

Assessing Interrelationships among Banking Satisfaction, Cooperative Perspectives and Rural Service Beliefs in Cooperative Banking in Northern Nigeria

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Abstract: This study examines the interrelationships among customer banking satisfaction, perceptions of cooperative society performance, and beliefs in the effectiveness of rural service delivery within the context of cooperative banking in Northern Nigeria. Grounded in service quality theories such as SERVQUAL (Parasuraman, Zeithaml, & Berry, 1988) and supported by emerging evidence on financial inclusion (Central Bank of Nigeria, 2017; World Bank, 2018), the research investigates whether higher levels of banking satisfaction correlate with more favorable views of cooperative governance and rural service effectiveness. Data were collected from 164 respondents through a structured survey administered in both urban and rural settings. Spearman's rank correlation analyses revealed a moderate positive association between banking satisfaction and cooperative society perspectives ($\rho = 0.4721$, $p < 0.001$), as well as between banking satisfaction and rural service beliefs ($\rho = 0.47$, $p = 0.005$). Further, moderated multiple regression analysis demonstrated that income level significantly moderates these relationships; higher-income customers exhibit stronger associations between satisfaction and both cooperative performance and rural service delivery. These findings underscore the multifaceted nature of customer evaluations in cooperative banking and highlight the importance of considering socioeconomic factors in service improvement strategies. The study offers actionable insights for cooperative bank managers and policymakers aiming to enhance financial inclusion and service delivery in regions with high financial exclusion.

Keywords: Cooperative Banking, Financial Inclusion, Banking Satisfaction, Cooperative Society Perspectives, Rural Service Beliefs,

I. Introduction

Financial inclusion is widely recognized as a cornerstone for sustainable economic development, particularly in emerging economies where large segments of the population remain outside the formal banking sector (Demirgüç-Kunt et al., 2018; Beck et al., 2007). In Nigeria, despite notable progress in the development of its financial system, a significant proportion of the population—especially in the northern regions—continues to be financially excluded (Central Bank of Nigeria [CBN], 2017). This exclusion is not merely a matter of access to financial products; it is intricately linked to broader socioeconomic challenges such as poverty, low levels of education, and underdeveloped infrastructure (World Bank, 2018). In this context, cooperative banking has emerged as a promising alternative to traditional banking, offering financial services through community-based, member-owned institutions that operate on principles of mutual assistance and shared responsibility (Niyaz & Abbokar, 2021; Srivastava, 2018).

Cooperative banks play a crucial role in mobilizing local savings, providing credit to underserved segments, and facilitating rural development. Their emphasis on local participation and democratic governance differentiates them from conventional banks, which are often perceived as profit-driven and inaccessible to low-income groups (Coccorese & Shaffer, 2018). Moreover, cooperative banking has the potential to not only improve financial inclusion but also to promote broader community development by fostering social capital and local entrepreneurship (Ferri, 2012). This dual function of cooperative banks—serving both financial and social objectives—has sparked considerable interest among researchers and policymakers alike (Rhyne, 2001; Allen & Carletti, 2010).

The Nigerian financial landscape is characterized by a dichotomy between modern banking institutions and informal financial networks. While deposit money banks have made strides in expanding their services, the reach of these institutions remains limited, particularly in rural areas where infrastructural and socio-cultural barriers persist (CBN, 2017). Against this backdrop, cooperative banks have been identified as viable institutions capable of bridging the gap between the formal and informal financial sectors. Leveraging community trust and local knowledge, these institutions are well-positioned to address the unique financial needs of rural and underserved populations (Niyaz & Abbokar, 2021).

In Northern Nigeria, where financial exclusion is especially pronounced, cooperative banks have been championed as vehicles for socioeconomic transformation (Osei-Assibey, 2016). The region's predominantly agrarian economy and low-income levels necessitate financial products that are flexible, affordable, and tailored to local needs (World Bank, 2018). Previous studies have underscored the importance of customer satisfaction in influencing the success and sustainability of banking institutions (Srivastava, 2018; Abdou & Kwak, 2015). High levels of customer satisfaction are associated with increased trust, loyalty, and ultimately, the higher uptake of financial services (Zeithaml, Berry, & Parasuraman, 1996). However, while existing literature has

examined customer satisfaction in the context of commercial banking, less attention has been paid to how satisfaction with cooperative banking services interacts with perceptions of cooperative effectiveness and the delivery of rural services.

Furthermore, there is growing recognition that customer perceptions of cooperative societies—particularly their collaborative practices and operational efficiency—can significantly impact the overall effectiveness of these institutions (Coccorese & Shaffer, 2018). At the same time, rural service beliefs, which refer to the confidence that customers have in the ability of cooperative banks to deliver services in rural settings, are critical to their success. These beliefs are shaped by a range of factors, including service quality, accessibility, and the responsiveness of the institution to local needs (Ferri, 2012). Despite the theoretical importance of these dimensions, empirical research on their interrelationships remains sparse.

Another important dimension that has received relatively little empirical attention is the role of income level in shaping customer perceptions and satisfaction with cooperative banking services. Income level, as a proxy for socioeconomic status, has been shown to influence financial behavior and access to financial resources (Beck, Demirgüç-Kunt, & Levine, 2007). It is plausible that customers with different income levels may perceive the effectiveness of cooperative banking services differently, thereby influencing their overall satisfaction and perspectives on cooperative societies. For instance, higher-income individuals may have higher expectations regarding service quality, while lower-income customers might place greater emphasis on accessibility and affordability (Allen & Carletti, 2010). Understanding how income moderates these relationships is essential for designing targeted interventions that enhance the performance of cooperative banks and promote financial inclusion.

Statement of the Problem

Despite the potential of cooperative banking to address the challenges of financial exclusion, there exists significant uncertainty about the interrelationships among key dimensions of cooperative banking service quality. Specifically, while customer satisfaction with cooperative banking services is considered a vital determinant of service uptake (Srivastava, 2018), it is unclear how this satisfaction relates to broader perceptions of cooperative societies and beliefs in the effectiveness of rural services. Preliminary survey data from Northern Nigeria indicate that customers provide varied responses on these dimensions, suggesting that high satisfaction with banking services may not automatically translate into positive views about cooperative society collaboration or effective rural service delivery (CBN, 2017; Niyaz & Abbokar, 2021).

Moreover, the moderating effect of income level on these interrelationships remains underexplored. Income, a critical marker of socioeconomic status, may significantly influence how customers perceive and evaluate the performance of cooperative banks. Without a clear understanding of these dynamics, policy interventions and strategies aimed at improving the performance of cooperative banks may be misaligned with the actual needs and expectations of the target population. Addressing this gap is imperative for enhancing the effectiveness of cooperative banking services and promoting financial inclusion in regions with high levels of financial exclusion.

Research Objectives

In light of the aforementioned gaps, the primary objectives of this study are to:

- i. **Assess the Level of Customer Satisfaction with Cooperative Banking Services:** Determine the overall satisfaction of customers with the services provided by cooperative banks, using validated survey measures that capture various dimensions of service quality (Zeithaml et al., 1996).
 - ii. **Examine Customer Perspectives on Cooperative Societies:** Evaluate how customers perceive the performance, efficiency, and collaborative nature of cooperative societies, with a focus on their ability to work together to meet community needs (Coccorese & Shaffer, 2018).
 - iii. **Evaluate Beliefs in the Effectiveness of Rural Service Delivery:** Investigate customers' beliefs regarding the capability of cooperative banks to deliver effective services in rural settings, considering factors such as accessibility, affordability, and responsiveness (Ferri, 2012).
 - iv. **Determine the Interrelationships Among Key Variables:** Explore how banking satisfaction, cooperative society perspectives, and rural service beliefs are interrelated, and whether positive perceptions in one domain are associated with favorable views in others (Srivastava, 2018).
1. **Explore the Moderating Role of Income Level:** Examine whether income level influences the relationships among the key variables, thereby providing insights into how socioeconomic status affects customer perceptions and satisfaction with cooperative banking services (Beck et al., 2007).

Research Hypotheses

To address the research objectives, the following hypotheses are formulated:

H1: There is a significant positive relationship between customer banking satisfaction levels and their perspectives on cooperative banking services.

This hypothesis is based on the premise that higher satisfaction with banking services will lead to more favorable views regarding the performance and collaborative nature of cooperative banking societies (Niyaz & Abbokar, 2021).

H2: There is a significant positive relationship between customer banking satisfaction levels and their beliefs in the effectiveness of rural services provided by cooperative banks.

This hypothesis posits that customers who are satisfied with their banking experience are likely to have stronger beliefs in the ability of cooperative banks to deliver effective services in rural areas (Ferri, 2012).

H3: Income level moderates the relationships among banking satisfaction, cooperative society perspectives, and rural service beliefs, such that differences in income levels influence these interrelationships.

This hypothesis suggests that the effect of banking satisfaction on both cooperative society perspectives and rural service beliefs will vary depending on the income level of the customers, with potential variations in expectations and service evaluations across different income groups (Beck et al., 2007; Allen & Carletti, 2010).

Significance of the Study

Understanding the interrelationships among customer satisfaction, perceptions of cooperative societies, and beliefs in rural service effectiveness is crucial for multiple stakeholders. For policymakers, the findings of this study can inform the design of targeted interventions that enhance the performance of cooperative banks, ultimately contributing to greater financial inclusion (World Bank, 2018). For cooperative banks and financial institutions, insights into customer satisfaction and service perceptions can drive improvements in service delivery and customer relationship management (Zeithaml et al., 1996). Additionally, by examining the moderating role of income level, this study sheds light on the diverse needs of customers, thereby offering guidance for tailoring services to meet the specific requirements of different socioeconomic segments (Allen & Carletti, 2010).

II. Literature Review

The literature on cooperative banking, customer satisfaction, and rural service delivery has evolved significantly over the past decades, providing a rich theoretical and empirical foundation for understanding how these elements interact to enhance financial inclusion. This review synthesizes key theoretical frameworks and empirical studies in the fields of service quality, cooperative banking, and financial inclusion, with a particular focus on customer satisfaction, cooperative society performance, rural service beliefs, and the moderating role of income. The goal is to identify gaps in the existing literature and to establish a rigorous foundation for the current study, which examines the interrelationships among banking satisfaction, cooperative perspectives, and rural service beliefs in Northern Nigeria.

Theoretical Foundations of Service Quality and Customer Satisfaction

The relationship between service quality and customer satisfaction is central to understanding the dynamics within the banking sector. Parasuraman, Zeithaml, and Berry (1988) pioneered the SERVQUAL model, which posits that service quality is a multidimensional construct that significantly influences customer satisfaction. According to their framework, dimensions such as tangibles, reliability, responsiveness, assurance, and empathy are critical in shaping customer perceptions (Zeithaml, Berry, & Parasuraman, 1996). In the context of cooperative banking, these dimensions are particularly relevant as they provide a basis for evaluating not only the efficiency of service delivery but also the relational aspects of banking that foster customer trust and loyalty (Srivastava, 2018).

Subsequent studies have extended these models to capture industry-specific nuances. For instance, Abdou and Kwak (2015) argue that in financial services, the intangible nature of service quality necessitates a focus on customer perceptions and satisfaction as key performance indicators. In cooperative banking, where the emphasis is on mutual assistance and community involvement, the interplay between service quality and customer satisfaction becomes even more critical (Niyaz & Abbokar, 2021). This theoretical perspective underscores the importance of examining banking satisfaction as a precursor to broader perceptions of cooperative performance.

Cooperative Banking and Financial Inclusion

Cooperative banking institutions have garnered increasing attention as effective vehicles for promoting financial inclusion, especially in regions where traditional banks have limited reach (Ferri, 2012). Cooperative banks are characterized by their member-oriented approach, democratic governance structures, and commitment to local development, which distinguish them from conventional, profit-driven financial institutions (Rhyne, 2001). Empirical studies suggest that cooperative banks can mobilize local savings, extend credit to underserved populations, and contribute significantly to rural development (Allen & Carletti, 2010).

The role of cooperative banks in enhancing financial inclusion is particularly salient in developing economies. In Northern Nigeria, for example, financial exclusion remains a significant challenge, with estimates indicating that a substantial proportion of the adult population lacks access to formal financial services (Central Bank of Nigeria [CBN], 2017). Cooperative banks, by virtue of their community-based structure, are uniquely positioned to address this gap. Research by Niyaz and Abbokar (2021) demonstrates that cooperative banking services can foster greater financial inclusion by tailoring products and services to the

specific needs of local populations. However, despite these promising outcomes, the literature also highlights the variability in performance among cooperative banks, suggesting that factors such as customer satisfaction and the operational efficiency of cooperative societies may critically influence their effectiveness (Coccorese & Shaffer, 2018).

Customer Satisfaction in Cooperative Banking

Customer satisfaction in the banking sector has long been identified as a key determinant of customer retention, loyalty, and overall financial performance (Zeithaml et al., 1996). In cooperative banking, customer satisfaction is influenced by a range of factors including service quality, trust, and the perceived value of the services provided (Srivastava, 2018). Studies by Abdou and Kwak (2015) reveal that high customer satisfaction in the financial services industry is associated with increased customer engagement and a willingness to adopt new products. This relationship is particularly critical in cooperative banking, where positive customer experiences can translate into more favorable perceptions of the cooperative model as a whole.

Moreover, customer satisfaction is not an isolated construct; it is interlinked with broader perceptions of organizational performance. For instance, research indicates that satisfied customers are more likely to view their financial institution favorably and to attribute higher levels of competence and reliability to it (Parasuraman et al., 1988). In the context of cooperative banks, this implies that customers who are satisfied with their banking experience are more likely to perceive cooperative societies as effective and collaborative entities (Niyaz & Abbokar, 2021). Such positive perceptions are essential for fostering a culture of mutual support and cooperation, which are the hallmarks of successful cooperative banking systems.

Cooperative Society Perspectives

The performance of cooperative societies is central to the overall effectiveness of cooperative banking. Cooperative societies are expected to operate democratically and transparently, ensuring that members' interests are prioritized over profit maximization (Ferri, 2012). Empirical evidence suggests that the perception of cooperative society performance is influenced by factors such as governance practices, financial management, and the degree of member participation (Coccorese & Shaffer, 2018). When members believe that their cooperative society operates efficiently and equitably, they are more likely to exhibit higher levels of trust and satisfaction with the services provided.

However, the literature reveals a complex interplay between customer satisfaction with banking services and perceptions of cooperative society performance. Some studies have found a positive correlation between these variables, suggesting that customers who are satisfied with the banking experience tend to have more favorable views of cooperative governance and performance (Srivastava, 2018). This relationship is crucial for understanding how the success of cooperative banks is underpinned by both operational efficiency and customer perceptions. Nevertheless, there is a need for further empirical investigation into how these perceptions are formed and how they interact with other factors, such as rural service delivery effectiveness.

Rural Service Delivery in Cooperative Banking

Rural service delivery represents a critical component of the cooperative banking mandate, particularly in regions with high levels of financial exclusion. Cooperative banks are expected to extend their services to rural areas where conventional banks are often absent due to infrastructural and economic challenges (World Bank, 2018). The effectiveness of rural service delivery is typically assessed based on criteria such as accessibility, affordability, and responsiveness to local needs (Ferri, 2012). Empirical studies have shown that when cooperative banks successfully deliver services in rural areas, there is a marked improvement in financial inclusion and overall community development (Allen & Carletti, 2010).

However, customer beliefs regarding the effectiveness of rural services are shaped by both the quality of the service and the broader operational performance of the cooperative bank. Customers' positive experiences with urban banking services may not necessarily translate into confidence in rural service delivery unless the latter is also demonstrably effective (Coccorese & Shaffer, 2018). Thus, exploring the relationship between customer satisfaction with banking services and beliefs about rural service effectiveness is essential for a comprehensive evaluation of cooperative banking performance.

The Moderating Role of Income Level

Income level is a critical socioeconomic variable that influences financial behavior and service evaluation in numerous studies (Beck, Demirgüç-Kunt, & Levine, 2007). In the realm of cooperative banking, income may serve as a moderating factor that shapes the relationships between customer satisfaction, cooperative society perspectives, and rural service beliefs. Individuals from different income groups often have distinct expectations and experiences of financial services. For instance, higher-income customers may place greater emphasis on service efficiency and quality, whereas lower-income customers might prioritize accessibility and affordability (Allen & Carletti, 2010).

Several studies have documented that income level can affect customer perceptions and satisfaction in the financial services industry (Beck et al., 2007; Demirgüç-Kunt et al., 2018). Despite this, limited research has explicitly examined how income moderates the interrelationships among the key dimensions of cooperative banking performance. Addressing this gap is vital, as it can inform the design of differentiated service strategies that cater to the diverse needs of cooperative bank customers. By

integrating income as a moderating variable, researchers can better understand the nuances of customer satisfaction and service evaluation across different socioeconomic strata (Baron & Kenny, 1986; Hayes, 2013).

Synthesis and Research Gap

A review of the literature reveals a robust theoretical and empirical foundation linking service quality, customer satisfaction, and financial inclusion in the banking sector. However, while studies have examined these constructs in isolation or in pairwise relationships, few have explored the comprehensive interrelationships among banking satisfaction, cooperative society perspectives, and rural service beliefs, particularly within the context of cooperative banking in Northern Nigeria (Niyaz & Abbokar, 2021; Srivastava, 2018). Furthermore, the potential moderating effect of income level on these relationships has not been sufficiently addressed.

The current study aims to fill these gaps by adopting an integrated framework that simultaneously examines the direct relationships among key variables and the moderating role of income. This approach is expected to yield a more nuanced understanding of the factors that contribute to the success of cooperative banks and, by extension, to financial inclusion. The findings will have important implications for both theory and practice, offering insights that can inform policy and strategic decision-making in the cooperative banking sector.

III. Methods

This study employed a quantitative research design using cross-sectional survey methodology to investigate the interrelationships among banking satisfaction, cooperative society perspectives, and rural service beliefs, with income level as a moderating variable. The primary data source was the “Coop Research Data CLEANED.csv” dataset, which comprises responses from a structured survey administered to cooperative bank customers and cooperative society members in Northern Nigeria.

Research Design

A cross-sectional design was selected to capture the perceptions and satisfaction levels of respondents at a single point in time. This design is particularly appropriate for exploratory and explanatory research aiming to identify relationships among multiple constructs in a rapidly changing socio-economic context (Creswell, 2014). The study's focus on multiple dimensions of service quality, customer satisfaction, and cooperative performance required an approach that could accommodate both descriptive and inferential statistical techniques.

Sampling and Participants

The study was conducted in Northern Nigeria, a region marked by significant financial exclusion (Central Bank of Nigeria [CBN], 2017). A stratified random sampling method was used to ensure representation from both urban and rural areas, capturing the diverse experiences of cooperative banking users. The final sample consisted of 164 respondents, which provided adequate statistical power to detect moderate effect sizes in correlation and regression analyses (Cohen, 1992). Demographic variables collected included age, gender, educational attainment, and income level, which allowed for subgroup analyses and moderation testing.

Instrumentation

Data were collected using a structured questionnaire developed specifically for this study. The questionnaire was designed based on established scales and adapted for the local context. Prior to full-scale administration, a pilot study was conducted with 20 respondents to assess the clarity, reliability, and cultural appropriateness of the instrument. Feedback from the pilot led to minor modifications in item wording and format. Reliability analyses (Cronbach's alpha) for the multi-item scales exceeded the recommended threshold of 0.70 (Nunnally, 1978), indicating acceptable internal consistency.

Data Collection Procedures

Data collection was executed using both paper-based and online survey formats. Field researchers administered paper-based questionnaires in rural communities where digital access was limited, while online surveys were distributed via email and social media platforms in urban centers. This dual-mode approach ensured comprehensive coverage and maximized the response rate.

Data Analysis Techniques

The analysis of the dataset involved several stages:

- i. Descriptive Statistics: Summary and frequency distributions were computed to provide an overview of the data.
- ii. Bivariate Analysis: Spearman's rank correlation coefficients were calculated to assess the relationships between banking satisfaction, cooperative society perspectives, and rural service beliefs. Given the ordinal nature of several variables, Spearman's rho was deemed appropriate (Siegel & Castellan, 1988).
- iii. Moderated Multiple Regression Analysis: Hierarchical regression models were constructed to test the hypothesized moderating effect of income level on the relationships between banking satisfaction and cooperative society perspectives, as well as rural service beliefs.

Data Presentation & Analysis:

Descriptive Statistics Tables:

Table 1: Summary Statistics for Key Variables

Variable	N	Mean	Median	Std. Deviation	Min	Max
Banking Satisfaction	164	3.84	4.00	1.12	1	5
Cooperative Society Perspectives	164	3.21	3.00	1.08	1	5
Rural Service Beliefs*	164	0.85	1.00	0.33	0	1

*Note: "Rural Service Beliefs" is a binary variable (0 = "No", 1 = "Yes"). A mean of 0.85 indicates that 85% of respondents believe that rural services provided by cooperative banks are effective.

Table 2: Frequency Distribution for Income Level

Income Level	Frequency	Percentage (%)
Poor – Monthly earning of N50,000 or less	45	27.4
Middle low – Monthly earning of above N50,000 but less than N150,000	70	42.7
Middle – Monthly earning of above N150,000 but less than N300,000	30	18.3
High – Monthly earning of N300,000 or more	19	11.6
Total	164	100

Test of Hypotheses:

H1: Relationship Between Banking Satisfaction and Cooperative Society Perspectives

Computation of Spearman's Rank Correlation Coefficient

Formula Used;

Spearman's rho (ρ) is calculated using the formula:

$$\rho = 1 - (6\sum d^2)/(n(n^2 - 1))$$

where:

d = difference between ranks

n = number of pairs of observations

X	Y	Rank X	Rank Y	d	d ²
2	2	1.0	1.0	0	0
4	3	3.5	3.0	0.5	0.25
4	3	3.5	3.0	0.5	0.25
4	3	3.5	3.0	0.5	0.25
4	2	3.5	1.0	2.5	6.25
4	1	3.5	0.0	3.5	12.25
4	3	3.5	3.0	0.5	0.25
5	3	5.0	3.0	2.0	4.00
3	3	2.0	3.0	-1.0	1.00
4	5	3.5	5.0	-1.5	2.25

Sum of Squared Differences:

$$\sum d^2 = 8,632.50$$

$$\rho = 1 - (6 \times 8,632.50)/(131(131^2 - 1)) \quad \rho = 1 - 51,795/2,244,360 \quad \rho = 1 - 0.5279 \quad \rho = 0.4721$$

Statistical Significance,

$$\text{Test statistic (t)} = \rho \sqrt{(n-2)/(1-\rho^2)}$$

$$t = 0.4721 \sqrt{(131-2)/(1-0.4721^2)}$$

$t = 6.083$

Degrees of freedom (df) = 129

p-value < 0.0001

Results,

Spearman's rho (ρ) = 0.4721

Sample size (n) = 131

t-statistic = 6.083

p-value < 0.0001

Confidence Interval (95%): [0.3276, 0.5946]

This indicates a moderate positive correlation between banking satisfaction and cooperative society perspectives, which is statistically significant at the 0.05 level.

Interpretation:

1. The correlation coefficient of 0.4721 indicates a moderate positive correlation between banking satisfaction and cooperative society perspectives.
 - i. The p-value < 0.05 (specifically < 0.0001) indicates that this correlation is statistically significant.
 - ii. This suggests that people who report higher satisfaction with banking services tend to also have more positive perspectives about cooperative societies, and vice versa.
 - iii. However, since the correlation is moderate (not strong), there are likely other factors influencing both variables.

H2: Relationship Between Banking Satisfaction and Rural Service Beliefs

We used the survey data to examine the association between two variables:

- a. Banking Satisfaction: Respondents' overall satisfaction with their banking experiences.
- b. Ability to Provide Services: Respondents' perceptions regarding the ability of savings and credit cooperative societies to offer banking services comparable to those provided by traditional banks.

Given that both variables are measured on an ordinal scale and may not meet the assumptions of normality, we opted for a nonparametric analysis using Spearman's rank-order correlation (Spearman's rho). This method assesses the strength and direction of the monotonic relationship between the two variables.

Using R, the analysis produced the following key outputs:

Spearman's rho (r_s): 0.47

p-value: 0.005

Sample Size (n): 164

Interpretation:

- i. Direction and Magnitude: A Spearman's rho of 0.47 indicates a moderate positive correlation. This suggests that as respondents' satisfaction with banking services increases, their perception of the ability of cooperative societies to provide similar services also increases.
- ii. Statistical Significance: The p-value of 0.005 is below the conventional alpha level of 0.05, which means that the observed correlation is statistically significant. Thus, we can reject the null hypothesis that there is no relationship between the two variables.

The results support the alternate hypothesis (H1) that there is a significant positive relationship between respondents' banking satisfaction and their views on the ability of savings and credit cooperative societies (cooperative banks) to provide banking services comparable to traditional banks. Although the correlation is moderate, it indicates that higher banking satisfaction is associated with more favorable perceptions of cooperative banking capabilities.

H3: Moderation by Income Level

To test whether income level moderates the relationships between (a) banking satisfaction and cooperative society perspectives, and (b) rural service beliefs and cooperative society perspectives, a moderated multiple regression model was estimated with Cooperative Society Perspectives (CSP) as the dependent variable. The predictors included:

- i. Banking Satisfaction (BS)
- ii. Rural Service Beliefs (RSB)
- iii. Income Level (IL) (dummy-coded)
- iv. Interaction Term 1: $BS \times IL$
- v. Interaction Term 2: $RSB \times IL$

Results:**Step 1 – Main Effects Model:**

The model was statistically significant, $F(3, 160) = 12.34$, $p < .001$, explaining 19% of the variance in Cooperative Society Perspectives ($R^2 = 0.19$).

Banking Satisfaction (BS): Unstandardized coefficient $B = 0.28$, $SE = 0.08$, $p = .001$, $\beta = 0.32$.

Rural Service Beliefs (RSB): $B = 0.35$, $SE = 0.10$, $p = .002$, $\beta = 0.30$.

Income Level (IL): $B = 0.12$, $SE = 0.07$, $p = .10$, $\beta = 0.15$ (trend-level).

Step 2 – Interaction Effects Model:

Adding the interaction terms significantly improved the model, $\Delta F(2, 158) = 4.56$, $p = .012$, increasing R^2 to 0.25 (an additional 6% of variance explained).

Interaction: $BS \times IL$:

$B = 0.16$, $SE = 0.07$, $p = .023$, $\beta = 0.18$.

Interaction: $RSB \times IL$:

$B = 0.12$, $SE = 0.06$, $p = .045$, $\beta = 0.14$.

Interpretation:

- i. The significant positive coefficient for $BS \times IL$ indicates that the positive relationship between banking satisfaction and cooperative society perspectives is stronger for respondents with higher income levels.
- ii. Similarly, the significant positive $RSB \times IL$ interaction suggests that the relationship between rural service beliefs and cooperative society perspectives becomes more pronounced as income level increases.
- iii. These results support the hypothesis that income level moderates the relationships among banking satisfaction, cooperative society perspectives, and rural service beliefs.

The moderated regression analysis provides evidence that income level influences the strength of the associations between key aspects of cooperative banking. Specifically, higher income levels amplify the positive effects of banking satisfaction and rural service beliefs on cooperative society perspectives. These findings have important implications for understanding how socioeconomic status can shape perceptions and potentially the effectiveness of cooperative banking services.

IV. Conclusion and Recommendations**Conclusion**

This study set out to examine the interrelationships among customer banking satisfaction, perceptions of cooperative society performance, and beliefs in the effectiveness of rural service delivery in the context of cooperative banking in Northern Nigeria, with a particular focus on the moderating role of income level. Drawing on established theoretical frameworks such as SERVQUAL (Parasuraman, Zeithaml, & Berry, 1988) and incorporating insights from previous studies on financial inclusion and cooperative banking (Niyaz & Abbokar, 2021; Ferri, 2012), the research investigated whether positive experiences with cooperative banking services translate into favorable evaluations of cooperative societies and effective rural service delivery.

The findings revealed a moderate but statistically significant positive correlation between banking satisfaction and cooperative society perspectives ($\rho = 0.4721$, $p < 0.0001$). This suggests that customers who are more satisfied with their banking experiences tend to hold more favorable views regarding the operational efficiency, governance, and collaborative practices of their cooperative societies. Similarly, the relationship between banking satisfaction and beliefs in the effectiveness of rural services was also found to be moderately positive and statistically significant ($\rho = 0.47$, $p = 0.005$), indicating that higher satisfaction is associated with a stronger belief in the capacity of cooperative banks to deliver effective rural services.

Furthermore, moderated multiple regression analyses provided robust evidence that income level significantly moderates these relationships. The interaction effects (Banking Satisfaction $\times$ Income Level and Rural Service Beliefs $\times$ Income Level) were statistically significant, indicating that the strength of the associations between banking satisfaction and both cooperative society

perspectives and rural service beliefs increases with higher income levels. This finding implies that income, as an indicator of socioeconomic status, shapes customer expectations and evaluations of cooperative banking services. Higher-income customers, who may have higher expectations for service quality, appear to be more sensitive to variations in service performance, whereas lower-income customers, who might prioritize accessibility and affordability, exhibit different evaluative criteria (Allen & Carletti, 2010; Beck, Demirgüç-Kunt, & Levine, 2007).

In sum, the study's results underscore the importance of customer satisfaction as a central determinant of positive perceptions in cooperative banking. They also highlight the multifaceted nature of customer evaluations, wherein the effectiveness of cooperative societies and rural service delivery are interdependent, and these interrelationships are further nuanced by income disparities. These findings contribute to the literature by providing empirical evidence from a context marked by high financial exclusion and by demonstrating that targeted improvements in service quality could enhance not only customer satisfaction but also broader perceptions of cooperative performance.

Recommendations

Based on the empirical findings and the theoretical insights developed through this research, the following recommendations are proposed. These recommendations are intended to guide policymakers, cooperative bank managers, and stakeholders in implementing strategies that can enhance the overall performance of cooperative banking institutions in Northern Nigeria.

- i. **Targeted Service Improvement Programs:** Cooperative banks should implement continuous quality improvement programs focused on enhancing service reliability, responsiveness, and empathy. Such initiatives would enable banks to tailor services to specific customer needs and reduce service delivery delays (Parasuraman et al., 1988; Srivastava, 2018).
- ii. **Governance and Transparency Initiatives:** To improve customer perspectives on cooperative society performance, it is essential to enhance the transparency and accountability of cooperative governance. Regular audits, public disclosure of financial statements, and participatory decision-making processes should be institutionalized. These measures would foster trust among members and stakeholders, thereby reinforcing positive perceptions of cooperative performance (Coccorese & Shaffer, 2018).
- iii. **Enhanced Member Engagement:** Cooperative societies should organize regular meetings, forums, and educational sessions to engage members actively in the decision-making process. Fostering a culture of inclusivity and participation, societies can ensure that members feel valued and are more likely to develop a positive outlook on cooperative governance and performance (Niyaz & Abbokar, 2021).
- iv. **Performance Monitoring Systems:** The establishment of robust performance monitoring systems can help track the operational efficiency of cooperative societies. By using key performance indicators (KPIs) such as loan disbursement rates, repayment performance, and member satisfaction indices, management can identify areas needing improvement and implement targeted interventions (Ferri, 2012).
- v. **Infrastructure Development and Resource Allocation:** To address the specific challenges of rural service delivery, cooperative banks must collaborate with local governments and development agencies to improve infrastructural facilities. Investments in transportation, communication networks, and local branch facilities are critical for ensuring that rural customers can access financial services reliably (World Bank, 2018).
- vi. **Tailored Financial Products for Rural Markets:** Cooperative banks should develop and promote financial products that are specifically tailored to the needs of rural communities. These products could include microfinance loans, agricultural credit facilities, and flexible savings schemes that account for seasonal income fluctuations. Through these alignment of financial products with local economic realities, banks can improve the effectiveness of rural service delivery (Allen & Carletti, 2010).
- vii. **Differentiated Service Strategies:** Given that income level moderates customer perceptions, cooperative banks should develop differentiated service strategies that cater to the specific needs of various income groups. For higher-income customers, offering premium services, personalized banking experiences, and faster service delivery may enhance satisfaction. Conversely, for lower-income groups, banks should emphasize affordability, simplicity, and accessibility in their service offerings (Beck et al., 2007).
- viii. **Income-Sensitive Communication Campaigns:** Communication strategies should be tailored to reflect the diverse expectations across different income segments. For instance, promotional campaigns for higher-income clients could focus on the quality and exclusivity of the services, whereas campaigns targeting lower-income customers should highlight the accessibility, affordability, and community-oriented nature of cooperative banking (Allen & Carletti, 2010).
- ix. **Supportive Regulatory Frameworks:** Policymakers should develop regulatory frameworks that support the growth and sustainability of cooperative banks. These frameworks should include incentives for adopting new technologies, improving governance practices, and extending services to underserved areas. Clear policies that facilitate capital accumulation and resource mobilization for cooperative banks can significantly enhance their operational capacity (Central Bank of Nigeria [CBN], 2017).

- x. Financial Inclusion Initiatives: Government and regulatory bodies should collaborate with cooperative banks to design and implement targeted financial inclusion initiatives. (World Bank, 2018).

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