Measuring the level of Customer satisfaction in private banking sector

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Abstract

Purpose: The purpose of this study is to measure the level of customer satisfaction in private banking sector by discussing variables such as service quality and loyalty.

Design/methodology/approach: Being descriptive study, survey method was adopted for data collection to find out the factors. A sample of 250 private bank customer of Bahawalpur was selected for the survey. Data was analyzed by using Cronbach"s Alpha, correlation and regression in SPSS software.

Originality/value – The paper reveals there exist relationship between the performance of teachers and factors affecting in the private schools in Bahawalpur.

Keywords: customer satisfaction, service quality, loyalty of customer.

Paper type: Research paper

1.Introduction

A review of a recent customer service newsletter finds a theoretical analysis of the ideology, a plan for a practical approach and a strategy to monitor and improve customer oriented service an effective approach (Case Studies in ED Customer Service ; The Definition and Dimensions of Service Quality, 2001)(Vukmir,2006). When defining the quality of care it is critically consider both technical quality stressing proper process and procedure and service quality emphasizing the interpersonal aspects of care relying on trust, communication, mutuality of goals and patient respect.(Daley, 2001).

Customer satisfaction is key variable in many firms, and it has been show effect on many other related variables. (Luo and Homburg, 2007).Both firms and academicians have invested heavily on attempts to customer satisfaction. Service research has indeed contributed to these attempts, and it is clear from such that behavior of service worker main determinant of customer satisfaction (Bitner et al., 1990, 1994; Hartline and Jones, 1996; Smith et al., 1999; Winsted, 2000). In services industries, customer satisfaction is critical element to maintain a competitive advantage in market place. Financial services in general, particularly banks; compete in marketplace with generally undifferentiated services and products, thereby service quality and customer satisfaction becomes a key competitive weapon (Stafford, 1996). A banking organization can only differentiate itself from other banks by providing high quality services. It is true that structural changes in banks to perform a greater range of activities and enabling them to more competitive advantage them non-bank financial institutions. It's make more satisfy to customer. (Augur, etal., 1999).

Presently, technological advancements are main cause in banks to revise their strategies for services individual and commercial customer. Furthermore, more quality in services make more customer satisfy and more satisfy customer make more revenue (Bennett & Higgins, 1993) and more revenue increased the market share(Bowen & Hedges, 1993). In addition, the banks understand that customer more loyal which produce greater value then their competitors (Dawes & Swailes, 1999).Higher profit will be earn if banks perform better duties then   their competitor in specific market (Davies et al, 1995). Hence, banks should focus on service quality as a core competitive strategy (Chaoprasert & Elsey, 2004

2 .Objective of the study

The objective of this study is to measure the level of customer satisfaction in private banking by discussing variable such as service quality and customer loyalty..

3. Literature review

There is hug literature available relation to measuring service quality and customer satisfaction relating to online and offline services. It elaborate that, there is strong relationship between service quality, brand perception and perceived value with customer satisfaction and loyalty.(Kumbhar,2011)

3.1 Customer satisfaction

Customer satisfaction important factor for marketing activities. (Spreng et al., 1996; Mick & Fournier, 1999) Therefore .there are huge amount of study on satisfaction in marketing literature (Oliver, 1997; Giese & Cote, 2000). In today's highly competitive banking industry, customer satisfaction is considered as the key of success

(Siddiqi,   2010). Mostly studies have deal with satisfaction of customer or consumer with products or services. Marketing researchers agree that satisfaction is a response to consumption related experience (Yi, 1990; Anderson et al., 1994) According to File & Prince (1992), satisfied customer tell other about their experience and this increases Word of mouth (WOM).

3.2 Customer satisfaction and Service quality

Service quality has been defined in different ways by researchers. Gronroos (1978) suggests that service quality is made of two components – technical quality and functional quality. Technical quality tells about service provide during the service provision while functional quality about how service employee provide services.

Research indicated that services quality is a key factor in success of any business   (Parasuraman et al., 1988), and   banking industry is not except in such cases. (Hossain & Leo, 2009). Service quality commonly used to evaluate the performance of banking services (Cowling & Newman, 1995). The banks know that customers will be loyal if they provide greater value (quality services) than their competitors (Dawes & Swailes, 1999). For the services quality bank make core competitive strategy. (Chaoprasert & Elsey, 2004). Fogli (2006) defined term service quality as "A global judgment or attitude relating to particular service; customer overall impression of relative inferiority or superiority ot the organization and its services."
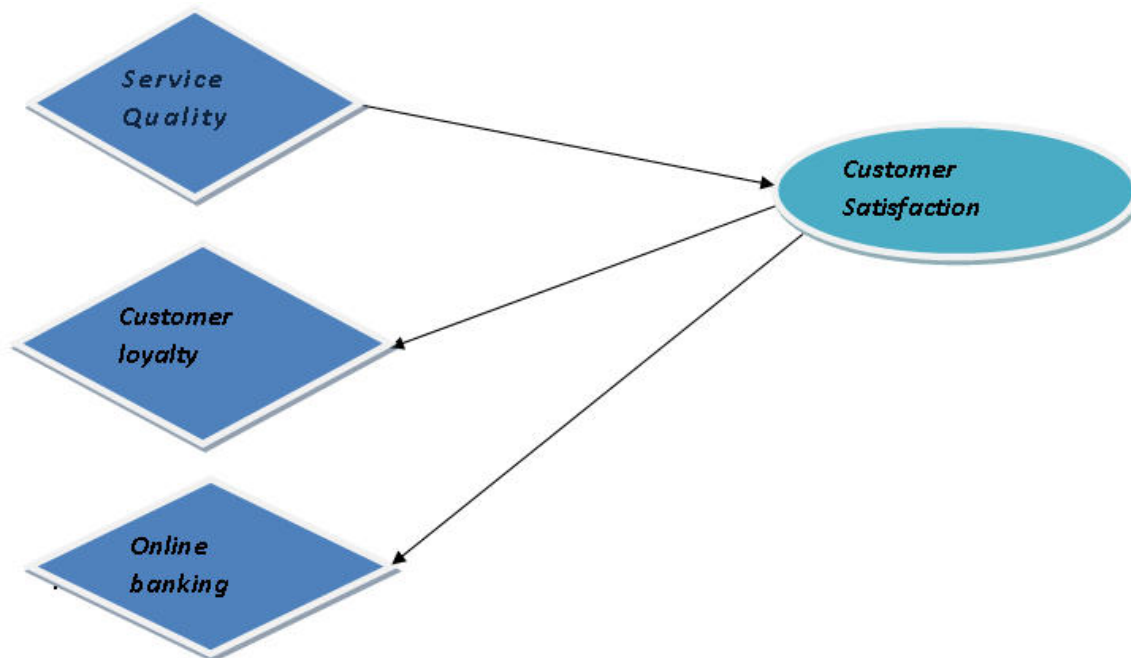
3.3 Customer satisfaction and loyalty

Strong and positive relationship between customer satisfaction and loyalty (Horstmann ,1998). A satisfied customer is six time more likely to repurchase and share his experience to other people (Grönroos, 2000; Zairi, 2000); further unsatisfied customer more harmful for business he share his experience to other people (Mohsan, 2011). Higher customer satisfaction increase the level of loyalty (Tee et al,2012).

2-4. The relationship between service quality and overall satisfaction

Satisfaction is defined here as an overall judgment at the cumulative level of bank services received by customers. Satisfaction is determined by satisfying and dissatisfying service encounters with the bank over time. Previous studies demonstrate that perceived service quality has a positive influence on customer satisfaction in a variety of service settings. Cronin and Taylor (1992) report that perceived service quality has a positive effect on consumer satisfaction in four service settings: dry cleaning, banking,pest control, and fast food (Riadh Ladhari&Ines Ladhari&Miguel Morales,2010)

4. Theoretical Framework

5. Hypothesis

- *H1: there is positive relationship between service quality and customer satisfaction.*
- *H2: there is positive relationship between customer loyalty and customer satisfaction.*
- *H3: there is positive relationship between online banking and customer satisfaction*

Research Methodology

6.1 Data collection

The respondents of the study are the private banks customer in Bahawalpur district (Pakistan). Conventionally study so customer of Bahawalpur bnaking sector selected.

6.2 Sample size determination

According to krejcie,Robert V. Morgan, Daryle W (1970) table our sample size is 250.150 quetionnaire used and 124 finaly recived.

6.3 Research instrument

Data was collected by using questionnaire adopted from the study mam saba sattar.

6.4 Data analysis

Data was entered, edited and analyze by using software SPSS version 16 and Microsoft excel by applying the following techniques; Cron bach's alpha, correlation and Regression.

Cronbach's Alpha

To check the internal reliability of the instrument, Cronbach"s alpha was run. The value of Cronbach"s Alpha comes to 0.869 which is above the standard value proposed by (Nummally, 1978) of 0.70 this shows that our instrument is reliable and we can confidently apply different statistical tests and interpret the results with confidence.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.869	.871	24

Correlation Analysis
Table 6.1

Correlations

		customer satisfaction (DV)	Online banking	Bank environment and service quality	Customer loyalty
customer satisfaction (DV)	Pearson Correlation	1	.581[**]	.646[**]	.446[**]
	Sig. (2-tailed)		.000	.000	.000
		250	124	124	124	124

Pearson correlation was run to check the relationship of variables with each other and whether any observed variable has perfect covariance with any other variables, which are observed in the study. From the table 6.1 it is observed that all relationships were found significant There is strong relationship between customer satisfaction and online banking. The correlation value of online banking is .581 which shows that salary has large impact on customer satisfaction. There is strong relationship between bank environment and service quality and customer satisfaction with the correlation value 0.646 which is above 0.5 it shows that bank environment has great impact on customer satisfaction.Postive and strong relationship in offer and customer satisfaction.

7.   Regression analysis

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.695[a]	.483	.470	.40196

a. Predictors: (Constant), Offer provide by your bank, online banking,
Bank environment and service quality

b. Dependent Variable: customer satisfaction

As the table 7.1 shows the model summary of in which the value of R is ..695 which shows that there is strong correlation between independent and dependent variable. The value of R square is 0.470 which shows that model is good fit. Therefore our all alternative hypothesis are accepted with the significance value less than 0.05 which shows that all independent variables have great influence on dependent variable performance of customer.

ANOVA[s]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	18.112	3	6.037	37.366	.000[a]
	Residual	19.389	120	.162		
	Total	37.501	123			

a. Predictors: (Constant), customer satisfaction and customer loyalty, online banking, Bank
environment and service quality

b. Dependent Variable: customer satisfaction

The 7.2 table shows that F significance is 0.000 which is less than 0.05 which shows all independent variables do a good job in explaining the dependent variable.

8.   Findings

The findings of this study indicate that there are various different factors affect the customer satisfaction. Research proves how online banking, service quality, and customer loyalty influence the customer satisfaction. These are important variable that influence the customer satisfaction. If bank not meet the customer requirement customer switch to another bank. Today internet use for banking activities if banker not use only system customer switch to other banks. Highly satisfied customer tell to other customer about there experience but dissatisfied customer tells more customer then satisfied customer.

9.   Conclusion

This study helps in understanding that how the customer satisfaction, service quality. Customer satisfaction and online banking affect the performance bank. The focus of the study was to examine measuring the level of customer satisfaction that is based on customer satisfaction.. The data was collected by the customer of private bank by adopted the questionnaire.

Three tests were applied Cronbach‟s Alpha, correlation and regression. Cronbach‟s Alpha shows that questionnaire is reliable. From the regression analysis it indicates that model is a good fit. By applying correlation technique all relationships were found significant. There is strong relationship between online banking and customer satisfaction. There is strong relationship between service quality and customer satisfaction.

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