SMALLHOLDERS FARMERS AWARENESS OF SERVICE QUALITY IN COMMERCIAL BANKING: A CASE OF AMATHOLE DISTRICT

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Smallholder Farmers' Awareness of Service Quality in Commercial Banking: A case of Amathole District.

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ABSTRACT

The determination of service quality and satisfaction outcome derived by smallholder farmers has been diverse and still remain an issue in the public domain. The study investigated awareness of service quality and satisfaction of smallholder farmers' with the commercial banking sector in Amathole district. The paper used a structured questionnaire which consist of a prepared question-items with fixed answers and alternatives in line with the stated objectives of the study. In assessing smallholder farmers' expectation, perception and satisfaction of service quality; the paper adapted the psychometrically tested SERVQUAL model: Tangibles, Empathy, Responsiveness, Reliability and Assurance to assess the level of service quality and satisfaction. Finding reveal that the closer the perception score to expectation score, the higher the perceived level of quality service. However, the overall assessment of smallholder farmers' expectation exceeds the perceived service that was given by selected commercial banks. Furthermore, results reveal that there are significant relationship between the two items: Tangibility and Reliability, and smallholder farmers' satisfaction. The paper recommended that rendering quality services requires a rational approach and training of bank staff to enhance improvement that will contribute to encouraging smallholder farmers' to stay loyal and avoid switching banks.

Keywords: Smallholder-farmers, Awareness, Quality, Service.

INTRODUCTION

The delivery of services by implication is the sum total of all actions put in place by firms that allows for the maintenance of cordial relationship between enterprises or businesses and their customers. In the main, customers' happiness and satisfaction remains the focal objective of the banking sector. In Amathole district, smallholder farmers are using retail banking services. Brink and Berndt (2004:3) describe 'service' as any benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything. On the other hand, Zeithaml, Bitner and Gremler (2006:4), posited that 'service' entails the totality of all economic activities that jointly collaborate in creating customers' satisfaction. This implies that financial services rendered by commercial banks need to be evaluated on an on-going basis because they create relationships between the banks and their clients. Service denotes composite actions put in place by firms that maintain a relationship between enterprises and their customers. Meanwhile customer satisfaction is viewed as the primary objective of most successful businesses, thus service quality needs to be evaluated to establish and quantify the success rate and satisfaction derived by customers. Many writers have made frantic efforts to measure overall customer satisfaction (Brink & Berndt 2008:70) and particularly smallholder farmers' satisfaction about service quality received from banks. The term quality describes the features of products and services that comply with the standard earmarked. Owing to the unceasing increases in retail banks competition, it becomes imperative for retail banks to

exhibit a quality service model capable of encouraging smallholder farmers to continue banking.

In the face of numerous competition, commercial banks continuously strive to entice smallholder farmers and other banking clients from switching banks through good-looking products and services. The fact that commercial banks give indistinguishable products and services makes it extremely difficult to identify the factors that push smallholder farmers to switch from one bank to another. In the contemporary banking environment coupled with advanced technology in the banking systems, it becomes imperative for commercial banks to develop an ideal service uniqueness. Balachandran (2005:12) posited that commercial banking sector in the present day should be of world-class standard and committed to superiority in client satisfaction. Smallholder farmers and other banking clients desire acceptable quality services and satisfaction (Niveen and Demyana 2013:3). In measuring service quality, numerous models have been applied with diverse views and conclusions. Firstly, the Expectancy-Disconfirmation model is centred on recognising clients' expectation as against what they experienced. It compares the services carried out in harmony with clients' expectations, (Oliver 1993:461) which is usually evaluated after services has been given.

Secondly, another model of note is the Performance-Only model which proposes the assessment of service quality by questioning the client about the level of satisfaction derived from service encounter (Cronin and Taylor, 1994:62). Thirdly, according to Gronroos (1984:56), the Technical and Functional dichotomy model recognises two service dimensions (technical value of the product which is centred on product features such as durability, safety, physical structures; and functional quality which is also centres on the interactions between service provider and the client such as politeness, swiftness of service delivery and expediency) that lead to client's satisfaction. In the Technical and Functional dichotomy model, information may be inadequate and therefore, clients are abound to rely on functional quality to form opinions about quality of services received (Donabedian, 1980:58). Fourthly, the Service Quality versus Service Satisfaction model exposes two service dimensions that are interconnected (the transition-specific valuation which assesses definite features of quality and the general assessment which assesses the entire quality). This model connects the assumed quality given immediately after service encounter and the overall satisfaction derived after the service has been rendered (Gilbert *et al.,* 2004:10). Another model called Service Performance propounded by Cronin and Taylor in 1992:60, which disregarded clients' expectation but accentuated on clients' overall frame of mind towards a given service or services were also adopted in measuring in service quality.

The most accepted model for measuring service quality is the SERVQUAL model propounded by Parasuraman, Zeithaml and Berry in 1988:23. This model initially provided ten elements of service quality which includes: Access, Communication, Competence, Courtesy, Credibility, Reliability, Responsiveness, Security, Understanding and Tangibility. From the foregoing, more studies merged which grouped existing elemental variables together and reduced them to five amalgamated dimensional variables as: (1) Tangibility: the appearance of the business reps, facilities, resources, and as well as communication tools, (Davis, Acquilano, & Chase 2003:33) summarised as the physical evidence of the service); (2) Reliability: provision of services to the client at the assured time while upholding error-free activities. (Fitzsimmons and Fitzsimmons 2001:99); (3) Responsiveness: this is a measure of the willingness and speed of delivery of service by an employee coupled with the ability of the firm or business to respond timeously to client service requests, with minimal waiting and queuing time (Niveen and Demyana 2013:5); (4) Assurance: this is ability of an employee to express trust and competence to perform assigned task, it encompasses, politeness and the general attitude towards service delivery (Fitzsimmons & Fitzsimmons, 2001:98); (5) Empathy: this is the care

and attention provided to the client by the firm. It entails the provision of convenient business operating hours (Ananth, Ramesh and Prabaharan 2010:8).

PURPOSE OF THE STUDY

There are numerous commercial banks in South Africa with rife competition and in order to win clientele loyalty these commercial banks must remain focused on customers' needs and satisfaction. Customers' satisfaction is considered to be based on customers experience of a particular service rendered. Cronin and Taylor 1992:41 posited that service quality is the primary determinant of client satisfaction, because service quality is derived from the outcomes of the services rendered by service providers in any business. The type of Service quality rendered has the potentials to either guarantee smallholder farmers satisfaction or allows for switching of banks. Service quality is known for its potential in guaranteeing client satisfaction and retention, operational efficiency and profitability of an enterprise (Cronin, 2003:56). Since consumer satisfaction is based on the experience of a particular service encounter (Cronin & Taylor, 1992:43), it becomes apparent that service quality is a basic determinant of customer satisfaction. Oliver (1993:463) asserted that service quality is a precursor of customer satisfaction, irrespective of whether the services were collective or transaction-specific. Smallholder farmers' or client satisfaction has a robust positive relationship with client retention in the commercial banking sector (Kandampully and Suhartanto, 2000:16). This bonded relationship cascades to smallholder farmers recommending banks to other potential farmers thus increasing steady client base of commercial banks. Cohen *et. al* (2007:44) states that a loyal bank customer is less likely to be disturbed about bank charges. In a similar vein, Reichheld, Markey, and Hopton, (2000:62) stated that organizations that enjoys high level of customers' loyalty, experience twice as much customer progression.

The SERVQUAL model measures customers' expectations and perceptions of service quality by apprehending the gap that exist between service expectation and experience. (Parasuraman, *et. al.,* 1988; Zeithaml, *et. al.,* 1998:33). It is against this backdrop, that the study attempts to address the specific quality and service factors that accentuates satisfaction of smallholder farmers as banking customers in Amathole district.

OBJECTIVES OF THE STUDY

The main objectives of the study is to determine the outcome of smallholder farmers' expectation and perception of service-quality and satisfaction in commercial banking. Precisely, the study aimed to accomplish the following objectives: (i) to investigate the outcome of perceived service quality and satisfaction of smallholder farmers' with the commercial banking sector in Amathole district. (ii) to determine whether there is a significant relationship between the dimensions of SERVQUAL approach and smallholder farmers' satisfaction.

METHODOLOGY

The study was carried out in Amathole district of Eastern Cape Province of South Africa. The choice of this area was informed by the dominance of emerging and smallholder farmers in the area. Amathole district is bounded by Chris Hani to the Northern part, OR Tambo by the North Eastern area, Indian Ocean by the South Eastern region and Cacadu to the Western part. The district has eight Local Municipality comprising of Nxuba, Great Kei, Ngqushwa, Nkonkobe, Amahlathi, Mbhashe, Mnquma and Buffalo Local Municipality of Eastern Cape (Statistics South Africa, 2014:10).

There are 17 registered banks, 2 mutual banks, 14 local branches of foreign banks, 2 cooperative banks and 43 foreign banks with approved local representative offices in South Africa (SA Reserve Bank, 2013). However, the banks such as Standard Bank, Ned bank, First National Bank and ABSA (Amalgamated Banks of South Africa) dominating the retail-banking sector were used for this study. The smallholder farmers who keep account with these banks were especially targeted.

The paper used the structured questionnaire methodology which consist of a structured questionnaire with fixed answers and alternatives in line with the stated objectives of the study. However, the structured questionnaires were also appropriately tailored to the dimensions of SERVQUAL model and service Quality Gap.

In assessing smallholder farmers' expectation, perception and satisfaction of service quality; the paper adapted a questionnaire design created by Parasuraman (1988:19). The questionnaire instrument were therefore, divided into sections. The first part gave details of demographic characteristics of the smallholder farmers in the study area, while the second part of the questionnaire elicited information about respondents' expectation, perception and satisfaction of service quality.

The psychometrically tested SERVQUAL variables employed were: Tangibles, Empathy, Responsiveness, Reliability and Assurance to assess the level of service quality and satisfaction. The 5-point Likert scale (Likert 1932) which includes: Agree, Strongly agree, Undecided, Disagree, Strongly disagree were also used to measure smallholder farmers' commercial banking satisfaction and service quality.

The study was done using a non-probability sampling techniques to allow for convenience and subjective selection of the respondents. Therefore, a sample size of 180 smallholder farmers were selected from Amathole district. The samples were collected from suburbs consisting of Nxuba, Great Kei, Ngqushwa, Nkonkobe, Amahlathi, Mbhashe, Mnquma and Buffalo Local Municipality of Eastern Cape.

The questionnaires were completed through personal contact with respondents, sorted and screened for data analysis. The data was computed to show the demographic details of respondents by employing the descriptive statistics such as frequency, percentages, mean and standard deviation. Measures such as mean and standard deviation were also used to show the extent of smallholder farmers expectations and perceptions of the listed dimensions of service quality; while the total mean values represents the average value of responses of all the respondents regarding a particular item on the scale.

To determine the statistical relationship between SERVQUAL variables and smallholder farmers' perceived service quality and satisfaction, logistics regression analysis was used. The data analysis was prepared with the use of Statistical Package for Social Sciences (SPSS version 21).

In measuring smallholder farmers expectations and perceptions in selected commercial banks, the SERVQUAL approach was adopted by using the 5-point scale to rate the level of agreement or disagreement (1 = strongly disagree, 2 = disagree, 3= undecided, 4 = agree, 5 = strongly agree). In the measurement scale 1-5, the higher number indicate higher level of expectation or perception. In this context, the expectations of smallholder farmers are dependent on the past experiences and information gathered while their perceptions are based on the definite or real service received from banks. The derived difference between perception and expectation scores

(P-E) having a range of value from -5 to +5 (-5 depicts that respondents were very dissatisfied with services and +5 stands for very satisfied). The quality score is determined by the service gap which is the degree to which expectation surpasses perceptions. The greater the positive P-E scores, the higher the level of service quality amounting to a higher level of smallholder farmers satisfaction with bank services. Therefore, satisfaction and service quality are both considered together as functions of smallholder farmers' perceptions and expectations. Also, service quality is deemed satisfactory when perceptions and expectations are equal.

The measures of reliability was determined in line with the classification of Cronbach's alpha co-efficient by George and Mallery (2003:2), which specifies strong reliability if the alpha co-efficient exceeds 0.7 and moderate reliability if the alpha co-efficient exceeds 0.6. The variables used in the study were tested and the Cronbach alpha meets the scale requirement by exceeding 0.7 (Table 1). The study therefore, has strong internal consistency and reliability.

Table 1: Reliability statistics for scale

Variables: 5 dimensions of SERVQUAL	Cronbacha's Apha
Reliability	0.812
Tangibility	0.918
Responsiveness	0.816
Assurance	0.823
Empathy	0.781

RESULTS AND DISCUSSION

The demographic characteristics of respondents provided in Table 2 shows that 15% fall into the age bracket of between 25-34, while the age group of 35-44, 45-54 and greater than 55 years old were 19.4%, 29.4 % and 36.1% respectively. The level of education of respondents depicts that 3.3% had no formal education while 31.7% had primary education. In the junior and high school category, respondents had 16.1% and 22.2% respectively. Overall, the respondents with tertiary education were 26.7%. Smallholder farmers' average farm income were skewed and justifies the subsistence level of production. However, respondents with income less than R6000 were 7.8% while 57.8% and 17.8% were at income level of R6000-11000 and R11001-R19, 999 respectively. Respondents with more than 25 years farming experience were 26.7% while 32.2% had farm experience ranging 11-15 years and 13.8% had farm experience ranging from 16-20 years. Respondents with 6-10 years farm experience were 5.5%.

Table 2. Demographic characteristics of smallholder farmers in Amathole district

Age in years	No	Percentage
25-34	27	15
35-44	35	19.4
45-54	53	29.4
≥54	65	36.1
Level of Education:		
No school	6	3.3

Primary school	57	31.7
Junior school	29	16.1
High school	40	22.2
Tertiary	48	26.7
Income:		
< R6 000	14	7.8
R6 000-R11 999	104	57.8
R12 000- R19 999	32	17.8
Farm Experience in years:		
6-10	10	5.5
11-15	58	32.2
16-20	25	13.8
21- 25	39	21.6
>25	48	26.7

Smallholders' farmers' expectation and perception of reliability of service

The measurement of the clients' Reliability expectation of service quality is presented in Table 3. The item 'promises are fulfilled by banks to deliver services at an agreed time' recorded a mean score of 4.52 for Expectation and 3.21 for Perception; with a negative gap difference (Perception – Expectation) of -0.34. The variable items that recorded the highest mean Expectation were 'banks are reliable for safe keeping of deposits with 3.59 and the item 'irrespective of power outrage banks delivers services punctually' scored 3.37 with gap difference of -0.16 and -0.04 respectively. However, overall average summation score were 3.55 for reliability expectation and 3.40 for reliability perception with a negative gap difference (P-E) of -0.81. The implication here is that, banks requires improvement to meet the expectations of smallholder farmers. This findings lead credence to the theory of Parasuraman et al. (1988:14) which postulates that there is a need for firms to make effort towards improvement when clients' expectation exceeds the perceived services rendered. In another study, Kumar, Kee and Manshor (2009:41) asserted that customer service sessions at commercial banks must continuously be exposed to training and refreshers programmes to improve competencies in service delivery.

Table 3. Smallholder farmers' satisfaction Aspect: reliability concept

Reliability Expectation			Reliability Perception		
Variable Items	Mean	STD	Variable Items	Mean	Gap diff
Promises are fulfilled by banks to deliver services at an agreed time.	4.52	0.367	Promises are fulfilled by banks to deliver services at an agreed time.	3.21	-0.34
Records are kept by banks accurately.	3.40	.0432	Records are kept by banks accurately.	3.11	-0.18
Banks notifies farmers exactly when services will be carried out.	3.36	0.412	Banks notifies farmers exactly when services will be carried out	3.22	-0.17
Irrespective of power outrage, bank delivers services punctually.	3.37	0.472	Irrespective of power outrage, bank delivers services punctually	3.37	+0.04
Banks are reliable for safe keep of my deposits	3.59	0.375	Banks are reliable for safe keep of my deposits	3.44	-0.16
Average summation	3.55	0.43	Average summation	3.40	-0.81

Smallholder farmers' satisfaction aspect: tangibility concept

The Tangibility concepts encompassing the appearance of the available facilities, equipment, personnel and materials used for communication are presented in Table 4. The Tangibility expectation mean score for the item 'modern equipment available for banking services' indicate a mean score of 3.64 with standard deviation of 0.43 and Tangibility Perception of 3.23. The Gap difference (P-E) recorded was -0.41 which shows that the service provider needs improvement on the item as indicated on Table 3. The average total of all items were 3.35 for Expectation and 3.06 for Perception with Gap difference of -1.16. The results indicated that smallholder farmers placed high premium on latest equipment and facilities for expected services. This phenomenon could be attributed to the fact that respondents have higher expectations on tangibles ITEMS primarily because of awareness and increasing levels of technology.

Table 4. Smallholder farmers' satisfaction aspect: tangibility concept

Tangibility Expectation			Tangibility Perception		
Variable Items	Mean	STD	Variable Items	Mean	Gap diff
Modern equipment available for banking services.	3.64	0.43	Modern equipment available for banking services	3.23	-0.41
Banks infrastructures/physical facilities like ATMs, Tellers and Vaults should be attractive.	3.55	0.47	Banks infrastructures/physical facilities like ATMs, Tellers and Vaults should be attractive	3.10	-0.45
Bank's staff should be formal in dressing.	3.21	0.33	Bank's staff should be formal in dressing.	3.03	-0.18
During financial difficulties, the bank should be able to understanding and reassure clients.	3.01	0.39	During financial difficulties, the bank should be able to understanding and reassure clients.	2.89	-0.12
Average summation	3.35	0.405	Average summation	3.06	-1.16

Smallholder farmers' satisfaction aspect: responsiveness concept

In Table 5, the Responsiveness aspect which is the 'readiness to assist customers in various dimensions' recorded a mean expectation score of 4.25 and mean perception score of 4.13 with Gap difference (P-E) of -0.12. The second variable item - 'bank employees seldom provided services to customers' also recorded a mean score for Expectation and perception of 4.51 and 4.46 with Gap difference of -0.50. The overall summation of the average of all variable items indicate that service quality levels of responsiveness fails to meet the expectations of smallholder farmers. The readiness of bank staff to support customers is important since most smallholder farmers may not be very familiar with modern technology used by banks. Therefore, the need for developing a supportive culture is important for service providers like banks (Legcevic 2008:4).

Table 5: Smallholder farmers' satisfaction aspect: responsiveness concept

Responsiveness Expectation			Responsiveness Perception		
Variable Items	Mean	STD	Variable Items	Mean	Gap diff
Bank employees are reluctant to help customer	4.25	0.501	Bank Employees are reluctant to help customer	4.13	-0.12
Bank employees are too busy to respond quickly to my demands	3.76	0.473	Bank employees are too busy to respond quickly to my demands	3.53	-0.23
Bank employees seldom provided services to customers.	4.51	0.522	Bank employees seldom provided services to customers	4.46	-0.05
Trust is compromised by bank employees	3.55	0.402	Trust is compromised by bank employees	3.42	-0.13
Bank staff are not proficient or talented in attending to my request.	3.28	0.399	Bank staff are not proficient or talented in attending to my request.	3.11	-0.17
Bank staff are courteous	4.43	0.518	Bank staff are courteous	4.24	-0.19
Average summation	4.76	0.469	Average summation	4.53	-0.89

Smallholder farmers' satisfaction aspect: assurance concept

The Assurance aspect which depicts the level of familiarity and politeness of bank employees and their ability to inspire confidence are presented Table 6. A mean expectation score of 3.57 and perception score of 3.44 were recorded for the item 'there is security in transactions with the bank staff (no anxiety about fraudulent activities). The other three service items has a similar mean score. The service item 'I have confidence in the use of online bank transactions' ranked second from all other service items with mean score of 3.55 and standard deviation of 0.401. However, the Gap difference (P-E) of all the items investigated depicts a high level of dissatisfaction as *per* expectation amongst smallholder farmers who patronise commercial banks in the area.

Table 6: Smallholder farmers' satisfaction Aspect: Assurance concept

Assurance Expectation			Assurance Perception		
Variable Items	Mean	STD	Variable Items	Mean	Gap diff
There is security in transactions with the bank staff (no anxiety about fraudulent activities, etc.).	3.57	0.402	There is security in transactions with the bank staff (no anxiety about fraudulent activities, etc.)	3.44	-0.13
I feel safe in the use of ATMs of bank	3.49	0.381	I feel safe in the use of ATMs of bank	3.25	-0.24
I have confidence in the use of online bank transactions	3.55	0.401	I have confidence in the use of online bank transactions	3.35	-0.20
Average summation	**3.54**	**0.395**	**Average summation**	**3.35**	**-0.57**

Smallholder farmers' satisfaction Aspect: Empathy concept

The Empathy expectation and Perception of smallholder farmers are represented in Table 7. The variable service item 'My personal interest is not sincerely taken into consideration by the bank' recorded the highest mean score of 5.63 with Gap difference of -0.33. Another service item with 5.01 mean score was the ATM services provision with a Gap difference of -0.20. The average summation recorded from the investigation was 5.05 for the expectation score and 4.86 for the perception score. The closer the perception score to expectation score, the higher the perceived level of quality service. Findings of the study reveals however, that the overall assessment of smallholder farmers' expectation exceeds the perceived service that was given by selected commercial banks. According to Kotler and Keller (2006:72), when perceived services rendered to customers falls short of expected service, the customer loses interest in the service provider.

Table 7: Smallholder farmers' satisfaction Aspect: Empathy concept

Empathy Expectation			Empathy Perception		
Items	Mean	STD	Items	Mean	Gap diff
No personal attention from banks	5.24	0.76	No personal attention from banks	5.13	-0.11
My personal interest is not sincerely taken into consideration by the bank	5.63	0.662	My personal interest is not sincerely taken into consideration by the bank	5.45	-0.22
No convenient operating hours offered to customers	4.89	0.58	No convenient operating hours offered to customers	4.67	-0.22
ATM services provided are in consonant with customers' needs.	5.01	0.642	ATM services provided are in consonant with customers' needs.	4.89	-0.20
Bank transactions online are intended to serve the interests of customers.	4.78	0.499	Bank transactions online are intended to serve the interests of customers	4.45	-0.33
Bank monthly or periodic statements are not explicit to comprehend	4.55	0.475	Bank monthly or periodic statements are not explicit to comprehend	4.23	-0.32
Average summation	5.05	0.603	Average summation	4.86	-1.40

Regression analysis showing relationship between the 5 SERVQUAL dimensions and smallholder farmers satisfaction.

Table 8 illustrate the relationship between the adopted five SERVQUAL variables by applying the correlation analysis to establish the degree of relationship with smallholder farmers' satisfaction. The T-test was also employed for comparison of the variables. The *p-value* = 0.008 for the variable tangibility and reliability indicate that there is a significant relationship that

exist between the two items and satisfaction of smallholder farmers. This implies that any addition or increases in Tangibility and Reliability items will positively increase smallholders' farmers' satisfaction. The variable Empathy with a *p-value* = 0.006 also depicts that any additional Empathy input added to services rendered by commercial banks, will positively increase satisfaction**.**

Table 8: Regression analysis showing relationship between the 5 SERVQUAL dimensions and smallholder farmers satisfaction.

Dimensions	Unstandardized Coefficients		Standardised Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	8.077	.505		16.003	.000
TANGIBILITY	-.030	.079	-.030	-3.375	.008
RELIABILITY	.197	.074	.208	2.665	.008
RESPONSIVENESS	.044	.090	.038	.485	.028
ASSURANCE	-.124	.067	-.137	-1.847	.067
EMPATHY	-.341	.121	-.239	-2.809	.006

CONCLUSIONS

The study investigated the outcome of smallholders' farmers' Expectation and Perception of service quality and satisfaction in commercial banking in Amathole Local Municipality Eastern Cape, South Africa. The paper measured the clients' reliability expectation of service quality, the item 'promises are fulfilled by banks to deliver services at an agreed time' recorded a mean score of   4.52 for Expectation and 3.21 for Perception; with a negative gap difference (Perception – Expectation) of -0.34. However, overall average score were 3.55 for reliability expectation and 3.40 for reliability perception with a negative gap difference (P-E) of -0.81. The implication here is that, banks requires improvement to meet the expectations of smallholder farmers. This findings lead credence to the theory of Parasuraman *et al.* (1988:87) which postulates that there is a need for firms to make an effort towards improvement when clients' expectation exceeds the perceived services rendered. In general, continuous training and refreshers programmes to improve competencies in service delivery for bank customers becomes imperative.

The results from Expectation and Perception has a Gap difference of -1.16 which emphasised that smallholder farmers placed high premium on latest equipment and facilities for expected services. This phenomenon could be attributed to the fact that respondents have higher expectations on tangible items primarily because of awareness and increasing levels of technology. The responsiveness aspect which is the 'readiness to assist customers in various dimensions' recorded a mean expectation score of 4.25 and mean perception score of 4.13 with Gap difference (P-E) of -0.12. The overall average for Responsiveness aspect indicate that service quality levels fails to meet the expectations of smallholder farmers. The assurance aspect which depicts the level of familiarity and politeness of bank employees and their ability to inspire confidence also depicts a high level of dissatisfaction as *per* expectation amongst smallholder farmers who patronise commercial banks in the area. Findings further reveals that the closer the perception score to expectation score, the higher the perceived level of quality service. However, the overall assessment of smallholder farmers' expectation exceeds the perceived service that was given by selected commercial banks. According to Kotler and Keller (2006:32), when perceived services rendered to customers falls short of expected service, the customer loses interest in the service provider.

Furthermore, in determining relationship between the adopted five SERVQUAL variables using the correlation analysis, reveals that there are significant relationship between the two items: Tangibility and Reliability, and smallholder farmers' satisfaction (*p-value* = 0.008). This implies that any increase in Tangibility and Reliability items will positively increase smallholders' farmers' satisfaction. The quality of services requires a rational approach and training of bank staff to enhance improvement that will contribute to encouraging smallholder farmers' to stay loyal and avoid switching banks.

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