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The Determinants of Customer Satisfaction: The Case of Dashen Bank and Wegagen Bank, Hawassa Branch

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Abstract
The focus on customer satisfaction in banking industry is becoming extremely prevalent as it is being employed to keep existing customers from switching to other banks and to sell them more services, and to attract customers from non-banking community and competitors. The objective of the study is to investigate the determinants of customer satisfaction and to examine the effects of service quality, IT-based service options, developing stronger relationship with customers, and corporate image on customer satisfaction. Primary data was collected from 200 respondents that were selected from customers of Dashen and Wegagen Bank, Hawassa branch. The respondents were selected from saving account holders, current account holders, and ATMs card holders of two banks through quota sampling techniques. In addition, relevant ideas were collected from secondary sources for comparison of professional and accurate business transaction with services of banks. To determine the relationship between dependent and independent variables Pearson chi square test was applied. To compare Dashen and Wegagen banks in terms of service delivery two-sample mean comparison test was used. In addition, to determine the relative importance of variables the econometrics model known as logistic regression model was used. The results of the study reveals that having employees who give customers personal attention, having customers' best interest at heart, owning employees who understand customers specific needs, creating stable relationship customers, and possessing excellent quality of management, are the variables that are statistically significant and have influence on customer satisfaction.
Keywords: customer satisfaction, service quality, IT-based service, corporate image
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1. INTRODUCTION

Every business enterprise including banks exists to serve customers. The customer defines the business. Therefore, to satisfy the customer should be the mission and purpose of every business. Customer can be defined in different ways, for example Gustafson and Lundgren (2005) described "a customer" as:

> *A customer is the most important visitor on our premises. He is not dependent on us, we are dependent on him. He is not an interruption in our work; he is the purpose of it. He is not an outside on our business, he is part of it. We are not doing him a favor by serving him, he is doing us favor by using us an opportunity to do so. A Customer is not someone to argue or match wits with. Nobody ever won an argument with a customer. A Customer is a person who brings us his wants. It is our job to handle the profitably to him and to ourselves.*

In the highly competitive, complicated and dynamic setting of the banking sector, the extremely small variations that exist in banking product and service along with an increasingly demanding customer have led to an enormous transformation within the sector. The old product-oriented bank is altering into more and more customer-oriented in accordance with the fundamental principle of interpersonal marketing that stresses on customer satisfaction as its principal goal. In this sense, Gilmore (2007) considers that continuous customer-oriented activities could be necessary for amending the implementation of quality in services selling. Indeed, factors like financial service and distribution have acquired comparable levels of development and technology and have so been kicked downstairs to a less important role as baselines for differentiating between one bank and another (Sa´nchez & Parada, 2005).

Customer satisfaction is thought about the essence of success in today's highly competitive world of business. Thus, the significance of customer satisfaction and retention in strategy formulation for a ``market oriented'' and ``customer focused'' firm cannot be undervalued (Kohli and Jaworski, 1990). Consequently, customer satisfaction is all the time more changing into a company goal as a progressively more firms attempt for quality in their product and services (Bitner and Hubbert, 1994).

In the sense of the above facts, customer service is a change over time with growing public sector banks has increased. It is, therefore, necessary to continuously assess and reassess how the customer perceive bank services, what the new and emerging expectations are and how they may be satisfied on a continuous basis. The purpose of this study is to give indications for the stakeholders of the banking industry to assess what are the key in determining customer satisfaction to meet their customers' needs and expectations accordingly.

1.2. Statement of the Problem

In a hyper-competitive market all commercial banks are confronted with challenges of keeping the prevailing customers from switching to other banks and selling them more services and attracting new customers from the non-banking community and competitors. The maintaining bank's existing customer base is even more essential than the power to capture new customers. One of the justifications is that the cost of appealing a new customer is far over the cost of keeping existing one. In study by Bazan (1998) the cost of attracting a new customer from non-banking community and competitors is five times higher than maintaining an existing customer. With the exception of this monitory facet, the impact of negative word-of-mouth will a lot times be harsh. A discontented customer can in general tell a minimum of ten persons of the poor expertise and is willing to talk regarding this to anybody who is willing to listen. Thus, customer satisfaction and loyalty are crucial to bank's success. Customer satisfaction and retention may be a major contribution to sustainable profit growth. Bazan further indicated that a business will have no purpose of existing without its customers and also the money losses and loss in reputation will be destructive for it when losing customers.

Muffato and Panizzolo (1995) argued that customer satisfaction is considered to be one of the principal essential competitive factors for the longer term, and can be the most effective indicator of a firm's profitability. They further propose that customer satisfaction can drive companies to boost their reputation and image, to keep down customer turnover, and to enhance attention to customer needs. Such actions can facilitate companies produce barriers to switching, and improve business relationships with their customers. Although several businesses have an attention in maximizing customer satisfaction, it is not as a result of customer satisfaction is that the final objective in itself. The underlying reason is that satisfied customers yield bigger profits. Banks with more satisfied customers are more profitable and more successful. According to Hansemark and Albinsson (2004) customer satisfaction can result in a range of benefits. As an example, satisfied customers tend to be less price-sensitive, willing to buy more products, and fewer influenced by rivals.

Any organization ought to be extremely interested to make sure that its customers are satisfied (Kotler, 1991); but, in reality, surprisingly few do so. It is probable that several commercial banks might not be able to use such information at the individual level, although only some banks might want to maintain path of the satisfaction of their regular customers. However, they will track satisfaction levels by branch, to detect undesirable impairments before they are doing inexpressible damage.

In addition to this gap, they have not also included the effect of developing stronger relationship with customer on increasing customer satisfaction and retention. In this sense, Reichheld (1996) satisfied customers may find other banks because they expect they might receive better quality service from other banks. Maintaining customers satisfied is reliant on linkage between bank and customer. Because customers that have built several business links with their bank are less likely to switch to other banks, developing stronger relationships with customers' increases customer satisfaction and retention (Ritter, 1993). Finally, Habtamu further suggested including ATM service users as a part of research respondents to investigate study in this area.

Hence, the researcher is motivated to conduct study on the determinants of customer satisfaction considering customers who are interested in depositing their money in Dashen Bank, Hawassa area bank and Wegagen Bank, Hawassa branch as respondents of the study. These includes saving account holders, current account holders, and ATM card holders. Thus, the researcher will examine the effect of explanatory variables on the response probability of customers satisfied in light of such explanatory variables namely; service quality, IT-based banking services options, corporate image and bank's capability in developing stronger relationship with customers.

1.3. Objective of the Study

The general objective of this study is to investigate the determinants of customer satisfaction in Dashen and Wegagen bank, Hawassa branch.

Specific objectives:

- to examine the effect of service quality dimensions on customer satisfaction
- to analyze the effect of providing IT-based banking service option on customer satisfaction
- to identify the effect of building strong corporate image on customer satisfaction
- to examine the effect of developing stronger relationship with customers on increasing customer satisfaction

1.4. Significance of the Study

The result of this study has various significances. First, all banks who involve in commercial banking activities will have an opportunity to identify the determinants of customer satisfaction and find out a way how to attract new customers from non banking community and competitors, and to protect existing customers from switching to competing banks. This will improve the operation of commercial banking and the growth of banking and other financial sectors will not stop in itself rather it will lead to growth in economy as a whole. Second, the finding of this research will help Wegagen bank, Hawassa branch; and Dashen bank, Hawassa area bank to understand and satisfy the current needs of their customers. It will help them to find out their weak and strong sides and to draw a better way to fill the gap between customer perception and actual service. Third, conducting study on determinants of customer satisfaction will equip the researcher with the necessary skill and technique to undertake investigation in similar area in future. Finally, this study will serve as a stepping stone for those who want to conduct further studies in similar area.

2. LITERATURE REVIEW

2.1. An Overview of Theoretical Review

Understanding and measuring satisfaction is a fundamental concern. Satisfaction is an extensively conventional concept regardless of real complexity in measuring and explaining typical approaches to its assessment. The most common approach is the use of general satisfaction surveys carry out every few years and proposed to path changes in due course. There are however, a number of problems with the concept of satisfaction (Communities Scotland, 2006). Satisfaction is not static, but changes over time; new occurrences and levels of understanding will change the prospective levels of satisfaction that could be attained. In addition, it is expected to be complex and the effect of a combination of experiences before, during and after the point at which it is evaluated. Satisfaction happens in social perspectives which are diverse and varying and may be irregular or indescribable to the service user. Thus, it may be hard to state the causes for satisfaction; particularly where less tangible aspects of services are being measured. However, it may be easier to state the causes for dissatisfaction, particularly if this is the exceptional condition. Without understanding the causes of satisfaction, there is a danger that we might treat a "good result" as a ground not to change anything, seeing it largely as a PR (Puerto Rico)-business public relations tool.

The above stated difficulties are also exists to measure customer satisfaction in Hawassa city. Like any other community, Hawassa communities' needs and expectation will be changed over time due to new experience and levels of awareness. However, it is better to conduct study every few year to track the changes over time and provide services in accordance with their needs and expectations.

Profitability of commercial banks and growth of customer base are interconnected. With raising competition in the financial market, it is very essential for the banks to know "what factors makes customers' satisfied in their bank services?" Then only banks can acquire suitable marketing efforts to enhance customer base. Inappropriate identification of true determinants of customer satisfaction may result in poor results for marketing efforts. Management's failure to identify customers' needs is one kind of quality gap (Zeithaml et al., 1990). It was found that Bank customers tend to be loyal offered they are satisfied with its service and attach on to the same bank for five to seven years on an average and they switch to other banks only when they move to a new residence in an area outside their bank's network (Huber et al., 1998). From the above literature one can understand that there are many factors that make customers satisfied in their bank services. However, to know these factors the banks should conduct survey in every few year. Based on the results of preliminary study of the researcher Dashen Bank and Wegagen Bank are not in the position to apply the above theory.

2.2. Customer Satisfaction

Customer satisfaction can be defined in different ways, for example Oliver (1980) expressed customer satisfaction as "customer satisfaction is generally described as the full meeting of one's expectations."

Kotler (1996) described customer satisfaction as "the level of a person's felt state resulting from comparing a product's perceived performance or outcome in violation to his/her own expectations". So, customer satisfaction might be regard as a relative behavior among inputs before hand and post obtainments. Customer satisfaction is defined as a customer's general assessment of the performance of an offering to date. This overall satisfaction has a sturdy positive impact on customer loyalty plans across a broad range of product and service groups (Gustafsson, 2005).

The satisfaction decision is related to all the experiences made with a certain business concerning its specified services, the transactions process, and the post-sale service. Whether the customer is satisfied after acquisition also rely on the offer's outcome in relation to the customer's expectation. Customers form their expectation from past purchasing experience, friends' and associates' recommendation, and sellers' and competitors' information and promises (Kotler, 2000).

There is general agreement that: Satisfaction is a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectations (Kotler, 2003). Based on this review customer satisfaction is a function of perceived performance and expectation. If the performance falls short of expectations, the customer is dissatisfied. If the performance matches or exceeds expectations, customer is satisfied. Different researchers defined customer satisfaction in different ways, but for this study the above definition by Kotler will be taken as a operational definition and go in line with the intended study.

2.2.1. Importance of Customer Satisfaction

In fact, customer satisfaction has for many years been supposed as key in determining why customers switch or retain a bank. Commercial banks need to know how to retain their customers, even though they become to be satisfied. Reichheld (1996) recommends that discontented customers may decide not to switch to other banks, because they do not expect to obtain of good quality service in other banks. In the same way, satisfied customers may find for other banks because they think they might obtain of good quality service in other banks. However, maintaining customers is also reliant on several other factors. These include a broader variety of product choices, higher convenience, best prices, and improved income (Storbacka et al., 1994).

Ioanna (2002) further suggested that product differentiation is impracticable in a competitive market like the banking industry. Banks all over the place are providing the similar products. For instance, there is usually only smallest difference in interest rates charged or the variety of products accessible to customers. Bank prices are fixed and determined by the market force. Therefore, bank management tends to differentiate their firm from rivals by providing better quality services to their customers. Service quality is a very important factor affecting customers' satisfaction intensity in the banking industry. In banking, quality is a multi-variable concept, which contains differing kinds of convenience, reliability, services portfolio, and critically, the staff delivering the service.

Muffato and Panizzolo (1995) argued that customer satisfaction is considered to be one of the principal essential competitive factors for the longer term, and can be the most effective indicator of a firm's profitability. They further propose that customer satisfaction can drive companies to boost their reputation and image, to keep down customer turnover, and to enhance attention to customer needs. Such actions can facilitate companies produce barriers to switching, and improve business relationships with their customers.

Although several businesses have an attention in maximizing customer satisfaction, it is not as a result of customer satisfaction is that the final objective in itself. The underlying reason is that satisfied customers yield bigger profits. Banks with more satisfied customers are more profitable and more successful. According to Hansemark and Albinsson (2004) customer satisfaction can result in a range of benefits. As an example, satisfied customers tend to be less price-sensitive, willing to buy more products, and fewer influenced by rivals.

The above literature reveals that customer satisfaction is a key in determining why customers switch to other banks or retain in the same bank. In line with these facts Dashen Bank and Wegagen Bank in Hawassa city can retain their customer by keeping them satisfied. Further in this competitive banking industry they can attract more customers from non-banking community and competitors by providing them with a reason to buy a particular product in preference to competing banks. Moreover, customer satisfaction will be the best indicator of firms' profitability because satisfied customers are less sensitive to price, fewer influences of competitors and high levels of loyalty.

2.3. Service Quality

Many researchers defined service quality in different ways. For example, Bitner et al. (1994) defined service quality as the customer's overall feeling of the comparative inferiority or superiority of the company and its services. Although other researchers (Cronin and Taylor, 1994) view service quality as a form of thoughts representing a long-run general evaluation. The quality of a service or product is determined by the user's perception. It is the degree to which the bundle of service attributes as a whole satisfies the user. This is called expectation to perception match. Quality, therefore, comprises the degree to which attributes of the service desires by the users are identified and in corporate levels of these attributes are perceived by the users to be achieved (Murdick, 1990).

According to Juran (1988) quality comprises two principal components: (1) to what degree a product or service meets the expectations of the customers, and (2) to what degree a product or service is free from errors. Parasuraman et al. (1985) defined service quality as a comparison between expectation and outcome (performance) along the quality dimensions. This has appeared to be in line with Roest and Pieters' (1997) explanation that service quality is a relativistic and cognitive inconsistency between experience-based standards and performances regarding service benefits. For the purpose of analysis the definition of service quality by Parasuraman et al. (1985) will be taken as operational definition of service quality. And also the bank services quality in this study will be measured by means of service quality dimensions.

2.3.1. Service Quality and Customer Satisfaction

The relationship between service quality and customer satisfaction has received considerable academic attention in the past few years. Many researchers have operationalized customer satisfaction by using a single term scale and many others have used multiple item scales. Service quality and customer satisfaction has been investigated, and results have shown that the two constructs are indeed independent, but are closely related, implying that an increase in one is likely to lead to an increase in the other (Sureshchandar et al., 2002).

According to Zeithaml and Bitner (2003), satisfaction and service quality are fundamentally different in terms of their underlying causes and outcomes. Although they have certain things in common, satisfaction is generally viewed as a broader concept, whereas service quality assessment focuses specifically on dimensions of service. Service quality is a component of customer satisfaction.

Sureshchandar et al, (2003) identified that strong relationships exist between service quality and customer satisfaction while emphasizing that these two are conceptually distinct constructs from the customers' point of view. Customer satisfaction in marketing context has specific meanings: Gustafson et al. (2005) brought customer satisfaction definition as customer's overall evaluation of the date. This satisfaction has positive influences on retaining customers among different variety of services and products. In service based enterprises; service quality directly affects customer satisfaction.

In businesses where the underlying products have become commodity-like, quality of service depends heavily on the quality of its personnel. This is well documented in a study by Leeds (1992), who documented that approximately 40 percent of customers switched banks because of what they considered to be poor service. Leeds further argued that nearly three-quarters of the banking customers mentioned teller courtesy as a prime consideration in choosing a bank. The study also showed that increased use of service quality/sales and professional behaviors (such as formal greetings) improved customer satisfaction and reduced customer attrition.

From the above facts one can understand that service quality and customer satisfaction have positive relationship. This means if the service quality of the bank improved, the levels of their customers' satisfaction become increase and vice versa.

2.3.2. Dimensions of Service Quality

Service quality literature frequently tries to classify the factors that impact attitudes towards the service at numerous different levels. At the maximum level this engages some service quality dimensions. These can be disaggregated into a better set of service quality factors or determinants, which are subsequently established into questions for evaluating throughout a structured questionnaire. In the original model of the SERVQUAL items, 10 determinants of service quality were illustrated. These are access, communication, competence, courtesy, credibility, reliability, responsiveness, security, tangibles, and understanding the customer (Accounts Commission, 1999). However, following extensive study these 10 were advanced to five; subsequent to further investigation demonstrated that some were very strongly connected. The five major dimensions that customers apply to evaluate service quality contain (Parasuraman et al., 1988), reliability, responsiveness, assurance, empathy, and tangibles as revealed below;.

- ***Reliability:*** the capacity to carry out the promised services both dependably and precisely. Reliable service presented is a customer anticipation and means that the service is delivered on time, in the similar manner, and without defects consistently.
- ***Responsiveness:*** the willingness to assist customers and to offer prompt service. Maintaining customers waiting mainly for no obvious reason makes needless harmful perceptions of quality. If a service failure happens, the capability to improve rapidly and with expertise can make very constructive perceptions of quality.
- ***Assurance:*** the knowledge and politeness of employees so well so their capability to express trust and confidence. The assurance dimension contains the following characteristics: ability to provide the service, courtesy and value for the customer, successful communication with the customer, and the general approach that the service provider has the customer‘s best interests at heart.
- ***Empathy:*** the provision of kind, individualized concentration to customers. Empathy incorporates the following characteristics: approachability, sensitivity and endeavor to recognize the customer‘s wants.
- ***Tangibles**:* the emergence of physical facilities, equipment, staff, and communication equipments. The provision of the physical environment is tangible indication of the concern and attentions to detail that are displayed by the service provider. This evaluation dimension also can expand to the manner of other customers in the service.

These five dimensions are translated into 22 questions that measure both perceptions and expectations (Zeithaml et al., 1990). For this study these 22 questions that measure service quality of the bank will be taken as instruments.

2.4. IT-Based Banking Service Options

To remain competitive, commercial banks are all the time more providing their Customers information technology (IT)-based service options. Commercial banks are applying IT to minimize costs and create value added services for their customers. One instances of IT based service improvements comprise ATM banking systems offered by commercial banks. These service systems are anticipated to assist commercial banks enhance service quality, financial performance, customer satisfaction, and efficiency. Furey (1991) proposes that IT can facilitate progress service quality by rising suitability, offering extra services, and gathering service performance information for management use.

Fitzsimmons and Fitzsimmons (1997) recommend numerous competitive functions of IT in services such as the creation of entry difficulty, progress of efficiency, and a raise of income creation from pioneering services. In several service industries, technology based service options are crucial for a service supplier to stay in a competitive situation (Bonfield, 1996).

Many investigations in explaining and evaluating service quality have been very much influenced by the works of Parasuraman et al. (1985, 1988, 1991). They hypothesize service quality as the comparative perceptual variation between customers' expectations and evaluations of service knowledge and operationalize service quality by means of a multi-item scale called SERVQUAL (Parasuraman et al., 1988, 1991). SERVQUAL is a 22-item instrument that includes the five service dimensions of tangibles, reliability, responsiveness, assurance, and empathy. SERVQUAL was developed based on data from five service industries consists of appliance repair and maintenance, commercial banking, telecommunication, securities brokerages, and credit card companies. It has been checked and used to measure service quality in various contexts such as banking industry (Avkiran, 1994).

Some scholars have questioned its dimensionality (Carman, 1990; Cronin and Taylor, 1992; Mels et al., 1997), and others have disagreed about its evaluation of perceptions and expectations (Babakus and Boller, 1992; Brown et al., 1993; Carman, 1990; Cronin and Taylor, 1992). An in depth dispute of the literature on SERVQUAL can be initiate in Llosa et al. (1998). The service quality dimensions in SERVQUAL were initially established based on traditional service delivery systems. Nowadays, the greatly increased use of IT by commercial banks has, in many ways, altered the feature of service systems. Consequently, it may be suitable to incorporate the features related with IT-based service options as element of service quality measurement. For instance, bank customers can presently deal major part of their banking transaction over the telephone except when depositing or withdrawing cash or checks (Cline, 1997). Some commercial banks now offer customer banking services fully over the internet. These pioneering, value-added, and suitable services offered by IT-based service channels are not possibly to be measured satisfactorily by SERVQUAL as it is currently established. A way to measure the impact of IT-based service options on customer satisfaction is needed.

Even if there are numerous types of IT-based service options provided by commercial banks in the world, Dashen Bank, Hawassa area bank and Wegagen Bank, Hawassa branch provide only ATMs banking system.

2.4.1. Impact of IT-Based Service Options on Customer Satisfaction

An examination of the literature demonstrates that the application of information technology for upgrading customer service and customer satisfaction has pulled much recent concentration (Bon field, 1996; Dabholkar, 1996). Most of the investigation, however, is based on the service provider's point of view. More investigation is required to explore the impact of IT-based services on customer insights of service quality.

One of the most quoted contributions of IT-based service augmentations is convenience (Allen, 1997; Baily and Gordon, 1988). In the direction of customers, convenience refers to a generous number of accessible service delivery points that are available when customers require them. Some scholars highlighted that IT-based service options may in some way improve customer service because this form of service gives the means for collecting customer data, which can be helpful in managerial decision-making to enhance operational efficiency and service quality (Cline, 1997; Furey, 1991; Randle, 1995).

The supply of IT-based service options, in itself, does not guarantee customer satisfaction (Anthes, 1998; Brown, 1996; Hall, 1998). IT-based services can influence customers' insights of service quality either optimistically or pessimistically (Johnson, 1998). For instance, when customers use ATMs to withdraw cash, the machine may swallow their ATMs card and refuse to eject it. The customers would then become irritated if they could not obtain on time assistance. To successfully increase customer satisfaction, IT-based services options must be utilized in a value-added way decided by customers.

Dabholkar (1996) estimated two different models to scrutinize how customers estimate the quality of technology-based self-service channels. Based on a university student sample, Dabholkar establish that customers' assessments of a technology based service systems and their preparations to use the channels are strongly affected by their perceptions about the characteristics associated with this option. Dabholkar’s work, but, did not talk about the impact of such service options on customers' perceptions concerning general service quality as evaluated by the traditional dimensions of service quality, e.g. the SERVQUAL dimensions.

Berkley and Gupta (1994) recognized a model to clarify how information technology can be applied to increase service performance. Through case studies, they clarified in depth where information technology had been applied or could be applied to raise particular service quality dimensions containing reliability, responsiveness, competence, access, communications, security, understanding and knowing the customers, and quality control. Overall, there view of the literature advises that more investigation on the impact of information technology based services on customer supposed service quality is needed. A prospect to go beyond the present state of understanding presents itself in developing and examining a conceptual framework which connections the features of information technology based services, the variables influencing customers' estimations of such services, and the dimensions of service quality.

2.4.2. Key Variables of IT-Based Service Options

The key variables chosen to explain information technology based services incorporate ease of use, conservation of time, convenience, privacy, accuracy, multifunctional capabilities, and use of advanced IT. Since the model was to be measured with data from a sample of commercial bank customers, some points concerning to features linked with IT-based banking services were incorporated. Instances of IT-Based banking service systems include ATMs, online banking systems, internet banking options, etc

Ease of use: The endeavor concerned in applying IT-based services or complexity of the service delivery procedure may impact customers' willingness to use such systems (Dabholkar, 1996). If customers' observation an IT-based self-service system to be complicated to use, they may not value such a service delivery system (Dabholkar, 1996; Galbreath, 1998).

Conservation of time: Once customers have accessed the service delivery point, they do not like to wait to obtain the service. Unnecessary waiting in a queue for service delivery could negatively impact customers' perceptions of service quality (Houston et al., 1997). Some customers would choose information technology based self-services if such systems could decrease service delivery time (Lovelock and Young, 1979). IT-based services systems may facilitate enhance customer service quality by offering customers with more quick and competent service.

Convenience: Convenience is major advantages ought by customers (Reed, 1998; Milligan, 1997). McDougall and Levesque (1994) anticipated that banks with a widespread branch office System and ATM network would have the prospect to attract customers who are in this suitable channel. Lerew (1997) recommended that customer satisfaction would enhance when customers gain from the convenience of accessing their accounts at every time throughout interactive voice response systems.

Privacy: Customers are worried with their privacy when using technology based services systems. For instance, some customers may have the intuition that the internet is not a protected situation for business deals and they may scare that somebody will have unrestricted access to individual financial information (Peterson, 1997). Worry about potential attack of privacy may influence customers' assessments for technology based services.

Accuracy: Accurately supplying services and offering information could help enhance service dependability (Parasuraman et al., 1988, 1991) and service result (McDougall and Levesque, 1994). It is recommended that customer service contains the users' side and the machine side (Gerson, 1998). Appropriateness and user-friendliness of the service may be enhanced on the machine side by applying IT. The scholars also advise that IT can assist get better service quality by decreasing defect rates (Furey, 1991; Licata et al., 1998). If customers recognize that IT-based services offer enhanced service and information, they may put a top value on such systems.

Multifunctional capabilities: This item evaluates the capacity of IT-based service systems. Customers choose banks that deliver a variety of additional services to supplement the major service (Gerson, 1998). McDougal land Levesque (1994) pointed out that a wide-ranging service presenting is attractive to customers. As a result, multi functionality of an information technology based system may be an essential attribute in satisfying customer needs.

Use of advanced IT: This item evaluates customers' insights of banks' use of advanced computer technology. It was applied to capture tangible features of service quality (Parasuramanetal., 1988, 1991). Chakravarty et al. (1997) reported in their study of 1,005 bank customers that a bank's application of the modern technology was an important sign of convenience, which, in line, would influence customer satisfaction. Licata et al. (1998) recommended that commercial banks could apply tangible materials such as equipment to make a promise to their customers and strengthen customer relationships. Applications of latest technology may facilitate deal with a bank's promise to serve customers with state-of-the-art technology.

In this study the above key variables translated into 6 questions to measure the quality of IT-based service options of the banks and used as measurement instruments.

2.4.3. Perceptual Influences of IT-Based Services

Three constructs were hypothesized to affect customer perceptions of IT-based services systems as well as the SERVQUAL dimensions. They are preference to wards traditional services, experiences in using IT-based services, and perceived IT policies.

1. **Preference towards traditional services:** was explained by the need for personal attention and age:

Need for personal attention: measures customers' feelings concerning their communication with service employees. Cowles and Crosby (1990) advise that customers might have different tolerances for substituting people with IT-based machines. Those who desire personal attention and social interaction may not favor IT-based services (Peterson, 1997), and some may even switch from one service provider to another if they lose human interaction from their current service provider (Gerson, 1998).

Age: is often believed to have an impact on customers' expectations and satisfaction with IT-based services. A recent bank customer survey showed that the service channel preference varied significantly across age groups. Younger customers showed more interest in PC banking and self-services, while older customers overwhelmingly indicated a preference for traditional branch banking (Milligan, 1997).

2. **Experience in using IT-based services:** was measured by self-control in using IT, comfort in using IT, and personal interaction:

Self-control in using IT: can be defined as the amount of control that a customer feel she/ she has over the IT-based service delivery process. (Dabholkar, 1996) .Earlier research has proposed that a sense of self- control is important to customers using any type of self-service and would affect their perceptions towards the value of the service (Bateson and Hui, 1987). Dabholkar (1996) found that a feeling of control enhances customer evaluations of the service delivery process and directly increases their intentions to use the service option.

Comfort in using IT: measures customers' experiences and ease in using IT-based services. IT-based systems may cause customer dissatisfaction if customers do not feel comfortable in using them. For example, customers may become frustrated while using a voice mail system if they end up at the beginning after a long circle of list choice selections (Anthes, 1998) or when they are placed on hold and forced to listen to music(Pease,1998). Customers' feelings about using IT-based systems may also be the result of whether or not they are familiar with the technology, or of their previous experiences in using such systems. Customers are expected to place a higher value on IT-based service systems if they feel comfortable using them.

Personal interaction: measures customers' perceptions of their interaction with service employees while using IT-based services. The logic that using IT-based systems will lead to decreased personal service may affect customers' willingness to use such systems. An executive officer at one of the regional ATM networks remarked that less than half of their customers had used ATM cards in the past 25 years, suggesting that customers want more than just an automated system (Reed, 1998).

3. **Perceived IT policies:** were measured by institutional encouragement to use IT and IT service fees:

Institutional encouragement to use IT: IT-based services have become attractive alternatives to service providers. Service providers may exert every effort in the form of different promotion programs to encourage their customers to use such systems, which, in turn, may affect customer perceptions towards the IT-based service dimension and the SERVQUAL dimensions.

IT service fees: Many service providers charge for using IT-based services. Higher service fees may lead to reluctance towards using such options and, thus a higher preference for using traditional services. A recent bank customer survey found that increased service fees was one of the main driving forces behind the move of some large bank customers to smaller community banks (Cantrell,1997).Unless customers perceive that the benefits of IT-based services offset the increased service fees, they may be reluctant to use such systems.

2.5. Developing Stronger Relationship with Customers

Various consultants have tempted banks, through selling more services to prevailing customers, or cross-selling (Ritter 1993), to successfully raise the volume of their business from existing customers. Because customers that have established multiple business links with their bank are less likely to switch to other banks, developing stronger relationships with customers' increases customer satisfaction and retention.

According to Moriatry et al. (1983), commercial banks have used relationship banking as a useful strategy to allow them to maximize the profitability of total customer relationships over time, rather than to extract the most profit from any one single product or transaction.

Through multiple product relationships, relationships between the bank and customer become stronger, consequently creating a large benefit for both the customers and the bank (Moriatry et al. 1983). The customer benefits from the bank's constant commitment to give on-going support for most of its needs for products and services, and assistance for tapping growth opportunities. Working closely with a bank over time, the customer develops confidence in the bank and becomes safer with its products and services, which are often personalized to suit their own specific needs. By raising the share of the customer's business, the bank is guaranteed a special treatment by customers such as the position of lead or main bank.

How customers perceive a company is very much influenced by how they are served and treated by clerk, and support employees at various encounters with the company. The same can be practiced to the banking industry. Studies have found that SMEs are becoming more unwilling to contact their bank for negotiations of financial issues because being met by awful relationship quality in a less hospitable environment (Chaston, 1993).

Ivarsson (2005) has found that a personal relationship with the bank is the factor of most significance for customer at an abstract level; he states furthermore that on a more concrete level the necessity for personal relationship raises correspondingly with the complexity of a situation. Other things that affects the relationship is the capability of the account manager, how much contact there is, the level of flexibility in, for example, changes and conflicts and the level of unity in the relationship (Madill et al., 2002).

The concern of competence is highlighted by Ivarsson (2005) as well however he describes it instrumental nearness and consists of both the account manager's economic skill and his or her power to bargain on behalf of banks and offer the customer with information regarding financial issues.

One of the most vital things is for the bank to establish traditions that eradicates the thinking of considering the bank and the account manager as separate units rather than one. Moreover, it is essential to alter corporate policies and procedures which would make the bank more flexible in meeting the needs of the SE and thus leads to making the linkage with the bank and its use of products easier. (Madill et al., 2002)

Turnbull and Gibbs (1987) believe that in the long-term, the goal of relationship banking is to allow the bank to become the number one provider of banking services (or the lead bank for the corporate customer). Bank customers are less price-sensitive to the lead bank than to other banks they do business with. As a result, a lead bank is able to realize higher margins on business with relationship customers.

While American banks attempted to attract customers with low prices, banks in Germany spent greatly in human capital and followed stronger relationships with customers. "By providing their customers high levels of financial consultation, good quality service, and convenience of combining financial service products with one bank, German banks managed to retain their competitive advantage. Individual products were not necessarily provided the most cheaply, but 'bundling effects' made the general set of products rendered by banks more attractive than what could be found in another bank. Stronger relationships to their customers were, furthermore, used to adapt to changing market situations" (Keltner, 1995).

Being in stronger relationships with business customers, relationship bankers are able to hear to the business customer's voice, recognize their needs and expectations, and convert them into attractive product and services (Ritter 1993). They are in a position to satisfy each customer's needs by personalizing product and services to go with these needs.

2.6. Corporate Image and Reputation

Berman and Evans (1995) believed corporate image as a functional and emotional combination; that is, the prior experience of getting contact with enterprises including inexperienced information such as advertising, word-of-mouth effect and guess meet expectation in the future that has a directive positive influence on satisfaction; Mitchell (2001) believed as specific and significant relation between corporate and managing performance it would influence the corporate profit.

Corporate image in the service marketing literature was early recognized as an essential factor in the overall assessment of the service and the company (Grönroos, 1984; Gummesson and Grönroos, 1988; Bitner, 1991). Apart from image as a function of accumulation of buying experience over time, most organizations also supply complicated and noisy informational environments (e.g. advertising and direct marketing) in order to attract new and maintain prevailing customers. In the Perceived Quality Model (Grönroos, 1988) perceived quality is a function of expected quality (generated from market communication, image, word-of mouth, and customer needs) and actual quality (generated from technical quality and functional quality). According to Grönroos "corporate image is a filter which influences the perception of the operation of the company". This is in line with Gummesson (1993), who shows that customer perceived quality is a function of «quality in fact and quality in perception».

Bennett and Rentschler (2003) described reputation as a thought correlated to image, however one which refers to value decisions along with the community about a company's qualities, built over a long period, concerning its consistency, dependability and reliability. A company's image can influence its trustworthiness and efficiency in accomplishing key internal and external audiences such as customers, employees, and the media. According to Jacobs (1999), "career success may depend as much on how others perceive you as on your abilities." Internal factors that impact a company's reputation consist of its capability to communicate, transparency, human values, management of employees, ability to innovate, chief executive officer's reputation, flexibility to change, and handling of social and environmental issues. Among the external forces that affect corporate reputation are customers, media, financial analysts, stockholders, industry analysts, regulators and government (Lines, 2003).

Marken (2002) defined reputation as advantages that integrated with of good quality products and services, capability to innovate, value as continuing investment, financial stability, capacity to attract, develop, retain ability; use of corporate assets, and quality of management. Marken (2004) supposed that reputation was formed and managed on small daily accomplishments. He explained, "A reputation is built with every phone call, each release, each mail, each decision and each accomplishment." Genasi (2001) also advised against considering reputation management as something but day-to-day activity and maintained that "communication quality has to be affirmed by quality of action." In other words, reputation cannot be view point.

Since the 1990's investigation has revealed how reputation can be a strategic advantage for a company that can impact its financial performance (Deephouse, 2002). The significance of reputation is also highlighted by the outcomes of a study investigated in 2000 by the Association of Insurance and Risk Managers of 250 leading companies in the United Kingdom. The members recognized damage to reputation as the major risk to their business (Smith, 2003).

2.6.1. Corporate Image and Customer Satisfaction

In nowadays competitive markets, services and service providers within the same industry are becoming more and more similar. Differentiation through the delivery channel (i.e. delivery of services against payment) is not easy. An increasing number of service providers have embarked on a journey of positioning through the communication channel (i.e. advertising and personal selling) (Andreassen and Bredal 1996), with the aim of building strong corporate images in order to make relative attractiveness. Consequently, we would expect that corporate image under current market conditions will play an essential role in both attracting and retaining customers.

Research in the service marketing literature concerning to the effect of corporate image (i.e. attitude towards a company) and its impact on customer loyalty does not share the similar extended traditions as customer satisfaction investigation. Apart from the early conceptual work talking over corporate image and positioning (Lovelock 1984), the service management method (Normann, 1991), the service marketing mix (Bitner 1991), technical and functional quality (Grönroos 1984), unexpectedly little empirical work has been accomplished in evaluating the impact of corporate image and customer satisfaction on customer loyalty.

People build up knowledge systems (i.e. schemas) to construe their perception of the company. Corporate image is supposed to have the same features as self schema (Markus, 1977) with regard to influencing the customers´ buying decision, i.e. good corporate image motivates purchase from one company by simplifying decision rules. In this perspective corporate image becomes a concern of attitudes and beliefs with regard to awareness and recognition (Aaker, 1991), customer satisfaction and consumer behavior (Fornell 1992). Corporate image can be an extrinsic information cue for both prevailing and customers and may or may not influence customer loyalty (e.g. willingness to provide positive word-of-mouth). Corporate image is consequently understood to have an impact on customers´ preference of bank when service attributes are complex to evaluate. Corporate image is recognized and developed in the customers´ mind through communication and experience. Corporate image is supposed to create a halo effect on customers´ satisfaction decision. When customers are satisfied with the services delivered, their attitude towards the bank is improved. This attitude will then affect the customers´ satisfaction with the bank.

3. RESEARCH METHODOLOGY

3.1. Data Type and Source

Both primary and secondary data were used to investigate the determinants of customer satisfaction. Primary data was collected from customers on service quality, IT-based service options, bank's capability of developing stronger relationship with customers, and corporate image. Secondary data was collected from bank's document such as journal articles, customer suggestion box and other related sources.

3.2. Research Strategy and Design

To investigate determinants of customer satisfaction the researcher used both quantitative and qualitative approaches. Quantitative approach was used to examine, through statistical procedures, the primary data which was collected from sample customers by means of structured questionnaire. Qualitative approach was used to analyze the data that was collected from banks' management using unstructured interview. Pre-study interview was conducted to identify the applicability of some indicators for the study area. The research design that was used in this study is survey design. A survey is a research technique in which information is gathered from a sample of population by use of a questionnaire. A cross sectional research, one-time research, was used to examine the present determinants of customer satisfaction.

3.3. Sampling Method and Sample Size

For the past few years, the banking industry in Ethiopia was sluggish and dominated by state-owned banks. However, recently, many privately-owned banks have emerged which have increased the competition among commercial banks. The emergence of privately-owned banks leads to categorize banking sector into two viz., state-owned and privately-owned banks. Thus, the researcher decided to conduct study on privately-owned banks due to the following reasons: The first reason to choose privately-owned banks is that, since state-owned banks diversified their branches in to large geographical area and increased their market share earlier; privately-owned banks will face high challenges to enter into the market and to increase their market share. The other reason to choose privately-owned banks is that they will have to work hard to attract new customers from non banking community and competitors, and to protect the existing customer base from switching to another banks. These and other challenges which will be faced by privately-owned banks to enter and survive in market have motivated the researcher to choose them.

In Hawassa, there are seven privately-owned banks with the total branches of ten in different part of the city. For this study the researcher chose Dashen bank, Hawassa area bank, and Wegagen bank, Hawassa branch. The reason to choose them is that they use most recent and modern technology to provide services to their customers. In Hawassa only Dashen Bank and Wegagen Bank provide ATM banking service option.

Currently, Dashen and Wegagen Banks provide four major services namely, credit facility, saving scheme, international banking, and fund transfer. The numbers of customers served in these major services are very large and considering all customers as a population frame is impractical from the view point of cost and time. Instead, the target population for this study was saving scheme customers of the outlined banks. Saving scheme includes saving account, current account, and ATM services. There are three rationales to choose saving scheme service customers from others. Firstly, saving scheme services customers visit their bank frequently than others and they will have sufficient time to fill the questionnaire until the bankers process their account. Thus, it was convenient to collect data from these customers easily and accurately. Secondly, most of fund transfer service customers are not under the position to choose their bank alone to send and receive money. Rather, they mostly depend on the convenience of the senders or receivers and some of them will use the bank only one time. Finally, unlike saving scheme and fund transfer service customers, credit facility customers are not served in the counter. They will contact loan officer in his office and there is no chance to contact them easily. Thus, it was preferable to choose saving scheme customers to collect data more conveniently, at less cost and short time. However, it does not mean that saving scheme customers do not use fund transfer service or credit facility. They may use the above mentioned services, but they must use saving scheme services together to be considered in the target population.

The sampling technique that was applied in this study is quota sampling, which is one of the types of non-probability sampling techniques. Quota sampling is an improvement over haphazard (convenience) sampling because the researcher can insure that some differences are in the sample. Unlike haphazard sampling, all respondents might not be of the same category. First, the researcher categorized saving scheme customers in to three strata namely; saving account, current account and ATM card holders. From the three strata, the researcher drew 70 samples from saving account holders, 70 samples from current account holders, and 60 samples from ATM card holders. Accordingly the aggregate sample that was considered for the study is 200 subjects. This sample size was adopted from Kibrom (2010), who conducted study in the same area. The data was collected from the respondents based on their willingness. Since the purpose of the study was to identify the determinants of customer satisfaction in Hawassa city, Dashen and Wegagen banks was considered as one industry, rather than different entity. However, for data collection purpose the researcher used these banks as two different units and data was collected from two units in equal basis i.e. 100 from Dashen Bank and 100 from Wegagen Bank. To avoid bias and errors, the data was collected on three working days of a week, namely, Monday, Wednesday, and Saturday.

3.4. Data Collection Method and Instruments

The most convenient and economical data collection instruments in survey are questionnaire and interview. Collecting data through questionnaire is quite popular because it requires low cost even when the universe is large and large samples can be made use of and thus the results can be made more dependable and reliable. In this study, closed ended questionnaire design was formulated. Moreover, the questionnaire was administered using enumerators to collect data from the respondents.

The questionnaire had two sections. The first section was formulated to collect data about demographic characteristics of the respondents. This section consisted of three general questions which indicated the background of the respondents. The second section of the questionnaire consisted of 37 questions which addressed data about determinants of customer satisfaction from the respondents of the study. These 37 items were split into four groups that measured service quality, IT-based banking service, corporate image, and stronger relationship with customers. This section of the questionnaire evaluated the variables on a 5point likert scale ranging from 1= strongly disagree, 2= disagree, 3= neutral, 4= agree, 5= strongly agree.

3.5. Data Processing and Analysis

After collecting data from respondents it had to be processed and analyzed in accordance with the outline scheduled by researcher. In the first phase of data processing, the researcher edited the collected raw data to detect errors and omissions and to correct these when possible. Next to editing data in the field and in house, the subsequent phases were coding, classification and tabulation of collected data so that they were conformable to analysis. The researcher used statistical and econometric analysis methods to analyze the collected and processed data. A statistical technique of Pearson chi square test was used to test the relationship between dependent and independent variables and two-sample mean comparison test was also used to compare response variables between the two banks with the help of SPSS version 16 and STATA version 10 software packages.

3.5.1. Econometrics Model

This study examined the effects of the explanatory variables on the response probability of customers satisfied in the banking services. The dependent variable is discrete variable customers are satisfied in banking services or not. Subsequent to collecting the necessary data from the sample respondents, the customers were grouped into satisfied and dissatisfied based on their response on their feeling towards overall banking services. In a binary response model, interest lies primarily in the response probability. Thus, it is given as

$$Pi = E\left(Y = 1 / X_i\right) = \beta_1 + \beta_2 X_i \quad\text{...}(1)$$

Where β is coefficient of the explanatory variables and is estimated by using maximum likelihood estimation, X is vector of independent variables, and P_i is the dependent variable which assumes "1" if the customers satisfied and "0" if the customers dissatisfied. Based on different theories, a binary choice model can be estimated very well in the use of logit and probit models. In fact, Logit and Probit models are more common in applied work (Verbeek, 2004; Gujirati, 2004). In this study logit model was used. Therefore, the probability of customers that are satisfied is given as

$$P_i = E\left(Y = 1/X_i\right) = \frac{1}{1+e^{-(\beta_1+\beta_2 X_i)}} \quad \text{......(2)}$$

For ease of exposition, it is written as

$$P_i = \frac{1}{1+e^{-z_i}} = \frac{e^z}{1+e^z} \quad \text{......(3)}$$

Where $z_i = \beta_1 + \beta_2 X_i$

This equation is known as the cumulative logistic distribution functions of probability of customers are satisfied. This model satisfies P_i ranges between 0 and 1 and that P_i is nonlinearly related to z_i. But it seems that in satisfying this requirement, the researcher created an estimation problem because P_i is nonlinear not only in X but also in the $\beta's$ as can be seen clearly from the above model. This means that one cannot use the familiar OLS procedure to estimate the parameters. But this problem is more apparent than real because the model can be readdressed by odd ratio in favor of customers that are satisfied, the ratio of the probability that customers will be satisfied in banking services to the probability that they will not be satisfied in banking services. So, it is written as

$$\frac{P_i}{1-P_i} = \frac{1+e^{z_i}}{1+e^{-z_i}} = e^z \quad \text{......(4)}$$

Now by taking the natural log, the obtained result written as

$$L_i = 1n\left(\frac{P_i}{1-P_i}\right) = \beta_1 + \beta_2 X_i \quad \text{......(5)}$$

This is defined as the log of the odds ratio that the customers will be satisfied in relative to they will not be satisfied and is not only linear in X, but also linear in the parameters. L is called the Logit model. Most commonly, the parameters in binary choice models (or limited dependent variable model in general) are estimated by method of maximum likelihood. For the logit model, the maximum likelihood estimation (MLE) given as

$$\frac{\partial \log L(\beta)}{\partial \beta} = \sum_{i=1}^{N}\left[Y - \frac{e^z}{1+e^z}\right]X_i = 0 \quad \text{......(6)}$$

Dependent Variable

Dependent variable for this study is customer satisfaction. The existing literatures indicate that customer satisfaction will be influenced by the number of explanatory variables.

Customer satisfaction: Many scholars defined customer satisfaction in different ways, but for this study a definition by Kotler taken as conceptual definition of customer satisfaction. According to Kotler (2003) customer satisfaction is person's feeling of pleasure or disappointment resulting from comparing a product's perceived performance or outcome in relation to his or her expectations. Based on this climacteric analysis customer satisfaction is described as a function of cognitive and affective investigation, where some stated evaluation standard is weight against the factually perceived outcome. If the perceived performance falls short of expectations, customers will be dissatisfied. In contrast, if the perceived performance matches or exceeds expectations, customers will be satisfied. The dependent variable, customer satisfaction (Y), is a discrete variable with only two possible outcomes: customers are satisfied or dissatisfied. Therefore, a dummy variable coded as follows:

Y=1, if a customer satisfied
Y=0, if a customer dissatisfied

4. RESULT AND DISCUSSION

Hypothesis Testing

This section presents analysis of the main hypothesis tested. To test the hypothesized relationship, Pearson chi square is used. The hypothesis test is conducted to test for association between independent variables and dependent variable, customer satisfaction.

Service Quality Dimensions

The five dimensions of service quality evaluated in this study were tangible, reliability, responsiveness, assurance, and empathy.

Tangible

$H0_1$: Tangibles service quality dimension is not associated significantly with customer satisfaction

$H1_1$: Tangibles service quality dimension is associated significantly with customer satisfaction

The four attributes tested in tangible dimension of service quality were possessing modern-looking equipment, physical facilities are visually appealing, employees are neat looking, and materials associated with the services are visually appealing. Statistical test results of the four attributes of tangibles service quality dimension are presented in Table 4.12 below.

Table 4.12: Statistical test result of attributes of tangibles service quality dimension

Attributes	Statistical Results
Have modern-looking equipment	Pearson chi2(4) = 11.7442* Pr = 0.019
Physical facilities are visually appealing	Pearson chi2(3) = 3.8824 Pr = 0.274
Employees are neat looking	Pearson chi2(4) = 12.6762* Pr = 0.013
Materials associated with the services are visually appealing	Pearson chi2(4) = 9.0854** Pr = 0.059

Source: Own Survey, 2022

Note: * indicates significant at 5% level, ** indicates significant at 10% level

As it can be evidenced from the Table 4.12 above, out of four attributes of tangibles, three attributes namely; possessing modern-looking equipment at 5% level, employees are neat looking at 5% level, and materials associated with the services are visually appealing at 10% level, are associated significantly with customer satisfaction (see Annex-B). The rest attribute i.e. physical facilities are visually appealing is not associated significantly with customer satisfaction. This indicates that the main attributes of tangible service quality dimension are associated significantly with customer satisfaction. This result shows that customers expect modern looking equipment, neat looking employees, and attractive material from their bank. As per the result, any additional investment on the above three attributes of tangibles may increase customer satisfaction. Therefore, banks have to stress on the three significant attributes to attract new customers and to keep the existing customers from switching to another banks.

Reliability

$H0_2$: Reliability service quality dimension is not associated significantly with customer satisfaction

$H1_2$: Reliability service quality dimension is associated significantly with customer satisfaction

The five attributes of reliability tested in this study were keeping promises of doing something by a certain time, show a sincere interest in solving customers' problem, perform the service right the first time, provide the services at the time it promises to do so, and insist on error-free records. Statistical test results of the five attributes of reliability service quality dimension are presented in Table 4.13 below.

Table 4.13: Statistical test result of attributes of reliability service quality dimension

Attributes	Statistical Results
Keeping promises of doing something by a certain time	Pearson chi2(4) = 13.4654* Pr = 0.009
Showing sincere interest in solving customers' problem	Pearson chi2(4) = 19.9552* Pr = 0.001
Performing the service right the first time	Pearson chi2(4) = 22.6587* Pr = 0.000
Providing the services at the time it promises to do so,	Pearson chi2(4) = 25.9655* Pr = 0.000
Insisting on error-free records	Pearson chi2(4) = 2.4865 Pr = 0.647

Source: Own Survey, 2022

Note: * indicates significance at 1% level

From the Table 4.13 above, out of five attributes of reliability, four attributes are associated significantly with customer satisfaction namely; keeping promises of doing something by a certain time at 1% level, showing sincere interest in solving customers' problem at 1% level, performing the service right the first time at 1% level, providing the services at the time it promises to do so at 1% level (see Annex-B). Hence, reliability is associated significantly with customer satisfaction. For this reason, banks should emphasize on keeping promise, showing a sincere interest in solving customers' problem, performing the service right the first time, and providing the services at the time it promises to do so. This indicates that if banks perform the promised services dependably and accurately customers might be satisfied.

Responsiveness

$H0_3$: Responsiveness service quality dimension is not associated significantly with customer satisfaction

$H1_3$: Responsiveness service quality dimension is associated significantly with customer satisfaction

The attributes of responsiveness tested in this study were tell customers exactly when the service will be performed, give prompt service to customers, willing to help customers, and never too busy to respond to customers requests. Statistical test results of the four attributes of responsiveness service quality dimension are presented in Table 4.14 below.

Table 4.14: Statistical test result of attributes of responsiveness service quality dimension

Attributes	Statistical Results
Tell customers exactly when the service will be performed, give prompt service to customers	Pearson chi2(4)=8.6308** Pr = 0.071
Give quick service to customers	Pearson chi2(4)=17.1332* Pr = 0.002
Willing to help customers	Pearson chi2(4) =16.6756* Pr = 0.002
Never too busy to respond to customers requests	Pearson chi2(4) = 7.3019 Pr = 0.121

Source: Own Survey 2022

Note: * indicates significant at 1% level, ** indicates significant at 10% level

As indicated from the Table 4.14 above, telling customers exactly when the service will be performed at 10% level, giving quick service to customers at 1% level, willing to help customers at 1% level, are associated significantly with customer satisfaction (see Annex-B). Because three main attributes of responsiveness are statistically significant, responsiveness is associated significantly with customer satisfaction. If banks give more emphasis on significant attributes of responsiveness; and the employees tell the time when the service will be performed, delver service quickly, and show willingness to help customers, customers might be satisfied. This result shows that any improvement in the three significant attributes by bank and its employees might increase service quality and customer satisfaction.

Assurance

$H0_4$: Assurance service quality dimension is not associated significantly with customer satisfaction

$H1_4$: Assurance service quality dimension is associated significantly with customer satisfaction

The four attributes of assurance tested in this study were; employees' behaviors instill confidence in customers, customers feeling of safety in transaction with the bank, consistently courteous with customers, and knowledge to answer customers' questions. Statistical test results of the four attributes of assurance service quality dimension are presented in Table 4.15 below.

Table 4.15: Statistical test result of attributes of assurance service quality dimension

Attributes	Statistical Results
Employees' behaviors instill confidence in customers	Pearson chi2(4)=14.0394* Pr = 0.007
Customers feeling of safety in transaction with the bank	Pearson chi2(4)= 8.5126** Pr = 0.075
Consistently courteous with customers	Pearson chi2(4)=17.0010* Pr = 0.002
Employees knowledge to answer customers' questions	Pearson chi2(4)=6.0380 Pr = 0.196

Source: Own Survey 2022

Note: *indicates significance at 1% level, ** indicates significance at 10% level

As indicated in Table 4.15 above, Pearson chi square test result shows that from the four attribute; employees' behaviors in instilling confidence in customers at 1% level, customers feeling of safety in transaction with the bank at 10% level, and employees consistently courteous with customers at 1% level, are associated significantly with customer satisfaction (see Annex-B). This implies that assurance is associated significantly with customer satisfaction. Since assurance is the knowledge and courtesy of employees so well so their ability to convey trust and confidence, customers are more sensitive on this dimension of service quality. Therefore, banks should give more attention on the three statistically significant attributes of assurance to convey trust and confident in customers. Hence, improving assurance dimension of service quality might increase customer satisfaction.

Empathy

$H0_5$: Empathy service quality dimension is not associated significantly with customer satisfaction

$H1_5$: Empathy service quality dimension is associated significantly with customer satisfaction

The last dimension in service quality in this study is empathy. The five attributes of empathy evaluated in this study were, giving customers individual attention, having operating hours convenient to customers, having employees who give customers personal attention, having customers best interests at heart, employees understanding customers specific needs. Statistical test results of the five attributes of empathy service quality dimension are presented in Table 4.16 below.

Table 4.16: Statistical test result of attributes of empathy service quality dimension

Attributes	Statistical Results
giving customers individual attention	Pearson chi2(4)=26.1891* Pr = 0.000
operating hours convenient to customers	Pearson chi2(4)= 1.3148 Pr = 0.859
having employees who give customers personal attention	Pearson chi2(4)=25.6315* Pr = 0.000
having customers best interests at heart	Pearson chi2(4)=56.7023* Pr = 0.000
employees understanding customers specific needs	Pearson chi2(4)=37.9995* Pr = 0.000

Source: Own Survey 2022

Note: * indicates significant at 1% level

From the Table 4.16 above, the statistical test result shows that from the five attributes of empathy, four attributes are associated significantly with association with customer satisfaction (see Annex-B). These attributes are: giving customers individual attention at 1% level, having employees who give customers personal attention at 1% level, having customers' best interests at heart at 1% level, and employees understanding customers' specific needs at 1% level. This implies that empathy is associated significantly with customer satisfaction. This finding indicates that individual customers need the provision of caring and individualized attention from their bank. For this reason, stress in empathy by the bank and its employees might increase customer satisfaction.

To conclude, service quality has five dimensions such as tangibles, reliability, responsiveness, assurance and empathy. This five dimensions of service quality have 22 attributes and used as instruments or indicators of service quality. In this study the 22 attributes of service quality instruments are tested by using Pearson chi square test. As per the result, 17 attributes of service quality are associated significantly with customer satisfaction. This implies that service quality is associated significantly with customer satisfaction.

IT-Based Banking Service Options

IT-based banking service options in this study include only Automated Teller Machine (ATM) banking service.

$H0_6$: ATM banking service option is not associated significantly with customer satisfaction

$H1_6$: ATM banking service option is associated significantly with customer satisfaction

The five indicators of ATM banking service quality evaluated in this study were; ease of use, conservation of time, convenience, privacy, accuracy, and satisfying most of customers banking needs. Statistical test results of indicators ATM banking service quality are presented in Table 4.17 below.

Table 4.17: Statistical test results of indicators ATM banking service quality

Variables	Statistical results
Ease of use	Pearson chi2(4) = 6.3609 Pr = 0.174
Conservation of time	Pearson chi2(3) = 1.5625 Pr = 0.668
Convenient	Pearson chi2(4) = 4.9457 Pr = 0.293
Privacy	Pearson chi2(4) = 3.7728 Pr = 0.438
Accuracy	Pearson chi2(4) = 4.7727 Pr = 0.311

Source: Own Survey, 2022

As per the result of Pearson chi square test, all variables of ATM banking service quality are not associated significantly with customer satisfaction. As a consequence, ATM banking service quality is not associated significantly with customer satisfaction.

Developing Stronger Relationship with Customers

$H0_7$: developing stronger relationships with customers is not associated significantly with customer satisfaction

$H1_7$: developing stronger relationships with customers is associated significantly with customer satisfaction

The five indicators of strong relationship with customers evaluated in this study were: motivating customers to buy additional banking service, creating stable relationship with customers, offering high level of financial advice to customers, continue dealing with their bank for a long time, and recommending their bank to their best friends. Statistical results of variables of strong relationship are presented in the Table 4.18 below.

Table 4.18: Statistical results of variables of strong relationship

Variables	Statistical Results
Motivating customers to buy additional banking service	Pearson chi2(4)=6.8934 Pr = 0.142
Creating stable relationship with customers	Pearson chi2(4)=22.0933* Pr = 0.000
Offering high level of financial advice to customers	Pearson chi2(4)=10.1502** Pr = 0.038
Continue dealing with their bank for a long time	Pearson chi2(4)=20.7702* Pr = 0.000
Recommending their bank to their best friends	Pearson chi2(4)=9.5431** Pr = 0.049

Source: Own Survey 2022

Note: * indicates significance at 1% level, ** indicates significance 5% level

As it can be evidenced from Table 4.18 above, from the five variables of stronger relationship four variables are associated significantly with customer satisfaction (see Annex-B). These are: creates and maintain stable and long lasting customer relationship with customers at 1% level, offering high level of financial advice to customers at 5% level, continue dealing with their bank for a long time at 1% level, and recommending their bank to their best friends at 5% level. Hence, stronger relationship with customer is associated significantly with customer satisfaction. Because customers that have established multiple business links with their bank are less likely to switch to competitive banks, developing more closely relationships with customers' increases customer satisfaction and loyalty. Because of this, if bank stresses on creating stable relationship with customers, offering high level of financial advice, maintain continuous dealing with customers, and motivate customer to recommend their bank to their friends; customer satisfaction might increase.

Building Strong Corporate Image

$H0_8$: Building strong corporate image is not associated significantly with customer satisfaction

$H1_8$: Building strong corporate image is associated significantly with customer satisfaction

Four corporate image indicators are evaluated in this study namely: innovating new service delivery, doing the business in an ethical way, having excellent quality of management, and inspiring customers to feel that their bank would rank first among the other banks. Statistical results of variables of corporate image presented in Table 4.19 below.

Table 4.19: Statistical result of indicators of corporate image

Indicators	Statistical Results	
Innovating new service delivery	Pearson chi2(4) = 6.3046	Pr = 0.178
Doing the business in an ethical way	Pearson chi2(4) = 7.8881**	Pr = 0.096
Having excellent quality of management	Pearson chi2(4) = 28.9819*	Pr = 0.000
Inspiring customers to feel that their bank would rank first among the other banks	Pearson chi2(4) = 8.3621**	Pr = 0.079

Source: Own Survey 2022

Note: * indicates significant at 1% level, ** indicates significant at 10% level

From the Table 4.19 above, out of four indicators of corporate image, three indicators are associated significantly with customer satisfaction (see Annex- B). The three indicators which are significant are; doing business in an ethical way at 10% level, having excellent quality of management at 1% level, and inspiring customers to feel that their bank would rank first among the other banks at 10% level. This indicates that three and very important indicators are associated significantly with customer satisfaction. As a consequence, corporate image is associated significantly with customer satisfaction. To build strong corporate image, bank might focus in doing business in an ethical way, improving quality of management, and creating strong image in customers mind and this in turn might increase customer satisfaction.

4.9. The Determinants of Customer Satisfaction: Econometrics Analysis

In this section, an econometric analysis is performed to identify what factors determines customer satisfaction. Logistic regression model is run to find out the determinant factors of customer satisfaction. Classical model specification test for multicolliniarity (correlation), heteroskedesticity (robust standard error) and normality were made so that the data meets the assumption underlying the logistic regression model.

The dependent variable, customer satisfaction, is a discrete variable with only two possible outcomes: 1 if a customer satisfied and 0 if a customer dissatisfied. Customers are considered satisfied if they feel absolutely satisfied with the overall banking services and dissatisfied if otherwise. In this study the explanatory variables that are expected to determine customer satisfaction are: possessing modern looking equipment, showing sincere interest in solving customers' problems, performing the service right at the first time, providing the services at the time it promises to do so, having employees who give customers quick service, giving customers individual attention, having employees who give customers personal attention, having customers best interest at heart, having employees who understand customers specific needs, creating stable relationship with customers, offering high level of financial advice to customers, innovating new bank service, and having excellent quality of management.

Table 4.20: Logistic estimation with robust error standard

Variables	dy/dx	Coef.	Std. Err.	Z	P>|z|
Having modern-looking equipment	.0180407	.672865	.5910347	1.14	0.255
Showing sincere interest in solving customers' problems	-.0061369	-.2888749	.638247	-0.45	0.651
Performing the service right the first time	.0016263	.0733385	.7504402	0.10	0.922
Providing its services at the time it promises to do so	.0254502	.9880564	.6589973	1.50	0.134
Having employees give customers quick service	-.0061473	-.2869388	.7434435	-0.39	0.700
Giving customers individual attention	.0092672	.4175484	.7497208	0.56	0.578
Having employees who give customers personal attention	.0733242	2.694162	.827035	3.26	0.001*
Having customers best interest at heart	.1943668	3.707796	.7867909	4.71	0.000*
Having employees of the bank understand customers specific needs	.0821231	2.335564	.6677002	3.50	0.000*
Creating stable relationship with customers	.0350932	1.347501	.723396	1.86	0.062**
Offering high level of financial advice to customers	.0050521	.2425453	1.034239	0.23	0.815
Innovating new banking service	-.003294	-.1488513	.7257123	-0.21	0.837
Having excellent quality of management	.0503922	1.62982	.8523578	1.91	0.056**
constant		-4.363184	1.054111	-4.14	0.000
Note: * 1% significant level, **10% significant level Log pseudo likelihood = -39.678549 Wald chi2(13) = 48.11 Prob > chi2 = 0.0000 Pseudo R2 = 0.4620					

Source: Own Survey, 2022

The logistic regression analysis revealed that having employees who give customers personal attention, having customers best interest at heart, owning employees who understand customers specific needs, creating stable relationship customers, and possessing excellent quality of management are the variables that are statistically significant and have influence on customer satisfaction.

The logistic regression result in Table 4.20 shows that having employees who give customers personal attention has a positive effect, at a significant level of 1%, on customer satisfaction. This seems reasonable because banks sell service through their employees. Therefore, the behavior of bank staff towards customers is very significant. Such behavior determines customers' feelings and opinion about the bank. The minimum that a customer expects is that he will be properly heard and extended normal courtesies. The treatment given to customers by bank employees is therefore, an important determinant of customer satisfaction.

The banks' having customers' best interest at heart is another important variables having significant positive impact on customer satisfaction. It is statistically significant at 1% level indicating that banks which have customers' best interest at satisfy customers than banks that do not have customers' best interest at heart.

The logistic estimation also reveals that owning employees who understand customers' specific needs has a statistically significant at 1% level and positive influence on customer satisfaction. This could be due to all customers are not well informed about banking. Many of them look to their banker for support. They expect professional advice from the banker to serve their interests in the best possible manner. Customers' needs and motivations are complex and they can choose better with professional support. Bank manager and his staff should take initiative in giving advice on choice of deposit plan, choice of borrowing scheme, and mode of operating accounts. Therefore, customers require employees who understand their specific needs and support them.

In the same way creating stable relationship with customers by the bank has a statistically significant at 10% level and positive influence on customer satisfaction. This looks reasonable because through stronger relationship, relationship between the bank and customer become stronger, hence creating a substantial benefit for both the customers and the bank (Moriatry et al. 1983). The customers benefits from the bank's continuous commitment to provide on-going assistance for most of its needs for products and services, and support for tapping growth opportunities. Working closely with a bank over time, the customers develops confidence in the bank and becomes more secure with its products and services, which are often tailored to suit their own specific needs.

Moreover, excellent quality of management is found to have a statistically significant at 10% level and positive influence on customer satisfaction. This could be due to improving customer service is a never ending process requiring sustained efforts. It is also a team work as only a team can offer the best quality services to customers. The branch manager as the leader of the team should make employees aware of their obligations and enforce them.

Reporting Marginal Effect

The marginal effect report of the logistic regression provides the probability that a customer will satisfy in overall banking service. Table 4.20 provides the probability estimation of the likelihood of customer satisfaction given the statistically significant variables: having employees who give customers personal attention, having customers best interest at heart, owning employees who understand customers specific needs, creating stable relationship customers, and possessing excellent quality of management are the variables that are statistically significant and have influence on customer satisfaction.

The marginal effect reveals that there is a probability of approximately 7.3% that a customer will be satisfied in the overall services of the bank if the bank hired employees who give customers personal attention and employees effectively give customers' personal attention. Similarly, the marginal effect report of the logistic regression indicates that there is a probability of 19.4% that a customer will be satisfied in the overall services of the bank if the bank has customers' best interest at heart and manage it properly. In the same way, the regression result shows that if employees of the bank improved their understanding of customers' specific needs, then there is 8.2% likelihood that customers will be satisfied in overall services of the bank. Moreover, the marginal effect report of the logistic regression shows that there is a probability of 3.5% that a customer will be satisfied in the overall banking service if the bank creates and maintains strong and long lasting relationship with customers. Finally, the marginal effect of logistic regression indicates that there is a probability of 5.04% that a customer will be satisfied in overall service of the bank if the bank management show excellent quality of management and properly manages the bank according to customers' needs and expectations.

5. RECOMMENDATION

A bank can serve its customers better by providing proper materials associated with the service like pamphlets, statements, vouchers, pen, and other necessary materials and place in appropriate location where it is visually appealing to customers. These are minor thing but they have an important impact on customer services. Therefore, Dashen and Wegagen banks have to provide necessary materials associated with the services in the service time; and place it in visually attractive place for every customer. By doing this the bank can minimize the service time and then customers will be served with in short period of time.

While selling a bank services, banks essentially sell a promise of future performance. A person opens an account with a bank with the hope of efficient services in the future. It is only after becoming a customer of the bank that he can test the promised quality of services. The extent to which that promise is fulfilled will affect not only the future sales to the same customer but the ability attract new customers through words-of-mouth publicity. Therefore, Dashen and Wegagen banks have to perform the promised service on time, in the same manner, and without errors every time.

Customers come to bank having the hope to receive efficient and prompt handling of their transactions from the bank. They will have another business in other place and they will arrange their program accordingly. So as to accomplish their business based on the arranged plan customers will need to know the exact time when the bank transactions will be performed. These customers are willing to wait for a reasonable and exactly known time but not be let for extended time. For this reason, employees of Dashen and Wegagen banks should aware of this problem and estimate the time when the services will be performed and tell customers exactly when the services will accomplished.

Banks sell service through their employees. Therefore, the behavior of bank staff towards customers is very significant. Such behavior determines customers' feelings and opinion about the bank. The minimum that a customer expects is that he/she will be properly heard and extended normal courtesies. The treatment given to customers by bank employees is therefore, an important determinant of customer satisfaction. To resolve the problem of not having employees who give customers personal attention, Dashen and Wegagen banks management have to motivate their employees by providing necessary incentives. Only motivated employees can provide prompt and efficient services to customers. Therefore, the management of Dashen and Wegagen bank should have employees who give customers personal attention to satisfy their needs and expectations.

Creating stable and long lasting relationship with customers is the activity that banks undertakes in order to reduce customer switch. To create stable and long lasting relationship with customers, Dashen and Wegagen banks have to start the successful first contact with a customer and continue through the entire life of relationship. Dashen and Wegagen banks have to develop the ability to attract and retain new customers, not only in delivering the best quality services, but enhancing the way they serve their customers and improving stability of relationship with customers. To create stable relationship with customers' banks should give customers more than what they expect; banks have to exceed their expectations so that the customers develop confidence in the banks and become more secure with banks services.

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