

An Empirical Study on Customer Satisfaction with Personal Business in Commercial Bank*

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Abstract With the severe competition in financial industry, improvement on customer satisfaction has become one of the most important measures for domestic commercial banks to enforce their competitiveness. Based on the theory of customer satisfaction, customer perceived value and the quadrant diagram model, this paper, by means of an empirical research, makes an investigation and analysis of customer satisfaction with commercial banks' personal business in banking in China from such aspects as service attribute, service quality and service image. The dimensions and ten customer satisfaction measure indexes. Meanwhile, all the indices are screened on the basis of the quadrant diagram model and on measurement of perceived value and expectations, and the research results show that some factors defined as waiting time, service attitude and complaints handling fall on the patch area, which results in lower whole service satisfaction of commercial banks' personal business.

Key words Personal business of commercial bank; Customer satisfaction; The quadrant diagram ; Service perception gap

1 Introduction

With the financial deregulation in China, more than 130 foreign banks have successively been settled in China till now, enhancing the competition in the banking industry. However, domestic banks tend to have a lower level of service, reflecting in many complaints, high liquidity, and low satisfaction. Moreover, bank profit is potentially influenced by CS, 1% growth per year of which will result in 11.33% increase in average ROA in five years. Therefore, recognizing and eliminating dissatisfaction factor are important measures for bank to fight for customer resources and to improve competitiveness.

The researches on CS with commercial bank cover following aspects. (Song Xuefeng, 2006) How to bring diagnose system for CS into operation process^[1]. (Zhang Songjie, 2003) Some of the critical factors that influence CS include performance of operational staff, services provided by hall manager or consultants, operational environment and its facilities, business and product designs, propaganda of banks' images, etc^[2]. (Yu Dan, 2006) Convenience of outlets, fees and interest rate are also antecedent factors that affect CS significantly, however, whether the feedbacks from banks to customers are in time or not isn't^[3]. (Deng Limei and Shen Lei, 2003) The CS evaluation system for commercial banks contains five dimensions as product, service scope, process, people, image, and facilities^[4].

Many researches not only fail to segment customers into individual and organization, but also lack of empirical study, so the factors they found couldn't agree each other. Thus, this paper will focus on individuals, using empirical study to analyze CS of commercial banks' personal business by constructing a proper evaluation system.

2 The Construction of CS of Personal Business in Commercial Bank

2.1 The content of CS

CS is a mental state resulted from customer's judgments on the comparison between expectations and perceptions. Firstly, CS is a subjective perception hidden in ones' mind which needs to be confirmed by investigation. Secondly, being an emotional experience and self-judgment, CS is so illegible that should be quantified through measuring index. Thirdly, CS is the comprehensive perception towards the whole business process. Last but not least, CS is dynamic, and it will change with the demand, technology and environment etc.

2.2 A CSI evaluation system for the personal business in commercial bank

When construct customer satisfaction index evaluation system for the personal business of commercial bank, the indices should follow principles as following. The indices shall focus on customers' values and express preferences. The indices shall base on the business flow in commercial

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bank and choose key process parameters as evaluating indices. The evaluating system shall be feasible that it can be improved with the current resources in the commercial bank. The evaluation index shall be the one that can be quantified by management tools.

Focus on customer perceived value and consider the customer perceived profit from commercial bank as dimensions which are service attribute, service quality and service image, an CSI evaluation system for the personal business in commercial bank has been established (figure1).

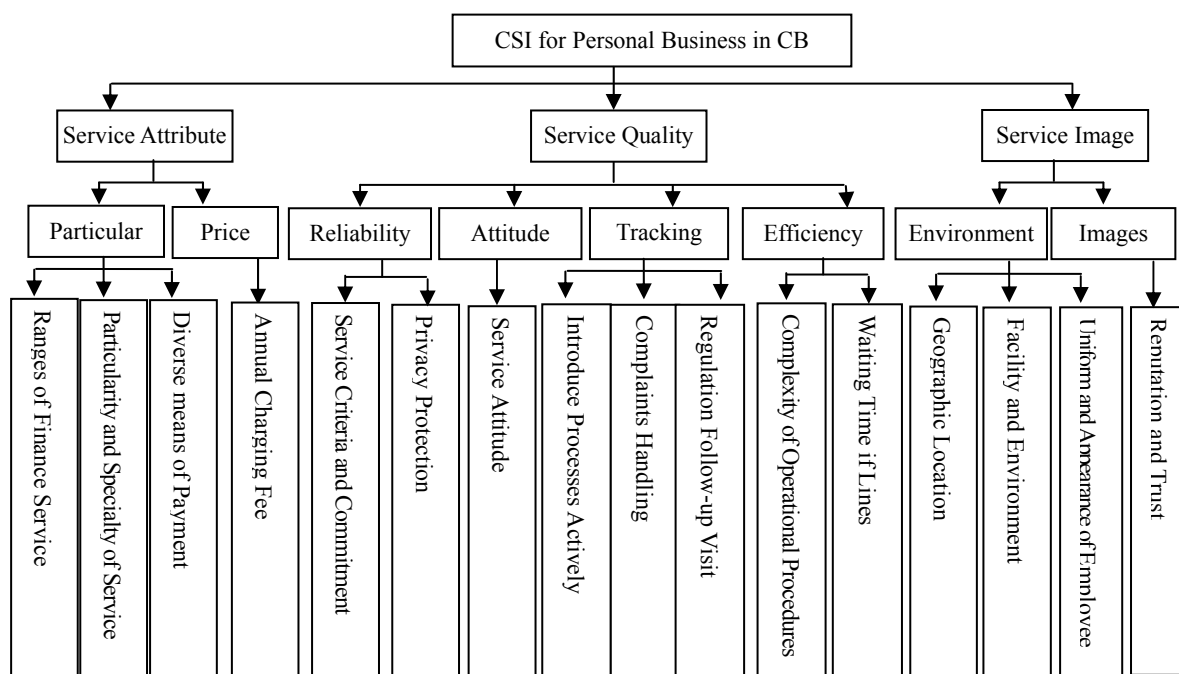


Figure 1 A CSI Evaluation System for the Personal Business in Commercial Bank

2.3 Evaluation model of CS

Since CS is the contrast of customer’s expectations and perception, every index has these two properties. With the mean of expectation and perception in all indices as the coordinate origin for a Cartesian coordinate system, the various indices will go into four quadrants. Quadrant I (high expectations - high perception) is the predominance area, indices distributed in this region should be well maintained, since they are the key factors to customers and being spoken highly of as well. Quadrant II (high expectations - low perception) is the patch area, indices located in this region should be well improved. Though customers weight these indices a lot, the commercial bank performs rather poor on them indeed. Quadrant III (low expectations - low perception) is the opportunity area, indices fallen on this region are not serious but should be controlled within a reasonable range. The indices located in quadrant IV (low expectations - high perception) are kind of apples of gold in pictures of silver. Resources permitted, commercial banks should help customers to identify such advantages so as to force these indices move to the predominance area.

3 Empirical Analysis

3.1 Research design

According to the CSI evaluation system, taking the intangibility, perishability and instability of service as well as the content of CS into consideration, referring to the scholars’ existing study, we try to transform 16 indicators into evaluating factors.

Richter Scale is often used to evaluate one’s attitude towards something by calculating one’s scoring of each indicator. To make the investigation more differentiated with highly reliable interval distribution of each indicator, we choose the 10 scale (from 0 to 10 points indicated)

Thus, the questionnaire consists of three parts, whose first part is "The Personal Information of Respondents", containing some demographic variables as age, income, occupation and education. Likert is used in the second and the third part where the CSI evaluation system is transformed into 16 issues

respectively to investigate customers' perceived value and expectation to each index about ICBC. 15 outlets of ICBC in Wuhan where gathered many colleges and universities are chosen for the investigation. By means of random sampling, 300 questionnaires are distributed, and 287 are recovered, of which 260 are valid .

3.2 Results of empirical analysis

Calculated by SPSS software, the Cronbach's Alpha is approximately equal to 0.8901, greater than 0.7, implying the fairly high reliability of the investigation.

(1) Demographic Characteristics of the Samples

Firstly, the samples cover all ages, of which about 74% are under 35-year-old. Secondly, the samples are mainly people of high-income, those whose income higher than RMB2000 take up 41%. Moreover, the samples are generally of high qualifications as Bachelors, masters and doctors accounted for 79%. When taking professional background into consideration, the staff of enterprises (30%) and college students (34%) make up the majority of samples.

The majority of samples are young and middle-aged people with fine educational background, stable jobs and generous asset. Since their currency reserves increase steadily, they have strong demand for financing. But due to an inadequate knowledge of financing and limited energy they want professional, convenient, high value-added financial services intensely. In addition, due to their distinct personality, they desire for personalized service very much. In conclusion, the samples are supposed to have high expectations to all the indices.

(2) Analysis on CS of Personal Business in Commercial Bank

After the factor analysis, 10 indices showing in table 1 are chosen for further analysis. To begin with, calculate the mean of the perceived value and expectations for each index, then, according to

$$w_i = \frac{\bar{x}_i}{\sum_{i=1}^{10} \bar{x}_i} \quad (\bar{x}_i : \text{the mean of expected value of index } i; \quad W_i : \text{the weight of index } i \ (i = 1, 2, \dots, 10)),$$

the weight of each index comes up, and again, the perception gap can be found by taking perceived value off expectation. Finally, screen all indices into the quadrant diagram model (figure 2).

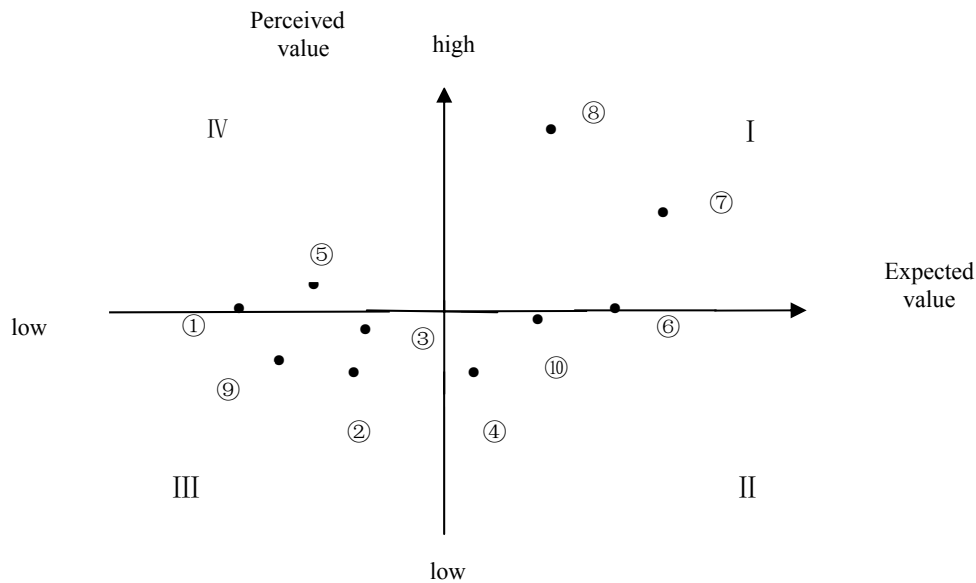


Figure 2 The Quadrant Diagram

As can be seen from Table 1, perception gap of all indices are greater than zero, which means the current reality of ICBC in these indexes are worse than expected state. According to the formula $Z = \sum_{i=1}^{10} w_i \bar{x}_{ip}$ (Z: the weight average of customer satisfaction; \bar{x}_{ip} the mean of perceived value for index i), we can draw a conclusion that ICBC is at the middle level in CS since its weight average equals to 6.97. Meanwhile, sorting the perception gap by decreasing order, the first three indices are waiting time, service attitude, complaint handling. In addition, the weight of the three indexes are just in second, fifth and fourth place, indicating that they are the key factors that impact CS decisively.

Furthermore, according to Figure 2, index 4 (waiting time), index 6 (service attitude) and index 10

(Complaints handling) falling in the quadrant II are factors need urgently improved. Index 7 (privacy protection), index 8 (Geographic location) falling in quadrant I are the type to be maintained. Indices 5 (means of payment) falling in quadrant IV is kind of apples of gold in pictures of silver, then, the remaining indices fall in the quadrant III.

Table 1 The Perceived and Expected Value of the Ten Indices for Customer Satisfaction of ICBC

index	Perceived value (mean)	Expected value (mean)	Perception gap	weight
①Range of services	6.93	7.33	0.4	0.091
②fees and charges	6.47	7.72	1.25	0.096
③operational procedures	6.71	7.82	1.11	0.097
④waiting time	6.45	8.13	1.68	0.101
⑤medium of payment	7.08	7.65	0.57	0.095
⑥service attitude	6.92	8.58	1.66	0.107
⑦privacy protection	7.65	8.76	1.11	0.109
⑧Geographic location	8.04	8.42	0.38	0.105
⑨Business description	6.58	7.55	0.97	0.094
⑩complaint handling	6.83	8.25	1.42	0.103

In summary, the customers are satisfied with ICBC in terms of geographical location, privacy protection and the medium of payment. However, customers think little of aspects such as waiting time, service attitude and complaint handling, which restrict the improvement on CS of ICBC.

4 Strategies to Enhance CS of Personal Business in Commercial Bank

Since waiting time, service attitude and the complaints handling are key elements that affect CS of commercial bank's personal business so the commercial bank should do as following to improve it.

1) Enhance service efficiency to reduce waiting time

Firstly, open more business windows while providing more technical support and equipments for staff of the front desk. Next, streamline the business process and reorganize the work of different departments to respond to customers quickly. Lastly, conduct training to the staff regularly to increase the speed of operation whilst decreasing the waiting time for the customers.

2) Improve service attitude and increase its quality

Pay attention to the interviewees' social skills and the knowledge of CRM in recruitment, and provide regular training on communication skills and CS to employees. Besides, build up competitive mechanism and increase the sense of competition among staff to ensure the quality of service.

3) Improve the tracking system

Appoint customer manager to recognize and eliminate the dissatisfaction factors by calling back to customers regularly. Perfect the channel of complaints to response to complaints efficiently.

5 Conclusions

The empirical analysis shows that waiting time, service attitude and complaint handling are the key factors affect the CS of domestic commercial bank's personal business and make it in middle level. Moreover, the diverse means of payment the bank provide enjoy a high satisfaction rating while customers haven't given them high priority. It may work little on CS recently, but it will become a new weapon for commercial bank to upgrade CS in the long run if effective guidance is conducted. Therefore, it is necessary to pay more attention to this kind of factors and do further study.

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