

# EVALUATING CUSTOMER SERVICE EFFECTIVENESS AND ITS IMPACT ON CUSTOMER SATISFACTION: EVIDENCE FROM STANDARD BANK, OSHAKATI, NAMIBIA

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## Abstract

The quality of customer service has long been recognized as a crucial factor influencing customer satisfaction in the retail banking sector, but technical issues in branch operations and the use of technology in the banking channel continue to play a crucial role as moderating variables, particularly in developing nations. This research explores the effectiveness of customer service as well as the role it can play in influencing the level of customer satisfaction in the branch operations of Standard Bank in Oshakati, Namibia. The study was based on a structured questionnaire consisting of 33 items, which was collected from a pool of bank clients chosen from the University of Namibia Oshakati campus library. The research methodology used descriptive statistics, as well as the alpha statistical measure for the study of reliability, where alpha was found to be .983. The findings showed that the respondents were satisfied with the knowledge of the customers, communication, reaction, as well as the level of satisfaction, which stood at a mean of  $M=3.47$ , indicating that the level of satisfaction was moderate. Nonetheless, operational difficulties in waiting in queues, as well as the slowness of the ATM, were identified as operational pains that intensified the level of dissatisfaction. Furthermore, the use of the telephone, as well as visits to the bank, were identified as the most prolific means, while the use of technology was identified as less prolific. The findings indicated that the adoption of technology, ATM services, and management of queues could enhance customer satisfaction.

## Keywords

Customer service; service quality; banking; customer satisfaction; digital banking; Namibia

## JEL Classification

M50 - General (Management)

DOI: <https://doi.org/10.14311/bit.2025.02.06>

**Editorial information:** journal Business & IT, ISSN 2570-7434, Creative Commons license published by CTU in Prague, 2025, <https://bit.fsv.cvut.cz/>



## Basic information

### Introduction

The competition is intensifying in terms of service levels as the physical differentiation offered by the bank declines in significance. Service quality has implications for customer satisfaction, loyalty, as well as financial outcomes (Parasuraman, Zeithaml, & Berry, classic work in the SERVQUAL tradition). In the light of sub-Saharan African conditions, the challenge facing the bank involves satisfying customers in relation to physical as well as digital transformation limitations, like the lack of access to devices, associated costs, in the year 2023 [1].

The Oshakati branch of Standard Bank offers fundamental retail banking to the diverse community. This study investigates the relationship between particular service quality dimensions, namely responsiveness, value of feedback, knowledgeability of the staff, communication, security speed, ATM security speed, and availability, in relation to customer satisfaction as it pertains to the branch. The research has relevance in terms of the business-IT stakeholder relationship, as it involves the impact of service dimensions, in terms of technology, upon customer satisfaction.

The three research questions answered in this paper are:

- (1) How do customers view key service attributes at Standard Bank Oshakati?
- (2) What the level of customer satisfaction currently is?
- (3) What the most important operation and channel variables are, influencing satisfaction, and what needs improvement?

### Literature Review

The construct of service quality has been found to be multi-dimensional, having the potential to impact service satisfaction in various service sectors. Various research studies in the banking sector have identified the importance of tangible, reliability, responsiveness, assurance, and empathy in building satisfaction as well as loyalty in customers in the modern banking sector. Current research studies continue to denote the importance of service quality as a determinant of customer satisfaction in the banking sector [2].

Automated Teller Machine service quality, as a sub-domain of retail banking service quality, becomes increasingly important. In the African setting, research has found the impact of ATM service quality to result in satisfaction, as well as channel usage, as in the Ethiopia research, which analyzed the relationship between ATM service quality and satisfaction. In situations where the ATM takes longer, customers experience dissatisfaction, resulting in lost efficiency [3].

Digital technology, in the form of mobile applications, Internet banking, and chatting, increases ease of use as well as reduces costs for the banking sector, but usage depends upon perceived usefulness, ease of use, quality of the system, and affordability. In Namibia, the cost and literacy levels influence the adoption of online banking, as indicated by the Technology Acceptance Model in the Namibian context, where perceived ease of use, quality of the system, and cost influence the adoption of the technology [4].

Inefficiencies in the operations, like queues, intra-departmental transfers, and waiting times in calls, are the key cause of dissatisfaction worldwide. Studies confirm that the use of queuing management systems, scheduling based on demand, and training in first-contact resolutions helps minimize detrimental interactions and increases satisfaction levels (industry and research reports). In the most recent round of satisfaction surveys, ease of resolving a complicated issue, along with availability of human assistance, has been found equal in importance, irrespective of the presence of web banking facilities available [5].

Despite the availability of research finding correlations between service quality and satisfaction, the literature suggests that there is a relative lack of branch-level research in the context of Namibia, exploring the variables of ATM security, channel utilization, and direct measures of knowledgeability. This research bridges this gap by presenting a branch level diagnostic overview, as well as recommendations, that straddle the divide between the fields of business and information technology.

## Methods

The study employed a cross-sectional survey design, which was quantitative in nature. The data was collected in the University of Namibia's Oshakati campus library. The sampling frame was constituted by the clients served by the Oshakati branch of the Standard Bank. The sampling was done using systematic random sampling, which yielded a sample size of 41 respondents. From the sampling process, the study achieved a response rate of 100 percent, as it stopped when it reached the time limit (41 out of 41 questionnaires were collected).

The structured questionnaire consisted of items ranging from 33 to several subscales, which include responsiveness, valuation of feedback, response speed, knowledgeability, communication, perception of ATM security, usage, perception of poor services, satisfaction, demographic, which used the Likert scalability, ranging from one to five, where applicable. The alpha Cronbach was used as the measure of reliability.

The descriptive statistics calculated were frequency, percentage, mean, and standard deviation. The reliability analysis yielded Cronbach's alpha value. In this research, the small sample size and the non-hypothesis testing goal make the inferential statistics less important, while the emphasis will be in the descriptive significance level.

## Results

The tool has a great internal consistency, denoted by the alpha value of .983, with a total of 33 items. The respondents were mainly composed of the young generation, as only one participant was over the age of 35, as indicated by the 97.5% response rate of those less than 35 years of age, while the other was between the ages of 35-45 years. The gender composition of the study showed that 73.17 percent were females, while the remaining 26.83 percent were male respondents

The response to the items concerning responsiveness was positive, as 46.16% of the respondents answered "Good" and 28.20% answered "Excellent" to the question, while the mean was 3.97 with a standard deviation of 0.83. For the valuation of feedback, 47.5% agreed, while 27.5% strongly agreed

The result for the perception of promptness was less clear, with 43.90% of the answers tending towards the neutral option, while 31.71% strongly agreed that the inquiries were answered promptly, and 19.51% agreed) ( $M = 4.00$ ,  $S.D. = 0.98$ ) (T1, Table 1). The perception of the knowledgeability of the staff was found to be strong, as 58.5% agreed, while

The issue of communication clarity was positively received ( $M = 4.23$ ,  $SD = 0.89$ ) as indicated by the agreed response of 46.3% while another 36.6% strongly agreed that communication was clear to understand (Table 1).

**Table 1: Customer Service Responsiveness, Feedback Value, Promptness, Knowledgeability, and Communication Clarity**

Statements	SD*	D	N	A	SA
Responsiveness of Customer Service Representatives	0	5.13	20.51	46.16	28.20
Do representatives value customer feedback and suggestions?	2.5	2.5	20	47.5	27.5
Promptness in responding to inquiries	4.88	0	43.9	19.51	31.71
Knowledgeability of representatives	0	0	14.6	58.5	26.8
Clarity of communication	0	0	17.1	46.3	36.6

\*SD=Strongly Disagree, D=Disagree, N=Neutral, A=Agree, SA=Strongly Agree

Respondents reported multiple interaction channels (multiple responses allowed): phone 42.6% (23/54 total channel responses), in-branch visits 37.0% (20/54), mobile app 7.4% (4/54), email 5.6% (3/54), online chat 3.7% (2/54), and social media 3.7% (2/54) (Table 2)

**Table 2: Channels have customers used to interact with Standard Bank for customer service inquiries or support.**

Channels	Frequency	Percent
Phone	23	42.6
In-person branch visits	20	37.0
Online chat	2	3.7
Email	3	5.6
Mobile app	4	7.4
Social media	2	3.7

A strong majority (92.7%) reported feeling physically secure when using Standard Bank ATMs (38/41), consistent with prior African studies where visible security measures increase customer perceptions of safety.

When asked which service types were perceived as poor, respondents most frequently cited long wait times (31.1%) and slow ATM operations with long queues (28.9%). Other issues included difficulty reaching the company, repeated transfers between departments, lack of empathy, and occasional rudeness (each cited by smaller proportions) (Table 3).

**Table 3: Type of service do customers perceive as poor service? (Choice of many as applicable).**

Issue	Frequency	Percent
Lack of empathy	4	8.9
The company is difficult for customers to reach	5	11.1
Long wait times (Long queues and phone calls being put on hold for lengthy periods of time)	14	31.1
Being transferred multiple times (from one department to another (without issue being resolved)	5	11.1
Slow ATM with frustratingly long queues	13	28.9
Rudeness from staff and management	4	8.9

Overall satisfaction averaged  $M = 3.47$  ( $SD = 0.96$ ). Respondents identifying as “Satisfied” comprised 48.7% (19/39), neutral 17.9% (7/39), and very dissatisfied 10.3% (4/39). When ranking the factors influencing satisfaction, respondents prioritized customer service quality (29%), physical ATM security (16%), interest rates and fees (16%), branch accessibility/hours (12%), and online/mobile banking experience (12%). Cybersecurity concerns were noted by 8% of respondents and product offerings by 6%.

**Table 4: Factors influence customer's satisfaction with Standard Bank**

Factors	Frequency	Percent
Customer service quality	29	29
Convenience of banking services	12	12
Online and mobile banking experience	12	12
Product offerings (e.g., credit cards, loans)	6	6
Branch accessibility and hours	12	12
Cyber security when using cell phone and online banking platforms	8	8
Physical security at ATMs	16	16
Interest rates and fees	16	16

## Discussion

The youth skewness seen in the data, where the sample was largely <35 years, along with the underrepresentation of men, might explain the results obtained as it might reflect the views of the younger, perhaps more technology-savvy population segment of the banking community, but the lower adoption of the technology among the respondents could be an indicator that it might not be the youth that inhibits the adoption but the lack of perceived usefulness thereof. Studies in the more recent literature in Namibia explore the role of perceived ease of use, along with the importance of perceived quality in the adoption of digital banking, which resonates well in our experience that customers in this region favor the use of

phone banking as well as the banking facilities offered in branches, although they might be young [4].

The respondents were satisfied with the communication quality of the bank's staff, having an average mean of 4.23, while the knowledgeability was rated at an average of 4.15. The bank can differentiate itself through training its employees based on product knowledge, which could be the factor that resulted in the positive perception of the clients in Oshakati.

Despite the positive attitudes in some aspects, the level of satisfaction was quite moderate, having a mean of 3.47. The most important issues related to the operation were long waiting times and the speed of ATM services. These issues reflect the results obtained in other markets where satisfaction can be significantly diminished by operational delays, outweighing the positive impact of the competence of the operation staff. Several research studies show the efficiency of improving ATM availability, as well as the speed of ATM operations, in reducing the branches' congestion [3].

The presence of mainly phone and in-branch, and few mobile/app, as well as few chat, interactions suggests there are challenges as well as opportunities. On the positive, the promotion of the use of technology might address congestion issues as well as issues related to speed of service. On the other hand, the available information obtained from the Namibian scenario, as well as the African region, indicates that adoption could be determined by the cost associated with the use of the technology, as well as the ease of use, among other aspects associated with backend functionality. The perceived security level of ATMs was the highest recorded in this study at 92.7%. This factor should not be overemphasised, as security issues can discourage people from using the channel, which might easily create unfavourable perceptions [5, 6]. Despite the growing use of the internet for financial transactions, the cybersecurity concern remains an issue for people using internet channels, as indicated by the response of 8%. Based on the literature, the bank needs to emphasize proper cybersecurity measures to enhance confidence in the use of the internet channel [7].

### **Limitations**

The work described here concentrates on one branch, employing a small research base of just 41 people. The sampling was done in the university campus library, yielding a young, largely female, representation that may not be an accurate representation of the full client base at Oshakati. The work could also be improved by adopting a range of research methods, which might include in-depth interviews to supplement current standardized research techniques.

### **Conclusion**

At Standard Bank Oshakati, the frontline strengths lie in competences related to service quality, while operating factors, such as waiting time and the speed of the ATM, limit the level of customer satisfaction. Given the prevalence of phone banking, as well as banking in branches, a hybrid approach for improvement, addressing operating inefficiencies, developing electronic banking, and educating customers, should be followed by the banking institutions in order to transform perceived service quality into improved customer satisfaction.

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