they offer.

These objectives constitute the main ends towards which commercial banking operators and activities in Nigeria should meet. The rural banking scheme and the indigenisation of commercial banks are examples of positive steps which the government has taken towards attaining these objectives. However, the banks too have their own objectives of which profitability is a crucial target.

3.4 TYPES OF ACCOUNTS

In order to benefit from all the numerous services provided by commercial banks in Nigeria, one is expected to open an account with the bank. The main types of account that can be operated in Nigeria are discussed below:-

i] CURRENT ACCOUNT

Current accounts are opened so that cheques can be paid into them and drawn on. No notice is required before money can be withdrawn from a current account. As such deposits in a current account are said to be repayable on demand deposit account.

Before a customer can open a current account he is required to provide proper references. Debit and credit enteries are posted to the account on the day of the transactions, with the net balance shown at the close of business. The bank pay no interest on credit balance in current accounts.

The customer is expected to maintain credit balance in his account except where he has been granted overdraft facility, a 'limit' is usually set, up to which he can draw. Security may be required to support the overdraft and the customer is charged interest on such facilities. Besides, banks also charge fees for services rendered to current account holders, current account is "the principal and most populat account" in Nigeria.

ii] DEPOSIT ACCOUNT

This account is operated by customer who want to earn interest on their money. The account holder can deposit and withdraw, funds at short notice by using standard deposit and withdrawal forms. Supplied by the bank. In practice, the bank does not insist on any notice before deposit or withdrawal can be made. It is relatively easy to open a deposit account account since in reference and cheque books are needed to operate the account. A fixed deposit account is often opened for 3 months, 6 months, 9 months or 1 year. The bank pays higher rates of interest on such deposits, but they are expected to be kept for the fixed period of time. Deposit accounts are also called time desposit. Unlike the current account, no overdrafts are allowed on time deposits.

iii] SAVINGS ACCOUNT

Saving account is operated by means of a passbook in which credit ot depit entries are entered in accordance

with deposits and withdrawal respectively. Like the deposit account, no cheque book is required to operates a saving account. Funds can be deposited and withdrawn using standard deposit and withdrawal forms. Savings accounts attract interest at a fixed rate and funds can be withdrawn at any time the bank is open without notice.

3.5 SERVICES PROVIDED BY COMMERCIAL BANKS IN NIGERIA

Having discussed the types of account, a customer can operates before enjoying the services provided by commercial banks in Nigeria. It is pertinent, at this stage, to highlight such services.

The Nigerian Banking Act of 1969 describes a bank as any person who carries on banking business and includes a commercial bank, an acceptance house, discount house, and financial institutions.

The Banking Amendments Act No 3 of 1970 further decribed banking business as:

> "The business of receiving monies from outside sources as deposits irrespective of the payment of interest and granting of overdrafts and loans and acceptance of credit or the purchase and sale of securities for account of others or the incurring of the obligation to acquire claims in respect of loans prior to their maturity or the assumption of guarantees and other warranties for others or the effecting of transfers and

clearings and such other transactions as the commissioner may, on the recommendation of the Central Bank, by order published in the Federal Gazette designate as banking business".

From the above quotation, it becomes crystal clear that the banks perform a wide range of services to their customers. One curious thing is that the functions of banks are open-ended in the sense that more could be added with the approval of the Minister of Finance.

Femi Adekanye, a seasoned banker, has aptly categorised services provided by commercial banks in Nigeria into two, namely, services to personal customers and services to business customers.

3.5.1 SERVICES TO PERSONAL CUSTOMERS

a] Open Credit for Cashing Credits

A customer travelling to another twon to stay for some time to conduct business transaction, can ask his bank to establish an open credit for him. The customer's bank can then arrange with the branch concerned to honour the customer's cheque up to a certain limit. The specimen signature of the customer will be sent to the branch concerned. This arrangement can also be made with a branch of another bank where it is not represented.

b] Traveller's Cheque

Travellers cheque are a form of travel currency giving the holder the security of a letter of credit and the conviniences of a local currency. Travellers cheques are probably the most universally accpeted method of payment for overseas travellers and, indeed, for payment in the United Kingdom, the United Statesand other foreign countries.

In Nigeria, traveller's cheques are normally issued in dollar and pounds sterling. They are encashable at the correspondent of the issuing bank abroad. Also, they are usually acceptable at hotels, departmental stores etc. The holder of the cheques signs them on their issue. When they are to be cashed, the holder countersigns them in the presence of the cashier who checks the signatures before effecting payment. In the case of loss or theft, the issuing bank will arrange a refund or replacement provided the cheque were signed in the correct place at the time of issue.

c] Foreign Currency

Foreign currencies especially pounds sterlings and U.S. dollars are available in limited quantities from all banks in Nigeria. These can be obtained to meet minor expenses like taix or bus fares prior to encashing travellers cheques, when on a journey. Un used traveller's cheques and foreign notes can be cashed on

return from foreign travel at the issuing bank. Nigeria stringent foreign currency and traveller's cheques that can be obtained.

d] Safe Custody

Commercial banks in Nigeria provide custody services for their customers valuables such as government, stocks, share certificates, life assurance policies, certificates of occupancy (be official title of landed property), deeds of conveyance, wills and jewellery. Such property can either be deposited in sealed boxes or envelopes with the contents unknown to the bank official or made 'Open' when the articles are listed and signed for.

The relationship arising from safe custody is different from that between a banker and the customer. The transfer of goods to some one for a particular purpose, for example, for safe-keeping is a bailment and the bank in question is a bailee. The banker does not, for instance have any lien or right over the custody of the property in relation to a customer's overdrawn account.

A banker enters into a contract of bailment when items are received from customers for safe custody. If the banker, charges for the services he is a paid bailee. If not he becomes a gratutitous bailee. In law, the paid bailee is expected to show greater care in the handling of the safe custody of the items.

e] Status Inquiries or Banker Opinion

A customer can give his bank's name to a supplier or another bank for reference purpose. In such a case, a request is sent to the customer's bank for brief assessment of the customer's financial standing.

The benefit that customer's derive from this service is that the bank's view or assessment of another customer can assist the inquirer to arrive at a decision regarding the inquirie's financial standing, behaviour and financial prudence. Such information are crucial when financial contracts and agreement based on trust are being made. This services can be provided in respect of both personal and business customer's.

3.5.2 SERVICES TO BUSINESS CUSTOMERS

a] Loans and Overdrafts

The loan facility is provided by commercial banks in Nigeria mainly, but not exclusively to sole traders, and individuals such as salary earners to help them over a difficult period or supplement the payment of school fees, medical bills and some unforeseen expenses. The amount granted us usually small and it is repayable at the shortest possible time.

Commercial banks in present day Nigeria base their lending business on the concept of the overdraft "which in itself arose from the development of the

current account, the issuing of cheques, and the bank's money transfer system". Since commercial banks are more interested in short term lending, funds advanced on overdraft are in theory repayable on demand, while interest is payable on the outstanding balance on a daily basis.

To the banker, an overdraft has the advantage of being self-liquidating by the normal turn over of account. However, in practice, an account may not swing into credit for quite some time.

Over-draft facilities are generally granted to business customers, that is, large corporate concern and some medium/small scale enterprises, when a business enterprise is granted an overdraft of say ₦100,000.00, a separate account is opened. This facility enables the customer to overdraw his account up to a limit of ₦100,000.00 until a specific date or further notice.

Commercial banks in the country are constrained by the nature of their funds to provide only short term facilities on loans or overdraft to their customers which are usually repayable within one year. Thus, the bank provide mainly short-term facilities for working capital purposes. The advantage of overdraft facility to the customers is that interest is charged on a daily basis and thus, full credit is given for, payments into the account, this facility has remained the cheapest source of credit obtainable by customers from their banks.

b] Performance Bond

Commercial banks provide this services to customers in the building and contracting business where they are required to supply a performance bond as a pre-requisite for contract bids. The bond is a guarantee that such business have adequate financial resources to execute the contract satisfactorily. When a banker gives such a guarantee, it usually takes a counter-indemnity which enables him to claim against the customer in the event of default.

c] Guarantees and Indemnities

If a shareholder loses his share certificate he can apply for a duplicate certificate. Before a company consents to such a request, it will want a banker to add his guarantee to the request to reassure the company of its genuiness. As in the case of performance bond, the banker covers himself against loss by taking a counter indemnity from his customer.

d] Banker's Drafts

A bank draft is a cheque drawn by a branch of a bank on another branch. It is issued on request to a customer who is compelied to make payment to a payee who wants to ensure that the cheque will not bounce. Bank Drafts are bought for when large payments are involved and when the payee has to part with valuable articles due to high incidence of bouncing cheques in this country.

e] Bills for Collection

Exporters can request their banks to help them collect bills from their overseas importer. In this regard the exporters draw a bill of exchange payable on a specified date on the importer. The Nigeria exporter then gives the bill to his Nigerian banker to collect the proceeds on his behalf. The bank sends the bill to its correspondent in the overseas country and requests that the bill be presented at the end of the term for payment. When the proceeds are, received, the customer's account is credited with the Naira equivalent.

In some cases, the customer may forward the bill direct to the importer in the overseas country for acceptance after which the bill is referred to him. He then attaches the necessary documents to the bill when demanded, and passes it to his bankers who will forward it to the overseas country concerned for payment. A bill with documents attached to its called a documentary bill. If no documents are attached, it is a clean bill. The customer is required to give clear instructions to the bank as to whether documents are to be released against acceptance or only against payment.

f] Bills for Negotiation

If the customer is in dear need for funds and want the proceeds of the bill immediately, he may request his banks to negotiate the bill.

This means that he sells the bill to the bank. The bank pays the customer the face value of the bill minus a discount. However, such negotiation is done with the agreement that if the accepter fails to pay the bank, the bank will claim from the customer. In such a situation, the bank may ask the customer for security. If it is a documentary bill the document will form part of the security.

g] Standing Order

A standing order is a written request from a customer to the bank to render a service of payment. Usually monthly or annually either for a limited period of time or until further notice. Such standing instruction might request the bank to make such payments as, and when due to insurance companies or business house, etc.

In respect of subscription of clubs, institutes and so on, the banker is under no obligation to make a payment unless the account is in credit, or within an agreed over-draft facility. Thus, sufficient funds must be kept in the account to absorb the debit on the due date.

h] Business Advisory Service

This service is primarily aimed at assisting small business customers to develop their businesses is such a way that can attract bank finance. Small scale traders are taught how to introduce simple record keeping and accounting into their operations.

i] Night Safes

The aim of this service is to enable customers to make deposits after normal banking hours.

The bank issues a night safe wallet which can be locked to the customer. The customer put his paying in slip and the cash in the wallet, locks it and 'post' it in the safe through the exterior wall of the bank, the wallet are decreed by the bank staff concerned in the morning and the customers accounts duly credited. Shopkeepers wishing to bank their daily takings rather leave them in the shop overnight or carry large amounts home find this service particularly helpful.

The list is in no way exhaustive. Being a dynamic industry new products/services are continually being added to the existing stocks of function. The research study intends to find out from those who are beneficiaries of these services (the customers) whether the services rendered to them meet their expectation or not.

3.6 BANKER - CUSTOMER RELATIONSHIP

In his book, a dictionary of Banking, Perry F.E. defined a bank as "an establishment which deals in money, receiving it on deposit from customers, honouring customer's drawings against such deposits on demand, collecting cheques for customers and lending or investing surplus deposit until they are required for payment.

In simple term, what we can deduce from the above definition of a bank is that it is a financial institution which accepts and safeguards deposits/money from customers and permits money to be withdrawn or transferred from one account to the other and invest or lend the surplus money deposited to customers who need it.

In his book on the practice of banking, E.F. Doyle stated that the relationship between a banker and his customer is essentially contractual, but fundamentally, it is that of a debtor (the banker) and creditor (the customer and vice-versa) depending on who is owing the other.

In his own contribution to the question of banker and customers relationship, D.P. Whiting stated that this relationship is governed by rules of agency, where appropriate, for example, where the banker acts as agent for his customer in collection or paying cheques on his behalf. He also added that the relationship is governed by the rules of bailor and bailee where appropriate, for example where the banker retains his customer's deeds and documents of title for safe keeping.

To Foluso Olalusi, "there are two types of relationship between a banker and his customer; namely, human relations and legal relations"

This relationship arises when a person, society, firm or company and so on, makes an offer to become a customer, which the bank duly accepts. Acceptance may in fact be made subject to:-

A condition precedent e.g. acceptance of the applicant's offer; conditionally, upon his providing satisfactory references; or a condition subsequent, e.g. argeement to open an account for the applicant immediately but the right retained to close the account forthwith if satisfactory references are not ultimately received.

What we can deduce from the facts above is that once a person, society, firm or company opens an account with a bank, he/she/they become their customer and the most important point of contact with the numerous customers are:-

The cashier's
The manager's point.

i] THE CASHIER AND THE CUSTOMERS

The cashier, by virtue of his duties comes into contact with the public (customer and non customers) more often than any employee of the bank. The numerous functions the cashier performs makes specialization a must so as to make transaction easier. The cashier must therefore possess the spirit of tolerance, must be accommodating and a keen observer so as to enable him/her recognise all instruments and understand the implications of his/her actions.

In addition to the possession of a tolerant spirit, to help customers when and if possible. He/She must be humble, show respect to customers and address them in "cultured manner". Self confidence is therefore essential, so as to enable the cashier represent his employers very well.

Finally, it is also necessary even though not compulsory to establish a relationship with the customer, but a neat and confident look of the cashier may repose confidence in the mind of the customers of the bank's ability to perform well. The cashier's appearance and his neatness is a letter of introduction of the management.

ii] THE MANAGER AND CUSTOMER

The branch manager is at the apex in the branch of a bank and also symbolises the management. He/She is the chief public relation officer of the branch. Therefore, he/she must be in the forefront in projecting the good image of the bank through his attitude to customers. His first task is to know the business environment, the basic occupation of the people, and how the bank can fit into the system. He must also know who the customers of the bank are as well as try to win more customers. He must also understand their problems, grant them audience and seek suggestions from them on how to improve on the services of the bank. He/She must make the customers feel welcome and spare time to ask after their business performance. This will give the customer the feeling that she/he is recognised.

Apart from verbal (face to face) discussion or mode of communication another channel of contact between a banker and customer includes, telephone communication. Here, a pleasant voice, friendly conversation and prompt connection with the appropriate person is vital.

Similarly, letters are important means of communicating with customers, since letter and report writing are vehicles of thought and feeling, Letters of complaints, states enquiries, business transactions, etc. may be received from the public. The basic requirements for effective correspondence are simplicity in the use of language, avoiding monotony, vague expressions and mixing of tenses. The letter must be brief and precise.

3.7 TYPES OF CUSTOMERS

There is no specific legal or statutory definition of a bank customer. While, we have some who open account with the bank, there are others who visit the bank every day for other reasons and motive. While some people go to a bank to cash their personal cheques or cheques issued in their favour by third parties; others go to deposit cash or cheques into their accounts; or make inquiries of one sort or the other. All these categories of people mentioned above regard themselves as bank customers. The approach of the bank employees to them will solidify their relationship and encourage others to open account with them.

In his own contribution to our subject of discourse, Femi A. Adekanye wrote that "Banking services cut across various segments of people, viz, individual or personal both literates and illiterates, business or corporate organisations and government establishment who are usually represented by their agents". Individuals are bound to vary in their

approach and sense of reasoning, there is need for the bankers to understand human behaviour as this will assist them in tackling difficult situations when they arise in dealing with customers.

i] INDIVIDUALS

These categories of people fall within the class of salary earners or petty traders, who make little of nothing in terms of revenue. If they have to consider the effort put into making ends meet, they would not have come to save the hard earned money, in the bank. For them to part away with their money they deserve to be given the best attention and prompt service by the bank employees.

ii] CORPORATE ORGANISATIONS

These are business organisations incorporated under the company Act of 1968. The trade in goods and service and their primary aim is to make profit. They open account in their business names and have their representatives or agents transaction business on their behalf. The mode of operation of their account involves a wider scope as distinct from an individual. The idea of getting associated with big companies to some extent determines the level of importance of that bank in the society. Any good bank would want to be identified with trans-national economic giants like U.A.C. Leventis, etc. This is because their high profit margin is incomparable with other customers as it reflects directly on the earnings of such banks.

iii] GOVERNMENT

Some organs of government by their mode of operation, open account with banks and majority of their transactions sometimes call for urgent attention since the could be decisions taken by the government. Any lapses on the part of the bank could have serious effect on the organisation. No bank would want to be associated with failure.

When these customers come to the bank they request for the best services and the best the bank can do is to satisfy them. As human beings they have their shortcoming; it is the duty of the bank to study situations, identify their problems understand the problems and offer adequate solutions.

3.8 DUTIES AND RESPONSIBILITIES OF BANKERS

As we pointed out earlier, the relationship between a banker and customer is essentially contractual, but fundamentally, it is that of a detor (the banker) and the creditor (the customer) and vice-versa depending on who is owing the other.

For all contracts, there are underlying rights and duties for the parties. To enable a banker enjoy the protection granted them by the provisions of the Nigerian Bill of Exchange Ordinance of 1964, Femi Adekanye posited that "the bank should perform the underlisted duties of a banker courteously, honestly efficiently and effectively:-

Receiving money on current or deposit account, collecting proceeds of cheques for its customers, to repay in whole or part of the debts owed its customers upon presentation of customers written order or cheque, maintaining secrecy in respect of customer's account and affairs (even when he has ceased to be their customer) except where disclosure is permissible".

To achieve the above, the bank has to handle the customer in these ways:-

Assisting illiterate customers in completing their pay-in-slip and also coming to the aid of others when the need arises.

Being polite is very important too, so as to create good impression of the bank in the mind of the customers. Likewise, attending to customers quickly is necessary so as to save their time and to enable them follow up their other business in good time.

It is also the duty of the bankers to pay their customers once there is sufficient fund in the account or when there is an agreement between them to overdraw his/her account or take loan. These bankers should not return's cheques without genuine reason, etc.

On the other hand, the responsibility of the bank to the environment includes:-

Opening of recreation centres to enable the community enjoy the benefit of such a bank and sponsorship of games and other social activities to project the image of such bank. Also organising seminars, workshops, etc. to enlighten the

public about the things that matter to them.

The bankers (and the bank) responsibility to the government is to help implement the policies and objectives of the various strata of government. In this way, they should take the lead and also advise the government on matters relating to socio-economic policies and finally, they should also give financial banking to the public and private sector of the economy.

In the words of D.P. Whiting, "the relationship between a banker and customer is very confidential and the banker must not divulge or leak information concerning the accounts or affairs of customers without express consent".

In a similar vein, D.P. Whiting and Femi Adekanye stated that, a banker and his staff are expected to keep secret any information regarding the business and accounts of the customers and in this regard every member of a bank's staff is required to sign a declaration of secrecy as regards the business of the bank".

However, a banker in certain cases may be compelled to give information as evidence in court of law and may also be required to a copy of the entries in the book of the bank.

The duty of the banker towards his customer therefore not to disclose his affairs is a legal one arising out of a contract; the duty is not absolute but qualified. The qualifications of the contractual duty of secrecy implied in the banker and customer can be classified under the headings:-

a] Where disclosure is under compulsion of law, under the Banker Book (Evidence) Act 1879, a statute of general application in Nigeria, section 7 provides that "on the application of any party to a legal proceeding, a court or Judge may order that such party at Liberty to inspect and take copies of any entries in a banker's book for any of the purpose of such proceeding. An order under this section may be made either with or without summoning the bank or any other party, and shall be served on the bank three days before the same is to be obeyed unless the court or Judge otherwise directs. Any such order against a bank may be enforced as if the bank was a party to the proceedings.

The expression in the Act relating to Banker's Book has been defined to include ledgers, daybooks, cashbooks, account books and other books used in the ordinary business of the bank. The world "Court" has been defined as the court Judge, arbitrator, person or persons before whom criminal proceedings are being taken. Any of the people mentioned above has the power to order that the prosecutor may inspect entries in the books of a bank which the defendant keep his account. Also, the "evidence Act" provides that secondary evidence may be the existence or contents of a document when the document is an order to enable a police officer in the course of investigation to inspect and take copies of the

ledger cards of customers or any such records, an application has to be made under the provision of the above mentioned laws and an order granted by a Magistrate or Judge.

b] DISCLOSURE AS A PUBLIC DUTY

There is a public duty compelling the banker to disclose information concerning the account the of his customer where the proceeds credited there are found fraudulent or stolen. In this context, the banker's duty to prevent fraud in the course of his operations. Supersedes the duty secrecy owed to the customer. Where this situation arises, he/she need not wait for any court order, as he has valid defence to an action for a breach of the duty at the instance for the customer.

c] DISCLOSURE IN THE INTEREST OF THE BANK

The interest of the bank would require disclosure of information concerning the account of its customers where the bank makes a demand in writing for repayment of an overdraft or issue a write claiming payment of an loan or overdraft and stating on the face of the write the amount owed.

d] DISCLOSURE IN THE INTEREST OF THE CUSTOMER

There could be no action for a breach of duty where in party to whom the duty is owed as consented to the breach. Therefore, in circumstance where the customer authorises a reference to his banker to give information

concerning his credit worthness, and this is done, the customer cannot successfully bring an action for breach of duty of secrecy.

FOOT NOTES

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CHAPTER FOUR

RESEARCH METHODOLOGY

In order to facilitate the execution of this project work, two types of data were utilised. These are:

i] Primary data and

ii] Secondary data

4.0 PRIMARY DATA

Data may be expressly collected for a specific purpose. Such data are known as primary data. The collection of facts and figures relating to the population in the census provides primary data.

The main advantage of obtaining such data is that the exact information wanted is obtained. Terms are carefully defined so that as far as it is humanly possible, misunderstanding can be minimized though not completely avoided.

The primary data needed for this research study were collected through survey method of data collection.

4.1 THE SURVEY METHOD OF DATA COLLECTION

This refers to the method of studying a given population by selecting and studying samples chosen from that population. Some authors regard this as 'sample survey'. The need for sampling becomes obvious because of the difficulties associated

with studying the entire population. Hence samples are studied and inferences can be drawn about the population. The survey method of data collection is more than fact-finding exercise. Surveys do more than merely uncover data. They interpret, synthesize, and integrate these data and point to their implications and inter-relationships.

There are many types of surveys. These include personal interview, questionnaire, panel, telephone and observation. This research work made use of personal interview, questionnaire and observation in the collection of primary data.

4.1.1 PERSONAL INTERVIEWS

An interview is a method of obtaining information on a particular subject. It enables the interviewer to get first hand information from those concerned. This system involves face to face dialogue, through which information is given and received. The researcher interviewed senior and junior staff of Bank of the North Limited and First Bank PLC with the aim of finding out the type of services they render and the problems or complaints they usually receive from their customers. We also dealt with the question of the average number of accounts opened monthly, the average time a customer spends before being served, and so on.

To balance the equation the interview was also extended to the customers. Such questions include, whether they know the duties and responsibilities of the bank toward

them and also if they know the legal relationship that exists between them, the problems they encounter in their business transaction with the bank, and so forth.

The aim of using this "face to face" technique in obtaining data is to enable the researcher draw conclusions and make recommendations on the research findings.

Like any method of data collection various problems have been encountered. These problem range from the fact that some of the people interviewed did not give straight forward answers and answers that were not even related to the questions asked were given. In any case most of the customers and staff sacrificed their time to answer questions put to them by the researcher.

One of the major advantages of this method is that information can be verified easily.

Secondly, valid and reliable information can easily be obtained.

Just like this system has advantages, it has disadvantages. For one, it leads to bias answers because of the presence of the interviewer.

Furthermore, this system is rather costly in terms of time and money. It is expensive when a large segment of the people are involved. while, when the researcher needs to see the top executives, it involves a lot of time.

Finally, like we did highlight, if not properly used, it leads to a lot of deviations on the part of the respondents.

4.1.2 THE QUESTIONNAIRES

These are structural series of questions in written form meant to be answered by potential respondents. This method is aimed at collecting data about a particular subject using question forms which are to be either ticked or completed by those concerned.

The researcher issued questionnaires to both the staff, and customers of the bank and the purpose of this questionnaire is to find out whether the relationship between bankers and customers exist, if not, what are the reasons for its non-existence and where it does exist, it is satisfactory, and how efficient is the bank in rendering services to them?

The questionnaire for management and staff was set mainly to obtain information concerning the quality of services, the condition of service and what problems are encountered in transacting their business and also their relationship with the customers and their plans in improving customers service in the bank.

While, that of customers is to enable the researcher to know their view regarding the services rendered to them, their relationship with the bankers, how satisfied they are with the services generally and the problems they encounter in the bank under consideration and possible solutions they may have.

These questions were made simple for both staff and customers in order to make it effective and also simple language was used to avoid ambiguity.

The advantages inherent in this technique are:-

i] It helps those respondents that are not good in expressing themselves to tick from the answers given.

ii] It is easy for the researcher to analyse, since he/she framed the questions and answers her/himself.

iii] A lot of information can be obtained since the respondents are given the questionnaires to fill and return them at their convenient time.

iv] It is also cheaper compared to other methods of collecting data because many copies can be produced.

v] Finally, the system aids the researcher in reaching a wider and larger number of respondents.

The disadvantages of this system are:-

i] The questions are so restricted thereby preventing the respondents from expressing themselves very well.

ii] Lack of positive response is the major setback of this method because many of the questionnaires are not usually returned.

iii] The questionnaire does not permit the researcher to follow through on misunderstood questions or evasive answers.

4.1.3 PERSONAL OBSERVATION

The researcher observed almost all the activities of the bank for more than three weeks. The researcher studied each staff as regards the way they attend to customers and the time spent doing this. This method helped in selecting from the data obtained those that deserve further and proper study. In like mannter, it helped in assessing the quality, efficiency and speed of services rendered to the customers by the bank.
Also, the courtesy bankers gave their customers were observed.

The advantages of this system are:-

i] It is the most reliable method among the various techniques used in collecting data for this research, because it is used to verify the information obtained in other methods.

ii] Also, since the researcher was there to observe all that happened, he had a vivid idea of what is involved in the banker/customer relationships.

iii] It enables interaction between the researcher and the respondents which in turn helped in having more ideas about the topic of this research work.

The disadvantages are:-

i] It is time consuming because the researcher has to observe how all the activities of the bank were performed and asked questions where necessary.

[ii] It may lead to bias especially where the research has a pre-conceived idea about a particular issue.

4.2 SECONDARY DATA

These are data collected for some other purpose but which can be used conveniently in the course of this research work. However the researcher was cautious as far as the use of secondary data is concerned because such data may not give the right kind of information needed and they may not be in the most suitable form.

The main method of collecting secondary data for this work is through documentary investigation.

4.2.1 DOCUMENTARY INVESTIGATION

This is a method based on obtaining information from existing records. Thus, in examining the ways in which and how customers' document are treated, it is important to scout for guide books, text books and relevant journals other than the official record itself.

The advantages of this method include:-

[i] the fact that it is a fast way of collecting data and as such saves time and money.

[ii] it affords the researcher an opportunity to get essential account of past events needed for this research work.

iii] it is through past information provided by documentary records that the researcher makes deductions that will help him reach conclusion.

The above methods are what the researcher used to collect the necessary data for the purpose of this research work.

However, these methods are by no means exhaustive but the researcher feels that they will serve the basic needs of this research.

CHAPTER FIVE

DATA PRESENTATION AND ANALYSIS

5.1 INTRODUCTION

This chapter is specifically designed to present and analyse the data so collected from the methods described in chapter four. It is divided into three parts. The first part introduces the banks under study, (First Bank Nigeria PLC and Bank of the North Limited), and the presentation of raw data obtained from them by way of the services they render to their customers. Part two of this chapter deals with the analysis of data while part three focuses attention on the discussion of findings.

In order to know the true position of the services which the banks render to their customers and the extent of satisfaction desived by them (customers), two sets of questionnaires were administerd one set is meant for the bank staff while the second set is for the bank customers.

Information collected is the result of general findings on both sets of the questionnaires and the follow-up interviews conducted by the researcher. Various questions put before the customers and staff of the banks include commence period of banking services, speed of services, efficiency and general satisfaction, courtesy, relationship between customers and the staff to mention but a few. Their co-operation was particularly willing to express their views on the services they receive from their banks. To the

bankers, it was an avenue to refute many of the allegations often made against them and to state their own side of the case.

For the purpose of comparative analysis, the researcher selected 200 customers from First Bank Nigeria PLC and 100 customers from Bank of the North Limited, the selection was done on a random sampling basis. On the whole, 350 questionnaires were distributed out of which 300 were duly filled and returned.

Regarding the bank staff, a total of 70 bankers responded, with 40 and 30 of them from First Bank PLC and Bank of the North Limited respectively.

Before embarking on a detailed analysis of the data, it is necessary to first, present them (data) with a view to knowing how the selected banks in Kaduna Metropolis design and render their services to the customers.

5.2 FIRST BANK NIGERIA PLC

What is known as First Bank today was the then Bank of British West Africa, an off-shoot of Elder Dempster and Co. The Bank of British West Africa was registered in England as a Limited Liability Company on March 31 1894. Its Head Office was in Liverpool and with a staff strength of only two.

The Colonial Government accounts were kept in the bank and it handled the import and export of mint coins until 1959 when the Central Bank of Nigeria was established. When it became apparent that the colonial relationship was coming to an end in West Africa, the bank changed its name to Bank of West Africa in 1957. Oddly enough, this name is said to have been proposed as far back as 1909 but for one reason or the other it did not materialise until 1957.

During the merger era of the 1960s, Bank of West Africa (BWA) was not left out. It merged with the standard Bank, one of its shareholders since 1920 and became Standard Bank of West Africa in 1966. The history of Bank of West Africa came to end soon after this merger and in 1969 a separate company was incorporated in Nigeria under the name Standard Bank Nigeria Limited.

To reflect the majority shareholding and the fact that it was the 'pioneer' bank in the country, First Bank of Nigeria assumed its present name in 1977. This noteworth evolution will not be complete if we fail to mention that in 1966, Bank of West Africa Limited absorbed the Lagos Branch of Chase Manhatan Bank of New York.

Today First Bank PLC is one of the largest banks in the country with 8 autonomous administrative divisions, 5 of which are regional in outlook to facilitate the administration of the branch network nationwide. It has well over 300 functional branches located in all the States of the Federation.

5.2.1 SERVICES OFFERED BY FIRST BANK NIGERIA PLC

Deposits

A customer can maintain any of the following types of accounts with the bank.

a] Savings Account

No references are required when opening a savings account, but a customer may be required to open an account with a minimum of ₦100.

A customer can deposit into or withdraw money from his account upon presentation of his Passbook during banking hours at the branch where the account is held. Furthermore, customers cannot draw cheques on his savings account, but he can pay cheques into the account by special arrangement with the bank. No notice is required before withdrawals are made, but the condition stipulated at the back of the Passbook should be carefully read and understood.

A savings account presently earns customers interest of 14 percent per annum.

b] Current Account

To open a current account, an introduction and/or referees are required. Both cash and cheques can be paid into a current account. A customer can also pay postal order, money order and dividend warrants into the account.

A customer can only withdraw cash by cheques. A customer cannot overdraw his account without prior arrangement with his banker, he may not be permitted to draw against an uncleared cheque. For operating a current account, the bank normally charge commission - on - turnover (COT) monthly or quarterly. This charge will not be imposed if the customer maintain a minimum credit balance of ₦100 on his personal account throughout the particular period.

No charge os made for clearing cheques drawn and payable anywhere within Nigeria. Details of money, cheques coming in and going out of the customer's account are usually set out in form of statement which will also show how much of money the customer has left in his account.

c] Other Deposits

A customer can arrange to deposit any amount with the bank for a fixed period. The terms of such deposit including interest payable thereon are subject to negotiation between the customer and the bank. The deposit can be renewed after maturity for a further fixed period.

d] Loans and Overdrafts

With the arrangement with the bank a customer can borrow money by:-

a] Overdrawing his current account

b] Direct loan.

Conditions for enjoying bank loan or Overdraft vary from Bank to Bank.

Overdraft is repayable on demand at the banks discretion but loans are repayable over a fixed period. Any customer, small, medium, large individual or corporate clients can borrow as long as the bank's conditions are met.

The rate of interest chargeable on loans and overdraft is 21 per cent per annum. The effective rate of interest on customer borrowing should not exceed the maximum rate of interest of 21 per cent.

The bank may request from a customer to offer some kind of collateral security such as share certificates, life insurance policy, title deeds to property as cover for the loan/overdraft. Interest on overdrawn and loan accounts is usually calculated on the overdrawn or loan balance.

Miscellaneous Services

i] Providing Banker's Reference.

The bank on request can provide the customer with reference which may be required by a business concern or trade supplier willing to grant the customer credit. Such references will provide information about the customer financial position.

ii] Local Travel

As it is not safe to carry too much money when travelling within the country, a customer can make money available either by making credit arrangement which enables him to draw money at specified branches of bank in the areas to which he is travelling or by purchasing bank-draft, at the nearest branch of the bank in the place where a customer is visiting.

iii] Safe-Keeping of Valuable items

By arrangement with the bank, a customer can deposit his items of value such as document of title, share certificate, jewels etc. It is necessary to obtain an official receipt for items so deposited.

iv] The Bankers Order

For the periodic payments, such as insurance premiums, hire purchase installments; a customer can use banker's order. The bank will make payments on the customer's behalf provided he has money on his account at the date of payment. The bank charges a commission of ₦15.00 per standing order.

v] Foreign Transaction

All licensed banks are authorized dealers in foreign exchange transactions. First Bank of Nigeria Plc deals in all foreign currencies.

vi] Transfer of Money Abroad

First Bank of Nigeria Plc assists customers to send money abroad after such customer has complied with the exchange control regulations, and obtain the necessary approval to make the remittance. The rate of exchange are exhibited daily at the Central Bank, and can be obtained for any specific date on request. Currently, the rate is fixed at ₦21.990 to US$1.

vii] Traveller's Cheque

When a customer travels abroad, the bank can provide the desired foreign currency by selling traveller's cheque or bank drafts to customer or by making a mail or telegraphic transfer on the customer's behalf, within the ruling currency rates and exchange control regulations.

Other Services of Interest To Businessmen

On request, First Bank of Nigeria Plc can help to contact business organisations Overseas with who to establish relations.

First Bank of Nigeria can open Letters of Credit, enter into bonds, guarantees and indemnity in respect of import. First Bank of Nigeria advice the customers on investment opportunities in Nigeria. The bank also offer useful information such as current regulations on Foreign Exchange, conversion rate of local Currency

vis-a-vis foreign currency etc these information are provided free of charge.

5.3 BANK OF THE NORTH

Bank of the North Limited was incorporated on September 17, 1959. The bank commenced business in January 1960 at its branches located in Kano and Kaduna.

It was first owned by the Northern Region. But with the creation of States, it was owned by the Northern States. The Bank is presently owned by the sixteen Northern State Governments and the Northern Nigeria Investments Limited, a wholly owned subsidiary of the New Nigeria Development Company Limited (NNDC). The latter is also owned by the sixteen Northern Governments.

The Bank has made a steady progress since its share capital of 12,500 pounds. By 1970, the issued share capital of the Bank has risen to ₦27 million.

The second decade of the Bank's operation (1971 - 1980) was also marked by rapid progress, growth and profitability. The Authorised share capital rose to ₦30 million of which ₦14.7 million was fully paid up.

While its total assets stood at ₦30 million with loans and advances amounting to ₦17 million in the 1970s, its total assets in 1980 came to ₦900 million and, for the first time, in 1980 the after tax profit exceeded the ₦10 million mark.

By the close of the third decade, the bank had witnessed substantial growth in all areas. Loans and advances grow from ₦400 million at the beginning of the decade to ₦990 million by December 1989. The total deposits went up from ₦780 million at the end of 1980 to ₦1.8 billion in 1988, coming down to ₦1.3 billion in 1989 due to the withdrawal of government deposits from commercial banks. Statutory and General Reserves rose from ₦25 million in 1980 to ₦100 million in 1988. Over the same period, shareholder's funds grew from ₦40 million to ₦162 million. Whereas the shareholders fund fell slightly to ₦157,545 million in 1991, loans and advances grew to ₦1,093 billion while deposits increased to ₦2,325 billion.

The bank's assets now stand at ₦2,950 billion with an authorised share capital of ₦100 million, ₦57,431 million fully paid-up.

The bank which started with two branches in 1960, had by 1970's twelve branches with an establishment size of over 44 with staff strength or more than 2,000. The bank currently operates 100 branches in 22 States of the Federation and the Federal Capital Territory, Abuja. There are plans to cover the remaining States. Its staff Strength has also risen to over 4,000.

5.3.1 SERVICES OFFERED BY BANK OF THE NORTH LIMITED

Bank of the North Limited, like any other typical commercial bank, renders the following services for their customers.

i] Provision of deposit facilities

Bank of the North Limited accepts deposits on two principal types of account. One is current account and the other is deposit account. Deposits on current account are repayable on demand, that is, without notice. This is why current account deposit are also called demand deposit. The current account has the following merits.

a] It earns minimal interest

b] Current account deposit are repayable on demand. This makes them as liquid as cash.

c] Current account offers access to overdraft and loan facilities

d] Current account holder can issue standing orders or instructions to their banks for periodic payment.

The Bank also accepts deposits on deposit account. Interest is paid on these accounts by the bank but withdrawals are subject to some period of notice. This is why they are called time deposit, in contrast to demand deposit. The time required for notice before withdrawal can be made ranges from 7 to 14 days as the case may be.

ii] Provision of Credit facilities.

Lending to customers can take any of the following forms:

a] granting of loan

b] granting of bank overdraft

c] discounting bills of exchange. The essence of a bill of exchange is that payment is due at future date. If the holder can afford to wait until the maturity of the bill, he may obtain payment but if he cannot wait, he may obtain a loan with it from the bank. He then takes it to the bank for discounting. When a bank discount a bill, it in effect buys the bill at a discount. Just like any other buyer it pays for the purchase by crediting the account of the seller and debiting a "bills receivable account". The commission is credit to the Discount Commission Account.

iii] Intermediary between lenders and borrowers. When commerical banks accept deposits from the public, they are in essence borrowing from those who have funds surplus to their immediate needs, and when they grant loans, they are lending to those who are short of funds for their requirements. The banks therefore act as agents between lenders and borrowers. Bank of the North is no exception. It assists in the mobilisation and allocation of financial resources. This particular function is very crucial to the economic development of any nation. The bank borrows from the surplus sectors of the economy and channel the funds so acquired to the deficit and productive sectors of the economy for investment purposes. This is why the banking industry has always been described as the life-blood of the economy. Bank of the North serves as a catalyst in which speeds up economic development.

iv] Financing of agricultural production. Bank of the North finances agricultural production by providing farmers with credit facilities. The development of agricultural sector is important for the growth of other sectors of the economy. This becomes apparent if we appreciate the fact that many of our industries are agro-based, that is, they depend on agriculture for their raw materials. The bank has agricultural extension officers who provide farmers (customers), with technical advice.

Other services of Bank of the North are:

- investment management
- buying and selling of shares and stocks on account of customers.
- provision of foreign exchange services
- giving of status enquires or trade references
- safe-keeping of valuables
- provision of night safe facilities
- fund transfers
- provision of business advisory services and so forth.

Having examined the services of the selected banks under study, it is now expedient to analyse the data collected from them. The tools of analysis include simple percentages and arithmatic summations. This is to facilitate the necessary comparisons of the data collected from both banks.

5.4 PRODUCT/SERVICE DESIGN AND PACKAGING

With respect to products/services design and packaging, the two banks perform the following services: Provision of loans and overdrafts, business advisory services, guarantees and indemnities, collection of bills, safe custody of valuables, status inquiries or bankers opinion and provision of foreign exchange facilities. They also provide deposit facilities in form of savings current and deposit accounts. Given all these services rendered by the respondent banks to the public, only few of the services are patronised by the respondent customers, as the table below shows.

Table 1

5.4.1 Bank services patronised by customers

	Responses			
	Bank of the North		First Bank	
Factors	No	%	No	%
Current account	55	55	120	60
Deposit account	5	5	10	5
Savings account	30	30	70	35
Both current & savings	10	10	10	5
Total	100	100%	200	100%

From the table above, 55% of the respondents operates current account with Bank of the North, while 60% maintain same with First Bank. Savings account ranks nexr, with 30% and 35% of respondents of Bank of the North and First Bank respectively, claiming to operate the account. It is therefore

apparent from these statistics that current account and savings account are the most popular of all the account, and services provided by commercial banks. This is partly due to the fact that majority of the customers are not aware of the range of services offered by their banks as the following table indicates.

Table 2

5.4.2 Level of awareness developed

	Responses			
	Bank of the North		First Bank	
Factors	No	%	No	%
High	20	20	60	30
Low	80	80	140	70
Total	100	100%	200	100%

The table above shows that the level of awareness of the available services is very low. The banks should enlight their customers about the stock of products/services they have for their customers.

Table 3

Length of time spent for banking transaction.

	Responses			
	Bank of the North		First Bank	
Factors	No	%	No	%
Below 15 minutes	4	4	10	5%
Below 30 minutes	6	6	30	15%
Below 1 hour	10	10	20	10%
1 hour and above	80	80	140	70%
Total	100	100	200	100%

The above table is in respect of time spent in making withdrawal.

A total of 80 out of 100 respondents clained they spend more than 1 hour to withdrawl their money (Bank of the North); 140 customers of First Bank also maintained that they spend more than 1 hour. From their responses, it is crystal clear that majority of the customers spend more than an hour to withdraw their money.

From the interviewing, some customers maintained that they used to spend two hours or more. Some customers stated that when the situation becomes unbearable, they would leave their cheques and passbooks (withdrawal forms), and go for other business only to return much later. However, more time is spent when withdrawing money than when making deposit. Any measure to quicken the services will go along way in enhancing the satisfaction of customers in the banking industry.

Table 4

Perception of customers regarding the efficiency of bank services

	Responses			
	Bank of the North		First Bank	
Factors	No	%	No	%
Very efficient	-	-	-	-
Fairly efficient	25	25%	60	30%
Not efficient	75	75%	140	70%
Total	100	100%	200	100%

The issue of efficiency is central to customers' satisfaction. The level of satisfaction the customers derive is a function of the efficiency of service. 75% of the respondent customers in Bank of the North and 70% of those of First Bank described the services of the banks under study as being inefficient. Provision of fast or prompt services would constitute an efficient service. In the preceding analysis, the respondents has already indicated the banks for slow services as they used to experience delays in the banks. Therefore, it is not surprising that the respondents have given the verdict of 'not efficient'.

Table 5

Nature of credit facilities provided by the banks

	Responses			
	Bank of the North		First Bank	
Factors	No	%	No	%
Long - term	-	-	-	-
Medium - term	5	5%	20	10%
Short - term	35	35%	70	35%
None of the above	60	60%	110	55%
Total	100	100%	200	100%

The table above shows that 60 respondents representing 60% derived ever taking loans (Bank of the North), while 55% (110 customers), maintained same in First Bank. The record shows that majority of the customers have no access to credit facilities. Some people Bank with the hope of obtaining

financial assistance. The more loans the banks can grant to their customers the more satisfied they (customers), would be.

It can also be observed that short-term loans constitute the bulk of the loans and or advances of commercial banks. This is as a result of the liquid nature (short - term), of their deposit.

Table 6

5.4.3 Assessment of the bank in terms of services, attitude to customers and customers' satisfaction.

	Responses			
	Bank of the North		First Bank	
Factors	No	%	No	%
Very satisfactory	-	-	10	5
Fair	10	10	30	15
Not satisfactory	90	90	160	80
Total	100	100%	200	100%

From the table above, 90 out of 100 customers are not satisfied with the services they receive from the bank (Bank of the North), while 160 out of 200 customers representing 80% maintained the same position in First Bank. The customers in both banks have given their verdict. They have expressed their dissatisfaction with the services of their banks. Some of the reasons given are presented in the following table.

Table 7

5.4.4 Common areas of customers' complaint

Factors	Responses	
	No	%
Long delay in the banking hall	300	100
Irregularity and inaccuracy of monthly statement of account	180	60
Delay in cheque clearing	195	65
Shoddy treatment by bank staff	210	70
Centralisation of foreign exchange services	150	50
Lack of adequate space in the banking hall	300	100

This table indicates some of the barriers to effective service delivery system. Other factors include bureaucratic procedures of the banks, preferential treatment, communication gap, inadequacy of infrastructural facilities, laziness on the part of the staff to mention but just a few. These factors and many more others combine to make customers' satisfaction in the banking industry difficult if not impossible. This result in more money being left out of the economy (approximately 30%) with its negative effects on capital formation which in turn retards economic development.

5.4.5 Market Segmentation

The two banks under study agreed that they group their customers into distrinct categories to enable them (banks), enhance their services or serve their customers effectively as table 8 below shows.

Table 8

Need for grouping customers into distinct categories

	Responses			
	Bank of the North		First Bank	
Factors	No	%	No	%
Yes	30	100	40	100
No	-	-	-	-
Total	30	100%	40	100%

The banks affirm the need to segment their customers into sub-groups based on the level of income, education, occupation and age. The banks provided certain services to each of the segments based on their needs. This, the banks claimed, is to ensure the satisfaction of their customers wants or needs. As a consumer oriented activity, it can blend well with the marketing concept. However, the following table indicate the contrary.

Table 9

5.4.6 Recognition of the place of the marketing concept in the banks

	Responses			
	Bank of the North		First Bank	
Factors	No	%	No	%
Yes	6	20	10	25
No	24	80	30	75
Total	30	100%	40	100%

It is apparent from the table above that there is lack of knowledge of the marketing concept as 80% of the respondents are unaware of the concept (Bank of the North), while 75% maintain the same position in First Bank. The 'marketing gimmick' of customers always being right should be inculcated in the minds of the bankers to change the way they treat customers. This will help in ensuring customer satisfaction in the banking industry. Adoption of the marketing concept is central to satisfying the needs of the customers.

Table 10

5.4.7 Level of experience of bank staff

	Responses			
	Bank of the North		First Bank	
Factors	No	%	No	%
1 - 5 years	6	20	4	10
5 - 10 years	7	23	10	25
10 years and above	17	57	26	65
Total	30	100%	40	100%

This statistic shows that 57% of the staff of Bank of the North have put in 10 years of service or more. 65% of the staff of First Bank maintained the same the more experienced the staff the more efficient the services that they will render to their customers.

Table 11

Bankers perception of their conditions of service

	Responses			
	Bank of the North		First Bank	
Factors	No	%	No	%
Satisfactory	24	80	30	75
Not Satisfactory	3	10	4	10
Needs improvement	3	10	6	15
Total	30	100%	40	100%

A total of 24 out of 30 staff of Bank of the North are satisfied with the conditions of service ontaining in their bank while 30 respondents in First Bank are satisfied. It could be adduced from these figures that majority of the staff of the bank under study are satisfied with their conditions of service although a little improvement will do no harm. It is therefore expected that since they are satisfied they would render efficient services to their customers which will no doubt lead to customers' satisfaction. If the bankers are actually satisfied, what then are the causes of inefficiency observed in the banking industry? Some of the factors are highlighted in the table below

Table 12

Causes of inefficiency in the banking industry

Factors	Responses	
	No	%
Official bottleneck	70	100%
Lack of necessary tools	21	30%

Inadequate staff	35	50%
Staff's laziness	7	10%
Lack of motivation by management	35	50%

We can clearly see from this table some of the causes of poor customers services of which administrative bottleneck or bureaueracy ranks high (100%), followed by shortage of staff and lack of proper motivation on the part of management of the banks, 50% each. The above five variables together with those identified by the customers (table 7), account for the poor banking services the customers receive. This information is a useful due to the banks to wake up to their responsibilities and correct what needs to be corrected if they have to satisfy the needs of their customers.

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Table 13

Assessment of bankers' relationship with the customers

	Responses			
	Bank of the North		First Bank	
Factors	No	%	No	%
Very friendly	6	20%	10	25%
Cordial	21	70%	24	60%
Hostile	3	10%	6	15%

As the above responses indicate, the level of friendship between the bankers and their customers in both banks is low, 20% and 25% respectively in Bank of the North and First Bank. Although the relationships have been described as cordial

as depicted by 70% response by Bank of the North and 60% by First Bank, there are still some element of hostility between the two parties. The banks must do everything within their reach to eliminate any form of hostility in order to ensure their customers' satisfaction.

Table 14

Five - year Financial Summary of First Bank PLC (1988 - 1992)

	1992	1991	1990	1989	1988
ASSETS	₦M	₦M	₦M	₦M	₦M
Cash and bank balances	11,316	7,114	4,550	3,955	3,287
Investments	93	83	86	84	89
Loand & Advances	2,379	1,635	1,652	2,403	2,253
Fixed assets	671	562	376	294	205
Other assets	2,527	1,925	1,818	1,756	1,238
Total Assets	16,986	11,319	8,482	8,492	7,072
LIABILITIES					
Deposits	11,965	8,287	6,585	5,785	5,646
Taxation	33	5	45	66	79
Dividend	69	-	4	20	18
Other liabilities	3,964	2,570	1,548	2,087	894
	16,031	10862	8,182	7,958	6,637
Share holders' funds	955	457	300	534	435
	16,986	11,319	8,482	8,492	7,072

Gross earnings	2,689	1,575	1,433	1,151	860
Profit/(Loss) before taxation	366	(31)	(205)	163	124
Profit/(Loss) after taxation	335	(31)	(205)	106	74
Ordinary shares	65	-	4	24	22
Preference shares	2	-	2	2	2
Return on share-holders' funds	35%	-	-	20%	17%
Earnings per share	207k	-	-	64.24k	44.60k
Dividend per share	40k	-	2.50k	15k	13.50k

SOURCE: First Bank of Nigeria PLC, 1992 Annual Report and Accounts.

5.5 DISCUSSION OF FINDINGS

i] Customers' responses:

The responses tabulated in table 3 indicates that 80 out of 100 respondents in Bank of the North spend 1 hour or more to make withdrawals; 140 out of 200 respondent customers of First Bank claimed the same thing. 15% of First Bank respondents also claimed to transact their business (withdrawing their money) in less than 30 minutes. This is facilitated by the 'quick service' system introduced by First Bank whereby customers withdrawing ₦500 or less are paid instantly without their cheques or withdrawal forms going through the normal checking process. Apart from this, the general consensus among the majority of the customers

as revealed by table 3 is that they waste alot of time in the bank. Given this situation, customers' satisfaction will continue to be low as indicated by table 6 except something is done to improve the situation.

In table 4 the customers ranked the banks in terms of efficiency of service. 75% of the customer of Bank of the North regarded the services of their bank as inefficient. The same position is maintained by 70% of the respondent customers in First Bank. The rest respondents only regarded the services as being fair. Inefficient services and customers' satisfaction are mutually exclusive. Unless the issue of inefficient services in our banks is properly addressed, customers satisfaction will continue to be an illusion.

Table 5 examines yet another important service but most often neglected by the banks - provision of credit facilities. 55 - 60% of the customers of the banks under study have no access to loans. The table also indicate that where loans are given, they are of short - term nature. For any meaningful economic development to take place the entrepreneurs (customers), need at least medium - term loans. We are not calling on banks to grant long - term loan because of the liquid nature of their deposit but they (banks), can conveniently grant medium - term loans.

Table 6 assesses the banks in terms of services, attitude to customers and customers' satisfaction. This table indicates that 90% of the respondents of Bank of the North and 80% of those of First Bank are dissatisfied with the services of their banks. These percentages represent majority of the customers of these banks. The findings from this table confoirm the customers' allegation about the poor performances of banks. Through intensive interviewing, this study also revealed that the customers had long been dissatisfied with the services they received from the banks. The research study also found that this lack of satisfaction by the customers has far reaching effects. Most of the customers interviewed maintained that they keep 30 - 35% of their money at home where they have direct access to the money. The above represents the money outside the banking system (idle funds). Its effects will be fully discussed when we analyse table 14. Apart from this 'keep-under-the-pillow' syndrome, the dissatisfied customers inform their friends of their ordeal with the banks. This discourages prospective customers and contributes in no small measure to the poor banking habit of the people. It result in low capital formation which hinders rapid economic development.

The responses in table 7 identifies some of the causes of poor customers' services as delay in the banking hall, irregularity and inaccuracy of monthly

statement of account, delay in check clearing, centralisation of foreign exchange services. Other factors include inadequacy of infrastructural facilities, preferential treatment, communication gap, laziness on the part of the staff. These factors and many others as identified by the staff of both banks in table 12 combine to cause dissatisfaction in the customers. The customers satisfaction can be improved if these factors are eliminated or at least minimized.

ii] Management's Responses.

The information we have in table 8 reveals that the two banks recognise the need for market segmentation. All the 70 staff of the banks representing 100% maintain that their banks do group customers into distinct categories. The bases of segmentation are level of income, occupation, age, to mention but a few. The essence of segmenting the customers the banks claim, is to serve them (customers), effectively. Whether the banks actually serve them effectively leaves much to be desired as table 9 shows.

With respect to the level of awareness of the marketing concept, table 9 indicates that this is very low. 80% of the staff of Bank of the North are unaware of the concept while 75% of those of First Bank maintain same. Any organisation that intends to serve its customer effectively must as a matter of necessity adopt the marketing concept which places much premium on the importance of the customers.

It is apparent from table 11 that the staff of both banks under study are satisfied with the conditions of service. 75 - 80% of the staff maintains that the conditions of service are satisfactory. The implication of this is that since they are satisfied they should be able to render efficient services which will guarantee the satisfaction of their customers. This is not so as the analysis of tables 4 through 6 indicate. The staff of both banks pointed out some of the factors militating against efficient banking services in table 12 which were fully discussed in addition to those factors identified by the customers in table 7. If many of these factors are eliminated, more efficient services could be rendered and hence customers would be more satisfied.

5.6 EFFECTS OF POOR CUSTOMERS SERVICES

From the analysis carried out so far, this research study has been able to establish the fact that the customers had long been dissatisfied with the types of services they receive from the banks. We will here, try to examine the effects or implications of poor banking services on the customers, the banks and the overall economy.

To the customer it is frustrating. He goes home disappointed. He broadcasts his ordeal to his friends. The prospective customers are discouraged. The result is poor banking habit which greatly hamper capital formation process. Economic growth and development would be slow as a result of lack of capital. Furthermore, through intensive interview

with over 200 customers, the research study has been able to establish that at least 30% of the income of the customers is kept at home as a result of poor services they receive from the banks. This represent idle money outside the banking system.

The effect of dissatisfaction of the customers are very devastating on the deposits as well as the profit level of the banks. Table 14 shows the balance sheet or financial statement of First Bank Nigeria PLC from 1988 to 1992. The table shows that the bank's total deposit for 1992 is ₦11,965 million. If the 30% of the income withheld by the customers due to poor banking services is added to this amount, the total deposit would have been ₦15,564.5 million (i.e 30% greater than what it was). This means that the rewards of poor banking services to the bank is the ₦3,599.5 million which the bank could not mobilise in 1992 alone. This finding indicates that about ₦3.6 billion cannot be mobilised by First Bank yearly due to customers dissatisfaction with poor banking services.

The effects of dissatisfaction of customers go along way to affect the overall profit of the bank. The gross earnings of the First Bank Nigeria plc between 1988 and 1992 are ₦680 million (1988), ₦1,151 million (1989), ₦1,433 million (1990), ₦1,575 million (1991), and ₦2,689 million (1992). Although these figures are increasing but it is also at an increasing inflationary rate. The profit/loss after taxation gives us a clearer picture if the bank's performance in terms of profitability. Although an inflationary oriented profit increase

of ₦32 million was achieved between 1988 and 1989, the bank slummed into a loss of ₦205m in 1990 and ₦31m in 1991. Customers dissatisfaction which leads to with holding of 30% from the bank is a prominent factor in this loss.

In this study the findings prove that there is a lot of millions of Naira left outside the production sectors of the economy due to customers non-satisfaction, which if they have been invested in the economy, a lot of development would have been recorded, But where cash are under-eumployed or unemployed as the case may be, even though growth may be recorded, development in the real sense would remain an illusion.

CHAPTER SIX

SUMMARY, CONCLUSION AND RECOMMENDATIONS

6.1 SUMMARY

This study centred on an investigation of commerical banking services and customers' satisfaction. The provision of banking services was started in its crude form by the goldsmiths and this has undergone alot of transformation. The first modern bank was established in 1171. It was named the Bank of Venice.

However, the banking business in Nigeria started in the year 1892 with the establishment of the African Banking Corporation but was taken over by British Bank of West Africa. Its main task was the distribution of notes and coins of Bank of England in the English speaking West Afrcian countries. Services rendered by banks to their customers in the society are so vital that much emphasis needs not be placed for any one to place real value on them.

The data used in this thesis are based on the researcher's discussions with the staff of both banks and customers' opinions through interview, observations and questionnaires.

The banking industry is a service industry. The services provided include receiving money on deposit, lending money, honouring drawings and collecting cheques for customers, safekeeping of their customers' valuables. Other services renderd are, transfer of funds, provision of foreign exchange

and above all, useful advice on investments to mention but a few.

Although there are alot of controversies among banking experts, it is generally accepted that the banking industry is not satisfying the ever increasing challenges in the provision of services to their customers.

The quality of service to the customers is poor and time consuming on the part of the customers. The tedious procedures involved in opening accounts entail not only making unnecessary trips to the banks but the unco-operative and non-challant attitude of the bank staff makes the idea of the provision of efficient banking services to the customers a mockery of the concept of customer satisfaction.

The difficulties associated with granting of loan and advances are so much that many customers do not want to ask for these facilities as they are sure they will not be granted. In fact, it is a common saying that you need to know somebody in the bank before a loan can be granted to you. Customers are also bitter about the high interest rates charged by these banks which ignore the stipulated maximum lending rate of 21%.

The bank clearing system is far from being efficient as proceeds of local cheques take more than the four days normally set as the maximum days by banks.

Advice on financial matters offered to the customers come too late to the customers that no meaningful and gainful use of the knowledge can be made.

The problem of employing unqualified staff is real. Rather than employing on merit, staff are recruited on the basis of 'man know man'. The Central Bank of Nigeria (CBN) had to wade in and ordered that banks should employ professional bankers when the case became too apparent.

One can safely argue that it is the fault of the banking management that they have failed after so many years of operation to evolve and inculcate a habit which goes beyond quick profit but aimed at all times at rendering efficient and prompt services to their customers.

Finally, the major short-comings of the Nigerian banks which make their services inefficient are irregularity and inacuracy of monthly statement of account, delay in clearing deposited cheques, long delay in the banking hall, shoddy treatment by the banks receptionist, leakage of confidential information, poor loan supervision, centralization of foreign exchange services, lack of adequate space in the banking hall and above all unco-operative, unfriendly, self-centered bank staff. These short-comings bring about strained relationship between bankers and their customerss.

6.2 CONCLUSION

In view of the foregoing, the researcher wishes to conclude that majority of the customers are not satisfied with the services rendered by the banks. This assertion is even

confirmed by the staff of the two banks who pointed out their short-comings earlier on in this thesis and how to improve on them. The researcher has no alternative but to sincerely accept the criticisms of poor customers services that is always levelled against the banks.

Banking services can be efficient if and only if the customers does not have to go through great pains to obtain the services. They can be efficient only if the customer does not have to travel along distance to find a banking facility; they cannot also be said to be efficient if the customer has to suffer humiliation of having to wait in long queues to deposit or withdraw his own money, buy the favour of clerks or officers of the bank to obtain some financial services.

A bank which produces and renders good services efficiently will enjoy the patronage of the public. Where a bank produces good services but renders them poorly, it will not have anything that will appeal to the customers. For instance if it takes a bank six months to approve or reject an overdraft or loan applications after a customer had met all the requirements, the bank surely is not performing its duties efficiently.

The banking industry is highly competitive. To survive in business there is a great need to aggressive marketing of banking services. The need to identify the wants of the customers cannot be overemphasized. It is not only the banking industry that is dynamic, the growing wareness of the rights of consumers or customers

poses a challenge to the banking industry. To be able to cope with the increasing demand of the customers and infact the general public, the banks should reassess their products/ services and ensure that they meet the taste of the customers. They must as a matter of necessity innovates and improve on the services rendered and their mode of operations. They should move with time and be able to introduce recent technologies which will alleviate some of the problems encountered by numerous customers.

6.3 RECOMMENDATIONS

In the study the findings confirm the customers' allegation about the poor performances of banks in terms of services rendered to their customers.

Through the interview and questionnaires, this study showed that the customers had long been dissatisfied with the types of services they received from the banks. The researcher was able to find out that the poor services breed strained relationship between the bankers and their customers. In line with these findings the researcher wishes to make the following recommendations, which hopefully, will solve some of the problems discovered in the course of this research work.

Adequate and continuous training should be given to the bank staff at all levels to enable them improve their efficiency as regards services rendered to the customers and the general public. Some of the staff interviewed complained that their training has been erratic and takes a long period of interval between one training and another.

The need to train the staff is better known to the bank than any person, hence there should be standing arrangements to train staff within the bank training system and outside the country for improved efficiency. Banks should invest in human resources in order to produce qualified and efficient staff.

The banks should try to employ intelligent and qualified staff. The banking industry is not supposed to be a sector where placing of 'square pegs in round holes' is to be even mentioned. There is a great need for the banks to recruit professionals to give the banking professions a face-lift. Intensive supervision should be undertaken on the existing staff because some are underutilized while others have much to do and find it difficult to cope within a set period.

The bank could adopt a system to create separate cashier's cage far away from banking hall so that customers drawing huge sums of money can be paid secretly instead of snapping customers that draw large sum of money in the presence of all the customers in the banking hall. This is a risk and can scare big customers drawing large sum of money.

There should be close co-operation so as to maintain the traditional integrity of the banking profession. Investment in customers' enlightenment programme will be helpful in this case. The banks should be able to provide their customers with leaflets and brochures which the customers can read and understand.

There is the need for variation of banking hours. Banking hours are in conflict with the working hours of most enterprises. In view of this, banks should consider opening late in the evenings once or twice a week. Saturday banking will also be of great convenience to customers who are very busy throughout week days.

Concerted efforts should be made to improve banker/ customers relationship. Bold posters should be placed in conspicuous areas of the bank to authorise the customers to report rude staff for appropriate disciplinary action. Suggestion box can be introduced as a medium of communication between the customers and the banks so that useful suggestions can be made by the customers.

The need for computerisation of banking activities need not be emphasised. All banks should strive hard to computerize their banking activities. This, no doubt, will quicken the services that are rendered to the customers.

Majority of the banking customers patronise the banks with the hope of receiving financial assistance and promote their business. Banks on the other hand thrive on the interest and other charges derived from loans and advances granted to their customers. It is to their mutual benefit therefore, if the process of granting and obtaining loans is smooth and prompt.

Other recommendations include the following:

i] More information should be given to customers on their transactions with the banks.

ii] Accounting practices, procedures, codes and classifications in the bank should be standardised.

iii] The clearance of cheques should be considerably accelerated. Quick service cashiers should be introduced. The number of reference clerks should also be increased in order to make the vertification and payment of cheques easier and quicker.

iv] Statements of account should be accurate and should be sent to customers much more frequently.

v] Interest on savings account should be credited to customers' accounts promptly.

If the above recommendations are implemented, there will be a remarkable improvement in the delivery of bank services.

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APPENIDX

TABLE 1

DISTRIBUTION OF BANKS IN NIGERIA BY TYPE

	COMMERCIAL	MERCHANT	TOTAL
1980	20	6	26
1981	22	6	28
1982	24	9	33
1983	26	10	36
1984	27	12	39
1985	28	12	40
1986	28	12	40
1987	33	16	49
1988	42	24	66
1989	48	33	81
1990	59	43	102
1991	65	54	119
1992	66	54	120

NUMBER OF BRANCHES / OFFICES

1988	1965	46	1701
1989	1844	60	2171
1991	2070	101	2171

* *SOURCE FIRST BANK BUSINESS & ECONOMIC REPORT - APPRIL 1991*

FIRST BANK BUSINESS & ECONOMIC REPORT, AUGUST 1993

DEPARTMENT OF BUSINESS ADMINISTRATION

AHMADU BELLO UNIVERSITY, ZARIA.

TOPIC: Evaluation of Customers' Satisfaction in the Banking Industry.

This questionnaire attempts to evaluate the services of commerical banks and their customers satisfaction. This research work is purely for academic purpose. Any data provided will be treated as confidential. I would be grateful if you could answer the following questions.

FOR CUSTOMERS ONLY

1. How long have you been banking with this bank?
   a] 1 - 2 years
   b] 2 - 5 years
   c] 5 - 9 years
   d] 10 years and above.

2. What category of customer are you?
   a] Current account
   b] Deposit account
   c] Saving account
   d] Both current and savings

3. Are interest being credited to your account accordingly?
   a] Yes
   b] No

4. If no, why?

   a] multiple withdrawal

   b] back of time

   c] Foregetfulness

   d] others.

5. How long do you stay in the bank when you come to withdraw money?

   a] Below 15 minutes

   b] Below 30 minutes

   c] Below 1 hour

   d] One hour and above.

6. How long do you stay when you come to deposit money?

   a] Below 15 minutes

   b] Below 30 minutes

   c] Below 1 hour

   d] One hour and above.

7. Do you often experience delay in the bank?

   a] Yes

   b] No

8. What so you think account for this delay

   a] Inadequate skilled manpower

   b] Inefficient staff

   c] Poor counter services

   d] All of the above.

9. How efficient would you describe the service of this bank?

a] Very efficient

b] Fairly efficient

c] Not efficient

10. What is the general reception at the bank?

a] Courteous

b] Indifferent

c] Rude

11. Is there any difference in the way Services are rendered to various customers, income or personality wise?

a] Yes

b] No

12. How do you describe the relationship between you and the employees of this bank?

a] Friendly

b] Cordial

c] Hostile

d] Unco-operative

13. What type of loan have you ever taken from the bank?

a] Long term

b] Medium term

c] Short term

d] None of the above

14. How long does it take to process a loan for approval?

a] Few days

b] Below 3 weeks

c] 1 Month

d] Two months and above.

15. Have you ever benefitted from overdraft?

a] Yes

b] No

16. Do you have account with any other bank?

a] Yes

b] No

17. If you have, do you see them as the same?

a] Yes

b] No

18 Enumerate some of the problems you encounter in transacting business with the bank.

a] .....

b] .....

c] .....

d] .....

e] .....

19. The general banker - customer relationship is:

a] Very satisfactory

b] Fairly satisfactory

c] Not satisfactory

20. Are you satisfied with the services rendered by the bank?

a] Yes

b] No

21. In what ways can you encourage the management of the bank to improve their services?

a] .....

b] .....

c] .....

d] .....

TOPIC: Evaluation of Customers' Satisfaction in the Banking Industry.

This questionaire attempts to evaluate the services of Commercial Banks and their Customers' satisfaction. This research work is purely for academic purpose. Any data provided will be treated as confidential. I would be grateful if you could answer the following questions.

FOR BANK STAFF ONLY

1. My employment with the is based on

   a] Probation

   b] Temporary

   c] Contract

   d] Permanent

2. How long have you been with this bank?

   a] Less than 1 year

   b] 1 - 3 years

   c] 3 - 5 years

   d] 5 years and above

3. What is your qualification on entry to the bank service?

   a] University graduate

   b] Polytechnic graduate

   c] GCE or its equivalent

   d] Primary School Certificate

4. Does the bank provide all the tools necessary to carry out your work effectively?

   a] Yes b] No

5. Are you satisfied with the set up of the branch departments?

a] Yes b] No c] No Comment

6. Are you satisfied with the conditions of service?

a] Yes b] No

7. Are the departments in the branch standard?

a] Yes b] No c] No Comment

8. What department are you attached to?

a] Current account

b] Savings account

c] Loans and Advances

d] Clearing

e] Others

9. How regular to you come in contact with the customers?

a] Very regular

b] Not regular

c] Rarely

d] Not at all

10. Do the Customers Co-operate with you in the course of performing your duties?

a] Yes

b] Not always

c] No Comment.

11. How do you describe your relationship with the Customers?

a] Very friendly

b] Cordial

c] Hostile

12. In my opinion the bank renders the Services required to the customer

a] Yes

b] Average

c] No Comment

13. Do you agree that a customer is always right?

a] Yes b] No

14. Do you know that your behaviour can enhance Customers high patronage of your bank?

a] Yes b] No

15. Do you know that hostile handling of the customers can drive them away to their banks?

a] Yes b] No

16. What is the range of time a customer can spend for any transaction in the branch?

a] Within 10 minutes

b] Less than 30 minutes

c] 1 hour

d] 2 hours

17. Do Customers complain of time wasted in the bank?

a] Yes b] No

18. Do you think some customers enjoy preferential treatment?

a] Yes b] No

19. Do you agree that special treatment should be given to some Customers?

a] Yes b] No

20. Do you think your bank need to improve in the areas of the present services redered to the customers?

a] Yes b] No

21. What reasons can you attribute to the delay in the bank

a] Staff laziness

b] Official bottleneck

c] Lack of necessary tools

d] Customers' unco-operative attitude

22. Briefly write out some major problems of your bank which need urgent solution.

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23. Is your branch computerised?

a] Yes b] No

24. What is your general opinion about bankers and customers relationship in your bank?

a] Very satisfactory

b] Fair

c] Satisfactory

d] Needs improvement

25. What suggestions (s) can you make to improve banker customer relationship?

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26. To what extent are customers satisfied with your services?

a] Very satisfied

b] Satisfied

c] Disatisfied

d] Highly dissatisfied

27. How do you monitor degree of customers satisfaction?

a] Questionaire

b] Customers interview

c] Suggestion boxes

d] Any other (specify) .....

28. Do you think it is useful for banks to group their customers into distinct categories?

a] Yes

b] No

29. Which of the following catergories does your bank group its customers?

a] Level of Annual income

b] Education

c] Occupation

d] Any other (Specify) .....