Impact of Bank Customers' Credit in Promoting Customer's Satisfaction in Nigeria

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Abstract
This study examined the impact of bank customers' credit in promoting customer satisfaction in Nigeria using survey design, well-structured questionnaire and ordinary least square (OLS) as the estimated technique. The study used customer satisfaction (CS) as the explained variable while bank customers' credit was used as the explanatory variable. The result revealed that bank customers' credit (59.983, P = 0.000) has a positive and significant impact on customer satisfaction in Nigeria. It was concluded that bank customers' credit improves customer satisfaction in Nigeria.

Keywords: Satisfaction, Deposit Money Bank, Bank Client, Bank Customer Credit (BCC), Customers

Introduction

Business affects Nigeria's economy and bank loans and credits boost industrial growth, according to Nwokoro (2017). Many industrial enterprises in emerging nations like Nigeria depend on bank loans.Credit refers to the act of one party lending money to another (Adeyemo & Olateru, 2022).Credit refers to the act of repaying borrowed funds or the value of goods and services obtained via borrowing. Credit is a crucial aspect of the banking industry since it enables the movement of cash from individuals or entities with surplus funds to those with a shortage of funds. Financial institutions that take deposits lend money to the needy. The Central Bank of Nigeria defines bank credit as all banking sector loans and advances to economic actors. Collateral is commonly used to ensure repayment in case of nonpayment. Credit enables intermediation, which is essential to economic growth. Like many developing nations, Nigeria lacks production funding, which hinders industrial expansion (Adelegan, 2011). He said Nigerian firms' management struggles with excessive borrowing costs and a shortage of cash. Due to a shortage of money, companies have been unable to invest in contemporary equipment, Information and Communication Technology (ICT) with Human Resources (HR) development, which are essential for cost reduction, productivity, and competitive advantage (Adeyemo & Olateru, 2022). Although financing is accessible, hefty interest rates above 30% deter clients. This is especially true given sub-sector returns on investments below 10%. Other challenges outside infrastructure include high-interest rates and banks' reluctance to lend, even when monetary authorities recognise client pleasure. Private enterprises in Nigeria use bank loans for investment capital (Chisom & Chikwendu, 2019). Private investment is affected by bank loan accessibility for private borrowers. Gross credit to the private sector reduced from 66.7% in 1980 to 59.7% in 1981 and 52.1% in 1982 Okere & Ugonma, 2020). Nigeria's private sector shrank thereafter and later it climbed from 28.9% in 1986 to 34.0% in 1993 as noted by Chisom and Chikwendu (2019). Orjiude (2022) reports that Nigeria's banking industry granted ₦5.1 trillion (16.67%) more credit to the private sector from January to December 2021. Nigerian banks see private sector loan availability as unsustainable due to abundant liquidity and high-interest rates, even with a little increase. Industrial credit is scarce in developing countries like Nigeria, which has led to low investment in several sectors (Olokoyo, Adetiloye & Ikpefan, 2016). Multiple studies (ADB, 2019; Gelb, Kalantaryan, Mcmahon & Perez-Fernandez, 2021; Ratha, 2022) show that migrants may compensate for private sector bank credit shortages by sending money home to loved ones for spending or investment. Customer satisfaction is how satisfied customers are with financial organisations like banks (Uwalaka & Eze, 2020). Customer satisfaction evaluates how effectively a company's product or service satisfies target audience expectations. Many studies have examined the link between bank loans and Nigeria's industrial sector, with mixed results. Client satisfaction is closely tied to service or product quality. Pleasant encounters improve customer satisfaction and perceptions. unfavourable encounters decrease customer satisfaction and boost unfavourable views. The research examines how Nigerian bank customers' credits affect customer satisfaction.

Literature Review

Conceptual Review

Bank Credit

According to Gbenga, James, and Adeyinka (2019), banks provide clients credit if they repay it with interest. A loan is provided whether the whole amount is withdrawn in cash or deposited with the bank. Loans, trade credit, non-equity securities, and other receivables may be restored to private firms (Gbenga, James & Adeyinka, 2019). Banking is competitive, thus client satisfaction is a priority (Munusamy, Chelliah & Mun, 2010). Corporations provide banking services; offers financial services as intermediary Furthermore. The financial sector encompasses savings and payment systems and many other economic activities (Rose & Hudgins, 2008). Banking operations include money generation, payment ease, savings account establishing, loan giving, international financial services, and brokerage and securities services. Global banking includes several financial services, according to Heffernan (2005). Services include insurance, investment management, bond equity affiliations, liquid financial instruments, intermediate banks, and credit-based equity transactions.

Customers' Satisfaction

Customer satisfaction is how satisfied clients are with banks and other financial institutions' goods and services. Mobile usability, accuracy, and other aspects affect bank credit customer satisfaction. (Minjoon & Sergio, 2016) opined that customer satisfaction indicated how effectively a company's products meet or surpass expectations (Ataur, Mahamudul, & Amin, 2017). The total happiness clients experience from their company contacts is called "customer satisfaction" (Elaine, 2005). Customer satisfaction is when a company's products meet or exceed market expectations. According to Carvana and Malta (2002), customer satisfaction is the extent to which a product or service meets or exceeds consumer consumption expectations. Customer satisfaction affects a company's competitiveness and profitability. When consumers are happy, firms are more likely to prioritise them, enhance their reputation, and attract new customers. The corporation will improve client relationships and create switching obstacles using these tactics. Uwalaka and Eze (2020) define customer satisfaction as a company's goods and services meeting or exceeding expectations. Customer satisfaction is the proportion of consumers who report being pleased or extremely happy with a company's goods or services. The happiness of a company's customers is one definition of customer satisfaction. Customer satisfaction is often defined as a customer's contentment with a company's goods or services. The complexity of consumer satisfaction influenced by physical and psychological factors, causes perception disparities (Kumari & Janaka, 2014).

Theoretical Review

Financial Intermediation Theory

Leland and Pyle (1977) proposed financial intermediation. The notion highlighted financial intermediaries' involvement in monetary systems. Financial intermediaries with fixed-sum liabilities (deposits) unrelated to portfolio performance, short-term deposits, and large liabilities accessible by cheque, and non-transferable assets and liabilities were their four classifications. Intermediaries are needed to provide a regular flow of money from surplus to deficit groups, according to the theory. Financial intermediation may illuminate savings, investments, and economic progress. According to this hypothesis, firms and other financial intermediaries help firms invest extra capital (Abifarin & Bello, 2015). Banks facilitate savings and investment in their communities by collecting deposits. Saving money makes it easier to invest, which boosts the economy (Dogarawa, 2015). Savings accounts may help those without easy access to regular banking receive loans and credit.

Deposit money banks stimulate economic growth, entrepreneurship, and financial system development by collecting and investing deposits. Investments may boost profitability and banking services, improving the financial system. Investments in income-generating projects or financial products might boost deposit money institution solvency. Expanding their financial services helps firms satisfy customer demands and strengthens the economy (Adewole et al., 2022). The study relies on this idea to explain how financial intermediaries boost investment, direct and consolidate savings, and mobilise capital. Thus, improving their efficiency and versatility boosts economic growth.

Empirical Review

Igbinedion (2023) evaluated bank loans and remittances' effects on Nigeria's private sector from 1981 to 2021. The research used bound test and ARDL estimation. Remittance inflow and bank credit positively and statistically significantly correlated with private sector performance. Long-term, only bank lending counts; remittances undermine private-sector production. Remittance channels must improve to promote private sector performance now and in the future.

Research Method

This study employed survey research design and administered questionnaire to deposit money bank clients in Ado Ekiti through a 5-Point Likert Scale. The research population includes all Ekiti State deposit money bank clients. Since the study had an infinite population, the researcher used Cochran's method to determine the sample size. A sample of 75 Ekiti State deposit money bank clients was used. Researchers used firsthand experiences. The research employed a structured survey. Also, multiple regression analysis was performed to examine how Nigerian bank customer credits improved customer contentment.

The regression model is stated in a linear form represented as follows;

$CS = f(BCC)$

Where;

CS = Customer Satisfaction

f = Functional notation

BCC = Bank Customer Credit

This model is stated in econometric form as:

$CS = \alpha + \beta 1BCC + \mu$……………………1

Where:

Y =Dependent Variables

α = Constant Term

β= Beta coefficients

μ = Error Term

Data Analysis and Findings

Analysis of Respondents' Responses

Table 1: the impact of bank customer credit on customer satisfaction in Nigeria

	SA	A	U	D	SD	Mean	Std. Deviation
Credit provided by banks to the customers is essential and the borrower immediately withdraws the whole amount of the proceeds of the loan in cash or leaves it or deposits with the lending bank.	33 (44.9)	18.6 (24.8)	-	8.4 (11.2)	14.4 (19.2)	3.7495	1.58442
Customer satisfaction in relation to bank credit are mobile convenience, accuracy, diverse mobile application features and ease of assess	27.3 (36.4)	40.275 (53.7)	-	1.725 (2.3)	5.625 (7.5)	4.0935	1.06178
Customer' satisfaction are used to measure a customer's perception of banks products and/or services	33.975 (45.3)	33.975 (45.3)	-	-	6.975 (9.3)	4.1729	1.12714
The amount of loans and advances given by the banking sector to economic agents constitute bank credit	30.525 (40.7)	24.9 (33.2)	-	5.925 (7.9)	13.65 (18.2)	3.7009	1.51186
The provision of credit facilities to the private sector in Nigeria is deem unsustainable by banking institutions	27.3 (36.4)	23.85 (31.8)	7.725 (10.3)	4.575 (6.1)	11.55 (15.4)	4.1776	.91546
High lending rate which sometimes go over 30%, make such credits unattractive to customers	33.675 (44.9)	33.975 (45.3)	-	-	7.35 (9.8)	4.1542	1.14636
Excess credit bank customers leads to liquidation of banks	34.725 (46.3)	33.975 (45.3)	-	6.3 (8.4)	-	4.2944	.84602

	Mean Score =4.05

Source: Field Survey, 2024

Nigerian bank customer credit and pleasure were examined, as seen in the table 1 is study examined how banks and other financial institutions might improve customer happiness, liquidity, operational efficiency, marketing, and economies of scale. Table 1 shows that 44.9 percent of respondents believe customer bank credit is strongly agreed, 24.8 percent agree, and 11.2 percent disagree. Customers' satisfaction with bank credit depends on mobile friendliness, accuracy, app features, and simplicity of use. 27.3% highly agree, 40.27 agreed, 1.72 disagreed, and 5.62 severely disagreed. 33.95% agreed or strongly agreed that customer satisfaction is a measure of a bank's goods and services, while 6.97% disagreed. Bank credit consists of loans and advances supplied by banks to economic participants, according to 30.525 respondents (40.7%) who strongly agree, 24.9 agree (33.2%), 5.925 disagree (7.9%), and 13.6 strongly disagree (18.2%). When asked whether lending money to Nigeria's private sector was sustainable, 27.3% agreed, 23.85% agreed, 7.725% doubted, 4.575% disagreed, and 11.55% strongly disagreed. According to 33.675 respondents (44.9%) who very agree, 33.975 (45.3%) who agree, and 7.35 (9.8%) who strongly disagree, excessive lending rates above 30% make credits unpleasant to clients. Customers' excessive credit may cause banks to collapse, with 34.725 (46.3%) strongly agreeing, 33.975 (45.3%) agreeing, and 6.3 (8.4%) disagreeing. Responses showed that bank customers' credit affects customer satisfaction in Nigeria. A 5-point scale mean score of 4.05 is shown here. When asked what elements increase customer happiness in Nigeria, majority replied easy bank credit. Customers may simplify operations, boost production and marketing efficiency, and benefit from economies of scale using bank loans.

Test of Hypothesis: the impact of bank customers credit on customer satisfaction in Nigeria

Table 2: contribution of bank customers' credit to customers' satisfaction in Nigeria

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.672[a]	.451	.444	.52124	.451	59.983	1	73	.000

a. Predictors: (Constant), BCC

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	16.297	1	16.297	59.983	.000[b]
	Residual	19.833	73	.272		
	Total	36.130	74			

a. Dependent Variable: CS
b. Predictors: (Constant), BCC

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2.215	S.212		10.441	.000		
	BCC	.420	.054	.672	7.745	.000	1.000	1.000

a. Dependent Variable: CS

Table 2 shows the Ordinary Least Squares (OLS) study on Nigerian bank customers' credit and customer satisfaction. This study employed linear regression. Table 2 shows the mathematical link between bank customer credit (BCC) and customer satisfaction (CS) in Nigeria.

$$CS = 2.215 + 0.420_{BCC}$$

Keeping bank customer credit stable would enhance consumers' satisfaction in Nigeria by 2.215 units, according to studies. Bank customer credit partial regression coefficient is 0.420. For every unit increase in bank customer credit, customer happiness in Nigeria will rise by 0.420 units. With an R^2 value of 0.451, bank customer credit explains 45.1% of Nigerian customer satisfaction variance. 54.9% comes from unaccounted variables, represented by the stochastic error component in the model. The adjusted R^2 value of 0.444 shows that bank customer credit contributes 44.4%. Because only 55.6% of variance is due to unknown sources, this is insufficient. Anova analysis found that bank customer credit highly predicted customer happiness in Nigeria (F (1,73) = 59.983, P = 0.000 < 0.05). We can reject the null hypothesis. Nigerian customers' contentment is strongly associated with bank credit contributions.

Discussion of Findings

A series of studies on how bank customer' credit influences customer satisfaction in Nigeria led to the following conclusions:

Most Nigerians firmly agree that bank customers' credit influences customer delight. An average score of 4.05 out of 5 for the study's main purpose supports this. Ordinary Least Square (OLS) regression analysis assessed the original assumptions. Nigerian researchers conducted a regression analysis to determine bank customers' credit satisfaction. The regression model predicted the dependent variable appropriately. Customer satisfaction and bank credit are strongly correlated in Nigeria. Nigeria has a favourable correlation between customer satisfaction and bank client credit. Financial institution credit has several benefits. It helps meet client needs, grow the firm, improve liquidity, take advantage of economies of scale, and improve marketing and production. Funding enhanced daily operations, membership numbers, and operational profitability. Adeyemo and Olateru (2022) and Igbinedion (2023) found similar results to this investigation.

Conclusion and Recommendations

Research shows a substantial positive association between bank customers' credit and customer contentment in Nigeria. The research found a strong positive correlation between bank clients' credit and happiness in Nigeria. Increased bank client credit makes Nigerian clients happy. This research shows that banks give managerial and technical help to startups in addition to providing money. Regression models showed that the explanatory variable substantially influenced the dependent variable. Probability dictated their relevance. All models have probability values under 5%. It established their unbreakable bond. The model adequately explains the dependent variable, according to the F-test. The regression coefficient of multiple determinations explains the dependent variable's behaviour by showing each explanatory variable's relevance. According to studies, Nigerian clients are happier with bank credit. The study advised legislators and the government to provide equity and credit funds to eligible financial institutions to serve customers and promote banking activities. The banking industry requires monetary authorities to maintain interest and lending rates and educate the public to boost deposit money bank lending.

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