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DETERMINANTS OF GHANAIAN BANK SERVICE QUALITY IN A UNIVERSAL BANKING DISPENSATION

The banking industry (which is part of the global service industry) not only plays a leading role within the financial system in a country but also has an important socio-economic function. Banks facilitate economic development and it is the objective of the government to build an efficient, effective and a stable banking industry in Ghana that will support both the needs of the real economy and the socio-economic objectives of the country. The banking industry provides short term as well as long term funds for investment. Banks provide liquidity on demand to depositors through the current account and extend credit as well as liquidity to their borrowers through lines of credit.

The financial services sector seems to be undergoing changes worldwide. These changes have arisen as a result of economic deregulation, government policies, globalization and information communication technology. The consequence of these factors of change is intense competition in the financial service industry. In order to remain competitive, financial institutions are providing an increasingly assorted bouquet of financial services.

Universal banking has relaxed restrictions and provided equal market opportunities for banks and maintained fair competition. As a result, all banks can operate merchant, retail and development banking. The benefit of this policy (law) is that a bank will determine the area it wants to focus on based on its competence and competitive advantage.

The purpose of the study is to compare service quality across these three top banks in Ghana (Barclays bank, Standard Chartered bank and Ghana Commercial Bank) and to determine the most important factors contributing to service quality.

An adaptation of the SERVQUAL model was used for this study. The original SERVQUAL model measures service quality along the lines of empathy, reliability, responsiveness, tangibility and assurance.

More appropriate set of service quality variables to use to determine service quality in Ghana's banking industry should be
- the Core banking Service offered (in terms of the banking product being purchased by the consumer);
- the Human Element that characterizes the service delivery;
- Systemization (referring to the level of IT sophistications and how this impacts service delivery);
- Tangibles (referring to elements of physical evidence of the service encounter);
- Social Responsibility.

Among all the service quality dimensions, human element of service quality was found to be highly predictive of perceived service quality with standard coefficient of.56. This was followed by social responsibility with a standardized coefficient of.23. Tangibility was the least predictive of perceived service quality.

The findings show that there is room for service quality improvement in Ghana's banking industry. To achieve excellence, there is the need to develop and implement an industry wide service improvement programme. This must meet a number of objectives including: defining the banking businesses in a customer focused way; defining the management behaviour needed to support customer focus; considering how to motivate staff to take part in the programme and maintain their commitment; and identifying how the success of the programme will be measured.

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