CUSTOMER SERVICE IMPACT ON BANKS: A CASE OF UNITED BANK FOR AFRICA ZAMBIA

THE COPPERBELT UNIVERSITY, ZAMBIA

SIBESO MUYENDEKWA

ABSTRACT

Customer service is a fundamental aspect of business growth. In the financial services sector, the value of customer service cannot be overlooked especially in this era of the Covid-19 pandemic that has seen many banks changing business strategies in order to continue to offer banking services to their customers. The study aimed at identifying the various strategies adopted and implemented by the United Bank for Africa Zambia and how they relate to customer loyalty and retention in the bank. This paper therefore, seeks to explore the impact of customer service in the banking sector and its effect on customer loyalty and customer retention, especially to the United Bank for Africa Zambia Ltd by adopting a case study research design. Using the qualitative study design, the data set comprised of 98 participants who were both account holders and non-account holders. All the participants expressed happiness with the products and services offered by the United Bank for Africa Zambia coupled with the friendliness of the staff at the bank. Further, customer service was key in the provision of banking services in the banking industry at large. Customer service and customer perception of service are cardinal elements to customer loyalty and these can lead to increased customer base and profitability for the bank. Although many researchers have written on customer service, not much has been highlighted on how service strategies in the United Bank for Africa has led to its growth over the years of its operations in Zambia and further research is encouraged.

Key words: Banking Industry, Customer satisfaction, Customer service, Customer loyalty, Customer retention, Impact, Quality of Service, United Bank for Africa.

Conflict-of-interest disclosure statement

I have nothing to disclose.

CHAPTER I

Background of the Study

Introduction

Customer service is the support rendered to customers before and after they have purchased or used a company`s products or services. This support helps customers to have an enjoyable experience with the service provider (Grant, 2020). The banking sector in Zambia occupies an important position in the country's economy. Banks serve many customers by providing different types of services. It's no secret that a business cannot exist without customers. Bad customer service repels customers and reduces income while on the other hand excellent customer service does draw more customers, business, and increased profits. Not long ago, depositing and withdrawing funds from one`s account in a bank in Zambian was tedious as it meant having to visit a bank branch physically. The banking industry, like many other financial services industries, faces a rapidly changing market, new technologies, economic uncertainties, fierce competition, and demanding customers. Since the banking industry is a customer-centric service industry, customers are the focus, and customer service is a differentiator.

Customer service and satisfaction requires improving service and building relationships with customers due to the changing needs and expectations of customers. This change in customer attitudes is closely linked to the development of ATMs, phones, online banking, and the availability of services at the customer's front door. With the advent of Universal Banking, banks have set the goal of offering all banking products and services under one roof. Throughout the world, economic reforms have helped to change the way of banking and now banks have evolved on a large scale with a focus on technical and customer-centric issues.

The United Bank for Africa Zambia (UBA Zambia) is a local bank with 51% shares in the hands of the local investors while 49% is in the hands of foreign investors. The Zambian subsidiary is part of the UBA PLC group, and was registered in Zambia in 2009. In 2010 it opened its first branch to the Zambian public at its headquarters at Acacia Park, Thabo Mbeki Road in Lusaka. Since then, the bank has made tremendous progress and expansion which has seen it opening five more branches bringing the total number to 6 (4 in Lusaka and 2 on the Copperbelt). Plans are underway for the establishment and opening of additional branches in Lusaka, North Western, Eastern, and Southern provinces of Zambia soon. It has many wonderful products that cut across all sectors of society. The products range from retail, corporate, wholesale, and many digital products which cut across the diverse demographics. Customer service is at the core of the bank`s constant engagements with its customers and therefore, the customer is king slogan is a distinguished feature of the bank`s language in reference to customer value.

As the bank strives to compete favourably with other banks on the market, it has invested more in R&D to ensure customer satisfaction is upheld (Genfen, 2010). Issues to do with customer service are highly regarded with any infractions dealt with in the strictest sense. Today, UBA Zambia has been able to offer products catering for the young children, the X-gen and many others including those in the diaspora. Furthermore, the impact of customer service on the bank has resulted in many engagements with school going children to help them learn and appreciate financial literacy and the value of a savings culture. Its corporate social responsibility program has been well implemented across many towns where the bank has from time to time donated literature books under the Read Africa Initiative that aims at improving the reading culture. Because customers are key, the bank has from time to time conducted surveys to review

customer service issues and make improvements. These initiatives have resulted in the positive growth of the bank and profits over the past 9 years.

This chapter therefore, seeks to explore how customer service in the banks and specifically the United Bank for Africa Zambia has been impacted in the years that it has been operational in the country. Many banks and other financial services institutions have tagged customer service as a vital component of banking that can lead to repeat business, improved profitability, and customer retention or loyalty.

Statement of The Problem

Banking is all about customer service and satisfaction. This, then entails improving customer service and building relationships with customers. The competition amongst banks has brought about innovations on the banks in response to customer's changing needs. Today, banking is no longer as it used to be some few decades ago. Banks endeavor to offer quality service to customers in a bid to attract and retain new and existing customers. Many banking services are undifferentiated from one bank to another, and many customers tend to therefore switch between banks or are multi-banked. This situation makes it easier for customers to compare one bank's services to another. The survival, profitability, and growth of banks depends on the ability of their providing excellent quality of service to satisfy and maintain customers. Today customer loyalty is a paramount or dominant factor in banking more especially in the retail sector.

As a direct result of the liberalization of the economy in 1991, globalization did bring about foreign direct investments (FDI) to most sectors of the economy thus increasing the uptake of retail banking products. A good number of the banks today in the country are international while some have partnered with local or indigenous banks.

This study aims at establishing the benefits of customer service to banks and specifically UBA Zambia, determining Customer Service Strategies used by UBA Zambia Limited to Improve Customer Loyalty, Determining Customer Perceptions of Quality of Customer Service

Strategies and assessing the Relationship Between Customer Services, Quality Service, and Customer Loyalty in UBA Zambia.

It specifically seeks answers to the following sub- problems:

1.   How may the Customer Service Strategies used by UBA Zambia Limited be determined?

2.   How may the Customer Service Strategies of UBA Limited Affect Customer Perception on Quality Services?

3.   How may the Customer Service Strategies of UBA Limited Affect Customer Loyalty?

4.   What is the relationship between Customer Services Strategies, Quality Services and Customer Quality?

5.   What is the implication of the study to the Customer Services in the banking industry in Zambia?

Research Hypothesis

The following are the hypotheses of the study:

H0: Customer service has no impact on the banks` strategies.

H1: Customer service has an impact on the banks` strategies.

Purpose of The Study

This study seeks to establish the value of customer service and its impact on the banking sector in Zambia especially on the United bank for Africa Zambia. It will also identify how the United Bank for Africa Zambia has benefited from the various customer service strategies and

how customer loyalty can be achieved. The study will help provide information to the banking sector on various effective customer services as well as bringing out the customer perception of the

banking services in Zambia. Furthermore, the study is aimed at contributing to the already existing body of knowledge on customer services impact in the country`s banking sector and other services.

Significance of The Study

The fact that customer service is an important facet of every business and banks are no exceptions, it goes without saying that quality of service should be encouraged by all banks to add to attract and retain customers. Therefore, this study is beneficial to UBA customers in their choice of banking services, UBA bank management in their resolve to enhance customer service strategies for long term benefits, UBA Zambia employees as they uphold the customer centricity in the bank, and finally to the researchers at the Copperbelt University (CBU) as they carry out further research on the study in improving customer service in the banks. The research will further help increase on the already existing body of information on customer service and the impact of it on the Banks in Zambia. This will especially be vital considering UBA Zambia, once perceived a Nigerian Bank and as such faced many huddles in recruiting customers.

Scope of The Study

The study will focus on customer service, quality of service, customer satisfaction and how these can lead to customer loyalty and retention to the United Bank for Africa Zambia. The research will be carried out on the United Bank for Africa Zambia in Lusaka at the Acacia Park Branch.

Participants

The study draws its participants from retail customers of the Bank`s Acacia Park Branch in Lusaka and also selected key sales and customer centric staff from both the branch and head office.

The participants will be ninety- eight retail customers and Ten members of staff giving a total number of one hundred and eight research participants or respondents.

Research Method

This research takes the descriptive survey design and will be qualitative in nature. A qualitative research seeks to find answers to why and how the study objectives can be achieved and gain a detailed understanding of the study topic (Bhandari,2020). A descriptive survey blends both quantitative and qualitative data to provide relevant and accurate information while being time effective (Bhandari,2020). It is able to identify characteristics, trends and correlations (McCombes, 2019).

Research Instruments

The study employed the use of questionnaires to collect data from participants. The questionnaires had open ended questions to allow diverse responses from the sample population or participants also their reliability (Karanja, 2011). The instruments were inexpensive, reliable, and efficient enough given the current covid-19 pandemic that has restricted a lot of physical movements and interactions.

Definition of Terms

To have a clear understanding of the study, it was imperative to define the key terms in the study. The following definitions help to form a guide in the understanding of the terms in the study;

Strategy: An attempt to change the strength of the company compared to competitors in the most efficient way, and to shape the behaviour and decisions of managers and employees into a coordinated company-wide game plan (Ohmae, 1983).

Loyalty: A customer characteristic of long-term positive purchasing behaviour driven by a positive attitude towards the company and its products or services (VanLooy et al., 2003).

Customer Satisfaction: Customer characteristic of aggressive purchasing behaviour. Kotler (2000, pg. 78) describes customer satisfaction as the result of comparing product perceived performance or feelings of joy or disappointment in relation to earlier expectations.

Quality of Service: The difference between a customer's expectation of the performance of a service before and after the customer's perception of the service (Asubonteng et al., 1996).

Customer Retention: Waterfield (2006) defines customer retention as customer loyalty.

Commercial banks: Financial institutions that serve businesses, organizations, and individuals by providing current accounts, deposit accounts, savings accounts, and granting loans to businesses (lexicon.ft.com).

Summary

This chapter has discussed what customer service is and its value to the banking sector in Zambia but most especially to the United Bank for Africa Zambia. The study has noted that customer service is a key driver of customer loyalty and retention and that today`s customers are more financially literate than before and hence they are able to compare services from different banks before finally deciding on the bank of choice to open an account with or to access services from. The study will therefore, focus more on the need to improve quality of service and other strategies to ensure customer retention and loyalty is maintained.

CHAPTER II

Review of Related Literature

This chapter reviews relevant literature derived from research objectives and research questions. The current focus is on customer satisfaction and customer service strategies that lead to loyalty, and the impact of customer service on the United Bank for Africa Zambia (UBA Zambia).

The study considers service quality to be the most important strategy for improving the correlation between customer service and customer loyalty. According to previous researchers, Machayi, J.& Ahmed, E. (2016), there has been little research done on the relationship between customer quality of service and loyalty in the banking sector in the last few decades in Zambia thus, providing the basis for further local research on this subject. The study further did show that quality of service is often recognized by foreign banks than by local banks (Machayi, J.& Ahmed, E. 2016). Therefore, this study aims to thoroughly investigate customer service impact on the United Bank for Africa Zambia (UBA Zambia) and its effectiveness in improving customer loyalty. The results will undoubtedly help UBA Zambia find sustainable solutions to improve areas highlighted as bank quality of service gaps. Sichinsambwe et al. (2017) had also asserted that customer service is important to banks and therefore, the relationship between service and loyalty identified to see how it related to banking quality of service.

Customer service according to Grant, (2020), is the interaction between the buyer of a product and the company that sells it. It is often viewed as a vital link to customer satisfaction that can result in repeat business. Good customer service therefore is critical to business success, ensuring brand loyalty. Recent innovations have focused on automating customer service systems but the human element is, in some cases, indispensable.

Several researchers are trying to find a relationship between service quality, customer satisfaction, and customer loyalty in the personal customer business. Tariq and Moussaoui, 2009; Han et al., 2008; Ehigie, 2006, in their study on customer service did show how service quality

and customer satisfaction are predictors of customer loyalty. Further, a positive correlation between service quality, customer satisfaction and customer loyalty in the Greek banking sector was highlighted in the study by (Veloutsou et al. 2004). Furthermore, a meditation model linking quality of service through customer satisfaction and service loyalty was noted in the study by Caruana (2000). It is noted in the literature that there are two major categories of loyal customers and that is loyal customers who are happy, and secondly those that are dissatisfied (Srinivasan, 2007).

In their study on consumer behaviour, Beckett et al. (2000) shows that consumers often do not have a very positive view of these service providers, but draw preliminary conclusions as to why consumers remain loyal to the same financial service provider. It was discovered that many consumers are barely aware of the differences between financial providers, making changes essentially worthless. Secondly, consumers appear to be motivated by convenience and laziness and as such they associate changing banks with high switching costs in terms of potential sacrifices and associated effort.

There is a compelling argument that bank owners carefully consider the factors that may increase customer retention, and this study fully justifies the bank's customer retention efforts in realising the impact that customer service may have on the bank (Marple and Zimmerman, 1999; Fisher, 2001). However, few empirical studies investigate configurations that lead to customer loyalty. Previous empirical studies have focused on identifying components that are precursors to customer loyalty. Other studies have focused on developing measures of customer satisfaction, customer value, and customer loyalty without specifically examining other potentially useful components. Examples of such configurations are competitive advantage, customer satisfaction, barriers to change, corporate image, and banking service characteristics. There are few, if any, attempts to relate them to customer loyalty. Customers can leave the bank no matter how hard bankers try to maintain the bank, even if the standards of loyalty are not properly managed. There are seven possible explanatory notes impacting on loyalty in the literature review that have been identified and discussed in brief as below.

Competitive Advantage

In today`s highly competitive market, the shortest route to differentiation is the development of brands and aggressive advertising to both intermediaries and end users (Parasuraman, 1997). To this end, the United Bank for Africa Zambia has made tremendous strides to ensure visibility in the towns where it has presence (Access online, www.ubagroup.com). In his study, Baker (1993) asserted that in the long run, branding, targeting, and positioning can be much more effective if the provider can provide tangible benefits to consumers. Tangibility of the bank is another factor that contributes to a positive impact on the bank. This means that the appearance of physical equipment, comfortable store design, state-of-the-art equipment available to customers, and sufficient staff to provide services should be evident especially in retail banks where there is a stronger interactive relationship between customers and staff (Arokiasamy & Tat, 2014). Customers always want to relate with their bankers and hence bank presence must be seen and felt in most places where its customers are found.

UBA Zambia like other commercial Banks, offer similar products at almost the same price which therefore means that if banks are unable to add potential features and value to product quality beyond their core services, they may fail to achieve a sustainable competitive advantage (Chang, Chan and Leck, 1997). The most likely way to retain customers and improve profitability is to add value through a differentiation strategy (Baker, 1993) and increase profit margins by increasing prices. Today's customers do more than just buy quality products and services. They also buy a variety of added value and benefits. This requires banks to take a market-driven approach to recognizing consumer needs, designing new products and redesigning current products (Ennew and Binks, 1996; Woodruff, 1997). In addition, Ennew and Binks, (1996) showed how competitive pressure has forced other financial services companies to aggressively target the consumer segment by integrating service quality, brand loyalty, and customer loyalty strategies.

Customer Satisfaction

In banking, quality of service is highly dependent on the quality of staff. This is well documented in a study by Leeds (1992), which states that about 40% of customers switched banks due to inadequate services. He further argued that nearly three-quarters of bank customers cite cashier etiquette as the most important criterion when choosing a bank. In another survey increased use of quality of service or sales and professional behaviour (such as formal greetings) was seen to positively increase customer satisfaction and reduce customer attrition.

The United Bank for Africa Zambia (UBA Zambia) has in this regard adopted strategies that enable employees to be more customer centric and make them feel at home. It is a common sight to call customers by their names in greeting and welcoming them to any of the UBA Zambia branches (www.ubagroup.com). Reichheld, (1996) points out that dissatisfied customers can choose not to switch because they do not expect better service elsewhere. In addition, customers who are not happy with the bank`s service can look to other providers because they believe that better services are available elsewhere. However, customer loyalty also depends on many other factors such as a wider range of innovative products, convenience, better prices, and prestige (Storbacka et al., 1994). Fornell (1992), in a study of Swedish consumers, showed that customer satisfaction and quality are important to all businesses, but in industries such as banking, insurance, mail order, and automotive, customer satisfaction is more important to loyalty.

Ioanna (2002), further suggested that product differentiation is not possible in a highly competitive environment such as banks where similar products are offered. Bank prices are fixed and determined by the market. As a result, bank management tends to set itself apart from its competitors through quality of service. Quality of service is an essential factor influencing customer satisfaction in the banking industry. Quality is a multivariable concept that includes different types of convenience, reliability, service portfolio, and above all, employees who provide services (Ioanna (2002).

Customer Perceptions of Value

Today's customers place more emphasis on value in using the service because of alternative options (Slater, 1997; Woodruff, 1997). Gale and Wood (1994), described how customers make purchase decisions among competing vendors. The author stated that customers buy at value and not just buy products. Interestingly, customers have been observed to learn to think objectively about value in terms of favourable attributes, performance, and the consequences of using the product in usage situations (Woodruff, 1997). Therefore, banks must be able to provide close personal services to promising customers by to offer state-of-the-art products such as electronic banking, touch-tone dial access to phone accounts, and Internet banking for convenience-conscious customers. As such customer value can be a powerful driver of customer loyalty.

Reidenbach (1995), espoused a more sustainable factor than customer satisfaction since customer profits include not only the normal profits banks focus on, but also the prices they paid. Customer value is dynamic and need to managed well to recoup benefits. Customer satisfaction is merely a response to the value proposition offered in a particular product or market (Reidenbach, 1995). From this perspective, UBA Zambia has to determine how their customers define value in order to be able to provide value-added services (www.ubagroup.com).

Corporate Image

Consumers today have more choices for their economic needs than ever before. Technology, globalization, intensifying competition, and consumer liquidity have dramatically changed the way banking works (Harwood, 2002). Many financial institutions are looking for branding methods to differentiate themselves. Harwood (2002) argued that branding is essential as an image-building tool in the banking industry, where companies offer homogeneous products. The study by Kaynak, (1986), did show the value and importance for banks to fully understand the value, attitudes, needs, perceptions of the various services offered, and the image of the bank's own customers. Therefore, bankers must be able to build and manage the image of a bank in order to clearly define the difference between one bank and the other in curtailing competition.

According to Bharadwaj et al. (1993), he stated that service claims to be largely unimportant and therefore has high quality experience and reliability. Therefore, brand reputation is important as a potential competitive advantage. Alvarez (2001) suggested that logic alone is no longer sufficient to sell the benefits of intangible products and services, especially to mass-produced and sceptical consumers. In this situation, emotions or images are needed to change the perception of the audience in a realistic or profound way (Alvarez, 2001). In addition, both Marthur (1988) and Gronroos (1984) proposed images as an alternative to product differentiation.

Switching Barriers

Movement barriers have been used as a marketing strategy to ensure that customers are costly to move to another organization. These barriers include search costs, transaction costs, learning costs, loyal customer discounts, and emotional costs (Fornell, 1992). These barriers do not encourage customers to leave their current organization. Curasi and Kennedy (2002) also did show that customer satisfaction does not predict the continuation of a relationship. High switching costs are an important factor in connecting customers to service organizations. Even with relatively low satisfaction, customers favour the service provider because repurchasing is easier and cheaper than looking for a new provider or testing the services of an unknown provider (Curasi and Kennedy, 2002).

In addition to switching costs, cross-selling is another important variable that promotes customer loyalty. Cross-selling is a revenue increasing banking effort to sell as many different products and services as possible to a particular customer (Daniell, 2000). Jones and Farquhar, (2003) in their study did allude to how profitability can be compromised by losing market share, and diminishing cross-selling opportunities.

Customers` Behavioural Intentions

To survive in today's competitive market, banks need to focus on understanding market needs, attitudes, satisfaction and behaviour (Kaynak and Kucukemiroglu, 1992). Consumers evaluate several criteria when choosing a bank. However, the prioritization and application of these criteria may vary from country to country and cannot be generalized. In a survey conducted by Laroche and Taylor (1988), of Canadian customers in Montreal, it was discovered that convenience was the primary driver of bank choice, followed by parental influence on the bank's status. Another study on the Hong Kong banking market revealed that customers choose banks for convenience, long relationships, referrals from friends and relatives, and easy access to credit (Kaynak and Kucukemiroglu 1992).

Social and technological changes are having a dramatic impact on banking operations. These developments, such as the internationalization and standardization of money markets and the application of the new technology to banks' information and communication systems, have forced banks to adopt strategic marketing methods. These include the provision of extended services, product diversification, entry into new markets, and emphasis on electronic banking (Reidenbach, 1995; Mylonakis et al., 1998).

This wide range of services and products can have a significant impact on quality of service, customer satisfaction and consequent behavioural intent, as well as improving communication efficiency. As change accelerates in the broader financial sector and business activity converges, other similar or complementary by bank affiliates or non-affiliates also change. It is essential to distinguish between offerings and banking products (Mylonakis et al., 1998).

Over the last three decades, the structure, composition, management goals, and working practices of banking institutions in Zambia have changed significantly. With ATM cards, simple banking tasks such as withdrawing and depositing money have never been easier. For those who are tech savvy, there are options for online banking. There have also been many changes to the products. Banks offer a variety of products, starting with simple savings and fixed deposits to

special savings accounts, sweep-in accounts, plain accounts, and current accounts. UBA Zambia bank has introduced a number of products to meet the varied customer needs. Some of the products carter for the young ones, university students, low income earners and high end earners. The bank also prides itself with the prepaid card that can be used for online purchases without worrying about the account balances. While the Leo chat banking is also another innovative product that targets especially the X-generation (Access Online, www.ubagroup.com).

Customer Loyalty

Primarily, customer retention improves revenue by reducing the cost of acquiring new customers. Therefore, the main goal of a loyalty strategy should be "zero churn for profitable customers" (Reichheld, 1996). The concept of consumer inertia means that some customers are not expressing loyalty, but are simply restrained. Loyal customers can be described as less price conscious and tend to increase the number and frequency of purchases. They can become lawyers for the organization and play a role in the decision-making process of colleagues and family. Therefore, satisfaction with the Bank's products and services also affects loyalty, but may be lacking in certain situations. Colgate et al., (1996) stated that loyalty is different from simple repurchase behaviour. It is a concept that is only valid in situations where the customer can choose another provider. Therefore, the bank needs to understand why consumers switch between banks and should not assume that it is a positive and conscious decision (Colgate et al., 1996).

Additionally, increased competition, funding restrictions, and the introduction of new technologies have significantly reduced the number of bank branches and enhanced the use of ATMs and other electronic trading platforms. Since the advent of the Covid-19 pandemic, banks in Zambia have had changed strategies to meet customer needs in terms of products and access to banking services. This has resulted in some banks closing off some of their branches and improving internet banking facilities. Other banks have now adopted the new improved deposit

taking ATMS and integrated with Fin techs to deliver services to customers (Access Online, www.boz.zm).

A study conducted by Forrester Consulting in 2018 did show that agile, responsive, and digitally responsive organizations were able to successfully address the effects of Covid 19 and the blockade. These affiliates were highly synergistic among the eight core competencies across the company, and each skill has a mutually beneficial self-reinforcing effect essential to survive in the new reality.

In conclusion, today`s challenges as a result of the Covid 19 pandemic have made it necessary for banks to align their services to the needs of the customers, the literature reviewed therefore, have shown how much research has been done and how it can help banks to leverage on their competitive advantages to maximize revenue through customer loyalty initiatives. Due to little research that has been done on the relationship between customer loyalty and quality of service in the banking sector, the following studies provide the basis for further local research on this subject.

Machayi and Ahmed (2016) in their study did find that although there was a significant relationship between perceived quality of service and customer satisfaction, there was no difference in perceived quality of service by gender. Sichinsambwe et al. (2017) also found that the quality of service is better recognized by foreign banks than by local banks. Therefore, this study aims to thoroughly investigate the customer service strategies of UBA Zambia and their effectiveness in customer loyalty. The results will undoubtedly help UBA Zambia find sustainable solutions to improve areas highlighted as bank quality of service gaps.

Summary

This chapter has given a review of the related literature to the study under consideration. Many previous researchers had done a lot of research on customer service however, not much had been done on its impact on the banking sector in Zambia more especially on the United Bank

for Africa Zambia. More striking is the fact that now banking has even evolved further due to the Covid- 19 pandemic which has brought about the need for digital platforms as people movements are restricted in order to contain the spread of the Covid-19. Since digitalization has become the new normal, it is imperative for the banking sector to ensure robust systems are developed to better serve customers.

CHAPTER III

Research Design and Methodology

The chapter discusses various aspects of the research study such as research design, research method, participants, research sampling, research instruments, statistical tools and the questionnaires used in data collection.

Research Methods

The research study employed the qualitative approach as it gives participants the ability to express themselves in regards to their perception of customer service, quality ant loyalty at the United Bank for Africa Zambia ltd. A qualitative research seeks to find answers to why and how the study objectives can be achieved and gain a detailed understanding of the study topic (Bhandari,2020).

Participants

The research participants were drawn from the retail segment of the bank at its Acacia Park Branch in Lusaka, and some selected branch sales staff and head office customer experience staff. These were ninety-eight (98) retail customers from the Acacia Park branch, and Ten (10) members of staff from both the sales team and customer centric staff from the head office who are most relevant to the topic under study.

Research Sampling

The study employed simple random sampling techniques to select the participants in the retail segment of the bank at the Acacia Park Branch in Lusaka. Simple random sampling has an advantage that all participants have an equal chance of being selected. Therefore, participants were selected based on their patronage of the branch in a four weeks' period to make sure different services and products categories were captured representing the entire product range in the branch. In this way 98 participants were selected to form the target population of retail customers and also another 10 staff participants from both the branch sales and head office customer centric staff. The branch had received and served a total of 5300 customers over the counter in the four- week period and 11 staff members. Therefore, the total sample was 108 comprising 98 customers and 10 members of staff (Yamane, 1967).

As a researcher, I came up with a raffle draw where customers were picked based on the raffle outcome and this gave an equal chance to all customers to be selected for the study. The results of the selected participants were then used to form the needed subset for the study as it was representative enough.

Research Instruments

The study employed the use of questionnaires to collect data from the participants. The questionnaires were in two forms, one for the retail customers and the other for members of staff. Both had open ended questions to allow for diverse data collection (Karanja, 2011). These were administered via soft copy and hard copy by the researcher so as to reach the intended participants timely. See appendix 1below.

Statistical Tools

In this study SPSS version 21.0 was used to analyse the data and also excel to extract frequencies from the open - ended questions.

Limitations of the Study

The study employed the use of descriptive research design. Therefore, the variables could not be controlled by the researcher. The use of questionnaires with open ended questions was used for data collection from retail customers and members of staff at UBA Zambia`s Acacia Park Branch in Lusaka. the study was a case study on UBA Zambia due to the Covid- 19 pandemic that had stalled a lot of economic activities as well as limiting human movements to reduce the spread. This caused a huge challenge to the researcher coupled with time and financial constraints. Thus, the research was limited to one bank only. Data collection was limited to a period of two weeks only.

Data Collection Procedure

The study employed the use of questionnaires to collect primary date in two ways; customer questionnaires and staff questionnaire. The distribution of the customer questionnaires was done through the branch manager who was able to give them to the customers as hard copies. After the responses were collected from participants, the data was then collated in an excel schedule to identify responses to each of the questions in the questionnaire.

Treatment of Data

In this study, all data collected was treated with utmost confidentiality and the identity of participants withheld. It was important to assure the participants that the data collected would be purely used for academic purposes only and all their views kept anonymous. Before processing the responses, it was imperative for the interview guide or questionnaire to be edited for completeness and consistency and a detailed systematic qualitative description of the study objectives employed. The data was then logically grouped and analysed to achieve the responses to customer service impact on UBA Zambia and the entire banking industry in the country. It was also necessary to ascertain the benefits of the study to the faculty of the Copper Belt University at large.

Ethical Considerations

In order to carry out the research on the Bank, the researcher sought permission from the head Human Capital Management (HCM) for the purpose of the study. Due to the nature of business and the strict confidentiality of the information, some difficulties in getting information were encountered. However, this did not stall the research and data collection. Further, all the participants were informed that they would remain anonymous and confidential and the information obtained would be purely for academic purposes only.

Summary

This chapter has given a detailed description of the research design and the methodology used to conduct the study. The study therefore will adopt a descriptive survey approach with the target population consisting of both retail customers and employees of the bank at Acacia park branch Lusaka. The study sample size was limited to 50 customers and 10 bank staff or employees who were randomly selected. Primary data collection was done through open ended questionnaires. Ethical considerations were taken into account and procedures duly followed.

CHAPTER IV

Data Analysis, Results Interpretation and Discussion

This chapter presents the findings of the research through data analysis, results presentation and the discussion relating to the study conducted. Primary data was collected through the use of questionnaires for both retail customers and members of staff for the bank at its Acacia Park Branch in Lusaka. Thematic analysis was used to determine the adoption of customer service strategies by UBA Bank and the extent of customer loyalty. Data analysis was achieved through the use of SPSS version 21 and excel to present the results in frequencies and or percentages.

Data Analysis

Level of Response

The study targeted a sample size of 108 respondents comprising 98 retail customers and 10 members of staff. This was done by means of two questionnaires that were distributed and collected in a period of two weeks. Of these questionnaires distributed, a total of 100 (90 customers and 10 staff) were successfully completed and collected by the researcher. This achievement represented in percentage terms, 91.83% customer and a 100% for members of staff while the non- response rate was 8.16%.

Background of The Participants

The study undertook the following characteristics of the retail customers' participants: Gender of the participants, employment status, account holding status, length of serving with the bank, type of service accessed by participants, customer perception of customer service strategies at UBA, the effect of quality of service and, the level of customer loyalty to the bank.

Results of the Study

The findings in the study were based on the research objectives which were to determine how customer Service Strategies used by UBA Zambia Limited can be determined, how they can affect Customer Perception on Quality Services and loyalty, the relationship between Customer Services Strategies, Quality Services and Customer Quality, and finally the implication of the study to the Customer Services in the banking industry in Zambia.

Customer service Impact on UBA Zambia.

The study sought to investigate the impact of customer service strategies adopted by UBA Zambia and how they contribute to customer retention and loyalty.

Results of the Retail Customers

The results of the analysis on retail customers showed demographics of 40 males and 50 females participated in the survey. Account holders were a total of 88 participants across the gender and had been saving with the bank for periods ranging from less than one year to more than seven years. The results further showed that respondents liked the bank`s products such as digital banking platforms, Leo chat banking, and the different banking accounts offered in the bank.

Competitive Advantage

The study revealed that UBA was very competitive in the market as it had very good products on offer and that its strategies on service were effective to the customers. With only a small fraction of the respondents stating that the bank was not competitive, the larger part of the respondents did however state that the bank was competitive.

Customer Satisfaction

From the responses received, about 90% of the participants revealed that customer satisfaction in UBA was high and this was mainly due to the fact that the Bank was responsive enough to customer suggestions.

Customer Perception of Value

The study showed that customers perceived a lot of value from the bank and this was not limited to account holders alone but also to those who had np accounts with the bank. Some of the respondents further said that the friendliness of the staff members was so unique and unbiased that everyone who came in contact with them was happy and well served.

Corporate Image

It was noted from the study that the bank`s corporate image was well maintained and aligned to its core activities. The bank had been very active in encouraging the young school going children to develop a reading culture through its UBA Read Africa Initiative where different literature books had been distributed to various schools. Further, the bank played a key role in the financial literacy advocacy.

Switching Barriers

The study revealed that UBA had continued to offer banking products and services at low costs in order to encourage customers to continue patronizing the bank. The bank had also made efforts to introduce other value adding products to the market a lower cost so that people can experience the new way of banking. Its internet banking services are priced lower to encourage more customers to use the platform. Also, because at UBA the customer is king, every effort is made to ensure the customer is at the centre of all that the bank does.

Customers` behavioural Intentions

The study showed that customers often changed banks due to unsatisfactory customer service. However, some of the respondents did show that in spite of receiving poor service, the friendliness of the staff would always motivate them to stick around and that this would often result in their behavioural changes. Good products also make customer to stay with the bank as they feel the products do respond to their needs.

Customer Loyalty

From the study and the responses, UBA Zambia had very good customer service strategies that had a positive impact on the bank in that customer loyalty as measured by the number of customers actively banking over a period of five years and more was noted to be on the increase. This then was evidence enough to show that customer loyalty was a result of customer service.

Customer Service Strategies and the Impact on The Bank

Many of the respondents were of the view that when customers are treated fairly, then they stay with the bank and do not consider switching. Others expressed the fact that they were not sure. They further expressed that when customer service is good then it becomes a determinant of customer loyalty and retention.

The respondents also felt that the bank`s strategies of clear, effective communication, patience, and time management were very good and helped in maintaining long term relationships between the bank and customers. It was also revealed that UBA management does listen to suggestions by the customers even when implementation does seem slow.

On customer service strategies in the banking sector, the respondents alluded to the fact that good customer service strategies help the banking sector to grow by encouraging more and more customers to access banking services instead of hording monies in their homes. By so doing the economic activities of the country can improve.

Respondents were also being attracted to UBA bank because of the friendliness and warmth exhibited by staff in the branch. The services received from the bank were not only a preserve of account holders but also non account holders such as those coming in to access the money gram services, Africash, and RIA services.

Quality of Service and Loyalty Strategies in The Bank

The responses from participants did show that about 10% felt that staff turnover was a major contributor to bad quality of service because often times they had to be attended to by different staff and that means having to keep explaining their issues and challenges to different staff.

On new product development, respondents felt that new and better products are a magnet to continued service and patronage by customers. It gives customer a better banking experience and loyalty increase.

Furthermore, customers attributed the lack of loyalty on the fact that the bank branch network is limited. This meant that whenever customers moved to other areas where UBA Zambia is not present, then highly likely those customers would switch to other banks presently operating in those areas.

On the question of how quality of service had helped UBA to achieve customer loyalty, 70% of the respondents affirmed that it had led to increase in customer loyalty and retention with the result that the bank has been able to grow and open new branches in other locations. The number of ATMs has also been increased in the last 3 years. However, 30% felt that quality of service was no major driver to customer loyalty and retention in the bank.

Result Analysis for Members of Staff

The study distributed 10 questionnaires to members of staff of the bank so as to understand the extent of the knowledge on customer service strategies and its impact on the bank. The study targeted staff in the sales and marketing departments as well as those in the customer centric unit at head office. All the respondents successfully completed the questionnaires and handed them back to the researcher. From the responses, it showed that engagement of staff was diverse as it ranged from management to others staff in the bank and their length of service in UBA was from less than 2 years to 12 years. The analysis also proved that customer service in the bank was very good as represented by 80% of the respondents who also felt that the bank was taking every stride to embed the customer service policies in the DNA of the bank. On the other hand, 20% held the view that not much was being done by the bank to improve customer service.

The customer service policies have also helped the bank to be more customer centric than just sales focused by ensuring that all staff of the bank are carried along in the introduction and implementation of the service charters as a way of committing to good customer service to customers. Furthermore, adherence to customer service was heightened in the bank by the introduction of a sanctions grid for service failures.

Staff were also asked on the competitiveness of the customer service strategies in the market. Diverse responses were received from the participants. From the responses, about 80% affirmed that the bank`s strategies were very competitive with progressive application while 20% were of the view that the service strategies were not competitive enough.

Lastly, staff were asked of the notable achievements for the bank in relation to implementation of customer service, quality of service, and retention strategies. The responses were overwhelmingly similar in that all the respondents alluded to the fact that customer retention was higher than before and that this was mainly due to the creation of strategic units to spear heard the oversight of the service strategies across the bank. The strategic units being the customer experience, and customer fulfilment centre. There was also the mandate for relationship managers to call on customers daily for value as well as the heads of departments embedding the values of customer service in all staff.

Discussion

The study found that United Bank for Africa (UBA) had adopted customer centricity as part of the service strategies to ensure good customer service and quality of service at all the touch points in the bank. Quality of service was achieved through research and development that saw the introduction of new products that have a greater appeal to diverse customers. These products include internet banking platforms such as the UBA internet banking for customer transfers in both local and foreign currencies, diaspora accounts, ATM push and pull, No Wahala loans, Staff loans, Trade Finance products, money gram services, RIA and AfriCash services, Afritrade

services within the African continent and the UBA Africa connect where UBA account holders across all subsidiaries can deposit funds onto their accounts from other countries. All these products and services are offered at very competitive costs and have wider benefits with the aim of changing the way banking is done in Zambia. UBA Zambia also offers savings accounts to all age groups in order to encourage the saving culture, these accounts have no minimum opening or operating balances which makes them very good saving strategies.

The study further found that the customer service strategies adopted by the bank have enable UBA to increase customer loyalty as more and more customers are getting attracted to the bank, product development also is at the core with the key of improving people`s lives and financial inclusion. Through these strategies, it was found that UBA has greatly improved its ROI over the years. Moreover, the initial resistance by many Zambians to open accounts with the bank has drastically changed. The bank`s customer base has grown over the years and reforms are underway to ensure staff turnover is reduced as much as possible if not completely overcome.

The study finally found that UBA still had challenges in terms of deriving full impact from the customer service strategies that have been adopted by the bank. These challenges were identified by the research participants as failure to have more ATMs in different locations to carter for the clientele. Others respondents too identified a lack of management to heed the suggestions of the customers and that most times the bank had failed to notify customers of system challenges being encountered thus inconveniencing them greatly.

CHAPTER V

Summary, Conclusions and Recommendations

This chapter presented the summary, conclusions and recommendations of the study based on the research objectives which were to determine how customer Service Strategies used by UBA Zambia Limited can be determined, how they can affect Customer Perception on Quality Services and loyalty, the relationship between Customer Services Strategies, Quality Services and Customer Quality, and finally the implication of the study to the Customer Services in the banking industry in Zambia.

Summary of the Findings

The study established that the bank (UBA Zambia) did adopt customer service strategies to enable it offer distinct products and services to the Zambian population. Although the Zambian financial market seems to be highly competitive, UBA has been able to penetrate the market due to its good products such as the prepaid card that enables one to purchase goods and services online without the risk of fraud on their bank accounts.

The prepaid card has further proved viable to the government of the republic of Zambia in its quest to provide support to farmers in the entire country through the farmer input support programme (FISP) in the previous farming seasons. Other unique products are the UBA Connect Africa, Afritrade, UBA AfriCash, Money gram, RIA and the Diaspora Account. The bank also prides itself as the pioneer of the Leo Chat Banking on the Zambian market.

It was further revealed in the study that the customer service strategies adopted by UBA Zambia had enabled the bank to be offer quality services to its customers in the market with a fast turn- around time at a low cost. This was clearly identified by the respondents that the Bank

policy on transfers such as swift payments was very good and that customers often got their transactions done same day and proof of payment availed immediately the transaction is processed.

Market segmentation was one key aspect of the bank`s customer service strategy in offering quality service. This was established so that customised financial services could be offered to the different segments and engagement with customers would be easy. By so doing, the bank has on offer to its customer's business current accounts for Small and Medium Enterprises (SMEs), Corporate accounts for multinationals and large corporates, Retail accounts as well as the U-care accounts for children.

It was also noted that the bank`s strategy on zero tolerance for service failure did help staff to ensure customer service was upheld consistently and across the segments. This had led to increase in customer and profitability for the bank over the years. As the DNA of the bank, customer centricity is key to all engagements with customers and the bank continues to uphold such strategies at the core of its business mandate in the country and across the group. The bank had shown tremendous growth in both customer base and size as it had opened its latest branch in Lusaka in August 2021 thus, bringing the total number of branches in the country to 6 and more are yet to be opened.

The study showed that key service drivers continue to be identified in the bank. Keeping customer happy and engaged led to customer loyalty and retention as shown by the retail customer respondents.

Conclusions

The study findings concluded that customer service, quality of service and customer perception of service are cardinal strategies to loyalty and retention in the banking system

especially to UBA Zambia. These strategies did enable UBA to increase its customer base and to be competitive in the Zambian financial system.

The study further concluded that customer service strategies adopted by the United Bank for Africa have a greater impact on the banking system in the country as well as on the bank itself. This was so because the bank has scored many valid points in its quest to be a competitive bank in the market to assure customers that its origin in Nigeria does not stop it from growing and better service provider. As a result of the many good products that UBA was able to deliver to the Zambian market, it was awarded the best Bank of the year in 2020 and 2021 consecutively.

It was noted from the study that customer loyalty and retention are vital for the survival of the bank and more so now that competition is stiff and customers are more knowledgeable about the various services and products offered in the market. This knowledge had made the need for improved customer service strategies very important because, as was noted from the study, bad customer service would make customers to switch banks and therefore reduce profits for the bank.

Recommendations of the Study

The following recommendations were made after carrying out the study on Customer Service Impact on Banks and especially on the United Bank for Africa Zambia (UBA).

Recommendation for Further Study

This study investigated the impact of customer service on banks, a case study of UBA Zambia. It was there recommended that further studies be carried out on customer loyalty and retention can be maintained in the banking sector and especially the United Bank for Africa Zambia as it strives to the be leading financial service provider in Africa and beyond.

Recommendations to United Bank for Africa

The findings and conclusions have thus far shown and recommend that the management of the bank (UBA) should work hard to remove the stigma of being a Nigerian bank by proving that it is equal to the task of being a bank to recon with.

The study further recommends that UBA management should invest more in research and development for sustainable products that meet the needs of the Zambian customers. This will not only appeal to the market but also speak to the market and thus be able to increase the return on investment for the bank.

The bank management should also look at the motivation strategies as a way of reducing staff turnover and minimise the use of carrots and sticks as a rewarding system.

The bank should further continue to monitor the implementation of the service strategies and its impact on the bank.

Recommendations for Policy Makers and Practices

The findings and conclusions of the study do recommend an active participation from the policy makers who include the Bankers Association of Zambia and the Bank of Zambia in formulating standards regarding bankers' remunerations across the sector.

The policy makers should also formulate policies that should save as benchmarks for customer loyalty and retention.

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The Copperbelt University

APPENDIX I: INTERVIEW GUIDE

Dear Respondent,

I am a final year post graduate student at the Copperbelt University undertaking the course of Master of Business Administration in Finance. I am conducting a research on the topic: "CUSTOMER SERVICE IMPACT ON BANKS: A CASE OF UNITED BANK FOR AFRICA ZAMBIA LTD".

With reference to the above topic, kindly indicate your preference among alternative answers for each question by ticking in the appropriate box. When alternative answers are not provided, fill in the gaps provided. Thank you for your contribution. Respondents are assured of the confidentiality of this exercise because it will be solely used for academic purpose.

Yours faithfully,

Sibeso Muyendekwa

Please DO NOT indicate your name on the questionnaire.

Questionnaire for Customer Service Impact on Banks: A case of UBA Zambia Ltd.

PART A: DEMOGRAPHIC INFORMATION

1. Gender: …………………………………………………………………….………

2. Are you employed or self -employed?..

3. Do you hold an account with the bank? ………………………………………………….

4. How long have you had your account with the bank?..

5. What services do you like in the bank?..

SECTION B: Customer Service Strategies and Their Impact On UBA Zambia

6. How may the customer service strategies affect customer loyalty?

....

....

7. What are some of the customer service strategies adopted by UBA?

....

8. What is the impact of the customer service strategies on customer loyalty?

....

9. Do you feel that bank Management listens to customer suggestions on service strategies?

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10. How can these customer service strategies have an impact on the banking sector in Zambia?

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11.What attracts you to bank with UBA?

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....

12. Kindly indicate whether customer service strategies adopted bank has led to offering of

superior bank services than its competitors in the markets.

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SECTION C: Quality of service and Loyalty strategies in UBA Bank.

13.What are some of the factors affecting quality of service at UBA bank?

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14. Kindly indicate how quality of service can lead to customer loyalty in the bank.

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15.What is the effect of new product development as an innovative strategy in achieving

Customer loyalty the bank?

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16.What are the challenges faced by UBA achieving customer loyalty?

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17. How has quality of service helped UBA to achieve customer loyalty?

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…………………………………………………………………………………………………

Thank you very much for taking the time to answer the survey!

The Copperbelt University

APPENDIX 2: INTERVIEW GUIDE

Dear Respondent,

I am a final year post graduate student at the Copperbelt University undertaking the course of Master of Business Administration in Finance. I am conducting a research on the topic: "CUSTOMER SERVICE IMPACT ON BANKS: A CASE OF UNITED BANK FOR AFRICA ZAMBIA LTD".

With reference to the above topic, kindly indicate your preference among alternative answers for each question by ticking in the appropriate box. When alternative answers are not provided, fill in the gaps provided. Thank you for your contribution. Respondents are assured of the confidentiality of this exercise because it will be solely used for academic purpose.

Yours faithfully,

Sibeso Muyendekwa

Please DO NOT indicate your name on the questionnaire.

Questionnaire for Customer Service Impact on Banks: A case of UBA Zambia Ltd.

1. What is your level of service in the bank?

a) Senior management ☐

b) Middle management ☐

c) Lower management ☐

d) Others ☐

2. How long have you worked for UBA Zambia?

a) Below 2 years ☐

b) 2 to 5 years ☐

c) 5 to 10 years ☐

d) Above 10 years ☐

3. How would you describe customer service at the bank?

…………………………………………………………………………………………………
…………………………………………………………………………………………………

4. Do you feel the bank is doing everything possible to improve customer service and retention?

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…………………………………………………………………………………………………

5. Do you think the bank is competitive enough in terms of customer service strategies in the market?

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………………………………………………………………………………………………….

6. What are some notable achievements for the bank as a result of implementing customer service, Quality service, and retention strategies?

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………………………………………………………………………………………………………
………………………………………………………………………………………………………

Thank you very much for taking time to answer the survey!