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INVESTIGATING THE RELATIONSHIP BETWEEN QUALITY, LOYALTY, AND PERSONAL RELATIONSHIP IN THE BANKING SECTOR: AN ANALYSIS OF MICRO, SMALL AND MEDIUM-SIZED ENTERPRISES IN SERBIA

Istraživanje odnosa između kvaliteta, lojalnosti i personalnih odnosa u bankarskom sektoru – analiza mikro, malih i preduzeća srednje veličine u Srbiji

Abstract

The aim of this paper is to examine specific aspects of banking services, from the founding of the company and the first steps of entrepreneurs, through its growth from micro, small to medium-sized enterprises. The quality of the bank's service is directly related to the positive experience of service users, i.e. it depends on the extent to which the bank manages to solve the problem of the entrepreneur. Furthermore, this quality leads to a deeper connection between the bank and the business client, a personal relationship, based on two-way communication and trust, which contributes to building a loyal two-way relationship. In the Serbian market, we examined the experience of 99 entrepreneurs with the services offered by 26 banks. The products are similar; what makes the difference is the marketing of banking services and the positioning of the bank's brand in the consciousness of the entrepreneur as a bank that cares about the client and is ready to further invest in building trust and loyalty. Our findings indicate that the owners of micro-size firms and entrepreneurs located in Belgrade, have comparatively more concerns about the quality of rendered services.

Keywords: *banking services, quality, brand loyalty, personal relationship, entrepreneurs, SMEs, Serbia*

Sažetak

Cilj rada je istraživanje specifičnih aspekata bankarskih usluga, od osnivanja preduzeća i prvih koraka preduzetnika, tokom rasta firme od mikro, malog, pa sve do preduzeća srednje veličine. Kvalitet bankarskih usluga je direktno povezan sa pozitivnim iskustvom korisnika usluga, tj. zavisi od mere u kojoj banka uspeva da reši probleme preduzetnika. Osim toga, pomenuti kvalitet usluga vodi ka dubljoj vezi između banke i poslovnog klijenta i ličnom odnosu koji se bazira na dvosmernoj komunikaciji i poverenju, što doprinosi izgradnji uzajamne lojalnosti. Na srpskom tržištu, istražili smo iskustva 99 preduzetnika kojima su ponuđene usluge od strane 26 različitih banaka. Proizvodi su slični: ono što predstavlja razliku je marketing bankarskih usluga i pozicioniranje brenda banke u svesti preduzetnika, za banku koja brine o klijentu i spremna je da dalje ulaže u izgradnju poverenja i lojalnost. Rezultati istraživanja ukazuju da vlasnici mikro preduzeća i preduzetnici u Beogradu imaju komparativno veću zabrinutost u povodu kvaliteta ukazanih bankarskih usluga.

Ključne reči: *bankarske usluge, kvalitet, lojalnost brenda, personalni odnos, preduzetnici, mala i srednja preduzeća, Srbija*

Introduction

It is a long way from the time of Adam Smith, who believed that intangible activities could not create value [59, p. 9], until the end of the last century, wherein Great Britain every fifth worker and in the USA every sixth worker are in manufacturing [36, p. 11], while all others work in service activities. This is precisely the reason why services are one of the most studied categories. The perception of the service user is studied first of all, because its quality depends on the user experience when using the service, which is the topic of this manuscript. Undoubtedly, the large share of the financial sector in the entire service sector, and thus in a country's economy, is very important. According to Thomas Pillippon, the US financial sector has doubled in just over two decades, from 4.9% of GDP in 1980 to 8.3% of GDP in 2006 [60].

In Serbia, the financial sector, especially the banking sector, has undergone tectonic changes in the last 20 years. Since 2002, when there were 50 banks, through consolidation and privatisation [52], that number has been reduced to 33 banks in one decade, while in 2018 there were 28 banks [86]. Now, according to the data of the National Bank of Serbia, 26 banks are operating on the Serbian market, of which four are domestic, and 22 are foreign banks. In the market competition on the territory of Serbia, 26 banks aim to satisfy the needs and provide adequate service to clients, including entrepreneurs.

According to available data, banks operate in 1,398 branches and 1,755 ATMs in 150 cities in Serbia [39]. We can say that this is not enough, because if we compare with Croatia in the region, we see that in the neighbouring country of 4 million inhabitants there are 1,171 branches and 4,443 ATMs, according to Croatia's Association of Banks in 2016 [50, pp. 24-25]. However, users of banking services, i.e. natural and legal persons in Serbia, have the opportunity to choose. The topic of our paper is precisely that aspect that refers to the satisfaction of users and their commitment to cooperation with the selected bank.

According to data from 2017, a total of 100,488 legal entities operated in Serbia, of which 86.6% were 87,012 micro enterprises (0-9 employees), followed by 10.5% or 10,583 small enterprises (10-49 employees), 2,372

medium-sized companies (50-249 employees), or as the percentage of 2.4%, and 521 large companies (over 250 employees) or 0.5% of the total number of companies [62, p. 14]. According to the last official census from 2011, the number of inhabitants in Serbia is 7,186,862 [54].

The service in the general sense is intangible, invisible, without colour, smell and taste; it cannot be stored, and it is not divisible. The quality of service is measured by the perception of the service user about its quality, where the perceived quality means a specific judgment or attitude of the service user that is related to the use of the service [85].

The Law on Protection of Users of Financial Services [83] defines banking services as services that a bank provides to its users of services based on a mutually concluded loan or deposit contract, then the agreement on issuance and use of credit card, agreements on overdraft and other services that the Bank provided in accordance with the law.

International banking includes the provision of banking services to service users in many countries. It covers many services that are of interest to the business of all participants, especially entrepreneurs who are import and export-oriented. Of particular importance to them is a wide range of banking services such as transactions with foreigners and domestic residents, from the aspect of foreign exchange risk protection [43].

As a country in transition, through the privatisation of the banking sector, Serbia has started the process of integration with the international banking sector. This has significantly contributed to the unification and standardisation of banking services offered to individuals and entrepreneurs. According to the data available by the Association of Serbian Banks observed by sector structure at the end of 2017, loans to entrepreneurs recorded a nominal growth of 3%, while loans to households at the end of 2017 were nominally higher by 10% compared to the previous year, which contributed to a significant decline in interest rates on foreign currency indexed loans. The total value of entrepreneurial loans at the end of 2016 amounted to 313 million euros, while in 2017 this value rose to 336 million euros. Retail bank loans in 2016 amounted to EUR 5.7 billion, while this amount also increased in 2017 and amounted to EUR 6.6 billion [77]. All this points to a positive trend

of economic development of Serbia, which has led to an increase in the need for banking and financial services, primarily for credit.

Entrepreneurs as clients are especially interested in banking services, primarily because the development of their business is inconceivable without lending by banks, but also without all other services. Therefore, their views on the quality of banking services are extremely important, and according to Green Erling [31], play a key role in the development of the entire economy. Entrepreneurs' assessments can be hampered by a lack of adequate terminology and a complete view of entrepreneurship as a segment of economic development. The intuition of entrepreneurs should not be ruled out when making the final decision on the evaluation of banking services, which would further lead to the correct business decisions in the credit market.

In the academic sphere and at various government levels, there is an increasing interest in the field of entrepreneurship [35], even in Serbia. Entrepreneurs have become active participants in public life, and their media coverage has become important. Therefore, banks are striving to improve relations with clients from the ranks of entrepreneurs. They try to recruit and retain them as permanent users of banking services. Customer satisfaction has a direct impact on their loyalty [37]. The higher the degree of satisfaction with banking services, the greater their loyalty.

Since men and women demonstrate different goals and intentions in their companies due to self-schemas and identities [49], we examine differences between male and female entrepreneurs when dealing with selected banks. Viewing all respondents from the gender-blind perspective could be discriminatory [72]. The size of the firms is another feature that could affect the level of satisfaction with banking services. Following improvements in information and communication technologies, it is to be expected that banking services would reach the farthest and most disadvantaged customers in a country [55]. Finally, our sample is dominated by entrepreneurs located in the capital city of Belgrade, which implies that market conditions in the place where a firm is headquartered could be dominant in determining its current and future opportunities [48].

To the best of our knowledge this is the first comprehensive attempt to examine the quality, loyalty and relationship with selected banks across specific respondents' characteristics, such as gender, firm size and the location of a firm's headquarters in the Republic of Serbia.

In the subsequent chapter, we provide the literature review, which will be followed by the discussion on methodology and descriptive statistics. In Chapter IV, we provide analysis and finalise the study with concluding remarks.

Literature review

Quality

Rapid economic growth and the development of global markets have caused financial institutions to make maximum efforts to gain a competitive advantage in the provision of their services. The constant struggle for survival in turbulent times has refocused banks on creating long-term and efficient relationships with clients, all in order to meet their needs and satisfaction. It is the quality of services that is the key to all the comparative advantages that a bank can have [7]. From the aforementioned reasons, and in preserving the continued survival and promotion in the financial sector, the bank continuously monitors and measures the quality of its services, which is reflected primarily through loyalty.

The conceptualisation of quality can be more complex in itself due to the fact that it is evaluated depending on the context, and it is often subjective. This complexity, especially in the field of services, comes from the specific nature of the same because the services are heterogeneous and intangible, unlike products, and have the so-called multidimensional, often abstract quality measurement scale [61]. Quality is the dominant characteristic with which the company wants to achieve its competitive advantage, because the modern banking system is faced with increasingly frequent and growing demands by its customers, expanding banking operations, but also the widespread use of online banking, which raises the implementation of service quality to a very high level. When examining gender differences, it is claimed that women

pay specific attention to the quality of banking products and services in addition to the friendly service rendered in banking institutions. Apparently, women, as opposed to men, believe that bank staff members are thorough in providing information relevant to banking services and products [13].

Research relating to the quality of banking services is unified regarding that claim that the confidence in the bank, accountability and speed of implementation of services and effectiveness in providing the services have a positive impact on the customer satisfaction with banking services [44], [7]. In order to satisfy the users of its services, the bank must focus on the quality of its products and services. Complex models of banking services, depending on whether they address individuals or legal entities, are primarily based on their quality. Only in this way, bank managers can be committed to improving the performance of the financial institutions they manage [27].

Some research on the quality of banking services and loyalty [16] is based on the fact that customers are analysed as 'permanent' users of all banking transactions with one main (permanent) bank, where the assumption is that in addition to depositing their money for savings, they also perform other necessary banking transactions, which again emphasises the quality of services. On the other hand, banks especially care about having 'quality' clients (users who will materially bring more deposits to the bank, i.e. enable higher financial inflows to the bank on various private and business grounds).

The latest research of the banking sector in the field of measuring the quality of its services is based on hierarchical and multidimensional constructions [81]. Namely, the perception of service users is measured when it comes to the quality of the same at several different levels. The first level is at the so-called individual scale, where the quality of the direct relationship with the banking service provider is measured. The next level aims to measure the interaction at the next dimensional level, while the last level is the overall perceived quality of service from the beginning to the end of a particular banking transaction [20].

Perceived quality is traditionally defined as the basic determinant of banking service user satisfaction, which

only finally confirms the excellent relationship that the bank has established with its client [84], which precedes the formation of the loyalty of banking transaction users [11]. If an entity is perceived as a risky one by the bank, the scale and scope of products and services may be limited [55]. Since Serbia is a transitional country, it is an imperative to examine whether banks have managed to narrow the differences between micro, small and medium-sized companies.

Firms located in major metropolitan areas have frequent interactions with various information providers. Entrepreneurs in smaller towns and remote areas could have fewer interactions with market agents and request information from institutional providers [69]. This may imply that due to lower expectation and less intensive competition, entrepreneurs located outside major metropolitan areas are more satisfied with banking services and products.

Loyalty

The already established brand of a given banking institution can be the dominant reason for attracting loyal service users who are willing to pay a premium price for the provided financial services [21]. The loyalty of users of banking services significantly affects the profitability of the bank, but there are also so-called non-financial benefits such as a positive verbal recommendation [80], which grow into a positive image of the banking institution and accordingly create customer loyalty [1]. It is the image of the bank that is key to creating the loyalty of users of banking services in communication that becomes closer in time due to mutual interaction [47]. The brand defines and creates special relationships with consumers/users in the manner described above, by building self-confidence, loyalty and trust. Famous brands in the banking sector build strong relationships with their customers through connections, loyalty and continuous interaction. Customer satisfaction affects the value of the brand, and through perceived quality service and built loyalty [65], [41] in their study show how the consumer satisfaction intensifies the relationship between the following factors: quality of service, perceived prices,

benefits of banking services for clients and loyalty of banking service users.

This means more precisely that the recipients of banking services interpret the first (basic) information about the bank and banking services exclusively in the social context [22], and in accordance with the personal interpretation of each of them form a positive or negative opinion about the bank. Of course, it is to be expected that the cooperation with the bank will continue only in the situation of forming a positive opinion. Belas et al. [13] claim that on average women are more satisfied than men with services provided by bank staff members, which ultimately leads to stronger loyalty.

A strong and well-built image of the bank is a prerequisite for building solid and long-term loyalty relationships with service users [28]. Moreover, empirical research conducted on the topic of loyalty in banks only confirms the thesis mentioned above [38], [42]. The greater the connection of the brand of a certain banking institution with the service user of a given bank, and the more the service user identifies with it, the greater his loyalty will be. Wahyuni and Fitriani [78] also confirm that identification with a banking brand leads users of banking services to secure loyalty to the same bank. Another study on the loyalty of users to a particular bank and banking services [53] showed that service users who understand the activities of the bank positively and thus perceive its image completely, are ultimately more loyal to the bank, repeat the use of banking services and spread positive recommendations in their surroundings. Through a well-created marketing image, a bank can behave like a certain person who is given specific characteristics of a living being, and by providing its services to be in some way 'alive and experiential' [87]. Loyalty is very much related to the bank's image. If in any way there is abuse or negative publicity when it comes to a particular bank, in parallel with the negative image of the bank, the loyalty of the users of the banking service to the same will decrease [70].

It is interesting to compare the loyalty of users of traditional banking services with those who are mainly involved in electronic and mobile banking. Traditional banking recognises the formation of emotions in recipients of banking services as a key creation for loyalty to the

bank [19]. Namely, the introduction of electronic and mobile banking has introduced significant innovations in the field of customer connections versus the quality of banking services [14], [68]. Functional customer service is dominant here because there is no direct (face-to-face) relationship with the banking service provider.

In essence, the attitudes of service users are based on their belief system [6], which should be distinguished from the functional and symbolic meanings of these same services. Functional associations/attitudes refer to all performance date services (how and in what way a certain service is performed), while symbolic associations/attitudes have a direct connection with the psychographic meaning of a given service (what that specific service means to the user sociologically, psychologically or culturally). Thus, in the field of traditional banking, Candi and Kahn [18] singled out the feeling of happy enjoyment of using the service as a basic emotional component when it comes to overall quality, while another group of authors claimed that excitement due to functional features of the service and emotional attitude towards the overall service are the basis according to which attitudes are formed, and the quality of a bank is glorified [57]. Finally, both emotional and rational factors in the bank's service users are considered to be important for forming attitudes towards the bank, and to influence loyalty [3].

Personal relationship/recommendation

Financial institutions, where banks dominate as industry leaders, have a focus on innovative services that are highly aligned with the latest technologies, but above all in a skillfully designed almost personal relationship with each client. Between sellers and buyers of services in the banking sector, it is believed that certain indicators are key to the analysis of the personal relationship with the client: the length of cooperation between the bank and users of banking services and trust that emerges and builds between banking intermediaries (officers or advisors) and recipients of banking services [23]. The personal relationship between providers and recipients of services in the banking sector is visible through solving problems

in the field of banking services, less waiting time for users of these same services, fast and efficient service [40].

Theoretically, bank employees are constantly striving to achieve a successful relationship with customers [29]. Some researchers have even dealt with the topic of creativity of bank employees and their impact on the satisfaction of users of banking services. Thus, market focus in banking services is an important determinant of the efficient performance of banking officials when it comes to service delivery [79]. Male and female clients respond differently to changes in banking services, which is an essential input for management when determining the prospective strategy to be implemented by bank staff members. For instance, an improvement in environmental awareness is particularly attractive for male customers [73].

Creative innovations of bank employees inevitably affect the satisfaction of banking service users. This is evidenced by another study that investigated how customer-oriented employees in banks are directly engaged in creating special service value and thus credited with developing relationships with their clients [74]. Some previous studies support this claim with the result that the orientation towards bank clients is a positive direction for bank employees because it is closely related to the intentions of clients to perform services in the same banking institution [32].

The creativity of bank employees who work with clients is believed to be the most important factor that subsequently determines the competitive advantage and among the banks themselves [63]. Service user orientation is a mechanism that encourages creativity in the provision of banking services. This is especially present today when banks face major competition [76]. It is believed that monotonous and extremely uninteresting products and services can significantly demotivate consumers/users, and for this reason, researchers claim that they can evaluate the quality of a given service based on the experience of creation [58]. This is a sufficient reason for the users of banking services to remain with those banking service providers who provide them with a unique, creative and interesting service, which indirectly achieves their satisfaction.

The customer orientation policy is the result of the openness of bank employees to help their customers solve certain financial problems through a range of services

that meet their needs. The positive outcomes are the satisfaction of banking service users, but also their loyalty [82]. They will be loyal and satisfied only when some of their previous financial inquiries have already been successfully resolved [24]. In this way, customer-oriented sales of banking services fully justify the good relationship between buyer and seller in banking institutions. Also, the value of banking services will be measured by the quality of mutual interactions between users of banking services and their providers [61]. Banking clients in large metropolitan areas have close relationships with all stakeholders, while entrepreneurs in remote or less developed areas could have acquired lower educational levels, and their businesses could be predominantly in the primary sector and plagued by high communication costs [64]. Thus, trustworthy and long-term relations may be an important strategic advantage for banks outside major metropolitan areas.

The long-term and good relationship between the users of banking services and the bank is the result of the satisfaction of the first users who can provide a positive recommendation to some future users. The literature review emphasises the importance of efficient communication and social interaction in the provision of banking services. Creativity in placing a banking service is just an additional incentive for complete customer satisfaction.

The link between quality, loyalty, personal relationships and examined variables

Studies indicate that women, as the users of online financial applications, show greater interest in the quality of banking services compared to male users [46]. Research on quality and personal relationships in the field of tourism services also showed a significant difference in gender response - women showed more interest in the increase of the mentioned variables than male respondents [45]. The quality of the service as well as the location have a significant impact on loyalty, and then on the satisfaction of service users [66]. A group of researchers found that firms located in rural areas have cost disadvantage in credit markets, but on the other hand form a closer personal relationship with the bank and change the bank less frequently [5]. Personal

relationship is extremely important for companies based in less urbanized areas, because contacts between business owners and bank employees are more frequent, more intimate and fruitful [34].

Research methodology

The research, which included monitoring the relationship between quality, loyalty and recommendation in the banking sector in micro, small and medium enterprises in Serbia, lasted from 20th April until 30th June 2020. It was conducted through an online questionnaire that generated 99 responses from legal entities (respondents - owners of micro, small and medium-sized enterprises), of which 77 were female, and 22 male respondents, respectively. The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy is 0.892, which supports the validity of our sample, since it is larger than 0.8.

In our study, the following goals will be investigated, related to all three observed factors in the analysis (quality, loyalty and recommendation).

One study in the field of research on the quality of educational services showed that female students pay more attention to the quality of services than male students and that they are more demanding in terms of the quality of services than their colleagues [30]. The results of another study showed that women entrepreneurs are more creditworthy and pay less interest [12]. Research in the field of quality of Greek banks based on customer perceptions (including 1,260 users of banking services) found that gender differences significantly affect quality performance, which is later reflected in the bank's approach, pricing, service portfolio, trust and assurance [71]. The study, which was based on examining the quality of online financial services, showed that the gender of users does not significantly affect the formation of service quality, e-satisfaction, e-trust, e-loyalty and e-personal relationship. Therefore, we claim that:

- 1) There is no difference between the sexes in assessing the quality, loyalty and recommendation of banking services

Most analyses deal exclusively with micro or small firms [2], but there are generally no studies in terms of

the firm's influence on decisions related to selection and cooperation with banking institutions, which is surprising given that certain researchers have dealt with the topic of the influence of the size of the company and what economic effects it has on the choice of external associates [9]. This was one of the reasons why we dared to examine in our research study the extent to which the size of the company not only influences the choice of the desired bank, but also determines satisfaction with the quality of banking services, customer loyalty and personal relationship with the bank. Also, there is a lack of literature and at the same time it is necessary to conduct research in Serbia, which is presented in this paper, as a contribution to a better understanding of the issue and a clearer picture at the global level. We propose that:

- 2) There is no difference between companies grouped by size, when assessing the quality, loyalty and recommendation of banking services

The location of companies plays an important role both in their survival and relationship they form with the entities they correspond with in the market [10]. It is important for banks to arrange their branches so that they are available to as many clients as possible, both natural persons and legal entities, ie corporate clients [51]. Research in South Africa related to the territory of the headquarters of bank branches showed that the four main banks group their branches in the same areas, which indicates the possibility of oligopolistic agreements between those banks [56]. In Canada as a developed country, it is characteristic that there are a large number of branches. Only one of the top three banks each has more than 1,000 branches, and the next two by bank size, each with more than 750 branches. All banks are located in all provinces. Research [25] has shown that the availability of bank buildings has a direct impact on the loyalty of banking users and in that way if they want to change the bank, customers can do so very easily and quickly because their competition is very close. Research conducted in Ethiopia shows that in addition to the quality and accessibility of services, the quality and availability of physical and human resources are the main factors influencing the users of banking services when choosing a bank [75]. Research conducted in Spain has led to results

indicating that financial involvement of the population is extremely important, which means that the availability of banks is important, and that it is the responsibility of local associations in charge of rural development policy to identify problems due to such a lack and to suggest alternative services [17]. The result of the regression also shows that the above-mentioned factors not only affect the choice of the client's bank, but also the level of their loyalty. The great world crisis in 2008 significantly affected the banking sector. After a period of intensive expansion, there was a period of closing, re-grouping, merging branches and entire banks. Changing the bank's registered office and absence from certain locations can negatively affect certain social groups [4]. In many developed countries, the number of branches was reduced after the recession. A study was conducted in Italy, which showed, among other things, that banks close their branches where the branches and sub-branches of competitors are closer [26]. For researchers, the geographical position of banks is an interesting topic. In Slovakia, it was found that the number of branches in the districts is largely determined by factors related to the degree of economic development, the number of inhabitants and the characteristics of the population, as well as the concentration of certain economic branches. Spatial positioning of bank branches is not random but is planned [15]. Site selection is as important for banks as it is for industrial and commercial enterprises and companies [8]. Based on everything, it can be seen that the spatial, ie geographical position of banks has been identified as an important category for bank operations. The financial literature has modestly studied the way corporate options versus the offers of different banking institutions from the point of view of their locations - whether they are in urban or rural areas, as well as how far they are from larger cities [5]. Accordingly,

- 3) There is no difference between companies observed by the city of the registry, in assessing the quality, loyalty and recommendation of banking services

Results - descriptive statistics

Of the total number of respondents, the largest number of them, as many as 88%, are aged between 36 and 65

years. Table 1 shows the ratio of male and female owners of micro, small and medium-sized firms, and it shows that more than half of the surveyed owners of both sexes are the representatives of micro firms in Serbia, 57%.

Table 1: Firm size and gender

		Firm Size				Total
		Micro	Small	Medium	Large	
Gender	Male	14	6	1	1	22
	Female	42	25	10	0	77
Total		56	31	11	1	99

Source: the authors

Regarding the level of education, the largest share of respondents of both sexes is university educated, which is 71%. The most frequent use of banking services by respondents of both sexes - owners of micro, small and medium-sized companies (large companies have been excluded from the study due to the lack of sample observations) in Serbia is with Intesa Bank (29%), Komercijalna Bank (16%), Raiffeisen Bank (14%), and Unicredit Bank (11%). In all other banks, such as OTP, Erste Bank, Halk Bank, Addiko, Sberbank, Credit Agricole, NLB, AIK and Direktna Banka, less than 10% of respondents per bank have reported possessing accounts. When it comes to the length of cooperation between banks and clients (owners of companies in Serbia), the largest share, 56% are those who have their accounts from 6-15 years in one of the reported banks. It is interesting to note that among the respondents as many as 68% are founders of micro, small and medium-sized companies from Belgrade, 19% of them with the company's headquarters in central Serbia (Serbia without autonomous regions), and 13% with the city of company registry in Vojvodina.

In Table 2, we provide item descriptions along with relevant indicators. Each of the three examined variables comprises three items. The results of the Principal Component Analysis confirm that only one component could be extracted. In the case of quality, 77.7% of the total variance is explained by the initial factor extracted. In the case of loyalty and personal relationship, these values are 72.4% and 82.1%, respectively. Cronbach's alphas are all about 0.7, the benchmark generally requested in social research, which implies a high internal consistency. Average variance extracted (AVE) values are above 0.5 [33], which means that the variables explain more than 50% of the

indicator's variance, while composite reliabilities (CR) are in excess of 0.7 [33], thereby complying with requirements imposed in similar studies.

Discussion

Quality

When examining the first research goal out, our online research shows *there is a difference between the sexes* - among the founders of micro, small and medium-sized companies in Serbia, which are analysed when assessing the quality of banking services. For example, for the claim that the chosen bank is responsible, safe and consistent in providing its services, 21% of self-employed women partially or completely declared that they do not agree with it, while 14% of male entrepreneurs voted that way. Interestingly, the question of whether the chosen bank provides superior service 28% of male entrepreneurs stated that this is not the case, and this was confirmed by 21% of women, which may support the claim by Teeroovengadum [73] that male and female customers respond varyingly to changes in quality. However, our results are not supported by the t-test analysis.

From the point of view of the size of the company, which is related to our second research goal, the owners of micro companies in terms of the quality of banking services differ more in their attitudes with the owners of small and medium-sized enterprises in Serbia. This is especially true of the claim that the selected bank provides

a superior service, where 27% of micro-business owners denied this claim, as opposed to small-business owners who voted negatively with 19%. Interestingly, the owners of medium-sized companies did not have any objections to this claim. These findings may indicate that Serbian banks fail to fully profit from advancements in information and communication technologies to serve all customers effectively [55], and are supported at the 5% significance level by the ANOVA analysis.

Finally, our third claim related to responsibility, security and consistency when it comes to providing banking services, owners of micro, small and medium-sized companies from Belgrade lead in denying them with 24% compared to 10% represented by owners of companies from the interior of Serbia and 0% of owners from Vojvodina. When it comes to the claim that the quality provided by the bank is excellent, 25% of entrepreneurs from Belgrade think the opposite, compared to entrepreneurs from Serbia without autonomous regions (16%) and entrepreneurs from Vojvodina (8%). This confirms the *difference in claims depending on where micro, small and medium-sized enterprises in Serbia are registered*. The former claim about consistency is weakly supported by the ANOVA analysis at 10%, but the latter one is supported at 1% significance level.

It is interesting to point out that with the length of years of cooperation with the chosen bank, clients become more satisfied with the service of a given bank (especially after ten years of cooperation), where the owners of small and medium-sized companies are understandably in the

Table 2: Properties of the selected variables

Variable	Items	Std. Factor Loading	Cronbach's Alpha	AVE	CR
Quality	The selected bank is responsible, secure and consistent in providing its services.	0.869	0.856	0.777	0.913
	The chosen bank provides me with superior service.	0.856			
	The overall quality provided to me by the chosen bank is excellent.	0.919			
Loyalty	I think it is a wise decision to have a bank account with the chosen bank, although I am aware that not all banks have the same terms of cooperation.	0.812	0.809	0.724	0.887
	I will always recommend my chosen bank.	0.869			
	When selecting banks, I will always give priority to the selected bank.	0.870			
Personal Relationship	The chosen bank always offers me products and services that best suit my needs.	0.931	0.889	0.821	0.932
	I have certain benefits when using the services of the chosen bank, which many users do not get.	0.883			
	In a problematic situation, the chosen bank always shows sincere interest and helps to find a solution.	0.904			

Source: the authors

lead. It is important to underline that the owners or micro firms have comparatively shorter-term relationships with selected banks (see Figure 1).

Loyalty

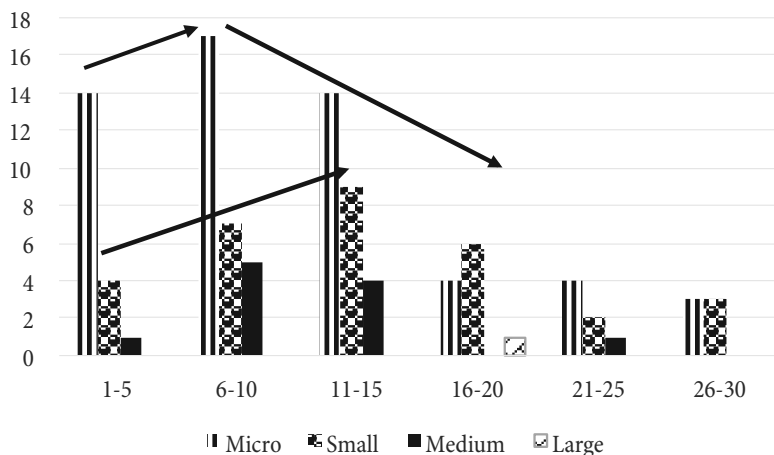
Our dealing with the initial research goal indicates that there is a difference between sexes - owners of micro, small and medium-sized companies in Serbia when it comes to loyalty to selected banks. For example, in the statement “I will always recommend my chosen bank”, as many as 32% of respondents partially or completely refuted this statement, in contrast to female respondents who make up a group of 19%. The surveyed male owners of companies are also less loyal when compared to female owners when asked the following question “When selecting banks, I will always give priority to the selected bank”, where 23% of male entrepreneurs and 18% of female company founders did not agree. The higher loyalty demonstrated by female respondents complies with findings purported by Belas et al. [13]. However, none of loyalty claims related to gender is supported by the t-test analysis.

From the standpoint of the size of the company, with the growth in size augments loyalty to the selected bank. Namely, the claim that “I think it is a wise decision to have a bank account with the chosen bank, although I am aware that not all banks have the same terms of cooperation”, partial and full disapproval is provided by the 21% owners of micro firms, 16% of owners of small companies, and only 9% are owners of medium-sized

companies. This is supported by the following statement “When selecting banks, I will always give priority to the selected bank”, which was partially and completely refuted by 25% of micro-firm owners, only 16% of small-firm owners, and 0% of medium-firm owners. However, only the latter claim is strongly supported by the ANOVA analysis.

When examining the third research goal, i.e. *from the point of view of the company’s headquarters and loyalty to the selected bank*, an obvious difference is noticed between the attitudes of the owners of micro, small and medium-sized companies located in Belgrade, the interior of Serbia and Vojvodina. Thus, for example, in the statement “I will always recommend my chosen bank”, the 20% of company owners based in Belgrade denied it, compared to only 1% of owners in the interior of Serbia and 1% of entrepreneurs in Vojvodina. In the statement “When selecting banks, I will always give priority to the selected bank”, 18% of respondents from Belgrade did not agree with the same, while only 1% of company owners from the interior of Serbia did not agree with this statement. It is interesting that the owners of companies based in Vojvodina only declared themselves positively on this issue. The high level of satisfaction expressed by clients located outside Belgrade supports the claim that owners of companies located in more competitive markets, i.e. in metropolitan areas, are more demanding, better informed and involved across a wider spectrum of industrial activities [64], which causes bank services and products to be less favourably evaluated vis-a-vis in other

Figure 1: Years with a selected bank compared with the size of the firm



Source: the authors

parts of the country. All claims are strongly supported by the ANOVA analysis at 1% confidence level.

And as far as loyalty is concerned, with years of cooperation with the chosen bank, the owners of small and medium-sized companies are more satisfied, compared to the owners of micro companies.

Personal relationship/recommendation

When it comes to the personal relationship between the surveyed owners of micro, small and medium-sized companies and selected banks in Serbia there is a difference in the responses of the sexes (research goal No. 1 in a statement, "I have certain benefits when using the services of the chosen banks, which many users do not get" as many as 50% of respondents denied it, while 44% responded positively. A more transparent example is the statement "In a problematic situation, the chosen bank always shows sincere interest and helps to find a solution", where 41% of respondents did not agree with the statement, while significantly fewer, 23% of respondents, denied it. This finding is supported by the Belas et al. [13] claim that women are more convinced that banks staff members have a genuine interest in resolving problems caused by financial constraints. Unfortunately, gender-related claims are not supported by the t-test analysis.

In analysing our second research goal, 20% of survey representatives of micro enterprises in Serbia stated that the chosen bank does not always offer them the best products and services, while the same answer was given by 9% of representatives of small enterprises and only 2% of medium-sized enterprises. An even more drastic relationship can be seen in the statement "I have certain benefits when using the services of the chosen bank, which many users do not get" which was refuted by 32% of representatives of micro firms, compared to 10% of representatives of small firms and only 3% of medium-sized firms. The latter claim is strongly supported by the ANOVA analysis.

Finally, when it comes to examining the personal relationship between the surveyed owners of companies in Serbia and selected banks, as many as 33% of representatives of Belgrade companies believe that in a problematic situation,

the selected bank does not always show sincere interest and does not help find a solution, unlike owners of companies in the interior of Serbia whose share is 26%. Interestingly, the owners of micro, small and medium-sized companies in Vojvodina did not have negative comments on this issue in our research. Since bank clients in major metropolitan areas collect information from various stakeholders [69], it is not surprising that other respondents provide less unfavourable views regarding their banks. All statements related to the personal relationship category have been strongly supported by the ANOVA analysis.

Conclusion

Banking is a rapidly growing economic sector that operates in a highly competitive environment. In such a competitive environment, it is of utmost importance to gain a competitive advantage, which is first achieved through continuous improvements in the quality of services for bank customers.

Recognising the importance of relational marketing and its influence in the banking sector, we see a direct connection between the satisfaction of users of banking services with loyalty, which consistently occurs if the service was of good quality [67]. Our findings support this claim across various dimensions of our respondents. The owners of micro-size firms and entrepreneurs located in Belgrade, have comparatively more qualms about the quality of rendered services, which may affect loyalty. Increasing customer satisfaction with the banking service will undoubtedly result in loyalty to the bank. Accordingly, recipients of banking services will continue to use banking products and services as long as the bank invests in continuous monitoring and fulfilment of customer satisfaction.

The results show how investments in the elements of the banking brand affect the bank's reputation, regardless of whether they are direct users of the banking service or future users. Strategies for eliminating the outflow of banking service users are based on banking performance indicators, which find their basis in the loyalty of service users. The starting points can also be used to understand better the choice of the range of banking products and services among users, which is considered valuable for the

bank's development strategy. Our study also showed how the elements of loyalty among users of banking services lead to repeated services in a particular bank.

In a turbulent market environment and constant pressures from the competition, the importance of personal relationships in the provision of banking services must not be ignored. Banking service providers are constantly encouraged to work on preserving and improving the quality of the service provided, which is to approach the solution of financial problems of their customers creatively and uniquely. This has the positive consequence of constant mediation of the relationship between the provider and the recipient of banking services, which is based on user orientation and the ultimate satisfaction of the recipient of the service. Our study implies that banks should create more products suitable for the owners of micro-sized firms and follow the latest trends in the banking industry to satisfy the growing needs of busy customers located in the capital city.

The preponderance of Belgrade entrepreneurs among respondents is one of the major limitations of our study. In future studies, we may have to include more relevant variables and distribute questionnaire in specific geographic areas to avoid potential biases.

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