KIGALI INDEPENDENT UNIVERSITY ULK

SCHOOL OF ECONOMICS AND BUSINESS STUDIES

DEPARTMENT OF ACCOUNTING

P.O.BOX:2280 KIGALI

CONTRIBUTION OF QUALITY SERVICES TO THE PERFORMANCE OF BANKING INDUSTRY IN RWANDA

CASE STUDY OF EQUITY BANK RWANDA PLC (2020-2023)

Dissertation submitted to the School of Economics and Business studies in partial Fulfillment of Requirements for the Award of Bachelor's Degree with honors in Accounting.

BY

NAMES: DINAH UWASE

ROLL NUMBER: 202110335

SUPERVISOR: NYIRAKAGEME Alice

Kigali, October2024

DECLARATION

We, **DINAH UWASE** hereby declare to the best of our knowledge that, this dissertation titled **"CONTRIBUTION OF QUALITY SERVICES TO THE PERFORMANCE OF BANKING INDUSTRY IN RWAND**A **case of EQUITY BANK RWANDA PLC** within the period of 2020-2023" is my original work and where other works has been used, referencing has been indicated in bibliography

DINAH UWASE

Signature…………………………

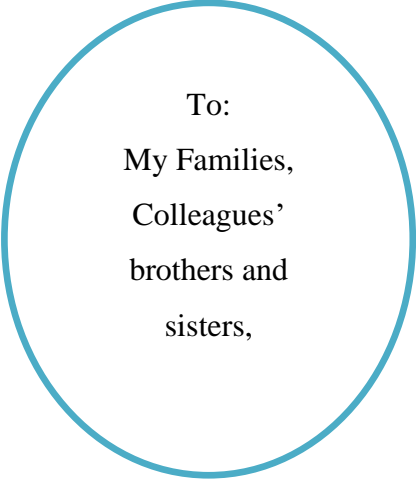Date ………. /…………. /2024

APPROVAL

This is to certify that this work titled **"CONTRIBUTION OF QUALITY SERVICES TO THE PERFORMANCE OF BANKING INDUSTRY IN RWANDA case of EQUITY BANK RWANDA PLC** within the period of 2020-2023" is a study carried out by **DINAH UWASE** under my guidance and supervision.

Supervisor: **NYIRAKAGEME Alice**

Signature …………………………………..

Date………/………./2024

DEDICATION

To:

My Families,

Colleagues'

brothers and

sisters,

ACKNOWLEDGEMENTS

TABLE OF CONTENTS

LIST OF TABLES

LIST OF ILLUSTRATION

LIST OF ABBREVIATIONS, ACRONYMS AND SYMBOLS

BNR	: Banque Nationale du Rwanda
CRM	: Customer Relationship Management
FIs	: Financial Institutions
FTM	: Full - Time Marketer
KAM	: Key Accounting Management
KPI	: Key Performance Indicators
NPAs	: Non-Performing Assets
PLC	: Public Limited Company
PTM	: Part – Time Marketer
ROA	: Return On Assets
ROE	: Return On Equity
Rwfs	: Rwandan Francs
FTM	: Full -Time Marketer
PTM	: Part Time Marketer
TQM	: Total Quality Management
ULK	: Université Libre de Kigali
US	: United States,
W.W.W	: World Wide Web
%	: Percentages

ABSTRACT

The study is about the determine the Contribution of Quality Services and Performance of Banking Industry in Rwanda A case of Equity Bank Rwanda PLC (2020-2023). The first specific objectives was to analyze the effectiveness of quality service in Equity Bank Rwanda PLC. The second was to determine the effects of quality service on the performance of Equity Bank Rwanda PLC In virtue to the main purpose of this study, researcher designed an appropriate research methodology and used the interview, documentary and questionnaire techniques to collect and analyse relevant data which allowed the researcher to obtain the following findings: The table 4.6 mentioned that 72.9% of the total respondents strongly agreed that Equity Bank has a good customer royalty compare to other companies and 27.1% agreed with this while 68.7%% of the total respondents strongly agreed that Customers' problems are treated with sincere interest in solving them and 31.3% agreed with this while 62.5% of the total respondents strongly agreed , 36.3%% agreed that Follow-up to ensure that customers are satisfied with the solution and 1.2% disagreed with this. The table 4.13 shows that the total assets of Equity bank Rwanda PLC increased by 2.9% in 2020, 2.7% in 2021, 3.8% in 2022 and 3.5% in 2023, The table 4.14 demonstrates the image of return on equity ratio in Equity bank Rwanda PLC from 2020 up to 2023. It is very important for any shareholder because it measures the return on the money they have put into the company. The table 4.15 shows that the Net Profit Margin ratio of Equity bank Rwanda PLC was 34.13%, 37.58%, 40.84%, and 38.52 respectively in 2020, 2021, 2022 and 2023. The performances goes hand in hand with the ways by which effectiveness in utilization of existing resources of cash management, financial planning, strategic supplier partnership and capital budgeting management as well as in capital structure management are ensured. The effectiveness of all these is the effectiveness of quality services in Equity Bank Rwanda PLC.

Key concepts: Quality services and performance

CHAPTER ONE: GENERAL INTRODUCTION

This part presents the background to the study, significance of the study, scope of the study, problem statement and the research questions. This part further presents the research hypothesis, the study objectives, the research methodology and organization of the study.

1.1. Background of the study

In today's world of global Banks focus on service quality as an input to customer satisfaction for long-term benefits and business success. Banks have realized the importance of service quality for successful survival in today's global and highly competitive environment. Financial sector is becoming more conscious about the performance evaluation regarding quality of products/services according to customers' expectations, as there is a positive correlation between financial performance and customer service quality scores. Customer satisfaction plays an inter-mediator role in the relationship between service quality and financial performance of the banks satisfied (Amiri, 2021)

Service quality is an attitude or global judgment about the superiority of a service (Robinson, 2018). To be globally competitive service industries must achieve a quality service that exceeds customers' expectation. Service quality determines an organizations success or failure. Companies and organizations that virtually every industry employs customer satisfaction measures for the straightforward reason that satisfied customers are essential for a successful business (Gupta et. al, 2017). Service quality also determines a customer's satisfaction. However, the determinants of service quality are complicated with the dynamic business environment. This means that service quality in banking industry is different from the one in manufacturing industry. Therefore, this measurement dimensions depend on the industry itself. Service quality is influenced by expectation, process quality and output quality; in other words the standards of service is defined by customers who have experienced that service and used their experience and outlook to form a judgment (Chen et. al, 2016).

Banking sector in Africa has remained a very strategic sector for the economic stability of the continent. Through this reform in this sector created room for more banks different side of the world which in turn bring a high competition in this sector at the level of the continent. Therefore, customer care is a strategic asset of the organization and thus a starting point to define

business objectives and is one of the key players for success and survival of business of commercial bank in Africa (Bamfo. B, 2018).

Business organizations have been increasingly concerned about how to achieve and improve upon their performance level. Though organizational performance is a measure of a number of factors such as financial, non-financial and operational on a wide spectrum but specifically profitability, growth, increased sales turnover, are some of the common measures in the existing literature. But the identified measures might become impossible task if customers are not properly reckoned with. Therefore there is need for reliability, credibility, and attractiveness and having empathy in order for business to retain its customers (Gopal, 2020).

Competition in Rwandan banking sector is tougher than ever nowadays. Customers are more informed and demanding, competitors are more aggressive, and regulations are tighter. All these developments have forced banking businesses to put forth more efforts into satisfying existing customers and converting them into loyal supporters. Accordingly, banks have begun to give more importance to developing and maintaining effective customer services systems (Rubogora. K, 2020). And in his research Fornel indicate that that dealing with customer complaints successfully increases customer retention rates and creates loyal customers (Fornel, 2019).

In order to achieve a quality service organization, commitment from employees and support from all levels of management is necessary. Therefore, it is important for managers who provide goods or services constantly to keep track of information about the company's wellbeing as far as meeting its customers' needs are concerned (Aigbedo 2004). Service companies are trying to find ways to improve and provide superior quality service to satisfy their customers for example in the banking industry where competition seems to be tight. Gupta et al, (2007) also posited that satisfying customers is an ultimate goal for every company, as customers are the greatest resources, both short-term and long term survival of the company. Therefore, quality financial services provided by a particular bank determine the satisfaction level of its customers which in the long run will improve its performance.

Customer relationship management (CRM) is a necessity in any customer-focused industry. For banks, it's an especially useful tool for meeting sales and marketing goals and exceeding customer expectations. CRM software is a tailored solution that helps banks implements customer-centric strategies (Puja. K, 2019). This situation leads the researchers to the research

problem consisting in knowing how customer service affects financial performance of commercial banks in Rwanda using a case of Equity bank Rwanda.

1.2. Problem Statement

Customer care service is the single most important issue affecting institution's survival including private companies. It has the most important effect on customer retention and on the other hand focus on customer service quality is one of the customer retention factors source. The trade liberalization and globalization have resulted in keen competition among firms and industries (Harris, 2019). The Banking sector in Rwanda is not exempted to competition especially with the proliferation of many private banks from the region such as that from Kenya and these from elsewhere across the world.

Where an industry is highly competitive, an understanding of the needs of the customers and other stakeholders is an important factor for success, growth or productivity factor. This has necessitated the move from product centeredness to customer centeredness not only in marketing circles but in business generally. Consequently, firms do not necessarily find differentiation in their physical products but in services such as timely delivery, accurate information, better trained personnel and quicker resolution of complaints, which are capable of building good reputation and superior performance (Meshach, 2021).

Quality services have been considered on essential strategy for success and survival in today's competitive environment in service sector, particularly financial services (Dawkins and Reichheld, 2019).

What constitutes quality service has attracted the attention of researchers all over the world. Successful service quality has been a global competitive tool but there is a need to identify the service quality that can increase customer satisfaction, Service delivery and quality of service offer the opportunity to use resources to satisfy human needs and add value for the benefit of customer.

Financial performance problems about commercial banks started long time years ago before financial reforms, many commercial banks were witnessed undergoing insolvency due to higher level of non-performing loans (BNR, Financial stability report 2020). Initially the banking sector and particularly commercial banks in Rwanda have faced lot of problems like, lack of resources,

political uncertainty, lack of skilled human resource and socioeconomic catastrophe, high nonperforming loan affects the profitability of the bank, which affected the efficient working of Commercial banking sector. Indeed, good performance and stability of a bank lies at the heart of confidence in the banking system due to the highly leveraged nature of banks. However poor customer care services were also found to be other leading factors on the fail of commercial banks (Thomas. S, 2019).

It is evident that most commercial banks operating in the banking industry in Rwanda face various challenges during customer service delivery. Some of these challenges included; lack of clear communication, long procedures, intrusive documentation and lack of flexibility. Related studies that have been carried out clearly indicate that, commercial banks in Rwanda have not fully adopted strategies to manage service quality among customers (Chege, 2022).

The Rwandan banking industry has experienced an incoming increase of the number of players, where different banks and other financial institutions have opened their doors in the country. Banks have been forced to offer various advantages to clients in form of different products, minimum reduced interest rates on loans so as to maintain and attract customers.

It is for this reason that this study seeks to establish the contribution of quality services to the performance of banks.

1.3. Objectives of the study

The researcher conducted this research with the following objectives which are classified into general and specific objectives.

1.3.1. General objective

The General objective of the study is to determine the Contribution of Quality Services and

Performance of Banking Industry in Rwanda

1.3.2. Specific objectives

The specific objectives of this study are the following:

1. To analyze the effectiveness of quality service in Equity Bank Rwanda PLC.
2. To determine the effects of quality service on the performance of Equity Bank Rwanda PLC

1.4. Research questions

This research has two specific questions:

1. Does equity Bank Rwanda offer a quality service to its customers effectively?
2. Equality service contribute to the performance of Equity bank Rwanda?

1.5. Research hypotheses

A hypothesis states your predictions about what your research will find. It is a tentative answer to your research question that has not yet been tested. For some research projects, you might have to write several hypotheses that address different aspects of your research question (Kothari, 2019).The hypotheses of this study are the following:

1. Equity Bank Rwanda offers a quality service to its customers effectively.
2. Quality service offered by equity bank Rwanda contributes to its performance.

1.6. Scope of the study

The scope of a study explains the extent to which the research area will be explored in the work and specifies the parameters within the study will be operating. Basically, this means that you will have to define what the study is going to cover and what it is focusing on, Paul W (2021). This research as any other scientific study is limited in terms of time, domain and space (geographical scope) due to both time and financial constraints.

1.6.1. Scope in Time

This study covered the period of four years from 2020 up to 2023. Researcher decides to use these four recent years as it allow having access on the update information. On the other hand a period of four years is enough to assess the financial performance of an institution like Equity bank.

1.6.2. Scope in domain/ field

This study reflects to the marketing domain. Researcher choose marketing as one of the course learnt in class after seeing how is an important for the success of any kind of business.

1.6.3. Scope in space

This study took place at Equity bank Rwanda main Branch located in Kigali City, Nyarugenge district. Equity Bank PLC was chosen as one of the biggest commercial bank in Rwanda. On the

other side researcher are residents of Kigali-City. That why main branch of this bank was selected as it is located in the nearest area.

1.7. Significance and interests of the study

This study will be beneficial to various people. It presents the personal interest, academic and scientific interests and social interest as presented below:

1.7.1. Personal interest

Firstly the study helped the researcher to gain more knowledge in conducting scientific research in general; secondary it helped the researcher to link theories acquired in class with the realities on the ground and finally the researcher will understand the main link between quality services and performance of banking industry.

1.7.2. Academic and Scientific interests

This research is the academic requirement that students must fulfill in order to obtain the bachelor's degree. This research is also a source of secondary data and some theoretical aspects for other researchers who will be interested in conducting the research related to quality services and performance of banking industry.

1.7.3. Social interest

At the end of this study the researcher provided suggestions that can be used while setting other policies on quality services either in banking industry or other kind of companies in order to help these institutions to take measures to improve quality service delivery for their long term success. Therefore, this study was the base for many institutions in order to attain their performance objectives.

1.8. Structure of the study

This study is organized into four chapters, for this case, the first chapter covers the introductory part of the study The second chapter gives the overview of the literature review and definitions of key concepts as well as an understanding of some key concepts and other theories related to the topic. The third chapter presents research methodology. Methods and Techniques to be used will be specified in this chapter The fourth chapter concentrates on analysis, interpretation and presentation of findings. Finally, this study is ended with the general conclusion and suggestions

CHAPTER 2: LITERATURE REVIEW

Introduction

This chapter provides an overview of different authors in respect to the topic. Firstly, it clarifies the key concepts of the topic, so that future readers may have the clear idea of terms with which the topic is made up. And to reconcile theory with practice researchers opted to highlight notions of private companies, customer retention and performance.

2.1. Definition of key concepts

This section defines the key concepts of this study such as customer, customer services performance and commercial banks.

2.1.1 Quality Services

Service quality (SQ) is viewed as an important issue in the banking industry because of its apparent relationship to customer satisfaction (Jamali, J, 2017), to costs as viewed by Crosby (2001), and to profitability (Williams,2020)

In the like manner, Ganguli, & Roy, (2019) defined service quality in terms of key dimensions that customers use while evaluating the service provided. Consequently, service quality could be widely regarded as a driver of corporate marketing and financial performance. It can be inferred from these that service quality is commonly noted as a critical prerequisite and determining force in competitiveness and for establishing and sustaining satisfying relationship with customers since it is an important indicator of customer satisfaction.

Parasuraman, Zeithaml and Berry (2019) defined service quality as a consumer's comparison between service expectations and service performance.

2.1.2. Performance

Franco (2020) asserted that performance is the accomplishment of a given task measured against present known standards of accuracy, completeness, cost, and speed. In a contract, performance is deemed to be the fulfilment of an obligation, in a manner that releases the performer from all liabilities under the contract. Performance audit is concerned with the audit of economy, efficiency and effectiveness.

Turyahebya (2021) defines financial performance as the ability to operate efficiently, profitably, survive, grow and react to the environmental opportunities and threats. Performance as a contextual concept associated with the phenomenon being studied. In the context of organizational financial performance, performance is a measure of the change of the financial state of an organization, or the effective customer services and financial performance of commercial bank.

2.1.3. Bank

The banks are the financial institutions which deal with debts and credit. It lends, accepts and deposits money, built the gap between the lenders and borrowers (Dinesh, 2018).

According to Brigham, (2016), banks are organizations or institutions that deal in the transactions of money for purposes of either collection, deposit and withdraw or providing security insurance of goods using financial means.

Banks are institutions which collect funds from the public in financial period and place them in financial asset. These financial institutions provide as services as intermediaries of capital and debts market (Hoggson, 2019).

According to Barbara (2016), Banks are organizations or institutions that deal in the transactions of money for purposes of either collection, deposit and withdraw or providing security insurance of goods using financial means.

2.2. Theoretical review

This study is based on the following three theories; Gap Theory of SQ (SERVQUAL), Expectancy- disconfirmation theory, Control Theory

2.2.1. Expectancy- disconfirmation theory

In relation to the theory it can be well understood that customer satisfaction is related to the quality of services provided by the banks. Quality of services set standards that provide competitive advantage to the banks in this dynamic sector. The predetermined standards set by the services help cities to meet their predictive needs and expectations.

With respect to the theory, it can be understood that performance expectations regarding a product or services is significant in establishing satisfaction among the customers. Customers are indeed comparing the performance of services against one another such that their expectations are safeguarded. Satisfaction is a psychological phenomenon that comes from perceived quality which is able to exceed or meet the expectation of the customer (Eklof, 2020).

2.2.2. Control Theory

High achievers need to correct any deviation from achieving their goals and must maintain their quality standards. Bandura, (2017) indicated that good performers have the option of lowering their standards or abandoning the task itself when performance does not meet standards. He also continued to show that this is a not a desirable option and brings to fore the need to keep employees committed to their tasks. Control theory looks at customer feedback as a way of maintaining performance levels of staff in relation to institutional standards. The process of setting higher standards and working towards meeting their achievements is not always very possible within dynamic organizational settings where multiple tasks and goals compete for the individual's attention. In sum, control theories feedback is considered as an informational drawn together for future reinforcement or punishment. It especially lays emphasis on the importance of corrective-negative feedback or feedback about unexpected from desired standards.

Wickens, 2018) in their study showed that the effects of feedback are developed from the control theory. This theory sees people as processing information in order to understand and adapt to the environment and sees customer feedback as an important tool to adaptation. Klein, (2018), Katz & Kahn, (2018) concluded in their study that both people and firms are seen as systems that process information from the internal and external environment and adapt successfully to their context. Customer feedback whether corrective or negative feedback will have effects between current and desired strategic goals.

Gap Theory of SQ (SERVQUAL)

SERVQUAL was designed to quantify gaps between client expectations and beliefs in their original model (Rashid, 2020). The model is vital to measure the gaps in customer-centric quality measurement (Parasuraman, 2017). The most widely criticized quality of service sin academia (Seth, 2015) has yet been received attention due to its ease of understanding and applicability (Schneider and White, 2019).

This theory is usefully in the present study since after assessing the effectiveness of services delivered by equity banks compared to its customers' expectation researchers will be able to shows the bank understudy the existing gap and propose the possible ways to feel the gap through recommendation to ensure the better performance.

Based on Gronroos' (2019) disconfirmation model, Parasuraman et al. (2017) proposed a new service-quality assessment model by comparing the perceived and planned service distance. They defined gaps as the differences between customer expectations and management perceptions, including the service expectations specifications gap, service distribution gap, service information gap and consumer expectation perception gap. Parasuraman, (2017) updated the model, branding it SERVQUAL. This model was updated in 1991 and 1994 but remained the same as the five dimensions initially implied.

2.3. Review on the effectiveness of quality service in banking industry

This section review literature related to the effectiveness of customer services as well as. It mainly focus on quality services indicators, quality of services and customer expectation ,factors affecting customer services quality in banks, and services in banking industry.

2.3.1. Quality services indicators

The customer care concept is confided with service quality (SERVQUAL). There are different dimensions that customers use to diagnose the services they are provided. There are five dimensions of SERVQUAL have been developed for the service sector: tangibility, reliability, responsiveness, empathy and security (Ananth et al., 2017). Tangibility represents physical facilities, equipment and appearance staff. Examples of factors are significantly associated with banks including comfortable shop design, up-to-date equipment for customer use, and adequate staffing to provide service .These aspects are important for banks because there are a lot of face-to-face relationship between customers and employees. Therefore, maintaining a professional environment and convenient stores can improve customer satisfaction.

2.3.1.1. Tangibility as a SERVQUAL dimension

The tangibles involve the firms' representatives, physical facilities, materials, and equipment as well as communication materials. Furthermore, Physical environmental conditions appeared as a clear evidence of the care and attention paid for the details offered by the service provider,(

Davis et al. 2022) summarize tangibles like the physical confirmation of the service. More specifically, Parasuraman et al. (2017) define the tangibility appearance of physical facilities, equipment, personnel, and written materials. Finally, in the present research, tangibles are the facilities and the banking services offered by the providers of the Arab bank headquarters as perceived by the specific Arab banking customers. Such tangibles are measured using 4 items of the tangible dimension of the 22-item SERVQUAL.

Service providers will still want to make certain their employees appearance, uniforms, equipment, and work areas on-site (closets, service offices, etc.) look good. The danger is for providers to make everything look sharp, and then fall short on reliability or responsiveness.

2.3.1.2. Reliability as a SER VQUAL dimension

Reliability depends on handling customer service issues, performs the services right the first time; offers services on time, and maintain a record of error-free. Moreover, they define reliability as the most significant factor in conventional service (William, 2019). Reliability also consists of the right order fulfillment; accurate records; accurate quote; right in the bill; Results are more accurate than commissions; keep the promise of service. He also mentions that reliability is the most significant factor in banking services. More specifically, in a study by (Parasuraman et al. 2017), SERVQUAL was applied to gather data in four different companies, including banks, credit card companies, the company's maintenance services, and Long Distance Phone Company. He found high reliability in all four of these companies, with the possible exception of some of the values associated with significant dimensions (Parasuraman et al., 2017).

2.3.1.3. Responsiveness as a SERVQUAL dimension

Responsiveness means to respond quickly, promptly, rapidly, immediately, instantly. Responsiveness is defined as "the willingness to help customers and provide prompt service"(William., 2019). Furthermore, (Simpson ,2017) defines responsiveness

such as speed and timeliness of service delivery. This consists of processing speed and service capabilities to respond promptly to customer service requests, and wait a short and queuing time. More specifically, responsiveness is defined as the willingness or readiness of employees to provide services. It contains the timeliness of service (Parasuraman et al., 2020).

2.3.1.4. Empathy as a SERVQUAL dimension

(Parasuraman et al.2018) defined empathy as a caring and individual attention that the firm provides to its clients. It contains giving individual attention to employees who understand the needs of their customers and customer facilities during business hours. Furthermore, (Ananth et al. 2017) demonstrates empathy in their research of private sector banks, provide individual attention and easy operation time; give personal attention, and understand the specific needs of customers. (Khan et al. 2021) suggest that empathy contains approachability, sensitivity, and efforts to understand customer needs. Also, (Simpson ,2022) defined empathy as the ability to make customers feel welcome, especially by staff contacts. Additionally, the SERVQUAL model indicates that satisfaction is related to the size and direction of disconfirmation of a person's experience when he/she faces his/her initial expectations (James., 2020).

2.3.1.5. Security as a SERVQUAL dimension

Security refers to the safety and security of customer transactions with the Arab bank including a privacy policy. (Dabholkar,2019) recommended adding the security dimension to future service quality research. Security is ensued when the service becomes safe, and the customer information gets protection (Zeithaml et al., 2022).

Service providers are expected to be the experts of the service they're delivering. It's a given. SERVQUAL research showed it's important to communicate that expertise to customers. If a service provider is highly skilled, but customers don't see that, their confidence in that provider will be lower. And their assessment of that provider's service quality will be lower.

Service providers must communicate their expertise and competencies before they do the work. This can be done in many ways that are repeatedly seen by customers, such as:display industry certifications on patches, badges or buttons worn by employees, Put certifications into posters, newsletters & handouts By communicating competencies, providers can help manage customer expectations. And influence their service quality assessment in advance (Zeithmal, 2021).

2.3.1.6. Average resolution time

In order to achieve high levels of waiting time satisfaction, business organizations must develop effective waiting time strategies to deal with customer dissatisfaction with waiting duration. In situations where the actual waiting period cannot be changed, it is critically important for financial service providers to formulate strategies to manage customer PWT in terms of filled

time (Kolter ,2021) An organization's waiting management (WTM) strategies are a set of waiting time fillers meant to reduce the consumer's PWT dissatisfaction. A review of the extant banking and marketing literature shows a number of strategies service providers use to manage customers PWT in order to influence customers' WTS. Thus, it is proposed that banking organization's WTM strategies will have significantly positive effect on bank customers' waiting time satisfaction (WTS). Specifically, the more effective the organization's WTM strategies, the greater the positive effect on bank customers' WTS for banking services (Parasunaman, 2019).

No customer likes to wait. Smart businesses strive to minimize not only *actual* wait time, but also *perceived* wait time the amount of time that customers think they waited, regardless of how long they truly waited. Because perceived wait time directly affects customer engagement, it is imperative to manage it in every customer interaction. Here are four strategies to help you keep your customers' perceived wait time to a minimum (28. Levesque, McGraw-Hill):

Apologies and Waiting Time Satisfaction: Apology refers to a bank's expression of regret for inconveniencing customers or making customers to wait too long for service. Firms may decide to apologize for delays they might have caused customers in the service delivery process. It is well documented that customers tend to welcome polite, sincere and unconditional apology from service providers when things go wrong with service provider's ability to deliver on time (Antonides et al., 2018). Bougoure et al (2017) showed that at a service firm's effective complaint handling positively impacts satisfaction with complaining, overall satisfaction and credibility. They also found that the higher the perceived magnitude of failure, the more difficult it is to satisfy a customer. McQyuilken (2017) found that in a high contact service environment, appropriate apology to customer can lead to their satisfaction. Nadiri (2017) found that perceived justice of customers has a significantly positive effect on their service recovery satisfaction in banking services. Bank's apology for service delays and customer waiting in banking hall could be perceived by customers as a duty the service provider owes them and as a kind of justice treatment they deserve or require from service firms to settle their dissatisfaction with poor service experienced. Tarofder et al (2019) found that apology for service failure, together with excuse, justification, reference, is one of the basic component of a banks explanation on service failure, which could result in higher customer satisfaction if applied effectively.

Making Waiting Environment Comfortable: Wait environment comfort refers to the extent to which a customer feels comfortable in the waiting environment or banking hall while waiting to be served. Service providers could manage the waiting environment by ensuring that the waiting environment provides customers' comfort while they wait for banking 0service. McQyuilken (202-) found that in a high contact service environment, wait comfort is obligatory in reducing customer complaint, while wait effort and apology are substitutable when comfortable waits are provided. Many past studies have shown that when customers perceive the waiting environment to be comfortable by looking neat, not congested, welcoming, refreshing, pleasant, and attractive with appropriate temperature and seating for relaxation, it could positively contribute to making customers satisfied with waiting periods in banking (Antonides, 2019).

Mind-engagement Strategies: Lee et al., (2022) found strong support for the positive effect of mind-engagement fillers on customer online waiting perceptions and web satisfaction experience. Bae and Kim (2022) also found that offering menu information and playing appropriate music in the service environment have positive effect on customer perceived waiting time. Moreover, Lee et al. (2018) found varying differential effect of various fillers such as background music, news and entertainment on customer evaluation of waiting time. Thus, generally, the literature points to the fact that effective use of mind-engagement fillers could have a positive influence on customers' satisfaction of waiting time by shortening customers' perception of the waiting time at the service encounter stage.

Keep it moving: Customers want to see that all employees are actively working to move customers through queues. Every employee should operate with a sense of urgency and avoid what might easily be perceived as idle conversations or tasks. This reassures customers that employees are striving to help them as quickly as possible. If employees are not engaging in activities that serve customers when times are busy, they should take those interactions off the floor. In those instances, what employees are doing may very well have a large impact on the customer experience -- but from the customer's perspective, it is just two employees standing there talking to each other or an employee on a computer. Customers may think that employees are not taking the time to put their needs first (McQyuilken, 2017).

2.3.1.7. Affordable service price

Price Affordability has been defined as a judgment of whether an outcome and/or the process to reach an outcome are reasonable, acceptable or just, writes Bolton et al. (2023).

Campbell (2019) posits that consumers' price fairness perceptions are influenced by both procedural and distributive considerations. Also, price offer fairness perceptions and price procedural fairness perceptions are positively correlated. The order of influence will be determined by the sequence in which consumers receive the price offer and the price procedural information (Wang, 2017).

Another foundation of price fairness perceptions, the principle of dual entitlement, suggests that one party should not benefit by causing a loss to another party. When a firm uses higher consumer demand to its own advantage by increasing prices, consumers will feel being exploited and hence perceive the prices as unfair. Oliver and Swan, (2022) found that customers' fairness perceptions depended on a supplier's commitment and the quality of the goods and services relative to the price paid. Thus, they argue that when buyers seek attributions to determine whether the seller is responsible for the price inequality, they are strict with the seller out of their self-interest. That is, the seller is responsible for the perceived inequitable price unless there is evidence that shows otherwise. Therefore, if buyers perceive the seller as having control over the situation, or if the cause of the price differential is internal to the seller, then the seller is responsible and the buyers will not be satisfied. However, according to Campbell, (2019), buyers may accept a firm's goodwill motive even when the higher price is not due to cost-related factors but is controlled by the company.

2.3.1.8. Keeping Customer loyalty

Fraering and Minor (2019) explain this fact by the term of customer loyalty. Loyal clients have more intense connection to their bank, based more on emotions. The relationship with their bank is thus much stronger than satisfied customers have. The consequence of such connection is the customer willingness not only to purchase additional products from their bank but also to inform their friends and family about this positive relation.

Murugiah and Akgam, (2017) add that loyal clients tend to provide more information about them, based on the trust they have towards their bank. However, Cohon (2017) warns this strong connection can be counterproductive. A customer can become loyal to a certain employee and

not to the whole organization. In case of losing this employee, a bank can lose the client as well. Thus building customer loyalty cannot be fully decentralized to the employees of first contact. Instead, banks have to deal with it at the top management level and define the common processes so that customers become loyal to the bank as such.

Various studies come to the conclusion that consequences of customer loyalty are very similar to these of customer satisfaction. Khan & Fasih (2018) summarize the possible outcomes of customer loyalty as: reducing customers´ quitting, boosting sales (represented by additional purchases of products and services), lower service costs comparing to new clients, positive Word of Mouth leading to acquisitions of new customers, increasing the market share and willingness of loyal customers to pay premium prices. All the above-mentioned outcomes have a positive impact on the commercial bank´s profitability what was confirmed by studies of (AlWugayan, 2020).

Smith & Wright (2018) explain that loyal clients are less price elastic thus companies can afford to increase prices without a negative effect on sales. Khan (2019) found that if a company reduces the customer quitting by 5%, it raises its profits by 2–8%.
Nevertheless, there are some papers not confirming such relationships, e.g. Keisidou, (2023) argue that neither customer satisfaction nor customer loyalty is a significant predictor of bank financial performance in terms of return on assets or investment, net profit margin and return on equity.

Customer loyalty assessment is a complex decision problem, where evaluations are not easy and are strongly dependent in different stakeholders with different and often conflicting values and preferences. In this context, searching for optimal solutions was considered as an unrealistic possibility (Gronroos, 2017).

2.3.2. Quality of Services and Customer's expectations

It is important to study service quality as it impacts organizational profits because it is directly related to customers satisfaction, customer retention, and hence customer loyalty (Mohsin, 2015). Quality of service is what people want to have whenever they encounter a service providing institution. Smith, (2020) viewed service quality in two ways. The first is the level of

quality by which the regular service is delivered, for example, the bank teller's handling of a transaction. The second is the level of quality by which "exceptions" or "problems" are handled. However, maintaining quality is important for good customer relations regardless of the type of service. At the time of service delivery, customers interact closely with the service providers and get an inside knowledge of the service organization. This kind of knowledge gives them an opportunity to critically assess the service provided and the service provider. From the literature stated above, service quality plays an important role in adding value to the overall service experience. That means that, the best quality is that which adequately meet the needs of customers.

According to Mbura, (2022) quality of service is considered to yield the following advantages: Improved customer retention, High degree of customer loyalty, Attraction of new customers through positive word of mouth recommendations, can be used as a competitive tool especially where competitors cannot easily copy and employee morale can improve due to reduced customer complaints.

Customer expectations are comprised of future benefits together with anticipated regret if a business relationship ends. Expectations are formed on the basis of past experiences with the same or similar situations, statements made by friends and other associates, and statements made by the supplying organization (Kotler, 2020).

2.3.3. Factors affecting customer service quality in banks

For marketers or service providers, achieving customer satisfaction is important because it is supposed to be an important motive of customer loyalty, repeated business (with customer) and positive word of mouth (Bearden, 2019). However quality is not the only factor that effects the customer satisfaction, there are other factors besides quality like Performance, Expectations, (Mohr, 2022) desires and price factor affect the customer perceptions and the overall satisfaction level. Where quality of service is a descendent of customer satisfaction as described by Cronin, (2018), Service quality is not the only factor that has direct impact on customer satisfaction. Identification of other elements beside quality that effects the satisfaction is critical.

The other factors as described by Woodruff & Albert (2019) are value, corporate reputation, Image and transaction satisfaction. On other hand factors that affect the service quality other than

those of intangible nature like human interaction in service delivery, rest are of tangible nature, design and décor elements, the effect of atmospherics, employee appearance and appearance of equipment etc (Sureshchandar., 2017). A clear understanding of all these factors that affect the relationship between service quality, and customer satisfaction results in overall performance of the firm and can help to ensure better implementation of resource that firm required putting in place.

2.3.4. Customer services in banking industry

Gloria Lwakabamba, (2018) in her research entitled improving service delivery in the financial sector in Rwanda, found that service delivery was generally poor. The main drivers of poor service delivery were a lack of a clear commitment by senior management, no policies or strategies in place for customer service delivery, little training of staff in customer service delivery, no mechanisms for getting feedback from customers and no formal complaints procedures in place. There was poor provision of information for customers and potential customers and little information readily available on products and services. Service delivery was slow due to procedures as well as poorly motivated and inattentive staff. There was a culture of blame with managers blaming poor service delivery on staff and staff blaming it on the attitudes of customers and poor support for them. Many customers felt that service delivery was poor but were at a loss to know what to do about it.

Ndikubwimana, (2018) investigated service quality and customer satisfaction among Bank Clients in Rwanda. He pointed that service quality and customer satisfaction are important constructs in service industries, and this is also the case in banking. The purpose of this research was to investigate the satisfaction of banking customers in Rwanda with regard to financial services received, and the investigation of these perceptions of Rwandan banking customers regarding service quality and satisfaction has indicated positive perceptions. While service quality perceptions of customers are largely positive, maintaining these positive perceptions is important for the continued satisfaction of both existing customers while also providing satisfaction to new customers. This would be done through the continued attention to interaction-related aspects (such as employees).

Umulisa, (2019) investigated the effects of commercial banks services and growth of manufacturing companies in Rwanda: a case study of Rwanda plastic industries. Her study concluded that commercial bank services are a key of growth in the large companies like Rwanda Plastic Industries. The commercial bank services have an important influence on the priorities set by the board, and that these priorities determine the optimal composition of the board of directors. Managers and shareholders have different attitudes about particular types of services. Most shareholders have stock in a variety of firms. Managers whose stock holdings are poorly diversified may cut back on investing when uncertainty about their firm's prospects increases.

2.4. Review on financial performance of commercial banks

Performance refers to measuring the results of firm's polices and operations in monetary terms. These results are reflected in the firms return on investment, return on assets and value added. It basically refers to the act of performing financial activity and to a broader sense, it refers to the degree to which financial objectives are being or has been accomplished. Therefore it is the process of measuring the results of a firm's policies and operations in monetary terms and usually measures the firm's overall financial health over a given period of time and can also be used to compare similar firms across the same industry or to compare industries or sectors in aggregation Noveu, (2015).

Liquidity ratios seek to determine if a firm can meet its current obligations as they become due. Activity ratios tell how rapidly assets flow through the firm. Profitability ratios measures performance while leverage ratios measure the extent to which the firm uses debt financing. Coverage ratios measure the ability to make or cover specific payments Mayo (2017).

2.4.1. Indicators of bank performance

In the banking industry the parameters that indicate the banks performance include: Total assets, gross loans, deposits, profitability and liquidity ratios (BNR, 2014). Performance indicators are statistic or other unit of information which reflects directly or indirectly the performance of health or welfare intervention, facility, service or system in maintaining or increasing the wellbeing of its target population. For banks, the performance indicators are numerous but the main ones are the following (Farris, 2016):

2.4.1.1. Deposits

The most important activity of financial institution is to mobilize deposits from the public. People who have surplus income and savings find it convenient to deposit the amounts which banks. Depending upon the nature of deposit funds deposited with bank also earn interest. Thus, deposits with the bank grow along with the interest is higher, public are motivated to deposit more funds with the bank there is also safety of funds deposited with the banks (Taylor, 2016).

Savings deposition which the bank pay small interest to depositors who are usually small servers. The deposits are allowed to draw their money by cheques up to a limited amount during a month or a year.Demand deposit: on this account customer can withdraw any amount standing to their credit in current deposits by cheques without notice. The bank does not pay interest on such account but instead charge a nominal sum for the service rendered to its customer.

Time deposit: savers who do not need money for a stipulated period from six months to longer periods ranging up to 10 years or more are encouraged to keep fixed deposit account the bank pays a high interest rate on such deposit. The rate of interest increase with the length of the time period of the fixed deposit but there is always the maximum limit of interest rate that can be paid (Thomas, 2015).

2.4.1. 2. Net income or profit

Net income is the basic index for measuring financial performance of profit oriented companies. In the case of bank's profits are not only derived from costs incurred but mainly from the way its products and services are consumed. In fact, the company's profits have been increasing drastically due to sharp increase in turnover and less costs of services sold (Mosoud, 2016).

2.4.2. Profitability performance indicators of banks

Profitability is ability of a company to earn income and sustain growth in both short term and long term. A company measure of profitability is usually based on the income statement, which reports on the company's results of operations the profitability constitutes a major constituent of the company management although this notion recovers several aspects, it is very often around its measures that crystallizes the debates concerning the viability and the future of the company Duff and Robert (2019). Financial indicators include:

(i) Level of credit: This concerns the sum up of all the credit provided by the bank to its customers including overdraft, salary advance and ordinary loans;

(ii) Net income or profit

Net income is the basic index for measuring financial performance of profit oriented companies. In the case of bank's profits are not only derived from costs incurred but mainly from the way its products and services are consumed. In fact, the company's profits have been increasing drastically due to sharp increase in turnover and less costs of services sold (Mosoud, 2019).

Profitability ratios are of great importance to investors since they measure how effectively a firm's management is generating profits on sales, total assets, and stockholders' investment. The most common profitability ratios include; gross profit margin ratio, net profit margin ratio, return on total assets ratio, and return on equity ratio Pandey (2020).

Net profit margin

He further clarified that net profit is obtained after subtracting operating expenses like interest, taxes and electricity from the gross profit, hence net profit margin ratio is measured by dividing profit after tax by sales and it can be illustrated as below:

Net profit Margin $= \frac{\text{Net profit}}{\text{Total revenue}} * 100$

A high net profit margin ration indicates high sales, good management and profitability which higher selling prices, low-costs of goods sold, whereas a low net profit margin ratio indicates low profitable company. But he stated that in order to come up with that analysis, the ratio obtained should be compared to the industry average ratio. (Shankar M., 2021).

Return on total assets (ROA)

Gillingham (2019) indicated that the return on assets of these corporate companies performance can be measured to identify whether the total assets are idle or not and he derived the method which can be used to measure the return of total assets which is;

Return on Assets $= \frac{\text{net profit}}{\text{Total Assets}} * 100$

Where assets total is a function of current assets plus fixed assets and also in his conclusion he stated that the higher ration in relation to the industry average ration shows that the total assets are having much return to the investors and the lower ratio compared to the industry average shows that assets are unreliable.

Return on stockholder's equity:

This ratio measures the percentages of profit earned on common stockholders' investment in the company. In theory a company attempting to maximize the wealth of its stockholders should be trying to maximize this ratio JOHN (2019).

Return on stockholder's equity should be calculated as follows:

$$\text{Return on Equity} = \frac{\text{Net profit}}{\text{Stockholders'Equity}} * 100$$

2.5. Empirical study

Molina *et al.* (2017) investigated customer satisfaction in Spain. Trust and exemplary customer service emerged as the key factors contributing to good long-term relationship between the bank and the customers. Manraj, (2017) investigated dimensions of customer service that influenced customer satisfaction in the American banks. The study identified the following dimensions of customer service having the greatest influence on customer satisfaction: Personnel related considerations, financial considerations, (interest earning and interest payments), environmental related considerations (atmospherics) and convenience related considerations (ATM presence and bank opening hours).

Ahmad *et al*. (2020) examined the impact of customer satisfaction on performance of conventional banks in Pakistan. The findings established a relationship between customer satisfaction and bank performance. Studies recommended that banks improve their products and introduce new, diversified and marketable products to meet the requirements of various market segments. A study by Ghazizadeh *et al.* (2019) in state owned banks in Tehran found that customer satisfaction and demographic factors like age and level of education had influenced customers" propensity to stay with their current banks. Furthermore, their study in Iranian state owned bank revealed that bank service operation such as assurance, responsiveness and empathy,

bank employees friendliness, care, helpfulness and courtesy were important in explaining customer satisfaction.

According to (Lee & Hwan 2018) a research conducted in Taiwan on Relationships among services quality, customer retention and profitability in the Taiwanese banking industry using SERVPERF & Profitable Model has found that the performance scale developed in the SERVPERF model and customer retention in the profitability model were confirmed in Taiwanese banking industry. Perception of quality is an antecedent of attitude and service quality is an antecedent of customer satisfaction and customer satisfaction is antecedent of profitability.

Zeithmal *et al.* (2018) sought to understand the relationship between service and profitability of commercial banks in South Africa and found strong evidence to support the relationship. Their study emphasized the importance of identifying the service quality dimensions that influence organizations profitability. Doing so will help organizations understand the aspects of service quality to change to influence the relationship with profits enabling them determine how to invest resources.

Ojunga (2015) investigated e-commerce services in commercial Banks in Kenya and found various outputs and some of them included extend to which bank to bank ecommerce service utilization, extend to bank to customer electronic payment methods and extend of usage of electronic payment methods.

According to Otieno (2016), the new banking system is becoming an important factor in the future development of Kenya financial services industry, and especially Kenyan banking industry. Banks are faced with a number of important questions, for examples how to take full advantage of new technology opportunities, how e-developments change the ways customers interact with the financial services provider. Kenya has achieved significant success in the implementation of electronic banking; it is on the top of the emerging markets in this area and even outpaces the achievements of some developed countries. This progress is not coincidence; it has external and also subjective reasons. It is upon this premise that this study is designed to fill this gap in the body of knowledge.

In Rwanda Grace, (2021) did a study on the effect of customer care services on performance of banks in Rwanda. A case of BPR Atlas Mara. The study specifically analyzed the effectiveness of customer care services offered by BPR/Atlas Mara in relation to its financial services and assessed the contribution of customer care services to the performance of BPR/Atlas Mara. In

virtual to the main purpose of the study researcher designed appropriate research methodologies where questionnaire, interview schedule and documentary review were used as technique of data collection. On the other side, statistical package for social sciences (SPSS) was for data analysis. And she concludes that there is as strongly relationship between customer care services and performance of BPR Atlas Mara within the period understudy.

Also Numukobwa, (2021) conducted a study on customer satisfaction through digitalization in financial institutions. A case of Ecobank Rwanda PLC (2017-2020) and from the finding of her study, she concluded that digital contribute a lot to customer satisfaction in Ecobank Rwanda PLC due to how it facilitate the speed of transactions which in help customer to save time they would spend in line waiting for services. It is also observed that customer of the bank under study easily accesses to digital banking services. It is also observed that digital banking platforms in the banks understudy are adaptable by customers and that are at affordable price compared to what they would spend when visiting banks branches. It can also be note that digital banking during the period of Covid-19 was found to be the most important solution to save the life of both customers and staff of this bank as transaction continued to be performed as usual without lining at bank. Therefore, these allow researcher to conclude that there is a significant relationship between relationship between digital banking and customer satisfaction in Ecobank Rwanda PLC.

2.6. Research gap

Currently some researches have been done in this area, at the international level, African level, regional and local level such as on done by Molina, (2017) who investigated customer care and customer satisfaction in Spain, Zeithmal, (2018) sought to understand the relationship between service and profitability of commercial banks in South Africa and Ojunga (2015) who investigated e-commerce services and customer satisfaction in Kenyan commercial Banks. In Rwanda also some were done such as the one that was done by Grace, (2021) did a study on the effect of customer care services on performance of banks in Rwanda. A case of BPR Atlas Mara And the one done by Numukobwa, (2021) on customer satisfaction through digitalization in financial institutions. A case of Ecobank Rwanda PLC (2017-2020). But almost all them were focused on customer care services applied by banks and customers satisfaction as dependent variable. Only grace takes a look on the effects of customer care service and banks performance.

But she was limited on non-financial performance. Therefore, the present study comes to feel the gap by just assessing the effectiveness of customers care services in Equity bank through some known indicators such as responding to customer's complaints, avoiding time waste in lines waiting for services, affordable service price and Keeping customer loyalty as well as analyzing the financial performance of this bank through the profitability ratios and finally find out the relationship between these variable through the correlation matrix.

2.7. Conceptual Framework

The graph hereafter, represents the independent and dependent variables. Since there are many variables, the researcher shall concentrate on three most important variables such as Independent variable, Dependent variable and Intervening variable. This conceptual framework interlinks those three variables following their interdependence. The below given Conceptual framework, it is clear that customer services as Independent variables and performance of commercial company as dependent variable

Figure2. 1. Conceptual Framework

Independent Variable

Quality services dimensions

- Tangibility
- Reliability
- Responsiveness
- Assurance
- Empathy

Dependent Variable

Performance of financial institution

- Evolution of deposit
- Evolution of loan
- Evolution of net income
- Return of Equity (ROE)
- Return on Assets ratio (ROA)
- Net Profit Margin ratio (NPM

Intervening variable

- Bank's policy
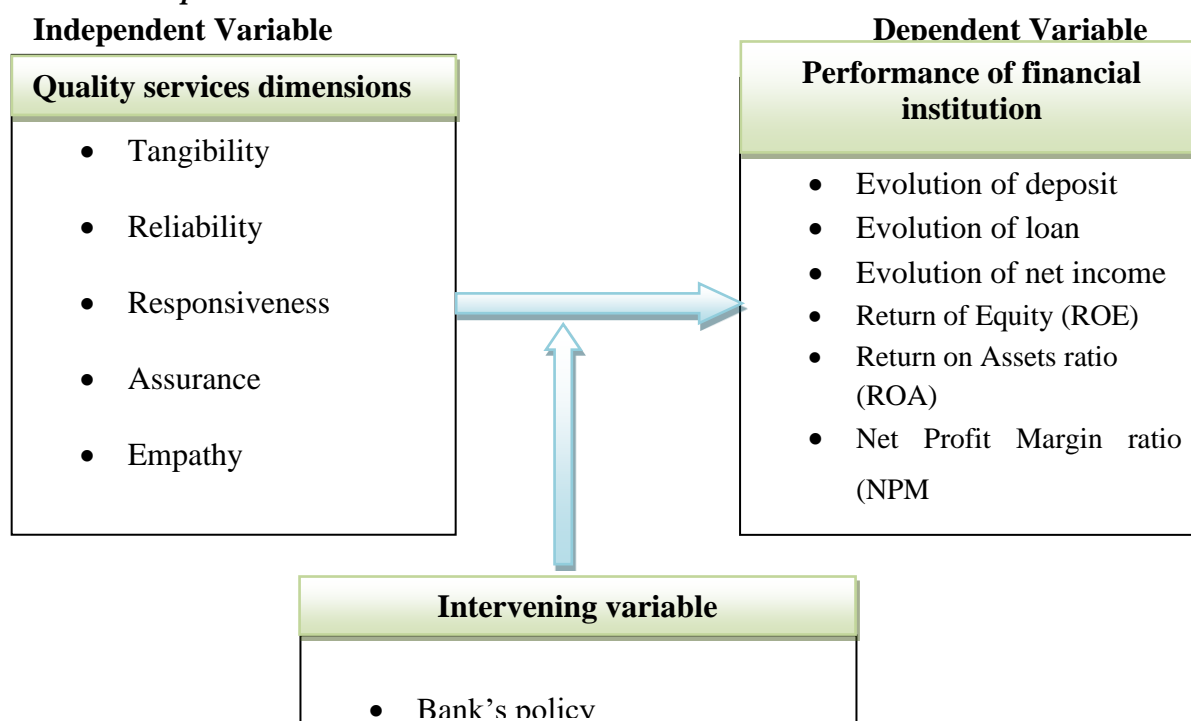
Source: Researcher, (2024)

CHAPTER 3: RESEARCH METHODOLOGY

Introduction

This chapter focuses on the research design and methods that researcher used to collect and analyse data. It greatly concerns the population of the study; sampling design; sample size; Data Collection Techniques and Tools; ethical issues and data analysis as well as reliability and validity measures.

3.1 Research Design

Research designs a set of advanced decisions that make up the quantitative research plan specifying the methods and procedures for collecting and analyzing the needed information hence by knowing which research design is needed to solve the problem, help researcher to predetermine procedures that likely be needed in the study. In scientific research there are three main research design; qualitative research, quantitative research and the mixed approach which can be adopted for a study. The decision to use any research design depends on the nature of the work, the study objectives, nature of the research questions and the practical consideration to the research environment among others (Shih, 2019). The researcher was chose to use quantitative method as quantitative method allows explanation of a phenomenon by collecting numerical data then analyzed them before finding presentation using mathematically based method.

3.2. Population

According to (Grinnell & Williams,2021), a population can be defined as the totality of persons or objects with which a study is concerned. The population under study was made by 356,958 customers (Equity Bank Rwanda PLC.HR office, 2019).

3.3. Sample size

To determine sample size it is the real result of the calculation done using the Bouchard Alain's table called the table of determination of the sample size.

The sample size is determined using the total population (customers who got services from Equity Bank Rwanda PLC from 2020 up to 2023) which is 256,958 customers. Using this table from the sample population size, the sample size is determined as follows: Given that our population size (N) lies between 100,000 and 1,000,000 individuals, it corresponds to the sample

of 96 individuals with marginal errors of 5% with a precision of 95%. To obtain the adjusted sample size for the entrepreneurs, the following formula was needed:

NC= Collected Sample

n=96 individuals with standard error of 10%

Therefore,Therefore, $\text{nc} = \frac{N*n}{n+N} = \frac{256,958*96}{256,958+96} = 96$ respondents

3.4. Data collection techniques

Under this section researcher presents the techniques that is used in data collection such as questionnaire, documentary and interviews.

3.4.1. Questionnaire

According to Mugenda, (2021) questionnaires give a detailed answer to complex problems. Additionally, questionnaires are also a popular method for data collection in deduction because of the relative ease and cost-effectiveness with which they are constructed and administered. Questionnaires will be given to customers. In this study, researcher used questionnaire as the main instrument of data collection from the participants.

3.4.2. Interviews Technique

By the guided interview, researcher objectively interact face to face with some customers of Equity Bank Rwanda PLC who purchase day to day the products for the purposes of obtaining more relevant information about study area. The questions will be formulated based on what the researcher want in order to achieve its objectives. The interview has to be done in the language that the individuals could understand (Snap Surveys, 2018).

3.4.3. Documentary review

This data collection technique is based on reading books, report and documents which have information related to the topic (Kothari, 2018). In this view researcher will use the already worked data i.e. secondary data from Published and non- published materials that researcher used as a source of data to supplement primary data. This technique for example helps researcher to find out the empirical study in the second chapter of this study. It also will help researcher to find financial information in the financial report of Equity Bank.

3.5 Validity and reliability tests

This section consists of Validity which helped researchers to measure the extent to which research instruments measures what it claims to measure. And on the other side the reliability.

3.5.1 Reliability

According to Drost (2019), reliability refers to random error in measurement. Reliability indicates the accuracy or precision of the measuring instrument. The researcher will use the test-retest reliability technique where a pilot test of the questionnaires that researcher were distribute to 10% of selected customers of Equity bank main branch so as to examine the appropriateness of responses given by respondents before applying the questionnaire to the entire population. This will enable the researcher to address errors or irregularities that would appear during the research exercise.

3.5.2 Validity

(Kumar, R. 2022). defines validity of results as a degree to which results obtained from the analysis actually represent the variables of study. Thus, validity refers to whether the findings accurately reflect the situation and are supported by evidence. Validity was established by correlating the scores with a similar instrument. The researcher used pre-test technique to confirm the validity of the   instrument by developing a pilot set of questions and asking them to a number of people, to verify whether the questions are clearly worded and easily understood and whether the respondents know the answers or not. The results of pilot questionnaires identified a number of deficiencies such as wording and some missing elements crucial to provide an answer to the specific aspect of the research including the appreciation of the impact of customer service to the performance of Equity Bank PLC. Researcher revised and correct questionnaire accordingly before launching the questionnaires to equity bank PLC

3.6. Methods of data analysis

According to Grawitz (20159 a body of principles leading all organized research, the research adopted the following methods.

3.6.1. Historical method

According to Pilot (2016), the historical method is based on the analysis of the facts in data from a specific period of time well-defined in the past. This method helped the researcher to analyze the past evolution of Equity Bank Rwanda. It helped the researcher to analyze the financial performance of Equity Bank Rwanda. 2020 up 2023

3.6.2. Analytical method

This method helped to analyze systematically the data collected and other information from the field and it helps researcher to make a deep analysis and understanding theoretical consideration (Bitner, 2016). The analytical method enabled the researcher to analyze, interpret and discuss about the information that gathered with documentation, questionnaire and interviews from the field of the research and other information that researcher collected from various reports of Equity Bank Rwanda

3.6.3. Statistical method

According to JOHN Daintith (2020), statistical method is method of collecting, summarizing, analyzing, and interpreting variable numerical data.

This method will be used to quantify and numbering the result of research and presenting information in tables.. This method is used by analysising data statistical and summarized into tables. In this study researcher used SPSS to analyze the data.

3.6.4. Synthetic method

According to Dawson, (2020), said that synthetic method refer to sum up the findings and draw conclusions from them, perhaps in relation to other research or literature. It helped researcher to summarize the results of the research in conclusion; it also allow researcher to synthesize the data collected in interview, questionnaire.

3.7. Limitations

The researcher encountered problems in eliciting information from the respondents as some of the information required is subject to the attitudes and perceptions, which cannot be accurately quantified and/or verified objectively.

This might lead to lack of response due to the veil of confidentiality surrounding the financial institutions. Researcher encouraged the respondents to participate without holding back the information they might be having as the research instruments would not bear their names.

Other challenge encountered is also that only data published on website were used for this research as secondary data. Researcher try to perform his work with the available information.

3.8. Ethical considerations

Researcher conducted a research in Equity Bank ethically where firstly applying for authorization of conducting research in this bank, secondly respect the confidentiality in research respondents, and not harm the participants in the research concern. Also all participants of this research participated voluntary. On the other side researcher will give each respondent a letter explaining the nature of the research project, the letter also assured the confidentiality of the information as well as guaranteeing respondents' anonymity.

CHAPTER FOUIR: PRESENTATION OF FINDINGS, DATA ANALYSIS AND INTERPRETATION

This chapter aims to present, and analyze and discuss data collected from the field. The data related to analyses the effectiveness customer care services in Equity Bank Rwanda PLC and To find out whether customer care services contributes to the performance of Equity Bank Rwanda PLC . This chapter begins by short presentation of Equity Bank Rwanda PLC, data presentation and interpretation and finally the work ends.

4.1. Profile of Equity Bank Rwanda PLC

EQUITY BANK RWANDA PLC was incorporated in the Republic of Rwanda on December 22nd 1966 as a joint venture between the Government of Rwanda and Belgolaise, the subsidiary of Fortis Bank.

The public private partnership involved the ownership of 50% of the ordinary share capital. The bank commenced its operations in 1967, serving as one of the then market leader in banking sector.

The Bank is represented in all provinces and all major economic districts in Rwanda. As of 31 December 2015, the Bank had the second largest branch network in the country with 79 branches. (www.bk.rw. 20th July 2021

In compliance with revised laws relating to private companies in Rwanda, in 2011 the Bank changed its name from EQUITY BANK RWANDA PLC S.A to EQUITY BANK RWANDA PLC Limited and to EQUITY BANK RWANDA PLC in 2019 with 3 subsidiary companies namely EQUITY BANK RWANDA PLC General Insurance, EQUITY BANK RWANDA PLC Tec House.

4.2.Respondents profile

The table bellow present the profile of respondents in terms of gender, ages, and education level. Therefore, this is to ensure that respondents have a wider knowledge on the information that we are looking for.

4.2.1. Gender of respondents

The researcher has been interested in knowing the gender of respondents. The following table indicates gender of customers' respondents of Equity Bank Rwanda PLC.

Table4.1: Classification of respondents by gender

Gender of respondents		Frequency	Percent	Cumulative Percent
Valid	Male	60	62.5	62.5
	Female	36	38.5	100.0
	Total	96	100.0	

Sources: Primary data, 2024

Table 4.1. Presents the gender of respondents, 62.5% of respondents was male, and the 38.5% of respondents were female. Even if the majority of respondents were male, the side of female was also represented. And this will allow researcher to assess views of both men and women of the factors that influencing customers care services in Equity Bank Rwanda PLC.

4.2.2 Age of respondents

This section intend to identify age of respondents with the main purpose of ensuring that respondents are mature enough to provide the information on the customer care services in Equity Bank Rwanda PLC .

Table 4.2 Age of respondents

Age of respondents		Frequency	Percent	Cumulative Percent
Valid	18-30 years old	34	35.5	35.5
	31-42 years old	42	43.7	71.2
	43-54 years old	12	12.5	83.7
	Above 55 years old	8	8.3	100
	Total	96	100.0	

Sources: Primary data, 2024

Looking at table 4.2 it is clear that a high rate of respondents representing 43.7% are in the range of 31-42 years old. This is followed by the range of 18-30 years old with 35.5%. then 43-54 years old and above 55 years old with 12.5% and 8.3% respectively. Therefore, this ensured the researcher that respondents are mature enough so that they can provide trustful information.

4.2.3. Distribution by level of education

Education level is one of principle requirements for occupying a vacant post, the reason why we present the education level of our respondent.

Table 4.3 Education level attained

Education level attained		Frequency	Percent	Cumulative Percent
Valid	Primary levels	29	30.2	30.2
	Diploma Levels	41	42.7	72.9
	Bachelor	22	22.9	95.8
	Masters	8	8.2	100.0
	Total	96	100.0	

Sources: Primary data, 2024

From table 4.3, it was revealed that 42.7% of the total respondents have diploma level; 30.2% has primary levels; 22.9% have bachelors level and only 8.2% have Masters. None either has PHD or other. This reveals that majority of respondents who responded to the questionnaires

were found to have a wider knowledge on the factors that promotes customer retention in Equity Bank Rwanda PLC. It is generally agreed that more people are educated more they understand.

4.3. Analysis of the quality services at Equity Bank Rwanda PLC

This section presents the information on the customers and staff respondents and the findings on the quality services with Equity Bank Rwanda PLC. The information was presented into tables and percentages are presented.

4.3.1. Tangiblity of services in Equity Bank Rwanda PLC

Tangibles services are services that are not available over the digital platform. The customer and the service provider need to be physically present or be in proximity to exchange the service for payment In this study, the researchers have looked on the views of the respondents about tangibility as a service quality in Equity Bank Rwanda PLC

Table 4.4: Perception of the respondents on tangibility of physical environment in Equity Bank Rwanda PLC

Statements	SA	A	D	N	SD	Total
The land, buildings, furniture, and equipment in Equity Bank Rwanda PLC are high standards	40	56	-	--	-	96
	41.7%	58.3%	-	-		100
Cleanliness of the facilities and materials associated in Equity Bank Rwanda PLC are visually attractive	44	47	2	3	-	96
	45.8%	48.9%	2.1%	3.2%	-	100%
Smartness of Equity Bank Rwanda PLC staff and presentable	67	24	4	1	-	96
	69.7%	25%	4.1%	1.2%	-	100%

Sources: Primary data, 2024

Based on the table 4.4 above that depicts the finds on the tangible dimension of the Customer Care service in the Equity Bank Rwanda PLC. (41.7%) strongly agreed, followed (58.3%) respondents who agreed while no anyone who were neutral or disagreed confirmed that The land, buildings, furniture, and equipment in Equity Bank Rwanda PLC are high standards and (45.8%) strongly agreed, followed (48.9%) respondents who agreed while (2.1%) respondents and (3.2%) respondent were neutral and disagree respectively. Confirmed that Cleanliness of the facilities and materials associated in Equity Bank Rwanda PLC are visually attractive , (69.7%) strongly agreed, followed (25%) respondents who agreed while (4.1%) respondents and (1.2%) respondent were neutral and disagree respectively confirmed that Employees of Equity Bank Rwanda PLC are formally dressed and presentable This indicates that Equity Bank Rwanda PLC offers quality services to customers due to enough and good facilities that enable the bank to serve customers. Customers join Equity Bank Rwanda PLC as it a bank which has reliable materials, banking hall and other facilities facilitating delivering quality services.

4.3.2. Responsiveness of services in Equity Bank Rwanda PLC

The researcher have asked the customers (respondents) on whether customers agree that Equity Bank Rwanda PLC respond to the complaints of the customers.

Table 4.5: Perceptions on responsiveness of services in Equity Bank Rwanda PLC

Statement	SA	A	D	N	SD	Total
Quick response on customer complaints in Equity Bank Rwanda PLC	34	60	2	-	-	96
	35.4%	62.5%	2.1%	-	-	100%
Equity Bank Rwanda PLC Encouraging face to face dealing Availing information to customers	31	58	3	3	1	96
	32.1%	60.3%	3.1%	3.1%	1.4%	100%
Employees make information easily obtainable by customers	66	28	2	-	-	96
	68.8%	29.1%	2.1%	-	-	100%

Sources: Primary data, 2024

Based on the table 4.5 above, it shows the service responsiveness in Equity Bank Rwanda PLC.

The respondents were asked whether Quick response on customer complaints in Equity Bank Rwanda PLC, the respondents represented 35.4% strongly agreed, followed 62.5% respondents who agreed while 2.1% of respondents were disagree respectively. 32.1% respondents strongly, 60.3% confirmed that Equity Bank Rwanda PLC Encouraging face to face dealing Availing information to customers, while 3.1% of respondents disagreed and 3.1% of respondent were neutral. While 1.4% of respondent were strongly disagree with this statement.

Responsiveness in Equity Bank Rwanda PLC involves the presentation of the service expeditiously, assisting customers eagerly/willingly, and reacting quickly to a question or a situation with an approach oriented towards solving the problem. The respondents as customers of Equity Bank Rwanda PLC always expect the bank employees to be happy, kind and fast service providers.

4.3.3. Reliability of services in Equity Bank Rwanda PLC

One of the dimensions of service quality is reliability. It is concerned with the way the customer perceives the bank as a more reliable service provider other than another bank in the same industry. The customers were asked their level of agreement on attributes of customer service

Table 4.6: Customers' perceptions on reliability of services in Equity Bank Rwanda PLC

Statement	SA	A	D	N	SD	Total
Equity Bank has a good customer royalty compare to other companies.	70	26	-	-	-	96
	72.9%	27.1%	-	-	-	100%
Customers' problems are treated with sincere interest in solving them	66	30	-	-	-	96
	68.7%	31.3%	-	-	-	100%
Follow-up to ensure that customers	60	35	1	-	-	96

are satisfied with the solution	62.5%	36.3%	1.2%	-	-	100%

Sources: Primary data, 2024

The table 4.6 mentioned that 72.9% of the total respondents strongly agreed that Equity Bank has a good customer royalty compare to other companies and 27.1% agreed with this while 68.7%% of the total respondents strongly agreed that Customers' problems are treated with sincere interest in solving them and 31.3% agreed with this while 62.5% of the total respondents strongly agreed , 36.3%% agreed that Follow-up to ensure that customers   are satisfied with the solution and 1.2% disagreed with this . Normally, attracting new customer may cost bank a lot and maintaining The respondents said that Equity Bank Rwanda PLC is reliable because the promised service to customers is provided each time in the right and reliable manner. They added that Equity Bank Rwanda PLC delivers services accurately not only for once; there are also a consistence in delivering accurate services and reliable services.

 customer care and technology used by their bank in all banking activities there is no any other gap they want to feel so that they can think on other banks.

4.3.4. Assurance of services in Equity Bank Rwanda PLC

Assurance services provide reliable information by improving its quality for decision-making. They also ensure that financial records are not manipulated but are accurate and valid

Table 4.7: Respondents' views on assurance of services in Equity Bank Rwanda PLC

Statement	SA	A	D	N	SD	Total
Trust the system of Equity Bank Rwanda PLC against hackers and cyber criminals	71	24	1	-	-	96
	73.6%	25.2%	1.2%	-	-	100%
Equity Bank Rwanda PLC keep confidentially of customer information	74	21	1	-	-	96
	77.2%	21.6%	1.2%	-	-	100%
Employees' ability to have proper	56	38	2	-		96

product knowledge, provide quality hospitality, attention, and courtesy	58.3%	39.5%	2.2%	-	-	100%

Sources: Primary data, 2024

The results presented in the table 4.7 shows that the majority of respondents with 73.6% of respondents strongly agreed, 25.2% of respondents agreed that Trust the system of EQUITY BANK RWANDA PLC against hackers and cyber criminals only (1.2%) of respondents disagree this statement and 77.2% of the respondents strongly agreed, 21.6%% of the respondents agreed that EQUITY BANK RWANDA PLC keep confidentially of customer information

while 1.2% of the respondents disagreed, last statement shows that 58.3% of the respondents strongly agreed, 39.5% of the respondents agreed that employees' ability to have proper product knowledge, provide quality hospitality, attention, and courtesy while 2.2%% of the respondents disagreed with this statement. this implies that employees of Equity Bank Rwanda PLC convince customers that they are qualified in what they do and they possess the required knowledge and skills to perform their duties or to serve customers.

4.3.5. Empathy of services in Equity Bank Rwanda PLC

The dimension of empathy is to understand the needs of customers and provide individual attention. The researcher was sought to find out the view of the customers on empathy in Equity Bank Rwanda PLC.

Table4.8: Respondents' views on empathy dimension of quality service in Equity Bank Rwanda PLC

Statement	SA	A	D	N	SD	Total
Equity Bank Rwanda PLC operates hours are convenient to all their customers	64	30	0	2	-	96
	66.6%	31.2%	0%	2.2%	-	100%
Equity Bank Rwanda PLC bank has their customers' best interest at heart	56	39	1	-	-	96
	58.3%	40.6%	1.1%	-	-	100%
Equity Bank Rwanda PLC are expected and understand specific customer wants and needs and provide comfortable service times	62	33	2	-	-	96
	50%	41.6%	2.2%	-	-	100%

Sources: Primary data, 2024

The results presented 4.8 shows that almost all respondents with 66.6% of respondents strongly agreed, 31.2% of respondents agreed that Equity Bank Rwanda PLC operates hours are convenient to all their customers and only 2.2% of respondents was neutral with this. And other statement clearly show that 58.3%of respondents strongly agreed, 40.6% of respondents agreed that Equity Bank Rwanda PLC bank has their customers' best interest at heart and only 1.1% of respondents disagreed with this; 50% of respondents strongly agreed, 41.6%of respondents agreed that Equity Bank Rwanda PLC operates hours are convenient to all their customers and only 2.2% of respondents disagree with this

This implies that employees of Equity Bank Rwanda PLC show individual care to customers, bank employees understand the special needs of customers, sincerely taking the customers' interests into consideration and recognizing regular customers. This implies that Equity Bank Rwanda PLC and its employees put themselves into customers' shoes and act accordingly.

4.4. Analysis of financial performance within the period of 2020-2023

The researcher tried to analyze the level of Equity bank Rwanda PLC performance by using the evolution performance such as, evolution of deposit, evolution of interest incomes, evolution of assets, evolution of loans granted, evolution of equity. Net Profit Margin Ration, Return on Asset Ratio, Return on Equity Ratio.

4.4.1. Trend of deposit

Deposit is the total amount of funds invested on the deposit account in a bank and reimbursable to the beneficiaries of this account upon the request. Deposits are the most important source for the Equity bank Rwanda PLC as well as in other banks since they ensure stability and liquidity of its performance; they illustrate the trust that the clients have in their bank and relevant financial services available to them. In this point, the researcher present the increase of client's deposit within the period of our study.

Table4.9: Trend of deposits of Equity bank Rwanda PLC

Years	Deposit	Variation	Percentages
2020	215,876,054	-	-
2021	301,067,056	85,191,002	39.4
2022	611,345,385	310,278,329	103
2023	742,562,135	131,216,750	21.4

Source: Financial statements of Equity bank Rwanda PLC from 2020 up to 2023

The table 4.9 shows that from 2020 to 2023 deposit have been increased to correspondent of 39.4%, 103% and 21.4% of increase of deposits from 2020 up to 2023. The increases of that deposit come from to the good service. The clients increase during covered period. The quality of services is the main factors that influence the increase of the clients, The increase of deposits during covered period was resulted from quality of services and quick services to customers given using an effective quality services.

4.4.2. Trend of loan granted

A loan in terms of small business finance is a sum of money advanced to a business that must be repaid, with interest at some point in the future. The lender must bear the risk that the borrower may not repay the loan. The interest rate charged is the price for that risk. A loan is money,

classified as debt, for temporary use. A business has to apply for a loan through some lending organization. A lending organization might be a commercial bank, credit union, or other lending organization like a thrift institution or an alternative source of loans for businesses.

Table 4.10:Trend of loan granted of Equity Bank Rwanda PLC

Years	Loan	Variation	Percentages
2020	189,955,663	-	-
2021	220,998,847	31043184	16.3
2022	381,591,841	160592994	72.6
2023	430,460,456	48868615	12.8

Source: Equity Bank Rwanda PLC Annual report from 2020-2023

The table 4.10 shows how the Equity Bank Rwanda PLC conducted its loan distribution. Therefore researcher have found out that from 2020 to 2023 loan distributed were increased by 16.3%, 72.6%, and 12.8% from 2021, 2022, up 2023. Those increases of credit granted by Equity Bank Rwanda PLC indicate that the management had managed to generate income from those credits as interest at the same time Equity Bank Rwanda PLC is intended to help its customers to improve their social and economic conditions Normally the increase in amount of credit granted by any bank has a greatest positive impact on its performance since loans offered to their customers act as the major source of bank's revenue due to interest income derived from that loan and banks with higher rates of loan growth are profitable, suggesting that the credit cycle is key important for Equity Bank Rwanda PLC.

4.4.3. Evolution of net income

The net profit is defined as the turnover minus the cost of return purchasing of sells product. Or sells prices minus the net profit of return to find the net profit of company in brief, subtract the turnover some changes which realized. As all other factors which complete for the performance of Equity bank Rwanda PLC.

Table4.11: Evolution of net income of Equity bank Rwanda   PLC (amount in 000'Rwf)

years	Net income	Evolution	Evolution rate
2020	10,287,415	-	-
2021	12,379,241	2091826	20.3
2022	33,275,770	20896529	168.8
2023	36,405,577	3129807	9.4

Source: Financial statements of Equity bank Rwanda   PLC from 2020 up to 2023

The table 4.11 shows that from 2020 to 2023 net income of Equity bank Rwanda PLC increased during the period 20.3%, 168.8,%, and 9.4% respectively According to the above table the net result of Equity Bank Rwanda was increase during the covered period from 2020 to 2023.

This shows that Equity Bank Rwanda has a continuous positive trend within the period under study. However the level of increase shifted down in the last year due to the effects of Covid-19 which is a common problem to the banking sector in general. Back to the objective under study, the profit of any company can't increase by accident, but due to the effective quality service in general. The net income shows how Equity Bank Rwanda minimizes the charges because the net income of company necessitates the level of cost engaged. But the main factor here is the effective quality service which in turn push customer to depose, asking for credit, withdraw money as well as consuming the other services and products produced by this bank which in turn lead the bank to a considerable net income.

4.4.4. Evolution of equity

Return on Equity a measure of how well a bank used reinvested earnings to generate additional earnings, equal to a fiscal year's after- tax, that bellow table shows the ratio of Return on equity during ours period of study. Return on equity (ROE) measures the rate of return on the ownership interest (shareholders' equity) of the common stock owners. It measures a firm's efficiency at generating profits from every unit of shareholders' equity (also known as net assets or assets minus liabilities).

Table4.12: Evolution of equity of Equity bank Rwanda PLC (amount in 000'Rwf)

years	Total equity	Evolution	Evolution rate
2020	52,857,944	-	-
2021	65,176,206	12,318,262	23.3
2022	110,586,897	45,410,691	69.6
2023	136,404,958	25818061	23.3

Source: Financial statements of Equity bank Rwanda   PLC from 2020 up to 2023

According to the table 4.12, above it is show that the variation of equity, from, 2020 to 2023 the Equity increased from 2020 to 2021 which is equal to 23.3% , from 2021 to 2022 Equity increased by 69.6%   and 2022 to 2023 equity increased by 23.3%   The equities of Equity bank Rwanda   PLC come from the social capital, the reserves and net income. The equities show the financial means of the company without considering the external resources like loans and others. And the evolutions of the equity of this bank prove its profitability and well standing in investment position.

4.5. Ratio analysis of Equity bank Rwanda PLC

Analysis and interpretation of accounting ratios provide a skil experienced analyst, a better understanding of the financial conditions and performance of the firm than what could have obtained only through a perusal of financial statements. Therefore, in this section researcher analyzed the performance of Equity Bank Rwanda bank through the profitability ratios.

4.5.1. Return on Assets ratio (ROA)

Return on asset ratio is a measure of a bank's profitability, equal to fiscal year's earnings divided by its total assets. The return on assets ratio is profitability ratio which allows the business owner to calculate how efficiently the company is using their total asset base to generate revenues. Total assets include all assets such as cash and account receivable in addition to fixed assets such as plant and equipment. The researcher aimed to indicate how efficiency the bank was using their total asset base to generate sales.

The formula:

Return on Asset (ROA) $= \dfrac{\text{Net income}}{\text{TotalAsset}} * 100$

Table4.13: Return on Assets ratio of Equity bank Rwanda PLC (amount in 000'Rwf)

Years	2020	2021	2022	2023
Net income(1)	10,287,415	12,379,241	33,275,770	36,405,577
Total assets (2)	345,399,778	456,967,593	867,820,479	1,028,616062
ROA% (1/2)	2.9	2.7	3.8	3.5

Source: Financial statements of Equity bank Rwanda PLC from 2020 up to 2023

The table 4.13 shows that the total assets of Equity bank Rwanda PLC increased by 2.9% in 2020, 2.7% in 2021, 3.8% in 2022 and 3.5% in 2023, The above result, show that Equity Bank Rwanda, is profitable during the covered period. In 2020 up 2023 Equity bank Rwanda PLC performed poorly as indicating by decreasing of ROA, this is because of some client's failure to pay back loan granted by Equity bank Rwanda PLC. This means that quality services in Equity bank Rwanda PLC lead to higher profit of this bank as the assets of bank generated higher income.

4.5.2. Return on Equity (ROE)

ROE is the amount of net income returned as a percentage of shareholders equity. It reveals how much profit a company earned in comparison to the total amount of shareholder equity found on the balance sheet. ROE is one of the most important financial ratios and profitability metrics. It is often said to be the ultimate ratio or the 'mother of all ratios' that can be obtained from a company's financial statement. It measures how profitable a company is for the owner of the investment, and how profitability a company employs its equity. Return on equity is calculated by taking a year's worth of earnings and dividing them by the average shareholder equity for that year, and is expressed as a percentage

The formula:

Return on Equity $= \dfrac{\text{Net income}}{\text{Total equity}} * 100$

Table4.14: Return on equity ratio of Equity bank Rwanda   PLC (amount in 000'Rwf)

Years	2020	2021	2022	2023
Net income (1)	10,287,415	12,379,241	33,275,770	36,405,577
Total equity (2)	52,857,944	65,176,206	110,586,897	136,404,958
ROE% (1/2)	19.41	18.92	30.01	26.68

Source: Financial statements of Equity bank Rwanda   PLC from 2020 up to 2023

The table 4.14 demonstrates the image of return on equity ratio in Equity bank Rwanda   PLC from 2020 up to 2023. It is very important for any shareholder because it measures the return on the money they have put into the company. Even new investors are interested on this, it is the ratio potential investors look at when deciding whether or not to invest in the company. The table 4.14 shows the return on equity is satisfactory; it was 19.41% in 2020, 18.92% in 2021 ,30.01% in 2022 and 26.68% in 2023, This means that, for the 100Rwf investors have put in a bank, they got 19.41Rwfof profit, in 2020, for the 100Rwf investors have put in a bank, they got 18.92Rwfof profit and in 2021; for the 100Rwf investors have invested in bank, they generated in 30.01Rwf of profit , in 2022 and for the 100Rwf investors have put in a bank, they got 26.68Rwf of profit in 2023 Therefore it is observed that quality services applied in the Bank understudy has a strong link with this situation, since the return on equity depend on how much you sold. And of cause high sales every time depend on better quality service.

4.5.3. Net Profit Margin ratio

Net profit margin is a financial ratio that measures the efficiency of a bank's use of its assets in generating sales net operating income or sales income to the financial institutions an interest rate is the rate at which interest is paid by borrowers for the use of money that they borrow from a lender. Interest rates are normally expressed as a percentage (Massimo. M, 2016).

$$\text{Net profit margin} = \frac{\text{net income}}{\text{Total revenues}} * 100$$

Table 4.15: Net profit margin ratio of Equity bank Rwanda PLC (in 000'Rwf)

Years	2020	2021	2022	2023
Net income (1)	10,287,415	12,379,241	33,275,770	36,405,577
Total revenues (2)	30,136,489	32,936,075	81,463,972	94,495,374
Net profit margin (1/2)	34.13	37.58	40.84	38.52

Source: Financial statements of Equity bank Rwanda   PLC from 2020 up to 2023

The table 4.15 shows that the Net Profit Margin ratio of Equity bank Rwanda   PLC was 34.13%, 37.58%, 40.84%, and 38.52 respectively in 2020, 2021, 2022 and 2023. for 100Rwf of sales a bank got 34.13Rwf of benefit; in 2020, for 100Rwf of sales a bank got 37.58Rwf of benefit; in 2021, for 100Rwf of sales a bank got 40.84Rwf of benefit and in 2022 and for 100Rwf of sales a bank got 38.52Rwf of benefit; in 2023 Therefore Equity bank Rwanda   PLC 's net profit margin had been increased from 2020 to 2023 which means that they recognized performance. The performances goes hand in hand with the ways by which effectiveness in utilization of existing resources of cash management, financial planning, strategic supplier partnership and capital budgeting management as well as in capital structure management are ensured. The effectiveness of all these is the effectiveness of quality services in Equity Bank Rwanda PLC.

SUMMARY, GENERAL CONCLUSION AND RECOMMENDATIONS

Introduction

This Section comprises summary of the findings, conclusion and recommendations on assessing the the impact of loans management to the performance of financial institutions in Rwanda.

Summary

General objective of the study was to Assess the *"Contribution of Quality Services and Performance of Banking Industry in Rwanda''* Case study: Equity Bank Rwanda PLC, Period: 2020-2023. The specific objectives of the study are shown below

1.To analyze the effectiveness of quality service in Equity Bank Rwanda PLC.
2.To determine the effects of quality service on the performance of Equity Bank Rwanda PLC
This study was guided by the following two research questions:

1.Does equity Bank Rwanda offer a quality service to its customers effectively?
2.Does equality service contribute to the performance of Equity bank Rwanda?
This study verified two hypotheses formulated as follows:

1. Equity Bank Rwanda offers a quality service to its customers effectively.
2. Quality service offered by equity bank Rwanda contributes to its performance.

Regarding to the effectiveness of loan management of Equity Bank Rwanda PLC, Results presented in table 4.5, it shows the service responsiveness in Equity Bank Rwanda PLC. The respondents were asked whether Quick response on customer complaints in Equity Bank Rwanda PLC, the respondents represented (34.3%) strongly agreed, followed (63%) respondents who agreed while (2.1%) of respondents were disagree respectively. 31.2% respondents strongly, 60.4% confirmed that Equity Bank Rwanda PLC Encouraging face to face dealing Availing information to customers, while 3.1% of respondents disagreed and 3.1% of respondent were neutral. Responsiveness in Equity Bank Rwanda PLC involves the presentation of the service expeditiously, assisting customers eagerly/willingly, and reacting quickly to a question or a situation with an approach oriented towards solving the problem. The respondents as customers of Equity Bank Rwanda PLC always expect the bank employees to be happy, kind and fast service providers.

The results presented in the table 4.7 shows that the majority of respondents with 73.6% of respondents strongly agreed, 25.2% of respondents agreed that Trust the system of EQUITY BANK RWANDA PLC against hackers and cyber criminals only (1.2%) of respondents disagree this statement and 77.2% of the respondents strongly agreed, 21.6%% of the respondents agreed that EQUITY BANK RWANDA PLC keep confidentially of customer information

while 1.2% of the respondents disagreed, last statement shows that 58.3% of the respondents strongly agreed, 39.5% of the respondents agreed that employees' ability to have proper product knowledge, provide quality hospitality, attention, and courtesy This implies that employees of Equity Bank Rwanda PLC convince customers that they are qualified in what they do and they possess the required knowledge and skills to perform their duties or to serve customers. Based on the above findings, the researcher has approved the first hypothesis and concluded that Equity Bank Rwanda offers Quality services" was verified and conformed.

The second objective was intended to verify the second hypothesis; it was focused on the contribution of Quality services to the performance of Equity Bank Rwanda. Researchers took much attention on the aspects which are indicators that determined financial performance of Equity Bank Rwanda.

The table 4.9 shows that from 2020 to 2023 deposits have been increased to correspondent of 52.4%, 85.7% and 21.4% of increase of deposits from 2020 up to 2023. The increases of that deposit come from to the good service. The clients increase during covered period. The quality of services is the main factors that influence the increase of the clients, The increase of deposits during covered period was resulted from quality of services and quick services to customers given using an effective quality services. The table 4.13 shows that the total assets of Equity bank Rwanda PLC   increased by 2.72% in 2020, 3.35% in 2021 and 3.22% in 2022 and 2.70% in 2024, The above result, show that Equity Bank Rwanda, is profitable during the covered period. In 2020 up 2023 Equity bank Rwanda   PLC performed poorly as indicating by decreasing of ROA, this is because of some client's failure to pay back loan granted by Equity bank Rwanda PLC. This means that quality services in Equity bank Rwanda   PLC lead to higher profit of this bank as the assets of bank generated higher income. The table 4.14 demonstrates the image of return on equity ratio in Equity bank Rwanda   PLC from 2020 up to 2023. It is very important for any shareholder because it measures the return on the money they have put into the company. Even new investors are interested on this, it is the ratio potential

investors look at when deciding whether or not to invest in the company. The table 4.14 shows the return on equity is satisfactory; it was 19.41% in 2020, 18.92% in 2021 ,30.01% in 2022 and 26.68% in 2023, Therefore it is observed that quality services applied in the Bank understudy has a strong link with this situation, since the return on equity depend on how much you sold. And of cause high sales every time depend on better quality service.

Based on the above findings, the second hypothesis of the "Quality services contributes to the performance of Equity bank Rwanda PLC" was verified and confirmed.

SUGGESTIONS

- ✓ Customer care should be given the first priority in generating revenues, since it deals   with receiving clients, solving their problems. So, the better customer care service, the more reputation hence more profits.
- ✓ Equity bank Rwanda PLC should be improved in all departments not only in banking department for the   attainment of organizational goals and objectives.
- ✓ Equity bank should improve quality service through Tangibility ,Reliability ,Responsiveness, Assurance ,Empathy.
- ✓ For the better continuation of performance   should bear with the following:
- ✓ Equity bank Rwanda PLC is advised to minimize its operating expenses in order to retain a great proportion of gross profit; this will attract much investor to extend the business.
- ✓ Equity bank should improve quality service in order to increase ROA, ROE and NPM ratio,
- ✓ Equity bank Rwanda PLC should also be bring new products   that meets specifications of the clients   as the world business is guided by competition, therefore the company should always bring be so much innovative as the   technological changes to sustain the mark.

Perspectives for further researchers

At the end of this research, some suggestions are given to further researchers such as:

- ✓ The contribution of quality services to the customer retention in banking institutions.
- ✓ To analyze the role of quality services to the profitability of institutions.

REFERENCES

(Amiri, 2021) The Determinants of the quality of service experience: An empirical study of Heritage Park College of Business and Management, University of Sharjah, United Arabs Emirates. *University of Sharjah journal of pure and applied sciences, 2*, 2, 75-102.

(Gupta et. al, 2017). *Bank characteristics and customer bank choice: how important are importance measures. Journal of Professional Services Marketing, 3/3, 131-141.*

(Chen et. al, 2016). *An empirical analysis of effective customers service on nigeria banks profitability (A queuing and regression approach). Asian Economic and Financial Review.4, 7, 864-876*

(Bamfo. B, 2018). Customer retention by banks in New Zealand' Banks and Bank systems, Vol.2, No.1, pp. 40-55.

(Gopal, 2020). Assessing the Quality of Bank Services by Using the Gap Analysis Model. *Asian Journal of Business Management Studies, 2(1)* , 14-23.

(Fornel, 2019). Factors influencing the likelihood of customer defection: The role of consumer knowledge. *Journal of the Academy of Marketing Science, Vol.31, No.2*, 164-175.

(Harris, 2019). Expectations as a comparison standard in measuring quality of service : An assessment of a reassessment" . *Journal of Marketing* , 132-139.

(Meshach, 2021). Service quality and customer satisfaction (application of SERVQUAL model). . *International Journal of Management and Business Research, 2(4)*, 351-361.

(Thomas. S, 2019). Impact of Hospital Services on Outpatient Satisfaction. International Journal of Research in Business Management, 2 (4), 37-44.

(Chege, 2022). *A Customer Loyalty Model for E-Service Context. .* J. Electronic Commerce Res., pp. 4- 4. .

Ganguli, & Roy, (2019) Impact of Hospital Services on Outpatient Satisfaction. *International Journal of Research in Business Management, 2 (4)*, 37-44.

Berry (2019) Does quality of service affect students' performance? Evidence from institutes of higher learning, . *African Journal Of Business Management*, 17-18.

Turyahebya (2021) *Factors influencing the likelihood of customer defection: The role of consumer knowledge.Journal of the Academy of Marketing Science, Vol.31, No.2, pp.*

(Hoggson, 2019). he effect of perceived service quality dimensions on customer satisfaction, trust, and loyalty in e-commerce settings. A cross cultural analysis. . *Asia Pacific Journal of Marketing and Logistics, 22(3), pp.* , 351-37.

Bandura, (2017) *Services quality evaluation in internet banking: An empirical study in India. International Journal of Indian Culture and Business Management, 2, 1*

Parasuraman et al. (2017) Marketing communications: contexts, strategies, and applications' 4th Edition New York: Pearson Education Limited.*in Business Management, 2 (4), 37-44.*

(James., 2020). Service Quality and Customer Satisfaction in Selected Banks in Rwanda. . *Journal of Business & Financial Affairs 06(01)*, 46-49.

(Antonides et al., 2018). Bank characteristics and customer bank choice: how important are importance measures. *Journal of Professional Services Marketing, 3/*3, 131-141.

Bolton et al. (2023). Interrelations between service quality attributes, customer satisfaction and customer loyalty in the retail banking sector in Bangladesh. *International Journal of Business and Management, 6(3)*, 12-16.

Keisidou, (2023) *A service quality model and its marketing implication*. European Journal of Marketing, 18,4, 36 – 43

(Kotler, 2020) *Examining the structural relationships of destination image, tourist satisfaction and destination loyalty: An integrated approach. Tourism Management, 29, 624-636.*

(Thomas, 2015). *Methods of Social Research*, A division of McMillan Publishing Company, Inc. New York, USA.

Duff and Robert (2019). Learing for Service quality & usage. *Journal of Marketing Research ,* 23, 25 – 30

Zeithmal *et al.* (2018) *Research Methodology: Methods and Techniques,* 2nd ed., New Age. Publications, New Delhi.

(Shih, 2019). *Examination of Relationship Between Quality of service, customer.* New York: McGraw- Hill.

(Grinnell & Williams,2021), *The effect of service quality on customer satisfaction in the hospitality industry in Kenya-a case study of Lake Bogoria SPA resort. .* Nairobi: MBA Project, University of Nairobi.

(Kumar, R. 2022).) *Research Methodology*: Methods and techniques. 2nd Revises Ed. New Age International. India

Dawson, (2020),). *Impact of Hospital Services on Outpatient Satisfaction. International Journal of Research in Business Management, 2 (4), 37-44.*

APPENDIX: QUESIONNAIRE ADDRESSED TO RESPONDENTS

Dear respondent**,**

I **DINAH UWASE** student at Kigali Independent University ULK, in Economics and Business Studies, Accounting department. As part of my academic requirements, are conducting a research project on the topic entitled **"CONTRIBUTION OF QUALITY SERVICES TO THE PERFORMANCE OF BANKING INDUSTRY IN RWANDA**A case of EQUITY BANK RWANDA PLC within the period of 2020-2023" For this research to be successful, we are requesting you to sacrifice your little time and offer the best contribution possible. Your contribution will be of great academic value and a major determinant of the success of this study. Under any circumstances, it is not obligatory to provide your name if you do not like.

The questions asked are only for academic research purposes and thus responses obtained will be treated confidentially.

Thank you for your cooperation

Note: Please circle/tick the correct answer and fill the provided space where necessary.

Section One: General Information

Please tick the most appropriate

2. Gender

- Male   [ ]
- Female   [ ]

1. Age

- 18-30   [ ]
- 31-42   [ ]
- 43-54   [ ]
- Above 55years old   [ ]

3. Highest level of Education (tick one)

- Primary   [ ]

- Diploma levels   [ ]

- Bachelor   [ ]

- Masters   [ ]

- PHD   [ ]

Section two: effectiveness of quality services in Equity bank Rwanda PLC .

To what extent do you agree with the following statements regarding on **quality services at Equity Bank Rwanda PLC**? Using a scale of 4– 1 tick the appropriate answer from the alternatives provided for each of the questions. 5. Strongly Agree 4. Agree   2. Disagree 1.

4.Tangibility of services	SA	A	D	N	SD
The land, buildings, furniture, and equipment in Equity Bank Rwanda PLC are high standards					
Cleanliness of the facilities and materials associated in Bank of Kigali are visually attractive					
Smartness of Equity Bank Rwanda PLC staff and presentable					
5.Responsiveness of services					
Quick response on customer complaints in Equity Bank Rwanda PLC					
Equity bank Rwanda PLC Encouraging face to face dealing Availing information to customers					
Employees make information easily obtainable by customers					
6.Reliability of services					
Equity Bank has a good customer royalty compare to other companies.					
Customers' problems are treated with sincere interest in solving them					
Follow-up to ensure that customers are satisfied with the solution					
7.Assurance of services					

Trust the system of Equity Bank Rwanda PLC against hackers and cyber criminals				
Equity Bank Rwanda PLC keep confidentially of customer information				
Employees' ability to have proper product knowledge, provide quality hospitality, attention, and courtesy				

Thanks for your precious time and honest response, may God bless you.