ANALYSIS OF CUSTOMERS' SATISFACTION WITH BANKING SERVICES: A CASE OF STANDARD CHARTERED BANK, TANZANIA

HUSSEIN MOHAMED MKOMA

A DISSERTATION   SUBMITTED IN PARTIAL FULFILLMENT FOR THE REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION OF THE OPEN UNIVERSITY OF TANZANIA

2014

CERTIFICATION

The undersigned certifies that, has read and hereby recommends for acceptance by this research paper titled "Analysis of Customers' Satisfaction With Banking Services: A Case Of Standard Chartered Bank", in partial fulfilment of the requirements for the award of Masters in Business Administration.

…………………………………………………

Dr. Chacha Matoka

(Supervisor)

……………………………

Date

COPYRIGHT

This paper should not be reproduced by any means, in full or in part, except for short extract in a fair dealings, for research or private study, critical scholarly review or discourse with an acknowledgement without written permission on the Head of Department of Business Administration and Post Graduate studies of the Open University Of Tanzania both the author and the Board.

DECLARATION

I, Hussein Mkoma, do hereby declare that this research paper is my original work and it has not been presented anywhere or will not be presented to any other institution for any award.

……………………………………….

Signature

…………………………………….

Date

DEDICATION

I dedicate this dissertation to my beloved wife Husna, my son Arafat and my daughter Asnaat for their moral and mutual support throughout my course of study with Open University of Tanzania. I also dedicate this dissertation to my employer Tanzania Immigration Division for their mutual support during the entire period of my course.

ABSTRACT

This study was undertaken to analyze the customers' satisfaction with banking services with specific focus of Standard Chartered Bank in Tanzania. The specific objectives of the study were: to assess the level of customer satisfaction basing on customers intention to remain as clients; to examine the level of customer satisfaction basing on customers intention to recommend the service of the Standard Chartered Bank to third parties; and to measure the overall level of customer willingness to pay a higher price for services rendered by Standard Chartered Bank. A total of 135 respondents were sampled by using non-probability convenient sampled technique, and data was collected by means of a self-administered questionnaire. Data on socio-economic characteristics of the customers was analyzed by using descriptive analysis. Mann-Whitney test was applied to compare satisfaction levels between satisfied and dissatisfied customers. Results show that majority of the customers were satisfied with the Standard Chartered Bank. Non-parametric results show that customers were satisfied with the quality and service time ($p < 0.01$); are loyal hence unlikely to switch banks even if by doing so they could save about 10% ($p < 0.01$; and are unlikely to switch banks in the near future despite easiness of switching ($p < 0.01$). Accuracy of service and welcoming attitude of staffers were not strong source of customers' satisfaction with the bank ($p > 0.1$). Basing on the findings of the study it is recommended to that the Standard Chartered Bank should maintain the quality of financial services offered by the bank. This can be done by institutionalizing quality control and assurance measures as well as a strong monitoring and evaluation system for the services quality within the bank.

ACKNOWLEDGEMENTS

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF ABBREVIATIONS, ACRONYMS AND SYMBOLS

DF   Degree of Freedom

N   Sample Size

SACCOS   Savings and Credit Cooperative Societies

SERVQUAL   Service Quality Scale

SPSS   Statistical Package for Social Scientists Computer Software for

       Data Analysis

USA   United States of America

VIKOBA   Informal Savings and Credit Cooperative Societies

χ^2 Chi square Statistic

CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Problem

Banking subsector like many other sector is not free from the influence of globalisation. In so far, globalization alongside regulatory, structural and technological factors has caused significant changes in this subsector. This in turn has led to profound cut throat competitive pressures (Grigoroudis *et al*, 2002).

On the other hand customer satisfaction emerged to be cornerstone of increased demand of banking services and indeed, is recognized as a key business strategy of every bank. In fact customer satisfaction is not only a prerequisite for a successful and competitive bank but also a benchmark against which many banks have set their standards. According to Anubav (2010) maintaining existing customers for organisations is ever more important than the ability to capture new ones. Customers are critical for any bank success without which the survival of a bank in the market will be in jeopardy.

In modern economics, banking sector performs its activities with significant role side by side manufacturing and other sectors. Bank managers are therefore more concerned about quality of service and client satisfaction (Olorunniwo *et al*., 2006). Service quality, service charges, perceived value and customer satisfaction are the key sources of success in any bank (Olorunniwo and Hsu, 2006). Issues that affect service quality and customer satisfaction have operational and marketing

orientations. The improvement of service quality, perceived value, and satisfaction ensure customer loyalty (Kuo *et al*., 2009; Lai *et al*., 2009; Wu and Liang, 2009).

Commercial banking sector is very important for the economic development of the country. Financial services rendered to the community stimulate economic opportunities. However the customer's satisfaction from banks plays the great role to the development of the community. The banking Industry is high competitive with banks not only competing among other financial institution (Kaynak and Kucukemiroglu, 1992).

Hull 2002, said that most of banks product developments are easy to duplicate and when banks provide nearly identical services. Since customer have more choice and more control long lasting and strong relationship with them are critical to achieve and maintain competitive advantages as a consequences and earnings. However due to the similarity of the offers of many financial services loyal customers have huge value since they are likely to spend/buy more. Peter and Donnely argued that satisfied customers can be loyal customers, the literature furthermore reveals that services quality. Customer's satisfaction will make a great foundation for return business and they may also bring in their friends and associates.

Other authors have brought out theories relating customer satisfaction and service quality in their researches. Wang and Hing-Po, (2002) showed that the dynamic relationship among service quality, customer value are key factors of customer satisfaction. Customer satisfaction is an outcome of good internal feelings arising

from quality services (Henning and Thurau, 2003). Satisfaction in banking subsector represents the extent to which banking products and services meet customer needs. According to various authors, customer satisfaction can be measured by looking at different dimensions such as service quality, customer loyalty, repurchases behaviour and trust, among others (Anderson and Fornell, 2001; Anderson and Mittal, 2000, with conclusion that a satisfied customer is loyal and contributes to profitability.

1.2 Statement of the Problem

The issue of sustaining sufficient profitability within the banking sector in the global business environment could not be overemphasized. In fact, without having a wider customer base the prospects of making profit in a bank are dim. That's why a number of researches have been undertaken in various parts of the world to establish a link between customer satisfaction and variables such as bank profitability and retention, among others.

As the financial institutions struggle to expand their reach, customer satisfaction with services rendered by such institutions has become an issue (Kotler, 2009). Service quality is one of main elements of customer satisfaction and their intention to purchase (Peter and Vassilis, 1997). According to Wilson *et al*., (2008) customer satisfaction is influenced by the quality of product and services offered by institutions quality. Other crucial determinants of customer satisfaction include price, personal and situational factors (Lee *et al*., 2000). If these determinants are not satisfactory capable of convincing customers royalty, the overall competitiveness of a business will be at a stake (Wilson *et. al*., 2008; Wen-Yi *et al*., 2009).

According to Gustafsson, *et al*., (2005) customer satisfaction occurs when customer needs and expectations are met all the time, every time throughout the life of a product or service. Customer satisfaction results from either the quality of banking services, quality of service, engagement of the customer, price factors and meeting or exceeding customers' expectations, consuming products and services (Prabhakar, 2005). If the performance of a bank falls short of these expectations, the customer becomes dissatisfied. If the performance matches expectations, the customer is satisfied. If the performance exceeds expectations, the customer is delighted. Only delighted customers or highly satisfied customers stay loyal to the services provider (Salmen and Muir, 2003; Dubrovski, 2001).

Although entrance of technology have enhanced customer satisfaction in the banking sub sector, with impact on increased customers retention, still much is need to make financial services firms become customer's first preference (Waqarul and Bakhtiar, 2012). Amid an economy of innovative technologies and changing markets, poor quality of service has been blamed to contribute to customer dissatisfaction. In addition, insufficient innovations in establishing new financial products and services add salt to the injury, exacerbating further the level of customer dissatisfaction.

These jeopardize the ability of banks to stay competent leading to poor opinion financial firms among customers (Puja and Yukti, 2010). With the ensuing mistrust among the customers, the leverage of financial firms to stay in the market hangs at a stake (Tiwary, 2011). The financial sector reform set in motion the liberating interest rates, eliminating administrative credit allocation, strengthening banks of Tanzania's

role in regulating and supervising financial institutions, restructuring state owned financial institutions and allowing entry of private banks into the market.

However, despite of the financial reforms accesses by large segment of the rural or urban population to financial services particularly from commercial banks has remained stunted. In additional, the service satisfaction to community also played the alarming note to the community and growth of economic activities. This is to say in the long run will make it hard for the bank to achieve economic development objectives and those expected with community at large if there is no strategic plan to curb these drawbacks.

In recognition of the significance of customer satisfaction in sustainable profit making in banking subsector, this study intended to examine customers' satisfaction with banking services with particular focus of Standard Chartered Bank –Tanzania. The result of this study has managerial and academic implications. Managers of commercial banking service providers can use the findings as sources of reference to manage their business and improve their service quality, and academicians can use the finding for application of service marketing field and further extension of this topic or related topics so as to enhance the banking sub-sector contribution to economic growth and poverty alleviation.

1.3 General Objective

The general objective of this study was to analyze the customers' satisfaction with banking services with specific focus of Standard Chartered Bank in Tanzania.

1.4 Specific Objectives

(i) To assess the level of customer satisfaction basing on customers intention to remain as clients of the Standard Chartered Bank.

(ii) To examine the level of customer satisfaction basing on customers intention to recommend the service of the Standard Chartered Bank to third parties.

(iii) To measure the overall level of customer willingness to pay a higher price for services rendered by Standard Chartered Bank.

1.5 Research Questions

(i) What is the level of customer satisfaction basing on customers intention to remain as clients of the Standard Chartered Bank.

(ii) What is the level customer satisfaction basing on customers intention to recommend the service of the Standard Chartered Bank to third parties.

(iii) What is the overall level of customer willingness to pay a higher price for services rendered by Standard Chartered Bank?

1.6 Significance of the Study

The study of determinants of customer satisfaction of the services rendered by Standard Chartered Bank in Tanzania was proposed with the purpose of identifying the areas where the commercial banks has not done enough in order to meet the community expectations. The study provide empirical evidence as regards to factors that leads to customer dissatisfaction with banking services as well as possible strategies that can be adopted to address this problem. All these findings pave the way on re-setting the policies and plans of the commercial banks in order to keep

pace with the growing competitive environment so as to meet the community satisfaction.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Definition of Key Concepts

The study of customer satisfaction with services rendered by a firm requires a clear understanding of basic concepts. This part therefore provides some operational definitions and brief description of key concepts that are used in this study.

2.1.1 Customer Service

This is not merely customer relations or how nice front line workers are to customers, rather satisfying or even delighting customers is the goal of excellent customer service. Since customers are in need of different types of services have different needs, different customer service strategies and this must be tailored to the targeted customers. According to Gronröos (1984) quality in service is defined as a construct composed of what is delivered by the company to the customer (technical aspect), and the way the service is performed (functional or relational aspect). A number of empirical researches have validated this definition and indicated a strong relation between these two quality dimensions and customer's satisfaction (Cronin and Taylor, 1992; Lassar, *et al*., 2000; Maddern *et al*., 2007; Tontini and Silveira, 2007).

2.1.2 Customers' Satisfaction

If there is a necessity of defining customer's satisfaction in the banking sub-sector, then one cannot ignore quality of service. This is because the two co-exist and

deterioration of one often leads to deterioration of the other. Although some scholars claim that quality precedes satisfaction (Cronin and Taylor, 1992), others writers suggests that customer satisfaction is necessarily founded by quality of service or product (Heskett *et al.*, 1994; Anderson and Mittal, 2000). That's why in the present study, quality in service is understood as satisfaction antecedent.

According to Gronröos (1984) quality in service is defined as a construct composed of what is delivered by the company to the customer (technical aspect), and the way the service is performed (functional or relational aspect). A number of empirical researches have validated this definition and indicated a strong relation between these two quality dimensions and customer's satisfaction (Cronin and Taylor, 1992; Lassar, *et al.*, 2000; Maddern *et al.*, 2007; Tontini and Silveira, 2007).

In addition to technical aspects, on the other hand studies have shown that functional quality (the way the service is performed) contributes significantly to customers' satisfaction. For example Lassar *et al.*, (2000) have shown that bank clients do not overlook how the service was performed (functional quality) even when asked specifically about their satisfaction towards service technical aspects. This suggests that the functional dimension also influences clients' satisfaction significantly.

Customer's satisfaction is therefore an emotional reaction strongly associated with prior expectations, related to specific transactions (Oliver, 1997). This can be defined as the feelings or judgments by customers towards products or services after they have used them (Jamal and Naser 2003). Various scholars' purports that satisfaction

is the result of a customer's perception of the value received in a transaction or relationship compared with price and acquisition costs. Moreover, it is relative to the value expected from transactions with competitors (Reichheld, 1996; Hallowell, 1996). Thus, there is sufficient evidence to suggest that customer's satisfaction may be seen as an attitude (Levesque and Mcdougall, 1996). Because of its attitudinal nature, customer satisfaction can be measured in ordinal scale tagging customers' Likert scale response to questions relevant to the study (Ranaweera and Neely, 2003). Owing to the nature of the financial service activity, in which costumers in general do not regard the financial product as a tangible, complete product, the service that accompanies the product is very important to determine general satisfaction towards the institution. Consequently, by modeling general satisfaction for financial service companies, it proves important to include both the attributes linked to products and the ones related to services.

2.1.3 Cost of Switching Bank

Many studies in banking sub-sector have consistently shown that customer satisfaction influences their loyalty. Loyalty in turn is a major contributor of the profit value of the bank (Gummesson, 1993), Heskett *et al.* 1994; Stuart and Tax (2004). Reichheld and Sasser (1990) asserted that if costumers are highly satisfied by the product or service rendered by a retail bank they would generate high levels of retention, and this will boost profits. Despite these evidences, it was as strangely shown that sometimes high levels of satisfaction are accompanied by a continuous growth in costumers' desertion. For instance, Reichheld (1993) showed that a significant proportion of the clients that switched their suppliers said that they were

more satisfied with the old supplier. Thus, the claim that merely satisfaction is sufficient condition to generate loyalty behaviors is not always true. Therefore customer retention may depend on additional factors such as the costs associated by clients referring to service supplier switch.

Switching costs can be defined as the cost of switching service suppliers, or the cumulative monetary value the additional efforts, lost time and or financial expenditures incurred by a customer as he abandon one service provider to join another service provider (Jones *et al.*, 2002; Burnham *et al.*, 2003; N'goala, 2007; Patterson and Smith, 2003).

The three types of switching costs are procedure costs, financial costs and relational costs. Procedure costs include time and effort expenses associated with abandoning one service provider in favour of another who offer similar service. Financial costs include the loss of benefits and financial resources associated with the process of abandoning one service provider in favour of another who offer similar service. Relational costs are related to the loss of personal relationship with staff or customers of the abandoned service provider as well as emotional and psychological discomfort which result (Burnham *et al.*, 2003). The emotional and psychological trauma associated with switching suppliers cannot be ignored because the costumer and the service supplier relationship over time are also embedded in social ties, personal understanding and confidence (Sharma and Patterson, 2000). This relationship therefore poses a barrier of psychological exit cost even when the performance of the main service falls short of the expected standard (Jones *et al.*, 2002).

2.1.4 Customer Loyalty

Loyalty in service is more often predetermined by the customer's belief that the quantity of the value received from a service provider is not only higher but also more competitive than the one offered by other suppliers (Reichheld, 1993). Two major dimensions of loyalty have been known for years (Jones and Taylor, 2007).

These are behavioral dimension which include intention to repurchase, intention to change and intention to give exclusivity to the service supplier; and attitude or cognitive dimension which include issues such as preference over a supplier, advocate the company, willingness to pay more, and identification with service supplier. Therefore, loyalty is highly related to behavioral, attitudinal and cognitive aspects for its measurement. In the present study, loyalty was represented through three dimensions: intention to remain a customer of Standard Chartered Bank; price sensitivity; and intention to recommend the service to third parties, bearing in mind that these dimensions are more frequently used as loyalty measures in the service literature.

2.2 Theoretical Review

The issue of customer satisfaction has been explained by numerous theories developed by several authors. Generally four groups of theories have been used to understand the process through which customers form satisfaction judgments (Adee, 2004). The Four psychological theories are (1) Assimilation theory; (2) Contrast theory; (3) Assimilation-Contrast theory; and (4) Negativity theory (Anderson, 1973).

2.2.1 Assimilation Theory

The theory of assimilation asserts that consumers make some kind of cognitive comparison between expectations about the product and the perceived product performance (Anderson, 1973). The assimilation theory was introduced after discovering that the consumer evaluates the products after using them. Anderson (1973) asserted that consumers seek to avoid dissonance by adjusting perceptions about a given product to bring it more in line with expectations. According to this theory consumers can reduce the tension resulting from poor product performance either by distorting expectations so that they coincide with perceived product performance or by raising the level of satisfaction by minimizing the relative importance of the disconfirmation experienced. This theory was however criticized by several authors. For instance, Payton *et al.,* (2003) pinpointed a number of shortcomings including the fact that the simplicity of assumed relationship between expectation and satisfaction without specifying how disconfirmation of an expectation leads to either satisfaction or dissatisfaction. Further criticism from Payton *et al.,* (2003) is based on the theory's claim that consumers are motivated enough to adjust either their expectations or their perceptions about the performance of the product. Therefore, it would appear that dissatisfaction could never occur unless the evaluative processes were to begin with negative consumer expectations (Bitner, 1987).

2.2.2 Contrast Theory

Another theory is known as Contrast theory that was introduced by Hovland *et al.*, in 1987 (Reginald *et al.*, 2003). The contrast theory asserts that consumers have a

tendency of magnifying the discrepancy between their own attitudes and the attitudes represented by opinion statements. Discrepancy of experience from expectations will be exaggerated in the direction of discrepancy (Reginald *et al.*, 2003). Thus if a firm under-promise in advertising while it over-deliver then the customer's experience will be higher that promised leading to positive exaggerated disconfirmation. Conversely, if the firm raises expectations in its advertising, and then customer's experience is only slightly less than that promised; the product/service would be rejected as totally un-satisfactory.

While assimilation theory posits that consumers will seek to minimize the discrepancy between expectation and performance, contrast theory holds that a surprise effect occurs leading to the discrepancy being magnified or exaggerated (Reginald *et al.*, 2003). Although several studies in the marketing literature have offered some support for this theory this theory is weak because it predicts customer reaction instead of reducing dissonance; the consumer will magnify the difference between expectation and the performance of the product/service (Oliver *et al*., 1994).

2.2.3 Assimilation-Contrast Theory

In effort to improve the previous theories, Anderson (1973) proposed another theory which is known as Assimilation-contrast theory. His theory is raised from the context of post-exposure product performance (Anderson, 1973). Assimilation-contrast theory proclaims that if performance is within a customer's range of acceptance, even though it may fall short of expectation, the discrepancy will be disregarded. This is because assimilation will take place and the performance will be deemed as

acceptable. On the other hand, the theory asserts that if performance falls within the range of rejection, contrast will prevail and the difference will be exaggerated. As a result the product or service will be unacceptable (Terry, 1997).

The assimilation-contrast theory has been proposed as yet another way to explain the relationships among the variables in the disconfirmation model. This theory is a combination of both the assimilation and the contrast theories. "This paradigm posits that satisfaction is a function of the magnitude of the discrepancy between expected and perceived performance. As with assimilation theory, the consumers will tend to assimilate or adjust differences in perceptions about product performance to bring it in line with prior expectations but only if the discrepancy is relatively small.

According to Reginald *et al*., (2003) this theory suggests that both the assimilation and the contrast theory can be applied to study customer satisfaction. However, the theory has attracted a number of criticism including methodologically flawed attempt at reconciling the two earlier theories (Anderson, 1973); whereas Oliver *et al*., (1994) argues that only measured expectations and assumed that there were perceptual differences between disconfirmation or satisfaction (Reginald *et al.*, 2003).

2.2.4 Negativity Theory

Negative theory states that when expectations are strongly held, consumers will respond negatively to any disconfirmation. This theory developed by Carlsmith and Aronson (1963) suggests that any discrepancy of performance from expectations will

disrupt the individual, producing 'negative energy' (Teery, 1997).

2.2.5 Disconfirmation Theory

Disconfirmation theory argues that customer satisfaction is related to the size and direction of the disconfirmation experience that occurs as a result of comparing service performance against expectations'. According to Ekinci and Sirakaya (2004) disconfirmation paradigm is the best predictor of customer satisfaction. This theory has been acknowledged by Mattila and O'Neill (2003) that it is among the most popular satisfaction theories. Basically, satisfaction is the result of the process of comparing perceptions against a standard (or expectations). However, the weakness of this theory is that research also indicates that customer satisfaction is more importantly also influenced by how the service was delivered than the outcome of the service process, and dissatisfaction towards the service often simply occurs when guest's perceptions do not meet their expectations (Mattila and O'Neill, 2003).

2.2.6 Cognitive Dissonance Theory

The theory of cognitive dissonance proposes that people have a motivational drive to reduce dissonance by changing their attitudes, beliefs, and behaviours, or by justifying or rationalizing them (Festinger, 1957). Cognitive dissonance is an uncomfortable feeling caused by holding two contradictory ideas simultaneously. The phenomenon of cognitive dissonance has been quickly adopted by consumer behaviour research as it is believed to exert high exploratory power in explaining the state of discomfort buyers are often in after they made a purchase (Thomas and Monica, 2010). Although cognitive dissonance is popular in consumer behaviour

research, applications are relatively scarce in current marketing research because dissonance is often temporary and difficulties in collecting data and measuring cognitive dissonance (Thomas and Monica, 2010).

2.2.7 Adaptation-level Theory

According to adaptation-level theory customers perceives a product or service according to the adapted standard which is arising from the perceptions of the product or service itself, the context, and psychological and physiological characteristics of the customer. Once created, the 'adaptation level' serves to sustain subsequent evaluations in that positive and negative deviations will remain in the general vicinity of one's original position. Only large impacts on the adaptation level will change the final tone of the subject's evaluation. This theory was originated by Helsen in 1964 and applied to customer satisfaction by Oliver and Hanming, (1994).

2.2.8 Equity Theory

This theory is built upon the argument that a "man's rewards in exchange with others should be proportional to his investments" (Oliver and Hanming, 1994). According to this theory equity or relative deprivation is the reaction to an imbalance or disparity between what an individual perceives to be the actuality and what he believes should be the case (Oliver and Hanming, 1994). As applied to customer satisfaction research, satisfaction is thought to exist when the customer believes that his outcomes to input ratio is equal to that of the exchange person (Adee, 2004). To dispute this theory, equity appears to have a moderate effect on customer satisfaction and post-purchase communication behavior (Oliver and Swan, 1989).

2.2.9 Hypothesis Testing Theory

The last theory of customer satisfaction is that developed by Deighton in 1983 (Teery, 1997). In his theory Deighton claim that pre-purchase information particularly advertising plays a substantial role in creating expectations about the products customers will acquire and use. Customers use their experience with products / services to test their expectations. Second, customers will tend to attempt to confirm (rather than disconfirm) their expectations. The interpretation of this theory is that customers are biased to positivity confirm their product/service experience.

2.3 General Discussion

Customers are important stakeholders in organizations and their satisfaction is a priority to any sane management. In the globalized era where competition is growing, customer satisfaction has been a matter of concern for many organizations and researchers alike. That's why organizations are increasingly obliged to provide more improved services, conduct market research, invent new products and improve quality of services. The quality of service has become an issue to reckon with as it is related to customer satisfaction.

The principal objective of organizations is profit maximization alongside cost minimization. However, Profit maximization is achieved through increased sales amid cost reduction. Customer satisfaction often leads to customer loyalty and the two are indeed necessary for increased sales customer (Wilson *et al*., 2008). From the view of operations management, it is obvious that customers play important roles

in the organizational process (Lee and Ritzman, 2005). Before the placement of strategies and organizational structure, the customers are the first aspect considered by managements. The questions asked in the strategic planning ranges from who will need to consume these offers, where are they and for how much can they buy to how to reach the customers and will it yield them maximum satisfaction? After these questions, the organization will then designs the product, segment the markets and create awareness. This does not only show the importance of customers in the business environment but also the importance of satisfying them.

Customers are always aiming to get maximum satisfaction from the products or services that they buy. Winning in today's marketplace entails the need to build customer relationship and not just building the products; building customer relationship means delivering superior value over competitors to the target customers (Kotler *et al.*, 2002). Whether an organization provides quality services or not will depend on the customers' feedback on the satisfaction they get from consuming the products, since higher levels of quality lead to higher levels of customer satisfaction.

The current trend in business world is that companies are increasingly producing what they can sell and not just selling what they can produce as it was the case during the production era in 1950s. Since the beginning of the consumption era in marketing (post 1950s) customers became very vital in business. Thus in this consumption era organizations are obliged to render more services in addition to what they provide as offers to their customers (Wilson *et al.*, 2008). The most

pertinent issues in customer satisfaction include the qualities of these services provided to customers; as well as overall customers' satisfaction with the services.

Customer satisfaction involves internal comparison of what was expected with the product or service's performance. This process can be described as the 'confirmation / disconfirmation' process. The process starts when the customers form expectations prior to purchasing a product or service. In then proceeds with identifying the level of perceived quality after consumption of or experience with the product or service. The said perceived quality of the product or service produces is influenced by prior expectations (Oliver, 1980). If perceived performance is only slightly less than expected performance, assimilation will occur. That is the perceived performance will be adjusted upward to equal expectations. On the other hand if perceived performance lags expectations substantially, contrast will occur, and the shortfall in the perceived performance will be exaggerated (Vavra, 1997).

As service or product performance exceeds expectations, satisfaction increases, but at a decreasing rate, whereas as perceived performance falls short of expectations, the disconfirmation is more. Satisfaction can be subjective measured basing on customer needs, emotions. It can also objectively measure basing on product and service features (Ivanka *et al.,* 2008).

2.4 Empirical study

Most studies in banking services customer satisfaction explored issues related to satisfaction itself, loyalty and switching costs. This is because of existence of a direct

relationship between quality of service and customer satisfaction. For instance a study by Krishnan *et al*. (1999) identified quality of products and services; quality of financial reports and account statements; service quality offered in automated telephone systems; and service quality offered through direct contact in the agencies as the four key factors that influence bank customers' satisfaction.
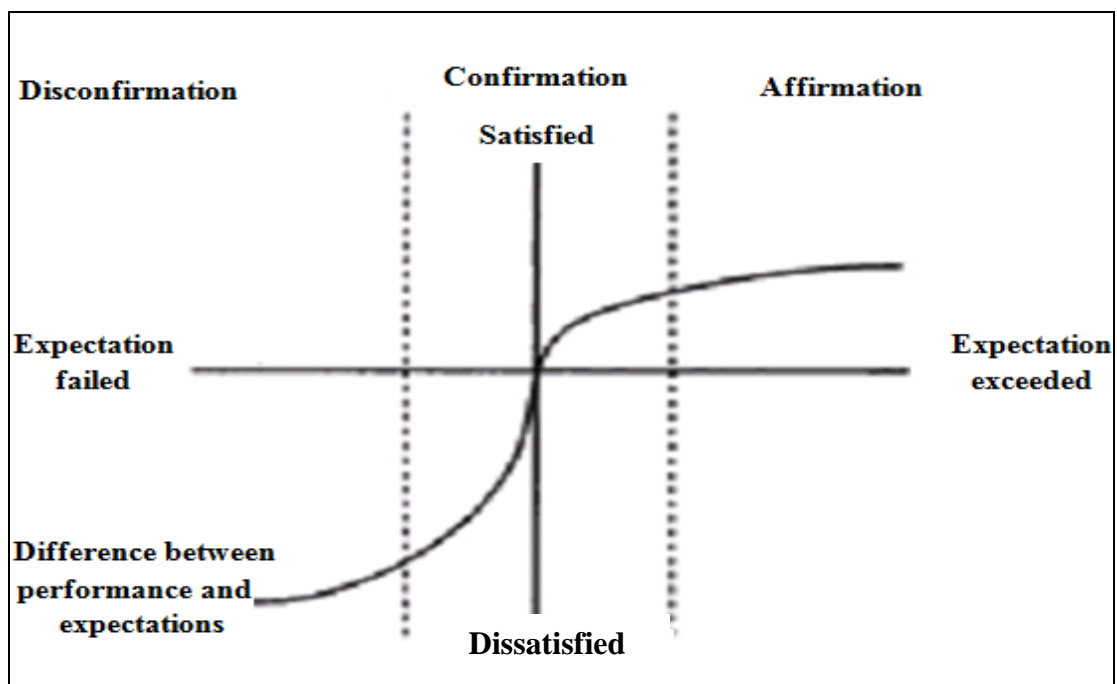
Figure 2.1. Satisfaction function Between Perceived Quality and Expectations

Source: Oliver, 1980

Further analysis by Hallowell (1996) indicated the existence of a relation between customer satisfaction, retention and bank profitability. Furthermore, Gremler and Brown (1999) indicated that loyal customers most highly recommend the service and that the number of recommendations increases with: the length of time of the relationship with the company.

On the other hand a study by Madill *et al.* (2002) have shown that strong relationships between banks and customers increases bank profits and enhances customers accessibility to credit, more favorable rates on loans, less stress and greater convenience. This in turn enhances customers' satisfaction and influences customers to make recommendations to others while decreasing their likelihood of switching to another financial institution's service. These results are similar to those of N'Goala (2007) who have shown that affective commitment, combined with strong relationships are crucial in detecting resistance in switching banks.

Similar studies in Brazil (Damke and Pereira, 2004) indicate that developing relationships with customers is strategic for financial institutions as they impact positively quality of services and customers' loyalty in relation to the company. Similarly, these results corroborate with those of Perin *et al* (2004) who showed that amicable company-client relationship enhances customers' loyalty reach towards the company.

Matos, *et al* (2007) investigated the different roles of switching costs in determining customer satisfaction and loyalty attitude and behavior. The main results showed that switching cost is an important determinant of loyalty and it plays a mediator role between satisfaction and loyalty. Madill *et al* (2002) have revealed that for a long time, bank customers had low tendency of switching. This was however not because of they had positive feelings with the banks but rather because they believed that there was not much difference among banking products. However, in the current competitive environment, this behavior has been changing because bank customers

have sought other institutions and kept accounts in various banks, depending on the type of products and services offered (Levesque and Mcdougall, 1996). Jones *et al.* (2000) have shown that as the level of customer satisfaction drops below their expectations, they start to consider how much they will be affected by switching costs.

It might be true that some other researchers studied the similar aspect on the customer satisfaction in financial institutions. And through their researches they came up with their findings shown below. The competition in Nigerian banking sector is getting more intense, partly due to regulatory imperatives of universal banking and also due to customer's awareness of their rights. Bank customers have become increasingly demanding as they require high quality, low priced and immediate service delivery. They want additional improvement of value from their chosen banks (Olanyi, 2004).

Barnes (1997) in his research done in USA New service delivery channel option such as automated teller machine phone banking, mobile banking and recently internet banking have resulted in new and addition ways for commercial banks to provide/deliver superb service to their customers. The study reveal that relationship between banks and their customers may change through the introduction of new technologies and this will influence the customer retention. The above research conducted in United States of America (USA) has quiet difference with Tanzania environment by considering that Tanzania has the problem of power supply (energy).

Al- Hawar *et al* (2002) in their research paper titled the relationship between service quality and retention with the automated and traditional context of retail banking. Athanassopoulos, (2000) in a study of Greek banks noted that customer satisfaction is closely associated with value and price, but service quality was not dependant on price, if the customer was generally satisfied. He concluded that way.

The correlation of antecedents of customer satisfaction is well established phenomenon in both theoretical and empirical terms by (Parasuraman *et al*., 1988). In banking sector, the speed of service delivery convenient location of banking facilities, competent staff and general friendliness were considered to be important determinants of customer satisfaction (Laroshe *et al*, 1986). The objective of this research paper is to conduct a survey on the commercial banks employees and thereby comparing the responses to a number of dimensions related to service quality delivery among internal service provider.

The evidence and anecdote reviewed in this sub section shows that the propensities to switch vary across customers basing on their perception of satisfaction, switching costs, and difficulty in switching suppliers. High levels of satisfaction is said to be associated with increasing the intention to remain as a client. Alternatively, dissatisfied customers tend to perceive significant benefits in switching suppliers hence they become more prone to desert than satisfied clients. In general terms, regardless of the kind of service being analyzed, high levels of satisfaction with the basic service should reduce the perceived benefits from switching to another service supplier. That's why it is important for banks to strive to develop positive feelings in

customers towards their institution.

2.5 Research Gap

Although many researcher have studied customer satisfaction in the banking sub-sector, (Gustafsson, *et al*., 2005; Prabhakar, 2005; Salmen and Muir, 2003; Dubrovski, 2001) little is known about the Analysis of the influence of Standard Chartered Bank service on customers' satisfaction in Tanzania. Yet scanty information is available about the level of customer satisfaction basing on customers loyalty or intention to remain as clients, customers' intention to recommend the service of the Standard Chartered Bank to third parties and the overall level of customer willingness to pay a higher price for services rendered by Standard Chartered Bank. On the other, mushrooming financial institutions in Tanzania have increased competition among banks in terms of not only attracting new customers but also retaining their current customers. The effect of competition in the banking sub-sector is more evident due to emerging financial services using new technology such as mobile phone. Thus, this study was undertaken to generate empirical data on the level of influence of Standard Chartered Bank service on customers' satisfaction with the aim of informing decision and policy review that will contribute to enhanced competitiveness of the bank itself and more customer satisfaction among others.

2.6 Conceptual Framework

Conceptual framework can be defined as a set of broad ideas and principles taken from relevant field of inquiry and used to structure a subsequent present action (Reihel *et al*, 1978) when clearly articulated a conceptual framework has potential

usefulness as a tool to assist a research to make a meaning of subsequent finding

framework of this study. The dependent variable for this case is therefore the level of

customer satisfaction. This is influenced by independent variables (service quality

dimensions) which in their totality affects service quality. These include reliability of

services rendered by the firm which is ability to perform the promised service

dependably and accurately; responsiveness of the firm to customers needs or

willingness to help customers and provide prompt service; assurance of prompt and

good services at all times that is knowledge and courtesy of employees and their

ability to inspire trust and confidence and a sense of empathy to customers problems

which entails caring individualized attention the firm provides to its customers.

Another independent variable is tangible features of the firm such as the physical

facilities, equipment, and appearance of personnel.
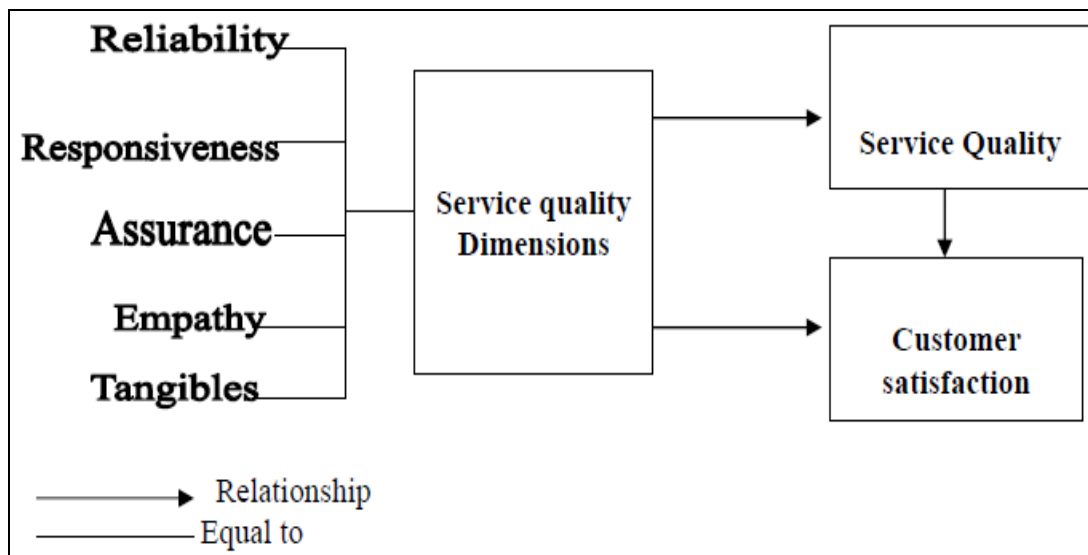
Figure 2.2: Conceptual Framework of Relationship between Customer Satisfaction and Service Quality

Developed by the author

From the extensive desk review of the available literature, I have found out that service quality can be used as a proxy measure of customer satisfaction. The available literature show that service quality could be evaluated with the use of the SERVQUAL scale which recognizes five dimensions of service quality (Boulding *et al*., 1993; Andreassen, 2000). Therefore in my conceptual framework customers are those who consume the services whereby service quality dimensions are measured by examining customer's desire to maintain a business relationship with the organization. The measurement of service quality dimensions includes also examination of feelings of the customers towards the services provided to them by the organizations. This includes customers perception of the pleasures obtained for the services provided to them by the employees of the organizations.

The perception of customer to service indicators including service promptness, which is the time taken to attend customers, fast response to emergence calls, quick attendance to emergence calls are also used to measure service quality. In addition, willingness to help customers is another crucial factor influencing customer satisfaction. This entails the perception of customers towards customer care practices and behaviours of Standard Chartered Bank staff. This may include attentive listening to customer's permanent solutions and customers' complaints proper reply. Other indicators used in the measurement of service quality are readiness to respond to customer request; the caring accommodation of customer suggestions; friendliness of service providers with customers, and ability of service providers to make correct decisions. Service quality, language used in communicating customers, availability of service, fulfillment of promises made, apologizing for mistakes and valuing

customers are yet significant indicators of quality services that needs to be taken into consideration.

Measurement of customer satisfaction is therefore based on the outcomes of service quality dimensions. For instance if the customers will agree that they are satisfied and give the reasons for satisfaction as service quality then it will be less price sensitive. The more satisfied the customer, the greater his pre-disposition to pay a higher price for their services (price sensitivity). Another outcome of service quality dimension which is used as a proxy of customer satisfaction is the willingness of customers to become advocates of the bank by the mouth-to-mouth advertising. The more satisfied the customer is, the more likely he will be to recommend the service to others (mouth-to-mouth advertising). Another outcome that also signifies customer satisfaction is the willingness of customers to remain royal to the bank meaning that they do not intend to switch banks in the near future. The more satisfied the customer is, the less likely he will switch banks (the intention to repurchase). The last proxy of customer satisfaction is their perception of bank switching cost. In this case, the more satisfied the customer is, the higher the perceived cost of switching banks (switch-related cost perception).

CHAPTER THREE

3.0 METHODOLOGY

3.1 Research Paradigm

Kothari (2000) defined research methodology as a way to systematically solve the research problem. The theory of how research should be undertaken, including the theoretical and philosophical assumptions upon which research is based and the implications of these for the method or methods adopted.

Paradigm refers to the progress of scientific practice based on people's philosophies and assumptions about the world and the nature of knowledge. Therefore paradigms offer a framework comprising an accepted set of theories, methods, and ways of defining data. According to Lincoln and Guba (1990) paradigm is an interpretative framework, which is guided by a set of beliefs and feelings about the world and how it should be understood and studied. Other scholars define paradigm as a "worldview" or a set of assumptions about how things work. This research employed quantitative explanatory method whereby testing of hypothesis was done basing on available theories of customer satisfaction. Therefore this research falls within the positivism paradigm because it is a quantitative research involving hypothesis testing to obtain objective truth (Kothari, 2000).

The reason for objectivist positivism stance was because the variables by themselves, customer satisfaction and service quality have tangible realities. Customers must be satisfied if the organization must increase its sales for profits, but satisfaction which

is utility, vary for individuals. The choice of positivism paradigm as opposed to interpretive paradigm was also based on the need of gathering quantitative data which is highly specific and precise from a representative sample (as opposed to qualitative data) and hypothesis testing so as to allow generalization of the result to the population studied. In addition the study used deductive approach

3.2 Research Design

According to Kothari 2nd edition (2004) Research design is the arrangement of conditions for collection and analysis of data in a manner that aim to combine relevance to the research purpose with economy in procedure. The study used cross-sectional research design because data was collected with only a single time of contact between the researcher and the population being studied. This approach is dissimilar to longitudinal design which requires repeatedly data collection. The choice of cross-sectional research design was based on the fact that it requires short time and it is cost effective amid the limited resource.

3.2.1   Area of the Study

The research was undertaken in Dar-es-Salaam region. The choice of Dar-es-Salaam region was based on the fact that this is the area where there is a largest concentration of Standard Charted Bank customers and branches. Also, the area was convenient for the researcher owing to limited time and financial resources needed to conduct the research.

3.2.2 Population of the Study

The study population for this research was all customers of the Standard Chartered

Bank irrespective of the type of bank account which they own. Thus the results of this study allow generalization to all customers of the Standard Chartered Bank in Tanzania. This study used a sample of customers across three branches of the Standard Chartered Bank in Dar-es-Salaam from indefinite population. Indefinite population meant that the number of population is not known like in this study because of confidentiality issues in the banking sub-sector. The aim of the sample is to select estimated population parameters.

3.2.2 Sample and Sampling Techniques

The sample size for this study was calculated by using the following formula:

$$N = \frac{z^2 \times Q \times P}{D^2}$$

Where;

N= the desired sample size

Z=1.96 which is the standard normal deviation at required normal confidence

level

P= the portion in target population

Q= $1 - p$

D= the level of statistical significance

Therefore,

$$N = \frac{(1.96)^2 \times (1 - 0.09) \times 0.09}{(0.05)^2}$$

N= 125.85

However, the final sample was increased by 8% so as to provide a buffer for non-response and some drop outs. Thus the final sample had 135 respondents.

Table 3.1: Sampled Customers

Variable	Category	
Gender of the respondent	Male	14
	Females	121
Age of the respondent	18 - 30 years	56
	31 - 45 years	65
	Above 45 years	14
Type of bank account	Savings	28
	Current	90
	Current and savings	17
	TOTAL SAMPLED	**135**

Source: Data Field, 2014

3.3 Data Collection

This study involved collection of quantitative primary data to meet the objectives of this study. The data include attitude of customer towards quality services, customer care of Standard Chartered Bank staffs, service time and accuracy of the services. Others include customer royalty, bank switching cost and world-of-the mouth promotion. Data on socio-economic characteristics of the customers namely age, gender and type of bank account was also collected. This data helped to deduce the level of customer satisfaction with services rendered by the Standard Chartered Bank.

3.4 Data Collection Method

The main tool that was used to collect the quantitative data was a structured questionnaire that was self-administered by the respondents (Don, 1998). Like

telephone and in-person interviews, self-administered surveys are a quantitative research method—that is, a research method that produces information from which you can generate percentages. Unlike telephone and in-person interviews, self-administered surveys do not require the use of an interviewer in administering the surveys. Self administered questionnaires are useful for organizations which attempt to build feedback mechanisms from their customers. As such, the self administered questionnaires are useful for conducting customer satisfaction surveys for they provide reliable information about organizational components of such firms (Don, 1998).

The use of self administered questionnaire was necessitated by the nature of customers of the Standard Chartered Bank who are too busy to dedicate long time needed for face to face interview. Respondents were given questionnaires and let to read the questionnaire and record their responses themselves. Also the questionnaire was short but rich in information, with pre-coded answers so as to make it user friendly and convenient for the participants. These measures were being taken so as to reduce the number of non-response customers.

Successful data collection among customers of Standard Chartered Bank in Tanzania required a strong rapport building skill for enumerators. This was necessitated by the nature of customers who are busy and have little time to dedicate for long time of interviews. Thus, the recruited enumerators were dressed in acceptable outfits which are attractive but decent. In addition, the enumerators greeted the selected participants in a charming way and seek their consent to participate in the study. Also

the questionnaires were in two versions, namely English version for English speakers and Kiswahili version for Kiswahili speakers. A word of thank was said by the enumerators after the completion of filling in the questionnaire by the respondent. However, even for unwilling customers, the enumerators thanked them for their time.

3.5 Validity

The precision with which things are measured in a study is expressed in terms of validity and reliability (Hopkins, 2001). These two are related because if a measure is valid then it is reliable. Validity is concerned with whether the findings explain the issue which is being studied (Saunders *et al.,* 2009). Therefore validity represents how well a variable measures what it is supposed to measure. Although internal validity is for quantitative study it is not strong in this design type because it deals with the issue of causality and thus it is good for a cause − effects study which is not relevant in this study. The fact that in this study an answerable questionnaire was used, it has limited ecological validity because ecological validity is concern with whether scientific findings are applicable to people's everyday life (Bryman and Bell, 2003).

Internal validity of the data collection tool was enhanced by trial data collection to 10 respondents (whose data was not used in the final analysis) so as to examine the degree to which questions within an instrument agree with each other. This allowed the researcher to measure if a subject responded to similar questions in a similar way. In this way the procedure enhanced the reduction of likelihood of getting unwanted

answers. In addition linguistic validity was enhanced by improving the wording of the questionnaire so that to enable the respondents to understand the questions in the same way by everyone who completes it (Damato *et al*., 2005).

3.6 Reliability

Likewise reliability refers to the extent to which the data collection techniques or analysis procedure yields consistent findings (Saunders *et al.,* 2009; Bryman and Bell 2003). In a given study a measure should be valid and reliable. That is describing what it is intended to measure and accurately reflecting the concept; being consistent in the sense that a subject will give the same response when asked again. The choice of presenting the precision with which variables were measured for this study was expressed in terms internal reliability.

Following the design type for this study, internal reliability was measured by using reliability analysis specifically alpha factoring technique which yields Cronbach's alpha. Cronbach's alpha coefficient varies from 0 to 1 with 1 indicating perfect reliability and 0 no internal reliability. A coefficient of 0.80 denotes an acceptable level of internal reliability (Bryman and Bell, 2003).

Another author added that if the Cronbach's alpha coefficient is greater than 0.9 it implies excellent, greater than 0.8 is Good, greater than 0.7 is acceptable, greater than 0 .6 is questionable, greater than 0 .5 is poor, and less than 0.5 is unacceptable (George and Mallery, 2003). In this study the cut value used for acceptable results in terms of reliability was 0.7 value of Cronbach's statistic.

3.7 Ethical Clearance

The researcher prepared a letter to request permission to conduct the study with relevant authorities the Standard Chartered Bank. This study carried no risk on the part of the respondents. The respondents were not identified by their name. The respondents' views and responses were confidentially treated and the self-administered questionnaires were filled in a privacy environment. The participation to this study was voluntary. The respondents were requested to provide their consent to participate in the study. The typology of consent however was verbal. During the course of the filling in the questionnaires, the participants were free to skip any question which they deem sensitive. There was no any direct and immediate benefit of participating in this study. However, in the future, findings from this study will benefit customers of the Standard Chartered Bank in Tanzania because they might be used to effect policy change as well as undertaking measures to improve services and customer care practices.

CHAPTER FOUR

4.0 FINDINGS AND ANALYSIS OF DATA

4.1 Introduction

This chapter puts forward data presentation and findings of the study starting with the socio-demographic characteristics of the respondents, followed by findings of various aspects of the research questions. The chapter provides some insights about factors which influence customers satisfaction with the Standard Chartered Bank.

4.1 Socio-demographic Characteristic of the Respondents

Section 4.1 presents the summary of the descriptive statistics of the selected socio-demographic characteristics of the respondents who participated in this study. The characteristics discussed in this section are gender, age, and typology of bank account owned by the respondents.

Sex is one of demographic variable which is important in customer satisfaction studies. The distribution of sex of the respondents is shown in Table 2. The results shown in Table 2 males contribute to 10.4% of the sampled customers. The remaining 81.6% were female respondents. Basing on the computed χ^2 statistic, these results depict that the sampled males were statistically fewer than their female counterparts at 99% level of confidence ($p < 0.01$).

According to the results shown in Table 2 majority of the respondents (48.1%) were in the age group of 31 – 45 years. The second age group in terms of having a large

number of respondents was that of 18 – 30 years and this age group accounted for 41.5% of all respondents of this study. Further results as shown in Table indicate that 10.4% of respondents were in the age group of 45 years or above. The computed χ^2 statistic shows that the difference in age groups representation in the study was statistically significant at 99% confidence level ($p < 0.01$).

In addition to the above, basing on typology of bank account, there is an indication that most respondents interviewed in this study had current accounts (67%). The second most frequent bank account was savings account (20%) although few respondents reported to own both current and savings accounts as well (13%). Again, the computed χ^2 statistic shows that the difference in type of bank account owned in the study was statistically significant at 99% confidence level ($p < 0.01$).

Table 4.1: Description of the respondents

Variable	Category	n	Percent	χ^2	df	P
Gender of the respondent	Male	14	10.4	84.807	1	0.000***
	Females	121	89.6			
Age of the respondent	18 - 30 years	56	41.5	32.933	2	0.000***
	31 - 45 years	65	48.1			
	Above 45 years	14	10.4			
Type of bank account	Savings	28	20.0	75.800	2	0.000***
	Current	90	67.0			
	Current and savings	17	13.0			

Note: *** = Statistically significant at 99% confidence level

4.2 Customer royalty

Customer royalty represents the degree of satisfaction with the services and other

aspects of the firm in an environment of free and competitive market. In this study, the respondents were asked as to whether they are satisfied with the Standard Chartered Bank or otherwise. The descriptive result of their responses is shown in Figure 3 below. The Figure shows that majority of the interviewees (79%) reported that they were satisfied with the Standard Chartered Bank. Other 21% reported that they were not satisfied with the bank. The higher percentage of respondents who reported that they were satisfied indicates high level of customer satisfaction with the performance of the Standard Chartered Bank hence a higher likelihood of customer retention amid increasing competition in the banking sub-sector in Tanzania (Figure 3).

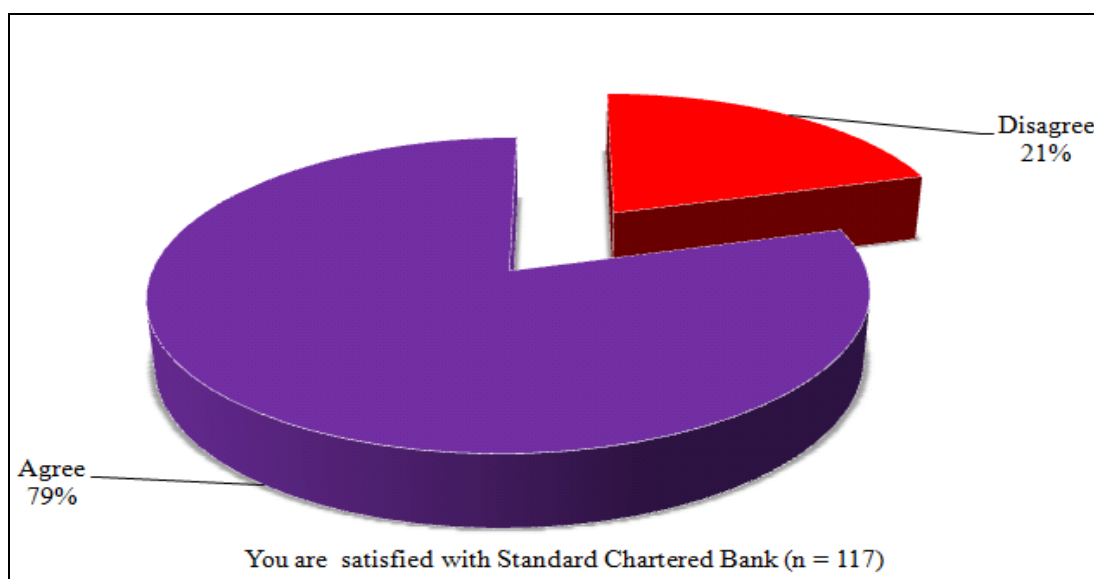You are satisfied with Standard Chartered Bank (n = 117)

Figure 4.1: Proportion of the Respondents Who Were Satisfied or Dissatisfied With the Bank

Source: Data Field, 2014

As regards to specific issues that bring in customer satisfaction, the survey collected data on quality of services. In fact 81% of customers agreed that they were highly

satisfied with the quality financial services offered by the Standard Chartered Bank. In contrast, 19% of the respondents disagreed that they were satisfied with the quality of financial services that are being offered by the Standard Chartered Bank in Tanzania (Figure 4).
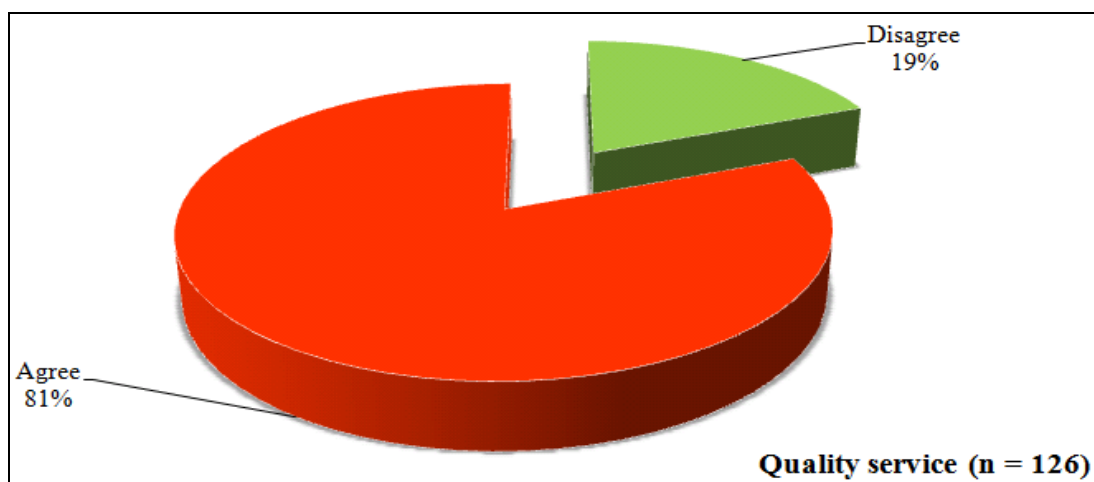
Figure 3.2: Proportion of Interviewee According To Their Satisfaction of Quality of Services

Source: Data Field, 2014

Another specific issue that brings in customer utility in the banking sub-sector is the attitude of staff towards customers. In this aspect the level of satisfaction of the customers with the attitude of the Standard Chartered Bank staff was good. This is depicted by 80% of the respondents who reported that they were satisfied with the welcoming attitude of bank staff towards customers. Those who were dissatisfied were only 20% (Figure 5). Again, this data suggest that majority of customers enjoy the services because of positive attitude of bank staffers towards them. It is therefore imperative to believe that staff attitude towards customer's places the Standard Chartered Bank in a pole position among other financial institutions.
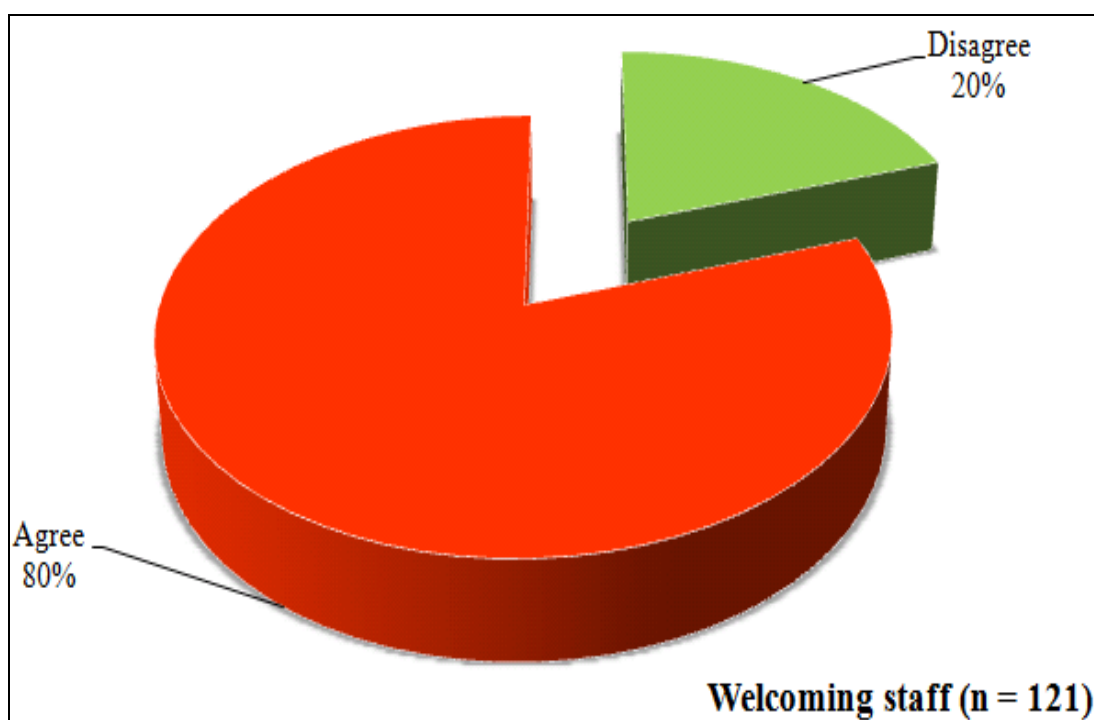
Figure 4.3: Proportion of Interviewees According To Their Satisfaction with Welcoming Attitude of Bank Staffers

Source: Data Field, 2014

In addition, the respondents were asked to mention their satisfaction with accuracy of banking services at the Standard Chartered Bank counters. The results as regard to this aspect are shown in Figure 6. According to results presented in Figure 6, majority of the interviewed customers (80.6%) agreed that they were satisfied with the level of quality and accuracy of various financial services at the front desk and teller windows within the Standard Chartered Bank branches. This entails that only 19.6% of the interviewed customers reported that they were not satisfied with accuracy of services. The high proportion of satisfied customers suggests that the level of accuracy in terms of service offered is excellent. Thus, notwithstanding the accuracy of other banks in Tanzania, it is plausible to say that the Standard Chartered

Bank offers accurate financial services to its customers. This places the bank at a fore front among other banks in terms of customer satisfaction, a factor that enhance the bank's ability to compete with others amid the competitive business environment.
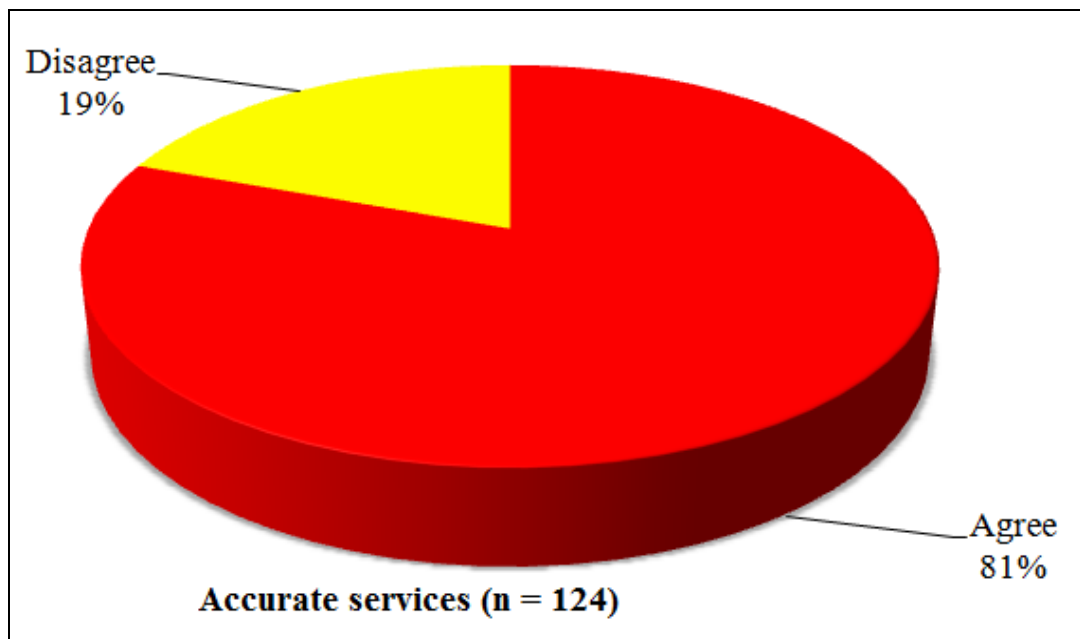
Figure 4.4: Proportion of Customers Who Are Satisfied or Dissatisfied With Accuracy of Financial Services

Source: Data Field, 2014

4.3 Bank switching cost

Among the research questions in this study was to provide answers about the overall level of customer willingness to remain as customers of the Standard Chartered Bank even if other banks charges less amount of service charges. Ability of customers to accept paying higher service charges portrays continued customer loyalty, and in a way it connotes a high level of customer satisfaction with a firm.
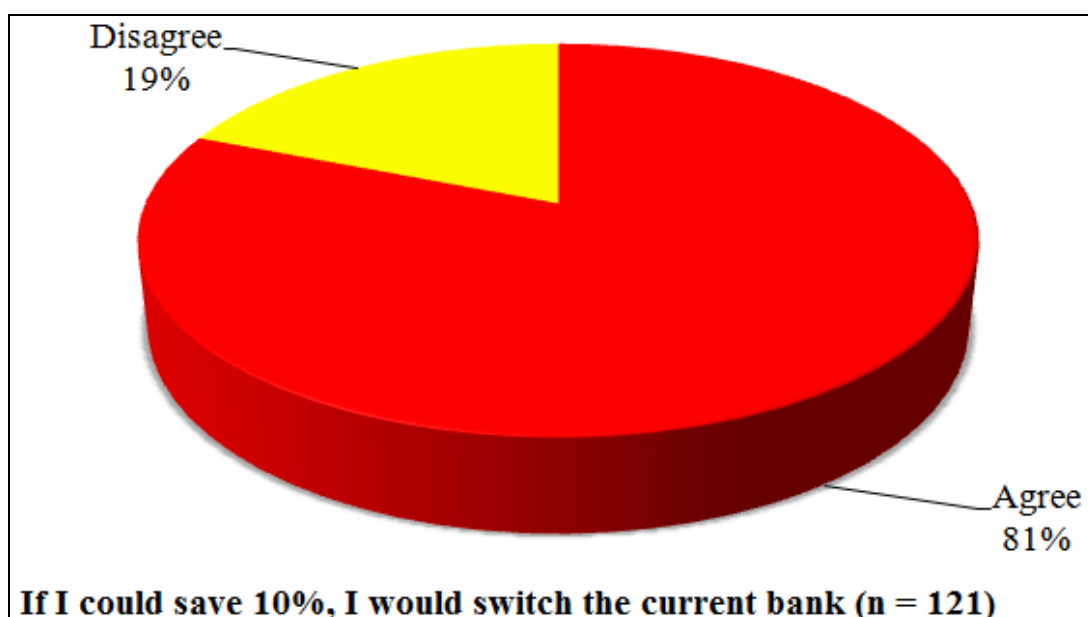
Figure 4.5: Customers' Loyalty amid Higher Service Charges As Compared To Other Banks

Source: Data Field, 2014

In this specific aspect, majority of the customers (81%) were in opinion that if service charges of other banks will be lower by the magnitude of 10% as compared to those of the Standard Chartered Bank, they will have no other choice than switching to those banks (Figure 7). This can be interpreted as, in a situation whereby the Standard Chartered Bank will be charging significant higher service charges as compared to other banks, there is higher likelihood that it will lose customers. In fact, only 19% of the interviewed customers were in opinion that they will remain royal customers of the bank even if other banks will charge lower service charges as compared to the Standard Chartered bank. These results portray a precariousness of competition situation in the banking sub sector in Tanzania. With the emergence of a wide range of financial institutions, including banks, micro

financing firms, formal Savings and Credit Cooperative Societies (SACCOS) and informal and Credit Cooperative Societies, popularly known as VIKOBA, banks are compelled to watch keenly their service charge policies so as they remain fairly similar to that of their competitors. Any deviation to a significant higher service charge policy can result into losing customers.

I intend to switch banks over the next 12 months (n = 121)
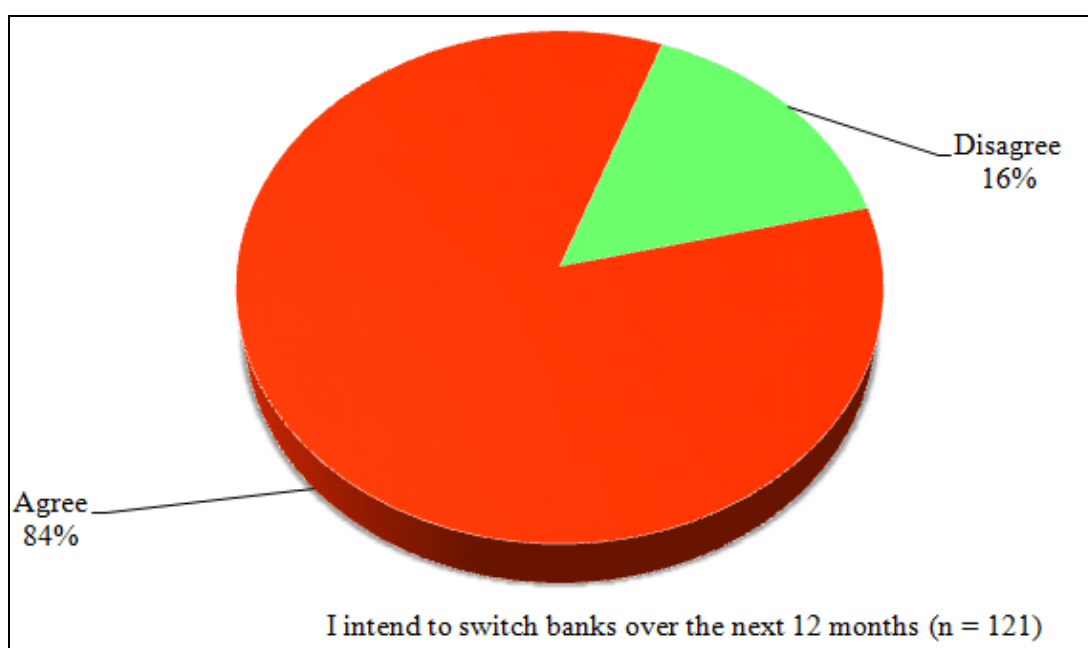
Figure 4.6: Likelihood of Switching Banks In The Near Future

Source: Data Field, 2014

On the other hand, it seems that majority of customers of the Standard Chartered Bank are less likely to switch banks in the next 12 months. This ascertained by the results of the survey as they are presented in Figure 8 below. According to the results shown in Figure 8, majority of the respondents (84%) affirmed that they had no intention to switch bank in the near future. Those who mentioned that they consider switching banks in the near future were only 16%.
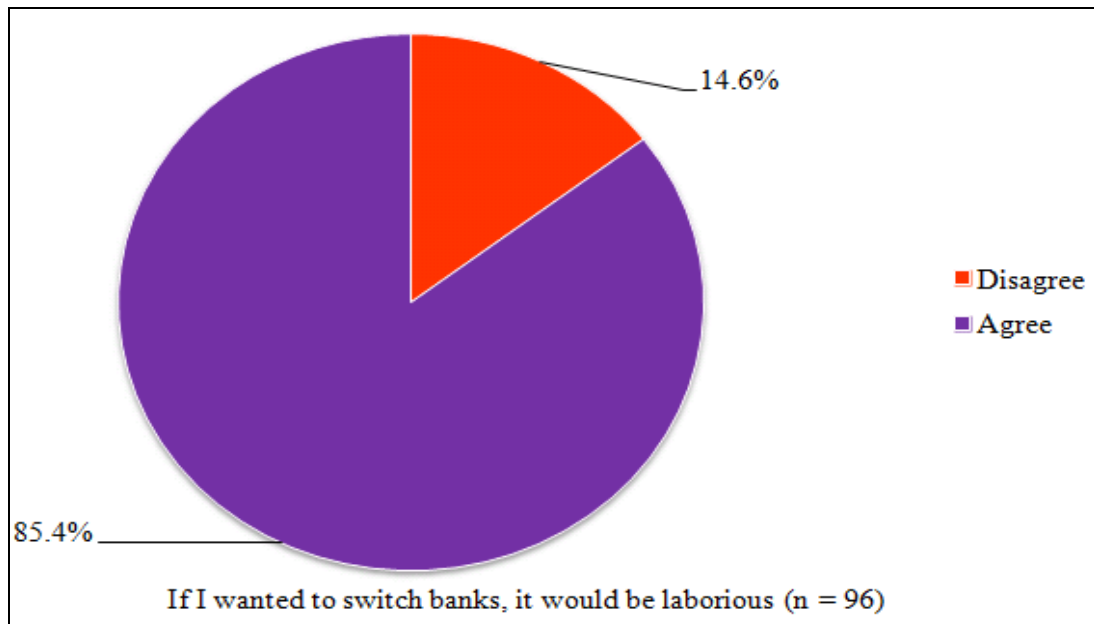
Figure 4.7: Is Switching Bank Difficult or Not?

Source: Data Field, 2014

In addition, the level of customer loyalty with the Standard Chartered bank seems to be due to their level of satisfaction with the bank rather than other drivers. This is ascertained by their response to the question that sought to obtain their opinion about how difficult it is to switch bank. The results for this question are shown in Figure 9 above whereby majority of the interviewed customers (85.4%) confirmed that it is very easy to switch bank and become a customer of another bank. Those who considered the process of closing their bank account with Standard Chartered Bank and opening a similar bank account with other firms is difficult were only 14.6%.

Basing on the results presented in Figure 7; 8 and 9 above, it is rational to conclude that the service charge and other drivers of customer satisfaction within the Standard Chartered Bank are acceptable by majority of the customers. This conclusion is

plausible since majority of the Standard Chartered Bank expressed that they will not remain loyal customers of the bank if other banks will charge lower service charges as compared to the Standard Chartered bank; but still they mentioned that they are less likely to switch banks in the near future even though it is not laborious to switch bank. This also entails that as of now, the Standard Chartered Bank is capable of withstanding the competition in the banking sub sector notwithstanding the competitiveness ability of other formal and informal institutions providing similar services in Tanzania.

4.4 Word of the Mouth Promotion

The level customer satisfaction was measured also by basing on customers intention to recommend the service of the Standard Chartered Bank to third parties. In fact, if the customer is willing to promote the firm to other potential customers it shows that his or her level of satisfaction with that firm is very high. Otherwise, it is unlikely for the customer to recommend the firm to others while his or her level of satisfaction with it is very low. As regard to this aspect, majority of the interviewed customers of the Standard Chartered Bank reported that they would recommend the bank to other potential customers. The results show that 84.3% of the respondents mentioned that they will recommend the bank to other potential customers. Those who mentioned that they were not willing to recommend the bank to other people were only 15.7% (Figure 10). This suggests that the level of customer satisfaction with the Standard Chartered Bank – Tanzania was very high to the extent of being willing to promote the bank to others.
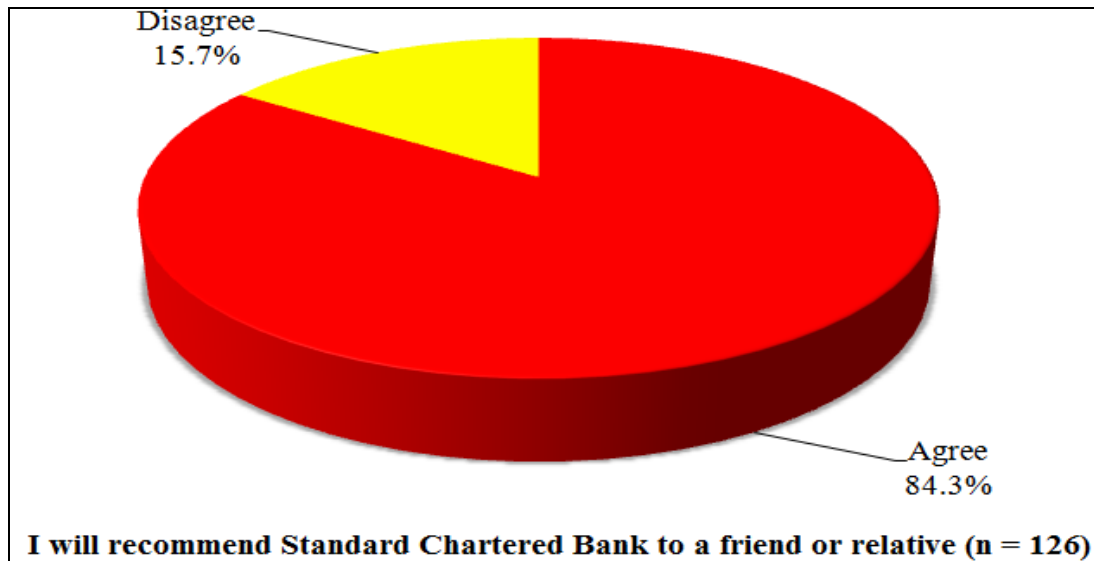
Figure 4.8: Willingness to Promote the Bank to Other Potential Customers

Source: Data Field, 2014

4.5 Dimensions of Customer Satisfaction

Mann-Whitney and Wilcoxon test statistics were used to measure the significance of the results of customer satisfaction levels basing on the three dimensions namely service quality dimension, bank switching cost dimension, and customer loyalty dimension. The Customers loyalty dimension had three sub-dimensions namely price sensitivity; and intention to recommend the service to third parties. The Mann-Whitney *U* test and Wilcoxon *W* test belong to nonparametric tests for two independent samples. In this are applied to determine whether there was a statistical difference between the two groups of customers that is those who reported to be satisfied with the services and those who were not satisfied. The statistics were applied because of the categorical nature of the responses meaning that the responses are in ordinal scale hence they are not normally distributed (Siegel and Castellan, 1988).

Table 4.2: The Mann-Whitney and Wilcoxon Ranks Table of the Original Values

Variable		n	Mean Rank	Mean Rank Difference	Sum of Ranks
Quality service	Disagree	24	85.93	27.71	2062.5
	Agree	102	58.22		5938.5
Welcoming staff	Disagree	19	69.11	9.62	1313
	Agree	102	59.49		6068
Good service time	Disagree	24	87.06	32.51	2089.5
	Agree	97	54.55		5291.5
Accurate service	Disagree	24	71.96	11.73	1727
	Agree	100	60.23		6023
I will recommend Standard Chartered Bank to a friend or relative	Disagree	24	79.83	20.18	1916
	Agree	102	59.65		6085
If I could save 10%, I would switch the current bank	Disagree	19	93.84	38.96	1783
	Agree	102	54.88		5598
I intend to switch banks over the next 12 months,	Disagree	19	88.68	32.84	1685
	Agree	102	55.84		5696
If I wanted to switch banks, it would be laborious	Disagree	14	43.35	6.03	607
	Agree	82	49.38		4049
You are satisfied with Standard Chartered Bank	Disagree	24	53.85	6.48	1292.50
	Agree	93	60.33		5610.50

Source: Data Field, 2014

Table 3 above show the results of the Mann-Whitney and Wilcoxon analysis of the various aspects of customer satisfaction. Average ranks shown adjust for differences in the number of those customers who agreed and those who did not agree with the question. In this case if the groups are only randomly different, the average ranks should be about equal. For example "*Quality of services*", the average ranks are over 27 points apart. The highest difference of the average rank was on the variable "*If I*

could save 10%, I would switch the current bank" which was about 39 points apart, followed by variable *"I intend to switch banks over the next 12 months"* which was about 33 points apart. The least difference mean rank was on the variable *"If I wanted to switch banks, it would be laborious"* which was 6 points apart followed by the variable *"You are satisfied with Standard Chartered Bank"* which was also about 6 points apart (Table 3).

The Manny-Whitney *U* and Wilcoxon *W* statistics for the difference between customer who were satisfied with the services and those who were not satisfied are shown in Table 3 below. The Mann-Whitney *U* and Wilcoxon *W* tests yields *Z* statistic which provide an excellent approximation as the sample size grows beyond 10 in either group. The negative *Z* statistics indicate that the rank sums were lower than their expected values. Each two-tailed significance value estimates the probability of obtaining a *Z* statistic as or more extreme (in absolute value) as the one displayed, if there truly is no effect of the treatment. The significantly lower rank sums of the treatment group indicate to the Standard Chartered Bank attribute of the respective variable had some impact on the levels of customer satisfaction (Norusis, 2004).

In short, Table 4 shows that basing on Man-Whitney *U* and Wilcoxon *W* statistics, customers were very satisfied with the quality of service and service time of the Standard Chartered Bank and their level of satisfaction was highly statistically significant at 99% level of confidence ($p < 0.01$). In addition, at 99% confidence level the results show that most customers of the Standard Chartered Bank were

unlikely to switch banks in the near feature even if by doing so they could save about 10% ($p < 0.01$). Further results show that majority of the customers of the Standard Chartered Bank were not likely to switch banks in the next 12 months, and this response was statistically significant at 99% level of confidence ($p < 0.01$). The word of the mouth promotion seems to be the best proxy indication of customer satisfaction.

Table 2.3: Mann-Whitney and Wilcoxon Tests Table

Variable	Test Statistics			
	Mann-Whitney U	**Wilcoxon W**	**Z**	**p**
				(2-tailed)
Quality service	685.5	5938.5	-3.443	0.000***
Welcoming staff	815	6068	-1.119	0.263^{NS}
Good service time	538.5	5291.5	-4.118	0.000***
Accurate service	973	6023	-1.457	0.1449 ^{NS}
If I could save 10% I would switch the current bank	345	5598	-4.610	0.000***
I will recommend Standard Chartered Bank to a friend or relative	832	6085	-2.488	0.013**
I intend to switch banks over the next 12 months	443	5696	-3.911	0.000***
If I wanted to switch banks, it will be laborious	502	607	-0.772	0.439^{NS}

Note: *** = Statistically significant at 99% confidence level; ** = Statistically

significant at 95% confidence level; ^{NS} = Not significant

Basing on the results of the Mann-Whitney U and Wilcoxon W analysis, a statistically significant number of customers of the Standard Chartered Bank would recommend the bank to their friends or relatives and this results were mildly statistically significant at 95% alpha level ($p < .0.05$). On the other hand the level of customer satisfaction with welcoming attitude of staffers at the Standard Chartered

Bank and accuracy of service were not statistically significant ($p > 0.1$). Similarly, the results shows that majority of the customers of the Standard Chartered Bank considers that the process of switching bank is not laborious, meaning that it is very easy to switch banks. This was ascertained by the variable "*If I wanted to switch banks, it will be laborious*" which were not significant ($p > 0.1$).

CHAPTER FIVE

5.0 CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This study has put into the open numerous factors that have been shown to be consistently linked to customer satisfaction with the Standard Chartered Bank one of financial institution in Tanzania. The results of this study can be relevant to many other financial institutions providing banking services in Tanzania. These include the quality of service, service time, and accuracy of service and welcoming attitude of staffers.

While these factors can help firms in the banking sub sector understand the attitudes of their customers towards their institutions, they can as well be applicable to other organizations beyond the banking sub sector. Understanding these factors is key to designing effective strategies for enhancing customer loyalty which is a must do or die measure for all firms amid the increasing competitive business landscape.

This section provides on overall summary of the findings and conclusion of the study. It also provides recommendations for policy implications to the management of the Standard Chartered Bank and it is the hope and assumption of the researcher that these recommendations can be generalized to the entire banking sub sector in Tanzania. Above all it authenticates the research questions that have been under investigation as follows.

5.2 Validation of Research Questions

The research was to analyze the customers' satisfaction with banking services with specific focus of Standard Chartered Bank in Tanzania. The three research questions for the study were: to find out the level of customer satisfaction basing on customers intention to remain as clients; to find the level of customer satisfaction basing on customers intention to recommend the service of the Standard Chartered Bank to third parties; and to find the overall level of customer willingness to pay a higher price for services rendered by Standard Chartered Bank. Thereby accomplishing three specific objectives; to assess the level of customer satisfaction basing on customers intention to remain as clients; to examine the level of customer satisfaction basing on customers intention to recommend the service of the Standard Chartered Bank to third parties; and to measure the overall level of customer willingness to pay a higher price for services rendered by Standard Chartered Bank. The research questions emanating from these objectives are validated below based on findings as follows:

    i.   What is the level of customer satisfaction basing on customers intention to remain as clients of the Standard Chartered Bank?

The results of the survey confirmed that the level of customer loyalty with the Standard Chartered Bank is high. This finding is ascertained by the significant number of the customers who were unlikely to switch banks in the next 12 months ($p < 0.01$); although they consider that the process of switching bank is not laborious, meaning that it is very easy to switch banks.

Basing on descriptive statistics the study found that majority of the customers was satisfied with the Standard Chartered Bank. The higher percentage of respondents who reported that they were satisfied indicates high level of customer satisfaction with the performance of the Standard Chartered Bank hence a higher likelihood of customer retention amid increasing competition in the banking sub-sector in Tanzania. Basing on inferential non-parametric analysis, customers of the Standard Chartered Bank were very satisfied with the quality of service and service time ($p < 0.01$).

ii.   What is the level customer satisfaction basing on customers intention to recommend the service of the Standard Chartered Bank to third parties?

The study has shown that the customer of the Standard Chartered Bank exhibit a high level of loyalty with the bank. This is manifested by their willingness to promote the bank through the word of the mouth promotion. In this aspect, a statistically significant number of customers of the Standard Chartered Bank would recommend the bank to their friends or relatives ($p < 0.05$).

iii.   What is the overall level of customer willingness to pay a higher price for services rendered by Standard Chartered Bank?

The study findings have shown that customers of the Standard Chartered are very loyal to the bank. The plausibility of this conclusion emanates from the results which show that most customers of the Standard Chartered Bank were unlikely to

switch banks even if by doing so they could save about 10% ($p < 0.01$). This result also suggests that the service charges of the bank are reasonable and not highly deviated from those of other banks. Basing on inferential statistics the accuracy of service and welcoming attitude of staffers of the Standard Chartered Bank were not strong source of customers' satisfaction with the bank ($p > 0.1$).

5.2 Recommendations

Basing on the findings of the study the following recommendations are made.

In order to maintain the noted high level of customer satisfaction and retention with the Standard Chartered Bank the need is recognized to maintain the quality of financial services offered by the bank. This can be done by institutionalizing quality control and assurance measures as well as a strong monitoring and evaluation system for the services quality within the bank. In addition, the monitoring and evaluation system should also include feedback mechanism from the customers so as to inform decisions. Through these measures, the level of satisfaction of the customers with the welcoming attitude of the Standard Chartered Bank staff will be further improved.

In order to maintain the noted high level of customer loyalty with the Standard Chartered Bank the bank should continue to maintain the reasonable level of service charges. Raising the service charges far above that of competitors may result into losing clients. This is because the customers were not likely to switch bank in the near future although it is not laborious to do so and if service charges are higher by 10% they are likely to switch bank. In fact, consumers are rational and they would like to maximize utility and one way of doing so is through cost minimization.

5.3 Policy Issues On Customer Satisfaction in the Banking Sub Sector

5.3.1 Policy Issues on Customer Care Practices among Employees

The financial institutions need to address issues of customer satisfaction through implementing motivational and customer care practices of their staffers. This needs to go hand in hand with promotion of performance improvement assessment and monitoring system for bank staffers so as to maintain a high level of professionalism. In addition, the financial institutions should conducting training need assessment, designing training or coaching program on the area of customer care for the staffs and retreat meetings to share experiences and challenges in the work place.

5.3.2 Policy Issues on Service Turnaround Time

The Standard Chartered Bank should maintain the prevailing service turnaround time so that customers will not use longer time as they seek services. This can be achieved by enhancing client flow in the banks alongside adoption of new technologies such as mobile banking, ATM, and the internet applications.

5.4 Areas of Future Studies

Further inquiry of customer satisfaction in the banking sub sector could include an examination of regional variation of satisfaction levels across the country or whether there are differences between financial institutions in the same region. The collation of qualitative data through customer surveys in different regions may be useful for identifying sources of dissatisfaction, bank switching possibilities and the root causes of such phenomenon.

The study opens avenues of further research. Greater exploration into the socio-economic driver of customer satisfaction with financial services among the informal sector workers and small and medium entrepreneurs would shed further light into strategies for expanding the coverage and reach of the financial services.

REFERENCE

Adams B and Colebourne, P (1989), the role of financial management in service (London, Pitman Publishing). pp. 223 – 233.

Adee Athiyaman (2004). "Antecedents and Consequences of Student Satisfaction with University Services: A longitudinal analysis", *Academy of Marketing Studies Journal*, Jan.

Agresti, A and Finlay, B (2009) *Statistical Methods for the Social Sciences.* 4th edition. New Jersey, Pearson Education, Inc.

Akan, P. (1995). Dimensions of Service Quality: A Study in Istanbul. *Managing Service Quality.* 5(6): pp. 39-43.

Anderson (1973), "Consumer Dissatisfaction: The Effect of Disconfirmed Expectancy on Perceived Product Performance". *Journal of Marketing Research*: Vol.10 (2), pp.38-44.

Anderson E. W & Sullivan M.W (1993), The Antecedents and Consequences of customer satisfaction for firms - Marketing science, volume 12, issue 2, spring 1993, PP 125 – 143.

Anderson, E. W (1994) Cross – Category variation in customer satisfaction and retention Marketing letters, volume 5, issue 1, January 1994 P. P 19-30.

Anderson, E. W. and Fornell, C. (2001). The Customer Satisfaction Index as a leading indicator, in *Handbook of Services Marketing and Management,* Thousand Oaks: Sage.

Anderson, E. W. and Mittal, V. (2000). Strengthening the Satisfaction-Profit Chain. *Journal of Service Research*, Vol. 3 No.2, p.107-120.

Anubav, A.M. (2010). Factors affecting customer satisfaction and their relative importance in the Retail banking sector: An empirical study. *IUP Journal of Management Research*, Vol.9, No.3, p.6-23.

Arbore, A and Busacca, B (2009) Customer satisfaction and dissatisfaction in retail banking. Exploring the asymmetric impact of attribute performances. Journal of retailing and consumer services, volume 16, issue 4, July 2009, PP 271 – 280.

Atkinson, A. (1988). Answering the eternal question: What does the Customer Want? *The Cornell Hotel and Restaurant Administration Quarterly*, 29(2): pp.12-14.

Benchmarking African Microfinance (2005), A report from microfinance information exchange, November 2006, PP 12.

Bitner (1987), Contextual Cues and Consumer Satisfaction: The role of physical surroundings and employee behaviours in service settings. Unpublished Doctoral Dissertation, University of Washington. Cited in Peyton, R.M., Pitts, S., and Kamery, H.R. (2003). "Consumer Satisfaction/Dissatisfaction (CS/D): A Review of the Literature Prior to the 1990s", *Proceedings of the Academy of Organizational Culture, Communication and Conflict*. Vol. 7(2). p.42.

Bryman, A. and Bell, E. (2003), *Business research method*, New York: Oxford University Press.

Burnham, T., Frels, J. and Mahajan, V. (2003). Consumer switching costs: a typology, antecedents, and consequences, Journal of the Academy of Marketing Science, v.31, n.2, pp.109–126.

Chijoriga M. M (2001), The performance and sustainability of microfinance Institutions in Tanzania.

Choi, T.Y. & Chu, R. (2001). Determinants of Hotel Guests' Satisfaction and Repeat Patronage in the Hong Kong Hotel Industry. *International Journal of Hospitality Management*. 20: pp. 277-297.

Churchill, C. F and Halpern S. S (2001) Building customer loyalty; measuring and maximizing customer satisfaction. The microfinance Network

Cronin, J. and Taylor, S. (1992). Measuring service quality: a re-examination and extension', Journal of Marketing, v.56, pp. 55-68.

Damato S, Bonatti C, Frigo V, and Pappagallo S, (2005). Validation of the Clinical COPD questionnaire in Italian language. Health and Quality of Life Outcomes pp. 3:9.

Don A. Dillman (1998). Mail and Other Self-Administered Surveys in the 21st Century: The Beginning of a New Era. Economic Sciences Research Center, Washington State. University, Pullman, Washington.

Dubrovski, D. (2001). *The role of customer satisfaction in achieving business excellence*, The 6th TQM World Congress, St. Petersburg, Russia.

Ekinci Y. & Sirakaya E. (2004). 'An Examination of the Antecedents and Consequences of Customer Satisfaction'. In: Crouch G.I., Perdue R.R., Timmermans H.J.P., & Uysal M. Consumer Psychology of Tourism, *Hospitality and Leisure*. Cambridge, MA: CABI Publishing, pp. 189-202.

George, D., and Mallery, P. (2003). SPSS for Windows step by step: A simple guide and reference. 11.0 update (4th Ed.). Boston: Allyn & Bacon.

Grigoroudis, E., Politis, Y, and Siskos, Y. (2002). Satisfaction benchmarking and customer classification: An application to the branches of a banking organisation, *International Transactions in Operational Research*, Vol.9, p.599-618.

Gronröos, C. (1984). A service quality model and its marketing implications, European Journal of Marketing, v.18, n.4, pp.37-44.

Gummesson, E. (1993). Quality management in service organizations: an interpretation of the service quality phenomenon and a synthesis of international research, International Service Quality Association, Karlstad, Sweden.

Gustafsson, A., Johnson, M.D. & Ross, I. (2005). The effects of customer satisfaction, Relationship Commitment Dimensions, and Triggers on Customer Retention. *Journal of Marketing*, Vol.69, No.4, p.10-218.

Hallowell, R. (1996). The relationships of customer satisfaction, customer loyalty, and profitability: an empirical study. International Journal of Service Industry Management, v.7, n.4, pp. 27-42.

Henning-Thurau, T. & Thurau, C. (2003). Customer orientation of service employees-toward a conceptual framework of a key relationship marketing construct. *Journal of Relationship Marketing*, Vol .l2, No.1, p.1-32.

Heskett, J., Jones, T., Loveman, G., Sasser, W. and Schlesinger, L. (1994). Putting the service profit chain to work. Harvard Business Review, pp. 105-11, Mar/Apr.

Hoff, K and Stiglitz, J. E (1993) Introduction: Imperfect Information and Rural credit markets – Puzzles and policy perspectives. The world Bank Economic Review, volume 4, NO 3, PP 235 -250.

Hulme, D (2000), Is microdebt Good for poor people? A note on the Dark side of microfinance – small enterprise Development, volume 11 Issue 1, PP 26-28.

Ivanka, A.H., Suzana, M., Sanja Raspor. *Consumer Satisfaction Measurement in Hotel Industry: Content Analysis Study*. p.3.

Jones, M., Mothersbaugh, D. and Beatty, S. (2000). Switching barriers and repurchase intentions in services, Journal of Retailing, v.76, n.2, pp. 259-274.

Jones, M., Mothersbaugh, D. and Beatty, S. (2002). Why customers stay: measuring the underlying dimensions of services switching costs and managing their differential strategic outcomes, Journal of Business Research, v.55, n.6, pp. 441-50.

Jones, T. and Taylor, S. (2007). The conceptual domain of service loyalty: how many dimensions? Journal of Services Marketing, v.21, n.1, pp. 36-51.

Knutson, B. (1988). Frequent Travellers: Making them Happy and Bringing them Back. *The Cornell Hotel and Restaurant Administration Quarterly*. 29(1): pp. 83-87.

Kothari C.R (2000), research Methodology: Methods and Techniques (2nd Edition, Wishwa Prakashan, New Delhi.

Kotler Philip and Keller Kelven Lance (2006), marketing management, 12th Edition, Pearson, prentice Hall, USA, PP 3 – 260

Kotler, P. and Keller, K. L. (2009) *Marketing management* (13th end). New Jersey: Pearson Education Inc, Upper Saddle River,

Kuo, Y-F., Wu, C-M. and Deng, W-J. (2009). The relationships among service quality.

Kuzilwa, J. A (2002) The Role of credit for small business success: A study of the National Entrepreneurship Development Fund in Tanzania "A paper presented at the 6th Annual International conference on Entrepreneurship and small Business Development (ICAESB) White Sand Hotel, Dar es Salaam.

Lai, F., Griffin, M. and Babin, B.J. (2009). How quality, value, image, and satisfaction.

Lassar, W., Manolis, C. and Winsor, R. (2000). Service quality perspectives and satisfaction in private banking. International Journal of Bank Marketing, v.18, n.4, pp. 181-199.

Lee, H., Lee, Y. & Yoo, D. (2000). The determinants of perceived service quality and its relationship with satisfaction, *Journal of Service Marketing*, 14(3), 217-231.

Levesque, T and McDougall, G. (1996). Determinants of customer satisfaction in retail banking. International Journal of Bank Marketing, v.14, n.7, pp.12-20.

Lincoln, Y. S., & Guba, E., G. (2000). Paradigmatic controversies, contradictions and emerging confluences. In N. K. Denzin & Y. S. Lincoln (Eds.), *Handbook of Qualitative Research* (2nd ed., pp. 163-188). Thousand Oaks, CA: Sage Publications, Inc.

Maddern, H., Maull, R., Smart, A. and Baker, P. (2007). Customer satisfaction and service quality in UK financial services. International Journal of Operations & Production Management, v.27, n.9, pp.998-1019.

N'goala, G. (2007). Customer switching resistance (CSR): the effects of perceived equity, trust and relationship commitment. International Journal of Service Industry Management, v.18, n.5, pp.510-533.

Norman, R. and Ramirez, R (1993) From value chain to value constellation: Designing interactive strategy, Harvard Business Review NO 71, PP 65-77.

Norusis, M. 2004. *SPSS 13.0 Guide to Data Analysis*. Upper Saddle-River, N.J.: Prentice Hall, Inc.

Oliver (1980a) "Theoretical Bases of Consumer Satisfaction Research: Review, critique, and future direction. In C. Lamb & P. Dunne (Eds), *Theoretical Developments in Marketing* (pp.206-210). Chicago: American Marketing Association.

Oliver H.M. Yau & Hanming You (1994). *Consumer Behaviour in China: Customer Satisfaction and Cultural Values*. Taylor & Francis, p.17.

Oliver R. L, (1980b) A cognitive Model of the Antecedents and consequences of satisfaction Decisions, In Journal of Marketing Research PP 460 – 469.

Oliver, R. L. (1997). Satisfaction: a behavioral perspective on the consumer. New York, NY: McGraw Hill.

Oliver, R.L. & J.E. Swan (1989). "Equity and disconfirmation perceptions as influences on merchant and product satisfaction", *Journal of Consumer Research*, 16 (December): 372-383.

Olorunniwo, F. and Hsu, M.K. (2006). A typology analysis of service quality, customer satisfaction and behavioural intentions in mass services. *Marketing Service Quarterly*, 16(2), 106-123.

Parasuraman, A, Zeithaml, V A and Berry, L. L (1988) Service Quality (serqual): A multiple item scale for measuring consumer perceptions of service quality, Journal of Retailing NO 64 PP 12 - 40.

Parasuraman, A, Zeithaml, V. A & Berry LL, (1991) Refinement and reassessment of the Serqual scale, Journal of Retailing NO 67, PP 420 - 450

Patterson, P. and Smith, T. (2003). A cross-cultural study of switching barriers and propensity to stay with service providers, Journal of Retailing, v.79, n.2, pp.107–120.

Peter Kangis and Vassilis Voukelatos (1997). Private and Public Banks: A Comparison of Customer Expectations and Perceptions. International Journal of Bank Marketing, Vol. 15 ISSN: 7, pp.279 – 287.

Peterson, R. A and Wilson, W. R (1992) Measuring customer satisfaction, Fact and Artifact Journal of the Academy of Marketing science, volume 20.

Peyton, R.M., Pitts, S., and Kamery, H.R. (2003). "Consumer Satisfaction/Dissatisfaction (CS/D): A Review of the Literature Prior to the 1990s", *Proceedings of the Academy of Organizational Culture, Communication and Conflict*. Vol. 7(2), p.42.

Prabhakar, A. (2005). Customer satisfaction. *Journal of Quality Assurance Institute*, Vol.19 , No.2, p.28-35.

Puja Khatri and Yukti Ahuja (2010). Comparative Study of Customer Satisfaction in Indian Public Sector and Private Sector Banks. International Journal of Engineering and Management Sciences Vol. 1: 42 - 51.

Ranaweera, C. and Neely, A. (2003). Some moderating effects on the service quality-customer retention link. International Journal of Operations & Production Management, v.25, n.2, pp.230-248.

Reginald M. Peyton, Sarah Pitts, & Rob H. Kamery (2003), "Consumer Satisfaction/Dissatisfaction (CS/D): A Review of the Literature Prior to the 1990s", *Allied Academies International Conference*, Proceedings of the Academy of Organizational Culture, Communications and Conflict: 7(2). p. 43.

Reichheld, F. and Sasser Jr., E. (1990). Zero defections: quality comes to service. Harvard Business Review, v.68, n.5, pp. 105-111.

Reichheld, F. (1993). Loyalty-based management. Harvard Business Review, v.71, n.2, pp. 64-73.

Reichheld, F. (1996). Loyalty-based management. Harvard Business Review, v.71, n.2, pp. 64-73.

Salmen, M.S. & Muir, A. (2003). Electronic customer care. The innovative path to e-loyalty. *Journal of Financial Services Marketing,* Vol. 8, No. 2, p.133-144.

Saunders, M, Lewis P, Thornill, A and Kothari, CR (2007) Research Methodology: Methods and Techniques, 2nd revised edition, New Age International (P) Ltd .

Saunders, M., Lewis P. and Thornhill A. (2009) *Research Methods for business students* 4th edition Pearson education limited

Sharma, N. and Patterson, P. (2000). Switching costs, alternative attractiveness as moderators of relationship commitment in professional consumer's services, International Journal of Service Management, v.11, n.5, pp. 470-490.

Shostack, G. l (1984), Designing services that deliver, Harvard Business Review NO 62, PP 13-139.

Siegel, S. and Castellan JR, N. (1988). Nonparametric statistics for the behavioral sciences. 2ª ed., New York: McGraw-Hill Int. Ed., 399p.

Stuart, F.I. and Tax, S. (2004). Toward an integrative approach to designing service experiences: lessons learned from the theatre. Journal of Operations Management, v. 22, pp. 609-27.

Teery G. Vavra (1997). *Improving Your Measurement of Customer Satisfaction: A Guide to Creating, Conducting, Analyzing, and Reporting Customer Satisfaction Measurement Programs*. American Society for Quality, p.47.

Thomas Salzberger & Monika Koller (2010). "Cognitive Dissonance – Reconsidering an Important and Well-established Phenomenon in Consumer Research". 120 Extracted from http://pdfcast.org/pdf/cognitive-dissonance-reconsidering-an-

important-and-well-established-phenomenon-in-consumer-behaviour-research. (Site visited on 05.09.2013).

Tiwary B. K. (2011). Consumer Perception and Satisfaction of Banking Products and Services – A Comparative Study of Select Indian Public and Private Sector Banks. Indian Streams Research Journal Vol – I.

Tontini, G. and Silveira, A. (2007). Identification of satisfaction attributes using competitive analysis of the improvement gap. International Journal of Operations & Production, Vol. II.

Vavra, T.G. (1997). Improving your measurement of customer satisfaction: a guide to creating, conducting, analyzing, and reporting customer satisfaction measurement programs, *American Society for Qualit*y. p.42.

Waqarul Haq and Bakhtiar Muhammad (2012). Customer Satisfaction: A Comparison of Public and Private Banks Of Pakistan IOSR Journal of Business and Management (IOSRJBM) ISSN: 2278 - 487X Volume 1, Issue 5 (July - Aug. 2012) - PP 01 – 05.

Wen-Yi S. Keng-Boon O., Binshan L., & Chong. A. Y. (2009) TQM and *customer satisfaction* in Malaysia's service sector. *Industrial Management & Data Systems*; 109(7) 957-975.

Wilson A., Zeithaml V.A., Bitner M.J., Gremler D.D. (2008) Services Marketing, McGraw-Hill Education.

Wilson, K. (2001), Exodus: Why Customers leave. The micro banking Bulletin, Focus on productivity, issue No. 6, April 2001, PP 17 – 19.

World Bank, (2001) Tanzania at the turn of the Century, Word Bank Country study, April 2001.

World Bank, (2004) Investment climate Assessment Improving Enterprise performance" working paper, Washington.

Wu, C.H-J. and Liang, R.D. (2009). Effect of experiential value on customer satisfaction with service encounters in luxury-hotel restaurants. *International Journal of Hospitality Management*, 28, 586-593.

Zeithl, V Berry L. L & Parasuraman, A (1988).Communication and Control processes in the delivery of service quality, Journal of Marketing NO. 52 PP 35-48.

Zemke, R and Schaaf, D (1989). The service Edge 101 companies that profit from customer care, New York, NAL books.

APPENDICES

APPENDIX 1: Customer Satisfaction Questionnaire for Standard Chartered Bank Customers

Hi, I am a student with The Open University of Tanzania; I need your help to answer some questions about Standard Chartered Bank for my master's project. There are few questions and can take about some few minutes of your time. The lists below are some of the characteristics that could be used to describe Standard Chartered Bank. Using scale from 1 to 10, with 1 being strongly agree and 10 being strongly disagree.

To what extend do you agree or disagree that Standard Chartered Bank has: (circle on number)		
1	Quality services	Strongly agree………….. Strongly disagree 1 2 3 4 5 6 7 8 9 10
2	Welcoming staffs	Strongly agree………….. Strongly disagree 1 2 3 4 5 6 7 8 9 10
3	Good service time	Strongly agree………….. Strongly disagree 1 2 3 4 5 6 7 8 9 10
4	Accurate services	Strongly agree………….. Strongly disagree 1 2 3 4 5 6 7 8 9 10
Customer loyalty, bank switching cost and word-of-the mouth promotion		
5	If I could save 10%, I would switch the current bank	Strongly agree………….. Strongly disagree 1 2 3 4 5 6 7 8 9 10
6	I will recommend Standard Chartered Bank to a friend or relative	Strongly agree………….. Strongly disagree 1 2 3 4 5 6 7 8 9 10
7	I intend to switch banks over the next 12 months,	Strongly agree………….. Strongly disagree 1 2 3 4 5 6 7 8 9 10
8	If I wanted to switch banks, it would be laborious	Strongly agree………….. Strongly disagree 1 2 3 4 5 6 7 8 9 10
9	How satisfied are you with Standard Chartered Bank	Strongly agree………….. Strongly disagree 1 2 3 4 5 6 7 8 9 10
	If you are satisfied, what gives you maximum satisfaction with Standard Chartered Bank	1= Service Quality; 2= Service cost 3= Service time; 4= the office infrastructure 5= the workers; 6= the world wide servicing 7= Accurate service; 8= Other….
	If you are dissatisfied, what gives you Maximum dissatisfaction with Standard Chartered Bank	1= Service Quality; 2= Service cost 3= Service time; 4= the office infrastructure 5= the workers; 6= the world wide servicing 7= Accurate service; 8= Other……
Please indicate the number that classifies you best		
Type of bank account 1 = savings 2 = Current	**Gender** 1 = Male 2 = Female	**Age** 1 = Less than 18; 2 = 18-30; 3 = 31-45 4 = Above 45
Thank you for cooperation!		