



THE IMPACT OF CUSTOMER SATISFACTION ON BANK SERVICE: A CASE STUDY OF BKT BANK IN ALBANIA

Monika Dishnica

Director of BKT Bank, Korca, Albania
mdishnica@bkt.com.al

Maria Dojçe PhD 

Department of Social Science
University of "Fan S. Noli" Korca, Albania
mdojce@unkorce.edu.al

Abstract

The purpose of this study is to evaluate customer satisfaction in the banking sector in the region of Korca. It is the customer's perception of the customer regarding the factors that 1. branch employees; 2. branch life; 3. digital banking; 4. call center; and 5. banking products and services. All five factors are part of the quality of the banking service. The higher the quality of the service, the more satisfied the customer is. Customer satisfaction is a very complex issue, but this study will only include how the above factors affect customer satisfaction. Nowadays, technology development has influenced a set of bank service changes. The methodology of this study is based on the quantitative method, hence saving significant data for the study. The data of this study showed that e-banking, smart ATMs, and call centers are crucial points in customer satisfaction. Customers that use e-banking services are more satisfied than customers that do not use them. They feel independent from bank workers, they feel safe, and their transactions can be realized faster. On the other hand, banks have many other products for their customers, making sure that all their products are bank offerings, including recently, those services and products that only the Bank of Albania offers.

Keywords: Customer, Satisfaction, Banking, E-banking, Call center



INTRODUCTION

This article is written in the context of the explanation of the importance of the banking industry in customer satisfaction parameters and their measurement. In the organized segment, the banking system occupies an important place in the nation's economy. It plays a pivotal role in the economic development of a country and forms the core of the money market in an advanced country. The commercial banks in Albania are comprised of both public and private sectors.

In addition, it is a well-known fact around the world that no business can exist without customers. Not so long ago, accessing our own money was about setting aside a couple of hours, getting to the bank before closing time, standing in one queue to get a token and then in another to collect the cash. In its literal meaning, banking is a customer-oriented service industry. Therefore, the customer is the focus and customer service is the differentiating factor. This article refers to the banking industry in Albania, which has undergone a sea change since post-communism. More recently, liberalization, the opening up of the economy in the '90s, and the government's decision to privatize banks through reductions in state ownership culminated in the banking reforms based on the recommendations of experts.

A banking company in Albania has been defined in the Banking Companies of the EU, 1992 as one "which transacts the business of banking, which means the accepting, for the purpose of lending or investment, of deposits of money from the public, repayable on demand or otherwise, and withdrawable by cheque, draft, order or otherwise". The banking industry, like many other financial service industries, is facing a rapidly changing market, new technologies, economic uncertainties, fierce competition, and more demanding customers, and the changing climate has presented an unprecedented set of challenges. In fact, banking is a customer-oriented service. Banks have also started to realize that business depends on client service and the satisfaction of the customer, and this is compelling them to improve customer service and build up relationships with customers. The main driver of this change is changing customer needs and expectations. Customers in urban areas in Albania no longer want to wait in long queues and spend hours on banking transactions. This change in customer attitude has gone hand in hand with the development of ATMs, phone and net banking, along with the availability of service right at the customer's doorstep (See: The Report of the World Bank, 2010). With the emergence of universal banking, banks' aim is to provide all banking products and services offerings under one roof, and their endeavor is to be customer-centric. With the emergence of economic reforms in the world in general and in Albania in particular, today's banks have come up in a big way, with prime emphasis on technical and customer-focused issues. Keeping the importance of customer satisfaction in mind, banks need to maintain stable and close

relationships with their customers. Customer satisfaction levels need to be judged based on the data of the research. The application of the knowledge of customer satisfaction is imperative to establishing and maintaining a long-term relationship with customers and long-term competitiveness (Kumar, V., Reinartz, J. W., 2005: 23).

On the other hand, the banking system in itself is a highly involved industry. Banks recognize the fact that delivery of quality service to customers is essential for success and survival in today's global and competitive banking environment (Wang, Z. T., Han, G., and Wen, S., 2003: 45). Researchers have found that customer satisfaction has a measurable impact on purchase intentions (Carter, N. P., 2010:12), on customer retention (Voss, G. B., Voss, Z. G., 2008:87), and on a firm's financial performance (Chalmeta, R., 20010: 102)). The data of the research shows that the bank's customers' wants, needs, and expectations change quickly. As a result, what delighted and surprised them a short time ago may not satisfy them now (Richards, V., Jones, R. J., 2008: 21). Banks may not be able to provide superior services to their customers unless customer expectations are known (Leverin, J., Liljander, V., 2010: 76). Customer expectations can be known through the knowledge of customer satisfaction levels, especially in Albanian reality. This necessitates the measurement of customer satisfaction levels. Customer satisfaction cannot be measured unless the factors affecting customer satisfaction are determined. This necessitates an in-depth study of the factors affecting customer satisfaction.

More recently, liberalization, the opening up of the economy in the 1990s and '96s, and the government's decision to privatize banks resulted in the banking reforms. Like any other financial service, the banking industry, too, is facing a market that is changing rapidly. New technologies are being introduced, and there is always a fear of economic uncertainties. Fierce competition, more demanding customers, and the changing climate have presented an unparalleled set of challenges (Lovelock theory, 2001). This has led the Albanian banking industry to experience difficult times. In such a competitive scenario, it is extremely important that banks are able to retain a loyal base of customers.

According to attain this and to improve their market and profit positions, banks in Albania have to formulate their strategies and policies towards increasing customer satisfaction levels, customer satisfaction is the key to long term success of any organization (Peppers, J., Rogers, H., 2005: 108).

On the other hand, concept of customer satisfaction is one of the important outcomes of marketing activity (See: Oliver, H., 1980; Mick, K., Fournier, W., 1999; Spreng, M., Mackenzie, B., Olshavsky, B., 1996; Surprenant, N., Churchill, L., 1982). It links processes resulting in purchase and consumption with post-purchase phenomena such as attitude change, repeat

purchase, and brand loyalty (Surprenant, H., Churchill, L., 1982). This opinion has also been supported by Jamal and Naser (2003) and Mishra (2009). Substantial research has been done in the field of customer satisfaction. This aims as various researchers have defined customer satisfaction in different ways customer satisfaction is a person's feelings of pleasure or disappointment that result from comparing a product's perceived performance (or outcome) to their expectations. (Oliver, H., 2001: 78). Satisfaction is the consumer's response to and evaluation of the perceived discrepancy between prior expectations (or some other norm of performance) and the actual performance of the product as perceived after its consumption. (Tse, K., Wilton, R., 2000).

Otherwise, satisfaction can be broadly characterized as a post-purchase evaluation of product quality given pre-purchase expectations. (Anderson, P., Sullivan, J., 1993: 98).

REVIEW OF LITERATURE

First of all, it is important to emphasize that a significant level of customer satisfaction is among the most critical indicators of the businesses' ability to satisfy future customers. In addition, customers are loyal, and this ensures a consistent cash flow for the business in the future. This means that satisfied customers are often characterized as less price sensitive, and they are more partial to spending more on the products they have tried and tested before. Moreover, stability in business relations is also beneficial where the positive quality image minimizes the cost for a current customer (Matzler, K., Hinterhuber, H., Bailom, F., Sauerwien, E., 2022:5). Although Singh and Kaur (2011) determined the factors that have an impact on customer satisfaction as regards the working of select universal banks' ecosystem, The study was conducted using the survey method. Data was collected through a well-structured questionnaire from a sample of respondents. The major findings of the study show that customer satisfaction is influenced by seven factors – employee responsiveness, appearance of tangibles, social responsibility, service innovation, positive word-of-mouth, competence, and reliability. The results of multiple regression showed that three variables: social responsibility, positive word-of-mouth, and reliability, have major influences on the overall satisfaction of the customer. Ibrahim (2002) studied the factors affecting customer satisfaction in the Albanian retail banking sector. An online structured questionnaire developed to determine the customer satisfaction factors was distributed among the respondents.

The dimensions were identified using an exploratory factor analysis (EFA). Next, the reliability and validity of the factors for customer satisfaction were established through confirmatory factor analysis (CFA). The paper identifies four generic dimensions: 1. in technology-based services; 2. banking services—customer service; 3. technology security; and

4. information quality, technology convenience, and technology usage ease and reliability. It was found that customer service and technology usage ease and reliability have a positive and significant impact on customer satisfaction. According to Hom (2000), satisfaction refers to a feeling or a short-term attitude that can change owing to various circumstances. Observable behaviors like product choice, complaints, or repurchase in another study, Bennett (1992) claimed that the key to obtaining a competitive advantage in the banking business is to be customer-driven. Also, Mothey (1994) revealed that in order to achieve customer satisfaction, it is imperative for banks to make use of different tools that vary from re-engineering of service to focusing on specific tasks. Satisfaction is the consumer's response to evaluation of the perceived discrepancy between prior expectations (or some other norm of performance) and the actual performance of the product as perceived after its consumption. (Tse & Wilton, 1988). Satisfaction can be broadly characterized as a post-purchase

METHODOLOGY

This study is based on two primary steps of methodology: First, define the domain of the customer satisfaction construct. Second, exploration of the factors contributing to customer satisfaction in Albanian banking, BKT bank, actually. According to their definition, customer satisfaction appears to be the customer's attitude. Further, in order to measure customer satisfaction, the researchers found it necessary to measure the expectations of the customers before the purchase and actual use of the product and the reactions of those customers after the purchase and after the actual use of the product. If actual consequences equal or exceed expected consequences, the customer is satisfied; if actual consequences fall short of expected consequences, the customer is dissatisfied. So, the domain of the construct of customer satisfaction would include the pre-purchase expectations of the customer, their perception of the product or service during its actual use, and their evaluation of the product or service after its use. If the post-purchase evaluation exceeds the pre-purchase expectations, the customer is satisfied. If the post-purchase evaluation falls short of the pre-purchase expectations, the customer is dissatisfied. The researchers also found it necessary to consult the existing literature to conceptualize the construct of customer satisfaction and specify its domain. exploration of the factors contributing to customer satisfaction. It is very important to emphasize that, after the researchers specified the domain of customer satisfaction, they found it necessary to explore the factors which capture the specified domain of customer satisfaction.

In this situation, exploratory research becomes helpful because, in general, the factors can be done through conducting depth interviews, focus groups, and critical incident methods. Qualitative analysis needs to be done in the second situation, or to continue the research in the

other stage. One of the qualitative tools available for this type of analysis is *grounded theory* (Glaser and Strauss (1967), which has developed the idea of grounded theory (GT) out of an urgent need in the field of social research to discover theories as opposed to merely testing existing theories. In this particular case, the researchers considered GT as the most suitable approach because it is more suitable to researching problems that do not allow for pre-conceptualized theory (Glaser, H., 1995: 56). GT is also an effective method for generating factors for various constructs (Parry, N., 2003: 44). The use of the GT approach in this study allows for the development of a conceptual understanding of the factors affecting satisfaction for the retail banking customers of Albania, but not only it, but all the countries around the world. The investigation looks into the respondents' experiences in order to better understand the factors that influence customer satisfaction among Albanian retail banking customers. The idea of emergence is one of the strengths of qualitative research and GT (Charmaz, as quoted in Puddephatt, 2006).

Analysis Based on Grounded Theory Grounded Theory emphasizes the idea of the emergence of concepts based on the responses of the respondents. This is the reason why the research used the standard structure of a questionnaire, which is usually followed for collecting data in other types of research, but not followed in Grounded Theory. In the present context, the questions asked depended on the responses given by the respondents. Nevertheless, some of the sample questions asked to the respondents are mentioned below. 1. Can you describe an incident when you were highly satisfied with the services of BKT bank? 2. Why did you feel satisfied with the services provided by the BKT bank? 3. Can you describe an incident when you were highly dissatisfied with the services of BKT bank? 4. Why did you feel dissatisfied with the services provided by the BKT bank? 5. How do you think the bank should have handled the situation? 6. Do you still visit the BKT bank after the incident? 7. How did the BKT bank behave after the incident? The researchers conducted the analysis and collection of data through interviews and focus groups simultaneously.

FINDINGS

The data analysis of this research shows that the respondents have talked about the various characteristics of core products and services. Here, core products and services is the category, and in one particular case, the sub-categories were fast processing, proper security checks, minimal documentation and interest rates. The above are the sub-categories under core products and services because they are directly related to core products and services and they define core products and services. Fast processing, proper security checks and minimal documentation may be considered as processes and actions or

interactions of the respondents with banks. Fast processing will also come under the category, service delivery. Although, the two categories, core products/services and service delivery get linked with each other. Better and faster is the processing of services better is the perception about the service delivery. Otherwise, since fast processing is also a property of the two categories – core products/services and service delivery, get linked with each other.

Table 1. Correlation analysis

Leadership	.704**
	.550**
	.664**
	1
Smart zone	.542**
	.646**
Management role	.519**
	.636**
	.612**
	.682**
Costumer Satisfactions	.483**
	.536**
	.577**
	.549**
	.573**
Collaborations	.388**
	.332**
	.326**
	.428**
	.450**
	.515**
Authorisation	.525**
	.564**
	.575**
	.500**
	.590**
	.540**
	.489**
HiTech Infrastructure	.505**
	.583**
	.520**
	.578**
	.581**
	.532**
	.542**
	.630**

Tech innovation	.488**
	.536**
	.406**
	.434**
	.596**
	.491**
	.398**
	.605**
	.578
Workers Blnc	.594**
	.646**
	.515**
	.507**
	.637**
	.466**
	.398**
	.605**
	.619**
	.684**
Diversity	.389**
	.474**
	.427**
	.507**
	.430**
	.318**
	.322**
	.515**
	.496**
	.464**
	.607**
	1
Activites	.495**
	.541**
	.487**
	.518**
	.538**
	.539**
	.468**
	.596**
	.601**
	.486**
	.623
	.542

** . Correlation is significant at the 0.01 level (2-tailed).

The findings shows that is better the fast processing of services better will be the perception about the characteristics of core products/services. The consequence might be higher customer satisfaction for the respondents. Fast processing, proper security checks and minimal documentation are also related to another category, service delivery. Faster the

processing better might be the delivery of services. Proper security checks are also related to delivery of services which it seems that better the security measures in-built in the core products and services, better will be the sense of security about the delivery of services in the mind of the respondents and higher will be the faith about the delivery of services provided by the BKT bank in the mind of the respondents.

On the other hand, similar logic applies to the amount of documentation required for opening accounts. Lesser the documentation better is the perception about the delivery of services in the mind of the respondents. The dimensional range of processing of services varies from fast to slow. The dimensional range of security checks varies from highly secured to unsecure and the dimensional range of documentation varies from minimum to maximum. The dimensional range of delivery of services will vary from poor to best. All the above sub-categories will dimensionally cut service delivery. Here the consequence is better customer satisfaction for the respondents.

CONCLUSION

This study concludes that customer satisfaction is one of the major parameters for the service providers in the BKT banking sector. Albanian retail banks, would be able to face the competition better if the requirements and the expectations of the customers are known. This necessitates the understanding of the factors contributing to customer satisfaction. Although, existing studies have tried to understand the factors, the determination of the factors has been done based on existing models of customer satisfaction. This required an exploratory study to find the factors contributing to customer satisfaction in retail banking. From the existing literature, none of the previous researchers seem to have done it for the retail banking sector in Albania. The study tried to address this research gap. In this research, the authors have made an attempt to understand the construct of customer satisfaction in BKT banking Albania, and to explore the factors which might affect customer satisfaction. It is expected that the study would help to understand customer satisfaction in BKT banking Albania better. The qualitative approach adopted based on Grounded Theory method has enabled to understand the concept of customer satisfaction starting from the basic principles. In researchers' point of view, this study is the first attempt to understand the construct of customer satisfaction and the factors affecting customer satisfaction in the BKT banking Albania through a quantitative approach.

REFERENCES

- Berger, Charles; Blauth, Robert; Boger, David; Bolster, Christopher; Burchill, Gary; DuMouchel, William; Pouliot, Fred; Richter, Reinhard; Rubinoff, Allan; Shen, Diane; Timko, Mike; Walden, David. "Kano's Methods for Understanding Customer-defined Quality", In: Center for Quality Management Journal, Vol. 4 (Fall 1993), pp. 3 - 36.
- Griffin, J. R. Hauser. "The Voice of the Customer", Marketing Science. (Winter 1993), pp. 1 - 27.
- J. R. Hauser, D. Clausing. "The House of Quality", Harvard Business Review. (May-June 1988), p. 63 -73
- H. H. Hinterhuber, H. Aichner, W. Lobenwein. Unternehmenswert und Lean Management. Vienna, 1994 C. Homburg, B. Rudolph. "Wie zufrieden sind Ihre Kunden tatsächlich?", Harvard Business Manager, (1995/1), pp. 43 -50.
- Kano, N., N. Seraku, F. Takahashi and S. Tsuji: "Attractive Quality and Must-be Quality", Hinshitsu. The Journal of the Japanese Society for Quality Control, (April 1984), pp. 39 -48.
- F. F. Reichheld, W. E. Sasser. "Zero-Defections: Quality comes to Services", Harvard Business Review. (September/October 1990), pp. 105 -111 S.
- Shiba, A. Graham, D. Walden. A new American TQM, Four Practical Revolutions in Management. Portland: Productivity Press, OR, 1993.
- Hasanbanu, S. (2004). Customer Service in Rural Banks: An Analytical Study of Attitude of Different types of Customers towards Banking Services. IBA Bulletin, Vol. XXVI, No. 8 (August), pp. 21-25.
- Homburg, C., Koschate, N., & Hoyer, W. D. (2005). Do satisfied customers really pay more? A study of the relationship between customer satisfaction and willingness to pay. Journal of Marketing, 69, 84-96.
- Jamal, A., & Naser, K. (2002). Customer satisfaction and retail banking: an assessment of some of the key antecedents of customer satisfaction in retail banking. International Journal of Bank Marketing, 20(4), 146- 160.
- Jamal, A., & Naser, K. (2003). Factors influencing customer satisfaction in the retail banking sector in Pakistan. International Journal of Commerce and Management, 13(2), 29-53.
- Jham, V., & Khan, K. M. (2009). Customer satisfaction and its impact on performance in banks: A proposed model. South Asian Journal of Management, 16(2), 109-126.
- Johnston, R. (1997). Identifying the critical determinants of service quality in retail banking: Importance and effect. International Journal of Bank Marketing, 15(4), 111-116.
- Kanning, U. P., & Bergmann, N. (2009). Predictors of customer satisfaction: Testing the classical Paradigms. Managing Service Quality, 19(4), 377-390.
- Kasper, H., Helsdingen, Piet v. and Jr, Wouter de V. (1999), "Services Marketing Management", West Sussex, England, John Willey & Sons Ltd.
- Kerlinger, F. N. (1973). Foundations of behavioral research (2nd ed.). New York, NY: Holt, Rinehart, Winston Inc.
- Kumar, V., & Reinartz, W. J. (2006). Customer relationship management: A databased approach. Hoboken, NJ: Wiley.
- Lovelock C, Wirtz J and Chatterjee J, (2006) "Service Marketing" V Ed. Pearson Education, □ Molina, A., Martín-Consuegra, D., & Esteban, A. (2007). Relational benefits and customer satisfaction in retail banking. International Journal of Bank Marketing, 25(4), 253-271.