

# The Connection between Customer Satisfaction and Loyalty in the Field of Commercial Banks

## Part 1

**Attila Bátor**

Pannon University  
Egyetem u. 10, Veszprém, Hungary  
batora@almos.vein.hu

*Abstract: In this study, I address the following questions that are becoming increasingly important to bank managers: How are the levels of customer satisfaction and loyalty when chosen online service? What are the unique drivers of online customer satisfaction and dissatisfaction? How is the relationship between customer satisfaction and loyalty in the online environment? I propose a conceptual framework, develop and test hypotheses about the drivers of customer satisfaction and loyalty, the relationship between satisfaction and loyalty especially dissatisfaction.*

## 1 Introduction

The fundamental aim of every business enterprise, just as of a commercial bank is to satisfy customer needs thereby achieving profit goals (Chikán, 1997). The main tool to the adequacy to this aim, and basically the sustainment and continuity of the business activity is customer orientation. The relevance of customer orientation is not new in business life, as it is the basis of marketing literature and practice and also the whole corporate operation. However, the changes undergone in the corporate environment have highlighted the fact that it is harder and harder to meet this requirement. The concept of customer orientation has grown more and more complicated, it is determined by several components, for instance the demand for the expansion of service choice, the high standard of service quality and the speed of fulfilling needs (Chikán, 1997).

*For customer orientation it is not enough that the bank considers itself, but it is also essential - what's more, prior – that the customer him or herself feels satisfied about the provided service. So one of the (not the only) measuring and analysing tools of customer orientation is the examining of customer satisfaction. Satisfaction, however, does not automatically mean loyalty, and dissatisfaction does also not necessarily mean neglecting the institution.*

The aim of the study is to examine the issues of bank use customs, satisfaction with financial institutions and thereby changing banks through a segment of the population, namely the Internet users, who have answered in the age group 18-69.

The research has started out from the hypothesis that the low satisfaction level of the bank customers does not necessarily determine the change of banks. The motivation to changing banks lies not purely in dissatisfaction, the lack of satisfaction does not make us presume that the given financial service customer will change his/her bank to another. Several reasons may lie in the background, among which convenience is an important factor to mention, the alternative costs of changing banks, and the risk avoiding behavior. The initial assumption therefore concludes one of the fundamental differences between having recourse to a service and buying a product. In service sector the defection from a provider is a less simple process than in retail sector to prefer a shop to another.

## **2 The Method of the Research, Data Survey**

The survey was made using CAWI technique, on-line questioning, self-filling out questionnaires. 530 persons have answered during the survey. Those who answered are in the adult age group of 18-69, who have one thing in common: they use the Internet at least once a week. These features have also served as the basis of weighting.

Among the questions in the questionnaire were one-choice, multiple choice and scale (Likert-scale) questions in majority. This results in mainly using simple statistics during the research, namely calculation of averages, frequencies and distributions. Beside basic statistics, the use of more complex statistical methodology and models have also occurred, among which the following are to be mentioned:

- *significance measure based on khi square test;*
- *relevance-satisfaction [RS] model;*
- *discrimination analysis.*

## **3 Satisfaction**

The next chapter is about the issues of satisfaction based on bank use. One of the main goals of the research was to determine whether satisfaction or dissatisfaction with a financial institution plays a role in changing banks. As this is one of the most important questions, by examining satisfaction, the analysis of the opinions of those changing banks is also partly considered. Changing banks is dealt with in

details in the next chapters. In the following, those will be considered bank changing clients, who are – even if only at idea level – are planning to change banks independant from the fact, whether they had previously already changed banks.

The following tables and defining paragraphs examine through different aspects the important and less important factors when changing banks, then conclude them with the evaluation of satisfaction level, the values showing in which aspects the financial institutions leg behind, and where – according to the clients – they are just right, and where they provide surplus – considered as too much effort by the clients in comparison to their demands – are illustrated on an relevance-satisfaction diagram.

The questions of relevance and satisfaction were analysed using a 5-measure Likert-scale, where the value 1 indicated „not at all important” and „very bad”, and 5 represented „very important” and „excellent”.

Observing the results of the table it can be stated that the listed aspects in overall are important for the ones answered considering the judgement of a bank. The answer average calculated ont he total of those answered indicates this [3,93], showing irrelevant difference depending on whether those answered are among those planning to change banks, or those not planning [averages of 3,94 és 3,93]. The individual values in case of all those questioned fall into the interval 2,85-4,69.

The highest average point went to the relevance of fast service [4,69], which attribute was listed as first place both in the group of those planning and not planning to change banks. The aspect considered to be next most important was about assistants: the existence of friendly, helpful assistants [4,57] and expert assistants [4,50] are to be listed among the most important aspects in case of a bank.

Even though we might expect – knowing the price sensitivity of the Hungarian population – that costs are the most important factor in choosing a provider, still it seems that the fee of bank services is only the fourth average priority, and what's more, it did not even reach the average value of 4,5 [4,36].

Two other parameters considering customer service have followed this, namely the quality and convenience of service in a bank [4,31] and opportunity for personal customer service [4,22].

Bank image [4,18], the interests on deposits [4,17], the size of ATM network [4,11] and understandability and transparency of bank information materials [4,04] are to be considered important, values above the average of 4.

Rather important, but approaching neutral average points are the following features: wide spectrum of financial services [3,97], size of branch network [3,74] and the existence of Internet bank services [3,62].

Table 1  
In your opinion, which factors play an important role about a bank?

<b>In your opinion, which factors play an important role about a bank?</b>						
Averages [in decreasing order of the total values]						
Basis: those answered, having bank clientship, n=500; those planning to change banks, n=117; those not planning to change banks, n=383						
	Total		Those planning to change banks		Those not planning to change banks	
	n	average	n	average	n	average
Fast service	498	4,69	117	4,61	381	4,72
Friendly, helpful assistants	496	4,57	117	4,52	379	4,58
Expert assistants	496	4,50	117	4,54	379	4,49
The fee amount of bank services	495	4,36	114	4,38	381	4,36
Quality and convenience of service in the bank	493	4,31	117	4,33	376	4,30
Opportunity for personal customer service	498	4,22	117	4,23	381	4,22
Image of the bank (reputation)	493	4,18	117	4,13	375	4,19
Interest on deposits	492	4,17	117	4,18	375	4,17
Size of ATM network	490	4,11	116	4,35	373	4,04
Understandability and transparency of bank information materials	488	4,04	114	4,05	374	4,03
Wide spectrum of financial services	495	3,97	116	4,03	378	3,95
Size of branch network	493	3,74	116	3,75	376	3,74
Existence of Internet bank services	494	3,62	116	3,50	378	3,65
International background	493	3,42	117	3,40	376	3,42
Innovative bank services	492	3,41	117	3,51	374	3,37
Existence of Telebank service (telephone customer service)	493	3,40	117	3,32	376	3,43
Experience, recommendation of friends, acquaintances	492	3,24	116	3,27	375	3,23
Existence of Mobilbank (SMS-WAP) services	493	2,85	116	2,83	376	2,85
<b>Total</b>	<b>500</b>	<b>3,93</b>	<b>117</b>	<b>3,94</b>	<b>383</b>	<b>3,93</b>

The following attributes are considered nearly neutral by those who answered: international background [3,42], innovative bank services [3,41], existence of Telebank service (telephone customer service) [3,4] and the experience, recommendation of friends, acquaintances [3,24].

The existence of Mobilbank (SMS-WAP) services received the lowest average points [2,85], making it the last place considered as „not important”.

Separating the opinions of those planning from those not planning to change banks, we do not find significant difference in the majority of answers. Among the listed 18 aspects were only 5 features where the average difference in point value exceeded 0,1 point. The largest difference [0,31 point] was in considering the size of the ATM network: while those planning to change banks gave an average of

4,35 points to the question, those not willing to change did not see it as important; they put 4,04 points in average. Also those wanting to change banks held the existence of innovative bank services for more important [3,51 és 3,37 average points].

Those not planning to change banks on the contrary to the other segment have considered Internet bank services [3,65 vs. 3,5 points], fast service [4,72 vs. 4,61 points] and the existence of telebank services [3,43 vs. 3,32 points] as more important.

We have measured the opinion about satisfaction with a questionnaire decreasing the number of queries about relevance giving a total of fifteen questions. In the case of questions about satisfaction the average point value projected to the total of the questions was higher than with that of relevance, what's more, the average points have spread in a narrower scope than at the previous topic. This, of course, does not mean that those who answered show greater satisfaction in connection with each question than the relevance expected by them. When analysing the questions of satisfaction it is also clear that the difference between the opinions of those planning and those not planning to change banks is more significant than with the questions about relevance.

On the average, the highest point value was given to the existence of friendly, helpful assistants [4,12] followed by the opportunity of personal customer service [4,07]. So the above mentioned statement returns here meaning that the customer service, the personal contact to the clients deserves top priority at financial institutions.

The question dealing with the size of the branch network also got a point value above four [4,03] and the existence of Internet bank was also among the first ones [3,96], in comparison with the satisfaction with expert assistants [3,94], and convenience with the service and quality [3,88]. The question about the size of the ATM network got nearly the same point value as the latter [3,87], and the wide spectrum of financial services was marked with an average value reaching 3,8 points [3,85], and the existence of telebank services [3,80].

The rest of the questions got lower points than the average values, such as the understandability and transparency of bank information materials [3,77], fast service [3,66], the existence of mobilbank services [3,60] and the satisfaction with innovative bank services [3,50].

In judging satisfaction the generally valid hypothesis about price sensitivity is already somewhat proved. The consideration of costs and yields moved to the last place with the lowest point value. However, it cannot be claimed about these two questions either that those who have answered would be fully dissatisfied, their aspect approaches more the neutral value. Satisfaction with the fee price of bank services [3,08] and the interest on deposits [3,06] have got nearly the same points.

Table 2  
How satisfied are you with the main bank according to the below aspects?

<b>How satisfied are you with the main bank according to the below aspects?</b>						
Averages [in decreasing order of the total values]						
Basis: those answered, having bank clientship, n=500; those planning to change banks, n=117; those not planning to change banks, n=383						
	Total		Those planning to change banks		Those not planning to change banks	
	n	average	n	average	n	average
Friendly, helpful assistants	497	4,12	116	3,65	381	4,27
Opportunity for personal customer service	499	4,07	117	3,83	382	4,15
Size of branch network	495	4,03	116	3,98	379	4,05
Existence of Internet bank services	492	3,98	117	3,73	375	4,06
Expert assistants	492	3,94	116	3,49	376	4,08
Quality and convenience of service in the bank	496	3,88	117	3,35	379	4,04
Size of ATM network	492	3,87	117	4,02	375	3,83
Wide spectrum of financial services	494	3,85	117	3,45	377	3,97
Existence of Telebank service (telephone customer service)	488	3,80	115	3,60	373	3,87
Understandability and transparency of bank information materials	494	3,77	117	3,47	377	3,87
Fast service	496	3,66	117	3,14	379	3,83
Existence of Mobilbank (SMS-WAP) services	484	3,60	116	3,40	368	3,66
Innovative bank services	489	3,50	117	3,16	372	3,60
The fee amount of bank services	496	3,08	117	2,46	379	3,27
Interest on deposits	495	3,06	117	2,50	378	3,23
<b>Total</b>	<b>500</b>	<b>3,75</b>	<b>117</b>	<b>3,41</b>	<b>383</b>	<b>3,85</b>

As read in the previous, slightly stronger differences can be seen between the satisfaction of those planning and those not planning to change banks than at the questions about relevance. In this range of questions we see not only centimal but decimal differences between the two segments. To summarise, it is clear from the results that those not willing to change banks – all but one question – are more satisfied with their banks than those willing to change. This question refers to the size of the ATM network [4,02 vs. 3,83 points].

The largest differences appeared in the case of costs and interest, beside which questions the features regarding the quality of the customer service and the human behavior of the assistants also showed.

The difference between the opinions of the two segments was the smallest concerning the branch and ATM network, but parallelly the difference between the satisfaction is relatively slight in the questions regarding the existence of telebank, Internet bank and personal customer service.

The following table sums up the questions of relevance and satisfaction, then the following graph places the two aspects in a coordinate system. The table only

serves as the summary of the above two tables, as a signal indicator to the graph. The data of these visual aids appear in the order of the questions [so not in decreasing order of point values], and they contain the main averages, so the average of the answers given by all those questioned having bank contacts, without the distribution of segments. The relevance-satisfaction model is a 2D coordinate system where satisfaction is indicated on the horizontal axis [S] and relevance on the vertical axis. [R].

Table 3  
How satisfied are you with the main bank according to the below aspects?

<b>Relevance-Satisfaction [RS model]</b>		
Averages		
Basis: those answered, having bank clientship, n=500		
	<b>Satisfaction</b>	<b>Relevance</b>
Interest on deposits [A]	3,06	4,17
Quality and convenience of service in the bank [B]	3,88	4,31
Fast service [C]	3,66	4,69
Friendly, helpful assistants [D]	4,12	4,57
Expert assistants [E]	3,94	4,50
Innovative bank services [F]	3,50	3,41
Opportunity for personal customer service [G]	4,07	4,22
Existence of Telebank service (telephone customer service) [H]	3,80	3,40
Existence of Mobilbank (SMS-WAP) services [I]	3,60	2,85
Existence of Internet bank services [J]	3,98	3,62
The fee amount of bank services [K]	3,08	4,36
Wide spectrum of financial services [L]	3,85	3,97
Understandability and transparency of bank information materials [M]	3,77	4,04
Size of ATM network [N]	3,87	4,11
Size of branch network [O]	4,03	3,74
<b>Total</b>	<b>3,75</b>	<b>3,93</b>

The origo of the diagram shows the average of all questions in points [3,75;3,93], the extremes of the axes show the lowest and highest values. Therefore the horizontal axis refers to the [3,06-4,12] scale, and the vertical axis to the [2,85-4,69] scope.

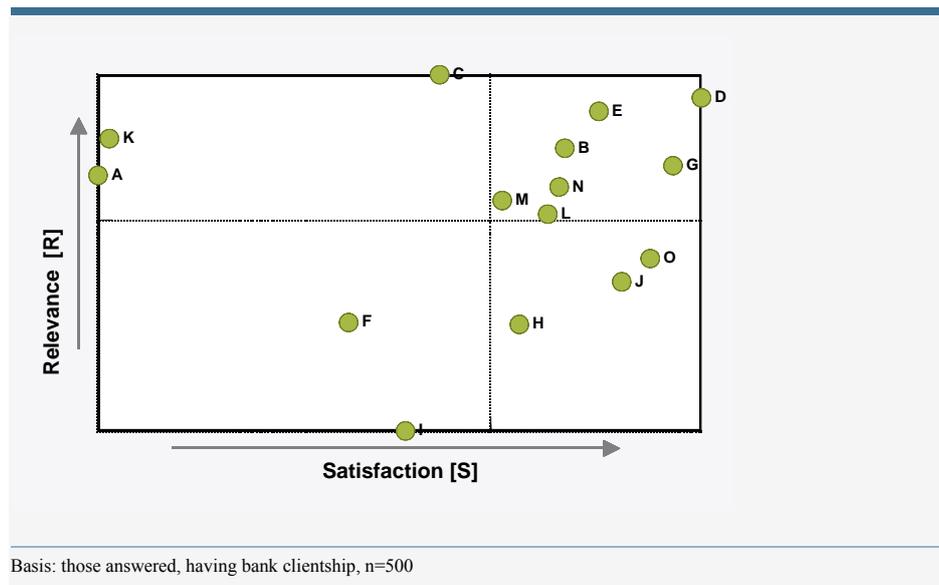
We can divide the graph into four quarters starting out from origo, where each quarter has a different meaning. The points gathering in the upper right quarter provide the aggregation of the features in which the bank meets the expectations. This quarter is called the quarter of the fulfilled basic requirements.

The lower right-hand quarter is the aggregation of the features in which the bank has gained satisfaction, however these are less relevant aspects for the clients of the financial institution. This is why we call this the extra performance quarter.

The left side of the graph holds together the attributes to be prioritised. The upper left space is the relevant but improvable areas in the aspect of satisfaction. This

quarter got the name 'top priority', while the lower left quarter shows lagging behind in questions of satisfaction, but is not the aggregation of significant points. Therefore this latter space is the quarter of secondary priorities.

Table 4  
Relevance-satisfaction [RS model]



As demonstrated by the graph, in the majority of questions the financial institutions fulfill just the appropriate level expected. The met basic requirements are the following:

- quality and convenience of service in the bank [B];
- friendly, helpful assistants [D];
- expert assistants [E];
- opportunity for personal customer service [G];
- wide spectrum of financial services [L];
- understandability and transparency of bank information materials [M];
- size of ATM networks [N].

Among the extra performances are

- the existence of telebank services [H];
- the existence of Internet bank services [J];
- the size of branch network [O].

Questions about the existence of Mobilbank services [I] and innovative bank services [F] can be considered as secondary priority, while the most important areas, the top priority are the interests on deposits [A], the fee amount of bank services [K] and the fastness of services [C].

Defining the above listed, the question of price sensitivity appears very strongly among the negative features. This can also be considered an aptitude, which is improvable in a limited way. The challenge placed against the fastness of service however did not get such a low satisfaction value as the questions referring to costs and yields, but in relevance it is at a higher position, therefore the financial institutions must definitely pay great attention to improving assistance.

The improvements in the secondary priority field need not necessarily gain higher priority, but in a powerful and really competing financial market the institution doubtless gains advantage, if moving with innovative services towards client demands. The best performance can be felt about customer services, no matter if we identify it through the attitude or expertise of assistants or through the opportunity of personal customer service or through the quality of the service. The financial institutions do not perform outstanding well in the assortment of services and the questions of transparency of bank information materials, however they reach an appropriate level with those who answered, even though they do not hold these two aspects as the most important parameters. All in all, these questions are still parts of the met basic requirements.

It is an important result that the evaluation of the size of the ATM and the branch network are found in different quarters. The banks perform adequately according to both aspects, but on the contrary of the low relevance of the size of the branch network, the size of the ATM network is considered higher relevance by the ones questioned. This refers back to the previously mentioned thought that the opportunity of the personal customer service – although held for important – is less often used.

The questions of non-traditional customer services also shows similar image. While those who answered are satisfied with Internet and telebank customer services, on the contrary to the opportunity of mobilbank, those with bank contact consider these extra services less relevant.

We have seen so far that those taking part in the research are generally satisfied with their banks. The previous sections, however, only examined satisfaction in certain questions, which is worth amending with the general question of satisfaction.

In overall, according to the previously used 5-measure scale the same result highlights that the ones answering are generally satisfied with their banks [3,88]. Here again it provesthat the ones considering to change banks are less satisfied [3,30], while the satisfaction level of those not planning to change is higher than the average [4,06]. The satisfaction level asked in general shows a somewhat higher value than the calculated average by the specific questions [3,75].

Table 5  
In overall, how satisfied are you with your main bank?

<b>In overall, how satisfied are you with your main bank?</b>		
Helped, one-choice question		
Basis: those answered, having bank clientship, n=500; those planning to change banks, n=117; those not planning to change banks, n=383		
	n	average
Those planning to change banks	117	3,30
Those not planning to change banks	383	4,06
<b>Total</b>	<b>500</b>	<b>3,88</b>

The below table examines the overall satisfaction by specific financial institutions, meaning it analyses the evaluation of those who answered identifying their own main banks. Due to being complete the table also contains the institutions of which the clients are represented in small proportion in the research, but the cases where the sample element number does not reach n=20 persons are not evaluated textually.

Altogether there were six financial institutions, where the sample number of clients has reached the limit of twenty. Among these Raiffeisen Bank was in the first place reaching an overall satisfaction level of 4,26 average points, followed by CIB Bank with nearly the same point [4,24]. None of the remaining four financial institutions have exceeded the average of four, but K&H Bank performed the best among them [3,99].

Erste Bank got an average point of 3,93, while the last two places were taken by Budapest Bank [3,79] and OTP Bank [3,77]. If projected the above order to the total of those answered, it can be seen that Budapest Bank and OTP Bank did not reach the average calculated from the total of the ones questioned, these two banks performed below the average satisfaction.

In general we might have the impression that the sample element number and satisfaction are in some sort of correlation with each other, as it seems that the larger group of clients a bank has, the lower satisfaction indicators it performs. As the aim of the research was not to answer this question, the size and especially the composition of the sample is not suitable for searching for relations like this; proving this correlational hypothesis would lead beyond the boundaries of the present research.

The dissatisfied clients – as presumed from those mentioned before – are rather few: there were altogether 17 persons who have ranked satisfaction with mark 1 or 2. Due to the low sample element number, further analysis of the question can not be considered relevant, but it can also be seen that the dissatisfied clients have not only in the past 1-2 months, but have earlier grown dissatisfied. But since these people have not changed banks, the hypothesis can be set that change of banks is fundamentally not influenced by satisfaction.

Table 6  
How long have you been dissatisfied with your main bank?

<b>How long have you been dissatisfied with your main bank?</b>		
Helped, one-choice question		
Basis: those ranking dissatisfaction with their bank as 1 or 2, n=17		
	n	%
I have been dissatisfied for years	12	70,5
I became dissatisfied within the last year	5	29,5
<b>Total</b>	<b>17</b>	<b>100,0</b>

1

## References

- [1] Bátor A. 2003. „A kereskedelmi bankok ügyfélkörének döntéshozatala 1”, Magyar Marketing Műhelyek IX. Konferenciája kiadvány, Keszthely, 2003. 11-17 old.
- [2] Bátor A. 2003. „A kereskedelmi bankok ügyfélkörének döntéshozatala 2”, MOK-KA konferencia, CD kiadvány Debrecen, 2003. szept. 4-5.
- [3] Bátor A. 2007. „A vevőelégedettség és a lojalitás kapcsolata a kereskedelmi bankok szférájában” (1. rész) *Marketing&Menedzsment*, 51. évf. 2. sz. 2007. 4-15 old.
- [4] Bohnné K. K. 2005 „Ügyfél-elégedettség a gyakorlatban” MOKKA Konferenciakiadvány, Győr
- [5] Ercsey I. 2004-2005. „Postai elégedettség a reklamációk tükrében” *Marketing&Menedzsment* 6, 69-75. old.
- [6] Fornell, Claes. 1992. "A National Customer Satisfaction Barometer: The Swedish Experience." *Journal of Marketing* 56, pp. 6-21
- [7] Hetesi E., Veres Z. 2005 „Az elégedettség és a lojalitás empirikus vizsgálata a B2B piacon” MOKKA Konferenciakiadvány, Győr
- [8] Kenesei Zs. 2004. „A Kapcsolati Marketing Jelentősége a Kereskedelmi Banki Tevékenységben”, Akadémia Kiadó, Budapest
- [9] Luarn & Lin 2007. „A Customer Loyalty Model for E-Service Context.” *Interacting with Computers*, pp. 43-56
- [10] Lányi B. 2000. „A Kapcsolati Marketing Jelentősége a Kereskedelmi Bankok Tevékenységében”, *Marketing és Menedzsment* 6, 18-24. old.
- [11] Oliver 1999. „Whence Consumer Loyalty”. *Journal of Marketing* 63, pp. 33-44
- [12] Rekettye G., Szűcs K., Hetesi E. 2002. „A szolgáltatásminőség Mérése – Hallgatói Elégedettség a Pécsi Tudományegyetemen” *JATEPress*, 152-167. old.

**A. Bátor**

The Connection between Customer Satisfaction and Loyalty in the Field of Commercial Banks, Part I

- [13] Szabó K. 2000. „Az Internet Terjedése a Hazai Bankszektorban”, *Bankszemle* 6. szám
- [14] Szántó Sz. 2003. „Fogyasztói Elégedettség az Elmélet és Gyakorlat Szempontjából”, *Marketing és Menedzsment* 5, 26-40. old.

Furthermore:

[www.bellresearch.hu](http://www.bellresearch.hu)

[www.hvg.hu](http://www.hvg.hu)

[www.index.hu](http://www.index.hu)

[www.origo.hu](http://www.origo.hu)

[www.napi.hu](http://www.napi.hu)

[www.nrc.hu](http://www.nrc.hu)