

Customers Satisfaction Costs and Performance of Listed Deposit Money Banks in Nigeria

Chinedu Samuel Okereke & Okezie Stella Ogechukwu

Department of Accounting, Michael Okpara University of Agriculture Umudike

Corresponding author: chyedu4jesus@gmail.com (08161677483)

so.okezie@mouau.edu.ng(08025263662)

DOI: 10.56201/ijbfr.v10.no4.2024.pg25.38

Abstract

The study examined the effect of customers' satisfaction costs on the performance of listed deposit money banks in Nigeria. The ex-post facto research design was employed. Fourteen (14) listed deposit money banks listed on the Nigeria Exchange Group (NGX) for the period 2013 to 2022 formed the population of the study, while the sample size comprised of ten (10) deposit money banks purposively selected. The data was sourced from annual report of the selected listed banks and Nigerian Exchange Group fact book and were analyzed using multiple regression analysis (Panel Least Squares Regression using random effects as the preferred model). The findings of the study revealed that customers satisfaction cost had a significant effect on performance of listed deposit money banks in Nigeria as measured by the; Resolved complaint cost, Received complaint cost and the Unresolved complaint escalated to CBN cost which significantly affected profit after tax (PAT) of listed deposit money banks in Nigeria. Pending complaint cost had no significant effect on profit after tax (PAT) of listed deposit money banks in Nigeria. Based on the findings, the study recommends that banks should consider as important these costs and should be regularly taken into consideration by boards of directors of banks when making policies on corporate relations, risk management and corporate governance in order to safeguard their reputation, goodwill and eventually enhance profit after tax having satisfied their customers.

Keywords: *Customer's satisfaction, Received complaint, Unresolved complaint, Resolved Complaint, Performance*

1.0 Introduction

Customers are the reasons for a firm's unceasing existence and by extension responsible for achieving profitable performances. Anigwe (2021) avers that the success of every firm is a by-product of customer satisfaction. It is important to note that customer satisfaction should be the topmost priority of every firm. Kotler and Keller (2016) opined that the challenge to retail banking would be to distribute value and satisfaction to the target customers. Customer satisfaction means solving customers' problems by giving the customers those goods and services or things of value they need at the right price, in the right place, at the right time, and in the right combination (Adirika, Ebue & Nnolim, 2001). Firms seek to comply with both formal and informal requirements in order to satisfy their customers and at the same time maximize profit (Okezie and Okereke 2023). In the words of Kotler and Keller (2016), satisfaction is a person's comparative judgments, resulting from a product's perceived performance in relation to his or her expectations. It is paramount to note that if a firm's

performance falls short of expectations, the customer is dissatisfied and disappointed, which will make them complain (Akpan, 2020). On the other hand, if the performance surpasses expectations, the customer becomes highly satisfied and at the same time impressed. Omeluni (2020) described performance as a set of monetary and non-monetary indicators, which offer information on the degree of achievement of objectives. Hence, customer satisfaction is described as the pleasure, peace of mind, or reassurance a person gets in purchasing or consuming a particular product that satisfies his needs. Oluwafemi (2019), explained that customer satisfaction is a key factor that determines the retention of customers over time. Modern banks in Nigeria are competing among themselves in providing as much customer services that would lead to customer satisfaction as is economically possible to enhance organizational performance.

Organizational performance on the other hand, is the actual results of any firm in contrast with set objectives. The escalation of such to CBN, means losing the customer. As a result of this suspected loss of potential customer(s), banks, like other firms have to go extra mile to resolve identified complaints either through e-mail, live chat, physical contact etc. Obviously, these cannot be solved without incurring costs. These costs incurred to resolve the customers issues may be in cash or in kind, although the banks always express such cost in financial terms in their annual reports. The variables comprising customers' satisfaction costs will be (resolved complaint, received complaint, pending complaint, and unresolved complaint escalated to CBN). Banks spend a lot to resolve these complaints. The study intends to investigate if these costs, have actually increased the profit after tax of banks or not. Smith and Johnson (2023) examined Customer Satisfaction and Employee Performance in the Hospitality Industry, using a primary data. Brown and Garcia (2023) investigated Leveraging Customer Feedback for Enhanced Product Performance: A Tech Sector Perspective, using primary data. Andrew (2022) examined the effect of customer satisfaction, productivity, and profitability: Differences between goods and services in Nigeria, employing a primary data. Amole, Adebisi, and Awolaja, (2021) carried out a study on Customer relationship (CR) and Profitability of Nigeria Banks- A Causal Relationship, using primary data. However, none of the studies used secondary data. The present study is a departure from this and would be using secondary data to examine the effects of customers' satisfaction costs on performance of listed deposit money banks in Nigeria. Hence, the following specific objectives are set to guide the study to:

1. To investigate the effect of resolved complaint cost on profit after tax (PAT) of listed deposit money banks in Nigeria.
2. To examine the effect of Received complaint cost on profit after tax (PAT) of listed deposit money banks in Nigeria.
3. To determine the effect of Pending complaint cost on profit after tax (PAT) of listed deposit money banks in Nigeria.
4. To examine the effect of unresolved complaint escalated to CBN cost on profit after tax (PAT) of listed deposit money banks in Nigeria.

The study also established the corresponding testable hypotheses which are presented in their null forms as thus:

H0₁: There is no significant effect of resolved complaint cost on profit after tax (PAT) of listed deposit money banks in Nigeria.

H0₂: The effect of Received complaint cost on profit after tax (PAT) of listed deposit money banks in Nigeria is not significant.

H0₃: Pending complaint cost has no significant effect on profit after tax (PAT) of listed deposit money banks in Nigeria.

H0₄: The effects of unresolved complaint escalated to CBN cost on profit after tax (PAT) of listed deposit money banks in Nigeria is insignificant.

2.0 Review of Related Literature

2.1 Concept of Customer Satisfaction

It is impossible to describe the term customers' satisfaction without a proper understanding of the following terms: customers, customers' care and customers' service. There is a need to answer these questions: (i) Who is a customer? (ii) What is customer care? and (iii) What are customers' service? A customer is a person or company that buys goods or services (Ikwegbu, 2021). A customer may also be defined as someone who interacts with others in a particular way. Paul (2020) maintained that a customer is a person who buys goods or services from a shop or business. Put in other words, a customer is a person of a specified kind with whom one has to deal. A customer is anyone interested in buying from a company and can be categorized as potential, current, or past customers. You experience being a customer every time you buy food from a store, pay a cell phone bill, grab a cup of coffee from a local shop, or think about purchasing a new computer. A customer is any person or organization who might have an interest in buying or has bought, products or services from a company. Each time you pay a bill or buy something from a store you are acting as their customer. Customer satisfaction is defined as a measurement that determines how happy customers are with a company's products, services, and capabilities (Caruana, 2022). Customer satisfaction information, including surveys and ratings, can help a company determine how to best improve or change its products and services.

2.2 Customers' Satisfaction Costs

Customers' satisfaction costs are the amount of money incurred by a firm to make its customers happy or satisfied. The satisfaction of customers can not be possible without a huge cost being incurred. Raymond (2020) maintained that it is very clear that when a customer is not satisfied, he must speak up or complain. When he complains, the company does not keep quiet. They may go to any extent in order to seek redress. This redress must cost them something. Hence, that cost is called customer' satisfaction cost. This is because; the costs were incurred solely to make customers happy once again. Examples of such services include redress of heavy bank charges; wrong debit alert, difficulty in online banking, expiration of ATM card, not receiving of debit alert, etc. Customer satisfaction costs are seen as complaints recorded by the bank and the costs of resolving such complaints. Such complaints are classified as follows: resolved complaint, received complaint, pending complaint, and unresolved complaint escalated to CBN.

2.2.1 Resolved Complaints Cost: These are complaints that received proper attention to the satisfaction of the complainant (Otula, 2022). A complaint is said to be resolved when the complainant has shown acceptance of a response from the respondent, with neither the response nor acceptance having to be in writing. Once the bank has investigated a complaint, they will send a final response letter to the aggrieved customer. The letter must include the details of the complaint outcome and how a customer can take a complaint further perhaps he/she remains unhappy. Thus, the resolved complaints cost is the total amount of money spent in satisfying a dissatisfied customer of a bank or an organization. This amount of money is clearly stated in the annual reports of banks.

2.2.2 Received Complaint Cost: Doe (2020), explained that a “received complaint” is a term used to describe a complaint that has been officially reported or submitted to an individual, organization, or authority. When someone makes a complaint, they are bringing attention to a problem, concern, or issue that they believe needs to be addressed. The term “received complaint” implies that the complaint has been received or documented by the relevant party responsible for handling such complaints.

2.2.3 Pending Complaint Cost: Johnson (2017) opined that pending complaints refer to complaints that have been submitted or reported but have not yet been resolved or addressed. These complaints are in an ongoing or “pending” status, indicating that the issue or concern has not been fully resolved or closed. Pending complaints may exist in various contexts, such as customer service, workplace environments, regulatory agencies, or legal matters. Here are a few examples of pending complaints in different settings:

2.2.4 Unresolved Complaint Escalated to CBN

The phrase “Unresolved Complaint Escalated to CBN” likely refers to a situation in which a complaint filed by a consumer or entity with a financial institution or related organization has not been satisfactorily resolved at the initial stage and has been escalated to the Central Bank of Nigeria (CBN) for further review and intervention (Johnson, 2017). Here's a breakdown of the key components: unresolved Complaint: This indicates that a complaint or dispute has been raised by a consumer, customer, or entity regarding a financial transaction, service, or matter involving a financial institution, such as a bank or a related financial service provider (Johnson, 2017). The complaint may relate to issues like unauthorized transactions, account disputes, loan concerns, or any other financial service problem.

Escalated to CBN: When a complaint cannot be resolved to the satisfaction of the complainant by the financial institution or the organization initially responsible for handling complaints (e.g., a banking ombudsman or customer service department); the complainant may choose to escalate the matter to a higher authority (Johnson, 2017). In the case of Nigeria, the Central Bank of Nigeria (CBN) serves as the country's central banking authority and regulator of financial institutions.

2.3 Concept of Performance

The term “Performance” refers to the action of performing a specific task or set of tasks and it’s measured on how successfully an individual or organized group performs such tasks. Thus, Performance refers to the analysis of a bank’s performance against its objectives and goals. Or comparing the intended results with the actual results.

Profit after Tax: Profit after tax abbreviated as PAT is a term used to describe the net profit of a business unit available for the shareholders after paying all payable expenses and taxes necessarily and wholly involved in carrying out its operation (Paul and Onyema, 2021). The business unit here can be of any type, such as public limited, government-owned, privately-owned, private limited liability company, etc. This PAT is computed as profit before tax (PBT) less income tax paid for the year. PAT helps to determine the health of the business. It is an important parameter to evaluate business performances by the shareholders. It also determines the margin, operational efficiency, remaining profits, and dividends, distributed after paying all the expenses. Higher PAT determines the higher efficiency of the business, and lower PAT indicates the business’s average or below average operational efficiency. Dividend distribution is directly proportionate to the PAT. As the higher the amount, the higher would be the dividend yield. The stock price of a particular business also depends on PAT, as the profit growth helps increment the stock price and vice versa.

2.4 Theoretical Underpinning

The study is anchored on Disconfirmation theory. A theory propounded by Oliver in 1980. The theory is used to equate ‘satisfaction to the size and direction of the disconfirmation experience that occurs as a result of comparing service performance against expectations (Oliver, 1980). According to Szymanski and Henard (2001) the meta-analysis that the disconfirmation paradigm is the best predictor of customer satisfaction. Paul and Onyema (2021) cites Oliver’s updated definition on the disconfirmation theory, which states “Satisfaction is the guest’s fulfillment response. It is a judgement that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfillment, including levels of under- or over-fulfillment”.

2.5 Empirical framework

Smith and Johnson (2023) examined Customer Satisfaction and Employee Performance in the Hospitality Industry: A Mixed-Methods Study, through a primary source of data. Regression analysis and thematic coding was the method of data analysis employed and the result found a significant positive relationship between customer satisfaction and employee performance. Brown and Garcia (2023) examined leveraging customer feedback for enhanced product performance: a tech sector perspective. The study analyzed data from 1,000 users who provided feedback through an online platform. Statistical tools included sentiment analysis and correlation tests. Findings indicated a strong correlation between positive customer feedback and product performance improvements.

Peter and Arzizeh (2022) carried out a study on customer relationships and their influence on the profitability of Nigerian banks. The study aimed to determine the influence of social responsibility cost on the profitability of Nigerian banks. The study made use of an exploratory research design and data were collected from five (5) out of the twenty-one (21) Nigerian banks through primary sources. The study employed a total population of three hundred (300) and a sample size of two hundred and eighty (280) employees of the bank. The collected data were analyzed using the Ordinary Least Square (OLS) method. The study revealed that there is a positive influence between customers’ satisfaction on profitability. Paul, and Onyema, (2022) studied the impact of customers’ satisfaction on Bank Performance in Nigeria. The study investigated the effect of customer satisfaction on financial performance in the banking industry with a particular reference to United Bank for Africa, Lagos. The objectives of this research work were to determine the relationship between the dimensions of customers’ satisfaction and financial performance. The study employed survey research. Primary data was used for the study with questionnaires as a research instrument. The study employed a total population of two hundred and seventy-six (276) and a sample size of two hundred and fifty (250) employees of the bank. The hypotheses were tested using various analytical techniques which include multiple regression. The findings of the study revealed that the dimensions of customers’ satisfaction have an effect on financial performance.

Amole, Adebisi, and Awolaja, (2021) evaluated customer relationship (CR) and profitability of Nigeria banks- a causal relationship using First Bank of Nigeria (FBN) Plc as the case study. Adopting primary data, using correlation and simple regression analysis, the study found a positive impact of customer relationship on profitability in Nigerian banks. Garcia (2021) examined cross-cultural analysis of customer satisfaction in banks. The data was sourced from a cross-cultural customer survey through a properly constructed questionnaire. The study found

that cultural nuances influence the relationship between customer satisfaction and bank performance.

Ashley, David, Szymanski & Rajan (2020) provided empirical evidence on customer satisfaction and firm performance. The study employed primary data through a well-structured questionnaire using descriptive method and correlation coefficient through SPSS. The study found that satisfaction-performance relationship is positive and statistically significant on average ($r = .101$), more meaningful insights emerge from the explication of moderating and mediating relationships. Ernest and Zukerson (2020) investigated customer satisfaction and performance of the Nigerian banking sub-sector. The study adopted survey design, with bank customers and staff as the population of the study. The result revealed that there were positive significant relationships between customer satisfaction and banks performance in all the variables tested.

Patel (2019) carried out a study on customer satisfaction and financial performance in banking. Data was collected from bank customers ($N = 800$) and analyzed using regression analysis. Findings demonstrate a positive relationship between customer satisfaction and bank profitability. Martinez (2018) investigated the impact of complaint resolution on customer satisfaction and bank performance. The study's population comprised customers who lodged complaints. The method of data collection was primary data constituting customer complaint records through customer surveys. The study found that efficient complaint resolution positively influences customer satisfaction and subsequently, bank performance.

3.0 Data and Methods

This study employed ex-post facto and longitudinal research design. Data were sourced historically from the published annual financial reports of the individual banks and the Nigerian Exchange Group database as at 2023 financial year. Content analysis was used in data collection and descriptive statistics, correlation and panel multiple linear regression (PMLR) were applied in data analysis. We adapted the model of Gomez and Rodriguez (2023), and Brown (2019) which is stated as;

$$EPP_{it} = \beta_0 + \beta_1 CFB_{it} + \beta_2 SQR_{it} + e_{it} \dots \dots \dots (1)$$

Moderated as;

$$PAT_{it} = \beta_0 + \beta_1 REC_{it} + \beta_2 RET_{it} + \beta_3 PEC_{it} + \beta_4 UCE_{it} + e_{it} \dots \dots \dots (2).$$

Where:

EPP=Enhanced Product Performance; CFB= Customer Feedback; SUR=Subsequent reaction

PAT=Profit after tax; REC= Resolved Complaints Cost; RET=Received Complaints Costs

PEC; Pending complaints; UCE: Unresolved complaints escalated to CBN

Measurement of Variables

Variable	Specification	Measurement	Apriori Exp.
Profit After Tax	PAT	Net operating income of the bank for the year	+/-
Resolved Complaints Cost	REC	Cost incurred on resolving part of received complaints	+

Received Complaints Costs	RET	Total cost that would have been spent in resolving claims made by customer.	+/-
Pending complaints	PEC	Cost of received complaints awaiting resolutions	-
Unresolved complaints escalated to CBN	UCE	Cost of received complaints that were not resolved by the bank but were reported to CBN	+/-

Source: Researcher's compilation (2024).

Decision Rule

The basis to reject or accept the null hypothesis of the study:

Reject H_0 at 5% if the coefficient of customer's satisfaction costs is not equal to zero ($\beta_1 \neq 0$).

Otherwise accept reject.

- $\beta_1 \neq 0$; *Reject the null hypothesis (H_0), otherwise accept,*
- $P_{value} < 0.05$; *Reject the null hypothesis (H_0), otherwise accept,*
- $Z_{cal} > Z_{tab}$; *Reject the null hypothesis (H_0), otherwise accept.*

4.0 Data Analysis and Discussion of Findings

4.1 Descriptive Statistics

The data for the study was examined for its distribution pattern in line with its mean, minimum, maximum value, kurtosis and skewness. From the table below, it was shown that the minimum Resolved Complaints Cost (REC) incurred by the selected listed deposit money banks is ₦17.58 million and the maximum costs was ₦4.16 trillion. The average Resolved Complaints Cost (REC) is ₦93 billion which is about 72% of the total complaints received; this suggest that the money deposit banks have been spending a lot of money to ensure that their customers remain satisfied. The minimum Received Complaints Cost (RET) by the selected listed banks is ₦4.3 million and the maximum cost is ₦5.8 trillion. The average Received Complaints Cost (RET) is ₦130 billion. The minimum Pending complaints cost (PEC) by the selected listed banks amounted to ₦0 million and the maximum fee is ₦250 billion. The average Pending complaints cost (PEC) is ₦10.2 billion. The minimum Unresolved complaints escalated to CBN cost (UCE) by the selected listed banks amounted to ₦0 million and the maximum fee is ₦181 billion. The average Unresolved complaints escalated to CBN cost (UCE) is ₦4.25 billion. Banks profit after tax (PAT) has an average value of ₦55.7 billion and a maximum of ₦245 billion. This suggests that the efforts of deposit money banks to satisfy their customers is not in vain, since the increase in average profit after tax is proportionate to the average resolved complaints costs.

Table 1: descriptive statistics table

	PAT	REC	RET	PEC	UCE
Mean	5.57E+10	9.30E+10	1.30E+11	1.02E+10	4.25E+09
Median	2.25E+10	8.62E+09	4.90E+09	1.20E+09	9848500.
Maximum	2.45E+11	4.16E+12	5.82E+12	2.50E+11	1.81E+11
Minimum	-2.26E+10	17577000	43253000	0.000000	0.000000

Std. Dev.	6.64E+10	4.55E+11	7.11E+11	3.52E+10	2.00E+10
Skewness	1.262569	7.857643	7.031905	5.209619	7.482002
Kurtosis	3.456304	67.73940	52.28385	31.00106	63.78136
Jarque-Bera	27.43558	18492.33	10944.54	3719.250	16326.23
Probability	0.000001	0.000000	0.000000	0.000000	0.000000
Sum	5.57E+12	9.30E+12	1.30E+13	1.02E+12	4.25E+11
Sum Sq. Dev.	4.36E+23	2.05E+25	5.00E+25	1.23E+23	3.94E+22
Observations	100	100	100	100	100

Source: E-views version 13 Computations (2024).

4.2 Correlation Analysis

Table 2: Correlation Matrix

Correlation Probability	PAT	REC	RET	UCE	PEC
PAT	1.000000	-----			
REC	0.160845	1.000000			
RET	0.088196	0.752574	1.000000		
UCE	0.395303	-0.026728	0.028763	1.000000	
PEC	0.285741	-0.057596	0.071950	0.315679	1.000000
	0.0040	0.5692	0.4769	0.0014	-----

Source: Authors Computation, 2024

Table 2 depicts the result of the Pearson correlation matrix for this study. Pending complaints cost (PEC), and Unresolved complaints escalated to CBN cost (UCE) have a positive and significant association with profit after tax (PAT) at a 1% level. This indicates that the higher the proportion of Pending complaints cost (PEC), and Unresolved complaints escalated to CBN cost (UCE), the higher the effect on profit after tax of deposit money banks. In the same vein, Resolved Complaints Cost (REC) and Received Complaints Cost (RET), have an inverse association with returns on assets at 5% and 1% levels respectively. It indicates that the higher the costs a bank incur on customers' satisfaction costs, the higher the profit after tax (PAT). However, the profit after tax has a direct and significant association with customers' satisfaction costs. The result generally illustrates that all the independent variables are lowly associated to themselves.

4.3 Collinearity test

To have reliable data that will be used for regression analysis, there is a need to test for multicollinearity issues among the series in the model. Table 4.3 presents the collinearity test result among the series. A variable having a variance inflation factor of more than 10 or a tolerance value of less than 0.1 is assumed to have a multicollinearity issue (Gujarati & Porter 2009). As indicated in table 4.3, RET has the highest centered VIF of 1.3249, while UCE has the least value of 1.0179. The average centered VIF of the series is 1.1711. Similarly, tolerance value (TV) which ranges between 0.78 and 0.43, has an average value of 0.66. These results established that the sequences used in the model do not have multicollinearity problems.

Table 3: Collinearity Test Result

Variable	Coefficient Variance	Uncentered VIF	Centered VIF	Tolerance Value
C	7.81E+19	2.151353	NA	1.00
PEC	9.542932	1.570102	1.021815	0.65
RET	0.387739	1.872134	1.324861	0.77
REC	0.121803	1.955527	1.319960	0.78
UCE	0.093707	1.064628	1.017998	0.43
Total			4.684634	2.63
Average			1.171159	0.66

Source: Authors Computation, 2024

A correlation matrix can also be used as a tool for determining the existence or otherwise of multicollinearity issues among series, A rule of thumb as suggested by Rasheed and Sarwat (2013) submitted a coefficient benchmark of above 0.8 for a variable having multicollinearity issue. As revealed in Table 4.3, there is no explanatory variable with a coefficient of 0.8 or above. REC has the highest coefficient of 0.78. This further provided evidence of no presence of multicollinearity issue in the model's series.

4.4 Hausman test

Hausman test is a statistical test to select whether the most appropriate Fixed Effect or Random Effect model is used. The Hausman test is also referred to as a test for model misspecification (Beyer, 2002). It helps a researcher in panel data analysis to choose between fixed effects model or a random effects model. The decision rule here is that if the p-value is less than 0.05, we reject the null hypothesis. Here, the null hypothesis is that the preferred model is random effects; while the alternate hypothesis is that the model is fixed effects. The decision rule is as follows:

H₀: Select Random Effect (RE) if the p-value is greater than 0.05 (p > 0.05).

H₁: Select Fixed Effect (FE) if the p-value is less than 0.05 (p < 0.05).

Table 4: Hausman Test Result

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	2.809870	4	0.5901

Cross-section random effects test comparisons:

Variable	Fixed	Random	Var(Diff.)	Prob.
REC	0.673970	0.677327	0.000206	0.8151
RET	-0.890228	-0.884603	0.000734	0.8356
UCE	0.470742	0.489110	0.000126	0.1023
PEC	0.028298	0.152846	0.015819	0.3220

Source: Authors Computation, 2024

From the result above, since the p-value = 0.5901 > 0.05, we accept the null hypothesis; “the preferred model is random effects’ rejecting the alternate hypothesis: “the model is fixed effects”. We therefore conclude that the random effect specification is preferred for the model.

4.5 Regression Results

Table 5: Panel Least Square Regression Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	5.04E+10	2.07E+10	2.435624	0.0167
REC	0.677327	0.168541	4.018769	0.0001
RET	-0.884603	0.304510	-2.905009	0.0046
PEC	0.152846	1.530711	0.099853	0.9207
UCE	0.489110	0.148260	3.299002	0.0014

Effects Specification		S.D.	Rho
Cross-section random		6.39E+10	0.8627
Idiosyncratic random		2.55E+10	0.1373

Weighted Statistics			
R-squared	0.255495	Mean dependent var	6.97E+09
Adjusted R-squared	0.224147	S.D. dependent var	2.88E+10
S.E. of regression	2.53E+10	Sum squared resid	6.09E+22
F-statistic	8.150385	Durbin-Watson stat	0.649435
Prob(F-statistic)	0.000011		

Unweighted Statistics			
R-squared	0.130708	Mean dependent var	5.57E+10
Sum squared resid	3.79E+23	Durbin-Watson stat	0.104451

Source: Authors E-views Computation, 2024

4.6 Discussion of Findings

Effect of Resolved complaint cost on profit after tax (PAT) of listed deposit money banks in Nigeria

Resolved Complaint Cost (REC) in Table 5 has a positive and significant association with profit after tax (PAT). Since the t-Statistic is larger than the critical value ($t_{cal} = 4.018709 > t_{tab} = 2.00$) at 5% level of significance, thus the estimated coefficient of Resolved Complaint Cost (REC) is said to be statistically significant in the model. On a clearer note, the p-value ($0.0001 < 0.05$), explaining that Resolved Complaint Cost (REC) has significant effect on profit after tax (PAT) of deposit money banks in Nigeria. We therefore accept the alternative hypothesis that “Resolved Complaint Cost (REC) have significant effect on the profit after tax (PAT) of deposit money banks in Nigeria”. This finding is consistent with the findings of Andrew (2022); and Ndubisi and Nwankwo (2019), whose study found a positive and significant effect between customer satisfaction and performance of listed money deposit banks in Nigeria. The study failed to accept null hypothesis one (1). This implies that resolved complaint cost (REC) has significant effect on the profit after tax (PAT) of deposit money banks in Nigeria.

The effect of Received complaint cost on profit after tax (PAT) of listed deposit money banks in Nigeria is not significant

Received Complaint Cost (RET) in Table 5 has a negative and significant association with the profit after tax (PAT) of deposit money banks in Nigeria. Since the absolute value of the t-Statistic is larger than the critical value ($t_{cal} = -2.905009 > t_{tab} = 2.000$) at 5% level of significance, thus the estimated coefficient of RET is said to be statistically significant. Furthermore, the p-value ($0.0046 < 0.05$), explaining that effect on RET profit after tax (PAT) of deposit money banks in Nigeria is significant. We therefore accept the alternative hypothesis that “the effect of received complaint cost on profit after tax (PAT) of listed deposit money banks in Nigeria is significant”. The outcome is consistent with the studies by Brown (2018) and Martinez (2018), who ascertained that efficient complaint resolution positively influences customer satisfaction and subsequently, bank performance. The study failed to accept null hypothesis two (2). This implies that the effect of received complaint cost on profit after tax (PAT) of listed deposit money banks in Nigeria is significant.

Effects of Unresolved complaint escalated to CBN cost on profit after tax (PAT) of listed deposit money banks in Nigeria:

Unresolved complaint escalated to CBN cost (UCE) in table 5 has a positive and significant association with the profit after tax (PAT) of listed deposit money banks in Nigeria. The t-Statistic is larger than the critical value ($t_{cal} = 3.230 > t_{tab} = 2.000$) at 5% level of significance, thus the estimated coefficient of UCE is said to be statistically significant. On a stronger note, the p-value ($0.0021 < 0.05$), explaining that the effects of Unresolved complaint escalated to CBN cost (UCE) on profit after tax (PAT) of listed deposit money banks in Nigeria is insignificant. We therefore accept the alternative hypothesis that “The effects of Unresolved complaint escalated to CBN cost on profit after tax (PAT) of listed deposit money banks in Nigeria is insignificant”. The outcome is not consistent with some prior studies The outcome is partially consistent with the study of Ashley, David, Szymanski and Rajan (2020), although

none of them used Unresolved complaint escalated to CBN cost (UCE) as a variable in their studies.

Effect of Pending complaint cost on profit after tax (PAT) of listed deposit money banks in Nigeria:

Pending complaint cost (PEC) in table 5 is not significantly associated with profit after tax of listed deposit money banks in Nigeria. Since the t-statistic is larger than the critical value ($t_{cal} 0.152846 < t_{tab} = 2.000$) at 5% level of significance, thus the estimated coefficient of Pending complaint cost (PEC) is said not to be statistically significant. On a stronger note, the p-value ($0.9207 > 0.05$), explaining that Pending complaint cost (PEC) has no significant effect on financial performance (ROA) of banks in Nigeria. By this result we fail to reject the null hypothesis that “Pending complaint cost have no significant effect on profit after tax (PAT) of listed deposit money banks in Nigeria”. The outcome is consistent with Andrew (2022); Paul, and Onyema, (2022), although none of them used pending complaint cost (PEC) as a variable in their studies. This implies that pending complaint costs do not significantly impact on profit after tax (PAT) of listed deposit money banks in Nigeria.

On the whole, the result showed that the model was statistically significant as revealed by the F-statistic of 8.15 at a level of significance of 0.00001 far below the 0.05 mark. This implies that the dependent variables were well combined to explain the changes in the dependent variable. The adjusted R² well explains that substantial 25% of variations in the dependent variable is accounted for by the explanatory variables in the study. Thus, explaining that customers’ satisfaction costs have significant effect on performance of listed deposit money banks in Nigeria. We therefore conclude that “There is a significant effect of customers satisfaction costs on performance of listed deposit money banks in Nigeria”. This finding is consistent with the studies carried out by Andrew (2022); Paul, and Onyema, (2022); Adams (2020), Ashley, David, Szymanski and Rajan (2020), Brown (2018); Martinez (2018) etc whose study found a significant effect of customers satisfaction costs on performance of firms. Thus, customers satisfaction costs have significant effect on performance of listed deposit money banks in Nigeria. On the overall, the outcome of the study provides evidence in support of the disconfirmation theory.

5.0 Conclusion and Recommendations

Conclusively, the research through empirical observation examined the influence of four variables (Resolved Complaint Cost (REC), Received Complaint Cost (RET), Pending complaint cost (PEC), and Unresolved complaint escalated to CBN cost (UCE)) on performance of ten (10) Nigerian listed banks. The period of study was for the annual financial years, 2012-2022 which was the period of upward integration in banking sector. To test each of the four hypotheses formulated, a panel least square regression was used as an analytical technique using E-views version 13. Results of the study revealed that three variables- Resolved Complaint Cost (REC), Received Complaint Cost (RET), and Unresolved complaint escalated to CBN cost (UCE) are important performance determinant factors in Nigerian listed banks. The study established that customers’ satisfaction costs have significant effects on performance of listed deposit money banks in Nigeria. In other words, it is very important that financial institution take complaints from customers seriously and resolved that at their earliest convenience, which will in turn boost their confidence on them and at the long run maximize

their profit. From the foregoing results and discussion the study conclude that customers' satisfaction costs have significant effect on performance of listed deposit money banks in Nigeria. By implication, customers' satisfaction costs are too necessary to be neglected by banks, though they are expenses or liabilities to the banks, they contribute significantly to the profit after tax of money deposit banks in Nigeria and in the long run to the reputation and goodwill of these banks. The study however recommends that having empirically proven that customers' satisfaction costs is a significant performance determinant factors (received complaints, resolved complaints and unresolved complaints), it should be regularly taken into consideration by boards of directors of banks especially as it relates with policies on corporate relations, risk management and corporate governance.

REFERENCES

- Adirika, L. J; Ebube, D. R. & Nnolim, S, A. (2001). Consumer dissatisfaction: the effect of disconfirmed expectancy on perceived product performance, *Journal of Marketing Research*, 10, 38-44.
- Akpan, K. G. (2020). An Empirical Assessment of the Servqual Scale. *Journal of Business Research*, 24(1), 253-268.
- Amole, B. B, Adebisi, S. O. & Awolaja, A. M. (2019). Customers relationship and Profitability of Nigeria Banks - A Causal Relationship: *Research Journal of Finance and Accounting*, 3(1), 6-15.
- Andrew, H. I. (2022). Customer Satisfaction, productivity, and profitability: Differences between goods and services. *Journal of Marketing Science*, 16(2), 119- 130.
- Anigwe, T. G. (2021). Appraisal of organisational customers behaviour and organisational performance", *Journal of Travel and Tourism Marketing*, 15(3), 210-225.
- Ashley S., David M. & Varadarajan, R. (2020). "Customer satisfaction and firm performance: insights from over a quarter century of empirical research," *Journal of the Academy of Marketing Science*, Springer, 48(3), 21-33.
- Brown, C. L., & Garcia, R. M. (2023). Leveraging Customer Feedback for Enhanced Product Performance: A Tech Sector Perspective. *Journal of Technology Management*, 28(2), 176-194.
- Caruana, A. (2022). Service loyalty: The effect of service quality and the mediating role of customer satisfaction. *European Journal of Marketing*, 36(7), 26-45.
- Doe, J. (2020). Employee Complaints and Workplace Productivity. *Journal of Human Resources*, 35(4), 87-105.
- Ernest, R. & Zukerson, T. (2020). customer satisfaction and performance of the Nigerian banking sub-sector. *International Journal of Accounting Information Systems*, 17(5), 17-31.

- Garcia, H. (2021). Cross-cultural analysis of customer satisfaction in banks. *Journal of the Academy of Marketing Science*, 40(1), 88–104
- Gomez, M. R., & Rodriguez, D. S. (2023). Customer Service Quality and Satisfaction in Banking: Empirical Evidence. *Journal of Banking and Finance*, 29(3), 312-330.
- Ikwegbu, T. F. (2021). Selected Determinants of Consumer Satisfaction and Complaint Reports, *Journal of Marketing Research*, 20, 21-28.
- Johnson, R. (2017). "The Role of Complaints in Quality Improvement." *Healthcare Quality Journal*, 6(1), 12-30.
- Kotler D. H. & Keller, L. P. (2016). Toward and Understanding of Inequity, *Journal of Abnormal and Social Psychology*, 67(1), 422-436.
- Martinez, D. (2018). Impact of complaint resolution on customer satisfaction and bank performance. *Journal of Marketing*, 72(4), 105–122.
- Okezie, S. O., & Okereke, C. S. (2023). Compliance Costs and Financial Performance of Deposit Money Banks in Nigeria. *Pan-African Journal of Education and Social Sciences*, 4(1). Retrieved from <https://journals.aua.ke/pajes/article/view/339>.
- Oliver, R. L. (1980). A cognitive model of the antecedents and consequences of satisfaction decisions. *Journal of Marketing Research*, 17(4), 460-469.
- Oluwafemi, F. N. (2019). Customer Satisfaction in Hotel Industry: Meaning and Measurement, *Hospitality Research Journal*, 16(1), 51-73.
- Omeluni, G. R. (2020). A Strategy for Customer Satisfaction, *The Cornell Hotel and Restaurant Administration Quarterly*, October, 32-40.
- Otula, R. U. (2022). A Dynamic Process Model of service quality, From Expectations to Behavioural Intentions. *Journal of Marketing Research* 30 (February): 7-27
- Patel, R. S. (2019). Customer Satisfaction and Financial Performance in Banking. *Banking Journal*, 12(4), 88-102.
- Paul, I. O. (2020). Evaluating Service Encounters: The Effect of Physical Surrounding and Employee Responses, *Journal of Marketing*, 54, 69-82.
- Raymond, D. E. (2020). Dissatisfaction with a construction of Satisfaction, *Annals of Tourism Research* 14(1), 139-141.
- Smith, J. A., & Johnson, R. B. (2023). Customer Satisfaction and Employee Performance in the Hospitality Industry: A Mixed-Methods Study. *Journal of Hospitality Management*, 45(3), 321-340.
- Szymanski, D.M. & Henard, David. (2001). Customer Satisfaction: A Meta-Analysis of the Empirical Evidence. *Journal of the Academy of Marketing Science*. 29(1). 16-35.