Strengthening the linkage on financial and better services provided to customers in Ghana

Name of Author: Solomon Arhin , Email: solomonarhin@yahoo.com

Affiliation: Christian Service University College,P.O.BOX, 3110 ,Kumasi,Ghana

Abstract:

Provision of financial services and level of customer satisfaction are intricately intertwined, rather than separate concepts. Commercial banking in Ghana requires a lot of improvement as customers continuously err complaints about mediocre services received from different banking locations in the country. Most of the complaints are prevalent pertaining to the high cost of doing business with the financial institutions. Interest charges are very fundamental to any financial institutions and even from biblical perspectives in Matthew 25:14-27. This research measured the performance of three hundred and ninety (390) respondents who were asked to respond to questionnaire on provision of commercial banking services in Ghana and its associated profitability and risks. The respondents had diverse background comprising of sixty-eight (68) financial managers and Three-hundred and twenty-two(322) key customers who are patronizing different services from the commercial banks in Ghana. The findings revealed that majority of the respondents seem to be abreast with the banking operations in Ghana and receive average customer services. Better customer service provision in banks lead to reduction of banks risk while increasing profitability and liquidity. These findings will be relevant theoretically, practically and also assist policy formulators in making strategies about financial institutions. The research concludes that scale economies must be used in the banks to ensure efficient service provision .The study recommends strong policy formulations and implementation from the central authority for financial institutions so that satisfactory performance and service delivery can be used as yardstick to measure and monitor performances of banks and other financial institutions in the country on regular basis.

Key words: Strengthening, Policy implication, theoretical, practical.

1. Introduction

Commercial banking services in Ghana expose both the public and private individuals to the practicality of the theoretical framework that provides the foundation for maintaining financial institutions in Ghana. Banking customers are introduced to the theory in the context of bank assets, liability and liquidity management and the practical application of concepts of many financial institutions in Ghana. Financial institutions in Ghana help these customers in various means to get sound footing with their investment. It is asserted that Commercial banks are organized on a joint stock company system for primary purpose of earning a profit and this can be a branch banking types as we see in Ghana or international banks. Typical examples of banking systems in Ghana include: standard chartered banks, Barclays banks, Ghana commercial banks, Agricultural development banks and National investment Bank (NIV) . As a result of the profit motivated objectives, Commercial banks charges interest on current accounts, attracts deposits of all kinds, current, savings and fixed and satisfy both the short-term credit needs rather than the long term needs of the borrowers. Collins and Montgomery (1995), argued that where a company chooses to play will determine its profitability as a much as its resources. In Ghana and for Africa majority of these banks are foreign owned which are dominating the financial markets with excellent customer service than the local banks.

1.1 Background of the study

Major functions performed by all the commercial banks in Ghana include borrowing and lending of money. Borrowing function is best performed by taking all kinds of deposits. Deposits may be recorded on current or savings accounts .Interest is not payable on current account deposits. Interest is usually allowed on savings deposits. Commercial banks mobilize the savings of the society. They intend provide to those who are in need of it by granting overdrafts or fixed loans or by discounting bill of exchange or promissory notes. In short, the primary function of commercial banks is that of

a broker and a dealer in money. By executing this function efficiently and effectively, commercial bank renders a very valuable service to the community by increasing the productive capacity of the country and thereby accelerating the pace of economic development.

Performing these functions has created a lot of problems in Ghanaian banking system. The public is of the opinion that banking system in Ghana charges exorbitant interest on services performed to customers compared to their foreign counterparts. Bhattacharyya, and Sahay (1997) emphasized that publicly-owned Indian banks have been the most efficient, followed by foreign-owned banks and privately-owned Indian and by both the local and internationally owned banks in Ghana.

1.2 Statement of the problem

Various stakeholders of the bank argue out that in an attempt to maximize shareholders wealth and to make profit for the company, banks usually charges exorbitant fees from the general public to achieve their goals of profitability.Short (1979) examines the relation between the profit rates of 60 banks and concentration in the 'home' banking market of each. The evidence supports the view that greater concentration leads to higher profit rates. In this way the confidence a customer has in the banking system in Ghana is eroded. Besides, there are a lot of poor services customers receive at the various branches of the banks when compared to their foreign counterparts in the developed countries. There are cases of many banks window dressing their own financial statements to portray the activities of the bank to various customers and other stakeholders. The stakeholders who use the information presented cannot make any meaningful decision since figures have been misstatement. Brush and Bromiley(1997): posit that Business –specific factors explain more variance in firm performance than does industry membership and industry membership explains more than corporate parentage. Hoops and Postrel,(1999): stated that gaps in shared knowledge due to lack of integration generate significant excess costs in product development efforts of a software company.Kogut and Zander(1993) emphasized that firms specialize in the transfer of knowledge that is difficult to understand and codify. Results show that firms are able to transfer these technologies at a lower cost to wholly owned subsidiaries than to third parties. The advantage of a firm is its relative efficiency in transferring idiosyncratic technologies. This research is in respond to public cry to assess the exorbitant interest rate charges and the levels of services perform to customers in Ghana to close the knowledge gap of poor service in Ghana.

1.3 Purpose of the study

The actual purpose of this research is to assess the services provided by the banks in Ghana and the level of satisfaction of customers' preference for local banks activities in Ghana.Banks as a system can and do increase the purchasing power of the people through the deposit money created by them and provide the best customer service.The banker examines the purpose for which the advance has been applied for in case the advance is to be used for productive activities of the customer. The banks sometimes fail to assess this and most of the applications loans by the customers are denied and services are prevented from them.Farjoun (1998),mentioned that skill and physical bases, alone, had no significant effects on financial performance but the interaction of the two has a significant positive effect on most indicators of financial performance.

1.4Research objective

The objectives of this research are to enable the public evaluate the services receive from commercial banks in Ghana and assess their candid opinion on the preference of services received from the banks. The major specific objectives are as follows:

i) Assess the level of satisfaction of services provided to the banking customers in Ghana
ii) Assess the effective usage of specific technology devices to aid the provision of services to Ghanaian customers.
iii) Measure the extent of banks liquidity and profitability in the provision of services.
iv) Examine the risk associated with the provision of services to customers

1.5Research Questions

However, the main research questions are to find out the level of gap that exist at the customers' level of satisfaction within the banking industry in Ghana. The following are the research questions;

i) What is the level of satisfaction of services provided to the banking customers in Ghana?.
ii) Are there effective usage of specific technology devices to aid the provision of services to customers?
iii) What are the banks level of liquidity and profitability in the provision of services.
iv) Are there any risk associated with the provision of services to customers?

1.6 The significance of the study

This research has various significance in the areas of research in Ghana relating to the financial industry. The first of its significance is to bridge the knowledge gap in academic literature and promote its citation in the literature. The outcome will also add to the literature and guide the banks to improve services provided to their customers. Bank loyal customers will also ensure to insist on their right of good services as the customers are usually complaining about poor services currently receiving from Ghanaian banks.

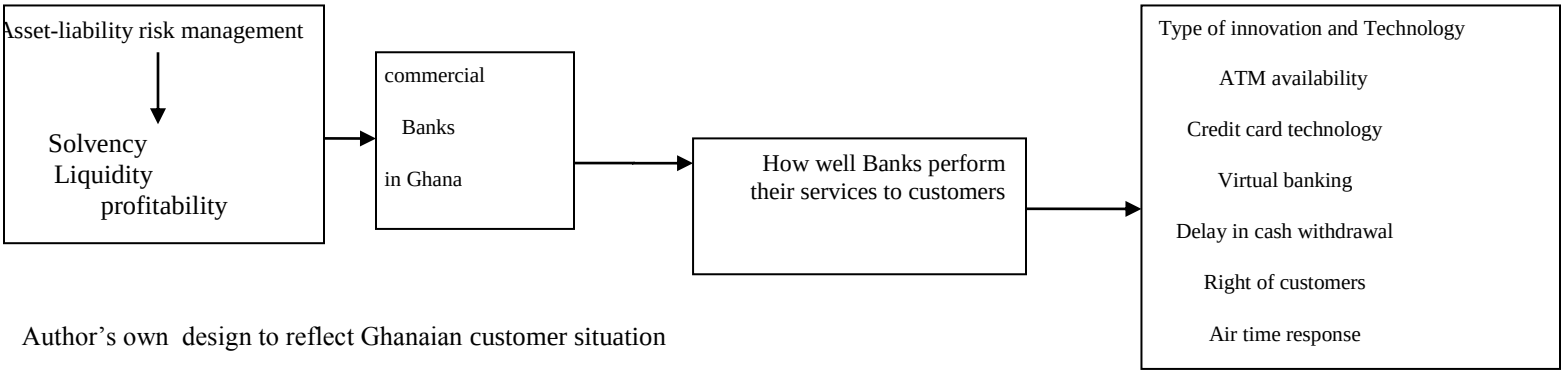
1.7 Limitation and the scope of the study

This study is only concerned with Ghanaian banking environment and it will be limitation to apply to the global world even though application of it can be done in parts or whole and compared to different countries especially in Africa.

2.0. Literature review

The literature review consists of three parts: the assets and liability risk management systems and the conceptual framework and how well banks are performing their roles in Ghana and definition of terms.

2.1Framework of Commercial banking services in Ghana



Author's own design to reflect Ghanaian customer situation

2.2Asset-Liability management as a risk management technique:

Asset-Liability management as a means of risk management techniques is an important function in a bank. It primarily focuses on how various functions of the bank are adequately co-ordinated ,essentially ,covering planning ,directing and controlling of the levels and changes and mixes of the various statements of financial positions accounts. It involves assessment of various types of risks and altering the assets-liability portfolio in a dynamic way in order to manage risk.Asset Management involves the balancing of costs, opportunities and risks against the desired performance of assets, to achieve the organizational objectives. This balancing might need to be considered over different time frames. Asset management also enables an organization to examine the need for and performance of assets and asset systems at different levels.

Management of liabilities, such as customer deposits, facilitates lending and allow for balanced growth. Management of money accepted from depositors as well as funds secured from other institutions constitute liability management. It also

involves hedging against changes in interest rates and controlling the gap between the maturities of assets and liabilities. Banks began to actively manage liabilities in the 1960s with the issuance of negotiable certificate of Deposits(CDs). These could be sold in the secondary market, prior to maturity in order to raise additional capital in the money market. Liability management constitutes an important part of a bank's bottom line. It can also been seen as the process whereby banks manage liabilities and borrow funds from the markets for interbank deposits, large-sized time deposits and certificates of deposit (CD).Assets and liabilities need to be thought of as intricately intertwined, rather than separate concepts. Asset-Liability management structure encompasses liquidity. A bank can be profitable and still fail because of illiquidity. Banks rely on both asset sources of liquidity and liability sources of liquidity to meet the demands for liquidity. The demands for liquidity include accommodating deposit withdrawals, paying other liabilities as they come due, and accommodating loan requests.Measuring and managing liquidity needs are vital for effective operation of commercial banks. By assuring the banks obligation to meet its liabilities as they become due, liquidity management can be reduced. The probability of an adverse situation developing can also be reduced. Liquidity shortfall in one institution can have repercussions on the entire system. Liquidity has to be tracked through maturity or cash flow mismatches for measuring and managing net funding requirement. The use of a maturity ladder and calculation of cumulative surplus or deficit of funds at selected maturity dates is selected as a standard tool.Collins(1991) states that firm specific administrative heritage, core competencies and implementation capabilities determine product market position and global competition in bearing industry. A bank must balance profitability, liquidity, and solvency. Solvency is essential to staying in business, but a company also needs liquidity to thrive. Bank failure can result from excessive losses on loans or securities from over-aggressive profit seeking. But a bank that only invests in high-quality assets may not be profitable. Failure can also occur if a bank cannot meet liquidity demands. If assets are profitable but illiquid, the bank also has a problem. Bank insolvency often leads to bank illiquidity. Strong operations allow profit for allocation to capital and reserves, which is essential for any bank to maintain its competitive viability and expand its lending operations.

2.3 Services provision and the use of Technology in Ghanaian Banks.

Banks in the country perform functions differently. Usually, customers' complaints are the indication of unsatisfactory services at the banks. On the general level, these situations have been noted with many commercial banks in the country. These include delay in cash withdrawal **.**Many customers go through long period of waiting to reach for cash withdrawal in most of the banks in Ghana. There are often times long queue at banks which is an indication of the banks slowness of the way it performs its activities in serving the customers. The Credit cards usage rates at banks in Ghana are usually very low**.** A lot of banks in Ghana have not deployed the credit card technology .This might be due to rules and regulation under which the banks are operated under even though many try to give out loans .In the western countries, credit cards are used as loans and it serves as useful purposes for the customers who want to purchase transactions online .However, this technology is very minimal in Ghana. Automated Teller Machine (ATM) availability in different branches of banks in Ghana is lacking even though Automatic machines are deployed for debit cards, most of the cities do not have them in Ghana. Only the big cities where the branch is located are having the machine installed. A customer in a remote village has to travel to a big city in order to access the facility. Besides, virtual banking with electronic cash transfers is limited .Virtual banking is a situation whereby the customer is always in position to manage his/her account online in performing financial transaction such as purchasing items online , transfer money to another account or print statement from the account anytime needed. In Ghana, many commercial banks do not have such online services for security reasons best known to the banks. Customers have their accounts only during the day when they physically make a trip to the bank. Also, the right of customers is very limited .Customers have the right to rate the performance of the services they receive from the bankers. In some banks at advance countries, a customer's negative comments can cause a bank worker loses his or her job. Customers are the reason why these banks exist. Customers are asked how they feel about the banks services and recommend ways for improving them through a survey instrument. Loans and systems of approval take long time and some of them either get their loans late or disproval for the loans comes too late for their individual project decision making. Air time response or customer waiting period is too long .Airtime is an amount of minutes customers stay on air with a bank representatives.Bates and Flynn (1995) emphasized that innovation capability rests on accumulated expertise and skills. Findings suggest that there is a strategy of building resources through manufacturing innovation over an extended period of time. In Ghana many customers have a complain that any time they call their banks, they don't even pick the calls up to discuss their matters so all transactions have to be done by face to face .Pennings and Harianto(1992)in their research findings indicated that prior experience in information technology with a variety of

interfirm linkages affect the banks' decision to adopt innovation .A customer becomes confused when communication lines between him and his banks are broken which goes to break his banking relationships.According to Leedy and Ormrod(2002), some computer software facilitates the process of breaking problems into subproblems.Computer programs such as inspiration ,for example, put the main problems ,ideas or concept inside a box or oval in the middle of the computer screen. A banker can brainstorm other related ideas from customers to put those problem on the screen as well as to draw arrows to represent how various ideas are interconnected .In that the banker can break each concept or problem into subparts, and break down each subpart even further so that customer's problems can be resolved more quickly. Mauri and Michaels(1998) found out that firm effects are more important than industry effects on firm performance, but not on core strategies such as technologies and marketing.

2.4Credit risk management

The credit risk of an individual loan concerns the losses the bank will experience if the borrower does not repay the loan. The credit risk of a bank's loan portfolio concerns the aggregate credit risk of all the loans in the bank's portfolio. Banks must manage both dimensions effectively to be successful. Managing credit risk of individual loans begins with lending decision .It requires close monitoring to identify problem loans quickly. The goal is to recover as much as possible once a problem loan is identified.Sometimes internal credit risk ratings are used to identify problem loans, and to determine adequacy of loan loss reserves and price loans. Most of the banks require the borrower to provide security in the form of pledge or hypothecation of tangible securities. It is necessary to note that the borrower can avail the full cash credit limit in different installment subject to the condition given. The borrower is also allowed to credit any surplus cash in his possession .Interest is charged only on the amount actually utilized by the customer. Lending involves a number of risks. In addition to creditworthiness of the counterparty, the banks are also exposed to interest rate, forex, and county risks. Credit risk or default risk involves inability or unwillingness of a customer or counterparty to meet commitment in relation to lending, trading, hedging, settlement and other financial transactions. The credit risk is generally made up of transaction risk or default risk and portfolio risk. The company portfolio risk comprises intrinsic and concentration. The credit risk of a bank's portfolio depends on both external and internal factors.

Risk management encompasses a lot of management techniques which help the banks in mitigating the adverse impacts of credit risk. Each bank should have a carefully formulated scheme of delegation of powers. Approval system should be in place where the loan proposals are approved by a committee on at different operational levels, at regional offices and zonal offices .The spirit of the credit approving system may be that no credit proposals should be approved or recommended to higher authority. Prudential limits should be set in order to limit the magnitude of credit risk. Prudential limits should be laid down on various aspects of credit. Benchmark on debt equity and profitability ratios should be stated on timely basis incorporating debt service coverage ratio or other ratios, with flexibility for deviations. Threshold limit on single or group borrower limits, which may be lower than the limits by the bank, should state the substantial exposure limit. That is, sum total of exposures assure in respect of those single borrowers enjoying credit facilities in excess of the threshold limit. Maximum exposure limits to industry sector should be set up. There should be system in place to evaluate the exposures at reasonable intervals and the limits should be sector or industry specific problems. High risk industries, as perceived by the bank, should also be placed under lower portfolio limit. Banks may consider the maturity profile of the loan bookkeeping in view of the market risk. Brush and Bromiley(1997) posit that Business specific factors explain more variance in firm performance than does industry membership, and industry membership explains more than corporate parentage.

The risk rating system should be designed to reveal the overall risk of lending. The risk rating system should be drawn up in a structured manner, incorporating financial analysis, projections and sensitivity, industrial and management risk. Miller and Noulas(1996) stated that bank technical inefficiency averages just over 5 percent, much lower than found in existing estimates. The overall score for risk is to be placed on a numerical scale on the basis of credit quality. In risk – return setting, borrowers with weak financial position are placed in high credit risk category and are placed high. There should be scientific system to price the credit risk which should have a bearing on the expected probability of default. The pricing of loans normally should be linked to risk rating or credit quality.

2.5Definition of terms

Asset management: the coordinated activity of an organization to realize value from assets. It is also considered as the management of a client's investments by a financial services company.

Asset: is an item, thing or entity that has potential or actual value to an organization.

Liquidity: ability of the bank to fund deposit withdrawals, loan requests and other promised disbursements when due. Solvency: ability of a company to meet its long-term financial obligations. Solvency, in finance or business, is the degree to which the current assets of an individual or entity exceed the current liabilities of that individual or entity.

2.6 Measurement of variables:

Hansen and Wernerfelt(1989) stated that inter-firm variance in profit rates is regressed against industry and firm variables. Both sets of factors are roughly independent and firm factors explain about twice as much variance in profit rates as economic factors.Wernerfelt and Montgomery(1988) added that industry attractiveness is not a universal dimension; instead what is attractive depends on a firm's relative advantage. Ingram and Baum(1997) in their study of US hotel chains finds that specialist firms are more strongly affected by their own experiences than generalist firms. In order to achieve the research objectives the key research questions such as innovation, services profitability and risk management were used as the main indicators in the questionnaire for the respondent to assess with respects to their financial institutions.

3.0 Research methodology

3.1 Introduction:

The method section shows the procedure or the approach adopted in gathering the data and some researchers consider that as the heart of research.

3.2Research Methods

This research is quantitative study to collect data on how the banks are performing in Ghana in the provision of services to customers in Ghana .Questionnaire were sent to respondents to express their candid opinion on the research objectives. Questionnaires were collected from both senior executives and customers of banks who interact and conduct transactions on daily basis with their respective bankers in Ghana. This is quantitative study to statistically compare responses from respondents from various banking institutions.

3.3populations

The population of the study is made of all the financial institutions in Ashanti region of Ghana particularly located at Kumasi and Obuasi metropolis. A lot of traditional banks in Ashanti-region of Ghana are located at these two areas of study. Since it is not possible to cover all the financial institutions in these two areas, the sample size was taken as representative of the population.

3.4 Sampling and sampling technique

The sampling size of three hundred and ninety (390) bank customers and senior managers were targeted through purposive sampling techniques. These customers and managers have different banking experiences with their different bankers located within Kumasi and Obuasi in the Ashanti-region of Ghana. The sampling consists of sixty –eight (68) bank managers and Three hundred and twenty two (322) bank customers. In other to achieve the research objectives, questionnaire were distributed to all the bank managers .However, in order to achieve the research objectives, the customer group was divided into two : The first one hundred and ninety seven (197) customers were required to respond to the questionnaire on satisfaction of services derived from their various banks .The remaining customers consisting of one hundred and twenty five (125) were required to provide their candid opinion on the use of different technology from their banks. The bank managers who were sixty eight (68) were to provide their opinion on their experiences on profitability and the level of risk associated with the provision of bank services to customers as this information cannot be obtained from the general customers.

3.5 Data collection procedure

Questionnaire were designed and distributed to the general bank customers and bank managers to share their experience with Ghanaian banks. The Questionnaires require the respondent to provide answers to pertinent questions related to service provisions, risks and associated banks profitability as well as whether their banks use any technology to improve customer service satisfaction. The customers and managers responded to the questionnaire on a liker scale in percentages to express their level of satisfaction.

3.6Validity and data reliability

The data obtained were analyzed and reliable because the researcher ensures that the respondents provide consistence and direct opinion to the questionnaire according to their banking experiences in Ghana

3.7 Study Setting and Area

Banking in Ghana follows a particular style depending on whether it is an international or locally own banks. International banks often pay more attention to customer services whereas local banks often disregard certain request and demands of customers. Most of the banks are located in Kumasi and Obuasi being close proximity to each other. The study area of Kumasi has several banks with different customers, similarly, Obuasi is the place where most banks are not located rather the locally own financial institutions are found there.

3.8 Ethical issues

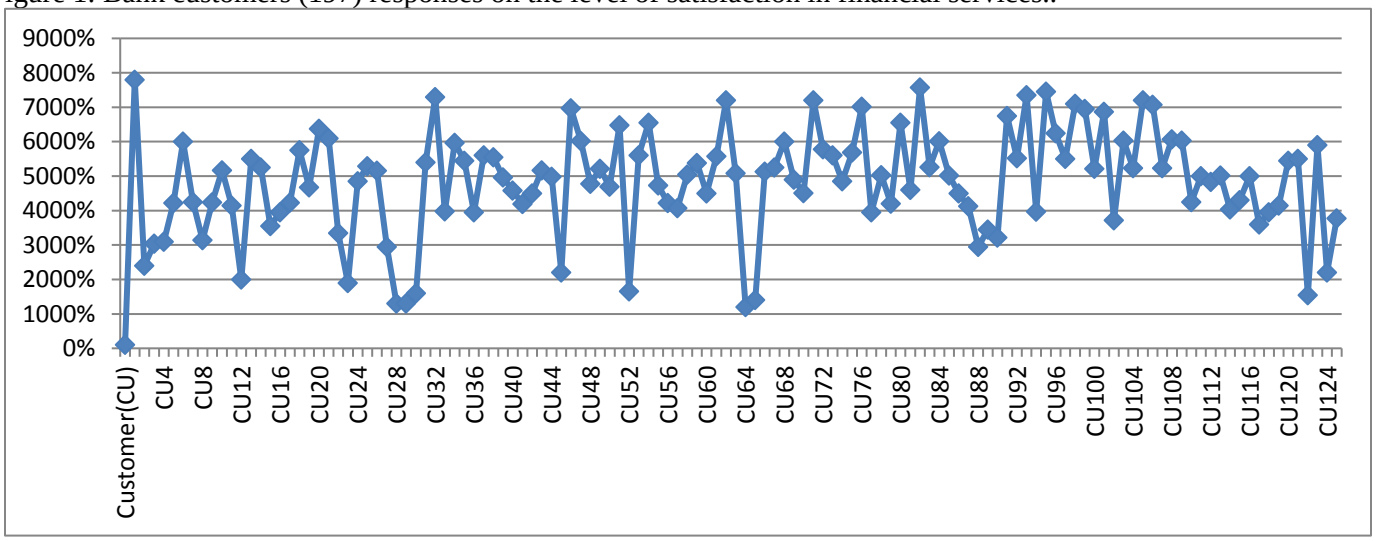
Respondents were assured that information collected will be used for the purpose of research only. To achieve this, respondents names were not included in the questionnaire rather gender was used for the data collection and analysis.

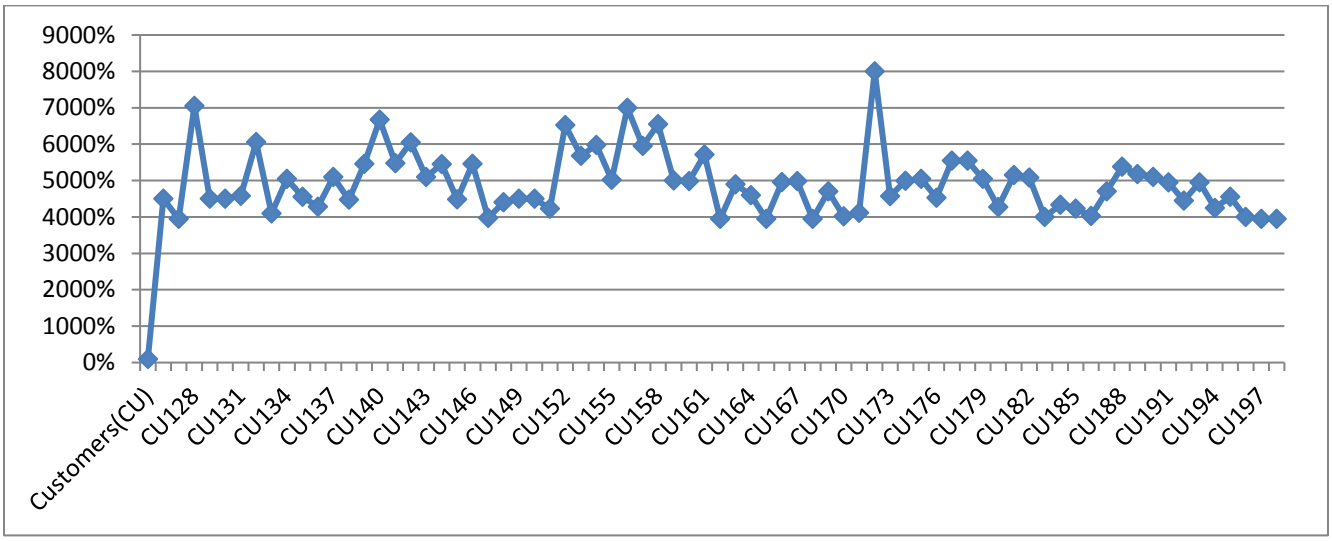
4.0 Analysis

4.1 Introduction

The responses received were analyzed using statistical line diagram and bar chart in order of the way questionnaire were distributed .Fig 1 shows the responses from the first one and ninety seven(197)customers of banks provision of services , figure2 indicates the remaining one hundred and twenty five on the use of technology to facilitate service provisions .The reliability test using standard mean and standard deviation were performed on the responses from the sixty –eight managers .These are shown in the diagram below:

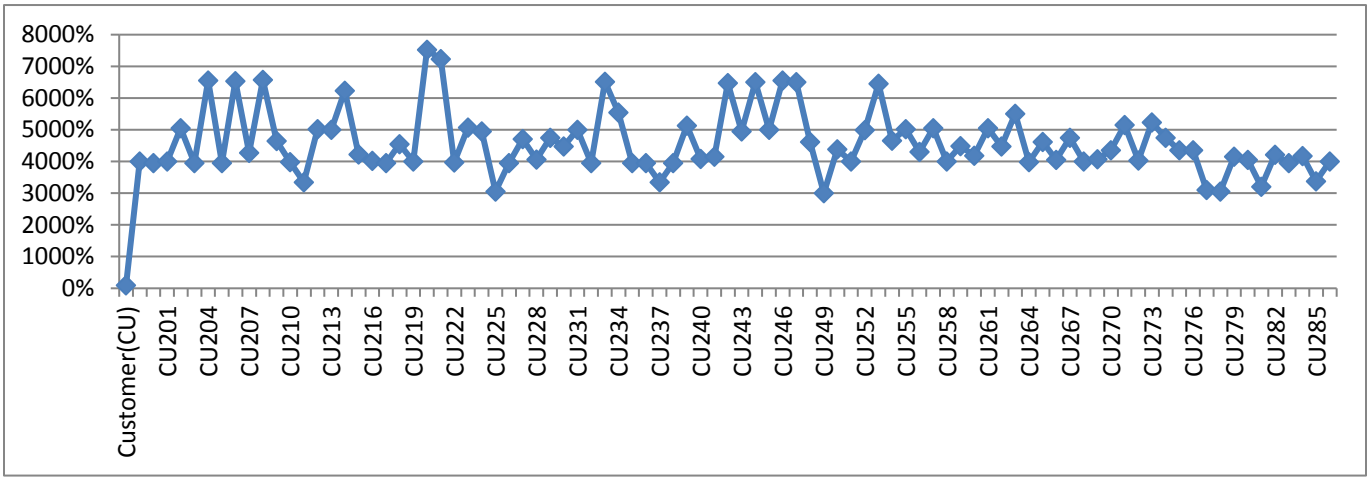
Figure 1: Bank customers (197) responses on the level of satisfaction in financial services..





From the responses it can been that the highest percentage is 80% whiles the lowest is 0-10%.Majority of the responses range between forty and fifty percentage indicating that most of the customers in Ghana receive less than an average satisfaction from the services of their bankers.

Figure 2: Responses from customers on the use of bank technology to provide services.



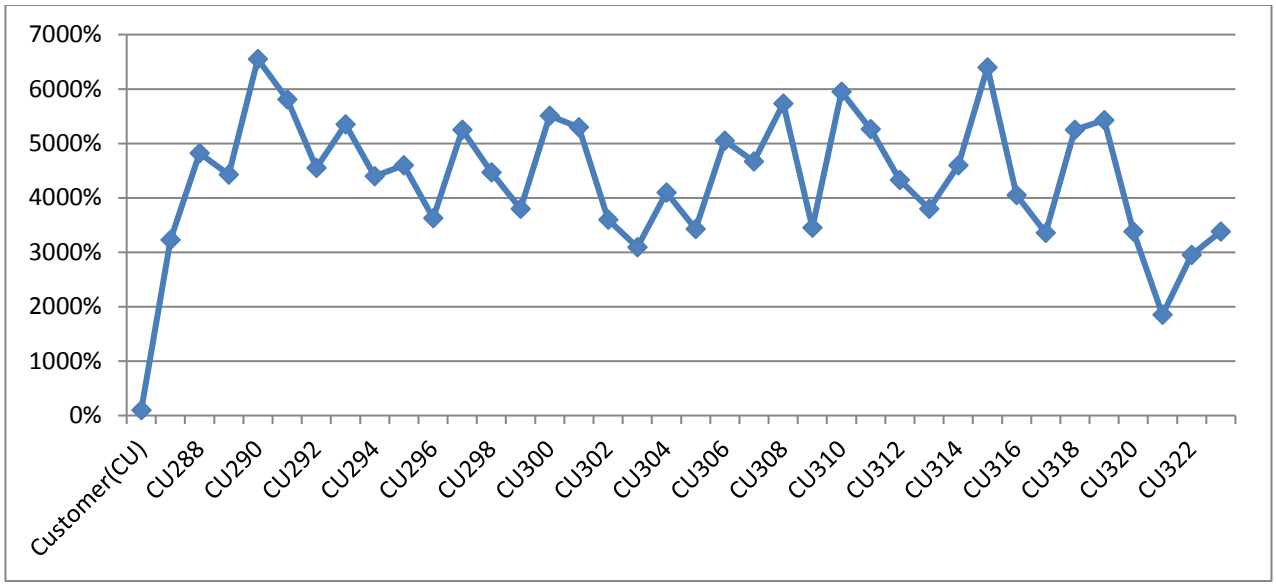
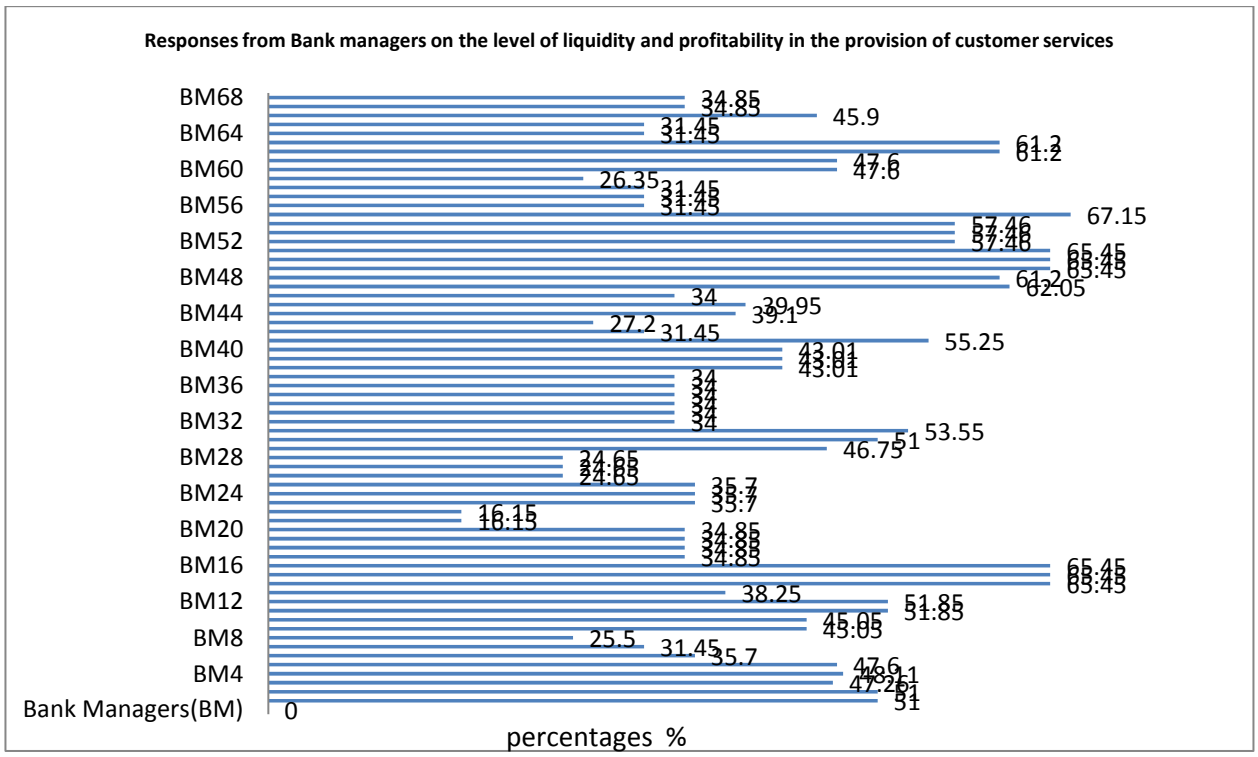


Figure two demonstrates the level of technology used by the banks in the provision of service to bank customers. Most of the customers' responses indicate that about 27banks out 125banks that the customers are banking have used some of technology of more than 50% on their banking operations. The remaining banks use average technology of less than 50% to facilitate their operations.

Figure 3: Responses from (68) bank managers on the level of liquidity and profitability in the provision of services to bank customers.



Most of managers of the bank who responded to this study expressed that the level of liquidity and the profitability generated by the bank or other financial institution as a result of services provided to the customers of the bank is below 50%. Few of the financial institutions generate above average profit.

Mean of bank managers responses = Sum of score responded / Number of Bank managers

Bank Managers(BM)	percentage	$(\bar{X}-X)/(n-1)$	Deviation $(\bar{X}-X)/(n-1)^2$
BM1	50	4.633823529	21.4723205
BM2	16	-29.3661764	862.372321
BM3	40.8	-4.56617647	20.8499676
BM4	54.9	9.533823529	90.8937911
BM5	50	4.633823529	21.4723205
BM6	47.1	1.733823529	3.00614403
BM7	40	-5.36617647	28.7958499
BM8	39.7	-5.66617647	32.1055558
BM9	47.5	2.133823529	4.55320286
BM10	54.5	9.133823529	83.4267323
BM11	57.6	12.23382353	149.666438
BM12	48.5	3.133823529	9.82084991
BM13	45	-0.36617647	0.13408521
BM14	54.5	9.133823529	83.4267323
BM15	66	20.63382353	425.754673
BM16	57.5	12.13382353	147.229673
BM17	40.5	-4.86617647	23.6796734
BM18	19.5	-25.86618	669.0591
BM19	44	-1.366176	1.866438
BM20	31.5	-13.86618	192.2708
BM21	40.5	-4.866176	23.67967
BM22	36.5	-8.866176	78.60909
BM23	47.5	2.1338235	4.553203
BM24	48	2.6338235	6.937026
BM25	37.5	-7.866176	61.87673
BM26	34.5	-10.86618	118.0738
BM27	39.5	-5.866176	34.41203
BM28	39	-6.366176	40.5282
BM29	44.5	-0.866176	0.750262
BM30	51	5.6338235	31.73997
BM31	49.5	4.1338235	17.0885
BM32	40	-5.366176	28.79585
BM33	48	2.6338235	6.937026
BM34	45	-0.366176	0.134085

Bank Managers(BM)	percentage	$(\bar{X}-X)/(n-1)$	Deviation $(\bar{X}-X)/(n-1)^2$
BM35	41	-4.36617647	19.063497
BM36	40	-5.36617647	28.7958499
BM37	43	-2.36617647	5.59879109
BM38	50.3	4.933823529	24.3426146
BM39	44.3	-1.06617647	1.13673227
BM40	39.5	-5.86617647	34.4120264
BM41	51.5	6.133823529	37.6237911
BM55	59.7	14.333824	205.4585
BM56	39.5	-5.866176	34.41203
BM57	41.3	-4.066176	16.53379
BM58	40.3	-5.066176	25.66614
BM59	39.5	-5.866176	34.41203
BM60	53.5	8.1338235	66.15909
BM61	46	0.6338235	0.401732

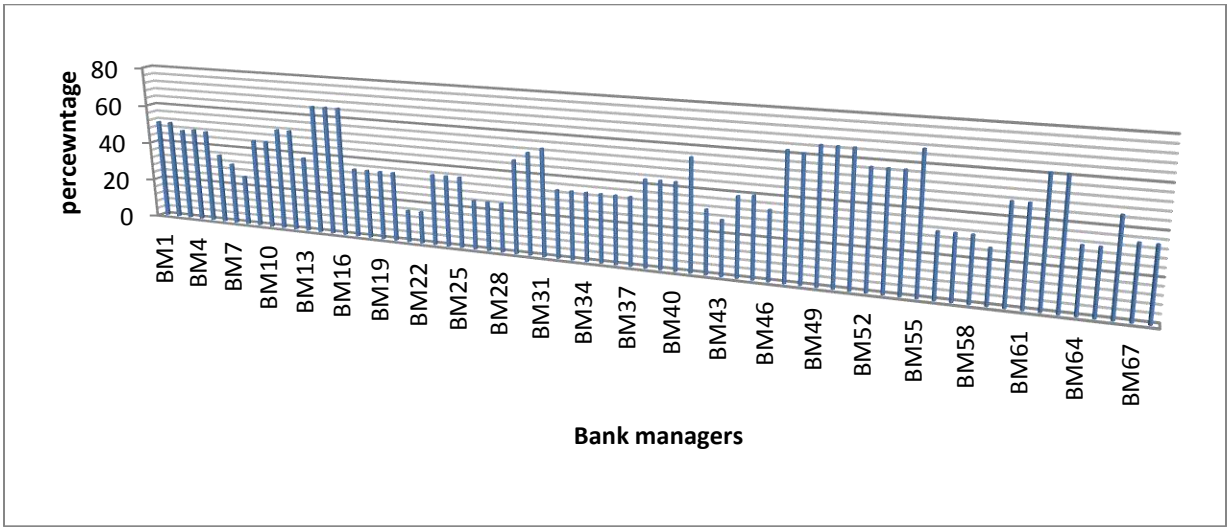
BM42	41.5	-3.86617647	14.9473205		BM62	60	14.633824	214.1488
BM43	37	-8.36617647	69.9929087		BM63	53	7.6338235	58.27526
BM44	47	1.633823529	2.66937933		BM64	30.5	-14.86618	221.0032
BM45	45.5	0.133823529	0.01790874		BM65	32.6	-12.76618	162.9753
BM46	39.5	-5.86617647	34.4120264		BM66	38	-7.366176	54.26056
BM47	55.5	10.13382353	102.694379		BM67	39.5	-5.866176	34.41203
BM48	60.8	15.43382353	238.202909		BM68	36.5	-8.866176	78.60909
BM49	60.5	15.13382353	229.032615		Total	3084.9	-5.61E-13	5827.072
BM50	58.3	12.93382353	167.283791					
BM51	56.5	11.13382353	123.962026		Mean(X) =efx/ef	45.36618	-8.38E-15	9.325837

The mean of the responses from the managers of financial institutions is 45% whereas the standard deviation is around 9%.Since the standard deviation can be thought of measuring how far the data values lie from the mean, we take the mean and move one standard deviation in either direction. The mean is 45.36% and the standard deviation is 9.33%

45.37. – 9.33 = 36.04 and 45.37 + 9.33 = 54.70

What this means is that most of the Bank managers estimate the level of liquidity and profitability of the bank after provision of services to customers to be ranging between 36.04% and 54.70%.

Fig:4 : level of estimated risk as responded by the managers



The bank managers see the level of estimated risk of most banks to be higher than 50% while others see the risk to be below 50%.

4.3 Discussion of findings

In order to achieve the research objectives in an orderly and reliable manner, questionnaires were sent to the managers and the customers of the financial institutions. It is evidenced from the figure 1 that, in Ghana most of the customers benefiting from the bank services see the financial institutions as providing mediocre services to their clients. This is area

of major concern in the economy as most of the financial institutions try to cross sell their products internationally and as excellent customer service becomes a key to the developed market. The local customers view the financial industry in the country as doing just an average in performance in the provision of customer services. The responses in figure 2 on the use of technology are quite discouraging which needs significant improvement especially in this modern and technological era. It indicates that majority of the financial institutions in Ghana are not innovative in the use of technology in one way or the other but need to improve as there are continuously reported malfunctioning of ATM machines and long queues in the halls .Most of them have a very poor online presence and need to improve significantly in their deployment of technology on daily operations. This account for majority of firms scoring less than 30% on the responses given by the customers. Figure 3 is very critical measurement from the managerial perspectives because it measures the mean, variance and the standard deviation of the responses collected. From the management point of view, the statistical mean of 0.45 indicate just about less than 50% level of liquidity and profitability anytime customer services are provided. It indicates that a service provided to a single customer can result in half of the profit on the cost of the services provided. It therefore implies that better service provision can result in higher profit and increase in the liquidity level of the institutions. The standard deviation of 0.093(9.3%) points show the dispersion from the mean which is not very significant indicating how significant and closeness of the provision of service to one customer to the another customer. The lower range of 0.36 and higher range of 0.57 indicate the interval on how these managers assess the level of profitability and liquidity. In providing financial services to customers, the managers did not only look at the profitability but also the risk associated with such services. Most managers assess the risk of service provision to be below 0.4(40%) which in this case because Ghana is an unstructured economy which suggest that the default risk of customers can be very high even though few responses confirm that there are some cases of minimal risk level of 0.5 . It can be seen that financial institutions that provide better customer service result in lower risk while those providing poor service result in higher risk. Close examinations of these figures show an average performance on the part of financial institutions in Ghana as far as research objectives are concerned.

5.0 Conclusion and Recommendation

5.1 Introduction

The research is about finding the level of satisfaction of financial services customers receive in Ghana from banks and other financial institutions. While others argue that banks are performing their roles effectively, others think the course of banking services is not best use in Ghana.

5.2 Summary of findings

Research objectives	Data collection method	Responses	comments
Level of customer satisfaction of services.	Questionnaire	The range is from 0.1 to 0.8 with majority of average responses of below 0.5	Customers in Ghana receive just and average level of customer service from their financial institutions.
Effective usage of specific technology devices.	Questionnaire	60percent use some form of technology while 40% use less technology in their operation.	Most of the financial institutions in Ghana use average technology to facilitate their operations.
Banks level of liquidity and profitability in the provision of services .	Questionnaire	The mean response was 45% with a standard deviation of 9%.	The highest level of profitability in providing services is 64% with the lowest being 36%.
Associated risk in the provision of services to customers	Questionnaire	level of risk is higher than 50% While some have below 40%.	Better services resulted in reduced risk but poor services result in higher risk.

5.3 Conclusion

Appleyard (1996) in his research found out that public sources of technical data play a larger role in knowledge diffusion

in Japan and in the United States. It is therefore important for banking firms to employ innovations and technology to display customer data .These was found to be some of the weaknesses in Ghanaian banks. Credit risk is very high in some of the managers response indicating that banks need to improve and monitor customers behavior .The main reason for this research is to assess the level of customer satisfaction in the provision of services by the financial institutions. Service provision has solid biblical foundations such as Matthew 7:21 which says "not every one that says unto me "Lord, Lord, shall enter into the kingdom of heaven; but he that doeth the will of my father which is in heaven. This research focused on collecting information to meet this research objective.
The Findings have shown very clearly from both the customers and managers that most of the financial institutions in Ghana provide average services and use less than average technology in providing these services. The trend of responses from managers also depict very high profit margin for better services .The conclusion is that Financial institutions which focus on providing better service has the ability to reduce their risk level whiles those who provide poor service to customers has tendency to incur high credit risk as a result of customer defaults. These findings will be relevant theoretically, practically and also assist policy formulations in making strategies about financial institutions.

5.4 Recommendation

The following recommendations are suitable for this research. Gilligan, and Smirlock,(1984)indicated that scale economies characterize bank production at only small bank sizes and that the cost structure of large banks is characterized by diseconomies of scale. It is therefore recommended that future researchers can use large data to analyze the level of profitability to establish the relationship between large banks that provide more services than small banks providing few number of services in terms of level of profitability and risk .Banks should also strengthen their level of innovation and the use of technology to provide better service. Most of the financial institutions do not have the assets needed but Peltzman,(1970) in his research findings found out that the capital of financial institutions consists largely of financial assets and only to small degree of physical plant and equipment. Because of this, technology must be employed that can better market financial products and enable customers to transact their banking businesses easily. Financial institutions must have policies on customer services for its employees to follow and complaints and grievance procedures set very clearly for customers. Finally, there should be proper tracking mechanism of customer records at national level to minimize customer credit risk. The management of credit risk should receive the top management involvement and the process should encompass: measurement of risk through credit rating or scoring, controlling the risk through effective loan review mechanism and portfolio management. The credit risk management process should be articulated in the bank's loan policy, duly approved by the Board. Each bank should constitute a high level credit policy committee also called credit risk management committee or credit controls committee to deal with issues relating to credit policy and procedures and to analyze, manage and control credit risk on bank wide bases. The committee should formulate clear policies on standards for presentation of credit proposals, financial covenants, rating standards and benchmarks, delegation of credit approving powers, prudential limits on large credit exposures , asset concentrations, standards for loan collateral, portfolio management, loan review mechanism, risk concentrations, risk monitoring and evaluation, pricing of loans,provisioning,regulatory and legal compliance. Each bank should also set up credit risk management department to enforce and monitor compliance of the risk parameters and risk assessment systems.

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