

Identification Of Drivers Of Client Satisfaction And Loyalty In Banking Industry

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Summary:

The aim of this paper is to identify key drivers of satisfaction and loyalty among the bank clients. The data has been collected by means of a questionnaire. The following statistical analysis has been applied: descriptive statistics, analysis of variance, factor analysis and multiple regression analysis. The results indicate that service quality, bank image and client trust are significant drivers of satisfaction. On the other hand, client satisfaction has been stressed as the most important driver of client loyalty. Statistically significant influences of bank image and client trust on client loyalty have also been confirmed. The results of the undertaken study can help bank managers in recognizing factors that need special attention in designing the strategy that targets long-term relationships with clients. The originality of the research lies in the fact that few studies implemented in the Western Balkan region were focused on identifying the factors that affect satisfaction and loyalty of clients in the banking industry. The confirmation of the significant impact of client trust on satisfaction and loyalty is particularly valuable. Specifically, trust as an independent variable can rarely be found in satisfaction and loyalty measurement models applied in North America and Europe.

Key words:

bank image, client trust, loyalty, satisfaction, service quality.

Rezime:

Cilj rada je identifikacija ključnih pokretača satisfakcije i lojalnosti klijenata banaka. Podaci su prikupljeni primenom anketnog metoda, a od statističkih analiza korišćene su deskriptivna statistika, analiza varijansi, faktorska i višestruka regresiona analiza. Rezultati ukazuju da su kvalitet usluge, imidž banke i poverenje klijenata signifikantni pokretači satisfakcije. S druge strane, satisfakcija se izdvaja kao najznačajniji pokretač lojalnosti klijenata. Osim nje, potvrđeni su i statistički značajni uticaji imidža banke i poverenja na lojalnost klijenata. Nalazi realizovane studije pomažu menadžerima banaka da uoče faktore kojima je potrebno posvetiti posebnu pažnju prilikom koncipiranja strategije razvoja dugoročnih odnosa sa klijentima. Originalnost sprovedenog istraživanja sastoji se u tome što je veoma mali broj studija implementiranih na području Zapadnog Balkana imao u fokusu utvrđivanje faktora koji impliciraju satisfakciju i lojalnost klijenata u bankarskom sektoru. Naročito su vredni rezultati koji potvrđuju signifikantan uticaj poverenja na satisfakciju i lojalnost. Naime, poverenje kao nezavisna varijabla retko figurira u modelima za merenje satisfakcije i lojalnosti koji su primenjeni na području Severne Amerike i Evrope..

Ključne reči:

imidž banke, kvalitet usluge, lojalnost, poverenje klijenata, satisfakcija.

1. INTRODUCTION

When viewed from the historical perspective, banks have always been offering their customers a wide range of financial services. Yet, it seems that in recent years the range of banking services has been booming at an incredible rate. Examples of some new banking services include: securities trading, insurance, financial planning, managing pension funds and provision of advisory services to enterprises when making business decisions. It is also interesting that other financial institutions such as savings banks, credit unions, investment funds and insurance companies are getting involved in providing these types of services [29]. However, nowadays, in addition to developing a quality product or service, the banks must also build strong relationships with the clients. Tough competition in the financial services market has forced many banks to accept the principles of CRM (Customer Relationship Management) concept. This means that modern banks are oriented towards close cooperation with their customers. The CRM concept places the customer at the center of all banking activities. The basic idea behind the CRM concept is to create customer satisfaction and long-term customer loyalty.

Customer satisfaction is one of the most important issues that all kinds of business organizations are facing on the daily basis [14]. As far as the contemporary philosophy of the management science is concerned, the customer satisfaction is considered as the basic constituent of the performance and a potential standard of excellence for many business organizations [26]. Measuring the customer satisfaction, as their accumulated experience concerning purchasing and consumption [21], gives meaning to the achievements of all employees at each stage of the process of servicing customers, while a significant number of companies from different industries uses the level of their customers' satisfaction as one of the key performance indicators.

Like many other activities, focusing on customer satisfaction is also characteristic for the retail banking services, which represents a segment of the financial services sector. According to some theorists, "no industry or group of service providers appears to be more interested in the establishment of relationships with its customers than is the financial services industry" [3].

Retail banking has been characterized by significant competition and dramatic changes in recent years. Institutional reforms, expanding the portfolio of banking products and services, extensive use of modern technology and globalization of banking activities are just some examples of

changes that the banking sector has been faced with lately. In terms of the challenging economic environment, nowadays and more than ever, it is important for banks to "maintain strong relationships with their customers" [11], especially if one bears in mind that, thanks to the use of modern information and communication technologies, the personal contact between customers and bank staff are less frequent.

Bearing in mind all aforementioned facts, the aim of this study is to determine the key drivers of satisfaction and loyalty of bank customers. In this context, an empirical study was carried out based on a sample of 211 respondents. Data were collected by means of questionnaire. The factor analysis was applied in order to reduce 16 elements of the relationship between banks and their customers into a smaller number of factors. Using multiple regression analysis, the statistically significant drivers of customer satisfaction and customer loyalty were identified.

The uniqueness of this research lies primarily in the choice of attributes that reflect the quality of relationships between the banks and the clients. These attributes are not only related to service quality and bank image, but also to the level of trust that the client has for the particular bank. In addition, customer segmentation procedure itself contains many specific features. The division into completely satisfied, moderately satisfied and dissatisfied customers makes a useful framework for examining the perception of different groups of respondents. It is very important to take the general level of satisfaction as the main criterion for the formation of segments. Finally, very few studies in the Western Balkans focused on the key factors that determine customer satisfaction and customer loyalty in the banking industry.

2. CUSTOMER SATISFACTION

Satisfaction is a feeling, which the consumer experiences in the post-purchase stage, i.e. after consuming the product, or after using some service. Customer satisfaction occurs as a function of expectations and perceived product performance. The most widely accepted approach to explaining the concept of customer satisfaction in the literature is the Oliver's expectancy-disconfirmation model [27]. According to this model, the consumer, after purchasing and consuming a particular product, evaluates the experience gained in the process of realized purchase, as well as the product performance. Then, the consumer compares this evaluation with his/her initial expectations. It is important that the performance of the product at least meet or exceed the expectations of the consumers [5]. According to Oliver, satisfaction is the emotional reaction of consumers towards a particular product/service, which stems from the positive disconfirmation of his/her original expectations.

The significance of the clients' satisfaction with banking services has been extensively studied in the relevant literature. The understanding of its advantages became a question of crucial importance not only for scholars but also for practitioners. This is supported by the fact that "a growing number of retail banks are directing their strategies towards customer satisfaction" [1]. The satisfaction or dissatisfaction of clients is closely related to their further activities that refer to the bank and which can be manifested in the form of continuing or stopping to use the services of the bank, expanding or narrowing the range of the services used, willingness to accept higher prices for services or disseminating positive or negative impressions and experiences concerning the particular bank and its services to other current or potential clients. All these activities of the clients ultimately affect the profitability of banks, by influencing customer retention rates, the average amount of deposits and the costs of service provision. Therefore, it stands to reason that there is a strong positive correlation between the satisfaction of users of banking services and the profitability of the bank, which is confirmed by the empirical studies [1].

Starting from the previously emphasized significance of customer satisfaction for profitability of a bank, it is important to identify factors that determine the overall satisfaction, as well as to measure satisfaction related to each identified factor. Such information makes it possible for the bank to optimize its marketing efforts based on the limited resources available. In this regard, up to now, the relevant literature has identified a number of attributes that are the drivers of overall customer satisfaction of bank clients. Arbore and Busacca summarized the results of numerous studies conducted in the late 20th and early 21st century by various authors and classified all drivers of customer satisfaction of banking services in several dimensions, as shown in Table 1.

Up to date information about the level of customer satisfaction make a significant input for decision making processes concerning the planning of activities which should be implemented in order to increase, or at least, maintain the particular level of customer satisfaction in the future. In this context, the management should have a clear picture concerning the level of customer satisfaction in reference with every aspect of its drivers, as well as be informed about the level of satisfaction of the consumers related to the services offered by the competition. The problem that can occur when measuring customer satisfaction is reflected in the fact that the obtained result often represents the end of the process, however, it should represent the base of a thorough analysis that should inform the managers about necessary measures which should be implemented in order to improve long-term relationships with the clients. Many managers are simply not ready to deal with the changes in business orientation in accordance with the results provided by the consumer research. Generally, at all levels of decision-making, resistance to change and reluctance to accept new ideas

are present in many organizations. The empirical results indicate that only a small percentage of people in a firm (about 5%) can be considered as a group that openly and strongly opposes the introduction of the new program while about 90% of the employees are not willing to publicly stand up to them and go for the acceptance of the new project, considering the fact that it is much safer for them to be in the so-called “silent majority” [25]. When it comes to measuring the level of customer satisfaction, it is important for companies that provide services to understand the necessity of carrying out this kind of measurement when creating the marketing strategies that should be in line with the results of the conducted studies. Increased competition and changing environment impose the necessity to manage the changes. Therefore, the sophisticated management systems are introduced at the process level, such as Total Quality Management – TQM [20]. TQM is a consumer-oriented concept, which is implemented in order to create customer satisfaction and loyalty. Some studies have proved the significant impact of the successful implementation of TQM programs on customer satisfaction [24].

Table 5. Drivers of customer satisfaction concerning the users of banking services

<i>Dimension</i>	<i>Attributes</i>
Functional quality	Reliability, speed, accuracy, security, functionality
Relational quality	Responsiveness, trust, friendliness, courtesy, commitment, communication
Convenience	Opening hours, travel distance, queuing time, parking places, ATM availability
Economics	Charges/interest rates, price quality ratio, price fairness
Tangibles	Physical layout and furniture, physical facilities, decor of branch environment, atmosphere of branch environment, cleanliness of branch environment, size and furnishing of customer space, dress of the personnel
Problem handling and recovery	Capability to avoid potential conflicts, efficient and effective handling of complaints, efficiency of solving problems, speed of finding and restoring errors

Source: [1]

In terms of the latest economic crisis that has shaken the entire world, banks are faced with great challenges when speaking of maintaining the existing relationships with their clients. The crisis has directly affected customers' perceptions of their banks, as well as the manner of interaction between the banks and their clients. Current user of banking services has "a clear focus on brand integrity, value for money, and quality of service"; while nowadays banks need "to deliver a more efficient, customer-focused and innovative offering than ever before to reconnect with their customers" [11].

The results of a research conducted by the famous company "Ernst & Young", which were published in 2011, are perhaps the best indicator of the current level of customer satisfaction concerning the banking services all over the world. The survey, which polled more than 20,500 individuals from Europe, USA, Canada, China, Japan, India, Latin America and South Africa, revealed, among other things, the following [11]:

- In 2011, 44% of the respondents stated that they had a lower degree of confidence concerning the banking industry than in 2010, where the largest falls in customer confidence were recorded in the UK, Germany, Spain and the United States, however, surprisingly the level of trust in banks increased in developing countries;
- Globally, 36% of the respondents have changed their main bank (i.e. the bank through which they source the majority of their banking products and services) in the past, and 7% of respondents plan to do so, stating as the main reasons for switching banks the following: (a) general dissatisfaction with the quality of services, (b) price and (c) banking products and service offerings;
- 63% of clients are generally satisfied with the services offered by their main bank;
- Globally, 43% of respondents consider that they get no, or only occasional personal attention from their main bank;
- As far as the degree of satisfaction with the banking channels is concerned, globally, the clients are most satisfied with internet banking, ATMs and branches; however, 42% of respondents have never used mobile banking, while call centers are not popular at all;
- 41% of respondents use services of only one bank, 38% use services of two banks, 14% use services of three banks, while 7% of respondents use service of more than three banks; and
- Globally, the respondents rated the brand strength and the low price as the most important characteristics of their main bank.

The image of a bank and perceived quality of service are generally considered as the important antecedents of customer satisfaction in marketing literature. However, few studies focused on examining the degree of trust that customers have in their service providers. Trust is the expectation of one individual that the other individual will fulfill his/her given word, promise, or a written statement on some issue [17]. In the business context, trust implies a belief of one client in his/her business partners' characteristics, as well as his/her intent to establish future cooperation with a given business partner. Trust plays an important role in the marketing of services, since it reduces the risk of not providing the service in line with that which has been previously promised to the client. Customer confidence

in the banking staff is the foundation for building long-term relationships. Results of previous studies [9] emphasize that trust constitutes an important driver of customer satisfaction and customer loyalty.

3. CUSTOMER LOYALTY

Customer loyalty is a commitment to a company based on the strong positive attitude of the customer and is expressed in re-purchase of products (or repeated use of services). There are two basic dimensions of loyalty: attitude and behavior. Loyalty is one of the basic preconditions for the long-term profitability of the company. The loyal consumers do not easily switch the company, in addition, with time, they enlarge the scope of products and services used and they are willing to try new products/services. Moreover, they are the sources of word of mouth communication. Thus, such clients are not only a stable source of profit, but also an effective means of attracting new customers. In the marketing literature, in order to measure customer loyalty, the level of future purchase intentions and willingness of consumers to recommend the company to friends and acquaintances are often examined. In this way, the future trends in consumer behavior are targeted.

The relationship between satisfaction and loyalty has long been attracting the attention of marketing experts. Satisfaction usually implies loyalty, which has been confirmed by numerous studies. When talking about the banking industry in particular, the results of numerous studies suggest a significant positive correlation between the two aforementioned variables [4, 15, 16]. However, this finding should not be generalized, since there are certain situations where the increase in satisfaction does not result in loyalty. Primarily, it should be pointed out that different degrees of consumer satisfaction would not have identical effects on the creation of loyalty. Some studies emphasize that the fully satisfied consumer will be six times more likely to re-purchase a certain product in the coming period of one or two years than the regularly satisfied customer [22]. Captivating the consumer is a much safer way to create loyalty compared to a mild degree of customer satisfaction. The customer may be satisfied with the service offered by the bank that has generally met expectations, but despite this, he/she may opt in the future for the services of other banks.

Banks, like other service providers, are increasingly interested in gaining and retaining customer loyalty, since they are aware that customer loyalty results in increasing and certain revenues and, thus, represent the key determinant of market share and profitability [21]. In addition, without a sufficient degree of customer satisfaction with the bank staff, the services offered or the bank in general, it is not possible to secure the loyalty of the clients. If clients are satisfied, there is a real chance that they will continue

to use the services offered by a particular bank, which is highly important for the bank, bearing in mind that the costs of retaining existing customers are generally much lower than the cost of acquiring new customers. Furthermore, satisfaction with the current bank services increases the likelihood that clients will accept the new services offered by the bank, whether they have sourced such services from other banks or have not yet used them at all. This results in a larger positive impact on revenues and profitability of the bank. Thus, customer satisfaction should not be seen merely as a means of defense, i.e. the means of retaining the current revenues in the future, but also as a means of increasing them. For these reasons, bank managers, as well as managers of other financial institutions should put more emphasis on "listening to the 'voice' of the customer and identifying the drivers of overall satisfaction" [18]. Feedback from customers enables the bank to identify their specific needs and efficiently allocate resources in order to create banking products and service offerings that maximize their satisfaction and loyalty.

4. RESEARCH METHODOLOGY

The survey was conducted on the territory of the city of Kragujevac on a sample of 211 respondents. The sample contains almost equal number of women (50.2%) and men (49.8%). If we look at the age structure, 31.3% of respondents are between 18 and 30 years of age, 29.3% are between 31 and 45, 30.4% belong to the age group between 46 and 60 years and 9% of respondents are older than 60. When it comes to educational background, the majority of respondents have graduate degree (42.2%), than high school diploma (39.8%), while 18% of respondents have undergraduate degree. Respondents from different professions (students, managers, entrepreneurs, professors, engineers, doctors, officers, workers, salespeople, retired persons) were included in the sample. Interviewers approached respondents in the main city squares. Most people who have accepted to participate in the study filled out the questionnaires on the spot. Some respondents, due to the lack of time, asked the interviewers to send them questionnaires by e-mail. After completing the questionnaire, these respondents mailed back the filled up questionnaires to the interviewers. Each participant gave opinion on the services offered by his/her main bank. Based on the results, the general attitude of respondents on the various elements of the services of banks operating in Serbia was estimated. The citizens who participated in the survey are the clients of the following banks: AIK Banka a.d. Niš, Alpha Bank a.d. Beograd, Banca Intesa a.d. Beograd, Crédit Agricole banka Srbija a.d. Novi Sad, Credenya banka a.d. Kragujevac, Čačanska banka a.d. Čačak, Erste Bank a.d. Novi Sad, Eurobank EFG a.d.

Beograd, Findomestic banka a.d. Beograd, Hypo Alpe-Adria-Bank a.d. Beograd, Komercijalna banka a.d. Beograd, ProCredit Bank a.d. Beograd, Raiffeisen banka a.d. Beograd, Société Générale banka Srbija a.d. Beograd, UniCredit Bank a.d. Beograd, Univerzal banka a.d. Beograd, Vojvođanska banka a.d. Novi Sad, and Volksbank a.d. Beograd. The survey was implemented in April and May 2011.

The items used in the questionnaire were formulated based on the study of the relevant marketing literature [1, 2, 6, 8, 28]. More precisely, we selected 16 items that reflect different aspects of the relationship between the banks and their clients. These items were then included in the factor analysis in order to identify a smaller number of factors that have a statistically significant impact on satisfaction and loyalty. In order to measure customer satisfaction, we used two items from the American Customer Satisfaction Index – ACSI model [12]. Namely, we measured the level of overall customer satisfaction and the degree of customer satisfaction in relation to their expectations. Loyalty was measured based on two observations: the client's readiness to recommend the bank to his/her friends and acquaintances (word of mouth communication), and his or her intention to continue using the services of the particular bank (re-purchasing intention) [2, 10, 13]. Indeed, positive word of mouth communication and intention of customers to re-purchase the product (re-use some service) are two important parameters of loyalty, which were often exploited in previous studies. Thus, the questionnaire consisted of 20 items (16 items which reflected different aspects of the relationship between the banks and their clients, and which were included in the factor analyses, two items to measure customer loyalty and two items to measure customer satisfaction). The attitudes of respondents were rated based on the 7-point Likert scale (1 – absolutely disagree, 7 – absolutely agree) for each item. To facilitate the detection and elimination of certain ambiguities, the questionnaire was preliminarily tested on a sample of 20 respondents.

For the purposes of data analysis, the following methods were used: descriptive statistics, analysis of variance (ANOVA), exploratory factor analysis and multiple regression analysis. The descriptive statistics methods were used to calculate the mean value and standard deviation for each item. The analysis was performed on the total sample, as well as for each segment. Starting from the general level of satisfaction as a criterion for the segmentation of the respondents, the following three segments were identified: 1) dissatisfied respondents (whose level of satisfaction is smaller than 4 observed on a scale of 1 – 7); 2) moderately satisfied respondents (whose level of satisfaction is in the range from 4 – 5.9); 3) completely satisfied respondents (whose level of satisfaction is in the range 6 – 7). Since two items were used to measure satisfaction, each respondent was classified into one of the abovementioned three groups based on the average score concerning those items. By applying Post Hoc Scheffe test, it was found that statistically significant differences in the respondents' ratings occurred among the three groups of respondents. Exploratory factor

analysis was used to determine the smaller number of factors around which the attributes related to the service offerings of banks were grouped. To test the reliability of the obtained factors and the internal consistency of their items, the Cronbach's alpha coefficient was used. Finally, by applying multiple regression analysis, statistically significant antecedents of customer satisfaction and loyalty of bank customers were identified. The multicollinearity was tested by using the variance inflation factors (VIF). Data analysis was performed by using the Statistical Package for the Social Sciences (SPSS).

5. RESULTS AND DISCUSSION

The results of the descriptive statistical analysis performed on the total sample indicate that the ratings of all items by all respondents are in the range from 3.97 – 5.45 (see Table 2). The respondents gave the lowest scores to the items referring to the customer trust. In fact, the most negative attitude respondents expressed concerning the item: "I believe that the bank takes care of my interests." The most favorable attitudes of the respondents were observed concerning the items that reflect the following: treating the clients with respect by bank staff, staff ability to provide fast and accurate service and willingness to assist clients at all times. The moderate degree of customer loyalty is present in the observed sample. It is important to mention that the clients are more willing to continue cooperation with the bank in the future (arithmetic mean value = 4.91), than to recommend the bank to their friends and acquaintances (arithmetic mean value = 4.63). The values concerning the standard deviations are in the range 1.45 – 1.74. Therefore, we can conclude that similar level of heterogeneity is present concerning the attitudes of respondents for each item. In order to determine statistically significant differences in the scores of respondents belonging to the three different segments (dissatisfied / moderately satisfied / completely satisfied customers) the Post Hoc Scheffe test was applied. Analysis of variance revealed statistically significant differences in the ratings of the items included in the questionnaire by the respondents from the abovementioned groups.

Table 6. Results of the descriptive statistical analysis

<i>Items</i>	<i>M (SD)</i> Total sample n = 211	<i>M (SD)</i> Dissatisfied clients n = 61	<i>M (SD)</i> Moderately satisfied clients n = 99	<i>M (SD)</i> Completely satisfied clients n = 51
I believe that the bank takes care of my interests.	3.97 (1.62)	2.67 (1.26)	4.28 (1.38)	4.92 (1.48)
I have confidence in the bank whose services I use.	4.54 (1.56)	3.11 (1.21)	4.85 (1.25)	5.63 (1.22)
I believe that the bank is capable to provide quality service to its clients.	4.80 (1.48)	3.36 (1.22)	5.15 (1.17)	5.84 (0.88)
I trust the information and advice that the bank provides.	4.51 (1.60)	3.03 (1.30)	4.79 (1.29)	5.72 (1.08)
The bank always fulfills the promises given to its clients.	4.43 (1.58)	3.21 (1.60)	4.69 (1.29)	5.39 (1.15)
Generally speaking, the bank has a good corporate image.	5.01 (1.53)	3.51 (1.36)	5.34 (1.10)	6.16 (0.95)
Bank's building is modern in design.	4.98 (1.45)	3.64 (1.33)	5.19 (1.04)	6.20 (0.92)
Bank premises are nicely decorated.	4.87 (1.58)	3.54 (1.55)	5.12 (1.25)	5.98 (0.99)
The bank is innovative in providing services to its clients.	4.93 (1.61)	3.62 (1.57)	5.26 (1.23)	5.88 (1.29)
The bank follows the principles of ethical and socially responsible behavior.	5.01 (1.57)	3.84 (1.36)	5.16 (1.41)	6.14 (1.15)
Bank employees are able to deliver their clients quick service.	5.09 (1.71)	3.80 (1.88)	5.21 (1.30)	6.39 (1.02)
Bank employees carry out banking transactions flawlessly.	5.12 (1.50)	4.16 (1.76)	5.17 (1.17)	6.18 (0.91)
Bank employees are ready to assist the clients at all times.	5.21 (1.60)	3.88 (1.70)	5.45 (1.06)	6.31 (1.22)
Bank employees understand the needs and requests of the clients.	4.73 (1.64)	3.36 (1.43)	4.85 (1.39)	6.16 (0.83)
Bank employees treat their clients with respect.	5.45 (1.48)	4.25 (1.62)	5.62 (1.11)	6.57 (0.70)
Employees of the bank give their customers personal attention.	4.91 (1.70)	3.61 (1.70)	5.06 (1.29)	6.20 (1.25)
I would be happy to recommend my bank to anyone who might seek my advice.	4.63 (1.77)	2.77 (1.58)	4.93 (1.10)	6.27 (0.85)
I will continue to use the services provided by my bank in the future.	4.91 (1.74)	3.15 (1.59)	5.21 (1.16)	6.43 (0.88)

* The arithmetic means and the standard deviations are given in the table for the 18 selected items. The arithmetic means for two items used for measuring customer satisfaction are not given in the table, since these items were used to divide subjects into different segments (groups).

* M – arithmetic mean; SD – standard deviation

Source: [23]

The reduction of 16 items included in the questionnaire to smaller number of factors was performed by applying exploratory factor analysis. The aim was to examine the factor structure of the attributes of the services that banks offer, which represent potential drivers of customer satisfaction and

customer loyalty. Thus, only the two items used for measuring customer satisfaction and the two items used for measuring customer loyalty are not included in the factor analysis. We examined whether the application of the factor analysis was justified, prior to its implementation. To this end, KMO (Kaiser-Meyer-Olkin) index was calculated and the Bartlett's test of sphericity was applied. In both cases we obtained an acceptable value (KMO = 0.935 > 0.5; Bartlett's test of sphericity: $p = 0.000$). Based on these results we concluded that the obtained data were suitable for conducting factor analysis.

Table 7. The results of exploratory factor analysis

Factors	Factor Loading	Eigenvalue	Percent of variance explained
Factor 1: Service quality		4.504	28.152
Bank employees understand the needs and requests of the clients.	0.802		
Bank employees carry out banking transactions flawlessly.	0.791		
Bank employees are ready to assist the clients at all times.	0.778		
Bank employees treat their clients with respect.	0.763		
Employees of the bank give their customers personal attention.	0.761		
Bank employees are able to deliver their clients quick service.	0.713		
Factor 2: Bank image		3.908	24.422
Bank premises are nicely decorated.	0.853		
Generally speaking, the bank has a good corporate image.	0.803		
Bank's building is modern in design.	0.765		
The bank is innovative in providing services to its clients.	0.753		
The bank follows the principles of ethical and socially responsible behavior.	0.561		
Factor 3: Trust		3.701	23.128
I believe that the bank takes care of my interests.	0.855		
I have confidence in the bank whose services I use.	0.845		
I trust the information and advice that the bank provides.	0.779		
I believe that the bank is capable to provide quality service to its clients.	0.682		
The bank always fulfills the promises given to its clients.	0.639		

KMO = 0.935; Bartlett's test value: $p = 0.000$; Total percentage of explained variance is 75.703.

Source: [23]

Three factors were obtained by applying factor analysis: 1) service quality, 2) bank image, and 3) customer trust (see Table 3). The attributes referring to the willingness of the bank employees to help their clients, understanding the needs of the clients, respect for clients, employees' ability to deliver quick and accurate service are grouped around the first factor. This factor accounts for 28.152% of the variance. The second factor, "Bank image", includes attributes related to the architecture of the building, layout of premises, innovation and respect for ethical standards in business. Bank image, as a factor, accounts for 24.422% of explained variance. Finally, the third factor, "Trust", describes 23.128% of the variance and refers to those attributes that represent the beliefs of the clients that the bank employees would take care of their interests, provide useful advice and always fulfill given promises. All three factors describe 75.703% of the total variance.

Since all the three identified factors, as well as customer satisfaction and loyalty, were measured by a greater number of items, their reliability was determined based on the values of the Cronbach's alpha coefficient. Values of the Cronbach's alpha coefficient are ranging from 0 – 1. There is an adequate level of reliability if these values are higher than 0.7 [19]. In our case, all five factors have a high level of reliability and internal consistency of items (see Table 4). The obtained values concerning all factors are higher than 0.8, which indicates the high level of reliability of the observed variables.

Table 8. Reliability of variables – the value of Cronbach's alpha coefficient

Variables	Cronbach's alpha
Service quality	0.92
Bank image	0.92
Trust	0.91
Satisfaction	0.84
Loyalty	0.90

Source: [23]

Finally, we performed two regression analyzes. In the first case, we wanted to determine whether the service quality, bank image and trust (independent variables) make significant antecedents of satisfaction (dependent variable). The results confirmed the significant impact of all three independent variables (quality of service: $\beta = 0.325$, $t = 5.698$; bank image: $\beta = 0.291$, $t = 4.610$; trust: $\beta = 0.320$, $t = 5.678$). Based on the given values we can conclude that the service quality and trust have the strongest influence on customer satisfaction, while the influence of the bank image is also statistically significant, but slightly weaker than other two factors.

Otherwise, about 69% of satisfaction variability is explained by the influence of independent variables (see Table 5).

Table 9. The results of multiple regression analysis (dependent variable: satisfaction)

Variables	β	t	VIF
Service quality	0.325	5.698**	2.170
Bank image	0.291	4.610**	2.647
Trust	0.320	5.678**	2.121

The results are significant at the level: $p < 0.01$ (**); $R^2 = 0.689$

Source: [23]

Table 10. The results of multiple regression analysis (dependent variable: loyalty)

Variables	β	t	VIF
Service quality	0.079	1.424	2.510
Bank image	0.149	2.489*	2.919
Trust	0.141	2.580*	2.451
Satisfaction	0.573	9.149**	3.219

The results are significant at the level: $p < 0.01$ (**); $p < 0.05$ (*); $R^2 = 0.749$

Source: [23]

In the second stage, we looked at the effect of four variables (service quality, bank image, trust and satisfaction) on the customer loyalty (see Table 6). The obtained results indicate that satisfaction, trust and bank image are significant drivers of loyalty. The statistically significant effect of service quality on loyalty was not confirmed. The independent variables account for about 75% of loyalty variability in this model. In addition, satisfaction stands out as a variable that has the strongest effect on customer loyalty.

When conducting multiple regression analysis, it is recommended that the researchers examine whether the problem of multicollinearity occurs. The existence of multicollinearity can be determined by simply analyzing Pearson's correlation coefficients between the independent variables of the model. However, in marketing research, researchers often test the

multicollinearity by calculating the VIF values. If the value of a given coefficient is smaller than 5 ($VIF < 5$), then the multicollinearity is not considered as a serious problem in the conducted analysis [7]. In terms of our research, the appropriate values of VIF coefficient were obtained in all cases.

6. CONCLUSION

Customer oriented approach is an important prerequisite to acquire sustainable competitive advantage of banks. In the conditions of harsh competition on today's banking market, the fight for each client becomes more pronounced. It is therefore essential that the banks focus their marketing efforts on creating satisfied and loyal customers. A solid base of loyal customers is a key factor for generating profits in the long term. In this context, it is important that banks identify the sources of satisfaction and loyalty of their clients, in order to improve future communication and cooperation with their clients.

When measuring the levels of customer satisfaction and loyalty, it is necessary that the analysis should be carried out not only at the aggregate level but also at the level of segments. The degree of the achieved satisfaction can be one of the main customer segmentation criteria. In this sense, banks are able to separately examine the attitudes of dissatisfied, moderately satisfied and completely satisfied customers. The number of completely satisfied clients is an important indicator of the effectiveness of the implemented marketing campaigns. On the other hand, giving attention to dissatisfied customers helps identify the sources of their discontent. It is possible to reduce the attrition of dissatisfied clients by taking timely action. Furthermore, specially designed marketing strategies must be directed toward the segment of moderately satisfied clients, in order to improve the level of their satisfaction. In this way, the real opportunities for their retention are achieved while the existing level of loyalty is improved. We should not forget that the loyal customers often disseminate positive experiences and recommendations, which is a powerful tool for attracting the new customers.

By analyzing the degree of customer satisfaction on the sample of 211 respondents, it is evident that most of them belong to the segment 2 – moderately satisfied clients (46.9%). Completely satisfied customers make up 24.2%, while the dissatisfied customers make up 28.9% of the sample. By analyzing the segments, we wanted to determine whether there are certain items that were rated the same by the respondents from all three groups, and furthermore, whether these attitudes were positive, negative or moderate. However, the significant differences in perception among the respondents from these three groups were observed concerning each item.

The results of the regression analyzes suggest that the service quality, bank image and trust have a significant impact on customer satisfaction. In addition, service quality and trust have somewhat more pronounced effect on customer satisfaction than bank image. On the other hand, the service quality did not stand out as a significant antecedent of loyalty. The remaining three variables emerge as significant drivers of loyalty, and it is important to emphasize that as far as the observed independent variables are concerned, satisfaction has the strongest impact on customer loyalty.

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