

CUSTOMERS SPEAK FOR THEMSELVES: A CASE OF CUSTOMER SATISFACTION IN THE FOUR MAIN SOUTH AFRICAN BANKS

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Abstract: *There is a stiff competition for customers among the four 'big' banks in South Africa. Banks have been dedicating a lot of time and resources in order to improve customer service levels and to expeditiously solve and respond to queries timeously. Although banks are trying their best to give their customers the best service, it is important to continuously measure customer satisfaction and identify most important service attributes that contribute to overall customer satisfaction for the banks. It is against this background that this study was carried.*

In order to carry out this study, a quantitative survey of randomly selected customers in Pretoria, Johannesburg, Durban and Cape Town were interviewed using a face-to-face methodology. A questionnaire with close-ended questions was designed using attributes sourced mainly from BANKSERV and included other demographic information. The interviewers were properly trained on how to administer the questions to the respondents. A total of 500 respondents participated in the survey. The respondents were randomly intercepted in the shopping malls and outside some banking halls for the areas considered in the study. The study showed that customers are generally satisfied (90%) with the overall service offered by the banks with low percentage (8%) of customers wanting to switch to another bank. The study also showed high usage of Internet banking, telephone banking, and automated teller machines (ATMs).

Keywords: *Customer Satisfaction, South Africa, Banking, Quantitative Questionnaire*

INTRODUCTION TO THE STUDY

Research on customer satisfaction is one of the fastest growing segments of the marketing research field in the twenty-first century era. It represents a modern approach for quality control in enterprises and organisations and serves the development of a truly customer-focused management and culture.

In the banking industry, customer satisfaction is an important attribute that impacts the operations of the bank. South African banks aim to increase their overall quality of service to new levels of excellence through offering new products and keeping their customers satisfied. This is achieved by continuously monitoring and benchmarking their services with the best performers within the industry. There are four big banks in South Africa namely ABSA, Standard bank, FNB, and Nedbank.

There is therefore need to consistently monitor and track the performances of the banks in terms of customer experience and satisfaction through carrying customer satisfaction surveys like this one. To reinforce customer orientation on a day-to-day basis, a number of companies have chosen customer satisfaction as their main performance indicator. Empirical research in banking has found substantial but unexplained differences among banks' costs and profits,

indicating that the industry is not in long-run equilibrium. Three factors can be hypothesized as the main sources of out-of-equilibrium behaviour among banks (Woldie, 2003) namely:

- Variations in banks' abilities to match capacity and demand;
- Variations in risk management; and
- Variations in providing customer satisfaction.

Past research has shown that on average, nearly 8 out of 10 customers of American banks are satisfied with their banks.

RATIONALE OF THE PAPER

There is a stiff competition among the four major banks in South Africa in terms of customer acquisition and retention. This is evidenced in the way banks are now operating. For example, banks created customer call centres where service consultants dedicate their time to solve customer queries and giving feedback by phoning or emailing their customers. Banks are also using modern technology to improve their service levels. However, banks still have problems of meeting customer expectations because at times customers queue to get service, or customers' queries are not addressed amicably or speedily. These problems can cause movement of customers from one bank to another and increases

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competition among banks. Against this background, it was important to understand which attributes customers value in order to be satisfied with products or services that different banks offer. Understanding of attributes that contribute to customer satisfaction in the banking industry is of paramount importance.

SOUTH AFRICAN BANKING CONTEXT

There are over ten banks operating in South Africa. Currently, there are only four major banks that dominate the banking industry commonly called the “big four”. These are Amalgamated Bank of South Africa (ABSA), First National Bank (FNB), Standard Bank, and Nedbank. Recently Capitec bank has emerged as a big player but for this study, it will not be part of the analysis. These four banks have been providing good products and services to their customers but recently there has been slight decline in the customer satisfaction level from 81.3% to 77.1% over the last few years and therefore there is need to continuously track the banks’ performances on regular basis.

As expected, there is stiff competition among the four major banks for customers. Banks are also using modern technology to improve their service levels. However, banks still have problems of meeting customer expectations because at times customers queue to get service, or customers’ queries are not addressed amicably or speedily. These problems can cause movement of customers from one bank to another and increases competition among banks. Against this background, it is important to ask the following questions:

- Which attributes do customers value in order to be satisfied with products or services that different banks offer?
- Are South African banks giving its customers the best service?
- Which bank is considered to be the best?

SIGNIFICANCE OF THE PAPER

This paper is important in ascertaining customer satisfaction attributes within the South African banking community. The attributes used in this research can be used as a basis for marketing research, modelling and benchmarking of the products.

The results from the survey also give an indication of which specific service aspects need to be addressed and improved in order to increase customer satisfaction. Utilising a professionally designed and administered customer satisfaction study helps to:

- Improve customer retention;

- Gauge interest in new products and service offering; and
- Pin-point areas of process improvement.

CUSTOMER SATISFACTION IN THE BANKING INDUSTRY

Munusamy, Chelliah and Wai Mun (2010) argue that in any business-to-customer (B2C) type of environment, satisfying a customer is the ultimate goal and objective. Realistically speaking, more studies have found that customer satisfaction is really an important issue in many industries of the economy globally. This is perhaps due to the fact that organisations sometimes do not really understand of what actually goes on in a customer’s mind (Munusamy et al., 2010). This notion is applicable to the South African banking industry.

Banking in the South African context is very stable, sophisticated and generally healthy. In South Africa, banks are regulated and supervised by the South African Reserve Bank (SARB). Generally, the South African regulatory framework for the financial sector is modern and generally effective. Taking into account the achievements of the South African banking system, one important issue that is critical is how banks treat their customers in terms of customer care and how satisfied their clients are. It is therefore not surprising that customer satisfaction is an area of interest from many researchers.

Kotler and Keller (2006) argue that customers are more educated and informed than ever, and they have the tools to verify companies’ claims and seek out superior alternatives. A highly satisfied customer generally stays loyal longer, buys more as the company introduces new products and upgrades existing products, talks favourably about the company and its products, pays less attention to competing brands and is less sensitive to price, offers product or service ideas to the company, and costs less to serve than new customers, because transactions are routine (Kotler and Keller, 2006). In a competitive marketplace where businesses compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy (Munusamy et al., 2010). Munusamy et al. (2010) argue that for that matter, organisations in the same market sector are compelled to assess the quality of the services that they provide in order to attract and retain their customers.

Kotler and Keller (2006) define customer satisfaction as a customer’s feelings of pleasure or disappointment resulting from comparing a product’s perceived performance (or outcome) in relation to his or her expectations. Gupta and Zeithaml (2006) and Darsono and Junaedi (2006) define customer satisfaction as customer’s judgement that a product or service meets or falls short of expectations. A highly

satisfied customer generally spreads a good gospel about his or her bank while a disappointed customer will not advise his or her colleagues or relatives to be associated with a bank that offers poor service. Banking institutions need to be concerned today with customer satisfaction levels because the internet provides a tool for customers to spread bad word of mouth as well as good word of mouth (Kotler and Keller, 2006). Research has shown that many market leaders are found to be highly superior-customer-service orientated and are thus rewarded with high revenue and customer retention as well.

The need for customer satisfaction in banking industry is supported by research (Kotler and Keller, 2006), which has shown that:

- Customers tell twice as many people about a bad experience as they tell about a good one.
- A typical dissatisfied customer will tell 8-10 people about their problem.
- Seven out of ten complaining customers will do business with you again if you resolve the complaint in their favour.
- If you resolve a complaint on the spot, 95% of complaining customers will do business with you again.
- It is easier to get present customers to buy 10% more than to increase your customer base by 10%.
- It costs approximately six times more to attract a new customer than it does to keep an old one.

Kotler and Keller (2006) give the following four interesting points about customer retention:

1. Acquiring new customers can cost five times more than the costs involved in satisfying and retaining current customers. It requires a great deal of effort to induce satisfied customers to switch away from their current suppliers.
2. The average company loses 10% of its customers each year.
3. A 5% reduction in the customer defection rate can increase profits by 25% to 85%, depending on the industry.

4. The customer profit rate tends to increase over the life of the retained customer.

According to a KPMG 2014 Banking Industry Customer Satisfaction Research in Nigeria, the following customer service factors were found to be important:

- **Convenience:** This measures accessibility and quality of service from delivery channels.
- **Customer Care:** This measures interaction of bank staff with customers.
- **Transactions, Methods and Systems:** This measures customer support processes/systems and turn-around- time.
- **Pricing:** This measures customers' perception on fees, charges and rates on products.
- **Products and Services:** Measures product range and appropriateness to customers' needs.

The customer service factors can be measured by use of different attributes. The next section discusses the attributes that were measured in this study.

ATTRIBUTES MEASURING CUSTOMER SATISFACTION IN THE SOUTH AFRICAN BANKING INDUSTRY

This research is modelled along the SERVQUAL model (<http://www.citehr.com/servqual-service-quality-vt2437.html>). The SERVQUAL model uses 22 attributes to measure the quality of service and these 22 attributes have been modified depending on the industry. Banking is a service that encapsulates all the characteristics of services which are directed towards customer's money and its management. Customer satisfaction can result from any dimension but in banking it arises mainly from the quality of service experienced with the service provider. In this research, 21 attributes were used to measure customer on 1 to 10 scale where 1 stands for very dissatisfied and 10 stands for very satisfied. The attributes measured are summarised below:

Table 1: Summary of the Attributes Measured in the Study

21 attributes measured in the study		
Friendliness of service consultants	Time taken to respond to queries	Use of current technology
Helpfulness	People answering the phone are cheerful	Working status of ATMs
Resolution of problems	Easy to get information on the phone	User friendliness of bank's website
Queuing time inside the banking mall	Innovativeness of the bank	Pricing of products
Professionalism of staff	Takes customers' suggestions seriously	Investment advice
Bank employs competent staff	Communication with customer	Bank's willingness to give loans.
Use of language	You are often put on hold for a long time	Overall customer satisfaction levels by main bank

There are a number of advantages that banks can benefit from carrying out customer satisfaction studies. Some of the advantages are:

- Understanding the needs of customers;
- Benchmarking the service levels of the service consultants;
- Understanding the perceptions of customers about the bank; and
- Taking corrective measures on areas where the bank might be lagging behind.

The above advantages of conducting customer satisfaction studies can be fully enjoyed when the management of the banks implements the results and learn results therein. Therefore customer satisfaction is not a once-off exercise that management can decide to do, it must be regularly done with the view of improving customer service and to be emulate industry norms. It is for this reason, that most organisations do customer satisfaction surveys and track them over a period of time in order to measure their performance.

CUSTOMER SATISFACTION MODEL (CSM) IN THE BANKING INDUSTRY

There has been an increase in customer satisfaction studies recently. Kano, Seraku and Takahashi (1984) derived the first customer satisfaction model that distinguished six categories of quality attributes and there have been many versions of the model that currently exists in literature. The attributes measured in Kano et al. (1984) were the following:

1. Basic Factors:

These are the minimum requirement factors which cause customers to be dissatisfied if they are not fulfilled.

Customers regard these factors as prerequisites and often take them for granted and these factors establish a market entry threshold.

2. Excitement Factors:

These are the factors that increase customer satisfaction if properly delivered but these do not cause customer dissatisfaction if not delivered. If a company uses these factors, the company can really distinguish itself from its competitors in a very positive way.

3. Performance Factors:

These are the factors that cause customers to be satisfied if performance is high. If performance is low then customers will be dissatisfied and there will be need for corrective measures. The attribute performance overall satisfaction is linear and symmetric as shown in Figure 1.

4. Indifferent Attributes:

These are the attributes that are not important and the customer does not care about these.

5. Questionable Attributes:

These are attributes that are really not expected by the customer.

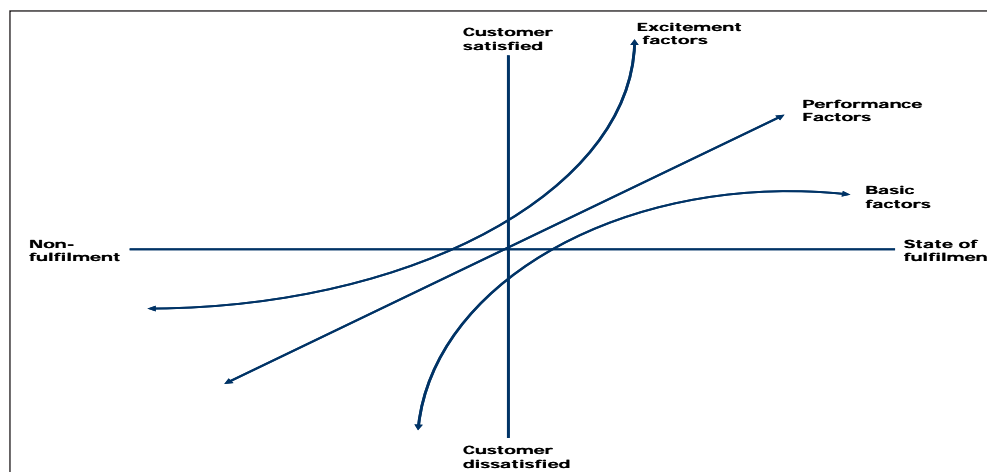
6. Reverse Attributes:

These are the attributes in which the customer expects the opposite of the attributes being offered.

Figure 1 summarises the customer satisfaction model as discussed by Kano et al. (1984). The factors help the management on how to improve their operations.

Kotler and Keller (2006) and Gupta and Zeithaml (2006:720) mention that the level of customer satisfaction depends on product and service quality. Duncan (1986) and Kotler and

Figure 1: Customer Satisfaction Model (CSM)



Source: Kano et al. (1984:47).

Keller (2006) define quality as the totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs. In the quest to maximise customer satisfaction, banking institutions have to adopt total quality management principles. Kotler and Keller (2006) and Han, Chen and Ebrahimpour (2007) define total quality management (TQM) as an organisation-wide approach to continuously improve the quality of all the organisation's processes, products and services. The approach of improving the organisation's processes can be achieved by carrying out surveys that produce data that can be analysed and modelled.

In the South African banking industry, the South African Satisfaction (SAS) index measures six factors contributing to overall customer satisfaction. The factors according to Synovate News Release (2005) are:

- Internet banking;
- Call Centre agents;
- Staff and the bank;
- Automated Teller Machines (ATMs);
- Telephonic Banking; and
- General issues that include security and product availability to customers.

The linkage between customer satisfaction and profitability is a cornerstone of service improvement efforts. Customer satisfaction measurement is central to operations because it provides valuable feedback to organisations about where their efforts for improvements are necessary, as well as indicating the degree to which improvements are likely to have the most significant impact on customer behaviour and loyalty. Customer satisfaction also has a direct impact on customer loyalty. In order to have loyal customers, there is need for proper Customer Relationship Management (CRM) systems within an organisation. Although it might be difficult to satisfy all customers, with proper customer management systems in place, it is possible to build loyal customers. In summary, customer satisfaction measurement is very crucial in assessing the performance of key service attributes as measured by the customers.

RESEARCH DESIGN AND METHODOLOGY

In any study, the design of the research is very important as it clearly indicates how the research can be implemented. Sampling design is very important for any quantitative research. Poor research design can lead to inaccurate implementation of the study. Mouton (2006:78) defines research design as a set of guidelines and instructions to be followed in addressing the research problem. The main function of a research design is to enable the researcher to anticipate what the appropriate research decisions should be so as to maximise the validity of the eventual results.

The field of market research is an important field of study that helps researchers and management to make some informed decisions based on real data. In any statistical modelling, a sample that is large and representative must always be used. In order to collect data that is useful, the sample was controlled by regions to be covered and number of interviews further controlled for each bank. It was important to ensure each bank had enough people who rated it for any meaningful analysis to be done.

Questionnaire Design

Questionnaire design is very important in customer satisfaction studies as it leads to what information is collected for analysis. Kotler and Keller (2006) define market research as a systematic design, collection, analysis, and reporting of data and findings relevant to a specific marketing situation facing the company or institution.

The questionnaire covered the following:

- Section A: General demographic information of the respondent with 9 questions;
- Section B: Questions on understanding the customer;
- Section C: Questions on customer perception attributes measuring their satisfaction with their main bank (21 statements); and
- Section D: Questions on extent of agreement with statements about the bank (5 statements).

In customer satisfaction and service excellence studies, a mixture of close-ended questions and open-ended questions are sometimes used. Close-ended questions specify all the possible answers and provide answers that are easier to interpret and tabulate while on the other hand open-ended questions allow respondents to answer in their own words and often more about how people think (Kotler and Keller, 2006:107). For easy data capturing and analysis, all the questions used in this study were closed and therefore the questionnaire was quantitative in nature. Quantitative research has the following advantages:

- The results are statistically reliable. That is, quantitative research can reliably determine if one idea is better than the alternatives through hypothesis testing.
- The data can be quantified and the results are projectable (inferred) to the population.
- It is relatively cheaper to collect data in this case as compared to qualitative research (e.g. focus groups) as the responses are already coded.

Questionnaire Piloting

The questionnaire was pilot tested to ensure that the following were achieved:

- The questionnaire is understood by respondents;
- The objectives of the study were being met;
- The questionnaire runs smoothly;
- The questionnaire addresses all aspects relating to the various questionnaire framework issues; and
- The average completion time met acceptable standards.

Piloting revealed that respondents had no problems in understanding the questionnaire.

The data was collected in the four areas chosen. Prior to data collection (fieldwork), 8 interviewers were extensively trained on how to administer the questions to the respondents. Questionnaires were administered in shopping malls and outside bank branches through face-to-face interviewing. Face-to-face interviewing was deemed to be the most practical way of collecting the data as the interviewers could manage the process and explain concepts to the respondents were necessary. The respondents were randomly intercepted and the questionnaire administered. To ensure an accurate and reliable data set, interviewers were supervised and monitored throughout the data collection phase via vigorous field and back checks.

Data Collection and Capturing

The actual respondents were however intercepted in the shopping malls or outside banking halls using systematic sampling. The interviewers would intercept every 10th person that passes through them for possible interviewing provided the person agreed to be interviewed.

A total of 500 quantitative questionnaires were collected across the four sampled areas (Johannesburg {n=140}, Pretoria {n=120}, Durban {n=120}, and Cape Town {n=120}) and this sample was acceptable to make statistical inferences about the findings of the research under the constraints of cost. The sample was calculated based on an overall error rate of 4.4% at the 95% confidence interval.

The completed questionnaires were captured using EpiData software. EpiData is a free-ware program for data entry and documentation of data. Quality control checks were done in order to make sure that the data were entered correctly. After data capturing, the data was exported to Statistical Package for the Social Sciences (SPSS) for more detailed analysis.

DATA ANALYSIS

This section discusses how data was analysed using different statistical tools. Basic frequencies were run to uncover satisfaction and perception related issues for the four banks. Further to the basic frequencies, percentages, cross-tabulations were also tabulated to explore the same

characteristics of satisfaction per region and per bank. Other cross tabulations of customer satisfaction attributes by gender, race and key variables were also ran to explore all possible associations. When running, cross-tabulation the Chi-square tests were computed so that the hypotheses about association could be tested. All the descriptive statistics such as the mean scores of the satisfaction attributes were compared and different hypotheses tested. These hypotheses were tested using student t-tests and the z-test for proportions.

Statistical Hypothesis Testing

Statistical hypothesis testing involves inferring characteristics of the population of interest using data from a sample. Wegner (2007) mention that hypothesis testing is a vigorous process of testing the validity of management claims using sample evidence. In hypothesis testing, there are two competing hypotheses or statements namely null hypothesis and alternative hypothesis (Wegner 2007; Mendehall, 1983). The null hypothesis usually states that there is no difference between what one might find in the population characteristics and the sample being studied.

H_0 : The Overall Satisfaction Mean for bank i customers = The Overall satisfaction Mean for bank j customers ($\mu_i = \mu_j$).

H_1 : The Overall Satisfaction Mean for bank i customers is different from the Overall satisfaction Mean for bank j customers ($\mu_i \neq \mu_j$). The test statistic in this case was calculated as:

$$T_{cal} = \frac{\bar{x}_i - \bar{x}_j}{s_p \sqrt{\frac{1}{n_i} + \frac{1}{n_j}}} \text{ where } \bar{x}_i \text{ is the mean for bank } i \text{ and } S_p$$

is the pooled standard deviation for bank i and bank j and n_i and n_j are the respective samples each of the banks being compared. The pooled variance is calculated as follows:

$$s_p^2 = \frac{(n_i-1)s_i^2 + (n_j-1)s_j^2}{n_i + n_j - 2} \text{ and } S_p \text{ is the square root of the pooled}$$

variance (i.e. it is the pooled standard deviation).

The test statistic was compared with the critical value from the t tables. The general rule is to reject the null hypothesis if the calculated test statistic is greater than the value from the t tables (Wegner, 2007; Mendehall, 1983).

Regression and Correlation Analyses

Regression analysis models were used to determine factors impacting on overall customer satisfaction. Wegner (2007) describes regression analysis as a statistical technique that builds a model of the relationship between the unknown variable and the set of known variables. Correlation analysis,

on the other hand, identifies the strength of the relationships and determines which variables are useful in predicting the unknown variables.

Regression analysis defines the structural relationship between two numeric random variables as a mathematical equation for the purpose of predicting future values and describing the data as well (Wegner, 2007). It models relationships between random variables and determines the magnitude of the relationships between these variables, and can be used to make predictions based on the model fitted to the data.

Multiple regression model is written in the following form (Wegner, 2007; Mendehall, 1983; Arnold, 1980; Neter, Wasserman and Kutner, 1990):

$$Y = \beta_0 + \beta_1 X_1 + \dots + \beta_k X_k + \epsilon_k.$$

The random variable Y in the regression equation above represents overall level of satisfaction of customers for per bank. The set $\{\beta_0 \dots \beta_k\}$ is a set of beta coefficients of the independent (predictor) variables that measure the relative importance of each attribute in estimating the overall level of customer satisfaction and $\{X_1 \dots X_k\}$ is the set of all attributes that contributes to the level of satisfaction within each customer. The adequacy of the regression model was checked by looking at the residuals obtained from the model. In order to test the significance of the attributes in the model, parameters are estimated and the significance of the parameters is tested at some prescribed level of significance (normally 5% level of significance).

The derived importance was calculated from a stepwise regression model where the beta coefficients became the derived importance. Deriving importance of attributes using regression analysis enabled strategic impact analysis chart to be developed where the attributes are grouped in four segments specifically:

1. Urgent improvement attributes;
2. Leverage attributes;
3. Maintain attributes; and
4. Long-term improvement attributes.

The strategic impact of such an analysis can assist banks to identify specific areas that require improvement and also those that are performing well.

RELIABILITY AND VALIDITY OF THE STUDY

Whenever a measuring device such as a questionnaire is used as part of the data collection process, validity and reliability of the test is important. Reliability is the consistency of measurement, or the degree to which an instrument measures the same way each time it is used under the same condition

with the same subjects. The Cronbach's alpha (Gibson, 2007) was used to measure the reliability of the attributes used in measuring customer satisfaction. A high Cronbach's alpha coefficient (usual above 0.7) indicates fairly substantial reliability (Gibson, 2007) and shows that the data collected is reliable. Validity is the strength of conclusions, inferences or propositions made from the data collected.

In carrying out a study of this nature, it was always important to consider all ethical factors that determined the successful implementation of the study. The information collected was treated with strictest confidentiality and was only used for this research only for the purposes of completing an MBA with Management College of Southern Africa (Mancosa). The results did not vindicate the respondents and thus there is no harm to the respondents. The high Cronbach's alpha ($\alpha=0.722$) confirms that the attributes were reliable.

RESULTS AND ANALYSIS

This section briefly summarises some of the demographic questions that were asked in the questionnaire.

Table 2: Summary of Sample Demographics

Gender	Frequency	%
Male	247	49%
Female	253	51%
Total	500	100%
Race	Frequency	%
Black	272	54%
Coloured	55	11%
White	122	24%
Indian	51	10%
Total	500	100%
Age category	Frequency	%
21- 24 years	83	17%
25 - 34 years	178	36%
35 - 44 years	196	39%
More than 45yrs	43	9%
Total	500	100%
Annual income (in Rand)	Frequency	%
R60 000-R120 000	73	15%
R121 000-R180 000	62	12%
R181 000-R240 000	109	22%
R241 000-R300 000	193	39%
R301 000-R350 000	48	10%
More than R350 000	15	3%
Total	500	100%
Respondent's main bank	Frequency	%

ABSA	161	32%
*Capitec	6	1%
FNB	106	21%
Nedbank	67	13%
Standard Bank	160	32%
Total	500	100%

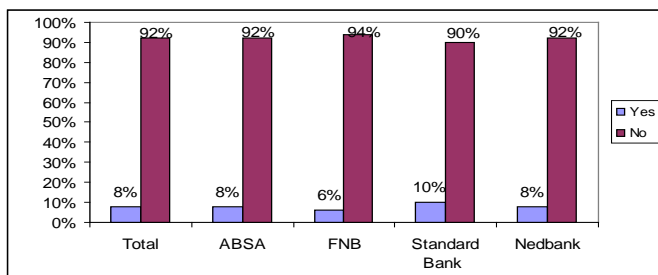
*Capitec bank was not compared with other banks in the analysis since it had only 6 respondents.

The study showed that the use of Internet was high among respondents (78%).

Telephone banking was also commonly used by the respondents (76%) while 77% used automated teller machines (ATMs).

All the banks' main customers did not want to change their main accounts with FNB having the highest proportion (94%) of customers who did not want to change their main account. This is an indication that most of the respondents had faith with their banks and loyal and hence they did not wish to switch their accounts to other banks.

Figure 2: Intention to Change Main Bank Account



No major differences were observed among the four big banks with regards to customers' demographic information and other background information.

Cross Tabulations to Measure Level of Association Between Overall Customer Satisfaction and Different Attributes

The following section presents results that measured level of association between different questions that are deemed to be related. Chi-square test statistics were used to test the hypothesis of association of overall level of customer satisfaction to different attributes. The sample size of 500 was more than enough to carry out Chi-square tests of association. The following hypotheses were tested:

Ho: There is no association between overall customer satisfaction and attributes mentioned.

H1: There is association between overall customer satisfaction and attributes mentioned.

Reject the null hypothesis if the calculated Chi-Square is greater than the critical Chi-Square at the specified degree of freedom (df) at 5% level of significance (Wegner, 2007).

From Table 3 the following are conclusions are made:

- There is no form of association between overall customer satisfaction and the place of interview. This essentially means that overall customer satisfaction is not area related but is customer based.
- There is no association between gender and customer satisfaction as rendered by the banks and therefore the differences in results are not gender based.
- There is association between population grouping and the overall customer satisfaction. In other words, overall customer satisfaction is viewed differently by different races and thus different races are satisfied differently. This is an interesting finding especially in South Africa where race is still a divide in the society.

Table 3: Measuring Association of Overall Customer Satisfaction And With Variables in the Table

Overall Customer Satisfaction association with	Chi-Square Tests	Calculated Chi-Square	df	Chi-Square critical value at df, $\alpha=0.05$	Conclusion from the test
Place of interview	Pearson Chi-Square	24.21086628	15	65.75	Null hypothesis is not rejected
	Likelihood Ratio	27.56671935	15		
Gender	Pearson Chi-Square	9.134141379	5	11.1	Null hypothesis is not rejected
	Likelihood Ratio	9.292876959	5		
Race	Pearson Chi-Square	27.07241039	15	25.00	Null hypothesis is rejected
	Likelihood Ratio	26.71559969	15		

Figure 3: General Satisfaction of Products to Respondents' Needs

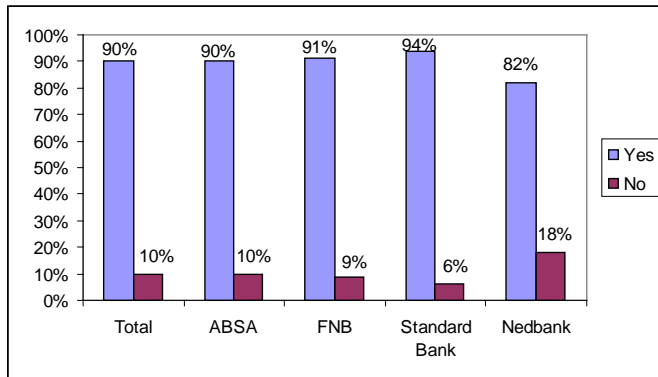


Figure 3 shows that about 9 in 10 customers were generally satisfied with the products that the banks were offering.

This answers the question that customers are generally satisfied with their banks' product or service offerings although customers from Nedbank are slightly less satisfied. Statistically, there were no significant differences in the proportions of customers that were satisfied for ABSA, FNB and Standard bank while the proportion of satisfied Nedbank customers was lower than the other 3 banks.

Hypothesis Testing Based on Mean Ratings

In order to ascertain the differences in terms of the overall customer satisfaction levels, hypothesis testing (Wegner, 2007) was done to compare the overall customer satisfaction levels. Pair-wise comparison between the banks was done and there are $4C2=6$ pair-wise hypotheses that were tested. Table 4 summarises the pair-wise comparisons.

Table 4: Hypothesis Testing for Comparing Overall Customer Satisfaction Levels by Main Bank

μ_1	μ_2	s_1^2	S_p^2	n_1	n_2	S_p^2	T_{cal}	Comparison	Decision at $\alpha=0.05$ level of significance
8.50	8.35	2.05	2.10	161	106	2.07	0.86	ABSA vs FNB	No Statistical differences between the two banks
8.50	8.13	2.05	2.09	161	67	2.06	1.77	ABSA vs Nedbank	No Statistical differences between the two banks
8.50	8.26	2.05	2.23	161	160	2.14	1.51	ABSA vs Standard Bank	No Statistical differences between the two banks
8.35	8.13	2.10	2.09	106	67	2.09	0.95	FNB vs Nedbank	No Statistical differences between the two banks
8.35	8.26	2.10	2.23	106	160	2.18	0.50	FNB vs Standard Bank	No Statistical differences between the two banks
8.13	8.26	2.09	2.23	67	160	2.19	-0.57	Nedbank vs Standard Bank	No Statistical differences between the two banks

Table 5: Means of the Attributes Measuring Customer Satisfaction Per Customer's Main Bank

Attribute	Mean of each attribute out of 10				
	Total sample	ABSA	FNB	Standard Bank	Nedbank
Overall customer satisfaction levels by main bank	8.34 ^é	8.50 ^é	8.35 ^é	8.26 ^é	8.13
Friendliness of service consultants	7.47 ^â	7.40 ^â	7.52 ^â	7.49 ^â	7.54 ^â
Helpfulness	7.95	7.84	8.00	7.96	8.12
Resolution of problems	8.00	7.94	8.25 ^é	7.96	7.90
Queuing time inside banking mall	7.69	7.61	7.81	7.69	7.64 ^â
Professionalism of staff	7.62	7.70	7.61 ^â	7.66	7.36 ^â
Employs competent staff	7.73	7.79	7.82	7.71	7.52 ^â
Use of language	8.05	8.11	8.09	7.91	8.10
Time taken to respond to queries	7.45 ^â	7.50 ^â	7.46 ^â	7.48 ^â	7.30 ^â
People answering the phone are cheerful	7.81	7.75	7.99	7.88	7.48 ^â
Easy to get information on the phone	7.94	7.81	8.03	8.08	7.70
Innovativeness of the bank	8.40 ^é	8.48 ^é	8.42 ^é	8.41 ^é	8.10
Takes customers' suggestions seriously	7.83	7.79	7.79	7.89	7.79
Communication with customer	8.30 ^é	8.35 ^é	8.31 ^é	8.29 ^é	8.12
You are often put on hold for a long time	7.69	7.75	7.45 ^â	7.71	7.85
Use of current technology	7.76	7.71	7.89	7.69	7.76
Working status of ATMs	7.64 ^â	7.22 ^â	7.86	7.79	7.90
User friendliness of bank's website	7.71	7.71	7.65	7.80	7.58 ^â
Pricing of products	7.68	7.73	7.84	7.59 ^â	7.51 ^â
Investment advice	7.67	7.67	7.58 ^â	7.73	7.67
Bank's willingness to give loans	7.73	7.65	7.80	7.77	7.72
Base (number of respondents answering)	500	160	106	160	67

Note: ^é denotes Statistical significant increases or decreases above the benchmark mean of 8.

As shown in Table 4, there were no statistical differences between the banks in terms of the overall levels of customer satisfaction. The value of 8.00 was based on the Financial Services and Benchmarking Association™'s performance index score on the banking industry. The following hypotheses were tested using a benchmark value of 8.00.

Benchmarking Hypotheses based on Benchmark Value of 8.00

H_0 : Customers to South African banks are satisfied with the service they receive on a benchmark mean of 8.

H_1 : South African customers are not satisfied with the service they receive from their banks compared to a mean benchmark of 8.

Table 5 summarises the results of the benchmarking for each bank for all the service related attributes.

Most of the service attributes were not statistically different from a benchmark mean of 8. The hypotheses were evaluated based on t-test statistic (Wegner 2007) at the 5% level of significance. However there were some attributes that were statistically lower than the benchmark value and these were:

- Friendliness of service consultants;
- Professionalism of staff (Nedbank customers);
- Time taken to respond to queries;
- People answering the phone are cheerful (Nedbank customers);
- You are often put on hold for a long time (FNB customers); and
- Working status of ATMs (ABSA customers).

The attributes that showed statistical higher means than the benchmark of 8 were:

- Overall quality of service offered by the bank (Total, ABSA, FNB and Standard bank);
- Resolution of problems (FNB customers);
- Innovativeness of the bank (Total, ABSA, FNB and Standard bank); and
- Communication with customer (Total, ABSA, FNB and Standard bank).

Critical Indices for Each Bank Using Customer Satisfaction Attributes

A customer satisfaction index (CSI) for each bank was calculated and calibrated out of 100. All the attributes that measured the satisfaction of respondent were used in the calculation. The higher the index, the better the bank was performing in terms of its customer satisfaction rating.

Table 6: Customer Satisfaction Indices (CSI) for Each Bank

Bank	Customer satisfaction Index (out of 100)	Rank of Customer Satisfaction Index
FNB	78.59	1
Standard Bank	78.23	2
ABSA	77.76	3
Nedbank	77.33	4

It is generally accepted that a bank that is perceived to offer great service on all the service attributes is rated highest on most of the service attributes. Using all the attributes to calculate a satisfaction index showed that FNB was rated number 1, followed by Standard Bank. ABSA took position 3 while Nedbank was ranked fourth.

Correlation and Regression Analysis Results

Pearson correlation coefficients were calculated between overall customer satisfaction and each of the attributes that measured the service being offered by the banks. All the attributes were positively but weakly correlated with the overall customer satisfaction for each bank. This means that not many attributes contributed to the regression models that were fitted. As pointed out in Richards et al. (2007), correlation analysis helps to ascertain the level of association of dependent variable and the independent variables and therefore it was necessary to ascertain this before regression analysis was used.

Stepwise regression analysis was used to determine which key attributes drive overall customer satisfaction per bank. Darsono and Junaedi (2006) point out most marketing researchers accept a theoretical framework in which perceived quality of service leads to customer satisfaction. It is most important to identify the critical attributes per bank that drive overall customer satisfaction and percentage contribution to the derived regression model as illustrated in Table 7.

Table 7 Shows The main Drivers of Overall Customer Satisfaction Per Bank.

From Table 7, ABSA's overall customer satisfaction was driven by helpfulness of the staff and innovativeness of the bank. FNB's overall customer satisfaction was driven by helpfulness, innovativeness of the bank, resolution of problems and investment advice given by the bank. Standard bank was driven by its innovativeness, investment advice to its customers as well as high language ethics. Nedbank's overall customer satisfaction was driven by high standard of language and consultants' friendliness.

Table 7: Key Drivers of Overall Customer Satisfaction Per Bank

Main Bank	Driver of Overall Customer Satisfaction for each Bank Service	Standardised Beta coefficients	% contribution to the regression model
ABSA	Helpfulness	0.256	52%
	Innovativeness of the bank	0.233	48%
FNB	Helpfulness	0.185	19%
	Innovativeness of the bank	0.278	29%
	Resolution of problems	0.32	34%
	Investment advice	0.166	17%
Nedbank	Use of language	0.262	52%
	Friendliness of service consultants	0.244	48%
Standard Bank	Innovativeness of the bank	0.310	44%
	Investment advice	-0.176	25%
	Use of language	0.217	31%

Although Table 7 showed that few of the attributes actually drove the overall customer satisfaction per bank, it does not necessarily mean that the other attributes were not important. If the key drivers of the overall customer satisfaction are not properly monitored, there could be high churn rates resulting in the banks losing their loyal customers.

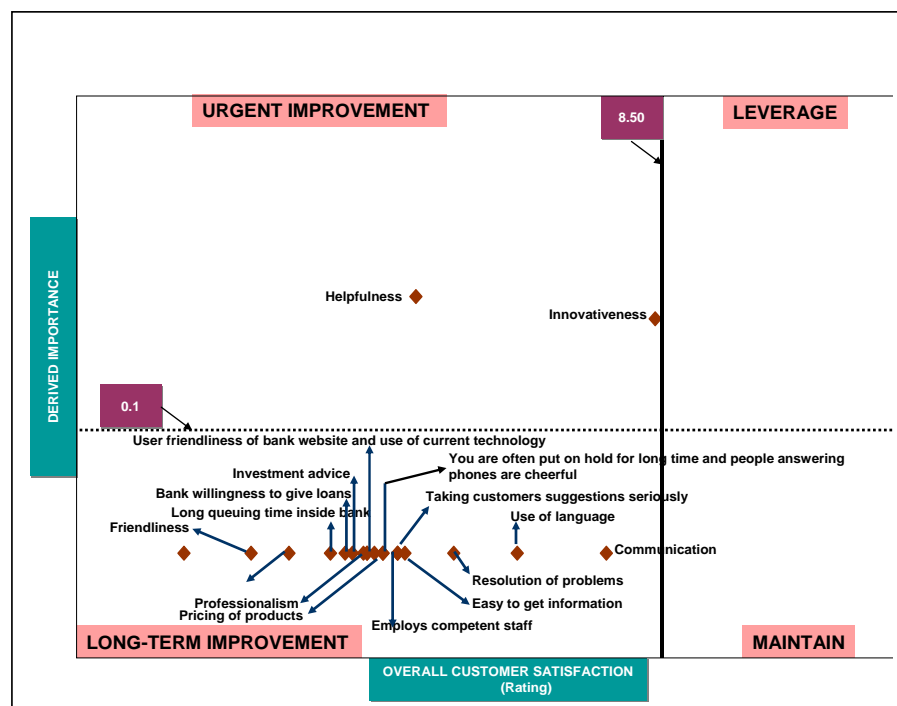
Impact Grid Analysis

After running stepwise regression analysis, the coefficients of betas obtained from the regression model were plotted

against the mean of the overall customer satisfaction in a graph with four quadrants in order to classify the performance of the banks on the measured attributes. The following observations are made from the impact grids:

- Most of the measured attributes in this research fell in the third quadrant (long term improvement). This means that there is no need to panic about the service levels for these attributes.
- Standard bank was doing very well on innovativeness since it was in the leverage quadrant which means that this is its major area of strength. It is also good

Figure 4: Impact Grid for ABSA



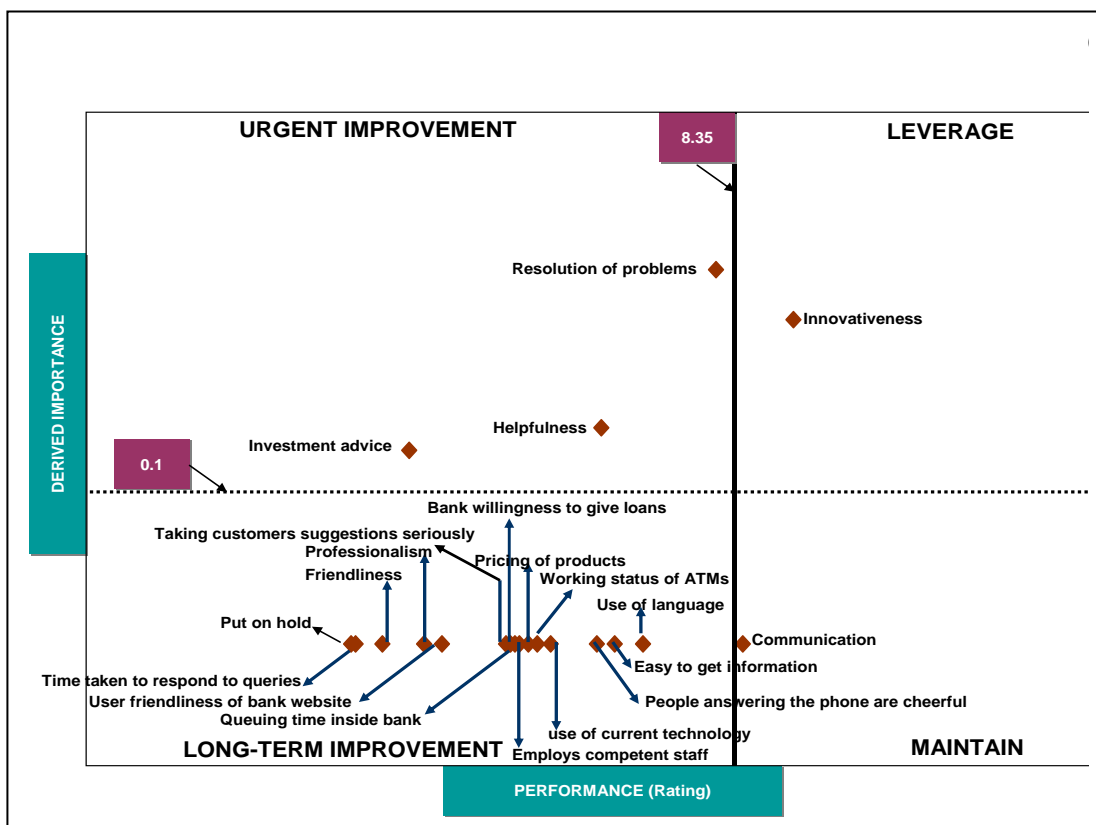
in communicating with its customer (maintain quadrant). However the use of language should be urgently improved. This calls for constant reminding the service consultants that customers feel comfortable when addressed in the language of choice.

- Nedbank needed to urgently improve on its service consultants' friendliness and use of language.
- FNB was doing very well on innovativeness. However it should urgently improve on service consultants' helpfulness, investment advice and resolution of problems.

- ABSA needed to urgently address its innovativeness and helpfulness to its customers.

For all the four major banks, there was need for long term improvement on the attributes that drove overall customer satisfaction. This also confirmed the notion that customers are ever demanding for better products and service and thus management of banks should be ready for the challenges ahead. Therefore the four segments in the impact grid are a rough indication of how each bank performed.

Figure 5: Impact Grid for FNB



DISCUSSION OF THE RESULTS

Overall, most of the respondents that participated in this study were satisfied (90%) with the service that their banks were offering. However customer satisfaction varied from one area to the other with Pretoria having the highest overall satisfaction score of 8.55 followed by Durban (8.51), Johannesburg (8.26), and Cape Town (8.03). Hypothetically, there were no significant differences in customer satisfaction among the four banks. This phenomenon was evident in most of the service attributes that were measured. However taking all the service attributes together FNB was rated the best, Standard bank the second, ABSA the third and Nedbank the fourth.

The main reasons why the respondents were satisfied with their bank were mainly:

- Banks' pricing was perceived to be fair (78%);
- Loans were easy to access (95%);
- Banks were offering competitive products (78%);
- There was improvement in service offered by banks (80%);
- Banks were known internationally (79%); and
- Banks had effective management (77%).

Only 8% of the respondents wanted to switch their main bank account to another bank. This clearly indicates that most respondents were fairly comfortable with the services that

Figure 6: Impact Grid for Nedbank

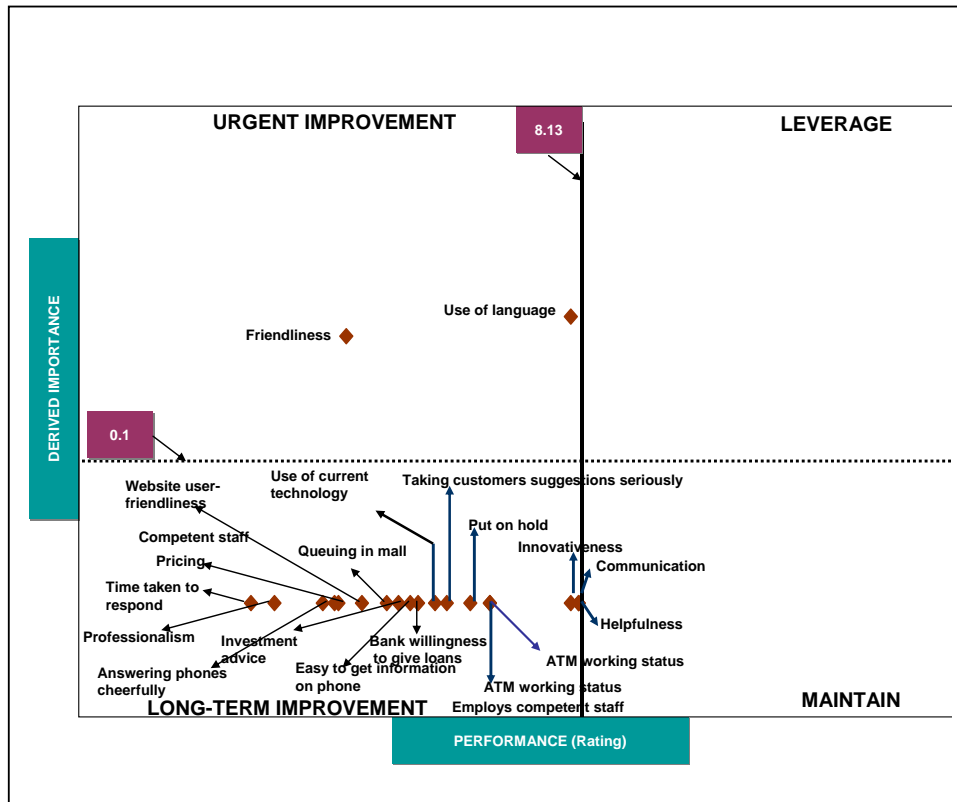
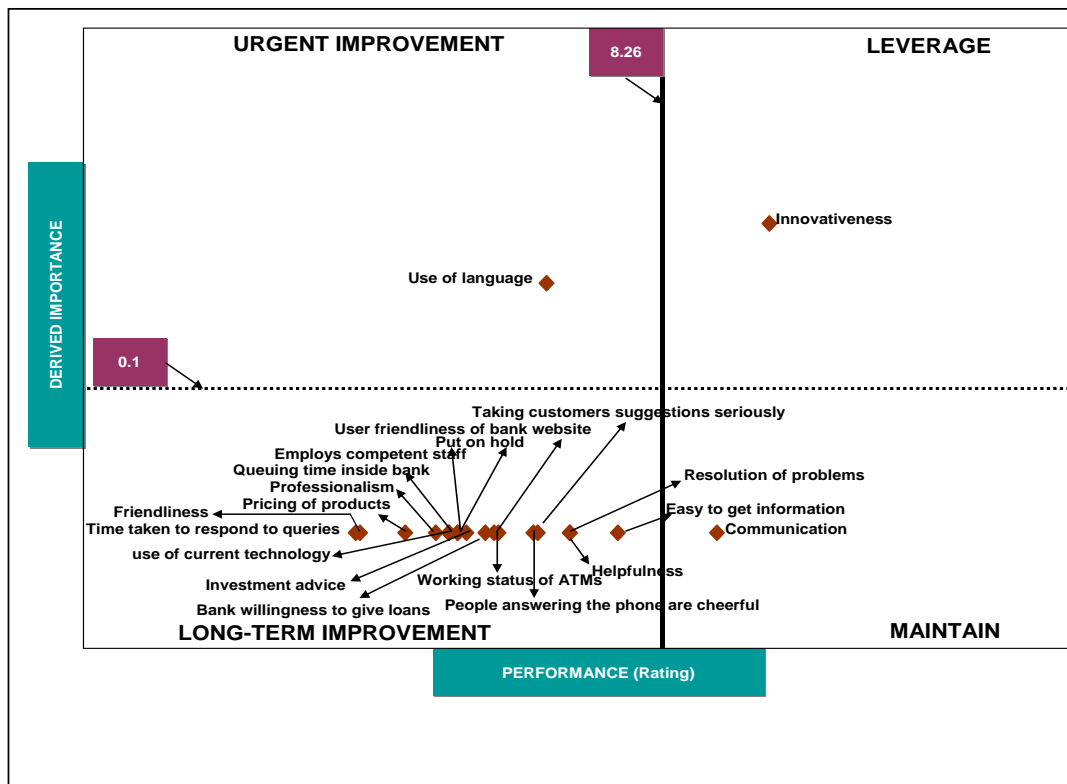


Figure 7: Impact Grid Standard Bank



they were getting from their main bank. In general, banks offering quality service tend to attract more customers and reduce customer defection. Minimising customer defections imply that more customers are loyal to their current bank enhancing profitability of the bank. Satisfied customers tend to be more loyal and give more business to the bank than dissatisfied customers. A good balance sheet for a bank gives a good image and more customers would like to be associated with such a brand.

All the 21 attributes that were measured in this paper were positively correlated to overall customer satisfaction implying that all the service attributes were important in investigating and understanding customer satisfaction.

A regression analysis model was fitted and it showed that the key drivers of customer satisfaction were the following:

- Helpfulness of the service consultants;
- Friendliness of the service consultants;
- Innovativeness of the banks;
- Quick resolution of problems;
- Provision of investment advice to the customers; and
- Proper usage of language understandable by the respondents.

Though the above service attributes were key drivers to overall customer satisfaction, it does not mean that all the other attributes were not important at all. In summary, the service attributes measured in this research gave some insights on understanding of overall customer satisfaction. In general, banks offering quality service tend to attract more customers and reduce customer defection. Minimising customer defections imply that more customers are loyal to the current bank enhancing profitability of the bank. Satisfied customers tend to be more loyal and give more business to the bank than dissatisfied customers.

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